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**UNDERSTANDING THE CHALLENGES FACING SMALL AND MEDIUM
ENTERPRISES IN FOODSERVICE INDUSTRY: A CASE OF SRI LANKAN
RESTAURANTS**

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Abstract. Small and Medium Enterprises (SME) play an essential role in the Sri Lankan tourism industry, whereas relatively little is known about the restaurant sector and its challenges. This research aims to examine the challenges facing SME restaurants in Sri Lanka. Given the relatively new and unexplored nature of the research problem, a qualitative, specifically multiple case study method was adopted. Twenty-eight respondents, including the restaurant owner, manager, and two customers from each selected case, were purposively approached. In-depth interviews and observations were used to collect data which was then analysed using the thematic analysis for the implication and conclusion. The key challenges highlighted by the study respondents are lack of skilled employees, high labour turnover, stiff competition in the industry, wrong location, increased budget tourists, lack of technical support from the government authorities and no proper waste management system. The study results support the view that the Sri Lankan restaurant sector requires much more governmental and institutional support. Therefore, the government and other supporting agencies of SMEs can use these findings to develop the SME sector for future programs. Furthermore, this study enriches the understanding of challenges on the experience of Sri Lankan entrepreneurs, which is influenced by the industry-specific factors.

Keywords: challenges, Small and Medium enterprises, foodservice industry, restaurant, qualitative.

JEL Classification: M 2.

INTRODUCTION

Small businesses play a vital role in the economies of both developed and developing countries. For instance, this sector constitutes 95%, 97.3% and 85.5% of all businesses in the United Kingdom, New Zealand and Australia, respectively (Ekaterina, Daria & Wim, 2021). Small businesses are the backbone of the Canadian economy; they account for 99 per cent of all businesses in the country and are responsible for over 20% of the country's GDP (Le 2015). According to the Kenya National Bureau of Statistics 2017, small and micro-enterprises play a

major role in Kenya, with the sector contributing over 50 per cent of the new jobs created in 2015 (Ekaterina, Daria & Wim, 2021). About 98% of enterprises in most Asian countries are classified as small enterprises; they contribute significantly to total employment in any nation, frequently representing more than 50% of employment (Adam & Alarifi 2021). For example, small and medium-sized enterprises contributed over 30% of Pakistan's GDP in 2005 (Ekaterina, Daria & Wim, 2021).

For tourism to be beneficial in income generation, economic growth, employment generation, poverty alleviation and rural development, it has to be linked to local economies such as agriculture and micro and small-scale enterprises (UNWTO 2011). The economy of Sri Lanka mainly depends on plantation crops, the apparel industry, tourism and foreign employment. Therefore, tourism has become an active income-generating source for the Sri Lankan economy. In 2017, tourism maintained its position as the country's fourth-largest foreign exchange earner, and tourism's contribution to foreign exchange earnings in 2017 amounted to 2.6% (SLTDA 2018). Regarding the restaurant category, Sri Lanka's tourism and, specifically, the restaurant sector depends heavily on its Small Enterprises (SLTDA 2018). Furthermore, 90% of all restaurants worldwide employ less than 50 total employees, and 70% of all restaurants are standalone entities that operate as a single unit (Gaille, 2017). In a global scenario, the restaurant industry has shown steady positive growth and overall global sales, growing at an annual rate of 5.6% (Gaille, 2017). The global market size of the restaurant industry in 2017 was USD 2.1 trillion (Restaurant & Hospitality Industry Statistics and Market Size Overview, Business and Industry Statistics, 2018). The approximate number of restaurants worldwide was 16 million in 2016. Therefore, Sri Lankan restaurants serve a more significant role in society and are considered as an emerging industry, which makes up 1.55 % of GDP together with the hotel sector (SLTDA 2019).

The number of small business establishments, including the restaurant sector in Sri Lanka, is very high, contributing to employment. In general, the small business sector is more labour intensive compared to larger companies. Even though the small business sector accounts for a significant proportion of employment creation, this sector, nevertheless, has a high failure rate. The rate of failure of small businesses in developing countries is higher than that in the developed world (Marlow, Henry and Cater, 2009). The World Bank survey (2007) highlights that, within eight years of receiving a small business loan, only 20% of small businesses survived in Sri Lanka (World Bank 2010). One study has identified that the business failure in SMEs in Sri Lanka is around 45%. From the inception of the industrialization of the Sri Lankan economy, the small business sector was recognized as an important sector to be developed. However, the performance progress of this sector is not yet up to expectations (Premarathna 2008, Selvamalar 2005) as small and medium enterprises face many issues and challenges. In this regard, many researchers have considered the problems small businesses face, identifying various traditional constraints such as finance, lack of planning and networking, which are some of the reasons behind the slow growth of SMEs (Rathnayake 2006, Selvamalar 2005). In this setting, some of the traditional issues are already acknowledged by some researchers as hindering SMEs success most and leading to a high failure rate in the country. But are these really the case in the Sri Lankan SME restaurant sector?

