Department of Banking & Finance
Wayamba University of Sri Lanka

Sri Lankan Journal of Banking and Finance
An endeavor to share knowledge
Volume: 5 Issue: 02 December: 2022

THE IMPACT OF FINANCIAL MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF SMALL AND MEDIUM PLANTATION COMPANIES IN THE KALUTARA DISTRICT, SRI LANKA

G R M Gamlath

SLJBF 05.02.01: pp. 01-33
ISSN 2345-9271 (Print)
ISSN 2961-5348 (Online)
DOI: http://doi.org/10.4038/sljbf.v5i2.29

Abstract

Small and Medium Enterprises (SMEs) are critical to the economy. SMEs exist in every sector of the economy. The plantation sector is a landmark cable manufacturing industry in the economy of Sri Lanka. The plantation sector presently has more business ventures with SMEs. Therefore, the purpose of this research is to examine the impact of financial management practices on the financial performance of SMEs in the plantation sector. This study considered financial management practices as the independent variable and the financial performance of SMEs as the dependent variable. The data for this study was collected using a questionnaire that was distributed to 40 SMEs in the plantation sector in the Kalutara district using a purposive convenience sampling method. The data was analyzed by using correlation analysis and regression analysis. According to the correlation analysis, the findings revealed that all variables were positively correlated with financial performance. Further, the regression analysis indicated that working capital management practices, capital structure, management practices, and financial reporting and analysis practices significantly affected financial performance. The quality of financial performance through employing financial management practices (FMPs) in plantation sector SMEs would be crucial for proprietors, managers, executives, employees, and other interested parties who can reasonably practice utilizing organizational resources for optimal financial performance. This study continues the discussion on numerous practical suggestions and provides directions for future research.

Keywords: Financial Management Practices, Financial Performance, Small and Medium Enterprises, Kaluthara District, Sri Lanka

G R M Gamlath
(Corresponding Author)
Department of Finance & Accountancy, University of Vavuniya, Sri Lanka.

Email: muthugamlath@vau.ac.lk
Tel: +94 71 8279 950
https://orcid.org/0000-0001-6937-4551

1. INTRODUCTION

The most significant economic sector in Sri Lanka can be categorized as small and medium-sized companies (SMEs). Small and medium-sized businesses (SMEs), which account for up to 52% of Sri Lanka's GDP, are crucial to socioeconomic growth (Export Development Board, 2021). Small and medium-sized enterprises (SMEs) are strategically important economic sectors in Sri Lanka because they help the country achieve high economic growth, create jobs, strengthen its capacity for innovation, and advance regional development.

Planning, organizing, managing, and controlling an organization's financial activities, including purchases and the wise use of its cash, are all examples of financial management methods (Lasher, 2010). One of the most crucial factors in the success of a small business is financial management. (2014) Vohra and Dhillion. According to Zada, Yikun, and Zada (2021), good financial management is essential to every organization and affects all business activities. In order to fulfill its contractual responsibilities, such a system must make the best use of its financial resources. In order to successfully and consistently manage all financial activities, it is crucial to follow financial management best practices. The financial management methods that a company employs determine its level of success; conversely, poor and ineffective financial management procedures would result in failure for any company (Jindrichovska, 2013). Utilizing financial resources wisely in light of financial complexity, poor money management, and a lack of long-term funding to pay operating and capital expenses is how the company achieves success (Zada et al., 2021; Pais & Gama, 2015).

Working capital management, capital structure management, investment appraisal methods, financial reporting and analysis practices, etc. are only a few of the financial management techniques. Working capital management (WCM) includes the control of financial resources used for ongoing business operations (Abuzayed, 2012). WCM is a crucial element of business finance because it has a direct impact on the company's liquidity and profitability. Working capital management is essential to a business's operations.

Due to the impact that WCM and liquidity management have on the firm's profitability, risk, and market value, they play a significant role in financial choices. The management of long-term funds is referred to as capital structure management, and it is done to ensure the company's long-term viability (Mdasha, Irungu, & Wachira, 2018). Further, they stated that the financial manager must concentrate on the safety, liquidity, and profitability of the investments the company makes and that the options for investment money must be evaluated through a systematic and efficient method of financial management. To record, categorize, summarize, and evaluate the overall results in order to gauge performance progress and determine whether the firm's business activities were successful or unsuccessful, financial reporting and analysis are crucial (Prather, Topuz, Benco, & Romer, 2009). Planning, organizing, monitoring, and regulating finances in order to efficiently and

successfully accomplish organizational goals is the process of financial management. Every firm needs to carry out this key task for it to be successful. The finance manager of any company is responsible for carefully choosing the finest investment options to generate fair and consistent returns (Uwonda & Okollo, 2015; Wolff, Pett, & Ring, 2015).

This study aims to investigate how financial management methods affect the financial performance of SMEs in Sri Lanka's plantation industry. These SMEs are a specific group of companies operating in the plantation industry that stimulate economic growth by creating a range of high-quality goods for the community with little outlay of capital. They contribute to society's welfare by lowering poverty, boosting social welfare, generating employment, and fostering economic growth. (Zada, Shah, Yukun, Rauf, Khan, & Shah, 2019; Badini Hajjar, & Kozak, 2018; Chao, 2012). SMEs manage their finances in a variety of ways, as highlighted by Adomako, Danso, and Damoah (2015). In order to meet their performance objectives, SMEs should use quality financial information to make informed decisions on working capital, capital structure, investment assessment, and dividends. The government and stakeholders should focus on this highly concentrated effort in order to develop SMEs in the economy through remarkable restructuring through the effective implementation of government policies to increase their contribution to the national economy. The SME industry in Sri Lanka significantly contributes to economic growth. Additionally, SMEs are currently in a growing position in the plantation sector. As a result, there is concern in how the plantation sector SMEs operate.

1.1 Research Problem

The effect of financial management practices on the financial performance of SMEs in a foreign context has been the subject of numerous research (Jayawardane & Gamlath, 2020; Azudin & Mansor, 2017; Bruton, Filatotchev, Si, & Wright, 2013; Mdasha et al., 2018; Muneer, Rao, & Ali, 2017). Focusing on capital structure choices, dividend policy, investment appraisal strategies, working capital management, and financial performance evaluation, they looked into financial management practices.

There are a few studies available in Sri Lanka to examine the effects of FMPs and the financial performance of SMEs in the plantation sector. Furthermore, without focusing on the practice of good FMPs, such as procurement, improper use of funds, mismanagement of funds, and lack of funds available to cover short- and long-term contractual obligations on business operations, the majority of the manager's decisions are based solely on the firm's financial performance (cost and capital expenditure, etc.). As a result, they constantly seek to boost earnings. They also fail to take into account how management practices affect SMEs' financial performance. But they also need to consider how SMEs' financial performance will be impacted by changes in financial management methods. Karunananda and Jayamaha (2011) examined the FMPs and SMEs' performance in Colombo,

Gampaha, and Kurunegala. They revealed that SMEs that employ financial management techniques perform better than SMEs that do not.

Though Sri Lanka is a developing nation, there hasn't been much investigation on the financial management strategies used by SMEs and how they affect the national economy. To fulfill the competitive demands of SMEs, encourage the sustainable development of firms, and increase economic value, the healthy development of SMEs and financial management will continue to attract increasing attention. The study's findings will also show how FMPs affect the financial performance of SMEs in the plantation industry. These findings will help business owners and financial managers manage their financial affairs more effectively and efficiently in order to boost their companies' performance and profitability. This study examines the impact of FMPs on the development of SMEs in the Kalutara District of Sri Lanka in order to narrow a knowledge gap. The research question and the objectives of this study are as follows.

Research question: "To what extent, the financial performance depends on FMPs of SMEs' special intention to SMEs in the plantation sector in Kalutara District?"

Research objectives:

To assess the effect of financial management practices on the financial performance of small and medium plantation companies in Kalutara District, Sri Lanka.

To determine the significant difference between FMPs and the performance of SMEs in Kalutara District.

1.2 Scope of the Study

By giving managers of SMEs in the Kalutara District's plantation industry a standardized questionnaire, the researcher was able to gather data. This study therefore makes use of common data. This study used the descriptive research design method and was descriptive in nature. All registered SMEs in plantations working in the Kalutara district made up the study's target population. Using the straightforward random sampling technique, the researcher selected a sample for data collection. Each unit in the sample has an equal probability of being included using this methodology. If the population is homogeneous, this method provides an objective and superior estimate of the parameters (Singh & Masuku, 2014). Thus, a sample of 40 small and medium-sized plantation enterprises in Kalutara that were chosen using simple random sampling was used in the study.

The Statistical Package for Social Sciences (SPSS) software package is also utilized to examine the data. The data collected in this research were evaluated by employing statistical tools; correlation and regression analysis. Graphical presentations in the form of pie charts, bar graphs, and tables were used to depict the type and distribution of the data collected from respondents.

