

Capital Structure, Liquidity Position and Their Impact on Profitability: A Study of Listed Telecommunication Firms in Colombo Stock Exchange (CSE), Sri Lanka

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Abstract

The focus of this study is to find out the significant impact of capital structure (CS) and liquidity position (LP) on profitability and identify the relationship between CS, LP and profitability of listed telecommunication firms in Colombo Stock Exchange (CSE) from the financial year 2008 to 2012. CS is vital in determining the return on equity (ROE). There are number of studies in the field of CS and profitability also those studies reveal different results. Regression and Correlation analysis were performed in this study; regression results revealed that there is no significant impact of capital structure and liquidity position on the profitability however Dialog Axiata PLC's capital structure and liquidity position have a significant impact on its profitability. Correlation results confirmed that there is no significant relationship between listed telecommunication firms' capital structure, liquidity position and profitability but capital structure is negatively correlated with its profitability. Finally as a researcher suggested that Dialog Axiata PLC should heavily focus on its capital structure and liquidity position to enhance its profitability, on the other hand Sri Lanka Telecom should give consideration on other factors which can influence or impact its profitability other than capital structure and liquidity position in the future.

Keywords: Capital Structure; Liquidity Position; Profitability; Listed Telecommunication Firms.

1. Introduction

Sri Lankan telecommunication firms are providing better services to the customers in the island especially they are providing high technology and pasted services with minimum cost compare with other developing and developed countries. Sri Lanka Telecom, Dialog Axiata PLC, Mobitel (Pvt) Ltd, Airtel, Hutch and Etisalat are providing telecommunication services in Sri Lanka however Sri Lanka Telecom and Dialog Axiata PLC only have listed in CSE. After the past 30 years continuous ethnic battle and civil war Sri Lankan firms are entering into a new market, each industry have the vast opportunity to enhance their business all over the island especially all the telecommunication firms have opened their number of outlets, branches and customer service centers in the Northern Province. Number of telecommunication firms has established their huge towers and enhance their quality of services all over the Sri Lanka here 3G coverage is remarkable services of them. This kinds of firms differ from other type of firms because those firms are service providers in the country. Telecommunication firm's services are very fast moving services due to the necessity of the service in the world. Generally most of the people are using the mobile phone for communication as well as internet usage, getting news alert and other verities services. Also the telecommunication firms are providing monthly rental phone package and internet package services in Sri Lanka. Those firms have to obey high level of requested obligations by the government. Here automatically much of levy is charged with their services as per the government or other legal requirements. Capital structure includes equity capital and debt capital generally equity capital includes shareholder's fund and reserve of the firm on the other hand debt capital considers preference share capital and other non-current liabilities of the firm. Equity holders and debt holders have vital concern on the wealth of the firm here equity capital holders are more interest with dividend and share price of their share. Also debt capital investors are with key interest on their investments and firm's capability of debt repayment. Generally debt to equity ratio is use to analyses the capital structure of the firms here capital structure includes equity and debt capital. Velnampy & Aloy (2012) stated that the term capital structure of an enterprise means combination of equity shares, preference shares and long-term debts. Most of the firms try to keep their capital structure to maximize their profitability and sustainability which means that how much of fund should be maintained in the form of equity and debt capital. Every firm has to pay the interest or other compensation for their debt capital whether the firm has earned profit or not but in the case of equity capital the firm may pay the dividend to the equity share holders only if the firm has earned profit.

Liquidity position is a major part in every firms here liquidity position can be created from the firm's liquidity management here liquidity management means managing the firm's current assets and current liabilities.

Generally current assets include which assets can be converted into cash within one year period by firm such as inventories, trade receivables, other receivables, cash and cash equivalent. As well as current liabilities include which liabilities can be settle down within next 12 months by the firm such as trade payables and other payables. Firm's liquidity position expresses its ability to meet its current liabilities and the firm's liquidity health. Vitaly liquidity position is measured by current ratio.

2. Research Objectives

The main objective of the research is to identify the impact of capital structure and liquidity position on profitability of listed telecommunication firms in CSE, the following objectives are considered as sub objectives of the study.

- To reveal the relationship between capital structure and profitability of listed telecommunication firms in CSE.
- To find out the relationship between liquidity position and profitability of listed telecommunication firms in CSE.
- To give the possible recommendations and advice to listed telecommunication firms in CSE.

