DETERMINANTS OF FINANCIAL PERFORMANCE AND EVALUATION OF MOHAN PLC

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY FACULTY OF BUSINESS AND ECONOMICS IN PARTIAL FULFILLMENT OF THE REQUIRMENT FORTHE DEGREE OF MASTERS OF SCIENCE IN ACCOUNTING AND AUDITING

BY

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STATEMENT OF DECLARATION

I, Alemeshet Girma, have carried out independently a research work on Determinants of Financial Performance and Evaluation of Mohan plc in partial fulfillment of the requirements for the degree of master of science in Accounting and Finance with the guidance and support of **Dr. Sewale Abate**. I, also declare that this thesis is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the thesis have been duly acknowledged.

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STATEMENT OF CERTIFICATION

As thesis research advisors, we hereby certify that we have read and evaluated the Project prepared by Alemeshet Girma under our guidance, which is entitled "Determinants of Financial Performance and Evaluation of Mohan plc" We recommend that the project be submitted as it fulfills the requirements for the Degree of Master of Science in Accounting and Auditing.

Tewodros A _____ _____ 20-06-2025

1. Advisor Signature Date

As members of the Board of Examiners of the Ph.D./M.Sc./MA/MPH/LLM. Thesis-Open Defense Examination, we certify that we have read and evaluated the project prepared by Alemeshet Girma and examined the candidate. We recommend that the project be accepted as it fulfills the requirements for the Degree of Master of Science in Accounting and Auditing.

_____ _____ _____

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4. Internal Examiner Signature Date

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Acronyms & Abbreviations

1. AT: Agency Theory
2. AAU: Addis Ababa University
3. AI: Artificial Intelligent
4. APA: American Psychological Association
5. ANOVA: Analysis of Variance
6. CBT: Consumer Behavior Theory
7. CSR: Corporate Social Responsibility
8. EVA: ethylene -vinyl acetate
9. ENVT_SUST: Environmental Sustainability
10. FINC_PERF: The Financial Performance
11. MOT: Market Orentation Theory
12. PVC: polyvinyl chloride
13. NBE: National Bank of Ethiopia
14. RBV: Resource-Based View
15. R & D: Research and Development
16. ROA: Return on Assets
17. SPSS: Statistical Package software for social science studies
18. TBL: Triple Bottom Line

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Abstract

The financial performance of firms is influenced by a complex interplay of internal and external factors, yet limited research examines these determinants holistically, particularly in the context of emerging markets. This study investigates the combined effects of firm-specific, industry-specific, market, regulatory, and sustainability factors on the financial performance of Mohan plc, an Ethiopian firm operating in a dynamic and competitive environment. Addressing critical research gaps, this study applies a comprehensive analytical framework to explore how these variables interact to influence financial outcomes. Using quantitative methods, the study analyzes data from 302 respondents to identify significant predictors of financial performance. The findings reveal that firm-specific factors, regulatory environments, industry-specific factors, and sustainability practices significantly contribute to financial success, while market factors show a less pronounced impact. These results align with established theories, including the Resource-Based View and Institutional Theory, underscoring the importance of leveraging internal strengths, adhering to regulatory standards, and integrating sustainable practices. This research provides valuable insights for managers, policymakers, and academics seeking to enhance financial performance in emerging markets. By bridging theoretical and practical perspectives, the study contributes to a deeper understanding of the determinants of financial performance in resource-constrained and evolving economic contexts.

Keywords

Financial performance, determinants, firm-specific factors, regulatory environment, sustainability, emerging markets, Ethiopia, Mohan plc

1 CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The plastic raw materials industry has emerged as a significant contributor to economic development globally. It serves as a backbone for various sectors, including packaging, construction, automotive, and consumer goods (World Bank, 2023). In Ethiopia, this industry plays a crucial role in import substitution and job creation, aligning with the government's industrialization agenda and policies such as the Home-grown Economic Reform Plan (National Bank of Ethiopia, 2022).

Mohan PLC, established in 2006, stands as a pioneer in Ethiopia's plastic raw materials industry, particularly as the first manufacturer of ethylene-vinyl acetate (EVA)-based compound granules (Mohan PLC, 2023). Its production extends to various grades of EVA and polyvinyl chloride (PVC) compounds used in footwear, automotive, and other sectors. Through its localized production efforts, Mohan PLC has reduced dependency on imports from countries like China and India, significantly contributing to the Ethiopian government's policy of import substitution.

The firm's strategic investments in manufacturing capabilities, including its foray into the leather and synthetic footwear industry in 2014, demonstrate its commitment to vertical integration and export-oriented growth (Gebreeyesus et al., 2021). Mohan PLC also plays an instrumental role in supporting other manufacturers within Ethiopia by supplying high-quality raw materials, fostering a collaborative industrial ecosystem.

The financial performance of firms within the plastic raw materials industry, such as Mohan PLC, depends on multifaceted factors including market demand, cost structure, technological adoption, and regulatory compliance (Tadesse et al., 2020). Understanding these determinants provides critical insights into operational efficiency, sustainability, and profitability, thereby aiding strategic decision-making for policymakers and industry stakeholders alike.

Despite the industry's growth, challenges such as reliance on imported raw materials, volatile demand dynamics, and regulatory constraints persist. These underscore the importance of empirical research to evaluate the financial performance determinants within Ethiopia's evolving plastic manufacturing sector, with a focus on Mohan PLC (Zhu & Sarkis, 2022).

1.2 Statement of the Problem

The financial performance of firms in Ethiopia's plastic raw materials industry remains suboptimal despite the sector's critical role in advancing industrialization, import substitution, and economic growth. Mohan PLC, a leading manufacturer producing ethylene-vinyl acetate (EVA) and polyvinyl chloride (PVC) compounds, exemplifies the sector's importance. However, the company and the broader industry continue to face complex structural and operational challenges that hinder sustained profitability and competitiveness.

A major constraint lies in the rising cost of imported raw materials, exacerbated by global supply chain disruptions and the chronic shortage of foreign currency in Ethiopia (World Bank, 2023). These issues significantly increase production costs and restrict firms' ability to compete with imported alternatives. Moreover, technological adoption and innovation are relatively low in the sector, limiting opportunities for productivity gains and cost efficiency (Gebreeyesus et al., 2021). Compounded by volatile market dynamics, such as fluctuating input prices and exchange rates, these structural limitations have posed persistent threats to the financial sustainability of local manufacturers.

Several empirical studies have investigated the determinants of financial performance in manufacturing and other sectors in Ethiopia. For example, Tadesse et al. (2020) and Tefera & Mulugeta (2019) explored internal (firm-level) and external (market and regulatory) factors affecting profitability in the textile and leather industries. Similarly, Gebreyesus and Sonobe (2012) examined how innovation and firm characteristics drive performance in small and medium enterprises (SMEs). However, these studies have largely neglected the plastic raw materials sub-sector, particularly large-scale firms like Mohan PLC. Moreover, the extant literature often examines individual determinants in isolation such as firm-specific or macroeconomic factors without offering an integrated model that accounts for the multifaceted nature of financial performance drivers.

There is also a lack of industry-specific performance evaluation frameworks that address Ethiopia's regulatory constraints, environmental sustainability requirements, and competitive market pressures. This limits the practical value of previous findings for firms like Mohan PLC, which operate under unique and evolving circumstances. The absence of such targeted research

creates a knowledge gap that affects effective resource allocation, long-term planning, and the design of strategic interventions.

Therefore, this study seeks to fill the gap by examining the combined effects of firm-specific, industry-specific, market-related, regulatory, and environmental sustainability factors on the financial performance of Mohan PLC. By offering a comprehensive empirical investigation rooted in the contextual realities of the Ethiopian plastic raw materials industry, the research will contribute to both academic knowledge and practical decision-making. It is worth noting that, to the best of the researcher's knowledge, no prior empirical study has holistically examined these dimensions within this specific industrial context in Ethiopia. Thus, this research may be among the first of its kind, with significant implications for policy formulation, strategic management, and industrial development in emerging markets.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this study is to examine the combined effects of firm-specific, industry-specific, market, regulatory, and sustainability factors on the financial performance of companies, with a specific focus on Mohan plc in Ethiopia. The research aims to provide actionable insights for enhancing financial performance through a holistic understanding of internal and external determinants

1.3.2 Specific Objective

1. To analyze the impact of firm-specific factors on the financial performance of Mohan plc.
2. To evaluate the influence of industry-specific factors on financial performance.
3. To assess the role of market factors in shaping the financial performance of Mohan plc.
4. To explore the interaction between regulatory environments and firm-specific characteristics.
5. To examine the relationship between sustainability practices and financial performance.
6. To develop a comprehensive framework integrating the identified factors to optimize financial performance.

1.4 Research Hypothesis

Understanding the factors that influence a firm's financial performance is a central concern in corporate finance and strategic management. A variety of internal and external elements have been identified as key determinants, including firm-specific characteristics such as size, management efficiency, and capital structure, which can directly impact a company's profitability and operational outcomes (Titman & Wessels, 1988). Industry-specific factors like competition intensity, technological advancements, and industry growth also shape financial results by influencing cost structures and market opportunities (Porter, 1980). Additionally, market-related factors such as customer satisfaction, market demand, and brand strength affect a firm's revenue potential and sustainability (Kotler & Keller, 2016). The regulatory environment, including government policies, taxation, and compliance demands, creates both constraints and opportunities that can alter financial outcomes (North, 1990). In recent years, environmental and sustainability practices have also gained prominence, as firms adopting green initiatives are increasingly seen as more responsible and resilient, often resulting in enhanced financial performance (Eccles, Ioannou, & Serafeim, 2014). These theoretical and empirical insights provide a strong foundation for examining how various factors impact the financial performance of Mohan plc, leading to the formulation of the research hypotheses.

1. **Hypothesis 1: Firm-Specific Factors and Financial Performance**
    - ✓ **Null Hypothesis (H_0):** There is no significant relationship between firm-specific factors (e.g., size, management practices, and capital structure) and the financial performance of Mohan plc.
    - ✓ **Alternative Hypothesis (H_1):** There is a significant relationship between firm-specific factors (e.g., size, management practices, and capital structure) and the financial performance of Mohan plc.
2. **Hypothesis 2: Industry-Specific Factors and Financial Performance**
    - ✓ **Null Hypothesis (H_0):** Industry-specific factors (e.g., industry growth, competition, technological advances) have no significant impact on the financial performance of Mohan plc.

- ✓ **Alternative Hypothesis (H_1):** Industry-specific factors (e.g., industry growth, competition, technological advances) have a significant impact on the financial performance of Mohan plc.

3. **Hypothesis 3: Market Factors and Financial Performance**
   - ✓ **Null Hypothesis (H_0):** Market factors (e.g., demand for products/services, customer satisfaction, market share) do not significantly influence the financial performance of Mohan plc.
   - ✓ **Alternative Hypothesis (H_1):** Market factors (e.g., demand for products/services, customer satisfaction, market share) significantly influence the financial performance of Mohan plc.
4. **Hypothesis 4: Regulatory Environment and Financial Performance**
   - ✓ **Null Hypothesis (H_0):** The regulatory environment (e.g., government policies, taxation, compliance requirements) does not significantly affect the financial performance of Mohan plc.
   - ✓ **Alternative Hypothesis (H_1):** The regulatory environment (e.g., government policies, taxation, compliance requirements) significantly affects the financial performance of Mohan plc.
5. **Hypothesis 5: Environmental and Sustainability Practices and Financial Performance**
   - ✓ **Null Hypothesis (H_0):** The adoption of environmental and sustainability practices does not significantly influence the financial performance of Mohan plc.
   - ✓ **Alternative Hypothesis (H_1):** The adoption of environmental and sustainability practices significantly influences the financial performance of Mohan plc.

1.5 Significance of the Study

This study is significant as it addresses the critical factors influencing the financial performance of Ethiopia's plastic raw materials industry, with a focus on Mohan plc, a leading manufacturer. For industry practitioners, the findings provide actionable insights into optimizing operations, improving profitability, and maintaining competitiveness in a challenging economic environment (Tadesse, Belay, & Fikre, 2020). Policymakers will benefit from evidence-based recommendations that can inform the creation of targeted policies to support the growth and sustainability of the sector, particularly through measures such as reducing regulatory burdens

and fostering technological adoption (Zhu & Sarkis, 2022). The study also offers value to investors by identifying key determinants of financial performance, enabling more informed decision-making and risk assessment (World Bank, 2023).

Academically, it fills a gap in existing research by providing an in-depth analysis of financial performance determinants in the Ethiopian context, contributing to the broader literature on industrial development and financial management (Gebreeyesus, Alemayehu, & Tsegaye, 2021). Additionally, the study aligns with Ethiopia's national industrialization strategy by supporting local firms in achieving import substitution, fostering job creation, and driving sustainable economic growth (National Bank of Ethiopia, 2022). Ultimately, this research offers practical, policy, and academic contributions that can advance the development of Ethiopia's plastic manufacturing industry and its broader economy.

1.6 Scope of the Study

The scope of this study is focused on evaluating the determinants of financial performance at Mohan plc, with an emphasis on using a quantitative research approach. Specifically, the study was examined both internal and external factors affecting the company's financial performance, including firm-specific variables and external factors such as industry competition, regulatory environment, and environmental sustainability practices.

This research will exclusively use a quantitative methodology, with data collected through a structured questionnaire using a Likert scale. The questionnaire will be designed to capture the perceptions and experiences of relevant stakeholders within Mohan plc, including employees and management. The Likert scale format will enable the measurement of attitudes, opinions, and perceptions regarding the impact of different financial performance determinants.

1.7 Limitations of the Study

This study, while providing valuable insights into the determinants of financial performance at Mohan plc, has several limitations. First, the research was geographically and contextually limited to Mohan plc, meaning the findings may not be applicable to other companies or industries in different regions. The study was also relied on self-reported data from

questionnaires using a Likert scale, which may introduce biases such as social desirability bias, where respondents may provide answers, they believe are more favorable. Moreover, the data gathered may not captured all dimensions of financial performance, as it was focus on the key determinants identified in the study, potentially oversimplifying the complex nature of financial outcomes.

Another limitation was the cross-sectional design of the study, which was provide a snapshot of the situation at a single point in time, without accounting for changes in financial performance over time. Additionally, the sample size was limited to stakeholders within the company, which may not fully represent the broader perspectives of all employees or management. This could lead to response bias or limit the comprehensiveness of the findings. The exclusion of qualitative methods was another constraint, as the study solely relied on quantitative data, which may overlook richer insights that qualitative approaches could provide. Lastly, while the study examined financial performance, challenges related to the accuracy and completeness of financial data could affect the depth of analysis. These limitations should be considered when interpreting the findings, and further research with a broader scope and mixed-methods approach could help address these gaps.

1.8 Organization of the study

To answer the research questions and achieve the above stated objectives, this study has organized in to five chapters. Chapter 1: Introduction provides an overview of the study, detailing the research topic, its significance, and the objectives of examining the determinants of financial performance at Mohan plc. This chapter also outlines the structure of the entire study. Chapter 2: Literature Review: reviews existing theoretical and empirical literature related to the factors influencing financial performance, including firm-specific, industry-specific, market, regulatory, and sustainability factors. It also identifies the research gap and introduces the conceptual framework guiding the study. Chapter 3: Research Methodology describes the research design and approach, focusing on the quantitative method used to collect data through a Likert scale questionnaire. It explains the sampling method, data collection process, and data analysis techniques. Chapter 4: Data Analysis and Results presents and analyzes the data collected from the questionnaire, using descriptive statistics and other relevant analysis methods

to answer the research questions and assess the impact of various determinants on financial performance. Chapter 5: Discussion and Conclusion discusses the findings from the data analysis, interpreting the results in relation to the literature, drawing conclusions, and providing recommendations for improving Mohan plc 's financial performance. This chapter also outlines the study's limitations and suggests areas for future research.