LITERATURE REVIEW

The literature dealing with barriers to the growth of SMEs is relatively rich, but not in the restaurant sector. Hwang & Lockwood (2006) found six main related issues for SMEs in the tourism industry: changing demand, limited resources, lack of skilled labour, lifestyle, lack of competitive benchmarking, and location. Another group of researchers identified several barriers to success, including three general areas (Lussier, Bandara, & Marom 2016). The first is general factors, which can influence any business, such as global terrorism or disease outbreaks. The

second is related to the size of SMEs and their financial, human resources as well as marketing related issues. Third, the lack of involvement of the owner or manager with all aspects of the business. The final factor is the unique nature of the service sector businesses (Lussier, Bandara, & Marom 2016). These barriers put extraordinary pressures on the industry, with lost sales unable to be recovered at a later date. The emphasis could move from copying competitors and gaining competitive advantage through exceptional performance to motivating and allowing experience sharing in networks regarding joint problems for future excellence (Lonita, 2013). Rather than focusing on the strategic level, when thinking about SMEs, addressing the pertinent business issues that emerge from current business priorities should be the key theme (Hwang & Lockwood, 2006). Some researchers pointed out that a lack of financing became an obstacle to SMEs growth in transitional economies due to poorly developed capital markets (Marom & Lussier, 2014).

According to the OECD 2017, the adoption delay of SMEs is mainly due to a lack of investment in complementary knowledge-based assets, such as R&D, human resources, organizational changes and process innovation. For instance, a lack of investment in in-house innovation processes and organizational capabilities limits the capacity of SMEs to take full advantage of new technologies to enhance data analytics and increase their participation in knowledge networks (OECD, 2017). The Information Technology revolution has made it easier for firms to innovate through collaborative networks with other businesses and requires coordinating with external knowledge partners and effectively incorporating knowledge from external sources into internal processes (Olaison & Sorensen, 2014). However, the SME sector did not take full advantage of technological advancement (Bennet, 2017). Poor management practices and lack of governance structure also pose challenges to business transfer and management transition processes in many SMEs, particularly the restaurant sector (Bennet, 2017, Chittithaworn, Islam, Keawchana, & Yusuf, 2011).

In some cases, management limitations are compounded by financing constraints, regulatory hurdles, administrative and tax burdens, and minor markets for business transfer (Bennet, 2017 Hwang & Lockwood, 2006). As a result, regulatory uncertainty, complexity and inconsistency affect SMEs disproportionately, and SMEs are typically less efficient than large firms in screening the regulatory environment and dealing with relevant norms (Jayathilake, 2017). Moreover, the SME sector mainly depends on external network actors as they do not have sufficient skills and expertise (Surangi, 2018, Jayathilake, 2017).

Moreover, SME participation in the knowledge-based economy is held back by skills shortages, poor internal management practices and low levels of workforce training (Lonita, 2013). There is evidence that SMEs have higher skills deficiencies than large firms, and SME training effort is average compared to larger firms (Lussier, Bandara, & Marom 2016). As a result, SMEs often face challenges attracting and retaining highly qualified personnel and staff with relevant skills (Oyedele et al., 2014). Furthermore, SMEs appear to be relatively behind in establishing collaboration with education and training institutions (Oyedele et al., 2014, Pushpakumari, 2008).

In this setting, what arises from the literature is that SMEs face several issues and challenges. The problems can be categorized into internal and external. Internal barriers typically include a variety of firm characteristics. External factors usually refer to obstacles related to access to credit. The finance problem was consistently highlighted. But the studies also show that barriers are varied depending on the sector or industry to which business belongs. Another important finding is that some obstacles are context-specific. For example, institutional barriers are different from country to country.

