

**IMPACT OF ENTREPRENEURIAL COMPETENCIES ON THE  
BUSINESS PERFORMANCE OF SMALL AND MEDIUM SIZE  
ENTERPRISES IN MULLAITIVU DISTRICT**



By

**PONNUCHCHAMY KEERTHATHANA**

**EU/IS/2013/COM/13**

**COM 1663**



**A Project Report Submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as a partial fulfillment of the requirement of the Degree of Bachelor of Commerce Honours (BCOMHons)**

**Department of Commerce**

**Faculty of Commerce and Management**

**Eastern University, Sri Lanka**

**2019**

**PROCESSED  
MAIN LIBRARY, EUSL**

## ABSTRACT

Entrepreneurial competencies have been illustrated to have an impact on business performance and growth. The purpose of this paper is therefore to establish the impact of entrepreneurial competencies on business performance in Mullaitivu district, so as to provide an integrated account of contributions relating to entrepreneurial competencies, develop an agenda for future research, and practice in relation to entrepreneurial competencies.

The focus of the research is to measure the entrepreneurs competencies exhibited through achievement, power and planning and how these attributes contribute to the performance of a business enterprise. The research focused on a sample population of 125 entrepreneurs in the SME's in Mullaitivu district who were selected through stratified random sampling method. A questionnaire with 32 questions was used to collect the data and the SPSS software was used by the researcher to run a descriptive, correlation and regression analysis.

The study findings revealed that achievement, planning and power competencies are positively and statistically significant to business performance in the SME's in Mullaitivu district. This means that increase in the extent of achievement, planning and power competencies has a positive effect to business performance.

**Keywords:** *Entrepreneurial competencies, business performance*

## TABLES OF CONTENTS

<b>ACKNOWLEDGEMENT</b> .....	I
<b>ABSTRACT</b> .....	II
<b>ABBREVIATIONS</b> .....	III
<b>TABLES OF CONTENTS</b> .....	IV
<b>LIST OF TABLES</b> .....	VIII
<b>LIST OF FIGURES</b> .....	XI
<b>CHAPTER ONE</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Introduction.....	1
1.2 Background of study.....	1
1.3 Problem Statement.....	3
1.4 Research questions.....	5
1.5 Objectives of the study.....	5
1.6 Significance of the study.....	5
1.7 Scope of the study.....	6
1.8 Chapter summary.....	6
<b>CHAPTER TWO</b> .....	7
<b>LITERATURE REVIEW</b> .....	7
2.1 Introduction.....	7
2.2 Entrepreneur.....	7
2.3 Entrepreneurship.....	8
2.4 The Small And Medium Sized Enterprises In Sri Lanka.....	8
2.5 Competencies.....	9
2.6 Entrepreneurial Competencies.....	9
2.6.1 Achievement Competencies.....	10
2.6.2 Planning Competencies.....	12
2.6.3 Power competencies.....	13
2.7 Business performance.....	13
2.8. Entrepreneurial Competency and SME's business Performance.....	14
2.9 Chapter Summary.....	16
<b>CHAPTER THREE</b> .....	17



<b>CONCEPTUALIZATION AND OPERATIONALIZATION .....</b>	<b>17</b>
3.1 Introduction .....	17
3.2. Conceptualization.....	17
3.3 Definition of Variables.....	18
3.3.1 Entrepreneurial competencies.....	18
3.3.2 Business performance.....	22
3.4 Operationalization .....	23
3.5 Hypothesis of the study .....	25
3.6 Chapter Summary.....	25
<b>CHAPTER FOUR.....</b>	<b>26</b>
<b>METHODOLOGY .....</b>	<b>26</b>
4.1 Introduction .....	26
4.2 Study design .....	26
4.2.1 Time Horizon.....	26
4.2.2 Unit of analysis.....	27
4.3 Sampling Method and Sample Size.....	27
4.4 Data Collection.....	28
4.4.1 Questionnaire.....	28
4.5 Methods of Measurements .....	29
4.5.1 Method of Measuring Characteristic of Small and Medium Enterprises ....	29
4.5.2 Method of Measuring the Achievement Competencies .....	30
4.5.3 Method of Measuring the Planning Competencies.....	31
4.5.4 Method of Measuring the Power Competencies.....	32
4.5.5 Method of Measuring the Financial performance .....	33
4.6 Method of Data Analysis, Data presentation, and Data Evaluation.....	33
4.6.1 Reliability and Validity Analysis .....	34
4.6.2 Univariate Analysis .....	35
4.6.3 Bivariate Analysis.....	35
4.6.3 Multivariate Analysis .....	36
4.6.4 Hypothesis Testing .....	37
4.7 Chapter Summary.....	38
<b>CHAPTER FIVE .....</b>	<b>39</b>
<b>DATA PRESENTATION AND ANALYSIS.....</b>	<b>39</b>

5.1 Introduction .....	39
5.2 Analysis of Reliability.....	39
5.3 Data Presentation and Analysis.....	40
5.3.1 Frequency Distribution Analysis of Respondents by Their Personal Characteristics .....	40
5.4 Univariate Analysis .....	50
5.4.1 Level of entrepreneurial competencies in selected SME's.....	51
5.4.2 Level of business performance in SME's.....	58
5.6 Bivariate Analysis .....	60
5.6.1 Correlation analysis .....	60
5.7 Multivariate Analysis .....	62
5.7.1 Regression Analysis .....	62
5.8 Hypothesis Testing.....	66
5.9 Chapter summary .....	67
<b>CHAPTER SIX</b> .....	68
<b>DISCUSSION</b> .....	68
6.1 Introduction .....	68
6.2 Discussion on the Research objective .....	65
6.2.1 Discussion for Level of entrepreneurial competencies in SME's(Objective 1).....	65
6.2.2 Discussion for level of business performance in SME's.....	670
6.3.3 Discussion for relationship between entrepreneurial competencies and business performance in SME's (Objective 2) .....	68
6.3.4 Discussion impact of entrepreneurial competencies and business performance in SME's (Objective 3).....	73
6.4 Hypothesis Testing.....	74
6.5 Discussion from Previous Study related with Entrepreneurial competencies and business performance .....	76
6.6 Summary .....	76
<b>CHAPTER SEVEN</b> .....	77
<b>CONCLUSION AND RECOMMENDATION</b> .....	77
7.1 Introduction .....	77
7.2 Conclusion.....	77
7.2.1 Objective 01.....	78

7.2.2 Objective 02 .....	79
7.2.3 Objective 03.....	79
7.3 Recommendation.....	79
7.3.1 Achievement competencies .....	80
7.3.2 Planning competencies .....	78
7.3.3 Power competencies .....	78
7.4 Suggestion for Further research .....	79
7.5 Limitations of the study.....	79
7.6 Summary .....	80
<b>REFERENCES.....</b>	<b>84</b>
<b>APPENDIX-1.....</b>	<b>87</b>
<b>QUESTIONNAIRE.....</b>	<b>87</b>
<b>APPENDIX 2.....</b>	<b>89</b>
<b>THE OUTPUT OF THE ANALYSES .....</b>	<b>89</b>