

**RISK ANALYSIS:
A Study of Beta Factors
and Some Strategic Considerations**

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ABSTRACT

The beta factor is a statistical measure of an asset's non-diversifiable risk. In this paper the beta factor is computed for a sample of Sri Lankan companies by regressing the returns for an asset against the returns for the market. It is argued here that beta should not be used in risk analysis as the driving factor. Instead, it is proposed that it is more a guiding factor which has to be further examined within the context of the "strategic framework" of the firm.
