

THE FACTORS IMPACT TO THE GROWTH OF SMALL AND MEDIUM ENTERPRISES (SME) IN SRI LANKA

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INTRODUCTION

Importance Of SME

1. SMEs are crucial for Sri Lanka's economy, as they:
 - Create jobs
 - Reduce poverty
 - Promote economic growth

2. Key characteristics of SMEs:
 - Flexibility
 - Creativity
 - Ability to adapt to market changes



INTRODUCTION

Importance Of SME

3. Recognizing factors impacting SME growth is vital for:

- Policymakers
- Entrepreneurs
- Stakeholders

4. Understanding SME dynamics is essential for:

- Fostering inclusive growth
- Achieving sustainable development



Problem Statement

- Sri Lankan SMEs lack research on growth factors.
- This study will identify key factors and their impact.
- It aims to improve policies and support for SMEs.

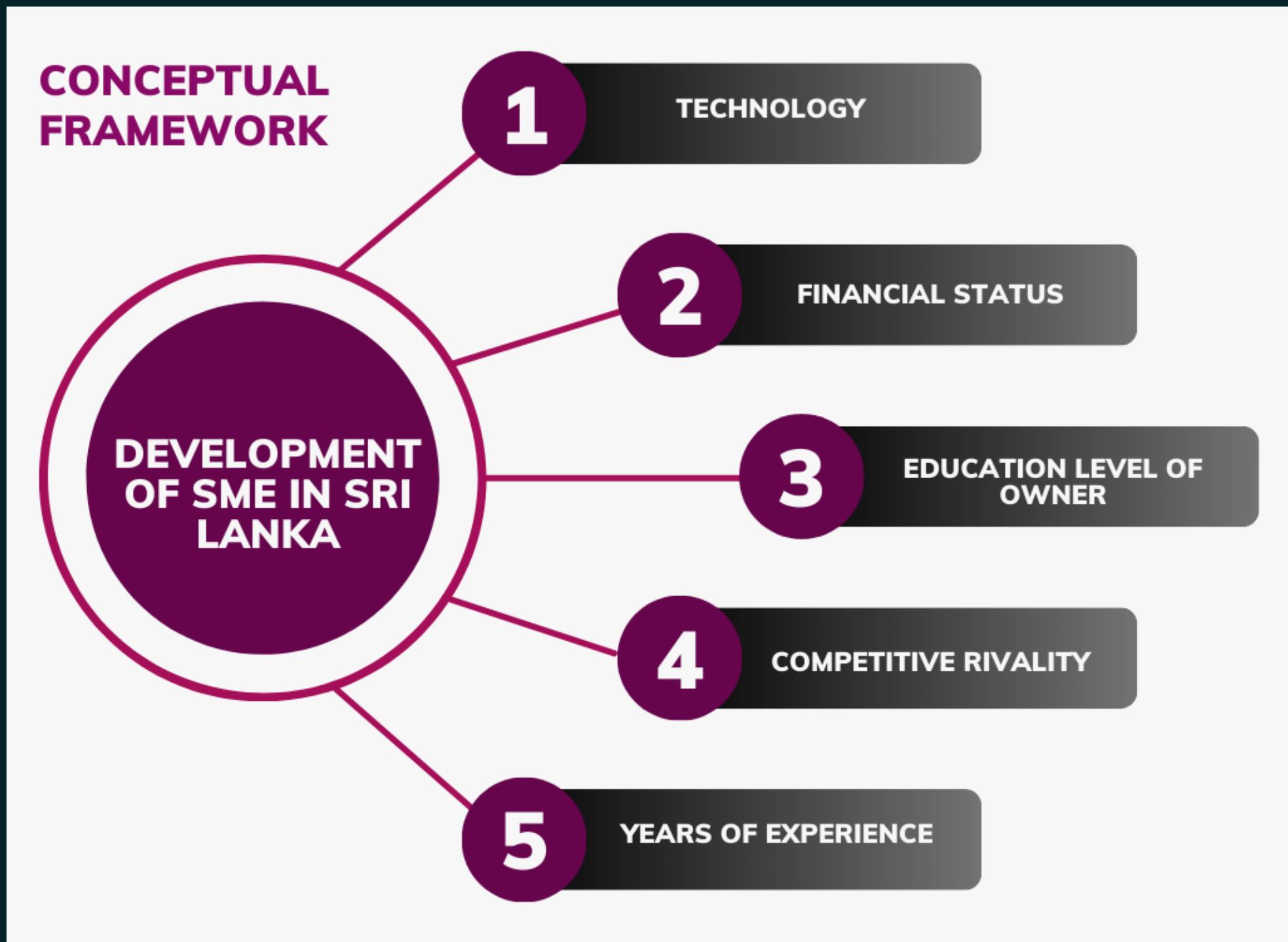


Project Objectives



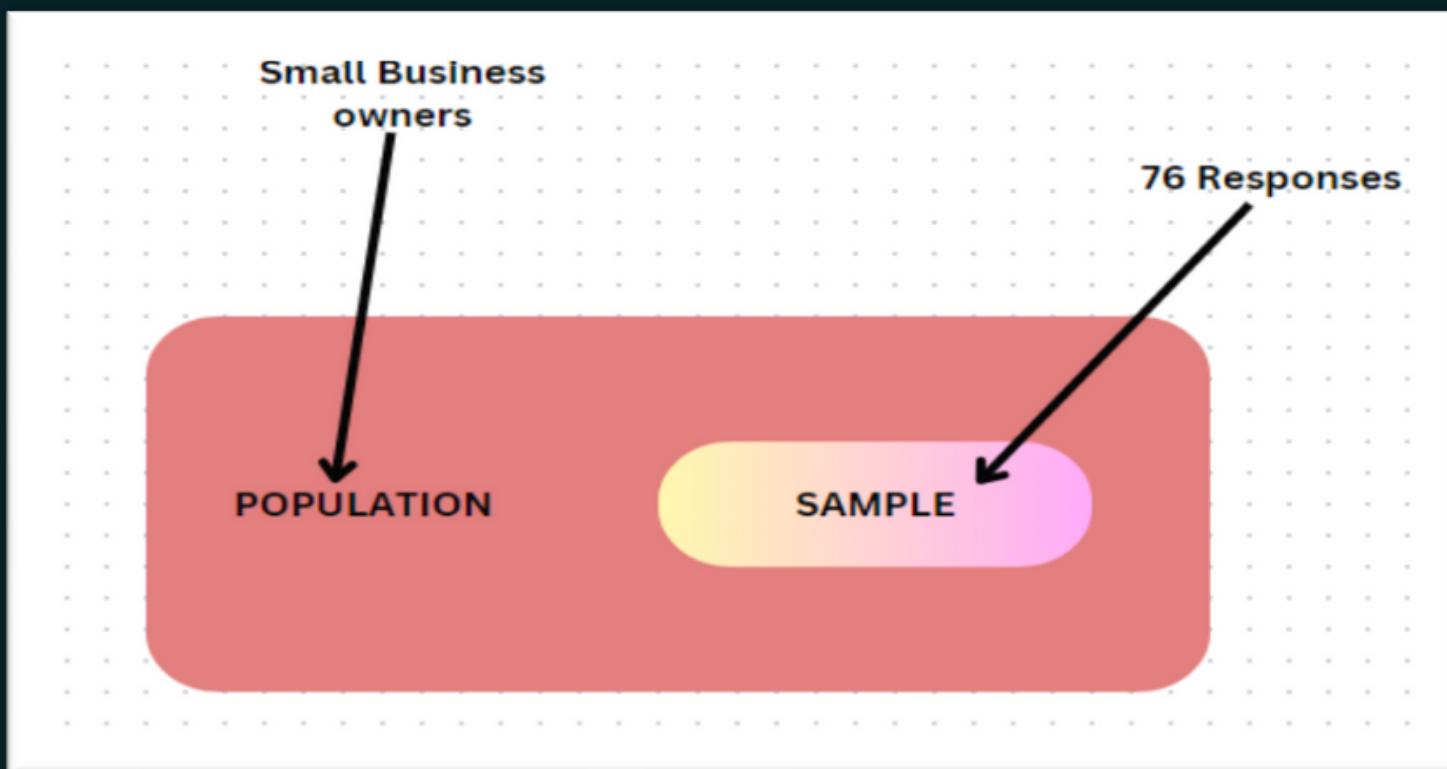
1. Identify Key Factors
2. Assess Interactions
3. Evaluate Impact
4. Develop Framework
5. Validate Framework
6. Provide Recommendations
7. Offer Insights
8. Contribute Knowledge

