

Impact of Board Characteristics on Capital Structure of Listed Food, Beverage and Tobacco Companies in Sri Lanka

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Abstract

This study examines the impact of Board Characteristics on the Capital Structure of listed Food, Beverage and Tobacco companies in Sri Lanka for 2017 to 2021 by using capital structure indicated by debt ratio and Board Characteristics indicated by the variables of Board Size, CEO Duality, Board Composition, Board Meeting, and Board Diversity. A sample of 30 listed Food, Beverage and Tobacco companies in the Colombo Stock Exchange, Sri Lanka was studied. The study was made with the help of secondary data gathered from annual reports of listed Food, Beverage and Tobacco companies. The Data is analyzed using descriptive statistics, correlation, and regression analysis using E-views version 10. The result of the regression analysis revealed that Board Size and Board Meetings significantly impact the debt ratio while Board Composition; CEO Duality and Board Diversity do not significantly impact the Debt Ratio according to the Random effects regression model. The study's findings can have important implications for the company's management, shareholders, decision-makers, financial analysts, investors, and government. Further, research can be extended by choosing different sectors and data periods with other analysis methods and variables of Board characteristics and Capital structure.

Keywords: *board characteristics, board composition, board size, capital structure*