3. Scope of the Research

This researcher has considered all the listed telecommunication firms in CSE. Rests of the unlisted firms under the telecommunication sector were not considered in this study. Gearing ratio is vital to analyze capital structure and current ratio is vital to analyze the liquidity position of the firm. Return on Assets (ROA) and Return on Equity (ROE) have used to calculate profitability of the firms in this study. The past five years (05) annual financial reports of the firms from 2008 to 2012 have been used in this study.

4. Literature Review

Capital structure and keep the optimum liquidity position is the vast activity in all the firms. Capital structure generally long term decision and the liquidity position are related with every day operation. The deciding the capital structure is related with board of director and top finance people decision of the firm however liquidity position is depending on the management of the firm. Many studies conducted in the field of capital structure and profitability such as Velnampy & Aloy (2012) found the relationship between capital structure and profitability of selected Sri Lankan banks from 2002 to 2009. Their descriptive and correlation analysis revealed that there is a negative association between capital structure and profitability and they suggest 89% of total assets of Sri Lankan banking sector are represented by debt capital according to results of the study. Rametulla & Elsana tried to examine the influence of the capital structure of Macedonian firms regarding the factor profitability in their study. This study covered 150 firms and results indicated that return rates present a positive association with short term debt and equity and an inverse association with long term debt. Simon & Afolabi (2011) found the impact of capital structure on industrial performance in Nigeria for listed firms from 1999 to 2007. Debt to equity finance measured by using the gearing ratio and firm's performance measured by profitability index in the study. The results revealed a positive association between firm's performance and equity financing and a positive association between firm's performance and debt-equity ratio however a negative association exists between firm's performance and debt financing. The study suggested better use of borrowed funds and emphasizes the importance of efficient management.

Abdul, Bushra & Mustafa (2007) examined the effect of capital structure on the profitability of listed firms on Islamed Stock Exchange (ISE) which study considered 94 of non-financial firms from 1999 to 2004. They used correlation and regression analysis in the study. The findings revealed that the capital structure of the listed non-financial in ISE has a significantly effect on the profitability of these firms. They pointed that if the firms want to increase their profitability, they will have to give much consideration to the financing mix to avoid losses.

Achchuthan, Kajanathan & Sivathaasan (2013) did a study to analyze Corporate Governance Practices and Capital Structure which study related with this study and also Velnampy & Kajanathan (2013) have done a study in the telecommunication sector in Sri Lanka to analyze the cash position and profitability of telecommunication firms. Velnampy (2013) did a study to analyze the Corporate Governance and Firm Performance in Sri Lanka the firm performance covered the financial performance of the firms here it includes profitability of the firm. Pratheepkanth (2011) conducted a study on Capital structure and financial performance to selected business companies in Colombo stock exchange Sri Lanka and Nimalathan & Brabete (2010) did a study on Capital Structure and Its Impact on Profitability to Listed Manufacturing Companies in Sri Lanka which studies are related with this study.

Also many studies have done in the field of liquidity position and their impact on profitability. Justyna (2013) noted the liquidity management is vital in company's performance and might influence on firm's profitability. Study conducted to recognize the liquidity impact on profitability of polish listed IT firms. The study revealed that liquidity impact on profitability of polish listed IT firms. Victor, Samuvel and Eric (2013) found the

association between the liquidity and the profitability of listed banks in Ghana Stock Exchange. They used time series analysis to analyze and show the trend in liquidity and profitability for this purpose they used financial reports of the banks to calculate necessary liquidity and profitability ratios. Also Kajanathan & Achchuthan (2013) conducted a study to analyze the liquidity and capital structure of Sri Lanka Telecom Plc.

5. Hypothesis

The following hypothesis are developed in this study according to the best of literature review such as,

H₁: There is a significant impact of capital structure on profitability of listed telecommunication firms in CSE.

H_{1a}: There is a significant impact of capital structure on profitability of Dialog Axiata PLC.

H_{1b}: There is a significant impact of capital structure on profitability of Sri Lanka Telecom.

H₂: Liquidity position is significantly impact on profitability of listed telecommunication firms in CSE.

H_{2a}: Liquidity position is significantly impact on profitability of Dialog Axiata PLC.

H_{2b}: Liquidity position is significantly impact on profitability of Sri Lanka Telecom.

H₃: There is a significant relationship between capital structure and profitability of listed telecommunication firms in CSE.

H_{3a}: There is a significant relationship between capital structure and profitability of Dialog Axiata PLC.

