## IMPACT OF ENTREPRENEURIAL COMPETENCIES ON BUSINESS PERFORMANCE OF SMALL SCALE RESTAURANTS IN ANURADHAPURA DISTRICT



 $\mathbf{B}\mathbf{y}$ 

## PREDHANA MUDIYANSELAGE CHAMPIKA RUKSHAN NAVINNA EU/IS/2012/COM/110 COM 1610



A Project Report

submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka as 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

2018

## **ABSTRACT**

Entrepreneurs provide the spark for our economic system by taking risk in providing goods and services by choosing to own and manage their own firms. They become energizes of small business. The sufficient features of entrepreneurship is to develop the economy by using the resources were not higher utilized, create competition, provide more employment opportunities and reduce inequality of income distribution. Successful entrepreneurs have to possess certain personal qualities. These qualities are either inherent or developed through education, training and through one's own experience.

The study essentially focuses to find out the Impact of entrepreneurial competencies on business performance of restaurant in Anuradhapura district. Totally 100 questionnaire have issued to restaurant business owners who are residing in various part of above divisional secretarial areas on random sampling basis.

Conceptualization framework used to developed questionnaire to the research and each element from conceptualization hold include in the questionnaire. According to the Conceptualization model, through the main objective of the study is to show the entrepreneurial competencies of restaurant business owners such as achievement, planning, power competencies.

From the estimation it may be able to conclude that all entrepreneurial competencies are in the moderate level. Because of the above reasons, researcher can conclude that most of restaurant business owners in Anuradhapura district have moderate level of entrepreneurial competencies. Finally the researcher can conclude that overall entrepreneurial competencies are moderately support to the success of restaurant business owners.

## **Table of Contents**

Α	ACKNOWLEDGEMENT	i
Α	ABSTRACT	ii
L	IST OF TABLE	.ix
L	IST OF FIGURES	.xi
A	ABBRIVIATIONS	xii
C	CHAPTER ONE- INTRODUCTION	1
	1.1 Background of the Study	1
	1.2 Problem Statement	2
	1.3 Research Questions	4
	1.4 Objectives of the study	4
	1.5 Scope of the study	4
	1.6 Significance of the study	5
	1.7 Summary	5
C	CHAPTER TWO - LITERATURE REVIEW	6
	2.1 Introduction	6
	2.2 Entrepreneur	6
	2.3 Entrepreneurship	7
	2.3.1 Definition of Entrepreneurship	7
	2.3.2 Importance of entrepreneurship	8
	2.4 Entrepreneurial characteristics	9
	2.5 Small and medium scale enterprises	.10
	2.5.1 Defining of SME	.10
	2.5.2 Importance of SMEs to economy	.10
	2.5.3 SMEs in Sri Lanka	.11
	2.5.4 Performance of SMEs	.13

2.6 Entrepreneurial Competencies	14
2.6.1 Needs for Achievement competencies	17
2.6.2 Planning competencies.	19
2.6.3 Need for power competencies	19
2.7 Business performance	21
2.8 Financial performance	22
2.8.1 The concept of financial performance	22
2.8.2 Profitability	23
2.8.3 Return on investment	23
2.9 Entrepreneurial competencies and financial performance	23
2.10 Restaurants	24
2.10.1 Definitions of restaurants	
2.10.2 Restaurants sector in Sri Lanka	24
2.11 Summary	25
CHAPTER THREE - CONCEPTUALIZATION AND OPERATIONALIZA	TION.26
3.1 Introductions	26
3.2 Conceptualization	26
3.2.1 The conceptual framework of the study	27
3.3 Definitions of variables	27
3.3.1 Dependent variables	27
3.3.1.1 Financial Performance	27
3.3.2 Independent variables- Entrepreneurial Competencies	29
3.3.2.1 Achievement Competencies	29
3.3.2.2 Planning competencies	30
3.3.2.3 Power competencies	31
3.4 Operationalization	32
3.4.1 Operationalization of Entrepreneurial Competencies	32

