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Message of the Chief Editor

JIHRA (Journal of the Institute of Human Resource Advancement) is a multidisciplinary, biannual, peer-reviewed journal dedicated to fostering and disseminating high-quality research across a broad spectrum of academic disciplines. It serves as a platform for researchers, academics, and practitioners to share innovative findings and insights, contributing to the advancement of knowledge and practice in their respective fields.

JIHRA transitioned to a biannual publication schedule in 2020 to better accommodate the increasing volume and diversity of submissions. The journal highlights contemporary and relevant areas of scientific inquiry, maintaining rigorous peer-review standards to ensure the publication of impactful and credible research.

To expand its reach and accessibility, JIHRA has initiated steps to introduce an online edition, complementing its hard copy format. This digital transformation aims to make its publications available to a broader global audience, enabling scholars and practitioners worldwide to benefit from its content. The journal continues to invite submissions on diverse aspects of scientific research, encouraging interdisciplinary collaboration and thought leadership.

Thank you.

Prof. WS Chandrasekara
Chief Editor
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Factors Influencing Physician's Prescribing Behavior: A Comprehensive Review

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Abstract

The Article examines the factors that influence physician's prescribing behavior. The study aims to comprehensively analyze the literature on the factors influencing physician's prescribing behavior including the Marketing, psychological, social, economic, and contextual aspects By synthesizing and critically evaluating the existing research, this review seeks to enhance understanding of the complexities involved in physician prescribing behavior, thereby assists pharmaceutical companies in strategizing for demand generation. A sample of 42 journal articles, published between 2010 to 2023, was selected based on eligibility criteria. The results revealed were 13 articles emphasized medical representative factor thus the promotion factor that 12 articles highlighted as a whole are the most influential factors for physician's prescribing behavior while other marketing mix factors, patient's attributes, Peer pressure, pharmacist's collaboration, reputation, clinical factors, and certain demographic factors also have an impact on prescribing Behavior. The study's results are useful for both pharmaceutical manufactures and authorized agents of pharma companies to understand physician's prescribing behaviors and utilize their resources strategically towards a quality pharmaceutical service to the community as well as for researchers identifying areas for further research where prescribing behavior may vary across countries.

Keywords: *Prescribing behavior, marketing mix, pharmaceutical marketing, factors, influences, medication, healthcare, physicians*

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Introduction

Pharmaceutical Marketing differs from the marketing of other goods and services, hence the prescribing physician or the customer doesn't being always the consumer of the goods or service (it's the patient) and the customer is playing a major role than an opinion leader where physicians are empowered recognizing need of their patients, therefore pharmaceutical companies always keeps good relationship with health care professionals (HCP) (Gayaneshwari, 2015). Prescribing medications is a fundamental aspect of a physician's clinical practice, and it plays a crucial role in patient care outcomes. However, the decision-making process behind prescribing behavior is multifaceted, involving a wide range of factors. Understanding these factors is essential to improve the quality and appropriateness of prescriptions, optimize healthcare outcomes, and minimize potential risks. This review aims to identify and analyze the key factors that influence physician's prescribing behavior.

Research Objective:

- Main objective is to Identify and analyze factors influencing physicians' prescribing behaviors.
- To assess the relative impact of identified factors on physicians' prescribing behavior.
- To explore controllable marketing factors within the pharmaceutical industry that affects physicians' prescribing behaviors.
- To provide recommendations for stakeholders in the pharmaceutical industry on ethical and effective resource utilization.
- To determine the relationship between pharmaceutical marketing strategies and physicians' prescribing behavior.

Methodology:

A systematic literature search was conducted using electronic databases (e.g., Scopus, PubMed, Google Scholar, Emerald, Research Gate) to identify relevant articles published between 2010 and 2023 the time gap was originally design for ten years but due to lack of specific articles after straining trough eligibility criteria. The search terms included "physician," "prescribing behavior", "pharmaceutical marketing", "factors", and "influences". The inclusion criteria were peer-reviewed research articles written in English that explored factors influencing physician prescribing behavior. A total of 42 articles were included in this review (*See Figure: 1 Literature Search and Inclusion Process*).

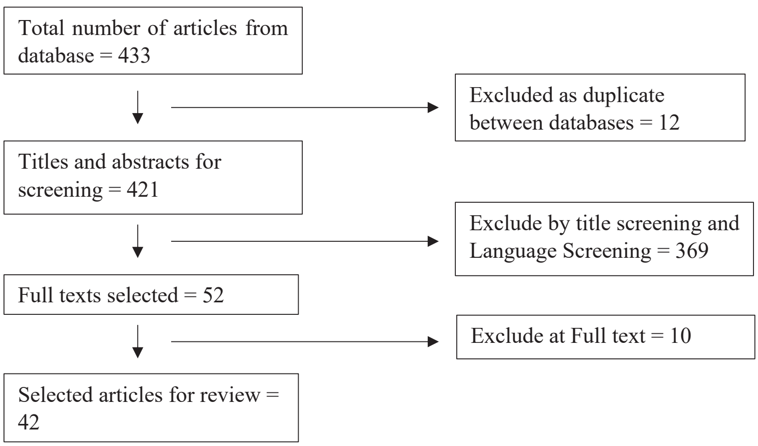


Figure: 1 Literature Search and Inclusion Process

Limitations of the study:

There are different rules and regulations on pharmaceutical promotions thus some restrictions on sampling, gifts, giveaways, sponsorships, multimedia promotions, etc. in different countries while pharmaceutical companies has different rules on marketing shaped by compliances, ethical practices and return on investments, therefore some factors that influencing prescribing behaviors may differ country or a region. Availability of the full text of the journal and English language enacted as criteria for the study to ensure the quality of the sources that may also limit information for the evaluation.

Global overview of pharmaceutical industry:

Pharmaceutical industry is defined as the discovery, development, and manufacture of drugs and medications (VanDyke, 2019) thus E. M. Scherer (University of Harvard) further explains that vital inputs into the provision of health care - notably, medicines, vaccines, and other drugs, which called "pharmaceuticals" (Scherer, 2000).

As per Statista, the global pharmaceutical market was in 2020 approximately 1.27 trillion USD and was a growing market both as a whole and regional since 2001, while USA, China, Japan, Germany and France are the biggest revenue markets (Mikulic, 2021). Top 5 pharma companies are Johnson & Johnson, Roche Holding, Pfizer, Novo Nordisk, Eli Lilly (Pistilli, 2022).

History of pharmaceutical industry prefigured from pharmacy, that accountable for preparation, Storage and standardization of chemical mixes and may be medicinal plants in early history (Hartley, 2017) that evolved since ancient civilizations passing through the medieval era 1100 AD to 1617 AD (Zebroski, 2016) and development of western drugs begin after 1617 AD rise of apothecaries, chemists and druggists who started making and storing frequently required medicines. Pharmaceutical society formed in 1841 as well as implementing regularization of practicing medicine started in 1842 that was a milestone in medical and pharmaceutical education. Industrial level of manufacturing medicines started early 19th century mainly in England, Europe and USA, (Stuart et al., 2005) and started dominating other geographies in the world by multinational pharmaceutical companies. India was totally dominated by these multinational companies (Govindarajan, 2016) till the establishment of Bengali Chemicals and Pharmaceuticals Ltd. (Department of Pharmaceuticals, 2021). Establishments of pharmacopeias further standardized pharmaceutical industry and recognized Asian inclusion in the world and there are 40 WHO recognized pharmacopeias in the world (Albanese & Wiggins, 2019) (Hao and Jian, 2015).

Literature Review

Theories on consumer behavior:

Consumer behavior has been defined by various individuals and organizations such as American Marketing Association, Peter D. Bennett, Roger D. Blackwell, etc. in different aspects (American Marketing Association, 2023) (Engel et al, 2010).

There are various theories for consumer behavior and in this case original consumer is not the decision maker as discussed in the introduction and physician's prescribing decision is considered as buying decision therefore various traditional and contemporary theories evaluated to understand most relevant theories for the subject of research hence physician's prescribing behaviors are complex than general consumer's buying behaviors therefore it cannot be categorized into typical four types of buying behaviors (Kotler & Keller, 2009) (Soloman & Panda, 2020) and below theories were selected for further analysis.

1. Maslow's hierarchy of needs (Kaur, 2013)
2. Theory of planned behavior (TPB) by Icek Ajzen (Bosnjak, 2020)
3. Theory of reasoned action by Martin Fishbein (Glanz et al, 2015)
4. Diffusion of innovation theory by Everett Rogers (Rebecca, 2015)
5. Cognitive dissonance theory by Leon Festinger (Harmon-Jones & Mills, 2019)
6. Social identity theory by Henri Tajfel and John turner (Trepet & Laura, 2017)
7. Social Learning theory by Albert Bandura (MacBlain, 2018)
8. Social Network theory by Jacob Moreno (Moreno, 2014)
9. Rational Choice Theory by Adam Smith (Peaternoster et al, 2017)
10. Stimulus organism response (S-O-R) by Robert Woodworth (Chaudhery et al, 2021)
11. Blackwell model by Engel Kollat (Jisana, 2014)
12. Stem impulse buying theory by Hawkins (Iram & Chacharkar, 2017)

Five models were identified as the most relevant to the subject issue,

Theory of planned behavior (TPB) has recommended as the most appropriate model out of 5 consumer behavior models by Chenxi Liu, Chaojie Liu, Dan Wang, Zhaohua Deng, Yuqing Tang & Xinping Zhang in the journal of Antimicrobial Resistance & Infection Control with 503 HCPs in 65 hospitals in the province of Hubei, China (Chenxi Liu et al, 2019).

Diffusion of innovation theory was helpful in understanding the complex nature of prescriber's acceptance of prescribing and features of the model itself through interactions with HCPs were direct influenced on pharmacist's prescribing behaviors were confirmed by telephonic interview study done with 38 HCPs in Alberta, Canada by Mark J Makowsky, Lisa M Guirguis, Christine A Hughes, Cheryl A Sadowski & Nese Yuksel in 2013 in the journal of Implementation science (Makowsky et al, 2013).

Social Learning theory been use by pharmaceutical companies for their marketing strategies since most of the HCPs believe that a mindful obligation to ethical behavior and maintained professionalism could avoid being influenced by the industry thus same belief of HCPs is well known by the pharmaceutical industry. HCPs are often vulnerable to pharmaceutical selling techniques while unable to distinguish correct to extract correct information from sales pitches as described by Sunita Saha and Adriane Fugh-Berman from their review article in Journal of Law, Medicine & Ethics (Saha & Fugh-Berman, 2021).

Social Network theory has confirmed through a research done in Empoli in the Tuscany region of Italy from archived data of Local Health Authority and concluded the social influence mechanism is more relevant to the prescribing behavior of general practitioners (Fattore et al, 2009).

Stimulus organism response model is confirmed to be used in pharmaceutical marketing by May Alovi and Yusif Kani that they used this model in pharmaceutical industry to understand most appropriate promotional tool engaged by pharmaceutical companies in there conceptual paper with 286 HCPs involved in the journal of pharmaceutical care and health systems (Alovi and Kani, 2019).

Pharmaceutical Marketing:

As Mickey C. Smith explains the history of pharmaceutical marketing started developing in the era of production or product era mid 1940's and Smith further states even during World War II depression period, pharmaceutical sales were not affected and that leads industry to be more attractive (Smith et al., 2013), but as Philip Kotler clarifies and Lewie Diasz confirms the development of marketing era that has passed production era and sales era (Kotler et al, Principles of Marketing, 2015), where the era of marketing started in 1970's and beyond (Diasz, 2013) while Jones and Shaw declare that the history of novel marketing thought develops in 1950's (Jhones and Shaw, 2002). Considering all above conceptualization of marketing, the pharmaceutical marketing may have conceptualized 1950's and pharmaceutical marketing era may have developed parallel to marketing era of 1970's.

Pharmaceutical industry in Asia:

Multinational pharmaceutical companies aggressively expanded their reach beyond Europe and USA in 1970's. India been dominated by multinational pharmaceutical companies from 1970 to 1990 (Govindarajan, 2016) though first local pharmaceutical company established in 1901 Bengal Chemicals and Pharmaceutical Ltd. (Department of Pharmaceuticals, 2021). Establishments of pharmacopeias further standardized pharmaceutical industry in the world and there are 40 WHO recognized pharmacopeias in the world, British pharmacopeia (BP) and US pharmacopeia (USP) established in 1858 as well as in 1820 respectively, thus Japanese pharmacopeia (JP) established in 1886 and Indian pharmacopeia (IP) established in 1955 (Albanese & Wiggins, 2019) while Chinese pharmacopeia was established in 1949 (Hao and Jian, 2015).

Sri Lanka pharmaceutical industry:

State Pharmaceutical Corporation of Sri Lanka (SPC) was established in 1971 under state corporation act mainly to avoid branded prescriptions and to promote prescribing in generic name of the drug thus provide drugs at affordable price to the patient (State Pharmaceutical Corporation, 2021). National Medicines Regulatory Authority (NMRA) established 2015 under act no 5 of 2015, earlier known as Cosmetics, Devices and Drugs Authority (CDDA) was established in 1986 under Cosmetics, Devices and Drugs act no.27 of 1980 (Atapattu, 1985) that further regulated pharmaceutical and health care industry.

There are around 295 registered pharma companies in Sri Lanka and approximate value is LKR 31.5 Billion (2007 IMS data – LKR 14 billion with 15% annual growth) and industry is only permitted to use personal selling thus mas media advertising is prohibited on registration as a drug by NMRA (Sayandhan et al, 2008). World Bank statistics reported that Sri Lanka health expenditure 4.8% (2019) from its GDP where it's approximately USD 4.03 Billion in 2019 and Government contributes 47.22% while private sector portion is 52.78% (The World Bank, 2022) total pharmaceutical expenditure approximately USD 360 Million (Amarasnghe et al., 2021). Pharmaceutical companies spends extensively for marketing to originate prescriptions that creates demand which responsible for better sales (Moynihan, 2003) thus around 31% from gross contribution is allocated as marketing expenditure (Socolar & Sager, 2001). Murshid, Halim and Osman further states that a pharma company spends about 16% on research and developments while 26% on Marketing consequently major portion from above allocation will distribute among 4Ps of marketing mix strategies (Murshid et al., 2014).

As K. Gayaneshwari explained that pharmaceutical marketing focuses mainly on healthcare professionals in Indian context, thus Sri Lankan pharmaceutical marketing is also have same focus on prescribers of medicines but there are limited studies conducted in pharmaceutical branding and marketing (Gayaneshwari, 2015); (Jayasooriya and Samarasinghe, 2019).

Results and Discussion

Results:

Serial Number	Influencing factor identified	Articles / References	Frequency
1	Detailing, Knowledge, Relationship and Skills of medical representative (MR)	(Ahmed, 2014), (Gayaneshwari, 2015), (Hailu et al., 2021), (Khazzaka, 2019), (Haughton et al, 2015), (Ahmed et al, 2020), (Pramata & Chetla, 2021), (Murshid & Mohaidin, 2017), (Kabir et al, 2022), (Nwani, 2022), (Workneh et al, 2016), (Albarq & Suleiman, 2012), (Narendran & Narendranathan, 2013)	13
2	Scientific activities, journal subscriptions and supports	(Ahmed, 2014), (Hailu et al., 2021),	2
3	CMEs and other conference participation	(Ahmed, 2014), (Gayaneshwari, 2015), (Hailu et al., 2021), (Ali et al, 2015), (Jayasooriya and Samarasinghe, 2019), (Bharskar & Siddheshwar, 2020), (Eldrwish et al, 2022)	7
4	Frequency of sales visit	(Gayaneshwari, 2015), (Hailu et al., 2021), (Haughton et al, 2015), (Eldrwish et al, 2022), (Negash & Adamu, 2017), (Albarq & Suleiman, 2012)	6
5	Product launch excellence	(Gayaneshwari, 2015), (Hailu et al., 2021), (Narendran & Narendranathan, 2013)	3
6	Reputation of the promoting company or manufacturer	(Gayaneshwari, 2015), (Hailu et al., 2021), (Albarq & Suleiman, 2012),	3
7	Quality of the product	(Gayaneshwari, 2015), (Murshid et al., 2014), , (Jayasooriya and Samarasinghe, 2019), (Pramata & Chetla, 2021), (Bandi et al, 2022), (Nwani, 2022), (Albarq & Suleiman, 2012)	7
8	Brand name	(Ahmed et al, 2020), (Bandi et al, 2022)	2
9	Price of the product	(Murshid et al., 2014), (Jayasooriya and Samarasinghe, 2019), (Junior Ladeira et al, 2011), (Nwani, 2022), (Shivastav & Bodkhe, 2021), (Kamuhabwa & Kisoma, 2015)	6
10	Cost of therapy	(Majid et al, 2018)	1
11	Promotional Tools (Literature, Samples, Giveaways, Product reminders, etc.)	(Ahmed, 2014), (Hailu et al., 2021), (Khazzaka, 2019), (Murshid et al., 2014), (Wood et al, 2017), (Majid et al, 2018), (Haughton et al, 2015), (Ahmed et al, 2020), (Murshid & Mohaidin, 2017), (Nwani, 2022), (Negash & Adamu, 2017), (Ali et al, 2015)	12
12	Sales Promotions	(Ahmed et al, 2020), (Kabir et al, 2022), (Negash & Adamu, 2017), (Narendran & Narendranathan, 2013)	4
13	Product availability, delivery and distribution excellence	(Hailu et al., 2021), (Murshid et al., 2014)	2
14	High value gifts	(Gayaneshwari, 2015), (Wood et al, 2017), (Ali et al, 2015)	3

