

Full Length Research Paper

Board of directors' characteristics and financial performance: a case study of selected hotels and restaurants in Sri Lanka

Priya K.*¹ and Nimalathan B.²

¹Demonstrator, Department of Commerce, University of Jaffna

²Senior Lecturer, Department of Accounting, University of Jaffna

Accepted July 04, 2013

The boards of directors play a critical role in monitoring companies in Sri Lanka. However, it is possible that board director's characteristics are important in the hotels and restaurants due to the nature of business and the effect of government regulations, both of which limit to managerial discretion. This study examines the relation between board of directors' characteristics and financial performance among selected hotels and restaurants in Sri Lanka which covered selected hotels and restaurants in Sri Lanka over a period of past 5 years from 2008 to 2012. Correlation and regression analysis were used in the analysis. The result revealed that there is a significant relationship that exists between board of directors' characteristics and financial performance among selected hotels and restaurants in Sri Lanka. The suggested Number of Women in Board (NWB) and Inside Directors (ISD) are significantly correlated with Return on Asset (ROA) at 5 percent level of significance. NWB and ISD are significantly correlated with Return on Equity (ROE) at 5 percent level of significance. At the same time CEO Duality (CEO DUAL) is significantly correlated with ROE at 1 percent level of significance. Finally the rest of other variables are not correlated. The results add insight on the relation between monitoring mechanisms and financial performance of hotels in an emerging market.

Keywords: Board of directors' characteristics, Financial performance, Hotels and Restaurants.

INTRODUCTION

A board of directors is a body of elected or appointed members who jointly oversee the activities of a company or organization. Other names include board of governors, board of managers, board of regents, board of trustees, and board of visitors. It is often simply referred to as "the board". (Wikipedia, 2013)

A board's activities are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are

typically detailed in the organizations bylaws. The bylaws commonly also specify the number of members of the board, how they are to be chosen, and when they are to meet.

The primary responsibility of the board of directors is to protect the shareholders' assets and ensure they receive a decent return on their investment. In some European countries, the sentiment is much different; many directors there feel that it is their primary responsibility to protect the employees of a company first, the shareholders second. In these social and political climates, corporate profitability takes a back seat the

*Corresponding Author E-mail: priyakogulan@gmail.com

needs of workers.

The board of directors is the highest governing authority within the management structure at any publicly traded company. It is the board's job to select, evaluate, and approve appropriate compensation for the company's chief executive officer (CEO), evaluate the attractiveness of and pay dividends, recommend stock splits, oversee share repurchase programs, approve the company's financial statements, and recommend or strongly discourage acquisitions and mergers. (Joshua Kennon, 2013)

One key element of corporate governance is the role of board of directors in overseeing management. Managerial oversight is needed because managers have their own preferences may not always act on behalf of the shareholders. Shirking, excessive perks, and non-optimal investments are examples of abusive actions by managers (Jensen and Meckling, 1976). The board of directors can reduce agency conflicts by exercising its power to monitor and control management (Fama and Jensen, 1983). Independent outside directors are presumed to carry out the monitoring function on behalf of shareholders to ensure that management is in place and to maximize shareholders' interests because shareholders themselves would find it difficult to exercise control due to the wide dispersion of ownership of common stock (John and Senbet, 1998).

A key contention is that outside board members should be independent of the executive management and free from any business or other relations with the company that could compromise their autonomy. Fama (1980) and Fama and Jensen (1983) argue that including outside directors as professional referees not only enhances the viability of the board but also reduces the probability of top management colluding to expropriate shareholder wealth. The generalization of this effective monitoring argument is that the more independent the outside directors serving on the board, the higher the firm performance.

Recent highly publicized failures of public companies in the US have captured the attention of the general public. Further, many experts contend that corporate governance was one of the factors contributing to the financial crises that swept Asia beginning in 1997 (Mitton, 2002; Lemmon and Lins, 2003).

One control mechanism that receives substantial interest is the composition of board of directors. There are numerous studies examining the relation between board characteristics and firm performance among non-financial companies worldwide (Agrawal and Knoeber, 1996) and in Thailand (Limpaphayom and Sukchareonsin, 2003).

