

Board Leadership Structure and Firm Performance: Evidence from Listed Companies in Sri Lanka

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Abstract

Corporate Governance as a mechanism helps to align management's goals with those of the stakeholders that are to increase firm performance. The aim of this study is to identify the relationship between board leadership structure and firm performance of listed companies in Sri Lanka during the period of 2014-2016. The data was collected from the secondary data sources and board leadership structure is measured by CEO duality. The sample of this study consists of 100 firms listed in Colombo Stock Exchange based on market capitalization. For the purpose of data analysis, Pearson's correlation analysis and independent sample t-test were used to examine the hypotheses of this study. The findings reveal that board leadership structure is positively correlated with firm performance in terms of Tobin's Q and there is no significant difference in firm performance between CEO duality firms & non-duality firms.

Keywords: Corporate governance, CEO duality, Firm performance, Tobin's Q

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1. Introduction

Chief Executive Officer (CEO) plays an important role in the corporate governance system. Corporate Governance has become an issue of global significance. For more effective corporate governance, all corporations must carefully select the composition of their board of