METHODOLOGY

There are limited studies that have been carried out concerning the Sri Lankan SME restaurant sector. Therefore, an exploratory, qualitative research approach was suitable to

understand the experiences of SME entrepreneurs related to business challenges. Critical realism philosophy and a case study method were identified as the most appropriate research design for the study. A critical realist case approach is particularly well suited to relatively clearly bounded but complex phenomena (Yin, 2014). Furthermore, the nature of the research question in critical realism must be of the form "what caused the events associated with the phenomenon to occur". Therefore, critical realism is particularly well suited for case study researches (Easton, 2008).

Moreover, the case study method enables a researcher to closely examine the data within a specific context (Yin, 2014). In most cases, a case study method selects a small geographical area or a minimal number of individuals as the subjects of study (Yin, 2009). Therefore, the case study method would be most suitable to investigate contemporary and real-life issues (Yin, 2012). Unlike quantitative analysis, which observes patterns in data at the macro level based on the frequency of occurrence of the phenomena being observed, case studies follow the data at the micro-level (Yin, 2014). Multiple case studies enable the researcher to understand better the scenario's differences within and between cases (Yin, 2014). In this study, seven successful small and medium scale restaurants were selected as the cases for investigations. One of the common pitfalls of case study is a tendency to attempt to answer a question that is too broad for one study. To avoid this problem, several authors, including Yin (2003) suggested that placing boundaries on a case can prevent this explosion from occurring. Their suggestions on how to bind a case include: (a) by time and place; (b) time and activity; and (c) by definition and context. In this study, small and medium-scale restaurants were investigated as cases, and their boundaries were identified as follows:

Inclusion criteria:

- Local small and medium scale restaurants in Gampaha District in Sri Lanka (10-200 employees);
- Sri Lanka tourism board approved Grade A restaurants;
- Fine dining, Casual style dining, Fast-casual dining and Buffet type restaurants were only considered.

Exclusion criteria:

- Restaurants that were affiliated with well-established hotels or any other organization;
- Microscale restaurants that have less than ten employees were not considered.

The data were collected through in-depth interviews and observations. In-depth interviews were conducted with the restaurant owner, one manager/employee, and two customers of the respective restaurant. Two different interview guides were used for interviews. Most of the time, interviews were conducted early morning or evening since the interviewees were busy in rush hours. The average interview time for the owner and manager was around one hour for each. For a customer, the average interview time was around 15 minutes. Once the interviews had taken place, transcribing took place by the researcher with reducing unnecessary data. Transcribing own data helps build knowledge of the data and saves the time incurred in editing the transcriptions done by another person. In addition, it allowed the researcher to gain familiarity with the content of the interviews. Afterwards, the completed transcripts for each restaurant were read thoroughly to identify the broad themes and patterns. This research involves a combination of apriori, and theoretically derived codes. The collected information under each theme and pattern for each case was read carefully as preparation for carrying out with-in the case analysis. Updated with-in the case analysis was then read several times, tracing back to the interview guides when necessary to prepare the cross-case analysis. After being updated with-in case reports many times, the sub themes were finally purified from the data under the identified main themes. During this stage, it was required to cross-reference the information many times with the original interview transcripts and reviewed literature. Then the cross-case analysis was made carefully.

The strategies such as member checking, data triangulation, sources of triangulation were used to ensure trustworthiness. Furthermore, the ethical procedure was considered throughout

the research process. For example, only adults participated in the research, with their informed consent applied as a mechanism to ensure that the participants understood what it meant to participate in the research study to decide whether they wanted to join in a conscious, deliberate way. In addition, pseudonyms were used to protect the confidentiality of the research participants.

ANALYSIS AND DISCUSSION

The results and discussion of the interviewed data and observation evidence revealed the themes and patterns of challenges faced by small and medium-scale restaurants in Sri Lanka under the ten main themes (main challenges).

Human resources related challenges

Two sub-themes were identified under the central area of HR, such as lack of trained/skilled employees and high labour turnover.

Lack of trained/skilled employees

As per the interviewees, there is a considerable shortage of skilful employees for the positions such as head cook, waiters, stewards, helpers, etc. Especially, case studies A and F thoroughly mentioned this issue and said they were suffering a lot. As a result, customers can see the restaurant team's weaknesses and get upset about the service. One owner mentioned that even cooks in our country are also not adequately trained. This essence can be found in the interview transcripts.

"The biggest problem in Sri Lanka is employees. There are no trained people. There is no system in Sri Lanka that trains people" (Owner – Case Study A).

"A lot of unskilled people are coming to us. It's a problem. Some people don't even know how to call a customer. So all the problems stuck with us. Therefore, there are so many complaints" (Owner – Case Study F).

