

2017

# Impact of corporate governance on capital structure of Pakistan

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Originally published as

Shakri, I. H. (2017). Impact of corporate governance on capital structure of Pakistan. *Poster presented at ECU Research Week, 19<sup>th</sup> September. School of Business and Law, Edith Cowan University.*

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## Recommended Citation

Shakri, Irfan Haider, "Impact of corporate governance on capital structure of Pakistan" (2017). *ECU Posters*.  
<http://ro.ecu.edu.au/ecuposters/14>

This Book is posted at Research Online.  
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# IMPACT OF CORPORATE GOVERNANCE ON CAPITAL STRUCTURE OF PAKISTAN

## BACKGROUND

Corporate Governance-CG is a mechanism that protects the interest of all stakeholders specially shareholders in a modern economic and corporate world that is responsible for economic growth of an economy.



Capital structure is one of the weightiest decision that effects the performance of the firm. This study empirically finds how corporate governance practices impact the capital structure of the firm.



## METHODOLOGY

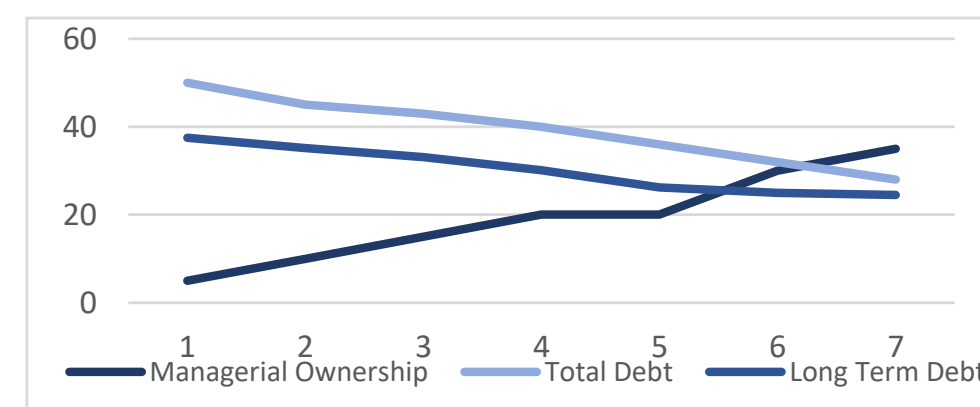
Data was collected from the annual reports of the firms listed at KSE-100index to analyzed the relationship between corporate governance and capital structure.

Ordinary Least Square model is used to analyze the data. The econometric model of the study is as follows:

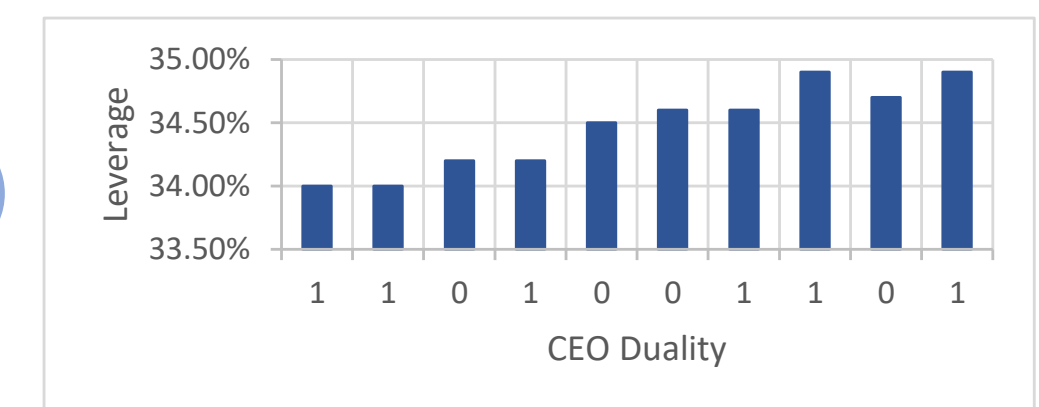
$$TDR_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 OD_{it} + \beta_3 OC_{it} + \beta_4 MOWN_{it} + \beta_5 CD_{it} + \beta_6 PROF_{it} + \beta_7 LIQ_{it} + \mu_{it}$$

