

Small and Medium Enterprises (SME) in Manmunai North Divisional Secretariat Division

K. Tharmini¹, N. Rajeshwaran^{1*}

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

Working capital is the life-blood of a business firm and it represents the operating liquidity available to a business (Smith, 1980). Management of working capital is of particular importance to SME than large businesses due to the limited access to the long term capital markets (Chittenden et al, 1998; Sacurato, 1994). The objective of this study is to find out the level of Working Capital Management practices among SME in Manmunai North Divisional Secretariat Division; to compare the level of Working Capital Management practices among different types of SME and find out differences in WCM practices in terms of types of business, gender, age, education and experience. The study model consists of six variables which are: Inventory management, Receivable management, Cash management, Payable management, Management of Labour and Overheads payments used to measure the level of Working Capital Management practices of the respondents. The results of the study shows that there is Moderate level of Working Capital Management practices among SME and Electronic good shops have better Working Capital Management practices among eight types of SME in Manmunai North Divisional Secretariat Division. But there is no much difference observes among different types of businesses. The finding of the study will be important and helps SME to find out their current level of WCM practices and take necessary action to improve their level of WCM practices. And also Finding of the study will be important on exploring empirical knowledge regarding the concept of Working Capital Management. Further some recommendations are also given to SME for better performance of Working Capital Management practices.