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ERN UNIVERSITY, SRI

**IMPACT OF BUSINESS MANAGEMENT SKILLS OF OWNERS
ON SUCCESS OF MICRO AND SMALL BUSINESSES IN
POLONNARUWA DISTRICT**

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ABSTRACT

Micro and Small Businesses are considered backbone of economic growth in all countries and micro and small businesses make up a large part of Sri Lanka's economy, accounting for 75 percent of total number of businesses. Most of micro and small business owners are faced with a lot of challenges which center on lack of business management skills. These challenges often lead to micro and small business firms to series problem regarding the success of businesses. Lack of business management skills caused to premature winding up of micro and small business firms. But, high level of business management skills of owners caused to make a success of their businesses. In this context, the researcher is carried to find out the impact of business management skills of owners on success of micro and small business firms in Polonnaruwa district.

Business management skills of owners are measured using five variables as a business planning skill, financial management skill, marketing management skill, human resource management skill and operational management skill. Success of micro and small businesses are measured through combination of financial and non-financial indices. Data were collected through questionnaire from 100 micro and small business firms' owners.

According to descriptive analysis, level of business management skills of owners (3.6733) and success of micro and small businesses (3.8007) are high level in Polonnaruwa district. According to the cross tabulation, mean values of business management skills and success of businesses are vary with gender, age level, educational level, type of industry and age of business. Based on result of simple regression analysis, business management skills of owners are good predictor to achieve success of micro and small business firms. Based on multiple regressions analysis, FMS, MMS and OMS are most influencing business management skill on success of micro and small business. As an overall, finding seems that owners who have high level of business management skills make impact on high level of success in businesses than owners who have less business management skills.

TABLE OF CONTENTS

Content	Page No
Acknowledgement	I
Abstract	II
Abbreviations	III
Table of contents	IV
List of tables	XI
List of figures	XIV
1. Chapter One: Introduction	
1.1. Background of Study	1
1.2. Problem Statement	3
1.3. Research Questions	3
1.4. Objective of the Study	4
1.5. Scope of the Study	5
1.6. Significance of the Study	5
1.7. Summary	6
2. Chapter Two: Literature Review	
2.1. Introduction	8
2.2. Define the Micro and Small Enterprises	8
2.3. Important of Micro and Small Business in the Economy	10
2.4. Problem and Challenges for Micro and Small Enterprises	11
2.5. Development of SMEs in Sri Lanka	14
2.5.1. SME Policy in Sri Lanka	14
2.6. Concept of Business Management Skills	17
2.6.1. Business Planning Skills	19
2.6.2. Financial Management Skills	21
2.6.3. Marketing Management Skills	23
2.6.4. Human Resource Management Skills	24
2.6.5. Operational Management Skills	25
2.7. Measure a Success of Micro and Small Business	26
2.8. Summary	29

3. Chapter Three: Conceptual Framework and Operationalization	
3.1. Introduction	31
3.2. Conceptualization	31
3.2.1. The Conceptual Framework of the Study	32
3.3. Definition of Variables	32
3.3.1. Business Management Skills	32
3.3.1.1. Business Planning Skill	33
3.3.1.2. Financial Management Skill	35
3.3.1.3. Marketing Management Skill	36
3.3.1.4. Human Resource Management Skill	38
3.3.1.5. Operational Management Skill	40
3.3.2. Success of Micro and Small Business Firms	42
3.4. Operationalization	42
3.4.1. Operationalization of Business Management Skills	42
3.4.2. Operationalization of Success of Micro and Small Business Firm	49
3.5. Summary	51
4. Chapter Four: Methodology	
4.1. Introduction	52
4.2. Research Design	52
4.2.1. Purpose of the Study	52
4.2.2. Type of Investigation	52
4.2.3. Study Setting	53
4.2.4. Unit of Analysis	53
4.2.5. Time Horizon	53
4.3. Sample Size, Sampling Distribution and Sample Method	53
4.3.1. Population and Sampling	53
4.4. Data Collection Method	54
4.5. Method of Data Presentation	54
4.5.1. Data Presentation for Personal Details and Business Details	54
4.5.2. Data Presentation for Research Variables	55

4.6. Method of Measurement.....	55
4.6.1. Method of Measuring the Variables.....	55
4.6.2. Method of Measuring the Personal Information.....	62
4.6.3. Method of Measuring the Business Information.....	62
4.7. Method of Data Analysis.....	63
4.7.1. Univariate Analysis.....	63
4.7.2. Cross Tabulation Analysis.....	64
4.7.3. Bivariate Analysis.....	64
4.7.3.1. The Simple Regression Analysis.....	64
4.7.4. Multivariate Analysis.....	65
4.7.4.1. Multiple Regression Analysis.....	65
4.8. Method of Data Evaluation.....	66
4.9. Summary.....	67
5. Chapter Five: Data Presentation and Analysis.....	
5.1. Introduction.....	68
5.2. Reliability Test.....	68
5.3. Data Presentation.....	69
5.3.1. Data Presentation for Personal Details and Business Details.....	69
5.3.1.1. Gender.....	69
5.3.1.2. Age Level.....	70
5.3.1.3. Educational Level.....	71
5.3.1.4. Type of Industry.....	72
5.3.1.5. Business Establishment.....	73
5.3.2. Data Presentation for Business Management Skills of Owners.....	74
5.3.2.1. Business Planning Skill.....	74
5.3.2.2. Financial Management Skill.....	75
5.3.2.3. Marketing Management Skill.....	75
5.3.2.4. Human Resource Management Skill.....	76
5.3.2.5. Operational Management Skill.....	76

