

## **THE IMPACT OF CRITICAL SUCCESS FACTORS ON SUSTAINABILITY OF SMALL AND MEDIUM SCALE ENTERPRISES**

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### **Abstract**

Small and medium enterprises are not only generating jobs and economic growth but also encouraging the process of innovation and transforming the Socio-economic nature in to better. 90% of entities in Sri Lanka belong to small and medium scale operation and it contributes nearly by 52% of Gross Domestic product. Entrepreneurs need to incorporate a set of strategies to prolong the entities in the market. Perception and application of critical success factors are significant in conserving the ventures in preventing short term failure. Perception of Critical success factors such as entrepreneurial, enterprise based, managerial, business support wise, capital and business environment factors on venture existence would vary from one venture to another since each entity is unique in functioning. The study examines the relationship between critical success factors and sustainability and also identifies the most crucial factors that need to be focused much in the contemporary society in sustaining the entity. Approximately 112 entities were sampled out of 1181 registered small and medium enterprises in Negombo division. Stratified random sampling was used through proportionated method. Confirmatory factor analysis, Chi square test, multiple regression analysis were used from inferential approach. Also central tendency along with illustrative tables are used from descriptive approach. The study reveals that entrepreneurial, managerial and business supportive factors highly influence the survival of business than the other factors. Adopting dynamic changes in the market and application of suitable assortment of critical success factors would prolong the entities in the long-run.

*Keywords:* Critical Success Factors, Small and Medium Scale Enterprises, Sustainability, Entrepreneurs, Confirmatory Factor Analysis

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## **1. Introduction**

Sri Lankan economy is progressing through the contribution of tertiary and manufacturing sectors on the GDP as 56.7% and 26.9 % respectively. Approximately 90% of entities belong to SMEs where it creates 45% job opportunities and 52% economic growth (shares of economic sectors, 2019). Generating employment opportunity would diminish the unemployment as well as poverty of the nation (Central Bank of Sri Lanka, 2018). The small and medium scale enterprises are the means of execution of the entrepreneurship of a society. Defining SME would be distinct since the measures vary from country to country according to their socio-economic nature. Basically, the number of labourers employed, the amount of capital employed and the annual turnover earned are the common measures in framing SME. According to the Sri Lankan context, the enterprises that gratify the annual turnover not exceeding Rs.750 million and employing lesser than 300 employees can be categorized in to small and medium scale business (Sri Lanka National Policy Framework, 2015). The contemporary situation of Sri Lanka states that the cottage and small scale industries function playing the foremost role in the economic performance through generation of employment, mobilization of savings in the economy, poverty alleviation and income equality of the nation. The strong foundation and existence of the SMEs lead to the wellbeing of large scale business in our economy. Formation of a SME reflects not only the combination of factors of production but, it also expresses the on-going process of innovation, risk taking, resource allocating and decision making sense of the entrepreneurs of the society (Wijayasiri, 2016). The recent studies indicate that 20% of the sun shine entities are experiencing short term failure because of internal and external factors such as unfair trading practices, lack of perception of market conditions, underdevelopment of entrepreneurial ability and poor strategic or managerial execution. (Export Development Board, 2017). Perceiving the dynamic changes that has taken place in the market and acting accordingly would be the solid method for the entities to sustain in the competitive market. SME can formulate different types of strategic plans to prolong the business and their activities. Therefore, identification of situational analysis and perception of critical success factors are extremely important concerns for the sustainability of entities. Critical Success Factors (CSF) refer to the specific activities, procedures that a business entity depends on for its existence or survival. In other terms, CSFs are the variables or circumstances necessary to enable the expected outcome for a business entity and also these factors are the fundamental phenomena in a cause and effect relationship since it plays an important role in SMEs sustainability (Chong, 2012).

