

The Empirical Relationship Between Board Involvement, Board Structure and the Financial Performance of Non - Financial companies in Colombo Stock Exchange (CSE)

Herath, P.P.M.S¹ and Sujeewa, G.M.M.²

^{1,2}*Department of Accountancy, University of Kelaniya*

¹*mayuri.herath20@gmail.com;* ²*mudith@kln.ac.lk*

Abstract

Board structure is one of the most important mechanisms of corporate governance, which would result in improved the financial performance of the organizations. The purpose of this study is to identify the empirical relationship between board involvement, board structure and the financial performance of the non- financial companies in Colombo Stock Exchange (CSE). This study is based on the secondary data extracted from annual reports for the period of 2015/16 to 2020/21 based on the higher market capitalization. Moreover, this study uses panel regression model to analyze the data. Board size, Board Independence, Board Gender, CEO Duality and Proportion of Non – Executive Directors are used as independent variables and Return on Asset, Return on Equity, Net Profit Margin and Tobin’s Q are used as dependent variables. The findings of the study will identify the significant relationships between Board Involvement, Board Structure and the Financial Performance of Non - Financial companies in CSE. And it will provide a new perspective of studying the relationship between board involvement, board structure and the financial performance in Sri Lanka.

Key words: *Board Involvement, Board Structure, Financial Performance, Non-financial companies*