H_{3b}: There is a significant relationship between capital structure and profitability of Sri Lanka Telecom.

H₄: Liquidity position is significantly associates with profitability of listed telecommunication firms in CSE.

H_{4a}: Liquidity position is significantly associates with profitability of Dialog Axiata PLC.

H_{4b}: Liquidity position is significantly associates with profitability of Sri Lanka Telecom.

6. Conceptualization Model

Based on the literature review and hypothesis, the following conceptual modal was formulated to depict the relationship between capital structure, liquidity position and profitability.

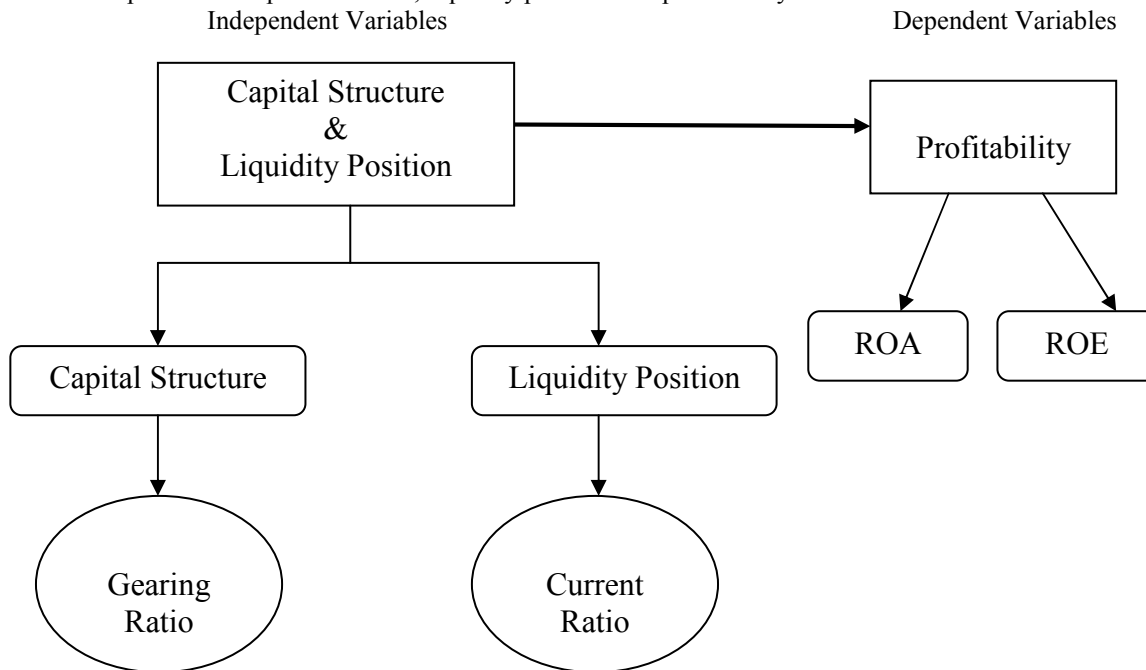


Figure1: Conceptual Model

7. Operationalization

The following table gives a clear picture regarding the variables and measurements used in this study.

Table 1: Design of the Variables

Concept	Variables	Indicator	Measures
Capital Structure	Gearing Ratio	Composition of the firm's equity and debt capital	$\frac{\text{Debt Capital}}{\text{Equity Capital}}$
Liquidity Position	Current Ratio	Firm's current assets to current liabilities	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Profitability	Return on Assets (ROA)	How much is earned on firm's total assets	$\frac{\text{Net Profit after Tax}}{\text{Total Assets}} \times 100$
	Return on Equity (ROE)	How much is earned on firm's equity capital	$\frac{\text{Net Profit after Tax}}{\text{Equity Capital}} \times 100$

8. Research Methodology

a) Data Collection

Secondary data have used in this study. Financial statement is the major components of the annual report which is normally included statement of income, statement of financial position, statement of cash flow, statement of changes in equity and other relevant notes. Statement of income and statement of financial position of the listed telecommunication firms in CSE up to January 2014 has used in this study from 2008 to 2012. The researcher hope that the data of the analysis is true and fair because all listed firm's financial statements included the independent audit report.