Conceptual Framework



Methodology

- Sampling

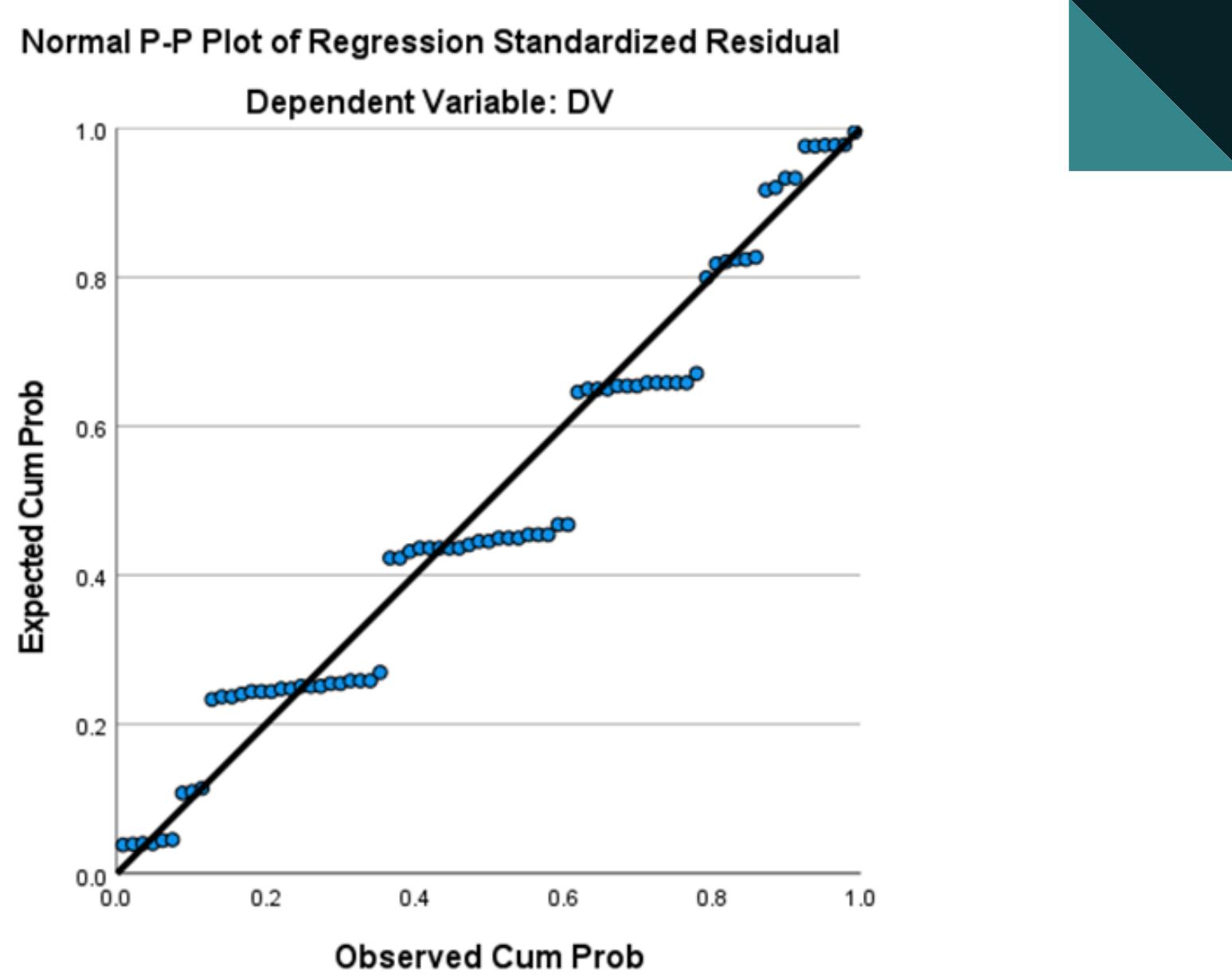


- Data Collection Method

1. Online Questionnaire:
 - Distributed to SME holders in Sri Lanka.
2. Focus:
 - Factors impacting SME growth.
3. Analysis:
 - Utilized 76 questionnaire submissions.

Data Analysis

Normal Probability Plot



1. Technology Adoption

Technology Adoption Positively impact on SME development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.030 ^a	.001	-.013	.46857

a. Predictors: (Constant), TECHNOLOGY
b. Dependent Variable: DV

1. Technology Adoption

R = 0.030

R² = 0.001

Very Weak Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	.014	1	.014	.065
	Residual	16.027	73	.220	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), TECHNOLOGY

