

**IMPACT OF ENTREPRENEURIAL COMPETENCY ON  
FINANCIAL PERFORMANCE OF SMALL AND MEDIUM  
ENTERPRISES IN KEGALLE DISTRICT**



**NUWARAPAKSHA JAYALATH DINESHA PRIYADARASHANI**



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**DEPARTMENT OF COMMERCE  
FACULTY OF COMMERCE AND MANAGEMENT  
EASTERN UNIVERSITY, SRI LANKA**

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## ABSTRACT

Small and medium enterprises get more attention in the present. Government provides many financial and non-financial subsidies to improve the small and medium enterprises. However, there are some failures in small and medium enterprises. Therefore, the problem of the study identified as what is the impact of entrepreneurial competency on financial performance of small and medium enterprises in the Kegalle district.

Based on the research question researcher identified eleven research objectives as, to examine impact of entrepreneurial competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of opportunity competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of relationship competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of analytical competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of innovative competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of operational competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of human competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of strategic competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of commitment competency on financial performance of small and medium enterprises in Kegalle district, to examine impact of learning competency on financial performance of small and medium enterprises in Kegalle district, and to examine impact of personal strength competency on financial performance of small and medium enterprises in Kegalle district.

To achieve the research objectives researcher followed quantitative approach. Two hundred small and medium enterprises owners in Kegalle district selected as sample based on the stratified random sampling method. Data collected using the questionnaire with five point likert scale. Independent variable of entrepreneurial competency include ten variables like opportunity, relationship, innovative, analytical, operational, commitment, human, strategic, personal strength, and learning competencies. Fifty three questionnaire questions used to measure the entrepreneurial

competency. To measure the dependent variable of financial performance researcher use three questionnaire questions like return on investment, profit growth, and sales growth.

Researcher use univariate analysis, bivariate analysis and hypothesis to analyze the collected data with SPSS 19 version. Frequency distribution and descriptive statistic used under the univariate analysis. Bivariate correlation analysis and simple regression analysis used under the bivariate analysis.

According to the research findings, there is a moderate level of entrepreneurial competency and moderate level of financial performance among the small and medium enterprises owners in Kegalle district. Moreover, there is a positive relationship between entrepreneurial competency and financial performance. And there is a positive relationship of each dimensions of entrepreneurial competency with financial performance. There is a positive impact of entrepreneurial competency on financial performance and each dimensions of independent variable (entrepreneurial competency) on financial performance.

Small and medium enterprises owners can increase their financial performance by increasing the entrepreneurial competency as this research result. Therefore, researcher recommends the following recommendations to improve the entrepreneurial competency of small and medium enterprises owners.

School students should motivated for participate to the competitions of innovative ideas. Entrepreneurs can get innovative ideas from watching these competitions. Furthermore, school students may be innovative entrepreneurs in the future from participating these competitions.

Small and medium enterprises owners should get knowledge about information technology. small and medium enterprises owners can get more benefits from using information technologies like find out opportunities, new markets, threats, environmental changes, and competitors information. Moreover using information technology small and medium enterprises owners can maintain a personal networks of work contact.

## TABLE OF CONTENTS

Acknowledgement .....	i
Abstract .....	ii
Table of contents .....	iv
List of table .....	xii
List of figure .....	xiv
CHAPTER ONE .....	1-7
INTROUCTION .....	1
1.1 Background of the study .....	1
1.2 Problem statement. ....	3
1.3 Research questions .....	4
1.4 Objectives of the study .....	5
1.5 Scope of the study .....	6
1.6 Significance of the study. ....	6
1.7 Assumptions of the study .....	7
1.8 Limitation of the study. ....	7
1.9 Summary .....	7
CHAPTER TWO .....	8-30
THE LITERATURE REVIEW .....	8
2.1 Introduction .....	8
2.2. Entrepreneur .....	8
2.3. Entrepreneurship .....	10
2.4. Entrepreneurial competencies .....	11
2.4.1. Opportunity competency .....	13
2.4.2. Relationship competency .....	15
2.4.3. Conceptual competency .....	16
2.4.4. Organizing competencies .....	17