b) Sampling Design

Two (02) listed telecommunication firm in CSE selected for this study here all the listed firms considered by the researcher. There are only two (02) listed telecommunication firms in CSE up to 31st January 2014. This study only covered five (05) financial years which is from 2008 to 2012. 289 firms have listed in CSE under the 20 business sectors up to 31st December 2013(www.cse.lk 31.12.2013) from those business sector telecommunication sector and two major listed firms in the respective business sector considered for this study. From this sector the following firms have been considered for this study such as,

1. Dialog Axiata PLC
2. Sri Lanka Telecom

c) Mode of Analysis

The quantitative approach is employed to find out the results of the research study. Quantitative approach is more suitable for the study when using numerical and secondary data. The researcher analyzes the data of the firms by employing correlation and regression analysis for this purpose the well known statistical package 'Statistical Package for Social Sciences' (SPSS) 16.0 Version was used in this study. Ultimate purpose of the regression and correlation is testing the hypothesis, make conclusion on the study and give appropriate recommendation and advice to the management of the firms.

d) Research Model

Regression analysis was used to identify the impact of capital structure and liquidity position on profitability and correlation analysis was used to find out the relationship between independent variables and dependent variables. Capital structure (Gearing Ratio) and liquidity position (Current Ratio) are the independent variables and Profitability (ROA and ROE) is the dependent variable.

9. Results and Interpretation

a) Regression Analysis

Table: 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 ^a	0.764	0.528	3.19614

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 2.1 Coefficient of ROA for Listed Telecommunication Firms in CSE

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	-6.737	9.412		-0.716	0.548
	Current Ratio	0.221	0.112	0.891	1.969	0.188
	Gearing Ratio	-0.443	0.177	-1.135	-2.507	0.129

a. Dependent Variable: Return on Assets

The above table shows the impact of capital structure and liquidity position on profitability of listed telecommunication firms in CSE. According to the table 2.1 it is clearly seen that there is no significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Assets) here $P > 0.05$. Also there is no significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Assets) $P > 0.05$. According to the R square it can be seen that capital structure and liquidity position 76.4 % impact on firm's profitability ($R^2 = 0.764$).

Table: 3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870 ^a	0.757	0.514	6.73459

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 3.1 Coefficients of ROE for Listed Telecommunication Firms in CSE

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	-14.918	19.831		-0.752	0.530
	Current Ratio	0.452	0.237	0.877	1.909	0.197
	Gearing Ratio	-0.917	0.372	-1.132	-2.463	0.133

a. Dependent Variable: Return on Equity

The above table reveals the impact of capital structure and liquidity position on profitability of listed telecommunication firms in CSE. Table 3.1 clearly shows that there is no significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Equity) here $P > 0.05$. Also there is no significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Equity) $P > 0.05$. According to the R square it can be seen that capital structure and liquidity position 75.7 % impact on firm's profitability ($R^2 = 0.757$) remaining part is depend on others which not discuss in this study.

Table: 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	0.966	0.931	2.20665

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 4.1 Coefficients of ROA for Dialog Axiata PLC

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	-14.105	4.307		-3.275	0.082
	Current Ratio	0.644	0.095	1.414	6.757	0.021
	Gearing Ratio	-0.58	0.079	-1.532	-7.321	0.018

a. Dependent Variable: ROA

The above table indicates the impact of capital structure and liquidity position on profitability of Dialog Axiata PLC. According to the table 4.1 it is seen that there is a significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Assets) here $P < 0.05$. Also there is a significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Assets) $P < 0.05$. According to the R square it can be stated

that capital structure and liquidity position highly (96.6%) impact on Dialog Axiata PLC's profitability ($R^2 = 0.966$).

Table: 5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986 ^a	0.971	0.943	4.30837

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 5.1 Coefficients of ROE for Dialog Axiata PLC

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	-29.341	8.41		-3.489	0.073
	Current Ratio	1.357	0.186	1.396	7.293	0.018
	Gearing Ratio	-1.25	0.155	-1.547	-8.081	0.015

a. Dependent Variable: ROE

The above table shows the impact of capital structure and liquidity position on profitability of Dialog Axiata PLC. Table 5.1 clearly shows that there is a significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Equity) here $P < 0.05$. Also there is a significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Equity) $P < 0.05$. According to the R square it can be seen that capital structure and liquidity position 97.1 % impact on firm's profitability ($R^2 = 0.971$) remaining part is depend on others which did not discuss in this study.