1. Technology Adoption

Sig Value = 0.800

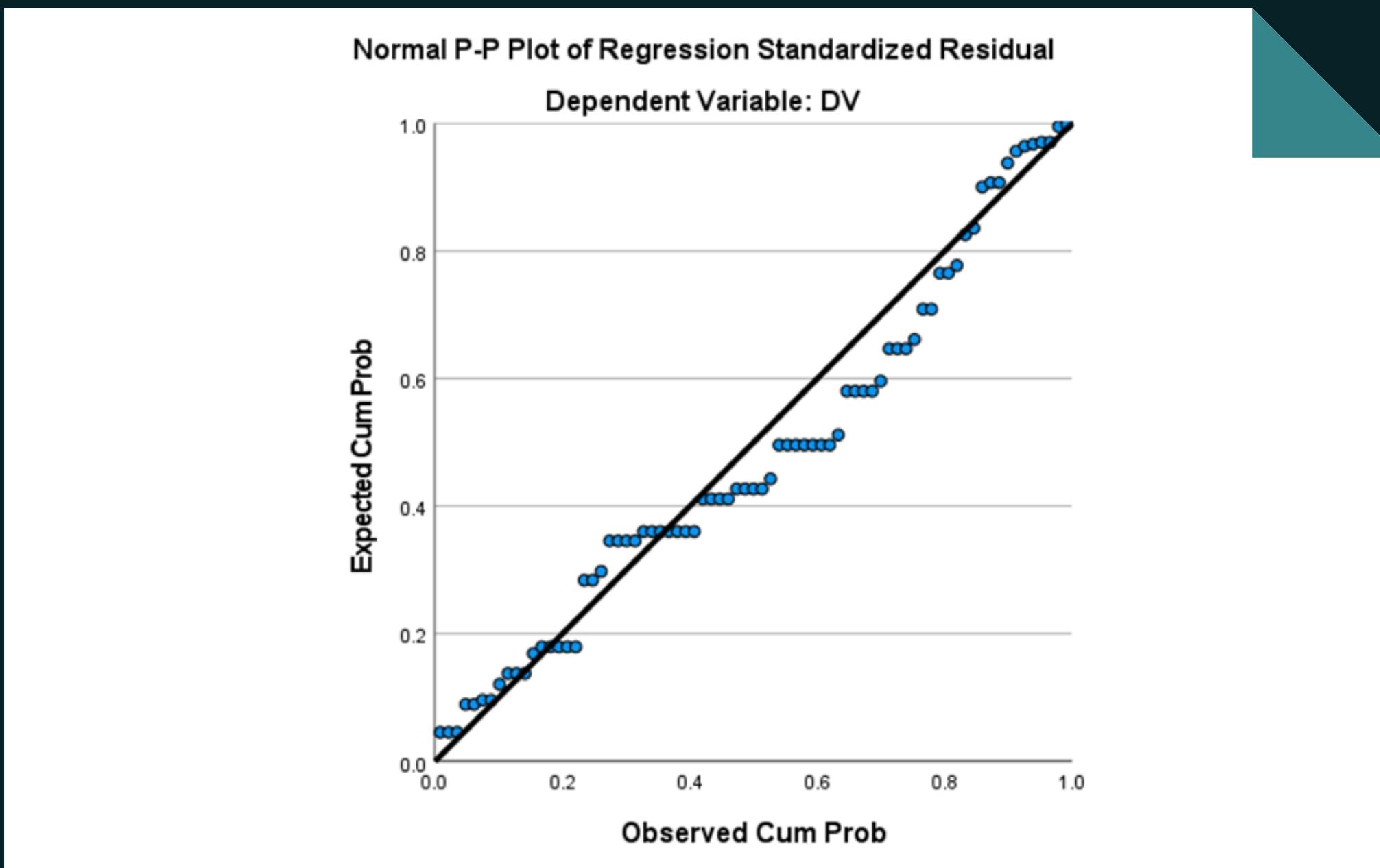
$0.800 > 0.05$

✓ H0: Accept
H1: Reject

- H0: Technology Adoption has no significant impact on development of SMEs in Sri Lanka
- H1: Technology Adoption has a significant impact on development of SMEs in Sri Lanka

Data Analysis

Normal Probability Plot



2. Financial Status

Financial Status Positively
impact on
SME development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.307 ^a	.094	.082	.44618

a. Predictors: (Constant), FINANCIAL STATUS
b. Dependent Variable: DV

2. Financial Status

R = 0.307

R² = 0.094

Moderate Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	1.509	1	1.509	7.580
	Residual	14.533	73	.199	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), FINANCIAL STATUS

