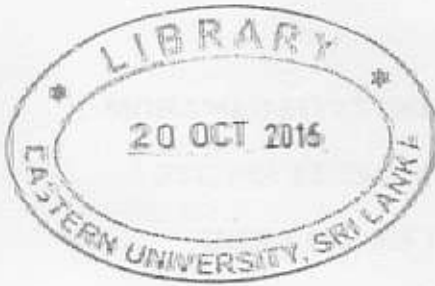


**“INFLUENCE OF DEMOGRAPHIC VARIABLE ON FINANCIAL
MANAGEMENT PRACTICES”**



MOHAMED FIYAS IMRAN KHAN

1633



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

2015

ABSTRACT

The objective of this research is to find out the influence of demographic variables on financial management practices among Small & Medium-sized Enterprises (SMEs) in Sri Lanka. The SME sector has become a crucial segment and a major section of private sector in developing countries. Therefore, for the developing countries, it is important to accelerate the growth of SMEs in order to gain sustainable development. However, poor record keeping, inefficient use of financial management information to support their financial decision-making and the low quality and reliability of financial data are part of the main problems in financial management concerns of SMEs. Therefore, through this research an attempt is made to ascertain the comprehensiveness of financial practices adopted by SMEs in Sri Lanka and evaluate whether demographic variables have an impact on financial practices of these organizations.

The concern is with the various financial practices within cooperating SMEs. Here, working capital management practiced, financial planning and controlling system, and Accounting Information systems are all considered. And the demographic variables such as Age of the SMEs, Size of the SMEs and Education level of Owner are considered.

200 SMEs was selected by using convenience sampling method in Trincomalee District and 184 questionnaires returned from them. The data were analyzed by using descriptive statistics, non-parametric tests and regression analyzes. The findings exhibited that demographic variables impact on financial management practices among Small and Medium Enterprises. The findings suggest a significant difference in financial practices among three demographic variables. Overall, findings seem that SMEs who are complying with financial practices are performing well than the SMEs, who are not complying with financial practices.

Key Words: Demographic variable, working capital management practices, financial planning and controlling system, Accounting Information system.

TABLE OF CONTENTS

Acknowledgement	i
Abstract	ii
Chapter- 01 Introduction	1-5
1.1 Introduction	1
1.2 Background of Study	1-2
1.3 Problem Justification	2-3
1.4 Research Problem	3
1.5 Research Questions	3-4
1.6 Objectives of the Study	4
1.7 Significance of the Study	4
1.8 Scope of the Study	4-5
1.9 Chapter Outline	5
1.10 Summary	5
Chapter-02 Literature Review	6-20
2.1 Introduction	6
2.2 The concept of Financial management	6-7
2.3 Financial Management Practices	7
2.3.1 Working Capital Management	7-10
2.3.2 Financial planning And Control	10-11
2.3.3 Accounting Information System	11-12
2.4 The Concept of Small and Medium Enterprises	13
2.4.1 Age of SMEs	13
2.4.2 Size of SMEs	14
2.4.3 Education Level of Owner	14
2.5 SMEs in Srilanka	15-16
2.6 Problems and Challenges of SMEs	16-17
2.7 Summary of the Empirical Studies	17-18
2.8 Relationship Between Financial Management Practices on Small and Medium Enterprises Performance	19
2.8.1 Working Capital Management	19
2.8.2 Financial Planning and Control	19

2.8.3	Accounting Information System	19-20
2.9	Summary	20

Chapter-03 Conceptualization and Operationalization 21-25

3.1	Introduction	21
3.2	Conceptualization	21
3.3	Financial Management Practices	22-23
3.4	Hypotheses of Research	23
3.5	Operationalization	23-24
3.6	Summary	25

Chapter-04 Research Methodology 26-30

4.1	Introduction	26
4.2	Study Setting Design and Method of Survey	26
4.2.1	Unit of Analysis	26
4.3	Type of Research	27
4.4	Sampling of Research	27
4.5	Survey instruments development	27
4.6	Data Collection Method	28
4.7	Data Presentation, Analysis and Evaluation	29
4.8	Summary	30

Chapter-05 Data Presentation and Analysis 31-44

5.1	Introduction	31
5.2	Reliability Analysis	31
5.3	Personal Information	32
5.3.1	Gender	32
5.3.2	Age of owner	32
5.3.3	Education	33
5.4	Business Information	33
5.4.1	Industry	34

5.4.2	Age of Small and Medium Enterprises	34
5.4.3	Assets Value	34
5.5	Research Information	35
5.5.1	Extent of Financial Management Practices	35
5.5.1.1	Extent of Working Capital Management	36
5.5.1.2	Extent of Financial Planning and control	37
5.5.1.3	Extent of Accounting Information System	38
5.6	Relationship between Financial Management Practices and Small and Medium Enterprises Performance	39-40
5.7	Multiple Regression Analysis	40-41
5.8	Hypothesis Testing	41-44
5.9	Summary	44

Chapter-06 Finding and Discussion **45-49**

6.1	Summary of the findings of Financial Management Practices	45
6.1.1	Summary of the findings Of Working capital Management	45-46
6.1.2	Summary of the findings Of Financial Planning and Control	46-47
6.1.3	Summary of the findings Of Accounting Information System	47
6.2	Summary of Correlation Between Financial Management practices and Small and Medium Enterprises Performance	47-48
6.3	Influence of Financial Management Practices on Small and Medium Enterprises Performance	48-49
6.4	Summary	49

Chapter-07 Conclusions, Directions for the future research and Managerial implications **50-52**

7.1	Conclusion	50-51
7.2	Managerial Implication	51

7.3	Limitation of the Study	51
7.4	Direction for the Future Research	51
7.5	Summary	52
REFERENCES		53-56
APPENDIX-01 Questionnaire		56-58