

IMPACT OF EFFICIENCY ON FINANCIAL SUSTAINABILITY OF SAMURDHI BANKS IN MULLAITIVU DISTRICT

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Abstract

Purpose: The objective of the study is to examine the impact of efficiency on the financial sustainability of Samurdhi banks in Mullaitivu district.

Design/Methodology/Approach: The quantitative approach and deductive method were employed in this study. Independent variable, efficiency is measured by administrative efficiency, operating efficiency, financial efficiency, and staff efficiency whereas financial revenue to expenses is an indicator of financial sustainability of Samurdhi banks. Firm size and firm age are considered as control variables of this study. Five Samurdhi banks in Mullaitivu district were selected as samples from 10 Samurdhi banks for the period of six years from 2017 to 2022. The required data and information for the study were gathered from the annual reports of Samurdhi Banks. The impact of efficiency on the financial sustainability of Samurdhi banks in Mullaitivu district was analysed by correlation analysis and panel data regression analysis.

Findings: The results reveal that administrative efficiency, operational efficiency, and staff efficiency have a positive impact on financial sustainability of Samurdhi banks in Mullaitivu district whereas financial efficiency has not shown any significant impact.

Research limitations: The study considered only five Samurdhi banks in Mullaitivu district for only six years.

Implications: The findings will support Samurdhi banks to make appropriate decisions to enhance their efficiency.

Keywords: Administrative efficiency, Financial efficiency, Financial sustainability, Operational efficiency, Staff efficiency