The perceived factors are applied by the small and medium scale entrepreneurs and the outcome of the entities are measured through the key indicators of success of the organization. Perception and application of CSF are unique to each and every entrepreneur and the entity (Murray 2015). Business sustainability refers to the existence of an entity as the prevention of shut down stage. Since Sustainability is the ability or process to exist constantly, the application of suitable CSFs in SMEs are unavoidable for entrepreneurs. When an entity implies the business and societal goals, it will experience long term survival (Mitchel, 2020). However, implying of these dual disciplines are much challenging in nature. Therefore, this study attempts

not only to identify the effective critical success factors but also it aims to evaluate the extent to which the critical success factors are perceived and practiced that are significantly influencing the survival and the growth of SMEs and it aims to make suggestions for enhancing the capacities of SMEs to prevent short term business failure.

### **Research problem and justification**

Many SMEs survive with high degree of internal and external obstacles that are known as barriers on growth and existence. Many SMEs that are started up, experience short term failure resulting in closure or shut down and at the same time, there are some enterprises that are able to exist or survive in a competitive market (Bandara, 2016). There is a downward nature of successful SMEs. The rate of SME failure in Sri Lanka is approximately 45%. In contrast, it reflects that still 55% of the SMEs are able to sustain their business transactions against the venture failure. The sustainability of these firms are evidence of the efficient entrepreneurs who apply effective critical success factors to prolong their entity in the industry. Therefore, the study raises the problem statement, “What are the critical success factors influencing the survival of small and medium scale businesses?”

Anon (2011) found that, approximately 70% of SMEs are able to sustain for nearly two years and 51% of SMEs only prolong for five years. Entrepreneurs ought to be much updated with the current market changes and the enterprises need to adopt the effective application of CSF to sustain the business ventures without experiencing business shut down. Therefore, the study investigates the influence of CSF that affect sustainability of SMEs operating in industry in reaching the desired outcomes of the enterprises. Also, it further examines the suitable CSF that affects a business to survive in terms of satisfying the entrepreneurs’ goals as maintaining breakeven or profit maximization and sustaining the enterprises.

### **Research questions**

Following research questions have been formed to precede the investigation of this study in determining the impact of the CSFs.

1. What are the critical success factors concerning small and medium scale enterprises to survive in the market?
2. To what extent are the critical success factors affecting sustaining small and medium scale enterprises in a competitive market?
3. What are the critical success factors impacting on small and medium enterprises in gaining competitive advantage?

### **Research objectives**

The main purpose of this study is to identify the critical success factors and its influence on business entrepreneurs in sustaining their businesses. Following are some objectives that are expected from this study:

1. To identify the effective critical success factors concerning small and medium scale enterprises to exist in the industry.
2. To evaluate how and to what extent critical success factors influence sustainability of small and medium scale business.

3. To recognise the CSF that are supportive to the SMEs in improving profit maximization and to grow the businesses.

## **2. Literature Review**

There are ample of literature concerning CSF and its application to SMEs. The coverage of CSF in the SMEs is distinct in present contemporary market in terms of existence of a business. Therefore, a comprehensive literature review of CSFs and its impact on sustainability of SMEs are considered in this section. Since this research investigates into the effective perception and application of CSFs in SME's, it has been systematically analyzed and comprehended in narrating the literature from several authors and researchers across developing and developed nations over a period of time. Understanding CSF and its implications to the SMEs through researchers' measures and identifying the literature gap are the expected outcomes of this section.

### **Evaluation of theory of CSF**

The ideology of CSF emerged from the concept of Key results area (KRA), which is the systematic management process of an organization as well as it is the managerial indicator that is essential for a business organization to achieve the expected goal or mission (D. Ronald, 1961). The ideology of the CSF's developed in late 1980s. CSF's are the forces that are dynamic and unique to the entities to maintain the satisfactory level of business performance in a competitive scenario (Rockart, 1979). Critical success factors can be derived from several sources such as industrial, strategic, environmental and temporal or internal. Once the entrepreneur identifies CSFs then the entities can be developed to Key Performance Indicators, which is the measurable criteria that provides the quantifiable information that enable organizations to decide whether CSFs have been met, and if goals have been achieved. KPIs are typically more detailed and quantitative than CSFs (Albert, 2004).

