

# PROCEEDINGS

## 2025



### UNDERGRADUATE RESEARCH SYMPOSIUM ON ACCOUNTING AND FINANCE

"INNOVATING SUSTAINABILITY THROUGH  
RESPONSIBLE ACCOUNTING AND FINANCE"

ON 25<sup>th</sup> OF JULY 2025



DEPARTMENT OF FINANCE AND ACCOUNTANCY  
FACULTY OF BUSINESS STUDIES  
UNIVERSITY OF VAVUNIYA

**Undergraduate Research Symposium on  
Accounting and Finance - 2025  
Proceedings**

**“Innovating Sustainability through Responsible  
Accounting and Finance”**

**DEPARTMENT OF FINANCE AND ACCOUNTANCY  
FACULTY OF BUSINESS STUDIES  
UNIVERSITY OF VAVUNIYA,  
SRI LANKA**

**25<sup>th</sup> of July 2025**

# **Proceedings of Undergraduate Research Symposium on Accounting and Finance - 2025**

Department of Finance and Accountancy

Faculty of Business Studies

University of Vavuniya

Sri Lanka

## **Cover page design by**

Ms. W.A.S. Sandeepa Weerasinghe

## **Published by**

Accounting and Finance Club

Faculty of Business Studies

Sri Lanka



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## *Message from the Dean*



It is with great pride and heartfelt appreciation that I extend my warmest greetings to all participants, contributors, and guests of the Undergraduate Research Symposium in Accounting and Finance – 2025, organized by the Accounting and Finance Club under the guidance of the Faculty of Business Studies, University of Vavuniya. This symposium stands as a testament to our unwavering commitment to fostering a culture of inquiry, critical thinking, and scholarly excellence among our undergraduate community. In an era marked by rapid transformation in the global financial landscape, research in accounting and finance plays a vital role in shaping sound policy, ethical practices, and sustainable economic development both locally and globally. The scholarly contributions featured in this year’s proceedings reflect the depth of curiosity, academic rigor, and practical relevance that our students have demonstrated throughout their academic journey. These works not only address contemporary challenges in financial management, taxation, corporate governance, and public sector accountability but also propose innovative solutions rooted in empirical evidence and contextual understanding. I commend the Department of Finance and Accountancy for its tireless efforts in mentoring and guiding our students, and for creating a platform that nurtures young researchers to engage with real-world issues through an academic lens. I also extend my sincere gratitude to the panel of reviewers, supervisors, academic staff, and organizing committee members whose dedication made this event a success. May this symposium inspire further research, dialogue, and collaboration that will strengthen our academic community and contribute meaningfully to the advancement of knowledge and national development. I wish all presenters and participants a fruitful and enriching symposium experience.

Prof. Y. Nanthgopan

Dean, Faculty of Business Studies, University of Vavuniya, Sri Lanka

## *Message from the Head of Department*



The Department of Finance and Accountancy, in collaboration with the Accounting and Finance Club, is proud to organize the 2nd Undergraduate Research Symposium on Accounting and Finance – 2025, scheduled to be held on 25th July 2025. This marks a significant achievement for both the department and the Club, reflecting their continued commitment to academic excellence.

Research skills are a vital component for students aspiring to serve effectively in organizational settings. Research not only facilitates problem-solving but also fosters innovation and contributes to improving the quality of existing products and services.

We invited research abstracts from students, and following a rigorous review process, ten (10) abstracts were selected for presentation. These selected abstracts offer fresh insights and contribute new knowledge to their respective fields. Moving forward, student involvement in research will play a key role in generating new findings and expanding the boundaries of knowledge.

I wish the 2<sup>nd</sup> Undergraduate Research Conference of Accounting and Finance all success.

Dr. Koperunthevy Kalainathan

Head/ Dept. of Finance and Accountancy, Faculty of Business Studies,

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# **The Impact of Taxation Knowledge on Tax Compliance among Small and Medium Enterprises (SMEs) in Kurunegala District**

