

Corporate Governance and Business Performance
A Study of the Public Listed Non-Financial
Companies in Sri Lanka



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Abstract

Exigency of proper Corporate Governance has become pivotal, considering the degree of competition in the contemporary world and the unlimited desire of the Corporate companies and the Multinationals to maximize wealth. One may argue that even if the companies follow the Corporate Governance practices, if the business performance of the company is not sound, from the shareholders' and the investors' perspective "purpose is lost". Hence, this study focuses to ascertain whether there is an association between Corporate Governance and Business Performance of public listed companies in the non-financial sector in Sri Lanka.

Having rationalized the research problem with adequate evidence for this study, 04 research objectives were formulated with clearly defined parameters. Literature Review focused on the empirical research carried out in many countries including Sri Lanka in the given arena. Literature review encapsulated the relevant theoretical underpinning along with comprehensive review of several studies carried out in various countries with critical analysis. This led to evaluate not only the comparisons but also the contrasting findings of various scholars and learned professors. Hence, the degree, the depth and the extent of the reviewed literature provided the required impetus to develop the conceptual framework with several Corporate Governance dimensions.

The Methodology adopted for this study is "Hypothetico Deductive" method. Based on the literature, this study mainly focused on three categories namely the Directors, Corporate Management members and the Shareholders (investors) to gather data. Research objectives were transformed to research questions to operationalize them in order to develop the questionnaire. Purposive sampling method was used to gather data and the total sample size was 317, which were collected out of 400 questionnaires. Six hypotheses were formulated to test the acceptance or rejection. A Pilot study was carried out to ascertain the validity and the reliability of the questionnaire along with a detailed factor analysis.