

## **THE IMPACT OF FINANCIAL MANAGEMENT PRACTICES ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NUWARA-ELIYA DISTRICT**

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### **Abstract**

Small and medium-sized enterprises (SMEs) have contributed to GDP growth by embarking on innovations and boosting other economic activity. The number of Small and Medium-sized Enterprises (SMEs) in Sri Lanka is steadily increasing. This growth can also be witnessed in the Nuwara-Eliya District. Financial management practices play an important role and has a large area in every activity of Small and Medium-sized Enterprises. In the context of Sri Lanka, especially in the case of Nuwara-Eliya district, there is a lack of investigation on the financial management practices and SMEs performance. Nuwara-Eliya district's economy mainly depends on agriculture and the SMEs. But their performances are not much effective due to many reasons. Therefore, this research was conducted to analyze whether there is an impact of financial management practices on the performance of small and medium enterprises. A sample of 100 SMEs was selected for this study. Five-point Likert scale was used to measure the variables and the scale consisted of five boxes ranging from strongly disagree to strongly agree. The Multiple regression models has been used to test the impact of financial management practices on performance of SMEs in Nuwara-Eliya district. The independent sample t test was used to identify differentiation.

***Keywords:*** *financial performance, SMEs, working capital management, financial management*