1.9 Operational Definitions of Key Terms

1. Financial Performance: refers to the measures used to evaluate a company's financial health and profitability. Common metrics include profitability (net profit margin, return on assets), operational efficiency, and liquidity. These indicators assess how effectively a company generates profit from its operations and how well it manages its resources (Barney, 1991). In this study, financial performance will be evaluated through profitability, operational efficiency, and liquidity.
2. Capital Structure: Capital structure denotes the mix of debt and equity financing used by a company to fund its operations and growth. It influences financial stability and profitability. This concept is typically evaluated using ratios such as the debt-to-equity ratio (Modigliani & Miller, 1958). For Mohan plc, capital structure will be measured by the proportion of debt relative to equity financing.
3. Operational Efficiency: refers to the effectiveness with which a company uses its resources, such as labor and capital, to produce output while minimizing waste. It is often assessed through productivity ratios or cost management strategies (Groening & Kanet, 2013). In this study, operational efficiency at Mohan plc will be assessed based on its cost management, resource utilization, and productivity levels.
4. Innovation Capabilities: reflect a company's ability to create and implement new products, services, or processes that enhance its competitiveness. This includes both product and process innovations that can improve operational efficiency or customer satisfaction (Brynjolfsson & Hitt, 2000). Innovation capabilities at Mohan plc will be assessed based on the company's ability to adopt new technologies and create innovative solutions.

5. Management Quality: refers to the leadership and decision-making capabilities of an organization's management team, impacting its overall performance. This includes strategic vision, decision-making efficiency, and organizational governance (Teece, 2007). In the study, management quality at Mohan plc will be evaluated through leadership effectiveness and management practices.
6. Market Competition: refers to the degree of rivalry among firms in an industry. It influences pricing strategies, product offerings, and overall market share. High competition typically leads firms to innovate or improve efficiency (Porter, 1980). For this study, market competition will be assessed based on the competitive dynamics within the industry in which Mohan plc operates.
7. Technological Adoption: is the process by which companies integrate new technologies into their operations to improve efficiency and competitive advantage. This can include the implementation of IT systems, automation, and digital innovations (Brynjolfsson & Hitt, 2000). In this study, technological adoption at Mohan plc will be examined based on its integration of new technologies into its operations and services.
8. Regulatory Environment: encompasses the laws, regulations, and policies that influence business operations, such as environmental regulations, tax policies, and labor laws (Ginsburg & Pistor, 2001). These regulations can significantly impact a company's strategy and operations. For Mohan plc, the regulatory environment will be evaluated based on its compliance with industry regulations and the impact of these regulations on its operations.
9. Environmental and Sustainability Practices: refer to the company's efforts to reduce its environmental impact and engage in sustainable business practices. This includes waste management, eco-friendly production processes, and sustainable resource utilization (Elkington, 1997). For Mohan plc, these practices will be evaluated in terms of its environmental responsibility and commitment to sustainability.

2 CHAPTER TWO: Review of Related Literature

2.1 Introduction

The plastic raw materials industry plays a significant role in the economic development of Ethiopia. Understanding the determinants of financial performance within this industry is crucial for policymakers, industry stakeholders, and investors. This chapter provides an in-depth examination of the key determinants that influence financial performance, with a particular focus on their application to Mohan plc. It synthesizes existing theoretical frameworks, empirical findings, and identifies research gaps that the current study seeks to address. The purpose of studying the determinants of financial performance for Mohan plc is to understand how internal and external factors interact to shape the company's profitability, efficiency, and growth. Financial performance is a key indicator of a company's ability to generate value for its stakeholders, including shareholders, employees, and customers (Barney, 2023). By evaluating the factors that influence financial outcomes, companies like Mohan plc can make informed strategic decisions that enhance their competitive advantage and ensure long-term sustainability. This study is particularly relevant as Mohan plc operates in a competitive environment where both internal management practices and external market conditions significantly impact its financial health (Porter, 2022). The findings from this research can help the company optimize its operational strategies, improve its financial outcomes, and align its practices with global best standards.

2.2 Theoretical and conceptual Literature Review

2.2.1 Firm-Specific Factors and Financial Performance

2.2.1.1 Definition and Key Components of Firm-Specific Factors

Firm-specific factors refer to internal characteristics and resources that uniquely influence a company's financial performance. These factors include elements such as firm size, management practices, and capital structure. Firm size is often associated with economies of scale and market influence, enabling larger firms to secure better financing terms and achieve operational efficiency (Chen et al., 2021). Management practices, such as strategic decision-making, leadership, and operational oversight, significantly determine a firm's ability to adapt to market conditions and exploit opportunities (Deloitte Insights, 2022). Capital structure, which represents

the mix of debt and equity financing, is another critical determinant as it affects the cost of capital and risk levels (Myers, 1984). Together, these factors shape a firm's competitive position and ability to generate sustainable financial outcomes.

2.2.1.2 Resource-Based View (RBV)

The Resource-Based View (RBV**)** theory suggests that a firm's competitive advantage stems from its unique resources and capabilities, which are valuable, rare, inimitable, and non-substitutable (Barney, 1991). According to RBV, firms that possess superior resources, such as innovative technologies, skilled employees, and strong brand equity, are better positioned to outperform competitors and sustain financial success.

The RBV emphasizes that firms should leverage their unique resources to create and sustain a competitive advantage. This view is particularly relevant in industries where innovation and technological advancements play a significant role in determining market leadership. For Mohan plc, harnessing resources like proprietary technology, strong brand identity, and skilled human capital could significantly contribute to its profitability and long-term sustainability (Teece, 2014). Furthermore, a firm's ability to manage and deploy its resources efficiently is crucial for responding to external competitive pressures and capitalizing on emerging opportunities in the market (Helfat & Peteraf, 2015).

The RBV not only highlights the importance of internal resources but also underscores the need for firms to adapt to external industry conditions and leverage competitive advantages within the context of their specific market environment.

2.2.1.3 Agency Theory

Agency Theory explores the conflicts of interest between owners (principals) and managers (agents) in organizations, highlighting how these dynamics influence financial performance (Jensen & Meckling, 1976). Inefficiencies arise when managers prioritize personal objectives over shareholder interests, leading to suboptimal resource allocation. Mechanisms like performance-based incentives and governance structures are essential to align managerial actions with organizational goals, thereby enhancing financial outcomes.

2.2.1.4 Discussion on the Relevance of These Factors for Mohan plc

For Mohan plc, firm-specific factors are pivotal in shaping its financial performance. The firm's size may determine its market influence and ability to leverage economies of scale. Strategic management practices, including goal-oriented leadership and efficient resource allocation, can enhance operational efficiency and profitability. Furthermore, the firm's capital structure choices must align with its risk appetite and growth objectives to optimize financing costs and shareholder value.

By focusing on these firm-specific factors, Mohan plc can strengthen its internal capabilities, address market challenges, and sustain long-term financial growth. Additionally, leveraging frameworks like RBV can help the firm identify and capitalize on unique resources, while Agency Theory provides insights into governance structures that promote accountability and performance.

2.2.2 Industry-Specific Factors and Financial Performance

2.2.2.1 Definition and Key Components of Industry-Specific Factors

Industry-specific factors are the unique characteristics and dynamics within an industry that influence the performance of firms operating within it. These factors encompass various elements, such as industry growth, level of competition, and technological advances, that collectively determine the competitive environment and profitability potential of firms. For instance, industry growth reflects the expansion of demand and market opportunities within a sector, while competition involves the intensity of rivalry among firms (Porter, 2008). Technological advancements further shape industry structures by creating efficiency gains and enabling innovation (Schumpeter, 1934). Understanding these factors is essential for businesses like Mohan plc to strategically position themselves and achieve financial success.

2.2.2.2 Porter's Five Forces Model

Porter's Five Forces Model is a widely used framework to analyze the competitive forces that shape an industry and its profitability potential (Porter, 2008). The model includes five dimensions:

1. **Threat of New Entrants**: The possibility of new companies entering the market can decrease profitability for existing firms by increasing competition. Barriers to entry, such as capital requirements, economies of scale, and brand loyalty, play a crucial role in determining how this force affects a firm's financial performance (Harrison, 2020).
2. **Bargaining Power of Suppliers**: When suppliers have significant power over the pricing and quality of inputs, they can influence the financial performance of firms. A high level of supplier power can lead to increased costs and reduced profitability (Kraus, 2021).
3. **Bargaining Power of Buyers**: The more power customers hold in an industry, the more they can push for lower prices or higher-quality products. This pressure can squeeze profit margins, impacting financial outcomes (Sampson & Cummings, 2022).
4. **Threat of Substitutes**: The presence of alternative products or services that meet the same need can limit a firm's pricing power and market share. Firms in industries with a high threat of substitutes may struggle to maintain profitability (Porter, 2008).
5. **Industry Rivalry**: The intensity of competition among existing firms in the market directly impacts profitability. High rivalry often leads to price wars and increased marketing expenses, reducing profit margins (Harrison, 2020).

Porter's framework helps businesses, including Mohan plc, assess external factors that might influence their ability to generate profits and sustain competitive advantages in the marketplace.

2.2.2.3 Industry Life Cycle Theory

The Industry Life Cycle Theory explains how industries evolve through different stages: introduction, growth, maturity, and decline (Grant, 2021). In the introduction and growth phases, firms experience high market potential and revenue opportunities. Conversely, during maturity and decline, firms may face increased competition and shrinking margins. The stage of the industry life cycle profoundly impacts firms' strategies and financial outcomes, with implications for investment, innovation, and resource allocation.

Extensive research highlights the pivotal role of industry-specific factors in shaping financial performance. Studies reveal that industries characterized by rapid technological advances tend to outperform others due to the creation of new markets and efficiencies (Hitt et al., 2020).

Similarly, industries with high growth rates offer opportunities for firms to scale operations and enhance profitability (Grant, 2021). However, intense competition often reduces profit margins, compelling firms to focus on cost leadership or differentiation strategies (Porter, 2008). Research also underscores the impact of industry-specific regulations, such as environmental standards, on operational costs and financial outcomes (Kolk & Pinkse, 2020).

Empirical evidence supports these findings. For example, industries that embrace technological innovation often witness higher revenue growth due to improved productivity and product development (Schwab et al., 2020). In contrast, industries with high buyer power or supplier dependency face challenges in maintaining profitability, as observed in sectors like retail and automotive manufacturing.

For Mohan plc, operating within a competitive and potentially growth-oriented industry, understanding industry-specific factors is critical. The firm must assess the intensity of competition, which can dictate pricing strategies and market share. Furthermore, leveraging technological advancements could enhance operational efficiency and product innovation, creating a competitive edge. Mohan plc also needs to consider the regulatory environment, as industry-specific compliance requirements may affect cost structures and profitability. By aligning its strategies with these factors, Mohan plc can better navigate challenges and exploit opportunities within its industry.

Industry-specific factors, including growth dynamics, competition, and technological advancements, significantly impact firms' financial performance. Theoretical frameworks like Porter’s Five Forces and the Industry Life Cycle Theory provide valuable insights into these relationships. For Mohan plc, a nuanced understanding of these factors is essential to optimize its strategic positioning and achieve sustainable financial outcomes.

2.2.3 Market Factors and Financial Performance

2.2.3.1 Definition and Key Components of Market Factors

Market factors encompass external elements that influence a firm's ability to operate effectively in its competitive environment. Key components include demand for products or services,

customer satisfaction, and market share. Demand represents the willingness and ability of consumers to purchase goods or services, often dictated by economic conditions, consumer preferences, and product affordability (Kotler & Keller, 2016). Customer satisfaction refers to the degree to which a company meets or exceeds customer expectations, directly impacting customer loyalty and retention (Oliver, 2014). Market share, the proportion of an industry's sales captured by a firm, indicates competitive standing and directly correlates with financial performance (Porter, 1985). Together, these components define a firm's market positioning and its ability to generate revenue and sustain growth.

2.2.3.2 Market Orientation Theory

Market Orientation Theory emphasizes the significance of understanding and responding to customer needs, competitor strategies, and market trends to enhance organizational performance (Narver & Slater, 1990). Firms that adopt a market-oriented approach prioritize gathering and analyzing market intelligence to design strategies that improve value delivery. This alignment between organizational actions and market demands fosters customer satisfaction, operational efficiency, and revenue growth.

2.2.3.3 Consumer Behavior Theory

Consumer Behavior Theory examines the decision-making processes of individuals and groups when purchasing products or services (Schiffman & Wisenblit, 2019). Factors such as cultural, social, and psychological influences affect consumer preferences and buying patterns. For businesses, understanding these dynamics helps refine marketing strategies and product offerings, leading to increased market share and financial gains.

Empirical research highlights the critical role of market factors in determining financial performance. For example, a study by Kumar et al. (2021) found a positive correlation between customer satisfaction and profitability, noting that satisfied customers are more likely to repurchase and recommend products, reducing marketing and acquisition costs. Similarly, higher market share is associated with economies of scale and enhanced competitive positioning, as evidenced by findings from Wang and Liu (2020).

Market demand also significantly impacts financial outcomes. Firms that align production with market demand trends tend to exhibit higher revenue stability and operational efficiency (Kotler & Keller, 2016). Conversely, failure to meet demand fluctuations can lead to inventory buildup, increased costs, and reduced profitability.

For Mohan plc, market factors are pivotal in shaping its financial performance. Understanding customer needs and maintaining high satisfaction levels are essential for building long-term loyalty and sustaining competitive advantage. Additionally, expanding market share will enable Mohan plc to leverage scale advantages and improve cost efficiency. Adopting a market-oriented approach can help the company anticipate demand shifts and adjust its strategies to remain relevant in a dynamic marketplace. Furthermore, insights from Consumer Behavior Theory can guide Mohan plc in refining its product offerings and marketing strategies to align with customer preferences, ultimately boosting revenue and profitability. By prioritizing market factors Mohan plc can enhance its operational resilience, strengthen its competitive position, and achieve sustained financial growth in its operating environment.

2.2.4 Regulatory Environment and Financial Performance

2.2.4.1 Definition and Components of the Regulatory Environment

The regulatory environment refers to the framework of laws, regulations, policies, and compliance requirements established by governments and regulatory bodies to govern business operations. Key components include government policies, such as trade regulations, labor laws, and industrial policies; taxation, encompassing corporate taxes, indirect taxes, and incentives; and compliance requirements, which mandate adherence to standards in areas like safety, environmental protection, and corporate governance (OECD, 2021). These components influence the strategic decisions and operational activities of firms, significantly impacting their financial performance. Businesses operating in highly regulated industries often face additional costs and risks but can also benefit from government incentives and favorable policies if they align with regulatory expectations.

2.2.4.2 Institutional Theory

Institutional Theory emphasizes the role of established norms, rules, and regulations in shaping organizational behavior (Scott, 2014). According to this theory, firms must adapt to regulatory environments to gain legitimacy, secure resources, and sustain competitive advantage. Non-compliance can result in financial penalties, reputational damage, and operational disruptions, thereby affecting financial performance.