### **The implication of critical success factors on Small and Medium Enterprises**

The case study finding of business success of SMEs draws that the impact of bookkeeping accounts, market factors, financial management, risk management and internal control and capacity and commitment management of owners on SME success by untangling the relationships among innovation capability, customer participation, service quality, and performance of the entity (Chuthamas, 2011). There is no significant relationship between maintenance of business accounts such as book keeping on the success of a business venture and considering the market nature would benefit the growth of entity (Bracker, 1986). Locke & Collins (2003) found that the formulation and application of appropriate market strategies into SMEs would lead the entrepreneur to sustain the business with the desired outcome. Management practices are subjective since the industry and entity differ from one to the other. In fact the unique leadership style which is being followed by the entrepreneurs need to be altered and changed according to the dynamic changes of the industry to retain the entity. Wijewardana (2018) emphasized that the Market factors are crucial and critical for any business performance. Further, he concluded that even though behavioural signs are more difficult to identify that would

symptomize the on-going nature of an entity. In forming and sustaining a successful venture, there should be prior business planning, informative sense, effective financial and human capital management controls and adequate commitment of the entrepreneurs for business sustainability (Rathiranee, 2019). There might be some collective reasons for business failure in Sri Lanka, in spite of some sensitive and unique reasons that are uncommon for other entities as well (Kulupparachchi, 2018).

Ahamad (2019) through an exploratory study carried in Emirates summarized the critical success factors that are considered in the food manufacturing SMEs. Significantly the results of the study stated that four factors out of the six factors studied were critical to the success of SMEs termed as managerial, economic, capital, entrepreneurial, enterprise based, and environmental factors that impact on survival of a business survival. Particularly entrepreneurial, economic and managerial factors are having a significant relationship towards the sustainability of SMEs. A study conducted in the Kuliyaipitiya division (2014) on the determinants of success of SMEs brought out that the success of SMEs does not imply on either the business knowledge or trade knowledge of the entrepreneur but the entrepreneurs should be with productive in making effective decisions and need to have basic educational knowledge to survive in the market. Further, the study emphasised that capital and investment are having a significant relationship with the sustainability of SMEs. Having a supportive family, sense of education or training, decision making skill and investment viability would positively influence the survival of SMEs. Lampadarios (2016) brought up the model which expressed the most effective and common critical success factors on SMEs such as entrepreneurial, enterprise based and business environmental factors. Ahamed (2019) conceptualized the effective and the most commonly affected CSFs into individual factors, business modelling factors, business environmental factors, managerial factors, business supportive factors and capital availability factors that highly impact the survival of a SME.

Sri Ranjith (2014) indicated that business knowledge or vocational training sense; leadership skills do not have significant relationship towards the success of a SME. Nishantha and Pathirana (2014) highlighted that Connectivity of society and government do not have any significant relationship on survival of an entity. Furthermore, the study highlighted that the human capital and working capital management are strongly related on the existence of the SMEs in developing nations like Sri Lanka. Sri Lankan small entrepreneurs believe that the most important success factors are entrepreneur related characteristics, product and finance issues and social connections. As these variables are mainly associated with personality of an individual, it means that entrepreneurs in Sri Lanka believe they can influence their own business success. A study focusing on corporate social responsibility (2009) on the venture success indicated that being an organization it has explicit as well as implicit duties not only to provide personal satisfaction but also to satisfy the community and the society. When the firms are in the line with eco-friendly approach in their contribution to the society, less emission in production and operation are valued in the community (Jenkins, 2009). Also promoting green trading with fair terms ensures the word of mouth as the promotional tool for the growth of the entity. Further, it leads to sustainable development of the nation through growth of entities (Marcello & George, 2006).

