

OWNERSHIP STRUCTURE AND FIRM VALUE IN SRILANKA

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ABSTRACT

This study examines the ownership structure and firm value in Sri Lanka. Also the relationship between ownership structure and firm value of top capitalized companies which were listed in Colombo stock exchange. There are 296 companies listed in the CSE. Therefore, present study considered all the companies which are listed in the CSE as the population. And according to the sample size calculator at 95% confidence level and 5 confidence interval 167 top capitalized companies considered as the sample. Therefore, details of ownership structure and firm value can be obtained from company annual reports.

Study examines the effect of interactions between, foreign, institutional, and managerial ownership on firm value. Using panel data framework, study shows that a large fraction of cross-sectional variation, in firm value, found in several studies, can be explained by unobserved firm heterogeneity. Study also provide some evidence that the shareholding by institutional investors and managers not affect firm value significantly. Empirical results suggest that there is a positive and insignificant relationship between ownership structure and firm value except foreign ownership. So the findings suggest that foreign ownership structure firms has a good corporate governance. Also institutional and managerial ownership structure firms has lack of corporate governance.

. Keywords: Corporate governance, Shareholding pattern, Firm value, srilanka.

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