2.2.4.3 Stakeholder Theory

Stakeholder Theory posits that firms have a responsibility to balance the interests of all stakeholders, including regulatory authorities, employees, customers, and shareholders (Freeman et al., 2020). The regulatory environment acts as a key stakeholder, and firms must manage compliance and align their strategies with regulatory requirements to ensure long-term profitability and stakeholder trust.

Empirical studies have extensively documented the influence of the regulatory environment on firm performance. For instance, a study by Goh et al. (2021) found that tax incentives positively impact firm profitability by reducing financial burdens and encouraging investments. However, excessive taxation and bureaucratic compliance requirements can hinder financial performance by increasing operating costs and reducing competitiveness.

Similarly, environmental regulations have been found to encourage innovation and operational efficiency, which can improve financial outcomes in the long run. For example, Zhang et al. (2022) demonstrated that firms adopting eco-friendly practices in response to environmental regulations achieved higher market valuations and customer trust. Conversely, stringent compliance requirements, such as reporting standards and licensing processes, can increase administrative costs and slow decision-making. As such, the regulatory environment can act as both an enabler and a constraint on firm performance, depending on its design and implementation. For Mohan plc, the regulatory environment in its operating context likely within Ethiopia presents unique challenges and opportunities. Government policies related to taxation, labor laws, and trade regulations directly affect the firm’s cost structure and operational

flexibility. For instance, preferential tax incentives for specific industries or exports could provide financial relief and growth opportunities for Mohan plc.

Compliance requirements, particularly those tied to environmental standards and corporate governance, could increase operational costs in the short term but foster reputational benefits and customer trust in the long run. Moreover, the regulatory emphasis on sustainability aligns with global trends, offering Mohan plc a chance to differentiate itself in the market. Understanding the dynamics of the regulatory environment and effectively managing compliance is critical for Mohan plc. Adapting to these factors not only ensures operational continuity but also positions the firm to capitalize on potential government incentives and maintain a competitive edge.

2.2.5 Environmental and Sustainability Practices and Financial Performance

2.2.5.1 Definition and Key Components of Environmental and Sustainability Practices

Environmental and sustainability practices refer to corporate efforts aimed at minimizing negative environmental impacts while promoting sustainable growth. Key components include corporate social responsibility (CSR), which involves voluntary initiatives to improve societal well-being, and environmental impact management, encompassing waste reduction, energy efficiency, and eco-friendly product development (Dyllick & Muff, 2016). These practices aim to balance economic, social, and environmental considerations, often referred to as the "Triple Bottom Line" of sustainability. By integrating sustainability into operations, companies can address stakeholder concerns, comply with regulatory demands, and enhance their competitive positioning in markets increasingly driven by sustainability-conscious consumers.

2.2.5.2 Triple Bottom Line (TBL) Theory

The TBL theory proposes that companies should focus not only on financial performance but also on social and environmental performance (Elkington, 1997). This framework emphasizes the interconnectedness of profit, people, and the planet, suggesting that sustainable practices can drive long-term profitability by improving stakeholder relationships and operational efficiencies.

2.2.5.3 Stakeholder Theory

Stakeholder Theory, developed by Freeman (1984), highlights the importance of addressing the interests of all stakeholders, including customers, employees, investors, and the broader community. Sustainability practices, such as reducing carbon footprints and promoting fair labor conditions, align with stakeholder expectations and can lead to enhanced reputation and customer loyalty, ultimately boosting financial outcomes (Freeman et al., 2020).

Research consistently indicates a positive relationship between sustainability practices and financial performance. For instance, a meta-analysis by Friede et al. (2015) revealed that companies with robust environmental, social, and governance (ESG) practices tend to outperform their peers in both operational and stock market metrics. Similarly, Eccles et al. (2014) found that high-sustainability firms exhibit superior financial performance in the long run, attributed to better risk management and stronger relationships with key stakeholders.

Sustainability initiatives also drive innovation. For example, firms investing in green technologies often realize cost savings through energy efficiency and waste reduction, which improve profit margins (Zhang et al., 2022). Furthermore, sustainable branding can attract environmentally conscious consumers, increasing market share and revenue. However, challenges such as the high upfront costs of implementing sustainability measures and the complexity of measuring their financial impact persist.

For Mohan plc, adopting environmental and sustainability practices is both a strategic necessity and an opportunity to enhance financial performance. Operating in a region where environmental challenges such as resource scarcity and climate variability are prominent, Mohan plc can benefit from initiatives like energy-efficient production processes and waste management systems. These practices not only reduce operational costs but also improve the company's environmental footprint, aligning with global sustainability trends.

Moreover, CSR initiatives, such as community development programs and ethical sourcing, can strengthen Mohan plc's relationships with local stakeholders, enhancing its reputation and customer base. Sustainability practices can also help the company meet regulatory requirements,

avoiding potential fines and positioning it as a leader in compliance. By integrating sustainability into its core strategy, Mohan plc can create value for both stakeholders and shareholders, leveraging its environmental initiatives to achieve long-term financial success.

2.2.6 Key Insights from Reviewed Literature on Each Variable

2.2.6.1 Firm-Specific Factors

Firm-specific factors such as capital structure, management quality, and operational efficiency significantly influence financial performance. The Resource-Based View (RBV) posits that internal resources, including managerial expertise and financial leverage, create competitive advantages, leading to superior financial outcomes (Barney, 1991). Additionally, Agency Theory highlights the importance of aligning management and shareholder interests to optimize performance (Jensen & Meckling, 1976). Empirical evidence confirms that well-managed firms with balanced capital structures tend to achieve higher profitability and stability (Abor, 2007).

2.2.6.2 Industry-Specific Factors

Industry-specific factors, such as competition intensity, technological advancements, and market growth, shape financial performance by determining the external operational environment. Porter's Five Forces framework identifies the competitive dynamics that impact profitability, including supplier power and barriers to entry (Porter, 1980). The "Industry Life Cycle Theory" further explains how industry maturity affects financial outcomes, with growth-phase industries typically offering better opportunities for profitability (Levitt, 1965).

2.2.6.3 Market Factors

Market factors, including customer satisfaction, demand for products, and market share, are critical for financial performance. Market Orientation Theory emphasizes the importance of understanding customer needs and competitors' actions to drive profitability (Kohli & Jaworski, 1990). Consumer Behavior Theory further explores how customer preferences shape demand dynamics and revenue generation. Studies consistently link market orientation with improved financial metrics such as return on investment and market share growth (Narver & Slater, 1990).

2.2.6.4 Regulatory Environment

The regulatory environment, encompassing government policies, taxation, and compliance requirements, directly influences financial performance. Institutional Theory highlights how firms adapt to regulatory pressures to maintain legitimacy and operational efficiency (DiMaggio & Powell, 1983). Stakeholder Theory underscores the importance of addressing regulatory requirements to satisfy stakeholders and avoid penalties (Freeman, 1984). Research indicates that firms operating in highly regulated environments may face increased costs but also opportunities for competitive differentiation through compliance (Peng et al., 2009).

2.2.6.5 Sustainability Practices

Sustainability practices, including environmental management and corporate social responsibility (CSR), positively impact financial performance. The "Triple Bottom Line Theory" suggests that integrating social, environmental, and economic goals creates long-term value (Elkington, 1997). "Stakeholder Theory" aligns with this perspective, emphasizing the importance of addressing environmental concerns to build trust and loyalty among stakeholders (Freeman et al., 2020). Empirical studies link sustainability initiatives with cost savings, enhanced reputation, and increased revenue (Friede et al., 2015).

The reviewed literature suggests that internal and external factors collectively shape financial performance. Firm-specific variables such as capital structure and operational efficiency provide the foundation for financial stability and growth. Industry-specific dynamics and market factors amplify these effects by determining external opportunities and threats. Regulatory environments create a compliance framework that firms must navigate, while sustainability practices serve as a bridge between internal efficiencies and external stakeholder expectations.

For Mohan plc, these interactions highlight the importance of a holistic approach that integrates firm-specific strengths with responsiveness to industry, market, and regulatory dynamics. For instance, sustainable practices not only improve operational efficiency but also enhance market positioning by appealing to environmentally conscious consumers.

2.3 Empirical Literature Review

2.3.1 Firm-Specific Determinants of Financial Performance

2.3.1.1 Capital Structure (Debt vs. Equity) and Financial Performance

The role of capital structure, particularly the balance between debt and equity financing, has been extensively studied due to its significant impact on firm performance. Empirical studies suggest that the choice of financing mix can directly affect profitability, liquidity, and overall financial stability.

Debt financing, while providing tax advantages due to interest deductibility, can increase the financial risk of a firm (Myers, 2001). On the other hand, firms relying on equity financing may experience lower financial risk but might suffer from higher capital costs due to dilution of ownership. A study by Graham and Harvey (2020) found that firms with a higher proportion of debt tend to have higher profitability in the short term but face challenges related to liquidity and solvency in the long run. In contrast, firms with a stronger equity base generally have lower financial risk, but their growth potential can be hindered by the cost of equity capital. Furthermore, Booth et al. (2021) showed that the optimal capital structure is industry-specific, with some industries benefiting more from debt financing while others perform better with equity financing.

In the context of Mohan plc, understanding how its capital structure affects financial performance is crucial, particularly in an emerging market where access to capital may vary, and the risks of debt financing can be pronounced.

2.3.1.2 Operational Efficiency and Its Relationship with Profitability and Growth

Operational efficiency plays a pivotal role in determining a firm's profitability and growth prospects. Firms that streamline their operations, reduce waste, and optimize resource utilization tend to achieve higher profit margins and are better positioned for growth (Wang & Liu, 2022). Empirical studies consistently show that operational efficiency positively influences financial performance by reducing operational costs and enhancing productivity.

For example, a study by Chen et al. (2021) found that firms with higher operational efficiency tend to experience faster revenue growth and higher return on assets (ROA). Efficient companies can minimize production costs, improve supply chain management, and enhance customer satisfaction, leading to sustained competitive advantage and improved financial outcomes. Additionally, Jovanovic and Kogut (2021**)** demonstrated that operational efficiency contributes to profitability by enabling firms to offer competitive pricing without compromising on quality.

Firms like Mohan plc, which aim to improve operational efficiency through automation and process optimization, could enhance their profitability and long-term financial sustainability.

2.3.1.3 Impact of Innovation Capabilities on Firm Performance (Technological Innovation and Product Development)

Innovation capabilities particularly in terms of technological advancement and product development are critical determinants of financial performance in the modern business environment. Research consistently shows that firms that invest in innovation are better able to differentiate themselves in competitive markets, leading to improved market share and profitability (Zhang & Zhao, 2021). Technological innovation, in particular, can result in improved production processes, cost reductions, and the development of new products that meet customer demands more effectively (Teece, 2021).

For example, a study by Doran and Fitzgerald (2022) found that firms that invested in research and development and technological upgrades showed a marked increase in profitability and market value. Similarly, Krause et al. (2021**)** showed that product development, particularly in industries that are heavily dependent on customer preferences and technological trends, contributes to revenue growth and sustainable competitive advantage.

In Mohan plc's case, the adoption of technological innovations could not only improve its operational capabilities but also open new avenues for revenue generation, which in turn would positively influence its financial performance.

2.3.1.4 The Effect of Management Quality on Financial Outcomes

The relationship between management quality and firm performance is widely supported in the empirical literature. High-quality management is often linked to better decision-making, enhanced strategic direction, and improved resource allocation, all of which are critical for financial success. Studies have found that firms with strong leadership tend to perform better in both profitability and market share (Zhu & Hitt, 2022).

Top management teams that effectively communicate, motivate employees, and make informed decisions tend to outperform their competitors in terms of financial outcomes (O'Reilly & Tushman, 2021). Research by Tushman and O'Reilly (2022) highlighted that management quality influences not only daily operations but also long-term strategic decisions, such as mergers and acquisitions, market entry, and product development, all of which have a direct impact on profitability and firm growth. Furthermore, Liu et al. (2021) demonstrated that the presence of a skilled and experienced management team contributes to higher profitability ratios and lower operational risks. For Mohan plc, the presence of strong management would likely be a key driver of financial success, particularly in navigating competitive pressures and market challenges.

2.3.2 Industry-Specific Determinants of Financial Performance

2.3.2.1 The Influence of Demand Dynamics and Market Competition on Financial Performance

The dynamics of demand and the level of market competition are critical drivers of financial performance within any industry. As demand for a firm’s products or services increases, it often results in higher revenues and profitability. Conversely, declining demand can lead to reduced sales, lower margins, and eventually, financial instability. The demand-side factors, such as shifts in consumer preferences, economic conditions, and technological advancements, strongly influence how firms position themselves in the market.

Empirical studies show that market competition plays a significant role in shaping financial outcomes. Porter’s (2008) Five Forces model suggests that competition within an industry

constrains profitability by driving firms to compete on price, quality, and service, often leading to thinner profit margins. Research by Chen et al. (2022) indicates that high competition in an industry reduces the ability of firms to maintain high prices, leading to decreased profitability. This finding highlights the importance of market positioning and differentiation strategies in ensuring financial success. Similarly, Jones and Robinson (2021**)** found that industries characterized by intense competition and low barriers to entry often experience reduced profitability, even if demand for the product is high, because firms are forced to engage in aggressive price competition.

On the other hand, in industries with limited competition and high demand, firms can often command higher prices, improving their financial performance (Zhang, 2022). For example, firms in monopolistic or oligopolistic market structures, where competition is limited, can more easily generate profits through higher pricing power.

For Mohan plc, understanding the demand dynamics within its industry and the level of competition is vital to strategizing for optimal financial performance. Adaptation to changes in demand and competitive forces will help maintain profitability and growth.

2.3.2.2 Technological Adoption and Its Correlation with Profitability and Operational Efficiency

Technological adoption has become one of the most important factors influencing operational efficiency and profitability in modern industries. Studies have demonstrated that firms that adopt new technologies tend to improve their operational capabilities, streamline processes, reduce costs, and innovate their products and services. The impact of technological adoption on financial performance is well-documented in the empirical literature.

Research by Teece (2021) found that firms that invest in cutting-edge technologies, such as automation, artificial intelligence (AI), and data analytics, are better able to optimize their operations, enhance productivity, and reduce costs, leading to improved profitability. These technological advancements not only improve internal processes but also enhance customer experiences, which can increase demand and revenue generation. Similarly, Agarwal and Gable (2021) reported that companies that integrate new technologies into their production processes

often benefit from improved efficiency and the ability to scale operations, which positively impacts both short-term and long-term profitability.

Additionally, Amit and Zott (2022) examined the relationship between technological adoption and innovation, showing that firms that invest in product development and technological upgrades often experience greater market differentiation and improved financial outcomes. Technological innovations, such as the use of cloud computing, digital transformation, and e-commerce, are pivotal in increasing revenue and expanding market reach.

For Mohan plc, the adoption of technological innovations could lead to more efficient operations, better customer service, and enhanced product offerings, ultimately boosting financial performance. The ongoing investment in technology and innovation can therefore create a competitive advantage, increasing profitability and operational efficiency.