Organizations need to consider the community as a stakeholder in the business. This would permit the entity to conduct well-being preventing unethical societal activities. Providing development plans to the society and maximizing welfare activities create good will for the SMEs hence it is the strategy for them to compete against the rivals (Collins & Manuel, 2016). According to Ranasinghe (2010), the experiences and practices of childhood, psychological characteristics, entrepreneurial traits, formal and informal learning and external support and socio-culture elements contribute to the success of SMEs in Sri Lanka. Reynolds & Contreras (2010) revealed that the entrepreneurial and physiological factors have the influence on venture creations as well as their existence. Further, he stated that family structure, economic status, education level and desires and fashions prolong the entrepreneurs in the business. Also, the social support through social media and word of mouth from society would also impact on venture sustainability in the contemporary world. Application of prevailing technology would utilize the cost leadership and would improve the quality of business operations (Miller 1996).

### **Hypotheses development**

The study investigates the influence of CSF towards the success of SMEs. Based on the previous researches discussed, there are six major types of CSFs identified such as entrepreneurial factors, enterprise factors, managerial factors, business supportive factors, capital factors and business environmental factors. It was hypothesized that the CSFs positively impact on the sustainability of SMEs (Ahamad, 2019). The hypotheses formed for the study are explained.

*Hypothesis 01:* Entrepreneurial factors positively influence the sustainability of an entity.

Norath (2018) found that the age of the entrepreneurs, sense of intellectuality and self-motivation are the fundamentals for a successful entrepreneurship. Educational background and perceived behaviours also would encourage the sustainability of the enterprises but not mandatory. However, ability in taking risks as well as sense of innovation can be the rudimentary in reaching sustainable enterprises.

*Hypothesis 02:* Enterprise factors positively influence the sustainability of an entity.

Chathumas (2011) found that business innovation plays a major role in business existence because innovative ideas can be converted into marketable products that satisfy the expected returns from the enterprise. Further, transport network, appropriate location and fair competition would help enterprises to sustain for a long term.

*Hypothesis 03:* Managerial factors positively influence the sustainability of an entity.

A study made on the growth of SMEs found that an enterprise's growth is related to value of their infrastructure as well as other features like leadership style and organizational culture. Contribution of social responsibility can be a strategy which can create positive image and reputation of the enterprises (Burke, 2011).

*Hypothesis 04:* Business supportive factors positively influence the sustainability of an entity.

Locke & Collings (2003) indicated that support given from the family and peers is the major reason for creation of entrepreneurship. Entrepreneurs who get involved in the grants and lower interest loan schemes would remain in the competitive environment. Also, interest free loan schemes and grants would encourage not only venture creation also venture existence.

*Hypothesis 05:* Capital factors positively influence the sustainability of an entity.

Nishantha (2004) stated that the amount of start-up capital matters in the wealth of conducting a business. At the same time identifying the appropriate and cost effective capital sources on business initiation and development is a major issue encountered by the SME entrepreneurs. This limits the capital assets and liquidity of assets leading to business failure. Further, the study highlights that there are eight major core elements of a successful business venture. Out of these factors six are related to access to capital requirements as a means of entrepreneurial success.

*Hypothesis 06:* Business environmental factors positively influence the sustainability of an entity.

There are two basic categories of the external factors such as general environment factors and competitive environment factors. General environment includes the political structure, macroeconomic policies, socio-culture of the context, and adoptability of technology, globalization and demographic elements. In contrast competitive environment implies the degree or rivalry, nature of target group, suppliers' network and the ethics of the industry. Supportive business environment and entrepreneurial traits would mostly help the enterprises to sustain in the competitive market (Miller 1996).

### **3. Methodology**

The conceptual model focuses on theoretical reflection of the concepts relevant to the research and it has been developed as the empirical model which elaborates the clear cut ideology on SMEs and their sustainability, supported through the empirical evidences found in Negombo area. Further, the theories and measures used in this research are illustrated briefly. The sample framework from the population is explained through the Table 1. Finally, the Data collection methods, instruments and procedures are expressed adequately.

#### **Location of the research**

This study basically examines the effectiveness of CSFs on sustainability of SMEs in Negombo Divisional Secretariat. The area of Negombo is located in the Western province in Sri Lanka under Gampaha District including a population of approximately 142,136 with 68600 males and 73,536 females (Census of population and housing of Sri Lanka 2012).

