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The Journal of ARSYM (JARSYM) is a refereed journal published bi-annually by the Faculty of Business Studies & Finance, Wayamba University of Sri Lanka. The aim of the JARSYM is to disseminate high-quality research findings on a variety of timely topics generated by the undergraduate and postgraduate researchers in the Wayamba University of Sri Lanka. Furthermore, it opens up avenues for the undergraduates involved in the industry to share their inventions, state-of-the-art discoveries and novel ideas. The main philosophy behind the JARSYM is to enhance the research culture within the faculty, thereby within the Wayamba University. All research articles submitted are double blind reviewed prior to publishing. Views expressed in the research articles are not the views of the Faculty of Business Studies and Finance, Wayamba University of Sri Lanka or the Editorial Board.

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Aims and Scope

The Journal of ARSYM (JARSYM) is a refereed bi-annual journal committed to publish undergraduate research papers of the Faculty of Business Studies and Finance, Wayamba University of Sri Lanka. The JARSYM publishes theoretical and empirical papers spanning all the major research fields in business studies and finance. The aim of the JARSYM is to facilitate and encourage undergraduates by providing a platform to impart and share knowledge in the form of high quality and unique research papers.

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- Publication in the Journal of ARSYM is based upon the editorial criteria cited and the evaluation of the reviewers (each manuscript will be sent two reviewers).
- Priority is given for novelty, originality, and to the extent of contribution that would make to the particular field.

The journal welcomes and publishes original articles, literature review articles and perspectives and book reviews describing original research in the fields of business studies and finance. The core focus areas of the journal include;

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- E-commerce & business communication
- Economics
- Entrepreneurship and small business
- Finance
- Human resource management and organizational behavior
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Impact on internal corporate governance attributes on firm's value relevance

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ABSTRACT

Shareholders usually depend on accounting information for taking investment decisions. Therefore, such information needs to be reliable and accurate as they may predict share prices. It is widely accepted fact that good governance practices could improve value of firms. Thus, the purpose of this study is to examine how internal corporate governance attributes affect value relevance of accounting information of listed companies of Sri Lanka. The panel data window consists of 185 non-financial firms for nine years from 2011 to 2019. Internal corporate governance characteristics include board size, leadership structure, board activity, board gender diversity, presence of key committees, board independence, ownership of the largest shareholders, managerial ownership, foreign ownership, institutional shareholders, internal control and risk management, cross directorships, and audit committee independence. Findings imply that leadership structure, board gender diversity, presence of key board committees, largest shareholder ownership, managerial ownership, and foreign ownership, book value per share, firm size, and sales are all significant. Gender diversity on the board of directors, the existence of key board committees, largest shareholder ownership, foreign ownership, book value per share, firm size, and sales all have a beneficial impact on the firm's value. At a 95% confidence level, leadership structure, management ownership, and cross directorship have a negative impact on the firm's share price. The importance of appropriate laws and supervision surrounding financial reporting in the Sri Lankan financial system underlines the importance of accounting information's value relevance in allowing asset owners and managers to make capital allocation decisions. This research backs up the idea that corporate governance is important for ensuring, among other things, reliable financial reporting. The conclusions of this study may lead to the CSE adopting more stringent corporate governance agreements in order to improve the value relevance of financial data.

Keywords: Accounting Information, Corporate Governance, Value Relevance

1. INTRODUCTION

For many developing countries, good corporate governance is a critical aspect in increasing the firm's value. (Rouf, 2011). However, the link between corporate governance and the value of a company of the firm different from each other because of their social, economic, and regulatory conditions which affect their corporate governance structures. So, academic investigations, financial and management practices and public regulation need to understand the different factors which affect the firm's value (Abdurrouf, 2010). Fiador (2013) claims that confirming the quality of accounting evidence is one of the most essential functions of internal corporate governance. The value of accounting is reflected in the price of a company's stock.

