

THE EFFECT OF OWNERSHIP STRUCTURE ON CORPORATE PERFORMANCE: EVIDENCE FROM S&P-SL20 LISTED COMPANIES IN CSE, SRI LANKA

A Mohanakumar¹, MCA Nazar²

¹Research Student, South Eastern University of Sri Lanka.

²Faculty of Management and Commerce, South Eastern University of Sri Lanka.

ABSTRACT

This paper examines the effect of ownership structure on corporate performance of the firms in Sri Lanka. The ownership structure was measured with the variables of ownership concentration and ownership mix. The corporate performance was evaluated with the variables of corporate financial performance and corporate market performance. The study used financial statements of S&P SL20 listed companies for the periods from 2010 to 2016. Descriptive statistics showed that ownership of Sri Lanka listed companies were highly concentrated. The positive correlation of ownership structure on corporate performance ensured that there was an effect between these two research variables. It was further ensured by regression analysis that that Herfindahl-Hirschman Index in ownership concentration and foreign ownership in ownership mix were significant variables of ownership structure and they have significant effect on corporate financial and market performances.

Keywords: Stock market, Integration, Portfolio