



## Impact of Internal Business Factors on the Performance of Tea Industry Firms in Rathnapura District of Sri Lanka

W.M.D.H. Marambe<sup>a\*</sup>, S. Jeyarajah<sup>b</sup>

<sup>ab</sup>Department of Economics, Faculty of Commerce and Management, Eastern University of Sri Lanka

### ABSTRACT

The firm's performance is vital to the healthy economy. All owners of the firm, managers and employees are trying to make their firm's performance in a positive way. But the internal and external factors always affect the firm performance and can control the firm performance's positive path or negative path. Therefore, this study aims to examine the impact of internal business factors on firm performance in the tea industry perspective in Rathnapura district of Sri Lanka. The firm performance was measured using attributes of profitability and future viability by considering whole 212 top-level managers in tea factories in the Rathnapura district as sample. A structured questionnaire was used to collect the data and collected data was analyzed by SPSS. The findings revealed that managerial factors, workplace factors, and entrepreneurial factors, explain approximately 83.9% of the variance in firm performance. Further,  $\beta$  value indicates when managerial factors, workplace factors, and entrepreneurial factors, increase by one-unit and firm's performance increase by 0.336, 0.106, and 0.453 respectively. In addition, the findings indicate that management factors have statistically significant on the overall performance of the organization. Since there are no sufficient studies in Sri Lanka, the findings of this study will provide information to stimulate positive decisions for relevant businesses.

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\*Corresponding [dimali.marambe@gmail.com](mailto:dimali.marambe@gmail.com)

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### 1. Introduction

Tea can be recognized as the second most popular drink after water which enjoyed by lots of people around the world (Gamage and Wickramaratne, 2020). Also, tea can be identified as a very safe, healthy and nice beverage (Chandrasekara, 2020). Tea industry is a source for foreign exchange as well as income generating for laborers. Mostly the tea production is depending on manual labors, who engage in plucking

green tea leaves in the tea estates (Gupta and M, 2017). As highlighted by Hilal (2020), the tea production and tea consumption of global market is changing especially due to instant tea, organic tea, green tea, replacing bulk tea and tea bags.

Internal factors of the firm can be considering as vital part of that firm's performances. The aspects in the factors that the firm can mostly control are included in the internal environment (Foody, & Mathur, 2004). Internal factors will have an effect on however a firm meets its objectives. Every organization carries out a complex process between all aspects and sectors of the scope of modern business. The economic activities of the business and the internal factors of that business represent a strong relationship. Any components that take place in the enterprise and have a certain influence on the economic process are elements of the internal environment of the economic unit. From the internal factors managerial factors, workplace factors and entrepreneurial factors are the important factors which needed at present. When consider the managerial factors they occupy a special place in the internal environment of the organization. Leadership, Education, qualifications, experience, motivation and commitment ultimately determine the results of the firm's performance. Therefore, managerial factors of a firm are moving its performance positive side or negative side. It is depending from the managerial performance and employee's satisfaction. When consider the workplace factors that factors also a major factor for the firm performance. It is a set of core assumptions, values, traditions, norms and patterns of behavior shared by members of the organization and directed towards achieving their goals. So these workplace factors also move firm performance positive or negative way (Amayreh, 2021). Today world is changing day by day. So firms should be focus their attention to face the changes of the world. Entrepreneurial factors of a firm can light up the performance of it. Leaders and employees have innovative ideas. That ideas can change the performance of the firm negative or positive way. Today everyone focuses to do works very easily and perfectly. So innovative ideas and risk taking abilities of managers, owners and employees are effect the performance of the organization.

And also, Firm's performances are important to the economy directly. All owners, managers and employees are trying to make their firm performance in positive way. But the factors that affect for the firm performance can control the firm performance positive path or negative path. So as an economy all have to see the impact of business factors on firm performance (Andersson, 2008). Through the factors also internal factors are main factors which impact for the firm performance. From that also Managerial factors, Work place factors and Entrepreneurial factors are major internal factors of a firm. In this research Leadership, experience and training of the managers are sub factors used for managerial factors. And organizational culture, work environment are sub factors used for the work place factors. And innovativeness, risk taking are sub factors used for entrepreneurial factors. Performance has two strategic outputs: firm success and firm failure. This performance is traditionally measured in financial terms (Laitinen, 2002). The most commonly used performance measures are efficiency (ROI), sales growth and profit. Understanding the Performance, especially business performance itself is a level of achievement

produced by a worker or a program. The performance of the business is something that is produced by a company in a period regarding the standards that are set.

