

A Study on Financial Management Practices in Small Medium Enterprises in Ampara District

By

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ABSTRACT

Small and Medium Enterprises (SMEs) in Ampara district have developed strongly and contributed to creating employment, increasing GDP, and raising the nation's volume of exports. However, SMEs have found difficulties on the way to development due to lack of management experience and financial resources, and due to uncertainty within the business environment. As a result, SMEs often faced obstacles during their operations. This research examines the extent of Financial Management Practices (FMP) among the Small Medium Enterprises (SMES) in Ampara district. The objectives of this study are (1) to find out the extent of practice of working capital management in the SMEs in Ampara district, (2) to examine the level of usage of financial planning and control system in the SMEs in Ampara district and (3) to evaluate the degree of application of total quality management system in SMEs in Ampara district. The research framework of study consists of three variables which are used to measure the level of FMP of respondents. They are Working capital, Financial planning and control and Total quality management.

The study was conducted among 93 owners of SMEs of Ampara district. This structured questionnaire was administered to collect the data from the respondents. The collected data were analyzed by using Univariate analysis (descriptive measure, such as mean and standard deviation) and cross tabulation.

The result of the study showed that there is a moderate level of FMP among the SMEs of Ampara district. In cross tabulating the level of FMP with the gender, age level, type of industries and educational qualification, business establishment and profitability there some light differences were observed. Finding of the study will be important and use full for owners of SMEs on exploring empirical knowledge regarding the concept of FMP.

Key words: Financial Management Practice, Small Medium Enterprises, and Ampara district.

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