

**MANAGEMENT OF PRODUCTION : A MISSING FACTOR  
IN SMALL ENTERPRISE GROWTH**

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Open economic policies introduced in late seventies and the import liberalization that followed resulted in the generation of new economic activities, notably in the trading sector. Consequently, new markets grew and consumer behaviour and demand patterns changed. However, some of the local ventures, mostly as a result of the competitive edge that imported goods enjoyed, experienced adverse effects. Many such firms experienced high rate of early failure and stagnancy. Studies have indicated that financial constraints such as inaccessibility to funds, competition with imported goods, and bureaucracy and red-tape were the main causes for such failure and stagnancy. Doubt as to the extent to which Sri Lankan entrepreneurs, the small and medium scale entrepreneurs in particular, use scientific production management techniques have also been expressed.

This study investigated the use and application of production management techniques in small scale enterprises. The sample consisted of 30 small scale enterprises (less than 20 persons) in the rural and the urban sectors. Twenty five of them belonged to the private sector.

The survey gathered data on the use of quality control, inventory control and production planning and control techniques in the operations of the small enterprises. Results of the analysis indicated that the application of such techniques was very poor. Furthermore, this sector is affected by increasing operating costs and financial difficulties and if this trend continues they are bound to encounter further set backs.

Cottage industrialists usually presume that craftsmanship is the determining factor for their success. Most of them have learnt the skills of the trade from their elders. For them the business is mostly a family affair and it has become a survival occupation. The study revealed that if appropriate work study techniques are adopted a significant improvement in the efficiency of production could be achieved. Majority of these entrepreneurs in the small scale enterprise sector have not had any kind of training in production management and consequently they are unaware of the potential advantages of the use of production management techniques in their enterprises.