

Issues in the Corporate Governance Model in Sri Lanka

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Over the past twenty years the system and the practices of corporate governance have become more powerful because of its reputation and it was a concept which has obtained the attention of the people around the world. Although, the Anglo-Saxon model has impressed some good corporate governance practices in the companies, various constraints have limited its successful application in Sri Lanka. The main objective of this research is to identify and evaluate the key issues which have the impact on current corporate governance model in Sri Lanka. Conceptual model identified the relationship between independent variables which are enforcement, Shareholder's rights, Regulatory framework, Transparency & disclosures, Ownership concentration and Board of Directors (BOD) responsibilities and the dependent variable which was effective corporate governance system. A survey questionnaire was administered to a convenience sample of 100 professionally qualified personnel or people who have an academic qualification. Descriptive statistics, frequency analysis and regression analysis were used to analyze the data.

Results indicated Enforcement, transparency and disclosures are the most challenging factors in general whereas BOD responsibilities and rules and regulations are the least challengers. Based on the regression analysis, it was found that all six variables significantly affected to effective corporate governance system in Sri Lanka and the explanation power of corporate governance model by those six variables was 76.6%. There is no literature found in Sri Lanka to support these findings, since the conceptual model in this study has been not employed in prior studies in Sri Lanka.

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