1.3 Significance of the Study

The current business environment is extremely competitive and dynamic. Managers should therefore choose wisely the most crucial decision on WCM and select it to apply appropriately for their firms. There aren't enough studies on this subject, albeit a handful have been published recently. By describing how plantation firms handle their financial management methods, this study adds to the body of knowledge. Future-focused decision-makers, officials in Sri Lanka's government, and scholars in financial management should consider the implications of this research. As a result, we must concentrate on these ideas in order to conduct profitability favorably. The findings of this study are also beneficial for academic and professional professionals in the fields of policy-making and control. In order to boost the financial performance of SMEs, owners of plantation sector SMEs in the Kalutara area and elsewhere will receive knowledge on the best ways to finance their companies.

2. LITERATURE REVIEW

2.1 Financial Management Practices

2.1.1 Working Capital Management

The managing of working capital in a company is a key indicator for the firm’s operational stability in finance and ability to seize development opportunities. Without enough cash flow, a business must prioritize paying short-term debts. Investment and growth prospects are reduced when this occurs. Any business firm should require keeping an adequate amount of required cash at any time to disburse operational expenses, and short and long term debt must be precisely forecasted by a corporation. Profitability will increase as a result of efficient management of WC, which will result in more capital available for investment. Firms can invest any extra cash not needed for running costs to make additional income to the business. Reducing the amount of time it takes to collect accounts receivable is a crucial tactic for raising a business' overall working capital. Management of current assets, current liabilities, and the finances of these current assets are all considered to be current asset management (WC). For the purpose of generating value for shareholders, working capital management (WCM) is crucial. WCM has been discovered to have a sizable impact on profitability as well as liability and liquidity in numerous studies carried out in various nations (Tran et al., 2017; Lyngstadaas & Berg, 2016; Davis, 2016; Pais & Gama, 2015; Tauringana & Adjapong Afrifa, 2013). Working capital often refers to an organization's investment in current assets. "Net working capital," which equals current assets minus current liabilities, is a more precise word for WCM. WCM, according to Mathuwa (2010), is crucial to corporate finance since it has a direct impact on the firm's liquidity and profitability. As stated by Eljelly (2004) and Mathuwa (2010), WCM has to do with organizing and managing current assets and liabilities. In addition to preventing excessive investment in those assets on the other side, it minimizes the risk of a firm meeting brought on by short-term obligations. In both academics and business, interest in

liquidity and WCM has increased, according to Bolek and Grosicki (2012). Companies work hard to maintain a high level of liquidity even though investors aim for high levels of profitability. Le, Vu, Du, Lee, Du, and Tran (2018) looked into how WCM affected financial results. The results imply that working capital management enhances the financial performance of the enterprises under investigation. Sensini (2020) claims that this study focused on SMEs engaged in the agri-food sector and studied working capital management and performance. The working capital cycle has a negative relationship with business profitability, although the results indicate that it is statistically significant.

2.1.2 Component of Working Capital

Accounts Receivables

When a corporation sells products on credit, account receivables build up. The firm can get paid daily or once a week, depending on the arrangements. Through credit management, a business can control its accounts receivable; as a result, choices must be made on the terms of the sale, the credit analysis, and the decision-making and collection practices. Salgam Kagitci and Bayukipekci (2016) assert that all businesses have either goods or services they may offer to customers, and they all aim to increase sales. They employ various programs to entice clients as a means of boosting their sales, such as trade credit. Despite the fact that the business is currently selling its goods, it is stated that payments would still be made in the future.

Receivable Management

The closest source of cash flow to boost an organization's liquidity is its receivables. Receivables' appearance in a business process results in income and expense. Because this is the long-standing and widely acknowledged premise of financial management, "the volume, content, and movement of receivables must be designed and managed in such a way that they eventually support the maximization of a firm's value" (Chowdhury & Amin, 2007).

Inventory

Short-term assets, which also include raw materials, finished commodities, and work in progress, are mostly made up of inventory. To optimize their profit, business organizations should maintain proper levels of inventory. One of the most difficult duties for working capital managers is inventory management. A greater likelihood of running out of raw materials or finished goods during a time of strong demand is the risk associated with diminishing inventory. If they could elect to minimize the inventory as much as feasible to shorten the cash conversion cycle and reduce the cost of the inventory. In that case, decreased sales can result in an increase in a company's costs (Rimo & Panbunyuen, 2010). A typical inventory management concept is "just in time," which, according to Brealey, Myers, and Allen (2008), means that inventories are kept to a bare minimum and that supply chain process optimization benefits the business process. As a result, inventories are never finished.

Cash

The total amount of cash includes both cash on hand and cash in the bank. Cash is necessary for a company's transactions and speculative activities. Additionally, it encourages keeping the company's liquidity. Cash must be seen as an inventory because it is crucial to the efficient operation of the business (Chowdhury & Amin, 2007). A company's cash management department plays a crucial function. It makes use of it to pay dividends, trade debts, taxes, and other obligations. It enables the business to take advantage of advantageous business possibilities and maintain positive relationships with its creditors and suppliers. Maintaining a company's liquidity and preventing bankruptcy or insolvency through effective cash management (Myeni, 2018).

2.2 Investment Appraisal Practices

Investments are the capital expenditures made in order to gain future benefits. Investment decisions typically have four characteristics: risk, difficulty in reversing, significant upfront costs, and a lengthy time horizon (Wambua & Koori, 2018; Beal, Goyen, & Philips, 2005). Identification of possible investments; analysis of each such opportunity, selection of best possible alternative/s that signifies the value of firms' shareholders; and implementation and monitoring of the chosen investments are the three key phases to be taken into consideration (Somathilake & Pathirawasam, 2020). A significant initial outlay, a lengthy time horizon, difficulty in reversing, and the inherent risk of the investment decisions are the four criteria that characterize investment as the capital outlay made to obtain future advantages (Beal & Michelle, 2005). Any business firm's balance sheet reserves the right side for the presentation of long-term assets and investments. As a result, decisions made about long-term assets and investments have a significant impact on the success or failure of the company (Jayawardane & Gamlath, 2020). The results showed a strong correlation between capital investment appraisal methods and businesses' long-term value generation and sustainable growth. Consequently, effective financial management is crucial for businesses to survive and succeed in the long run (Ejoh, Okpa, and Ibanga, 2016). The accounting rate of return, payback period, net present value, and internal rate of return are investment-related characteristics that significantly affect the success of SMEs in Kenya, according to Wambua and Koori's (2018) research. Additionally, it was shown that the payback period was the best indicator of performance. Last but not least, the research stressed how financial management techniques like investment appraisal impacted SMEs' financial performance considerably and favorably.

2.3 Capital Structure Management Practices

Palacios, Carrillo, and Guzmán (2016) assert that internal financing sources have a large and favorable impact on performance. In their 2013 study, Badar and Saeed looked at how a firm's capital structure and leverage impacted its performance. The findings demonstrated that long-term debt had a sizable beneficial effect on businesses. Financial leverage was found to have a statistically significant negative

connection with performance, per Mwangi, Makau, and Kosimbei (2014). As indicators of capital structure, the debt-to-asset ratio and return on equity have a strong correlation. Additionally, return on equity and gross profit are strongly influenced by the capital structure (Rajendran & Nimalthasan, 2013). Gross profit, net profit, return on equity, and return on assets are not significantly correlated with the debt equity ratio. Le and Phan (2017) used unbalanced panel data from all non-financial listed enterprises from 2007 to 2012 to analyze the capital structure and firm performance in Vietnam. The results show that there is a negative correlation between all debt ratios and company performance.

2.4 Financial Reporting and Analysis Practices

Most SMEs lack a complete set of financial reporting and have maintained informal accounting processes. Financial reports are essential for SMEs in Sri Lanka to manage the volatile business environment. Since the business environment in Sri Lanka is unpredictable, decision-making requires up-to-date financial information. Because they believe there is no need to preserve accounting records, the majority of SMEs neglect to maintain accurate accounting records. Financial reporting disclosures and financial performance have a sizable association, claim Ojeka, Muroro, and Kanu (2015). According to research by Al-Dmour, Abbod, and Al-Qadi (2018), the factors affecting the quality of financial reporting have a big impact on non-financial business performance.

2.5 Financial Performance

Financial performance analysis is a method for assessing a company's operations and financial standing using its accounting and financial statements. Such financial analysis is carried out by financial analysts to assess the effectiveness and performance of businesses. Moreover, performing such analysis while consulting the financial data and reports generated as it comprises investments and funding over a short time horizon, finance is always disregarded in financial decision-making, according to Bhunia, Muhhoti, and Roy (2011). Furthermore, a company's financial performance suffers if ROE is not given priority. Businesses could employ more current liabilities to significantly finance assets in order to achieve higher performance because they are less expensive than long-term liabilities. The return on assets (ROA) and return on equity (ROE) improve as the share of current assets in total assets rises (Mwangi et al., 2014). How far a company's sales outpace its costs is a key indicator of its profitability. Whether it is used to record profitability for the past period or anticipate profitability for the future one, profitability measurement is the most crucial sign of a business' success. The management of the companies should develop a plan to boost profitability by emphasizing productivity and industry affiliation, claim Margaretha and Supartika (2016).

