

## Factors Affecting the Growth of Micro, Small and Medium Enterprises: A Study in Jaffna and Nallur Divisional Secretariat

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### Abstract

This study aims to identify the factors affecting the growth of Micro Small and Medium Enterprises (MSMEs) in the Jaffna and Nallur divisional secretariat. The dependent variable of this study is the growth of the business, and the independent variables are Entrepreneur traits, MSMEs characteristics, and Contextual factors. Primary data was collected from 70 MSMEs registered in Nallur divisional secretariat using a stratified random sampling method. ANOVA, independent sample t-test, chi-square test, and multiple regression analysis were employed to test the study's hypotheses. Results of the study revealed a significant mean difference among the group of education, annual turnover, source of capital, enterprise type, and number of employees. However, age, experience, marital status, experience of Entrepreneur, and origin of MSMEs do not have any significant mean difference in growth. Further, it was disclosed that all the variables used to measure the Entrepreneur's traits do not significantly impact the growth of MSMEs. Nevertheless, the source of capital, enterprise type, number of employees, and annual turnover under the MSMEs characteristics showed a significant impact, while the origin of enterprise does not significantly impact the growth of MSMEs. Among contextual factors, marketing, technology, capital access, information access, social network, legality, business plan, and entrepreneurial readiness do not significantly impact the growth of MSMEs. However, government support has a positive and significant impact. This study motivates entrepreneurs and managers of MSMEs to consider the characteristics of MSMEs to achieve expected growth. Further, It insists that the government subsidizes entrepreneurs to enhance their performance and sustain the competitive market.

**Keywords:** *characteristics of MSMEs, contextual factors, entrepreneurs' traits, growth of MSMEs*