

Exploring the Impact of Emerging Trends in Corporate Governance and Risk Management Practices and Resilience: Evidence from Listed Companies in Sri Lanka

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ABSTRACT

Purpose: This study aims to investigate the relationship between emerging trend in corporate governance and risk management practices in Sri Lankan companies, focusing on how governance frameworks influence risk management effectiveness and overall organizational stability.

Design/methodology/approach: This study adopts a quantitative approach. Primary data is collected through a survey of executive officers and corporate managers from listed companies, with a non-contrived study setting. As a cross-sectional study, data is gathered at a single point in time, and quantitative data are used to test the research hypotheses.

Findings: The study reveals that corporate governance mechanisms significantly impact risk management practices. Specifically, board attributes demonstrate a significant and positive association with effective risk management, indicating that well-structured boards contribute to stronger risk oversight and control. Similarly, the audit committee's influence on risk management practices is both significant and positive, highlighting the committee's essential role in enhancing risk governance. Conversely, the ownership structure shows a negative but insignificant relationship with risk management practices, suggesting that ownership patterns may not meaningfully affect risk management effectiveness in this context.

Practical implications: Enhancing board structures and fostering effective audit committees can significantly improve risk management practices among listed companies in Sri Lanka, promoting financial stability and accountability. Given the minimal impact of ownership structure, regulatory efforts may be more effective if focused on strengthening governance frameworks rather than altering ownership patterns.

Originality value: This study provides unique insights into the distinct roles of board attributes, audit committees, and ownership structure in shaping risk management practices within the Sri Lankan corporate landscape.

Keywords: *Emerging Trend, Corporate Governance, Risk Management practices, Listed Companies in Sri Lanka*