

## **Effect of Capital Inadequacy on the Growth of Small Scale Sole Proprietorships in the Communication Industry: The case from the Badulla District**

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Starting & running a business with adequate amount of capital is very much important factor in case of achieving growth. Basic business format like sole proprietorships face number of challenges when acquiring capital. Lots of theories and experts do extract lack of capital as a severe bottleneck for growth of small businesses. There are number of other factors which can influence the growth according to both theory and practice. The research was carried out with the intention of identifying existing situation and analyzing the degree of relationship between lack of capital and the growth opportunity. A random sample consisting 60 sole proprietors who operate in the communication industry in Badulla district was selected for the study and the data were analyzed using both descriptive and inferential statistics. The study reveals that (a) there is a strong attitude among sole proprietors as lack of capital is a great barrier towards growth; (b) capital & growth has positive relationship (c) initial capital is the most decisive factor towards growth; (d) but in overall consideration there is no significant impact on growth of capital as it shows by business owners' attitude when it considers as isolated factor. However, the study concludes that the initial capital has a considerable influence on business growth while both additional capital and retained profits have no considerable impact on growth of a sole proprietorship.

Key words: Lack of capital, Growth, Sole proprietorships