"The biggest problem is that waiters and helpers do not know this field" (Manager – Case Study F).

According to the respondents views, most of the time, those employees are not well trained. Therefore, restaurant managers have to teach them before the job and on the job. Moreover, some case studies in this research emphasized that restaurants face some problems due to poor skills of mainly temporary employees.

"...There is no discipline when they come to work. Some casual employees take liquor with guests. Some even steal guests' belongings at parties. It can damage our image. This is why trustworthiness and discipline are so important" (Manager – Case Study C).

It was noticed that hotel school students do not tend to come to small restaurants for their training. They are thinking about the reputation of the organization. Thus, most students like to go to Hilton, Galadari, or other famous places since those names will give them many advantages in the future when they apply to other jobs.

"We've asked trainees from hotel schools. But we haven't found them. So they go to big hotels with a big name like Hilton, Taj. (Manager – Case Study A).

"People like to work in places that have a good reputation even though they are not paid well (Owner – Case Study C).

In some small restaurants, trainees are paid well with free food and accommodation. However, trainees are not still coming to small local restaurants for their training. Not only trainees but also employees prefer to work in reputed places. Therefore, this situation is not favourable for the small, local restaurant sector.

Since employees are the leading resource of an organization, it is essential to maintain a code of conduct. If employees behave well, the organization will be benefited. If they act beyond the proper discipline, organization will be lost. Therefore, discipline is essential to maintain the restaurant status as well. The discipline of the employees reflects the quality of the restaurant.

All these issues occur due to the lack of training and knowledge. As a result, many customer complaints are raised. In this context, the main problem among the human resources related challenges highlighted by the owners and managers of SMEs is a lack of skilled employees, and these findings comply with the prior researches (Ahmed et al., 2019). For example, Ahmad et al. (2019) identified various issues in starting up and operating tourism-related businesses in the United Arab Emirates, and a lack of skilled labour was the main issue.

High Labour Turnover

As per the interviews, it is challenging to retain employees in this industry. Therefore, the industry needs to do the recruitment process continuously.

"We have to recruit employees for one position several times as no one retains for a more extended period. So we need to spend our time and cost on this continuous recruitment. (Manager – Case Study D).

We had a man for live music. But, even though I asked him to do service only for our restaurant, he denied it. Because he knows that he is very specialized. (Manager – Case Study F).

"As the restaurant is so crowded, one steward has to look at many tables. Then they'll miss our orders. So we need to remind them what we need constantly. They are under so much pressure. Whenever we come here, we can see new faces of employees". (Customer – Case Study E).

The restaurant industry mainly depends on people. Without people, it will be very hard to continue. Therefore, to successfully operate a restaurant, it is crucial to have enough employees. Suppose a restaurant is running with a shortage of employees. In that case, every function in the restaurant will be at risk as there is no proper attention for food quality, food safety, food service, etc. When employees work under stress with a load of work, they cannot give their customers the best service. The regular high turnover rate in the hospitality industry, including restaurants, is the most problematic managerial issue (Bennet, 2017). Employee turnover has been argued as a harmful effect on revenue and expenses in management and has been addressed as a severe operational and strategic challenge (Bennet, 2017). Furthermore, turnover among human services occupations, especially in the tourism and hospitality industry, negatively impacts management and organizations as well as the quality of services and goods, which results in customer dissatisfaction (Eravia, Handayani & Julina 2015).

Rising of competitors

Another significant challenge which restaurants are faced with is the rising of competitors. The manager of Case Study B frequently highlighted the issue of their competitors. In his view, their competitors are always trying to copy them.

"There are many competitors. They're attacking our restaurant. They're promoting and selling the food at a reduced/low price. Our food is expensive, but uya punp quality" (Manager – Case Study B).

Every food has its own standard quality. Most successful restaurants follow the good quality of products and provide their customers with a quality service. Therefore, the food is mainly priced according to its quality and the service provided. Competitors can easily copy those products and sell them at a lower cost. This practice discourages the restaurants which are running well with best practices.