	3.4.2 Operationalization of Business Performance	33
	3.5 Summery	33
C	CHAPTER FOUR - METHODOLOGY	34
	4.1 Introduction	34
	4.2 Study setting	34
	4.3 Research Design	35
	4.4 Study Population and sampling.	36
	4.4.1 Sampling design	36
	4.4.2 Population	36
	4.4.3 Sample selection Procedure	37
	4.4.4 Sample Size	37
	4.4.5 Data collection methods and Techniques used for analysis	39
	4.5 Methods of data presentation	39
	4.5.1 Data presentation for Personal Information	39
	4.5.2 Data presentation for entrepreneurial competencies and business	
	performance	40
	4.6 Methods of Measurements	40
	4.6.1 Method of Measuring the Personal information	40
	4.6.2 Method of Measuring the Entrepreneurial Competencies	41
	4.6.3 Method of Measuring the Business Performance	44
	4.7 Method of Data Analysis	45
	4.7.1 Univariate Analysis	45
	4.7.2 Bivariate Analysis	46
	4.7.2.1 Correlation Analysis	47
	4.7.2.2 Simple Regression Analysis	47
	4.7.2.3 Coefficient of Determination – R <sup>2</sup>	47
	4.8 Methods of Data Evaluation	48

4.9 Summary	8
CHAPTER FIVE - DATA PERESENTATION AND ANALYSIS4	9
5.1 Introduction	9
5.2 Analysis of Reliability	9
5.3 Presenting Personal Information	0
5.3.1 Age	0
5.3.2 Gender	1
5.3.3 Marital status5	1
5.3.4 Educational level	2
5.3.5 Type of the enterprise	2
5.3.6 Capital employee for the business	3
5.4 Data Analysis	4
5.4.1 Univariate Analysis	
5.4.1.1 Independent Variable	4
5.4.1.1.1 Achievement Competencies	6
5.4.1.1.2 Planning Competencies	8
5.4.1.1.3 Power Competencies	59
5.4.1.2 Depended variable6	51
5.4.1.2.1 Business Performance Frequency Range, Mean and SD6	1
5.4.2 Bivariate Analysis6	52
5.4.2.1 Correlation Analysis	52
5.4.2.1.1 Correlation analysis between entrepreneurial competencies and	
business performance 6	53
5.4.2.1.2 Correlation analysis between Achievement competencies and	
business performance6	53
5.4.2.1.3 Correlation analysis between planning competencies and business	
performance6	)4

	5.4.2.1.4 Correlation analysis between power competencies and business	
	performance	64
	5.4.3 Regression Analysis	65
	5.4.3.1 Multiple Regression Analysis	65
	5.5 Cross Tabulation Analysis	68
	5.5.1 Mean comparison between personal factors, competencies and performan	nce
		68
	5.5.1.1 Mean comparison between gender, competencies and performance	68
-	5.5.1.2 Mean comparison between age, competencies and performance	68
	5.5.1.3 Mean comparison between type of the enterprise, competencies and performance	
	5.5.1.4 Mean comparison between Capital employee for the business, competencies and performance.	69
	5.5.1.5 Mean comparison between marital status, competencies and performance	
	5.5.1.6 Mean comparison between educational level, competencies and performance.	71
	5.6 Summary	71
CI	HAPTER SIX - DISCUSSION	72
	6.1 Introduction	72
	6.2 Discussion on Research Variables	72
	6.2.1 Level of Entrepreneurial Competencies	72
	6.2.1.1 Level of achievement competency	72
	6.2.1.2 Level of planning competency	73
	6.2.1.3 Level of power competency	73
	6.2.2 Level of business performance of restaurant	
	6.3 Discussion on the Research objective	74

6.3.1 Discussion on the impact of achievement competency on business performance
6.3.2 Discussion on the impact of planning competency on business performance
75
6.3.3 Discussion on the impact of power competency on business performance.75
6.5 Summary
CHAPTER SEVEN - CONCLUSION AND RECOMMENATION7
7.1 Introduction
7.2 Conclusion
7.3 Recommendation
7.3.1 Achievement competencies
7.3.2 Planning competencies
7.3.3 Power competencies
7.4 Suggestions for Further Research
7.5 Limitation of the study8
7.6 Summary8
REFERENCES8
APPENDIX8
Appendix 018
Appendix 029
**