1st International Undergraduate Finance Research Conference

IUFRC-2021

15th October 2021

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Message from the President
Sri Lanka Finance Association

This is a historic milestone in finance education and research in Sri Lanka. The International Undergraduate Finance Research Conference 2021 is the first of its nature to be organized in Sri Lanka.

It was conceptualized by the Sri Lanka Finance Association as a platform for undergraduate students in finance, accounting, and economics to showcase their research to a wider national and international audience.

Sri Lankan students now have this unique and unparalleled annual conference to present, discuss, and share their research conducted as part of their degree programs. This conference is also open to students from foreign universities, and we hope to promote future conferences internationally, particularly in the South Asian region.

The theme of the 2022 conference is "promoting and empowering young researchers in finance." In addition to sharing research, we hope that this conference will promote student interest in the field of finance and research. We hope some students will be motivated to pursue higher studies in finance and ultimately join various research institutions and universities. Furthermore, finance research is not confined to academic institutions. There is a greater need for trained researchers in the securities markets including stockbrokers, investment banks and other financial institutions. There is even a bigger vacuum of qualified and trained financial economists and analysts in government institutions responsible for monetary, banking, fiscal and macroeconomic policies as well as regulatory institutions in charge of the banking, insurance and securities industries. Ultimately, developing highly trained finance researchers and professionals will strengthen the finance academia, industry, and policy makers. This will lead to better financial decisions and management across both institutions and the government, which will greatly benefit our society.

The Department of Accountancy and Finance of the Faculty of Management at Sabaragamuwa University of Sri Lanka provided exemplary leadership to organize this inaugural conference on behalf of the Sri Lanka Finance Association. I want to express my sincere gratitude to the Conference Chair, Professor D. A. I. Dayaratne, and his conference committee consisting of a team of faculty from all universities of the country. I would also like to acknowledge and thank the conference committee for setting such a high

standard of quality and rigor for this inaugural conference amid extraordinary challenges presented by the COVID-19 pandemic.

Congratulations to all the students whose research papers were accepted for presentation at the conference and for publication in this book of abstracts. I highly encourage you to read their contributions and learn from the large body of research findings presented in this book. I wish a long and fruitful journey for this endeavor, and am eager to see how it evolves.

Professor Lalith P. Samarakoon
President
Sri Lanka Finance Association

Message from Conference Chairman
Sri Lanka Finance Association

In the 21st Century, young scientists are instrumental in sustaining economic goals while creating value for the future world through innovative research. As future leaders, they should be better equipped with the emerging issues which are confronted by the corporate landscape in the world.

The IUFRC 2021 gives them a tremendous opportunity to share the outcomes of their scientific investigations with experienced academics and corporate practitioners. Very importantly, the IUFRC 2021 fills a long-waited vacuum in the university set up in Sri Lanka by bringing young researchers of Inland under one umbrella to share their scholarly work among peers. The effort of the Sri Lanka Finance Association (SLFA) and the Department of Accountancy & Finance Sabaragamuwa University of Sri Lanka is greatly honored for unraveling this conference, despite the constraints caused by the COVID 19 Pandemic. Finally, I wish a rewarding experience for the young participants of this conference.

Professor D.A.I. Dayaratne
Conference Chairman - IUFRC 2021
Director/Students Chapter
Sri Lanka Finance Association

Message from the Keynote Speaker

Let me begin by welcoming all of you to this year's 1st Annual International Undergraduate Finance Research Conference organized by the Sri Lanka Finance Association. We cannot be together this time to celebrate this major milestone physically with the students. I trust that this virtual environment will be no less conducive to challenging ideas and productive debate.

Congratulations to the Management and the Undergraduate Students who have successfully completed their studies through this organization.

I wish to thank the organizers for the invitation extended to me and for giving me the honor and opportunity to speak to this young energetic future generation, regarding – **'Rescuing the Sinking Economy with Patriotic Business Models"**

I have been a strong believer of using abundantly available resources and raw material in our Country. Having two seasons of rain and rivers flowing around the country, water throughout the year and being almost on the equator, receiving 12 hours of guaranteed sunlight which you need to produce carbohydrates for consumption by human beings as well as animals, breeding of fish, and production of milk and sugar to name a few.

We should have had an economy close to a rupee to a dollar, which we had in our younger days. Unfortunately, we have been importing food that our country can produce from countries that have few hours of sunlight a day and making a dollar over Rs.200/- today.

For instance, if the University Students and the academic staff decides to consume what is produced in this country, without spending valuable foreign exchange to import food, this situation could be reversed by setting a valuable example to the nation. If the future generation can change this situation and give the real economy that we have in our country, we will be

in a position of exporting the excess of our value-added products such as tea, rubber, cinnamon, graphite and illuminate to name a few.

Once again let me take this opportunity to wish all the student present here the very best and Congratulations. Also, a special thanks to the organizing committee for their dedicated services towards building a future for the students, who will one day be the leaders of our country.

Mr. Ariyaseela Wickramanayake
Keynote Speaker
Chaiman - Pelwatte Dairy Industries Ltd
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1st International Undergraduate Finance Research Conference (IUFRC) -2021

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Content

Testing the Validity of the Capital Asset Pricing Model and Fama-French Three-Factor Model: Evidence from Sri Lanka

Manikrama M.U.[1*] & Udaya Kumara K.G.A.[2]

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Several asset pricing models have explained the variation in the cross-section of average returns of stocks. Among them, Capital Asset Pricing Model (Sharpe, 1964) is the pioneering model. Since the market anomalies have attracted questions over the applicability of the Capital Asset Pricing Model, Fama and French developed the Three-Factor Model (Fama & French, 1992) to overcome the critiques generated over Capital Asset Pricing Model. However, the empirical studies found mixed results on the validity of the Capital Asset Pricing Model and Three-Factor Model in the Colombo Stock exchange (CSE), like international markets. Hence, the current study intends to test the validity of the Capital Asset Pricing Model and Fama-French Three-Factor Model in explaining the variation in the cross-section of average stock returns in CSE. Further, it evaluates which asset pricing model is most suitable in CSE. A regression analysis was performed using monthly data from 1st April 2014 to 31st March 2019 for a sample of 35 listed companies out of the total population of 285 companies listed in the CSE. The results revealed that the single independent factor; market risk factor, of the Capital Asset Pricing Model has a significant strong positive impact on the stock returns. Further, when considering the three independent factors; market risk factor, size factor, and value factor, of the Three-Factor Model in explaining the returns of the stocks on CSE it was identified that market risk factor has a significant positive impact on the returns. In contrast both size and value factors have an insignificant effect on the expected rate of return. Findings suggest that Fama-French Three-Factor Model outperforms Capital Asset Pricing Model in CSE, but the market risk factor has a broader and more substantial effect on the expected rate of return than the size and value factors.