"The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected, that they should watch over it with the same anxious vigilance with which the

partners in a private co-partner frequently watch over their own. Negligence and profusion, therefore, must always prevail, more or less in the management of the affairs of such a company." (Smith, 2008)

The need to understand the importance of board of directors' characteristics among hotels and restaurants stems from the important function these firms play in the economy. On firm performance has received considerable attention in the economic and finance literature in recent years. This increased attention has been motivated by the financial scandals that happened to the Asian economy in the early part of this decade such as World com and Enron collapse.

Statement of the problem

As the agency theory states that the agency relationship is an agreement between principals and agents, it is clear that the main duty and responsibility of the agents is to run the firms successfully to maximize profits. Furthermore, CG takes into account the shareholders and stakeholders. Moreover, some authors point out that the CG mechanism should be considered on shareholders' interest in the market (Mathiesen, 2002).

As a consequence of the above financial crisis, a great stress was made upon the employment of CG, which is unanimously considered by various studies as the solution to the problems occurring in the countries' market environment. Majority of researchers hailing from various fields like accounting, economics, administrative, and legal have their studies based on CG for the purpose of highlighting its advantages and positive results (Shleifer and Vishny, 2000).

Objectives

The main objective of the study is to find out the impact of board of directors' characteristics and financial performance of selected hotels and restaurants in Sri Lanka.

The following sub objectives are considered for the above purpose.

- To identify the factors which are significantly contributed to the board of directors' characteristics and financial performance.
- To find out the relationship between board of directors' characteristics and financial performance.
- To suggest some measures to enhance the financial performance in selected hotels and restaurants.

Literature review and hypothesis development

Roman Horváth and Persida Spirollari (2012) examined the relationship of selected Board of Directors'

characteristics and firm's financial performance. The sample is using large U.S firm's from 2005-2009. The degree of insider ownership influences positively firm performance, independent directors reduce firm performance and this negative effect was even more important during the recent financial crisis. Independent directors prefer overly conservative business strategies in order to protect shareholders, but this goes at the cost of lower firm's performance. Results suggest that corporate governance is important for firm's financial performance.

Mohammad Ahid Ghabayen (2012) revealed this study is to examine the relationship between board mechanisms (audit committee size, audit committee composition, board size, and board composition) and firm performance (ROA). The Listed companies, sample of 102 non-financial firms in the Saudi Market (Tadawul) in the year 2011. Furthermore, an analysis of regression analysis is utilized to examine the relationship between board characteristics and firm performance. The results of this study reveal that audit committee size, audit committee composition and board size have no effect on firm performance in the selected sample while board composition has a significant negative relationship with firm performance.

Dobbin and Jung (2011) analyzed whether the presence of female directors in the Board affects company's profit and stock performance. That result indicates that companies with more women in the Board of Directors do not experience any increase or decrease in profits. On the other hand, the change in the number of female Board members appears to be significant for institutional investors. Institutional investors are found to be more likely to sell their stocks in response to appointments of new female directors.

Ranasinghe (2010) examined that aimed to identify the impact of the board structure on performance measured in terms of both financial and non-financial facets. Board size, non-executive and female director proportion, CEO/Chairman independence, accounting and market based coupled with non-financial performance indicators were employed to measure the completeness of the board structure and the performance respectively. Board structure and financial performance does not have a statistically significant relationship and contradicts the literature while board structure and non-financial performance revealed a significant relationship.

Hasnah (2009) showed board composition (the proportion of independent directors on the board) and firm performance is significantly related, to firm performance that is measured by ROA. Following Lai and Limpaphayom (2003), we use return on assets (ROA) as the measure of a firm's overall profitability affecting all claimholders.

Boone et al. (2007) found that as firms become larger and more diversified, the size of the board increases. Firm size is, therefore, taken as a proxy for the complexity of the firm and the need for higher amount of

advice to the board (Fama and Jensen, 1983; Booth and Deli, 1996)

Weir and Laing (1999) examined the CEO is a full-time position and has responsibility for the day-to-day running of the office as well as setting, and implementing corporate strategy and mainly, the performance of the company. Whereas, the position of the Chairman is usually a part-time position and the main duties are to ensure the effectiveness of the board and the evaluation of the performance of the executives.

