

The Impact of Ownership Concentration on Firm Performance: Evidence from Listed Hotels in Colombo Stock Exchange

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ABSTRACT

Introduction: Ownership concentration is the major internal component in the corporate governance to control the agency issue. The concentration of ownership acts as an invisible hand in improving the firm performance. The purpose of this study is to investigate the impact of ownership concentration on firm performance of listed hotels on Colombo Stock Exchange in Tourism sector in Sri Lanka.

Design/Methodology/Approach: The sample of the study consist with twenty-one listed hotels on Colombo Stock Exchange for a time period of 2014 to 2020. The independent variable of ownership concentration measured through percentage of shares held by largest shareholder of the company whereas dependent variable of firm performance was measured through return on asset. Firm size, Financial Leverage & firm age used as the control variables. Descriptive analysis, Correlation analysis and panel data regression used to analyse the data in the study.

Findings: The results revealed that ownership concentration has negative insignificant impact on firm performance measured through ROA. However, results indicate that firm age has negative significant impact on ROA. But firm size and financial leverage showed negative insignificant impact on firm performance of listed hotels in Colombo Stock Exchange in Tourism sector of Sri Lanka.

Conclusion: The results of the study indicate that ownership concentration does not have significant effect on firm performance of listed hotels in tourism sector of Sri Lanka

Keywords: *Ownership Concentration, Firm performance, Return on Asset, Firm size, Financial Leverage*