2.5.1 Return on Assets

Return on assets is a profitability ratio and a way for this study's dependent variable to be measured (ROA). The ROA measures how well management makes use of all available resources to generate profits. The return on assets (ROA), in the opinion

of Muturi (2015), demonstrates how profitable a firm may be by using its assets, which are a result of its efficient use of resources and competent management. It is determined by dividing the percentage of total assets by net income.

2.6 Relationship between Financial Management Practices and Financial Performance

2.6.1 International Perspective

Any small firm's success is largely dependent on good financial management techniques (Meredith, 1986). Businesses with a strong financial position run smoothly. According to Hunjra, Butt, and Rehman's (2010) study, there is a positive and significant correlation between organizational performance and financial management techniques in the business sector of Pakistan. According to Gloy and LaDue (2003), there is a connection between effective financial management strategies and increased firm profitability. They looked at the connection between a company's profitability and the adoption of financial management strategies. They contend that a firm's financial performance is strongly impacted by the adoption of financial management methods, such as the use of investment analysis methodologies. In Kenya, Waweru and Ngugi (2014) looked into how financial management methods affected the success of micro and small businesses.

This study demonstrates how much financial innovations affect the performance of micro and small businesses in Kenya and how an organization's motivation for innovation is to increase profits. Furthermore, such studies show that risk is now a strategic element in the survival and growth of a modern firm. Shah (2015) asserts that industrialization has made financial management a crucial facet of corporate operations and that successful financial management enables companies to optimize profits. According to a study by Musah, Gakpetor, and Pomaa (2018) on the financial management practices, firm growth, and profitability of SMEs, working capital management practices had the highest mean score, followed by accounting information and financial reporting practices, capital structure management, capital budgeting approaches, and fixed asset management, in that order. The Pearson correlation investigation revealed an association between effective financial management, profitability, and the expansion of SMEs. Wolmaran and Meintjes (2015) shown that a deficiency in financial management knowledge and practice is one of the most important causes of SME failure. Festus, Alawode, and Peter (2020) concentrated on the small- and medium-scale poultry industry's financial management procedures and performance in Ogun State, Nigeria. The findings revealed that the profitability of the chicken industry has been significantly and positively impacted by all aspects of financial management techniques, including capital structure management, working capital management, and annual budgeting.

2.6.2 Sri Lankan Context

Small and medium-sized businesses (SMEs), which have gained recognition as a strategically significant component of Sri Lanka's economy, support high economic

growth, the creation of jobs, the enhancement of innovation capabilities, and regional development (Gamage, 2014). Karunananda and Jayamaha (2011) conducted research on how financial practices affect the success of SMEs in Sri Lanka. Their overall findings demonstrate that SMEs that adhere to sound financial principles outperform those that do not. In their 2017 study, Yogendrarajah, Kengatharan, and Suganya studied how financial management techniques affected the performance of SMEs in the Jaffna district. The Jaffna district's 60 SMEs were the subject of the study. This study demonstrates that medium-sized organizations apply all financial management techniques more frequently than tiny businesses. Additionally, it demonstrates that the performance of SMEs in the Jaffna district is significantly positively impacted only by WCM and capital structure approaches. Specifically focusing on the North Central Province, Somathilake and Pathirawasam (2020) investigated how financial management techniques affected the SMEs' performance in Sri Lanka. The study demonstrates that the performance of SMEs is positively impacted by financial management strategies. The impact of financial management methods on the financial performance of SMEs in Sri Lanka was studied by Uduwaka and Dedunu (2019). According to the findings of that study, working capital management significantly improves the financial performance of SMEs in Sri Lanka. The researcher comes to the conclusion that enthusiastically increasing financial performance of SMEs by use and integration of financial management strategies.

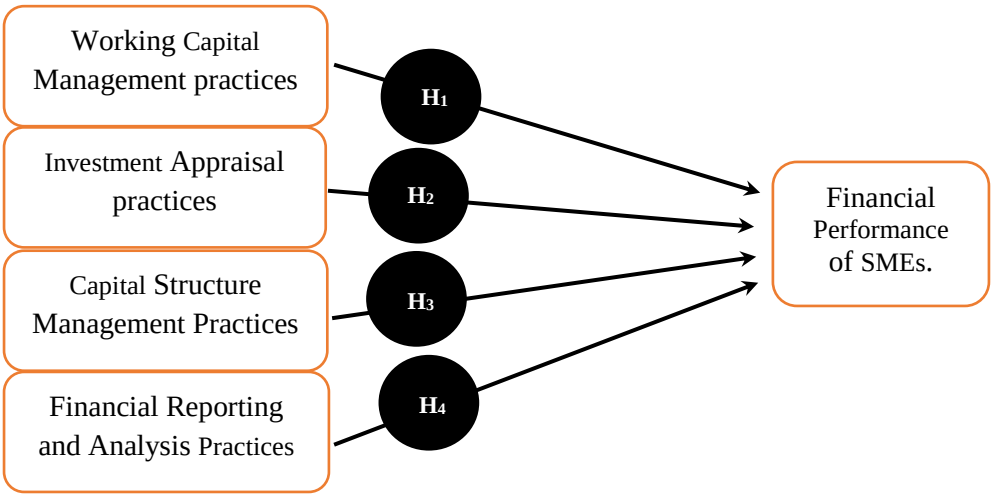
With particular reference to the Kurunegala Divisional Secretariat, Sooryasena and Palihena (2020) looked at how financial management methods affected the financial performance of small and medium-sized businesses. 100 SMEs that were registered with the Kurunegala Divisional Secretariat were the subject of the study. Although financial performance was the dependent variable in this study, financial reporting and analysis procedures, working capital management procedures, and fixed asset management procedures were also regarded as independent factors. The results showed that every independent variable has a significant impact on the financial performance of SMEs, and that financial performance will rise with better financial management techniques. The majority of research focuses on SMEs in Sri Lanka's other industries. However, SMEs in Sri Lanka's plantation sector get little attention. To fill the gap in research, this study concentrates on SMEs in Sri Lanka's plantation sector. This study, which is based on the aforementioned literature, analyzes SMEs in the plantation sector to investigate how financial management techniques affect financial performance in Sri Lanka.

3. METHODOLOGY

3.1 Conceptual Framework and Hypotheses Development

Based on the findings of the aforementioned literature (Gamage, 2015; Karunananda & Jayamaha, 2011; Hunjra et al., 2010; Kennedy, Tennent, & Gibson, 2006), we should first determine whether there is a connection between the financial management practices and the performance of the small and medium plantation

companies before confirming whether financial management practices have an impact on financial performance. The working capital management practices, investment appraisal practices, capital structure management practices, and financial reporting and analysis practices are the independent and dependent variables in this situation, respectively, and they are to be predicted numerically. The performance, as determined by ROA, is the dependent variable. Accordingly, the conceptual framework of this study was formulated as follows.



Source: Author Developed

Figure 1: Effect of Financial Management Practices on Financial Performance (deduced from Literature)

Based on the literature findings (Somathilake & Pathirawasam, 2020; Uduwaka & Dedunu, 2019; Yogendrarajah et al., 2017; Gamage, 2015; Wolmaran, & Meintje, 2015; Vohra, & Dhillion, 2014) the following hypotheses were formulated to test the relationship between financial management practices on performance of small and medium plantation companies in Kalutara District, Sri Lanka as follows;

H_1: Working capital management practices have a significant impact on the financial performance of small and medium-sized plantation companies in the Kalutara District.

H_2: Investment appraisal practices have a significant impact on the financial performance of small and medium sized plantation companies in the Kalutara District.

H_3: Capital structure management practices have a significant impact on the financial performance of small and medium sized plantation companies in the Kalutara District.

H_4: Financial reporting and analysis practices have a a significant impact on the financial performance of small and medium sized plantation companies in Kalutara District.

Then, the researcher has chosen the methodology based on the quantitative research approach to collect the data and its analysis to generalize the findings for achieving the objectives of this study. The operationalization of the variables is presented as follows.

