

The Influence of Tangibility on Leverage of Listed Companies in Sri Lanka.

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Abstract

The asset structure of companies matters on financing decisions. Although, the choice of the debt in capital structure is important for all firms, the scale effects may influence the degree of influence of particular financial theories upon capital structure. The study investigates the impact of tangibility on capital structure of listed companies in Sri Lanka. Tangibility, Market power, Profitability & Growth are considered as independent variables and Leverage is the dependent variable of this study. All listed companies registered in Colombo Stock Exchanges considered as the population of this study and five (05) sectors are select as the sample based on the market capitalization. Annual reports of the selected companies from 2015 to 2019 were used to collect data. This study applies panel data analysis using E- views. Further the study will identifies other capital structures determinants and players which impact the capital structure choices in Sri Lanka. Further findings may identify which of the firm's characteristics that have significant effect on capital structure based on theories in the context of Sri Lankan listed firms. Due to the lack of studies done pertaining to this area in Southeast Asia & none of studies done pertaining to this area in Sri Lanka, this study may generate valuable insight in the area of tangibility and leverage as in Sri Lankan context. Further the finding of the study will provide useful for the capital structure decisions of the company.

Keywords: Growth, Leverage, Market power, Profitability, Tangibility