

## **The Impact of Corporate Governance on Financial Leverage: Evidence from Listed Beverage, Food and Tobacco Companies in Sri Lanka**

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The issue of corporate governance has been a growing area of management research especially among large and listed firms. At the same time, companies need financial resources to promote their objectives. The aim of this study is to investigate the impact of corporate governance on financial leverage of listed Beverage Food & Tobacco companies in Sri Lanka. For the purpose of this study, 20 Beverage Food & Tobacco companies were selected from those which are listed in Colombo stock exchange during the period of 2013 to 2017 as the sample of the study. The relationship between corporate governance and financial leverage was examined by Pearson correlation and multiple regression analysis in details. Board size (BS), CEO-duality (CEOD), board composition (BC), audit committee (AC), board meeting (BM) and board diversity (BD) were used to measure the corporate governance whereas long term debt to total asset (LDTA) and total debt to equity (TDE) were used to measure the financial leverage. The result reveals that the audit committee significantly impact on financial leverage. At the same time, the board composition and board diversity significantly impact on long term debt to total asset. Further, this study finds that the board meeting, firm age and firm size significantly impact on total debt to equity. This research contributes to the literature by illuminating the significant links between some corporate governance measures and financial leverage of listed beverage food & tobacco companies in Sri Lanka.

**Keywords:** *Corporate Governance, Financial Leverage, Board Size, Board Composition, Audit Committee*

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