Table 1: Operationalization of Variables

Key Concepts	Variable	Indicator /Statement	No.
Financial Management Practice	WCM	The company has a working capital management system	Q1
		Prepare cash flow forecasts to identify future surpluses and deficits	Q2
		Ensures there is sufficient cash flow to meet daily needs	Q3
		Maintains proper records for all payables	Q4
		Maintains inventory records which are updated regularly	Q5
		Receivables management system is fully automated	Q6
		Optimal cash balances are maintained by the company at all times	Q7
	Investment Appraisal Practices	Adequately invests in fixed assets	Q8
		Uses capital budgeting techniques for assessing investments	Q9
		Adequately reviews the investment projects periodically	Q10
		Follows guidelines for analyzing investment opportunities	Q11
		Consider past experiences when making investment decisions	Q12
		Consider the time value of money when making investment decisions	Q13
		Uses internally generated cash sources for financing	Q14

		purposes	
	Capital Structure Management Practices	Uses borrowed funds for financing purposes	Q15
		Businesses have easy access to bank loans	Q16
		Business utilizes the debt facilities from outside persons	Q17
		Business considers about capital structure when acquiring outside funds	Q18
		Business has internal policies for deciding capital structure	Q19
	Financial Reporting Analysis Practices	Business keeps records on cash flows	Q20
		Business prepares financial statements	Q21
		Business prepares financial statements complying with accounting standards	Q22
		Business makes sales forecasts and analyses	Q23
		Business analyses the trend of business cost	Q24
		Business analyses the trend of business profit	Q25
		Business uses financial ratios in financial analysis	Q26
Financial Performance	Return on Assets	Operating margin	Q27
		Liquidity of firm assets	Q28
		Capital Availability	Q29
		Capacity to embrace Opportunities	Q30
		Capacity of firm assets	Q31

Note: Likert Scale - scale of 1 to 5, where 1 - very small extent 2- small extent 3 - moderate extent 4 - large extent and 5 - very large extent

3.2 Data Collection

In this study, the primary data collecting approach was chosen, and first-hand information was gathered to examine the research question (Humphries 2017). Then, 58 SMEs in the plantation sector registered with the Plantation Business Forum in the Kalutara District were chosen for the purposive sampling method's sample of 40 respondents. Out of the 58 SMEs in the plantation sector that registered for the Plantation Business Forum in the Kalutara District, a methodology was used to select the sample of 40 respondents. Because they are responsible

people who are aware of their company's financial and operational activities, the researchers requested the managers of the sampled SMEs to take part in the survey.

3.3 Sampling Technique

In this study, a convenience sampling approach is used. A hard copy technique was employed because an electronic survey has a lower response rate in developing countries like Pakistan (Anwar & Ali Shah, 2018). This study's data were gathered through a structured questionnaire survey because these techniques are effective at gathering information on the sample's attitudes, opinions, and values and are frequently used in SME studies (Zada et al., 2021). The researcher intended to look at 40 respondents, taking into account the targeted community of 58 SMEs [after meeting the selection criteria: firms with many employees engaged more than 50]. The researcher went personally to each of the respondents' residences. Each responder received 40 copies of the survey, and they were instructed to complete it after securing their bosses' consent. The information was gathered using a specially created questionnaire [The variables (both independent and dependent factors) were measured using a five-point Likert scale. The scale of the five boxes ranged from 1 to 5, with 1 denoting extremely low extent. 2: to a minor extent A modest extent is 3. Through in-person interviews, we were able to [4] determine the significant extent and the very great extent}. There were no missing responses. Both Sinhala and English mediums were used to administer the survey. The questionnaire made it clear that the information gathered would be utilized just for study and would not be made publicly available.

3.4 Data Analysis

The "Statistical Package for Social Sciences (SPSS) - version 20.0" software package was used to analyze the data after it had been collected from the respondents. This software included multiple regression analysis, reliability analysis, demographic analysis, and analyses of multicollinearity and reliability. These analytical methods were applied to test hypotheses and assess the influence of dependent and independent variables. The effect of financial management practices, such as working capital management, investment management, capital structure management, and financial reporting and analysis practices, on the financial performance of small and medium plantation companies in the Kalutara District has been examined using multiple regression models. This method involved the following mathematical equation.

4. RESULTS AND DISCUSSION

The "Statistical Package for Social Sciences (SPSS) - version 20.0" software package was used to analyze the data after it had been collected from the respondents. This software included multiple regression analysis, reliability analysis, demographic analysis, and analyses of multicollinearity and reliability. These analytical methods were applied to test hypotheses and assess the influence of dependent and independent variables. The effect of financial management

practices, such as working capital management, investment management, capital structure management, and financial reporting and analysis practices, on the financial performance of small and medium plantation companies in the Kalutara District has been examined using multiple regression models. This method involved the following mathematical equation.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y= Financial performance measured by Return of Assets
α = Intercept term
β_1..... β_4 = Coefficient of the independent variable
ε = Error term
X_1 = Working Capital management practices
X_2 = Investment Appraisal practices
X_3 = Capital Structure Management Practices
X_4 = Financial Reporting and Analysis Practices

4.1 Reliability Analysis

We evaluated the reliability of this study instrument using Cronbach's alpha. Reliability analysis serves as a representation of the internal consistency of the instrument used to assess the important variables. Consistency clarifies how effectively a group of objects measures a specific concept (Sekaran & Bougie, 2010). Utilizing Cronbach's alpha values, the constructs' internal consistency and reliability were assessed before the questionnaires were given to the respondents. The findings indicate that the values of Cronbach's alpha for working capital management, investment appraisal practices, capital structure management methods, financial reporting, and analytical practices are all more than 0.7, indicating good reliability. Accepting those reliability-tested results demonstrates that each variable has a positive correlation with the others, the data collecting instrument is accurate and consistent with the research study, and the data collection instrument is reliable.

Table 2: Reliability analysis

	Number of Items	**Cronbach's Alpha**
Working Capital Management	7	0.807
Investment Appraisal practices	6	0.883
Capital Structure Management Practices	6	0.792
Financial Reporting and Analysis Practices	7	0.866
performance of SMEs	5	0.793

Source: Authors' calculations based on the survey data, 2021

The primary data was analyzed using SPSS, which enabled regression analysis to be carried out. These analytical methods were employed to investigate and test the effects of financial management approaches on financial performance.

4.2 Demographic Analysis

4.2.1 Gender of the respondents

Table 3: Gender of respondents

Gender	Frequency	Percent
Male	31	78%
Female	9	23%
Total	40	100%

Source: Based on the survey data, 2021

4.2.2 Age (Years)

The respondents' ages are displayed in this section. This one was utilized to assess their experience and maturity. Table 4 displays the results.

Table 4: Age (Years)

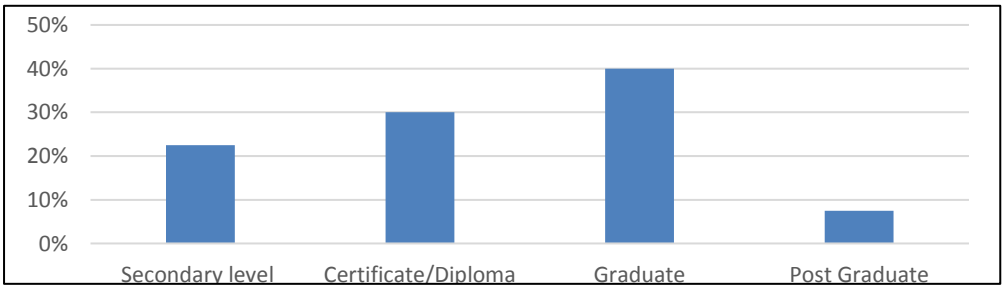
Age (years)	Frequency	Percent
18-25	6	15%
26-35	13	33%
36-45	15	38%
46 and above	6	15%
Total	40	100%

Source: Based on the survey data, 2021

According to Table 4, Out of all 40 Respondents, 15% were between 18-25 and 33% were in 26-35 years of age and 38% were in 36-45 years of age Above 45 years of age respondents are only 15%. This implies that the majority of respondents were 36-45 years (38%).

4.2.3 Academic Background

This section shows the academic background of respondents based on their highest academic qualifications. The findings show in Figure 2.



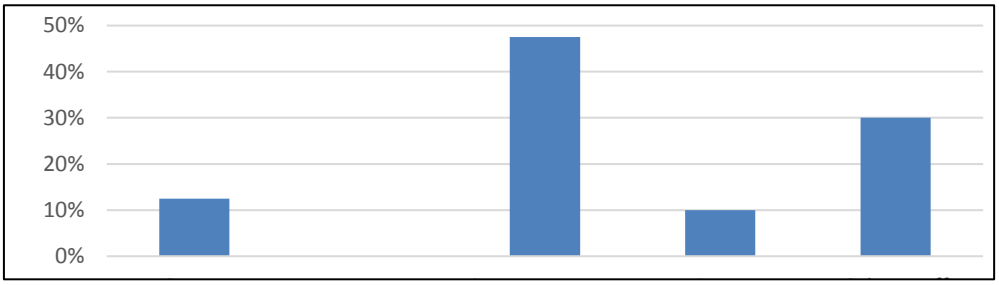
Source: Based on survey data, 2021

Figure 2: Academic Background

As the result, most of the respondents were graduates (40%) and certificate/diploma has been increased up to 30% and Secondary level has been increased up to 23%, and postgraduate just only 8% of total respondents. As the result, most of the respondents were graduates (40%) and certificate/diploma has been increased up to 30% and Secondary level has been increased up to 23%, and postgraduate just only 8% of total respondents.

