

Capital Budgeting Practices in Australia and Sri Lanka: A Comparative Study

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A survey of 150 firms in Australia and 150 firms in Sri Lanka are used in this study to evaluate the influence of national development level on the choice and application of capital budgeting-techniques (CBT). It was found that Australian firms rely heavily on sophisticated CBT and, while small Sri Lankan firms tend to rely on pay-back-period, large Sri Lankan firms tend to be as sophisticated as their Australian counterparts. Thus, the overall conclusion drawn from this study is that, in terms of CBT, the nature of firms tends to swamp-out the nurture of the environment in which the firms are embedded.

Keywords: Capital budgeting; Capital Investment; discounted and non-discounted cash flows

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