Sri Lanka is economically troubled. The economic crisis is caused by foreign cash shortages. Sri Lanka can earn more foreign currency from tea exports. The tea industry is vital to the nation's economy. Tea factories boost economic and socioeconomic growth in specific areas. The tea industry creates jobs, sparks inventions, and gives people the chance to succeed financially and independently. Tea factories help promote rural industrialization and exports, increase local manufacturing structure, create jobs, and achieve a fairer distribution of national resources, income, knowledge, and power. Thus, tea enterprise performance is vital to the economy. The expansion of tea factories affects the country's economy. Thus, corporate performance depends on internal factors (Hofstede & Minkov, 2010). To be competitive and relevant in business, they must identify, prioritize, and handle these difficulties. According to the researcher, internal elements that affect tea manufacturers' business performance have not been analyzed, and past studies have produced inconsistent results. This analysis intended to fill this gap.

### **Research Problem**

The global market is currently presenting a number of difficulties for the Sri Lankan tea sector. Due to declining production, rising production costs, low farm productivity, and price competition on the international market, the Sri Lankan tea industry has lost its competitive advantage and has fallen behind other tea-producing nations in the last 20 years. In the year 2000, Sri Lanka produced 300 million kg of tea, but even now, over two decades later, it hasn't yet managed to produce 350 million kg. Sri Lanka's share of global tea output has decreased from 16.22 percent in 2016 to 15.22 percent in 2018, even though it has grown at an average annual growth rate of 4.7 percent over the past ten years to reach 5.89 million tons. Low land productivity has caused a downward trend in tea production, which has slowed the rise of tea export volume and value. As consumers tend to use diverse products by targeting the various market niches in the global market, the limited variety of processed tea products for the export market is also an issue that hinders the growth of Sri Lankan tea exports. So performance of the tea factories should maintain better. To maintain better firm performance, it is important to maintain good internal factors too (Gayathri & Meenakshi, 2013). Therefore, the impact of internal business factors on firm performance in Tea industry should be necessary to talk in these days. Previous studies have emerged the contradictory findings for the relationship between internal and external factors with businesses. But those studies have not focused on the internal factors and their impact for the tea factories' performance in Rathnapura district. But there has been little discussion on that. Few writers have been able to draw on the systematic research for the relationship between internal and external factors and businesses performance. When referring to the literature it is found that there are no considerable studies in the Sri Lankan context. Lots of other studies are done in overseas countries. There are no researches found in Rathnapura District for this research area. So, in this context, the problem statement of this study is defined as,

## **“What is the impact of Internal Business Factors on Firm Performance: Tea Industry Perspective in Rathnapura District Sri Lanka?”**

### **Research Objectives**

To identify the level of managerial factors, work place factors, entrepreneurial factors and firm performance of tea factories in Rathnapura district.

To identify the relationship between managerial factors, work place factors and entrepreneurial factors and firm performance.

To identify the impact of managerial factors, work place factors and entrepreneurial factors on firm performance of tea factories in Rathnapura district.

### **Research Questions**

What is the level of managerial factors, work place factors, entrepreneurial factors and firm performance of tea factories in Rathnapura district?

