

Influence of Corporate Governance on Leverage Structure in Sri Lankan Manufacturing Companies

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Leverage structure of manufacturing companies provide an indication of the financial health of the company, while number of factors affect the leverage structure decision. Governance is the mechanism that controls decisions of the company that includes leverage structure decisions. The objective of this study is to examine the influence of corporate governance on leverage structure decision making in Sri Lankan manufacturing firms. Data collected from annual reports of manufacturing sector companies for the period from 2014 to 2018 were analyzed using panel data.

The study identified board size, board composition, managerial ownership, board independence, institutional ownership and CEO duality as corporate governance attributes to measure their influence on leverage structure decision making. Firm Size and profitability were employed for control purpose. Findings of the study reveal a significant influence of corporate governance attributes of CEO duality and board independence on leverage structure with a moderate effect of firm Size and profitability.

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