

Factors Influencing the Financial Performance of Small and Medium Enterprises (SMEs) in North Central Province in Sri Lanka During the COVID-19

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Small and medium-sized enterprises (SMEs) are critical to the development of the Sri Lankan economy. Problems arising from product and factor markets, as well as the regulatory system in which they operate, limit the growth and expansion of SMEs. Extant literature indicated that factors both internal and external have a significant impact on the success or failure of SMEs. As a result, during the COVID-19, this research study was carried out to investigate the factors influencing the firm performance of SMEs in North Central Province, Sri Lanka. This study has used access to finance, availability of experience and skills, access to infrastructure, availability of technology, and education to measure the factors and financial performance was measured using business sales, financial liquidity, business profitability, and revenue of the organization. In the year 2021, a sample of 100 SMEs was chosen, and primary data were collected using a structured questionnaire. To achieve research objectives, the researcher devised five hypotheses, which were tested using multiple regression analysis. According to the study's findings, access to finance, availability of experience and skills, access to infrastructure, availability of technology, and education all have a significant positive relationship with SMEs' financial performance. According to the findings of the study, all selected factors have a strong positive relationship with the financial performance of SMEs. The researcher suggests that the government of Sri Lanka improve strategies to overcome the constraints of SMEs to achieve economic development.

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