

**IMPACT OF LENDER-BORROWER RELATIONSHIP
ON SMALL BUSINESS SUCCESS IN BATTICALOA
DISTRICT**



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ABSTRACT

The small business holders who want to run continually their business. To running the business, structure of capital of firm is very important factor. Whether start or due to business, small business owners face that lake of finance. There are some solutions for that, lending is a one of way out for this problem. For which, they have to play some roles. Such as: timely payment of loan, maintaining enhanced dept management practices, and having good communication with lenders, etc. Sometime this practice will damage lender-borrower relationship between small business holders and lenders.

The lenders have to play some roles on their side to maintaining better lender-borrower relationship. Such as providing sufficient information, advisory services, choosing appropriate amount for the borrowers and other guiding services for borrowers etc. So this objective will be a study on impact of lender-borrower relationship on small business success in Batticaloa District.

For this research study, the conceptualization involves seven variables: namely: Habits of financial management practices, Ability for loan settlement, Level of knowledge, Type of personal behavior, Loan related service, credit collection and level of debt awareness and measured twenty six appropriate dimensions. Under this total population of the study were 7,300 small business holders, Totally 200 small business holders were selected specific seven divisions from out of 14 divisions of Batticaloa district. Structured questionnaire was used to collect data for this study from 200 respondents and collected data was analyzed by univariate and baivariate analysis.

The study finding that correlation between overall of lender-borrower related factor and success of business is significant. There is a positive relationship between relationship of lender-borrower and small business success. Linear regression analysis explains that 16 per cent of lender-borrower relationship impact on small business success. Therefore some suggestions have been provided at end of the research to improve the lender-borrower relationship and success of small business holders in Batticaloa District.

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