ENTREPRENEURIAL ORIENTATION AND PERFORMANCE OF SMES IN WESTERN PROVINCE, SRI LANKA

[1]GAJANAYAKA, G.M.C.J.B, [2]WEERASINGHE, R.N

Department of Entrepreneurship, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Sri Lanka.
E-mail: channa@sjp.ac.lk

Abstract - Entrepreneurship has been identified as the main force for building a superior world as well as it is recognized as the strong foundation of an economy, which empowers the prosperity. Small and Medium Enterprises (SMEs) of a country is a main reflection of the application of entrepreneurship and moreover, SMEs are identified as the backbone of any economy. SMEs play a critical role in developed as well as developing economies. In Sri Lanka, the SME sector accounts for more than 75 percent of the total number of enterprises providing about 45 percent of the employment while contributing about 52 percent of the Gross Domestic Production. Therefore, if the SMEs have entrepreneurially oriented owners, it will immensely contribute to the economic development through their worthy performances. Thus, the main objective of this study was to identify the Entrepreneurial Orientation (EO) factors which influence the performance of SMEs in Western Province, Sri Lanka. The study comprises three independent factors subsumed under the EO namely; Proactiveness (PR), Innovativeness (IN) and Risk-taking (RT). Moreover, the study also attempted to assess the moderation effect of gender on the said relationships. 375 properly filled questionnaires were used in the analysis. The Structural Equation Modelling (SEM) was used in analysing data. The results of the study confirmed that, there were positive relationships between IN and BP as well as RT and BP. But, the path coefficients showed a weak relationship between the two independent variables with the dependent variable with high significance levels. There was a positive and moderate level relationship between PR and BP with high level of significance. Accordingly, RT was the least affected factor on BP among the three independent variables. Finally, the study also revealed that, only the relationship between RT and BP was moderated by Gender.

Keywords - Entrepreneurial Orientation, PLS-SEM, Business Performance, Gender Effect