

ABSTRACT

Risk management consist of all efforts designed to preserve assets and earning power of business. Since, risk management has grown out of insurance management; the two terms are often used interchangeably. Actually, risk management has much broader meaning, covering both insurable and uninsurable risks and including noninsurance approaches to reducing all types of risks. According to Ric Yocke, a consultant in risk management with the accounting firm of Ernst and Young says "I think it's easier for a small company not to address risk management because people wear so many hats. It's not something that requires immediate attention until something happens". In practicing Risk management, a small business manager need to identify the different types of risks faced by her or his business and find way to cope with them.

The main objective of this study would be to study extent of risk management practices against the business risks in small and medium scale firms in Padukka divisional secretariat division. The specific objectives of the study may be to find out the risk faced by small and medium scales businesses and to evaluate four types of risk management practices i.e. preventing risk reduction, self insurance, risk sharing and good management. The study used 100 samples of entrepreneurs within Padukka divisional secretariat division and it has used univariate analysis such as mean value and standard deviation for the overcome above objectives.

The study revealed that the risk management practices in small and medium scales businesses in the Padukka divisional secretariat division is not favorable or not satisfy in respect of four criteria of measures i.e. Extent of preventing risk reduction, Degree of self insurance, Extent of risk sharing and Degree of good management. It is very important lots of business risks are insurable therefore if they simply get an insurance policy for their business that can be easily manage lot of risks in less effort. This kind of research or studies which are regarding risk management in small and medium scale firms very rare, but it should be very important to develop the business field and hope these kinds of studies and findings would be more useful for developing the small and medium scale business sector in the country like Sri Lanka!

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**A STUDY ON THE EXTENT OF RISK MANAGEMENT
PRACTICES AGAINST THE BUSINESS RISK IN SMALL AND
MEDIUM SCALE FIRMS IN PADUKKA DIVISIONAL
SECRETARIAT DIVISION**

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