



EASTERN PROVINCE OF SRI LANKA

BUSINESS ENVIRONMENT BAROMETER (BEB) AND ECONOMIC COST OF CONFLICT SURVEY

Exploring support for Social Cohesion

REPORT ON RESEARCH FINDINGS

2019

PURPOSE OF THE SURVEY

The purpose of this assessment is to better understand community level economic institutions, socio-economic norms, and business relationships across the Eastern Province, that, build a highly textured picture of the quality and quantity of socio-economic interactions within the given communities.

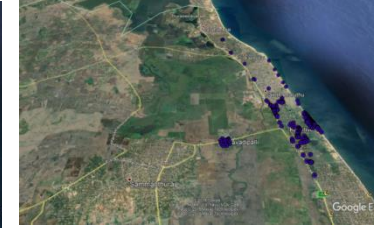
This study will also assess how the recent Easter attack has impacted on SMEs and their formal and informal social capital.

Data collected through this assessment will enable TAF and project partners to get a district-level impact on the economic activities and use the findings for informed decision making.

Ampara – Pothuvil



Ampara – Karaitheevu



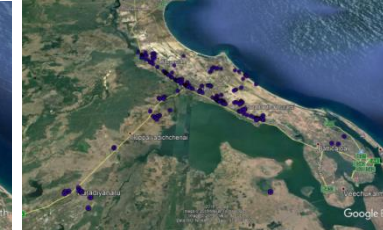
Ampara – Addalachchenai



Batticaloa – Manmunai North



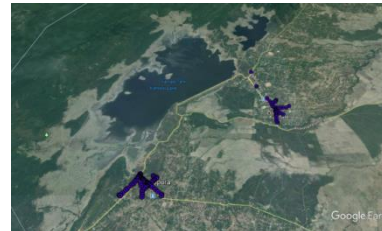
Batticaloa – Eravur Pattu



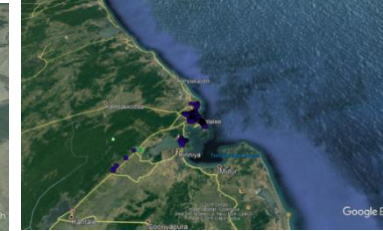
Batticaloa – Koralai Pattu (Valachenai)



Trincomalee– Kantallai



Trincomalee– Trinco Town Gravets



Trincomalee– Thambalagamuwa



Quantitative face to face interviews with Micro & small scale business owners in the Eastern Province

A semi-structured questionnaire was constructed, translated to Sinhala and Tamil & back-translated

The questionnaire was validated by piloting it in both languages - 5 interviews for each language

The approved questionnaire was scripted in SurveyToGo platform, tested for accuracy and user-friendly navigation of the script

A comprehensive training was conducted for all interviewers and supervisors selected from each survey areas

Data collection and quality checks from 24th Oct 2019 – 27th Nov 2019

Training

Interviews



The total sample of 1800 micro and small businesses planned to be distributed equally across the three districts, i.e., 600 sample for each district cluster . Below is the process applied in distributing the total sample for each cluster across the program areas;

1. 600 allocated sample for each district cluster was distributed across the program areas (DSs) based on proportionate to population size within each district.

2. Arrived sample at DS level was calculated for its Margin of error to confirm the statistical validity of data analysis at DS level

As a result, total of 1889 sample was achieved as it is presented in the table 1.

Micro businesses was defined as establishments with less than 10 employees and small was defined as establishments with 11-50 employees

Table 1 – sampling and sample size achieved

	Estimated Universe of Micro and small entrepreneurs	Planned		Achieved		MOE%
		Sample at district level	Sample at DS level on PPS	Sample at district level	Sample at DS level	
Ampara						
Potuvil	227	600	96	617	113	6.8
Karaithivu	478		201		200	5.6
Addalachchanai	719		303		304	4.5
Batticaloa						
Manmunai North	2028	600	206	617	215	6.7
Eravur Pattu	2485		252		260	6.6
Koralai Pattu	1403		142		142	6.9
Trincomalee						
Kantale	515	600	102	606	104	8.9
Trinco Town Gravets	1912		377		382	4.7
Thambalangamuwa	614		121		120	8.5
grand total	17721	1800	1800	1840	1840	

Source for estimated universe of Micro and small entrepreneurs - CEPA

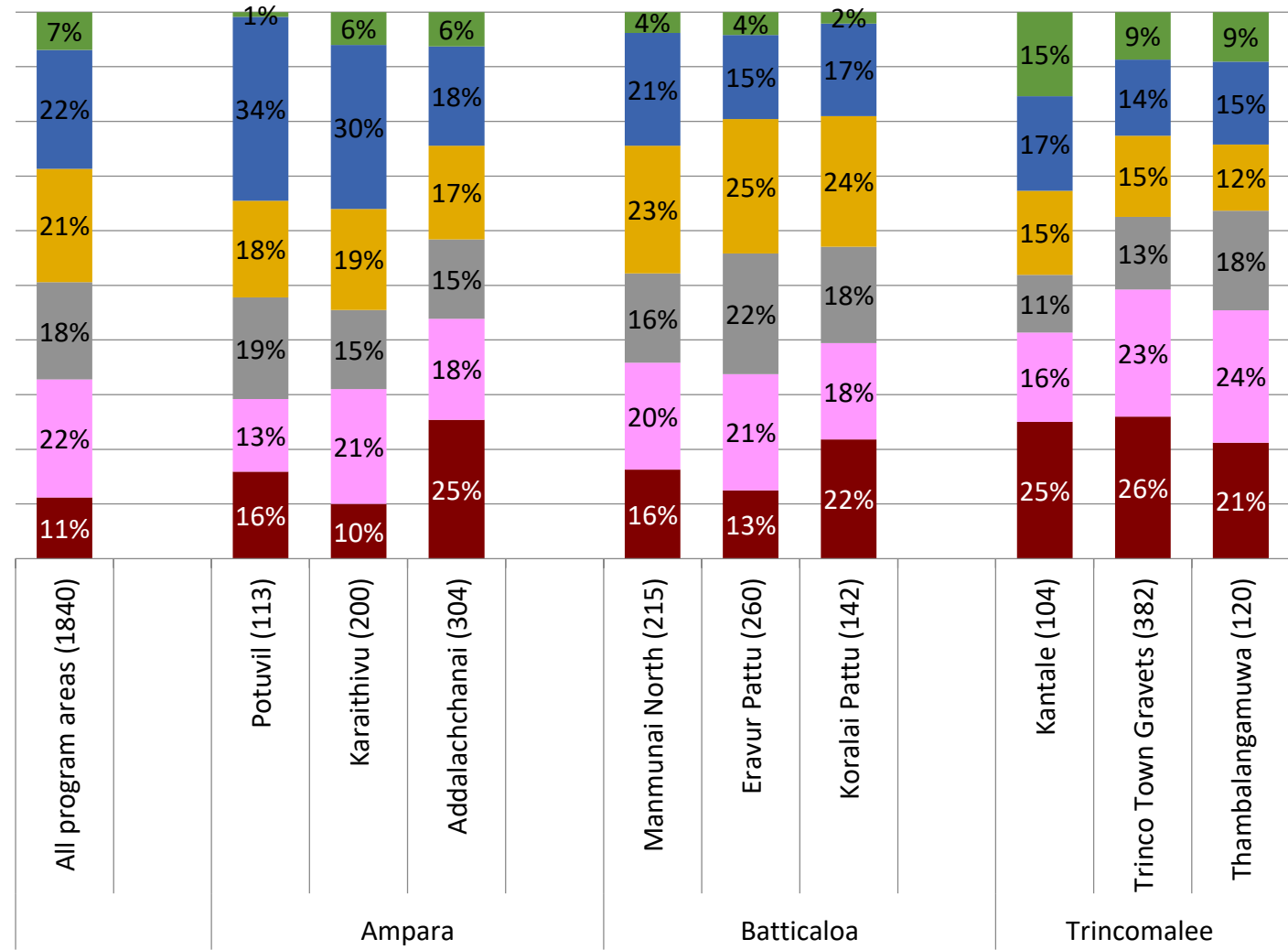


NATURE OF BUSINESSES COVERED IN THE PROGRAM AREAS

NUMBER OF YEARS IN THE BUSINESS

■ 1 or less Yrs
 ■ 2 to 3 Yrs
 ■ 4 to 5 Yrs
 ■ 6 to 10 Yrs
 ■ 11 to 20 Yrs
 ■ 20+ Yrs

Majority of the sample covers business who have been in operation for more than 4 years which counts to 61% of the sample. The balance consists of 20% with 2-3 years experience and 19% with 1 year or less number of years.



INVOLVEMENT OF EMPLOYEES & FAMILY MEMBERS

Base : All	All program areas (1840)	Potuvil (113)	Karaithivu (200)	Addalachchanai (304)	Manmunai North (215)	Eravur Pattu (260)	Koralai Pattu (142)	Kantale (104)	Trinco Town Gravets (382)	Thambalanga muwa (120)
Do not have employees	31%	33%	33%	19%	39%	18%	35%	23%	40%	38%
Have employees (either family members or others or both)	69%	67%	67%	81%	61%	82%	65%	77%	60%	62%
% Involve family members	45%	10%	32%	48%	41%	53%	53%	65%	48%	57%
% do not have employees involved	55%	88%	68%	52%	59%	47%	47%	35%	52%	43%

1/3rd of the establishments covered in the study do not have employees (neither family members not other employees). These establishments are skewed by Manmunai North, Trinco town and Thambalagamuwa area sample

Family members involvement high businesses were found mostly in Kantale followed by Thamabalagamuwa, Eravur Pattu, and Koralai Pattu

The least number of business covered in Pothuvil found to have involved family members compared to other program areas

NUMBER OF EMPLOYEES EMPLOYED

Base : All	All program areas	Potuvil	Karaitivu	Addalachchanai	Manmunai North	Eravur Pattu	Koralai Pattu	Kantale	Trinco Town Gravets	Thambalangamuwa
Base: All with any employee (including family members)	1275	76	134	246	132	212	92	80	229	74
Number of total employees – Mean	1.91	2.38	1.67	1.58	2.18	1.63	1.2	2.06	1.59	1.51
Base: Those who have family members	825	13*	63	145	88	139	62	68	183	68
Number of paid family members in business -Mean	1.43	1.45	1.15	1.25	1.58	1.39	1.00	1.11	1.20	1.00
Number of non-paid family members in business -Mean	1.32	1.28	1.46	1.20	1.44	1.12	1.02	1.77	1.38	1.37
Base: those with employees other than family members	704	72	131	183	58	126	34	28*	60	12*
Number of other employees –Mean	1.80	2.28	1.86	1.44	1.67	1.79	1.41	1.68	1.92	2.00

On average 2-3 employees (including family members) involve in micro and small businesses in the program areas. Comparatively, a higher number of employees seem to have employed by businesses in Manmunai North and Koralai Pattu area.

When it comes to involvement of paid and non-paid family members in businesses, Manmunai North seem to be having businesses with a higher number of family members too.

The businesses interviewed in Karaitivu and Kantale have involved more non-paid family members compared to other program areas.

In sum, total number of employees' involvement in businesses can be found higher in Pothuvil and Koratali pattu

ETHNICITY OF BUSINESSSEMEN AND FAMILY MEMBERS INVOLVEMENT

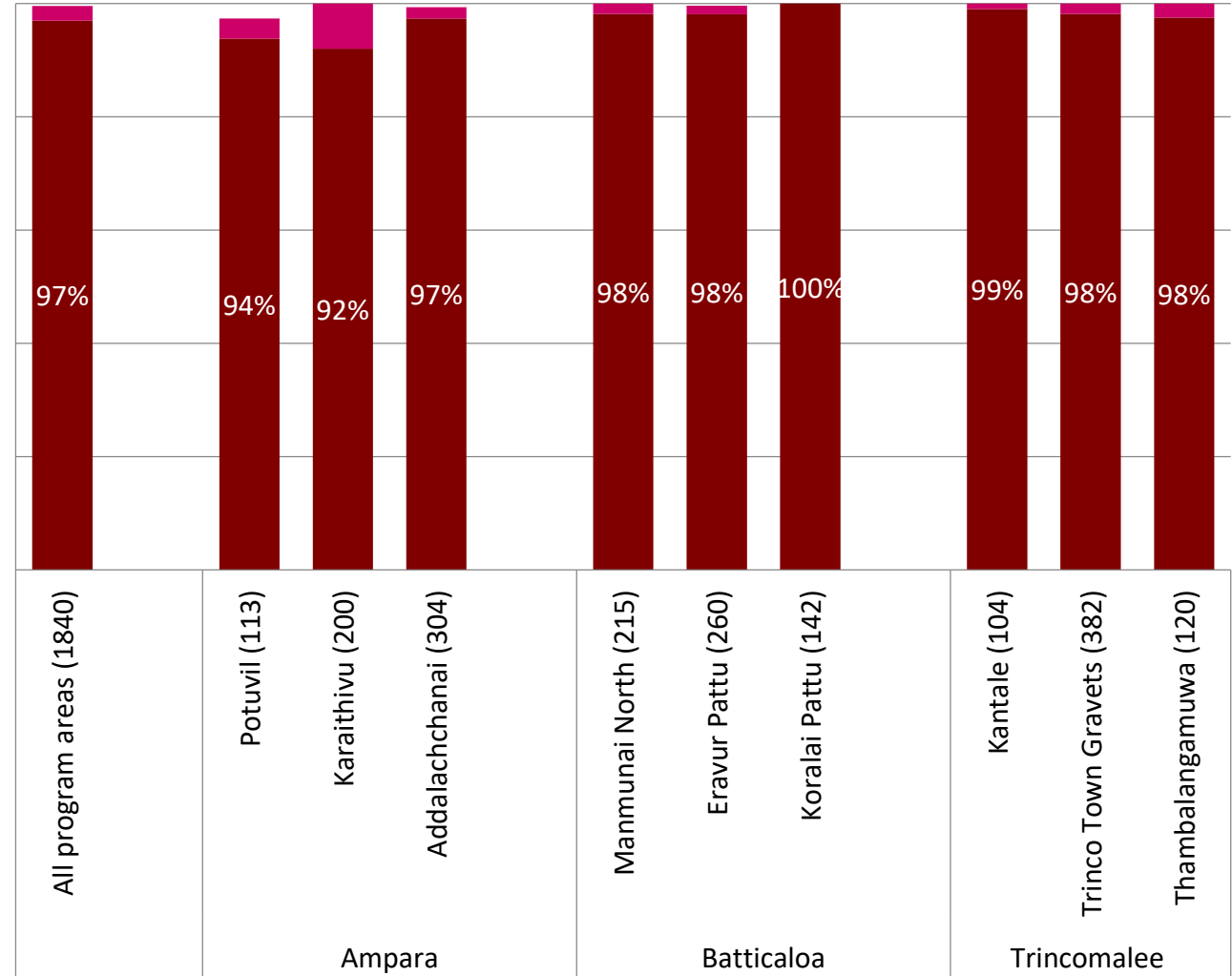
	All program areas	Sinhala	Tamil	Muslim
Base : All	1840	109	1105	645
% Involve family members	45%	63%	43%	46%
% do not have employees involved	55%	37%	57%	54%

The majority of businesses owned by Sinhalese have involved family members than by Tamil and Muslim entrepreneurs

BUSINESS OPERATION

Only very few businesses were found are operating in certain seasons, other than that more than 90% of business interviewed across the selected DSs operate around the year.

■ Year around operation ■ Operate in certain seasons only

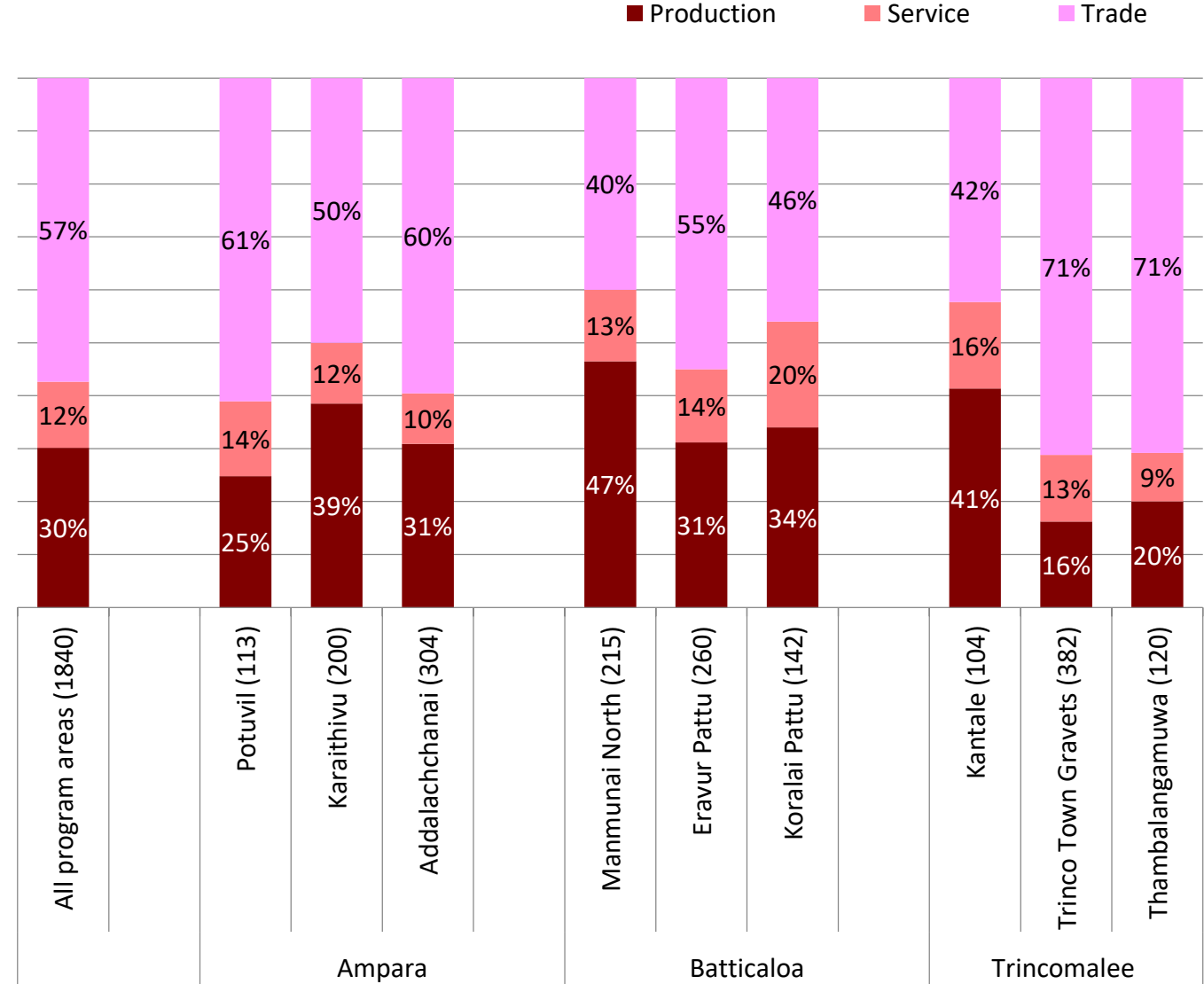


BUSINESS TYPES

Majority of businesses covered in the study are in to 'Trade' followed by 'Production' related businesses

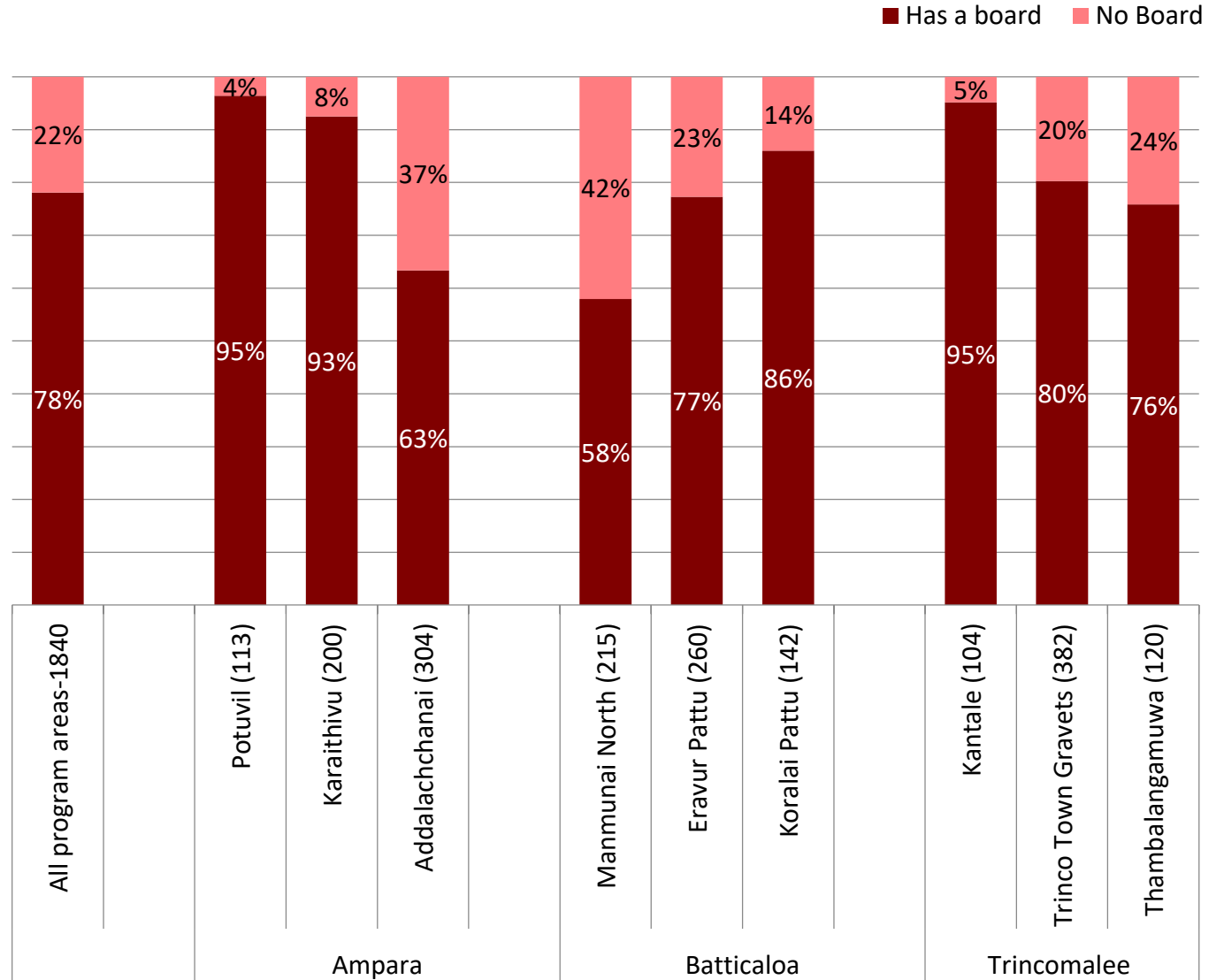
Only 12% of the businesses are in to 'Service' sector

Trade related business representation is skewed by Trinco Town and Thambalagamuwa



USE OF NAME FOR BUSINESSES

Majority of micro and small businesses in the program areas operates under a name



Does your business have a name under which it operates?

USE OF NAMES BY BUSINESS TYPES

All program areas	All	Production	Service	Trade
Base: All	1840	557	235	1084
Have a name	78%	68%	81%	82%
Do not have a name	22%	32%	19%	18%

While majority of micro and small businesses interviewed have a name under which they operate, nearly 1/3rd of business in to production do not have names which is a common phenomena in all the program covered DSs .

