**The Performance analysis of Saud Bahwan Group, Oman: An Empirical Study**

**Dr. Md. Shabbir Alam\* (Assistant Professor, Department of Accounting & Finance, CCBA, Dhofar University) Email:** [**mdshabbir@du.edu.om**](mailto:mdshabbir@du.edu.om)

**Dr. Naushad Alam\*\* (Assistant Professor-Saudi Electronic University) Email:** [naushadamu@gmail.com](mailto:naushadamu@gmail.com)

**Abstract**

The present study examines the financial performance Saud Bahawan group vis a vis its competitor and its role in the economic development of Oman. From the empirical work carried out it was established that the ROE has increased over the years from 1350 in 2010 to 14245 in 2014.However on the contrary the net assets to book value, earning per share have declined considerably over the years. The debt ratio has too increased from 0.18 to 0.28 which is a marginal increase and that’s may have attributed to the decline in the EPS. The results showed that, there is no significance different between return on equity of Saud Bahawan and five other companies chosen for the study. If we just consider the difference of mean in Return on equity of all companies establishes the fact the firm profitability is comparatively better than that of its competitor. Thus the study reveals that the companies chosen for the study were no better than that of the Saud Bahawan group in all the parameters taken for the study.

*Key Words: financial performance, ROE, EPS & Debt ratio.*

**Introduction:** The present study is carried out to find out the working performance of Saud Bahawan Group one of the leading company of Oman. The group has been playing a great role in the Oman economy since its inception. It initially started with in the field of Automotive & Allied businesses and since then diversified into turnkey projects, construction equipment, oil and gas, municipal civic services, special equipment, travel & tourism, and real estates. The present study is thus an attempt to find out the firm performance relative to the performance of other company involved in similar business. The study is also an attempt to find out the profitability of the firm as compared to its competitors to determine the market share of the firm.

**Literature Review:**

To fulfill the need of the study a through literature review was carried out mainly research papers containing research from the Arab countries were reviewed. A representative group of 304 firms from different sectors of the economy were selected. We first of all important descriptive statistics, identity and their performance and market station from firms on the steps, and then use the variable to capture the relationship between the world but incredibly equality. In particular, we study the determinant ownership concentration. Instrumental variables and properties owned by the country used as concentration on concentration ownership of firms control endogeneity to display and the influence of market incentives. And identify the effects of ownership and are block holdings. As a result, the broad front that ownership concentration among the poorer legal protection for investors, endogenous response, but I do think there is no major impact on the performance of firms (Mohammed M. Omrana, Ali Bolbolc, Ayten Fatheldinc, 2008). The factors affecting the Jordanian insurance company’s financial performance is the goal of this research investigation. Oman stock exchange during the period, the number of the insurance company (25) (2002-2007) study population consisted of all insurance companies have enlisted. Analysis of the data collected has been T-test and the primary contact number by using a large number of statistical techniques. Results showed the following variables (attenuation, size, management capacity, and leverage index) have a positive effect on the financial performance of insurance companies, a Jordanian logistics. The researcher recommended that the company consider a good financial performance of an increase in assets will lead to a high and important need in the very highest administrative staff has qualified employees. (Amal Yassin Almajali, Sameer Ahmed Alamro, Yahya Zakarea Al-Soub, 2012). The study of the structure of the capital of Oman Jordanian firms listed in the stock market affect the performance of a public investigation. General least squares multiple regression model to study by (n) impact on the structure of capital representing 76 firms (53 industrial firms and 23 Service Corporation) period (2001-2006) for applying on behalf of a technique of investigation is used as. The results of this research study on negative and samples with a strong performance on the capital structure generally associated with that conclusion. In addition, the study was that advanced financial stable firms and their financial equilibrium between the low financial performances of firms effects of any significant difference. Finally, there is also a study of high growth firm’s financial balance and low growth firms financial performance is the difference between a negative and it was statistical on the basis of impact on development is shown (Mustafa M. Soumadi, Osama Suhail Hayajneh, 2012). Corporate social performance (SP) and financial performance (FP) explain the divergent results on the relationship between different factors can be found in scientific literature. The primary purpose of this chapter to test the effects of these factors is their divergent results. It also considered the relation of these factors individually or in combination, is aimed to assess the sensitivity of it. Our experimental results show that an estimated selection of research depends on the relationship. In particular, FP and sp, measure according to measure a sample chosen relationship. It is not stable, not necessarily linear relationship as many related scholarly works in literature, a duty. Knowledge gained from this work of literature which is still in the process of speaking and a glimpse of lines in the field better understand studied relationship suggests (Hajer Tebini, Bouchra M’Zali, Pascal Lang, Paz Méndez-Rodrı́guez, 2014).

