

**THE FACTORS THAT IMPACT ON ACCESSING THE BANK
FINANCE BY SMALL AND MEDIUM SIZE ENTERPRISES
IN GALLE DISTRICT**

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Abstract

Small and Medium Enterprises are considered backbone of economic growth in all countries and Small and Medium Scale Enterprises make up a large part of Sri Lanka's economy. So the development of this sector is paramount important for any country irrespective of their level of development. However major obstacle for the development of SMEs in Sri Lanka is that, the lack of financial assistance from financial intermediaries.

The objectives of this study is to identify the relationship between independent (financial, entrepreneur and firm characteristic) and dependent variable (access to bank finance) and to identify the impact of financial, entrepreneur and firm characteristics on access to bank finance. To achieve these objectives, the target population SMEs was selected in Galle District. From the target population, study has used 100 SMEs as the sample from total population. And data were collected using questionnaire. 100 questionnaires were distributed among selected SMEs in Galle District. In this research study stratified sampling method used as sampling method.

In order to gain further understanding about these variables researcher developed a conceptual framework. Researcher used self-administered questionnaire to gather relevant data and used survey method as research strategy. The study utilizes the reliability test to check the internal validity of the data and use regression analyses and correlation analyses to analysis the data.

The results indicate, that there is a strong positive relationship between all the determinants (financial, entrepreneur and firm characteristic) and access to bank finance and also indicate there is a significant impact of entrepreneur characteristics on access to bank finance, besides financial and firm characteristics.

According to this study, SMEs owner need to consider about the financial, entrepreneur and firm characteristics of firm because these characteristics have strong positive relationships with access to bank finance in Galle District.

Key words: Small and Medium Enterprises, financial characteristics, entrepreneur characteristics and entrepreneur characteristics

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