Ampara – Pothuvil

Production	Service	Trade
28*	16*	69
93%	88%	97%
7%	6%	1%

Ampara – Karaitheevu

Production	Service	Trade
77	23*	100
90%	96%	94%
10%	4%	6%

Ampara – Addalachchenai

Production	Service	Trade
94	29*	181
63%	66%	70%
37%	34%	30%

Batticaloa – Manmunai North

Production	Service	Trade
100	29*	86
58%	72%	64%
42%	28%	35%

Batticaloa – Eravur Pattu

Production	Service	Trade
81	36	143
62%	78%	86%
%	22%	14%

Batticaloa – Koralai Pattu (Vallachennai)

Production	Service	Trade
48	29	65
73%	83%	97%
27%	17%	3%

Trincomalee– Kantallai

Production	Service	Trade
43	17*	44
93%	88%	100%
7%	12%	

Trincomalee– Trinco Town Gravets

Production	Service	Trade
62	48	272
77%	81%	81%
23%	19%	19%

Trincomalee– Thambalagamuwa

Production	Service	Trade
24*	11*	85
63%	82%	79%
38%	18%	21%



FAMILY INVOLVEMENT BY BUSINESS TYPE

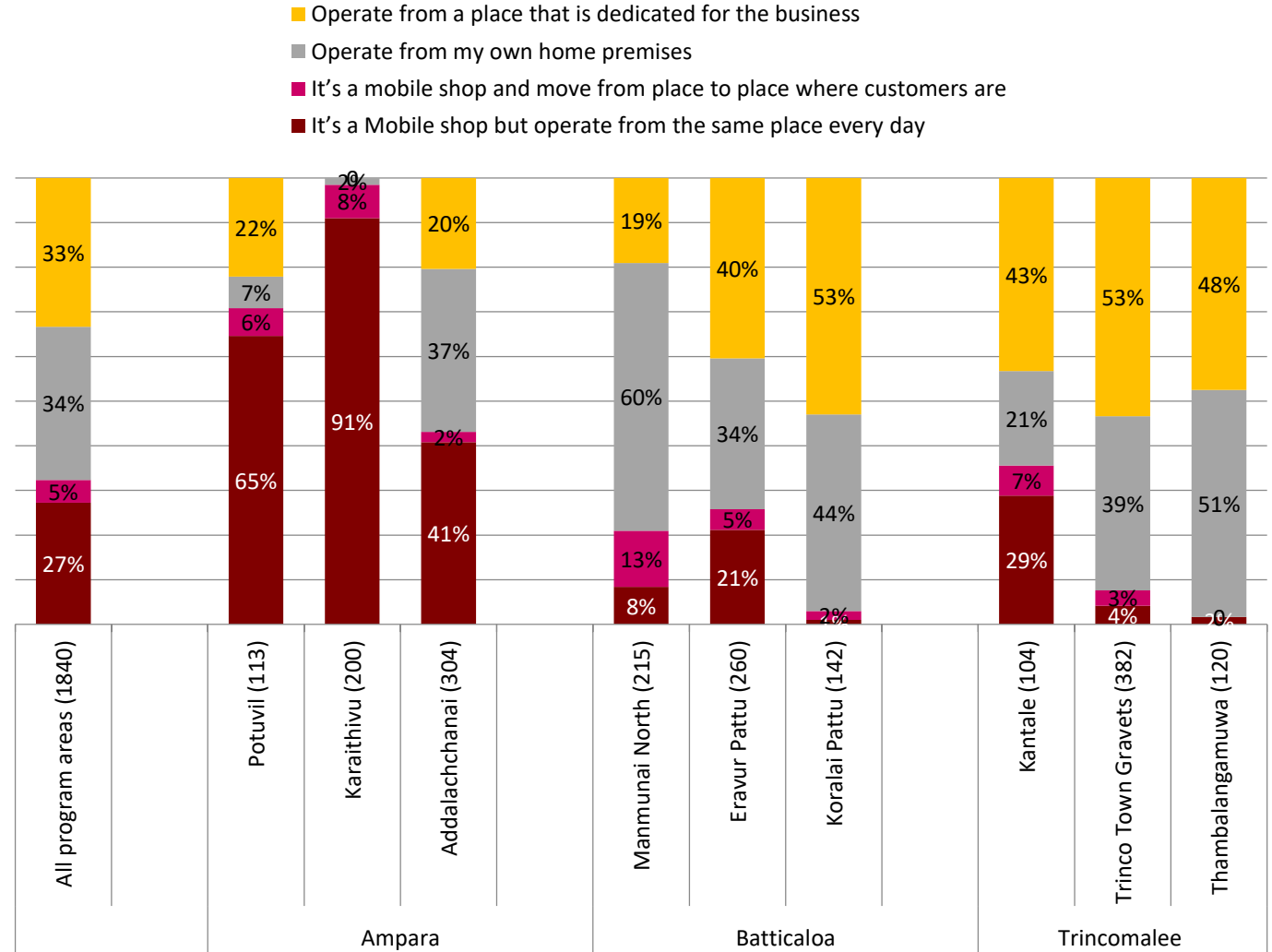
All program areas		Production	Service	Trade	Production	Service	Trade
Base: All	1840	557	235	1084	Indexing		
Involve family members	46%	47%	25%	49%	107%	54%	107%
Do not have family members involved	54%	52%	75%	51%	94%	139%	94%

Majority of service related business seem to have not involved family members in their businesses

PLACE OF BUSINESS OPERATION

Business in Batticaloa and Trincomalee operates from a dedicated place for the business or from their homes mostly

But, those who were interviewed in Ampara operates their businesses in Mobile shop but mostly in a fixed place everyday



PLACE OF BUSINESS OPERATION BY BUSINESS TYPES

All program areas		Production	Service	Trade	Production	Service	Trade
Base: All	1840	557	235	1084	Indexing		
It's a Mobile shop but operate from the same place every day	27%	28%	25%	28%	104%	93%	104%
It's a mobile shop and move from place to place where customers are	5%	4%	4%	6%	80%	80%	120%
Operate from my own home premises	34%	46%	16%	32%	129%	47%	94%
Operate from a place that is dedicated for the business	33%	23%	55%	34%	73%	167%	103%

Most of the production related businesses are operated from their own house premises whereas service related business choose a dedicated place for the business mostly. On the other hand, trade related businesses tend to have mobile shops which can be move from one place to another depending on the trading requirement

PLACE OF BUSINESS OPERATION BY YEARS IN OPERATION

All program areas	All	1 or less Yrs	2 to 3 Yrs	4 to 5 Yrs	6 to 10 Yrs	11 to 20 Yrs	20+ Yrs
Base: All	1840	168	325	262	313	320	99
It's a Mobile shop but operate from the same place every day	27%	24%	25%	35%	33%	43%	21%
It's a mobile shop and move from place to place where customers are	5%	6%	3%	1%	4%	13%	10%
Operate from my own home premises	34%	30%	30%	34%	33%	27%	41%
Operate from a place that is dedicated for the business	33%	40%	42%	29%	31%	18%	27%

Shops operated from dedicated places are skewed by new establishments whereas most of the businesses operated from home have been there for more than 20 years

FAMILY INVOLVEMENT BY PLACE OF BUSINESS OPERATION

All program areas	All	It's a Mobile shop but operate from the same place every day	It's a mobile shop and move from place to place where custom	Operate from my own home premises	Operate from a place that is dedicated for the business	It's a Mobile shop but operate from the same place every day	It's a mobile shop and move from place to place where custom	Operate from my own home premises	Operate from a place that is dedicated for the business
Base: All	1840	501	91	634	614	Indexing			
Involve family members	46%	36%	24%	58%	41%	79%	54%	129%	95%
Do not have family members involved	54%	63%	75%	42%	59%	116%	138%	76%	105%

When we looked at family members involvement in business operations, majority of businesses that operate from “their own home premises” seemed to involve family members than others, whereas, many of the businesses operate in Mobile set ups do not have involved their family members.

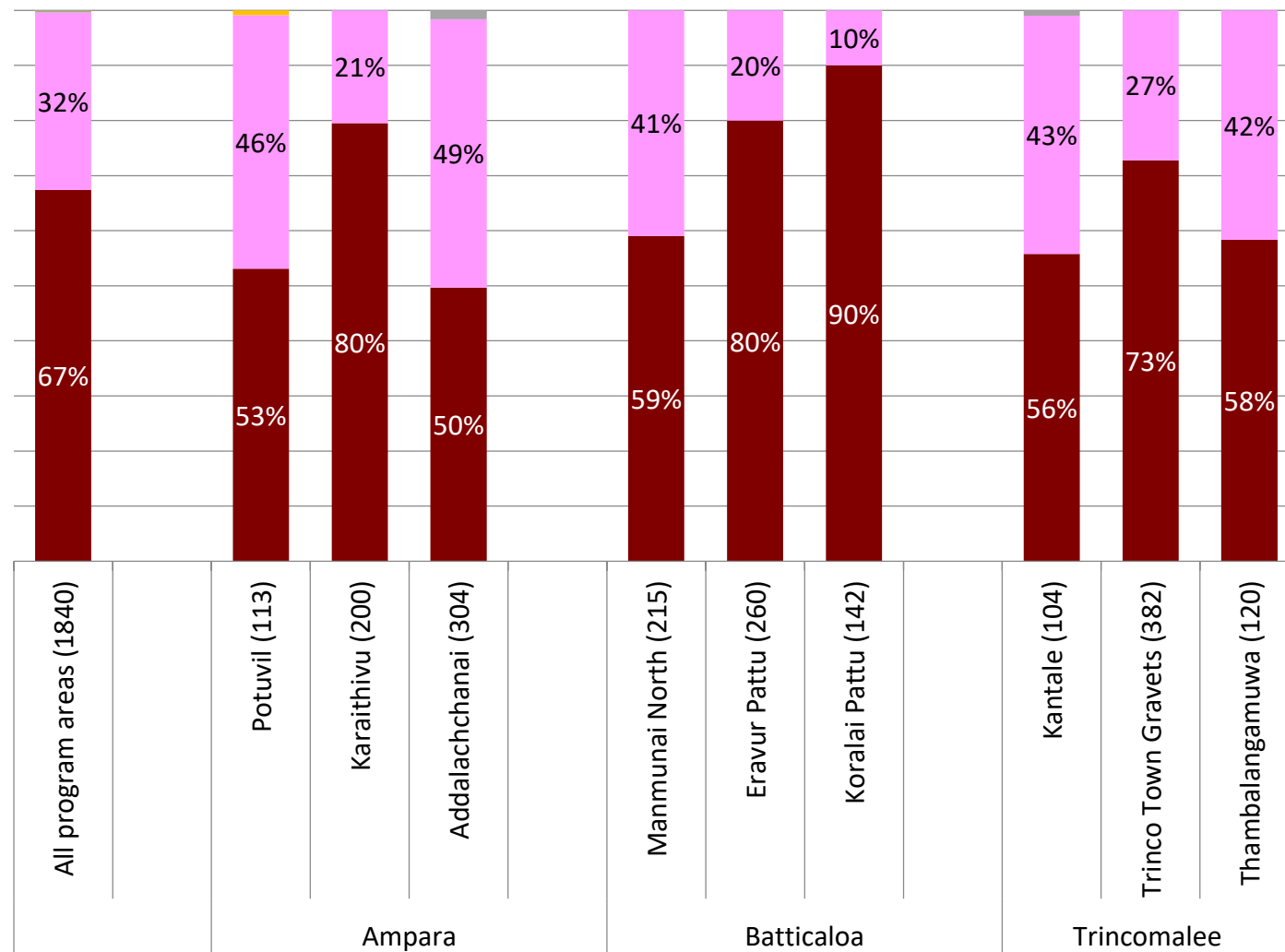
BUSINESS REGISTRATION STATUS

■ Yes ■ No ■ Don't know ■ Refuse to answer

Overall level, 66% businesses are registered. However, 8 out of 10 businesses covered in Karathivu in Ampara and Earavur Pattu in Batticaloa are registered

All program areas	All	Production	Service	Trade
Base: All	1840	557	238	1045
Register	67%	26%	15%	59%
Not register	32%	39%	8%	53%

Production related businesses do represent highly in the not registered business in the program areas



BUSINESS REGISTRATION BY BUSINESS TYPES

All program areas	Production	Service	Trade
Base: All	557	238	1045
Register	26%	15%	59%
Not register	39%	8%	53%

Not registered production related businesses are skewed by Adalchcheni, Manmunai North, Koralai Pattu South, Kantalai and Thambalagamuwa

Not registered service related business are higher in Pothuvil, Karatheevu, Adalachchenai, Kantalai and Thambalagamuwa

Not registered trade businesses are prominent in Pothuvil, Adalachchanai, Manmunai North, Kanthalai and Thambalagamuwa

Ampara – Pothuvil

Production	Service	Trade
28*	16*	69
61%	56%	49%
39%	38%	51%

Ampara – Karaitheevu

Production	Service	Trade
77	23*	100
74%	74%	85%
26%	26%	15%

Ampara – Addalachchenai

Production	Service	Trade
94	29*	181
35%	55%	56%
63%	45%	42%

Batticaloa – Manmunai North

Production	Service	Trade
100	29*	86
47%	83%	65%
53%	17%	35%

Batticaloa – Eravur Pattu

Production	Service	Trade
81	36	143
63%	100%	85%
37%		15%

Batticaloa – Koralai Pattu South

Production	Service	Trade
61	26*	104
85%	90%	94%
15%	10%	6%

Trincomalee– Kantallai

Production	Service	Trade
43	17*	44
51%	59%	59%
49%	41%	39%

Trincomalee– Trinco Town Gravets

Production	Service	Trade
62	48	272
74%	85%	70%
26%	15%	30%

Trincomalee– Thambalagamuwa

Production	Service	Trade
24*	11*	85
42%	73%	61%
58%	27%	39%

Note: The bases across the banner wont be added to the total as the base of outliers and refused/DKCS is removed from the banner

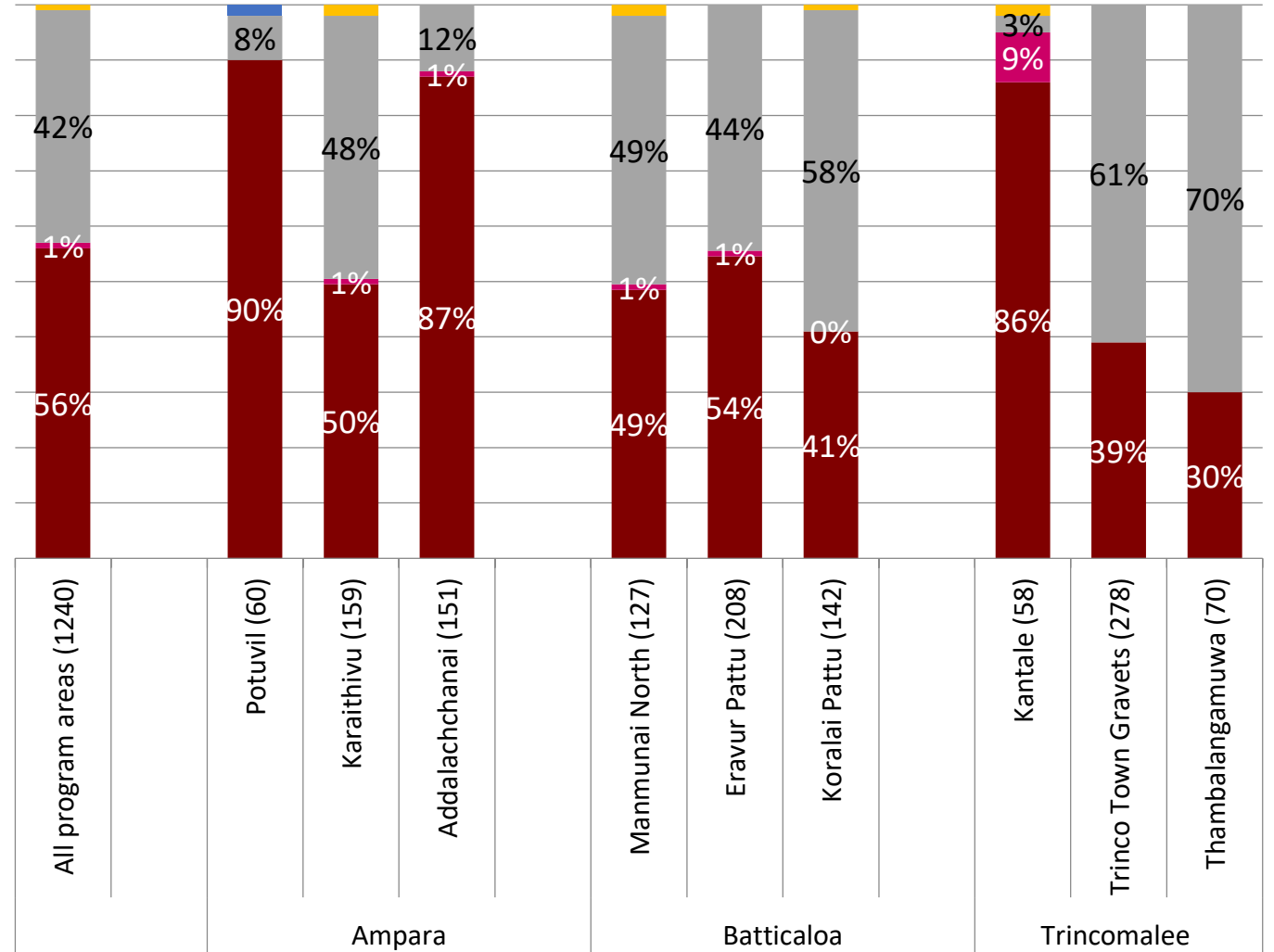
*Low base to comment and conclude

NATURE OF BUSINESSES

■ Sole Proprietorship ■ Partnership ■ Self-Employment ■ Other ■ Refuse to answer

Nearly half of the registered businesses are sole proprietorship when other are reported as self – employment

However, a significant proportion (more than 90%) of businesses interviewed in Pothuvil, Adalachchanai in Ampara and Kantale in Trincomalee district are sole proprietorship



NATURE OF BUSINESSES SKEWS

All program areas	All	Production	Service	Trade	It's a Mobile shop but operate from the same place every day	It's a mobile shop and move from place to place where custom	Operate from my own home premises	Operate from a place that is dedicated for the business	Sinhala	Tamil	Muslim	Male	Female
Base: Registered	1840	570	235	1084	352	31	355	502	61	806	351	928	312
Sole Proprietorship	56%	47%	52%	60%	71%	74%	49%	49%	84%	48%	69%	57%	52%
Partnership	1%	1%	1%	1%	1%	3%	0%	2%	8%	1%	1%	2%	0%
Self-Employment	42%	50%	45%	38%	28%	16%	50%	48%	5%	50%	30%	40%	46%

Slight skew of sole proprietary are in to trade and self employment in to production can be seen from data

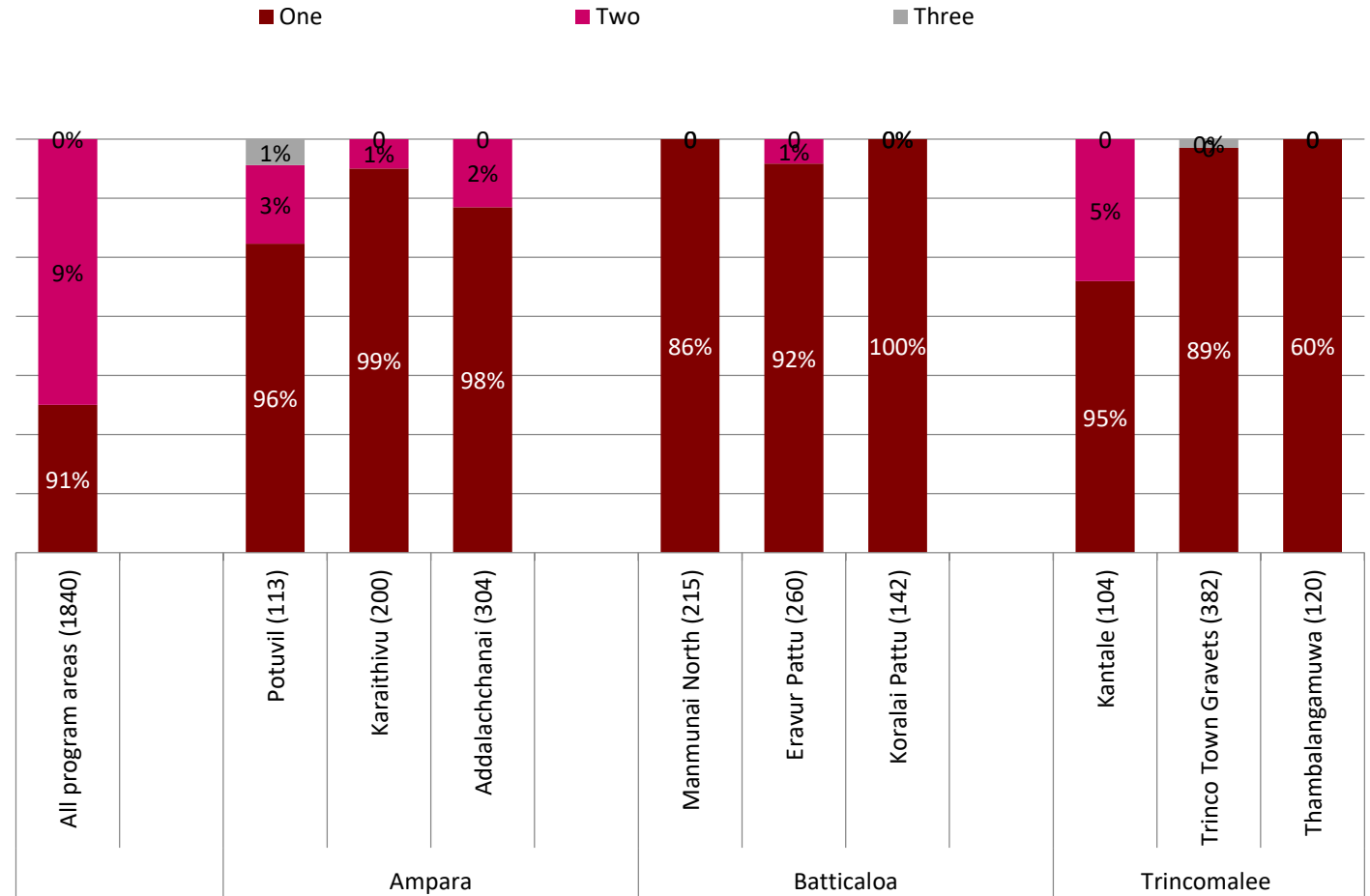
It can be identified clearly observed that sole proprietary business tend to operate from mobile shops whereas self employments are having their home or a dedicated for their businesses

Self employment can be mostly found among Tamil communities, whereas Sinhalese and Muslim business have been registered as sole proprietaries

Most of Self employments business are operated by females

MULTIPLE BUSINESS OWNERSHIP

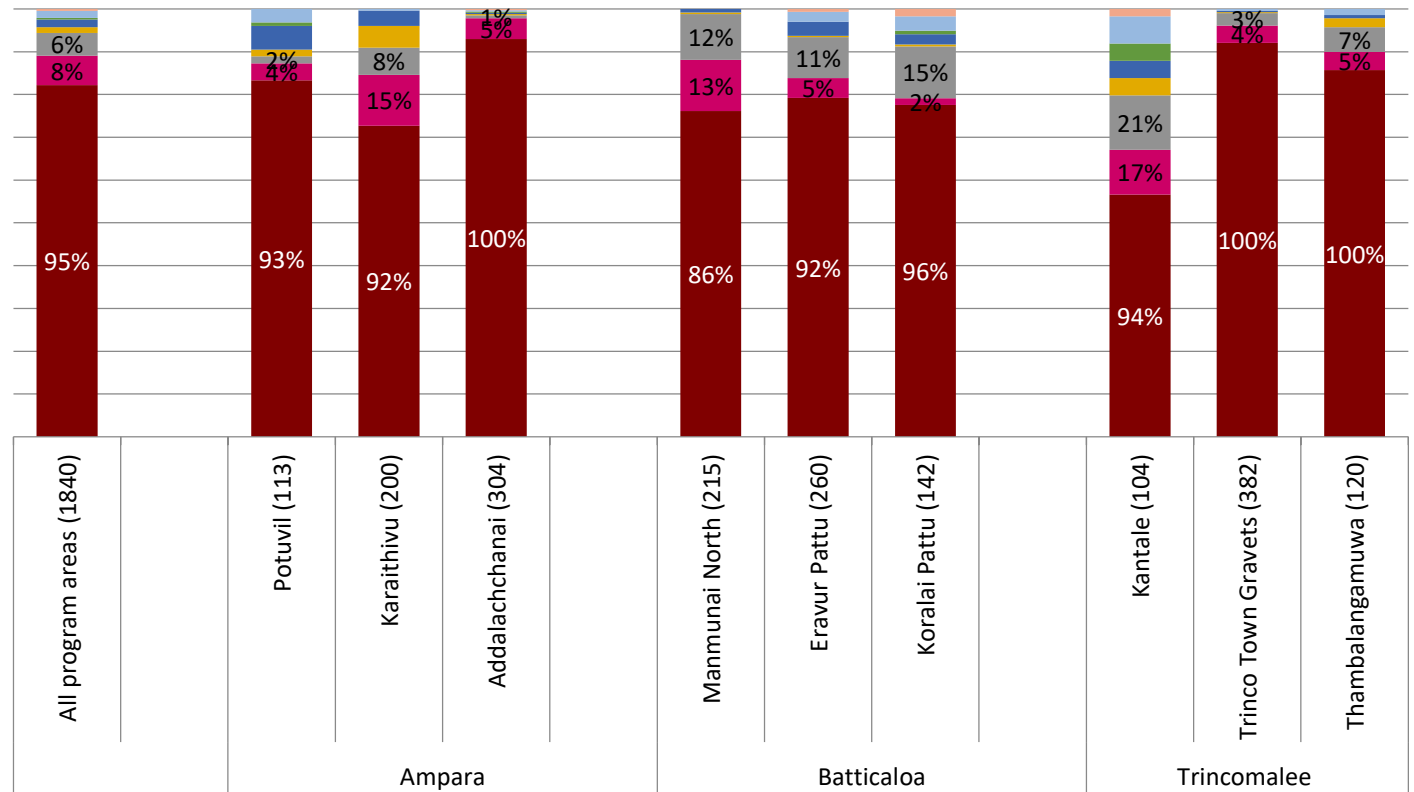
Almost all the businesses interviewed do have only one business, except the situation in Koralai Pattu



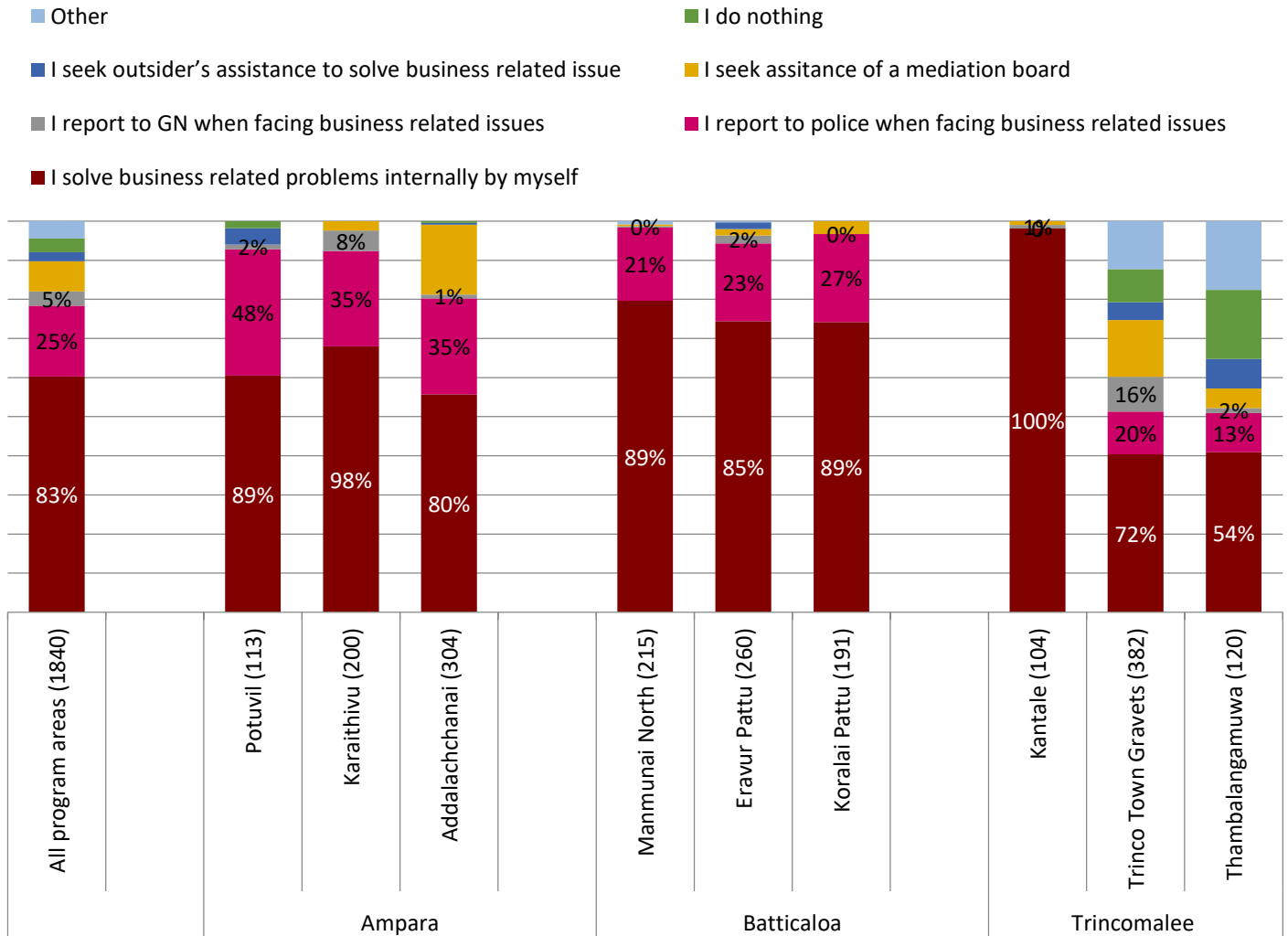
HOW DO BUSINESSES REACH OUT TO CUSTOMERS