15	Company Sponsored entertainments and recurring events	(Hailu et al., 2021), (Ali et al, 2015)	2
16	Manufacturing facility visits	(Hailu et al., 2021)	1
17	Public Relations	(Hailu et al., 2021), (Eldrwish et al, 2022), (Kabir et al, 2022), (Albarq & Suleiman, 2012)	4
18	Brand Loyalty	(Jayasooriya and Samarasinghe, 2019), (Junior Ladeira et al, 2011), (Shivastav & Bodkhe, 2021)	3
19	Demographic factors (Age, Gender, Specialty or level of education, experience)	(Khazzaka, 2019), (Majid et al, 2018), (Choi et al, 2012), (Mpogiatzidis, 2013), (Negash & Adamu, 2017)	5
20	Area of practicing	(Jayasooriya and Samarasinghe, 2019), (Choi et al, 2012)	2
21	Institute or nature of practice	(Jayasooriya and Samarasinghe, 2019), (Choi et al, 2012), (Mpogiatzidis, 2013), (Kalkan et al, 2014), (Kamuhabwa & Kisoma, 2015)	5
22	Clinical Evidences	(Shivastav & Bodkhe, 2021)	1
23	Digital Marketing	(Bharskar & Siddheshwar, 2020)	1
24	Direct marketing	(Eldrwish et al, 2022)	1
25	Advertising	(Junior Ladeira et al, 2011)	1
26	Patient Preferences or clinical situation	(Majid et al, 2018), (Van Buul et al, 2014), (Ahmed et al, 2020), (Murshid et al, 2016), (Solomon et al, 2012), (Horwood et al., 2016),	6
27	Education level of the patient	(Choi et al, 2012), (Kalkan et al, 2014), (Solomon et al, 2012), (Brookse-Howell et al, 2012), (Horwood et al., 2016), (Gebresillassie et al, 2018)	6
28	Head of the department and colleague	(Majid et al, 2018), (Van Buul et al, 2014), (Mpogiatzidis, 2013), (Choi et al, 2012), (Charani et al, 2013), (Kalkan et al, 2014), (Cohen et al, 2013)	7
29	Diagnostic resources	(Van Buul et al, 2014)	1
30	Advance care plans	(Van Buul et al, 2014)	1
31	Pharmacist attributes, (Expertise, Knowledge, Collaboration with physician)	(Ahmed et al, 2020), (Taher et al, 2012), (Saini et al, 2011), (McGrath et al, 2010), (Abrogoua et al, 2016), (Lagisetty et al., 2020)	6
32	Industrial competition	(Schaumans, 2014)	1
33	Supply chain excellence	(Pramata & Chetla, 2021)	1

Table1: Factors influencing physician's prescribing behavior

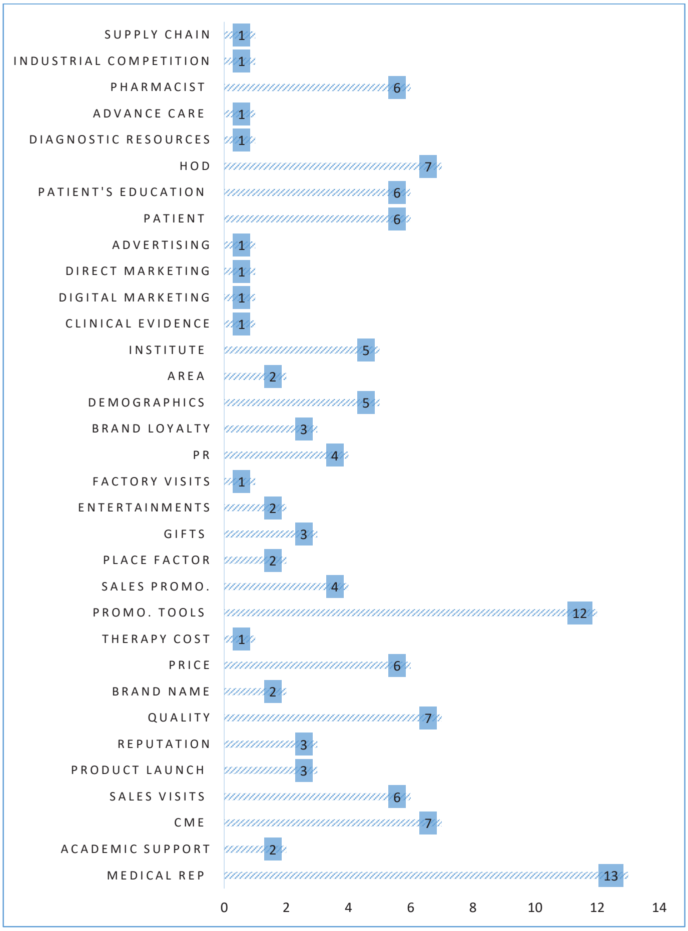
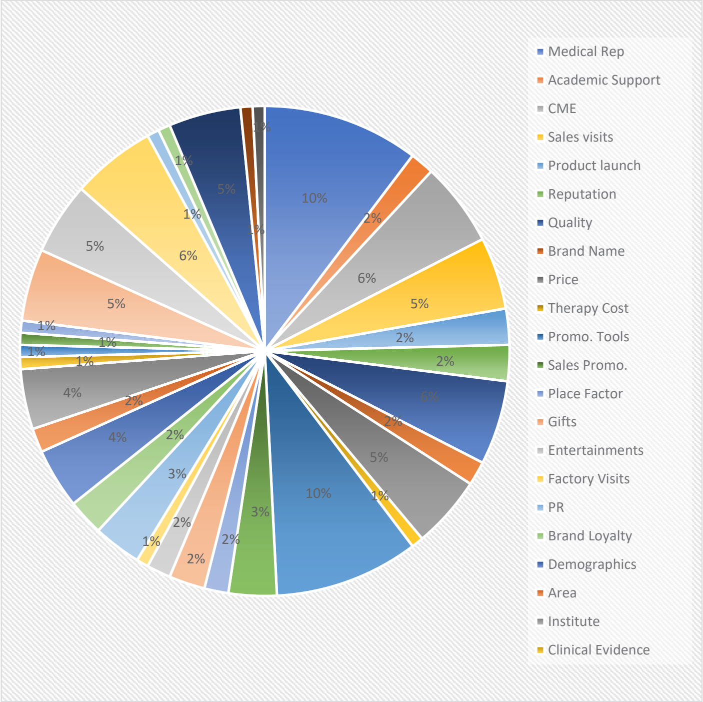


Figure 2: Horizontal Bar Chart for Analysis of Factors influencing physician's prescribing behavior

Graph 1: Graphical Analysis of Factors influencing physician's prescribing behavior



Discussion:

Literature review reveals a scarcity of studies in this area, despite significant company investments in marketing. The marketing mix typically includes components that a company has its control mostly (Twin, 2022) as defined by the American Marketing Association (AMA) explicit definition of marketing includes marketing mix as "Marketing is a process of planning and executing conception, price, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives" (Smith, 2009).

The review identified 33 factors influencing physician's prescribing behavior with two emerging as most influential factors where 13 articles accepted that medical representative (MR) factor and promotion factor are influential against physician's prescribing behavior. CME participation, product quality, education level of the patient, head of the department and collogues opinion and patient preference or clinical situation have become second most influential factors having indicated in 7 articles while 6 articles indicated price that backed up by additional article as cost of therapy, pharmacist attributes and frequency of sales visits influence physician's prescribing behavior. Institute and nature of practice, public relations as well as certain demographic factors that have to further research indicated having considerable impact on prescribing behavioral patterns. The Manufactures' or the local agents' reputation has a lesser impact but management of reputation is the partway achieving public relations (Doorley and gracia, 2015) therefore reputation management will consider as a moderate influencing factor. Most of the other influencing factors namely indicated in articles indicated in less than 4 articles could be fits in to major attractive categories other than the industry factors such as industrial competition, diagnostic recourses, advance care plans, etc. that are not appears to be considerably influential.

Medical representative factor is consist of their knowledge, sales and marketing communication skills, relationship with customer thus 6 articles confirms frequency of sales visits has an impact on physician's prescribing behavior and 4 articles confirm both factors are essential for prescribing decision (Gayaneshwari, 2015), (Hailu et al., 2021), (Haughton et al, 2015), (Albarq & Suleiman, 2012).

Promotional tools are equally influence physicians' prescribing behavior, literature, samples, giveaways and product reminders are considered as main promotional tools that have been utilized or distributed through MR s despite of other promotional strategies therefore most of the pharmaceutical promotions and medical representative factor goes hand in hand in the pharmaceutical marketing scenario (Goyal & Pareek, 2013). There are other factors highlighted separately by the authors but although categories as factors in the promotion piece of marketing mix namely scientific activities, journal subscriptions and supports, CMEs and other conference participation, product launch excellence, sales promotions, high value gifts, company Sponsored entertainments and recurring events, manufacturing facility visits, clinical Evidences, digital marketing, direct marketing and advertising (*See table1: Factors influencing physician's prescribing behavior*). Therefore promotions contributes for a major impact in physician's prescribing behavior as per the review.

Product factor influences also considerably high in prescribing medicines HCP's mainly looking at the quality of the product and whether the product is branded or generic. Five (5) articles emphasized brand name and the brand loyalty is a concern of physicians whilst seven (7) articles revealed the quality of the product is considered during treating patients thus two (2) articles highlighted that both brand and the quality of the product is considered by physicians during the process of generation of patient prescriptions (Bandi et al, 2022), (Jayasooriya and Samarasinghe, 2019).

Place factor refers the location where the product or service is available to the customer, including distribution channels, Place also means that product could be easily found by the consumer (Khan, 2014) therefore distribution factors as well as institutional factors considered in evaluating place factor there are 3 articles emphasized on distribution impact while 5 articles on the impact of the institute and its practicing nature that effects consumer and the customer to get the product.

There are 7 articles confirmed that the price is a definite factor in physician's prescribing behavior price may incur as cost of therapy (Majid et al, 2018) dosage cost efficiency, cost per unit, etc. payment methods and price changers usually not complex in pharmaceutical industry and these factors have not been highlighted in reviewed literature thus price factor influences may vary nationally may be parallel to the income levels (Al Badi, 2018) hence price factor characteristics could be a subject to evaluate nationally or regionally.

Patient's attributes indicated having medium impact on physicians prescribing behavior, their education, profession and family mainly influences prescribing behavior that depends on the information provided to the HCP that facilitates generation of quality prescriptions (Marks et al, 2010) however suggesting this area must be further study geographically due to literacy deviations in the world.

Peers or colleagues and head of the department's opinion on a product is accepted by many HCPs as per article review that confirms peer pressure is a moderate influencing factor in prescribing decision of physicians thus Slovenian study 2010 discovered considerable peer pressure involve in general practitioners therefore it could arguably more in hospitals where many HCPs involved in treating patients and head of the department may have influence to change medication as required (Tušek-Bunc et al, 2010) and might vary in different setups and geographies that should be further researched.

Pharmacist's aspects have medium impact on HCPs prescribing behavior where pharmacist's skills, knowledge, collaboration, attitudes and expertise will shape better communication on stock management, substitution of medicines, availability information and further information on availability of substitutes that will strengthen quality prescribing practices (Schumock et al, 2004). Practices and professional limitations in the healthcare system of pharmacists are different in country as well as pan-regional level therefore this factor impacts recommended to be considered in micro or meso level researches.

Reputation management is confirmed as a vital factor in physicians prescribing behavior 6 articles emphasized of reputation directly and related factors such as public relations (Doorley and gracia, 2015) reputation or public relations creates rapport with HCPs that leads generating prescriptions for the particular brand or the company (Narendran & Narendranathan, 2013).

The review suggests that demographic factors moderately effect prescribing behavior however the existing literature indicates that these factors cannot be generalized and it was indistinct that quantitatively, qualitatively or therapeutically influenced HCPs prescribing behavior on their age, gender, ethnicity, etc. but definite on their specialty on certain drugs.

Clinical factors are obviously impact on prescribing certain products following guidelines, protocols and on expertise (National Institute for Health and Care Excellence, 2023) that shaped by factors such as drug availability, diagnosis, patient attributes, etc. thus influenced by marketing mix factors.

Geographic and industrial competition found insignificant against prescribing behaviors of physician's as per the journal review within the limitations furnished.

Conclusions and Recommendations

There are several interrelated and independent factors that influencing physician's prescribing behavior medical representatives and promotions are the most influential factors that are interrelated where MRs contributes major role in exhaustion of promotional strategies. Ravindra Goyal and Pranav Pareek in their Indian study highlighted that promotions are marketing activities induced prescriptions using MRs thus conference exhibits, audio visuals, product samples, gifts, etc. convey through MRs excepts direct mails, journal advertisements, and seminars (Goyal & Pareek, 2013). Mass media advertising is generally prohibited in most countries except for over-the-counter products therefore role of MRs are vital in pharmaceutical marketing thus they are the years, eyes and voice whilst being the image of the company that mainly responsible for building reputation therefore recommending priming MRs, continues training and development in required fields to enhance their quality of labor.

Promotional factor has many aspects to consider and refine as one of the controllable factors in the business (Twin, 2022) literature, samples, gifts and other promotional tools are correlated to prescribing behavior thus many activities such as CME participation, Sales promotions and scientific activities are in general, influences prescribing behaviors but recommending future researches to reevaluate promotion factor in various aspects and may varied in country level. All other marketing mix factors are equally influential but lesser than the promotion factor. Product factor consist with innovator brand, branded generics and generic product that available only in scientific name with different prices and may be quality and efficacy therefore in prescribing behaviors may vary in different economies. Price factor mainly focuses on price to the patient and their affordability that also should evaluate as per the regional economies or affordability when implementing price strategies. Product availability is a concern of physicians to prescribe whereas preventing substitutions and patient's returns with prescriptions that reduce goodwill therefore companies must strengthen their distribution networks and availability while proper communications must establish on product availability. Consequently marketing mix is significant factor for physician's prescribing behavior that may vary more or less geographically sensitive to demographic, economic, cultural and clinical practices that companies should understand when using marketing mix strategies.

Patient's knowledge and education level will impact the quality of treatments and recommending public awareness on consequences of drug misuses, drug resistance, over the counter products, etc. after a comprehensive further study of the knowledge levels in the area. Pharmaceutical companies may facilitate these activities as their corporate social responsibility (CSR) projects gaining public relations that can improve their reputation levels whilst concentrate on employee satisfaction that is a factor mainly impact on reputation that has not been discussed widely in the article.

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Impacts of Competancy of Valuers on Accuracy of Fair Value for Financial Reporting Purpose

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Abstract

This study aims at exploring how Competency of Valuers (CV) impacts the accuracy of Fair Value (FV) assessments for financial reporting. With an emphasis on experience and qualifications, the study stives to fill in current research gaps by investigating the relationship between CV (independent variable) and accuracy of FV (dependent variable). It employed a mixed method approach, combining a pilot survey of five scaled questioner, administered to a randomly selected sample of 50 chartered valuers and accountants in Sri Lanka with a comprehensive literature review, then a quantitative analysis performed by SPSS utilizing Pearson's correlation and Regression analysis. The findings shows that there is a moderate positive but significant (p-value = 0.002), relationship between CV and accuracy of FV with correlation coefficient of 0.422 and it indicates that FV accuracy increases in line with increase of CV. Regression analysis also shows that a one unit increase in CV results in a 44.2% increase in accuracy of FV, with CV explains 17.8% (R2=0.178) of the variance in accuracy of FV. Further, qualitative insights emphasize how crucial it is to use qualified, competent and experienced valuers so as to ensure the accuracy of FV assessments. Hence, the study recommends establishing criteria for qualification and experience required for Valuers, emphasizing continues professional development, investing in valuer education and training, encouraging quality assurance mechanism, and fostering ethical practices in FV assessments. Notwithstanding offering insightful conclusion, the study experienced limitation pertaining to timing, geographic scope, sample size and composition. To improve the accuracy of FV assessment for financial reporting, further research is recommended in the subject area.

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1. Introduction

In the intricate domain of financial reporting, ensuring the accuracy and reliability of monetary recognition, particularly with Fair Value (FV) assessments, remain paramount. Valuers are expected a fundamental role to play in this process, carrying out valuation of assets such as Property, Plant and Equipment. (PPE) in accordance with established standards and regulations. (Alharasis, E. E., et., al., 2020). Questions concerning the competencies of valuers and their relationship to the accuracy of FV assessments arise as financial industry areas, evolve and financial instruments grow increasingly complex (Barr-Pulliam, D. et., al., 2020).

This study aims to investigate the gap in research concerning the relationship between valuers' competence and the accuracy of FV assessments for financial reporting, particularly focusing on PPE. The assessment aims to elucidate insights into the diverse concept of valuers' competency and its implications for FV accuracy through exploring the complexities of valuation procedures (Doorgakunt L. D. B., 2019).

2. Objectives, and Hypothesis of the study

The key question of this study is: Is there a significant positive relationship between the competency of valuers and the accuracy of FV assessments for financial reporting? So, the study proposes two objectives (DeFond, M., et.al., 2020), (Fomina, O., et.al., 2022) to broadly answer this question: 1) To examine the relationship between competency of valuers and accuracy of FV and 2) To determine impact of competency of valuers on the accuracy of FV assessment. Accordingly, two hypothesis were set namely, **H1 :** There is significant positive relationship between Competency of Valuer (independent variable - IV) and accuracy of FV assessment (dependent variable-DV), and **H2 :** Competency of Valuer significantly impact of accuracy of FV assessment.

3. Literature Review

3.1 Introduction to Fair Value measurement

Fair Value assessment for financial reporting is defined as “the price that would be received to sell an asset or liability in an orderly transaction between market participants as at the measurement date” (IVS 104, 2022). FV assessment is an important element in appraisal of organization’s financial heath, as it provides critical insights to stakeholders like shareholders, investors, regulators, and financial institutions etc.

Nevertheless, there are still notable gaps in performance of FV assessment, literature and empirical studies in the body of knowledge. Performance gaps indicate area where FV assessment knowledge is lacking and require further research, literature gaps emphasize the restricted models that handle FV assessment challenges, and empirical gaps draw attention to lack of in-depth research on the real- world scenarios and its consequences of FV practices. It therefore essential to fill in these gaps to improve FV assessment process and understanding how it impacts financial reporting and decision making. This study aims to shed light on importance of valuers’ competency in achieving accuracy of FV assessment, and its implications by identifying and assessing previous research, methodology and findings. It also expects to offer a thorough analysis to strengthen organisational procedures and compliance, highlighting important research findings, pointing out gaps, and recommending directions for further research to advance the knowledge of FV assessments.

3.2 Standards apply for Fair Value assessment

Principles standards for FV assessment incorporate International Financial Reporting Standards (IFRS), Sri Lanka Financial Reporting Standards (SLFRS), International Valuation Standards (IVS), and Royal Institution of Chartered Surveyors’ (RICS) guidelines. These systems guide the legitimate use of FV estimations, guaranteeing consistency and dependability in financial reporting.

