



**A STUDY OF THE IMPACT OF CORPORATE
GOVERNANCE PRACTICES ON WORKING
CAPITAL MANAGEMENT EFFICIENCY
(EVIDENCE FROM LISTED COMMERCIAL BANKS IN
SRI LANKA)**

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ABSTRACT

Interest in corporate governance has been rapidly growing and it has recognized the importance of corporate governance for the organizations. Objectives of this study were to find out the impact of corporate governance practices on working capital management efficiency in listed commercial banks in Sri Lanka and to determine the most suitable corporate governance practice which impact on the working capital management efficiency in listed commercial banks in Sri Lanka. According to this study, corporate governance was the independent variable and working capital management efficiency was the dependent variable. Board size, board diversity and board meeting frequency were used as corporate governance practices and debtor's collection period, creditor's payable period, and cash conversion cycle were used to measure working capital management efficiency. Ten listed commercial banks were selected as sample size in Colombo Stock Exchange for the period of 2004 to 2018. Secondary data was collected from banks annual reports, Colombo Stock Exchange web site and publications. Descriptive statistics, correlation analysis and panel data regression analysis were used for analyze the data. The results revealed that there was a positive relationship between corporate governance practices on working capital management efficiency in commercial banks. And also this study was coming under the random effect model and according to that model board meeting frequency was the most significant variable that positively impacted to the working capital management efficiency. Based on the findings, the researcher recommended that good corporate governance practices can obtain advantages from increasing their working capital management efficiency.

Keywords: *Corporate Governance, Working Capital Management Efficiency, Commercial banks, Board Meeting Frequency, Cash Conversion Cycle*