

**INVESTMENT BEHAVIOUR OF OWNERS OF SMALL AND
MEDIUM ENTERPRISES IN GAMPAHA DISTRICT**



by

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ABSTRACT

The Small and Medium Enterprise (SME) sector has been identified as an important strategic sector and it is seen as a driver of change for inclusive economic growth, regional development, employment generation and poverty reduction. The government of Sri Lanka recognizes Small and Medium Enterprises as the backbone of the economy. Investment is key to develop of any business organization. Investing is not an essential expenditure in short term, but is vital for long term success, So that owners have to do proper investment plan. At the present a wide investment alternatives are open to invest the investor's suitable form of investment alternatives like real investment and financial investment. So that study aims to make identify the how do Small and Medium Enterprises in Gampaha District make their investment decisions.

In Sri Lankan Context, there is no empirical studied have been conducted based on investment behavior of owners of Small and Medium Enterprises. Hence, this study attempts to fill this knowledge gap. The investment Behavior are measured using six concept as investment analysis, investment type, investment size, investment period, expected return and perceived risk level. Data were collected using questionnaire from 100 Small and Medium Enterprises Owners. The data were analyzed using descriptive analysis, Frequency analysis, ANOVA testing and Independent Sample t- Test.

The result show that Small and Medium enterprises owners have done high level of investment analysis before investing in various investment avenues. And according to frequency analysis identified most preferred investment avenue was plant and machinery, most preferred size of investment was large amount and most preferred period of investment was very long period. Based on descriptive analysis identified perceived risk level was in moderate level but their expected return was very high.

Moreover this study has identified that investment analysis, investment size, investment period, perceived risk level and expected return are not varying with the personal information and business information, but period of investment is varying with the educational level. Hence owners in Small and Medium Enterprise should take leadership to manage diversified portfolio investment.

Keywords: Investment behavior, Investment size, Investment type, Investment period, Perceived risk level, Expected return

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