

Impact of Corporate Governance Practices on Financial Performance: Evidence from Banking Sector in Sri Lanka

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Corporate governance can be defined as the scheme by which corporations are directed and controlled. The objective of this exploration is to inspect the impact of corporate governance tools on firm performance using data of 12 banks in Sri Lankan banking industry over the period of 2006-2015 based on the 120 observations. This study has used only secondary data and main source of data contain of the annual report of the specific banks. Return on Equity (ROE) is used as reliant on variable to the model. Further Firm Leverage, Firm size, Number of Auditors, Board Independence and Board Size used as independent variables to the model. Researcher placed panel data approach as a way of appraisal. Descriptive statistics, ANOVA and t-test applied on data by using SPSS. Findings are based on Correlation techniques and Regression analysis to test the hypotheses to solve the research problem Based on the observed results, Researcher found that there is a considerable significant impact of corporate governance on Performance of the banking industry in Sri Lanka while recognizing the Negative correlation ship between bank performance with Firm leverage, Firm size and board size and also identifying the significant relationship between Firm size, Number of auditors, board independence and Board size.

Keywords: Corporate governance, Firm size, Board size, Board independence, Number of Auditors, Bank performance