



**ANALYZING THE DETERMINANTS OF BUSINESS
PERFORMANCE IN MICRO ENTERPRISES
WITH SPECIAL REFERENCE TO THE
MATHUGAMA AREA**

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**ANALYZING THE DETERMINANTS OF THE BUSINESS
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ABSTRACT

The number of people engaged in micro and small enterprises increases as a result of new enterprises being started and through an expansion of existing activities. According to the traditional theoretical arguments, business performance of Micro Enterprises is mainly dependent on some defined determinants of the business performance. Mathugama is a developing area where most of the people tend to start their own businesses rather than working for a monthly salary. Therefore, it is relevant to analyze the determinants of the business performance of micro enterprises with reference to the Mathugama area. This paper is an effort to quantify the above problem econometrically. Especially, Ordinary Least Squared (OLS) method has been employed to identify the determinants of the business performance in micro enterprises. Mainly primary data were absorbed by using a structured questionnaire. The results show that there is a positive and significant effect of experience, education, loans and employees on the business performance while capital, age and gender were showed insignificant. The research recommends a strong emphasis on significant factors in policy planning in order to ensure sound business performance in micro enterprises.

Keywords: Business performance, Micro enterprises, Econometric analysis.