Muth and Donaldson, (1998) stated the changes in the firm size are likely to affect different characteristics of the board. Hence the firm size is included as a control variable in this study to examine the effect of board characteristics on firm performance. Two of the most widely used proxies for firm size are sales revenue and number of employees.

Huther (1997) revealed that board size negatively relates to firm efficiency. Eisenberg, Sundgren and Wells (1998) also document a significant negative correlation between board size and profitability in a sample of small- and medium-sized Finish and Swedish firms. Overall, there is strong international evidence supporting the idea that board size has an effect on firm performance.

Mattiss (1992) stated the women participation in all most all the activities around the world is increasing. Labor force participation, bearing managerial posts, appearance in politics is some of the activities that the women take part actively at an increasing trend in the present day. As a result, the composition of board may not be able to disregard the women representation. Ability to imbed diversity (Fernandez, 1993) and opportunity to achieve competitive advantage are some of the benefits of having women in the board.

Wiersema and Bantel (1992) focus on the demographic characteristics of the Board and their influence on firm's strategic decisions. The age of Board members represents one of the demographic variables chosen for the study.

Regard to the positive impact of board composition on firm performance (Bhagat and Black, 1998). Rosenstein and Wyatt (1990) document significant positive stock returns around announcements of appointments of outside directors.

Past literature has identified several elements such as board chair and CEO positions (Lorsch and MacIver, 1989; Daily and Dalton, 1997), non-executive directors (Bhagat and Black, 1999; Roberts et al., 2005), women on the boards (Burke, 1997; Singh and Vinnicombe, 2004; Huse and Solberg, 2006), performance assessment of board (Lorsch, 1997). Studies related to the impact of board characteristics on firm performance are not definite in nature. Dalton, Daily, Ellstrand and Johnson (1998), Weir and Laing (1999) and Weir, Laing and McKnight (2002) found little evidence to suggest that board characteristics affect firm performance. However, other studies have found a positive relationship between

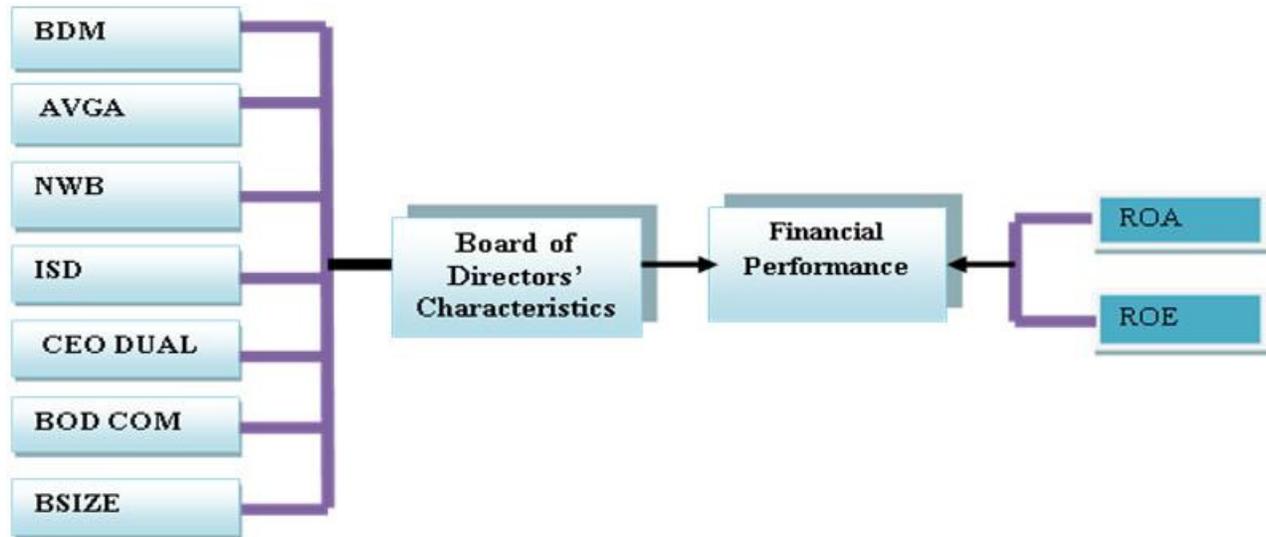


Figure 1. Conceptual Framework

BDM	: Board of Directors Meeting
AVGA	: Average Age
NWB	: Number of Women in Board
ISD	: Inside Directors
CEO DUAL	: CEO Duality
BOD COM	: Board Composition
B SIZE	: Board Size
ROA	: Return on Asset
ROE	: Return on Equity

