

# THE IMPACT OF OWNERSHIP STRUCTURE ON FIRM PERFORMANCE OF LISTED MANUFACTURING COMPANIES IN SRI LANKA

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Relationship between ownership structure and firm performance has been a widely discussed issue among corporate finance scholars. In most parts of world firms have large or concentrated owners in their structure as concentrated ownership has proved an important tool to align the interest of management and ownership of firm and remove agency problem. The main objective of the study is to find out the impact of ownership structure on firm performance. Secondary data collection method was used to conduct the study. To do so 20 manufacturing companies were selected from those which were listed in Colombo stock exchange during the period of 2015 until 2019 as the sample of the study. The independent variables of the study included 'Individual ownership, Institutional ownership, Foreign ownership and Managerial ownership' while the dependent variable was decided to be ROE, ROA, Tobin's Q. The variables were empirically tested by regression analysis. This study found that there is a significant impact of managerial ownership on ROE and Tobin's Q. Furthermore, foreign ownership has a significant impact on ROE, ROA and Tobin's Q. Correlation analysis it is evident that there is a negative and no significant relationship between individual ownership and ROA. Moderate negative and significant relationship between the individual ownership and ROE. Weak positive relationship between institutional ownership and ROA. weak negative correlation between foreign ownership and ROA. There is a weak positive correlation between firm size and ROA. The implication of theory and practices, for future directions and limitations are discussed in this particular research.

**Keywords:** *Firm Performance; Listed Manufacturing Companies; Ownership Structures*

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