

Impact of Board Composition on Risk Management: Evidence from Listed Companies in Sri Lanka

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Board plays a vital role and the directions of the entity's whole journey lies with the hands and brains of directors. This study focuses on investigating whether there is significant impact of board composition on risk management of an entity. Cluster sampling method was employed and 100 companies which are listed in Colombo Stock Exchange (CSE) have been randomly selected so as to represent the all sectors in CSE. Data was collected from 2012 to 2017 by annual reports. Board size, Board Independence, Board Financial Literacy, CEO duality and Board meetings frequency were used as independent variables. Risk management was considered as dependent variable while capital structure and company size were considered as control variables. Risk management was measured by beta value. Regression analysis were employed to analyze data. Findings revealed that there is a significant impact of Board Financial Literacy and CEO Duality on beta. The findings will be vital in backing companies to picking heads into its board.

Keywords: *Board composition, Board financial literacy, CEO duality, Colombo Stock Exchange, Risk management*

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