**Table 1: Stratified random sample**

Strata	Total entities	Sample size	Sample fraction
Food courts and restaurant	515	52	0.10
Bakeries for takeaway	210	21	0.10
Cosmetics, personal care and textiles	81	08	0.09
House hold groceries	108	11	0.10
Farm and agriculture	82	08	0.09
Super stores	34	03	0.08
Stationaries, Communications and printing	30	03	0.10
ornamental	32	03	0.09
Occasional service centers	27	03	0.11
Total	1119	112	0.10

Source: Compiled by author

**Table 2: Variables of the study**

Factors	Types of variable	Item number	Variables
Entrepreneurial factors	Independent	01	Education level
	Independent	02	Age of the entrepreneur
	Independent	03	Business experience
	Independent	04	Risk taking
Enterprise factors	Independent	05	Size of business
	Independent	06	Business network
	Independent	07	Innovation
	Independent	08	Able to compete
Managerial Factors	Independent	09	Business infrastructure
	Independent	10	Organizational culture
	Independent	11	Human Resource Management
	Independent	12	CSR
Business supportive factors	Independent	13	Family support
	Independent	14	Government support
	Independent	15	Financial institute support
	Independent	16	Community support
Capital factors	Independent	17	Financial capital
	Independent	18	Working capital
	Independent	19	Human capital
	Independent	20	Social capital
Business environmental factors	Independent	21	Access to technology
	Independent	22	Socio-culture
	Independent	23	Legal process
	Independent	24	Economic condition
Sustainable factor	Dependent	25	Business existence

Source: Compiled by author



**Population and sample**

There are approximately 1181 registered SMEs based on manufacturing and serving outlets (Negombo municipal council report, 2019). The entities that are manufacturing and distributing goods and services are considered in the frame of population. Out of the selected entities, 62 entities that are non-existing (Municipal council of Negombo, 2019) were excluded since the study focused on the sustainability of the SMEs. Therefore, the research considered 112 enterprises as the samples out of 1119 enterprises. For this sampling framework “Stratified random sampling” technique was applied by using proportionate method. The sampling approach used in this study is illustrated through the Table 1.

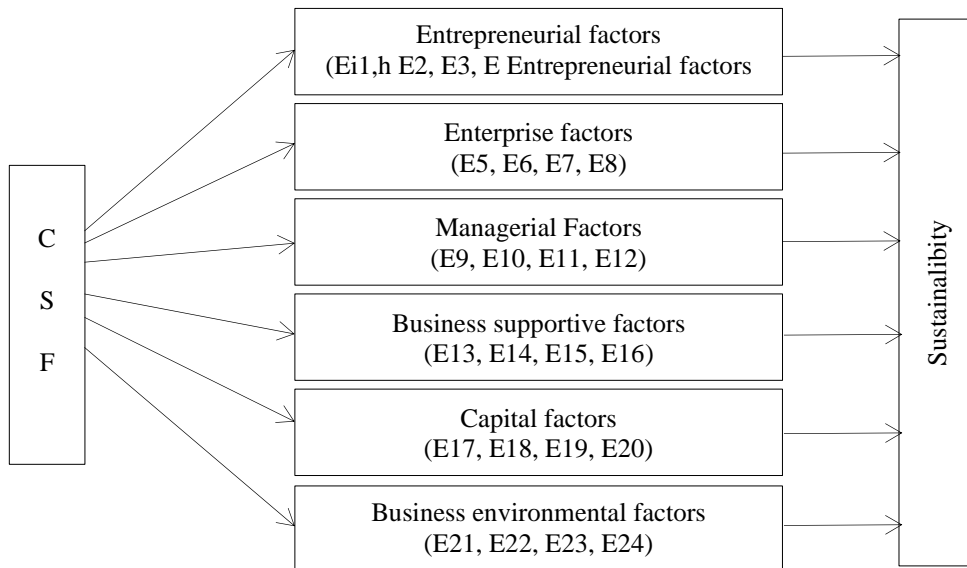
**Variables used in the study**

To testify the effectiveness of CSF, the variables were correlated. Sustainability of SMEs is the dependent variable where there are 6 independent variables such as entrepreneur, enterprise, management, business supportive, capital and business environmental factors used in this study. The Table 2 illustrates the variables used in the study.