certain characteristics of board and firm performance (Bhagat and Black, 1999; Kiel and Nicholson, 2003; Bonn, 2004). Nevertheless, the role played by the board is critical to firm performance as the boards discharge their fiduciary responsibilities of leading and directing the firm (Abdullah, 2004)

Siti Norwahida Shukeri, Ong Wei Shin and Mohd Shahidan Shaari (2012) pointed there are six board of directors' characteristics being studied, including managerial ownership, board size, board independence, CEO duality, gender diversity and ethnic diversity. Return on Equity (ROE) is used as a measurement for firm financial performance. There are 300 Malaysian public listed companies being randomly selected from each sector. The results show that board size and ethnic diversity have positive relationship with ROE while board independence has negative relationship. There is no significant relationship between managerial ownership, CEO duality and gender diversity on firm performance. The findings may provide some implications for future research regarding the effectiveness of board of directors towards firm performance.

From the literature review the following hypotheses are developed for the study purpose.

H₁: Board of Directors' Characteristics has an impact on Financial Performance.

H₂: Board of Directors' Characteristics and Financial Performance are significantly correlated.

H₃: All factors determine the Board of Directors' Characteristics is significant.

Conceptual frame work

Based on the literatures, the following conceptual frame work is formulated. (Figure 1)

METHODOLOGY

A discussed by mouton (2001) research methodology focuses on the research process a kind of tools and procedures to be used. It describes research design, research approach, sampling procedure, data sources, instrumentation, reliability, validity and mode of analysis.

Research design

This research will be an explanatory studies. The emphasis here is on studying a situation or a problem in order to explain the relationship between variables (i.e.,

Table 1. Calculations of board of directors' characteristics and Financial Performance Ratios

Board of Directors' Characteristics Ratios	
Board of Directors Meeting	The number of regular meetings held by the Board of Directors during each fiscal year. The meetings refer only to those held in person, excluding the telephonic meetings.
Average Age	The average age of board of director's members.
Number of Women in Board	The proportion of women in the Board of Directors, alternatively the number of women and the dummy variable for the presence of women in the Board.
Inside Directors	Insiders are the directors that participate in the day to day running of the company. They work full-time in the company and are responsible for the achievement of operational and strategic objectives. For example, the CEO represents an inside director.
CEO Duality	Dummy variable, taking a value of 1 for firms with the CEO as Chair, and 0 otherwise.
Board Composition	The proportion of non-executive directors to total number of directors on the board.
Board Size	Total number of directors on the board.
Financial Performance Ratios	
Return on Asset	Return / Total Asset X 100
Return on Equity	Profit after interest and tax / Equity capital X 100

Board of Director's Characteristics and Financial Performance)

Sampling design

The sample of this study composed of listed Hotels and Restaurants in Sri Lanka for the period of 2008-2012. To evaluate this topic, researchers have used different methods of Statically Package for Social Science (SPSS) for analyzing the data. Here Correlation and Multiple Regression are used to analysis the data.

Reliability and validity of the data

Reliability will be established with an overall Cronbach's alpha and other techniques. It will be compared our reliability value with the standard value alpha of 0.7 advocated by Cronbach (1951), a more accurate recommendation (Nunnally and Bernstein's, 1994) or with the standard value of 0.6 as recommended by Bagozziand Yi's (1988). Secondary data for the study were drawn from audit accounts (i.e., income statement and balance sheet) of the concerned companies; therefore, these data may be considered reliable for the purpose of the study. Necessary checking and cross checking were done while scanning information and data from the secondary sources. All these efforts were made in order to generate validity data for the present study. Hence researcher satisfied content validity.

