

Impact of Institutional Ownership and the Value Relevance of Accounting Information of Non-Financial Companies Listed In CSE

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Abstract

The relationship between accounting information and institutional ownership for non-financial companies listed on the Colombo Stock Exchange (CSE) is investigated in this study. The impetus for this study stems from the growing role of institutional investors in the financial system and the importance of accounting data in the decision-making process regarding investments. Through a thorough empirical analysis, the main objectives are to address the following: Analyze how institutional ownership affects non-financial companies listed on the Colombo Stock Exchange's value relevance of accounting data. Analyze the impact of institutional ownership on market efficiency, focusing on the way that accounting information is accounted for in stock prices. Analyze the relationship between institutional ownership and corporate governance practices, especially as it relates to financial reporting and disclosure. Examine potential impacts on investor relations and financial reporting regulations at the Colombo Stock Exchange. This study uses a large sample of nonfinancial companies and applies state-of-the-art econometric techniques to analyze financial data and ownership structures. The aim of the empirical findings is to provide investors, regulators, corporate decision-makers, and accounting and finance specialists with important new insights. The study is significant because it may help us better understand the intricate connections between institutional ownership and the value-relatedness of accounting data in the specific context of the Colombo Stock Exchange. By clarifying these correlations, the study contributes to a broader scholarly discourse and offers practical guidance to interested parties navigating the dynamic financial market landscape of Sri Lanka.

Keywords: Accounting Information Institutional Ownership, Value Relevance, Corporate Governance Practices