negative relationship ROA in LCBs. Thus, the banks must consider an appropriate mix of capital structure to be adopted in order to increase the profitability of banking industry. And also, the management of banks should consider on deposit mobilization strategies so that to mobilize more funds in financing.

Further, the results confirmed that DTE ratio has a negative significant relationship with both the ROA and ROE while DTF ratio has an insignificant relationship in LMFs. Finally, both the LTA and LTS, proxies of firm size found an insignificant relationship with both the ROA and ROE in both the sectors.

Conclusion

The study investigated the impact of capital structure and firm size on the performance of LCBs and LMFs in Sri Lanka for the period 2012 to 2017. Thus this study evident that there is an impact of capital structure on profitability of LCBs in Sri Lanka. In conclusion, firm size is not a major determinant factor affecting the firm's financial performance where it's evident that there is no significant association between firm and bank size components and financial performance. But a significant effect was evident from capital structure components in determining the LMFs' profitability. Finally, the results are in support with some literature done by, Ebaid (2009), Isik, Onal & Unal, (2017) Salim & Yadav, (2012) etc.. and are contradictory with some as well.

Keywords: *Capital Structure, Commercial Banks, Financial Performance, Firm Size, Licensed Listed manufacturing firms*

References

Akhtar, K., & Mujahid, M. (2014). Impact of Capital Structure on Firm Financial Performance and Shareholders Wealth: Textile Sector of Pakistan. *International Journal of Lerning & Development*.

Babalola, Y. (2013). The Effect of Firm Size on Firms Profitability in Nigeria. *Journal of Economics and Sustainable Development, 4*(5).

Barclay, M., & Smith, C. (2005). The Capital Structure Puzzle: The Evidence Revisited. *Journal of Applied Corporate Finance.*

Chrystal, K., & Lipsey, R. (1997). Economics for business and management.

Doeringer, P., & Piore , M. (1971). Internal Labour Markets and Manpower Analysis.

Frank, M. Z., & Goyal , V. K. (2005). Tradeoff and Pecking Order Theories of Debt. In *Empirical Corporate Finance.* North-Holland: Tuck School of Business at Dartmouth.