Mode of analysis

The following board of directors' characteristics and financial performance ratios are taken into accounts which are given below. (Table 1)

Multiple regression analysis was performed to investigate the impact of Board of Director's characteristics on Financial Performance which the model used for the study is given below. Financial Performance = f (ROA; and ROE) It is important to note that the financial performance depend upon Board of Directors Meeting (BDM), Average Age (AVGA), Number of Women in Board (NWB), Inside Directors (ISD), CEO Duality (CEO DUAL), Board Composition (BOD COM), Board Size (B SIZE). Since two Financial Ratios Return on Asset (ROA) and Return on Equity (ROE). The following five models are formulated to measure the impact of Board of Director's Characteristics on financial performance is as follows.

$$ROA = \alpha + \beta_1 BDM + \beta_2 AVGA + \beta_3 NWB + \beta_4 ISD + \beta_5 CEO DUAL + \beta_6 BOD COM + \beta_7 B SIZE + \epsilon \dots \dots \dots (1)$$

$$ROE = \alpha + \beta_1 BDM + \beta_2 AVGA + \beta_3 NWB + \beta_4 ISD + \beta_5 CEO DUAL + \beta_6 BOD COM + \beta_7 B SIZE + \epsilon \dots \dots \dots (2)$$

Where, α , is constant, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_7 are coefficients of variables, ϵ , is error term.

DATA ANALYSIS AND DISCUSSION

Multi-Co linearity

Two major methods were used in order to determine the

Table 2. Test of Co linearity

Variables	Tolerance	VIF
Board of Directors Meeting	.189	5.303
Average Age	.227	4.401
Number of Women in Board	.158	6.341
Inside Directors	.056	7.896
CEO Duality	.258	3.880
Board Composition	.195	5.123
Board Size	.302	3.316

Table 3. Correlation Matrix

Variables	ROA	ROE	BOM	AVGA	NWB	ISD	CEO DUAL	BODCM	BSIZE
BOM	-.403 (.137)	-.119 (.674)	1						
AVGA	.047 (.868)	-.044 (.875)	.463 (.082)	1					
NWB	.510* (.052)	.599* (.018)	-.145 (.607)	.074 (.793)	1				
ISD	.574* (.025)	.560* (.030)	-.017 (.951)	.159 (.572)	.889** (.000)	1			
CEO DUAL	.426 (.114)	.702** (.004)	.107 (.703)	-.044 (.875)	.841** (.000)	.825** (.000)	1		
BOD COM	-.153 (.586)	.106 (.708)	.480 (.070)	-.136 (.630)	.393 (.147)	.539* (.038)	.623* (.013)	1	
B SIZE	.188 (.502)	.276 (.319)	.211 (.450)	-.196 (.484)	.591* (.020)	.641* (.010)	.663** (.007)	.666** (.007)	1

*Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

presence of multi-co linearity among independent variables in this study. These methodologies involved calculation of a Tolerance test and variance inflation factor (VIF) (Ahsan, Abdullah, Gunfie, and Alam,2009). The results of these analysis are presented in Table 3. Test of Co linearity. (Table 2)

According to the table 2, Test of Co linearity, none of the tolerance level is < or equal to 1; and also VIF values are perfectly below 10. Thus the measures selected for assessing independent variable in this study do not reach levels indicate of multi-co linearity.

Correlation

It is found that from Table 3; describes the correlation between board of director's characteristics and financial performance. That indicates that NWB and ISD are significantly correlated with ROA 5 percent level of

significance.

NWB and ISD are significantly correlated with ROE at 5 percent level of significance. At the same time CEO DUAL is significantly correlated with ROE at 1 percent level of significance. Finally the rest of other variables are not correlated. Then a multiple regression analysis was performed to identify the predictors of financial performance variables as conceptualized in the models. A step wise variable selection was used in the regression analysis and Table 4 provides the summary measure of the models.

From the Table 4, it is seen that the specification of the seven predictor variables (BOM, AVGA, NWB, ISD, CEO DUAL, BOD COM and B SIZE) in the above model reveals that the ability to predict the financial performance. ($R^2 = 0.747$ and 0.658 respectively).