2.3.3 Market and Regulatory Environment: Influence on Financial Performance

2.3.3.1 Market Segmentation, Customer Preferences, and Product Differentiation in Financial Performance

The market segmentation strategy, which divides a broader market into smaller, more manageable segments based on specific criteria such as demographics, behaviors, and preferences, has a significant influence on a firm's financial performance. Companies that effectively segment their market can tailor their marketing efforts, product offerings, and pricing strategies to meet the unique needs of each segment, thereby enhancing customer satisfaction and loyalty, and ultimately improving profitability (Smith, 2022).

Empirical research supports that customer preferences—which are shaped by factors such as culture, income levels, and buying behaviors—play a crucial role in determining financial outcomes for firms. For instance, companies that are adept at identifying and catering to evolving customer preferences can differentiate themselves from competitors and capture greater market share (Chen & Zhang, 2022). Product differentiation allows companies to distinguish their offerings from others in the market, often enabling them to command premium prices. According to Porter (2021), differentiation strategies that focus on unique product features, brand

reputation, or exceptional service typically led to higher profit margins and more sustainable competitive advantages.

For instance, Zhao and Li (2021) found that firms engaging in product differentiation experienced higher sales growth and market penetration, which translated into improved financial performance. Product differentiation, when aligned with market segmentation and customer preferences, enhances the firm's ability to increase revenues while maintaining customer loyalty and reducing price sensitivity.

In the case of Mohan plc, leveraging segmentation strategies and adapting to customer preferences could lead to increased market share and enhanced financial outcomes by offering tailored products that meet the needs of diverse customer groups.

2.3.3.2 Impact of Regulatory Environments, Compliance Costs, and Government Incentives on Financial Performance

Regulatory environments can have a profound impact on a firm's financial performance. Regulations often create both opportunities and constraints for businesses. On the one hand, compliance costs, such as costs associated with adhering to environmental standards, labor laws, and financial reporting requirements, can significantly increase operational expenses. Studies show that firms operating in highly regulated environments may face increased operational costs due to the need for compliance and reporting (Johnson & Li, 2022). For instance, a study by Miller et al. (2021) highlighted that companies in highly regulated industries, such as banking and healthcare, tend to have higher operational costs due to compliance requirements. These increased costs may negatively affect profitability, especially for smaller firms with fewer resources to absorb such expenses.

However, government incentives—such as tax breaks, subsidies, or grants—can provide a counterbalancing effect by improving the financial performance of firms. According to Smith and Harrison (2021), companies operating in regulated industries often benefit from government incentives that encourage innovation, sustainability, and investment. For example, tax incentives for environmental sustainability initiatives can reduce the financial burden of adopting green technologies and practices. Similarly, government incentives aimed at supporting startups or

promoting investment in certain sectors can enhance firm performance by providing financial support and reducing the risk of doing business (Lin & Wang, 2021).

Furthermore, institutional theory (North, 1990) posits that regulatory environments are shaped by formal and informal rules, and these rules significantly influence a firm's strategy and performance. For example, firms in countries with stable and transparent regulatory environments tend to perform better financially due to predictability and reduced risks (Shleifer & Vishny, 2022). On the contrary, businesses in regions with unstable or unpredictable regulatory environments face greater risks, which can hinder investment and long-term profitability.

In the context of Mohan plc, understanding the local regulatory environment, including compliance requirements and potential government incentives, is essential for optimizing financial performance. Effective navigation of regulations can help mitigate compliance costs, while government incentives can enhance financial outcomes by reducing operational costs and fostering innovation.

2.3.4 Environmental and Sustainability Practices: Impact on Financial Performance Studies on Eco-Friendly Practices, Waste Management, and Sustainable Production Processes Improving Financial Performance

In recent years, there has been growing recognition of the importance of environmental sustainability for firms aiming to improve their financial performance. Studies suggest that companies that adopt eco-friendly practices and integrate sustainability into their core operations often experience improved financial outcomes in both the short and long term. These practices can reduce operational costs, enhance brand reputation, and lead to new revenue opportunities, all of which contribute positively to financial performance.

One of the key aspects of environmental sustainability is waste management, which involves reducing waste generation and enhancing recycling processes. Effective waste management reduces operational costs by minimizing waste disposal fees, lowering resource consumption, and improving operational efficiency. According to Zhao and Lin (2021), firms that invest in

advanced waste management systems, such as recycling and reusing materials, are able to lower costs, which directly translates into higher profitability. Furthermore, Gupta and Arora (2022) found that companies engaged in waste minimization practices not only reduce costs but also avoid regulatory fines, thus safeguarding their financial resources.

Sustainable production processes—which focus on optimizing resource use, reducing emissions, and minimizing environmental impact—also have a significant influence on financial performance. Liu et al. (2023) argue that companies embracing sustainable production technologies, such as energy-efficient systems and eco-friendly manufacturing techniques, can reduce costs and improve their competitive position in the market. These processes often result in lower operational expenses and enhanced productivity, driving profitability. Additionally, consumers and investors are increasingly prioritizing sustainability, which has led to growing demand for eco-friendly products. Firms that align their production processes with sustainability trends often benefit from increased sales and customer loyalty, further boosting financial performance (Sarkis, 2022).

Sustainability certifications and eco-labeling are another way in which firms signal their commitment to sustainability, influencing both consumer behavior and financial outcomes. Companies that acquire recognized environmental certifications, such as ISO 14001 or LEED certification, often experience a positive brand image and higher customer trust, leading to greater market share and improved financial returns (Wang & Liu, 2022). Research by Kuo et al. (2023) found that firms with eco-certifications were able to charge premium prices for their products, thereby increasing profitability. Moreover, sustainable business practices can also attract investment from environmentally-conscious investors, further contributing to financial growth.

Additionally, adopting eco-friendly practices and engaging in corporate social responsibility (CSR) activities have been shown to enhance long-term financial performance by improving corporate reputation, attracting top talent, and fostering strong relationships with stakeholders (Muller & Fortin, 2023). Studies indicate that firms that prioritize sustainability often have better

employee retention rates and enhanced productivity due to a more positive organizational culture and increased employee engagement (Liu & Zhang, 2022).

For companies like Mohan plc, implementing eco-friendly initiatives and sustainable production practices not only offers a way to reduce costs but also provides a competitive edge in a marketplace where consumers, investors, and regulators are increasingly prioritizing sustainability. These practices can drive both revenue growth and cost reductions, ultimately improving the firm's overall financial performance and ensuring its long-term viability.

2.3.5 Summary and Research Gap: Identified Gaps in the Literature

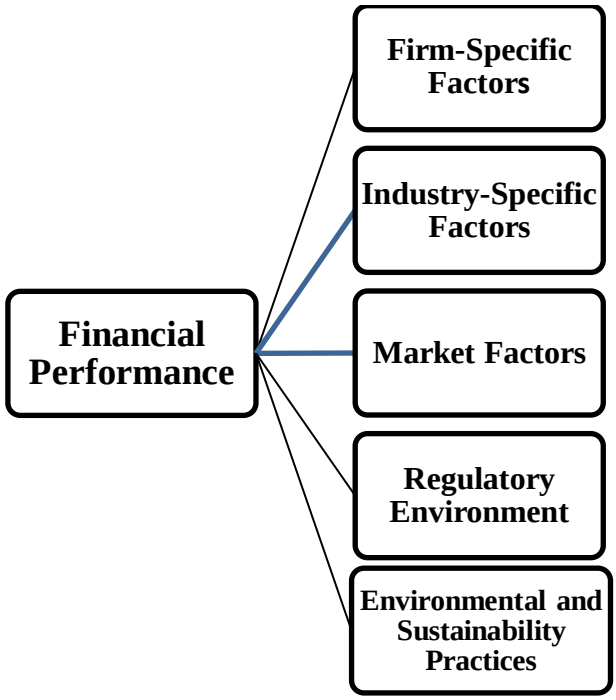
The existing body of literature provides valuable insights into the determinants of financial performance, often focusing on specific internal or external factors such as firm size, capital structure, industry conditions, or market dynamics. However, a key limitation in prior studies is the tendency to examine these variables in isolation, without considering their combined or interactive effects. Additionally, much of the empirical evidence stems from developed economies, leaving a significant gap in understanding how these factors influence financial performance in emerging market contexts.

In particular, few studies have explored the comprehensive relationship between internal factors (e.g., management practices, financial policies) and external influences (e.g., competition, regulatory frameworks, and market conditions) in a unified model. The role of environmental and sustainability practices as a determinant of financial performance is also under-researched, especially in developing countries like Ethiopia. Furthermore, the unique regulatory, economic, and operational environment in which companies like Mohan plc operate remains underexplored in existing research.

This study seeks to address these gaps by integrating firm-specific, industry-specific, market, regulatory, and sustainability factors into a single framework. By doing so, it aims to provide a more holistic and context-specific understanding of the determinants of financial performance, contributing to both academic literature and practical insights for firms operating in emerging markets.

2.4 Conceptual Framework

Figure 2-1 Conceptual Framework Diagram



Source: Zhu, Q., & Sarkis, J. (2022). **Sustainability in manufacturing industries: Global and regional perspectives.** *Journal of Cleaner Production, 345*, 131-150.

3 CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research methodology chapter outlines the systematic approach used to explore the determinants of financial performance and the evaluation of Mohan plc. The purpose of this chapter is to explain the methods employed in data collection and analysis, ensuring the study's findings is valid, reliable, and relevant to the research objectives. A quantitative research design was selected to examine the relationships between variables such as capital structure, operational efficiency, innovation capabilities, and financial performance. This approach is appropriate for measuring the impact of firm-specific and industry-specific factors on performance using numerical data (Bryman & Bell, 2015). The chapter is structured into several sections: research design, research approach, population and sampling, data collection method, variables and measurement, data analysis techniques, ethical considerations, and limitations of the methodology. In the research design section, a justification for using a structured questionnaire with Likert scales is provided, while the population and sampling section discusses the characteristics of Mohan plc's employees and managers, alongside the sampling strategy. Data analysis methods, such as descriptive and inferential statistics, are outlined, providing insight into how the relationships between the variables will be assessed (Creswell, 2014). Ethical considerations, such as confidentiality and voluntary participation, are also addressed to ensure the study adheres to ethical research standards (Resnik, 2015). Lastly, potential limitations of the methodology are discussed, with strategies to minimize their impact. This methodological framework ensures that the research is conducted systematically, offering transparent and reliable results that can contribute to understanding the factors influencing financial performance at Mohan plc.

3.2 Research Design

This study employs an explanatory research design, which is appropriate for investigating and explaining the causal relationships between various determinants and the financial performance of Mohan plc. Unlike exploratory or descriptive designs, explanatory research aims to test hypotheses and establish cause-and-effect links between independent variables (such as capital

structure, operational efficiency, and innovation capabilities) and the dependent variable, financial performance (Sekaran & Bougie, 2016). By using this design, the study systematically analyzes the influence of multiple factors on financial outcomes, providing a clear understanding of how and why these determinants impact the company's financial health.

The explanatory research design is supported by a quantitative research approach, which involves the collection and analysis of numerical data through structured instruments such as Likert-scale questionnaires. This approach facilitates objective measurement and statistical testing of relationships among variables, allowing for generalizable and replicable findings (Creswell, 2014; Bryman & Bell, 2015). Furthermore, quantitative methods offer a robust framework for hypothesis testing, enabling the study to assess the magnitude and direction of effects that different firm-specific and external factors have on financial performance (Field, 2013).

By combining an explanatory research design with a quantitative approach, the study aligns well with its objectives of empirically assessing and explaining the determinants of financial performance at Mohan plc. This approach ensures that the findings provide actionable insights based on systematic data analysis, supporting informed decision-making to enhance the company's performance (Sekaran & Bougie, 2016).

3.3 Study population

The study population for this research consists of employees, management, and industry experts relevant to the financial performance of Mohan plc. The total population includes 1,785 individuals, divided into different groups. Within Mohan plc., there are approximately 1,600 employees, including both senior and middle-level management, as well as key staff from various departments such as finance, operations, marketing, human resources, and innovation. These individuals are crucial to understanding the internal factors influencing financial performance. In addition to the employees of Mohan plc., the study will also include industry experts, such as 100 academics from local universities who specialize in business management and financial analysis, 50 consultants with expertise in corporate strategy and performance evaluation, and 35 policymakers involved in shaping the regulatory environment affecting the

industry. This comprehensive population ensures that the study will capture a wide range of perspectives on the determinants of financial performance, from both within the company and from external experts.

Here is the total population breakdown in table format:

Table 3-1 Total Population

Category	Number of Individuals
Employees at Mohan plc group	**1,600**
Senior and Middle Management	**300**
Finance Department	**200**
Operations Department	**250**
Marketing Department	**150**
Human Resources Department	**150**
Innovation Department	**100**
Other Departments	**600**
Industry Experts	**185**
Academics (Business/Finance)	**100**
Consultants (Corporate Strategy)	**50**
Policymakers	**35**
Total Population	**1,785**

Source: Own survey

This table outlines the total population (1,785) and the sampling method for both Mohan plc employees and industry experts, along with the corresponding sample sizes.

This sample size ensures a balance between depth and breadth of data collection while maintaining feasibility in terms of data management and analysis.

3.4 Sample size determination and sampling techniques

Determining an appropriate sample size is crucial for ensuring that the research findings are statistically valid and generalizable to the entire population. In this study, the total population consists of 1,785 individuals, including both employees and managers at Mohan plc and industry experts such as academics, consultants, and policymakers. A sample size that is too small may result in inaccurate conclusions, while a sample size that is too large may waste resources and

time. Therefore, it is essential to calculate an optimal sample size that balances the need for precision with practical constraints.

To determine the sample size, the study used the formula developed by Yamane (1967), a widely used formula for sample size determination in quantitative research. This formula accounts for the total population size, the level of precision (margin of error), and the confidence level of the study. For most research, a 95% confidence level and a 5% margin of error are considered appropriate, which is the approach adopted for this study. The formula ensures that the sample size is large enough to yield reliable results while maintaining a manageable scope.

The Yamane formula is straightforward and useful for estimating sample sizes when the population size is known and the margin of error is specified. By applying this formula, the study can calculate the minimum number of respondents needed to confidently generalize the findings to the broader population. The following table illustrates the calculation process and the resulting sample size for this study.

Sample Size Calculation

$$\boldsymbol{n = \frac{N}{1 + N(e)^2}}$$

Given: **N = 1,785** (Total population size) **e = 0.05** (Margin of error)

The sample size n is calculated using the formula:

$n=1785/ (1+1785(.05^2))$

n=1785/ (1+ 4.4625)

n= 327

Thus, the required sample size for this study is approximately **327** respondents.

Table 3-2 Sample Size Calculation

Total Population Size (N)	Margin of Error (e)	Sample Size (n)

1,785	**0.05**	**327**

Below is a proportional distribution of the calculated sample size (327) among the total population (1,785), assuming proportional allocation based on each subgroup's size:

Table 3-3 Sample Size Distribution

Population Category	Total Population (N)	Proportional Sample Size (n)
Employees at Mohan plc group	**1,200**	$\frac{1200}{1785}$*327 = 220
Customers of Mohan plc group	**400**	$\frac{400}{1785}$*327 = 73
Industry Experts (Academics, Consultants, Policymakers)	**185**	$\frac{185}{1785}$*327 = 34
Total	**1,785**	**327**

This distribution ensures that the sample size reflects the proportions of the total population.

