



Impact of Operating Spread on Firm's Performances: Evidence from Sri Lankan Manufacturing Companies

Dona Ganeesha Priyangika Kaluarachchi^a

^a Lecturer (Probationary), Department of Commerce, Faculty of Commerce and Management, Eastern University, Sri Lanka, seuganeesha@gmail.com

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Abstract

Purpose: The purpose of the study is to examine the effect of operating spread on organizational performances with reference to the listed manufacturing companies in Colombo Stock Exchange. In order to identify the relationship between operating spread and organizational performances, the author used data processed from financial reports of manufacturing companies in Colombo Stock Exchange from 2012 to 2016.

Design/methodology/approach: Reformulated financial statement data analysis done using SPSS software, especially correlation and regression analysis. Firms' performance was measured by ROOA, RNOA and ROE which were depended on Operating Spread.

Finding: The result exposed the fact that operating spread positively impact on firm performance, (ROOA, RNOA and ROE).

Practical Implications: The article offers insights to manufacturing companies to identify the capacity of debt level and the importance of considering the spread level when making a decision relating to debt capital. Moreover, Invertors can also consider the company spread level when they select a stock to invest.

Originality/Value: The article presents significant evidence in terms of its scrupulous approach towards checking the toughness of results.