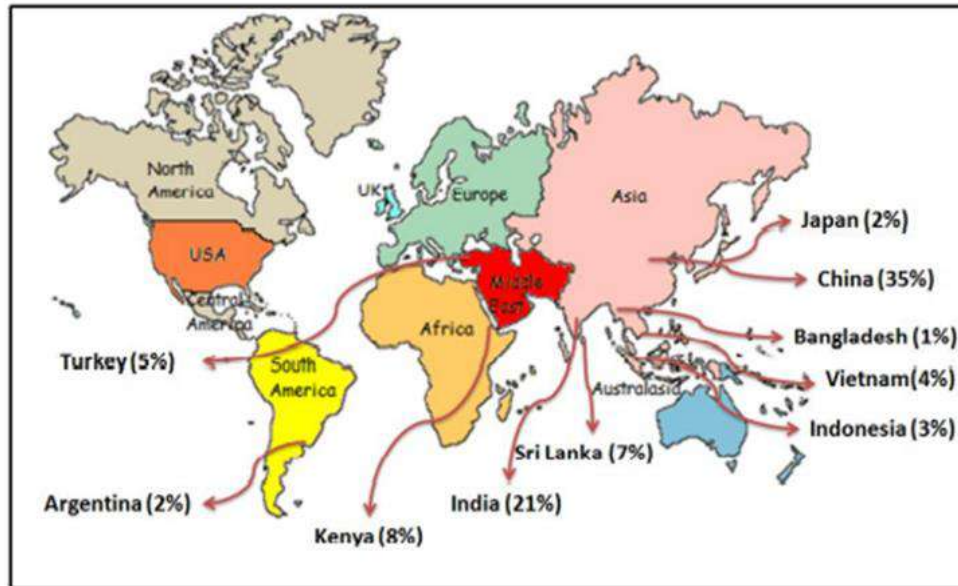
What is the relationship between managerial factors, work place factors and entrepreneurial factors and firm performance?

What is the impact of managerial factors, work place factors and entrepreneurial factors on firm performance of tea factories in Rathnapura District?

## **2. Literature Review**

The Sri Lankan economy relies heavily on tea for foreign cash. Although its prominence has dropped, it is still the country's largest net foreign exchange earner. Tea generates twice as much net foreign exchange as textiles and garments. Job creation is another major contribution of the tea business to Sri Lanka. The labor-intensive tea producing chain ensures high employment, especially for unskilled workers. Sri Lanka's tea industry generates jobs and foreign cash. Tea still contributes significantly to the country's foreign exchange revenues, but fresh numbers show a continuing decline. Increased productivity and competitiveness are Sri Lanka's tea industry's main issues. For Sri Lanka's tea business, raw material supply seems to be fine. The tea business imported 9% in 1981, while the textile and apparel industries imported 67% (Athukorala and Bandara, 1989). They concluded that the tea industry dominates net export income. The Tea Research Institute of Sri Lanka (1999) also observed that the tea sector is the country's greatest net foreign exchange earner. Tea made up only 3 and 14% of agriculture export revenue in 1999. This indicates how important tea is to export revenue among agribusinesses. Tea is one of the most lucrative cash crops in exporting and developing nations, affecting rural development, poverty reduction, and food security. Tea is the main income for millions of smallholder growers.

Tea is one of the world's oldest industries, dating back over 2,000 years. Tea used to be a popular health drink. Tea is still widely used as medication. The FAOSTAT database says 50 countries produce tea. Figure 1 shows that China, India, Kenya, Sri Lanka, Turkey, Vietnam, Indonesia, Bangladesh, Japan, and Argentina manufacture 90% of the world's tea. The FAOSTAT database shows that the remaining tea-producing nations produce the rest, despite their total output share being less than 2%.



**Figure 1: Top Ten Tea-Growing Nations in the World and their Production Share (2011)**

Source: Food and Agriculture Organization Corporate Statistical Database

### Internal Business Factors

Internal business environment factors affect corporate operations and success. The firm controls these features, unlike the outside environment. Outside of a company's activity, potential dangers and opportunities must be identified. Controlling internal operations' advantages is the key to success. Internal business environment aspects affect business performance and technique. The firm controls these features, unlike the outside environment. Outside of a company's activity, potential dangers and opportunities must be identified. Controlling internal operations' advantages is the key to success. Internal firm variables are often evaluated in SWOT analyses. The SWOT matrix organizes planning (Costen & Salazar, 2012). SWOT analysis evaluates your business and environment. A company's internal environment shapes its direction and distinguishes it from competitors. This macro environment contains factors that companies can effectively use to adapt to an ever-changing external environment. In contrast to external factors, internal environmental factors are primarily within the sphere of influence of corporate management. factors such as tangible business resources, its people, its management, its capabilities, its production, its marketing, and its strategic decisions are very powerful traditional contributors to the effective and efficient operation of any enterprise

(Kibera, 1996). Managerial factors, Workplace factors, and entrepreneurial factors are internal factors that decide the extent to which the firm's product can reach their target. The manager's role in an organization is perhaps the most important in terms of its impact on business performance.

