

The Impact of Corporate Governance on Firm Performance : Evidence from Listed Finance Companies in Sri Lanka

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Abstract

Corporate governance has become a popular discussion topic in developed countries as well as developing countries due to numerous corporate failures, scandals and frauds occurred around the world. In the existing literature, it was found that authors have studied the impact of corporate governance characteristic on firm financial performance. However, studies of the above relationship in particularly unstable and there is paucity of research of Sri Lanka specially related to listed finance companies. Further, studies which examine the gender impact on firm performance is limited. Board size, Board meetings, Proportion of non-executive directors, CEO duality, Females' directors in board and Education level in board were used as proxies for the corporate governance variables and return on equity and return on assets were used as dependent variables which denote the firm performance. The sample of the study comprises of 31 listed finance companies in Sri Lanka which assets-based value is greater than Rs. 10 billion. All the data were obtained from published annual reports over the period of five years from 2015 to 2020 and data were analyzed by using descriptive statistics and regression analysis. This study provides useful findings to stakeholders in providing suggestions to improve corporate governance practices of the Finance companies which may help to enhance the performance. Further, investors have the opportunity to draw conclusions when making their investment decisions.

Key words: *Corporate Governance Characteristic, Financial Performance, Listed Finance Companies, Sri Lanka*