

Research Title : A Study of Financial Standard Ratio and Degree of Operating Leverage in 40
Industrial Business Groups

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Abstract

Financial standard ratio is commonly used for calibrating the operation status of business organizations to indicate their past administrative potential, which will lead to organizational improvement and development and eventually they can compete with the others. The purpose of this study was to investigate the financial standard ratio and degree of operating leverage of 40 industrial business groups. The data were collected from the financial statements in the year 2010-2014 of 2,105 businesses via their www.dbd.go.th. Interviews were also made to those responsible for the businesses' financial statements. Arithmetic mean, standard deviation, Anova and scheffe analysis were employed to analyze the data.

It was found that the financial standard ratio and degree of operating leverage of the industrial businesses, as a whole, was found that the current ratio was 1.75 times while the quick ratio was 1.11 The receivable turnover ratio was 7.52 rounds. The average collection period was 54 days. The inventory turnover ratio was 8.15 rounds, and the average day sales was 43days. With respect to the standard debt ratios, the study revealed that the debt to equity was 1.75 :1 while the debt to total assets was 0.76 :1. The long term debt to equity was 1.32 : 1, and the times interest earned was 38.11. Regarding the standard profitability ratios, it was found that the gross profit margin was 29.74% whereas the operation profit margin was 14.84%. The net profit margin was found to be 9.90%, the return on equity 23.30%. The return on total assets 9.12% respectively, and degree of operating leverage was 8.98.

The comparison of the financial standard ratio and degree of operating leverage of 40 industrial business groups indicated that thirteen items were different at the statistical significance level of 0.05.

Keywords : Financial Standard Ratio, Degree of Operating Leverage, Industrial Business Groups