Almost all the business get their buyer to door step

- I supply to the retail market as a group
- I supply to the retail market as an individual
- I supply to the wholesale market as a group
- I supply to the wholesale market as an individual
- Buyers place the order, customer collect the order from me
- Buyers place the order, I deliver the order to them
- I sell by going to the villagers
- Buyers come to me directly



HOW DO BUSINESSES SOLVE THEIR BUSINESS PROBLEMS

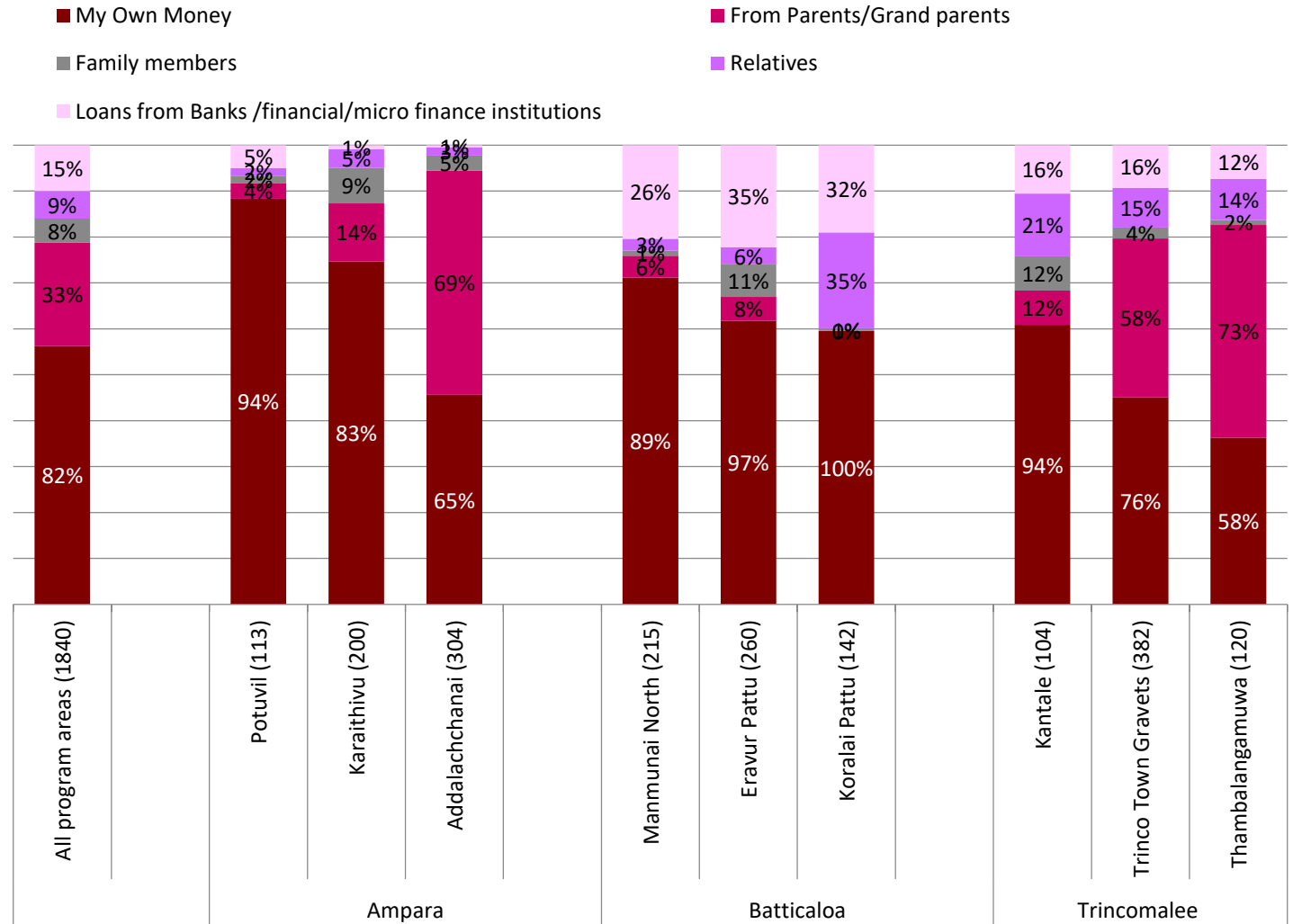




SOURCES OF BUSINESS ASSISTANCE

SOURCE OF ASSISTANCE FOR THE BUSINESS

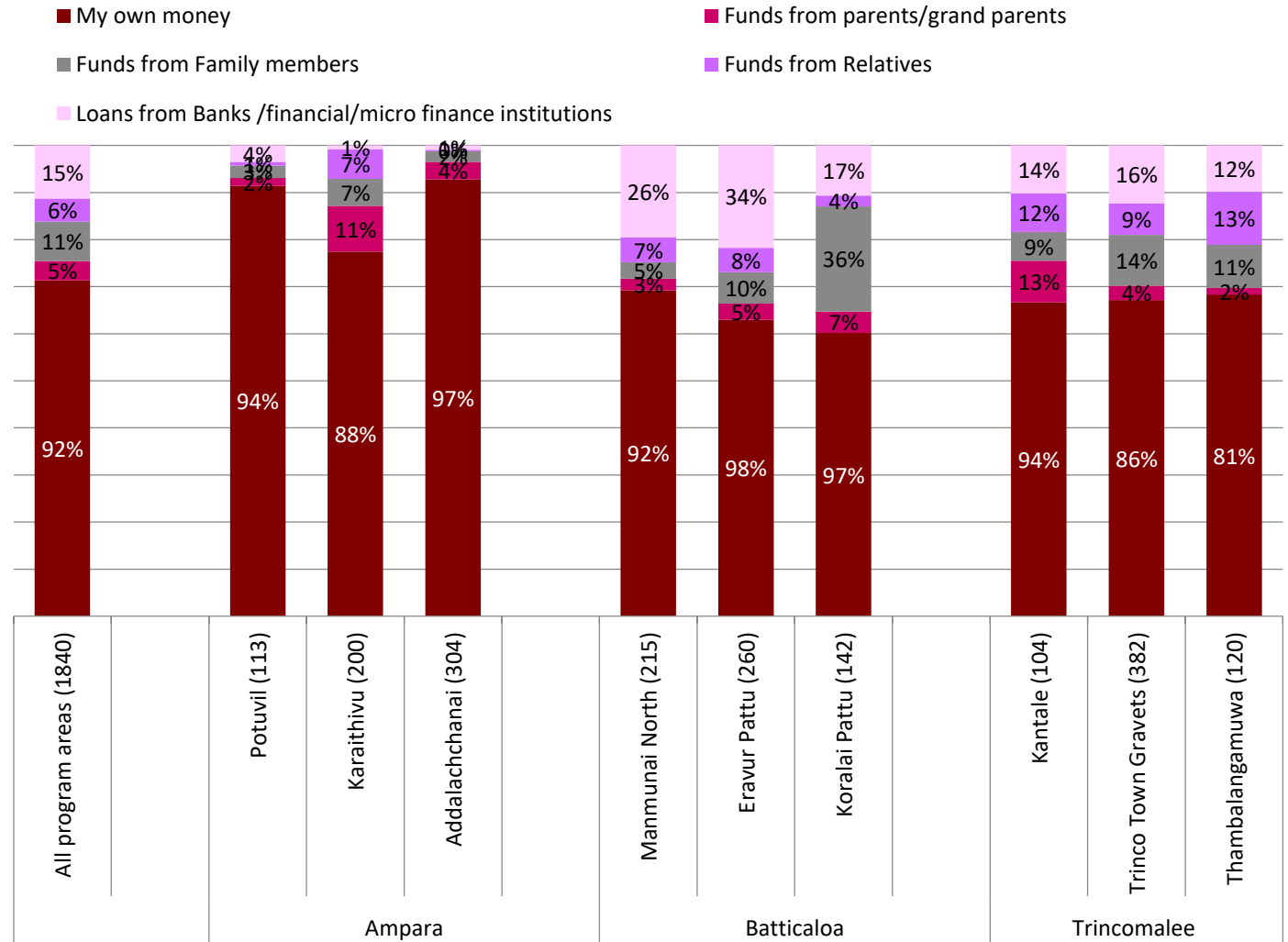
Most of businesses are assisted by self and by parents



SOURCE OF INVESTMENT FOR THE BUSINESS

When it comes to financial assistance, own money has been invested is everywhere by majority.

Around 30% in Batticaloa has been assisted by financial institutes via loans.

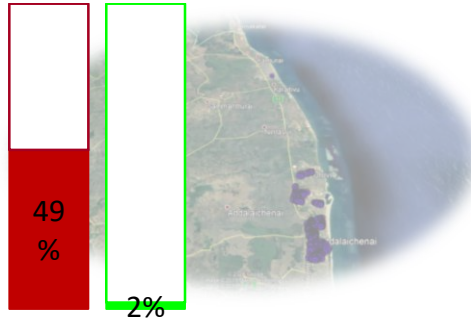


BUSINESS EXPANSION & PLANS FOR NEW BUSINESS

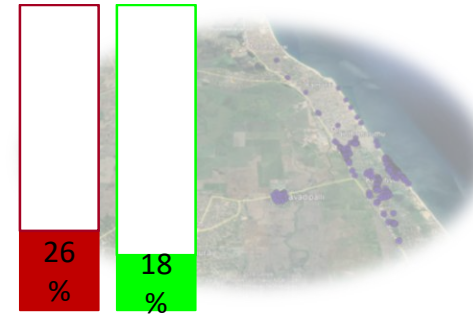
Majority in the program areas have plans to expand their existing businesses, but not many with intentions to start new businesses

However, businesses in Koralai Pattu and Thamalagamuwa followed by Kantallai are planning to start new businesses more than the entrepreneurs in other program areas

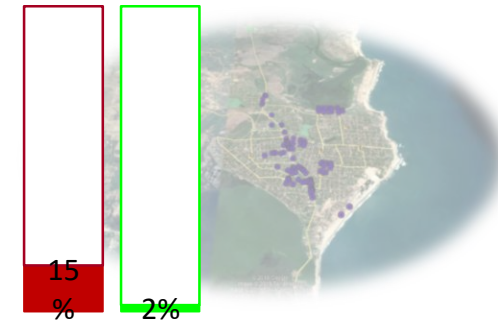
Ampara – Addalachchenai



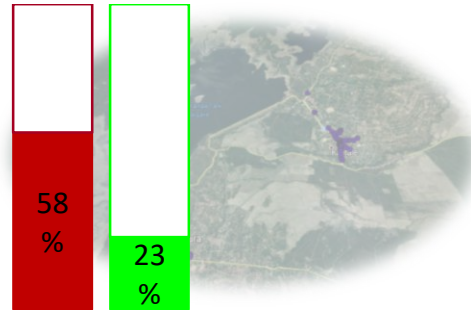
Ampara – Karaitheevu



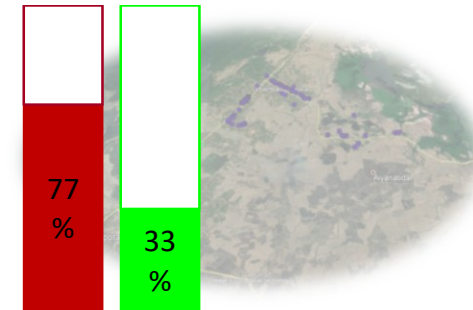
Ampara – Pothuvil



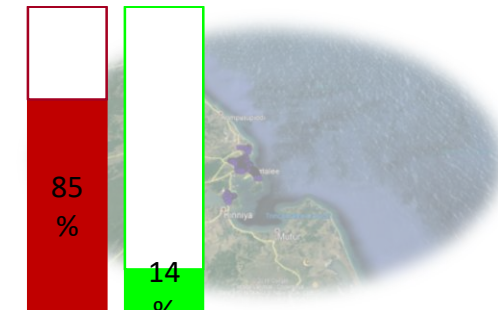
Trincomalee– Kantallai



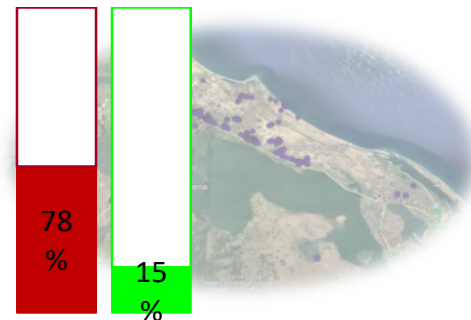
Trincomalee– Thambalagamuwa



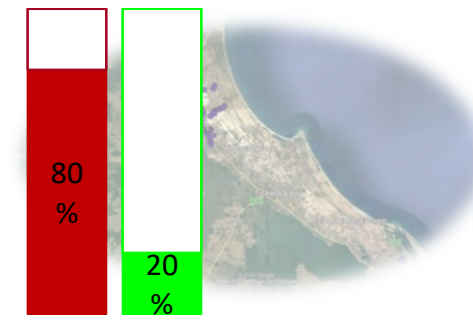
Trincomalee– Trinco Town Gravets



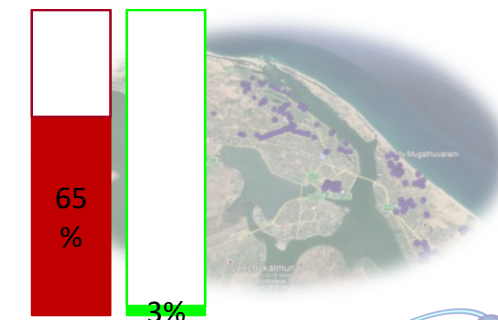
Batticaloa – Eravur Pattu



Batticaloa – Koralai Pattu South (Kiran)



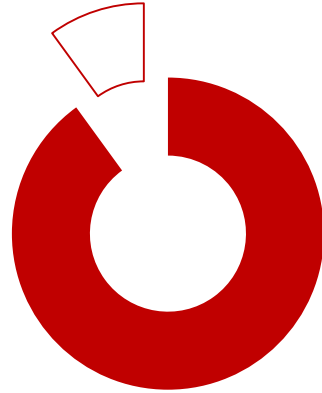
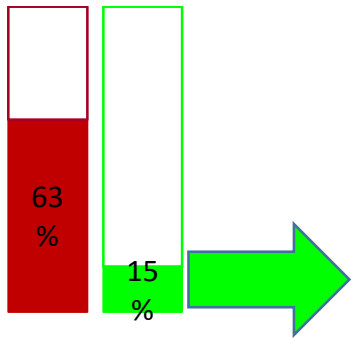
Batticaloa – Manmunai North



BUSINESS EXPANSION & PLANS FOR NEW BUSINESS

Plans to start new businesses among those who have plans to expand the current business

All program areas



- Those who have plans to expand the business
- Those who do not have plans to expand the business

Majority of who mentioned that they plan to start new businesses are those who have plans to expand their existing business too

Do you have any **plans to expand** this business in the near future?

All program areas	All	Male	Female
Base: All	1840	1318	571
Yes	63%	62%	65%
No	36%	37%	33%

Do you have any **plans to start any business** in the near future?

All program areas	All	Male	Female
Base: All	1889	1318	571
Yes	15%	18%	10%
No	84%	81%	89%

A significant gender skews can not be found among who have intention to expand their existing businesses or start new ventures

Note: The bases across the banner wont be added to the total as the base of outliers and refused/DKCS is removed from the banner

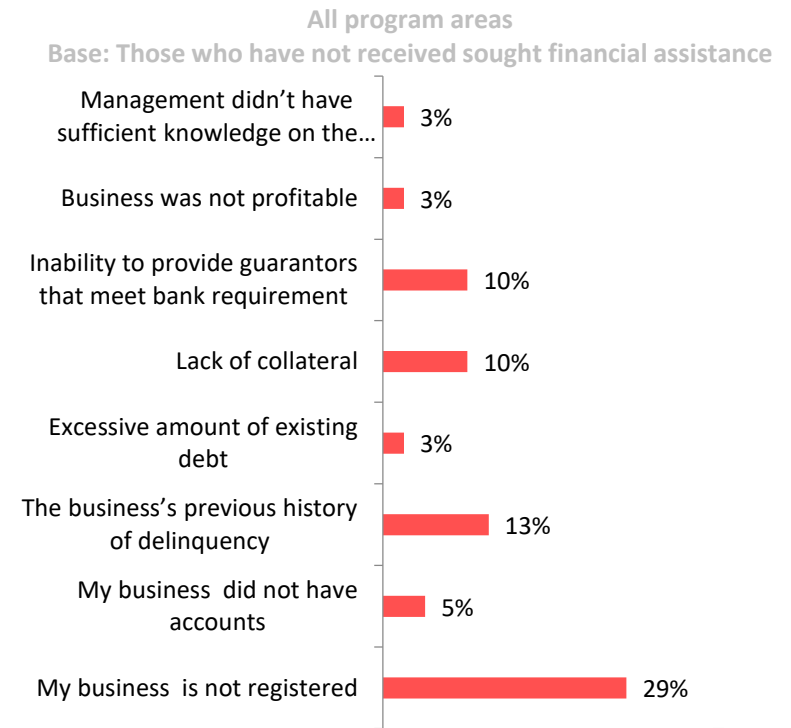
SOUGHT AND RECEIVED FINANCIAL ASSISTANCE



It is very clear that majority of those who have sought any financial assistance have been facilitated by giving the full or the part of the requested amount by the providers

The absence of business registration, lack of credit worthiness, lack of collaterals and guarantee have been some of the reasons for not being able to take the requested financial assistance

REASON FOR NON-RECEIVING FINANCIAL ASSISTANCE



■ Yes ■ No ■ Don't know ■ Refuse to answer

■ Yes (Full amount) ■ Yes (Partial amount) ■ No ■ Don't know

■ Business expansion (Infrastructure)
 ■ Business working capital requirements (long term)
 ■ Refinancing debt

■ Business expansion (non-infrastructure)
 ■ Business working capital requirements (short term)
 ■ For new Business start up

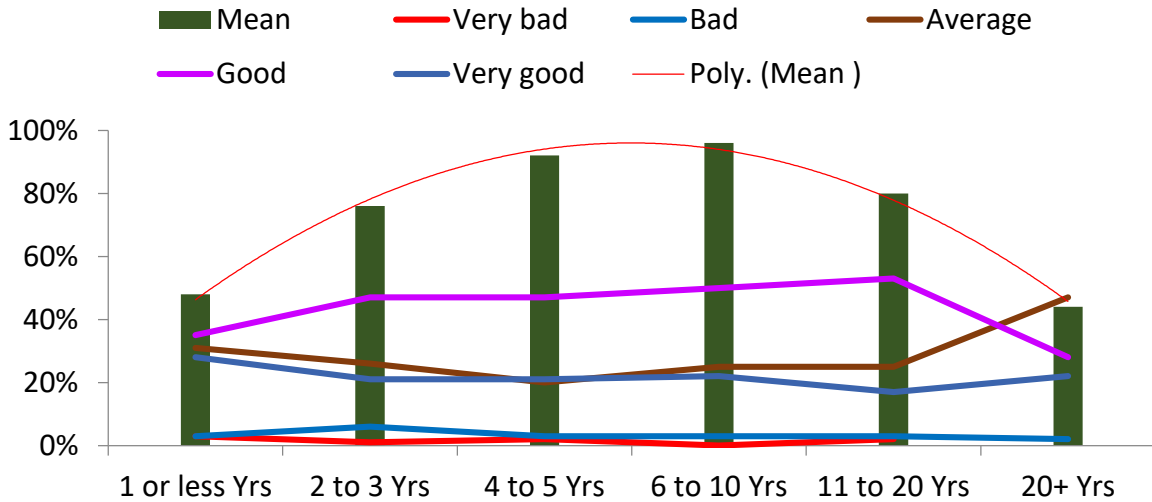
Have you sought financing for business purpose in the last 3 years?

Did you receive the financing required?

For which of the following purposes did you look for financing within the last 3 years?

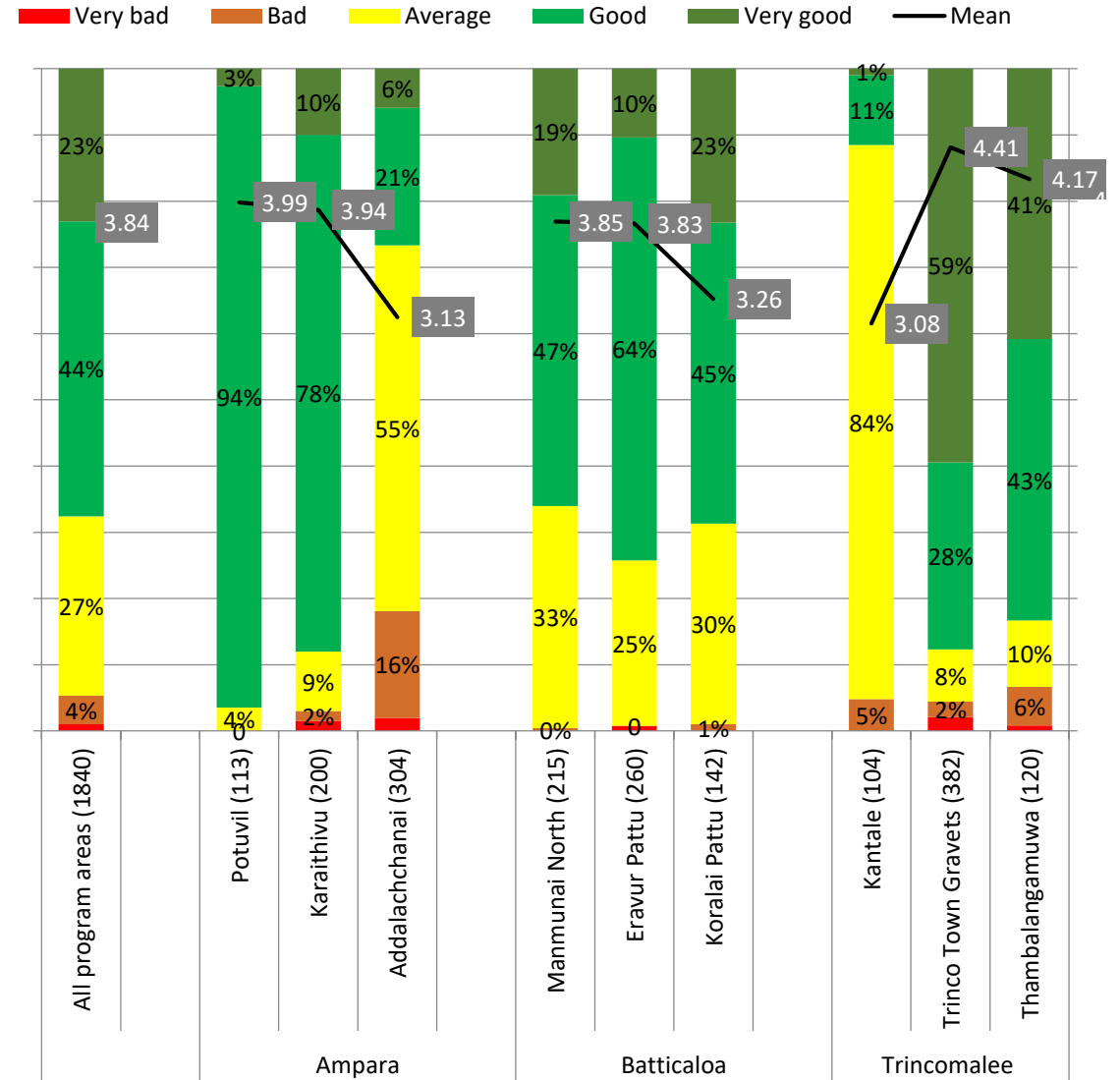
*low base

SATISFACTION ON ASSISTANCE FROM GOVT. INSTITUTES



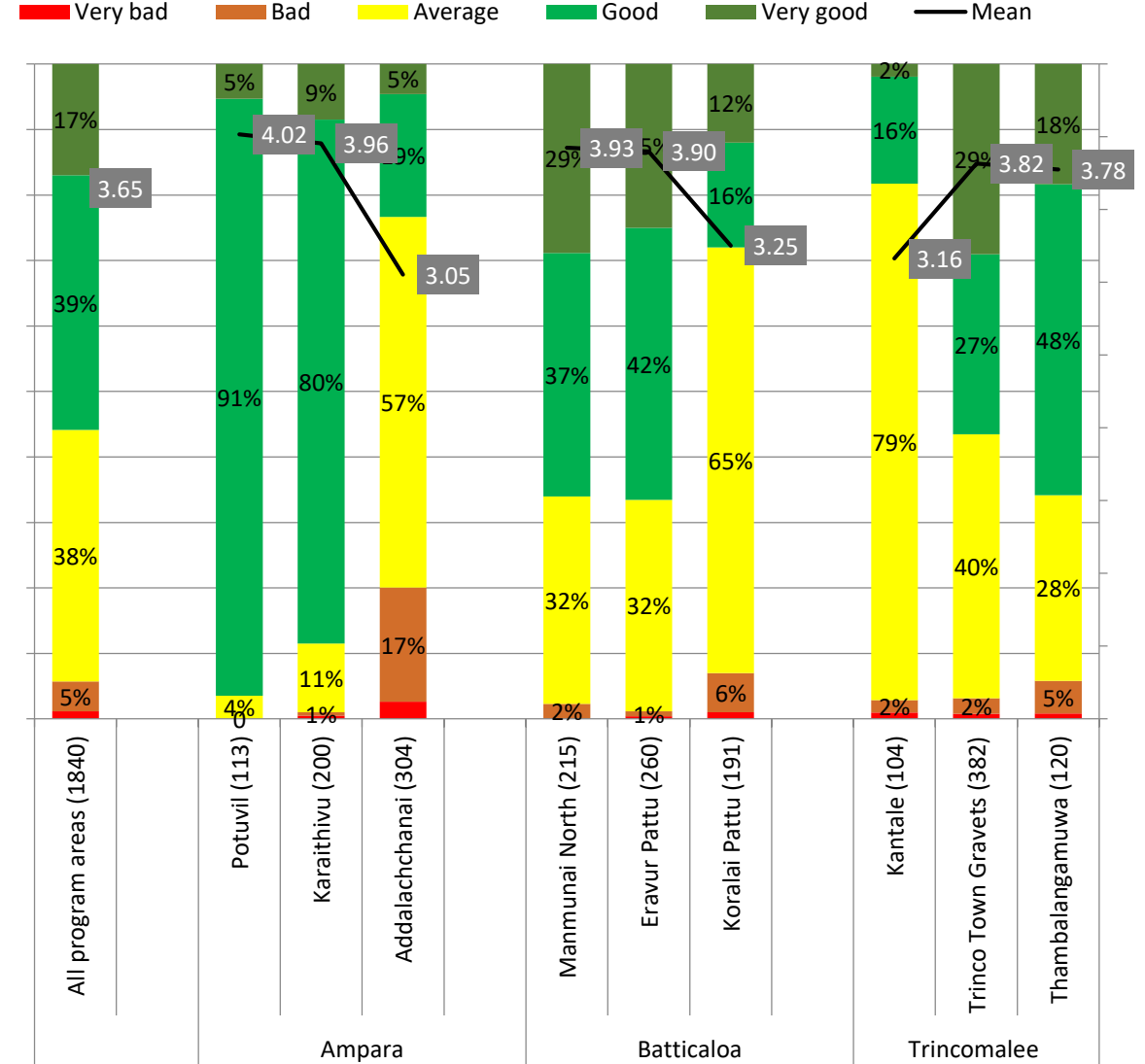
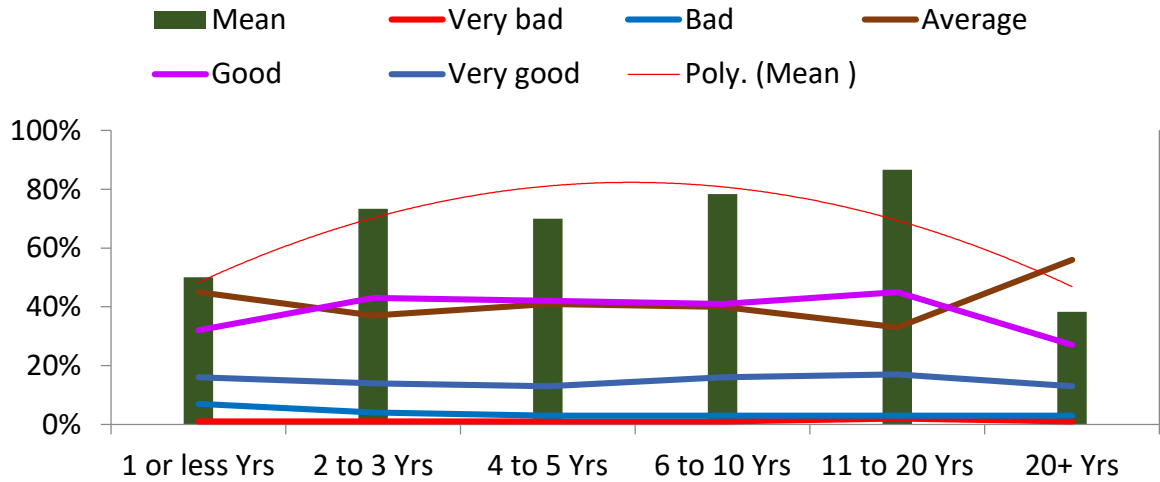
Satisfaction level on government institutes' services among businessmen in Kantale, Adalachchanei and Koralai Pattu is relatively weak. Most happiest can be found in Pottuvil, Karathivu, Trinco Town and Thambalagamuwa

Newly started and very old entrepreneurs are not very happy about the assistance that they receive from Government sector institutes for their businesses



Based on your past experience, how do you rate the services mattered to your business electricity, water etc.. provided by government institutions in facilitating doing business in your area?