4.2.4 Respondents' position on employment

This section shows the position of respondents they holding in their company**.**



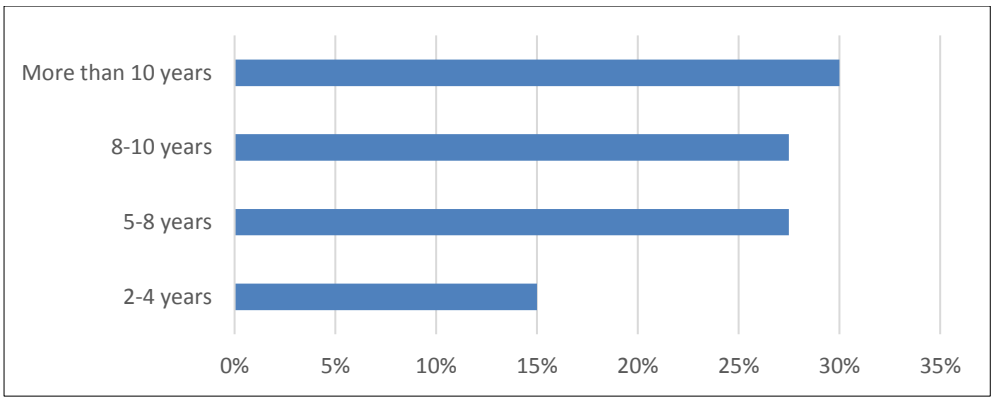
Source: Based on survey data, 2021

Figure 3: Respondents position

As shown in Figure 3, the majority of respondents were Finance managers (48%) and 30% of respondents were other staff. And others were Owners and Directors. That implies that respondents were knowledgeable persons about company financial practices.

4.2.5 Years of operation

This section shows years of operation of selected SMEs. The findings show in Figure 4.



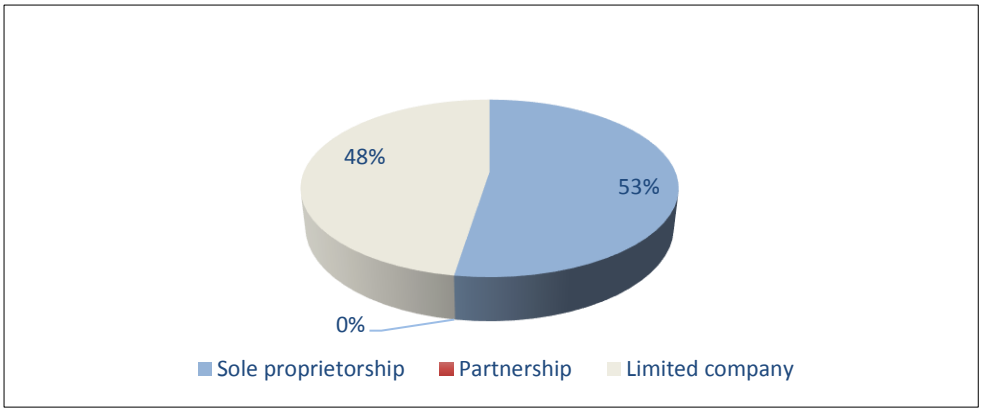
Source: Based on survey data, 2021

Figure 4: Years of operation

According to this result, many SMEs have been in operation for more than ten years (30%), eight to ten years (28%), 5-8 years (28%), and 2-4 years (15%). The majority of firms selected in this study (85%) are experienced in the plantation sector for more than five years.

4.2.6 Legal Formation of SME

The legal structure of a few chosen SMEs is shown in this section. Selected SMEs' legal structures are displayed in Figure 5.



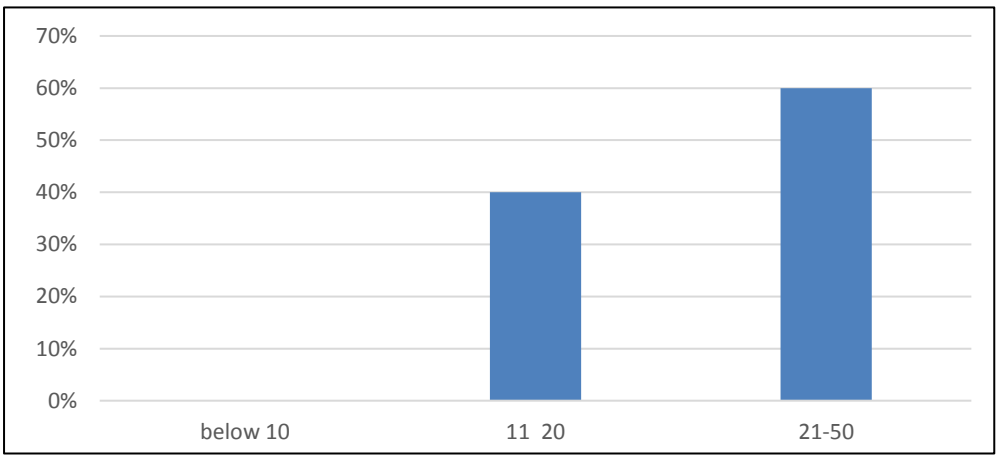
Source: Based on survey data, 2021

Figure 5: Legal formations of SMEs

Majority of SMEs were Limited companies from selected SMEs (53%) and other SMEs were sole proprietorship (48%).

4.2.7 Number of employees in the SMEs

Figure shows the number of employees who are presently working in the SMEs.



Source: Based on survey data, 2021

Figure 6: Number of employees in the SMEs

The findings show that 60% of SMEs have 21-50 employees. 40% have 21-50 employees. This figure shows that every SME had rather than 10 employees.

4.3 The Analysis of Descriptive Statistics

According to Kaur, Stoltzfus, and Yellapu (2018), the mean is the arithmetic average, or the sum of values in the data set divided by the total number of observations. It indicates either the data's average or its geographic center. Additionally, they discussed how the standard deviation, which gauges the spread of the data set and the relationship between the mean and the remainder of the data, is the most common way to assess variability. If the data points are close to the mean, the standard deviation will be low, indicating that the responses are generally uniform. If many data points deviate significantly from the mean, indicating a wide range of responses, the standard deviation will be high. If all of the data values are equal, the standard deviation will be zero. The descriptive statistics of the independent and dependent variables for the chosen SMEs are summarized in Table 5. The dependent and independent variables in this study are shown in Table 5 along with their respective minimum, maximum, means, standard deviations, and values.

Table 5: Descriptive statistics

Variable	Observations	Minimum	Maximum	Mean	Std. Deviation
Return on Assets	40	3.00	4.60	3.7850	.39584
Working Capital Management	40	3.57	4.86	4.4143	.41906
Investment Appraisal Practices	40	3.90	4.50	3.9881	.10317
Capital Structure Management Practices	40	3.33	4.33	3.8708	.37456
Financial Reporting and Analysis Practices	40	4.00	5.00	4.4500	.31122

Source: Authors' calculations based on the survey data, 2021

The descriptive statistics in Table 5 show that the independent variable is represented by working capital management, investment appraisal procedures, capital structure management methods, financial reporting and analysis procedures, and the dependent variable is represented by return on assets (ROA). The average values for all the variables are shown in Table 5, and they range from a minimum of 3.87 for capital structure management techniques to a maximum of 4.45 for financial reporting and analysis methods. The lowest and maximum ROA rates of certain SMEs in the plantation sector are, respectively, 3.00 and 4.60. The table also reveals that the dependent variable ROA's mean value is 3.79, showing an average profit on assets used by SMEs of 3.79. The dependent variable ROA has a standard

deviation of 0.40, which suggests that the volatility of asset returns deviates from the mean by just about 40%.

4.4 Correlation Analysis

Correlation models are used to quantify the degree of relationship between the different variables under investigation. The link between independent and dependent variables can be examined using correlation analysis. Convergent validity was demonstrated using Pearson correlation analysis. Perhaps the simplest and most practical way to measure the link between two or more variables is through correlation (Marczak et al., 2005). Correlations between 0.10 and 0.30 are regarded as minor, those between 0.30 and 0.70 as moderate, those between 0.70 and 0.90 as significant, and those between 0.90 and 1.00 as extremely significant.

The Pearson correlation coefficient used in this study, which uses bivariate correlation, ranges from -1.0 to +1.0, reflecting the strength and direction of the link between the two variables (Field, 2005). A correlation analysis utilizing Pearson's correlation coefficient was used to establish the strength and direction of the relationship between ROA, working capital management, investment appraisal practices, capital structure management techniques, and financial reporting and analysis activities (r).

Table 6: Correlation Analysis

		Working Capital Management	**Investment Appraisal**	**Capital Structure Management**	**Financial Reporting and Analysis**	**ROA**
Working Capital Management	Pearson Correlation	1				
	Sig. (2-tailed)					
Investment Appraisal	Pearson Correlation	0.34	1			
	Sig. (2-tailed)	0.032				
Capital Structure Management	Pearson Correlation	0.14	-0.075	1		
	Sig. (2-tailed)	0.39	0.644			
Financial Reporting and Analysis	Pearson Correlation	0.514	0.293	0.108	1	
	Sig. (2-tailed)	0.001	0.067	0.507		
ROA	Pearson Correlation	0.177	0.031	0.886	0.74	1
	Sig. (2-tailed)	0.273	0.851	0.00	0.012	

Source: Authors' calculations based on the survey data, 2021

Table 6 shows a positive but insignificant relationship between WCM and ROA, with a Pearson correlation of 0.177 and a p-value of 0.273. Investment appraisal and ROA seem to have a somewhat positive but insignificant relationship, according to the Pearson correlation of 0.031 and the p-value of 0.851. With a Pearson correlation of 0.886 and a p-value of 0.00 for capital structure management, a strong positive and significant relationship between capital structure management and ROA was found.

