

**AN EMPIRICAL INVESTIGATION INTO FINANCIAL PLANNING
PRACTICES IN SMALL BUSINESS ORGANIZATIONS IN THE
GAMPAHA DISTRICT**



**EDIRISURIYA MUDIYANSELAGE NADISHA DANANJANI MANIKE
EDIRISURIYA**



FCM1417



Project Report
Library - EUSL

ABSTRACT

Financial Planning is the process of estimating the capital required and determining its competition because planning involves looking well into the future, it is a highly creative thinking process as well as an analytical one. This research is design to study the extent of practice financial planning practice in the small business organizations in Gampaha district through variables of this study namely preparation Cost Volume Profit Analysis, Cash flow Management and Budgeting with special reference to Small Business Organizations in Gampaha District as the Small Business Organizations increasingly recognized as the prime vehicle for economic development in both developed and developing nations.

The study was conducted among 100 Small Business Organization in Gampaha District. The structured questionnaire was administrated to collect the data from the respondents. The collected data were analysed by using Univariate analysis descriptive measure, such as mean and stranded deviation and cross tabulation.

The result of the study showed that there is a moderate level of Financial Planning Practices among the Small Business Organizations in Gampaha district. The extent of practicing Financial Planning Practices evaluated with Industry sector, Years of Operation, Professional Qualification of owner or financial manager and Working Experience of owner or financial manager in the business there are some lightly differences were observed. The result of this study showed that Cost Volume Profit analysis properly practiced at lower level, Cash Flow Management used at moderate level and Budgeting practices regularly pursue at moderate level. Findings of the study will be important and useful for owners of Small Business Organizations in Gampaha district on exploring empirical knowledge regarding the concept Financial Planning practise.

Contents

ACKNOWLEDGEMENT.....	i
ABSTRACT.....	ii
ABREVIATION.....	iii
LIST OF TABLES.....	iv
LIST OF FIGURES.....	v
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Problem Statement	3
1.3 Research questions	3
1.4 Objective of the study	3
1.5 Significant of the study	3
1.6 Scope of the study	4
1.7 Summary	5
CHAPTER TWO.....	6
LITERAITURE REVIEW	6
2.1 Introduction	6
2.2 Financial Planning and Techniques.....	6
2.2.1 Budgetary control.....	8
2.2.2 Working capital management.....	10
2.2.3 Cost volume profit analysis.....	12
2.2.4 Forecasting.....	13
2.2.5 Cash flow management.....	14
2.2.6 Small business organizations.....	16
2.3 Summary	21
CHAPTER THREE.....	21
CONCEPTUALIZATION AND OPERATIONALIZATION.....	22
3.1. Introduction	22
3.2 Conceptualization.....	22
3.2.1 Financial planning	23
3.2.2 Cost volume profit analysis.....	23
3.2.3 Cash flow management	24
3.2.4 Budgeting	25
3.3 Operationalization	26
3.5 Summary	28
CHPTER FOUR.....	29
METHODOLOGY.....	29

4.1 Introduction	29
4.2 Study Setting, Design, Method of Survey	29
4.3 Sample	30
4.4 Data Collection	31
4.5 Methods of Measurements	31
4.5.1 Method of Measuring Characteristics of the Small Scale Businesses	31
4.5.2 Method of measuring extent of Financial Planning Practices in small business organizations	33
4.6 Method of data presentation	34
4.7 Method of Data Analysis and Evaluation	34
4.7.1 Univariate Analysis	35
4.7.2 Bivariate Analysis	36
4.8 Summary	37
CHAPTER FIVE	38
DATA PRESENTATION AND ANALYSIS	38
5.1 Introduction	38
5.2 Analysis of reliability and validity of the instrument	38
5.3 Data presentation for business information	39
5.3.1 Industry Sector	39
5.3.2 Number of respondents and register divisional secretary	40
5.3.3 Years of Operations	41
5.3.4 Qualification of the owner or financial manager of the business	42
5.3.5 Working experience of the owner or financial manager of the business	43
5.3.6 Number of Employees	44
5.3.7 Value of assets	45
5.3.8 Capital Invested	46
5.4 Univariate Analysis	47
5.4.1. Cost Volume Profit Analysis	47
5.5 Bivariate analysis	51
5.5.1 Mean comparison of Variables and Industry Sector	51
5.5.2 Mean comparison between Variables and Years of Operation	53
5.5.3 Mean comparison between Variables and Academic and Professional Qualification	53
5.5.4 Mean comparison between Variables and Working Experience in the Business	55
5.10 Summary	56

CHAPTER SIX	57
DISCUSSION	57
6.1 Introduction	57
6.2 Discussion on Small Business Information.....	57
6.2.1 Industry Sector	57
6.2.2 Years of Operation	58
6.2.3 Register Divisional Secretary of the Business.....	58
6.2.4 Qualification of the owner or financial manager of the business.....	59
6.2.5 Working experience of the owner or financial manager of the business.....	59
6.2.6 Number of Employees.....	60
6.2.7 Value of assets.....	60
6.2.8 Capital Invested.....	60
6.3 Discussion on the variables	61
6.3.1 Cost Volume Profit Analysis.....	61
6.3.2 Cash Flow Management.....	62
6.3.3 Budgeting	63
6.4 Summary	64
CHAPTER SEVEN.....	65
CONCLUTIONS AND RECOMMENDATIONS	65
7.1 Introduction	65
7.2Conclusions and Recommendations on research variables.....	65
7.3 Limitation of the research	66
7.4 Recommendations	67
7.5 Summary	68
REFERNCES.....	69