Keywords: *Capital Asset Pricing Model, Fama-French Three-Factor Model, Colombo Stock Exchange.*

Board Attributes and Financial Performance: Evidence from Listed Manufacturing Companies in Sri Lanka

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Corporate governance contributes to balance the interests of a company's managers, shareholders, and other stakeholders. It provides guidelines for directing and governing the company to realize desired objectives. Inevitably, the board attributes are a crucial mechanism in corporate governance. Much attention has been received for studies on board attributes and performance across many contexts. In Sri Lanka, the context is increasing at an exponential rate in this field. However, it would add more value to the target readers if authors could amend the content focusing more on practical aspects by connecting valuations to the corporate restructuring options. The empirical results seem largely inconsistent across countries. This study examines the impact of board attributes on financial performance in listed manufacturing companies of Sri Lanka. This study examines the impact of board attributes on financial performance in listed manufacturing companies of Sri Lanka. The broad attributes include board size, CEO duality, gender diversity, independent directors, and board balance. Financial performance was measured using the accounting measure of Return on Assets (ROA). All listed manufacturing companies except two companies were considered as the sample of the study, and data were collected through annual financial statements of 2018/19. The regression results show that the larger boards have a positive impact on ROA. Further, board balance showed a negative effect on ROA. However, there was no impact from CEO duality, gender diversity, and the number of independent directors on the financial performance.

Keywords: *Board attributes, Corporate Governance, Financial Performance, Manufacturing Sector.*

Impact of Working Capital Management on Profitability of Hotel and Travel Sector in Sri Lanka

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Working capital management ensures that a company has sufficient cash flows to meet its short-term debt obligations and operating expenses. The purpose of this study is to investigate the impact of working capital management on profitability in the hotel and travel sector in Sri Lanka. The research aims at focusing on to what extent working capital management influences the profitability of the hotel and travel sector. Even though numerous studies have been conducted on this topic, still the consensuses are vague to a greater degree. The dependent variable is profitability, and ROA measures it. The working capital management is measured through the account receivable period, account payable period, inventory conversion period and cash conversion cycle. Further, leverage of the firm was used as the control variable. A sample of 20 firms is selected from the companies listed on the Colombo Stock Exchange from 2015 to 2019. The data analysis was conducted by employing panel data analysis for the period for data series. The findings revealed that working capital management has a significant positive impact on the profitability of the hotel and travel sector in Sri Lanka. Moreover, the findings of the study revealed that leverage led to increase the profitability of the company. These findings are significant to managers, shareholders, future researchers, and any third party who are keen on working capital management and profitability of the hotel and travel sector.

Keywords: Listed Companies in Colombo Stock Exchange, Profitability, Return on Asset, Working Capital Management.

Equity Investors' Responses to Announcements of the Disclosure on the Impact of the COVID-19 Pandemic of the Companies Listed in Sri Lanka

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This study analyzes the equity investors' responses to the disclosure announcements relating to the impact of the COVID-19 pandemic of the companies listed on the Colombo Stock Exchange (CSE) using event study methodology, incorporating the time series modeling approach. The sample consists of 64 listed companies out of 214 companies that made COVID-19 disclosures during the pandemic from 2019-2021. Time series models are used concerning the stylized facts of each company's returns within the sample in generating abnormal returns within a 29-day window period. Findings show that equity investors negatively reacted on COVID-19 disclosures on the event day within the 29-window period. Moreover, there is a significant positive response after the first two days of the announcement. Based on each model, the overall equity investors' response to the announcements within a 29-window period shows positive statistically significant comeback for the COVID-19 pandemic announcements CSE. It implies that the equity holders in CSE believe that the pandemic will gain more benefits in the future for the Sri Lankan economy. Also, abnormal returns show sectorial differences towards the announcement of a particular event. Subsequently, the results show statistically significant abnormal returns, after the actual announcement of the information. These results confirm that the Sri Lankan Share Market is inconsistent with the semi-strong form market efficiency hypothesis. The pandemic continues silently, and the future impact may deviate from the current effects with the dynamic fluctuations in the COVID-19 cases and deaths reporting. The results enhance the quality of decision-making processes by allowing the equity investors to have accurate forecasts. In addition, listed companies can improve the strategic plans aligning with the reactions of equity holders. The SEC as the regulatory body, can make necessary changes to operations and compare available data with the results.

Keywords: *Colombo Stock Exchange, Event Study Methodology, COVID-19 Pandemic Disclosures, Time Series Models.*

Impact of Firms' Earnings on Stock Price of the S&P Sri Lanka 20 Companies

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Stock price plays a vital role in the financial markets in the present business world. Investors are keen on stock price movements when they make investment decisions. Several studies in the international and the Sri Lankan context focused on identifying the firms' earnings impact on the share price. This study measures the effect of the firm's earnings on the stock price of the S&P 20 Companies listed in Colombo Stock Exchange (CSE) Sri Lanka for the periods from 2014/15 to 2019/20. The firms' earnings are measured using Earnings per Share (EPS), Dividend per Share (DPS), and Dividend payout ratio. The required data were collected from the Audited Annual Reports of respective companies. The study used a Multiple linear multiple regression model to analyze the impact of shareholders' earnings on stock price. Results reveal that the impact of EPS and DPS on Stock Price is statistically significant. However, the Dividend payout ratio on Stock Price is statistically insignificant. Finally, the study concludes that firms' earnings impact the stock price in Sri Lankan S&P 20 companies.

Keywords: *Dividend Pay-out; Dividend per Share (DPS); Earnings per Share (EPS); S&P 20 Companies; Stock Price.*

Strategic Management Accounting Practices and Organizational Performance of Manufacturing Firms in Kurunegala District

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Strategic management accounting practices help an organization survive in the competitive, ever-changing, and dynamic business environment and assess its day-to-day operations. There is still a lack of accounting literature and empirical studies on Strategic Management Accounting Practices and Organizational Performance. Therefore, this study seeks to fill this gap by investigating how strategic management accounting practices impact the organizational performance of manufacturing firms in the Kurunegala district. The study used the survey research method. The population of the study was manufacturing firms in Kurunegala District. Fifty manufacturing firms were selected using the simple random method, and all the selected firms responded to the questionnaire. The regression analysis showed that strategic management accounting practices show a significant positive impact on organization performance. The correlation analysis showed that strategic management accounting practices have a positive relationship with organization performance. The result help reconcile the inconsistent findings of past research that focused on the strategic management accounting practices on organizational performance. The findings of this study recommended that it is essential for decision-makers, policymakers, and managers to pay more attention to the strategic management accounting practices that will increase organizational performance.

