



**A Study of Factors Affecting the Business Success of
Tourism Related Small and Medium Enterprises (SMEs)
in Sri Lanka
(With Special Reference to Central Province)**

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ABSTRACT

Sri Lanka has proved to be one of the fastest growing tourist destinations. The Small and Medium Enterprises (SMEs) occupy a dominant position in Tourism in all the countries including Sri Lanka. Currently, the tourism related SMEs are facing various challenges to survive in the market and they should have the ability to adopt to the changes in the modern world. Considering the importance of SME sector in Tourism, this study has strived to identify the factors that are affecting the business success of Tourism related SME businesses in Sri Lanka with special reference to Central Province. The objectives of this research is to identify the demographic profile of Tourism related SME business operators, to determine the relationship between the business success factors and the business success and to identify the most influential factor which is significantly affect the business success of Tourism related SMEs. SME business characteristics, Firm's strategies, Management know-how, Products and services, Customer and market, Resource and finance and Government support and external environment were studied as business success factors while, survival, profitability, sales growth and reputation were considered in measuring the business success. The analysis mainly depends on the primary data collected by the researcher through the structured questionnaire. The sample size was 75 Tourism related SME business operators selected using convenience sampling method. The data analysis methods included descriptive statistics, correlation analysis and regression analysis to fulfill the objectives of this study. Eight hypotheses were developed to find out the factors that are affecting the Business Success of SMEs in Sri Lanka. The results revealed that all the factors studies other than the government support are affecting on business success while the SME business characteristics was identified as the most significant factor for the business success which includes the indicators of age, size and location of the business. Hence, the support from the government should be increase for the Tourism related SME industry through implementing policies, providing financial incentives, infrastructure facilities and proper assistance in order to get more benefits, to overcome from the challenges and to ensure the business success of Tourism related SME businesses in Sri Lanka.

Keywords: Business success, SMEs, Sri Lanka, Success factors, Tourism