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## **ABSTRACT**

The present study analyzes the intricate nexus between taxation knowledge and tax compliance of Small and Medium Enterprises (SMEs) registered in Sri Lanka's Kurunegala District. This research aims to identify the degree to which various parameters of tax awareness influence the tax compliance activity of SME operators. A systematic quantitative questionnaire was employed to gather data from a random sample of 200 SMEs, wherein various demographic and business-related data were collected. These are the gender of the respondents, age of operation of the businesses, age groups of the business operators, types of businesses, and educational levels of respondents. For data collected to be analyzed, extensive methodology was employed such as descriptive statistics, reliability tests, correlation analysis, regression modeling, and hypothesis testing. Findings of the study confirm a positive relationship between compliance and awareness of taxes. In particular, it has been shown through research that companies with higher maturity of tax rights and obligations consciousness, higher comprehension of business and employment income taxation, and higher awareness of legally mandated penalty for non-compliance are more likely to exhibit compliant behavior. These have been shown to have considerable impact on the readiness and ability of SMEs to pay their taxes appropriately and in a timely manner. The study highlights the significance of tax literacy in voluntary tax compliance and illustrates that increased taxation awareness has the ability to support more effective tax administration. The findings carry substantial implications for policy-makers, tax administrators, and educators to design focused interventions and education programs to improve SMEs' tax compliance in the region.

***Keywords:*** *Kurunegala district, small and medium enterprises, Tax compliance, Tax knowledge*

# **Impact of Financial Literacy on Financial Risk Tolerance of Youth in Puttalam District of Sri Lanka**

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## **ABSTRACT**

This study examines how financial literacy affects financial risk tolerance among the youth in Puttalam District of Sri Lanka, which is known for lack of access to formal financial education opportunities. Financial literacy (knowledge, skills, behavior, and attitudes) is become increasingly vital for sound financial decision-making, especially among young people within the developing countries. The research explores the impact of each component of financial literacy on two central aspects of financial risk tolerance, namely risk perception and risk preference. The adoption was made on a quantitative research design based on the deductive process. Primary data were collected using a validated, structured Likert-scale questionnaire which was administered through convenience sampling to representative sample of 358 youth in Puttalam District. The analysis of the data was performed through SPSS software, to determine the impact of financial literacy on financial risk tolerance. Research results demonstrate that there is significant relationship of financial literacy with financial risk tolerance. Higher levels of financial knowledge and positive attitudes regarding finance resulted in a greater financial risk tolerance while among youth revealed a more willingness to participate in calculated risk. Other financial skill also found significant contributors to the risk tolerance. Further, the study observed that the financial behaviors has no significant impact on financial risk tolerance of youth. The research suggests that improving youth financial literacy can boost engagement in formal financial systems and improve long-term financial resilience. The study addresses research gaps in developing countries and focuses on behavioral aspects of financial decision-making, particularly for rural, underrepresented groups in Sri Lanka. Furthermore, this study supports youth-focused financial education in rural Puttalam and offers practical insights for policymakers while extending financial behavior theory to rural youth in a developing country. Finally, this research highlights the necessity for improving financial literacy among the youth to develop prudent financial behavior and capacities for taking risks, which are consistent with the long-term economic objectives and the national financial inclusion strategies.

**Keywords:** *Financial literacy, Financial risk tolerance, Puttalam district, Sri Lanka, Youth Community*

# **Impact of Bank Specific Factors on Profitability of Commercial Banks in Sri Lanka: A Comparative Study Before and After COVID-19**

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## **ABSTRACT**

This study examines how bank-specific factors affect Sri Lankan commercial banks' profitability from 2017 to 2024, with a particular emphasis on developments prior to and following the COVID-19 epidemic. Return on equity (ROE) and return on assets (ROA) are used as dependent variables in the analysis to reflect profitability, while bank size, capital adequacy, operational expenses to assets, and loan to assets are used as independent factors. In this study, the internal dynamics of banking performance in a developing economy environment will be evaluated in light of the enormous disruptions caused by the COVID-19 epidemic to global financial systems. Secondary data from Sri Lankan licensed commercial banks' annual reports is used in this quantitative study approach. Diagnostic procedures like multicollinearity and normality tests are used in the study to make sure the statistical results are reliable and robust. To further investigate relationships and differences between the pre- and post-COVID periods, independent sample t-tests, regression analysis, and correlation analysis are used. Higher operational costs are negatively correlated with ROA and ROE, according to the findings, but bank size and loan-to-assets have a beneficial impact on profitability. The complex function of capital sufficiency in financial performance was highlighted by the mixed effects it had, which were beneficial for ROA but negative for ROE. The t-test results showed modest changes in average profitability before and after COVID-19, but no statistically significant differences. According to these results, internal bank attributes still affect profitability even in the face of outside economic shocks. This study, for the purpose of improving the banking industry's profitability and resilience, particularly in anticipation of future crises, offers policymakers, bank executives, and stakeholders' insightful information.