ASSISTANCE FROM PRIVATE INSTITUTES



Satisfaction level on private institutes' services among businessmen in Kantale, Adalachchanei and Koralai Pattu is relatively weak. Most happiest can be found in Pottuvil and Karathivu

Newly started and very old entrepreneurs are not very happy about the assistance that they receive from private sector institutes for their businesses

ASSISTANCE FROM GOVT. & PRIVATE INSTITUTES

Based on your past experience, how do you rate the services mattered to your business electricity, water etc.. provided by government institutions in facilitating doing business in your area?

	All program areas	Registered	Not registered	Production	Service	Trade	Sole Proprietorship	Self-Employment	Sinhala	Tamil	Muslim	Male	Female
Very bad	2%	2%	1%	1%	1%	2%	3%			2%	2%	2%	1%
Bad	4%	4%	5%	4%	3%	5%	5%	1%	5%	2%	9%	4%	4%
Average	29%	25%	37%	33%	31%	26%	33%	13%	77%	25%	29%	28%	32%
Good	44%	48%	39%	46%	44%	43%	38%	61%	15%	50%	40%	46%	41%
Very good	20%	22%	18%	15%	20%	23%	20%	25%	4%	22%	21%	20%	21%
Mean	3.78	3.84	3.68	3.70	3.80	3.82	3.65	4.10	3.17	3.88	3.70	3.78	3.78

Based on your past experience, how do you rate the services provided by private institutions in facilitating doing business in your area?

	All program areas	Registered	Not registered	Production	Service	Trade	Sole Proprietorship	Self-Employment	Sinhala	Tamil	Muslim	Male	Female
Very bad	1%	1%	1%	1%	1%	1%	2%		1%	1%	2%	1%	1%
Bad	5%	4%	6%	4%	3%	5%	5%	1%	2%	2%	9%	4%	5%
Average	38%	35%	46%	39%	45%	37%	39%	28%	72%	35%	39%	36%	44%
Good	40%	42%	37%	42%	34%	40%	32%	55%	21%	42%	40%	43%	33%
Very good	16%	19%	10%	14%	17%	17%	21%	16%	5%	20%	11%	15%	18%
Mean	3.65	3.74	3.48	3.64	3.65	3.65	3.66	3.87	3.27	3.77	3.49	3.67	3.61

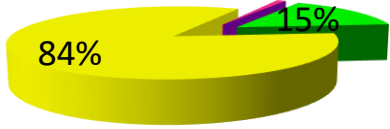
Registered businesses seem to be satisfied with assistance given by the government and private sector institutes than non-registered entrepreneurs. Also, Tamil business owners are also more satisfied than the rest



BUSINESS MANAGEMENT

MAINTENANCE OF INCOME, EXPENDITURE RECORDS

Ampara – Addalachchenai



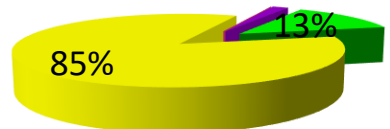
Ampara – Karaitheevu



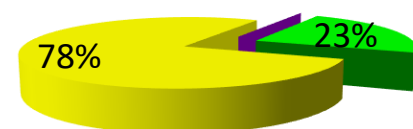
Ampara – Pothuvil



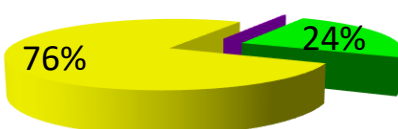
Trincomalee– Kantallai



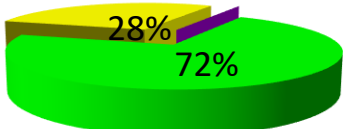
Trincomalee– Thambalagamuwa



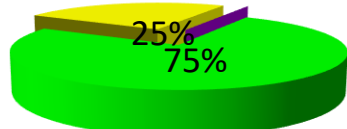
Trincomalee– Trinco Town Gravets



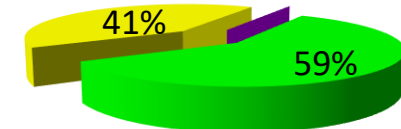
Batticaloa – Eravur Pattu



Batticaloa – Koralai Pattu



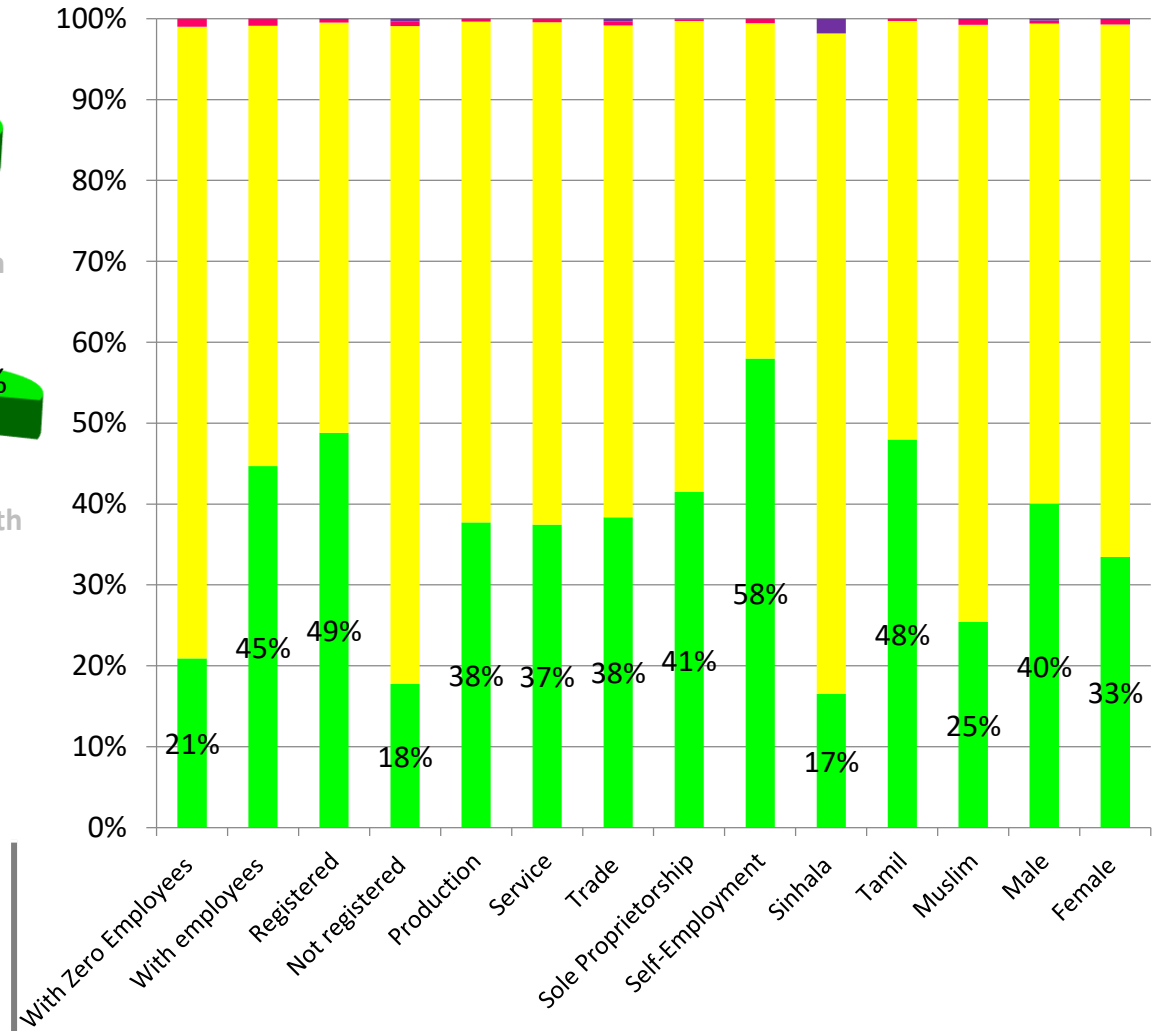
Batticaloa – Manmunai North



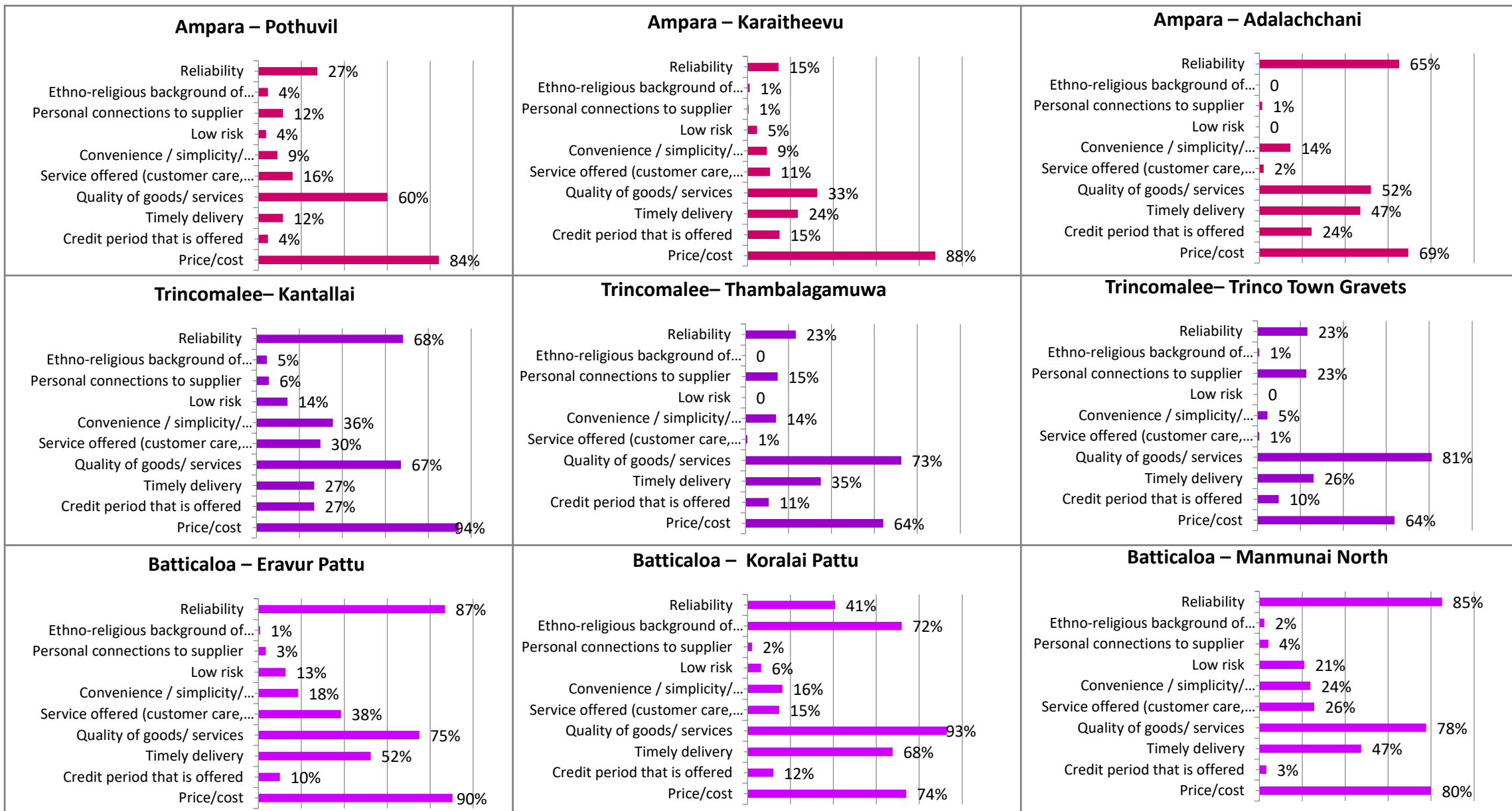
Income and expenditure record maintenance is significant among businesses in program areas in Batticaloa

Self-employment and males seem to have the practice of income expenditure record keeping than others. This behaviour is prominent among Tamil businesses men

Yes No Don't know Refuse to answer

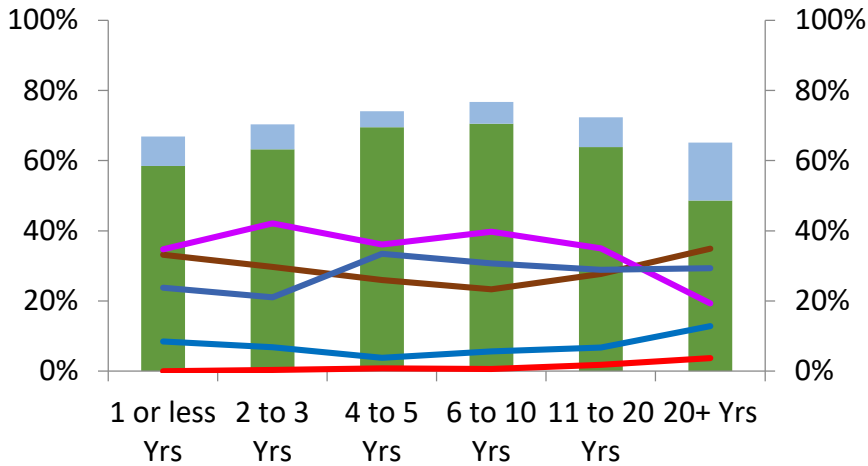


FACTORS CONSIDERED WHEN CHOOSING A SUPPLIER



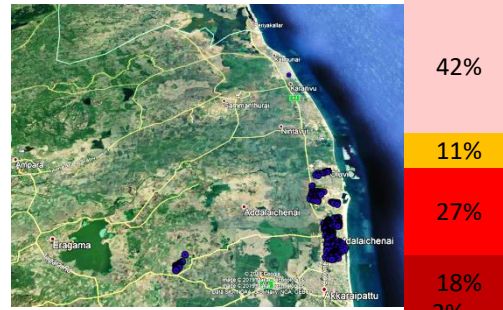
BUSINESS PROGRESS SINCE INCEPTION

- Declined
- Grown
- The business has declined exponentially
- The business has declined to some extent
- No change, its in the same state as those days
- The business has grown to some level
- The business has grown exponentially



Majority of establishments with 5-10 years in business think that the business has grown from the start.

Ampara – Addalachchenai



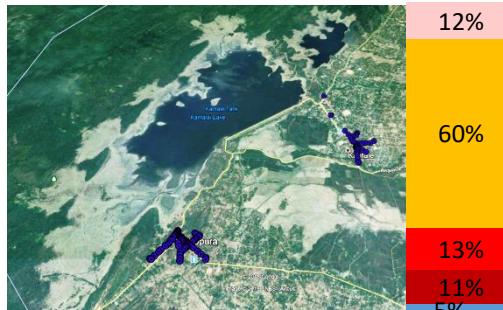
Ampara – Karaitheevu



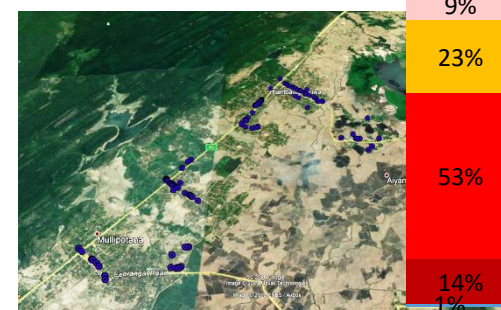
Ampara – Pothuvil



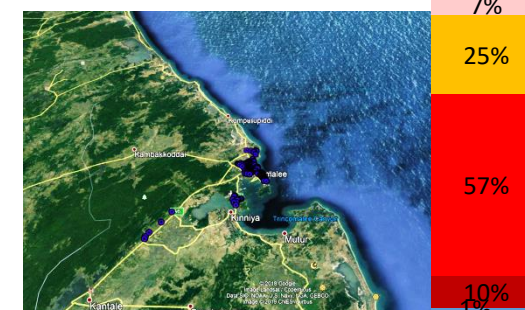
Trincomalee– Kantallai



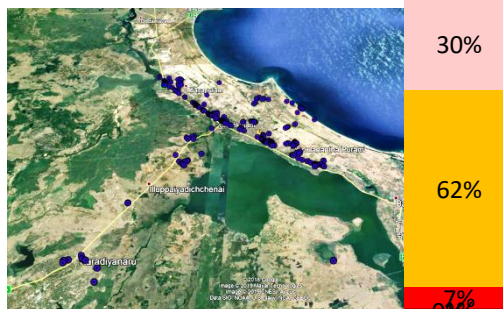
Trincomalee– Thambalagamuwa



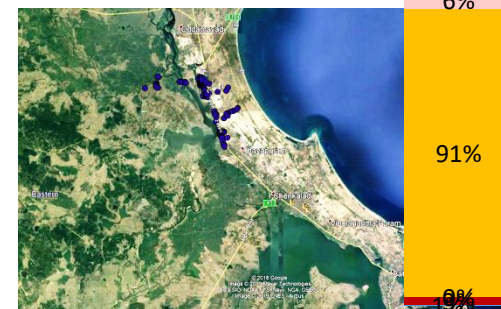
Trincomalee– Trinco Town Gravets



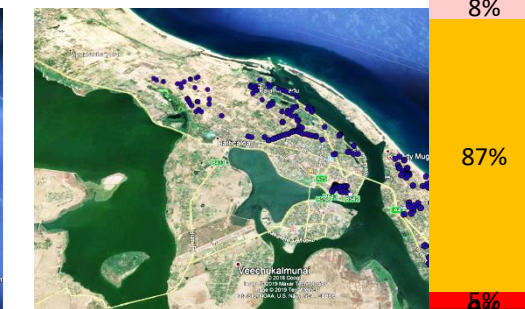
Batticaloa – Eravur Pattu



Batticaloa – Koralai Pattu

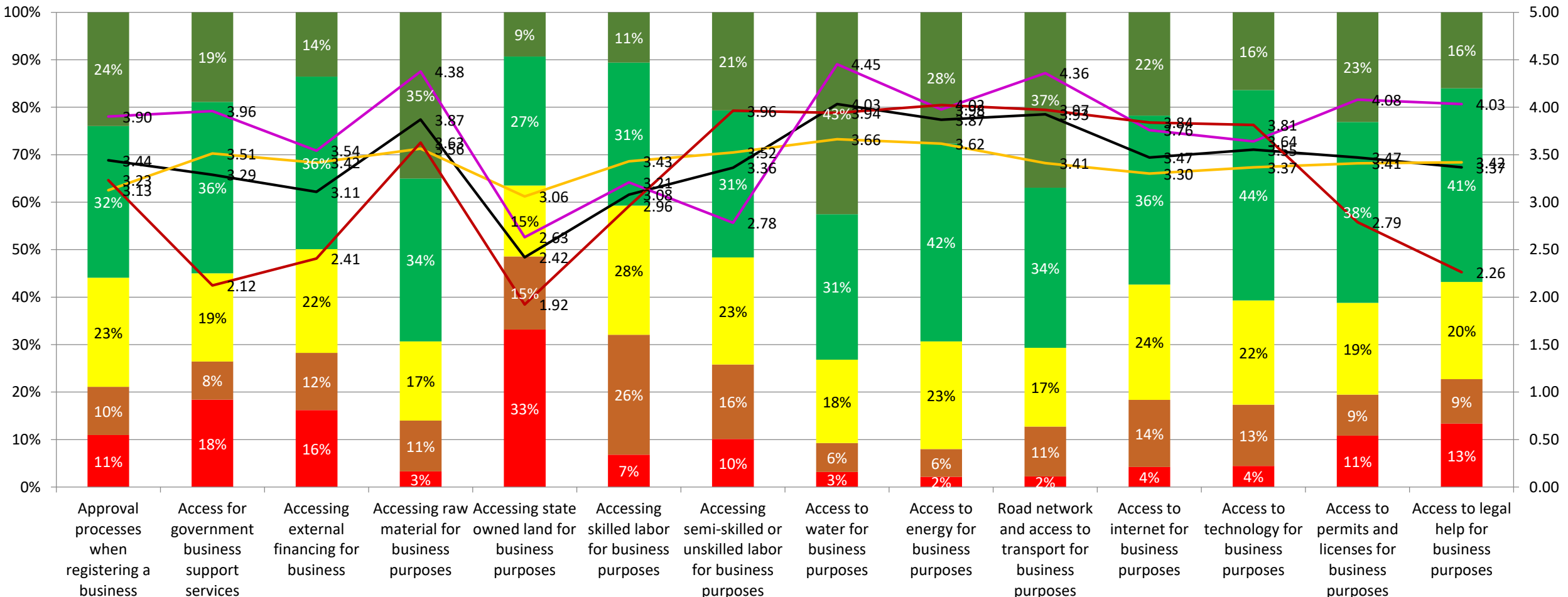
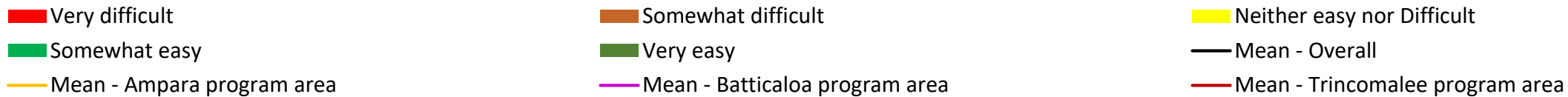


Batticaloa – Manmunai North



- The business has declined exponentially
- The business has declined to some extent
- No change, its in the same state as those days
- The business has grown to some level
- The business has grown exponentially