International Financial Reporting Standard (IFRS) 13 has built up a single system of standards, and guidance for the assessment of FV of assets for financial reporting purpose. In line with this, Sri Lanka Financial Reporting Standards (SLFRS) sets standards and directions for FV assessment of PPE for financial reporting purpose. It points to guarantee that FV estimations in Sri Lanka are reliable with worldwide measures and best hones and to bring consistency and straightforwardness to the valuation process.

Moreover, International Valuation Standards (IVS) are in place by giving directions with a collection of global valuation standards and guidelines counting IVS 104 relating to FV assessment whereas the RICS (Regal Institution of Chartered Surveyors) has issued set of standards by consolidating IVS 104 to guarantee consistency of FV estimation by their members over the globe. These measures give a consistence system for conducting high-quality valuations and energize consistency, and integrity of FV assessments.

3.3 Definition of Fair Value accuracy

Valuation accuracy is crucial to real estate professionals and investment analysts as it has a significant impact on decision-making in any investment (McAllister, 2007; Hassan et., al., 2021). Also, all other stakeholders including companies, banks, shareholders, and investors find it comfortable and confidence to make well-informed decisions with aid of accurate FV assessments. Transparency, quality, accessibility, and reliable assumptions are important determinants of valuation accuracy. The valuation accuracy is defined "as the degree to which assessed prices and actual transactions prices coincide; higher accuracy is indicated by smaller gap (Dou et., al., 2021). Making educated decisions is crucial for the real estate market and financial asset management, and it is backed by easily accessible and reliable information on investments risks and rewards. The accuracy of FV is further improved by qualified valuers, appropriate methods, and reliable data & inputs, which benefits for prudent investment decisions in every sector.

The subjective nature of valuations poses challenges for FV accuracy, demanding reliable procedures and prudent judgment by competent experts. As stated by Khan (2019) and Hsieh and Brennan (2022), volatility in market and economic fluctuations exacerbates valuation inaccuracies. Derivatives and unique assets with no observable prices are example of financial products that increase complexity and emphasises the need for dynamic models and right competencies for valuers (Gorman, 2023). Accurate FV assessments serve as critical for trustworthy financial records that increase the legitimacy and transparency of financial reporting for banks, investors, companies, and regulatory agencies.

3.3.1 Importance of Fair Value accuracy

Accurate FV assessments enhance the quality and authenticity of financial reporting along with providing direct financial records. Adhering to accounting standards is evidenced by the accurate appraisal of assets, liabilities, and financial instruments, which fosters transparency and credibility among stakeholders. Further, accurate FV assessments stimulate economic growth, increase investor confidence, and enable effective capital allocation. By guaranteeing that financial statement accurately reflects the true value of assets and liabilities, they additionally minimize the chance of distortion.

While FV accuracy is important, it is still difficult to achieve because of complicated, unobservable inputs and subjective judgments. According to Khan (2019), strong procedures and openness are required. With more volatility associated with valuations errors, consistent FV assessments are challenging due to financial fluctuations (Hsieh & Brennan, 2022). Furthermore, dynamic models and valuer competency are needed for complex securities like derivatives (Gorman, 2023). When FV accuracy is increased by striking a balance between accuracy and inherent uncertainties, the reliability, transparency, and credibility of financial statements are strengthened, informed decision-making is encouraged, and stakeholder trust is increased.

3.3.2 The impact of inaccurate Fair Value for financial reporting

Financial reporting is adversely affected by inaccurate FV assessments, which compromise the accuracy and credibility of financial statement and distort a company's financial status. Such deceptive reporting undermines stakeholder trust, confuse investors, and may result in poor investment decisions. Inaccurate assessments have a detrimental impact on capital allocation, market confidence, and financial stability, as the Enron scam and the Global Crisis. According to research by French, Crosby, and Throne (2021), companies that are prone to FV mis-statements frequently manipulate their earnings in order to deceive stakeholders and investors. In the banking sector, accurate assessments of instruments are vital to monitor portfolio quality; flawed FV reporting has been associated to worsening loan portfolios and financial instability (Fomina et., al., 2022). Additionally, noncompliance, heightened regulator attention, possible legal ramifications, and financial penalties can result from inaccurate FV reporting (Dufendach, 2020). Furthermore, there may be severe market reactions, with unusually negative stock returns for corporations that exhibits major FV mis-statements (Doorgakunt, 2019).

Overall, the detrimental effects of inaccurate FV assessments underscore the necessity of rigorous valuation process. Investors, authorities, and market stability are all at danger from these inaccuracies and misstatements. To maintain accurate FV assessments and prevent further issues, it is imperative to carefully address these challenges (Mat Ridzuan et., al., 2022).

3.4 Definition of competency of valuers and its importance in Fair Value assessment

The Term "competency of valuers" defines an extent to which a valuer possesses the knowledge, expertise, experience, and ethical values to carry out property valuation in an honest and reliable manner. The ability to produce dependable valuation assignment that meet all applicable legal, regulatory, industry requirements is a key indicator of a competent valuer. Valuers' competency is often assessed and certified by relevant professional bodies such as IVS and RICS UK, ensuring that their members meet the required standards and ability to perform property valuations objectively and competently.

Further, the international Valuations Standards (IVS) defines a "Valuer as an individual or group, internal or external, who possesses the knowledge, expertise and experience necessary to carry out property valuations in an objective, ethical, and competent manner. In many areas, practicing as a valuer also requires a licence (IVS, 2022). For accurate and trustworthy FV assessments, valuer competence is essential, with experience and licencing serving as the primary requirements. The high correlations between a valuer's credentials, expertise, and experience and the accuracy of FV assessments has been the subject of many academic research.

3.4.1 Requirement of qualification for valuers and its impact on competency

The expertise of valuers, which is mostly established by their professional and educational qualifications is an essential component in ensuring accurate FV assessments. For precise FV assessment, valuers with solid academic and professional background particularly in real estate, finance, and management are better suited. To ensure that valuations are provided by competent professionals, valuers must possess formal valuation qualifications and exhibits technical competency in accordance with valuations standards., such as RICS Global Valuation Standards (RICS, 2022).

Individuals are required to enroll with recognized professional organizations, like the Appraiser Institute of America or RICS UK, which demand competency tests and educational credentials in order to perform property valuations. By upholding professional and ethical standards, membership in these organizations increase client confidence in valuations judgments. The highest professional and ethical standards are upheld by members, who meet or beyond international valuations standards, accordingly to RICS criteria. In order to stay updated with industry trends and acquires the skills necessary for objective valuations of properties, valuers must engage in Continues Professional Developments (CPD) programs. Investors and authorities consider qualified valuers as more reliable and trustworthy in comparison to their non-certified counterparts. Further, certified appraisers are associated to lower loan-to-value ratios and default rates, as well as higher FV accuracy, according to studies (Plotnikov & Plotnikova, 2019: Federal Reserve Bank of Chicago, 2020). Furthermore, because of their perceived trustworthiness and expertise, accredited appraiser frequently serves objective valuation with greater accuracy.

3.4.2 Requirement of experience for valuers and its impact on competency

Valuers are better able to undertake accurate FV assessments thanks to experience, which is the practical knowledge and skills they have accumulated over years. The skills, achievements, and areas of competence of a valuer are displayed in their portfolio. According to research, appraisers with more than ten years of experience exhibit a 10% lower error rate than less experienced counterparts, indicating that they are more accurate (Plotnikov & Plotnikova, 2019). Furthermore, complicated valuations assignments are better handled by appraisers with more than 15 years of experience, according to RICS (2022). Experience is a critical component of competency, as demonstrated by a study Rohmah et., al., (2023), that found a strong positive association between years of experience and accuracy of FV assessments. ($r=0.75$, $p<0.05$).

In general, experience improves valuer's competency in key areas such as,

- **Knowledge of property types:** Experience in valuation of different property types like commercial, residential, industrial, and agricultural etc.
- **Industry insights:** Being exposed to a variety of industries helps valuers to comprehend market trends, risks, and regulations etc. more precisely.
- **Valuations methods and approaches:** Appropriate selection

based on property and financial situation, is made possible by competency in a variety of valuation techniques.

- **Problem-Solving skills:** The capacity to apply analytical reasoning to difficult valuation problems.
- **Client communication:** Capable of transparently managing client expectations and communicating valuation outcomes.

For accurate valuations across a range of industries and property kinds, more experienced valuers are more dependable, flexible, and credible, which increase their confidence with clients and stakeholders.

3.4.3 Rules of measuring valuers' competency

Assessing Valuer's competency entails meeting set guidelines and criteria to make sure they have the knowledge, expertise, and experience necessary to perform accurate FV assessments. Setting these standards is largely the responsibility of professional institutions and regulatory bodies. Key components of valuer competency include:

- **Educational qualifications**: To perform sophisticated valuation assignment, valuers must possess minimum a degree in real estate management, valuations, or investment, which offer theoretical and practical underpinnings.
- **Professional qualifications**: A valuer's knowledge, competency, and adherence to ethics, and professional standards are confirmed by certification of professional institutions such as RICS.
- **Practical experience:** Extensive experience enables valuers to handle complex scenarios, analyze market trends, and make well-informed judgments.
- **Regulatory compliance:** following industry and legal standards guarantees transparency, accountability, and integrity in valuation practice.
- **Continuing educational and professional training**: Valuer's knowledge and abilities are improved by regular professional development, which keep them remained competent and informed within their area of practice.

By upholding strict standards and pursing ongoing professional development, valuers guarantee accurate, credible, and reliable FV assessment, which promotes trust and transparency in financial reporting and investment decision- making.

3.5 Relationship between Competency of valuers and accuracy of Fair Value

The research studies shows that the competency of valuers is directly linked with the accuracy of FV assessment. Studies reveals that competent and experienced valuers generate more accurate and dependable FV assessments. (RICS, 2022; IVS, 2022). Professional and educational qualifications, and practical experience all have a significant impact on valuer competency. It shows that professional qualifications, such as RICS, have been linked to improved accuracy in FV assessment (Dmitry, Venera, & Gayas, 2022). Furthermore, experienced valuers showed better judgment and practical wisdom, leading to more accurate FV assessment (DeFond et., al., 2020). Practical experience broadens expertise and enable accurate valuations.

On the other hand, advanced degree in finance and valuation strengthens expertise and accuracy in FV assessment. A solid educational foundation significantly improves valuation accuracy (Cha, Hwang, & Kim, 2019). Also, studies, such one form the University of Florida (2020), show that combination of credentials and substantial experience improves assessment accuracy. Generally, Clients value appraisers with both degrees and practical experience (Oyewo, Emebinah, & Savage, 2020). To summarise, valuers' competency is shaped by formal education, professional certification, and practical experience. All of these components work together to improve FV assessment accuracy, ensure compliance with industry standards, and financial reporting integrity (Nordlund, Lorentzon and Lind, 2022).

3.6 Literature review of research gaps

A study of published literature on FV assessment and valuer expertise reveals substantial deficiencies in theoretical frameworks, empirical research, and practical knowledge. Key findings include;

- Flexibility in book keeping might lead to misuse, affecting the accuracy of financial reporting (Ajekwe et., al., 2021)
- Studies on the relationship between FV practices and financial crise, such as the global financial crisis, at times overlook contemporary implication of FV assessment (Alharasisi., 2020)
- Algatan et., al., (2019) found that while research on the adoption of international standards such as IFRS and its impact on corporate earrings is available, there is a dearth of analysis on how this impacts FV accuracy.
- Studies with valuation professionals emphasize issues in complex financial instruments, but provide limited insights about accuracy across different industries (Barr-Pulliam et., al., 2020, 2021).
- While studies on regulatory framework have shown their impact on valuations methods, they do not provide specific tools for increase FV accuracy (Bradley & Sun, 2021).
- Education, qualifications, and experience play a role in valuation accuracy, but their impact on errors and systemic risks remains unclear (DeFond et., al., 2020, Cha et., al., 2019).
- According to Gorman et., al., (2023) and Khan et., al., (2019), studies on the impact of Market Value definitions, sustainability, and systemic risks on FV assessments do not examine the role of valuers addressing these issues.
- Research reveals challenges in implementing FV assessment in emerging market, such as Indonesia and Nigeria, with few options to improve valuer skills and practices (Nugraheni et., al., 2022; Oyewo et., a;., 2020).

Accordingly, following research gaps identified.

- Theoretical gap: Lack of clear frameworks regarding valuers' obligation and the consequences of inaccurate valuations.
- Empirical gap: There is less evidence on the direct correlation between valuers' competency and FV accuracy.

- Knowledge gap: Insufficient investigations of solutions to enhance valuer capabilities and reduce risks in FV assessment.

So, Further research is needed to address gaps in valuers' competency, determine its impact on FV accuracy, and establish robust valuation processes. This would improve the integrity and dependability of financial reporting.

3.7 Literature synthesis

A study of the existing literature on FV assessment for financial reporting provides an in-depth overview of the challenges, the impact of valuation principles, the importance of valuers' expertise, and the consequences of inaccuracies. However, major gaps exist in understanding the exact competences required for reliable FV assessments. The synthesis reveals a significant relationship between FV accuracy and Valeur competency, which is influenced by certification, education, qualifications, and experience. Continues professional development and exposure to various valuations issues are essential for increasing valuation accuracy (Barr-Pulliam et., al., 2021). Overreliance on models emphasizes the importance of taking a balanced approach that combines quantitative analysis and qualitative judgment.

While the analysis offers valuable insights into the diverse aspects of valuer competency and its implications, gaps in theoretical, empirical, and informational understanding persist. The absence of clearly defined research problems and objectives limits progress in addressing these issues, emphasizing the need for focused academic inquiry to advance the field. While the research provides valuable insights into the various components of valuer skills and their implications, gaps in theoretical aspects, empirical, and informational understanding still remain. The lack of clearly defined research problems and objectives implies progress in addressing these concerns, underlining the importance of aimed research in developing the discipline.

4. Methodology of the study

This chapter systematically outlines the methodology employed in the review, encompassing essential steps from the literature survey to the conclusion and recommendations. The study commences with an extensive literature review to examine the importance of valuer's competency and accuracy of FV assessments for financial reporting, focusing on experience and qualifications. A comprehensive evaluation of the literature explores the existing research gaps and identifies the study's key variables. Subsequent to the writing audit, the analysis identifies the fundamental research questions, which pertains to understanding the relationship between the competency of valuers and the accuracy of FV assessment.

To effectively address the identified problem, specific and clear study's objectives are established. The objectives define the scope of the study and provide a framework for data collection and analysis. A pilot study is executed using an online survey of five scaled questioner, administered to a randomly selected sample of 50 chartered valuers and chartered accountants from the Western Province of Sri Lanka. The information and data collected from the pilot survey, containing responses related to the competency of valuers (CV) as the independent variable and the accuracy of FV as the independent variable, was organized and analyzed using SPSS. A quantitative examination is conducted using and Pearson correlation test and Regression analysis to examine the relationship between variables and determine the degree of impact.

The data analysis results are rigorously scrutinized patterns, trends, impacts and the correlation between valuer competency and the accuracy of FV assessment. The audit aims to provide additional insights into the research problem and highlights the implications of the review findings. Based on the findings, a conclusion is drawn on the correlation between the competency of valuers and the accuracy of FV assessments. Robust recommendations are formulated to address identified gaps and enhance the reliability and accuracy of FV assessments for financial reporting purpose.

5. Data analysis and discussion of findings

5.1 Quantitative analysis - relationship between Variables of the study

The study revealed a significant relationship between competency of Valuers (IV) and the accuracy of FV assessment (DV). Valuers with higher degree of competence often perform accurate FV assessment, enhancing the dependability of financial reporting.

5.1.1 Correlation analysis

The correlation test, as shown in Table 1, shows the relationship between the two variables: competency of valuers and accuracy of FV assessment. The correlation coefficient of 0.422 indicates that there is comparatively positive relationship between the two variables. Furthermore, the p-value of 0.002, which is less than 0.01, indicates that the observed relationship is significant, so is unlikely to be due to random chance. As a result, it can be concluded that there is significant and positive relationship between the two variables, suggesting that enhancing valuers' competency can increase the accuracy of FV assessment for financial reporting purpose.

Table 1 : Result of Correlations Test

		Mean_CV	Mean_FV
Mean_CV	Pearson Correlation	1	.422**
	Sig. (2-tailed)		.002
	N	50	50
Mean_FV	Pearson Correlation	.422**	1
	Sig. (2-tailed)	.002	
	N	50	50
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Author

5.1.2 Regression analysis:

Table 2 reveals that R is 0.422, suggesting a moderate positive correlation between variables, and R square is 0.178, indicating that approximately 17.8% of the variance in accuracy of FV (DV) can be explained by competency of valuers (IV).

Table 2 : Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.422[a]	.178	.161	.45966	1.776
a. *Predictors: (Constant), Mean_CV, b. Dependent Variable: Mean_FV*					

Source : Author

The ANOVA table 3 below indicates that the regression model is statistically significant (p-0.002), indicating that there a significant relationship between two variables, while the F-statistics (10.403) suggest that the model explains a significant portion of the variance in FV accuracy, nevertheless other factors may contribute to the unexplained variance.

Table 3 ; ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.198	1	2.198	10.403	.002[b]
	Residual	10.142	48	.211		
	Total	12.340	49			
a. Dependent Variable: Mean_FV, b. Predictors: (Constant), Mean_CV						

Source : Author

The Table 4 below shows the unstandardized coefficient for mean CV is 0.422, meaning that one unit increase in competency of valuers resulting in a 42.2% increase in accuracy of FV assessment, and the significant (p-0.002) indicates that the impact of competency of valuers on accuracy of FV is statistically significant. Overall, the findings indicates that competency of valuers leads to a more accurate FV assessment for financial reporting.

Table 4 : Coefficients[a]

Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		S t d . Error	Beta			
1	(Constant)	2.224	.548		4.058	.000
	Mean_CV	.442	.137	.422	3.225	.002

a. Dependent Variable: Mean_FV

Source: Author

Qualitative analysis: significance of competency of valuers on accuracy of FV

To investigate the significance of qualifications and experience, as well as the relationship between valuer competency and FV accuracy, and comprehensive data analysis employing both qualitative and quantitative methods was conducted. The qualitative analysis found that experience and qualification are critical elements in the FV assessment cycle. Solid qualifications, abilities, and sufficient experience all contribute to increase accuracy of FV assessment. The findings also emphasize the importance of involving qualified and competent valuers in FV assessment to offer more accurate financial reporting.