## FINDINGS

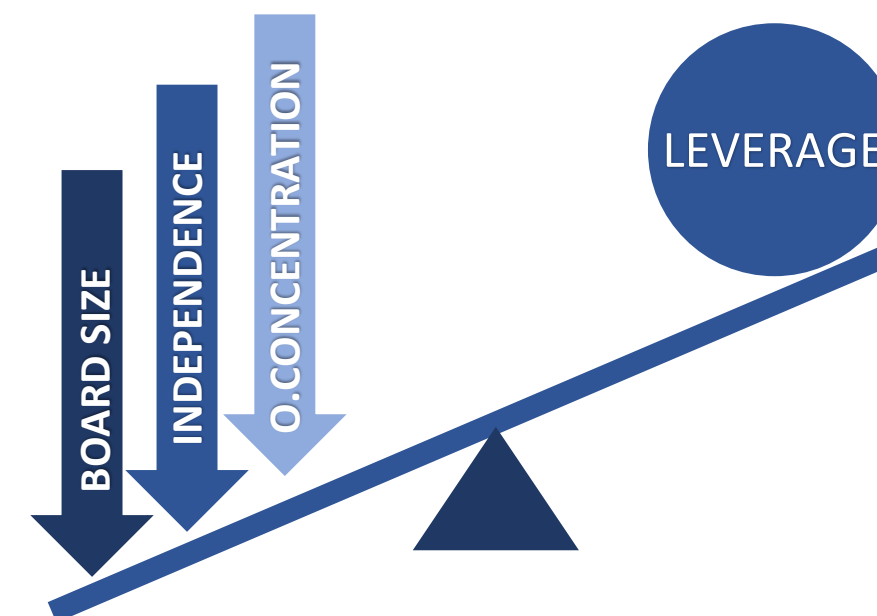
1



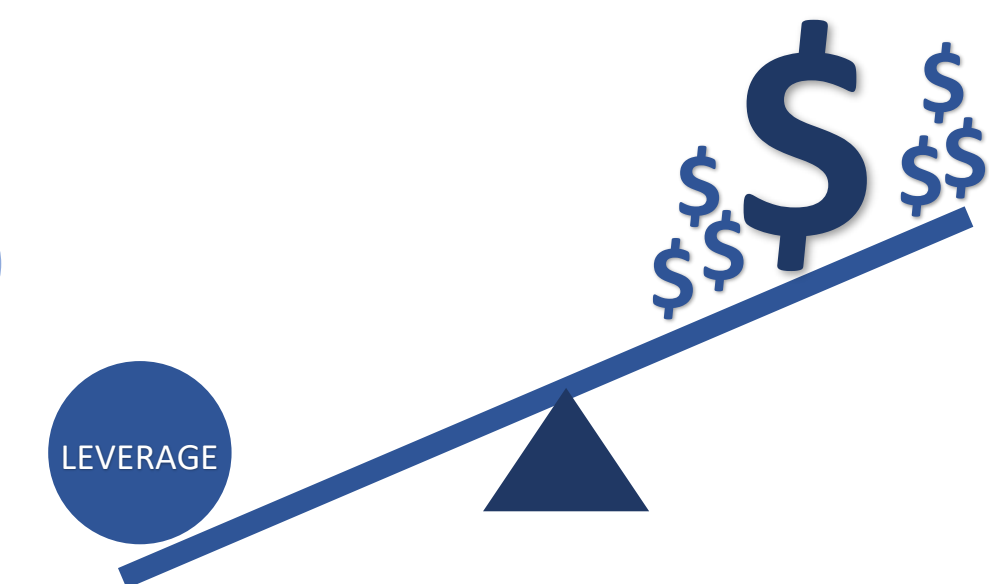
2



3



4



## SIGNIFICANCE

Firstly, this study will fill the gap in corporate governance and capital structure in Pakistan. Secondly, this study helps managers and shareholders of Pakistan in decision making. Thirdly, it will benefit the policy makers to take necessary actions to improve corporate governance mechanism in Pakistan.