5.3.3. Data Presentation for Success of Micro and Small business	
Firms	77
5.4. Data Analysis	77
5.4.1. Univariate Analysis	77
5.4.1.1. Mean and Standard Deviation for Business BMS of	
Owners	77
5.4.1.1.1. Business Management Skills of Owners	78
5.4.1.1.2. Business Planning Skill of Owners	78
5.4.1.1.3. Financial Management Skill of Owners	80
5.4.1.1.4. Marketing Management Skill of Owners	81
5.4.1.1.5. Human Resource Management Skills of	
Owners	82
5.4.1.1.6. Operational Management Skill of Owners	83
5.4.1.2. Mean and Standard Deviation for success of Micro	
and Small Business Firms	84
5.5. Cross Tabulation Analysis	85
5.5.1. Mean Comparison between Personal and Business Factors	
and Business Management Skills	85
5.5.1.1. Mean Comparison between Gender and BMS	86
5.5.1.2. Mean Comparison between Age level and BMS	87
5.5.1.3. Mean Comparison between Educational level and	
BMS	88
5.5.1.4. Mean Comparison between Type of Industry and	
BMS	89
5.5.1.5. Mean Comparison between Age levels of Business	
and BMS	90
5.5.2. Mean Comparison between Personal and Business Factors	
and Success of Micro and Small Business Firms	91
5.5.2.1. Mean Comparison of Gender and Success of Micro	

and Small Business Firms	91
5.5.2.2. Mean Comparison of Age level and Success of Micro and Small Business Firms	92
5.5.2.3. Mean Comparison of Educational level and Success of Micro and Small Business Firms	92
5.5.2.4. Mean Comparison of Type of Industry and Success of Micro and Small Business Firms	93
5.5.2.5. Mean Comparison of Age level of Business and Success of Micro and Small Business Firms	93
5.6. Bivariate Analysis	94
5.6.1. Simple Regression Analysis	94
5.6.1.1. Business Planning Skill	94
5.6.1.2. Financial Management Skill	95
5.6.1.3. Marketing Management Skill	95
5.6.1.4. Human Resource Management Skill	95
5.6.1.5. Operational Management Skill	96
5.6.1.6. Business Management Skills of Owners	96
5.7. Multivariate Analysis	96
5.7.1. Multiple Regression Analysis	96
5.8. Summary	97
6. Chapter Six: Discussion	
6.1. Introduction	99
6.2. Discussion on Personal and Business Factors	99
6.2.1. Gender of Micro and Small Business Owners	99
6.2.2. Age level of Micro and Small Business Owners	100
6.2.3. Educational level of Micro and Small Business Owners	101
6.2.4. Type of Industry of Micro and Small Business Firms	102
6.2.5. Age level of Micro and Small Business Firms	103
6.3. Discussion on Research Variables	104

6.3.1. Business Management Skills of Owners.....	104
6.3.2. Business Planning Skill.....	104
6.3.3. Financial Management Skill.....	105
6.3.4. Marketing Management Skill.....	105
6.3.5. Human Resource Management Skill.....	106
6.3.6. Operational Management Skill.....	106
6.3.7. Success of Micro and Small Business firms.....	107
6.4. Discussion on the Impact of BMS of Owners and Success of Micro and Small Business Firms.....	108
6.4.1. Discussion on Impact between BPS and Success of Micro and Small Business firms.....	108
6.4.2. Discussion on Impact between FMS and Success of Micro and Small Business Firms.....	109
6.4.3. Discussion on Impact between MMS and Success of Micro and Small Business Firms.....	110
6.4.4. Discussion on Impact between HRMS and Success of Micro and Small Business Firms.....	111
6.4.5. Discussion on Impact between OMS and Success of Micro and Small Business Firms.....	112
6.5. Discussion on most influencing BMS on success of micro and small Business firms.....	113
6.6. Summary.....	114
7. Chapter Seven	
7.1. Introduction.....	115
7.2. Conclusion.....	115
7.3. Recommendation.....	116
7.4. Limitation.....	117
7.5. Implication of the Study.....	118
7.6. Summary.....	119

Reference	120
Appendix	
Appendix – I: English Questionnaire	127
Appendix – II: Sinhala Questionnaire	132
Appendix – III: SPSS Output	139