### **Firm Performance**

Company performance can be defined and measured in terms of: profitability, growth, market value, total return to shareholders, economic value and customer satisfaction based on stakeholder expectations (Carroll, 2004). So It is important to consider a company's performance as an important indicator for investors and stakeholders. A company's performance indicates whether it is worth investing in. For example, investors are willing to invest in companies with good marketing performance, but companies with poor marketing performance indicate problems in business development. As a result, investors avoid investing money in poorly performing companies as the return on investment is uncertain and such investments carry a high level of risk. A company's performance can be influenced by many factors, including corporate governance, investment opportunities, equity, commitment and leadership, managerial activities, workplace factors, entrepreneurial factors etc. To achieve the desired product and service in limited time, quality, and cost in a kind of way means that organizational performance and this also means efficiency. Firm performance is an economic category that reflects a firm's ability to use its human and physical resources to achieve organizational goals (Le, 2005). Firm performance must also consider the economics of using business resources during production and consumption processes. The company's performance is output results and input resources used in the course of an enterprise's business (Truong & Tran, 2009).

There are many dimensions under firm performance. Some of them are profitability performance, growth performance, market value performance, employee satisfaction, customer satisfaction, environmental performance etc. Profitability performance is the ability of a company to generate profits. Profit is the income of a company that remains after the company has paid all expenses directly related to generating the revenue. Market value trends refer to prices in the market. A financial asset like a company's stock needs to generate value in the market. Market value is also commonly used to refer to the market capitalization of a listed company and is obtained by multiplying the number of shares outstanding by the current share price. Employee satisfaction is directly related to the investment people make in their practices. Workers are the group that tends to add value to a company and as such have well-defined job descriptions, investments in training, career his plans and good bonus policies (Harter, 2002).

According to (Chakravarthy, 1986), employee satisfaction reflects a company's ability to attract and retain employees and experience low turnover over the long term. Customer satisfaction is a measure of how well a company's products and services meet or exceed customer expectations. It is considered a key performance indicator for companies. Customer satisfaction is a key indicator of consumer purchase intent and loyalty. These different types of performances measure by different measurements and indicators.

Engidaw has presented a research, investigating the influence of internal business factors on firm performance. The case study has based on 199 MSEs in Ethiopia and which are selected by using stratified and simple random sampling technique. In this study, both descriptive and inferential statistical methods have been used as the methods of data analysis. According to the findings, managerial factors and workplace related factors have shown a positive influence on firm performance. Furthermore, (Alemu, 2015) concluded that companies managed by individuals with high experience persons showed high growth of SME's. Moreover, entrepreneurial orientation and marketing competencies and orientation are positively associated with firm performance (Merlo & Auh, 2009).

According to Phi HA have done his study to investigate the determinants on firm performance. The case study was done based on 200 construction and real estate firms in Vietnam. According to the results, senior executives' commitment to the organization, the ability of applies technology and business relationships are positively correlated with firm performance of construction and real estate firms in Vietnam. In addition, training and development, working environment and incentives showed a less correlation with firm performance of construction and real estate firms in Vietnam. Moreover, Sulait (2010) found that social relational capital and business relational capital are positively related with firm performance. That means, social relational capital and business relational capital enhance, firm performance also increased.

According to (Ihua, 2009) has done his study of key failure factors based on UK and Nigerian SMEs firms. According to the results of this study, internal factors such as poor management and financial problems are concerned the most influential factor which effect for SMEs failure in UK while external factors such as poor economic condition and inadequate infrastructure are most conclusive key failure factor in Nigerian SMEs. Furthermore, Sitharam and Hoque (Sitharam and Hoque, 2016) revealed that competition, crime and corruption have inverse association with performance of SMEs in KwaZulu- Natal in South Africa.

And also, Engidaw argued that entrepreneurial factors do not effect for firm performance of MSEs in Ethiopia. Furthermore, Alemu revealed that education level has no effect on growth of MSEs. According to Cera and Kusaku (Kusaku, 2020), declared that there is no impact of organizational culture on organizational performance. Rahman and Akhter argued that no relationship exists between education level and bank performance in Bangladesh. Further, Nguyen pointed out that financial management capacity, infrastructure, equipment and technology have no effect on firm performance.