**Data & Methodology**

To fulfill the need of the study information was collected from the annual reports and balance sheets of the company. The analysis and interpretation of financial statements reveal each and every aspect regarding the wellbeing financial soundness, operational efficiency and creditworthiness of the company. In current study we used the existing instruments of job firm performance and growth in Bahawan group. The data will be collected from the published annual reports of Saud Bahawan group. To determine the relationship among different factors ANOVA has been used and multiple regression analysis is also carried out to establish the relationships amongst the different factors.

**Result analysis & Discussion**

To fulfill the need of the study analysis on the financial ratios of Saud Bahawan Group of company as compare to the financial ratios of other 5 companies was carried out. It can be observed from the Table-1 that the ROE has increased over the years from 1350 in 2010 to 14245 in 2014.However on the contrary the net assets to book value, earning per share have declined considerably over the years. The debt ratio has too increased from 0.18 to 0.28 which is a marginal increase and that’s may have attributed to the decline in the EPS.

**Table-1: Financial Ratio**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **year** | **Return on equity** | **net asset/book value** | **Earnings per share** | **Stock dividend** | **price earning** | **Debt ratio** | **Closing Price** | **Company name** |
| **2014** | 14245.00 | -0.07 | -0.04 | 0.00 | 0.53 | 0.28 | 0,.000 | Saud Bahawan Group |
| **2013** | 19866.00 | -0.07 | -0.04 | 0.00 | 0.57 | 0.22 | 0,.000 | Saud Bahawan Group |
| **2012** | 18480.00 | 0.04 | 0.02 | 0.00 | 0.55 | 0.19 | 0,.000 | Saud Bahawan Group |
| **2011** | 10395.00 | 0.00 | 0.01 | 0.00 | 0.52 | 0.17 | 0,.000 | Saud Bahawan Group |
| **2010** | 13580.00 | 0.14 | 0.07 | 0.00 | 0.57 | 0.18 | 0,.000 | Saud Bahawan Group |

**Source**: Authors own compilation

In the next section the analysis of five other company is done with that of Saud Bahawan Group as depicted in the Table-2 and Table-3.These companies are also offering similar line of products as that of the Saud Bahawan Group. These companies are the competitors of the Saud Bahawan Group and a comparison has been done using the Return on equity, net Assets ratio, Earning per share, dividend ratio, earning price and debt ratio of company stock with 5 companies. The data were time series from 2010 to 2014. The results showed that, there is no significance different between return on equity of Saud Bahawan and other companies. If we just consider the difference of mean in Return on equity of all companies establishes the fact the firm profitability is comparatively better than that of its competitor. In net assets ratio, we also could not find any difference, all the variables performing in the same way. The earnings per share is also the firm profitability is found to be significant. In this comparison, it was found, there is no significance difference in Saud Bahawan companies. In dividend ratio and earning price ratio, we found a clear difference in these values.