In R^2 value of 0.747 which is in the model 1 denotes that 74.7 % of observed variability in ROA can be explained by the differences in the independent variables.

Table 4. Predictor of Financial Performance – Model summary

Details	ROA	ROE
BOM	.470 (.652)	1.666 (.140)
AVGA	-.896 (.400)	-1.686 (.136)
NWB	-.428 (.682)	1.181 (.276)
ISD	1.278 (.242)	.435 (.676)
CEO DUAL	.960 (.369)	1.121 (.299)
BOD COM	-2.143 (.069)	-1.724 (.128)
B SIZE	-.045 (.965)	-.888 (.404)
Constant	.203	-.799
	t=-.465; p=.656	t= -1.188 p=.274
R	0.864	0.811
R ²	0.747	0.658
Adjusted R ²	0.494	0.317
Standard Error	.12666	.19512
F Value	2.954 (0.088)	1.926 (0.203)

Table 5. Hypothesis Testing

Serial No	Hypothesis	Tools	Accepted/Rejected
H ₁	Board of Directors' Characteristics has an impact on Financial Performance.	Regression	Partially Accepted
H ₂	Board of Directors' Characteristics and Financial Performance are significantly correlated.	Correlation	Partially Accepted
H ₃	All factors determine the Board of Directors' Characteristics is significant	Correlation	Partially Accepted

Remaining 25.3% variance in the return on asset is attributed to other variables.

In this model 2, R² value of 0.658 which is denotes 65.8 % of observed variability in return on equity can be explained by the differences in the independent variables. Remaining 34.2% variance in the return on equity is attributed to other variables.

In this models summary, that the value of an adjusted R² 0.494 and 0.317, slightly less than the value of adjusted R².

An examination of the model summary in conjunction with ANOVA (F-value) indicates that the model explains the most possible combination of predictor variables that could contribute to the relationship with the dependent

variables.

CONCLUSION

Consequently, this study will disclose how board of directors' characteristics will handle these uncertainties and determine their effects on financial performance. The study is aimed at discovering the specific factors that are useful in enhancing the financial performance and board of directors' of the companies.

Using a private data set from the hotels and restaurants in Sri Lanka, the study examines the relation between two key characteristics of the board of directors'

characteristics and financial performance. It is possible that characteristics of the board are important in the hotels due to the effect of government regulations, which limit managerial discretion.

Therefore, in future study, it is suggested to consider the longitudinal study which comprise of more than year period in order to get more generalized results. It is also suggested to include other mechanisms of corporate governance such as ownership structure in order to examine the overall influence of corporate governance on firm performance.