### **Empirical Review of the Literature**

Engidaw has presented a research, investigating the influence of internal business factors on firm performance. The case study has based on 199 MSEs in Ethiopia and which are selected by using stratified and simple random sampling technique. In this study, both descriptive and inferential statistical methods have been used as the methods of data analysis. According to the findings, managerial factors and workplace related factors have shown a positive influence on firm performance. Furthermore, (Alemu, 2015) concluded that companies managed by individuals with high experience persons showed high

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According to Rahman and Akhter have carried out a research investigating the influence of investment in human capital on bank performance in Bangladesh. The case study was done based on 261 participants with questionnaire and used convenient sampling method while analysis was done using structural equation modelling. According to the results showed that investment in training, knowledge and skills of employees are positively associated with bank performance. Shiamwama, Ombayo and Mukolwe found that internal factors such as financial stability, physical and mental strength, entrepreneurial skills and family base have positive association with performance of retirees of finance and communication sectors in Kakamega Municipality. And also, this study proposed that retirees can contribute to improve the performance of business by attending trainings, seminars and improving management skills.

Engidaw has done their study of the effect of internal factors on financial performance based on 15 food and beverage companies listed in Hanoi Stock Exchange (HNX) in Vietnam. According to the results proposed that short term debt to total liabilities, debt to total assets ratio (capital structure) and firm size have negative influence on firm performance. According to (Sulait, 2010), have carried out a research investigating the determinants of firm permanence of non- financial companies listed on Nigerian Stock Exchange during the period from 2001 to 2007. The results of this study revealed that debt ratio and fixed assets are inversely related to firm performance in tea industry.

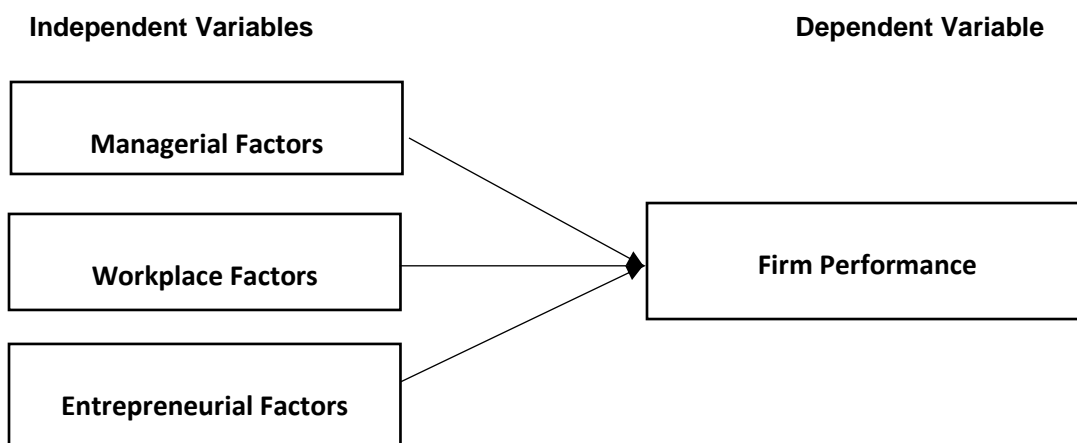
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### 3. Research Methodology

#### Conceptual Framework

According to the theoretical framework in this research study, firm performance is a dependent variable, whereas managerial factors, work place factors, entrepreneurial factors are independent factors. An analysis of the literature supports the correlations between these variables. The study utilized conceptual framework shown by the objectives of the research. Firm Performance was conceptualized as being dependent on four (3) variables namely; managerial factors, work place factors, entrepreneurial factors. The following figure shows the conceptual framework of the study,



**Figure 2: Conceptual Framework**

#### Development of Hypothesis

A hypothesis could be developed as a result of the study or it might be used to test a certain theory. A testable hypothesis in a trial is one that can quantify both the action is done (variables) and the outcome. A hypothetical claim about the relationship between two or more variables is known as a hypothesis. The two types of hypotheses are as follows. These are the Null hypothesis ( $H_0$ ) and the Alternative hypothesis ( $H_1$ ). According to the null hypothesis, there is no correlation between the variables. An alternate hypothesis is the predicted link between the variables. This study examines how internal factors impact for the firm performance perspective in tea industry. The following hypotheses are created in order to fulfill the study's goal.