Keywords: *Competitor Accounting, Customer Accounting, Organizational Performance, Strategic Costing, Strategic Performance Measurement.*

Impact of Sustainability Reporting on Financial Performance of Listed Companies in Sri Lanka

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Sustainability reporting has been diffusing in the business world with the dawn of the 21st century. There is an increasing demand for sustainability reporting practices from various stakeholders who significantly influence an entity's profitability and financial performance. Besides, board diversity plays a vital role in disclosing sustainability performance while enhancing financial performance. However, lack of sustainable sense has caused business failures in the Sri Lankan context and there was limited empirical literature on the relationship between sustainability reporting, financial performance, and board diversity. Hence, this study investigates the impact of sustainability reporting on financial performance and the moderating role of board diversity on such a relationship of 20 Global Industry Classification Standard sectors companies listed in Colombo Stock Exchange Sri Lanka (CSE). This study considers three theoretical frameworks such as agency theory, legitimacy theory, and political cost theory. The study used secondary data collected from 76 listed companies in the CSE that must publish sustainability disclosures based on the Global Reporting Initiative framework in the financial year 2018/2019. Gender diversity, nationality diversity, and educational board diversity are taken as the board diversity dimensions in finding the respective moderating effects. The data were analyzed by correlation analysis, and regression analysis. The results showed that there is an insignificant positive relationship between sustainability reporting and the financial performance of sample companies. Further, it revealed that the board diversity has positive but insignificant power of moderating the relationship between sustainability reporting and financial performance. Hence, it can be suggested that the reporting companies should introduce more developments on sustainability reporting practices to enhance financial performance. Further, it is recommended the non-disclosing companies consider in disclosure of sustainability reporting.

Keywords: *Board Diversity, Colombo Stock Exchange, Financial Performance, GICS Classification, Sustainability Reporting.*

Factors Affecting Sustainability Reporting: Evidence from Consumer Services Sector in Colombo Stock Exchange

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This paper aims at identifying the factors affecting the sustainability reporting practices of Consumer Services Sector companies listed on the Colombo Stock Exchange (CSE). Annual reports of 15 companies listed under the consumer service sector on the CSE were examined for 2015 to 2019 using content analysis. The disclosure index was constructed using 77 items based on the Global Reporting Initiatives (GRI) standards. The sustainability disclosure index was the dependent variable and profitability, leverage, firm size, firm age, board composition and board size were the explanatory variables. Descriptive statistics, correlation analysis, and panel regression analysis were utilized for the data analysis. Descriptive statistics revealed that the level of sustainability reporting by the consumer services companies is at a moderate level. The findings revealed a significant negative relationship between firm age and sustainability reporting practices in consumer services sector entities. It implies that younger firms are more likely to report sustainability performance-related information. Furthermore, it revealed a significant positive impact of firm size on the sustainability reporting practices. Findings support the legitimacy theory, which states that large companies provide more information since these are more visible and scrutinized by the public. However, there is no significant impact of other variables on the sustainability reporting practices. There are many practical implications of the findings. Regulators and policymakers should take necessary actions to be aware of the GRI guidelines and encourage listed companies to incorporate those standards in their business reporting. As a limitation, this paper is based on the consumer services sector of CSE and mainly focused on secondary data. Future studies can focus on the primary investigation.

Keywords: *Sustainability Reporting, Consumer Service Sector, Global Reporting Initiatives (GRI).*

Determinants of Entrepreneurial Success

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Entrepreneurship is a crucial aspect towards the economic growth and job creation. Small business start-ups are currently of great interest to many states and local governments including India. There are various factors which contributes to the success of the entrepreneur and this study is conducted to establish association between Financial, Social, Human capital as determinants of Entrepreneurial Success. The study is focused on the entrepreneurs of different parts of nations. Getting the primary data filled, reliability of instruments was checked. Further, regression analysis is applied to establish causal association between Financial, Social, Human capital and Entrepreneurial Success. The results give insights into the critical role of these determinants as a precursor of success for entrepreneurs.

Keywords: *Entrepreneur, Entrepreneurship, Entrepreneurial Success, Entrepreneurial Development, Financial Capital, Social Capital and Human Capital.*

Impact of the COVID-19 Pandemic on Stock Market Returns

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This study analyses the effect of the COVID-19 pandemic on the stock market returns in the Colombo Stock Exchange (CSE) in Sri Lanka. The period concerned here runs from the first COVID-19 wave in Sri Lanka from 27th January 2020 to 24th May 2021. The daily new cases and the daily deaths are used as the proxies of the COVID-19 pandemic. The All-Share Price Index (ASPI) is used in determining stock market returns. The analysis was conducted as a two-stage analysis. In the first stage, the E-GARCH volatility regression model was developed. An in-depth analysis was performed as an event study in the second stage analysis. In defining the estimation window, 238 trading days were considered to enhance the credibility of forecasted returns. The event windows contain 16 trading days, including the event day. The volatility regression model results confirm daily new cases and daily that the deaths were negatively significant with the stock market returns. Furthermore, the event study assured that abnormal returns were fueled by the impact of the pandemic in CSE. Similarly, within the event windows, frequently delayed reactions can be seen. In addition, fluctuations in abnormal returns in the event windows often confirm that investors in CSE think that pandemic will impact more benefits in the future. Generally, abnormalities in the event windows have adjusted back instantly. With the severity of the impact of the pandemic, abnormal returns showed an irregular pattern. In conclusion, these findings will be much worthier to all the stock market interested parties, including investors and policymakers, to make prudent decisions regarding their investments and policy changes.

Keywords: *Stock Market Return, COVID-19 Pandemic, Volatility Regression, Event Study.*

Analysis of Investor's Reactions using Event Studies and Application of Modern Portfolio Theory and Capital Asset Pricing Model to Generate Risk-Minimized Portfolios: Evidence from Colombo Stock Exchange

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Successful equity market investors tend to properly analyze the markets' past performance and minimize their portfolio risk through proper diversification. Here the application of Event Study Methodology (ESM) reflects the significance of the impact made by a particular event. This methodology identifies investors' anticipation about the event and the importance of the investors' reaction after the event. Other than that, this study focuses on building risk minimized portfolios through Modern Portfolio Theory (MPT) and Capital Asset Pricing Model (CAPM). Therefore, the main objectives of this study are identifying the significance of the investors' reactions due to the event, and building risk minimized portfolios in the framework of MPT and CAPM. ESM is applied for a selected hotel sector company concerning the catastrophic event of the Easter attack in April 2019. Daily share prices and All Share Price Index (ASPI) are considered, and abnormal returns are calculated according to several models for different periods around the event. MPT is applied for selected two companies and builds a share portfolio by plotting the graph in the efficient frontier. The curvature of this graph represents the benefit of diversification and investors can further reduce the risk by combining the risk-free asset (treasury-bills) with a portfolio. That is represented through the capital market line. CAPM is also applied for them, and this will identify the beta value (systematic risk) of individual shares and the portfolio through the Jenson's formula. It can be applied to the CAPM formula and the expected return of the portfolio can also be derived. According to the findings of ESM, there was no any anticipation and there is a negative but insignificant impact after the event. MPT reflects the importance of investment diversification and CAPM demonstrates the risk and expected return of the portfolio. These techniques will lead to a proper analysis of shares and that will improve the return as well.