A p-value of 0.012 and a Pearson correlation of 0.74 were found for financial reporting and analysis. It suggests that financial reporting, analysis, and ROA have a strong, favourable, and meaningful relationship. As a result, financial performance exhibited a positive association with all variables. However, none of these figures are remarkable.

4.5 Multicollinearity Test

The Variance Inflation Factor (VIF), which measures the degree of multicollinearity in regression analysis, is used in this work to test for multicollinearity. The VIF factor should be less than 10, ideally around one. There is no multicollinearity, as Table 7 demonstrates. The degree to which the other independent variables in the model may explain the given independent variable's variability is indicated by its tolerance. If this value is extremely low (less than 0.010), it means that there is a strong likelihood of multicollinearity due to the many correlations with other variables (Field, 2005). There is less of a chance of multicollinearity if the tolerance values are more than 0.2 and the VIF values are lower than five (5). The test of the data in the table indicates that all tolerance values are greater than 0.2 and all VIF values are less than 5. Because of this, multicollinearity between independent variables is reduced.

Table 7: Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	WCM	0.685	1.460
	Investment Appraisal	0.849	1.178
	Capital Structure Management	0.960	1.042
	Financial Reporting & Analysis	0.717	1.395

Source: Authors' calculations based on the survey data, 2021

4.6 Multiple Regression Analysis

Results were reported in the previous section, with a focus on pairwise correlation analysis and descriptive statistics. The developed research hypotheses were put to the test using a multiple regression analysis. The following tables present the analysis' findings:

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891[a]	.795	.771	.947

Source: SPSS output from Survey data, 2021

The coefficient of determination, or R-Square (R^2) value, reflects the percentage of variance in a dependent variable that can be statistically explained by the independent variables. It can have a value between 0 and 1.

The financial management practices (WCM, investment appraisal, capital structure management, financial reporting and analysis) explained 79.5% of the ROA, according to the model's R-square value of 0.795, while the remaining 20% of the ROA was due to random error and other independent variables that were not included in the model. The regression equation's ability to predict the data (in terms of ROA) is reported in Table 9 of the ANOVA table, which is displayed below.

Table 9: ANOVA test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	121.419	4	30.355	33.883	.000[b]
	Residual	31.356	35	.896		
	Total	152.775	39			

Source: SPSS output from Survey data, 2021

Table 9 demonstrates that the dependent variable ROA is correctly predicted by the regression model. This demonstrates the regression model's statistical relevance. The P-value in this case is 0.000, which is less than 0.01 and shows that the regression model significantly predicts the result variable statistically. This indicates that it fits the data well.

Table 10: Coefficients of financial management practices and performance

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	5.867	5.447		1.077	.289
WCM	.005	.118	.007	.045	.004
Investment appraisal	.084	.077	.090	1.084	.286
Capital Structure Management	.783	.069	.890	11.379	.000
Financial Reporting & Analysis	.447	.179	.469	2.502	.017

Source: Authors' calculations based on the survey data, 2021

To estimate ROA from financial management activities (WCM, investment appraisal techniques, capital structure management practices, and financial reporting and analyzing methods) and to ascertain whether these practices statistically significantly contribute to the model, the information needed is presented in Table 10. Financial management procedures (WCM, investment appraisal practices, capital structure management practices, and financial reporting and analysis) had respective beta coefficient values of 0.005, 0.084, 0.783, and 0.447 when taking ROA into account. Among these factors, financial reporting and analysis techniques and capital structure management methods are both substantially correlated with ROA at a 1% significant level (p 0.01) and a 5% significance level (p 0.05), respectively. Based on the data analysis methodology used in this study, the regression equation is as follows:

$$ROA = 5.867 + 0.005\ X_1 + 0.84\ X_2 + 0.783\ X_3 + 0.447\ X_4 + \varepsilon$$

4.7 Hypotheses Testing

The findings of the hypothesis testing, as shown in Table 11, show that three financial management techniques—working capital management, capital structure management, and financial reporting and analysis practices—have been approved, whereas investment appraisal procedures have been rejected.

Table 11: Summary of hypotheses testing

Hypothesis		Regression Result	Accepted / Rejected
H₁	Working capital management practices have a significant impact on the financial performance of small and medium-sized plantation companies in the Kalutara District.	B = 0.005 Sig = 0.004	Accepted
H₂	Investment appraisal practices have a significant impact on the financial performance of small and medium sized plantation companies in the Kalutara District.	B = 0.084 Sig = 0.286	Rejected
H₃	Capital structure management practices have a significant impact on the financial performance of small and medium sized plantation companies in the Kalutara District.	B = 0.783 Sig = 0.000	Accepted
H₄	Financial reporting and analysis practices have a a significant impact on the financial performance of small and medium sized plantation companies in Kalutara District.	B = 0.447 Sig = 0.017	Accepted

Source: Researcher analyzed data, 2021

4.8 Discussion

This study's primary objective was to investigate how financial management methods affected the financial performance of SMEs in the plantation industry.

Following a thorough examination of the literature, we created a conceptual framework and four hypotheses that would serve as the foundation for this investigation. The results show a positive correlation between financial performance and financial management strategies. But of these four strategies, WCM, capital structure management strategies, and financial reporting and analysis strategies are having a big impact on how well SMEs are doing financially. The results of the study also showed that financial management is seen as a crucial element in the success and expansion of SMEs.

First, the results showed that WCM significantly and favorably affects financial performance. The findings on this aspect are consistent with Zada et al. because WCM is a crucial component of sound financial management in any organization (2021). These insights also assist SMEs in growing by highlighting efficient processes and enhancing their capacity to attain the best possible financial performance. To ensure the long-term survival and viability of SMEs, it is even more crucial to manage the unforeseen economic issues, credit risk, uncertainties, and other financial hurdles in their everyday operations. Second, this study revealed that the methods used in investment assessment had a favorable but little impact on financial success. However, prior studies suggested that the decision to budget for investment capital has a considerable favorable impact on financial performance (Gupta et al., 2015). They discovered a strong link between SMEs' growth and budgeting decisions for investment resources. However, prior research identified investment capital budgeting choices as a crucial element for businesses. Additionally, these study results concur with those of Bilal, Khan, and Akoorie (2016) discovered that management decisions about capital planning are among the most crucial ones since they have a significant impact on an organization's financial health. The findings revealed that capital structure management techniques significantly impact financial performance, which is the third finding. This study's findings are consistent with those of Foyeke, Olusola, and Aderemi (2016), Palacious et al. (2016), and Adesina, Nwidobie, and Adesina (2015). Furthermore, it was underlined in the findings about capital structure management methods that these choices should be consistent with financial management of an organization and that they directly improve the organization's long-term survival and sustainability. Fourth, the results showed that the methods used in financial reporting and analysis had a favorable and significant effect on financial performance. The results of Yazdanfar and O'Human's (2015) study, which found that these practices are essential for business development, are at odds with the ones from our study. Demir, Wennberg, and McKelvie (2016) found a similar conclusion and observed that financially successful firms have employed good and adequate reporting and financial analysis processes to assure their growth and profitability.

5. CONCLUSION

This study looked at the effects on small- and medium-sized plantation companies in the Kaluthara District's financial management practices and financial performance. Based on the analytical findings, working capital management

practices and investment appraisal practices have no significant impact on performance, whereas capital structure practices and financial reporting and analysis practices have a significant impact on the performance of small and medium-sized plantation companies in Kalutara District. Multiple regression analysis was used to draw the conclusion that small and medium plantation companies in the Kalutara District have adopted their working capital management practices, investment appraisal practices, capital structure management practices, and financial reporting and analysis practices at a highly significant level, resulting in an R2 value of 89%. Based on their t values for each regression coefficient, the enterprises have, however, employed investment evaluation methods at a low level. This study aimed to fill a gap in the literature caused by the few studies that had already been conducted in this sector using the Sri Lankan gap. This study's primary goal is to evaluate how financial management techniques affect the financial performance of SMEs operating in the plantation sector in Sri Lanka's Kalutara District. According to the research's findings, financial management techniques significantly affect how well SMEs function in the plantation industry in the Kalutara District. No matter the size of the company, financial management is crucial and necessitates a comprehensive managerial function to oversee the efficient use of company resources for the accomplishment of the firm's goals. So, firms must concentrate on managing an investment portfolio, capital structure, and working capital, to achieve profitability and investment benefits through a well-structured financial reporting and analysis framework. Furthermore, it was revealed that major challenges faced by these firms to adopt the well-practiced arrangements to implement sound and optimal financial management policies to ensure the effective management of their funds and the resources to achieve the required levels of performance, so that firms should legitimize their activities to assure the long term survival and growth by ensuring the socially responsible phenomena on performance.

