

Impact of Board Structure on Financial Performance: Evidence from Licensed Commercial Banks in Sri Lanka

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ABSTRACT

Purpose: This research studies the impact of board structure on financial performance evidence from Licensed Commercial Banks in Sri Lanka

Design/Methodology/Approach: The sample of the study consists of the highest market capitalization ten banks listed in the Colombo Stock Exchange and the data was collected over the period of 2012 to 2021 to determine the impact of board structure on financial performance evidence from Licensed Commercial Banks in Sri Lanka. Return on Asset (ROA), Return on Equity (ROE), and Return on Capital Employed (ROCE) represent the Dependent Variables of the study and Board Size, Board Composition, CEO Duality, and Women Participation in Board (FMB) represent the independent variables of the study. Panel data regression model is used as cross-sectional and time series nature of data.

Findings: Based on the results, Findings also revealed that Board Size, Board Composition, and Women's Participation on Board significantly impact ROE and ROCE Board Composition negatively affected ROA and it derives Board Structure Characteristics have a significant impact on the Firm's Financial Performance in Licensed Commercial Banks in Sri Lanka.

Originality: The results of the three models are derived from Board Structure Characteristics has a significant impact on firm Financial Performance in Licensed Commercial Banks in Sri Lanka. The Board Size, Board Composition, and Firm Size have a significant impact on Firm Financial Performance, but Women's Participation in Board (FMB) has an insignificant impact on Firm Financial Performance in Licensed Commercial Banks in Sri Lanka. The findings of the study will guide decision-makers of the banks, potential investors, academics, and other stakeholders in making their strategic planning, profit allocation, and making decisions on the managerial implication of the banking sector.

Keywords: *Board Structure, Board Size, Board Composition, CEO Duality, Women Participation in Board (FMB), Financial Performance, Panel Data*