However, the value of accounting information is seek to improve by using corporate governance (De Almeida, 2009). With good corporate governance applies stakeholders are like to pay a price premium for a share in companies. Corporate governance characteristics struggle with the voluntary or mandatory corporate governance. Corporate governance disclosures are increase firm market value (Ararat, 2017). Firm market value can be measured by using share price, earnings per share, book value per share etc. Firm's financial statements are relevance and they can review its corporate governance practices it they consist with international best standards. Corporate governance practices are essential to achieve organization goals. The organization goals are related to the investor's goals. However, the fundamental goals of the business corporation are to maximize the shareholders' wealth by increasing the market price of the shares of the corporation. To achieve this manager should act as on behalf of the best interest of shareholders as well as stakeholders.

Many researchers have explored the different association between corporate governance attributes and value relevance. Stakeholders are much interested on the Corporate Governance which effect to value design (Mungly, 2016). If shareholders are feeling well governed, they ready to pay more for those firms. Having additional outside directors on board raises the importance of information (Bushman et al., 2004 and Karamanou, & Vafea, 2005). Directors can communicate more effectively and provide more information, which reduces the scope for earnings management at a time when a small board can maximize the importance of financial reporting (Mungly R. B., 2016). According to Jensen (1993), When the duties of the board chair and the CEO are split, it requires more transparency, which refines financial reporting and reduces the danger of accounting principles being violated. Yermack (1996) found board size and firm's profit have a negative correlation. The findings of those researchers are differing from one another. It shows that there is an inconsistency of the findings between various researchers. In developing countries like Sri Lanka, it is widely thought that excellent corporate governance is necessary to increase the firm's value. As a result, this study is being done in this area in order to close the empirical gap (Rouf, 2011). This study examines the impact on internal corporate governance attributes on firm value relevance.

Scholars and academicians get more benefits to undertake further studies and increase the body of knowledge on internal corporate governance qualities impact on a firm's value relevance as well as it is important to know the problem of whether the corporate governance practices may be in correct way in the company has become a major issue for both companies and academics. It is also important to investors to take their correct decision. All these corporate governance disclosures explained how much they affect the firm value. As an example, if the certain company has larger foreign ownership, there share price is also higher than other firms. So rational investors are engaging into invest in this kind of company.

Some corporation engage their governance practices as they wish and according to the codes of corporate governance, but they don't know which is the best combination of these practices. Corporate governance practices are more important to every firm to increase their firm's value relevance. Earnings per share and book value are important factors in stock prices. This study would consider the moreover preference towards the board size if the board having more independent directors have been noticed and CEO duality when book value is being considered.

Investors want valuable accounting information to take their investment decisions. Therefore, the quality is the most important factor of financial information and that financial accounting data is important for determining the optimal share prices. This study investigates the relationship between earnings per share, book value per share, firm size, and sales with share prices, as well as the impact of internal corporate governance attributes on firm value, in order to assess the quality of accounting information and make decisions for investors on whether it makes any changes to the value relevance of accounting information listed companies on the Sri Lankan Colombo Stock Exchange.

2. LITERATURE REVIEW

According to the literature review, if value relevance is the ability of financial statement information to evaluate firm value is determined by the interaction between corporate governance traits and value relevance (Beisland, 2009). Firstly, will review the theoretical background related corporate governance discourses and value relevance. As a second part explains the empirical evidence will be reviewed including local and international evidence.

2.1 Theoretical Background

Theoretical background provides a survey of the literature by first recognizing the major theories in the field of corporate governance.

Agency Theory

Agency theory explains the governance relationship as a contract between shareholders and directors. It is argued that directors appear to maximize their own potential benefit by taking actions that benefit them, whereas shareholders appear to maximize their own benefit by taking actions that benefit them. Board structure, managerial behavior control, and strategic decision-making are all founded on agency theory research (Hafsi, & Turgut, 2013). Under agency theory, corporate governance features are used to assess the role of managers in fulfilling part of their contractual relationship with the investor.

Stewardship Theory

According to the legal view of the corporation, shareholders nominated and appoint to act as steward for their interest who called as directors. Directors should have to act as steward of the shareholder's interest. Managers effort carefully to maximize shareholders' value by benefit of being moral stewards of corporate resources under the stewardship model (Donaldson, 1990). As a result, the idea that management performance is influenced by governance structural barriers that prevent effective action, but not primarily by self-interest (Davis, Schoorman, & Donaldson, 1997).

