

**IMPACT ON ENTREPRENEURIAL ORIENTATION ON
FINANCIAL PERFORMANCE OF SMES IN KANDY DISTRICT**

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EU/IS/2015/COM/17

INDEX NO- COM1897



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**A Project Report Submitted To The Faculty Of Commerce And
Management, Eastern University, Sri Lanka As A Partial
Fulfillment Of The Requirement Of The Degree Of Bachelor Of
Commerce Honors (BCom Hons)**

**Department of Commerce
Faculty of Commerce and Management
Eastern University, Sri Lanka**

2020

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ABSTRACT

The objective of this study is to find the Entrepreneurial Orientation among small-scale enterprises in Kandy district. Further, it finds out the impact of Entrepreneurial Orientation of entrepreneurs on the financial performance of small-scale enterprises in Kandy. The SME sector has become a crucial segment and a major section of private sector in developing countries. Therefore, for the developing countries, it is important to accelerate the growth of small and medium enterprises in order to gain sustainable development. However poor practices of Entrepreneurial Orientation, poor financial activities, lower attainment of the entity's goal objective and failing to protect organization assets lead to failure of the business. Therefore, this research aims to explore Entrepreneurial Orientation on financial performance of SMEs in Kandy district and evaluate whether Entrepreneurial Orientation have an impact to the financial performance of the business.

Entrepreneurial Orientation was looked at from the Innovativeness, Risk Taking, Pro Activeness, Autonomy and Competitive Aggressiveness of the owners of SMEs. Primary data was collected from owners of manufacturing SMEs in Kandy district. There, one hundred entrepreneurs were selected as sample and questionnaires were issued to them to collect the primary data. Collected data for the study was presented in the form of tables, chart, and analyzed using the software Statistical Package of Social Science, version 23.0. The data analysis included the Univariate analysis (descriptive) and Bivariate analysis.

According to the analysis, the finding showed Entrepreneurial Orientation of SMEs is at moderate positive level and also financial performance is also at moderate positive level. However, majority of respondent have high level of marketing competencies practice and business performance in Kandy district. There is positive relationship between Entrepreneurial Orientation and financial performance.

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