2. Financial Status

Sig Value = 0.007

0.007<0.05

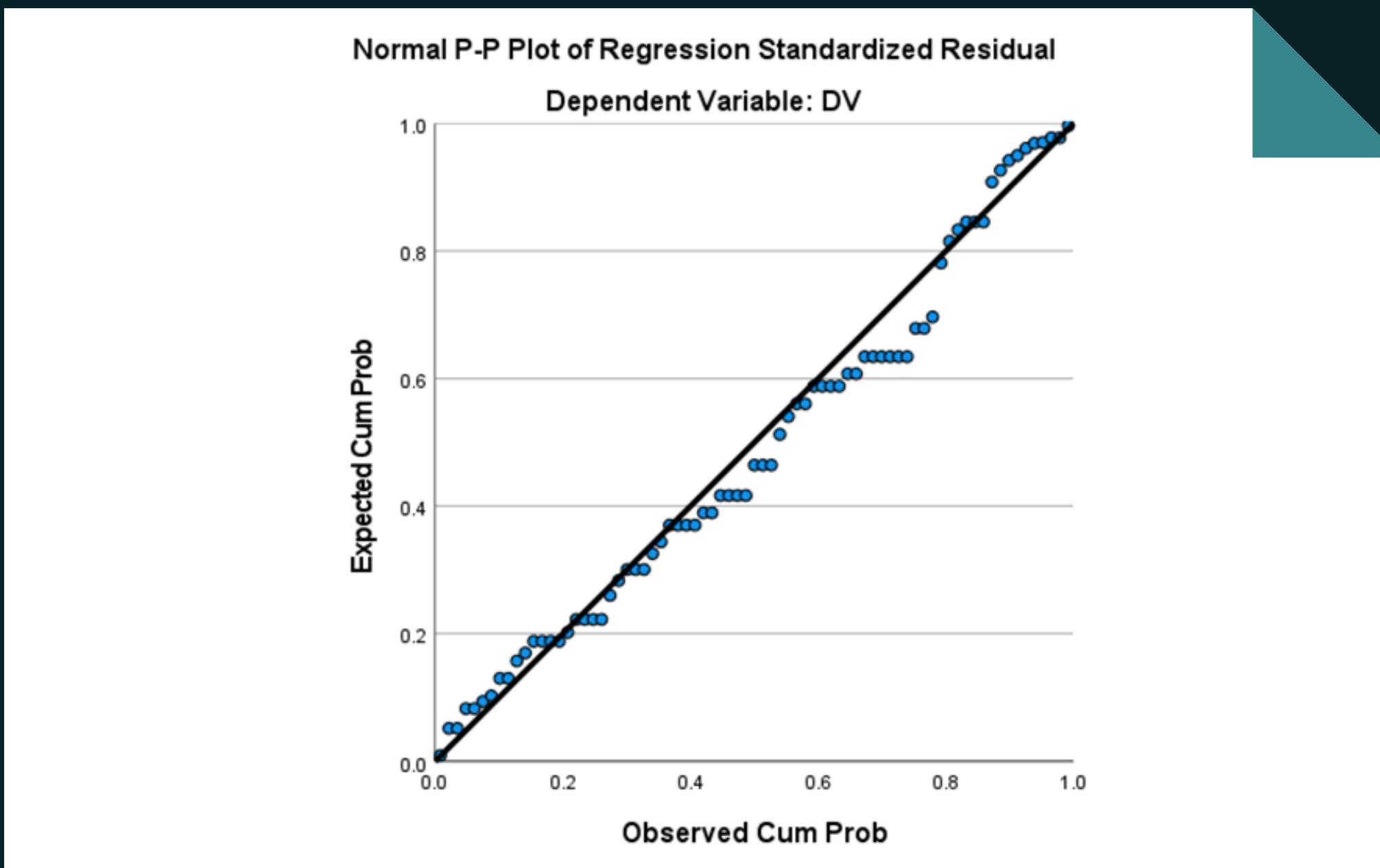
✓ H1: Accept

H0:Reject

- H0: Financial Status has no significant impact on development of SMEs in Sri Lanka
- H1: Financial Status has a significant impact on development of SMEs in Sri Lanka

Data Analysis

Normal Probability Plot



3. Educational Level Of Owner

Educational Level of SMEs Positively
impact on
SME development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.268 ^a	.072	.059	.45164

a. Predictors: (Constant), EDUCATIONAL LEVEL OF OWNER
b. Dependent Variable: DV

3. Educational Level Of Owner

R = 0.268

R² = 0.072

