

Corporate Governance and Financial Performance: A Study of Sri Lankan Banking Industry

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Corporate governance has become an emerging area of research because of its significant implications throughout the world while banking industry undertakes the critical and vital roles in the financial system; the well-being of the economy and the mechanism of the banking system interconnected. The concept of corporate governance has become conspicuous in conjunction with the banking industry. The main objective of the study is to discover the relationship between internal corporate governance structure and firms' financial performance in the Sri Lankan banking industry. The correlation analysis is used to test the relationship between corporate governance and financial performance. This study found that there is a positive relationship exists between financial performance, number of board meetings and education level of the board of directors. Besides that, the study concludes that a negative relationship exists between financial performance, board size, the gender composition of the board of directors, outside directors and CEO duality. Consequently, this study concludes that there is no equivalence in the disclosure of corporate governance practices made by banks operates in Sri Lanka.

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