**Keywords:** *Bank size, Capital adequacy, Operational expenses to assets, Loans to assets, Return on assets, Return on equity*

# **Impact of Microfinance on the Performance of Paddy Farmers in Dewahuwa Agricultural Area of Matale District in Sri Lanka**

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## **ABSTRACT**

This study examines the impact of microfinance services – specifically credit, savings, and insurance – on the performance of paddy farmers in Dewahuwa, Matale District, Sri Lanka. Using a quantitative research approach, data were collected from 315 randomly selected paddy farmers through a structured questionnaire. The performance of farmers was assessed in terms of investment capacity, productivity, risk management ability, and financial stability. Regression analysis revealed that microfinance credit, savings, and insurance all had a significant positive impact on farmer performance. Credit and insurance enabled timely investments, better risk mitigation, and improved income stability, while microfinance savings contributed positively by encouraging disciplined financial habits, supporting reinvestment in farming activities, and offering a financial cushion during adverse conditions. This finding underscores the importance of strengthening the wealth–savings relationship: while savings help build wealth by providing a financial buffer and enabling investment, even modest savings efforts can foster better financial planning and resilience among farmers. The results highlight the need for microfinance institutions to enhance credit accessibility, insurance coverage, and savings mobilization through financial literacy programs, income-enhancing strategies, and tailored savings products. By refining these services, microfinance can better support the long-term growth, resilience, and sustainability of paddy farming in rural areas of Sri Lanka.

**Keywords:** *Dewahuwa Area, Impact, Microfinance Services, Paddy Farmer Performance*

# **The Impact of Financial Literacy on Retirement Planning among Informal Sector Workers in Kandy District, Sri Lanka**

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## **ABSTRACT**

This paper examines the impact of financial literacy on retirement planning among informal sector workers in the Kandy district, focusing on four key financial literacy components, and assesses their level of financial literacy. The study used a descriptive and quantitative research design. The sample included informal sector workers in Kandy selected using simple random sampling. A 5-point Likert scale structured questionnaire was used to collect primary data, from which samples were drawn from 385 informal sector workers in Kandy. In SPSS, multiple regression analysis was used to determine the impact of financial literacy on retirement planning through four key financial literacy components. Those are financial knowledge, financial behaviour, financial attitudes and awareness of financial products for retirement. And their level of financial literacy was analysed using one-sample t-tests based on the financial literacy index constructed using the weighted average method. The study found that all four financial literacy components were significantly and positively influence on informal sector workers' retirement planning, while financial knowledge and financial behaviour had the most significant and positive influence on retirement planning decisions. Additionally, all components showed a moderate positive correlation with retirement planning. Furthermore, the study highlights that the overall level of financial literacy among informal sector workers in the Kandy district is below the benchmark value. Therefore, this study showed that financial literacy has a positive impact on retirement planning among informal sector workers. The study findings highlight the necessity of improving financial literacy among this population. Empowering those individuals with financial knowledge, behavior, attitudes, and their awareness about retirement planning-related products and resources. The paper contributes to both theoretical and practical discourses on retirement planning for informal sector workers, which has not received much attention. These results are important for government policymakers, educators, and financial institutions to design tailored financial literacy programs, products that can foster retirement security of informal sector workers.

**Keywords:** *Financial literacy, Financial literacy level, Kandy district, Retirement Planning, Sri Lanka*

## **Factors Influencing Small Business Start-ups in Sri Lanka**

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### **ABSTRACT**

This study examines the factors influencing small business start-ups in Sri Lanka. For the past decade, SMEs has been one of the driving forces strengthening the economy of the country. They begin with small business startup and make profit then enlarge themselves to be medium business. Small and medium enterprises serve as the drivers of socio-economic development due to their important role in GDP growth, new job creation and entrepreneurship. The primary objective of this research is to identify the key factors influencing small business start-ups including SME owners' education, risk tolerance, financial availability, age, gender and business experience. A quantitative research approach was adopted, using a survey of 350 SMEs from nine provinces in Sri Lanka. Approximately 40 samples collected from each province and total sample was 350. Correlation, and regression analysis were employed to analyze the data. The findings reveal that education, risk tolerance, age and business experience are the significant predictors of business start-ups. The study emphasizes identifying key factors to improve start-up process of SMEs. Moreover, highlights the crucial role of social support networks and education in shaping business start-ups. The results suggest that targeted education programs and supportive environments are essential for improving business start-ups in Sri Lanka.

