

A Study of Factors Affecting the Business Success of Tourism Related Small and Medium Enterprises in Sri Lanka (with special reference to Central province)

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Sri Lanka is one of the fastest growing tourist destinations in world. Small and Medium Enterprises (SMEs) occupy a dominant position in Tourism both at global and local level. Currently, Tourism related SMEs are facing various challenges to survive in the market and they should have the ability to adapt to the changes, as Tourism is one of the fastest growing and dynamic industries in Sri Lanka. Considering the importance of SME sector in Tourism, this study strives to identify the factors affecting the business success of Tourism related SMEs in Sri Lanka. Objectives of this research are to identify the demographic profile of Tourism related SME operators, to determine the factors affecting on 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, Government support and External environment were studied as business success factors used to measure the business success. The study was based on primary data collected from a sample of 75 Tourism related SME business operators selected using convenience sampling method. Questionnaire survey method was applied data collection. Descriptive statistics, correlation analysis and regression analysis techniques were used for the data analysis. The results revealed that all the factors studied other than the government support are having positive relationship with the business success, while SME business characteristics was identified as the most significant factor which shows the highest coefficient value of 0.421. Study recommends to Tourism related SMEs to focus on all the affecting factors. Further support from government should be improved in order to acquire more benefits and to overcome the current challenges while ensuring business success of Tourism related SMEs in Sri Lanka.

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