The theoretical analysis takes into account the power of affiliation in impact FV accuracy. The findings emphasize the need of having experience and learned valuations professionals to achieve a more accurate FV assessments. According to the literature review, suitably qualified valuers result in a 20% greater FV accuracy, while valuers with more than 15 years of experience have a 15% higher accuracy rate. So, the key findings emphasize the significance of valuers' competency in determining FV assessment.

6. Implications and Recommendations

The appraisal clearly shows that valuers' overall competency impacts the accuracy of FV assessments. The FV assessment accuracy could be guaranteed when valuers have a greater degree of competence, which improves the dependability and consistency of financial reporting. So, having trained and skilled valuation professionals is critical to ensuring accurate FV assessment for financial reporting. In this unique context, the significance of having qualified valuers in the calling is underscored by regions of strength in the relationship between valuers' competency and accuracy of FV assessment. So, clients or associations should focus on enrolling and retention of highly qualified, experience and competent valuers to ensure more accurate FV assessment.

Furthermore, the findings of the study shows that the qualifications and experience of valuation professional are critical considerations of ensuring FV assessment accuracy. Valuers with authentic qualifications and experience typically provide more accurate FV assessment than less competent valuers. So, clients should focus on capabilities, particularly those with the necessary qualifications and expertise, when enabling valuations specialist to conduct FV assessment for financial reporting purpose.

To ensure that valuers are fully capable of conducting more accurate FV assessments across diverse property segments, the following recommendations are made,

Setting qualification and experience requirements

Professional associations and industry regulators should establish explicit qualifications and experience requirements for valuers undertaking FV assessment of PPE for financial reporting. Ongoing monitoring and evaluations of valuer's competence is critical to ensuring their ability to offer accurate FV assessments.

Emphasising on Continuous Professional Development (CPD)

Valuers should be encouraged to participate in continued professional development programs based on the standards established by professional institutions. Valuers are able to adapt to shifting standards, norms and procedures, enhancing their competency in FV assessment, by improving their skills and staying up to date on industry requirements.

Investment in valuer education and training

Professional institutions could enhance the number of valuers who consistently generate careful and objective valuations by encouraging them to pursue additional education and training. As a result, valuers can broaden their knowledge and increased their ability to offer accurate FV assessments by taking part in master classes, certification programs, and training opportunities.

Quality assurance mechanisms

Organizations that use strong quality support system can increase the quality of valuation confirmation. Leading prior research, peer assessments, and standards audit can help recognise learning experiences and adhere to solid valuations standards.

Promotion of ethical conduct

An ethical approach to monitoring behaviour and ensuring quality should be used in the valuations profession's affiliation and oversight work context. To ensure that FV commitments remains true and client's trust is maintained, valuers must adhere to competent standards and ethical obligations. Associations can contribute to improving the accuracy and dependability of FV assessment, as well as promoting accountability, receptiveness, and trust in the financial and commercial sectors, through implementing these concepts and focussing on the findings of the study.

7. Conclusion, Limitations, and Future Research

This part summarizes the study's key findings, identifies its limitations, and establish a foundation for future research. The findings add to a better understanding of the relationship between valuer competency and the accuracy of FV assessment for financial reporting.

7.1 Conclusion

The survey confirms that there is a significant positive relationship between competency of valuers and accuracy of FV assessment. The findings suggest areas of strength for improving the valuers' competency and, hence FV accuracy. The importance of qualifications and experience in determining the accuracy of FV assessments is highlighted. As valuer's expertise grows, there is an apparent increase in accuracy of FV assessment, emphasizing the importance of consistence expert turn of events and robust capabilities in FV assessments.

It can be concluded that two objectives of the study were successfully achieved, to investigate the relationship between the competency of valuers and the accuracy of FV assessment, and to ascertain the impact of competency of valuers on accuracy of FV assessments. In turn, the hypotheses of the study are also accepted; H1: There is a significant positive relationship between competency of valuers and accuracy of FV assessment, and H2: Competency of Valuers significantly impact on accuracy of FV assessment.

Understanding the meaning of valuer's competencies enables professional associations to focus on finance for on going expert turn of events as well as educations for their valuation members It is also possible to improve the accuracy and integrity of FV assessments process for financial reporting by encouraging ethical behaviour among valuation professionals and developing strong frameworks for quality assurance systems.

7.2 Limitations

Regardless of the significant bits of knowledge acquired from this study, it is vital to recognize explicit impediments that affect the generalizability of the findings:

First, the study may not be applicable to the entire valuation spectrum because it relies on a specific sample size and composition. Future exploration could investigate different examples in various settings to acquire a more exhaustive understanding of subject area.

Secondly, Geographical bias may result from the review's focus on a single area. Near examinations across locales could give experiences into expected varieties in the relationship between valuers' competency and FV accuracy.

Thirdly, the cross-sectional nature of the review may not catch the unique idea of valuer ability and its effect on FV accuracy over the long run. Future research could utilize longitudinal strategies for a more intensive examination.

7.3 Future Research

Expanding upon the ebb and flow survey, future exploration attempts could investigate a few viewpoints, including:

Technology Integration: Examine how new technologies like artificial intelligence and machine learning improve the competency of valuers and how this affects FV accuracy.

Cross-Industry Analysis: Examine explicit ventures to recognize extraordinary elements impacting FV accuracy across various areas.

Global Comparative Studies: Consider social, cultural, administrative, and institutional varieties while looking at relationship between valuers' competency and FV accuracy across worldwide areas.

Dynamic Competency Models: Foster unique capability models that adjust to the advancing scene of monetary detailing, guaranteeing valuers are equipped with the most recent capabilities and information.

These directions could improve the depth, breadth, and relevance of prospective research, permitting, deeper and pragmatic conclusions.

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Diversity and Inclusion in Modern Workplaces: Implementing Strategies and Overcoming Challenges

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Abstract

The significance of human rights as a foundation for cultivating a work environment that respects employees' intrinsic worth ensures equal treatment in any workplace. The complex interplay between diversity and inclusion (D&I) in contemporary workplaces, the relevance of D&I in the modern corporate world and why some workplaces fail to promote D&I were explored in the study. The investigation also uncovered nuances within employment law, highlighting the legal frameworks that guide organizations in implementing D&I initiatives while safeguarding employees' rights to equal and equitable opportunities. The sample consisted of twenty-seven participants from several industries. Data were collected using an interview schedule and semi-structured interviews. Employing a content analysis on the collected research data, and based on the findings, this study underscores that implementation of D&I initiatives via robust HR practices yields favourable outcomes. The delicate balance between individual rights and the collective push for inclusivity was also reported. Ineffective implementation of D&I policies by workplaces is a prequel to fueling conflicts, decreasing motivation, increasing employee attrition, and reducing overall organizational performance. The study highlights the contemporary imperative for employers to prioritize workplace D&I. Such prioritization is not only relevant to the current landscape but is poised to show further in significance, given the increasing investments in D&I initiatives by companies. Research insight indicates that Sri Lankan workplaces can benefit from strategies that embrace the country's cultural diversity and strive to ensure equal and equitable opportunities for all employees. Overcoming challenges related to D&I requires concerted efforts and a commitment to fostering a truly

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inclusive work environment. Developing comprehensive D&I policies, implementing rights-conscious training programs for employees and employers, transparent conflict-resolution mechanisms and prioritizing diverse recruitment processes are recommended.

Keywords: *Conflicts, diversity, inclusion, rights, workplace.*

Introduction

In the modern corporate world, the responsibility of overseeing comprehensive workforce heterogeneity and incorporation of all employees within the organization is vested within the human resource division. Across all organizational setups, the human resources sector shoulders the obligation of ensuring the fulfilment of employee needs and the resolution of any emergent issues. The management of D&I by the human resources department has garnered traction owing to the exigencies posed by heightened business competitiveness on local and global fronts, the evolving composition of the labour pool, an increased realization of the significance of human resources management, and a reactionary response stemming from perceptions of preferential treatment toward women and ethnic minorities.

Multiple studies have consistently highlighted the prevalence of extensive discriminatory practices in employment; inclusion and diversity are overlooked. This is evidenced by the low employment of women and minorities and the lack of minority representation at higher organizational levels (Saqib & Khan, 2023). Again, women and minority employees tend to be disadvantaged in training, performance appraisals and remuneration (Dahanayake, Rajendran, Selvarajah, & Ballantyne, 2018).

Within the landscape of human resources (HR), a noticeable disparity exists in the allocation of attention and efforts among various HR activities. While certain areas such as recruitment and diversity training receive considerable focus, other crucial domains like training initiatives, management development, and personalized performance evaluations and compensation strategies often remain comparatively overlooked. This skewed distribution of emphasis has ramifications, particularly for minority employees, who frequently find themselves channelled into lower-level positions with limited prospects for advancement.

The prevalence of diversity training programs is notable, yet their impact can be nuanced. Often, these initiatives inadvertently reinforce the norms and values entrenched within the dominant organizational culture. Regrettably, the tailored consideration of individual differences tends to be sidelined when crafting and executing training, assessment, and remuneration frameworks. Consequently, the full spectrum of diversity, encompassing elements beyond the visible, often goes unaddressed. A contentious dimension within the realm of diversity management pertains to the persistent gender income inequality. Despite strides toward equality, this issue remains a subject of debate and struggle, underscoring the need for ongoing efforts to rectify and establish just compensation practices. Furthermore, the dynamics surrounding ethnic minorities introduce another layer of complexity. Expressing viewpoints openly can be challenging due to a perceived lack of comfort and fear of repercussions. Fostering an environment where diverse perspectives can flourish necessitates a comprehensive approach that addresses not only representation but also the provision of platforms for authentic expression.

In the context of modern workplaces in Sri Lanka, the imperative of D&I is gaining prominence. This article explores the multifaceted landscape of D&I, exploring its significance, challenges, and potential impact. Sri Lanka's legal instruments, including the Constitution's provisions on equal rights and the Prevention of Discrimination Act, provide a foundation for fostering D&I. However, the practical implementation lags, with issues of gender, ethnicity, and social background persisting (Perera & Dharmasiri, 2022). Through an in-depth analysis, this article aims to contribute to the discourse on enhancing D&I frameworks within Sri Lanka's workplaces to create more equitable, innovative, and harmonious work environments.

Empowerment of a diverse and inclusive workforce is not yet a norm. An important focus in HRM is placed on the notion of equality, which is usually described as fairness or workplace equity. Some companies do not have effective diversity management practices that value and make use of diversity (Toma & Bradshaw, 2023). Equal treatment of employees is a new development bid to acknowledge D&I in human resource management—such effort by managers would unleash the potential of the diverse workforce they employ.

Research Problem

The research problem explored in this study is the complex interplay between D&I in contemporary workplaces, analyzed through the lenses of human rights, fundamental rights, and equity and equality principles. The study aims to investigate the practical challenges and potential conflicts that arise when fostering D&I, considering legal frameworks and ethical considerations. By scrutinizing these perspectives, I seek to address how organizations can create inclusive environments that respect individuals' inherent rights while promoting a diverse workforce. The study will also examine how differing interpretations of rights and equality might impact the implementation of D&I initiatives and propose strategies to reconcile potential tensions. Overall, this research aims to contribute to a deeper understanding of the various issues surrounding D&I in modern workplaces.

Research Questions

1. How do contemporary workplaces conceptualize and implement D&I initiatives, and what are the key factors shaping their approaches from human rights and equity perspectives?
2. What legal frameworks and policies related to human rights and fundamental rights govern D&I efforts in workplaces, and how do these frameworks influence organizational practices and outcomes?
3. In what ways do differing interpretations of equity impact the design, implementation, and effectiveness of D&I strategies across various industries and organizational contexts?
4. What challenges and conflicts arise when attempting to balance individual rights and group identities within D&I programs,

and how can these challenges be navigated to ensure equitable and inclusive work environments?

5. How do perceptions of equality and equity among diverse employees influence their engagement, satisfaction, and overall organizational performance, and what strategies can organizations adopt to address potential disparities while fostering a more inclusive culture?

Objectives

1. To analyze the existing D&I frameworks within modern workplaces, evaluating their alignment with human rights, fundamental rights, and principles of equity and equality.
2. To assess the legal and ethical implications of diverse interpretations of rights and equality on the implementation of D&I strategies, identifying potential areas of tension and suggesting strategies for harmonizing these perspectives.
3. To provide actionable recommendations for organizations to enhance their D&I initiatives, promoting an environment where individual rights are upheld while fostering a culture of inclusivity, respect, and fairness based on a comprehensive analysis of human rights, fundamental rights, and principles of equity and equality.

Significance

The research problem holds substantial significance. Firstly, from a human rights viewpoint, it addresses the imperative of upholding dignity and non-discrimination, aligning workplace practices with universal principles. Secondly, concerning fundamental rights, it investigates how legal frameworks can guide inclusive policies, ensuring individuals' rights to freedom, equality, and fair treatment. Thirdly, it underscores individual rights by examining how D&I efforts impact autonomy and self-expression. Lastly, from an equality perspective, it examines the intricate balance between promoting diversity and maintaining equitable treatment. Overall, this research advances the understanding of fostering inclusive workplaces that honour human dignity, uphold rights, encourage individuality, and promote equality.

Concept of Diversity

Whenever one thinks of diversity, ideas that readily come to mind include ethnicity, race, and gender, but the issue of diversity has more to do with these. Diversity is those attributes that emphasize the need to accommodate others who are different from members within the group in which we belong (Sawyer & Thoroughgood, 2017). Put another way, diversity could apply to another person who you see as being different from yourself. Diversity exists in different dimensions ranging from ancestry, gender, sexual orientation, age, marital status, sexual orientation, educational background, work experience, parental status, etc. (Sawyer & Thoroughgood, 2017).

Benefits of Diversity

Various theories circulate the motivations for cultivating diversity within corporate entities (Heymann, Raub, Kabir, Sprague, & Sheleana, 2023). These rationales encompass the augmentation of interpersonal creativity, the enrichment of talent pools, and the mitigation of potential risks by tapping into a global knowledge repository. The imperative of diversity emanates from the belief that it inherently harbours certain inherent advantages.

Innovation

Within an inclusive organizational setting characterized by diverse teams, the realization of enhanced innovation and efficacy becomes a certainty. This phenomenon finds its roots in the imperative for HR managers to seek solutions beyond the conventional operational paradigms of the organization. Leveraging an array of diverse viewpoints facilitates the exploration of novel and imaginative avenues. Individuals possessing shared backgrounds and skill sets are markedly less inclined to encounter groundbreaking concepts that have the potential to catalyze the creation of novel products or innovative production methods. Conversely, the convergence of homogenous individuals endowed with akin proficiencies yields a diminished likelihood of stumbling upon or incubating novel concepts that could drive transformative innovation. The tendency towards uniformity inadvertently fosters groupthink, a cognitive bias that stifles the emergence of unfettered creativity.

Concept of Inclusion

Inclusion is a situation in an organization when diversity exists among the workforce, creating an impartial and healthy working environment that guarantees equity in access to resources and growth opportunities for all (Adikaram & Liyanage, 2021). Inclusion means having an open, free, and unbiased climate where every stakeholder in an organization can survive. Researchers itemized the following points as related to inclusive workplaces:

- Every stakeholder is accepted and treated with respect.
- Every employee gets a fair hearing.
- Employees' behaviour promotes an inclusive environment.
- Rifts and disputes within the organization are addressed impartially.
- The diversity of the workforce reflects the local society and people who constitute the market (Adikaram & Liyanage, 2021)

In an environment where there is inclusion, participation and contribution of employees are maximized by the existence of collaboration, support, and respect. With true inclusion, all discrimination, intolerance and obstacles to personal development and growth are removed. When this is the case, everyone in the organization feels supported and included.

Review of Literature

Leading organizations have begun to recognize D&I as a comprehensive strategy woven into every aspect of the talent life cycle to enhance employee engagement, improve brand, and drive performance. D&I refer to the mission of the organization, its series of manoeuvres and activities that engender a diverse working environment and leverage the outcome of diversity to attain a competitive business edge (Bandara, Adikaram, & Dissanayake, 2021). Companies that create diverse and inclusive workplaces are more adaptable, and creative, and become magnets that attract top talent (Heymann, Raub, Kabir, Sprague, & Sheleana, 2023).

D&I in the work environment are essential business practices that high-performing companies prioritize building environments that help their employees thrive.

Diversity includes all visible and non-visible dimensions that make an individual who they are (Heymann, Raub, Kabir, Sprague, & Sheleana, 2023). It is the combination of differences and sameness concerning the background, values, experiences, preferences, beliefs, and behaviours of individuals in an organization (Madera, Yang, Wu, Ma, & Xu, 2023).

Diversity is the measure; inclusion is the mechanism (Ningyu, Xingshan, & Chiyin, 2023). Diversity emphasizes quantity, while inclusion emphasizes quality. Diversity exemplifies being invited to the party, while inclusion compels the invitee to dance (Wolfgruber, Stürmer, & Einwiller, 2022). Over time, the definition has been expanded to include "belonging" being asked to share your playlist, in the party context (Adikaram & Razik, 2022). D&I now affect brand, organizational mission, and activities (Liyanage & Adikaram, 2019). Apart from the public being more aware of this trend employees are also showing stronger concerns about issues of D&I. Millennials, for instance, see inclusion as a mandatory part of corporate culture, defining how the company listens to them at work. Shareholders, customers, and suppliers are all taking a closer look at this issue (Strachan, Adikaram, & Kailasapathy, 2015).

As awareness around D&I grows, D&I has become more important for talent acquisition and a company's employment brand. Inadequate understanding of generational differences results in workplace conflicts, decreases in productivity, and increases in turnover. A younger generation that appears aloof will frustrate more experienced employees (Perera & Dharmasiri, 2022). Many organizations do not operate in an environment of high transparency, which employees demand. For younger workers, inclusion is not just about the assemblage of team members from diverse backgrounds, but also about connecting them so that everyone is given fair hearing and respect. Companies should align their approach with the expectations of millennials and others, or they will lose talent (Dahanayake, Rajendran, Selvarajah, & Ballantyne, 2018). Having realized that organizations these days now operate with great interconnectivity, it has become obvious that D&I can improve organizational performance that diverse and inclusive workforce is more innovative, engaged, and creative in their work (Strachan, Adikaram, & Kailasapathy, 2015).

