

**THE IMPACT OF ENTREPRENEURIAL COMPETENCIES OF  
OWNERS ON BUSINESS PERFORMANCE OF SMALL AND  
MEDIUM SCALE RICE MILLS IN POLONNARUWA DISTRICT**



By

**ATHUKORALA ARACHCHILAGE SURANJITH DUSHMANtha  
ATHUKORALA**

**(EU/IS/2012/COM/117)  
(COM 1617)**



Project Report  
Library - EUSL

**A Project Report**

**submitted to the faculty of Commerce and Management, Eastern University, Sri  
Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of  
Commerce Honours (BComHons)**

**Department of Commerce  
Faculty of Commerce and Management  
Eastern University, Sri Lanka**

**2018**

**PROCESSED**  
Main Library, EUSL

## ABSTRACT

Small scale business plays a major role in Sri Lanka's economic development. But small business owners in Sri Lanka are facing more challenge in the modern businesses environment under hard competition, quickly changing new technologies and globalization. A rice mill is a manufacturing and distribution formation that satisfies rice need to customers. Rice mills play a vital role in Sri Lankan economy as rice is the main food of Sri Lanka. Successful entrepreneurs have to possess certain entrepreneurial competencies. These competencies are either inherent or developed through education, training and through one's own experience.

The study essentially focuses to find out the impact of entrepreneurial competencies on the business performance of small and medium scale rice mills in Polonnaruwa district. Totally 100 questionnaire have issued to rice mills owners who residing in various part of above divisional secretariat on random sampling basis.

Conceptualization framework used to developed questionnaire to the research and each element from conceptualization hold include in the questionnaire. According to the conceptualization model, through the objectives of the study is to show the entrepreneurial competencies of small and medium scale rice mills owners such as achievement, planning and power. Method of analysis specifically considered univariate and bivariate analysis. The results are illustrated by tables, pie charts and bar charts. Based on the value indicated in the questionnaire, mean value is lying in the range between 1 to 5 which is very unimportant to very important with 5 scale measures.

From the estimation it may be able to conclude that except the entrepreneurial competencies are in the moderate level. The results of the study showed correlation analysis indicated that, there is a positive relationship between entrepreneurial competencies and business performance of small and medium scale rice mills owners. Finally the researcher can conclude that overall entrepreneurial competencies are moderately support to the success of business performance in small and medium scale rice mills in Polonnaruwa district.

Keywords: Entrepreneurial competencies, Business performance, Achievement competencies, planning competencies, power competencies.

## CONTENTS

ACKNOWLEDGMENT.....	i
ABSTRACT.....	ii
CONTENTS.....	iii
LIST OF TABLE.....	viii
LIST OF FIGURE.....	x
ABBREVIATIONS.....	xi
CHAPTER 1.....	1
INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Significance of the Study.....	4
1.3 Problem Statement.....	4
1.4 Research Questions.....	5
1.5 Objective of the Study.....	5
1.6 Scope of the Study.....	5
1.7 Summary.....	6
CHAPTER 2.....	7
LITERATURE REVIEW.....	7
2.1 Introduction.....	7
2.2 Entrepreneurship Definition.....	7
2.2.1 Historical Perspectives on Entrepreneurship.....	7
2.2.2 Modern Definition of Entrepreneurship.....	7
2.2.3 Definition of Entrepreneur.....	9
2.2.4 Contributions of Entrepreneurs to Economic Development.....	10
2.3 Entrepreneurial Competencies.....	10
2.3.1 The Concept Of Entrepreneurial Competencies.....	10
2.3.2 Previous Studies On Entrepreneurial Competencies.....	11

2.4 Entrepreneurial Competencies Framework Used in This Study .....	16
2.4.1 Achievement Competencies.....	16
2.4.2 Planning Competencies .....	18
2.4.3. Power Competencies .....	18
2.5 Business Performance .....	19
2.5.1 Determination of Business Performance .....	20
2.6 Overview of SMEs.....	21
2.6.1 Small and Medium Enterprises.....	21
2.6.2 Importance of SMEs to Economy .....	21
2.6.3 SMEs in Sri Lanka.....	22
2.7 Rice Mill Sector in Sri Lanka.....	23
2.8 Summary .....	23
CHAPTER 3 .....	24
CONCEPTUALIZATION AND OPERATIONALIZATION .....	24
3.1 Introductions.....	24
3.2 Conceptualization.....	24
3.2.1 The Conceptual Framework of the Study.....	25
3.3 Definitions of Variables .....	25
3.3.1 Dependent Variable – Business Performance.....	25
3.3.2 Independent variables-Entrepreneurial Competencies .....	27
3.3.2.1 Achievement Competencies.....	28
3.3.2.2 Planning Competencies.....	29
3.3.2.3 Power Competencies.....	29
3.4 Operationalization .....	30
3.4.1 Operationalization of Entrepreneurial Competencies.....	30
3.4.2 Operationalization of Business Performance.....	31
3.5 Summary .....	31