Weak Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	1.151	1	1.151	5.644
	Residual	14.890	73	.204	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), EDUCATIONAL LEVEL OF OWNER

- H0: Educational Level Of Owner has no significant impact on development of SMEs in Sri Lanka
- H1: Educational Level Of Owner has a significant impact on development of SMEs in Sri Lanka

3. Educational Level Of Owner

Sig Value = 0.020

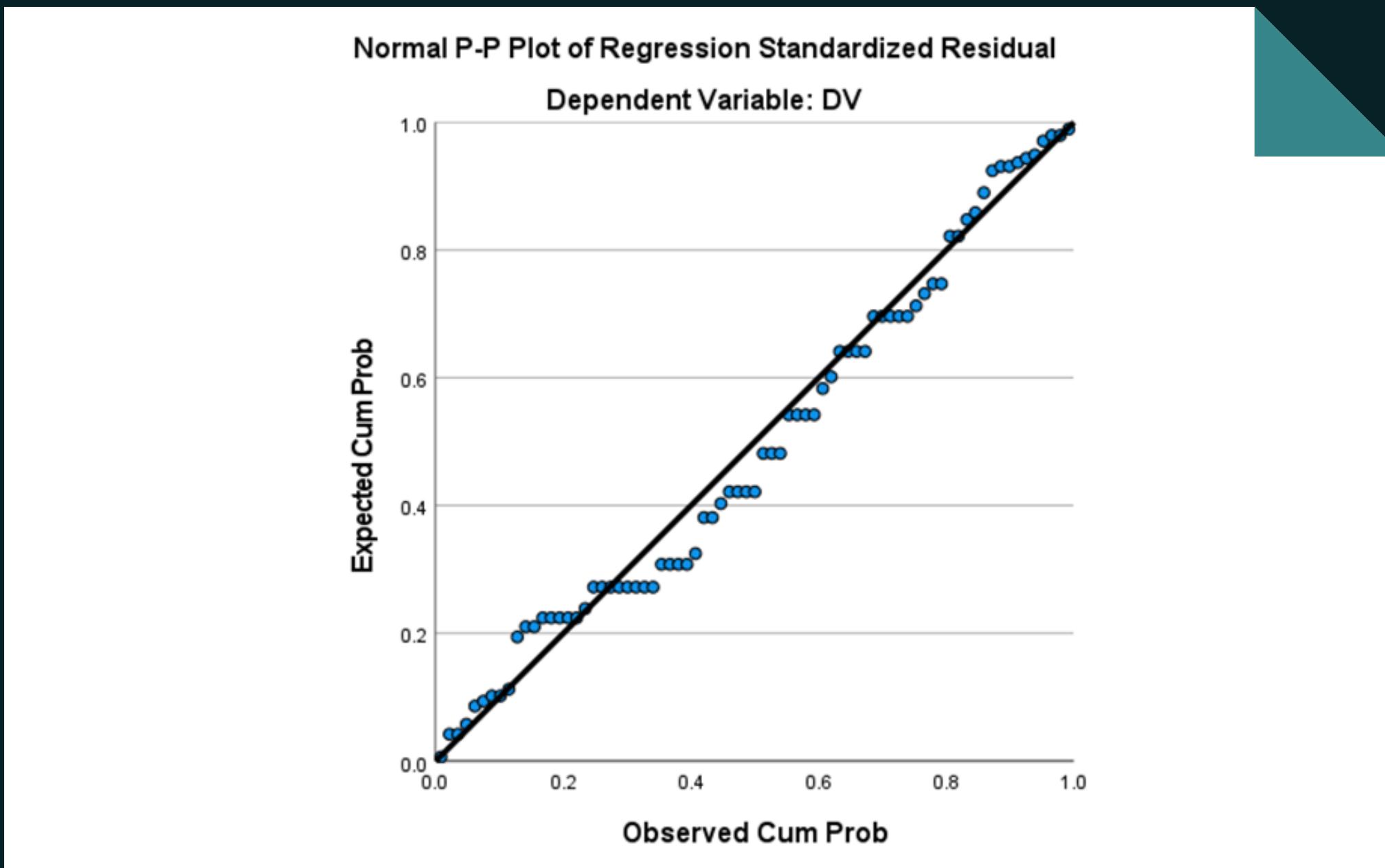
0.020<0.05

✓ H1: Accept

H0: Reject

Data Analysis

Normal Probability Plot



4. Competitive Rivalry

Competitive Rivalry of SMEs
Positively impact on SME development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.304 ^a	.092	.080	.44661