CHALLENGES IN RUNNING A BUSINESS



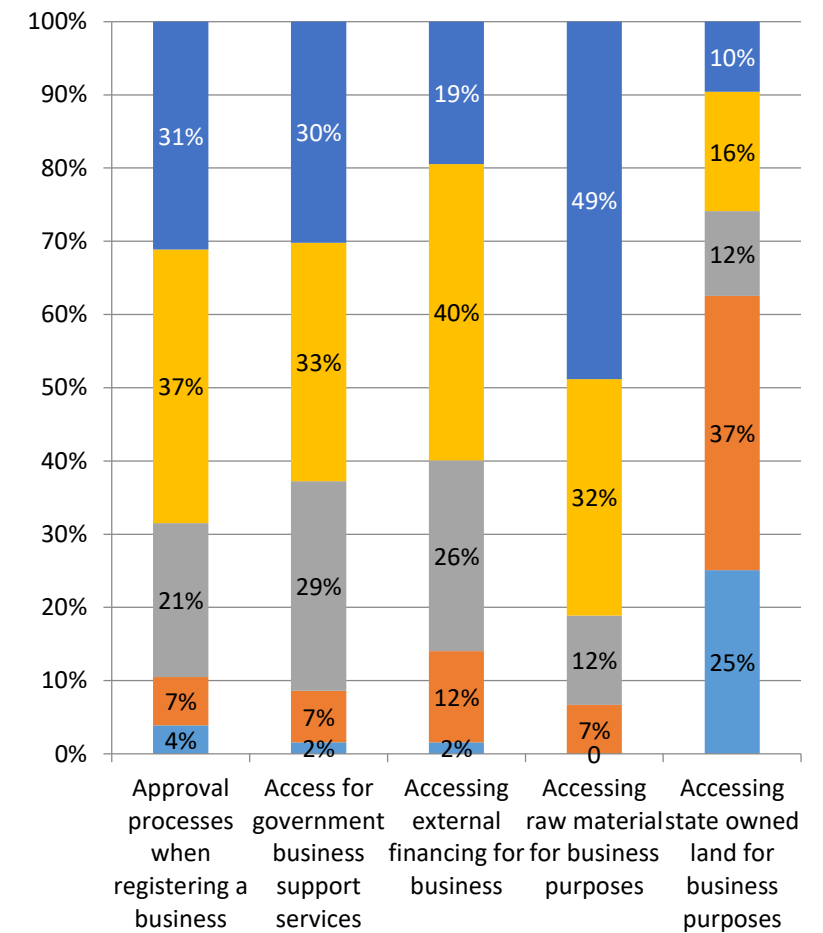
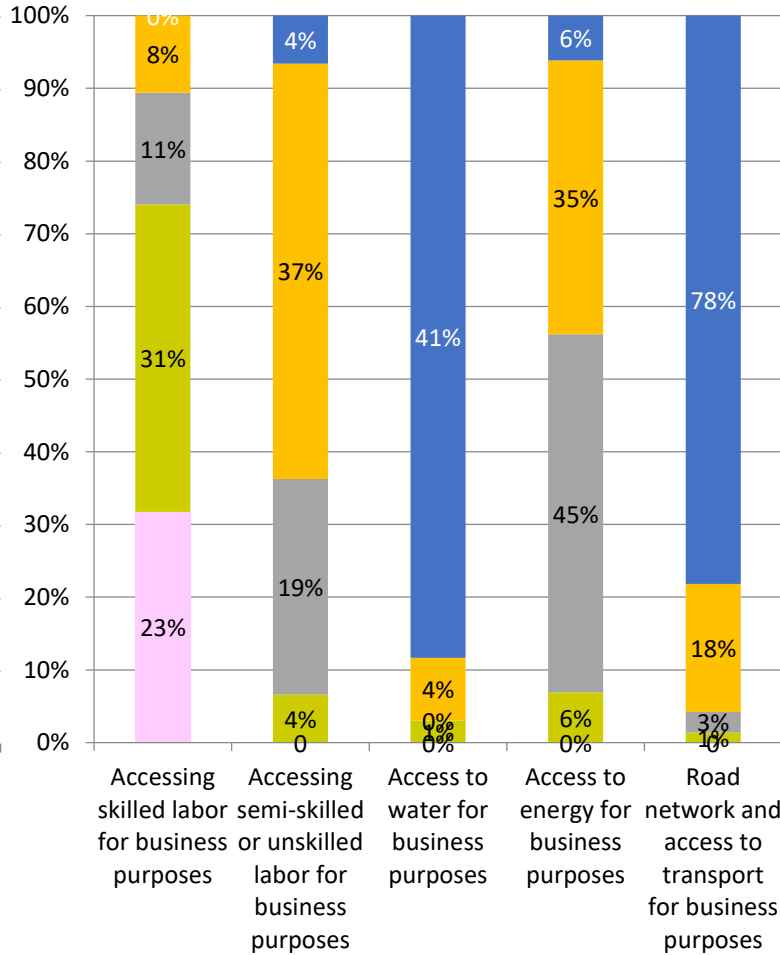
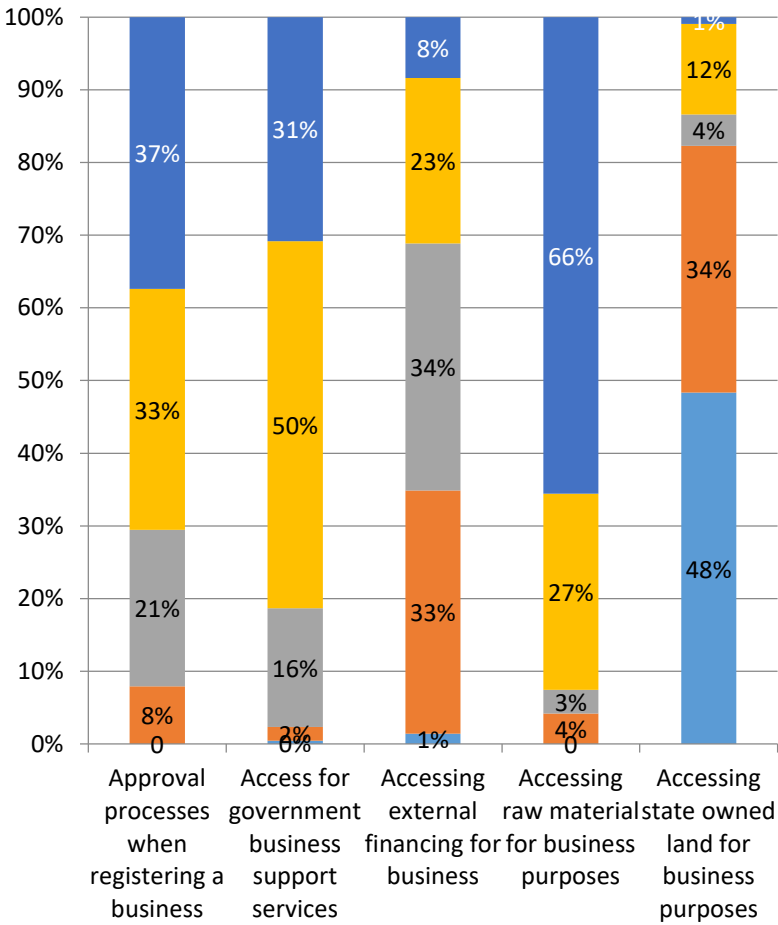
CHALLENGES IN RUNNING A BUSINESS

Manmunai

Koralai Pattu

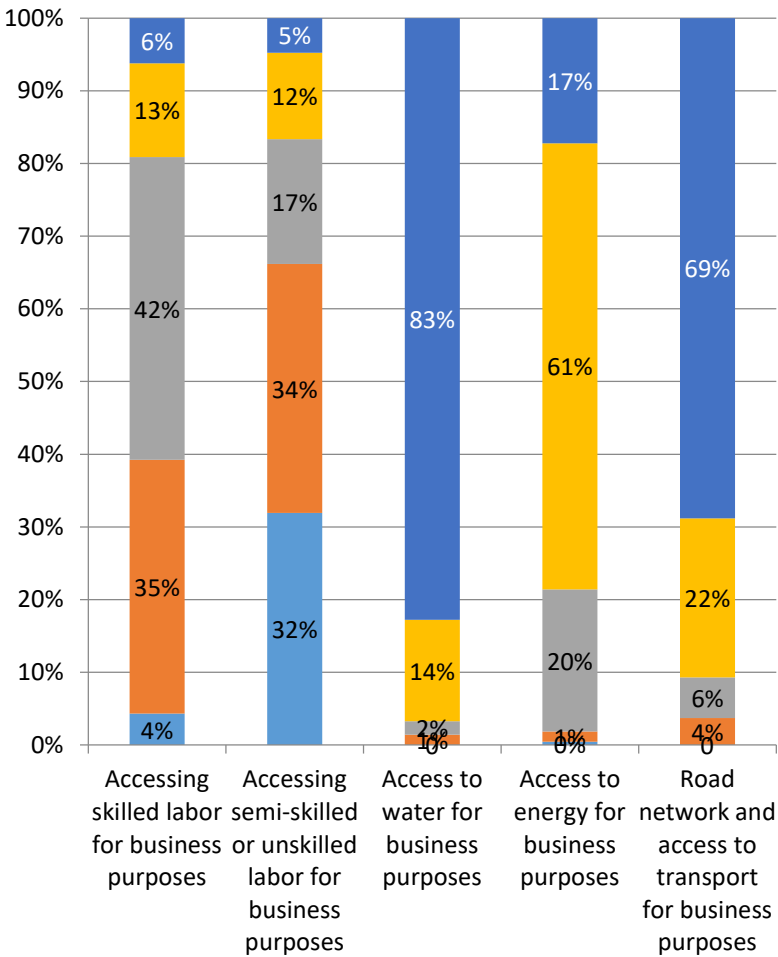
Eravu Pattu

- Very easy
- Somewhat easy
- Neither easy nor Difficult
- Somewhat difficult
- Very difficult

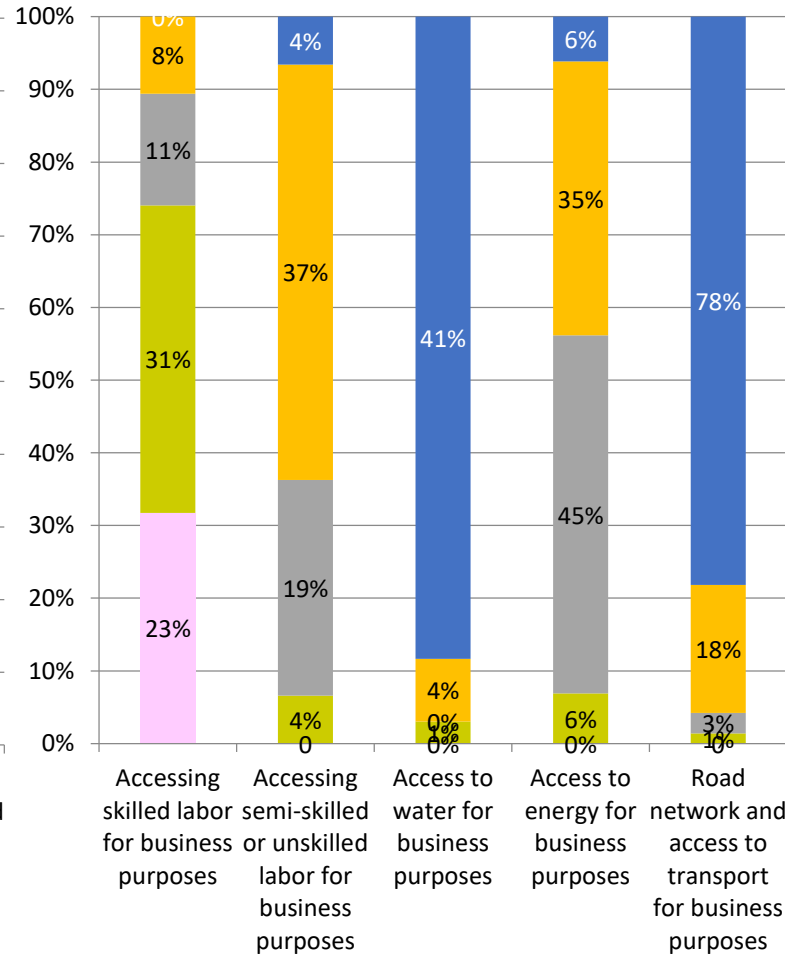


CHALLENGES IN RUNNING A BUSINESS

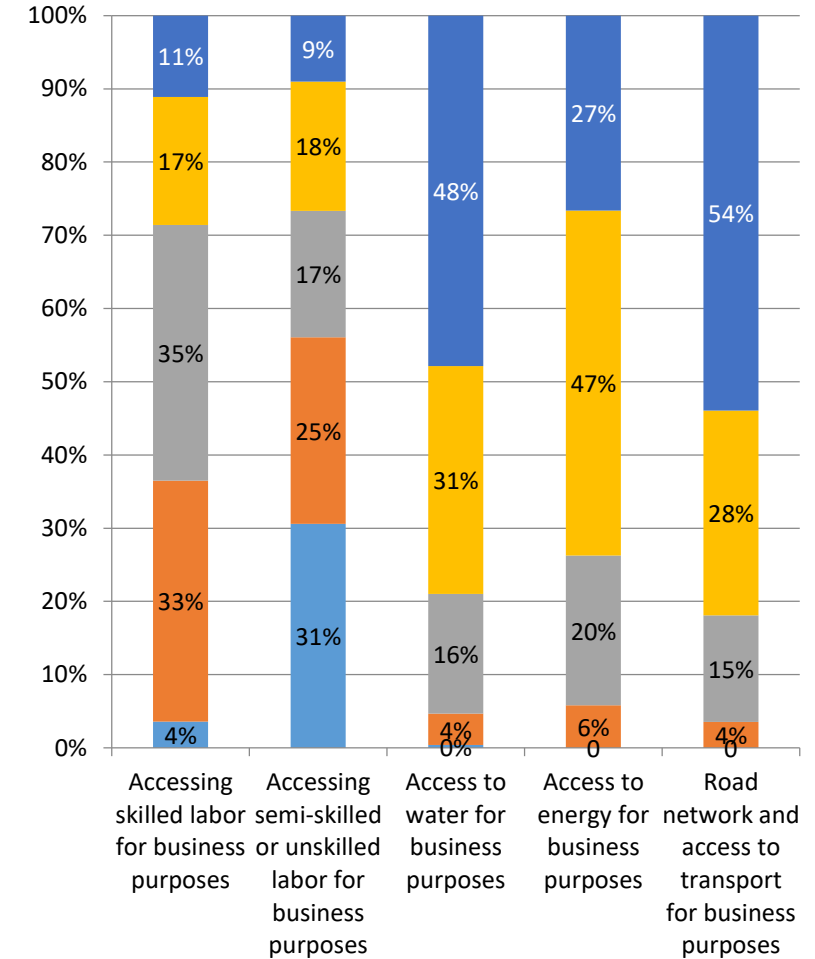
Manmunai



Koralai Pattu



Eravu Pattu

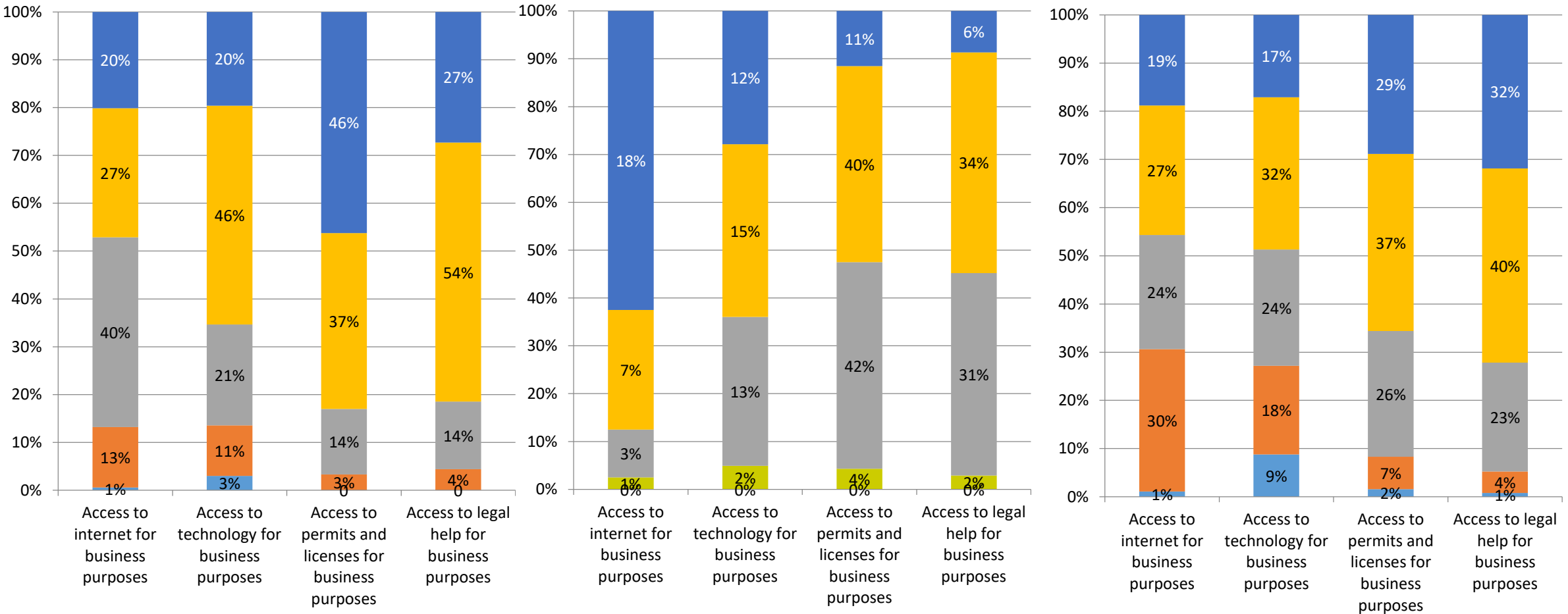


CHALLENGES IN RUNNING A BUSINESS

Manmunai

Koralai Pattu

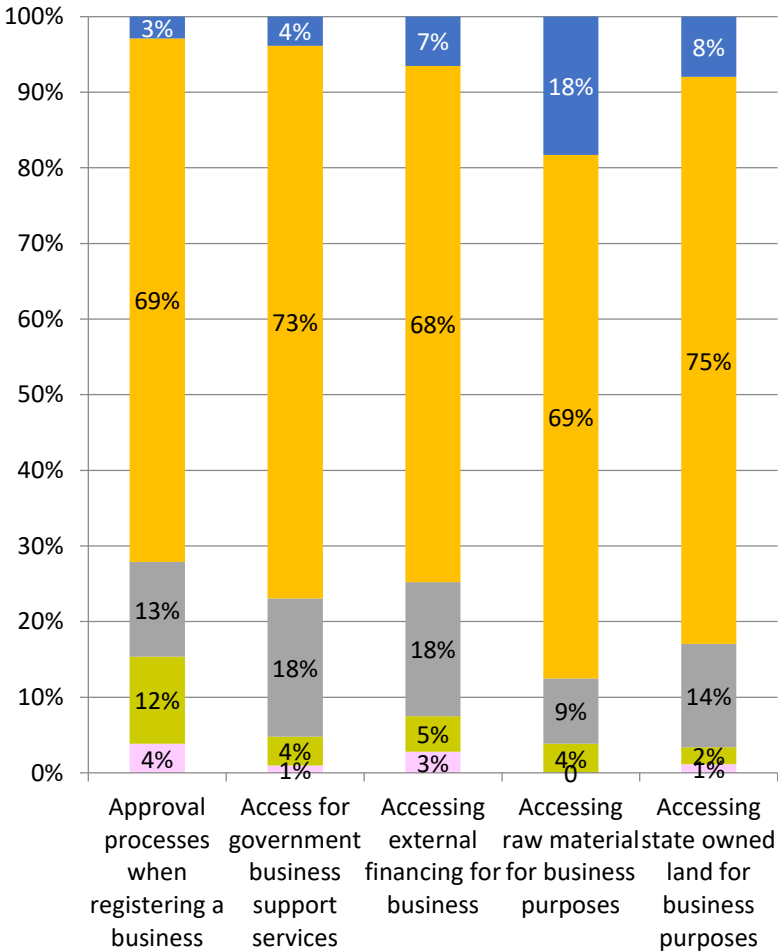
Eravu Pattu



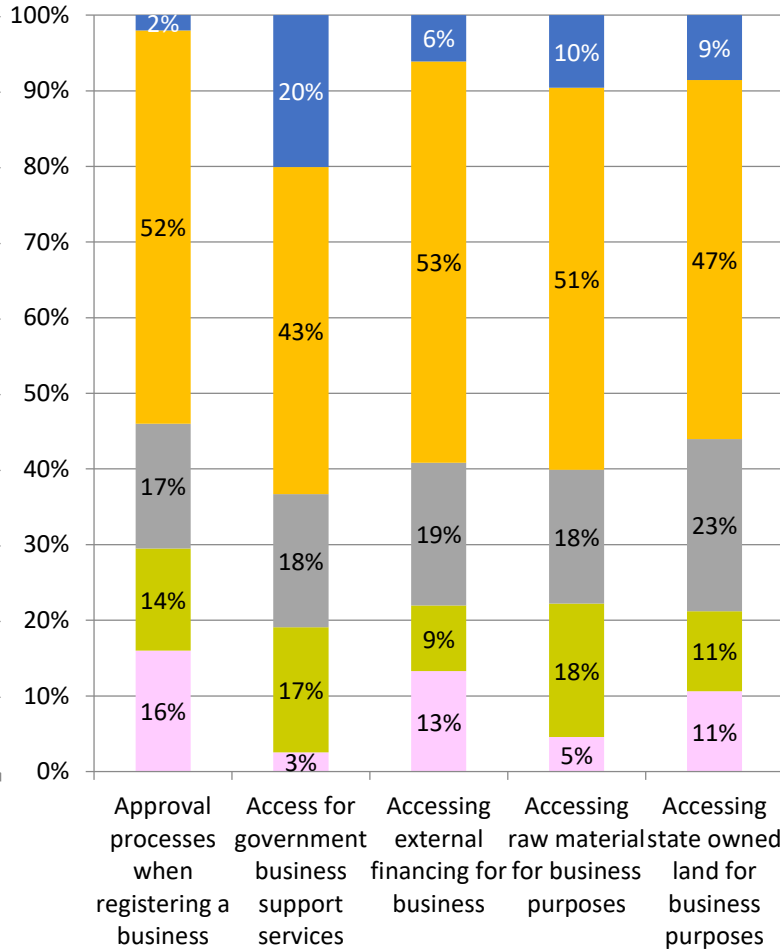
CHALLENGES IN RUNNING A BUSINESS

Pottuvil

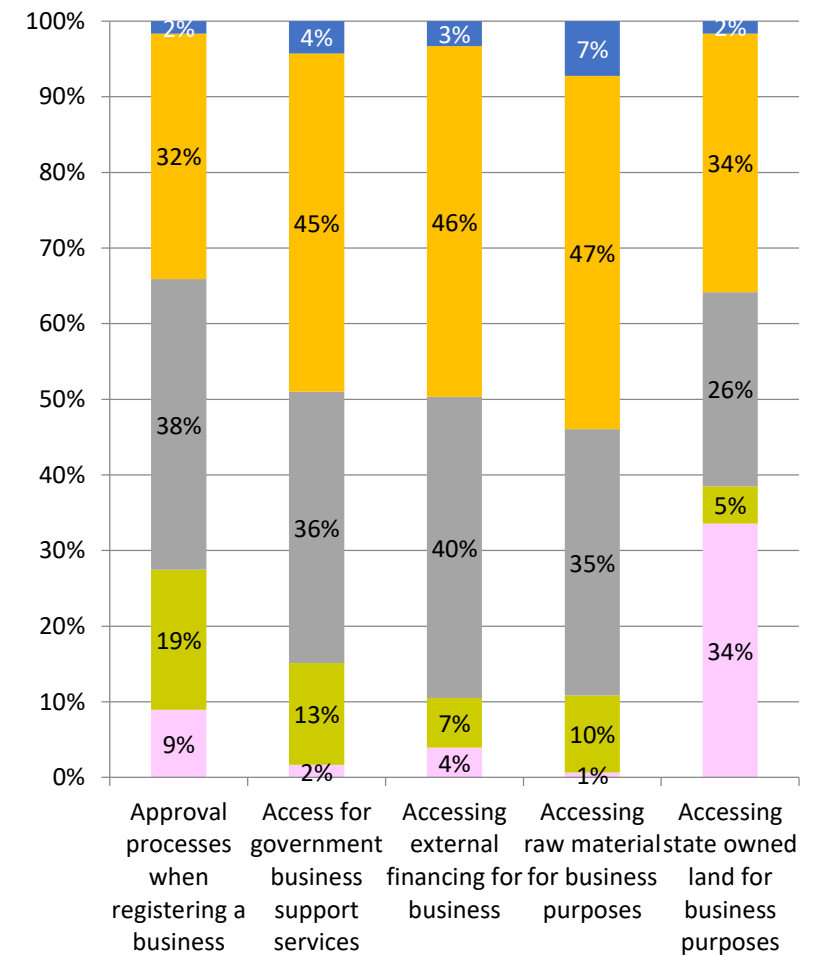
- Very difficult
- Somewhat difficult
- Neither easy nor Difficult
- Somewhat easy
- Very easy



Karaitivu

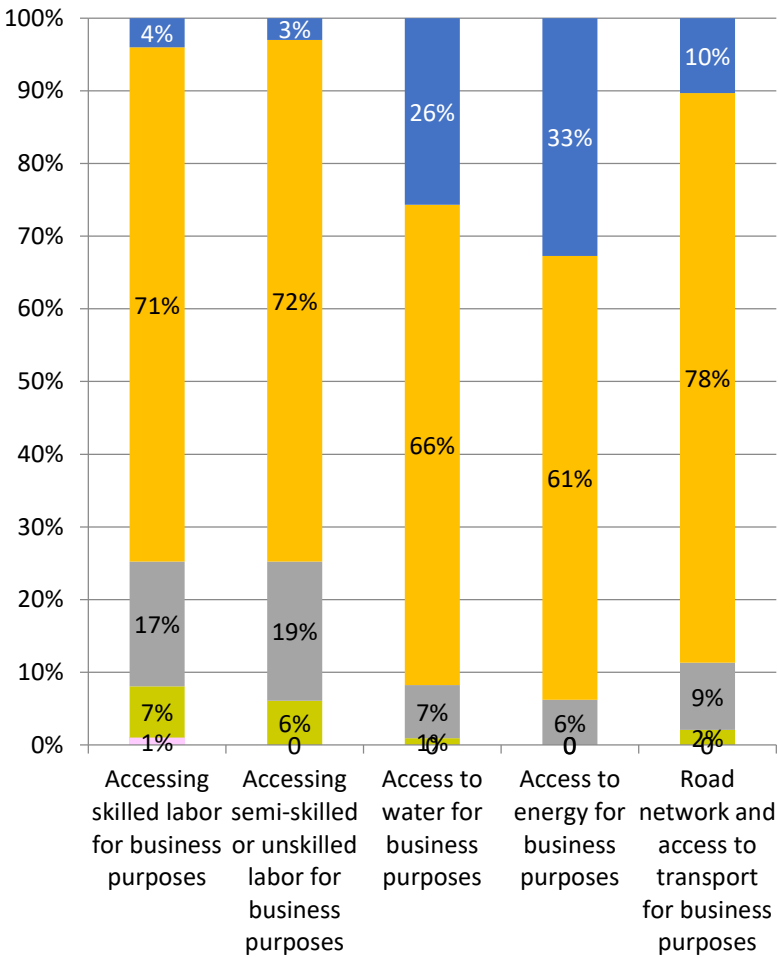


Adalachennai

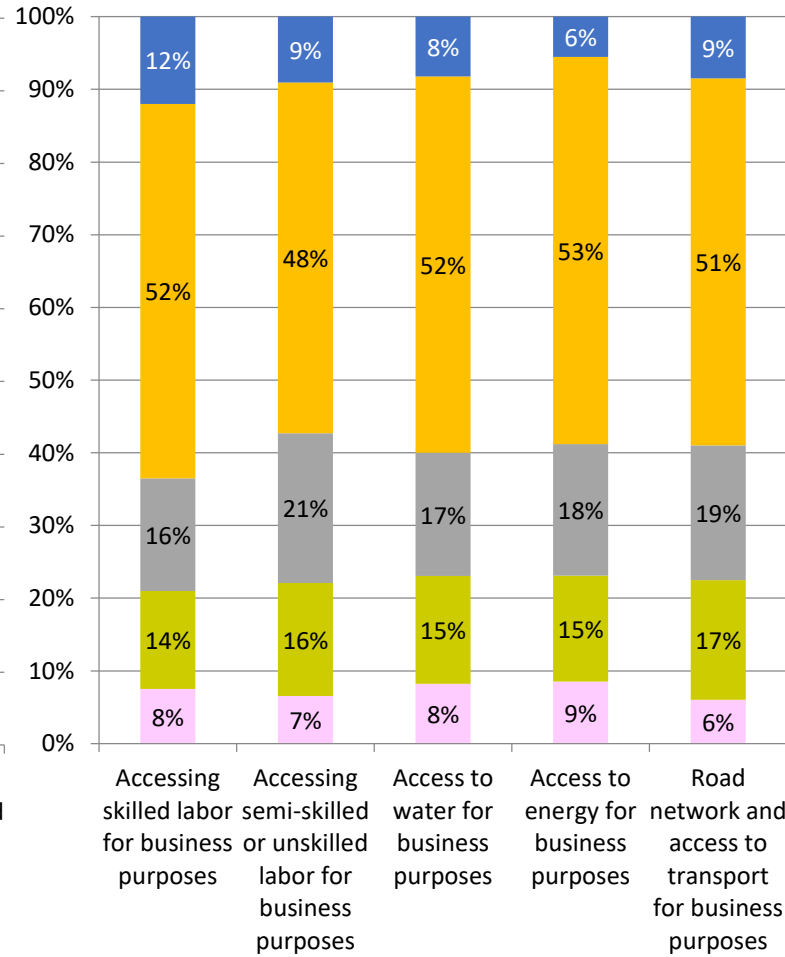


CHALLENGES IN RUNNING A BUSINESS CONT..

