

# **The Impact of Corporate Governance on Intellectual Capital Efficiency: Evidence from the Banking and Consumer Services Companies in Colombo Stock Exchange**

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## **Abstract**

Intellectual Capital (IC) is considered wealth to an organization, and it indicates its capabilities. It has been proven that adopting a better corporate governance system would ensure the maximization of shareholder wealth through the efficient use of IC. The purpose of this study is to examine the impact of corporate governance on IC efficiency by comparing the banking and consumer services industries in CSE and examining the industry's moderate role in the relationship between corporate governance and IC. The prior studies used different corporate governance mechanisms to evaluate the impact of corporate governance on IC efficiency. However, when it comes to the Sri Lankan context, studies related to this field are limited.

Moreover, the findings of this study contribute to existing knowledge in corporate governance and IC in Sri Lanka. Further, this study uses selected corporate governance mechanisms as independent variables and the Value-Added Intellectual Coefficient (VAIC) model to examine the efficiency of IC. Furthermore, annual data of the listed banking and consumer services companies from 2016 to 2020 in CSE is considered in this study. Furthermore, panel regression analysis is used to investigate the impact of corporate governance on IC efficiency and the moderate effect of the industries on the relationship between corporate governance and IC using the E-views software. Furthermore, the findings of the study will be given important implications for managers, investors, and society in making more technical and accurate decisions on corporate governance and IC. Moreover, the study may contribute to the existing knowledge in corporate governance mechanisms and IC of industry stakeholders to evaluate the business.

**Key words:** *Corporate Governance, Intellectual Capital, Value Added Intellectual Coefficient (VAIC)*