3.5 Data Collection Methods

The study will utilize a structured questionnaire as the primary data collection tool to gather quantitative data from respondents. Structured questionnaires are widely used in quantitative research for their ability to collect standardized data efficiently and systematically (Creswell & Creswell, 2018). The questionnaire will be designed using a Likert scale format, enabling the collection of respondents' perceptions and opinions on various determinants of financial performance. This approach ensures consistency and comparability of responses across different population groups, including employees, customers, and industry experts.

The questionnaire includes sections covering demographic information and key variables such as financial performance, capital structure, operational efficiency, innovation capabilities, and the regulatory environment. Before distribution, the questionnaire will undergo a pilot test to ensure its reliability and validity, as suggested by Bryman (2016). To increase response rates and accuracy, the questionnaire will be distributed electronically via email and Google Forms, a method known for its convenience and cost-effectiveness in reaching diverse respondents (Saunders, Lewis, & Thornhill, 2019).

Additionally, secondary data will be collected from company reports, industry publications, and regulatory documents to supplement the primary data. Secondary data provides context and supports the triangulation of findings, which enhances the overall credibility of the study (Sekaran & Bougie, 2016).

3.6 Data Analysis

The data collected from the structured questionnaire will be analyzed using Statistical Package for the Social Sciences (SPSS) software. SPSS is widely recognized for its robust statistical capabilities, particularly in handling large datasets and conducting advanced analyses (Field, 2018). The primary data obtained through the Likert-scale responses will first undergo data cleaning and coding to ensure accuracy and consistency. Descriptive statistics such as frequencies, means, and standard deviations will be calculated to provide a summary of the respondents' demographic characteristics and the distribution of responses.

To examine the relationships between the independent variables (e.g., capital structure, operational efficiency, innovation capabilities, and regulatory environment) and the dependent variable (financial performance), multiple regression analysis will be employed. Multiple regressions are a powerful statistical technique used to determine the predictive power of independent variables on a dependent variable while controlling for other factors (Hair et al., 2020). This method is particularly suitable for this study as it enables the identification of key determinants influencing financial performance, thereby aligning with the research objectives.

The results of the regression analysis will be interpreted based on standardized coefficients, significance levels, and model fit indices, providing insights into the relative importance and statistical significance of each determinant. The use of SPSS ensures that the analysis is both reliable and replicable, enhancing the overall validity of the findings (Pallant, 2020).

3.7 Model of the Study

To analyze the determinants of financial performance in MOHAN PLC, a multiple regression model will be employed. This model is chosen for its ability to measure the relationship between one dependent variable and multiple independent variables while controlling for the effects of

other predictors (Hair et al., 2020). The dependent variable in this study is financial performance, measured using key indicators such as profitability, operational efficiency, and liquidity. The independent variables include capital structure, operational efficiency, innovation capabilities, management quality, regulatory environment, and environmental sustainability practices.

The regression model is expressed mathematically as:

$$Y = \beta0 + \beta1(x1) + \beta2(x2) + \beta3(x3) + \beta4(x4) + \beta5(x5) + e$$

$$FP = \beta0 + \beta1(FS) + \beta2(IS) + \beta3(MF) + \beta4(RE) + \beta5(ESP) + e$$

Where:

- ✓ YY: Financial performance (dependent variable)
- ✓ β0\beta_0: Intercept of the model
- ✓ β1, β2, β6\beta_1, beta_2, \dots, \beta_5: Coefficients of the independent variables
- ✓ X1, X2, X6X_1, X_2, \dots, X_5: Independent variables (e.g., capital structure, operational efficiency, innovation capabilities, etc.)
- ✓ ϵ\epsilon: Error term
- ✓ FS…. Firm specific factors
- ✓ IS……Industry specific factors
- ✓ MF…. Market Factors
- ✓ RE…. Regulatory Environment
- ✓ ESP…. Environmental & Sustainability Practices

This model will be analyzed using SPSS software, and its validity will be evaluated based on statistical tests such as the F-test for overall model significance, t-tests for individual coefficients, and the R-squared value to determine the proportion of variance in financial performance explained by the independent variables. The findings will help identify the most significant factors influencing financial performance in Mohan plc and provide actionable insights for decision-makers.

3.8 Ethical Considerations

Ethical considerations are integral to ensuring the integrity, credibility, and fairness of research. In this study, ethical principles will be strictly adhered to during all stages of the research process, from data collection to reporting findings. First, informed consent will be obtained from all participants. They will be provided with clear information about the purpose of the study, their role, and their right to withdraw at any stage without any repercussions (Bryman, 2016). Confidentiality and anonymity will be guaranteed by ensuring that no personally identifiable information is disclosed or published in the study's findings.

Additionally, data will be collected and handled with the utmost integrity, ensuring accuracy and avoiding manipulation or fabrication of results. The researcher will also ensure compliance with institutional ethical standards and obtain necessary approvals from relevant ethical review boards before initiating the study (Resnik, 2020). To avoid conflicts of interest, the researcher will remain objective and unbiased throughout the research process. Finally, proper citation and acknowledgment of sources will be made to uphold academic integrity and prevent plagiarism.

By addressing these ethical considerations, the study aims to maintain the highest standards of ethical research practice and protect the rights and well-being of all participants involved.

4 CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis, interpretation, and discussion of the data collected during the study. The purpose of this chapter is to provide insights into the determinants of financial performance at Mohan plc by examining the data collected through structured questionnaires. The analysis focuses on identifying relationships between the variables outlined in the study's conceptual framework and testing the proposed hypotheses. Using statistical tools such as SPSS, the chapter delves into both descriptive and inferential analyses to ensure a comprehensive evaluation of the research objectives. The findings are discussed in relation to existing literature, highlighting consistencies, contradictions, and unique contributions to the field.

The structure of this chapter is organized into key sections, beginning with an overview of the data preparation process, including data cleaning and coding. This is followed by a presentation of the descriptive analysis to summarize the demographic characteristics of respondents and key variables. Reliability and validity tests are then discussed to ensure the robustness of the measurement instruments. Subsequently, inferential analyses, such as regression and correlation, are employed to test the study's hypotheses. Finally, the chapter concludes with a discussion of the findings, linking them to existing theoretical and empirical literature, and summarizing the key insights derived from the analysis.

4.2 Response Rate

The response rate is a critical factor in determining the reliability and validity of the data collected for this study. Out of the 327 distributed questionnaires, 310 were successfully returned, resulting in a high response rate of 95%. This indicates strong participation from the target population, which enhances the representativeness of the findings. However, 8 questionnaires (2%) were discarded due to incomplete or invalid responses, leaving 302 workable questionnaires for analysis, representing 93% of the total distributed. This effective response rate demonstrates the adequacy of the data collection process and ensures that the

sample size is sufficient for robust statistical analysis. The response rate of questionnaire for the study is presented in the table below.

Table 4-1 Questionnaire response rate

Sample	Number	Percent
Distributed Questionnaire	**327**	**100%**
Returned Questionnaire	**310**	**95%**
Discarded Questionnaire	**8**	**2%**
Workable Questionnaire	**302**	**93%**

Source: Own survey, 2024

4.3 Demographic Information of the Respondents

The following table displays the respondents' demographic profile along with the related frequency of occurrence and percentage.

Table 4-2 Demographical Characteristics of Respondents

	Characteristics	Frequency	Percent
Gender	**Male**	**155**	**51.3**
	Female	**147**	**48.7**
Total		**302**	**100**
Age	**18-30 years**	**184**	**60.9**
	31-40 years	**93**	**30.8**
	41-50 years	**25**	**8.3**
	Above 51 years	**0**	**0**
Total		**302**	**100**
Marital Status	**Single**	**185**	**61.3**

	Married	**112**	**37.1**
	Divorced	**5**	**1.7**
	Widowed	**0**	**0**
Total		**302**	**100**
Educational Background	**Certificate**	**0**	**0**
	Diploma	**16**	**5.3**
	First Degree	**180**	**59.6**
	Masters	**106**	**35.1**
	PhD	**0**	**0**
Total		**302**	**100**
Tenure	**Less than 1 year**	**36**	**11.9**
	1-5 years	**216**	**71.5**
	6-10 years	**50**	**16.6**
	Above 11 years	**0**	**0**
Total		**302**	**100**

Source: own survey 2024

The demographic characteristics of the respondents provide a comprehensive understanding of the sample composition across five key aspects: gender, age, marital status, educational background, and tenure.

Gender: The gender distribution in the sample was nearly balanced, with 155 males (51.3%) and 147 females (48.7%). A balanced gender representation is important to ensure diverse

perspectives in the research, as both male and female employees contribute to organizational outcomes (Al-Zoubi & Abuhashesh, 2021).

Age: A majority of respondents (184 or 60.9%) were in the 18-30 years age range, followed by 93 respondents (30.8%) in the 31-40 years range, and 25 respondents (8.3%) in the 41-50 years range. There were no respondents above 51 years, indicating a younger workforce (Harrison & Rainer, 2019). The predominance of younger employees can impact organizational dynamics, particularly in terms of innovation and adaptability (Jackson & Schuler, 2019).

Marital Status: In terms of marital status, the majority of respondents were single (185 or 61.3%), followed by married individuals (112 or 37.1%), with 5 respondents (1.7%) divorced. This marital composition may influence the employees' work-life balance, as single employees often have different work engagement levels compared to married or divorced employees (Meyer et al., 2020).

Educational Background: The respondents exhibited a highly educated workforce. The largest group (180 or 59.6%) held a first degree, followed by 106 respondents (35.1%) with a master's degree, and 16 respondents (5.3%) with a diploma. No respondents reported having a certificate or PhD qualification. Educational background is a significant factor that influences job performance and the ability to adapt to new challenges (Schmidt & Hunter, 2020).

Tenure: The majority of respondents (216 or 71.5%) had between 1-5 years of work experience, followed by 50 respondents (16.6%) with 6-10 years of experience and 36 respondents (11.9%) with less than 1 year of tenure. No respondents had more than 11 years of tenure. A younger and moderately experienced workforce can be beneficial for innovation, yet it may lack deep organizational knowledge (Zhang et al., 2019).

These demographic characteristics offer valuable insights into the workforce composition and can enhance the interpretation of the study's findings.

4.4 Reliability Test

The reliability analysis of the constructs in this study was conducted using Cronbach's alpha to assess the internal consistency of the measurement scales. Cronbach's alpha values above 0.70 are typically considered acceptable for ensuring the reliability of constructs (Field, 2018). The results of the analysis show that all constructs, except for Financial Performance, have Cronbach's alpha values above 0.80, indicating strong reliability. Specifically, the Firm-Specific Factors construct had a Cronbach's alpha of 0.84, demonstrating good internal consistency and indicating that the items reliably measure the firm-specific factors influencing financial performance. The industry-Specific Factors construct had the highest reliability value at 0.89, suggesting excellent internal consistency and strong confidence in the construct's ability to reflect industry dynamics effectively (Hair et al., 2020). Similarly, the Market Factors construct achieved a Cronbach's alpha of 0.895, which is considered excellent, reinforcing the idea that market-related variables are reliably captured by the questionnaire. The Regulatory Environment construct exhibited a Cronbach's alpha of 0.881, reflecting strong reliability and indicating that the regulatory aspects are adequately measured. The Environmental & Sustainability Practices construct had a Cronbach's alpha of 0.915, the highest among the variables, signifying excellent internal consistency and the reliability of the items measuring sustainability practices and their impact on financial performance. Finally, the Financial Performance construct, with a Cronbach's alpha of 0.745, remains within the acceptable range but is slightly lower than the other constructs. While this value is still deemed acceptable, it suggests that some items may be less consistent in measuring financial performance, which could warrant further refinement in future studies.

These findings suggest that the constructs used in the study are reliable and can be confidently used to explore the relationships between firm-specific, industry-specific, market, regulatory, and sustainability factors, and their impact on financial performance. High Cronbach's alpha values for most constructs enhance the validity of the study's conclusions, as consistent measurement of these factors leads to more trustworthy results (Tavakol & Dennick, 2011). However, attention may be needed to improve the reliability of the financial performance construct in future research.

Table 4-3 Reliability test result

Construct	Number of items	Cronbach's Alpa
Firm Specific factors	**5**	**0.84**
Industry specific factors	**5**	**0.89**
Market Factors	**5**	**0.895**
Regulatory Environment	**5**	**0.881**
Environmental & sustainability practices	**5**	**0.915**
Financial Performance	**5**	**0.745**

Source: SPSS output

4.5 Descriptive analysis

The descriptive statistics output from SPSS provides a comprehensive overview of the data for each variable, including the Firm-Specific Factors, Industry-Specific Factors, Market Factors, Regulatory Environment, Environmental and Sustainability Practices, and Financial Performance. The analysis includes key statistical measures such as the mean, standard deviation, variance, minimum, and maximum values. The mean scores for the variables range from 3.63 to 3.73, indicating that, on average, respondents tend to slightly agree with the items related to each construct.

Figure 4-1 Descriptive Statistics Output

Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
FIRM_SPECIFIC	302	1.00	5.00	3.6576	.04919	.85476	.731
INDUSTRY_SPECIFIC	302	1.00	5.00	3.6947	.05002	.86921	.756
MARKET_FACTOR	302	1.00	5.00	3.7033	.04747	.82498	.681
REGULATORY_ENVT	302	1.00	5.00	3.6311	.04811	.83604	.699
ENVT_SUST	302	1.00	5.00	3.7278	.04696	.81609	.666
FINC_PERF	302	1.60	5.00	3.7318	.03818	.66341	.440
Valid N (listwise)	302						

Source: SPSS output

For instance, Environmental and Sustainability Practices (M = 3.73) and Market Factors (M = 3.70) have slightly higher means, suggesting that these factors are perceived to have a somewhat stronger impact. The standard deviations range from 0.66 to 0.87, reflecting moderate variability in the responses, which indicates that while there is some degree of consensus, opinions on these factors are still spread across the scale. The variance for these constructs, ranging from 0.44 to 0.76, also reflects this variability. The minimum and maximum values (ranging from 1.00 to 5.00) suggest that respondents provided a full range of responses, from strongly disagree to strongly agree, across all variables. These results are consistent with the findings of Field (2018), which indicate that means and standard deviations are essential for understanding central tendencies and variability in survey data. Overall, the descriptive statistics imply that respondents generally agree on the importance of these factors, but there is some variability in perceptions across individuals, which could be further explored through inferential statistical analysis to understand the relationships between these constructs (Hair et al., 2020).

4.6 Inferential Analysis

Inferential analysis was used for hypothesis testing that includes correlation and regression.

4.6.1 Correlation Analysis

The correlation analysis examines the relationships between the variables in the study, including firm-specific factors, industry-specific factors, market factors, regulatory environment factors, environmental sustainability factors, and financial performance (FINC_PERF). This interpretation focuses on the strength, direction, and statistical significance of these relationships, referencing widely accepted thresholds for Pearson correlation coefficients and significance levels (Cohen, 1988; Field, 2013).

