

Impact of Macroeconomic Factors and Firm Characteristics on the Financial Performance: Special Reference to Food, Beverage and Tobacco Firms

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Abstract

Introduction: Financial Performance of a firm can be described as a measurement that indicates how well a company perform in a certain period. Further, profitability can show how well a particular firm uses its assets to generate income for the firm. The purpose of the study is to examine the impact of firm characteristics and macroeconomic factors on the financial performance referring listed food, beverage and tobacco firms in Sri Lanka.

Methodology: The population was listed industrial firms in Sri Lanka. The sample was listed food, beverage and tobacco firms in Sri Lanka. Data were collected quantitatively. Panel regression employed to evaluate the hypothesizes. Data analyses were done in two scenarios (prior to Covid 19 and post Covid 19), with four regression models.

Findings: The study revealed that has a weak negative significant impact on the ROE while Sales Growth of the firm has a positive significant impact on the ROA and Sales Growth of the firm has a weak positive impact on the ROE. Nevertheless, from all the macroeconomic factors there is no significant impact on the dependent variables of this study, ROA and ROE despite the impacts from covid-19 pandemic.

Conclusion: The findings of the study will contribute to both academic and practical implications for policymakers, investors, and management who are willing to achieve the firm performance in a challenging post-Covid19 economic landscape.

Keywords: Firm Characteristics, Macroeconomic Factors, Firm Performance