Resource Dependence Theory

This theory takes a strategic opinion of corporate governance. It sees a governing body of the corporate organization as a lynchpin between firm and the resources it need to achieve its objective. Hung (1998) stated that, for access to valued resources many companies have to depend other companies. According to the resource dependence theory, companies are consistent and rely on the external environment for survival. According to Pfeffer (1972) board of directors has a significant influence on the company's external environment. The ability of the board of directors to fulfill this job is linked to a director's ties with other corporations; for example, the board links as the final is commonly viewed as a conduit with companies (Shropshire, 2010).

Stakeholder Theory

Stakeholder theory has expanded common status among scholars, corporate executives, and media (Freeman, 1999). The firm goals can be affected to achievement by any individual or group of stakeholders (Al Mamun et al., 2013). Shareholders, employees, suppliers, customers, lenders, governments, local charities, and numerous interest groups are all considered stakeholders. This theory explained how to maximize interests of firm stakeholders and their satisfaction. On the other hand, this theory includes to identify the nature of the balance between the managers and firm managers to planning and implementing proper methodologies to achieve their goals.

Institutional Theory

The meaning of institutional theory discourses the reservations of firm transactions among financial agents (Al Mamun et al., 2015). The duty of institutions in an economy is eliminating uncertainty and establishing best structure that facilitates the relationship between firms by reduce cost of information and transaction. This theory explained that enterprises can move beyond institutional constraints when they have the same level opportunity for an active part in an institutional environment.

2.2 Empirical Evidence

Investors are much interested on firm's value creation and they have to look up to corporate governance. Shareholders like to pay more responsiveness for those firms they impression are well directed. According to this study there are 13 hypothesis developments are used to identify firm's value relevance. They are Board size, Leadership Structure, Board activity, Board gender diversity, Presence of the key board committees, Board Independence, Ownership of the largest shareholder, management ownership, foreign ownership, institutional shareholders, internal control and risk management, cross directorship and Audit committee independence.

Board Size

Total number of members in the board is called as board size. Board have a strong relationship between the company and its environment it they have large number and also provides direction to play a vital role in the conception of company personality (Pearce, & Zahra, 1992). Manager's responsibility is to monitoring the board members. The board's size may allow for effective supervision and high-quality company decisions. (Pearce, & Zahra, 1992). Yermack (1996) stated that the size of the board of directors has a detrimental impact on the company's performance.

Leadership Structure

If the chairman and CEO are the same person, the leadership structure is known as CEO duality, and if the positions are separated, it is known as CEO non-duality (Al Mamun, 2015). The evidence of the connection between CEO duality and firm performance differs from one another (Gill & Mathur, 2011). According to the agency hypothesis, there is a negative relationship between CEO duality and company value because it deals with the CEO's monitoring and control. However, a small number of corporations have gone the other way, with some switching from a dual CEO leadership structure to a non-dual structure (Moscu, 2013). As a result, many opinions about how the CEO and chairman of the board should be separated remain ambiguous.

Board Activity

Many studies have found a statistically significant and favorable link between the number of corporate board meetings and firm success (Vafeas, 1999). One of the most important determinants of company is sum of meeting through business year. If board members do not meet or meet only a few times, their monitoring and leadership functions are harmed (Menon, & Williams, 1994). Earlier Studies from Adams (2003) and Lara et al., (2009) stayed that proxy for board monitoring can measured by number of meetings. The number of times the board members meet in a year is referred to as board activity (Pamburai et al., 2015).

Board Gender Diversity

Board gender diversity is defined as the total number of female board members divided by the total number of board members. According to Gul et al., (2011) Through greater control and monitoring, gender-diverse boards improve the quality of public attributes for manager's activities and reports, making financial information more responsible for stakeholders. Furthermore, Campbell, & Minguez-Vera, (2008) show that the number of women on a company's board of directors is linked to its worth, and that greater gender diversity may provide economic value. Additionally, Campbell, & Minguez-Vera, (2008) suggest that in a European setting, the board's gender diversity has an impact on the quality of the monitoring job done by the board of directors.

