

Determinants of Financial Performance of South African Businesses in Africa: Evidence from JSE Listed Telecommunications Companies

Authors : Nomakhosi Tshuma, Carley Chetty

Abstract : This study employed panel regression analysis to investigate the financial performance determinants of MTN and Vodacom's rest of Africa businesses between 2012 to 2020. It used net profit margin, return on assets (ROA), and return on equity (ROE) as financial performance proxies. Financial performance determinants investigated were asset size, debt ratio, liquidity, number of subscribers, and exchange rate. Data relating to exchange rates were obtained from the World Bank website, while financial data and subscriber information were obtained from the companies' audited financial statements. The study found statistically significant negative relationships between debt and both ROA and net profit, exchange rate and both ROA and net profit, and subscribers and ROE. It also found significant positive relationships between ROE and both asset size and exchange rate. The study recommends strategic options that optimise on the above findings, and these include infrastructure sharing to reduce infrastructure costs and the minimisation of foreign-denominated debt.

Keywords : financial performance, determinants of financial performance, business in Africa, telecommunications industry

Conference Title : ICDB 2022 : International Conference on Digital Business

Conference Location : Paris, France

Conference Dates : September 20-21, 2022