EXTENDED ABSTRACT

FACTORS DETERMINING THE INVESTMENT BEHAVIOR OF SMALL AND MEDIUM ENTERPRISES IN NORTHERN PROVINCE, SRI LANKA

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Abstract

In today's business world, Small and Medium Enterprises (SME) have become more vital than large scale enterprises in both developed and developing countries. Advancement of SME is huge in the agricultural nations like Sri Lanka, which experienced issues of joblessness, absence of venture, equilibrium of installment, destitution. The Statistical Packages for Social Science (SPSS) can be used for the data analysis. The objective of this study to find out the impact of Characteristics of the Founder, Characteristics of the Business on Investment Behavior. Regression analysis was carried out to the test the Characteristics of the Founder, Characteristics of the Business by Investment Behavior is 57%. There should be programme which improving positive thinking of the entrepreneur's. Ministry of industry and Commerce, Sri Lanka development and industrial promotion can lead this study. This can be done by getting help from the Gramaseva Niladari and Division secretariat office.

Keywords: Characteristics of the business and investment behavior, characteristics of the founder, small and medium enterprises

1. Introduction

The Northern Province is located in the north of Sri Lanka which is comprised of five administrative districts: Jaffna, Kilinochchi, Mulaitivu, Vavuniya and Mannar. After 30 years of civil war, post-war social and economic challenges were enormous in terms of the devastated and immature infrastructure, worsen social institutions and human resources that lagged behind the rest of the country. Shortly after the war, local production was subjected to a market shock because the road connection was resumed to the wider market with much more advanced production. Industrialization is vital to achieving higher levels of economic growth in any developing country.

Small and Medium Enterprises (SME) are essential in the monetary development of nations. All created and non-industrial nations have perceived the significance of the advancement of Small and Medium Enterprises (SME) in light of the fact that; they assume a huge part in financial created. SME proceed as a helpful vehicle for monetary development of nations since they have the ability to accomplish quick financial development, while producing a significant degree of work openings. (Reddy 1991) Promotion of SME brings about the expansion in mechanical yield of a nation and in this manner expands the portion of the modern yield in GDP lastly it might empower to keep

a critical monetary development along with fast industrialization. Also, an enormous number of government foundation and different non–administrative establishments ordinarily focus towards the advancement of SME giving finical, specialized, promoting, preparing and some other help. The Deeping of financing offices to SME area stays a need in the public authority advancement methodology. In 2013 around Rs 546.383 million was given by both state and private area business and advancement banks to advance SME. (Central Bank of Sri Lanka 2014) SME contribute 30% to the GDP, 35% of work, and 30% of assembling exercises and 20% of fares. There are many scientific researches examining financial behavior, highlighting the different factors and investment strategies used by individual investors and companies. Arjoon and Bhatnagar, (2017) states that individual investors tend to take more risks than companies. Bikas and Glinskytė, (2021) show that company's capital investment depends on existing liquidity. In today's market, there is a wide selection of investment instruments that are of varied relative importance to a company. Investment as a source of income is one of the most important means of shaping the future well-being of an investor. This was clearly indicating that SME are effectively managing their Investment Behavior will succeed in their business. Therefore the objectives of the study are to investigate the determinants of Investment Behavior of SME in Northern Province; and to examine the impact of these factors on Investment Behavior of SME.

2. Research Methodology
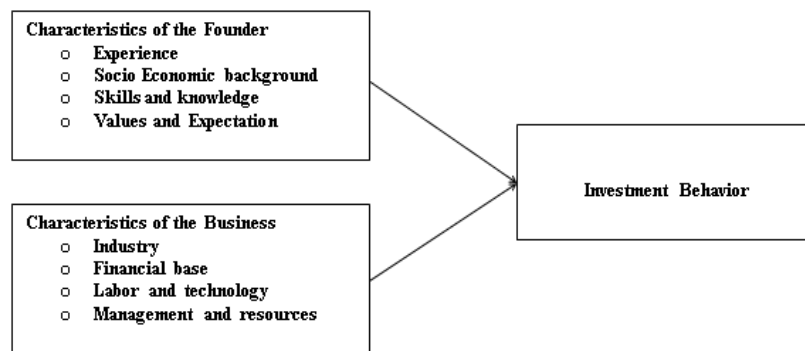
Population of this research is all the SME which are located in Northern Province. Simple Random sampling method was adopted to select respondents. The 150 SME were considered for the survey to collect data to examine factors determining the investment behavior of small and medium enterprises in Northern Province. Essential information was gathered utilizing questionnaires. Questionnaires were circulated by the researcher independently. Each finished survey was checked promptly, and was entered for information analysis. Data analysis strategy in this study include of both descriptive analysis and inferential analysis in addition to test of reliability scales. Statistical Packages for Social Science (SPSS) form 21 was utilized for Data analysis.

Districts	Population	Sample
Jaffna	108	50
Kilinochchi	45	20
Vavuniya	55	30
Mannar	59	30
Mullaidivu	38	20

Source : Department of Industries report (2018) of Northern Provincial Secretariat.

3.   Results and Discussions
3.1   Reliability Statistics

	Cronbach's Alpha	N of Items
Characteristics of the Founder	.855	10
Characteristics of the Business	.867	10
Investment Behavior	.887	10

Cronbach alpha is most generally utilized strategy for checking the reliability of scale. It very well might be referenced that its worth changes from 0 to 1 in any case, acceptable worth is needed to be more than 0.7 for the scale to be solid (Malhotra and Malhotra 2012).

3.2   Correlations Analysis

	Investment Behavior
Characteristics of the Founder	.712
	.000
Characteristics of the Business	.622
	000

Relationship investigation was done to discover relationship among the variable dependent on the worth of connection. The table demonstrates that elements deciding the investment behavior of small and medium endeavors in Northern Province are significantly related at 0.01 importance level.

3.3   Regression analysis

Model	R	R Square	Adjusted R Square	Sig.
1	.755	.570	.568	.000

a. Predictors: (Constant), Characteristics of the Founder, Characteristics of the Business

Regression analysis was done to the test the Characteristics of the Founder, Characteristics of the Business by Investment Behavior is 57%.

4.   Conclusions and Recommendations
The present study conducted the purposes to explore the factors determining the Investment Behavior of SME in Northern Province of Sri Lanka and also to evaluate the effect of explored factors on the Investment Behavior of SME. The study revealed the need for Characteristics of the Founder, Characteristics of the Business are factors as the determinants of Investment Behavior. Further, a study concluded that all these factors have the positive influence on the Investment Behavior. This study recommends that policy makers should strengthen the legislative and regulatory framework for the creation and development of SME by establishing rules to promote SME to be tailored to each sector.

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