

FACTORS AFFECTING AGRI-ENTERPRISE DEVELOPMENT IN MAHAWELI SYSTEM H IN SRI LANKA

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Agri-enterprises play a key role in the economic growth and industrial development of a country. They make vital contributions through stimulating large scale employment, investments, development of indigenous skills and technology. However, the information is limited on what stimulates the development of enterprises in new settlements. *Mahaweli* system H is a settlement born out of the *Mahaweli* development project with emerging agri-enterprises. Therefore, this study aimed to analyse the factors affecting the agri-enterprise development and to characterize the entrepreneurs in *Mahaweli* system H. A survey was conducted with 100 entrepreneurs in the *Mahaweli* system H using a structured questionnaire. Factors contributing to the enterprise development was measured using 43 statements on a 5-point likert scale. According to the survey, the majority of the owners of agri-enterprises were male (71%) of middle age (mean=43 years) with average business experience of five years. About 66% of the entrepreneurs were original residents of the settlement. The majority of the respondents have not received formal education or training related to agro-enterprise development. Principal component analysis revealed eleven factors that affect on agri-enterprise development in the *Mahaweli* system H. Out of the eleven factors, five factors highlighted entrepreneurs personal characteristics such as management skills, problem-solving and decision-making, innovativeness and creativity, risk-taking and commitment to the business. Other six factors were related to the external environment such as technological, infrastructural, marketing, financial, workplace factors and political and legal factors. The results suggest the importance of human resource training to develop personal skills and ensuring favourable political and legal environment for business development in new settlements.

Keywords: Agri-enterprises, Entrepreneurship, Factors, Principal component analysis