

## **The Impact of Corporate Governance on Intellectual Capital Efficiency in Sri Lankan Listed Companies**

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### **Abstract**

Corporate governance is practices, systems, and controls used to govern the organization's behavior also affects the long-term sustainability of the organization. Intellectual capital (IC) is one of the wealth generator resources and provides information on organization capability. This study investigates the impact of corporate governance on intellectual capital efficiency in Sri Lankan listed companies. The prior studies used different corporate governance mechanisms to evaluate the impact of corporate governance on IC efficiency. Each of the corporate governance mechanisms shows various relationships between each IC component. Besides, the studies related to this field are limited in the Sri Lankan context, and the findings of this study contribute to existing knowledge in the area of corporate governance and IC in listed companies in Sri Lanka. This study employs Value Added Intellectual Capital regression model (VAIC) to examine the efficiency of intellectual capital components. The selected corporate governance mechanism is used as independent variables. The data collection is based on annual reports for the years 2015 to 2019 of 100 listed companies at the Colombo Stock Exchange. Multiple linear regression analysis is used to investigate the impact of corporate governance on IC efficiency using the E-views package. The findings of this study contribute to the existing knowledge of stakeholders to evaluate businesses. Moreover, these findings will assist managers to make more accurate technical decisions on the organization. Also, this study will help investors to get detailed insights into a way to classify companies based on efficiency with different types of corporate governance mechanism.

**Keywords:** Corporate Governance, Corporate Governance Mechanism, Intellectual Capital Components, Sri Lanka, Value Added Intellectual Capital Regression Model (VAIC)