

The Impact of Corporate Governance on Intellectual Capital Efficiency: Evidence from Sri Lankan Banking Sector

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Abstract

Corporate Governance (CG) and Intellectual Capital (IC) have emerged as critical considerations in contemporary entities, addressing challenges such as dispersed investor collective action and conflicts among corporate owners. This study aimed to evaluate the impact of Corporate Governance (CG) factors and Intellectual Capital (IC) efficiency in the Sri Lankan banking sector. According to the study, Board Size (BSIZE), Board Activity (BACT), Board Independence Composition (BIND), Audit Committee Size (AUDS), and Frequency of Audit Committee Meetings (AUDM) were used as independent variables in terms of Corporate Governance. Consequently, Intellectual Capital was taken as the dependent variable. For this purpose, all populations of banking sector companies except three banks are selected as samples for this study during the period 2018 – 2022. This research used secondary data, data taken from the financial reports, annual reports, and banking websites over the mentioned years. The relationship between Corporate Governance factors and Intellectual Capital efficiency is calculated under descriptive statistics and regression model. Research results suggest that there is a positive significant impact of corporate governance on intellectual capital efficiency.

Keywords: Corporate Governance, Intellectual Capital, Value Added Intellectual Coefficient (VAIC).