

The Impact of Financial Literacy on Performance of Small and Medium Enterprises in Anuradhapura District

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ABSTRACT

Introduction: The performance and growth of Small and Medium-Sized Enterprises (SMEs) have throughout the nations, been of great concern to, among development economists, entrepreneurs, government, venture capital firms, financial institutions, and non-government organizations. This study aims to investigate the impact of financial literacy on performance of Small and Medium Enterprises in Anuradhapura district.

Design/Methodology/Approach: This is a quantitative study done on using deductive approach. The study selected a sample 100 SMEs as using simple random sampling technique and data were collected using a structured questionnaire. Multiple Regression was used as the analysis technique and SPSS was used as the analyzing tool.

Findings: As per the results of the study, all the independent variables; bookkeeping skills, financial planning and fixed assets management show a significant positive relationship with the performance of SMEs in Anuradhapura district. Thus, the research findings support to conclude that there is a significant positive impact of overall financial literacy on performance of SMEs in Anuradhapura district.

Conclusion: This study concludes that it is crucial for SMEs to pay their attention more on improving knowledge on financial literacy related areas such as bookkeeping skills, financial planning and fixed assets management as they can make a huge impact on performance of their businesses. Moreover, the study contributes both in practice and knowledge domain.

Keywords: *Financial Literacy, Performance, Bookkeeping Skills, Fixed Assets Management*