



EFFECTS OF GLOBALIZATION ON ENTREPRENEURIAL RISK IN THE APPAREL SECTOR

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Abstract

Globalization has become a more familiar topic which has caused overwhelming influence on every kind of business category of the world imparting with enormous opportunities, removal of trade and tax barriers while importing more risk to businesses. The objective of this study is to evaluate, the effects of globalization on entrepreneurial risk in the apparel sector. This research paper assesses the influence of the political, economic and technological factors which promulgates the risk of globalization on the apparel industry bringing focus to the Small and Medium (S.M.E) apparel companies in the Colombo District. S.M.E. classification criteria put forward by the Department of Industries were used to identify the small and medium enterprises. Apropos of previous research, it has identified the relationship of globalization and entrepreneurial risk using secondary and primary data with several models. A sample of 150 (N=150) was selected using the random sampling technique. Primary data was collected using face to face interview method with a comprehensive questionnaire as the data collection instrument while canonical correlation and Manova were employed to analyse the data using SPSS and MS Excel. As the prime finding of the study: there exists a positive correlation between globalization and entrepreneurial risk. As a reaction, entrepreneurs have to manage the risk because risk affects business in both positive and negative ways. Based on the research findings, author suggests maintaining continuous savings, joining ventures and issuing shares, as means to mitigate the risk of globalization.

Keywords: globalization, entrepreneurial risk, apparel industry, canonical correlation, small and medium enterprises