Presence of Key Board Committee

Corporate directors are offered support by board committees in order to attain and release their tasks and duties successfully. If a company has a large number of board committees, it may result in inefficiencies and incorrect coordination among multiple committees, resulting in a low market value (Cadbury, 1992). The character of audit committees in overseeing outside audits and accounting procedures were explained by Jiraporn (2009) and stated that the board is expert through effective board committees. According to Kesner (1988) indicated that the composition of the committee is the most crucial board result.

Board Independence

To determine board independence, divide the total number of board members by the number of independent board members. As previously stated, panels with a majority of outside members are better able to oversee and control management (Cornett et al., 2009). Similarly, Song et al.,(2010) illustrate that the price significance of fair value assets is linked to the independence of a company's board of directors. According to Ezzamel, & Watson, (1993) for a study conducted on UK enterprises, having extra independent managers on the board can boost the firm's profitability. For research conducted on UK firms.

Ownership of the Largest Shareholder

In emerging countries, where investors are less protected, ownership concentration is higher (La Porta et al., 1997). This could mean that principals have a better motive and ability to monitor agents, reducing management opportunism (La Porta et al., 1999). The percentage of ownership has been proposed as a control mechanism for shareholders to regulate management and limit agency conflicts inside the business. (Alchian, & Demsetz 1972). They found that this internal control mechanism has a considerable impact on shareholder wealth, business value, and manager discipline.

Management Ownership

Shareholders are interested in increasing their personal wealth and future work chances, whereas managers are interested in expanding their personal wealth and upcoming career paths. This will create a conflict of interest between management and shareholders, as the former want to make sure their money isn't stolen or invested in beneficial ventures (Jensen, & Meckling, 1976). As per standpoint of agency theory on the alignment of interests, Sappington (1991) implies that incentives for managers to achieve value maximization are required to align the interests of managers and shareholders (Jensen, & Meckling, 1976). Because the views of managers and shareholders become more aligned as managerial ownership increases, the incentive for opportunistic behavior is reduced.

Foreign Ownership

Foreign shareholders can help emerging markets expand and integrate into the global economy (Khanna, & Palepu, 2000). Spira & Bender (2004) discovered that imported rights has a favorable impact on business presentation due to improved observing. Both Mitton (2002) and Lins (2003) found that in emerging markets, company performance is positively associated to outside ownership. Many developing countries have inadequate domestic capital for asset which has driven stock market liberalization in many growing countries, allowing foreign shareholders to invest in domestic equities instruments (Bekaert et al.,2007).

Institutional Shareholders

Institutional shareholders may have a greater influence on the decision-making of directors due to their larger ownership stake. They may even encourage increased disclosure of financial information. The researchers calculated listed firms in Australia and discovered an important positive association among institutional investor’s proportion rights and flexible attributes of corporate governance practices. According to (Bushee, & Noe, 2000) there is an important positive bond with corporate disclosures and institutional shareholdings as measured by the Association for Investment Management and Research (AIMR).

Internal Control and Risk Management

Internal control systems, (Jensen, 1993) may be influenced by managerial motivations, company approvals, and boards of directors, but they may not be adequate to assure corporate transparency and self-interested firm behavior. According to risk management theory, in financial organizations, firm share prices reflect the benefit of interest rate risk management, but the results are less evident when looking at industrial enterprises (Smithson, & Simkins, 2005). Risk management benefits the company since it lowers tax expenses (Smith, & Stulz, 1985) financial distress expenses and other costs.

Cross Directorship

The CEO can serve on the boards of many businesses. Cross directorship is the term for this situation. Cross-directorships may indicate talent management and ability in bringing diverse perspectives to the board. They may be able to make benefits since they have contact to multiple firms' networks and resources (Pfeffer, 1972). Another viewpoint is that cross directorships may jeopardize commitment and monitoring quality, so undermining the entire aim of flexible corporate governance. La Porta (1999) who discussed commitment compromise and Beasley (1996) who identified a link between cross directorship and financial statement fraud. Similarly, Cotter et al., (1997) discovered that enterprises with several directorships receive a greater premium when they are merger targets.

Audit Committee Independency

Due to the effect of independence on commissioners' facility to substantial monitor financial reporting, Klein (2002) identifies that audit committee independence has an impact on the significant of audit committees in monitoring financial performance. Fiador (2013) suggest that the audit committee's independence should be a fixed criterion for the committee to be able to do its duties flawlessly. The independence of the audit committee has no substantial impact on the value relevance of firm evidence (Ayadi, 2015).