$H_1$  = There is a significant impact of managerial factors on firm performance of tea factory in a Rathnapura district.

$H_2$  = There is a significant impact of workplace factors of on firm performance of tea factory in a Rathnapura district.

$H_3$  = There is a significant impact of entrepreneurial factors on firm performance of tea factory in a Rathnapura district.

## Sampling Plan

The design of the sampling is a crucial aspect of the investigation. A sample is a subset of the population chosen for participation in the study. "Sampling is the process of picking a few (a sample) from a larger group," writes Kumar (2011). In every type of research, it would be superlative to use the whole population, but in most cases, it is not possible to include every subject because the population is almost finite. Proportional quota sampling is used in this study. It is a type of non-random sampling. Quota sampling is often used in surveys and opinion polls, where the total number of people to be surveyed is typically decided in advance.). In this study sample is selected as 212 top level managers in tea factories in a Rathnapura district.

## 4. Analysis and Discussion

Research information considers the managerial factors, workplace factors, entrepreneurial factors, (independent variable), and firm performance (dependent variable). The Univariate and Bivariate analyses are conducted to analyze the research objective.

### Univariate Analysis

In this study, mean was used to measure the central tendency while dispersion is described by using standard deviation (Saunders et al, 2009). This study used an interval estimator and univariate analysis of the collected data to find out the results.

**Table 1: Mean/standard deviation of Independent Variables and Dependent Variable**

Variable/ Dimension	Mean	Standard Deviation
Managerial Factors	3.9096	0.73545
Workplace Factors	3.8923	0.77722
Entrepreneurial Factors	4.0739	0.72060
Firm Performance	4.0107	0.66804

(Source: Survey Data:2023)

### Identify the Level of Factors

**Table 2: Decision Criteria**

Criteria	Decision Attribute
$1 \leq \bar{X} \leq 2.5$	Low level
$2.5 < \bar{X} \leq 3.5$	Moderate level
$3.5 < \bar{X} \leq 5$	High level

(Source: Survey Data:2023)

The above table explains the decision criterias of the study when considering the variables of Managerial Factors, Workplace Factors, Entrepreneurial Factors, and Firm Performance. The scores ( $\bar{X}$ ) value lies between 1- 2.5 indicates that there is a Low level of impact between dependent and independent

variable. Also the score value between 2.5 – 3.5 indicates the Moderate level of the impact. And, the score value between 3.5 - 5 explains the high level of the impact.

### Bivariate analysis

The bivariate analysis procedures involve simultaneous analysis of data measured on variables. Bivariate correlation tests whether the relationship between two variable is linear ( as one variable increases, the other also increase or as one variable increases and the other variable decreases) (Kumar, 2011).

### Pearson's Correlation Analysis

Pearson correlation coefficient indicates the direction, strength, and significance of bivariate relationships among the entire variable that were measured on an interval scale. The correlation (bivariate) analysis is initially carried out to explore the linear relationship of managerial factors, workplace factors, entrepreneurial factors, with firm performance of top level managers in tea factories in a Rathnapura district if it exists. Result indicate that there is a statistically and strong positive relationship between managerial factors and firm performance ( $r = 0.853$ ,  $p < 0.01$ ), workplace factors and firm performance ( $r = 0.757$ ,  $p < 0.01$ ), entrepreneurial factors and firm performance ( $r = 0.879$ ,  $p < 0.01$ ).

**Table 3: The correlation coefficient between Managerial Factors, Workplace Factors, Entrepreneurial Factors, and Firm Performance**

Variable and Dimension	Firm Performance
<b>MF</b> Pearson Correlation	.853**
Sig. (2- tailed)	.000
<b>WF</b> Pearson Correlation	.757**
Sig. (2- tailed)	.000
<b>EF</b> Pearson Correlation	.879**
Sig. (2- tailed)	.000

\*\* Correlation is significant at the 0.05 level (2- tailed)

(Source: Survey Data:2023)

### Multiple Regression Analysis

Multiple linear regression is an extension of simple linear regression in which there is a single dependent (response) variable (Y) and independent (predictor) variables. In multiple linear regression, the dependent variable is quantitative while the independent variables may be quantitative or indicator (0, 1) variables. The usual purpose of multiple regression analysis is to create a regression equation for predicting the dependent variables from a group of independent (Newman, 2022). In this study multiple regression analysis includes managerial factors, workplace factors, entrepreneurial factors and firm performance.