Analysis

The thematic analysis of the research data revealed several key themes that shed light on the intricate interplay of D&I in modern workplaces from various rights-based perspectives. The data highlighted the significance of human rights as a foundation for cultivating a work environment that respects individuals' intrinsic worth and ensures equal treatment. It also uncovered nuances within fundamental rights, highlighting the legal frameworks that guide organizations in implementing D&I initiatives while safeguarding employees' rights to equitable opportunities.

The analysis further illuminated the delicate balance between individual rights and the collective push for inclusivity. The data unveiled narratives of employees asserting their autonomy and expressing their identities within the workplace, underscoring the importance of preserving individual rights in the pursuit of diversity. Concurrently, it highlighted challenges where the exercise of individual rights intersected with organizational efforts to promote cohesion and unity among diverse teams.

The content analysis of the research data explored specific instances and patterns that exemplify the dynamics of D&I vis-à-vis various rights-based perspectives. It revealed cases where workplace policies aligned with human rights principles, highlighting instances of fair treatment, anti-discrimination measures, and provisions for diverse religious and cultural practices.

The analysis also explored how fundamental rights[2], as codified in legal frameworks, were translated into tangible practices. It unearthed examples of recruitment strategies focused on equal representation and workplace accommodations for individuals with disabilities, highlighting how these fundamental rights influence organizational behaviour.

Furthermore, the content analysis revealed narratives of employees exercising their rights by openly expressing their identities. These accounts underscored the significance of creating an environment where personal rights to self-expression are upheld. Conversely, it identified scenarios where balancing individual rights with collective cohesion posed challenges, often requiring innovative approaches to bridge potential conflicts.

The thematic and content analysis collectively painted a comprehensive picture of the multifaceted landscape of D&I in modern workplaces. It illuminated the intricate relationships between human rights, fundamental rights, individual rights, and equality, providing valuable insights for organizations striving to establish inclusive environments that honour rights while promoting diversity.

Practical Implications

There is a continuing and irreplaceable need for effective D&I management in human resources management. Effective D&I management through good HR practices and procedures leads to positive outcomes. Ineffective D&I management in HR is most likely to result in conflict, demotivation, higher employee turnover and low organizational performance. As a result, D&I management must become a priority agenda in HRM practices for all organizations. Because most organizations consider diversity as an issue of compliance with legal requirements and recruiting ethnic minorities, there is a great need for improved HR D&I.

Recommendations

Developing comprehensive D&I policies that integrate human rights, fundamental rights, and individual rights perspectives, aligning them with

[2] Fundamental rights are applicable to public servants.

the organization's values to foster an inclusive workplace is recommended. In addition, implementing rights-conscious training programs that educate employees on their rights, ethical responsibilities, and the positive impact of respecting diverse identities, enhancing awareness and promoting a respectful environment may also be suggested. Besides, establishing adaptable accommodations that address individual needs while upholding collective goals, ensuring that the exercise of rights does not impede the overarching spirit of inclusion can also be recommended.

Companies may create transparent mechanisms for addressing conflicts arising from rights-based tensions, encouraging open dialogues that lead to informed solutions while maintaining a harmonious workplace. In this regard, metrics-driven and data-driven metrics to evaluate the effectiveness of D&I initiatives in upholding rights and fostering equality, allowing continuous improvement and accountability toward a genuinely inclusive workplace are recommended. At the tactical level, organizations should adopt a range of HRM policies incorporating D&I strategies simultaneously.

At the operational level, organizations should pay attention to educating employees, networking, communications, and flexible employment. At all levels, line managers should be actively involved in HR D&I management. The top D&I priority is the recruitment of diverse employees. Therefore, workplace D&I should be at the top of the minds of employers these days and will only grow in importance as companies continue to invest in their D&I programs.

Conclusion

In conclusion, this research study explored the intricate landscape of D&I in modern workplaces through human rights, fundamental rights, individual rights, and equality perspectives. The findings underscore the critical importance of aligning organizational practices with rights-based principles to create environments that celebrate individual identities while promoting inclusivity. By navigating the delicate balance between upholding rights and fostering cohesion, organizations can cultivate workplaces that honour dignity, uphold fairness, and promote diversity. This study contributes to a nuanced understanding of the multifaceted challenges and opportunities presented by D&I, offering actionable insights for creating equitable and respectful workplaces for all.

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Effect on Factors of Financial Literacy of Advanced Level Commerce Teachers in Gampaha District

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Abstract

In Sri Lanka, there is a low tendency among advanced-level students to have financial literacy. One of the root causes of this is a lack of knowledge about financial literacy. On the other hand, any person's primary source of education is the knowledge received at school. The major education providers at schools are the teachers. Teachers should have in-depth knowledge about financial literacy to educate students about financial literacy. Teachers with in-depth financial literacy knowledge have a higher tendency to manage their financial background. In this research, the impact of demographic factors, financial knowledge, behavior, and attitude on the financial literacy of ADC-level commerce teachers in the Gampaha district was investigated. This quantitative study has considered the advanced-level commerce teachers in the Gampaha district of Sri Lanka. A structured questionnaire has been adopted. The findings emphasized the need for targeted educational interventions encompassing all three dimensions to foster comprehensive financial well-being among educators. Future research can address the issue of geographical gaps and exhibit deeper insight into the matter. Qualitative studies and mixed methodology could also be used to understand the influence of more factors on financial literacy.

Keywords: *Financial Literacy, Financial Behavior, Financial Attitude, Financial Knowledge, Gampaha District.*

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1. Introduction

Being financially literate has become a necessary life skill. People now must make increasingly sophisticated financial decisions because of the wide range of financial goods and challenges the unstable global economy brings (Goyal & Kumar, 2021). As a result, more research has examined the importance of money management skills in personal life in the past ten years (Dewi et al., 2020; Goyal & Kumar, 2021; Lusardi & Mitchell, 2009). The importance of financial literacy and the demand for financial education have been brought to light by the global financial crisis. Philippas and Avdoulas (2021) indicated that financial literacy is the ability to understand and analyze financial options and plans and respond appropriately to events. This ability can influence the conditions of life and work and can be very helpful in anticipating the future to increase income. A financially literate person may make wise financial decisions, which increases their ability to reach their financial objectives and protect themselves from dangers and economic shocks that could affect their financial well-being. A lack of financial education is the primary factor that keeps people away from the financial markets (Lusardi & Mitchell, 2009).

Educators and teachers have a responsibility to provide financial education. Education quality is based on a teacher's proficiency. Income, spending, savings, and investments affect a teacher's quality of life. These elements also impact the quality of life, affecting the educational system and professions (Lusardi & Mitchell, 2023). According to Lucey and Henning (2021), teachers and preservice teachers generally support financial literacy promotion. They consider it beneficial for students and have "real-world" implications.

In this research, the perceptions of demographic factors, financial knowledge, financial behavior, and financial attitude towards the financial literacy of teachers in Sri Lanka were observed and evaluated. According to Lusardi and Mitchell (2023) there are three concepts to measure financial literacy. Three such concepts are (1) numeracy as it relates to the capacity to do interest rate calculations and understand interest compounding, (2) understanding of inflation, and (3) understanding of risk diversification. According to the Ministry of Education (2021), there are 241,054 government teachers in Sri Lanka. In this research, a total of 320 government teachers who teach advanced-level commerce subjects in the Gampaha district were observed to identify their effect on the factors of financial literacy. Teachers of commerce were selected specifically because they are equipped with financial literacy. Also, these concepts could be easily transmitted to the younger generations via teachers. The perception of demographic factors, financial knowledge, financial behavior, and financial attitude towards the financial literacy of Sri Lankan teachers was focused on and evaluated using quantitative data analysis methods.

However, in Sri Lanka, there is a low tendency among advanced-level students to have financial literacy. One of the root causes of this is a lack of knowledge about financial literacy. Ministry of Education (2021) indicates that only 57.9 percent of Sri Lankan adults are financially literate. Furthermore, a 5.9 percentage point difference existed between the financial literacy rates of males and females based on gender. On the other hand, any person's primary source of education is the knowledge received at school. The major education providers at schools are the teachers. Teachers should have in-depth knowledge about financial literacy to educate students about financial literacy. Teachers with in-depth financial literacy knowledge have a higher tendency to manage their financial background. According to the statistics of the Ministry of Education (2021), there are 10,146 schools, 241,054 teachers, and 4,048,937 pupils in Sri Lanka. 426,964 students are pursuing commerce as their advanced-level subject. Additionally, Gampaha District, one of the districts with the highest concentration of advanced-level commerce teachers in Sri Lanka, has 1,864 schools offering an A/L commerce stream. There are 536 government schools there. Of the 33,265 instructors in Sri Lanka who teach advanced-level commerce, 1931 instructors teach the subject in the Gampaha district. In this research, the impact of demographic factors, financial knowledge, behavior, and attitude on the financial literacy of Advanced-level commerce teachers in the Gampaha district was investigated.

While financial literacy has been recognized as an important life skill, there is limited research on the financial knowledge, behavior, and attitudes of advanced-level teachers in Sri Lanka. Moreover, there is a lack of targeted financial literacy programs and policies for advanced-level teachers (Kalapriya, 2024; Kumari, 2020). Therefore, this study aims to fill that gap by examining the factors influencing the financial literacy of educators in the Gampaha district. Further, this study will concentrate on three elements influencing financial literacy: self-concept, subjective norms and perceived behavioral control since financial literacy is the combination of knowledge, attitudes, and behaviors necessary to make informed financial decisions and achieve financial wellbeing (Kalapriya, 2024).

2. Literature Review

Financial Literacy

According to Chen and Volpe (2002), making wise financial decisions requires financial knowledge, which is known as financial literacy. It covers various financial management areas of study, such as understanding credit, investing, saving, and budgeting. Making accurate decisions that improve one's financial objectives and overall well-being is the aim of financial literacy, enabling people to navigate the complicated world of personal money successfully. Therefore, Lusardi and Mitchell (2009) indicated that individuals who lack financial literacy are more likely to struggle with debt, be more concerned with rising credit fees, and be more reluctant to make long-term plans. Moreover, many studies have demonstrated that students' poor financial choices could have unfavorable impacts on their results in the future (Brown et al., 2016; Lusardi & Tufano, 2015). Wide-ranging consequences for educational policy are shown by Pesando (2018) study. Governments and their policy advisors might benefit from knowing that financial literacy benefits students' knowledge of the value of education when exploring new financial education initiatives and assessing the feasibility of implementing financial literacy programs in schools. According to Tripathy et al.

(2015), financial problems have a negative impact on college students; they do not know enough about finance. Financial education can help them become more financially literate and successful, and academic libraries ought to play a bigger role in promoting financial literacy. According to Carlin and Robinson (2012) there are two similar ways to help consumers make better financial decisions: education and timely decision support. Decision assistance was used more effectively in the group trained in financial literacy. Financial literacy instruction and timely decision support are enhancers, not replacements.

Finance Knowledge

Finance knowledge is the awareness and understanding of financial-related concepts and financial procedures and the use of this understanding to solve financial problems (Kalapriya, 2024). Through problem-solving, critical thinking and an awareness of important financial facts and concepts, persons with financial knowledge and decision-making abilities can make well-informed financial decisions. People who possess strong financial knowledge and decision-making abilities are better able to assess their options, decide how and when to save and spend, compare prices before making a larger purchase decision, and plan for long-term saving like retirement (Kadoya & Khan, 2020). This study mentioned that education, the balance of financial assets, and the use of financial information positively related to financial knowledge. In the financial knowledge the males perform better than the females. As well as age positively related to the financial knowledge (Banthia & Dey, 2022). It is important to have financial knowledge to the individual for using their financial resources effectively. Individuals with financial knowledge can add value to the economy by encouraging healthy competition and encouraging service providers to increase their competitiveness. The research found that financial knowledge and financial attitude positively correlated with the financial literacy level. Financial knowledge and attitudes are significant indicators of financial literacy level (Dewi et al., 2020). There is no significant relationship between the financial knowledge and financial behavior (Alhenawi, 2013). Furthermore, according to Lusardi and Mitchell (2023) academic finance and economics participants make better financial decisions. Workers who have worked in the financial sector are not better financial planners than those who have worked in the non-financial sector.

Financial Attitude & Financial Behavior

The findings of Dhar and Zhu (2006) demonstrate that the trend impact and investors' financial literacy are significantly correlated. These findings indicate that an investor who works professionally and has a high knowledge of finance displays a low trend effect. Another study by Robb and Woodyard (2011) found that high knowledge of finance is a vital variable that determines high financial literacy and a high level of expertise in making financial decisions and taking financial actions. The definition of behavior in the context of finance is how a person manages his money in day-to-day life in relation to psychological elements that can be helpful when making decisions about one's finances, those of their company, and those involving the stock market. A number of studies, including those by Mudzingiri et al. (2018) and Rai et al. (2021), have found that financial literacy is positively influenced by financial behavior Ajzen (1991) suggests that attitudes in the field of finance are a predisposition in one's habits that arise as a result of the number of beliefs in economic and non-economic contexts. This attitude can also mean a statement of judgment, positive or negative emotions on finance-related aspects. Individuals with a strong financial attitude can solve money and cash flow problems. Issues, create an effective budget, and choose the best investments. Ameliawati and Setiyani (2018) declared that attitudes toward money management could favor financial literacy levels. Financial literacy is a broad notion that includes knowledge of financial terms, practical financial abilities, and the capacity to use that information to make wise financial decisions. According to several research studies, financial literacy is crucial for achieving financial well-being and avoiding financial traps (Kadoya & Khan, 2020; Lusardi & Mitchell, 2023; Mudzingiri et al., 2018). Teachers are essential in encouraging financial literacy among children because they serve as role models and educators. To develop effective financial education programs, it is crucial to determine the financial literacy levels of instructors. Financial literacy and financial understanding are positively correlated, according to study, in terms of financial knowledge. According to research by Lusardi and Mitchell (2011) higher levels of financial literacy were associated with better financial decisions and behaviors. Similarly, Chen and Volpe (1998) discovered that those with better financial literacy were more inclined to save and invest their money sensibly.

The social learning theory

The social learning theory (Bandura, 1986) postulates that people learn from one another through observation, imitation and modelling in social interaction. It further emphasizes that people learn by observing others (models) who they believe are credible and knowledgeable within their social settings. Therefore, through this, they can acquire the expected knowledge and skills, which change their behavior and understanding to solve problems in daily life (Ramsden & Moses, 1992). Drawing from this theory, the poor learn through social interaction by acquiring knowledge and skills to make wise and better financial decisions and choices. This is supported by Graña-Alvarez et al. (2024), who argued that most financial literacy programs entail interactive learning within social networks. Furthermore, Negi and Jaiswal (2024) also observed that social capital positively influences educational outcomes and economic development. Indeed, networks embedded in social capital relationships facilitate access to scarce resources such as knowledge and ideas by the poor for specific purposes (Sconti, 2024). Thus, interactions among poor households in networks are a conduit for knowledge and information transfer, resulting in knowledge and skills acquisition (Reagans & McEvily, 2003). Drawing from the social learning theory, we can argue that financial literacy, which entails knowledge and skills acquisition by poor households, is enhanced by existing community social networks, which act as conduits for information flow and sharing. The poor acquire knowledge and skills through interactive learning from their existing social networks that they use to make wise financial decisions and choices in their daily life (Ramsden & Moses, 1992).

Financial Knowledge and Financial Literacy

According to Khan et al. (2017), understanding economic constraints is known as financial knowledge. People must comprehend both the macroeconomic and microeconomic environments and the fundamentals of daily finance, including borrowing, investing, saving, credit, interest rates, inflation, and consumer goods pricing." The finding of Dhar and Zhu (2006) demonstrates that the trend impact and investors' financial literacy are significantly correlated. These findings indicate that an investor who works professionally and has a high knowledge of finance displays a low trend effect. The following hypothesis was formulated according to the findings of previous studies.

H1: Financial knowledge has a positive impact on financial literacy.

Financial Behavior and Financial Literacy

The Mireku et al. (2023) study highlights how important financial literacy influences people's financial behavior. The findings of this study have significant ramifications for families, governments, and educational institutions. They highlight the necessity of focused interventions and educational programs to improve financial literacy and encourage responsible financial behavior. Mekonen et al. (2022) study indicates that there is a strong correlation between household financial conduct and the decrease in poverty, emphasizing that positive financial behavior is just as important in reducing poverty as income growth. The following hypothesis was formulated according to the findings of previous studies.

H2: Financial Behavior has a positive impact on financial literacy.

Financial Attitude and Financial Literacy

According to Mustafa et al. (2023) financial is a person's way of thinking and handling their money. Positive financial attitudes regularly evaluate their earnings, expenses, savings, and investments. This insight allows people to evaluate their financial requirements, create appropriate savings plans, set realistic retirement objectives, and make well-informed decisions. The following hypothesis was formulated according to the findings of previous studies.

H3: Financial attitude has a positive impact on financial literacy.

The conceptual model of the study was developed based on the hypotheses mentioned above and is available in Figure 01. Therefore, financial knowledge, financial behavior and financial attitude are independent variables of the study. Financial literacy is considered as the dependent variable of the study.

Conceptual Model of the Study

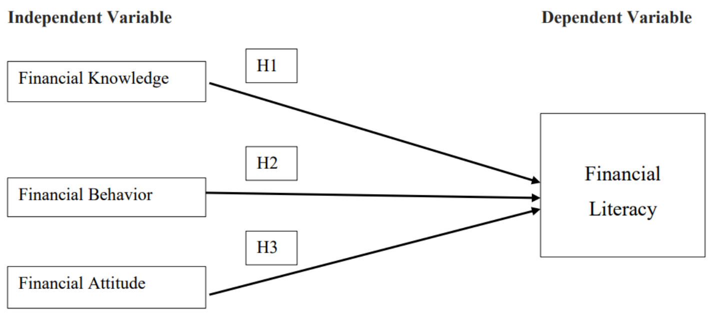

Figure 1. Conceptual Framework

3. Methodology

The researcher uses the deductive approach as the primary research approach. This was a positivist research philosophy. Study results were observable and quantifiable because positivism is rooted in the belief that knowledge can be obtained through objective observations and measurements. The current study assumed that answers can be searched by carefully measuring and analyzing data, particularly numerical data. Moreover, the role of the current researcher was confined to the objective interpretation of the records series. The described research adopts a quantitative approach, employing deductive reasoning and aligning with empiricist and positivist philosophies. Moreover, this cross-sectional study utilized that survey research strategy because this was quantitative research used for gathering data from a set of respondents. This study selected 320 advanced-level commerce teachers in the Gampaha district of Sri Lanka as the sample. Data was collected through a structured questionnaire distributed among the sample and then statistically analyzed to draw meaningful research conclusions. SPSS Software package (version 23) was applied to analyze the data, using statistical tools such as Pearson's correlation and multiple regression.

