

# DOES OWNERSHIP CONCENTRATION AFFECT FOR THE FIRM VALUE? EMPIRICAL EVIDENCE FROM LISTED COMPANIES IN SRI LANKA

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Ownership concentration is an intriguing topic that has been attracted by financial researchers and practitioners. However, previous studies have not reached a consensus about concentrated ownership which is evident in listed companies in most emerging countries. Therefore, the objectives of this study are to assess the level of ownership concentration and to investigate whether the ownership concentration has an impact on firm value, in listed companies in Sri Lanka. For this purpose, data gathered from 205 listed companies in the Colombo Stock Exchange (CSE) from 2017 to 2019. Two ownership concentration variables namely the largest shareholder's stake and the sum of holdings of the five largest shareholders are employed in this study. Firm size and leverage are considered to control variables. Random effect regression analysis were applied to analyze the data. The findings of this study suggest that higher ownership concentration exists in listed companies in Sri Lanka. Further, this study ratifies that concentrated ownership has a significant negative relationship with the firm value.

**Keywords:** *Ownership Concentration; Firm value; Random Effect Regression*

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