

**IMPACT OF LENDER – BORROWER RELATIONSHIP ON
SMALL BUSINESS SUCCESS IN CHENKALADY
DIVISIONAL SECRETARIAT DIVISION, BATTICALOA
DISTRICT**



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ABSTRACT

Small business contributes greatly to economy all around the world. Most of businesses are small business or even started out as small businesses. They contribute to society by offers products to customers. They also provide employment opportunities to people which can become reasonable career paths and choices. It brings a new kind of competitions and also open up business opportunities as well as high performing institutions are the leading players of small business development in the global economy there are insufficient capital problem in Sri Lanka. So capital requires increasing the small businesses in Sri Lanka. Small business which can be started with less investment is very significant.

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 in Chenkalady D.S Division, 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. 100 small business holders were selected using random sampling method for the study purpose. Structured questionnaire was used to collect data for this study and collected data was analyzed by univariate and bivariate analysis.

The study found that correlation between overall lender – borrower related factors 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 29 percent of lender – borrower relationship impact on small business success. Therefore some suggestions have been provided at end of the research improve the lender – borrower relationship and success of small business holders in Chenkalady D.S Division, Batticaloa District.

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