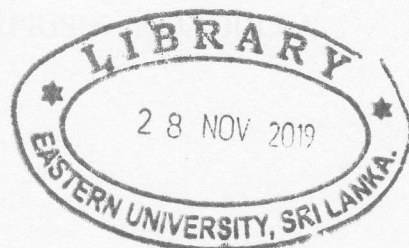


**SOCIO - ECONOMIC FACTORS INFLUENCING ON THE SUCCESSFUL
FINANCIAL PERFORMANCE OF SMALL AND MEDIUM SCALE
ENTERPRISES IN BADULLA DISTRICT**



by

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A Project Report

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ABSTRACT

Small and Medium Enterprises are considered backbone of economic growth in all countries and Small and Medium Scale Enterprises make up a large part of Sri Lanka's economy. The purpose of this study was to investigate the socio-economic factors affecting on the performance of SMEs in Badulla district. This study utilized the descriptive research design. Simple random sampling was used to determine the sample size of 100. For this study, data were collected using structured questionnaires. Descriptive statistics was used to analyze data for frequencies and percentages distribution tables, mean, and multiple regression. Extent of the influence of Socio - Economic factors on SMEs in Badulla district are measured using two variables as influencing Social factors and influencing Economic factors. According to the descriptive analysis, influencing level of both Social and Economic factors on the performance of SMEs in Badulla district is high level. It was found that influence level of social factors and economic factors of small and medium enterprises in Badulla district is high level. There is a highest significant level of factors influencing on the performance of growth is social factors. But there are many factors also influence in high level of significant on the performance of growth are economic factors, manufacturing industry, beverage and food industry, service industry, other industries, experience of the owner and marital status of the owner. And there is a highest significant level of factors influencing on the performance of profit are social factors, age of the owner and the level of investment Also beverage and food industry and the family size of the owner are affected on the SMEs performance of profit in Badulla district. It is recommended that the government should reduce the interest rate to make borrowing flexible to entrepreneurs in Badulla district. Further, a lower tax regime should be initiated to encourage low-level income earners to have access to funding for entrepreneurship activities. The Government and Policy makers should also consider regulating the interest rates of loan and other credit facilities, making sure that they accessible and affordable to all SMEs in Badulla district.

Keywords: Small and Medium Scale Enterprises, Badulla district, Socio – Economic factors, Financial Performance

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