



**FACTORS AFFECTING TO SUCCESS OF MICRO
ENTERPRISES
(WITH SPECIAL REFERENCE TO KANDY DISRICT)**

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Name of the Candidate: H.G.K.K Pitakotuwa
Department of Management Sciences

ABSTRACT

The small and medium enterprises (SMEs) play a critical role in the development of the country. As a part of SMEs', Micro Enterprises have a major role in employment and contribution to the Gross Domestic Production. Nowadays half of the Micro Enterprises are failing in the early stage of their life cycle. Although half of businesses fail in the early stage, there are successful Micro Enterprises which occupy dominant positions in the economy. This study examines the role of key factors affecting to success of Micro Enterprises in Kandy district. The study empirically tested the three factors affecting to success of small enterprises, namely Personal factors, Organizational factors and External environment factors. Thus, the study based on the three objectives; first, to develop the profile of successful Entrepreneur, second, to identify the relationship between success factors and success of Micro Enterprise, and finally to identify the most influencing factor for success of Micro Enterprises. Questionnaires were distributed by using stratified random sampling technique to collect primary data from 100 owners of Micro Enterprises' in Kandy district. The data were analyzed by using descriptive statistics, correlation coefficient and multiple linear regression. This study concludes that owners' personal qualities directly influence to be a successful entrepreneur and there is a positive relationship between Enterprise success and its determinants. The result also shows that Personal factors are the most influencing factor for the success of Micro Enterprises. The study has recommended to Entrepreneurs of Micro Enterprises, policy makers and other interest parties to consider these factors while developing policies and strategies for Micro Enterprises.

Key words: *Personal factors, Business factors, External environmental factors, Business success, Micro Enterprises*