

**Impact of Ownership Structure of Companies on Firm Financial Performance:  
A Comparative Study of Food Beverages and Tobacco Firms Listed in  
Colombo Stock Exchange in Sri Lanka**

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**ABSTRACT**

**Introduction:** Foreign direct investment (FDI) is an investment in controlling ownership of a business in one country by a firm operating in another country. This research has been conducted to identify any relationship between foreign direct investments and the firm financial performance of Food Beverages and Tobacco industry firms listed in the Colombo Stock exchange in Sri Lanka.

**Design/ Methodology/ Approach:** The study sample consists of nineteen Food, Beverages and Tobacco companies listed in the Colombo Stock Exchange from 2015 to 2020. Ownership structure measured through the percentage of Non-Resident shareholdings was considered the independent variable, whereas the firm performance measured through return on equity was considered the dependent variable. Firm size, Financial Leverage, Sales Growth, and current ratio were used as the control variables. Descriptive analysis, Correlation analysis, and panel data regression were used to analyze the data in the study.

**Findings:** The results revealed that the ownership structure of firms has an insignificant impact on firm performance. However, results indicate that firm size has a significant negative impact on ROE. But sales growth and financial leverage show a significant positive impact on the performance of listed Food, Beverage and Tobacco firms in Colombo Stock Exchange in Sri Lanka.

**Conclusion:** The results of the study indicate that ownership concentration does not have a significant effect on firm performance of listed firms in the F&B sector in Sri Lanka.

**Keywords:** *Ownership Concentration, Firm performance, Return on Equity, Firm size*