

**Corporate Governance And Company Performance. Are They Related?  
Evidence from Non-Bank Financial Institutions in Sri Lanka**

M. M. D. Hasitha

Department of Finance, University of Kelaniya, Sri Lanka

[hasithadinura@gmail.com](mailto:hasithadinura@gmail.com)

**ABSTRACT**

**Introduction** - Corporate governance became an emerging topic from last few decades since the worldwide collapses of giant companies. This study is focusing on how the compliance with corporate governance guidelines effect to the performance on selected non-bank financial institutions in Sri Lankan context.

**Design/Methodology/Approach** - Data were collected from twenty-six financial institutions except banks from year 2015 to year 2019. Multiple regression is used to analyse the data. Based on two dependent variables called Return on Assets (ROA) and Earnings per Share (EPS), two separate regression lines with two independent variables as Board Size (BS) and Board Composition (BC) have been introduced. This study is based on two hypotheses. The first, there is a relationship between board size and company performance. And the second, there is a relationship between board composition and firm performance.

**Findings** - Based on my findings, it can be concluded that board size and company performance are related since BS and EPS have significant positive relationship. Nevertheless, BS and ROA have no significant relationship. When considering about the independent directors composition in the board, there is a positive relationship between EPS and BC but statistics are insignificant.

**Conclusion** - These findings have confirmed by previous studies and some research studies are providing contradict evidences to this study.

**Keywords:** *Return on Assets, Earnings per Share, Board Size, Board Composition*