

The Audit Committee Characteristics and Earnings Quality of Public Listed Companies in Sri Lanka

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Abstract

This study examines the impact of Audit Committee Characteristics on Earnings Quality of Public Listed Companies in Sri Lanka. Several prior studies have examined this relationship in developed countries. There appears to be a dearth of literature on the subject in developing and Asian countries and Sri Lanka in particular. Moreover, the extant literature provides mixed results and therefore, comprehensive evidence is missing relating to the subject. This study contributes to the existing literature by integrating both Audit Committee Characteristics and Earnings Quality. Quantitative approach is adopted in the study to find answers for the research questions. Audit Committee Size, Audit Committee Independence, Number of Audit Committee Meetings, Financial Experience of Audit Committee Members and Percentage of Common Stocks Owned by Audit Committee are used as independent variables and Earnings Quality used as the dependent variable of the study. Regression analysis is used to analyze data. The dataset covers all companies in the Colombo Stock Exchange in Sri Lanka except banks, finance and insurance companies and collected data for 5 years period from 2016 to 2020. Findings of the study will be useful to identify the impact of disclosure quality on the financial performance of the listed companies in Sri Lanka. Findings also provide useful insights to regulators and policymakers in coming up with appropriate policies.

Key words: *Audit Committee Characteristics, Earnings Quality, Colombo Stock Exchange.*