**Keywords** : *Business start-ups , Small and Medium scaled Enterprises, Influencing factors, Sri Lanka*

# **An Empirical Investigation of the Factors Impacting on The Sri Lankan External Auditors' Ethical Sensitivity**

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## **ABSTRACT**

This study examines the individual and organizational factors that influence ethical sensitivity among external auditors in Sri Lanka, a profession facing increasing ethical challenges due to economic instability, regulatory changes, and heightened scrutiny. It explores five key predictors: ethical orientation (idealism and relativism), moral intensity, the auditor's professional experience, level of education, and the ethical culture of audit firms. Additionally, it evaluates the moderating effect of audit firm size on the relationship between ethical culture and auditors' ethical sensitivity. A quantitative method was used, gathering primary data through a structured questionnaire from 201 external auditors working in both Big Four and non-Big Four audit firms. The data were collected via convenience sampling and analyzed using multiple regression in SPSS. Results show that auditors with a strong idealistic orientation and substantial experience tend to have higher ethical sensitivity, while those with relativistic beliefs tend to have lower sensitivity. Surprisingly, moral intensity and educational level did not significantly influence ethical sensitivity. Although ethical culture alone did not have a strong direct effect, its impact became significant when moderated by firm size, implying that larger firms with more formalized ethical frameworks can better promote ethical awareness. These findings highlight that both personal ethical beliefs and organizational structure play key roles in how auditors perceive and handle ethical dilemmas. The study adds to the broader literature on ethical decision-making by including a firm-level moderator and addresses the lack of empirical data from post-crisis South Asian economies. It also provides practical insights for regulators, educators, and firm leaders aiming to foster ethical behavior in the profession.

**Keywords:** *Audit firm size, Auditor experience, Ethical culture, Ethical orientation, Ethical sensitivity*

# **Factors Influencing Money Management During the Crisis Period among Undergraduates in Sri Lanka**

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## **ABSTRACT**

This study investigates the factors influencing money management behavior among undergraduate students in Sri Lanka during times of economic crisis. Recognizing that financial decision-making is multifaceted, the research explores how economic, psychological, and social factors contribute to students' ability to manage their finances. Data were collected through a structured online questionnaire distributed via snowball sampling to a total of 371 undergraduates across both government and private universities. The study adopted quantitative research design and utilized statistical tools such as descriptive statistics, correlation analysis, multiple regression, and independent samples t-tests. The findings revealed that economic and psychological factors significantly and positively influence money management behavior, while social factors had a weaker and statistically insignificant effect. Government and private university students also exhibited notable differences in money management practices, with private university students generally demonstrating stronger financial behavior, possibly due to higher financial support. The study confirms that psychological traits such as confidence, self-control, and perceived financial stability play a crucial role in promoting responsible financial practices among undergraduates. This research makes a significant contribution to the limited body of literature on student financial behavior in Sri Lanka by incorporating comparative analysis and a behavioral lens during a crisis period. The results have practical implications for educational institutions, policymakers, and financial educators in designing targeted financial literacy programs and support systems. The study recommends further exploration using longitudinal and qualitative methods to deepen the understanding of how students' financial behaviors evolve over time.

***Keywords:*** *Economic crisis, Economic factors, Money management behavior, Psychological factors, Social factors, Sri Lanka, Undergraduates*

