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PAPER

Entrepreneurship Orientation and Business Performance: Small and Medium Scale Enterprises in Hambanthota District, Sri Lanka

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Among the industrial sectors in Sri Lanka, Small and Medium Scale Enterprises (SMEs) in the country have great potential to generate economic benefits and accounts for about 70% of all industrial establishments, 30% of the total industrial output and 3% of employment.

This study investigated the degree of Entrepreneurship Orientation (EO) of fifty seven manufacturing Small and Medium Scale Enterprises (SMEs) in Hambanthota District, Sri Lanka (HDSL) and the effects of EO dimensions including proactiveness, innovativeness, and risk taking to Business Performance (BP).

Semi-structured interviews and questionnaires were used as the main instruments for data collection during the period from March-April, 2012. Qualitative and quantitative techniques were applied for data analysis. Simple Linear Regression analyzed the relationship between EO and business performance. Multiple regression analyses were employed to identify the relationship among the EO dimensions and BP variables with which degree of EO of SMEs was determined by the mean value and based on the result of Pearson correlation analysis the significance of the relationship among variables was established. Reliability analysis ensured the internal consistency and reliability of measures. Cronbach's alpha was calculated to confirm the reliability of constructs.

Findings showed about 52% of SMEs in HDSL represented moderate level of EO. Proactiveness, innovativeness, risk taking and overall EO were significantly correlated with market share growth. Results further indicated there were positive correlations among proactiveness and EO with BP.