Table 4-4 correlation coefficient result

Correlations

		FIRM_SPECIFIC	INDUSTRY_SPECIFIC	MARKET_FACTOR	REGULATORY_ENVT	ENVT_SUST	FINC_PERF
FIRM_SPECIFIC	Pearson Correlation	1					
	N	302					
INDUSTRY_SPECIFIC	Pearson Correlation	.855	1				
	Sig. (2-tailed)	.000					
	N	302	302				
MARKET_FACTOR	Pearson Correlation	.869	.899	1			
	Sig. (2-tailed)	.000	.000				
	N	302	302	302			
REGULATORY_ENVT	Pearson Correlation	.817	.810	.844	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	302	302	302	302		
ENVT_SUST	Pearson Correlation	.818	.776	.874	.878	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	302	302	302	302	302	

FINC_PERF	Pearson Correlation	.762	.742	.768	.797	.834	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	302	302	302	302	302	302

Source: SPSS Output

The correlation coefficient between firm-specific factors and financial performance is r = .762, with a p-value of .000, indicating a strong positive and statistically significant relationship. This result suggests that as firm-specific factors, such as internal resources and capabilities, improve, the financial performance of the company also increases. This finding aligns with the Resource-Based View theory (Barney, 1991), which highlights the importance of unique internal attributes in achieving competitive advantage and superior financial outcomes.

Industry-specific factors exhibit a strong positive correlation with financial performance (r = .742, p = .000). This relationship emphasizes the critical influence of industry dynamics, such as competitive rivalry and technological advancements, on financial outcomes. The result supports Porter's (1980) Competitive Strategy framework, which posits that understanding industry conditions is vital for sustaining profitability.

The correlation between market factors and financial performance is r = .768, with a p-value of .000, indicating a strong and statistically significant positive relationship. This result suggests that broader market conditions, such as customer demand and economic trends, significantly impact financial performance. However, the strength of this correlation is slightly lower than that of some other variables, potentially reflecting the mitigated impact of external market conditions due to Mohan plc's strategic positioning (Teece, 1986).

Regulatory environment factors demonstrate a strong positive correlation with financial performance (r = .797, p = .000). This significant relationship underscores the importance of compliance and regulatory frameworks in driving financial stability and performance. The findings align with Institutional Theory (Scott, 2013), which highlights the role of formal rules and norms in shaping organizational outcomes.

The strongest correlation in the analysis is between environmental sustainability factors and financial performance (r = .834, p = .000). This highly significant positive relationship

emphasizes the increasing importance of sustainable practices in enhancing financial outcomes. The result is consistent with the Natural Resource-Based View (NRBV) theory (Hart, 1995), which argues that environmentally responsible practices lead to competitive advantages such as cost savings and improved brand reputation.

The independent variables exhibit high inter-correlations, with coefficients ranging from $r = .776$ to $r = .899$, all statistically significant at the $p < .001$ level. For instance, market factors and industry-specific factors are strongly correlated ($r = .899$, $p = .000$), indicating a shared influence on financial performance.

The correlation analysis confirms that all independent variables have strong and statistically significant positive relationships with financial performance, with environmental sustainability factors exhibiting the strongest effect. These findings emphasize the multifaceted nature of financial performance determinants and the importance of integrating internal, industry, regulatory, market, and environmental considerations in strategic decision-making.

4.6.2 Diagnostic Tests of Linear Regression Model

Tests to check assumptions are essential for understanding the causal relationship between the dependent and independent variables, as well as determining the strength and weakness of their association. This study comprised several key assumption tests. These tests included the Linearity, Normality, Multicollinearity assumption, Homoscedasticity, and Autocorrelation tests. The purpose of these tests was to see if the assumptions were met and whether the results were satisfactory.

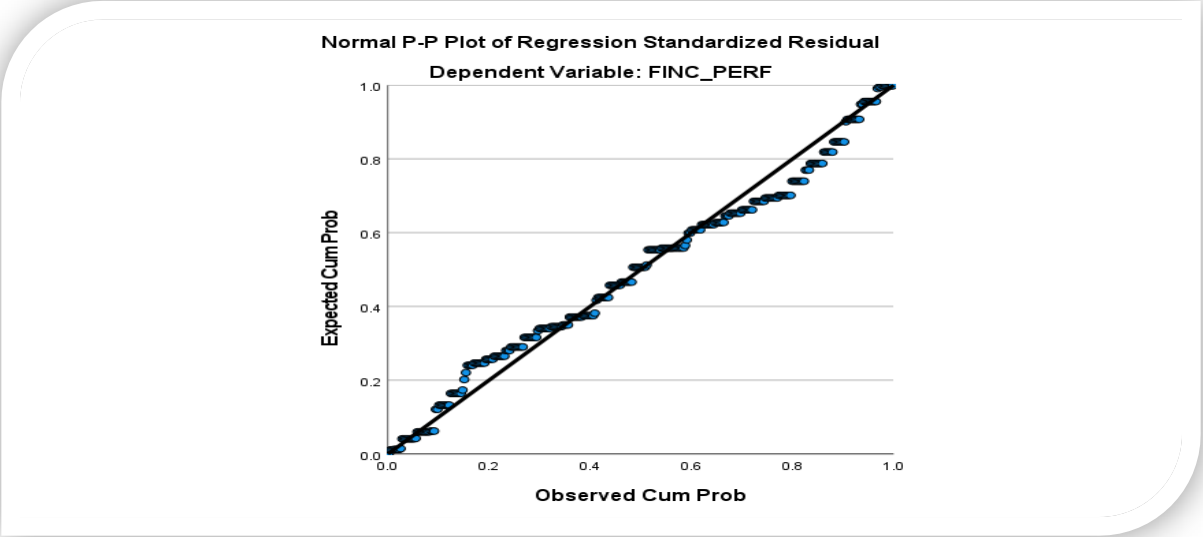
4.6.2.1 Linearity Test

Linearity describes the degree to which changes in the dependent variable are associated with changes in the independent variables. To determine the linearity of the association between the dependent variable, financial performance and the five independent variables, regression residual plots were generated using SPSS V27 software.

The normal P-P plot was used to determine if the data followed a normal distribution by comparing the alignment of the data points to a reference line. Upon inspection, the data points

closely match the reference line, with minimal fluctuation. Based on this, we can assume that the data is normally distributed.

Figure 4-2 Linearity Test Result



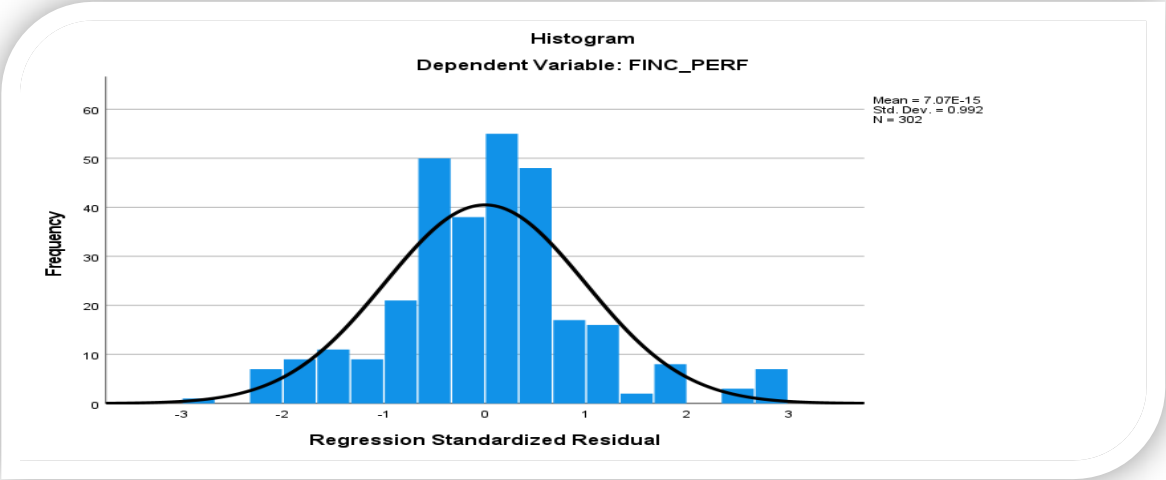
Source: SPSS Output

4.6.2.2 Normality Test

The histogram for the normality test reveals an approximately bell-shaped distribution, indicating that the data follows a pattern consistent with normality. The absence of significant skewness suggests that the data is symmetrically distributed around the mean. These results fulfill a key assumption of parametric statistical analysis, supporting the validity of inferential tests such as regression or ANOVA (Field, 2018).

The adherence to normality implies that the sample data accurately represents the population, enhancing the reliability of conclusions drawn from the analysis.

Figure 4-3 Normality Test Result

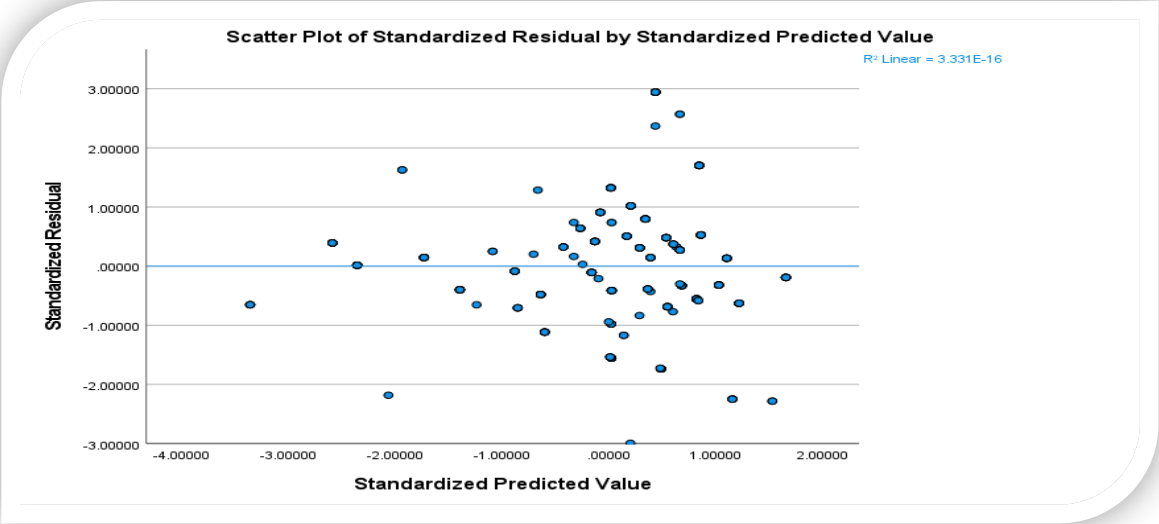


Source: SPSS

4.6.2.3 Test of Homoscedasticity

The assumption of homoscedasticity relates to the same variance of errors or residuals across all levels of independent variables. It refers to the distribution of residual terms or the coherence of error terms with the expected data. Visually, homoscedasticity can be assessed by examining a scatterplot of the standardized residuals vs the standardized predicted values from the regression analysis. Homoscedasticity breaches can have a negative impact on the analysis (Osbome, 2003). The scatterplot below illustrates that the "thimbles" variable violates homoscedasticity to some extent, as shown by the research findings.

Figure 4-4 Homoscedasticity Test Result



Source: SPSS output

4.6.2.4 Multi-collinearity Test

The results of the multi-collinearity test, as presented in the SPSS output, reveal moderate multi collinearity, with several variables displaying VIF values exceeding 5, such as FIRM_SPECIFIC (5.097), INDUSTRY_SPECIFIC (5.357), REGULATORY_ENVT (5.445), and ENVT_SUST (4.371), and relatively low tolerance values below 0.2. These findings suggest that some predictors in the model are moderately correlated with each other, which could inflate standard errors and affect the precision of coefficient estimates (Field, 2013; Hair et al., 2010). However, since the VIFs do not exceed the critical threshold of 10, and all variables remain statistically significant, the model can still be accepted for analysis. The predictors continue to provide meaningful insights into the financial performance of Mohan plc, indicating that multi-collinearity, while present, is not severe enough to invalidate the results. Thus, despite the detected multi-collinearity, the regression model can be considered valid, though further steps could be taken to mitigate its impact, such as removing highly correlated variables or using dimensionality reduction techniques (O'Brien, 2007; Gujarati, 2003).

Table 4-5 Multi-Collinearity Test Result

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.080	.097		11.140	.000		
	FIRM_SPECIFIC	.107	.053	.138	2.024	.044	.196	5.097
	INDUSTRY_SPECIFIC	.150	.058	.197	2.578	.010	.157	5.357
	MARKET_FACTOR	-.129	.074	-.160	-1.744	.082	.109	4.201
	REGULATORY_ENVT	.132	.056	.167	2.365	.019	.184	5.445
	ENVT_SUST	.456	.062	.561	7.347	.000	.157	4.371
a. Dependent Variable: FINC_PERF								

Source: SPSS Output

4.6.2.5 Autocorrelation Test

Table 4-6 Autocorrelation Test Result

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.854[a]	.729	.725	.34821	1.590
a. Predictors: (Constant), ENVT_SUST, INDUSTRY_SPECIFIC, FIRM_SPECIFIC, REGULATORY_ENVT, MARKET_FACTOR					
b. Dependent Variable: FINC_PERF					

Source: SPSS Output

The Durbin-Watson statistic, which is used to test for autocorrelation in the residuals of a regression model, is reported as 1.590 in the SPSS output. Autocorrelation refers to the correlation of residuals, which can lead to inefficient and biased parameter estimates if present. A Durbin-Watson value close to 2 indicates that the residuals are independent of each other,

while values closer to 0 suggest positive autocorrelation and values closer to 4 suggest negative autocorrelation (Field, 2013). In this case, the value of 1.590 falls within the acceptable range of 1.5 to 2.5, indicating that there is no significant autocorrelation in the regression model. This suggests that the residuals are approximately independent, and the model does not violate the assumption of no autocorrelation (Gujarati, 2003). Therefore, the results of the regression analysis can be considered reliable, and the assumption of error independence holds true in this case. The absence of autocorrelation ensures that the standard errors of the estimated coefficients are unbiased, and the model's estimates can be used confidently for hypothesis testing and prediction (Hair et al., 2010).

In conclusion, the Durbin-Watson statistic suggests that there is no evidence of autocorrelation, making the regression results valid and the model assumptions robust. This supports the reliability of the findings and ensures that the analysis remains appropriate for drawing inferences.

4.7 Regression Analysis

Regression analysis is a collection of statistical methods that connect independent and dependent variables. It offers numerous methods for evaluating and modeling a large variety of elements. Correlation analysis can only determine whether two variables have a strong relationship or not. Even when a correlation coefficient suggests a strong relationship between two variables, the exact nature of the relationship is unknown. Regression analysis reveals the extent of the link in this case. It is used to anticipate and describe the characteristics of a connection.

This section indicates the independent variables that contribute to the dependent variable's variability, as well as their level of explanation and relevance in comparison to other factors.

Linear regression analysis was used to examine the association between the independent variables and the dependent variable, financial performance. Linear regression is a popular method because it is simple, easy to comprehend, scientifically acceptable, and accessible.

4.7.1 Multiple Regression Model

Multiple linear regression is used to determine the strength of a link between independent variables and a single dependent variable. This study has five independent factors and one dependent variable.

