

The core aim of the study is investigation of corporate governance effect on firms capital structure in Pakistan cement industry. To describe corporate governance, the variables used are CEO Duality, firm size, asset tangibility, return on assets and board size. The variable for capital structure is debt ratio.

For this purpose a ten year data of 16 cement companies in Pakistan was taken, which was ranging from 2003 till 2012. Regression analysis was used to establish the said relationship between variables. The fact cannot be denied that Pakistani companies lack corporate governance mechanism at all levels in contrast to developed countries.

However qualitative results of work shows CEO duality ,firm size and asset tangibility have positive relationship with total debt ratio whereas board size and return on assets shows negative relationship with total debt ratio. These results establish the fact that corporate governance is helpful for the managers as well as for the regulatory bodies. The latter shall achieve optimization of an ideal capital structure; the other will build guidelines for a sustainable corporate governance mechanism in the country for better enterprise efficiency.

KeyWords: corporate governance , capital structure ,panel data