Keywords: *Efficient-frontier, Event Study Methodology, Capital Market Line, Jenson's Formula, Risk-Free Rate.*

Relationship between Financial Distress Risk and Stock Returns: Evidence from Sri Lanka

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If the financial foundation of a company is weak and appears to be in bankruptcy, it can adversely affect all people who are involved in business and financial partnerships with the company. Therefore, the main objective of this study is to examine, whether there is any significant difference in between a Stock return in terms of capital gain of a financially distress company and non-distress company. The Z-score model developed by Altman which is concluded by many researchers as a highly reliable measurement of capturing the distresses situation of a company operates in a country like Sri Lanka has used as a proxy for measuring the financial distress and categorization of the companies in the study. This study has used data from 101 listed companies over a period of 5 years taking 500 observations. Therefore, within 101 companies, 59 companies were determined as non-distressed and gray area firms because their Z scores were higher than 1.81, whereas 42 companies were categorized as distressed because of lower scores than 1.81. For the easiness of the calculations and understanding the gray area companies have also obtained under non-distressed category. The analysis indicates that there is not any significant difference between the stock returns of distressed company over non-distressed company. It is also examined from empirical studies that the mathematical interpretation and earlier findings of the distress situation, book to market effect and the market capitalization on stock returns do not hold in the case of Sri Lankan companies on the Colombo Stock Exchange. Through looking individually and collectively at the return patterns of financially distressed and non-distressed companies, the study can be used effectively for successful decision-making for the investors as well as corporate bodies when getting their investment decisions.

Keywords: *Bankruptcy, B/M Ratio, Financial Distress, Stock Returns, Z-Score.*

Role of Stock Market Development in Promoting Foreign Portfolio Investments: Evidence from Sri Lankan Context

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This study contributes to the literature which investigates the impact of stock market development on the foreign portfolio investment flows in the host economy. Thus, it investigates the impact of the stock market development and macroeconomic variables on foreign portfolio investment inflow in the Sri Lankan context. For this purpose, by considering the properties of the data collected, the Autoregressive Distributed Lag (ARDL) bounds testing procedure is employed using data from 1992 to 2019. The results of the empirical analysis revealed that stock market development has a significant impact on foreign portfolio inflows in the long-run and short-run. Among the employed macroeconomic variables, the inflation rate was found to be an influential variable on the foreign portfolio investment inflow in both long-run and short-run.

Keywords: *Stock Market Development, Foreign Portfolio Inflow, ARDL Model.*

Assessment of Supplier Satisfaction on Creating Shared Value Programs and the Moderating Effect of Corporate Image: A Case Study on Organic Tea Processing Organizations

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Creating Shared Value (CSV) is a set of policies and practices that enhance the organization's competitiveness while advancing the economic and social conditions among communities in which it operates. However, the question is to what extent the collaboration processes in the CSV program add value for the parties involved, especially the suppliers. Thus, it is rational to assess the satisfaction of the upstream node of the organic tea supply chain on the CSV programs. A field survey was conducted with a pre-tested questionnaire followed by structured interviews. The data were collected from the farmers who were supplying organic tea for two organic tea processing organizations offering CSV programs. The purposive sampling method is initially used. Out of the population of 150 registered organic tea farmers who contributed from CSV, 105 respondents were taken for the study using simple random sampling method. Descriptive statistics, principal component analysis, linear regression, multiple linear regression, and Pearson correlation were used for analysis. The results of the principal component analysis showed that the supplier satisfaction is influenced by the Farmer Orientation, Reliability of the Company, Price Satisfaction, Long Term Expectation of the Farmers and Satisfaction on Technical Assistance. The results of the linear regression analysis revealed that there is a positive relationship between supplier satisfaction and above variables except of price satisfaction. The results of the correlation indicated that the objectives of the CSV program created a moderate degree of a positive relationship towards the supplier satisfaction. Finally, the proposed model of the study was accepted through a multiple linear regression establishing that the corporate image positively moderates the relationship between CSV objectives and supplier satisfaction. Despite the significant academic interest in corporate social responsibility, and supplier satisfaction, this study contributes to finding the effect of CSV on respective variables.

Keywords: *Corporate Image, Creating Shared Value, Supplier Satisfaction.*

Effect of Financial Literacy in Upgrading the Retirement Readiness and Living Standards of Farmers in Sri Lanka

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The purpose of this research is to examine how financial literacy impacts retirement readiness and living standards among farmers in Sri Lanka. This study investigated 200 farmers through a structured questionnaire. We randomly selected the farmers for the study while considering the density of the farmers' population in the Northwestern Province in Sri Lanka. Thereby, we used experimental research strategy and quantitative methods to address the research question. By considering financial literacy as the independent variable and retirement readiness and living standards as the dependent variables, we developed two ordinary least square regression models to test the hypotheses of the study. The findings of the preliminary survey revealed that most farmers maintain saving accounts, but they visit banks occasionally. Moreover, more than 50% of them are not aware of retirement planning benefits. However, the regression models highlighted that financial literacy has a strong positive impact on retirement readiness and living standards among farmers. Thus, we could recommend developing more awareness among farmers on financial literacy by responsible authorities, which could be possibly uplift the retirement status and living standards of farmers in Sri Lanka.

Keywords: *Farmers, Financial Literacy, Living Standards, Retirement Readiness.*

Factors Affecting on End-Users' Acceptance of Enterprise Resource Planning (ERP) System of Apparel Industry in Sri Lanka

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Enterprise Resource Planning (ERP) system is integrated set of programs that support manufacturing, logistics activities, sales and marketing, finance and accounting activities and human resources. The research focused on the contrary in Sri Lankan context-especially in the apparel industry. The main focus point of this research study is the factors influencing the degree of end-user acceptance of ERPs in apparel industry in Sri Lanka. The researcher collected data from 62 ERP users working in two leading companies in the apparel industry in Sri Lanka. Although ERP system adoption takes increasing trend in Sri Lanka, there are limited studies on user acceptance and the factors influencing the user acceptance. The study considered factors such as Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), Training (TRN) and Shared Belief (SB) to reach the objectives. The study used primary data gathered from the employees in above two organizations through an online questionnaire and an interview. Descriptive statistics, correlation analysis, ANOVA and regression analysis were used to analyze the collected data. The result shows that Performance Expectancy, Effort Expectancy, Social Influence, and Training have a statistically significant impact on End-User Acceptance of Enterprise Resource Planning (ERP) Systems. The impact of Shared Belief on End-User Acceptance of Enterprise Resource Planning (ERP) Systems is insignificant.

Keywords: *Apparel Industry, End-User Acceptance, Enterprise Resource Planning (ERP).*

Problematic Issues for Starting a Business Faced by Business Graduates

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The focus of this research paper is to look at the process and challenges that new business start-ups encounter. The significance of new business start-ups cannot be underestimated. They perform as engines for developing countries like Sri Lanka, which currently stands as a lower-middle emerging market. The government of our country is trying to bring the unemployment rate down, which is already at a higher level than the youth unemployment rate. Among them, graduate unemployment in Sri Lanka has been a serious problem for nearly three decades. Through this study, we investigated the challenges, difficulties, and obstacles that graduating entrepreneurs encounter or will face while starting a business. Data was gathered from 184 recently graduated business faculty students at the Sri Lanka Institute of Information Technology. A structured questionnaire was used as the instrument for data collection. The analysis of the study was conducted using correlation and regression analysis. The findings of this study revealed that the education, skills, and training provided by the tertiary education system are very helpful in start-ups, government regulations support is not having a significant support on graduates start up intentions and the factors financial access, financial risks, social risks, lack of required skills, administrative difficulties, workload, corruption, market competition, and demand have become very serious barriers that hinder the capability of graduates to start their businesses. This article focuses on how challenges and issues, graduate motivation, educational support, employability and start-up finance, and government regulations and policies affect business start-ups. The identification of entrance barriers is found to be important, as the elimination of these restrictions and the development of small businesses may lead to the country's development since small businesses are the lifeblood of our economy.