5.1 Implications

SME's in Sri Lanka's plantation industry should act quickly and create ways to boost sales or reduce expenses. The results of the statistical study have demonstrated that working capital management techniques, capital structure management procedures, and financial reporting and analysis procedures all have positive and noteworthy influence on business performance. The effectiveness of the firm is positively impacted by investment appraisal processes. However, it doesn't have much of an effect on plantation enterprises' commercial strategies. Workflows for managing working capital should be followed by organizations. Make sure there is enough cash flow to satisfy daily needs, for instance, or forecast cash flow to identify future surpluses and deficits. Additionally, maintain correct records for all payables and up-to-date inventory data. Organizations should adhere to best practices for investment appraisal. For instance, a business that consistently examines investment projects, takes into account prior performance when selecting investments, considers the time worth of money, etc. SMEs should also be aware of capital structure management techniques. For instance, using borrowed money for

financing; taking the capital structure into account while acquiring outside capital; using internally generated cash sources for financing; etc. SMEs should also be aware of best practices for financial reporting and analysis. For instance, a company might compile financial accounts in accordance with accounting rules, examine the trajectory of its costs and profits, apply financial ratios in financial analysis, etc. Some SMEs don't give a damn about accounting procedures. But that business can readily succeed if it employs good financial management techniques. Future SMEs could obtain long-term competitive advantages by using organizational resources effectively and efficiently and by stringently monitoring their financial management practices. Plantation-related SMEs in Sri Lanka have many prospects. Therefore, SMEs can easily earn profits in the plantation industry by handling the financial management strategies outlined above.

5.2 Directions for future research

There were numerous anticipated constraints for this study. There were a number of restrictions on the study that the researcher had to deal with because of the time constraint and subject selection. As a result, the study's sample size was 40. The outcomes might have been different if a bigger sample size had been chosen. The study of the effect of financial management methods on the financial performance of SMEs in the plantation sector in Sri Lanka only involved a small number of researchers. The results of a survey would only be as accurate as the moment at which the data was gathered. Findings might not be relevant in the future as a result. The COVID-19 pandemic also had an impact on data collection. Last but not least, the questionnaire was designed with closed-ended questions so that there was less diversity in the responses from the respondents and that it was also simplified. Given these constraints, the researcher can advise future researchers in the following ways:

1 This study covered 40 plantation sector SMEs in the Kalutara district. But there are more than 40 SMEs in the Kalutara district. Therefore, additional investigation is required to examine all plantation sector SMEs in the Kalutara district. The sample size used in the study is less due to the COVID-19 pandemic and thus, further research could be conducted into the phenomenon using a larger sample size.

2 This study uses accounting-based measurement to assess financial success (ROA). Future academics can examine how financial management strategies affect performance by evaluating both accounting- and market-based metrics.

3 The four measurement methods that are utilized to specify the independent variable place restrictions on the research findings. These metrics have been widely used by previous studies, notably in various SMEs in different nations. Additionally, the researchers have hardly ever focused on metrics other than the variables employed in this study. Therefore, future study leaves room for the use of additional financial management practices measurement methods that would be more acceptable and fit to use in this research.

4 Only SMEs in the Kalutara district's plantation industry were included in this study. Other districts with a plantation sector can be the subject of future studies. Due to a number of topographical and economic circumstances that might be different from Kaluthara district plantations,

5 Only quantitative methodology is used for the research study's data collection. Compared to the qualitative technique, the quantitative methodology produces results that are more dependable and consistent, but it does not offer a comprehensive picture of the research findings.

REFERENCES

Abuzayed, B. (2012). Working capital management and firms' performance in emerging markets: The case of Jordan. International Journal of Managerial Finance, 8(2), 155–179.

Adesina, J. B., Nwidobie, B. M. & Adesina, O. O. (2015). Capital Structure and Financial Performance in Nigeria. International Journal of Business and Social Research, 5(2), 21-31.

Adomako,S., Danso, A., & Damoah, J. O. (2015): The moderating influence of financial literacy on the relationship between access to finance and firm growth in Ghana. Venture Capital, DOI: 10.1080/13691066.2015.1079952

Al-Dmour, A. H., Abbod, M. & Al Qadi, N. S. (2018). The Impact of the quality of Financial Reporting on Non- financial Business Performance and the role of Organizations Demographic Attributes (Type, Size and Experience). Academy of Accounting and Financial Studies Journal, 22(1), 1-18.

Anwar, M., & Ali Shah, S. Z. (2018). Managerial networking and business model innovation: Empirical study of new ventures in an emerging economy. Journal of Small Business & Entrepreneurship, 30(1), 1–22.

Azudin, A., & Mansor, N. (2017). Management accounting practices of SMEs: The impact of organizational DNA, business potential and operational technology. Asia Pacific Management Review, 23(3), 222–226.

Badar, R., & Saeed, A. (2013). Impact of Capital structure on performance empirical evidence from sugar sector of Pakistan. European Journal of Business and Management 5(5), 78-86.

Badini, O. S., Hajjar, R., & Kozak, R. (2018). Critical success factors for small and medium forest enterprises: A review. Forest Policy & Economics, 94, 35–45.

Beal, D.J., Goyen, M., & Philips, P. (2005). Why Do We Invest Ethically? The Journal of Investing Fall, 14(3), 66-78. DOI: https://doi.org/10.3905/joi.2005.580551

Bilal, A. R., Khan, A. A., & Akoorie, M. E. M. (2016). Constraints to growth: A cross country analysis of Chinese, Indian and Pakistani SMEs. Chinese Management Studies, 10(2), 365–386.

Bhunia, A., Muhhoti, S. S., & Roy, S. G. (2011). Financial Performance Analysis – A case study. Current Research Journal of Social Sciences, 3(3), 269-275.

Bolek, M., & Grosicki, B., 2012. Liquidity analysis of innovative and traditional business management and education, 232-247.

Brealey, R. A., Myers, S. C., & Allen, F. (2008). Valuation, capital Structure and agency issues. Journal of Applied Finance Wiley Online Library, https://doi.org/10.1111/j.1745-6622.2008.00203.x

Bruton, G. D., Filatotchev, I., Si, S., & Wright, M. (2013). Entrepreneurship and strategy in emerging economies. Strategic Entrepreneurship Journal, 7(3), 169–180.

Chao, S. (2012). Forest peoples: Numbers across the world. Moreton-in-Marsh: Forest Peoples Programme.

Chowdhury, A., & Amin, M. M. (2007). Working capital management practiced in Pharmaceutical companies in Dhaka stock Exchange. BARC University Journal, 4(2), 75-86.

Davis, C. (2016). Working capital management and firms' financial performance in tea processing companies. Nandi County Kenya (Doctoral dissertation, University of Nairobi).

Demir, R., Wennberg, K., & McKelvie, A. (2017). The strategic management of high-growth firms: A review and theoretical conceptualization. Long Range Planning, 50(4), 431–456.

Ejoh, N. O., Okpa, I. B. & Ibanga, U. J. (2016). An Examination of the Relationship between
Capital Investment Appraisal Techniques and Firms‟ Growth and Survival in Nigeria. IOSR Journal of Business and Management (IOSR-JBM), 18(1) – III, 45-52.

Eljelly, A. M. A. (2004). Liquidity-Profitability tradeoff: An empirical investigation in an emerging market. International journal of commerce and management, 48-61.

Export Development Board, article on the Role of SMEs in Sri Lankan Exports, (2021). Retrieved from https://www.srilankabusiness.com/blog/role-of-smes-sri-lanka.html (31st Of August, 2022)

Festus, A., Alawode, F., & Peter, O. (2020). Financial management practices and performance of small and Medium Scale Poultry Industry in Ogun State, Nigeria. Journal of Finance and Accounting, 8(2), 90.

Field, A. (2005). Reliability Analysis. In: Field, A., Ed., Discovering Statistics Using SPSS. 2nd Edition, Sage, London, Chapter 15.

Foyeke, O. I., Olusola, F. S. & Aderemi, A. K. (2016). Financial Structure and the Profitability of Manufacturing Companies in Nigeria. Journal of Accounting, Finance and Auditing Studies, 2(3), 56-63.

Gamage, A. S. (2015). Small and Medium Enterprise Development in Sri Lanka, A review, 133-150. Retrieved from http://wwwbiz.meijo-u.ac.jp/SEBM/ronso/no3_4/aruna.pdf

Gloy B.A., & LaDue E.L. (2003). Financial management practices and firm profitability. Agricultural Finance Review.

Gupta, J., Gregoriou, A., & Healy, J. (2015). Forecasting bankruptcy for SMEs using hazard function: To what extent does size matter? Review of Quantitative Finance and Accounting, 45(4), 845–869.

Hunjra, Ahmed Imran & Butt, Babar Zaheer & Rehman, Kashif Ur (2010). Financial Management Practices and Their Impact on Organizational Performance World Applied Sciences Journal, 9(9), 997-1002. Available at SSRN: https://ssrn.com/abstract=1750391 or http://dx.doi.org/10.2139/ssrn.1750391

Jayawardane, H., & Gamlath, G.R.M. (2020). The Impact of Financial Reporting Practices on Performance: A Study of Small and Medium Enterprises in Rathnapura District, Sri Lanka. Sabaragamuwa University Journal, 18(1), 1–15. DOI: http://doi.org/10.4038/suslj.v18i1.7750

Jindrichovska, I. (2013). Financial management in SMEs E European Research Studies, 16, Special Issue on SMEs, 2013.