3. METHODOLOGY

The sample, data sources, and study model are all part of the methodology analysis. It also goes through the theoretical foundations of the econometric model

Data, Sample and population

The population comprises of 222 listed firms for the period from 2011 to 2019. Sample consists with 185 non- financial companies in Colombo Stock Exchange (CSE) in Sri Lanka. This study assumes that this sample size is available at the applicable stage. The sample of firm selected using probability sampling techniques with stratified random techniques. The study establishes a hypothesis and shows a certain connection between corporate governance disclosures and the firm’s stock price in Sri Lanka's non-financial firms. In order to test the hypothesis, it was decided to obtain the relevant numerical values and ratios of non-financial firms from its annual reports, and this analysis only provided quantitative data based on secondary data.

Methods

Non-financial firms in Sri Lanka use similar corporate governance practices across non-financial institutions over time on the basis of this guidance. The data was analyzed by applying regression analysis which relating to the corporate governance characteristics indicators and the share price during the study period.

Variables and measures

$$\begin{aligned} \mathrm{p}_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 LS_{it} + \beta_3 BA_{it} + \beta_4 BD_{it} + \beta_5 BC_{it} + \beta_6 BI_{it} \\ + \beta_7 OLSH_{it} + \beta_8 MAN_{it} + \beta_9 FO_{it} + \beta_{10} IS_{it} + \beta_{11} ACI_{it} \\ + \beta_{12} EPS_{it} + \beta_{11} BVPS_{it} + \beta_{11} FS_{it} + \beta_{11} S_{it} \varepsilon_{it} \end{aligned}$$

P = Natural logarithm of share price of the company at the end of year.

BS = Natural logarithm of board size.

LS = A dummy variable that takes the value of 1 if the propositions of CEO and Chairman are held by one person, otherwise 0.

BA = the total number of times the board of directors meets in a financial year.

BD = Proportion of females on a board.

BC = A dummy variable that takes a value of 1 if the firm has nominations, remuneration audit committees and related party transaction otherwise 0.

BI = Proportion of INEDs.

OLSH = Proportion of shares owned by the largest shareholder.

MO = Proportion of share hold by managers (Directors and Commissioners).

FO = Proportion of foreign promoter shareholding.

IS = Proportion of institutional shareholding.

IC = A dummy variable that takes the value of 1 if the firm has internal control and risk management, otherwise 0.

CD = Natural logarithm of number of cross directorships held by the CE

ACI = Proportion of Independent directors of the committee according to the total number of directors on the audit committee.

EPS = Company's profit divided by weighted average outstanding shares of its common stock.

BVPS = Total equity divided by the number of shares Outstanding.

FS = Natural logarithm of total assets.

S = Natural logarithm of sales.

U = Error term.

