

6.22 The analysis of motives pressure on SME networking in Sri Lanka

S.S. Thrikawala

Department of Commerce and Financial Management, University of Kelaniya

ABSTRACT

The Small and Medium Enterprises (SMEs) are considered as an essential component of economic growth and they are spanned as the largest number of enterprises throughout the country. Although they are playing an important role in the economic development they are confronted with many problems such as inadequate access to obtain capital and finance, inadequate industrial infrastructure, lack of market base information, obsolete technology, lack of modern management skills and lack of labour training.

In this context, researches have identified number of traditional and non traditional factors which obstruct the growth of SMEs. As such, networking among SMEs is a considerable reason compared to other reasons that determine the sustainability of SMEs. Besides, the SMEs in many countries have not thrived to gain the advantages of economies of scale due to the fact that these business units operate in isolation. Therefore, they need support and resources from the other firms, institutes, relatives and friends to overcome their own barriers.

In this setting, most of the researchers have accepted that trust, commitment, selection, intermediary, information technology and external environment are essential motives that make pressure on the SME networking. Thus, the objective of this study is to examine the causes which are highly influence on networking among SMEs in Sri Lanka. This study was carried out based on 100 manufacturing SMEs in Gampaha District selected by employing the purposive non probability sampling technique.

The findings revealed that the trust and commitment were more considerable than the selection, intermediary, information technology and external environment for the formation of networking among SME in Sri Lanka. Thus, it is recommended that government should intertwine to build up the trust and commitment to form networks among SME owner/managers.

Key Words: Economic Growth, Traditional Factors, Non Traditional Factors, SMEs, Networking, Motives