**Table 4: Model Summary for Multiple Regression Analysis**

R	R Square	Adjusted R Square	Std. the error of the Estimate
.916 <sup>a</sup>	.839	.837	.26973

(Source: Survey Data:2023)

The model summary express managerial factors, workplace factors, entrepreneurial factors as independent variables and firm performance as the dependent variable. Table shows that the R square shows the total variation in a dependent variable by the independent variable. According to Table 4, the score of R<sup>2</sup> indicates that managerial factors, workplace factors, entrepreneurial factors (independent variables) explains approximately 83.9% of the variance in firm performance (depended variable).

**Table 5: ANOVA Table**

Model	Sum of Squares	df	Mean Square	F	Sig
1 Regression	79.033	3	26.344	362.097	.000 <sup>b</sup>
Residual	15.133	208	.073		
Total	94.166	211			

a. Dependent Variable: Firm Performance  
b. Predictors: (Constant), Managerial Factors, Workplace Factors, Entrepreneurial Factors

(Source: Survey Data:2023)

According to the ANOVA Table, the regression model was significant (F=p=0.000). The proposed model as adequate as the F statistic (F=362.097) were significant at the 5% level. The "R Square" statistic indicates that 66.7% of the variation in firm performance is explained by managerial factors, workplace factors and entrepreneurial factors.

**Table 6: Coefficient of Multiple Regression Analysis for the Firm Performance based on Managerial Factors, Workplace Factors, Entrepreneurial Factors, Availability and Brand**

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	.437	.110		3.961	.606
	MF	.336	.045	.370	7.479	.000
	WF	.106	.038	.124	2.808	.005
	EF	.453	.047	.489	9.561	.000

a. Dependent Variable: Firm Performance

(Source: Survey Data:2023)

The results in above Table 6 indicates that, managerial factors ( $p < 0.05$ ;  $\beta = 0.336$ ), workplace factors ( $p < 0.05$ ;  $\beta = 0.106$ ), entrepreneurial factors ( $p < 0.05$ ;  $\beta = 0.453$ ), significantly impact on firm performance. According to the coefficient result, the regression model can be express as follows;

$$Y = \alpha + \beta_1 MF + \beta_2 WF + \beta_3 EF + e$$

$$Y = 0.437 + 0.336 MF + 0.106 WF + 0.453 EF$$

**Firm Performance = 0.437 + 0.336 Managerial Factors + 0.106 Workplace Factors + 0.453 Entrepreneurial Factors**

The constant value according to the Table 9 is 0.437, it shows that the model would not predict if all the independent variable were zero. According to the model the  $\beta$  value indicate when managerial factors, workplace factors, entrepreneurial factors increase by one-unit firm performance increase by 0.336, 0.106, 0.453 respectively. Based on the results hypotheses were tested.

## 5. Conclusion

The primary aim of the researcher was to find out the study of impact of internal business factors on firm performance of tea industry in Sri Lanka. The research was conducted based on a population study of 212 top level managers in tea factories in a Rathnapura district. To achieve the objective of the research researcher used descriptive analysis, correlation analysis and regression analysis.

The first objective of this survey to identify the level of managerial factors, work place factors, entrepreneurial factors and firm performance of tea factories in Rathnapura district. According to the descriptive analysis results the mean value of managerial factors is 3.9096 and it deviates from 0.73545. The mean value of workplace factors is 3.8923 and it deviates from 0.77722. Mean value of entrepreneurial factors is 4.0739 and it deviates from 0.72060. The mean value of firm performance is 4.0107 and it deviates from 0.66804. As the mean value is between 3.5 and 5. Therefore, the level of all the variables have a high level.

