IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF LISTED BANK, FINANCE AND INSURANCE SECTOR IN SRI LANKA

BY

WIJERATHNA MUDALIGE HARSHA PRASAD WIJERATHNA

REG. NO: EU/IS/2014/COM/90

INDEX NO: COM 1860

A project report

Submitted to the faculty of Commerce and Management Eastern University, Sri Lanka, as a partial fulfilment of the requirement for the Degree of Bachelor of Commerce (B.COMHons) Degree Program.

Department of Commerce

Faculty of Commerce and Management

Eastern University, Sri Lanka

2020

ABSTRACT

The objective of this study is to examine the impact of the financial performance of corporate governance in the banking and financial sector of Sri Lanka. For this study, the researcher selected 20 listed banks, finance and insurance companies in Sri Lanka. This research is based on secondary data. Data will be obtained from the CSE's financial reports and websites for the period 2014-2018. STATA, a regression analysis method used to analyze the impact of variables on data analysis. Return on Assets (ROA) was considered as proxies for financial performance.

This section of the study literature clarifies the relationship between the independent variables, the dependent variable, and the variables defined using previous literature reviews. The conceptual model is developed based on existing literature. Using the Random Impact Model, the Financial and Insurance sections of the Bank of Sri Lanka's data study sets were used to investigate the impact of corporate governance on the financial performance of listed companies in Sri Lanka. The random effect model was selected using the Hausman test results. Stakeholders and managers will be able to use the results of the study and find out the results of this study so they can make more reliable and effective decisions.

The findings of this research show that the size of the Board of Directors of the Bank of Sri Lanka, Finance and Insurance, the Board Meeting and the Board Committee have a positive impact on the return on assets and the duality of the CEO has a negative impact on the return on assets. The findings of this study help decision makers to understand the importance of corporate governance as a key factor that can increase the ability of firms to maintain their competitive edge.

Keywords: Corporate Governance, Financial Performance, Return on Assets, Board Of Size, Board Meeting, Board Committees, CEO Duality

TABLE OF CONTENTS