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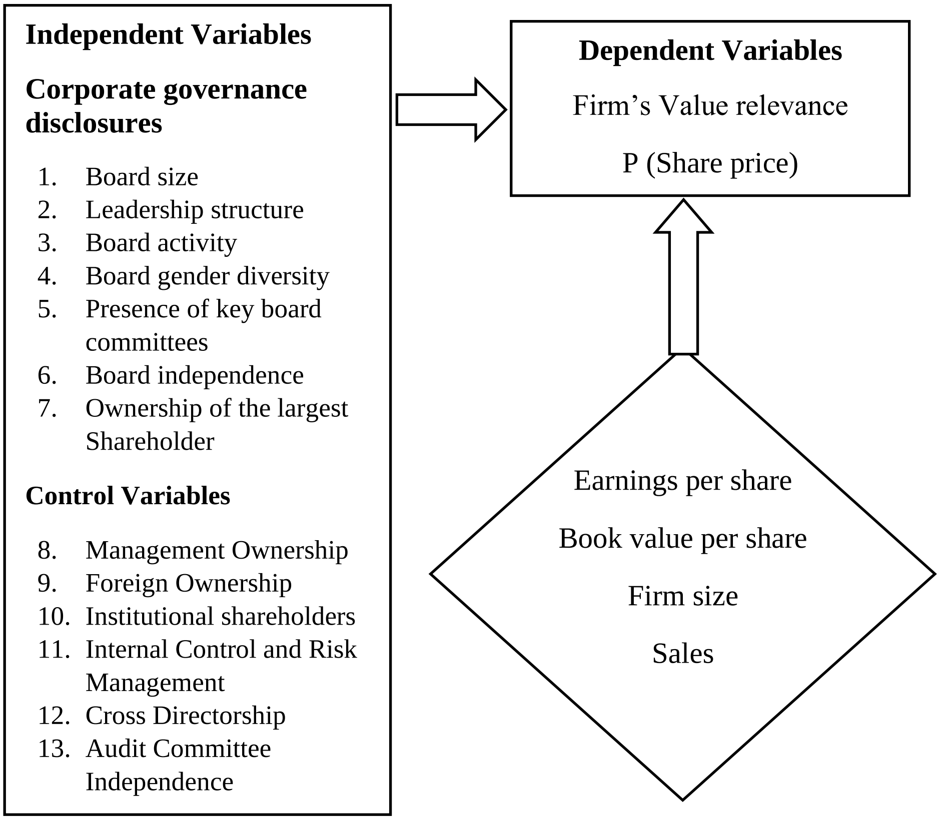

Figure: 01 Conceptual Framework

Conceptual framework illustrates the relationship between the variables of this study. The independent variable related to share price of the firms which is the dependent variable in this study and the independent variables are, Board Size, Leadership Structure, Board Activity, Board Gender Diversity, Presence of Key Board committees, Board Independence, Ownership pf the Largest Shareholder, Management Ownership, Foreign Ownership, Institutional Shareholders, Internal Control and Risk Management, Cross Directorship, Audit Committee Independence and four control variables, Earning per share, Book value per share, Firm size and Sales. Dependent variable can explain reasonably by using these independent variables

4. RESULTS AND DISCUSSION

The study's findings illustrate the link between a company's worth and its corporate governance qualities. The results of the regression are reported using descriptive statistics, the correlation test, and the Pooled OLS Model, Fixed Effect Model, and Random Effect Model. To achieve the research study's goal, statistic techniques such as average, standard deviation, correlation, regression analysis, and data interpretation through STATA and tables were employed for data display. To discover the relationship between corporate governance features and firm value, descriptive statistics were used to explain relevant

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statistics for all variables, and regression was employed just for share price firm-year observation.

Descriptive Analysis

Table 4: Descriptive Analysis

Variable	Mean	St.d.	Min	Median	Max
Share Price	232.45	1024.75	14.40	41.00	108.00
Board Size	7.91	2.12	6.00	8.00	9.00
Leadership Structure	0.28	0.45	0.00	0.00	1.00
Board Activity	4.78	3.26	4.00	4.00	6.00
Board Gender Diversity (%)	0.08	0.11	0.00	0.00	0.14
Presence of Key Board Committees	0.23	0.42	0.00	0.00	0.00
Board Independence (%)	0.39	0.13	0.30	0.38	0.45
Ownership of the largest shareholders (%)	0.53	0.22	0.36	0.51	0.68
Management Ownership (%)	0.10	0.32	0.00	0.00	0.06
Foreign Ownership	13.47	25.37	0.00	0.78	10.90
Institutional Shareholders	65.37	35.19	49.48	82.32	90.65
Internal Control and Risk Management	0.97	0.16	1.00	1.00	1.00
Cross Directorship	4.35	6.03	1.00	3.00	6.00
Audit Committee Independence	81.69	20.29	66.67	75.00	100.00
Earnings Per Share	10.01	49.80	0.18	2.60	10.31
Book Value Per Share	144.17	344.48	14.45	44.28	122.40
Firm Size (Mn)	7834	15886	1400	3600	7500
Sales (Mn)	428	10568	200	820	3200

Source: Authors' Own

According to Descriptive Statistics data, the average share price for the last nine years was Rs. 232.45 for the 185 companies considered in the study. For all industries, the average board size was eight. For all industries, the average value of board meetings was 5. The average percentage of females on the board is shown to be 8%. This is a great example of how gender diversity across the board is much lower in Sri Lanka.