Keywords*: Entrepreneurialism, Youth Unemployment, Business Graduates, Start-Up Barriers.*

Impact of Government Expenditure on Economic Growth in Sri Lanka

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The contribution of the government expenditure to economic growth varies based on the impact of the individual expenditure component. Therefore, it is important to identify the productive and non-productive expenditure components of the government expenditure which possibly boost economic growth. This study examined the impact of government expenditure on the economic growth in Sri Lanka from 1990 to 2019. Secondary data were gathered from the sources of the Central Bank of Sri Lanka. This study is based on semiannual data due to unavailability of data as required for the analysis. Auto Regressive Distributed Lag Model (ARDL) is applied to determine the impact of government expenditures on education, health, defense and security, welfare and transport, and communication expenditures, on the economic growth. The estimated results indicated that the government expenditure on defense & security expenses is statistically insignificant in the long and short run in explaining economic growth. Further, the government expenditure on health and transportation & communication shows a significant positive impact on economic growth in the long and short run. However, education expenditure showed a negative impact on the economic growth, and the expenditure on welfare services shows a long-run positive impact while a negative impact in the short run.

Keywords: *Economic Growth, Government Expenditure, ARDL Model.*

Effect of Foreign Exchange Rate on Stock Market Performance in Sri Lanka

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The Sri Lankan stock market is highly vulnerable to fluctuations. External variables, particularly currency rate movement and volatility, make future capital market implementation and performance in development questionable. Several variables influence on the changes in stock prices, including company performance, dividends, stock prices in other countries, Gross Domestic Production, exchange rates, interest rates, current account, money supply and employment. Given the importance of determining the growth of a capital markets in an economy the economists and researchers have recently concerned with the intertemporal relationship between stock returns and exchange rates. Thus, study investigates the link between exchange rates and stock market performance in Colombo. Using monthly time series data in Sri Lanka from June 2012 to December 2020, the study analyzes the impact of exchange rates (USD, GBP, EUR, and JPY) on stock market returns (ASPI and S&PSL20). The relationship between the variables is measured using correlation and multiple regression approaches. According to findings, GBP showed a weak positive significant relationship with ASPI and S&PSL20, and the EUR have a non-significant positive correlation with ASPI and S&PSL20. Moreover, it suggests a weak negative correlation with ASPI and S&P SL20. Finally, the study concludes that GBP has a significant impact on stock market performance in Sri Lanka.

Keywords: ASPI, S&P SL20, CSE, Exchange Rate, Sri Lanka, Stock Market.

Impact of Monetary Policy on Financial Stability in Sri Lanka

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This study investigates the impact of monetary policy on the financial stability in Sri Lanka. Data were gathered for the period of 2000 quarter:1 to 2019 quarter:2. This study used money supply, interest rate, and exchange rate as proxies for the monetary policy, and the financial stability is measured via Financial Conditional Index (FCI) developed with seven composite variables of capital flows, liquidity, interest rate spread, credit growth, non-performing assets of banks, exchange rate growth and the ratio of credit to GDP. The Vector Auto Regression (VAR) bound testing procedure is exercised with the application of data from 2000 to 2019. The results revealed that the FCI index developed is valid in the context of Sri Lanka. Further, it was determined and assessed long-run and the short-run impact of monetary policy on financial stability in Sri Lanka. The findings disclosed that the monetary policy not significantly impact financial stability in the long run. However, the results emphasized that the monetary policy had a significant impact on the financial stability in the short-run of the country. Thus, the findings will be useful for policymakers to maintain the financial stability in the country.

Keywords: *Exchange Rate, Financial Conditional Index, Financial Stability, Interest Rate, Monetary Policy.*

Impact of Macro Economic Factors on the Capital Structure Decisions of Listed Manufacturing Companies in Sri Lanka

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Capital structure is an important aspect of financial management. Mostly the Capital structure decisions are affected by firm specific factors, industry specific factors, Institutional factors and macro-economic factors. However, the influence of macroeconomic factors in the determination of the capital structure is relatively overlooked. Thus, this research studies the influence of the macro-economic factors on the capital structure decisions of selected listed manufacturing firms in Sri Lanka. The research through analytical and descriptive research design aimed at determining the degree and the direction of the relationship between selected macroeconomic variables (GDP, interest rate and inflation rate) on the corporate capital structure decisions (Debt to Equity ratio) of listed manufacturing firms in Sri Lanka. An econometric model of multiple linear regressions was used where leverage (debt ratios) was regressed against the GDP growth rate, inflation and interest rate. The data for Dependent variable is collected through annual reports of forty listed manufacturing companies in Sri Lanka and data for the independent variable is collected from the official website of Central Bank of Sri Lanka. It revealed that the macro -economic factors have pronounced influence on the capital structure of the listed manufacturing companies. GDP growth rate was found to have a positive influence on the long-term Debt to Equity ratio. Inflation on the other hand showed a negative influence on the short-term debts while interest rates have a negative influence on the long-term Debt to Equity ratio.

Keywords: Equity & Debts, GPD, Interest Rate and Inflation Rate.

Exploring the Motives behind Trade War between US and China and Its Influence on Other Nations

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United States (US) and the Peoples Republic of China launched a fully-fledged trade war in early 2018 claiming imbalanced trade disputes between two countries. Its influence spread worldwide as both the US and China are considered as major trading partners with the other countries. This study examines the influence of the US and China trade war on global and attempts to explore the motives behind this trade disputes. Two assertions are motivated for this inquiry. The first is hegemonic stability theory and the second theory is the power transition theory. This study mainly uses the secondary data from 2017 to June 2020 period and contend analysis is carried out along with exploratory tools to reach the intended objectives. The contend analysis and exploratory analysis of publicly available information supports to believe that the trade war is politically driven instead of trade imbalanced driven. Further, the power struggle between these countries seemly effect on other countries in several ways.

Keywords: *Trade War, Belt and Road Initiative, Made in China 2025, USA Hegemony, Sri Lankan Apparel.*

Volatility Spillover Effect among the Stock Markets before and during the COVID 19 Pandemic: Evidence from the USA, China, Sri Lanka, India, Pakistan, and Bangladesh

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This study explores China, the USA, and the South Asian major countries Bangladesh, India, Sri Lanka, and Pakistan for the volatility spillover effect before and during the COVID 19 pandemic. The study uses daily stock market return data from 2013 to 2021 from six countries. The volatility spillover is measured using the GARCH-M model and the diagonal BEKK GARCH models. By employing the GARCH-M model, only the USA shows a significant spillover toward Pakistan and India. Four countries from South Asia, namely, Sri Lanka, Bangladesh, India, and Pakistan, do not have cross volatility spillover between them and the Chinese stock market. BEKK GARCH model results show the volatility spillover by stock markets. Thus, all the stock markets reveal significant results and the USA offers the highest spillover effect from the domestic stock market while the lowest is shown by China. Therefore, this study shows evidence on the volatility spillover during the COVID '19 pandemic and pre COVID '19 pandemic. The findings will provide valuable information for the fund managers, policymakers, investors, and future researchers. Especially the investors who invest in the diversified stock markets can get an idea about the stock market volatility and their spillover effect for making rational decision on portfolio investment.