2.4.5. Strategic competency .....	18
2.4.6. Learning competency .....	20
2.4.7. Personal strength competency .....	20
2.4.8. Commitment competency .....	21
2.4.9. Innovative competency .....	21
2.4.10 Analytical competency .....	22
2.4.11 Human competency .....	22
2.5. Performance .....	23
2.6. Financial performance .....	23
2.7. Impact of entrepreneurial competency on performance .....	24
2.8. Small and medium enterprises .....	24
2.9. Importance of small and medium enterprises .....	27
2.10. District profile .....	28
2.11 Summary .....	30
CHAPTER THREE .....	31
CONCEPTUALIZATION AND OPERATIONALIZATION .....	31-41
3.1 Introduction .....	31
3.2 Conceptualization .....	31
3.2.1. Conceptualization of entrepreneurial competency .....	33
3.2.1.1. Conceptualization of opportunity competency .....	33
3.2.1.2. Conceptualization of relationship competency .....	33
3.2.1.3. Conceptualization of analytical competency .....	34
3.2.1.4. Conceptualization of innovative competency .....	34
3.2.1.5. Conceptualization of operational competency .....	34
3.2.1.6. Conceptualization of human competency .....	34
3.2.1.7. Conceptualization of strategic competency .....	34
3.2.1.8. Conceptualization of commitment competency .....	35

3.2.1.9 Conceptualization of learning competency .....	35
3.2.1.10. Conceptualization of personal strength competency .....	35
3.2.2.Financial performance .....	35
3.3 Operationalization of variables .....	36
3.3.1 Operationalization of entrepreneurial competency .....	36
3.3.2 Operationalization of financial performance .....	41
3.4 Summary .....	41
CHAPTER FOUR.....	42-54
METHODOLOGY .....	42
4.1 Introduction .....	42
4.2 Study setting, Design, and Method of Survey.....	42
4.3 Population and sample .....	43
4.4 Data collection.....	43
4.5 Methods of Data Presentation .....	44
4.5.1 Data presentation for personal details and business details.....	44
4.5.2 Data presentation for entrepreneurial competency and financial performance .....	44
4.6 Methods of Measurements .....	44
4.6.1 Method of Measuring the Financial performance .....	44
4.6.2 Method of Measuring the Entrepreneurial competency .....	45
4.6.3 Method of Measuring the Personal information.....	48
4.7 Method of data analysis .....	49
4.7.1 Univariate Analysis .....	49
4.7.2 Bivariate Analysis.....	50
4.7.3 Hypothesis Testing .....	52
4.8 Methods of Data Evaluation.....	53
4.9.1Data evaluation for entrepreneurial competency .....	54

4.9.2 Data evaluation for financial performance .....	54
4.10 Summary .....	54
CHAPTER FIVE .....	55-80
DATA PRESENTATION AND DATA ANALYSIS .....	55
5.1 Introduction .....	55
5.2 Reliability Test .....	55
5.3 Data presentation.....	56
5.3.1 Data presentation for personal information .....	56
5.3.1.1 Age distribution of the sample.....	56
5.3.1.2 Gender distribution of the sample .....	57
5.3.1.3 Marital Status distribution of the sample .....	57
5.3.1.4: Prior business start-up experience distribution of sample .....	58
5.3.1.5: Age distribution of sample when start the business.....	59
5.3.1.6 Educational level distribution of sample.....	60
5.3.1.7 Working experience distribution of sample .....	61
5.3.2 Data presentation for Entrepreneurial competency.....	62
5.3.2.1. Entrepreneurial competency .....	62
5.3.2.2. Opportunity competency.....	62
5.3.2.3. Relationship competency .....	63
5.3.2.4. Analytical competency.....	63
5.3.2.5. Innovative competency .....	64
5.3.2.6. Operation competency .....	64
5.3.2.7. Human competency .....	64
5.3.2.8. Strategic competency .....	65
5.3.2.9. Commitment competency .....	65
5.3.2.10. Learning competency .....	66
5.3.2.11. Personal strength competency.....	66