Karunanada, A., & Jayamaha, A. (2011). Financial practices and performance of SMEs in Sri Lanka. Proceedings of International conference on Business & Information. Available from: Digital Repository.kln.ac.lk.

Kaur, P., Stoltzfus, J., & Yellapu, V. (2018). Descriptive Statistics. International Journal of Academic Medicine [online], 4(1), 60-63. Available from: http://www.ijamweb.org/text.asp?2018/4/1/60/230853

Kennedy, J., Tennent, B., & Gibson, B. (2006). Financial Management Practices in Small Businesses: Regional and Metropolitan. Small Enterprise Research, 14, 55-63. https://doi.org/10.5172/ser.14.1.55

Lasher, W.R. (2010). Practical financial management, *Thomson learning:* U.K.

Le, H., Vu, K., Du, K, Lee, T, Du, K, & Tran, (2018). Impact of working capital management on financial performance: The case of Vietnam. International journal of Applied Economics, Finance and accounting, 3 (1), 15-20. DOI: https://doi.org/10.33094/8.2017.2018.31.15.20

Le, T. P. V., & Phan, T. B. N. (2017). Capital structure and firm performance: Empirical evidence from a small transition country. Research in International Business and Finance, 42(c), 710-726.

Lyngstadaas, H., & Berg, T. (2016). Working capital management: Evidence from Norway. International Journal of Managerial Finance, 12(3), 295–313.

Marczyk, G., DeMatteo, D., & Festinger, D. (2005). Essentials of Research Design and Methodology. New York, NY: John Wiley & Sons, Inc.

Margaretha, F., & Supartika, N. (2016). Factors affecting Profitability of Small and Medium Enterprises (SMEs) firms listed in Indonesia Stock Exchange. Journal of Economics, Business, and Management, 4(2), 132-137.

Mathuwa, M. D. (2010). The influence of working capital management components on corporate profitability. Research journal of Business Management, 1-11.

Mdasha, Z., Irungu, D., & Wachira, M. (2018). Effect of financial inclusion strategy on performance of small and medium enterprises: A case of selected SMEs in Dar es Salam. Tanzania Journal of Strategic Management, 2(1), 51–70.

Meredith, G. G. (1986). Financial Management of the Small Enterprise, OSHA Safety Training Handbook, 8th Edition, McGraw Hill Publication, ISBN 10-0074520806.

Muneer, S., Rao, A. A., & Ali, A. (2017). Impact of financial management practices on SMEs profitability with moderating role of agency cost. Information Management and Business Review, 9(1), 23–30.

Musah, A., Gakpetor, E.D., & Pomaa, P. (2018). Financial Management Practices, Firm Growth and Profitability of Small and Medium Scale Enterprises (SMEs). Information Management and Business Review, 10(3), 25-37. DOI: 10.22610/imbr.v10i3.2461.

Muturi, H.M. (2015). Effect of Cash Conversion Cycle on Profitability of Tea Factories in Meru County, Kenya. International Journal of Economics, Commerce and Management, United Kingdom, 552-563.

Mwangi, L. W., Makau, M. S., & Kosimbei, G. (2014). Relationship between Capital Structure and Performance of Non-Financial Companies Listed In the Nairobi Securities Exchange, Kenya. Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics (GJCRA), 1(2), 72-90.

Myeni, S. S. (2018). Cash-f;ow management strategies in small and medium sized occupational health enterprises. Doctoral Thesis, Walden University, 1-169.

Ojeka, S. Muroro, D. O., & Kanu C. (2015). Does Financial Reporting Disclosures Enhance Firm Financial Performance in the Nigerian Manufacturing Companies? Mediterranean Journal of Social Sciences 6(6). DOI:10.5901/mjss.2015.v6n6p332

Pais, M. A., & Gama, P. M. (2015). Working capital management and SMEs profitability: Portuguese evidence. International Journal of Managerial Finance, 11(3), 341–358.

Palacios, H. A. C., Carrillo, E. P. M., & Guzmán, G. M. (2016). The Effects of the Capital Structure in Performance: Empirical Study on Manufacturing SMEs of México. Journal of Business & Economic Policy, 3(1), 1-10.

Prather, L. J., Topuz, J. C., Benco, D. C., & Romer, D. A. (2009). Capital budgeting practices of small businesses: Evidence from rural areas. American Journal of Business and Entrepreneurship, 21(1), 1.

Rajendran, K., & Nimalthasan, B. (2013). Capital Structure and its impact on firm performance: A Study on Sri Lankan listed manufacturing companies. Merit research journals.

Rimo, A., & Panbunyeun, P. (2010). The effects of company characteristics on working capital management: A quantitative study of Swedish listed companies. Master Degree Thesis, Umea School of Business, 01-63.

Salgam, N., Kagitci, A., & Bayukipekci, S. (2016). Relationship between Working Capital Management and Profitability in Turkey Industrial Listed Companies. Journal of Modern Accounting and Auditing, 12(3), 147-155. DOI: 10.17265/1548-6583/2016.03.002

Sekaran, U., & Bougie, R. (2010). Research methods for business: A skill-building approach (5th Ed.). Haddington: John Wiley & Sons.

Sensini, L. (2020). Working capital management and performance: evidence from Italian EMEs. International Journal of Business Management and Economic Research, 11(2), 1749-1755.

Shah S. A. M. (2015). Financial management performance effect on organization profitability. International journal of research in engineering, social sciences, 5(4), 55-64.

Singh, A. S., & Masuku, M. (2014). Sampling Techniques and Determination of Sample Size in Applied Statistics Research: An Overview. International Journal of Commerce and Management, 2(11), 1-22.

Somathilake H M. D. N., & Pathirawasam, C. (2020). Effect of Financial Management Practices on Performance of SMEs in Sri Lanka: Special reference to North Central Province. International Journal of Scientific Research and Management, 1789-1803.

Sooriyasena, R. S. S., & Palihena P. D. N. K. (2020). Effect of financial management practices on financial performance of small and medium enterprises: special reference to Kurunegala Divisional Secretariat. Rajarata University of Sri Lanka-Faculty of Management Studies.

Tauringana, V., & Adjapong Afrifa, G. (2013). The relative importance of working capital management and its components to SMEs' profitability. Journal of Small Business and Enterprise Development, 20(3), 453–469.

Tran, H., Abbott, M., & Jin Yap, C. (2017). How does working capital management affect the profitability of Vietnamese small and medium-sized enterprises? Journal of Small Business and Enterprise Development, 24(1), 2–11.

Uduwaka, U.H.S.M., & Dedunu, H.H. (2019). The Effect of Financial Management Practices on Financial Performance of Small and Medium Enterprises in Sri

Lanka. (With special reference to Gampaha district) Faculty of Management and Commerce, South Eastern University of Sri Lanka.

Uwonda, G., & Okello, N. (2015). Cash Flow Management and Sustainability of Small Medium Enterprises (SMEs) in Northern Uganda. International Journal of Social Science and Economics Invention, 1(03), 153-173.

Vohra P. S., & Dhillion, J. S. (2014). Best Financial Practices lead to Financial Performance of SMEs. International Journal of Accounting & Financial Management Research, 4(3), 5-16.

Wambua P.M., & Koori, J. (2018). Investment Appraisal Techniques and Financial Performance of Small and Medium Enterprises in Nairobi City Country, Kenya.

Waweru C., & Ngugi K. (2014). Influence of financial management practices on the performance of micro and small enterprises in Kenya. European Journal of Business Management, 1(11), 141-161.

Wolff, J. A., Pett, T. L., & Ring, J. K. (2015). Small firm growth as a function of both learning orientation and entrepreneurial orientation. International Journal of Entrepreneurial Behaviour & Research, 21(5), 709–730.

Wolmaran, H., & Meintje, Q. (2015). Financial Management Practices in Successful SMEs. The Southern African Journal of Entrepreneurship and Small Business Management. 7 (1), 88-116.

Yazdanfar, D., & O¨ hman, P. (2015). The growth-profitability nexus among Swedish SMEs. International Journal of Managerial Finance, 11(4), 531–547.

Yogendrarajah R., Kengatharan L., & Suganya S. J. (2017). Financial management practices and performance of SMEs in Sri Lanka: evidence from Jaffna district. International Journal of Accounting & Business Finance, 61-72.

Zada, M., Shah, S. J., Yukun, C., Rauf, T., Khan, N., & Shah, S. A. A. (2019). Impact of small-to-medium size forest enterprises on rural livelihood: Evidence from Khyber- Pakhtunkhwa. Pakistan Sustainability, 11(10), 2989.

Zada, M., Yukun, C., & Zada, S, (2021). Effect of financial management practices on the development of small-to-medium size forest enterprises: insight from Pakistan. GeoJournal (Springer). Retrieved from https://doi.org/10.1007/s10708-019-10111-4