# Factors influencing on loan repayment performance in SMEs in Puttalam District

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## ABSTRACT

This study examines the factors influencing loan repayment performance among Small and Medium Enterprises (SMEs) in the Puttalam District, Sri Lanka. SMEs are recognized as critical contributors to economic development, yet many face persistent difficulties in repaying loans. These challenges are often the result of both internal limitations—such as poor financial planning and weak managerial capacity and external factors, including limited access to credit and environmental instability. The primary objective of the study is to identify and evaluate the influence of five key independent variables on SME loan repayment performance: financial literacy, management competence, business character, access to credit, and environmental factors. A quantitative research approach was employed, and structured questionnaires were administered to 200 SME owners across various sectors within the district. Data were analysed using descriptive statistics, reliability testing, and multiple regression analysis to test the strength and significance of the proposed relationships. The results indicate that all five independent variables significantly influence loan repayment behaviour. Among them, management competence and environmental factors emerged as the most influential predictors, followed by financial literacy, access to credit, and business character. These findings affirm that both internal business capabilities and external conditions must be considered when assessing SME creditworthiness and repayment potential. The study highlights the need for integrated interventions, including financial literacy programs, business management training, ethical business development, and flexible credit schemes. Additionally, policymakers should implement supportive regulations and contingency plans to help SMEs mitigate the effects of environmental risks. This research adds to the existing body of knowledge by offering localized evidence from the Puttalam District and provides practical insights for lenders, policymakers, and SME stakeholders seeking to improve repayment performance and credit sustainability.

**Keywords:** *Loan Repayment Performance, SMEs Financial Literacy, Management Competence, Business Character, Access to Credit, Environmental Factors*

# Factors Affecting the Adoption of Cryptocurrency Trading in Sri Lanka

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## ABSTRACT

This study explores the key behavioural and technological factors influencing the adoption of cryptocurrency among active traders in Sri Lanka, where cryptocurrency remains largely unregulated. The research primarily investigates the impact of Market Knowledge (MK), Regulatory Uncertainty (RU), Trading Experience (TE), Risk Management Practices (RM), and Technological Resource Utilization (TR) on the Adoption of Cryptocurrency (AC). A quantitative research methodology was employed, and data were collected from 203 active cryptocurrency traders through a structured questionnaire. The data were analysed using SPSS software, applying descriptive statistics, reliability analysis, normality tests, Pearson correlation, multicollinearity checks, and multiple regression analysis. The findings revealed strong positive and statistically significant relationships between all five independent variables and the dependent variable, confirming the proposed hypotheses. Market Knowledge, Trading Experience, Risk Management Practices, and Technological Resource Utilization demonstrated particularly strong correlations with cryptocurrency adoption, while Regulatory Uncertainty had a moderate but significant relationship. Interestingly, demographic factors such as age, gender, income level, and education did not exhibit significant correlations with adoption, suggesting that psychological and technological readiness outweigh socio-economic status in influencing trader behaviour. The results underscore the importance of financial literacy, risk awareness, and technological engagement in facilitating the adoption of digital currencies, especially in developing economies facing regulatory ambiguity. The study contributes to the growing body of literature on cryptocurrency adoption and provides practical insights for policymakers, financial educators, and trading platforms in Sri Lanka. It also offers theoretical implications by confirming the relevance of behavioral finance and technology acceptance frameworks in explaining cryptocurrency adoption. Finally, recommendations are presented for improving financial education, policy formulation, and technological infrastructure to promote responsible adoption within the evolving digital financial landscape.

**Keywords:** *Cryptocurrency Adoption, Digital Asset Trading, Market Knowledge, Regulatory Uncertainty, Risk Management Practices, Sri Lanka*

# **Adoption of Strategic Management Practices and Their Impact on Profitability among Tea Smallholders in Galle District**

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## **ABSTRACT**

This study investigates the adoption of strategic management practices (SMPs) and their impact on the profitability of tea smallholders in Sri Lanka's Galle District. Despite their critical role in the tea industry, smallholders face challenges such as fluctuating market prices, rising costs, and limited access to technology, necessitating strategic approaches to enhance financial sustainability. Using a quantitative, descriptive research design, data were collected from 350 smallholders through structured questionnaires, focusing on five SMPs: business planning, market research, cost management, product diversification, and resource optimization. Statistical analyses, including Pearson correlation and multiple regression, revealed significant positive relationships between each SMP and profitability, with cost management and business planning showing the strongest effects ( $\beta = 0.403$  and  $0.381$ , respectively). Key findings indicate that smallholders adopting SMPs achieve higher net profits and income stability, though barriers like low financial literacy and inadequate training limit widespread adoption. The study applies Resource-Based View, Strategic Management, and Diffusion of Innovations theories, validating their relevance in smallholder agriculture. Practical implications include the need for targeted training, improved extension services, and policy support to promote SMP adoption. The findings contribute to the literature by addressing empirical gaps specific to Galle's tea sector and offer actionable recommendations for stakeholders to enhance smallholder profitability and sustainability.

**Keywords:** *Business planning, Cost management, Profitability, Strategic management*