CHAPTER 4 .....	32
MERHODOLOGY .....	32
4.1 Introduction .....	32
4.2 Study Setting, Design, and Method of Survey .....	32
4.3 Population.....	33
4.4 Sampling.....	33
4.5 Data Collection.....	34
4.6 Method of Data Presentation.....	34
4.6.1 Data Presentation for Personal Information.....	34
4.6.2 Data Presentation for Entrepreneurial Competencies and Business Performance .....	35
4.7 Methods of Measurements .....	35
4.7.1 Method of Measuring the Personal Information .....	35
4.7.2 Method of Measuring the Entrepreneurial Competencies .....	36
4.7.3 Method of Measuring the Business Performance .....	39
4.8 Method of Data Analysis .....	40
4.8.1 Univariate Analysis .....	40
4.8.2 Cross Tabulation Analysis.....	40
4.8.3 Bivariate Analysis.....	41
4.8.3.1 Correlation Analysis .....	41
4.8.3.2 Simple Regression Analysis .....	42
4.8.3.3 Coefficient of Determination – $R^2$ .....	42
4.9 Methods of Data Evaluation.....	42
4.10 Summary .....	42
CHAPTER 5 .....	44
DATA PRESENTATION AND ANALYSIS .....	44
5.1 Introduction .....	44

5.2 Analysis of Reliability of the Instruments .....	44
5.3 Data Presentation.....	44
5.3.1 Data Presentation for Personal and Firm Factors.....	45
5.3.1.1 Type of Enterprise.....	45
5.3.1.2 Capital Employee of the Business .....	45
5.3.1.3 Gender.....	46
5.3.1.4 Age Group.....	47
5.3.1.5 Marital Status .....	48
5.3.1.6 Education Level .....	49
5.4 Data Analysis .....	50
5.4.1 Univariate Analysis .....	50
5.4.1.1 Mean and Standard Deviation for Entrepreneurial Competencies .....	50
5.4.1.2 Entrepreneurial Competencies Frequency Range, Mean and SD.....	50
5.4.1.2.1 Achievement Competencies .....	52
5.4.1.2.2 Planning Competencies .....	54
5.4.1.2.3 Power Competencies .....	55
5.4.1.3 Business Performance Frequency Range, Mean and SD.....	56
5.4.1.4 Cross Tabulation Analysis.....	58
5.4.1.4.1 Mean Comparison between Types of Enterprise with Entrepreneur Competencies .....	58
5.4.1.4.2 Mean Comparison between Capital Employees for the Business with Entrepreneur Competencies .....	59
5.4.1.4.3 Mean Comparison between Genders with Entrepreneur Competencies .....	60
5.4.1.4.4 Mean Comparison between Ages with Entrepreneur Competencies .....	60
5.4.1.4.5 Mean Comparison between Marital Status with Entrepreneur Competencies .....	61

5.4.1.4.6 Mean Comparison between Educational Level with Entrepreneur Competencies .....	62
5.4.2 Bivariate Analysis.....	63
5.4.2.1 Correlation Analysis – Entrepreneurial Competencies and Business Performance .....	63
5.4.2.2 Competencies Relationship Entrepreneurial Competencies and Business Performance .....	64
5.4.2.2.1 Relationship Between Achievement Competencies and Business Performance .....	64
5.4.2.2.2 Relationship Between Planning Competencies and Business Performance .....	64
5.4.2.2.3 Relationship Between Power Competencies and Business Performance .....	65
5.4.2.3 Regression Analysis.....	66
5.4.2.3.1 Multiple Regression Analysis.....	66
5.4.2.3.2 Simple Regression Analysis .....	67
5.4.2.3.2 .1 Regression Between Planning Competency and Business Performance.....	67
5.5 Summary .....	68
CHAPTER 6 .....	69
DISCUSSION .....	69
6.1 Introduction .....	69
6.2 Discussion on research variables.....	69
6.2.1 Level of Entrepreneurial Competencies .....	69
6.2.1.1 Level of Achivement Compitancies.....	69
6.2.1.1 Level of Planning Compitancies.....	70
6.2.1.1 Level of Power Compitancies.....	70
6.2.2 Level of Business Performance of Rice Mills .....	70

6.3 Discussion on the Research Objective .....	71
6.3.1 Discussion on the Impact of Achievement Competency on Business Performance .....	71
6.3.2 Discussion on the Impact of Planning Competency on Business Performance .....	71
6.3.3 Discussion on the Impact of Power Competency on Business Performance .....	72
6.4 Summary .....	73
CHAPTER 7 .....	74
CONCLUSIONS AND RECOMMENDATIONS .....	74
7.1 Introduction .....	74
7.2 Conclusions .....	74
7.3 Recommendation.....	75
7.3.1 Achievement Competencies.....	76
7.3.2 Planning Competencies .....	77
7.3.3 Power Competencies .....	77
7.4 Suggestions future research.....	78
7.5 Limitations of the study.....	78
7.6 Summary .....	79
REFERANCE .....	80
APENDIX 01 .....	85
APENDIX 02 .....	88