

## Impact of Firm Performance on Sustainable Growth in Finance Companies Listed in Colombo Stock Exchange: Prat Model Approach

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Sustainable growth is a crucial concept that companies aspire to when strategically preparing for their survival in the long run. Using the PRAT model, the study examines the impact of company performance on the sustainable growth rate by considering company-specific indicators such as net profit margin (P), retention rate (R), asset turnover (A), financial leverage (T), and financial liquidity (FL) with firm size (FS) as a control variable. In line with the Higgins theory, the study compares the average actual sales growth rate (AAGR) with the average sustainable growth rate (ASGR) among listed financial sector companies. The study employed a quantitative research technique, with secondary data gathered from financial sector businesses listed on the CSE from 2017 to 2021. A panel regression model was used to examine the acquired data. The company's operating performance metrics and financial policy metrics have a positive and significant impact on the sustainable growth rate of Sri Lankan financial sector companies. Furthermore, the study highlights that the impact of operating components on the sustainable growth rate is much greater than the financial policy indicators. It signifies that, in the Sri Lankan context, creating the company's operational performance and profitability development plans would possibly greatly increase long-term growth. The study observed that financial liquidity implies a negative impact on the sustainable growth rate, but it doesn't appear significant in the context of Sri Lankan listed financial sector firms. The study reveals that the notion of sustainable growth is critical in financial planning and that company performance promotes sustainable growth and helps to ensure long-term viability in the financial sector by creating standards and procedures to sustain the value of their entire businesses as sustainable growth companies to transform the Sri Lankan economy.

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