

Factors affecting the Failure of Women-Owned SMEs in Kurunegala District of Sri Lanka

N.S.M.L. Kavindya^{1,*} and T.M.E.G.D. Bandara²

*Department of Business Management, Faculty of Management Studies,
Rajarata University of Sri Lanka, Mihintale, Sri Lanka^{1,2}*

*Corresponding author: lakshanikavindya628@gmail.com

Abstract

This study investigates the factors contributing to the failure of women-owned small and medium enterprises (SMEs) in the Kurunegala district of Sri Lanka. Despite the critical role of women in economic development, their participation in entrepreneurship remains disproportionately low. The study examines four key factors, namely lack of access to finance and capital, insufficient social and cultural support, limited education and training, and legal and administrative constraints. A stratified random sample of 357 women entrepreneurs engaged in six main SME sectors (custom tailoring, retail trade, flower cultivation and garden decoration, mushroom cultivation, dairy farming, and beauty services) was surveyed using a structured questionnaire. Data were analysed using descriptive statistics, correlation, and multiple regression analysis. Results indicate that all four independent variables significantly contributed to the failure of women-owned SMEs, with lack of finance and capital identified as the most influential factor. The findings highlight the pressing need for targeted interventions, including improved financial accessibility, women-oriented training programmes, enhanced legal support, and strategies to overcome socio-cultural constraints. The study offers practical recommendations for policymakers, industry stakeholders, and development agencies to create an enabling environment for women entrepreneurs, thereby fostering inclusive economic growth and reducing the gender gap in the SME sector.

Keywords: financial constraints, small and medium enterprises, SME failure, socio-cultural barriers, women entrepreneurs