

The Impact of Corporate Governance on Financial Fraud Evidence Listed Companies in Colombo Stock Exchange

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Abstract

This research focuses on the impact of corporate governance on financial fraud in the context of listed companies on the Colombo Stock Exchange. Financial Fraud (FF) is the dependent variable in this study. the number of board independent directors (NBI), the number of board financial experts (NBFE), the Number of Board Meetings (NBM), the Number of Audit Committee independent (NACI), the Number of Audit Committee Financial Experts (NACFE), and Number of Audit Committee (NACM), and Role Duality (RD) are independent variables. Firm Age is regarded as the control variable. Finding the impact of corporate governance on financial fraud is the goal of the grant. The Beneish model is used to measure financial fraud. The population is the listed companies of Sri Lanka. There are 290 listed companies and 20 industries on the Colombo Stock Exchange. The sample is 129 companies that were taken as a sample for this study. It was selected based on the number of companies in an industry. That is, only industries with more than 20 Companies were selected as the industry sample. Food, Beverage and Tobacco, Consumer Services Capital Goods, and Materials 4 industries were selected. The analysis was done through the EViews software which was used for panel analysis. The Number of independent board Director (NBI), the number of board financial experts (NBFE), the number of board meetings (NBM), the number of independent audit committees (NACI), the number of audit committee financial experts (NACFE), the number of audit committee meetings (NACM), and role duality (RD) are all significant. All the other independent variables except role duality have a negative impact on financial fraud and Role duality has a positive impact and the control variable, firm age is not significant. Important information on "The Impact of Corporate Governance on Financial Fraud" is provided by this study to scholars, investors, regulators, and policymakers. It is suggested that the incorporation of assurance services improves corporate governance's capacity to identify and mitigate fraud. We seek to explain how it relates to the detection and mitigation of financial fraud and to advance understanding of effective control structures in corporate environments.

Keywords: Financial fraud, Corporate governance, Beneish model