

## **6.2 Issues and Challengers of Small Business Entrepreneurship.**

H.A.K.N.S. Surangi

Department of Commerce and Financial Management, University of Kelaniya

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### **ABSTRACT**

From the inception of industrialization of the Sri Lankan economy, commencing from 1920s Small business sector was recognized as an important area to be developed. This emphasis continued in the ensuing year up to 1977. Even under the free trade economic policies this area has been recognized to be developed since 1977. Small and medium business sector represents 86 percent contribution to the employment and its contribution to total production was 18 percent in 2003. It represents 17 percent value addition to GDP (Central bank report, 2003). But its progress is not up to the expectation. In this setting researchers have identified number of factors that have contributed to the failure of this sector. Some of them are financial, marketing and networking problems, lack of desire to innovation and no proper business plans with regard to each economic régimes so far passed.

In this context, this study aims at identifying whether these traditional factors are still important and or new factors have currently emerged to hinder the development of Small business sector.

For this purpose this study has selected stratified random sample of fifty small business entrepreneurs in Galle district covering manufacturing, service, trading, professional services and others. To analyze collected data both qualitative and quantitative methods were used particularly based on simple statistical methods such as charts, tables, percentages.

Accordingly, the study concludes that the traditional factor that is networking problem is not identified by the respondents as a main contributing factor to the failure of small business sector while other traditional factors such as finance difficulties, lack of business plan and lack of desire to do innovation are still playing an important role in the determination of the success of small business sector.

**Key words:** Entrepreneurship, Industrialization, Small business sector.