

ABSTRACT

Small and Medium Enterprises (SMEs) play a pivotal role in the development of the country. It has made significant contribution to industrial production, export and employment generation and very much important for developing countries like Sri Lanka. The objective of this study was to identify the underlying strategic factors in a collected data set that represent to indicate to the performance of small and medium enterprises (SMEs) in Batticaloa district in Sri Lanka. The analysis based on the 150 numbers of owner / managers who responded to a questionnaire survey conducted on randomly selected samples of manufacturing based SMEs which are operating in Batticaloa district.

The study examined six factors namely financial, management, marketing, technology, infrastructure and government regulation that influence in the performance of SMEs. The theoretical framework has been drawn out from literature and questionnaire was designed originally by the researcher based on the factors chosen. In the beginning phase of this research, pilot study was conducted to verify the reliability of questionnaires through Cronbach's alpha test. Seven hypotheses were developed to find out factors that are impacting the performance of SMEs in Batticaloa district. The entire hypotheses were successfully tested with SPSS and five hypotheses were accepted including the overall strategic factor. The factor, correlation and regression analysis results shown that the most significant factors affecting SMEs performance in Batticaloa district were SMEs financial, marketing, management and infrastructure based factors. The hypothesis related with technology and government regulation based factors not shown significant relationship.

Overall strategic factors and SMEs performance correlation value indicates 0.786 which shows a moderate strong positive relationship and the regression analysis shown that, SMEs performance could be explained by 70.60% variations of its independent variable. Therefore these results confirmed that, there is a significant association between strategic factors and SMEs performance in Batticaloa district.

Finally recommendations are suggested to enhance the performance of SMEs in Batticaloa. In this juncture, especially the government participation and its valuable contributions are very much expected in the growth of the manufacturing based SMEs in Batticaloa district and for the entire country.