The Impact of Board Structure, Ownership Structure and Corporate Control on the Performance of Non-Finance Listed Companies in Sri Lanka

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ABSTRACT

Purpose: This study mainly focuses on examining the impact of board structure, ownership structure and corporate control governance mechanisms on firm performance of listed companies in Sri Lanka.
Design/methodology/approach: Study used the sample of 100 non-financial companies listed in Colombo Stock Exchange for 10 years 2014 to 2023 using stratified random sampling, and collected data analyzed using SPSS and Stata.
Findings: The study found that firm performance is negatively impacted by board independence, the frequency of board meetings, and CEO duality. In contrast, having female directors on the board is associated with better firm performance. Concentrated ownership positively affects performance, while corporate ownership tends to decrease it. Additionally, a larger audit committee positively influences firm performance, whereas more frequent audit committee meetings are linked to poorer performance.
Practical implications: This research explores how governance variables affect firm performance. It suggests that policymakers could improve corporate governance frameworks with mandatory requirements to enhance firm performance. Additionally, the findings provide a basis for future academic research on governance and performance.
Research limitation: This sample covers 17 industries, excluding banking, finance, and insurance sectors, and represents about 35% of the population of 280 companies.
Originality value: The study revealed that in Sri Lankan firms, board size does not significantly affect performance. Companies are increasingly separating the roles of CEO and chairman, which positively impacts performance. Enhancing board diversity, especially with more female directors, could improve firm performance. Concentrated ownership and institutional shareholding may hurt performance. Larger audit committees offer better oversight, but frequent meetings can harm performance; thus, fewer, strategic meetings are recommended.

Keywords: ***Board Structure, Ownership Structure, Corporate Control, Firm Performance***

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