a. Predictors: (Constant), COMPETITIVE RIVALRY
b. Dependent Variable: DV

4. Competitive Rivalry

R = 0.304

R² = 0.092

Moderate Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	1.481	1	1.481	7.426
	Residual	14.560	73	.199	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), COMPETITIVE RIVALRY

4. Competitive Rivalry

Sig Value = 0.008

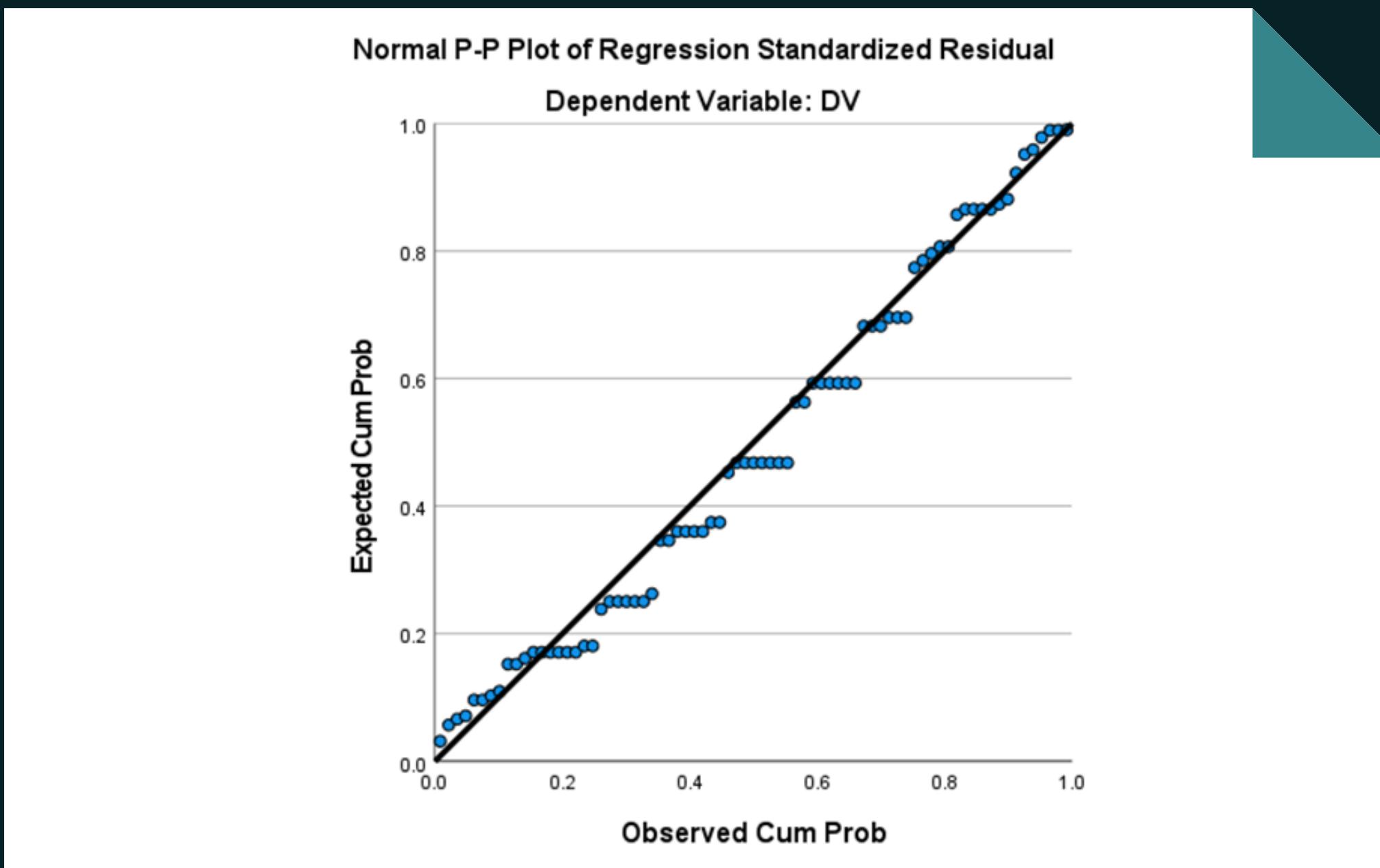
0.008<0.05

✓ H1: Accept
H0: Reject

- H0: Competitive Rivalry has no significant impact on development of SMEs in Sri Lanka
- H1: Competitive Rivalry has a significant impact on development of SMEs in Sri Lanka