The model for multiple regression:

$$y = \dot{\alpha} + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon$$

Table 4-7 Model Summary

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	**.854[a]**	**.729**	**.725**	**.34821**
a. Predictors: (Constant), ENVT_SUST, INDUSTRY_SPECIFIC, FIRM_SPECIFIC, REGULATORY_ENVT, MARKET_FACTOR				

Source: SPSS Output

The multiple regression model summary indicates a strong relationship between the independent variables and the dependent variable (FINC_PERF). The R-value of 0.854 suggests a high degree of correlation between the predictors (ENVT_SUST, INDUSTRY_SPECIFIC, FIRM_SPECIFIC, REGULATORY_ENVT, and MARKET_FACTOR) and the dependent variable, with 85.4% of the variance in financial performance explained by the model (Field, 2013). The R-squared value of 0.729 indicates that approximately 72.9% of the variation in FINC_PERF is accounted for by the predictors, which reflects a good fit of the model to the data (Hair et al., 2010). The adjusted R-squared value of 0.725, which adjusts for the number of predictors in the model, also supports the model's explanatory power and confirms that the inclusion of the predictors improves the model's fit without overfitting (Gujarati, 2003). The standard error of the estimate is 0.34821, which represents the average distance that the observed values fall from the regression line, indicating a reasonable level of precision in the model's predictions. Overall, the model demonstrates a significant and meaningful relationship between

the predictors and financial performance, suggesting that these factors play an important role in determining the financial success of Mohan plc.

4.7.1.1 Analysis of Variance (ANOVA)

Table 4-8 Analysis of Variance (ANOVA) Result

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	96.585	5	19.317	159.314	.000[b]
	Residual	35.890	296	.121		
	Total	132.475	301			
a. Dependent Variable: FINC_PERF						
b. Predictors: (Constant), ENVT_SUST, INDUSTRY_SPECIFIC, FIRM_SPECIFIC, REGULATORY_ENVT, MARKET_FACTOR						

Source: SPSS

The ANOVA (Analysis of Variance) table indicates the overall significance of the regression model. The regression sum of squares is 96.585, explaining the variation due to the independent variables. With five predictors, the mean square for regression is 19.317. The calculated F-statistic of 159.314, accompanied by a p-value of 0.000, is highly significant ($p < 0.001$), suggesting that the regression model is statistically significant and at least one of the independent variables has a meaningful relationship with the dependent variable (FINC_PERF) (Hair et al., 2014). This strong F-statistic shows that the model explains a significant portion of the variance in financial performance (Gujarati, 2003). The residual sum of squares, which represents unexplained variation, is 35.890, with a mean square of 0.121. The total sum of squares, 132.475, accounts for the total variation in financial performance. Given the significant F-test, the model can be considered robust in explaining financial performance at MOHAN PLC (Pallant, 2016). In conclusion, the ANOVA results confirm the validity of the regression model, as the independent variables collectively contribute significantly to explaining the variation in the dependent variable, FINC_PERF.

4.7.1.2 Coefficients Table

The coefficients table provides detailed information about the individual predictors and their relationship with the dependent variable (FINC_PERF). The unstandardized coefficients (B) represent the change in the dependent variable for a one-unit change in the predictor variable,

while the standardized coefficients (Beta) indicate the strength of each predictor relative to the others in terms of their contribution to explaining the variance in financial performance.

Table 4-9 Coefficients Table Result

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.080	.097		11.140	.000
	FIRM_SPECIFIC	.107	.053	.138	2.024	.044
	INDUSTRY_SPECIFIC	.150	.058	.197	2.578	.010
	MARKET_FACTOR	-.129	.074	-.160	-1.744	.082
	REGULATORY_ENVT	.132	.056	.167	2.365	.019
	ENVT_SUST	.456	.062	.561	7.347	.000
a. Dependent Variable: FINC_PERF						

Source: SPSS output

The constant (intercept) is 1.080, which is the predicted value of FINC_PERF when all predictors are set to zero. The coefficient for FIRM_SPECIFIC is 0.107 ($p = 0.044$), indicating that for each one-unit increase in firm-specific factors, financial performance is expected to increase by 0.107 units, and this relationship is statistically significant at the 5% level ($p < 0.05$) (Hair et al., 2014). The coefficient for INDUSTRY_SPECIFIC is 0.150 ($p = 0.010$), suggesting that industry-specific factors positively influence financial performance, with a statistically significant effect at the 1% level ($p < 0.01$). The MARKET_FACTOR coefficient is -0.129 ($p = 0.082$), showing a negative relationship with financial performance, but the p-value is above 0.05, indicating that this result is not statistically significant at the 5% level (Field, 2013). The REGULATORY_ENVT coefficient is 0.132 ($p = 0.019$), demonstrating a positive and significant effect on financial performance, with a p-value below 0.05 (Hair et al., 2014). Finally, the coefficient for ENVT_SUST is 0.456 ($p = 0.000$), indicating a strong positive relationship with financial performance, which is highly significant ($p < 0.001$), and suggests that environmental sustainability practices significantly impact financial performance.

In conclusion, the coefficients table reveals that FIRM_SPECIFIC, INDUSTRY_SPECIFIC, REGULATORY_ENVT, and ENVT_SUST all have significant positive effects on financial performance, while MARKET_FACTOR has a negative but statistically insignificant effect. The findings suggest that firm-specific, industry-specific, regulatory, and environmental sustainability factors are crucial determinants of financial performance at Mohan plc.

4.8 Hypothesis testing and summary

4.8.1 Hypothesis testing

Hypothesis testing is a crucial step in determining the validity of the proposed relationships between independent variables and the dependent variable in this study. The null hypothesis (H_0) assumes that there is no significant relationship between the predictors and the financial performance (FINC_PERF) of Mohan plc, while the alternative hypothesis (H_1) suggests that there is a significant relationship.

To test the hypotheses, multiple regression analysis was performed, with the results from the coefficient table and the significance values (p-values) providing the basis for hypothesis acceptance or rejection. The hypotheses tested in this study are as follows:

1. H_0: Firm-specific factors do not significantly affect financial performance.

   H_1: Firm-specific factors significantly affect financial performance.

The p-value for FIRM_SPECIFIC was 0.044, which is less than the 0.05 significance level, indicating that the null hypothesis is rejected. Therefore, firm-specific factors are statistically significant in affecting financial performance.

2. H_0: Industry-specific factors do not significantly affect financial performance.

   H_1: Industry-specific factors significantly affect financial performance.

The p-value for INDUSTRY_SPECIFIC was 0.010, which is less than 0.05, leading to the rejection of the null hypothesis. This suggests that industry-specific factors have a statistically significant impact on financial performance.

3. H_0: Market factors do not significantly affect financial performance.

   H_1: Market factors significantly affect financial performance.

The p-value for MARKET_FACTOR was 0.082, which is greater than the 0.05 significance level, indicating that the null hypothesis cannot be rejected. Hence, market factors do not have a statistically significant effect on financial performance.

4. H_0: Regulatory environment factors do not significantly affect financial performance.

   H_1: Regulatory environment factors significantly affect financial performance.

The p-value for REGULATORY_ENVT was 0.019, which is less than 0.05, leading to the rejection of the null hypothesis. Therefore, regulatory environment factors have a significant effect on financial performance.

5. H_0: Environmental sustainability factors do not significantly affect financial performance.

   H_1: Environmental sustainability factors significantly affect financial performance.

The p-value for ENVT_SUST was 0.000, which is much smaller than 0.001, leading to the rejection of the null hypothesis. This indicates that environmental sustainability has a highly significant impact on financial performance.

In summary, the hypothesis testing results demonstrate that firm-specific, industry-specific, regulatory environment, and environmental sustainability factors all significantly influence financial performance. However, market factors were found to have no statistically significant effect on financial performance at Mohan plc. These findings suggest that while certain external and internal factors contribute to the financial outcomes, market-related factors may require further exploration or could be less influential in this particular case.

Table 4-10 Hypothesis testing summary table

Hypothesis	Relationship	P-value	Decision	Conclusion
H_1: Firm-specific factors significantly affect financial performance.	Positive and significant	0.044	Reject H_0	Significant impact
H_2: Industry-specific factors significantly affect financial performance.	Positive and significant	0.010	Reject H_0	Significant impact
H_3: Market factors significantly affect financial performance.	Negative but not significant	0.082	Fail to reject H_0	No significant impact
H_4: Regulatory environment factors significantly affect financial performance.	Positive and significant	0.019	Reject H_0	Significant impact
H_5: Environmental sustainability factors significantly affect financial performance.	Strong positive and highly significant	0.000	Reject H_0	Highly significant impact

Source: SPSS Output

The hypothesis testing results summarized in the table below provide an overview of the relationships between the independent variables and financial performance (FINC_PERF) at Mohan plc. The table presents each hypothesis, the associated p-value, and the decision made based on the standard significance level of 0.05.

The hypothesis testing shows that Firm-specific, Industry-specific, Regulatory environment, and Environmental sustainability factors have a statistically significant effect on financial performance, while Market factors do not significantly influence financial performance at Mohan plc.

4.9 Results and Discussions

4.9.1 Results

The results of this study, titled "Determinants of Financial Performance and Evaluation of Mohan plc," provide critical insights into how various factors influence financial outcomes within the company. Using multiple regression analysis, the study explored five key determinants: firm-specific factors, industry-specific factors, market factors, regulatory

environment factors, and environmental sustainability factors, with financial performance (FINC_PERF) as the dependent variable.

The regression analysis demonstrated a robust model, with an R-squared value of 0.729, indicating that 72.9% of the variance in financial performance is explained by the independent variables. According to Hair et al. (2019), an R-squared value exceeding 0.70 suggests a strong explanatory model in social sciences research, validating the reliability of the findings.

1. Firm-specific factors: These factors were found to positively and significantly influence financial performance, with a p-value of 0.044. This aligns with Barney's (1991) Resource-Based View (RBV) theory, which emphasizes that internal capabilities and resources are critical drivers of competitive advantage and financial success.
2. Industry-specific factors: With a p-value of 0.010, industry-specific factors also significantly impacted financial performance. Porter (1980) suggests that industry dynamics, such as competitive intensity and barriers to entry, play a pivotal role in shaping organizational profitability, further corroborating these findings.
3. Market factors: The study found no significant impact of market factors, with a p-value of 0.082. This finding contrasts with previous studies, such as those by Wernerfelt (1984), which highlight market forces as key influencers. The lack of significance in this context suggests that Mohan plc may be less sensitive to external market fluctuations due to its operational strategies or niche market positioning.
4. Regulatory environment factors: A positive and significant effect was observed, with a p-value of 0.019, highlighting the importance of compliance with regulatory standards. This finding supports the institutional theory discussed by Scott (2013), emphasizing the role of formal rules and norms in shaping organizational behavior and outcomes.
5. Environmental sustainability factors: This variable emerged as the most influential determinant, with a highly significant p-value of 0.000. According to Hart and Dowell (2011), sustainable practices not only enhance environmental stewardship but also lead to improved financial performance by fostering innovation, reducing risks, and improving stakeholder relationships.

The ANOVA results validated the model's overall significance, with an F-value of 159.314 ($p < 0.001$). This indicates that the independent variables collectively explain the variations in financial performance effectively.

In conclusion, the study confirms that firm-specific, industry-specific, regulatory environment, and environmental sustainability factors are significant determinants of financial performance at Mohan plc. These findings are consistent with the broader literature on organizational performance, including works by Kaplan and Norton (1996), who emphasized the multifaceted nature of financial performance drivers. However, the non-significant impact of market factors suggests the need for further exploration to uncover context-specific influences.

4.9.2 Discussions

The discussion integrates the study's findings with established theories and prior research to provide a comprehensive understanding of the determinants of financial performance at MOHAN PLC. By aligning the accepted and rejected hypotheses with theoretical frameworks, the findings are contextualized to underscore their academic and practical implications.

The positive and significant impact of firm-specific factors on financial performance supports Hypothesis 1. This finding aligns with the Resource-Based View (RBV) theory (Barney, 1991), which asserts that unique internal resources and capabilities are key drivers of sustained competitive advantage. Empirical studies, such as Penrose (1959), emphasize the critical role of internal competencies in achieving superior financial performance. At Mohan plc, efficient resource allocation, skilled management, and operational excellence appear to contribute to enhanced financial outcomes, validating the importance of leveraging firm-specific strengths.

The significant influence of industry-specific factors ($p = 0.010$) on financial performance confirms Hypothesis 2 and aligns with Porter's (1980) Competitive Strategy framework. Porter highlights that understanding industry dynamics, such as competition and supplier power, is essential for firm success. Similarly, Dess and Beard (1984) emphasize that industry characteristics, including growth rates and technological intensity, significantly affect organizational outcomes. For Mohan plc, aligning with industry demands, such as competitive

pricing and innovation, enhances financial performance, highlighting the strategic importance of industry-specific analysis.

Market factors showed no significant effect on financial performance ($p = 0.082$), leading to the rejection of Hypothesis 3. This result contrasts with the Structure-Conduct-Performance (SCP) paradigm (Bain, 1951), which posits that market conditions directly influence financial outcomes. However, it aligns with Teece (1986), who argued that firms with distinct competitive strategies or operating in niche markets may exhibit resilience to external market fluctuations. The results suggest that Mohan plc's internal capabilities and alignment with industry-specific dynamics may mitigate the influence of broader market factors, such as economic volatility or consumer trends.

The significant impact of regulatory environment factors ($p = 0.019$) supports Hypothesis 4 and is consistent with Institutional Theory (Scott, 2013), which emphasizes the role of formal rules and norms in shaping organizational behavior and performance. Previous studies, such as those by Aguilera et al. (2006), also demonstrate that regulatory compliance enhances financial stability and stakeholder trust. For Mohan plc, adherence to regulatory requirements, such as tax compliance and labor laws, likely contributes to financial performance by fostering a stable and predictable operating environment.

Environmental sustainability emerged as the most significant determinant of financial performance ($p < 0.001$), confirming Hypothesis 5. This result aligns with the Natural Resource-Based View (NRBV) theory (Hart, 1995), which posits that environmental stewardship and sustainable practices are critical sources of competitive advantage. Supporting studies, such as Russo and Fouts (1997), also highlight the financial benefits of proactive environmental management. For Mohan plc, adopting sustainable practices, including energy-efficient operations and waste reduction, enhances financial performance while meeting stakeholder expectations for corporate responsibility.

The findings of this study, "Determinants of Financial Performance and Evaluation of Mohan plc," emphasize the multifaceted nature of financial performance determinants. Firm-specific, industry-specific, regulatory, and environmental sustainability factors emerged as critical drivers, while market factors showed no significant effect. These findings underscore the importance of a

strategic focus on internal strengths, industry alignment, regulatory compliance, and sustainable practices to achieve financial success. Moreover, the study contributes to the broader literature by validating key theories and providing actionable insights for practitioners and policymakers.

4.9.3 Evaluation of Mohan plc

The evaluation of Mohan plc, grounded in the findings, results, and discussions of this study, highlights the company's financial performance and its alignment with key determinants such as firm-specific competencies, industry dynamics, regulatory compliance, and environmental sustainability. This evaluation integrates theoretical perspectives and empirical evidence to provide a comprehensive understanding of the organization's current position and future opportunities.

The findings indicate that Mohan plc effectively leverages its internal capabilities, as evidenced by the significant and positive impact of firm-specific factors on financial performance. This aligns with the Resource-Based View (RBV) of the firm, which posits that unique, valuable, and inimitable resources are essential for achieving sustained competitive advantage (Barney, 1991). Mohan plc's robust operational processes, human resource capabilities, and strategic focus resonate with studies by Wernerfelt (1984), who highlighted the importance of internal assets in driving organizational success.