4. Data Analysis

This study presented a quantitative study to quantify the association between the independent and dependent variables. To test the reliability, the study has considered Cronbach's Alpha value. This analysis outlines exploratory data analysis, correlation analysis and regression analysis to reveal the findings.

Table 1. Missing Values Testing

Statistics

		Gender	Age	Marital Status	Religion	Working Experience	School	Section	AV_FLP	AV_FK	AV_FB	AV_FA
N	Valid	320	320	320	320	320	320	320	320	320	320	320
	Missing	0	0	0	0	0	0	0	0	0	0	0

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AV_FLP	320	100.0%	0	0.0%	320	100.0%
AV_FK	320	100.0%	0	0.0%	320	100.0%
AV_FB	320	100.0%	0	0.0%	320	100.0%
AV_FA	320	100.0%	0	0.0%	320	100.0%

Source: Primary Data

Missing values in SPSS refer to data points that are unavailable or unknown due to non-response, data entry errors, or other issues during data collection. Addressing missing values is crucial in research as they significantly influence outcomes and interpretations. In this analysis, 320 respondents' data were collected, and the entire 320 datasets were considered valid for analysis.

Table 2. Reliability of Variables (Cronbach's Alpha Table)

Variables	Number of items	Cronbach's Alpha
Financial Knowledge	6	0.911
Financial Behavior	5	0.909
Financial Attitude	4	0.872
Financial Literacy	8	0.978

Source: Primary Data

The financial literacy perceptions scale has a Cronbach's alpha of 0.978, indicating high internal consistency among the items measuring financial literacy perceptions. The financial knowledge scale has a Cronbach's alpha of 0.911, indicating strong internal consistency among the items measuring financial knowledge. The financial behavior scale has a Cronbach's alpha of 0.909, indicating high internal consistency among the items measuring financial behavior. The financial attitudes scale has a Cronbach's alpha of 0.872, indicating solid internal consistency among the items measuring financial attitudes. The data appears to be reliable and internally consistent for both the independent and dependent variables, strengthening the confidence in the measurement tools used in the research.

Table 3. Model Summary for Financial Knowledge, Financial Behavior, Financial Attitude and Financial Literacy

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.994[a]	.987	.987	.06498

a. Predictors: (Constant), Financial_Literacy
Source: Primary Data

The model summary provides key metrics for regression analysis, including the correlation coefficient (R) and R Square (R Square). The R Square represents the proportion of variance in the dependent variable of financial literacy explained by the independent variables of financial knowledge, financial behavior and financial attitude, with approximately 98.7 percent of the variance accounted for by the model. The adjusted R Square is 0.987, close to R Square, suggesting the model is not likely to overfit. The standard error of the estimate is 0.06498, indicating the average difference between the observed and predicted values. The high R Square value indicates an excellent explanation of the dependent variable variability, the Adjusted R Square is close to R Square, and the low standard error of the estimate indicates the model's predictions are, on average, very close to the actual values.

Table 4. Coefficients for Financial Knowledge, Financial Behavior, Financial Attitude and Financial Literacy

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.150	.016		9.227	.000
	AV_FK	.127	.038	.120	3.346	.001
	AV_FA	-3.465	.070	-3.215	-49.838	.000
	AV_FB	4.258	.095	3.978	44.728	.000

Source: Primary Data

The study examines the relationship between financial literacy perceptions, financial knowledge, and financial behavior. The constant term is 0.150, representing the estimated value of financial literacy perceptions when all predictor variables are zero. The coefficients for financial knowledge and financial attitudes indicate a negative relationship, with a negative sign suggesting a negative relationship.

For financial behavior, a positive standardized effect is observed, with a t-value of 0.120, indicating a positive relationship. Financial attitude has a strong negative standardized effect, while financial behavior has a strong positive effect. The p-values indicate that these relationships are statistically significant. The model suggests that financial knowledge and financial behavior positively affect financial literacy perceptions, while financial attitude has a strong negative effect.

Table 5. ANOVA for Financial Knowledge, Financial Behavior, Financial Attitude and Financial Literacy

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.357	3	32.452	7684.731	.000[b]
	Residual	1.250	296	.004		
	Total	98.607	299			

Source: Primary Data

The ANOVA table provides a breakdown of the regression model, which includes the dependent variable, “financial literacy perceptions”, and “financial knowledge, financial behavior and financial attitudes”. The regression sum of squares 97.357 represents the explained variation in the dependent variable, while the residual sum of squares 1.250 represents the unexplained variation. The degree of freedom for the regression (df) is 3, indicating the number of predictors. The total sum of squares of 98.607 is the sum of the regression and residual sum of squares, with the F-statistic of 7684.731 calculated as the ratio of the mean square for regression to the mean square for residuals. The F-statistic is large, and the associated p-value is practically zero, indicating the model’s explanatory power. The ANOVA table suggests that at least one of the predictors contributes significantly to explaining the variance in the dependent variable of Financial Literacy Perceptions.

5. Conclusion and Implications

The objective of the current study was to determine the effect of factors of financial literacy on the financial literacy of advanced-level commerce teachers in the Gampaha district. The impact of the effect on factors of financial literacy is sought out through the three independent variables, financial knowledge, financial attitude, and financial behavior, along with the dependent variable, financial literacy. After collecting the data, the researcher tested the reliability and validity of the questionnaire gathered. Internal consistency is measured through reliability analysis. The results suggested that the current study fulfils both reliability and validity conditions. Moreover, the researcher tested missing values. According to the results available, the current study has satisfied the requirement and went ahead with the parametric test. Thereafter, the researcher performed multiple regression analysis to observe the relationship and impact between independent and dependent variables. According to the survey outcome, it can be concluded that financial knowledge, financial attitude, and financial behavior variables indicated a significant positive impact on financial literacy perception.

The study on the influences of financial knowledge, financial behavior, and financial attitudes on the financial literacy of advanced-level teachers in the Gampaha district sheds important light on the variables affecting teachers' levels of financial literacy in this setting. The results of this study have important ramifications for the empowerment of teachers, student financial literacy, curriculum and policy creation, professional development initiatives, community impact, and filling the current research gap. This research has determined that enhancing the financial literacy of advanced-level instructors can improve their financial well-being and equip them to be efficient financial literacy educators for their students. Teachers may act as strong role models for their students, encouraging them to make wise financial decisions and develop important financial skills by increasing their financial literacy, modelling responsible financial conduct, and cultivating positive financial attitudes. The importance of this study goes beyond creating curricula and policies that include financial literacy instruction in the official educational system. The research findings can help curriculum designers, educational institutions, and legislators create focused interventions to aid advanced-level instructors in achieving financial literacy. This involves giving instructors the necessary tools, instruction, and support to impart financial literacy to their pupils effectively. Furthermore, because teachers occupy powerful roles in their communities, the influence of this research extends beyond the classroom. This study can help the greater community's financial health by raising the financial literacy of the teachers in the Gampaha area. Teachers may act as resources and advocates for financial literacy, spreading information, encouraging good financial habits, and enabling people in the community to make wise financial decisions. The fact that this study explicitly focuses on advanced-level instructors in the Gampaha area and investigates the connections between financial knowledge, financial behavior, financial attitudes, and financial literacy fills a research need that needs to be acknowledged. The results lay the groundwork for further study in this field and add to the knowledge already available on financial literacy in teachers. In conclusion, the study on the impact of financial knowledge, financial behavior, and financial attitudes on the financial literacy of advanced-level teachers in the Gampaha district has shed light on the need to improve financial literacy among teachers and offered insightful information. The results of this study have ramifications in a number of areas, including teacher empowerment, student financial literacy, curriculum and policy creation, professional development initiatives, community impact, and filling a knowledge gap. A financially literate society can be fostered, and people can be given the tools to fulfil their financial objectives if we invest in teachers' financial literacy.

6. Future Research Prospects

The current study has contributed to exploring the effect of factors on the financial literacy of advanced-level commerce teachers in the Gampaha district. Throughout the research process, the researcher presented realities to understand teachers' financial literacy better.

In addition, the researcher can direct that to gain a better-quality outcome, and future researchers should pursue their research studies with a mixed method as a methodological choice (qualitative and quantitative) to better explore insight and in-depth information. In addition to engaging with the Gampaha district, the results cannot be generalized; hence, touching the province or wider geographical area will lead to a significant outcome that can be generalized.

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Factors affecting the decline of non-performing loans in ABC Finance

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Abstract

Non-banking financial institutions, like ABC Finance Company, offer banking services without holding a banking license. This study investigated the factors contributing to the decline in non-performing loan rates and the challenges faced by ABC Finance. Using semi-structured interviews with chief recoveries officers, field recoveries officers, and loan-paying customers, the researchers employed thematic analysis to identify key practices such as loan purpose evaluation, collateral evaluation, payment history assessment, borrower communication, financial counseling, employee training, and recovery targets. The study revealed a positive gap contributing to the reduction of non-performing loans and highlighted challenges in maintaining this trend. Recommendations included improving credit policy effectiveness, regular policy reviews, adopting digital lending platforms, and enhancing customer relationship management. This research, shifting focus from the prevalent negative aspects of rising non-performing loans, encourages finance companies to innovate strategies for further reductions.

Keywords: *non-performing loans, ABC Finance Company, organizational factors, customer factors, macroeconomic factors*

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Introduction

The financial system in Sri Lanka encompasses various components, including financial institutions, markets, instruments, regulatory authorities, and a legal framework (Central Bank of Sri Lanka, 2022). Financial institutions play a crucial role in the economy by assisting individuals and businesses in meeting their monetary needs (Zheng et al., 2020). They create a marketplace for assets and funds, facilitating efficient capital allocation. However, many banking and financial institutions in Sri Lanka are grappling with the issue of non-performing loans (NPLs), which pose a significant threat to the stability of the banking system. The inability to generate earnings from loans and recover principal amounts jeopardizes long-term sustainability and affects private investment levels (Yaron et al., 1998). The percentage of NPLs serves as an indicator of the health of the financial system; higher percentages indicate difficulties in collecting interest and principal on loans.

While much research has focused on the increasing trend of NPLs, this study aims to explore the positive aspect—specifically, the decline in NPLs at ABC Finance, a prominent financial institution in Sri Lanka. Despite the challenges faced by the banking sector due to rising NPLs, ABC Finance has successfully reduced its NPL rates over recent years. Reports from the Central Bank (2018-2022) and ABC Finance's annual reports indicate that their NPL rate is comparatively low. The factors contributing to this decline remain poorly understood within the Sri Lankan context. Most studies have concentrated on negative trends; thus, this research seeks to illuminate the positive developments at ABC Finance.

Established on December 13, 2001, ABC Finance is recognized as a leading licensed finance company in Sri Lanka. It operates with a commitment to providing responsible financial services that empower individuals and communities while promoting economic progress. The company offers a diverse range of financial products, including microcredit, leasing, loans, and cards. By focusing on supporting small and medium-sized enterprises (SMEs), ABC Finance aims to foster greater development within the Sri Lankan business community.

To conduct this research study, comparisons were made between the industrial average NPL rates and those of ABC Finance over a five-year period (2018-2022). Data was gathered from reports provided by ABC Finance and the Central Bank of Sri Lanka. A survey targeting borrowers is also planned to gather additional insights. This research is unique as it highlights positive outcomes amidst an industry-wide struggle with high NPL rates.

According to Central Bank reports from 2021-2022, while the industrial NPL rate was 9%, ABC Finance recorded an impressive 6.71%. In previous years, their NPL rates consistently remained below industry averages: 12.6% compared to an industrial rate of 13% in 2020-2021, and 6.75% against an industry average of 7% in 2018-2019 (Central Bank of Sri Lanka, 2021-2022). A high ratio of NPLs can severely impact banks' lending capabilities; institutions burdened with high levels of NPLs often prioritize internal consolidation over extending new credit (Keshani & Jayatilake, 2021). This study aims to identify the factors contributing to ABC Finance's success in reducing its NPL ratio.

The analysis will consider various elements such as credit policies, employee training processes, and borrower knowledge. Previous research has primarily examined factors leading to increased NPLs; however, this study focuses on understanding what drives their decline within ABC Finance. By identifying effective strategies employed by ABC Finance, this research could serve as a model for other financial institutions facing similar challenges.

The findings may also contribute significantly to academic literature on finance in Sri Lanka. For instance, studies by Espinoza and Prasad (2010) have explored macroeconomic influences on NPLs within banking systems but have not specifically addressed declining trends. Similarly, Sinkey and Greenwalt (1991) noted correlations between loan delinquencies and rapid credit growth without investigating declines in NPL ratios. Zheng et al. (2020) found that excessive lending correlates with higher loan loss rates but did not consider strategies for mitigating these losses.

this research intends to fill a gap in existing literature by focusing on the positive aspects of declining non-performing loans at ABC Finance Company. By analyzing effective practices and policies that have led to this decline, the study aims to provide insights that could benefit other financial institutions in Sri Lanka. The ultimate goal is to enhance understanding of how financial organizations can effectively manage their loan portfolios while contributing positively to economic stability within the region.

Literature Review

Non-performing loans (NPLs) remain a significant concern for financial institutions due to their potential to undermine profitability and financial stability. Understanding the factors contributing to the decline in NPLs is vital for banks, financial institutions, and regulators. Focusing on ABC Finance, this literature review examines the key factors, such as economic conditions, regulatory changes, loan recovery strategies, and customer behavior, that have driven the decline in NPLs in recent years.

Internationally recognized definitions of NPLs vary across jurisdictions. The International Monetary Fund (IMF) defines NPLs as loans where principal and interest payments are overdue by 90 days or more, or when interest payments of the same duration have been capitalized, refinanced, or rolled over. This 90-day criterion is widely used by many countries (National Bank of Ethiopia, 2016). However, there is no global standard for defining NPLs, with variations in classification, scope, and criteria across different regions (Park, 2003).

Interest rates significantly influence borrowers' repayment capabilities. Low interest rates can reduce the cost of borrowing, improving repayment rates. Conversely, high rates increase repayment burdens, often leading to defaults (Faure, 2014). Central bank policies play a crucial role in determining short-term rates, which anchor longer-term obligations.

Effective credit management involves the collection, analysis, and monitoring of credit information (Allen & Gorton, 1993). Credit policies, as defined by Mishkin (1991), establish terms for lending, ensuring risks are minimized. Regulatory frameworks and policies encouraging timely repayments and penalizing defaults have been instrumental in reducing NPLs.

Loan restructuring and recovery strategies are vital in addressing NPLs. Restructuring often involves extending repayment periods or reducing interest rates to accommodate borrowers' financial situations (Muturi, 2015). SACCOs and other financial institutions use strategies such as group liability and savings-based schemes, which enhance repayment rates through social accountability and collective support (Daniel et al., 2020).

Debt collection agencies also play a pivotal role. Aggressive recovery practices, including legal actions or credit bureau reporting, ensure repayment compliance (Yilmaz, 2011). Institutions focusing on robust recovery strategies have reported significant improvements in NPL management.

Borrower incentives are critical to maintaining low default rates. Continuous access to credit and the promise of higher credit limits upon repayment serve as significant motivators (Bergh et al., 2019). Microfinance institutions (MFIs) emphasize timely payments and educate borrowers about the importance of maintaining creditworthiness (Norell, 2002). Incentive-driven repayment systems have shown macro-level success in reducing NPLs (Sahin, 2017).

Credit monitoring involves tracking changes in loan performance to mitigate risks. While effective in many cases, gaps in internal controls and fraud can hinder its effectiveness (Gatimu, 2022). Tools like risk-based audits and timely inspection reports are essential for robust monitoring systems. Weak internal systems, poor management, and inadequate support structures have been linked to high NPL rates

(Scholtens & Wensveen, 2003). Addressing these weaknesses requires comprehensive reforms, including capacity building and external evaluations. he theory of financial intermediation highlights the role of financial institutions in reducing transaction costs and managing information asymmetry (Matthews & Thompson, 2014). Issues such as moral hazard and adverse selection arise when borrowers have more information about their financial risks than lenders. To mitigate these risks, financial institutions adopt strategies like long-term client relationships, information sharing, and delegated monitoring (Abdel-Kader & Luther, 2018).

Research methods

The purpose of this chapter is to outline the study design and methodology adopted in researching the factors affecting the decline of non-performing loans in ABC finance. In the research method part describes the study's various methods, choices and techniques in practicable and theoretical-based aspects.

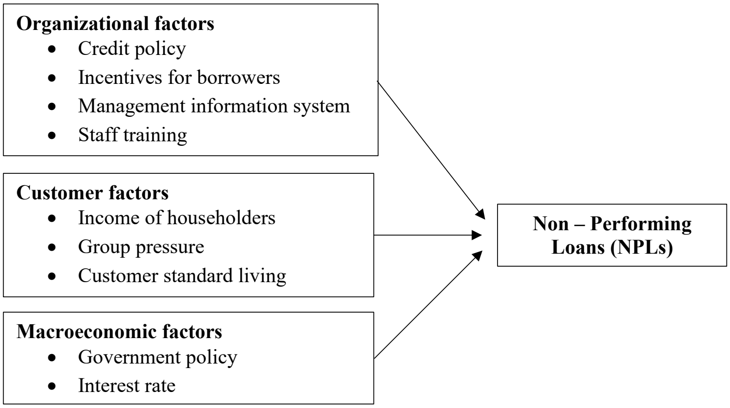
Researchers' aim of the inquiry is to identify the factors affecting the decline of non-performing loans in ABC Finance Company. In the study, researchers focus on the single case of ABC finance company in depth. Also, research is based on most qualitative data and information, so the case study research strategy used research strategy for the study and purpose of research is exploratory.

According to the study participant size contains 21 members. They are the chief recoveries officer, other ten recoveries officers (in the field) and ten loan-paying customers in ABC finance company. To collect information in the ABC finance company, researchers used semi -structured interview method as the primary data method. While conducting the interviews, face to face and telephone conversations used as interview method. Researchers used the semi-structured interview guide method to collect data with the chief recoveries officer and other ten recoveries officers (in the field). This interview was through face-to-face method and telephone conversations. Also, researchers gathered information from ten loan-paying customers using interview method through face-to-face method and telephone conversations. It was possible to get very clear and understandable information by getting information through face-to-face method and was possible to very quickly and easily through the telephone conversations. Researchers have prepared three interview guide questions from these three parties. (Chief recoveries officer, other ten recoveries officers-in the field and ten loan-paying customers). Interview questions for each of these groups are prepared by include unique questions for each group.

