

Effect of Ex-Ante Risk Management on Financial Stability During Covid 19 Pandemic: Evidence from Food, Beverage & Tobacco Sector Firms in Sri Lanka

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ABSTRACT

Introduction: With the covid 19 outbreak around the globe, scholars have paid attention to investigate whether firms can ensure their financial stability during the COVID-19 pandemic by having ex-ante risk management. Thus, this study aims to identify the effect of ex ante risk management on financial stability of food, beverage, and tobacco sector firms in Sri Lanka during the covid 19 pandemic.

Design/Methodology/Approach: The researcher has used a sample of 21 listed companies in food, beverage, and tobacco sector to assess the impact of risk awareness and risk management tools disclosed in annual reports. Data has been gathered using secondary sources and quarterly figures of 2019, 2020 and first two quarters of 2021 have been used for the analysis.

Findings: According to the study findings, firms that disclose their risk management tools declares that they have boosted asset utilization and liquidity during the Covid 19 epidemic when compared to before the pandemic. Furthermore, the researcher discovered that inventory management is the most effective risk management tool for ensuring financial stability for businesses during Covid 19 pandemic.

Conclusion: The study concludes that there is a significant connection between ex ante risk management and financial stability and also COVID-19 epidemic has a significant impact on the financial wellness of firms. The outcome of the research points out the usefulness of ex-ante risk management in order to mitigate risks in the case of a pandemic. Thus, the study contributes both in practice and knowledge domain.

Keywords: *Ex ante Risk Management, Financial Stability, Risk Awareness, Risk Management Tools*