

# Factors Affecting Growth of SMEs in Tourism Industry in Sri Lanka

**R M T H Ratnayake**  
**E D T M N D Menike**  
**Travis Perera**

## **Abstract**

The objective of this paper is to identify managerial factors of sustainable growth of SMEs within the tourism industry of Sri Lanka. A preliminary qualitative survey pointed to entrepreneurial characteristics, strategy making, employee commitment, employee competence and organizational culture as determinants of sustainable growth of this sector. The empirical study was done through a questionnaire survey among 306 respondents in 113 SMEs, mainly in the Southern region. It revealed a strong positive relationship between the entrepreneurial characteristics and the sustainable growth of the entity, which confirms the arguments put forward in most of the literature on the subject. The results also supported the moderating effects of strategy making and employee competencies on the relationship between entrepreneurial characteristics and sustainable growth.

**Key words:** Small and Medium size Enterprise, Entrepreneurial Characteristics, Employee commitment, Employee competency, Organizational culture, Strategy making.

---

**Ms. R M T H Ratnayake** is an Engineer at the Air Port and Aviation, Sri Lanka. E-mail: thamalirh@yahoo.com

**Ms. E D T M N D Menike** is a Chartered Engineer at the Sri Lanka Telecom PLC, Sri Lanka.

**Dr. Travis Perera** is a Senior Consultant, at the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. E-mail: drtravisperera@gmail.com