**Conceptual framework**

According to the former studies and the empirical evidences, there are six major sourcing factors assumed to be influential on sustainability of the SMEs. The six factor variables are constructed through twenty four elements that positively or negatively impact on the sustainability. This empirical model is illustrated through Figure 1.

**Figure 1: Developed model of Lampadarious (2019)**



*Source:* Compiled by author

### **Data collection and instruments for analysis**

The research used the data collection basically from primary sources through self-administered close ended questions. There were eighteen close ended questions representing 6 different variables used in the study. The twenty four elements shown in Table 2 were testified through close ended questions which were given to the sampled 112 entities in the study. In the mean time, secondary data also were used to support the research findings. Reports of Divisional Secretariat, Industrial Development Board, and journal articles and the publications given by the Sri Lankan and international authors on CSF and sustainability were thoroughly used. Descriptive as well as inferential statistical techniques were utilized to analyse the data through Analysis of Moment Structures (AOMS) to testify the effectiveness of CSFs. In order to test the dimensionality of the measurement constructs confirmatory factor analysis, structural model analyses were used. In addition to this, multiple regression test was done to find the connectivity of the factors on sustainability. Central tendency measures and interpretive charts were used to express the descriptive nature of the findings. Percentage values were used to identify the contribution of various categories of each variable summarized for the study.

### **4. Results and Discussion**

According to the former findings and the reviews taken from the literature, the most influential six factor criteria were identified and theoretical concepts were comprised in line with the factors in a systematic summarized way. Confirmatory factor analysis along with Pearson correlation test were conducted to testify the validity of formed hypothesis as well as structural model summary used to generalize the results findings. However, the results were basically vied through a set of approaches such as reliability and validity analysis, confirmatory factor analysis and structural model analysis.

#### **Results from confirmatory factor analysis**

This study basically examined the impressive factors that are highly essential to be considered on sustainability of SMEs. There are six essential factors loaded along with 24 elements (variables) forming a well-fitted measurement structure. Entrepreneurial factors (factor 01) derived from four elements such as sense of education, age of the owner, business experience, and risk taking ability from element 01-04. Enterprise factors (factor 02) derived from four elements such as the size of the business, business network, innovation, ability to compete comprised of the elements 5-8. Managerial factors derived from the elements of business infrastructure, organizational culture, Human Resource Management and corporate social responsibility were loaded from elements 9-12. Business supportive factors comprised of the elements of Family support, government contribution, financial institutions' support, community support noted through the elements 13 to 16. Capital factors included start-up capital, working capital, human capital and social capital that loaded from elements 17-20. Socio culture pattern, legal framework, economic viability and application of technology loaded from 21-24 indicating business environmental factors. The model summarized that the Number of parameters was 57,

the values of indices GFI and AGFI were 0.90 and 0.89 respectively in adducing that model is fit along the data.

### Results of structural analysis

**Table 3: Summary of structural model consisting 24 elements**

Hypothesis	Factor variables	S.E	C.R	P
H1	F1 (E1,E2,E3,E4) Entrepreneurial factors	0.0421	2.7769	0.0221
H2	F2 (E5,E6,E7,E8) Enterprise factors	0.0401	1.3412	0.0924
H3	F3 (E9,E10,E11,E12) Managerial factors	0.0211	2.5450	0.0323
H4	F4 (E13,E14,E15,E16) Business support factors	0.0340	1.9899	0.1210
H5	F5 (E17,E18,E19,E20) Capital factors	0.0989	2.1509	0.1816
H6	F6 (E21,E22,E23,E24) Business environment factors	0.0426	1.2312	0.0365

