

The Employee Perceptions towards Corporate Governance Practices of the Listed Companies in Sri Lanka

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Abstract

This study aimed to investigate the employee perceptions towards the corporate governance practices of the listed companies in Sri Lanka. The questionnaire was addressed to employees in the companies listed in the Colombo Stock Exchange, where the sample was constructed out of the top 50 companies of the highest market capitalization. The quantitative research approach is adopted and primary data is gathered using a questionnaire survey with a sample of 100 respondents. The analysis is done by a validity and reliability test followed by factor analysis and an analysis of variance (ANOVA) test. The results show that perceptions of employees on the factors of corporate governance differ with respect to the changes in the demographical factors. The results generated through this study can be beneficial for employees, managers, practitioners, and students in developing a better understanding of employee perceptions and the concept of corporate governance.

Keywords: *Employee Perceptions, Corporate Governance, Stakeholder theory*

1. Introduction

Corporate governance has become an important aspect of the corporate world without any doubt. Over the past, numerous researchers have created theories that seek to characterize the mechanisms and practices of the code of corporate governance. One of the most critical speculations is the stakeholder theory which underlines the role of the stakeholders to the organization as they are viewed to be essential to the success and endurance of the company (Anis and Hamid, 2017). Corporate governance has become a turning point in the modern world as it is vital to each and every organization to carry out its work to the pinnacle of success. The concept of corporate governance is crucial as it affects the performance of the organizations and their related parties, especially employees. Although all stakeholders are important for a corporation's success,