

**THE IMPACT OF ENTREPRENEURIAL COMPETENCIES OF THE  
FINANCIAL PERFORMANCE OF SMALL AND MEDIUM SCALED FIRMS  
IN HOTEL AND TOURISM INDUSTRY IN BADULLA DISTRICT**



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2017**

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## ABSTRACT

Research aimed at examining the factors that may impact on financial performance in Badulla district. The study examined the extent to which entrepreneurial competence influenced financial performance in SMHE's. The study was conducted at 15 divisions. Although it has been difficult to ascertain why in similar situations some entrepreneurs fail while others succeed, it is through that the focus on "entrepreneurial competencies" offers a practical means of addressing the phenomenon. SME's are still faced by lack of appropriate knowledge and skills, limited skills, limited access to information technology.

The study comprised 110 SME's, from population of 285. The study used random sampling since SME's are many and scattered in wide geographical area. One of the most serious impediments is limited capacity of people who start and operate the businesses, in terms of the attitudes, motivation, exposure, skills and experiences. Education and training programs could provide owners with opportunities to explore their motives of firm ownership and a better understanding of the consequences of not seeking success.

The findings of the study showed that there is a strong positive relationship between entrepreneurial competencies and financial performance. Furthermore, researcher identified competencies of opportunity, analytical and personal strength has highest impact on financial performance.

The conclusion of the study indicates that one of the other serious impediments is the limited capacity of people who start and operate the businesses, in terms of the attitudes, motivation, exposure, skills and experiences. The study that recommends there is substantial need to study on the role of entrepreneurial competencies. Also the study recommends that SME's require organization's mission, vision, values and strategic plans. At every level of the organization competency is required in order to successfully perform duties required, skills gained from education or training will increase the abilities of SME's to achieve success.

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