

## **A Study on Factors Affecting the Rate of Failure of Small Business Enterprises in Sri Lanka**

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### **Abstract**

Entrepreneurs are facing the problem for small businesses are failure within first five years (2005-2009). This study attempts to examine why small businesses are failure in the JaEla Divisional area. Objective of the research are to identify factors affecting the rate of failure of small business enterprises, to identify whether the factors of failures are different from one enterprise to another, to find out the motives which compel the entrepreneurs to wind up their businesses and to find out the strategies which are used to minimize the failure of small businesses. Conceptual frame work includes the variables which are access to capital, entrepreneur competency, accounting practices, availability Business Development Services (BDS) and location. Hundred and fifty (150) samples were selected through systematic random sampling throughout the year of 2005 to 2009. The proportion for 20% surviving and 80% failure venture. Researcher gives more weight to failed ventures because this research main objective is find out factors affecting the rate of failure of small business enterprises. SPSS was used for analysis purpose. In the research finding, rate of failure is high in failure venture. Successive ventures moderately influence those factors. It suggests that financial institutions provide the loan facilities with lower interest rate, improve their skill and abilities, get advice from BDS, properly maintain the records and select the appropriate location.

***Key words: Failure, Entrepreneurs***

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