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**IMPACT OF ENTREPRENEURIAL ORIENTATION ON  
BUSINESS PERFORMANCE OF SMALL AND MEDIUM  
ENTERPRISES IN KANDY DISTRICT**

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## ABSTRACT

The purpose of this study is to explore the impact of entrepreneurial orientation on business performance of small and medium enterprises in Kandy District. Small and medium enterprises play a vital role in the economy of Sri Lanka and these have been recognized as an important strategic sector in Sri Lanka for generating high economic growth, reducing unemployment, inequality and poverty. In literature, there is an empirical and theoretical knowledge gap of relationship between the entrepreneurial orientation and business performance. Therefore, the problem of this study is: "how entrepreneurial orientation impact on business performance of small and medium enterprises in Kandy district?".

This study used quantitative approach. In this approach, the data were collected from a randomly selected sample of 127 owners in small and medium enterprises which belongs to food, beverage and tobacco industry in Kandy District by using structured questionnaire which consisted of 14 statements with five point Likert scales. The data analysis included the univariate, bivariate, multivariate analysis and hypotheses testing with the SPSS (19.0 versions).

This study found out that there was a significant positive relationship between entrepreneurial orientation and business performance of small and medium enterprises in Kandy District. Further, there was a positive impact of the level of entrepreneurial orientation dimensions on business performance. It is concluded that there was a significant positive impact on entrepreneurial orientation on business performance of small and medium enterprises in Kandy District.

## TABLE OF CONTENTS

Acknowledgement .....	I
Abstract .....	III
Abbreviations .....	III
Table of Contents .....	IV - VIII
List of Tables .....	IX - X
List of Figures .....	XI

### 1 Chapter One

1.1. Background of the Study .....	01
1.2. Problem Statement .....	03
1.3. Research Questions .....	03
1.4. Objectives of the Study .....	04
1.5. Significance of the Study .....	04
1.6. Scope of the Study .....	05

### 2 Chapter Two

2.1. Introduction .....	07
2.2. Entrepreneurial Orientation .....	07
2.2.1. Entrepreneur .....	07
2.2.2. Entrepreneurship .....	08
2.2.3. Factors affecting Entrepreneurship .....	08
2.2.4. Definitions of Entrepreneurial Orientation .....	10
2.2.5. Dimensions of Entrepreneurial Orientation .....	11
2.3. Business Performance .....	16
2.3.1. Definition of Business Performance .....	16
2.3.2. Determinants of Business Performance .....	17
2.3.3. Measuring Business Performance .....	21
2.4. Factors affecting to Entrepreneurial Orientation and Business Performance ...	23
2.5. Previous Studies on Entrepreneurial Orientation and Business Performance ...	25
2.6. Summary .....	27

### 3 Chapter Three

3.1. Introduction .....	28
3.2. Conceptualization .....	28
3.2.1. Conceptual Framework .....	28
3.3. Definition of Variables .....	29

3.3.1. Independent Variable - Entrepreneurial Orientation .....	29
3.3.2. Dependent Variable - Business Performance .....	30
3.4. Operationalization .....	32
3.4.1. Operationalization of Entrepreneurial Orientation .....	32
3.4.2. Operationalization of Business Performance .....	33
3.5. Summary .....	33
4 Chapter Four	
4.1. Introduction .....	34
4.2. Research Design .....	34
4.2.1 Purpose of the study .....	34
4.2.2. Types of the Study .....	34
4.2.3. Study Setting .....	34
4.2.4. Unit of Analysis .....	35
4.2.5. Time Horizon .....	35
4.3. Population, Sample Size and Sample Method .....	35
4.3.1. Population and Sampling .....	35
4.4. Data Collection Method .....	36
4.5. Methods of Data Presentation .....	36
4.6. Methods of Measurement .....	36
4.6.1. Method of Measuring Demographic Factors .....	36
4.6.2. Method of Measuring Entrepreneurial Orientation .....	37
4.6.3. Method of Measuring Business Performance .....	38
4.7. Methods of Data Analysis .....	39
4.7.1. Univariate Analysis .....	39
4.7.2. Bivariate Analysis .....	40
4.7.2.1. Correlation Analysis .....	40
4.7.2.2. Simple Regression Analysis .....	40
4.7.3. Multivariate Analysis .....	41
4.7.4. Hypotheses Testing .....	41
4.8. Methods of Data Evaluation .....	42
4.8.1. Decision Rules for Entrepreneurial Orientation .....	42
4.8.2. Decision Rules for Business Performance .....	43
4.9. Summary .....	44