**Table-2: Comparitive Analysis**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| ROE | Between Groups | 338348847772.300 | 5 | 67669769554.460 | 30.160 | .000 |
| Within Groups | 53848682098.400 | 24 | 2243695087.433 |  |  |
| Total | 392197529870.700 | 29 |  |  |  |
| Net Assets | Between Groups | .138 | 5 | .028 | 2.842 | .037 |
| Within Groups | .233 | 24 | .010 |  |  |
| Total | .371 | 29 |  |  |  |
| EPS | Between Groups | .050 | 5 | .010 | 12.943 | .000 |
| Within Groups | .018 | 24 | .001 |  |  |
| Total | .068 | 29 |  |  |  |
| Dividend | Between Groups | .002 | 5 | .000 | 1.000 | .439 |
| Within Groups | .008 | 24 | .000 |  |  |
| Total | .010 | 29 |  |  |  |
| Earning Price | Between Groups | 1.315 | 5 | .263 | 1.874 | .138 |
| Within Groups | 3.227 | 23 | .140 |  |  |
| Total | 4.542 | 28 |  |  |  |
| Debt Ratio | Between Groups | .327 | 5 | .065 | 29.700 | .000 |
| Within Groups | .053 | 24 | .002 |  |  |
| Total | .379 | 29 |  |  |  |
| Closing Price | Between Groups | 6.815 | 5 | 1.363 | 28.289 | .000 |
| Within Groups | 1.156 | 24 | .048 |  |  |
| Total | 7.972 | 29 |  |  |  |

**Source:** Authors own compilation

It can be observed from Table-3 that there is no significance difference in the Return on equity of Saud Bahawan group and Oman cement co., Raysut Cement. But with Al Hassan engineering, and Ghafar Engineering we could found a significance difference. There was no significance difference in the mean of Saud Bahawan and Galfar Engineering and Gulf stone. Saud Bahwan was better than the Gulf stone but lower than other four firms. In net assets ratio, we found Saud Bahawan is greater than Alhassan Engineering, but lower than all other four firms. On the basis of P value, we found there is significant difference in the mean of Saud Bahawan and all other firms. We performed analysis on earning per share of Saud Bahawan and four other companies. We found Saud Bahawan is better than Alhassan Engineering, and lower than all four firms. We performed analysis on dividend ratio of Saud Bahawan and five other companies. We found no significance difference among all firms in their dividend ratio. We performed analysis on the Debt ratio of Saud Bahawan and all other 5 companies and found that, Saud Bahawan is better than Oman cement as compare to other companies.

**Table-3: Comparison of Saud Bahawan with its Competitor**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Oman Cement. | Raysut Cement | Al Hassan Engineering | Galfar Engineering & Contracting | Gulf Stone |
| Saud Bahwan Group | P-value | P-value | P-value | P-value | P-value |
| ROE | 0.008 | 0.024 | 0.999 | 0.055 | 0.015 |
| Net Assets | 0.413 | 0.064 | 1 | 0.934 | 0.771 |
| EPS | 0.489 | 0.029 | 1 | 0.999 | 1 |
| Dividend | 0 | 0 | 0 | 0.975 | 0 |
| Debt ratio | 0.009 | 0.17 | 0.01 | 0.021 | 1 |

**Source:** Authors own compilation

**Conclusion & Discussion:**

The data analysis of Saud Bahawan shows that Saud Bahwan group is in tough competition with its other competitors. In this analysis we compare the Return on equity, net Assets ratio, Earning per share, dividend ratio and debt ratio. The data were time series from 2010 to 2014. The results showed that, there is no significance different between Return on equity of Saud Bahawan and other companies. If we just consider the difference of mean in Return on equity of all companies, it was found that the Saud Bahawan group profitability is greater than of its competitor. In net assets ratio, we also could not find any difference, all the variables performing in the same way. The earnings per share also show that there is no significant difference between Saud Bahawan and selected group of companies. Thus the study reveals that the company chosen for the study was no better than that of the Saud Bahawan group in all the parameters taken for the study.

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