

THE IMPACT OF HUMAN CAPITAL CHARACTERISTICS OF SME ENTREPRENEURS' ON ACCESS TO DEBT FINANCE

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Abstract- This study is an attempt to identify the impact of human capital characteristics on access to debt finance. Small and medium sized enterprises of a company plays a major role in the economy of a country. Therefore the development of each SME is vital for the development of a country. When the factors relating enterprise success is concerned, access to debt finance can be identified as a significant factor. Literature suggest many factors which affect the access to debt finance of SMEs. Out of which, this study measures the impact of human capital characteristics on the access to finance. Human capital characteristics such as education, knowledge and expertise have been selected for the study.

Index Terms-Debt Finance, SME, Human capital characteristics

A survey method was used to gather data for this quantitative study. A self-structured questionnaire was distributed among twenty five SME owners/ entrepreneurs covering five districts in Sri Lanka. Gathered data have been inserted in the SPSS for analysis purposes. Results of the data analysis showed that there are many factors which are significant for the access to debt finance of SMEs. The most significant factors can be identified as market analysis and competitor analysis skills, the ability of the entrepreneur to develop organizational goals and setting the objectives, and the ability of the entrepreneur to write a comprehensive business plan.