Keywords: COVID-19, Equity Market and Financial Linkages, Volatility Spillover.

Waiting Lines of Supermarkets in Colombo District: Queuing Theory Model and Customer Satisfaction Analysis

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Customer waiting lines are rampant within organizations in the contemporary world; filling stations, supermarkets, hospitals, motor parks, bank etc. Waiting lines in supermarkets are very common and exasperating, especially in peak hours. Long waiting in front of counters in supermarkets tarnishes the reputation and might lead to customers' dissatisfaction. Therefore, managing queues especially during peak hours in supermarkets is essential. To select strategies in this regard identification of waiting line characteristics is crucial. Thus, this study investigates the characteristics of waiting lines and proceeds to investigate the factors affecting customer satisfaction concerning waiting lines in supermarkets located in the Colombo district. A total of 187 supermarkets customers who are visiting Keels Super outlet on weekends were surveyed with a structured questionnaire which distributed through WhatsApp. Queuing Theory model characteristics were calculated by observing customers' arrival and departure through closed-circuit television (CCTV) cameras during peak business hours. The study showed that on average 62 customers arrive every hour and 72 customers are served every busy hour. According to the Queuing Theory calculator, the system utilization factor was 86.11%, the probability of zero customers waiting for is 0.1389, the average number of customers waiting in a queue is 6, and the average waiting time is 0.0861 hours. The study further indicates that a customer on average must stay in the queue for 5.166 minutes just to have a service that takes only 0.843 minutes. Since customers are particularly concerned about the time that they spend in the queue, this is very crucial. Customers may become frustrated and turn away because of the time spent in the queue. Therefore, this study further investigated the factors that can be used to overcome the issue highlighted through the results of queuing theory characteristics. In this regard the results revealed that the customer frustrations due to overestimated waiting can be abolished through promotional activities, improving customer perceptions regarding waiting time, showing positive responses to reduce waiting lines, improving the environment around the waiting lines, and reducing perceived waiting duration.

Keywords: *Supermarket, Customer Satisfaction, Queuing Theory, Waiting in Queue.*

Impact of Low Tax Revenue on Economic Sustainability in Sri Lanka

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Tax revenue is one of the most critical factors for the development of any country. However, low tax revenue is the major problem for developing countries. It would affect every section of the economy since it is the primary source of government revenue. Sustainable development is not a novel concept and it covers three aspects: economic, social, and environmental sustainability. This research discusses the impact of low tax revenue on economic sustainability with the data from 1990 to 2019. Human Development Index was used to measure the sustainability. The data was collected from Annual Reports and Economic and Social Statistics published by the Central Bank of Sri Lanka. Correlation and regression analyses were used to achieve the objectives of the research. The results showed a significant impact of the tax revenue, trade openness, exchange rate, and inflation on economic sustainability. There is a significant positive impact of the exchange rate and the inflation rate on economic sustainability in Sri Lanka. As well as there is a significant negative impact of the tax revenue and the trade openness on economic sustainability. Though it is believed that increase in revenue can be achieved by increasing taxes, the economy's sustainability cannot be achieved by increasing taxes in the economy.

Keywords: *Economic Sustainability, Tax Revenue, Human Development Index.*

Impact of Bank Efficiency on Banking Sector Development in Sri Lanka

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The Sri Lankan banking sector development seems not performing well and shows a decreasing trend compared with other Asian counterparts, which inform an inefficient use of currency in the form of bank deposits. It indicates that the banking sector development should be closely monitored. In view of this issue, this research aimed at exploring the banks' short run and long run impact of bank efficiency on banking sector development in Sri Lanka. The data was gathered through the World Bank's database over the period of 1977 to 2018. The study employed ARDL model and three-stages of analysis procedure to achieve the objectives of the study. The banking sector development has defined through developing a composite index using different proxies for banking sector size, stability, and banking access dimensions. The bank efficiency is measured with Private sector credit to the GDP. The banking sector development is used as the dependent variable while bank efficiency is applied as the independent variable. Economic growth, inflation, trade openness and financial openness represent the macro-economic determinants of the banking sector development. The study found that the bank efficiency, economic growth and trade openness have positive and significant impact on the banking sector development in long run. The economic growth shows statistically significant negative impact on banking sector development in short run. The banks should encourage lending as against favoring specific sectors and the government should avoid the finance for budget deficit from the private sector to crowd out private sector investments. This finding is useful in several ways for policy makers in the process of financial reforms.

Keywords: Banking Access, Bank Efficiency, Banking Sector Development, Financial Openness, Trade Openness.

Impact of Credit Risk on Banks' Profitability: Evidence from Licensed Commercial Banks in Sri Lanka

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Credit risk in commercial banks is an important concept which has gained much attention over the banking sector in the world. It is imperative to maintain an effective credit risk mechanism to ensure the bank's survival and growth. Hence, the aim of this study is to examine the impact of credit risk on the banks' profitability. The sample includes 10 licensed commercial banks in Sri Lanka covering the period from 2014 to 2019.The data was collected from the banks' annual reports and web sites. Profitability is measured using Return on Equity (ROE) while Credit risk as the independent variables was proxy with non-performing loan ratio, capital adequacy ratio, loan to deposits ratio and leverage ratio. Correlation analysis and regression analysis were used for the data analysis. Correlation results indicate that nonperforming and Loan to Deposit ratio are negatively correlated with ROE. However, capital Adequacy Ratio & Leverage Ratio showed a positive correlation with ROE. Further, the study hardly found effects of capital adequacy and loan to deposit ratios on ROE. Accordingly, the impact of credit risk on the commercial bank's profitability is vaguely explained clear in Sri Lankan context. The findings of the study highlight that commercial bank can effectively achieve target profit by efficiently managing leverage ratio and non-performing loan ratios. The policymakers and investors can use these findings for their decision making. Then, policy makers can use findings to prepare policies that can improve finance sector profitability and investors able to get information for their decision making.

Keywords: Credit Risk, Commercial Banks, Profitability, Sri Lanka.

