

The Impact of Firm Age on Capital Structure Decisions: A Quantile Regression Approach

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The main objective of this study is to analyze the effect of firm age on the capital structure decisions of non-financial companies listed under Colombo Stock Exchange over 7-year period from 2012 to 2018. As most Sri Lankan firms considered firm age as a control variable and mostly used firm age since IPO, this study uses firm age as an independent variable where both firm age since IPO date and initial creation being used to determine the relationship with capital structure. Due to non-normal distribution of the data set the disadvantage of using OLS regression was understood and data analysis method changed to quantile regression. Quantile regression analysis is being used to determine that firm age in terms of both initial public offering date and initial creation date has an influence on capital structure with a comparison of ordinary least square method. The results specify that initial public offering date has a significant positive impact and initial creation date has a positive insignificant impact throughout the five levels of leverage in capital structure.

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