

Market Share and Company Performance: Special Reference to Listed Insurance Companies in Sri Lanka

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ABSTRACT

Introduction - Insurance services are now being integrated into wider financial industry and the insurance sector plays an important role in service-based economy of Sri Lanka. The impact of market - share on profitability subjects for many studies and found that different impacts between these two variables. No significant studies have been conducted in Sri Lanka regarding this topic and relating to the insurance industry. Analyzing the impact of market share on profitability of insurance industry in Sri Lanka is the main objective of this study.

Design/methodology/approach - Two profitability ratios are used to measure the profitability namely Return on Assets (ROA) and Net Profit Margin (NPM). Secondary data is used for studying the impact of market share on profitability. Data is collected from published annual reports of insurance companies during the five year (2013- 2018) period of time. There are 28 listed insurance companies in Sri Lanka and among these companies 17 companies are selected as the sample. Descriptive statistics, correlation analysis and Regression analysis techniques are applied for data analysis.

Findings - The findings of this study indicated that the higher level of market share associates for higher level of performance and lower level of market share associates for the lower level of profitability. Overall result of this study indicated that there is a significant and positive relationship between market share and performance.

Conclusion - This study indicated that the higher level of market share associates for higher level of performance and lower level of market share associates for the lower level of profitability. Overall result of this study indicated that there is a significant and positive relationship between market share and performance.

Keywords: *Market Share, Company Size, Investment, Gross Written premium, Net Profit*