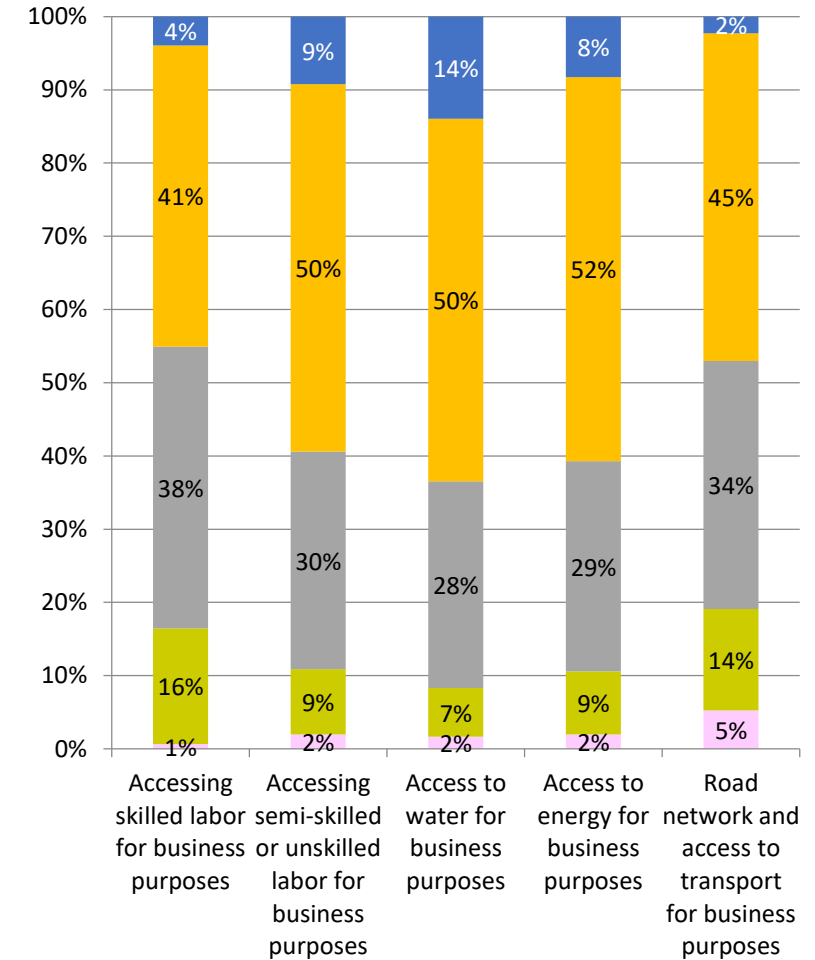
Pottuvil



Karaitivu



Adalachenai

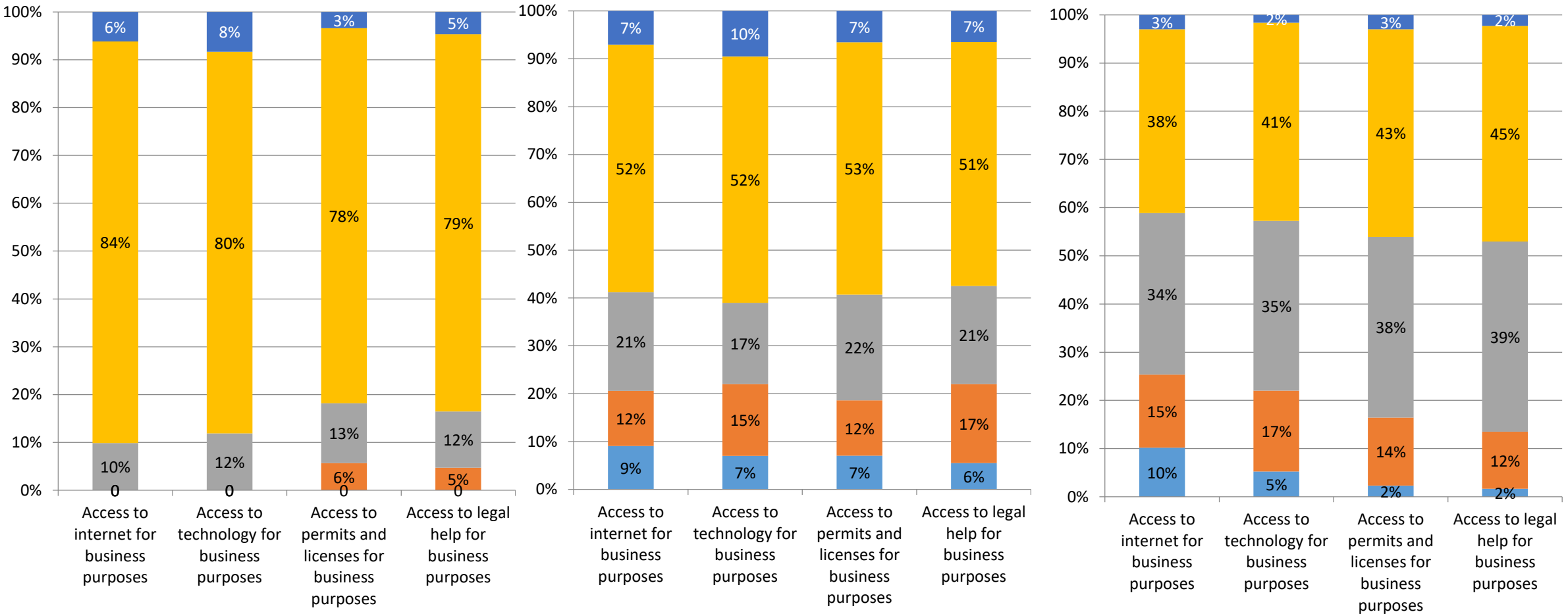


CHALLENGES IN RUNNING A BUSINESS CONT..

Pottuvil

Karaitivu

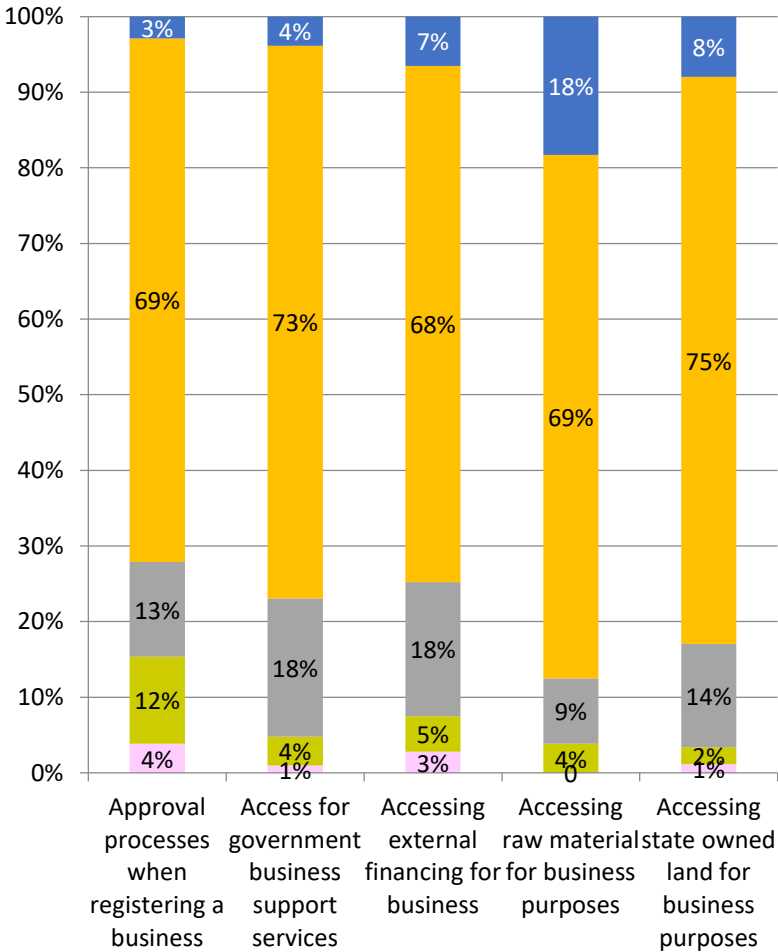
Adalachenai



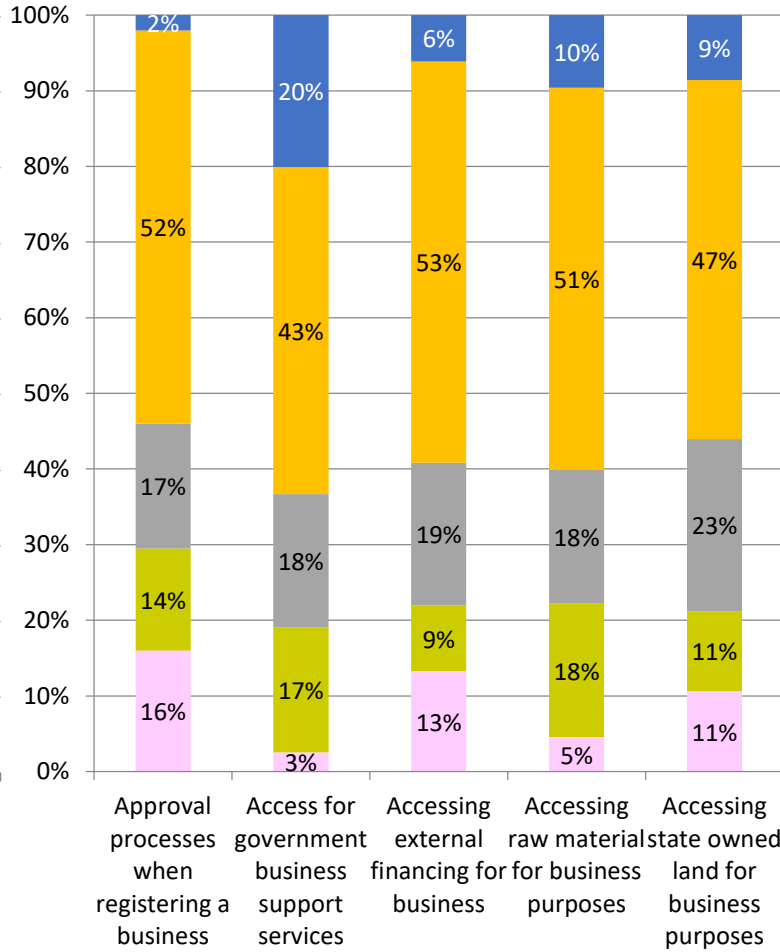
CHALLENGES IN RUNNING A BUSINESS

Pottuvil

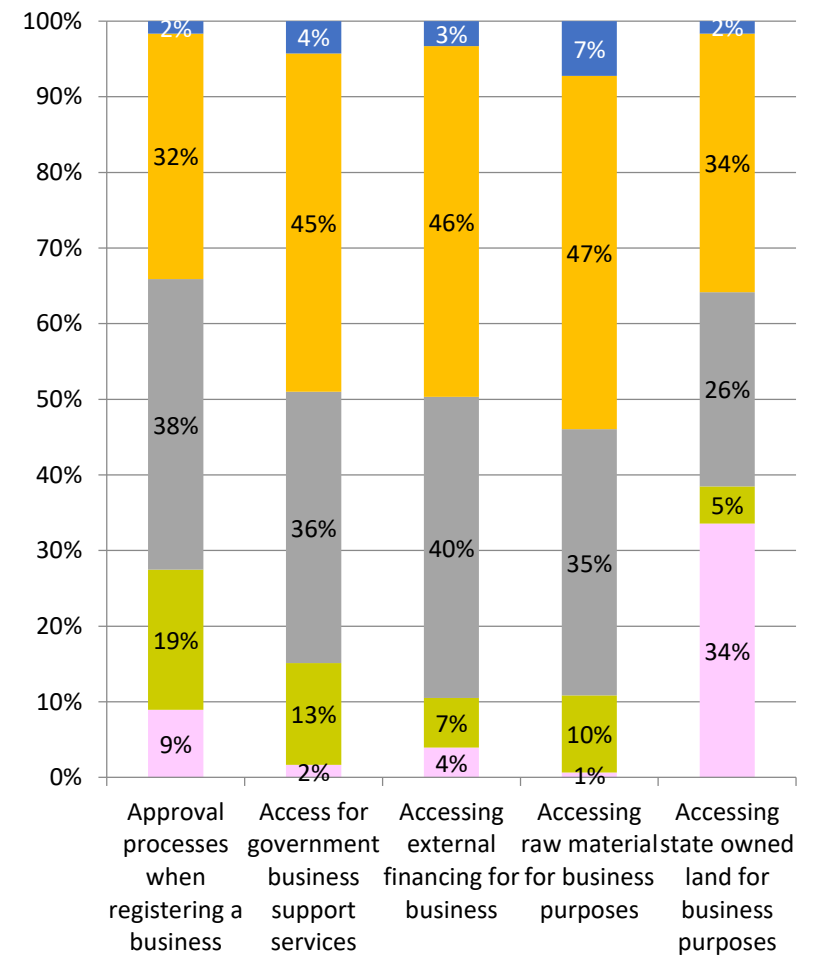
- Very difficult
- Somewhat difficult
- Neither easy nor Difficult
- Somewhat easy
- Very easy



Karaitivu

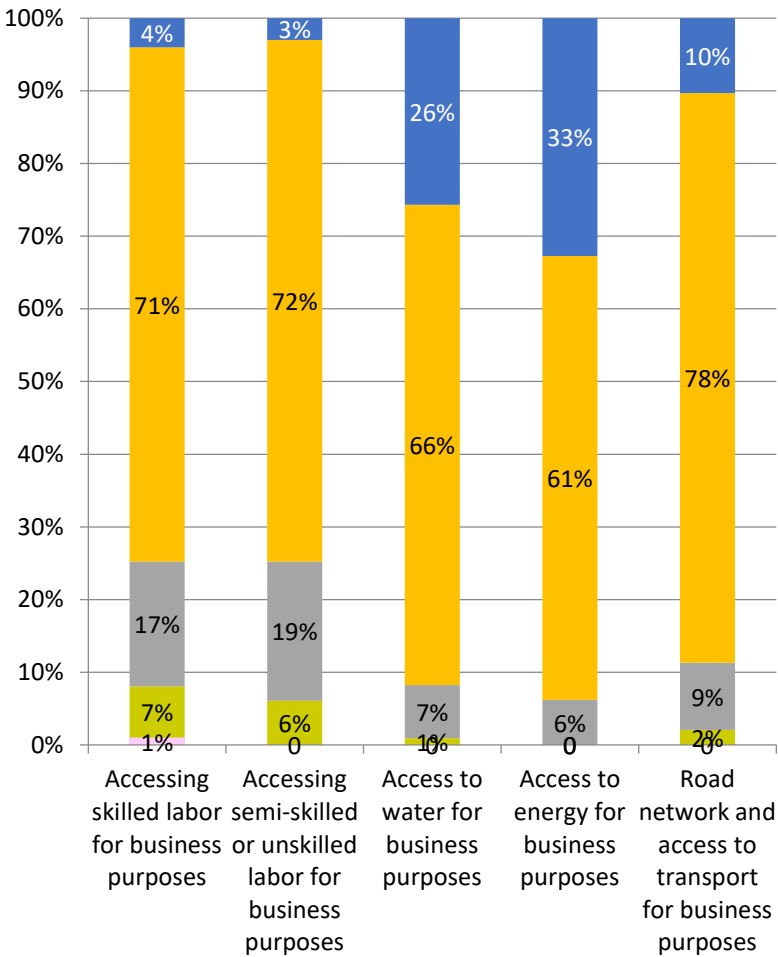


Adalachennai

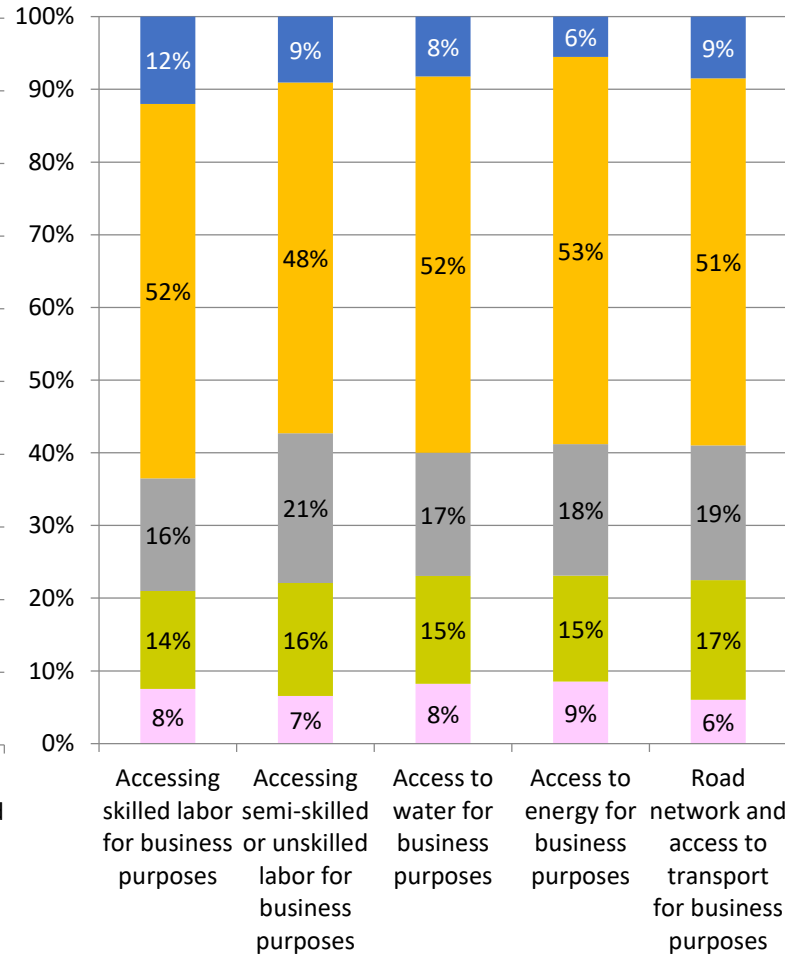


CHALLENGES IN RUNNING A BUSINESS CONT..

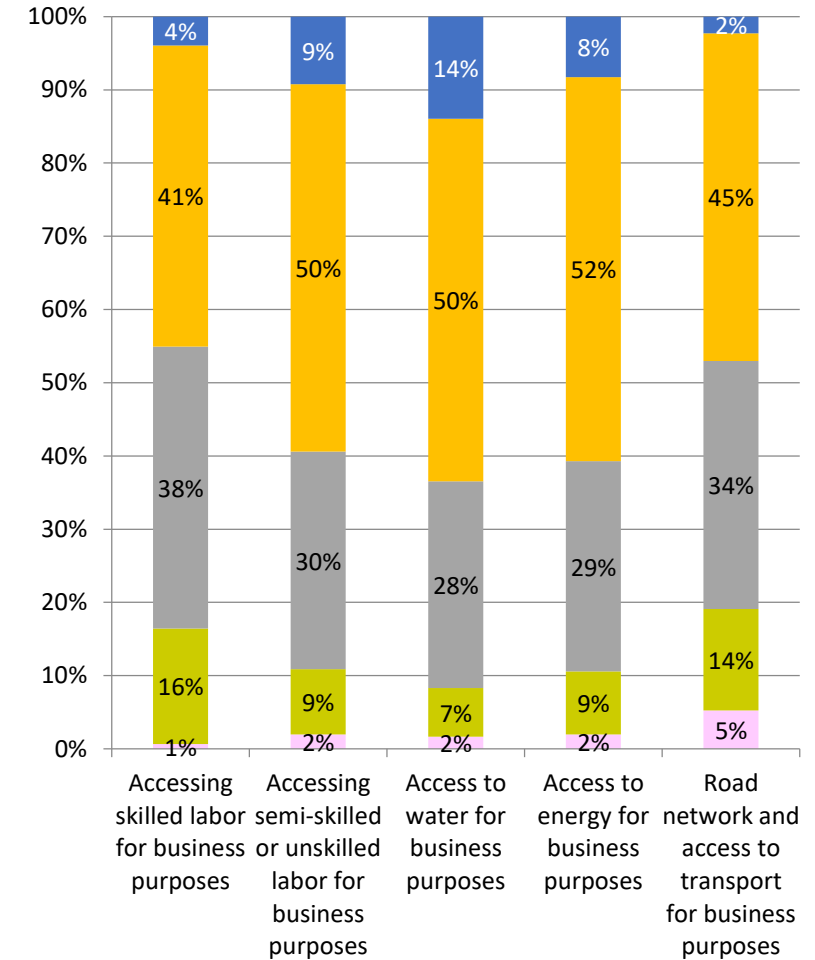
Pottuvil



Karaitivu



Adalachenai

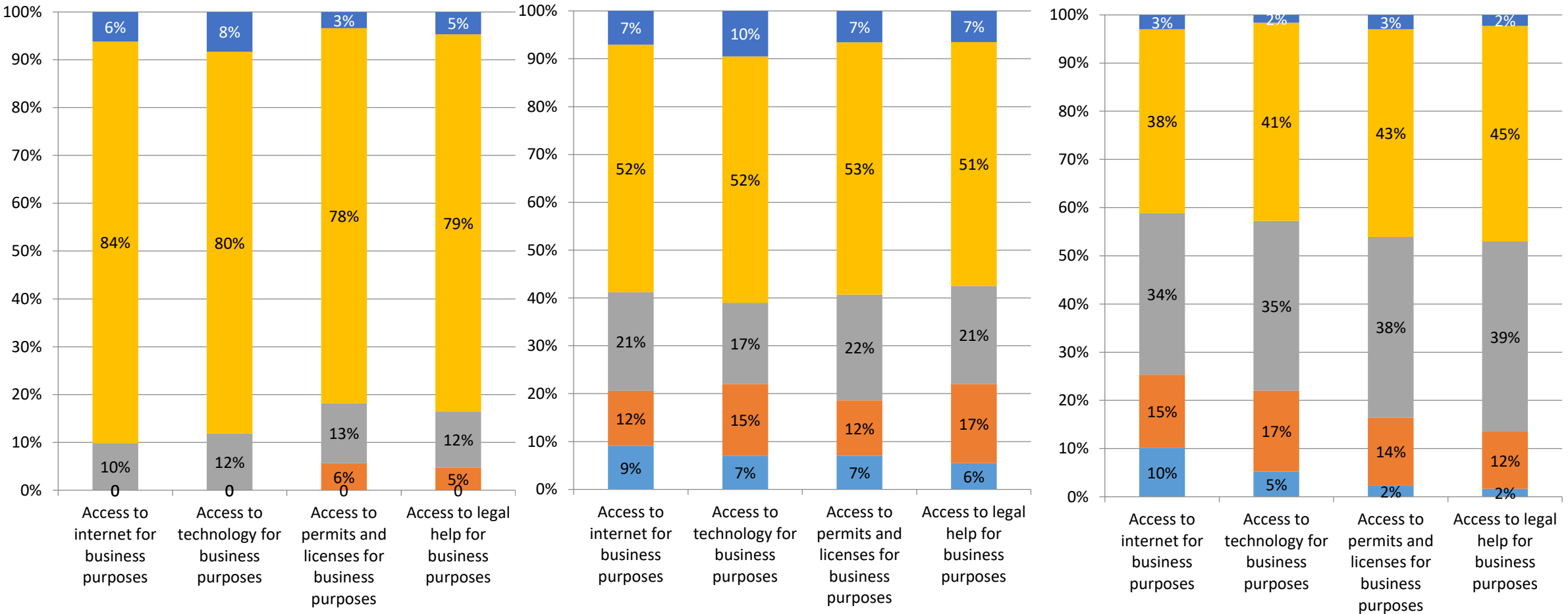


CHALLENGES IN RUNNING A BUSINESS CONT..