Second objective of the research is to identify the relationship between managerial factors, work place factors and entrepreneurial factors and firm performance. The tables showed that all these factors were equally positively related to firm performance and the relationship was statistically significant and strong. For instance, the relation of managerial factors with the performance of the firms had a very highly significant positive coefficient of Pearson correlation  $r = 0.853$ . For workplace factors, the results again showed positive correlation coefficients of  $r = 0.757$  with firm performance. Finally, entrepreneurial factors had the strongest relationship with firm performance with coefficient of  $r = 0.879$  signifying very good positive relationship between the two. All the coefficients were however, significant at  $p < 0.01$  indicating that managerial factors, workplace factors, and entrepreneurial factors significantly improve the performance of tea factories in the Rathnapura district. These results supports the assertion that internal business factors are in a position to determine total firm performance.

Third objective of the research is to identify the impact of managerial factors, work place factors and entrepreneurial factors on firm performance of tea factories in Rathnapura district. Multiple regression analysis

indicates that managerial factors, workplace factors, entrepreneurial factors, explains approximately 83.9% of the variance in firm performance. According to the model the  $\beta$  value indicate when managerial factors, workplace factors, entrepreneurial factors, increase by one-unit firm performance increase by 0.336, 0.106, 0.453 respectively.

Contribution to the existing body of knowledge in terms of narrowing the research gap by exploring the study of impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka. The novelty of this study is that it provides a holistic perspective of the list of research gaps and their impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka. The research gaps exist and therefore it is more importance for the Sri Lankan tea states. In this context, various measures suggested in this study can be taken as guidance to reduce the gaps of the study of impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka. This research was to find out the study of impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka. And also there are only very few researches contribution of the impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka. So, this study provides good contribution for identify this situation. However, there is one dilemma which would make sense if presented in the study; that is, the chances of pointing out any form of limitations or bias sources may help a reader to have a broader view on the results yielded by the study. Limitations can can therefore be justified to explain where the study's findings belong and where further study needs to be done.

First, it was mentioned that there was little or no talk of potential prejudice that could exist in terms of the sampling process. The study used proportional quota sampling of top-level managers to imply that the survey findings could not be compared to those of mid and lower level employees who also exert control over the performance of the firm. That methodology may elicit different information from that of the other groups in as much as issues to do with workplace or entrepreneurship are concerned.

Secondly the study used a structured questionnaire such that the reliability or validity of this instruments was not discussed. Questionnaires give room for response bias to happen this is because the respondent is ever likely to answer the questionnaire in the best way he/she would like it instead of how it is actually. The only method of data collection identified here is the questionnaires, which may always result in low reliability of results; thereby, using methods such as interviews or observational studies may result in a higher reliability level of findings.

Finally, the study area was limited only to Rathnapura district might limit the generality of the results. It is also noteworthy that internal business factors influencing tea factories in this region may differ in other regions of interest owing to issues of socio-economic or cultural differences. The ideal next step in this research line should be either geographic expansion of the current analysis or comparison of the results from different locations less likely to suffer from serious limitations of ecological correlation.

## Recommendations

Based on these research findings, conclusion and researcher's experience throughout this research to improve the study of impact of internal business factors on firm performance: tea industry perspective in Rathnapura district in Sri Lanka, the following recommendations and strategies are suggested by the researcher.

Entrepreneurial factors are those that are self-motivated and drive for the success of commercial enterprises through a readiness to improve and to change in order to accept responsibility for the making of sound decisions within the company. According to the findings of the study, these elements are among the internal factors that have been the most significant influential factors affecting the performance of organization. As a result of this, the findings of the study indicate that business owners should make it a priority to determine the availability of various pieces of training related to employees. They should then participate in the training, make the most of the opportunities currently available to them in the business world, and make it a desirable ample priority to investigate and benchmark the high-quality business practices of others. In terms of the variables that contribute to business owners ought to focus their efforts on overcoming the challenges presented by a lack of business skill training, a lack of persistence and the guts to accept responsibility for one's failure, and a lack of training in employees inside their own companies. In addition, the findings of this research indicate that management factors have an effect that is statistically significant on the overall performance of organization.

Therefore, it is recommended that business owners should facilitate and take training regarding managerial skills and the preparation of a strategic business plan, and they should also prepare their organization's structure with clear work and duty division among members and employees in order to create a participative, motivating, and attractive work environment in their business, in the study area.

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