

OBSTACLES TO SME PERFORMANCE IN THE TOURISM INDUSTRY (SPECIAL REFERENCE TO ANURADHAPURA)

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ABSTRACT

This study examines the obstacles affecting the performance of Small and Medium Enterprises (SMEs) in Sri Lanka's tourism industry, focusing specifically on Anuradhapura District. Before the COVID-19 pandemic, Sri Lanka experienced a significant rise in international tourism, reaching a peak in 2018 with approximately 2.3 million tourists, benefiting areas like Anuradhapura. SMEs are vital to the local economy and contribute to tourism growth, cultural preservation, and job creation. However, they also face various challenges that impede their performance. This study identifies four key obstacles: limited financial resources, human resource constraints, government policies and regulations, and technological infrastructure deficiencies. The study employed a quantitative research methodology, collecting primary data through structured questionnaires from 297 respondents, including SME owners, managers, and employees in Anuradhapura's tourism sector. Data analysis was conducted using SPSS software, incorporating descriptive statistics, correlation analysis, and multiple regression analysis, to explore the relationships between these obstacles and SME performance. The findings reveal a significant positive correlation between each obstacle and SME performance, with financial and human resource constraints emerging as the most critical factors. Regression analysis further confirms that financial and human capital are the primary determinants of SME success or failure in Anuradhapura's tourism industry. To address these challenges, this study advocates a comprehensive approach that includes improved access to financial resources, workforce development programs, and supportive government policies. Investment in technological infrastructure is essential for SMEs to modernize and remain competitive in the evolving tourism market. The research recommends policy reforms, capacity-building initiatives, and strengthened public-private partnerships to foster SME growth in Anuradhapura's tourism sector.

Keywords: SME performance, tourism industry, financial resources, human resources, government policies, technological infrastructure.