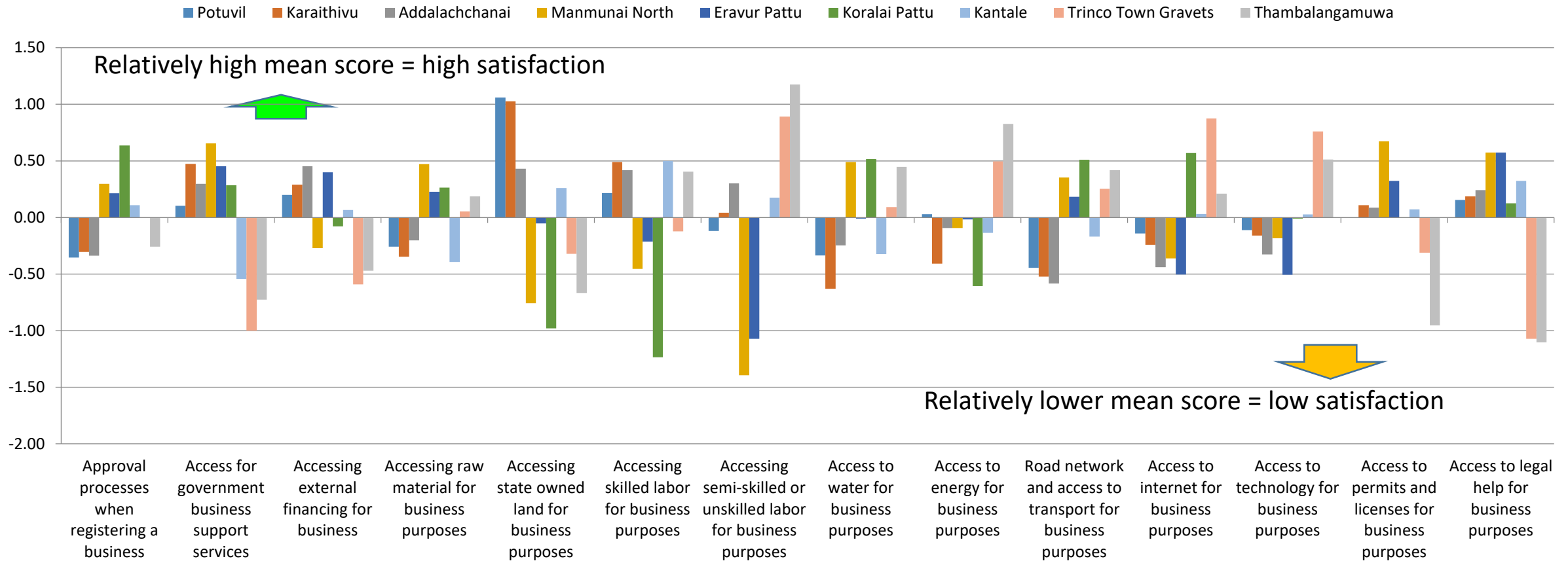
Pottuvil

Karaitivu

Adalachenai

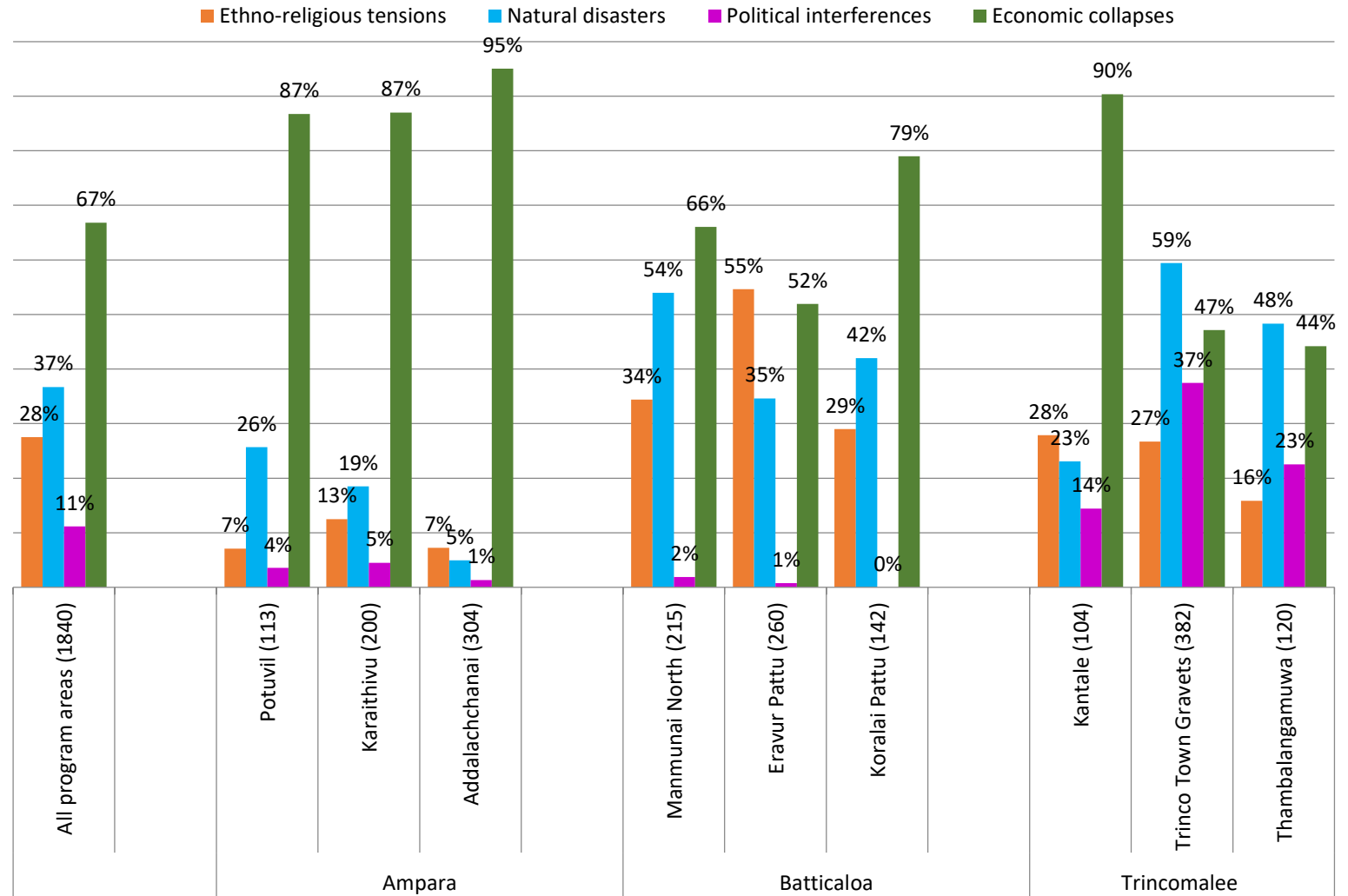


CHALLENGES IN RUNNING A BUSINESS RELATIVE SCORES



Approval process when registering a businesses is a challenge for Ampara program areas than for others. As discussed in above chapters, satisfaction among Trincomalee program area business people the assistance received from the government is satisfactory. However, still, access to government support services seem to be challenging than for other areas.

MACRO CONCERNS FACED



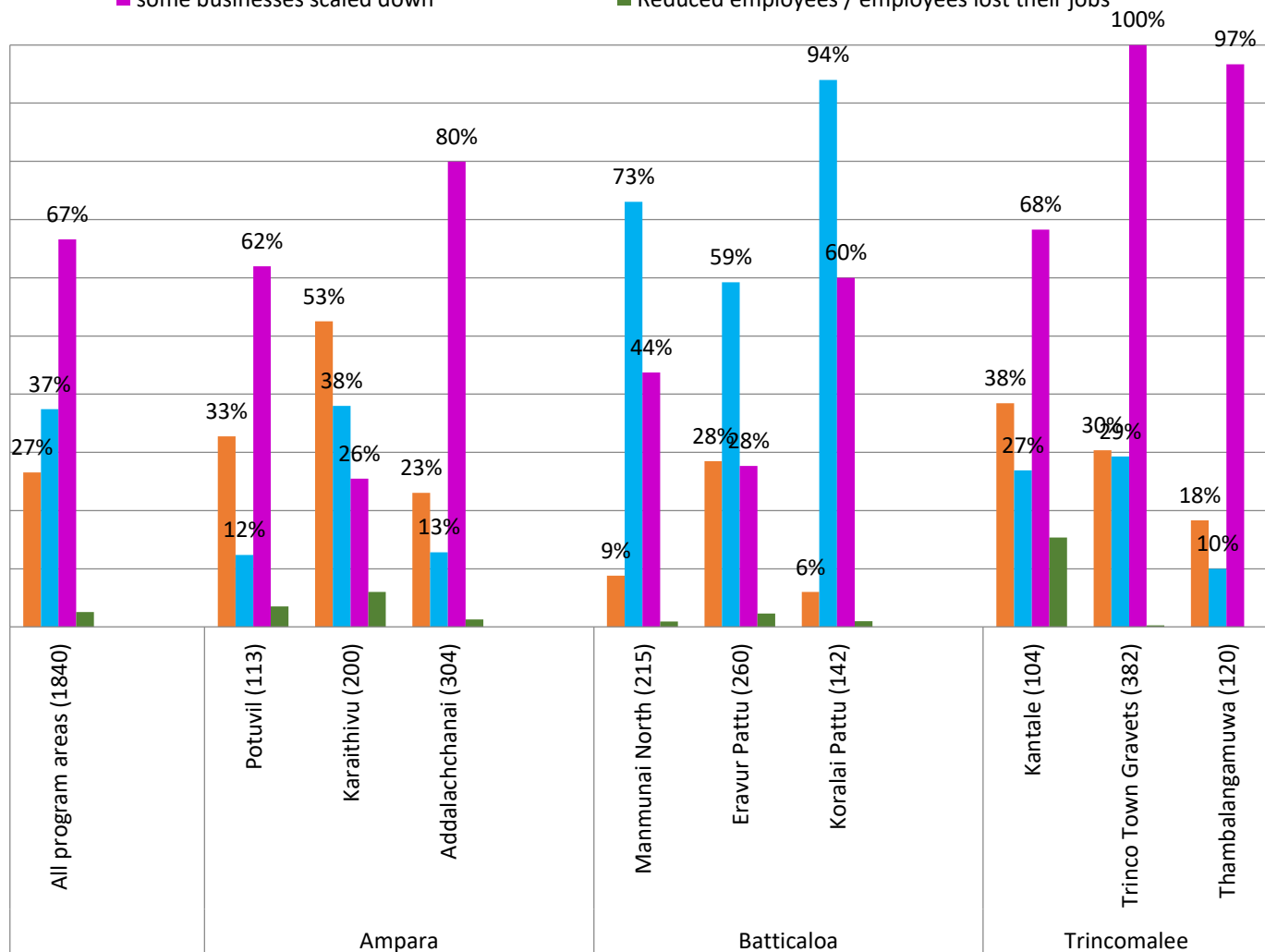


IMPACT FROM EASTER ATTACK

IMPACT OF EASTER SUNDAY ATTACK TO THE AREA

■ Businesses closed down
 ■ Some businesses Scaled up
 ■ some businesses scaled down
 ■ Reduced employees / employees lost their jobs

All program areas	All	Sinhala	Tamil	Muslim
Base: All	1840	320	337	266
Businesses closed down	27%	39%	25%	27%
Some businesses Scaled up	37%	27%	51%	17%
some businesses scaled down	67%	67%	56%	83%
Reduced employees / employees lost their jobs	3%	15%	1%	4%
Hired new employees	1%	4%	1%	2%
Banked stopped giving loans to businesses	1%	1%	0%	2%
Bank started giving loans for selected businesses only	0%	5%	0%	



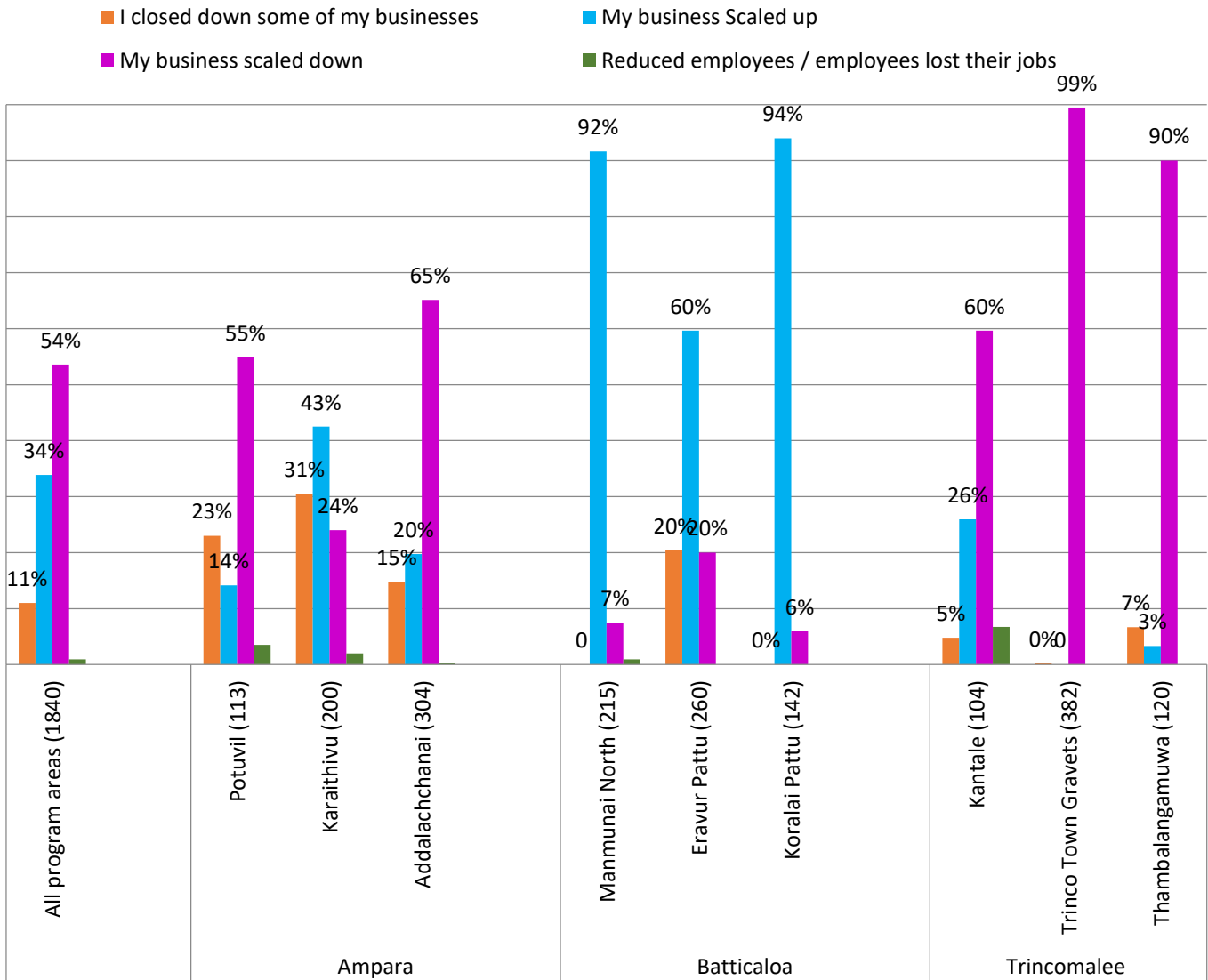
67% of business owners believe that some businesses in the program area scaled down post the Easter Sunday attack. This pattern is higher among Muslim businesses. In the same way, more Sinhalese believe that some businesses in the area closed down. However, majority of Tamil compared to Sinhalese and Muslim trust that some businesses scaled up even after the incident.

Note: The bases across the banner won't be added to the total as the base of small segments and refused/DKCS is removed from the banner



IMPACT OF EASTER SUNDAY ATTACK TO OWN BUSINESSES

All program areas	All	Sinhala	Tamil	Muslim
Base: All	1840	320	337	266
I closed down some of my businesses	11%	7%	11%	12%
My business Scaled up	34%	25%	48%	12%
My business scaled down	54%	59%	41%	73%
Reduced employees / employees lost their jobs	1%	6%	0%	1%
Hired new employees	0%	0%	0%	1%
Banked stopped giving me loans	0%	3%	0%	0%



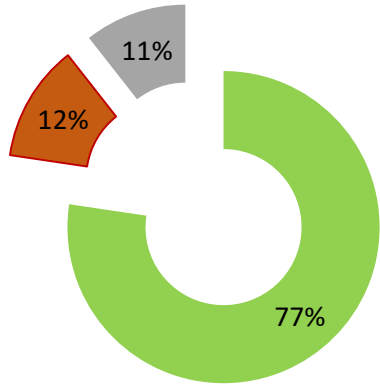
Similar to what Tamil entrepreneurs claimed that some of the businesses in the area have scaled up post the incident, they claimed that they also have scaled up their businesses

Whereas the Muslim businessmen have scaled down their businesses post this incident

Note: The bases across the banner wont be added to the total as the base of small segments and refused/DKCS is removed from the banner



PROFIT / LOSS INCURRED POST EASTER ATTACK



Made profit →

Incurred a loss ↓

No impact for profit/loss



- 0-10% increase/loss
- 10-20% increase/loss
- 20-30% increase/loss
- 30-40% increase/loss
- 40-50% increase/loss
- 50-60% increase/loss
- 60-70% increase/loss
- More than 70%



- 0-10% increase/loss
- 10-20% increase/loss
- 20-30% increase/loss
- 30-40% increase/loss
- 40-50% increase/loss
- 50-60% increase/loss
- 60-70% increase/loss
- More than 70%

Although, there is a high perception among the businessmen that businesses in the area and their own were scaled down and close down, there is a similar higher level of perception that businesses scaled up as well.

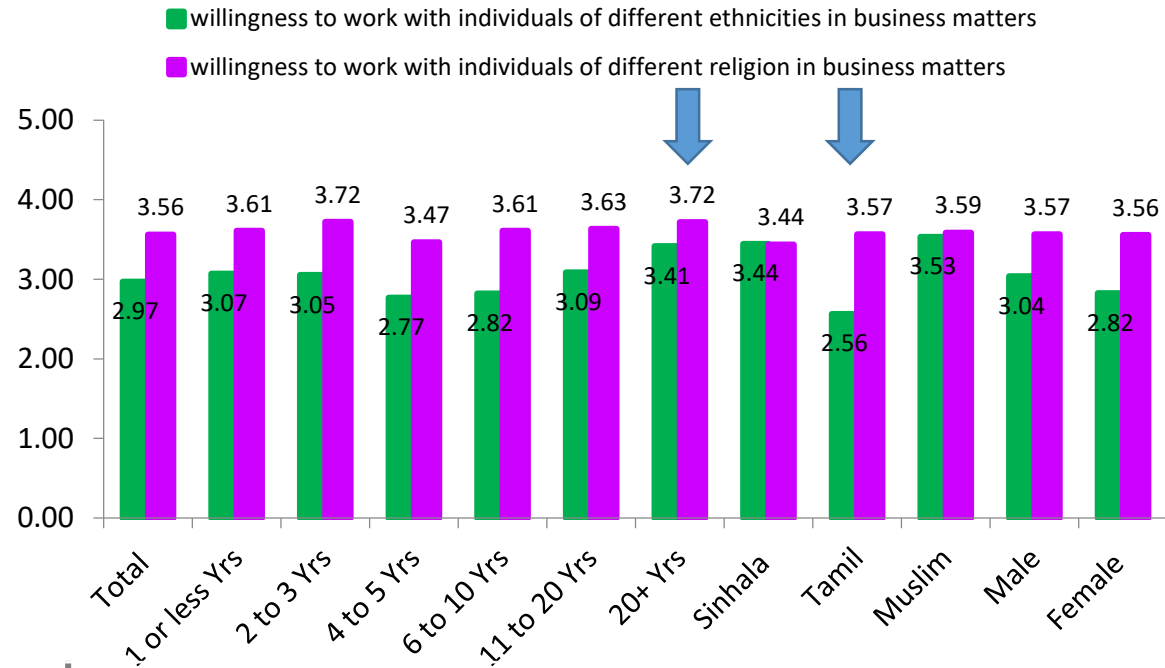
Taking everything together, when the question was raised about any profit or loss made post the incident majority spoke about that they have made profit and which is around 0-10% by majority.

On the other hand, very few like 12% businessmen who mentioned that they have incurred a loss, have incurred 0-10% loss as well as more than 70% loss too.



INTER-ETHNIC RELATIONSHIP

PREFERENCE FOR INTER-ETHNIC BUSINESS RELATIONSHIPS



Willingness to work with other ethnicities and religion is higher among the businessmen who have been there for many years like more than 20 years.

There is a pattern that the willingness of Tamil to work with other ethnicities is lower than the willingness that they have to interact with other religion groups

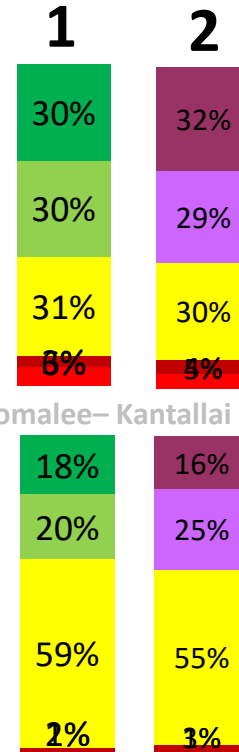
1. Based on your individual preferences, please indicate your willingness to work with individuals of different ethnicities in business matters?

■ Not willing ■ Somewhat unwilling ■ Indifferent ■ Somewhat willing ■ Very willing

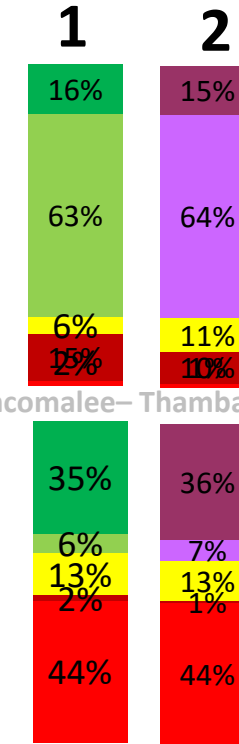
2. Based on your individual preferences, please indicate your willingness to work with individuals of different religion in business matters?

■ Not willing ■ Somewhat unwilling ■ Indifferent ■ Somewhat willing ■ Very willing

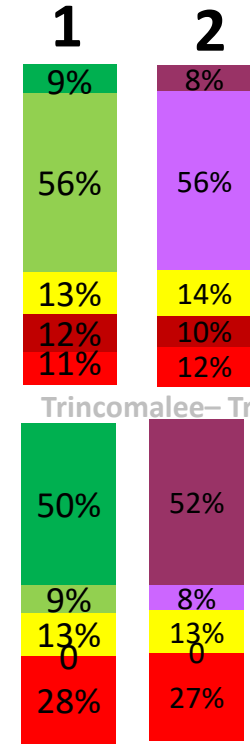
Ampara – Addalachchenai



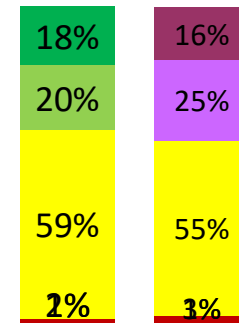
Ampara – Karaitheevu



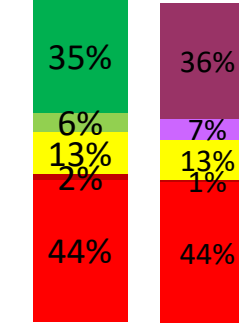
Ampara – Pothuvil



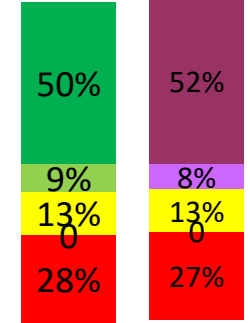
Trincomalee – Kantallai



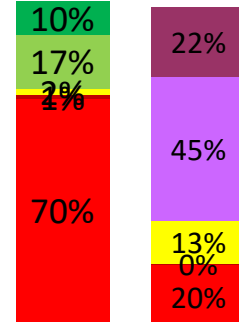
Trincomalee – Thambalagamuwa



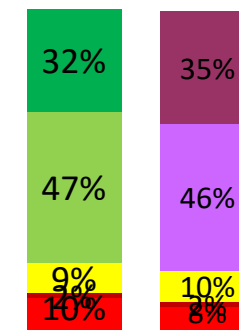
Trincomalee – Trinco Town



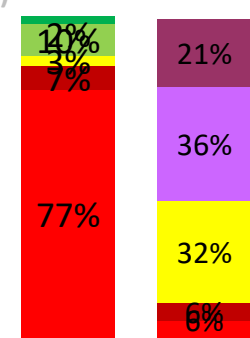
Batticaloa – Eravur Pattu



Batticaloa – Koralai Pattu South (Kiran)



Batticaloa – Manmunai North



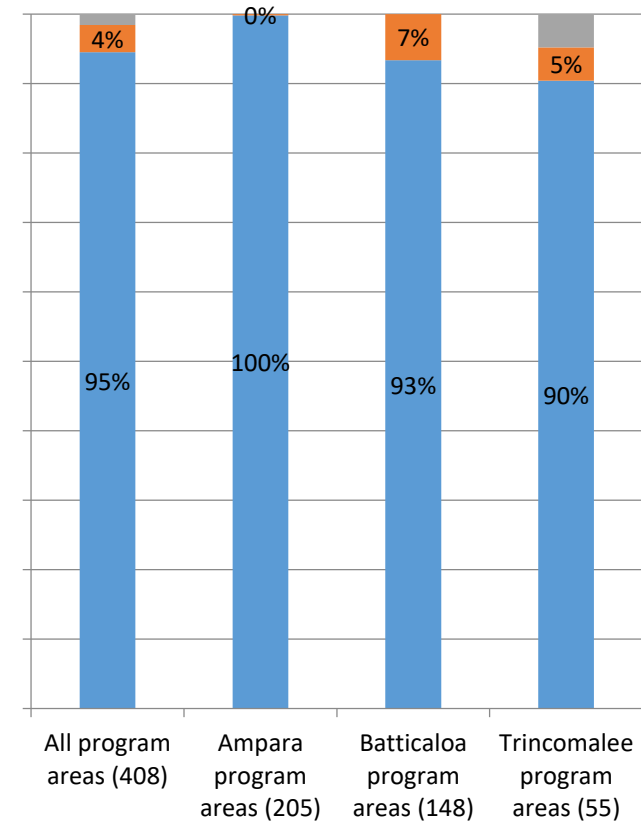
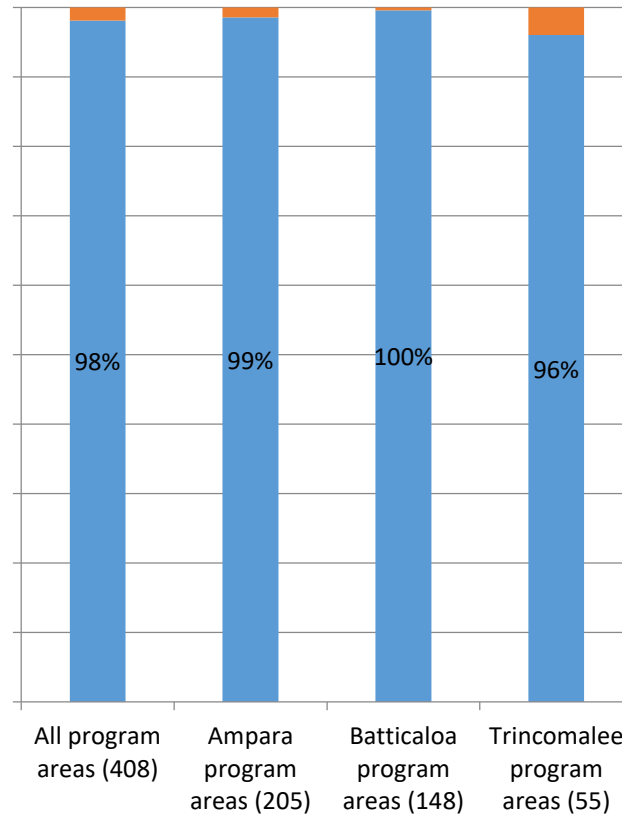
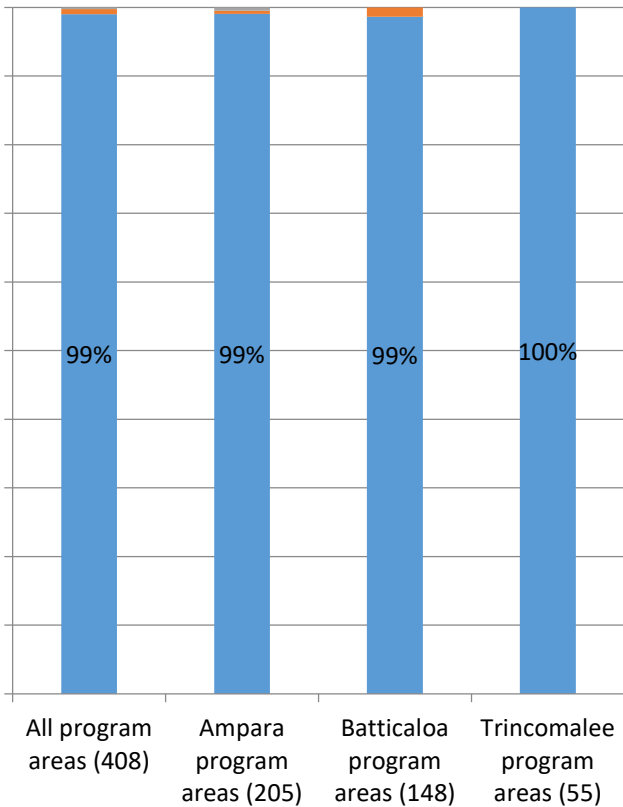
INTER-ETHNIC DEPENDENCY-EMPLOYEES