Correlation Matrix

According to the correlation analysis, the size of the board of directors is inversely connected with the price of the stock, and it is somewhat closer to 0. As a result, there is a negative weak association between share price and board size, with a value of -0.089. The activities of the board show that it has a positive value. As a result, there is a link between share price and board action. A weak link exists between share price and board activities, indicating a 0.111 correlation.

The price of a company's stock is linked to the gender diversity of its board of directors. The number is 0.156, indicating a positive but weak relationship between the two variables. However, there is a negative association between share prices and board independence and the ownership of the largest shareholders. The values are a little closer to zero. As a result, there is a weak negative relationship between board independence and share price, as well as ownership of the largest shareholders and share1 price (firm value).

Table 2: Correlation Matrix

Panel A: Control Variables

	EPS	BVPS	FS	S
1	1			
2	0.322***	1		
3	-0.007	-0.031	1	
4	0.0430	-0.018	0.586***	1

Panel B: Share Price & Internal Corporate governance

	P	BS	BA	BD	BI	OLSH	MAN	FO	IS	CD	ACI
1	1										
2	0.089***	1									
3	0.111***	0.102***	1								
4	0.156***	0.013	-0.101***	1							
5	-0.063**	0.140***	0.177***	-0.014	1						
6	-0.002	0.240***	0.093***	0.066***	0.044	1					
7	0.040	-0.034	-0.004	0.004	0.072***	0.231***	1				
8	0.073***	-0.037	-0.029	0.115***	-0.012	0.144***	-0.064***	1			
9	0.154***	0.039	-0.010	0.141***	-0.016	0.191***	0.288***	0.109***	1		
10	-0.055**	-0.025	-0.022	-0.029	-0.021	-0.059**	0.020	-0.031	0.073***	1	
11	0.085***	0.109***	-0.019	-0.041	0.249***	-0.025	0.079***	-0.013	-0.012	0.073***	1

***, ** and * indicate significance at the 1%, 5% and 10% levels respectively

Panel A shows the correlation relationship among control variables. Panel B shows the correlation between share price and internal corporate governance characteristics

The ownership of management or directors has a favorable link with share prices. However, the value is closer to 0, indicating a value of 0.04. As a result, the poor association between these two variables can be explained. A positive link exists between foreign ownership and share price; it is also closer to 0. 0.073 is the value. As a result, there is only a weak relationship between these two variables.

The percentage of institutional shareholders and the stock price have a negative correlation; however, it is closer to 1 at -0.154. As a result, there is a modest negative correlation between the price of a stock and the number of shares held by institutional shareholders. Cross directorship and share price have a negative relationship. The negative weak correlation between mean share price, and business value, and cross directorship is -0.055. Independence of the audit committee also explains the unfavorable link between firm values. It's -0.085, which is a little closer to zero. This indicates that these two variables have a negative and weak relationship.

According to the dummy variables the study includes 03 dummy variable. They are, leadership structure, key board committees and internal control & risk management system. Leadership structure or the CEO Duality has a positive correlation between share prices, but it is somewhat closer to 0. The value is

0.052. So, there is a weak correlation between these two variables. Other two variables have a negative correlation. Key board committees and share price have a somewhat weak correlation that indicates -0.277. On the other hand, firm's internal control & risk management and firm's values have a negative correlation it is -0.019. This is also weak correlation.

The study's control variables are earning per share, book value per share, firm size and sales. Without firm size other their variables have positive correlation between firm's values. Earnings per share has a 0.045 that is weak correlation between these two variables. However, there is a strong correlation between book value per share and share price. That value is 0.655. Sales and share price have a positive weak correlation. That value is 0.016. Among the control variables firm size is created a negative correlation between share prices. The value is -0.033.

Panel B shows that board size, board independence, ownership of largest shareholders, percentage of institution shareholders' shareholdings, cross directorship, audit committee independence, firm size, key board committees, and internal control & risk management have a negative correlation between firm values. Other variables that have a favorable link with company values include board activities, board gender diversity, management ownership, foreign ownership; earnings per share, book value per share, sales, and leadership structure.

