

The Effect of Entrepreneurs' Characteristics on Business Performance: A Case of Small and Medium Enterprises (SMEs) in Colombo district

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Majority of the firms the word are Small and Medium Enterprises (SMEs) and the performance of the SMEs are closely associated with the economic development of the nation significantly. In the Sri Lankan context more than 50% of the gross domestic product is produced by this sector (Economy of Sri Lanka, 2014). In Colombo district, SMEs account of the total establishments are larger than other districts (Non-Agricultural Economic Activities in Sri Lanka, 2013/2014). The point is that some SMEs have been growing with success while some are unsuccessful. Though the success of a business might rely on many reasons, this study aims to determine the effects of the entrepreneurs' characteristics on business performance of the Small and Medium Enterprises. A sample of 255 entrepreneurs based on the business category of the Non-Agricultural Economic Activities, located in Colombo district were chosen for the study. Entrepreneurs were selected by using simple random sampling technique. A questionnaire was administered to the owners of small and medium enterprises to collect data and only 238 participants were responded. Data were analyzed using Smart PLS 3 and SPSS statistical packages. One sample t-test was used to identify whether the business performance is high or low. Structural Equation Model was used to identify significant entrepreneurial characteristics associated towards business performance of SMEs. The results revealed that the performance of the business is in a high level. Furthermore, it was discovered that there is an impact of the entrepreneurs' characteristics: business experience, opportunity identification, leadership, taking risks and self-confidence on the small and medium business performance. Finally, the present study indicate that to upturn the performance level of a business; entrepreneurs' business experience, opportunity identification, leadership, taking risk and self-confidence can make a significant contribution.

Keywords: business performance; entrepreneurial characteristics; small and medium enterprises
