

Factors Affecting the Business Growth of Micro, Small, and Medium-Sized Enterprises: Evidence from Trincomalee District

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Micro, small, and medium-sized enterprises (MSMEs) are experiencing widespread impact from Covid-19, the Easter bomb attack, and the recent economic crisis. To reduce the negative effect of multiple crises on the performance of the sector, the identification of factors that contribute to the growth of MSMEs is paramount importance. The objective of this study is to examine the effect of socio-demographic characteristics of the owner, firm characteristics, and environmental factors namely access to information, social support, and government support in determining the growth of the business. Survey and informal interviews were conducted using a self-structured questionnaire to collect the primary data from the owners of 80 MSMEs in the retail sector operations in the Trincomalee district. The study revealed that 76% of sampled MSMEs have recorded growth in their business during the last 5 years. As the result of binary logistic regression analysis suggested, firm age, access to information, and government support drive the business growth of MSMEs ($P < 0.05$). This research recommends that the government can introduce new loan schemes and new incentives to help the MSMEs sector and also the government can introduce new technologies to strengthen information transfer between MSMEs and government sources and research institutions that support business growth. This finding could be useful for governments, NGOs, and policymakers to design targeted policies and programs to develop the MSMEs sector.

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