Firm-Specific Factors Affecting on Bank Deposits of Licensed Commercial Banks in Sri Lanka

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This study aims to examine the firm-specific factors affecting on bank deposits of licensed commercial banks (LCBs) in Sri Lanka for the period of 2011-2020. The dataset for the study consisted of annual data gathered from secondary sources such as annual reports of the selected commercial banks, annual reports of the Central Bank of Sri Lanka (CBSL) etc. Both descriptive and system generalized method of moments (GMM) techniques initiated by Arellano and Bover (1995) and developed by Blundell and Bond (1998) were employed to investigate the effect of firm-specific factors affecting on bank deposits of LCBs in Sri Lanka. As determinants of bank deposits, six explanatory variables such as bank size, capital adequacy, liquidity, bank loans, branch expansion and bank efficiency were examined. The results revealed that capital adequacy, liquidity, bank loans and branch expansion are significant determinants of bank deposits. The findings further showed that liquidity, bank loans and branch expansion established a positive relationship with bank deposits. However, bank size and bank efficiency are not found to have a significant impact on bank deposits of LCBs in Sri Lanka. The findings of the current study are beneficial for the management, shareholders, and other interested parties of the commercial banks such as the CBSL and government to implement the workable policies to mobilize the bank deposits. In addition, the results of this study are essential for the researchers and readers who are interested in this area.

Keywords: *Bank Deposits, Firm-Specific Factors, Generalized Method of Moments (GMM), Licensed Commercial Banks (LCBs), Sri Lanka.*

Impact of Bank Technological Innovations on Financial Performance of Commercial Banks in Sri Lanka

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Recently, commercial banks incentives to invest largely on technological innovations. However, the attention given towards examining its impact on financial performance, is low in both international and local contexts. Therefore, this study examines the impact of banks' technological innovation on the financial performance of the commercial banks in Sri Lanka. Multiple regression analysis was conducted using the data obtained from Central Bank of Sri Lanka quarterly issued for the commercial banking sector for the period from 2012 to 2020. The transaction volume of automated teller machines, point of sales machines, internet banking and mobile banking are considered as the proxies for technological innovations and the bank performance was measured with Return on Assets (ROA). Total assets, cost-efficiency ratio, capital adequacy ratio and non-performing loan ratio were used as control variables. The results of analysis showed that automated teller machines and point of sales machines have an insignificant negative impact on ROA and internet banking and mobile banking have an insignificant positive impact on ROA. Total assets established a significant positive impact while cost efficiency ratio showed a significant negative impact on ROA. The findings of the analysis encourage banks to introduce more banking features to internet banking and develop user-friendly mobile apps since the internet banking and mobile banking positively relate to bank performance. Moreover, banks also should look for new ways to reduce installation and operating cost of automated teller machines and point of sales machines since they negatively relate to bank performance

Keywords: Financial Performance, Return on Assets, Technological Innovations.

Impact of Financial Risk on the Financial Performance of Listed Companies in Sri Lanka

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Risk management issues in the banking sector do not only have a greater impact on the bank performance but also national economic growth and business development. The bank's motivation for risk management comes from those risks which can lead to underperformance. The objective of this study is to examine the impact of financial risk on the financial performance of the banking and finance sector of Sri Lanka. Credit risk, market risk, liquidity risk and operational risk were considered as independent variables while financial performance was used as the dependent variable. Out of 71 companies in the banking and finance sector, sample of 12 commercial banks and 13 financial companies were chosen for the study. The study covered a period of 5 years from 2015 to 2019.The impact of financial risk on financial performance was analyzed with the use of descriptive statistics and correlation analysis and multiple regression analysis. The data collected from annual reports ware analyzed through E-VIEWS software. The study found that credit risk and liquidity risk established a significant negative impact while market risk and operational risk showed a significant positive impact on the financial performance (ROA/ROE) of banks and diversified financial companies in between the period from 2015 to 2019. The findings are significant to the owners, policy makers and investors. The study suggests that further studies can be focused on effects of financial risk with survey approach in other financial institutions like the micro finance institutions (MFIs) and development financial institutions (DFIs).

Keywords: *Credit Risk, Financial Performance, Liquidity Risk, Market Risk, Operational Risk.*

Diversification Strategy and Organizational Performance: Evidence from Insurance Industry in Sri Lanka

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This study aims to find the significance of diversification strategy towards the performance of insurance companies in Sri Lanka, which will help the insurance companies in strategy-making process to improve the organization's performance. This study uses a secondary panel database of ten insurance companies operating in the market from 2009 to 2019. As the analysis tool ordinary least square method is used. The study used fixed effect, random effect, and pooled effect models for the data analysis. Results show that the concentric diversification strategy and the Core business-based diversification strategy have an insignificant relationship between Specialization Ratio and Return on Equity (ROE). Related and unrelated diversification showed a significant relationship with the Specialization ratio. The operating efficiency ratio negatively affects performance at all diversification strategies except relatedly diversified companies. Liquidity ratio and claims paid showed a negative insignificance relationship on performance in every diversification. Furthermore, it shows that diversifying the company may significantly influence its performance by negatively affecting the Specialization and ROE. The findings are much helpful to strategy makers in insurance companies which help them to build the most profitable and appropriate diversification strategy to improve the performance of the insurance companies.

Keywords: *Diversification strategy, Organizational performance, Ordinary Least Square Method, Insurance companies.*

Determinants of Solvency in the Insurance Sector: Evidence from Selected Insurance Companies in Sri Lanka

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The financial system of any country plays a crucial role in the economic development, and the insurance industry is a part of the financial system that ensures economic development. Hence, the solvency of insurance companies holds a significant proportion on it. This study investigates the determinants of solvency in the insurance sector in Sri Lanka by considering both firm-specific and macroeconomic factors. The study used a quantitative research approach and 11 insurance companies licensed in Sri Lanka are considered as the sample. Data were collected from 2010 to 2019, and Two-Step System Generalized Methods of Moment (GMM) was employed to investigate the determinants of insurance sector's solvency in Sri Lanka. The results revealed that profitability and economic growth have a significant positive impact on the solvency of the insurance industry. In contrast, leverage shows a significant negative impact on the solvency. Among them, economic growth has the highest impact on the solvency of the insurance companies while leverage shows the lowest impact on the solvency of the insurance companies of Sri Lanka. Further, the firm size, premium growth and inflation demonstrate an insignificant impact on the solvency of the insurance sector in Sri Lanka. The findings of this research are crucial for the regulatory authorities and policymakers to regulate and supervise the insurance companies in an efficient way.

Keywords: Capital Adequacy, Firm-Specific, Insurance Sector, Macro-Economic, Solvency Margin, Sri Lanka.

Factors Affecting Salesforce Behavior: Evidence from Life Insurance Industry

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Sri Lanka is a life insurance unpenetrated country recorded as the second-lowest penetration in South Asian region. This under penetration is further fueled by the high lapse rate and cancellation rate of the policies. Salesforce behavior can be attributed as one of the prominent reasons for this issue. Since the life insurance is a service-providing business dealing with the customers directly, the progress of the industry depends highly on the behavior of the salesforce. The life insurance business is entirely based on the transparency of the agreement termed as utmost good faith. Nevertheless, Transparency is highly threatened by the unethical behavior of life insurance agents. As an immediate effect, image of the companies gets tarnished and declines the progress of the industry. Therefore, it is very important to be concerned about factors affecting unethical salesforce behavior in the life insurance industry. The main objective of this study is to identify the factors affecting salesforce behavior in life insurance industry. To test the hypotheses, 152 life insurance agents in Badulla district representing the top five performers in the industry were surveyed. Quantitative research design along with snowball sampling were employed to collect data. Using the multiple regression analysis, results indicate that only selling pressure and competitive intensity has a significant positive relationship with salesforce unethical behavior. Furthermore, selling pressure shows a stronger positive relationship with salesforce unethical behavior. Interestingly, the proposed relationships of supervisory role, rewarding system, ethical climate, product complexity and product variety with unethical behavior was not supported. The paper suggests practitioners and regulatory authorities to reduce sales pressure with the aid of reducing sales targets and discouraging anti-competitive behavior to control salesforce unethical behavior.