REFERENCES

- Abdullah S (2004). Board Composition, CEO Duality and Performance among Malaysian Listed Companies. *Corporate Governance*, 4 (4): 47-61.
- Agrawal A, Knoeber CR (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *J. Fin. Quant. Anal.* 31, 377-397.
- Bhagat S, Black B (1999). The uncertain relationship between board composition and firm performance, *Business Lawyer*, 54(3): 921-963.
- Bhagat S, Black BS (1998). The uncertain relationship between board composition and firm performance. In K. Hopt, M. Roe, and E. Wymeersch, eds., *Corporate Governance: The State Of The Art and Emerging Research*. Oxford University Press, Oxford, 301-326.
- Bonn I (2004). Board structure and firm performance: Evidence from Australia. *J. Australian and New Zealand Acad. Manage.* 10(1): 14-24.
- Boone AL, Field LC, Karpoff JM, Raheja CG (2007). The Determinants of Corporate Board Size and Composition: An Empirical Analysis. *J. Fin. Econ.* 85(1), 66-101.
- Booth J, Deli D (1996). Factors Affecting the Number of Outside Directorships, Held by CEOs. *J. Fin. Econ.* 40(1), 81-104.
- Daily CM, Dalton DR (1997). CEO and Board Chair Roles Held Jointly or Separately: Much Ado about Nothing, *Academy of Management Executive*, 11(3):11-20.
- Dobbin F, Jung J (2011). Corporate Board Gender Diversity and Stock Performance: The Competence Gap or Institutional Investor Bias, *North Carolina Law Review*, 89(3), 809-838. *Economics* 26, 301-349.
- Eisenberg T, Sundgren S, Wells MT (1998). Larger board size and decreasing firm value in small firms. *J. Fin. Econ.* 48, 35-54.
- Fama EF (1980). Agency problems and the theory of the firm, *J. Politic. Econ.* 88, 288-307.
- Fama EF, Jensen MC (1983). Separation of Ownership and Control, *J. Law and Econ.* 26(2), 301-325.
- Forbes DP, Milliken FJ (1999). Cognition and Corporate Governance: Understanding Boards of Directors as Strategic Decision-Making Groups. *Academy of Management Review*, 24(3):489-505.
- Hasnah K (2009). The impact of corporate governance and board performance on the performance of public listed companies in Malaysia. Ph.D Dissertation, University Sains Malaysia.
- Huther J (1997). An empirical test of the effect of board size on firm efficiency. *Economics Letters* 54, 259-264.
- Jensen MC, Meckling WH (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *J. Fin. Econ.* 13, 305-360.
- John K, Senbet LW (1998). Corporate Governance and Board Effectiveness, *J. Bank. Fin.* 22, 371-403.
- Joshua K (2013). The Board of Directors Responsibility, Role, and Structure, About.com Guide
- Kiel G, Nicholson G (2003). *Boards that Work: A new guide for directors*. Sydney: McGraw Hill.
- Lai GC, Limpaphayom P (2003). Organizational structure and firm performance: Evidence from the non- life insurance industry in Japan. *J. Risk. Insurance* 70, 755-777.
- Lemmon ML, Lins KV (2003). Ownership structure, corporate governance, and firm value: Evidence from the East Asian financial crisis. *J. Fin.* 58, 1445-1468.
- Lorsch JW, MacIver E (1989). *Pawns or Potentates: The Reality of America's Corporate Boards*. Boston: Harvard University Press.
- Mattis MC (2000). Women Corporate Directors in the United States. In R. J. Burke and M. C. Mattis, (Eds.). *Women on Corporate Boards of Directors: International Challenges and Opportunities*: 43-56.
- Mitton T (2002). A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis, *J. Fin. Econ.* 64, 215-241.
- Mohammad AG (2012). Board Characteristics and Firm Performance: Case of Saudi Arabia. *Int. J. Account. Fin. Reporting*, ISSN 2162-3082, 2(2).
- Muth MM, Donaldson L (1998). Stewardship Theory and Board Structure: A contingency approach. *Corporate Governance: An International Review*, 6(1), 528.
- Ranasinghe DN (2010). Composition and Configuration of the Board and Firm Performance. *ICBI 2010 - University of Kelaniya, Sri Lanka* 1-19.
- Roberts J, McNulty T, Stiles P (2005). Beyond Agency Conceptions of the Work of Non-Executive Director: Creating Accountability in the Boardroom. *Brit. J. Manage.* 16(1): 5-26.
- Roman H, Persida S (2012). Do the Board of Directors' Characteristics Influence Firm'S Performance. The U.S. Evidence. *Prague Economic Papers*, 4, 470-486.
- Rosenstein S, Wyatt JG (1990). Outside directors, board independence, and shareholder wealth. *J. Fin. Econ.* 26, 175-191.
- Shleifer A, Vishny R (2000). A survey of corporate governance. *J. Fin.* 50, 737-783.
- Siti NS, Ong WS, Mohd Shahidan S (2012). Does Board of Director's Characteristics Affect Firm Performance? Evidence from Malaysian Public Listed Companies *International Business Research* ISSN 1913-9004 (Print), ISSN 1913-9012 (Online).
- Smith A (2008). *An Inquiry into the Nature and Causes of the Wealth of Nations*. New Delhi: *Atlantic Publishers and Distributors*.
- Weir C, Laing D (1999). Governance Structures, Size and Corporate Performance in UK Firms, *Management Decision*, 37(5):457-464.
- Wiersema MF, Bantel KA (1992). Top Management Team Demography and Corporate Strategic Change, *The Acad. Manage. J.* 35(1), 91-121.