Employees – Those who have employed employees other than family members

- I have employees in this business of this province as well as from other provinces
- All employees of my company are residence of other provinces
- All employees of my company are residence of this province

- My employees are from diverse ethnic groups
- All my employees belong in to one ethnicity

- Not mentioned
- My employees are from diverse religion groups
- All my employees belong in to one religion



Multi-ethnic groups

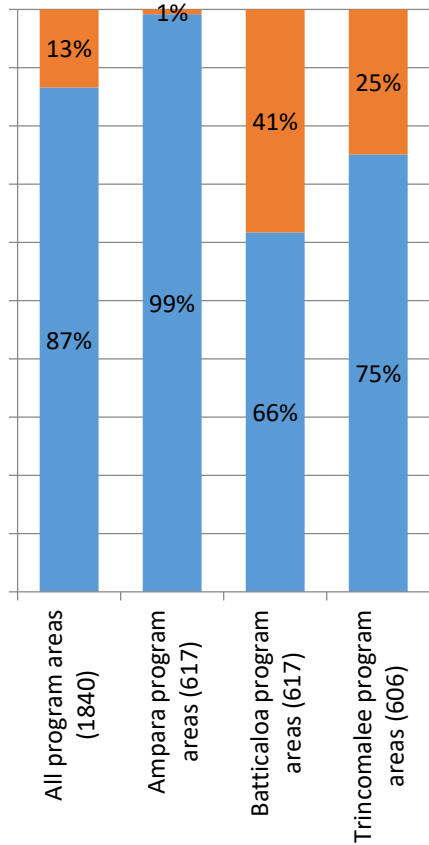
Multi-ethnic groups



INTER-ETHNIC DEPENDENCY-CUSTOMERS AND SUPPLIERS

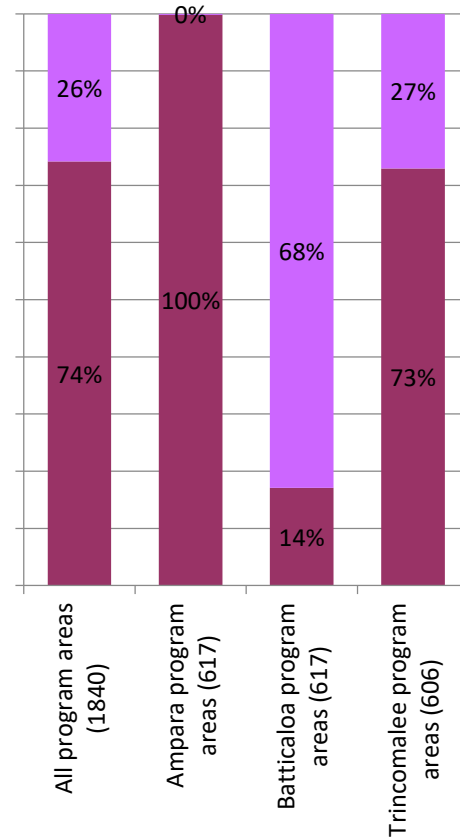
Customers

- My customers are from diverse ethnic groups
- All my customers belong in to one ethnicity



Multi-ethnic groups

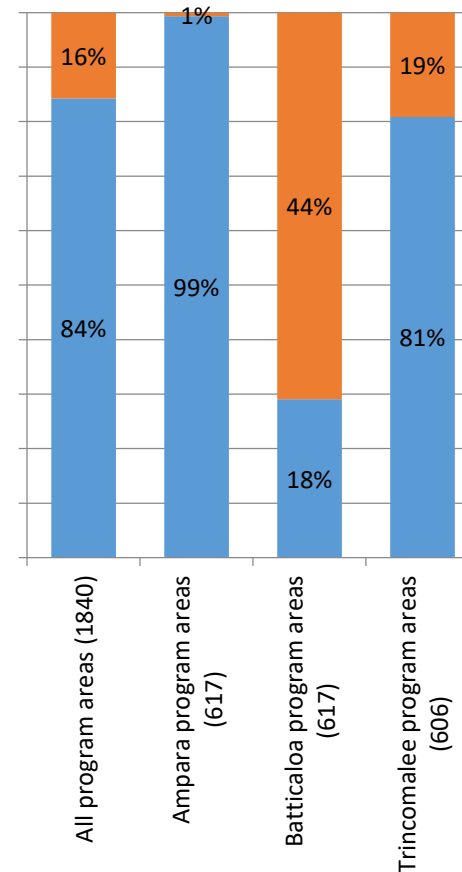
- My customers are from diverse religion groups
- All my customers belong in to one religion



Multi-religious groups

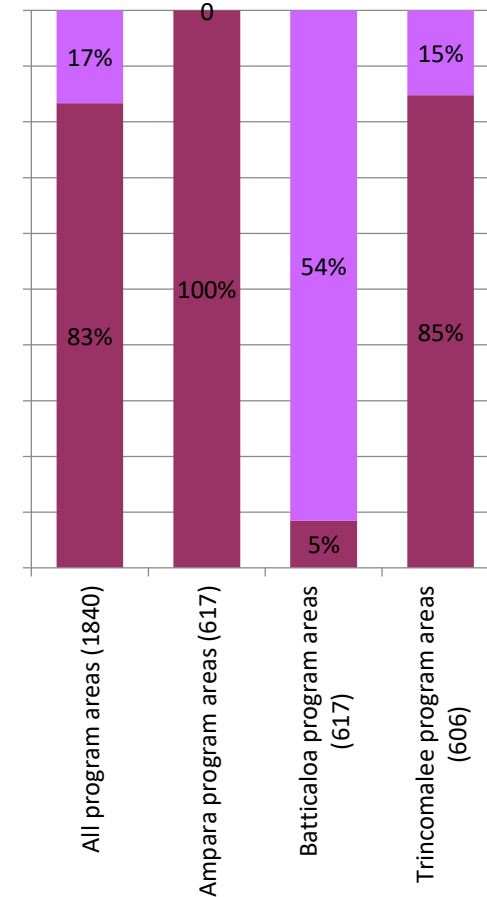
Suppliers

- My suppliers are from diverse ethnic groups
- All my suppliers belong in to one ethnicity



Multi-ethnic groups

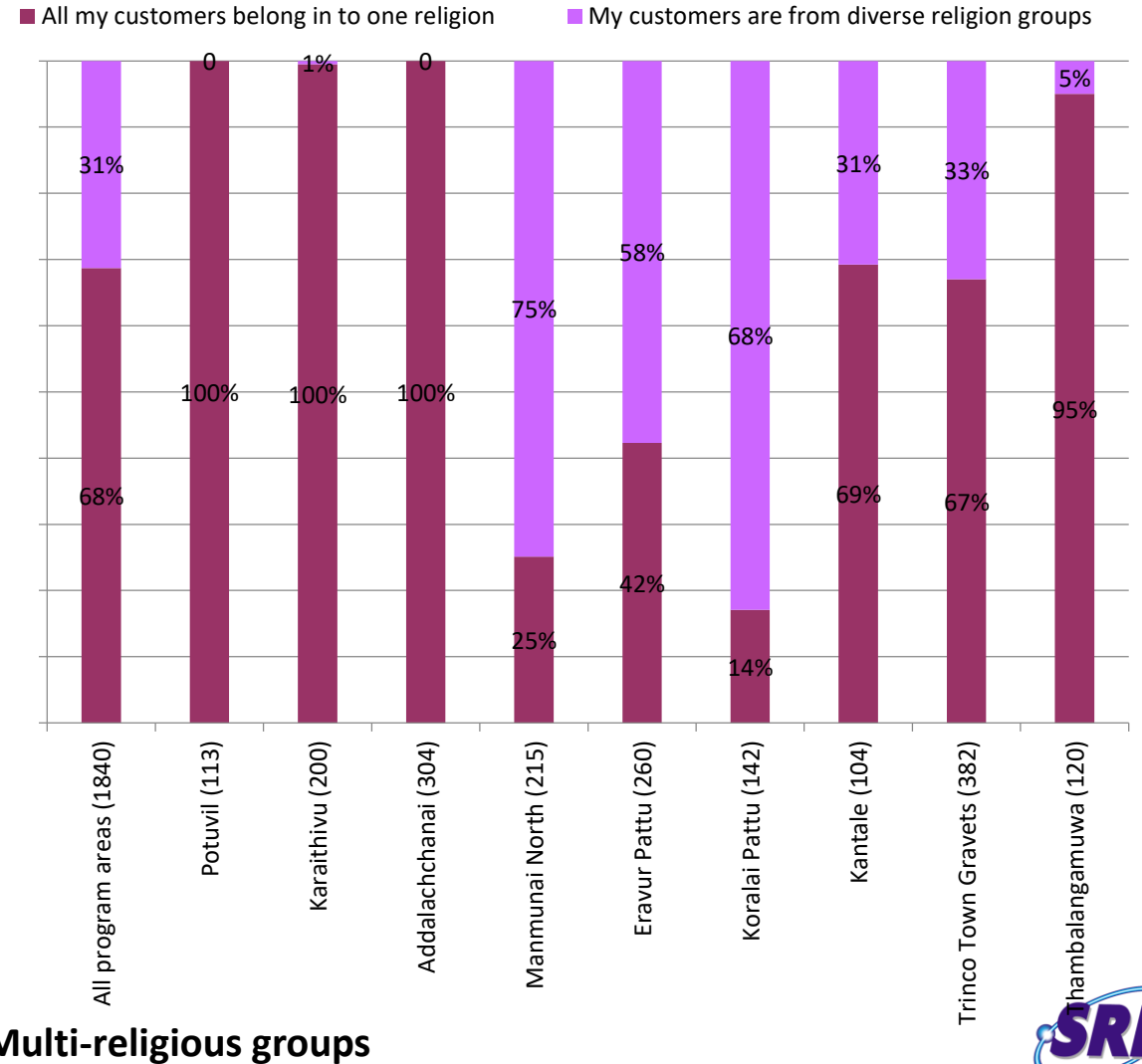
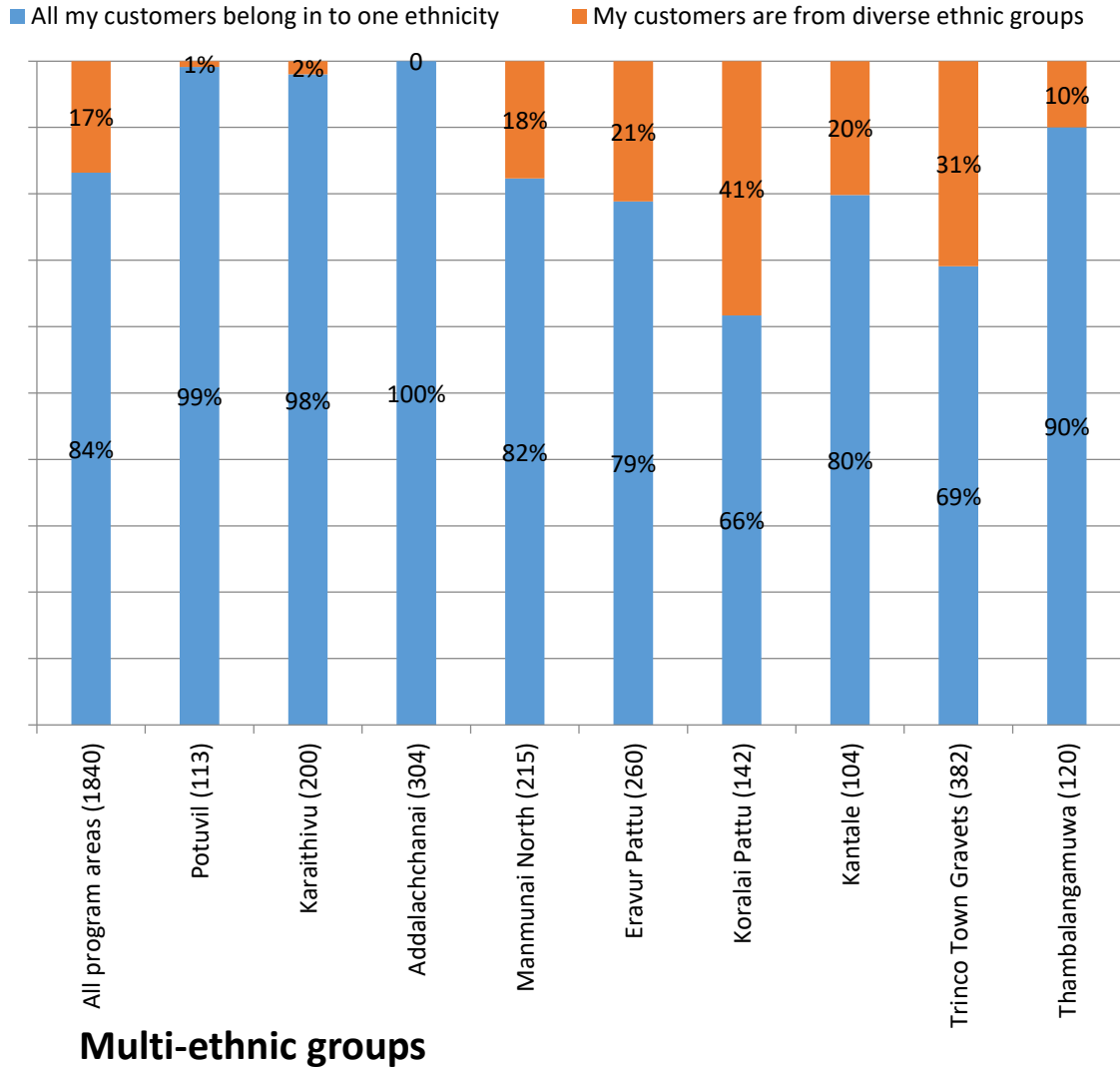
- My suppliers are from diverse religion groups
- All my suppliers belong in to one religion



Multi-religious groups

INTER-ETHNIC DEPENDENCY-CUSTOMERS

Customers



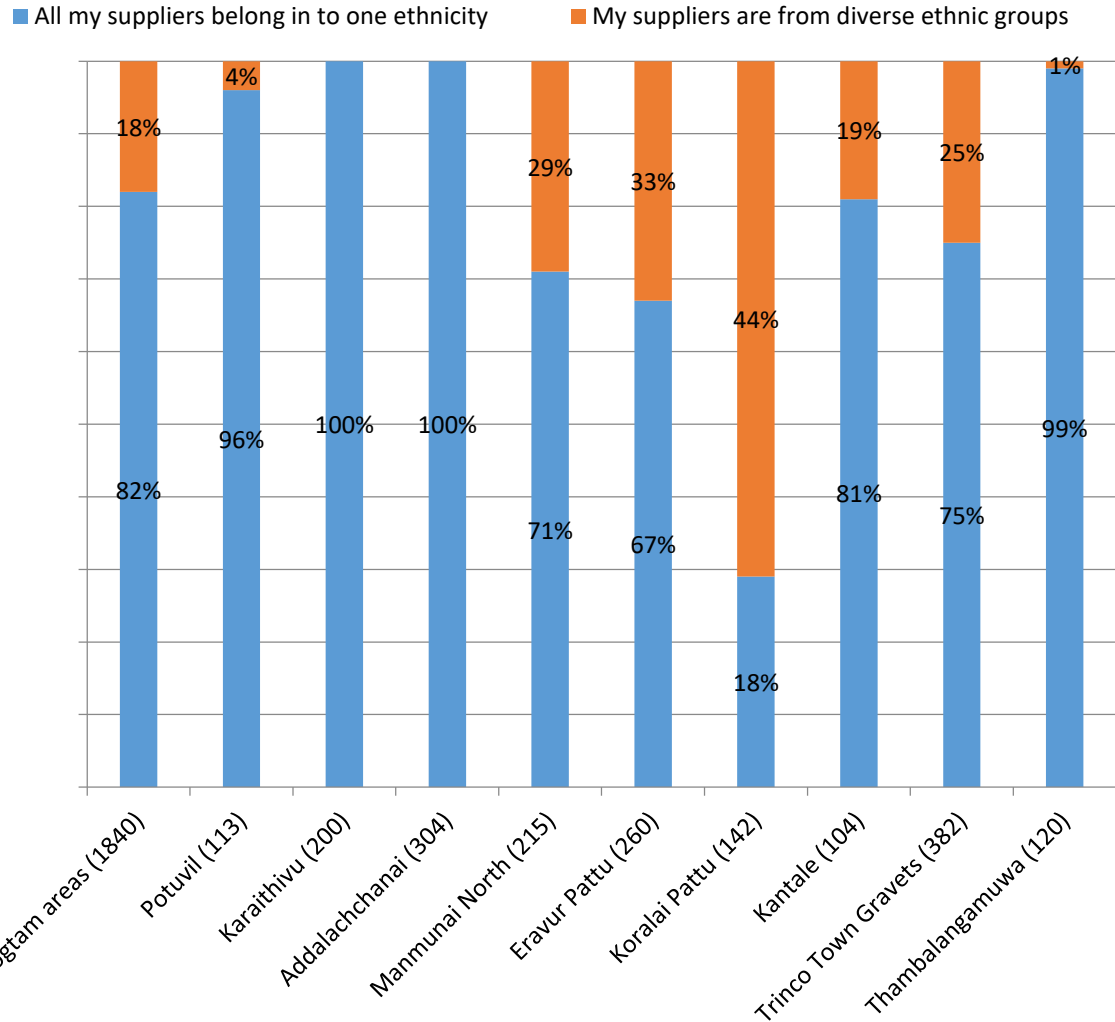
Multi-ethnic groups

Multi-religious groups

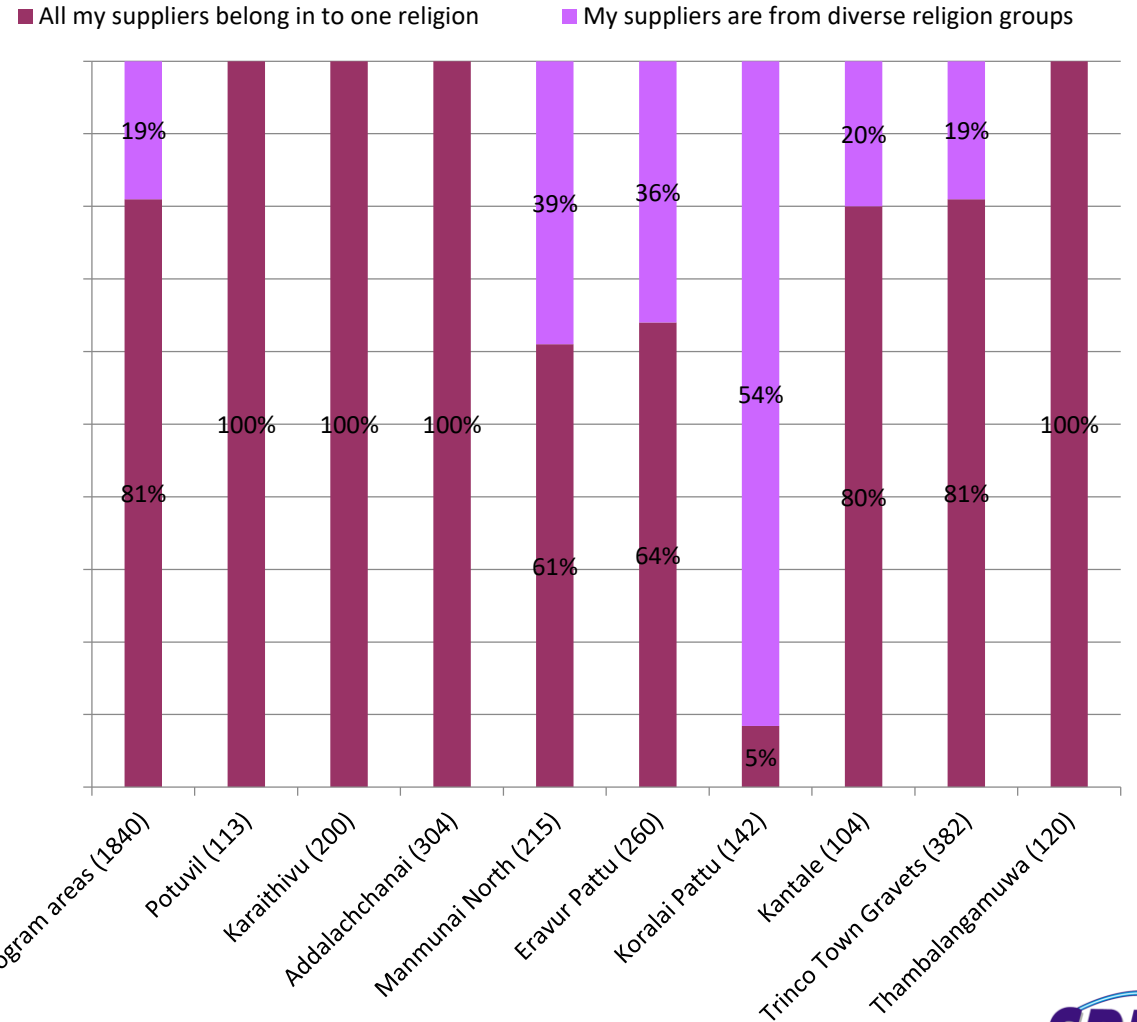


INTER-ETHNIC DEPENDENCY-SUPPLIERS

Suppliers



Multi-ethnic groups



Multi-religious groups

- Although, majority of businesses covered fallen to micro scale, majority of them had names for their establishments.
 - Most of the establishments are registered as sole proprietary or self employment entrepreneur while around 1/3rd has claimed that they are not registered businesses . Most of the production related businesses are the ones not registered.
 - Most of businesses operate year around from a dedicated place where customers come to where the business is located for their requirements
 - Half of the sample covered have involved their family members in to their business operation. Family members' involvement was found low in service sector businesses and businesses operated from Mobile set ups (moveable and no moveable). Needless to highlight that family member's involvement is high when the business is operated from home premises.
 - When considering, both family members and other employees, there is 70% of establishments have one or more employees working where as 30% did not have any employee
 - The self support, support of family members and parents' are common to commence their businesses in the program areas
 - The habit of seeking financial assistance/loan from external parties in the program areas seem to be low, still those who have requested any financial assistance/loan had accomplished their financial requirement
 - The financial assistance have been needed for business expansion requirements more than for the need of moving to new business ventures
- The biggest barrier for not being able to receive applied loans are not having business registration, collaterals, guarantors and interestingly the lack of credit worthiness also had been a concern
 - There are very few who have future plans to go in to new business ventures although business expansion plans are very promising
 - Generally, the satisfaction towards assistance received from the government and the private institutions is considerable, except few program areas like Adalachchanei, Korlai Patthu and Kantala.
 - However, there is a clear indication to believe that new businesses and very old businesses do need more support from government and private institutions as they are not very happy about the assistance they receive currently
 - Sinhala business community have a relatively low level of satisfaction towards the assistance received from the government and private institutions for their business related work
 - Keeping income / expenditure records is not very high. However, considerable percentage of businesses do keep records and it is very prominent in program areas in Batticaloa. Majority of self employees and Tamil entrepreneurs have this practice than others

- The daily income of business community in the program area is Rs. 2640/- which translate into Rs.50,000-60,000/- monthly income.
 - Businesses related to production earn more than the service sector and trade related entrepreneurs. Further, it is noticeable that the self employees, people who operates their businesses from their house premises, and who have involved their family members are having higher income compared to other segments of entrepreneurs.
 - Interesting to note the income claimed by businesswomen is considerably higher than of businessmen.
 - Ethno- religious background is not a major factor that would be considered when choosing suppliers for businesses. Price, quality, timely delivery are the major factors. Reliability of the supplier seem to be a bigger concern for business people in Batticaloa program areas
 - Business people in the program areas believe that there is a considerable business growth from the inception that they experience. However, People in Trincomalee program areas do not see a major change while people in Batticaloa and Ampara identify a growth from the start of their businesses comparatively.
 - Business growth is mostly experienced by businesses who have been in operation for 4-10 years compared to people who recently started and people who have been there in business for more than 20 years.
- The highlighted challenge for businesses is accessing government lands for business purposes followed by approval process for registering the businesses, access government for business support and accessing external financing.
 - Very important to note the challenge to access skilled and semi skilled employees for businesses as a bigger concern. Accessing skilled employees is a challenge reported from all program areas equally.
 - Access to water, energy, road network and raw materials have been appreciated by business people
 - While majority identifies that the Easter Sunday attack impacted the business environment at an overall level and as a result, businesses were closed down and scale down, some perceive that there are businesses that scaled up as well.
 - Those who said business were closed down is skewed by Sinhala community's perception, businesses scaled down is prominently coming from Muslim communities where as majority of Tamil communities is in the view that some businesses were scaled up in that time period.

- There is a great level of willingness to work with other ethnic and religious groups among business people.
- Willingness to work with other ethnicities and religion is higher among the businessmen who have been there for many years, like more than 20 years.
- However, almost all the business owners interviewed mentioned that the employees whom they work with are from the same ethnicity and religious group and do not have employees from other areas/ provinces who work with them today
- While majority's customers are of the same ethnic and religious group, program areas in Batticaloa and Trincomalee are having customers of other ethnic and religious groups as well.
- Majority of businesses in Manmunai North and Eravur Pattu are having customers of other religious groups too
- The same inter ethnic and religious dependency pattern can be found when it comes to interaction with suppliers too



THANK YOU