Keywords: Life Insurance, Salesforce, Unethical Behavior.

Impact of Covid-19 and the Way Forward with Islamic Banking with Special Reference to Amana Bank PLC

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Islamic banks were comparatively resilient in the financial crisis during 2008 because of their interest-free services and prohibition of high risk or unethical transactions. In this study, Islamic banking system is examined with the main objective of how Islamic banking can contribute to dampen the negative consequences of the Covid-19 Pandemic. Amana bank was selected as the subject of the study as it is the pioneer Islamic bank in Sri Lanka. The research was carried out based on data collected from document reviews and 5 semi-structured interviews. Findings show that the profitability of Amana has been affected and that re-investments of Amana had fallen due to the Covid-19 pandemic. However, the bank has not faced a liquidity crisis due to policy reforms of the Central Bank of Sri Lanka (CBSL). Most importantly, the findings show that Islamic banking can be helpful in reviving the post-pandemic economic movement by supporting small and Medium Enterprises (SMEs). This can be ascertained to both the ethical principles on which Islamic banking operates where individuals' needs are given more priority on a case-by-case basis and the banking model Islamic banking is operated in.

Keywords: Amana Bank Sri Lanka, Covid-19, Islamic Banking.

Retirement Confidence during Early Adulthood in Digital Era

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The motive behind the study is to investigate the influence of Financial Literacy, Saving Behavior, and Financial Management on Retirement Confidence of Young and Middle Adult Working Women in India. The study thus is on working women of different age groups between 21 to 51 years and with different educational qualifications who work in different organizations. The results indicate that financial literacy plays a less vital role behind deciding on retirement in these women but with saving behaviour and financial management together, it influences the retirement confidence of women. Financial literacy, Financial Management, and Saving Behaviour need to be unified to make better use of money and savings for the retirement life of women in the job. A comprehension of this issue has suggestions for financial planners, policymakers, and instructors as they can all serve their women customers and representatives by creating objective projects and administrations. Further, the results can be used by them for policy development leading to the realization of a win-win situation for working women by having the crucial information needed for an investment meeting out the retirement needs, an area which is ignored.

Keywords: *Financial Literacy, Financial Technology, Saving Behavior, Financial Management, Retirement Confidence, Working Women, Psychology.*

Intension to Adapt Green Banking Practices for Environmental Performance with Special Reference to Listed Commercial Banks in Western Province

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In recent years, going green concept has become a global trend in every business aspect as well as banking industry. The green concept creates a huge transmission in banking industry, from traditional banking activities to green banking practices. In Sri Lanka, both public and private sector banks are undertaking green banking in recent years. Every bank in both the sectors involves in non-monetary competitive activities by motivating paperless banking, technology-oriented services. However, there is lack of research attention given on intension to adapt green banking practices with environmental performance. Hence, this study addresses the empirical and knowledge gap by conducting a study of intension to adapt green banking practices for environmental performance. Sample of this study was 108 employees who worked in selected listed commercial banks in the western province. Quantitative and qualitative research design was used as the research design and data was analyzed by using descriptive statistics, regression analysis, content analysis and thematic analysis. The findings related to first objective revealed that, intension to adapt green banking practices have a positive impact on environmental performance. In that intension to adapt green banking practices, management commitment and support, competitor pressure and the customer pressure have positive significant impact on environmental performance. Findings related to the second objective and third objective revealed, green banking practices and problems faced by banks while adapting the green banking practices respectively. This study is important for understanding the empirical knowledge about intension to adapt green banking practices for environmental performance.

Keywords: Environmental Performance, Green Banking, Green Banking Practices, Intension to Adapt Green Banking Practices.

The Level of Effective Internal Control System of Licensed Commercial Banks: A Comparative Study of State-Owned and Private Domestic Commercial Banks in Anuradhapura District

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Globalization has resulted in complex business procedures and activities because of the global organizations. In the case of banking sector procedures, a complication of banking transactions and an increase in banking activity fraud have prompted a focus on the Banking Sector's Internal Control System. Every organization relies on an effective Internal Control System. Accordingly, the purpose of this research is to examine and compare the level of effective internal control systems of state-owned and private domestic commercial banks in the Anuradhapura district. The level of effectiveness of the Internal Control System was assessed using the five components of the Committee of Sponsoring Organizations (COSO) framework (Control Environment, Risk Assessment, Information and Communication System, Control Activities and Monitoring Activities). Structured questionnaires were used to collect data from 50 respondents 20 from State-Owned and 30 respondents from Private Domestic Commercial Banks, respectively. Managers (76.25 percent response rate) and secondary officers were the most common respondents (response rate was 23.75 percent). Descriptive analysis with one-sample t-test, and independent sample t-test were used to analyze the data. The results indicated that the level of effective Control Environment, Information and Communication System, and Control Activities are different between State-Owned and Private Domestic Commercial Banks whereas the level of effective Risk Assessment and Monitoring Activities are not different between State-Owned and Private Domestic Commercial Banks. The findings of this study will help practitioners as a guideline to get the maximum benefit of their Internal Control System.

Keywords: *COSO Framework, Internal Control System, Level of Effective Internal Control System, Private Domestic Commercial Banks, State-Owned Commercial Banks.*

Factors Determining Islamic Finance Literacy among Financial Management Undergraduates

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Islamic Finance (IF) is one of the appendages in the fast-moving financial system. Islamic Finance literacy becomes critical with the expansion of the IF in recent decades. Previous research has emphasized that there is no sufficient IF knowledge among young students. As undergraduates in finance management, it is very essential to have a sufficient knowledge about every aspect of finance. Therefore, this study aims to determine the factors influencing Islamic financial literacy among undergraduates. To achieve this goal, primary data was collected through a structured questionnaire from undergraduates in the Department of Accountancy & Finance, Sabaragamuwa University. This questionnaire consists of 20 questions under five dimensions in Islamic Financial Literacy and six items to gather Socio-Demographic information. Survey data were collected from 111 respondents. The study used factor analysis, Multiple regression Analysis as primary analytical tools. The result reveal that knowledge in Islamic investments, Takaful Insurance and Legal aspects of Islamic finance is significant. Knowledge about Islamic Banking showed minimal influence on Islamic financial literacy.

*Keywords***:** *Financial Literacy, Islamic Financial Literacy, Islamic Finance, Socio-Demographical Factors.*