Data Analysis

Normal Probability Plot



5 Years of Experience
Years Of Experience Positively
impact on
SME development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436 ^a	.190	.179	.42181

a. Predictors: (Constant), YEARS OF EXPERIENCE

b. Dependent Variable: DV

5. Years of Experience

R = 0.436

$R^2 = 0.190$

Moderate Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	3.053	1	3.053	17.159
	Residual	12.989	73	.178	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), YEARS OF EXPERIENCE

5. Years of Experience

Sig Value = 0.001

0.001<0.05

✓ H1: Accept

H0: Reject

- H0: Years of Experience has no significant impact on development of SMEs in Sri Lanka
- H1: Years of Experience has a significant impact on development of SMEs in Sri Lanka

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	3.053	1	3.053	17.159
	Residual	12.989	73	.178	
	Total	16.042	74		

a. Dependent Variable: DV
b. Predictors: (Constant), YEARS OF EXPERIENCE

5. Years of Experience

Sig Value = 0.001

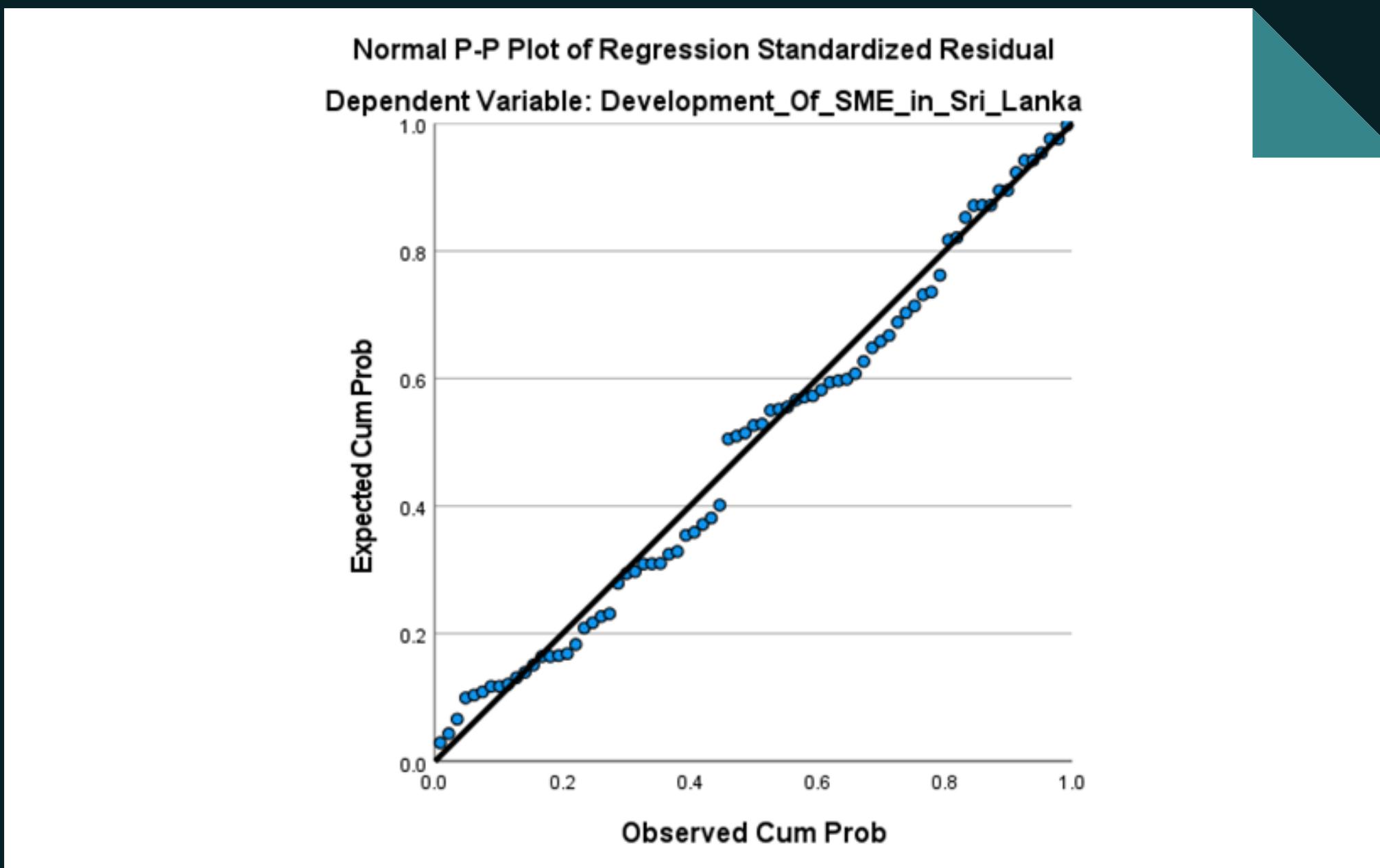
0.001 < 0.05

✓ H1: Accept

H0: Reject

Data Analysis

Normal Probability Plot



Multiple Variable Analysis

Technology, Financial Status,
Education level of owner, competitive
rivalry , Years of experience
Positively impact on SME
development

