

**CORPORATE FINANCIAL LITERACY AMONG OWNERS OF
SMALL AND MEDIUM ENTERPRISES IN EASTERN
PROVINCE**



By

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ABSTRACT

The Purpose of this study is to measure the Level of Corporate Financial Literacy among owners of Small and Medium Enterprises (SMEs) in Eastern Province of Sri Lanka. The importance of corporate financial literacy has increased considerably with the recent economic development in Sri Lanka. Corporate Financial literacy is seen as an important instrument for the success of small businesses, since it helps to understand and evaluate the information needed to make daily decisions that have financial impacts in companies' day-to-day management. Therefore, the goal of this research is twofold: to assess the corporate financial literacy levels of small business owners in the Eastern Province.

In this context, the research is carried to find the extent of Corporate Financial Literacy among owners of Small and Medium Enterprises in Eastern Province. Extent of the corporate financial literacy are measured using four dimensions as financial statement analysis, financial planning, fixed assets management and investment evaluation criteria. Data were collected using questionnaire from 150 Small and Medium Enterprises Owners.

According to the descriptive analysis, level of corporate financial literacy is Moderate level of the Small and Medium Enterprises in Eastern Province. Based on results of the ANOVA and independent sample t test, level of corporate financial literacy are not varying with the type of the industry, age level of the business, and level of profitability of the business. But, there are significant differences in level of corporate financial literacy among age level of the owner, education level of the owner and gender of the owner. Therefore in order to improve the level of corporate financial literacy researcher recommends improving the knowledge regarding corporate financial literacy to the business owners and high involvement of the government to providing training programs through each division in Eastern Province.

Key-words: Corporate financial literacy, Small business owners, financial statement analysis, Financial planning, fixed assets management, Investment evaluation criteria.

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