5.3.3 Data presentation for financial performance .....	67
5.4 Data Analysis .....	67
5.4.1 Univariate Analysis .....	67
5.4.1.1 Mean and Standard deviation for entrepreneurial competency .....	67
5.4.1.1.1 Entrepreneurial competency .....	67
5.4.1.1.2 Opportunity competency .....	68
5.4.1.1.3 Relationship competency .....	68
5.4.1.1.4 Analytical competency .....	69
5.4.1.1.5 Innovative competency .....	69
5.4.1.1.6 Operational competency .....	69
5.4.1.1.7 Human competency .....	70
5.4.1.1.8 Strategic competency .....	70
5.4.1.1.9 Commitment competency .....	71
5.4.1.1.10 Learning competency .....	72
5.4.1.1.11 Personal strength competency .....	72
5.4.1.2 Mean and Standard deviation for financial performance .....	73
5.4.2. Bivariate analysis .....	73
5.4.2.1 Correlation analysis .....	73
5.4.2.2 Regression analysis .....	74
5.5 Hypothesis testing .....	77
5.6 Summary .....	80
CHAPTER SIX .....	81-100
DISCUSSION .....	81
6.1 Introduction .....	81
6.2. Discussion on personal information .....	81
6.2.1 Age .....	81
6.2.2 Gender .....	81



6.2.3 Marital status .....	82
6.2.4 Prior business start-up experience .....	82
6.2.5 Age when start the business.....	82
6.2.6 Educational level .....	83
6.2.7 Working experience.....	83
6.3. Discussion on research variables.....	84
6.3.1 Entrepreneurial competency .....	84
6.3.2 Opportunity competency .....	84
6.3.3 Relationship competency.....	84
6.3.4 Analytical competency .....	85
6.3.5 Innovative competency .....	85
6.3.6 Operational competency .....	86
6.3.7 Human competency .....	86
6.3.8 Strategic competency.....	86
6.3.9 Commitment competency.....	87
6.3.10 Learning competency .....	87
6.3.11 Personal strength competency .....	87
6.3.12 Financial performance .....	88
6.4 Relationship between entrepreneurial competency and financial performance.	88
6.5 Relationship between opportunity competency and financial performance .....	90
6.6 Relationship between relationship competency and financial performance .....	91
6.7 Relationship between analytical competency and financial performance .....	92
6.8 Relationship between innovative competency and financial performance .....	93
6.9 Relationship between operational competency and financial performance .....	94
6.10 Relationship between human competency and financial performance .....	95
6.11 Relationship between strategic competency and financial performance .....	96
6.12 Relationship between commitment competency and financial performance...	97

6.13 Relationship between learning competency and financial performance .....	98
6.14 Relationship between personal strength competency and financial performance .....	99
6.15 Conclusion.....	100
CHAPTER SEVEN .....	101-110
CONCLUSIONS AND RECOMMENDATIONS .....	101
7.1 Introduction .....	101
7.2 Conclusions of the Research Objectives .....	101
7.2.1 Conclusion of objective one .....	101
7.2.2 Conclusion of objective two .....	102
7.2.3 Conclusion of objective three .....	102
7.2.4 Conclusion of objective four .....	102
7.2.5 Conclusion of objective five .....	102
7.2.6 Conclusion of objective six .....	103
7.2.7 Conclusion of objective seven.....	103
7.2.8 Conclusion of objective eight .....	103
7.2.9 Conclusion of objective nine .....	103
7.2.10 Conclusion of objective ten .....	103
7.2.11 Conclusion of objective eleven.....	104
7.3 Recommendations .....	104
7.3.1 Recommendation for objective one .....	104
7.3.2 Recommendation for objective two.....	105
7.3.3 Recommendation for objective three.....	105
7.3.4 Recommendation for objective four .....	106
7.3.5 Recommendation for objective five .....	106
7.3.6 Recommendation for objective six .....	107
7.3.7 Recommendation for objective seven.....	107

7.3.8 Recommendation for objective eight..... 107

7.3.9 Recommendation for objective nine..... 108

7.3.10 Recommendation for objective ten..... 108

7.3.11 Recommendation for objective eleven ..... 109

7.4 Suggestions for future studies ..... 109

7.5 Conclusion..... 110

Reference..... 111-113

Appendix..... 114-151