Panel Regression Analysis

There are four main types of panel data models and briefly described them. Pooled OLS (Ordinary Least Square) model delights a dataset like any other cross-sectional data and disregards that the data has a time and individual dimensions. A Fixed-effects model takes into reflecting individual differences as well as time-dependent variations. Random effects models go a step further by considering the variances between single entities. When we analyzing industry fixed effect model that include industry specific effect. Fixed effect is considering only firms affect not industry effect.

Table 3 shows that ten variables are significant. Leadership structure, Board gender diversity, presence of key board committees, Ownership of largest shareholders, Management ownership, Foreign Ownership, Book value per share, Firm size and Sales are significant at 99% confidence level according to the industrial fixed effect model. Board gender diversity, presence of key board committees, Ownership of largest shareholders, Foreign Ownership, Book value per share, Firm size and Sales Positively impact on the firm's value. Leadership structure, Management ownership negatively impact on firm's share price. Cross Directorship negatively impact on share value and it is significant at a 95% confidence level.

Table 3: Regression Analysis

	Dependent Variable: Log			
(Share Price)				
Variable	**(01)**	**(02)**	**(03)**	**(04)**
Board Size	-0.00	0.03*	0.02	-0.01
Leadership Structure	-0.26***	0.01	0.01	-0.22***

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Board Activity	0.01	0.01	0.01	0.01
Board Gender Diversity	0.77***	0.32	0.45	1.04***
Presence of key board committees	0.11	-0.09	-0.06	0.28***
Board Independence	-0.28	-0.27	-0.28	0.32
Ownership of the largest shareholders	0.74***	0.20	0.34	0.68***
Management Ownership	-0.13	-0.05	-0.05	-0.15***
Foreign Ownership	0.01***	0.00	0.01*	0.01***
Institutional shareholders	0.00	-0.00	-0.00	0.00
Internal control and risk Management	-0.40**	-0.22*	-0.21*	-0.15
Cross directorship	-0.00	-0.02*	-0.02**	-0.01**
Audit committee independency	0.00	0.00*	0.00	-0.00
Control Variables				
Earnings per share	0.00***	-0.00	0.00	-0.002
Book value per share	0.00***	0.00*	0.00*	0.002***
Firm size	0.00	0.00	0.00	0.00***
Sales	0.00**	-0.00	0.00	0.00***
Year				
2012		-0.09**	-0.09**	-0.13
2013		-0.08	-0.09	-0.17
2014		0.05	0.04	-0.09
2015		-0.02	-0.05	-0.29**
2016		-0.08	-0.11	-0.38***
2017		-0.12*	-0.16**	-0.54***
2018		-0.36***	-0.40***	-0.80***
2019		-0.47***	-0.51***	-0.93***
Constant	3.35***	3.79***	3.74***	2.06
Pooled OLS	Yes	No	No	No
Random-effect	No	Yes	No	no
Firm-fixed effect	No	No	Yes	no
Industry-fixed effect	No	No	No	yes
Robust Standard error	No	No	No	yes
R-square	0.4053	0.1998	0.2872	0.5097
Prob >F	0.0000	0.0000	-	-
Prob> chi^2	-	0.0000	0.0000	-
Groups	185	185	185	185
Observations	1665	1665	1665	1665

Source: Authors' Own

Notes: ***, ** and * indicate significance at the 1%, 5% and 10% levels respectively.

5. CONCLUSION AND IMPLICATIONS

The research looked at the link between corporate governance and the value relevance of non-financial enterprises listed on the Colombo stock exchange. Different correlations between corporate governance traits and business value relevance were discovered using the data. As a result, we began looking for a common solution to the problem of flexible corporate governance features affecting the firm's value relevance. As a result of these data, we can deduce the following association among variables. Gender diversity on the board of

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directors, the existence of key board committees, largest shareholder ownership, foreign ownership, book value per share, firm size, and sales all have a beneficial influence on the firm's value. Leadership structure, management ownership, and cross directorship all have a detrimental impact on the stock price of a firm. In this study 185 CSE listed Sri Lankan firms were evaluated using only nine years of data. Therefore, future researchers can expand the sample size and time span in the future. Furthermore, this study only employed secondary data, whereas future researchers can include primary data in their studies.

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