

Ownership Types, Corporate Governance and Corporate Performance: The Mediating Effect of Corporate Governance Practices

Gayan S. Mapitiya

Abstract

Observing the role of corporate governance practices through the lens of agency theory, this paper contributes to the existing knowledge in the field of corporate governance by exploring the mediating role of corporate governance practices in generating corporate performance in terms of financial performance with deferring ownership types. The direct relationships between ownership types, corporate governance and corporate performance were assessed, leading to an integrated model focusing on the mediating role of corporate governance. The study was conducted as a quantitative study based on secondary data collected from annual reports of fifty two public listed companies in Sri Lanka during the period 2009-2013. The study finds that corporate governance practices mediate the relationship between ownership types and corporate performance. Further, it reveals that ownership types play a significant role in determining both corporate performance and corporate governance practices. The study shows that a closely held firm has more effective governance practices than a widely held firm. The study further reveals that ownership type is positively associated with corporate performance where closely held firms report higher performances than widely held firms.

Keywords: Ownership Types, Corporate Governance, Corporate Performance, Widely Held, Closely Held, Agency Theory, Board of Directors

Mr. Gayan S. Mapitiya is a Lecturer of the Department of Commerce, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. E-mail: gmapitiya@gmail.com