Data Analysis

Model Summary Table

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529 ^a	.280	.228	.40915

a. Predictors: (Constant), Years_of_Experience, Technology, Education_Level_of_Owner, Financial_Status, Competitive_Rivalry

b. Dependent Variable: Development_of_SME_in_Sri_Lanka

Multiple Variable Analysis

R = 0.529

R^2 = 0.280

Moderate Positive relationship

Data Analysis

Anova Table & Hypothesis

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	4.491	5	.898	5.365
	Residual	11.551	69	.167	
	Total	16.042	74		

a. Dependent Variable: Development_Of_SME_in_Sri_Lanka

b. Predictors: (Constant), Years_Of_Experience, Technology, Education_Level_Of_Owner, Financial_Status, Competitive_Rivalry

Multiple Variable Analysis

Sig Value = 0.001

0.001<0.05

✓ H1: Accept

H0:Reject

Data Analysis

Coefficient Table

Model	Coefficients ^a							
	Unstandardized Coefficients		Standardized Coefficients		95.0% Confidence Interval for B			
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	
1	(Constant)	1.571	.525		2.992	.004	.523	2.619
	Technology	-.175	.082	-.244	-2.134	.036	-.338	-.011
	Financial_Status	.233	.116	.231	2.005	.049	.001	.466
	Education_Level_Of_Owner	.047	.105	.058	.453	.652	-.162	.257
	Competitive_Rivalry	.118	.123	.133	.966	.337	-.126	.363
	Years_Of_Experience	.358	.126	.334	2.853	.006	.108	.609

a. Dependent Variable: Development_Of_SME_in_Sri_Lanka

Multiple Variable Analysis

Constant = 1.571

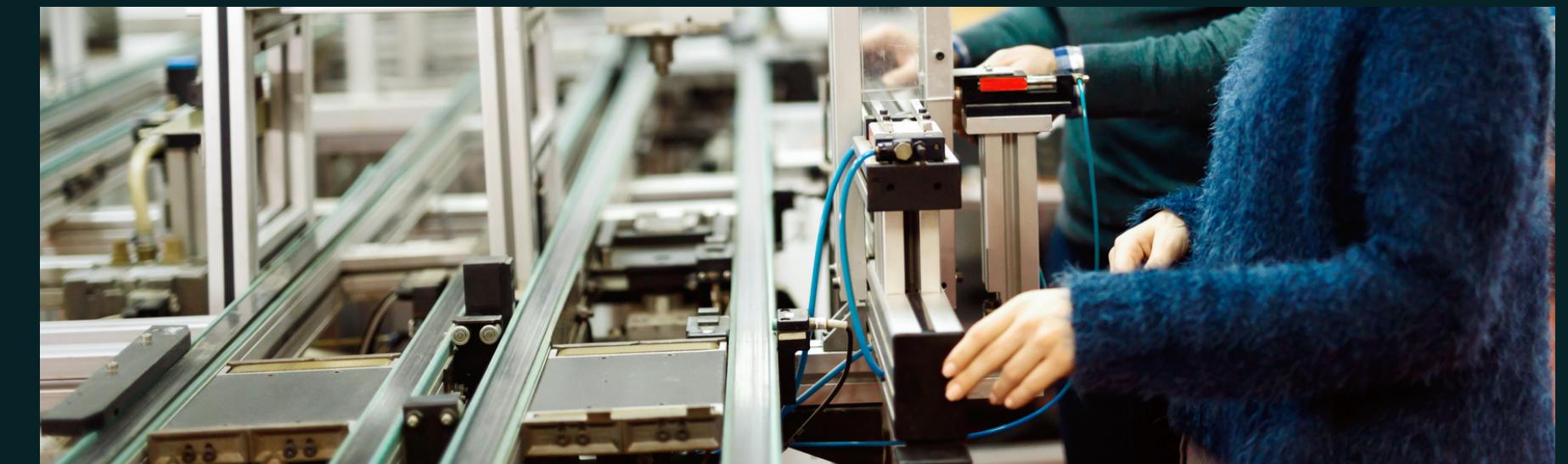
Technology = (-0.175)

Financial_Status = 0.233

Edu_Level = 0.047

Comp_Rivalry = 0.118

Years_of_Exp = 0.358



$$Y = bx + a$$

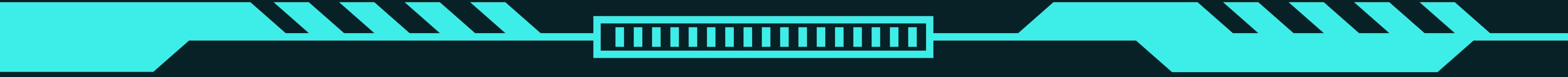
Regression Equation

$Y= (b_1x_1) + (b_2x_2) + (b_3x_3) + (b_4x_4) + (b_5x_5) + a$
Development Of SME in Sri Lanka = (- 0.175 * Technology) +(0.233 * Financial Status) + (0.047 * Education Level Of Owner)+(0.118 * Competitive Rivalry)+ (0.358 * Years Of Experience) + 1.571

Conclusion



- Technology:
Use tech wisely to grow.
- Finance:
Strong money helps grow.
- Education:
Smart owners drive growth.
- Competition:
Sparks innovation, helps grow.
- Experience:
Helps face challenges, seize chances



THANK YOU

Sri Lanka's SMEs: Powering Progress!

