

**THE RELATIONSHIP BETWEEN SIZE, GROWTH AND BUSINESS PERFORMANCE OF FIRMS IN SRI
LANKAN MANUFACTURING INDUSTRY**

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Abstract

Taking some firms in the manufacturing sector in Sri Lanka as samples, the research is going to investigate the interaction between Size, Growth and Business performance of manufacturing organizations. Identifying this relationship is very important in today's context as many firms in Sri Lanka undergo with huge expansionary projects while some firms do not worry about their Size or Growth rather than their performance.

This paper is trying to analyze the relationship between the variables size, growth and business performance in manufacturing industry using secondary sources of each firm in the selected sample specially using the external information available about the selected firms. The empirical study on this relationship shows that these three variables are independent of each other (Gibrat's Law). Finally, the paper expects to conclude that the manufacturing firms' Growth and performance are independent of each other.

Key words: Business Size; Business Growth; Gibrat's Law; Business Performance.