Table: 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747 ^a	0.557	0.115	2.14973

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 6.1 Coefficients of ROA for Sri Lanka Telecom

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	15.228	8.665		1.757	0.221
	Current Ratio	-0.047	0.054	-0.408	-0.862	0.480
	Gearing Ratio	-0.294	0.207	-0.674	-1.423	0.291

a. Dependent Variable: ROA

The above table reveals the impact of capital structure and liquidity position on profitability of Sri Lanka Telecom. According to the table 6.1 it is seen that there is no significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Assets) here $P > 0.05$. Also there is no significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Assets) $P = 0.480$. Table 6 shows that capital structure and liquidity position impact by 55.7 % on Sri Lanka Telecom's profitability ($R^2 = 0.557$).

Table: 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793 ^a	0.628	0.256	3.48873

a. Predictors: (Constant), Gearing Ratio, Current Ratio

Table: 7.1 Coefficients of ROE for Sri Lanka Telecom

Model		Unstandardized Coefficients		Standardized Coefficients	T-Value	P-Value
		B	Std. Error	Beta		
1	(Constant)	28.474	14.062		2.025	0.180
	Current Ratio	-0.1	0.088	-0.497	-1.144	0.371
	Gearing Ratio	-0.524	0.336	-0.678	-1.562	0.259

a. Dependent Variable: ROE

The above table shows the impact of capital structure and liquidity position on profitability of Sri Lanka Telecom. Table 7.1 clearly shows that there is no significant impact of capital structure (Gearing ratio) on firm's profitability (Return on Equity) here $P = 0.259$. Also there is no significant impact of liquidity position (Current Ratio) on firm's profitability (Return on Equity) $P < 0.05$. According to the R square it can be stated that capital structure and liquidity position impact by 62.8 % on firm's profitability ($R^2 = 0.628$) remaining part is depend on others which did not discuss in this study.

b) Correlation Analysis

Table: 8 Correlation Analysis for Listed Telecommunication Firm in CSE

		Return on Assets	Return on Equity
Current Ratio	Pearson Correlation	0.152	0.14
	Sig. (2-tailed)	0.807	0.823
Gearing Ratio	Pearson Correlation	-0.554	-0.56
	Sig. (2-tailed)	0.333	0.326

Correlation is significant at the 0.05 level (2-tailed)

Above table shows that there is no significant ($P = 0.531$) relationship between current (current ratio) and profitability (current ratio and return on assets). Also capital structure (gearing ratio) is negatively correlated with listed telecommunication firm's profitability and there is no significant relationship between capital structure (gearing ratio) and telecommunication firm's profitability (ROE and ROA) $P > 0.05$.

Table: 9 Correlation Analysis for Dialog Axiata PLC

		ROA	ROE
Current Ratio	Pearson Correlation	0.218	0.189
	Sig. (2-tailed)	0.724	0.761
Gearing Ratio	Pearson Correlation	-0.429	-0.457
	Sig. (2-tailed)	0.471	0.439

Correlation is significant at the 0.05 level (2-tailed)

Above table shows the relationship between capital structure, liquidity position and profitability of Dialog Axiata PLC. According to the table 9 it can be seen that there is no significant relationship between liquidity position (current ratio) and profitability (ROA and ROE) here $P > 0.05$. The capital structure (gearing ratio) of Dialog Axiata PLC is negatively correlated with Dialog Axiata PLC's profitability and also there is no significant relationship between capital structure (gearing ratio) and Dialog Axiata PLC's profitability (ROE and ROA) $P > 0.05$.

Table: 10 Correlation Analysis for Sri Lanka Telecom

		ROA	ROE
Current Ratio	Pearson Correlation	-0.33	-0.418
	Sig. (2-tailed)	0.587	0.484
Gearing Ratio	Pearson Correlation	-0.627	-0.62
	Sig. (2-tailed)	0.258	0.264

Correlation is significant at the 0.05 level (2-tailed)

Table 10 shows the relationship between capital structure, liquidity position and profitability of Sri Lanka Telecom. According to the table 10 it can be seen that there is no significant relationship between liquidity position (current ratio) and profitability (ROA and ROE) here $P > 0.05$ also the liquidity position is negatively correlated with profitability of Sri Lanka Telecom. The capital structure (gearing ratio) of Sri Lanka Telecom is negatively correlated with Sri Lanka Telecom's profitability and also there is no significant relationship between capital structure (gearing ratio) and Sri Lanka Telecom's profitability (ROE and ROA) $P > 0.05$.