*Source:* Compiled by author

As illustrated Table 3 the major factors are linked with venture sustainability in testifying the acceptance or rejection of the hypotheses formed in the study. Entrepreneurial factors (F1), managerial factors (F3) and business environment factors (F6) positively influence the sustainability of a SME than the other factors mentioned as enterprise factors (F2) and business supportive factors (F4), and capital management factors (F5) and business supportive factors. Among the formed six hypotheses, the first hypothesis (entrepreneurial factors) affect business sustainability where it is accepted since the p value is 0.02. Also, the third hypothesis (managerial factors) has the direct impact on venture continuity. Therefore, it is accepted since the value of p seems 0.03. On the other hand, the second hypothesis (Enterprise factors) reflects the insignificant relationship on venture existence therefore it is rejected with the value of 0.092. Finally, the fourth hypothesis (business supportive factors) implies a less significant interaction of venture sustainability. Therefore, it is rejected with the value of p 0.121. Business environment factor comprising with socio-culture, legal framework, economic conditions and technology showed the significant relationship on continuity of SME through the p value of 0.036. In contrast the capital requirement factors consisting start-up capital, working capital, human capital and social capital would not influence the business. It is proven and rejected with the p value of 0.181.

### Results of reliability and validity analysis

There are 24 elements that derive the six major factors. Reliability was measured through CR and tested by convergent validity via AVE. CR values of the factors is above 0.70 (0.85\*) which is at the satisfactory level. As a result, reliability and validity of the variance were up to the satisfaction as illustrated in the Table 4.

**Table 4: Components factor loading validity and reliability of 24 elements**

Factor	Variable	1	2	3	4	5	6	AV	CR
F1	E1	0.8121							
	E2	0.8323							
	E3	0.9100							
	E4	0.9211						0.8688	0.8700
F2	E5		0.8221						
	E6		0.8776						
	E7		0.8688						
	E8		0.9233					0.8729	0.8911
F3	E9			0.8821					
	E10			0.9943					
	E11			0.9878					
	E12			0.9975				0.9654	0.9991
F4	E13				0.9122				
	E14				0.9561				
	E15				0.9616				
	E16				0.9212			0.9377	0.9621
F5	E17					0.8989			
	E18					0.8314			
	E19					0.8677			
	E20					0.8001		0.8495	0.8543
F6	E21						0.8712		
	E22						0.9987		
	E23						0.9121		
	E24						0.8799	0.9154	0.9432

*Source:* Compiled by author

## **Discussion of the results**

Entrepreneurial factors, enterprise factors, managerial factors, business supportive factors, capital requirement factors and business environment factors are the summarized factors considered and used by many developing countries (Ahamad 2014). Therefore, the study emphasised on the denoted six factors as the major route for survival techniques for the entrepreneurs. The elements are noted as variables in the investigation as to testify specific significance towards the sustainability of a venture. Fundamental of CSF highlights that the factors needed for the performance of the business organization as the critical factors in concern. In deed this is agreeable since the empirical evidences and the model construction indicates the fitness of the factors such as entrepreneurial, enterprise, managerial, business supportive, capital and business environmental factors into the sustainability

Chandana (2017) highlighted that the book keeping process, following a business plan; business innovation, commitment and labour efficiency are the major reasons and the factors for the success of SMEs. This is partially affable because the study reveals that entrepreneurial factors including age range of the entrepreneurs (0.4410) and the sense of education (0.011), prior experience of the business (0.0213) and the risk taking ability (0.1412) are the factors having a significant relationship on the sustainability of SMEs. In contrast, concern of bookkeeping, labour efficiency, business innovation factors are shown to have insignificant relationship to the study. The findings of survey of SMEs indicate that effective finance control, business innovation, quality standards are the living factors to the survival of the ventures. And lack of technology, poor managerial skills and poor education are the reason for short term, failure of the venture (Gunatialake, 2016). Innovation is the vital part of entrepreneurship. When a business aims to survive in the market it needs to ensure the quality goods and services than producing something novel. This is evident fully in the study because 78% of the entrepreneurs agreed that competing the quality products and fair price is possible and applicable (0.0010). On the other hand 60% of the entrepreneurs do not properly maintain a cash record through system (empirical evidence). Also concern of financial or capital concerns are shown insignificant correlation to the venture sustainability (0.1816). Provision of technology is not considered by more than half (58%) of the entrepreneurs in survival. Therefore, sustenance depends severely on business management than the capital management. The formal exploratory study done by Arachchi (2018) on the small scale business owners, states that the level of capital, consideration of the market, sense of informative and Human Resource Management are the core components of the venture success in sustainability.

