

**IMPACT OF RISK MANAGEMENT PRACTICES ON THE PERFORMANCE  
OF SMALL AND MEDIUM SIZE ENTERPRISES IN AMPARA DISTRICT**



**By**

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## ABSTRACT

At present, small and medium enterprises are considered important, because they are contributing to GDP, employment, and rural development, and as a whole economic development, etc. There is so far lack of research has been conducted concerning the risk management of SMEs in Sri Lanka. So, this research study is to identify how risk management practices (Risk Management Environment, Policies and Procedure, Risk measurement, Risk mitigation, Risk monitoring, and Internal control) affect the performance of small and medium enterprises in Ampara District.

The study mainly considering identifying the levels of risk management practices, the relationship between risk management practices and enterprise performance, and the impact of risk management practices on enterprise performance. For that, primary data were collected via an online questionnaire by google forms. A questionnaire was distributed among 210 owners of small and medium enterprises in Ampara District because the owner and manager are the same people in most enterprises. So, they are qualified to answer the questionnaire relate to the risk management of enterprises. The data were analyzed by using descriptive, correlation analysis, and multiple regression analysis.

The study result shows that Risk Management Environment, Policies and Procedure, Risk Measurement and Internal Control has Moderate level. Risk Mitigation and Risk Monitoring has a high level in SMEs. The results indicate that there is a Strong positive relationship between Risk Management environment, policies and procedure and enterprise performance, Risk Measurement and Enterprise Performance, Risk Mitigation, and enterprise performance and Risk Monitoring and Enterprise performance, and Internal Control and enterprise performance. There is a significant positive impact of Risk Management Environment, Policies and Procedure, Risk Measurement, Risk Mitigation, Risk Monitoring, and Internal Control on the enterprise performance.

**Key words:** Risk Management environment, policies, and procedure, Risk Measurement, Risk Mitigation, Risk Monitoring, Internal Control, Enterprise Performance.

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