c) Hypothesis Testing

Table 11: Hypothesis Testing

Hypotheses	Tools	P-Value		Results
		ROA	ROE	
H ₁ : There is a significant impact of capital structure on profitability of listed telecommunication firms in CSE.	Regression	0.129	0.133	Rejected
H _{1a} : There is a significant impact of capital structure on profitability of Dialog Axiata PLC.	Regression	0.018	0.015	Accepted
H _{1b} : There is a significant impact of capital structure on profitability of Sri Lanka Telecom.	Regression	0.291	0.259	Rejected
H ₂ : Liquidity position is significantly impact on profitability of listed telecommunication firms in CSE.	Regression	0.188	0.197	Rejected
H _{2a} : Liquidity position is significantly impact on profitability of Dialog Axiata PLC.	Regression	0.021	0.018	Accepted
H _{2b} : Liquidity position is significantly impact on profitability of Sri Lanka Telecom.	Regression	0.480	0.371	Rejected
H ₃ : There is a significant relationship between capital structure and profitability of listed telecommunication firms in CSE.	Correlation	0.333	0.326	Rejected
H _{3a} : There is a significant relationship between capital structure and profitability of Dialog Axiata PLC.	Correlation	0.471	0.439	Rejected
H _{3b} : There is a significant relationship between capital structure and profitability of Sri Lanka Telecom.	Correlation	0.258	0.264	Rejected
H ₄ : Liquidity position is significantly associates with profitability of listed telecommunication firms in CSE.	Correlation	0.807	0.823	Rejected
H _{4a} : Liquidity position is significantly associates with profitability of Dialog Axiata PLC.	Correlation	0.724	0.761	Rejected
H _{4b} : Liquidity position is significantly associates with profitability of Sri Lanka Telecom.	Correlation	0.587	0.484	Rejected

10. Conclusion and Recommendation

This study examined the impact of capital structure and liquidity position on profitability of listed telecommunication firms in CSE and relationship between liquidity management, capital structure and profitability. Based on the regression analysis, as a researcher can conclude that, there is no significant impact of capital structure and liquidity position on listed telecommunication firm's profitability. However Dialog Axiata PLC's capital structure and liquidity position are significantly impact on its profitability. Abdul, Bushra & Mustafa (2007) found that the capital structure of the listed non-financial in ISE has a significantly effect on the profitability of these firms. According to the correlation analysis it can be concluded that there is no significant relationship between capital structure and listed telecommunication firm's profitability as well as there is no significant association between liquidity position and firm's profitability. However correlation analysis clearly stated that capital structure is negatively correlated with firm's profitability on the other hand liquidity position is positively correlated with firm's profitability.

With the help of the findings of the particular study as a researcher suggested that the listed telecommunication firms in CSE to enhance the growth of the firms as well as economic growth of the country.

- Capital structure and liquidity position of the listed telecommunication firms did not significantly impact and correlated on its profitability due to that the firm's board of director and management should consider other factors to enhance the profitability of the firms.
- Capital structure of the listed telecommunication firms in CSE is negatively correlated with its profitability so the firms should give consideration on its capital structure because the composition of the capital structure may seriously affect the firm's profitability in the future.
- Dialog Axiata PLC's capital structure and liquidity position are significantly impact on its profitability due to that particular this firm should give much consideration on its capital structure and liquidity position to enhance its profitability and future success.
- Marketing tools are much needed for every firms to stimulate its sales and increase the market share as a researcher pointed that telecommunication sector is one of the competitive sectors and need to adopt the new technologies, market/customers needs and new features/services due to that those firm may increase its profitability through having a fair market survey in the future.

11. Limitation of the Study

This study only considered listed telecommunication firms in CSE also only two (02) firms have listed in this business sector in CSE. Secondary data source use in this study so there may be little error in the calculations and preparations of the financial statement. Furthermore this study covered five financial years from 2008 to 2012.

12. Suggestions for the Further Researches

Generally as researchers it is the obligation to suggest for the further research. There are more than 20 sector firms in Colombo Stock Exchange and 289 firms have listed in CSE up to 31st December 2013 here this study only considered listed telecommunication sector in CSE. Other researcher can do the research with this same topic in other sector. This study considered only regression and correlation analysis with help of SPSS-16 version so other analysis part can be done by the researchers and the researchers can use other different latest statistical packages in their study also. Here only two independent and two dependent variables have used so the researcher can do the research with other necessary variables in the future.

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