

Impact of CEO Characteristics on Capital Structure of Non-Finance Listed Companies in Sri Lanka

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The capital structure determinants include observable and unobservable components. Under the unobservable component, CEO characteristics are vital since CEOs are the topmost level managers who have significant influential decision-making power towards the firm capital structure. Therefore, this study examines the impact of CEO characteristics on the capital structure of listed non-finance Companies in Sri Lanka. Due to the lack of prior empirical studies of this nature focusing on Sri Lanka; this research will make a valuable contribution to local literature and mitigate the gap evident in the frontier market setting. The sample of the study consisted of 123 mainboard listed companies that cover all non-financial sectors of the Colombo Stock Exchange for eight years from 2012 to 2019 and 6 CEO characteristic variables were empirically tested employing a regression model. The study reveals male CEOs variable is significant and having a positive relationship with debt financing which suggests male CEOs employ more debt due to their aggressive nature behavior compared to females. Similarly, CEO age is a significant variable and having a positive relationship with debt financing which indicates with age pass by CEOs employ more debt in the capital structure based on their experiences and business knowledge. These findings will help to appoint key decision-makers to run the organization and make appropriate strategic choices. The study hasn't incorporated other CEO characteristics such as risk appetite levels which may have implications and haven't consider the impact on the real financing decisions.

Keywords: *Capital structure, CEO characteristics, Non-finance companies, Sri Lanka, Upper echelon theory*

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