The managerial consideration including utilization of infrastructure, organizational culture, human resource management and perception of corporate social responsibility are showing the significant correlation on the existence of SMEs. The formed hypotheses of managerial concerns reflected the effect on the ventures (0.0323). At the same time, perception of the market condition through demand, comparative price scale, purchase power and policies positively influence the business ventures (0.0365). However, capital consideration is not significantly effective (0.3201) in this study even though the literature is stated. According to Wijewardana (2016) market factors, leadership nature, government schemes,

perception of situational analysis are the considered factors in determining the venture success. As per the study, it reveals a partial disagreement of the statement since business supportive factor comprising government supports and grants, financial institution support, family support, and society support are showing insignificant correlation on venture sustainability (0.1210). On the other hand, there are ample of concurrent indications where leadership and market conditions are representing entrepreneurial and business environment respectively, in this study, showing the significant relationship as mentioned.

The study undertaken by Marcello and George (2006) highlighted the importance of CSR for an entity. In this study also this is true because conducting a business entity should not only be for the profit maximization but also the businesses need to be concerned about the values of the surrounding and society. There is a significant correlation between the concern of CSR and the business sustainability (0.0201). In fact this belongs to the managerial aspect of an entity. However, the study underlies that among the various factors: the entrepreneurial factors, managerial factors, and business environmental factors are having significant influence on the sustainability of SMEs. Even though the other factors such as enterprise factors, business supportive factors and capital factors are considered through entrepreneurship they are vital in forming the SMEs than sustaining. Therefore, these factors are not showing the significant influence on the venture survival in the present context.

## **5. Conclusion**

Entrepreneurial factors, managerial factors and business environment factors are significantly effective and perceived by the entrepreneurs who survive in the market. Age of the entrepreneur is considered in existence of a venture. This is because the age range reflects the mental and physical enthusiasm among many entrepreneurs. Also, the sense of education is a supportive element in conceptualizing the business and applying the marketable ideas. The study indicates that 74% of the entrepreneurs are having the experience from their former events. This implies the forgone employments of a particular entrepreneur even would help the business sustainability. Risk taking would be the distinct factor which would make the ventures alive. Study identifies that 72% of risk taking entrepreneurs are having the ability to take calculated risk. In similar managerial factor indicates the utilization of human and non-human resources, perceived organizational culture and reflecting CSR. The study discovered that 78% of the entrepreneurs are maintaining the organizational culture to provide quality products. This is a remarkable point because the provision of quality items at a fair price would prolong the business than business innovation. Perception of social- cultural environment, legal framework of SMES, application of technology and economic condition of the environments is the crucial consideration since these factors are subject to dynamic changes.

Sustainability of a venture influenced directly through the entrepreneurial, managerial and business environment factors such as the age of the entrepreneur reflects the experience gained from individual as well as social transactions. Since the educational sense impact on venture sustainability, it is recommended to have basic knowledge in running out an enterprise. The entrepreneurship related

programmes would inculcate many entrepreneurs. Innovative ideas would distinguish and help a SME from shut down nature as it has the competitive advantage over the other rival. In the mean time, financial availability of a venture is considerable even though it is not a prime factor to succeed in the initial stage of an enterprise. SMEs need to have the ability to perceive the market changes and adopt the needed technology and abide the legal framework, then sustainability is possible. Adopting the market changes would increase the potential to compete in the market where application of technology leads to diminish the cost of production and operation of the entities. Marinating the quality standards for the goods and services, adapting to the market nature and operating the entities with long term objectives are the appropriate strategies followed by the entrepreneurs in the field of contemporary businesses. The suitable training schemes to improve the potential of entrepreneurs, research and development on SMEs would improve the productivity of the SMEs and as well as the economic growth of the nation.

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