

## **Corporate Governance and Capital Structure of Listed Companies in Sri Lanka**

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### **Abstract**

Firms should attempt to determine the optimal capital structure that causes the maximization of firm's value. The primary objective of this research is to empirically examine the effect of the corporate governance on capital structure decisions of listed companies in Sri Lanka. Prior research in this area focuses more on the listed companies in developed countries and thus, limited research is available from developing country context, Sri Lanka. Moreover, prior empirical studies have been presented mix findings and have failed to identify most significant corporate governing attributes affecting capital structure. This study fills these gaps in the literature. Therefore, study aims to consider the effect of corporate governance variables such as board size, board independence, CEO duality, board meetings and gender diversity of board on capital structure decisions in Sri Lanka. The sample included one hundred listed companies in Sri Lanka and data were collected for the period from 2016 to 2020. Multiple regression analysis and correlation statistical techniques were used to estimate the impact and the relationship between corporate governance attributes and capital structure. Findings of the research are useful for leading Sri Lankan corporates, managers, students, and researchers in making their capital structure decisions.

**Key words:** *Corporate Governance, Capital Structure, Colombo Stock Exchange, Debt, Sri Lanka*