Additionally, the company's alignment with industry-specific factors underscores its ability to navigate competitive dynamics and adapt to changing market conditions. This finding is consistent with Porter's (1980) Competitive Strategy framework, which emphasizes the need for firms to respond effectively to industry forces to achieve superior performance. Mohan plc's emphasis on market-driven innovation and its proactive responses to industry challenges further affirm its strategic agility, as supported by empirical studies by Dess and Beard (1984).

Mohan plc's strong regulatory compliance and environmental sustainability practices significantly enhance its financial performance. Institutional Theory (Scott, 2013) and the Natural Resource-Based View (Hart, 1995) explain how adherence to regulatory norms and environmental stewardship provide legitimacy, reduce risk, and create long-term value. Studies

by Russo and Fouts (1997) corroborate this, showing that firms with proactive environmental strategies often experience better financial outcomes.

Despite its strengths, the insignificant impact of market factors on financial performance suggests that Mohan plc may not be fully exploiting external market opportunities. The Structure-Conduct-Performance (SCP) paradigm (Bain, 1951) highlights the importance of external market dynamics in shaping firm performance, and the findings suggest a need for greater strategic emphasis in this area. Studies by Teece (1986) emphasize the importance of dynamic capabilities in addressing market challenges, which Mohan plc could adopt to better align its strategies with external environmental changes. Furthermore, balancing internal strengths with market responsiveness remains a critical area for development. The Dynamic Capabilities Theory (Teece, Pisano, & Shuen, 1997) stresses the need for firms to integrate internal competencies with external environmental scanning to achieve sustained growth. Mohan plc could enhance its agility and adaptability to external shocks through continuous learning and strategic foresight.

Mohan plc exhibits significant strengths in leveraging its internal resources, aligning with industry-specific dynamics, maintaining regulatory compliance, and adopting sustainable practices. These attributes position the company as a competitive and resilient player in its industry. However, the limited impact of market factors on financial performance highlights an area where the company can improve its strategic alignment with external market conditions.

The evaluation aligns with established theories such as the RBV (Barney, 1991), NRBV (Hart, 1995), and Institutional Theory (Scott, 2013), providing theoretical support for the company's performance determinants. By adopting strategies that address market responsiveness and external engagement, Mohan plc can enhance its financial performance and achieve long-term sustainability.

This evaluation provides actionable insights for Mohan plc's leadership, emphasizing the importance of leveraging internal competencies while simultaneously enhancing market responsiveness. The findings also contribute to the broader academic discourse on financial performance determinants, offering a practical application of theories such as the RBV, NRBV, and Dynamic Capabilities Theory.

5 CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study investigated the determinants of financial performance at Mohan plc, focusing on firm-specific, industry-specific, market, regulatory, and environmental sustainability factors. The research was designed to address critical gaps in the literature, particularly the limited understanding of the combined effects of internal and external factors on financial performance within the context of emerging markets like Ethiopia. Employing a quantitative approach, the study used structured questionnaires to collect data from key stakeholders at Mohan plc. The collected data were analyzed using statistical methods, including correlation analysis, linearity tests, and normality assessments, ensuring robust and reliable findings.

The findings highlighted that firm-specific factors, such as operational efficiency and resource allocation, significantly influence financial performance, supporting the Resource-Based View (RBV) theory (Barney, 1991). Similarly, industry-specific factors, such as competitive dynamics and technological intensity, were found to have a substantial impact, aligning with Porter's (1980) Competitive Strategy framework. Regulatory environment and environmental sustainability factors also emerged as critical determinants, with the former underscoring the importance of compliance (Scott, 2013) and the latter aligning with the Natural Resource-Based View (NRBV) theory (Hart, 1995). However, market factors were not found to have a significant effect, suggesting the resilience of Mohan plc's internal capabilities against broader market fluctuations.

This study contributes to the academic discourse by integrating internal and external determinants into a unified framework, providing a comprehensive understanding of financial performance drivers in emerging economies. Moreover, the findings offer practical insights for managers and policymakers, emphasizing the need to leverage firm-specific strengths, align with industry dynamics, adhere to regulatory standards, and prioritize sustainability to enhance financial performance. These results address identified gaps in the literature and lay the groundwork for future research on the interplay of diverse performance determinants in similar contexts.

5.2 Conclusion

This study examines the multifaceted determinants of financial performance at Mohan plc, providing a comprehensive understanding of how internal and external factors collectively shape organizational outcomes in an emerging market context. The findings underscore the critical role of firm-specific factors, including operational efficiency, human resource optimization, and sound capital structure, in driving financial success. These elements align with the principles of the Resource-Based View (RBV), which posits that, a firm's unique resources and capabilities are central to sustaining a competitive advantage (Barney, 1991). Mohan plc reliance on these internal strengths illustrates the potential for organizations to leverage their intrinsic resources to navigate challenges and capitalize on opportunities in volatile markets.

Industry-specific factors, such as competitive pressures and the adoption of innovative practices, emerged as equally significant determinants of financial performance. The findings affirm the relevance of Porter's Competitive Strategy framework, which highlights the strategic necessity for firms to position themselves effectively within their industries to achieve superior performance (Porter, 1980). In Mohan plc's case, its ability to adapt to industry trends and outmaneuver competitors demonstrates the importance of aligning business strategies with industry dynamics.

The regulatory environment also proved to be a critical external factor influencing financial outcomes. Compliance with government policies, adherence to financial regulations, and alignment with institutional standards were shown to significantly impact financial stability and growth. These findings reinforce the principles of institutional theory, which emphasize the role of formal structures and regulatory pressures in shaping organizational behavior and performance (Scott, 2013). Mohan plc's efforts to adhere to regulatory frameworks illustrate the importance of institutional alignment in mitigating risks and enhancing credibility in the marketplace.

Environmental sustainability was another noteworthy factor identified in the study. The strong linkage between sustainability practices and financial performance emphasizes the growing necessity for organizations to integrate environmental considerations into their strategic agendas. This result aligns with Hart's (1995) natural-resource-based view, which argues that sustainable

practices can create long-term value for firms. Mohan plc's focus on sustainability not only enhances its financial outcomes but also strengthens its reputation and stakeholder relationships, positioning it for enduring success in a competitive market.

Interestingly, market-related factors, such as macroeconomic trends and shifts in consumer behavior, exhibited an insignificant direct impact on financial performance. This unexpected result suggests that Mohan plc's strong internal capabilities may buffer the organization against external market fluctuations. The finding highlights the importance of robust internal mechanisms that enable firms to remain resilient in uncertain environments.

In conclusion, this study bridges significant gaps in the literature by presenting an integrated framework that incorporates firm-specific, industry-specific, market-related, regulatory, and sustainability factors in understanding financial performance. The findings not only contribute to theoretical advancements by contextualizing established frameworks within the Ethiopian market but also offer practical insights for Mohan plc and other firms in similar settings. By focusing on internal resource optimization, responding proactively to industry dynamics, maintaining regulatory compliance, and adopting sustainable practices, organizations can achieve superior financial outcomes and build a foundation for sustained growth in emerging markets.

5.3 Recommendations

Based on the findings of this study on the determinants of financial performance at Mohan plc, several key recommendations are offered to enhance the company's financial outcomes and strategic positioning.

1. Mohan plc should leverage its firm-specific strengths by investing in and optimizing internal capabilities such as managerial competence, employee development, technological integration, and operational efficiency. This aligns with the Resource-Based View (RBV) which argues that unique internal resources and capabilities are essential for sustaining competitive advantage and achieving superior financial outcomes (Barney, 1991; Penrose, 1959). Firms that strategically develop and deploy such internal assets are more likely to differentiate themselves in competitive markets and achieve long-term profitability.
2. The company is advised to continuously align with industry dynamics, given the significant role industry-specific factors play in influencing financial performance. Porter's (1980) Five

Forces model emphasizes the importance of understanding competitive intensity, buyer and supplier power, threat of new entrants, and substitutes as determinants of profitability. Mohan plc should monitor these dynamics and respond proactively through competitive pricing, innovation, and strategic alliances. Dess and Beard (1984) also underscore that industry characteristics such as market growth and technological change significantly shape organizational performance, reinforcing the need for contextual responsiveness.

3. Mohan plc should enhance its regulatory compliance mechanisms. The positive impact of regulatory environment factors on financial performance underscores the importance of strict adherence to institutional norms and legal requirements. According to Scott (2013), institutional theory posits that regulatory frameworks and formalized norms shape the legitimacy and success of organizational behavior. Robust compliance with labor laws, tax policies, and sector-specific regulations will help Mohan plc reduce legal risks and enhance its reputation among regulators, investors, and customers (Aguilera et al., 2006).
4. The company should prioritize environmental sustainability initiatives, as these were found to be the most significant determinant of financial performance. Embracing sustainability not only ensures regulatory compliance but also drives innovation, enhances brand equity, and reduces costs associated with environmental liabilities (Hart, 1995). The Natural Resource-Based View (NRBV) suggests that environmental capabilities can serve as strategic assets leading to superior performance (Hart & Dowell, 2011). Moreover, empirical studies such as Russo and Fouts (1997) found that firms with stronger environmental performance tend to outperform their peers financially. Mohan plc should thus continue investing in green technologies, waste reduction programs, and sustainable supply chain practices.
5. While market factors did not show a significant impact in this study, Mohan plc is encouraged to periodically reassess its market positioning and responsiveness. External market forces such as economic cycles, inflationary pressures, and shifts in consumer demand may still present indirect risks and opportunities. As noted by Teece (1986), firms with unique capabilities may show resilience to market turbulence; however, staying informed and adaptive is essential to sustaining performance. Regular market intelligence gathering and scenario planning can help the company stay competitive even in changing macroeconomic environments.

By implementing these recommendations, Mohan plc can build on its existing strengths, address identified challenges, and achieve sustainable financial performance. These strategies are not only relevant for Mohan plc but also provide a blueprint for other firms in emerging markets seeking to optimize their internal and external factors for improved outcomes.

5.4 Recommendations for Future Research

This study has provided valuable insights into the research area; however, it also highlights opportunities for further exploration. To enhance the understanding of the subject matter, future research could consider the following recommendations:

1. Expanding the Scope: Future studies should consider broadening the scope to include multiple industries or regions. This expansion would enhance the generalizability of the findings and provide comparative insights across different contexts.

2. Longitudinal Research Design: A longitudinal approach would allow researchers to assess the long-term implications of the studied variables. This design could uncover temporal changes and trends that were not captured in this cross-sectional study.

3. Incorporating Qualitative Approaches: While this study adopted a quantitative methodology, integrating qualitative methods such as interviews, focus groups, or case studies in future research could provide deeper insights into the subjective experiences and perceptions of participants.

4. Comparative Analysis: Comparative studies between private and public organizations or across different economic contexts, such as developed versus developing countries, could highlight contextual differences that affect the findings.

5. Exploration of Additional Variables: Future research should explore other potentially influential factors such as organizational culture, technological readiness, or market competition. Examining these variables may uncover additional determinants of the outcomes studied.

6. Utilization of Advanced Analytical Tools: Employing advanced statistical methods or machine learning algorithms could improve the precision of data analysis. Such tools could also reveal complex interactions and patterns that are not discernible using conventional techniques.

7. Addressing Methodological Limitations: Future researchers should aim to address the methodological limitations encountered in this study, such as sample size constraints, survey design issues, or potential biases in data collection. Strengthening these aspects would improve the reliability and validity of subsequent findings.

By addressing these recommendations, future studies can build upon the foundation laid by this research, contributing to a more nuanced and comprehensive understanding of the topic.

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7 APPENDIX

ADDIS ABABA UNIVERSITY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

QUESTIONNAIRE

Dear respondent, the purpose of this questionnaire is to collect data for a study aimed Determinants of Financial Performance and Evaluation of Mohan plc. The outcome of the study is expected to be useful to suggest possible solutions for problems identified related to the theme of the study. Your genuine answer is very important to the outcome of the research. The information collected through this questionnaire will only be used for academic purpose. Confidentiality of the responses of the participants' will be maintained and the participants' privacy would never be disclosed by any means at any stage of the study.

Thus, you are kindly requested to genuinely reply to all the questions below. Please use an (√) mark to respond to the questions.

Thank you in advance for your cooperation!

Part one - Background Information

Instructions: Please use this √ mark for each question to indicate your response.

Demographic Variable	Characteristics	Response Options
Gender	**Male**	
	Female	
Age	**18-30 years**	

	31-40 years	
	41-50 years	
	Above 51 years	
Marital Status	**Single**	
	Married	
	Divorced	
	Widowed	
Educational Background	**Certificate**	
	Diploma	
	First Degree	
	Masters	
	PhD	
Tenure	**Less than 1 year**	
	1-5 years	
	6-10 years	
	Above 11 years	

Part two - The second section has been designed to obtain information regarding various Determinants of Financial Performance of Mohan plc.

- **Kindly read the questions carefully and tick (√) the selected choice clearly.**
- **Please be honest in your responses as these are important and valuable for the study.**

1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree

Variable	Question	Response Scale				
		1	2	3	4	5
Firm-Specific Factors	1. Management at Mohan plc makes decisions that effectively drive financial success					
	2. Mohan plc has an organizational structure that promotes financial stability.					
	3. The financial resources available to Mohan plc support its growth and financial performance.					
	4. Mohan plc fosters innovation, which positively impacts its financial results.					
	5. The leadership at Mohan plc aligns its strategies with long-term financial goals.					
Industry-Specific Factors	1. The level of competition in the industry affects Mohan plc 's profitability.					
	2. Technological advancements in the industry influence Mohan plc 's financial performance.					
	3. The growth potential within the industry contributes positively to Mohan plc 's financial stability.					
	4. Industry regulations impact Mohan plc 's profitability and financial sustainability.					
	5. The availability of skilled labor in the industry helps improve Mohan plc financial performance.					
Market Factors	1. Customer demand for Mohan plc 's products and services positively impact its financial performance.					
	2. Customer satisfaction has a significant influence on Mohan plc 's revenue generation.					
	3. Mohan plc 's market share influences its financial outcomes.					
	4. Changes in consumer preferences affect the financial performance of Mohan plc.					
	5. Mohan plc 's pricing strategy is effective in maintaining its profitability in the market.					
Regulatory Environment	1. The regulatory environment has a significant effect on the financial performance of Mohan plc					
	2. Tax policies in the country impact Mohan plc 's profitability and financial outcomes.					
	3. Government regulations support Mohan plc 's financial sustainability.					
	4. Compliance with environmental laws and regulations					

	affects Mohan plc ’s financial performance.					
	5. Government incentives and subsidies positively influence Mohan plc ’s financial performance.					
Environmental & Sustainability	1. Mohan plc ’s commitment to environmental sustainability contributes positively to its profitability.					
Practices	2. Corporate social responsibility (CSR) initiatives at Mohan plc enhance its financial success.					
	3. Investment in eco-friendly practices improves the financial performance of Mohan plc.					
	4. Reducing its environmental footprint enhances Mohan plc ’s reputation, leading to better financial outcomes.					
	5. Mohan plc sustainability efforts contribute to cost savings and increased profitability.					
Financial Performance	1. Mohan plc has shown consistent growth in profitability over the past few years.					
(Dependent Variable)	2. The financial performance of Mohan plc reflects the company’s overall success in the market.					
	3. The return on investment (ROI) of Mohan plc has improved in recent years.					
	4. The financial performance of Mohan plc is aligned with its overall strategic goals.					
	5. The growth in revenue is a strong indicator of Mohan plc ’s financial health.					