In ABC finance Researchers used qualitative data analysis. Under qualitative data analysis can be identified two types. There are thematic data analysis and content analysis. We used thematic analysis for our research. Thematic analysis is applicable for this research because researchers can identify people experience, their point of views and their opinions such qualitative data.

According to the study the researchers used two theories for the study. These are financial intermediation theory and Information Asymmetry Theory. Financial intermediation theory suggests that financial institutions play a crucial role in the economy by channelling funds from savers to borrowers. It is increase the overall money supply and drives economic growth. In this process, financial institutions must properly asses the credit risk and make loans. If they do not properly assess credit risks and make loans to borrowers who are unable to repay them, this can result in a high level of non-performing loans. It can negatively affect the stability of financial sector. Therefore decline in non-performing loans is an important goal of financial intermediation theory (Kariuki, 2014). Another theory is information asymmetry theory. If borrowers have access to more information than lenders, the information asymmetry theory has implications for non-performing loans from financial institutions. In order to prevent non-performing loans, financial institutions must manage information asymmetry (Karikuri, 2014).

Analytical Framework



According to the analytical framework, researchers identified three main factors that are affecting the non-performing loans. These are Organizational factors, Customer factors and Macroeconomic factors. Researchers identified following factors under the organizational factors. These are Credit policy, Incentives for borrowers, Management information system, and Staff training. According to keshani & jayathileka (2021) credit terms, size of institution, bad management (loan underwriting and credit monitoring) and lack of appropriate skills of lending officers are affect the non performing loans. Researchers identified following factors under the Customer factors. These are Income of householders, Group pressure and Customer standard living. Customer factors affect the non-performing loans. According to Karikuri (2014) when peers put pressure on borrowers to repay, borrowers are more willing to pay back. Since groups assist with screening and follow-up, the ratio of group lending to total lending volume may be connected to loan payback.Under the macroeconomic factros researchers identified Government policy and interest rate. Macroeconomic factors like national income, interest rates and inflation influence the performance of finance institutions directly (Karikuri, 2014).

Data Presentation and Analysis

These programs are applied to inspire borrowers to interact in responsible financial practices and to offer them additional benefits or incentives for meeting positive standards or attaining specific goals.

With the purpose of finding out the reasons behind the decline in the rate of non-performing loans and identifying challenges faced by ABC Finance in maintaining a low rate of NPL, semi-structured interviews were conducted with the chief recoveries officer, ten recoveries officers (in the field), and ten loan-paying customers in the ABC Finance Company.

A decline in the Non-Performing Loan (NPL) rate is a critical indicator in assessing the financial health and balance of a company, particularly for monetary institutions like ABC Finance Company. When this Non-Performing loan decreases over a specific period, typically measured on an annual or quarterly foundation, it signifies an exceedingly effective trend. This advantageous trend shows several critical matters. Firstly, it suggests that the organization's change management practices are effective. Fewer loans within the portfolio are in default, which means that the agency is a success in minimizing credit hazard. This, in turn, boosts investor and stakeholder confidence in the employer's ability to manage its lending operations prudently. This is what we found interviewing the chief recovery officer and it can be proven by the below quotes. As chief recovery officer (CRO) explained;

Well, the NPL ratio is an important indicator of our financial health. It represents the percentage of loans that borrowers are 90 days or more in arrears. Really! If it decreases over time, it is a good practice. This means our change management practices are effective and they reduce credit risk. Low NPL rates boost investor and stakeholder confidence. It shows that we are managing our loan operations wisely. So, when we talk about a decline in NPL rate at ABC Company, it means that the proportion of loans that are not being paid back on *time is decreasing."*

Through analysing the data collected from those interviews, it was able to identify the following factors that affect the decline of non-performing loans at ABC Finance Company: Those are Loan purpose evaluation, Collateral evaluation, Payment history evaluation, Open communication with borrowers, financial counselling and support, Employee training, education and motivation and, monthly recovery target of recoveries officers.

In our research, we found that at ABC Finance, loan purpose evaluation stands as the foundation of their responsible lending practices. They recognize that a thorough evaluation of the intended use of loan finances is essential for reducing non-acting loans (NPLs) and maintaining the economic well-being of both the organization and its customers.

They attempt to make informed lending choices, providing steerage when necessary, and, in some cases, declining loans with excessive-hazard functions to guard the company's portfolio. Moreover, prioritizing the evaluation of creditworthiness by way of spotting a borrower's potential to repay on the readability and viability of their loan purpose. Interact intently with debtors to tailor loan structures that align with their targets at the same time as managing opportunities efficaciously. Got that information from the second interview which we held with the chief recovery officer said;

"We inquire about the reason for the loan. Knowing the reason for a borrower's desire for a loan enables us to better meet their demands."

Collateral evaluation is an essential component of financial transactions, particularly within the context of loans and mortgages. Chief recovery officer and field recoveries officer 3, said;

In ABC Finance Company we found that evaluation of collateral holds key significance within the lending method, serving as a safeguard that advantages both lenders and debtors. When evaluating a loan utility, one of the main things to do not forget is whether or not the applicant possesses considerable assets like a home or a vehicle"

These belongings function as a valuable risk-reduction method for ABC Finance. On the unfortunate occasion that a borrower faces financial challenges and struggles with loan repayment, ABC Finance can potentially recover its losses by liquidating the collateral. This now not only drives extra confidence inside ABC Finance while extending the credit score but can also cause extra favourable phrases and interest costs for the borrower. Chief recovery officer explained;

"Collateral Evaluation is necessary, for the bigger loans. While borrowers provide collateral, it is like saying, "If I cannot pay off the loan, you may take my asset as repayment."

Payment statistics show a person's economic obligation with tremendous clarity. It is, absolutely, one of the most influential factors in the ABC Finance assessment method as creditors. In the context of a boosted loan, ABC Finance Company's foremost aspiration is to witness the borrower's commitment to repaying their obligations punctually. Trach records marked via a manner of steady, on-time bills no longer best showcase economic responsibility but additionally indicate trustworthiness and reliability. Field recoveries officer.5 and. Chief recovery officer said;

"Payment history shows a clear picture of a person's financial accountability. It's one of the most important factors in our lending decisions. Especially when it comes to loans, our main goal is to see if the borrower is committed to repaying their obligations properly."

Chief recovery officer said;

'Each instalment paid on time in the past tells us volumes about borrowers' ability to manage their finances efficiently."

PD Checks involve ABC Finance clients writing and giving checks dated to their payments, and this practice aligns seamlessly with their undertaking to fulfill their economic duties. By encouraging customers to utilize PD Checks, they not only instill a feeling of dedication to meeting their financial obligations but also streamline the pricing system for the client's convenience. Field recoveries officer.2 said;

"Post-dated checks are also a method we use to collect money from customers. Customers write and deliver checks for future dates. This can help ensure timely payments."

In exercise, open communication exchange entails imparting borrowers with clean and comprehensive facts about their loan agreements, including interest rates, repayment phrases, fees, and any potential penalties. This information needs to be supplied in a transparent and effortlessly understandable way, ensuring that debtors have complete expertise in their monetary responsibilities. As one of the identified factors, we can point to the Open communication that ABC Finance maintains with its borrowers. According to the point of view of recovery officers (in the field) they stated that they conducted open communication with their customers. Also, the loan-paying customers said that they are given sufficient knowledge by the ABC finance company about customer loans.

Field recoveries officer.4 explained;

"Open communication is paramount in our strategy we encourage our customers to talk to us if they may be having problem making payments or if there is been a change in their monetary situation"

Customer.2 and Customer.5 said;

"Yes, I observed that ABC Finance Company became quite beneficial in offering me the necessary information and guidance. They provide me with all the necessary information related to my loan"

Financial counselling and support have a significant impact on reducing the non-performing loan ratio of a financial company. By providing financial counselling services to loan customers, the financial company can better understand their financial situation and manage their debt. Through financial counselling and support, borrowers can get a clear understanding of their loan repayment options.

Field recoveries Officer.4 explained;

"We also provide financial counseling and assets to help our clients in dealing with their budget better. We believe in empowering debtors

with financial knowledge and competencies."

Customer.2 and Customer.5 said;

"In case I wished to talk about any troubles related to loan payments or modifications, I simply contacted their specified recoveries team. Whenever I needed assistance or information concerning my loan, their customer support group has been responsive and helpful."

Incentive programs play a vital role in supporting borrowers inside a finance organization. These applications are mainly designed to offer various benefits that inspire wonderful economic behavior and ultimately support borrowers in their economic journey. One enormous advantage is the capacity for lower interest rates. Finance agencies regularly offer reduced interest rates as an incentive to debtors who continuously make well-timed payments.

Field recoveries Officer.9 said;

"To encourage exact charge behavior, we've brought imaginative incentive packages"

Employee training, education, and motivation have a significant impact on reducing non-performing loans in finance companies. By investing in the training and education of employees, finance organizations can equip them with the essential expertise and skills to successfully verify and manage loans. Chief recovery officer. Said;

"When new recoveries officials come on board, we provide them with comprehensive education"

The monthly recovery target of ABC Finance Company for recovery officers refer to the specific amount or purpose that those officers are anticipated to achieve in terms of improving outstanding debts or payments from borrowers within a given month.

The chief recoveries officers said to us that ABC Finance regularly works to give their recoveries officers to targeted perspective. He further points out that it would greatly help the future vision and survival of ABC finance as well as enhance employee morale. Chief recovery officer said;

"Each of our recovery officers has been given a monthly target. This enables them to get an accurate understanding of their recovery level. Of course, I believe it was the best strategy to

Reduce the non-performing loan rate of ABC Finance Company. My minimum monthly target was approximately one hundred fifty"

Challenges

Also, researchers identified the challenges faced by ABC Finance in maintaining a low rate of non-performing loans. They are economic factors, credit risk assessment, loan portfolio diversification, regulatory compliance, loan monitoring, collection strategies, market competition, technological advancement, cyber security and macroeconomic factors.

With this economic instability some individuals may lose their jobs or may be experience income instability. Most of the people have lost their jobs. Therefore, borrowers may not be able to repay their debt. Field recoveries Officer .2 explained;

"Picture this – when the economy takes a nosedive, people can struggle to repay loans. That's when our non-performing loans can spike".

"This economic downturn impacts for the profitability too".

Macroeconomic factors play a critical and a pivotal role in credit risk assessment for non-performing loans. Field recoveries Officer.5 and Field recoveries Officer.3 explained; *We are constantly working on improving on how we figure out if someone is good candidate for a loan. But borrower's financial situations change and we need to keep up".*

"The credit risk assessment involves evaluating the creditworthiness of borrowers through an analysis of borrower's financial history which is including their past credit behaviour, payments method and patterns and overall creditworthiness".

General economic conditions such as, inflation rate, unemployment levels, and gross domestic product growth can significantly impact to a borrower's financial stability.

As per the interviewer, loan portfolio diversification was also a critical challenge that they have faced. Once he explained the loan portfolio diversification with a good example. Field recoveries Officer.6 said;

"Imagine you have put all your eggs into a one basket, and that basket suddenly tips over. Researchers have got to spread our loans across different industries to void these risks".

Field recoveries Officer.10 explained;

"*Concentrate about the risk within these non-performing assets is one of the main challenges when maintaining diversified loan portfolios".*

Regulatory Compliance is also a critical challenge when Researchers are discussing about the non- performing loans. Chief recovery officer said;

"The world of banking regulations can be like never-ending maze".

"Staying compliant and adjusting their policies when rules change is no small feat. Regulatory compliance is a process which individual, or organizations are required to follow rule, regulations, government authorities or regulatory bodies".

The Majority of these findings are similar to the factors identified in the literatures as affecting the decline of non-performing loans and challenges faced by finance companies in maintaining non-performing loans. But, there are few differences due to differences among economic conditions of countries and other reasons.

Conclusion and Recommendations

According to the first research question we can find out what are the factors leading to decline of the rate of non-performing loan. So mainly we found that, Loan purpose assessment, collateral evaluation, Payment history evaluation, Post dated checks for timely payments, open communication with borrowers, financial counseling and support, incentive programs for timely payment, Employee, training, education and motivation, Monthly recovery target and consideration of loan refinancing. Also, we find out what are the challenges faced by company in maintaining a low rate of NPL. Credit risk assessment, loan portfolio diversification, regulatory compliance, loan monitoring, collection strategies, Market competition, Technological advancement, Cyber Security and Macroeconomic factors.

While the other researchers were discussing Non-performing Loans influenced by wide circumstances, in our research article we achieved its subject via its root of the problem. By interviewing Chief recovery officer, field recovery officers and customers find the reasons for the decline of non-performing loans. It was an efficient method for the researcher to continue the research. According to the literature review, existing literature has mentioned the factors affecting decline of non-performing loans. In this study we discovered new factors influencing the decrease of ABC Finance Company's NPLs, and the findings will be valuable for relevant organizations, including both non-banking finance institutions and the banking sector. In addition, researchers have developed our study for further study based on our research questions and objectives. According to the research findings, ABC Finance Company may respond in the following way to decline NPLs: Strictly following the loan purpose evaluation, Well maintaining collateral evaluation, Borrowers payment history evaluation, post- dated checks for timely payments, Having an open communication with borrowers, Giving financial support and counseling for the borrowers, Incentive programs for timely payments, Maintaining standard employee training, education and motivation, Giving monthly recovery targets for the recovery officers and Consideration of loan refinancing. We analyzed the qualitative data gathered from primary and secondary data sources using thematic analysis. Following the inquiry, researchers discovered answers to the study questions after the recovery officer transcribed the interviews and classified them in order to determine the impact of the issue's themes. The recommendation presented their key results, recommendations, and proposals for future researchers following the data analysis.

In last five years the ABC finance company continuously has low non-performing loan rate (NPL) and it is also below to an industry average of finance companies as well. So, from this research study researchers were going to observe the factors affecting decrease the non- performing loan ratio in ABC Finance Company. According to the research findings, researchers identified some main factors implemented by the company that affected the decline in non- performing loans in ABC Finance. They are Loan purpose evaluation, Collateral evaluation,

Payment history evaluation, Open communication with borrowers, financial counseling and support, Employee training, education and motivation and monthly recovery target of recoveries officers.

After close examination and analysis of the research findings researchers identified ABC Finance company implemented most suitable actions to decline non-performing rate in company. Furthermore, researchers can make the following recommendations to continue the success of ABC Finance Company while keeping their non-performing loan rate low.

According to the research finding, it is proving the Loan purpose evaluation, Collateral evaluation, Payment history evaluation, Open communication with borrowers, financial counseling and support, Employee training, education and motivation, monthly recovery target of recoveries officers are the most significant factors affect the decline non-performing loan rate in ABC Finance. Therefore, give a special attention for those factors and emphasis these factors.

ABC Finance should regularly review and updating clear loan policies is essential to evolve to changing market situations and regulatory requirements. This ensures that the companies' lending practices remain aligned with industry best practices and reduces the nonperforming loans.

The ABC Finance Company should establish Digital lending platforms for their loan procedure. Digital lending platforms streamline the loan application and approval procedure, making it faster and more efficient. These platforms frequently contain automatic credit scoring systems, which determine borrower creditworthiness in real-time, lowering the possibility of granting loans to excessive-risk people. This will enable the ABC Finance company to show further high performance while maintaining a low level of non-performing loans.

The ABC Finance Company should employ sophisticated risk management tools that enable them to monitor loan portfolios in real-time. These tools provide early warning signals for potential defaults, allowing company to take proactive measures to address the issue quickly. ABC Finance will be able to further reduce non-performing loans by keeping the presence of the company at a stable level in the market due to the adoption of the above-mentioned Modern technologies. ABC Finance Company should further develop the training programmes given to recoveries officers and increased their motivation. Also, the organization should continue to maintain relations with customers. According to the recommendations mentioned above, ABC Finance Company will be able to successfully work in the competitive market by further decline the non-performing loans of the company.

Researchers observed that previous researchers have carried out studies on factors affecting nonperforming loans in the banking and non-banking sectors. Past scholars have identified preventive measures such as accurately assessing the credit capacity of customers by determining which customers have a greater or weaker capacity to repay. Categorize customers accurately and provide them with loan products that balance their varying credit limits is the most common method used in dealing with Non-Performing Loan Problems (Kariuki, 2014). According (Keshani & Jayatilake, 2021) to that institution factors, such as credit growth, bad management (loan underwriting and credit monitoring), lack of appropriate skills of the recoveries officers, and communication gap between customers and lending officers are the main factors influencing the non-performing loans. Also, the researcher pointed out that customerrelated factors such as lack of awareness and excessive borrowing were the main reasons for non-performing loans. In order to minimize the NPLs, according to research findings they stated the following manner: Enhancing the management and risk management and risk assessment, close monitoring of borrowers, strength the loan evaluation process, training and development awareness programs. According to the investigation, researchers found factors affecting the decline of non-performing loans in ABC Finance Company. They are Loan purpose evaluation, Collateral evaluation, Payment history evaluation, Open communication with borrowers, financial counselling and support, Employee training, education and motivation, and monthly recovery target of recoveries officers. Researchers also found there are challenges faced by ABC Finance in maintaining a low rate of non-performing loans. These include credit risk assessments, loan portfolio diversificationion, regulatory compliance, loan monitoring, collection strategies, market competition, technological advancement, cyber security, and macroeconomic factors.

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Factors Influencing Students' Career Path in Sri Lanka: Evidence from State Universities

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Abstract

This study looks at what influences students from state universities in Sri Lanka when they choose their career paths. The research focuses on four main factors: intrinsic motivation (personal interest), extrinsic motivation (financial rewards and job market), third-party influences (family, friends, teachers), and career exposure (information about different career options). By surveying students from three major universities, the study finds that personal interest, support from others, and career exposure play significant roles in shaping students' decisions, while financial rewards are less important. These findings can help improve career guidance for students and ensure that educational programs meet their needs.

Keywords: *Career path, Intrinsic motivation, Extrinsic motivation, Social Cognitive Career Theory (SCCT)*

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1. Introduction

This chapter will discuss a brief introduction, including a description of the background of the study, the need for and importance of the study, the research problem, the research question, the objectives or objectives of the study, the significance of the study, the scope and limitations, and the chapter organization of the study.

