

Capital structure and EPS: a study on selected financial institutions listed on Colombo Stock Exchange (CSE) in Sri Lanka.

Sivathaasan, N., & Rathika, S.

European Journal of Business and Management, 5(14), 69-73.

<http://www.iiste.org/Journals/index.php/EJBM/article/view/6169/6295>. (2013).

Abstract

The main objective of this study is to find out the impact of capital structure on earnings per share (EPS) in selected financial institutions listed on Colombo Stock Exchange in Sri Lanka during 2006 to 2010. To attain this objective, distinctive methodologies consistent with the previous research studies have been used. The study employs correlation and regression model to test the operational hypotheses. The results revealed that Equity and debt ratio have a negative association with EPS, whereas leverage ratio has a positive association according to correlation analysis ($r = -.244, -.326$ and $.389$ respectively). In addition, capital structure ratios have an impact which is approximately (R^2) 22.6 % on EPS at 0.05 significant levels. This study would hopefully benefit to the academicians, researchers, policy makers, and practitioners of Sri Lanka as well as other similar countries.

Keywords: Capital structure, Colombo Stock Exchange, Capital Structure Ratios, Financial Institutions, EPS.