The Impact of Ownership Structure and Ownership Concentration on Financial Performance of Companies Listed on Colombo Stock Exchange

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This study investigates the impact of Ownership Structure and Ownership Concentration on financial performance of Public Companies listed on Colombo Stock Exchange. For this purpose, a sample of 46 top capitalized companies as on 30th August 2016 were selected. Accounting based performance measures of Return on Assets and Return on Equity are used as proxies for financial performance. Ordinary Least Square (OLS) linear Regression model is employed to identify the association between dependent and independent variables. The results of the study reveals that Institutional Ownership, Individual Ownership and Foreign Ownership have not significant impact on financial performance. However, the Ownership Concentration ratios have significant impact on financial performance. All the Ownership Concentration ratios used in this study showed significant impact on the Return on Assets and Return on Equity except the percentage of shares held by first two largest shareholders. This study implies that the majority of the share ownership is held by first five largest shareholders. Therefore, the most of the Sri Lankan companies’ ownership are highly concentrated and it influences to the financial performance.

\textbf{Keywords:} Ownership structure, Ownership concentration, Financial performance, CSE, Sri Lanka

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