The accounting profession has been undergoing significant transformations, including technological advancements, globalization, and regulatory changes. These changes have led to new and evolving roles and responsibilities for accountants. Understanding what factors influence accounting students' career choices is essential to ensuring that they are prepared to meet the demands of this evolving profession.

The accounting profession in Sri Lanka, much like in other countries, has been facing the persistent issue of attracting and retaining accounting students and professionals. Factors such as the changing business landscape driven by technological advancements, intense competition, and publicized financial frauds have contributed to the decreasing popularity of accounting as a career choice. Despite high initial interest from high school and undergraduate students in pursuing accounting, there remains a shortage of certified accountants in the country.

The research is required to ascertain the career paths that students choose after completing their degree, given the ongoing demand for qualified accountants in Sri Lanka. Consequently, the research questions are as follows:

i. Does intrinsic motivation influence the career paths of accounting undergraduates?
ii. Does extrinsic motivation influence the career paths of accounting undergraduates?
iii. Does the influence of third parties influence the career paths of accounting undergraduates?
iv. Does career exposure influence the career paths of accounting undergraduates?

The overall objective of the research paper is to identify the factors influencing accounting students' career paths. It is possible to categorize the overall objective as follows:

i. To examine whether accounting students' career paths are influenced by intrinsic motivation.
ii. To examine whether accounting students' career paths are influenced by extrinsic motivation.
iii. To examine whether accounting students' career paths are influenced by the influence of third parties.
iv. To examine whether accounting students' career paths are influenced by career exposure.

The scope of this research is limited to three state universities in Sri Lanka. Therefore, the findings are specific to the context of these institutions and may not be directly generalizable to accounting students in other regions or institutions. The data collection in this study was conducted using a convenience sampling method.

The primary limitation of this study is its limited generalizability. As mentioned, the findings are specific to three institutions in Sri Lanka and may not fully represent the diverse population of accounting students in the country.

The use of convenience sampling introduces potential biases, and the results may not accurately reflect the entire accounting student population.

2. Literature Review

Prior literature on the Accounting Profession encompasses research inquiries into the evolution, organizational frameworks, and operational dynamics of the Australian accounting profession (Kamalitdinovich, 2023). Svetlana Mihaila and colleagues undertake a comprehensive exploration, emphasizing the influence of digitization on the accounting profession and the requisite skills and attributes essential in the 21st century. (Mihaila, Badicu, & Codrean, 2023)

Intrinsic Motivation

Intrinsic motivation plays a significant role in career choices. Several studies and theories have explored this relationship. The self-determination theory suggests that intrinsic motivation is fuelled by learners' psychological needs for autonomy, competence, and relatedness (Swiatczak, 2021).

(Santana & Arruda, 2021) conduct research with 47 individuals to understand what motivates someone to choose a career and the relationship between these motivators and satisfaction with their current job was conducted, concluding that intrinsic aspects are the most influential in professional choice and satisfaction, and remuneration, contrary to popular expectations, is not the most important point.

Extrinsic Motivation

Extrinsic factors such as job market demand and financial rewards have been found to influence the career decisions of accounting students. (Joshi, 2022) has shown that financial rewards have a positive impact on the interest of accounting students to pursue a career as public accountants. Additionally, factors such as perceptions of the public accounting profession, adversity intelligence, and labour market considerations have also been found to influence the interest of accounting students in becoming public accountants (Azizah & Hariyanto, 2022).

Influence of Third Parties

Several past studies highlight the significant impact of third-party influence on the career paths of accounting students. According to this research, students are notably influenced by parents (Byrne, Willis, & Burke, 2012); (Porter & Woolley, 2014); (Tan & Laswad, 2006); (Umar, 2014), subject teachers (Byrne, Willis, & Burke, 2012), relatives (Myburgh, 2005), and friends (Porter & Woolley, 2014). However, a study conducted by (Wally, 2013) provides a different perspective. Wally examined factors influencing accounting students and concluded that the influence of third parties is less significant. The study, conducted at the University of Botswana with 51 final-year accounting students, suggested that influence from parents, peers, and secondary teachers is considered unimportant. Instead, the factors like the availability of career advancement, personal interest in the subject, job opportunities, and higher earnings play a more crucial role in shaping the career paths of accounting students.

Career Exposure

In this study, "career exposure" refers to the information that students receive about various careers. (Ghani, Said, Nasir, & Jusoff, 2008) highlight that a significant source of career exposure for accounting students comes from professional accounting bodies. According to (Ghani & Said, 2009), it is crucial for students to gain insights into the nature of an accountant's job and the types of careers the field offers. The idea is that with more exposure to career-related information, students can make better-informed decisions about their career choices.

(Raharja & Liany, 2020) found that career exposure positively influences the career paths of accounting students.

Career Path

Accounting students have various career paths to choose from, including financial accounting, management accounting, taxation, auditing, finance, and teaching (Raharja & Liany, 2020)

(Yusoff, Omar, Awang, Yusoff, & Jusoff, 2011) define a career path as a lifelong journey that should be planned early in one's career, while (Joseph, Boh, Ang, & Slaughter, 2012) describe it as the occupational positions an individual holds throughout their lifetime, spanning various fields like business, law, academics, and entertainment. In this study, "career path" is used interchangeably with "career choice" and specifically refers to the decisions accounting students make upon graduating.

(Joseph, Boh, Ang, & Slaughter, 2012) note that personal attributes also play a role in shaping an individual's career path.

It's important to recognize that a person's career path isn't solely about job progression but can also encompass work experience, personal growth, job status, and job satisfaction (Yusoff, Omar, Awang, Yusoff, & Jusoff, 2011).

The majority of existing research has concentrated on accounting students within a singular educational institution. This narrow focus restricts the generalizability of findings, as different institutions may have unique cultures, teaching methodologies, and resources that influence students' career choices. A more comprehensive understanding of factors influencing accounting students' career paths requires exploration across multiple educational settings. This study will help to close the knowledge gap for additional research in this area

3. Methodology

Figure 1 shows the conceptual framework for this research. The independent variables are intrinsic motivation, extrinsic motivation, influence of third parties, and career exposure, while the dependent variable is the career path of the accounting undergraduates.

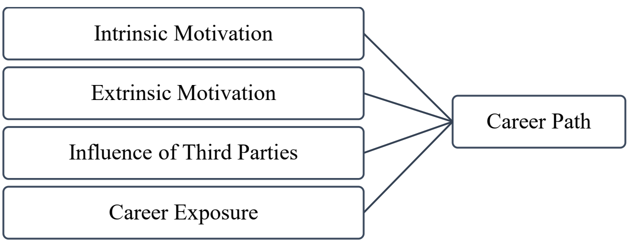

Figure 1: Conceptual Framework

The aim is to investigate the relationships between different factors and students' career paths. The study focuses on five specific hypotheses.

Intrinsic Motivation

Deci and Ryan's work highlights the importance of autonomy in fostering intrinsic motivation. In the context of accounting students, those who feel a sense of autonomy in choosing their career paths may be more intrinsically motivated to pursue a particular field within accounting. Applied to accounting students, those who find genuine interest and enjoyment in accounting may be more likely to choose a career path in the field (Ryan & Deci, 2000). Bundy and Norris found that accounting students are more likely to choose a career in accounting when they perceive that there are good job opportunities available. Students who are intrinsically motivated may also be more likely to pursue a career in accounting, even if they do not perceive that there are many job opportunities available. (Bundy & Norris, 1992).

Overall, there is a strong body of evidence to support the hypothesis that there is a positive relationship between intrinsic motivation and a career path. Therefore, this leads to the following hypothesis.

H1: There is a positive relationship between intrinsic motivation and career path.

Extrinsic Motivation

Lumb and Weisz found that extrinsic rewards were positively related to job satisfaction and work performance. This suggests that extrinsic rewards can motivate individuals to perform well in their jobs, which can in turn lead to career advancement (Lumb & Weisz, 1995). (Ryan & Deci, 2000) discusses the application of SDT to a variety of settings, including education, work, and health care. The authors argue that extrinsic rewards can undermine intrinsic motivation, especially when they are perceived as controlling or manipulative. However, the authors also note that extrinsic rewards can be used to promote intrinsic motivation when they are perceived as supportive and autonomy-enhancing.

Overall, there is a body of evidence to support the hypothesis that there is a positive relationship between extrinsic motivation and career path. Extrinsic rewards can provide individuals with the incentive to pursue a particular career path, leading to initial career satisfaction and stability. Therefore, this leads to the following hypothesis.

H2: There is a positive relationship between extrinsic motivation and career path.

Influence of Third Parties

(Nawabi & Javed, 2019) highlights the pervasive role of parental influence in shaping children's career aspirations and decisions. Parents' expectations, occupational preferences, and socioeconomic status can significantly impact children's perceptions of potential career paths. Drawing from the insights of the study by (Myburgh, 2005), which specifically analyzes career choice factors among first-year accounting students at the University of Pretoria, it was found that the career aspirations of accounting students were influenced by a variety of factors, including their parents' expectations, their friends' career choices, and the advice of their career guidance counselors.

Overall, there is a body of evidence to support the hypothesis that the influence of third parties is one of the important factors that influence the career paths of accounting students. The hypothesis of this study on the influence of third parties is as follows:

H3: There is a positive relationship between the influence of third parties and career path.

Career Exposure

(Ghani, Nasir, Said, & Jusoff, 2009) conducted a study in a Malaysian university, collecting 802 questionnaires from first- and final-year students. The study revealed that slightly more than half of the students gained exposure to career-related information during their university lives. (Sugahara & Boland, 2006) are referenced in the context of career exposure given by professional practitioners influencing students' career choices.

Overall, there is a body of evidence to support the hypothesis that there is a positive relationship between career exposure and career path. The hypothesis of this study on the influence of third parties is as follows:

H4: There is a positive relationship between career exposure and career path.

This study will employ quantitative data collection techniques to gain a comprehensive understanding of the factors influencing accounting students' career paths in Sri Lanka. A structured questionnaire will be administered to accounting students from the University of Kelaniya, the University of Colombo, and the University of Sri Jayewardenepura. The questionnaire will measure the factors influencing their career paths. The quantitative data will be analysed using descriptive and inferential statistics to identify patterns, trends, and relationships among variables.

The target population for this study is accounting undergraduates of the University of Kelaniya, the University of Colombo, and the University of Sri Jayewardenepura. A simple random sampling method will be used to select a representative sample of accounting undergraduates from the three universities.

The sample size will be determined using the Morgan Table, which suggests a sample size of 327. A total of 334 questionnaires were collected for data analysis using statistical analysis system. Out of the 334 questionnaires distributed, all the responses were complete and usable. To gather data from the target group, developed a survey questionnaire as the instrument for data collection.

The questionnaire was structured in a way that allowed participants to provide their responses using Likert scale ratings, where they could indicate their level of agreement or disagreement with specific statements or propositions. The Likert scale used a range of options, such as 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

The collected data was analysed using descriptive analysis, correlation analysis, and a panel regression analysis with SPSS software. The descriptive analysis used the mean, median, minimum, maximum, standard deviation, skewness, and kurtosis values, while the bi-variate analysis used Pearson correlation.

4. Results and Discussion

Table 1 summarizes the demographic profile of respondents of this study. The research sample is predominantly composed of male respondents (61.4%), with females accounting for 38.6%.

Table 1 : Demographic profile of respondents

Profile		Frequency	Percent
Gender	Male	205	61.4
	Female	129	38.6
	Total	334	100.0
Age	20-22	120	35.9
	23-25	169	50.6
	26-28	45	13.5
	Total	334	100.0
University	University of Kelaniya	163	48.8
	University of Colombo	118	35.3
	University Of Sri Jayewardenepura	53	15.9
	Total	334	100.0
Academic Year	1st Year	116	34.7
	2nd Year	128	38.3
	3rd Year	42	12.6
	4th Year	48	14.4
	Total	334	100.0
Do you follow any professional exams?	Yes	291	87.1
	No	43	12.9
	Total	334	100.0
If "Yes," please specify your professional exam.	CASL	178	53.3
	CASL, CMA	8	2.4
	CASL, AAT	40	12.0
	CIMA	45	13.5
	ACCA	26	7.8
	ACCA, AAT	6	1.8
	CMA, AAT	8	2.4
	AAT	1	0.3
	Not follow any Professional Exam	22	6.6
	Total	334	100.0

The descriptive summary statistics of these five variables are given in Table 2.

Table 2 : Mean, standard deviation, reliability, and normality results.

Descriptive Statistics

	Mean	Std. Deviation	Cronbach's α	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Intrinsic Motivation	3.4778	.60701	.764	-.369	.133	.313	.266
Extrinsic Motivation	4.0892	.55002	.829	-.825	.133	1.191	.266
Influence of Third Parties	3.8228	.75454	.916	-.436	.133	-.296	.266
Career Exposure	4.0898	.42879	.750	-.481	.133	.534	.266
Career Path	4.1174	.33691	.803	-.219	.133	2.487	.266
Valid N (listwise)							

Career path has the highest mean of 4.1174. This deduces that most of the respondents agree with our statement that they are clear on their career choices upon graduation.

Cronbach's α is frequently used in testing the reliability of data. As seen from Table 2, all the constructs have Cronbach's α values of 0.7 and above, which indicate that the multiple items used in measuring each construct are reliable. Kurtosis is related to the distribution's flatness, while skewness measures the symmetry.

Table 3 : KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.601
Bartlett's Test of Sphericity	Approx. Chi-Square	375.985
	df	10
	Sig.	<.001

The KMO value is 0.601, which falls between 0 and 1. A KMO value closer to 1 indicates that the data are suitable for factor analysis.

Table 4 : Tolerance and Variance Inflation Factors (VIF) of model

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Intrinsic Motivation	0.622	1.609
Extrinsic Motivation	0.757	1.322
Influence of Third Parties	0.824	1.214
Career Exposure	0.781	1.281

a. Dependent Variable: Career Path

Based on the Tolerance and VIF values, there doesn't seem to be severe multicollinearity among the independent variables. The Tolerance values are reasonably close to 1, and the VIF values are below the typical threshold of 5.

Table 5 : Summary of the Correlation analysis

Independent Variable	Pearson Correlation	Sig.	Relationship
Intrinsic Motivation	.379**	0.000	Weak Positive Relationship
Extrinsic Motivation	.189**	0.001	Weak Positive Relationship
Influence of Third Parties	.495**	0.000	Moderate Positive Relationship
Career Exposure	.181**	0.001	Weak Positive Relationship

Table 6 : Multiple regression analysis results

Independent Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.753	0.239		3.145	0.002
Intrinsic Motivation	0.287	0.041	0.385	7.037	0.000
Extrinsic Motivation	0.016	0.029	0.028	0.567	0.571
Influence of Third Parties	0.380	0.052	0.348	7.328	0.000
Career Exposure	0.129	0.018	0.353	7.236	0.000
R Square	0.388				
Adjusted R Square	0.380				
F	52.067				
Sig. F	<.001b				

a. Dependent Variable: Career Path

Intrinsic Motivation, Influence of Third Parties, and Career Exposure appear to be significant predictors of Career Path in this model, as their coefficients have low p-values. Extrinsic Motivation, on the other hand, does not seem to be a significant predictor in this context.

Hypothesis 1

H1. There is a positive relationship between intrinsic motivation and career path.

The coefficient for Intrinsic Motivation is 0.287 with a very low p-value (0.000). This indicates a statistically significant positive relationship between intrinsic motivation and career path.

Hypothesis 2:

H2. There is a positive relationship between extrinsic motivation and career path.

The coefficient for Extrinsic Motivation is 0.016 with a p-value of 0.571, which is not statistically significant. This suggests that there is no strong evidence for a positive relationship between extrinsic motivation and career path in the context of this study. Hence, the null hypothesis is not rejected. There is no statistically significant relationship between extrinsic motivation and career path.

The results of this study align with previous research. The findings of this study have also indicated that extrinsic motivation does not exhibit a significant relationship with career path. This observation is consistent with the findings of (Porter & Woolley, 2014), who concluded that extrinsic motivation is not as influential as intrinsic motivation. Other studies in the literature, such as those by (Ng, et al., 2017), also support the notion that extrinsic motivation does not have a significant relationship with career path.

Hypothesis 3:

H3. There is a positive relationship between influence of third parties and career path.

The coefficient for Influence of Third Parties is 0.380 with a very low p-value (0.000). This indicates a statistically significant positive relationship between the influence of third parties and career path.

Hypothesis 4:

H4. There is a positive relationship between career exposure and career path.

The coefficient for Career Exposure is 0.129 with a very low p-value (0.000). This indicates a statistically significant positive relationship between career exposure and career path.

The study's results reveal that intrinsic motivation, influence of third parties and career exposure are positively associated with career paths among accounting students. However, extrinsic motivation does not exhibit significant relationships with career paths.

5. Conclusion and Recommendation

The findings of the research indicate that career path positively relates to both intrinsic motivation, third-party influence and career exposure. Extrinsic motivation, however, have little bearing on a person's career choice.

The results of the regression analysis unveiled a prediction model for career paths, indicating that intrinsic motivation, influence of third parties, and career exposure significantly impact students' career choices. Particularly noteworthy is the powerful role of the influence of third parties, suggesting that external factors and opinions significantly contribute to shaping career paths. Intrinsic motivation also emerged as a significant predictor, aligning with prior research emphasizing its influential role.

While these findings contribute to the understanding of factors affecting accounting students' career paths, it is essential to acknowledge the study's limitations. Firstly, the research was limited to three state universities in Sri Lanka, and therefore, caution must be exercised in generalizing the results to the broader population of accounting students in the country. Secondly, the data collection method employed convenience sampling, potentially introducing biases.

Based on the findings of the study, the following recommendations are made: Conduct a longitudinal study to track the career paths of accounting students over time. This would allow researchers to see how the factors identified in this study affect students' long-term career outcomes. Replicate the study in other countries to see if the findings are generalizable. This would help to determine whether the factors identified in this study are unique to Sri Lanka or whether they apply to accounting students in other countries.

Conduct a study to explore the factors influencing the career choices of business students who choose not to major in accounting. This investigation aims to identify the contributing factors to the shortage of qualified accountants. Explore alternative variables that may influence the career choices of accounting students, such as employer requirements or sources of information from the media. This would provide a more nuanced understanding of the factors at play.

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