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Influence of critical factors to the success of small scale manufacturing enterprises in Matara district

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Entrepreneurs are the live wire towards country's development and advancement of living of people and wealth creation. The contribution of the small business sector cannot be underestimated to the overall performances of any country. In Sri Lanka this scenario is highly accepted. Small scale manufacturing enterprises are accounted for approximately 1% of country's GDP. Therefore it is necessary to investigate about small scale manufacturing enterprises in the country. In Sri Lanka most of the small scale manufacturing enterprises discontinue within a few period of their start up. If these businesses continue, there is a considerable variability in their rate of growth. So it is important to identify the critical factors that influence to the success of small scale manufacturing enterprises. Hence this research attempted to identify the most important critical factor that affect to the success of the business and the relationship between the critical factors and the success of small scale manufacturing enterprises. The critical factors consisted of two parts as individual factors and environmental factors. Both individual and environmental factors comprised with ten key variables. Success of small scale manufacturing enterprises also measured using five variables. The primary data was collected using the survey method. The population represented all small scale manufacturing enterprises which registered at Divisional Secretariat office in Matara District in 2009. Fifty respondents were randomly selected for the sample by using the register. A self administrated questionnaire was designed to identify the attitudes of small scale manufacturing entrepreneurs. The questionnaire consisted of three sections. The first part covered with general demographic questions. Second segment of it comprised of details about the individual factors and environmental factors. Final part of the questionnaire covered with entrepreneurs' attitudes about their success. The secondary data was collected from the previous research findings and magazines that are related to this field. Correlation and regression were used to analysis the data. The findings of the study showed that there was a strong positive relationship between the critical factors and the success of small scale manufacturing enterprises. Both individual and environmental factors positively correlated with business success. The researcher revealed that risk taking recorded as the most influential factor under the individual factors and promotion was recognized as the most influential factor under the environmental factors.

Keywords: critical factors, small scale manufacturing enterprises, success