

**COMPARISON OF FINANCIAL MANAGEMENT PRACTICES
BETWEEN THE SMALL AND MEDIUM ENTERPRISES IN THE
ANURADHAPURA DISTRICT**



By

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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, accounting for 80 percent of all businesses. Most SMEs have not appointed financial managers to be in charge of financial management of the company. Usually, the owner-managers with the assistance of the chief-accountant control financial matters of the company. However, most owner-managers have no formal training in management skills, especially financial management. So, currently, financial management is one of the challenges of SMEs. Combination of both insufficient knowledge of financial management and uncertainty of the business environment often leads SMEs to serious problems regarding financial performances. In this context, the research is carried to find the extent of financial management practices of Small and Medium Enterprises in Anuradhapura district.

Extent of the financial management practices are measured using three variables as financial reporting and analysis practices, working capital management practices and financial planning and controlling practices. Data were collected using questionnaire from 200 Small and Medium Enterprises Owners.

According to the descriptive analysis, usage level of financial management practices is moderate level of the Small and Medium Enterprises in Anuradhapura district. Based on results of the Independent sample t test, usage level of financial management practices is not varying with the type of the scale, type of the industry, age level of the business, gender of the owner, and level of profitability of the business. But there are significant differences in usage level of financial management practices among age level of the owner and education level of the owner. Therefore, in order to improve the usage level of financial management practices researcher recommends improving the knowledge regarding financial management to the business owners and high involvement of the government to providing training programs through each division in Anuradhapura district.

Key word; Financial management practices

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