## 5 Chapter Five

5.1 Introduction .....	46
5.2 Reliability Test .....	46
5.3 Data Presentation .....	46
5.3.1. Frequency Distribution of Respondents by Their Demographic Factor .....	46
5.3.1.1. Gender Distribution of the Sample .....	47
5.3.1.2. Age Distribution of the Sample .....	47
5.3.1.3. Marital Status Distribution of the Sample .....	48
5.3.1.4. Education Level Distribution of the Sample .....	48
5.3.1.5. Working Experience Distribution of the Sample .....	49
5.3.2. Frequency Distribution Analysis for Entrepreneurial Orientation .....	50
5.3.3. Frequency Distribution Analysis for Business Performance .....	52
5.4 Data Analysis .....	53
5.4.1. Univariate Analysis .....	53
5.4.1.1. Mean and Standard Deviation for Entrepreneurial Orientation and Its Dimensions .....	53
5.4.1.1.1 Entrepreneurial Orientation .....	53
5.4.1.1.2 Innovativeness .....	53
5.4.1.1.3 Pro - activeness .....	54
5.4.1.1.4 Risk Taking .....	54
5.4.1.1. Mean and Standard Deviation for Business Performance and Its Dimensions .....	53
5.4.2. Cross Tabulation Analysis .....	54
5.4.2.1. Mean Comparison between Gender and Level of Entrepreneurial Orientation .....	54
5.4.2.2. Mean Comparison between Age and Level of Entrepreneurial Orientation .....	54
5.4.2.3. Mean Comparison between Marital Status and Level of Entrepreneurial .....	55

5.4.2.4. Mean Comparison between Education Level and Level of Entrepreneurial Orientation.....	55
5.4.2.5. Mean Comparison between Working Experience and Level of Entrepreneurial Orientation.....	56
5.4.3. Bivariate Analysis.....	56
5.4.3.1. Correlation Analysis.....	56
5.4.3.1.1. Correlation Analysis between Entrepreneurial Orientation and Business Performance.....	57
5.4.3.1.2. Correlation Analysis between Dimensions of Entrepreneurial Orientation and Business Performance.....	58
5.4.3.1.3. Correlation Analysis between Overall Entrepreneurial Orientation and each Measure of Business Performance.....	58
5.4.3.1.4. Correlation Analysis between Entrepreneurial Orientation Dimensions and Business Performance Indicators.....	59
5.4.3.2. Regression Analysis.....	59
5.4.4. Multivariate Analysis.....	61
5.4.5 Testing Hypothesis.....	68
5.5 Summary.....	69
<b>6 Chapter Six</b>	
6.1 Introduction.....	70
6.2 Discussion on Demographic Factors.....	71
6.3 Discussions on Research Variables.....	71
6.3.1 Impact of the Level of Innovativeness of Owners on Business Performance of SMEs in Kandy District.....	71
6.3.2 Impact of the Level of Pro activeness of Owners on Business Performance of SMEs in Kandy District.....	71
6.3.3 Impact of the Level of Risk-taking of Owners on Business Performance of SMEs in Kandy District.....	72
6.3.4 Discussion on Relationship between Entrepreneurial Orientation and Business Performances.....	72
6.3.5 Discussion on the Most Effective Dimension of Entrepreneurial Orientation on Business Performance.....	73
6.4 Summary.....	74

## 7 Chapter Seven

7.1 Introduction .....	75
7.2 Conclusion .....	75
7.3 Recommendations .....	76
7.4 Limitations of the Study and Suggestions for Future Studies .....	76
7.5 Implication of the Study .....	77
7.6 Summary .....	78

References .....	79-85
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## Appendix

Appendix - 1: The Questionnaires Used for the Study .....	86-91
Appendix - 2: The Output of the Analyses .....	91-108