The manager in Case Study B says: *"There's a big problem. If someone started a business with many hardships, others would start the same business next to it. Then, finally, nobody does get a profit. Just see the TV now. All was copied from India. Or from America. There's no creativity in them. We do the same for others. Our people don't know how to think anew".*

When entrepreneurs working in a highly competitive industry like tourism, competitors copying each other is common. Therefore, high competitiveness is a great challenge to implement best practices and make enough profit in the restaurant industry. However, competition is usually considered a positive thing for any industry. It forces entrepreneurs to

continue to improve and gives their customers more options. Those willing to start a new business in any industry will face many rivals and competition to end with death or life. Researchers revealed that tourism entrepreneurs face huge competition compared to other sectors (Le, 2015, Hwang & Lockwood, 2006). Therefore, they need to prepare new competitive strategies to survive in the field. Tourism entrepreneurs always are in an uncertain and highly changeable environment. Given this state of complexity, tourism entrepreneurs must actively strive to consistently carry out a competitor analysis (Hwang & Lockwood, 2006).

Wrong restaurant location

While many mistakes can be corrected later on, a wrong location is sometimes impossible to fix. The restaurant's location is crucial to run the business in a better way without hazards. Many respondents in the study commented on it. According to them, the operation of the restaurant should not disturb society.

“At parties, there is too much noise, causing trouble. There were parties around 2 am. So people came and complained that they couldn't even sleep. There are a lot of people who go to work in the morning. So now we have parties only until 12” (Manager – Case Study B).

“This area is not suited to this restaurant. Since this area is residential, this kind of entertaining restaurant needs to be a little bit far away from the residential area or in commercial area...” (Manager – Case Study B).

As mentioned in the above quotations, the noise should not be disturbing to the neighbouring area, mainly when music shows, parties or events are conducted.

The manager of Case Study D emphasized that the highway's opening severely affected their business as people got a new fast route for their journeys.

“We lost our business badly soon after the highway was opened. This happened due to the fact that people started to use highway rather than using their usual routs” (Manager – Case Study D).

Choosing a business location cannot be done easily as every step in a business process is crucial. The restaurant's location should be consistent with its particular style and image. Previous researches show that restaurants are an important factor in choosing a holiday destination for some tourists, and restaurants location can enhance the guests' overall satisfaction with the destination (Parsa et al, 2005). Investigating the customer experience related to critical restaurant attributes, Pezenka and Weismayer (2020) findings revealed that payment options, the atmosphere and location affect the overall star rating.

Increase in budget tourists

The manager in Case Study A emphasized a new threat to the Sri Lankan tourism industry. According to him, currently tourists are not spending much money on high-class food and accommodations. What they want now is new experiences.

“Europeans didn't eat rice & curry in the past. But now they eat whatever they have. The reason is now tourists work on a budget. In the past, white people came here to spend money. But now, they come to get experience, not to spend money (Manager – Case Study B).

This is a newly identified challenge as tourists are really cost-conscious nowadays. Most of the tourists are not spending more days in luxury hotels. If they stay, they do not get food from hotels since those foods are expensive. Instead, tourists go to very small restaurants or shops for cheaper foods. Global Data consumer survey (2021) also shows that travellers are more price-sensitive than before the pandemic, which is unsurprising given that 87% of global respondents expressed concern about costs. Budget restaurant owners will be well-positioned to benefit from increased bargain-hunting travellers looking for the cheapest food and facilities (Sternad, Krenn & Schmid, 2017).

Lack of technical support from responsible organizations

One restaurant owner noted that he has an important new project, but there is no place to get technical knowledge related to these projects.

"We are going to introduce a wastewater treatment plant. It is completely re-treating the water we use. I've planned to build the system to use the treated water again, but it is very difficult to do in Sri Lanka. Even though the rules are there, there is no proper place to get technical advice and support. So I am really disappointed (Owner – Case Study A).

According to the National SME policy, providing support for SMEs is one of the significant responsibilities of the government (National Policy Framework for Small and Medium Scale Enterprise Development, 2015). However, it is still questionable when it comes to the practical situation. Many places in Sri Lanka can help SMEs improve their business, including the Chamber of Commerce, CEA (Central Environmental Authority), Sri Lanka Standards Institute, and relevant ministries. But, there is no proper coordination among these institutions. Most of these responsible bodies are not connected to the updated technical database and other facilities. However, many researchers revealed the critical role of the government in creating the right framework conditions for the digital transformation of tourism business models and a broader tourism ecosystem (Surangi, 2018, Sternad, Krenn & Schmid, 2017).). The digitalisation of SMEs has been identified as a particular challenge concerning productivity in micro and small businesses that are often resource-constrained and have less support from the relevant authorities (OECD, 2017).

Challenges in Waste Disposal Management

Some restaurant owners stated that there is an issue with waste disposal in some of their outlets. According to them, the municipal council does not collect garbage properly. In such situations, garbage is accumulated in the restaurant premises, and garbage collectors are careless in collecting the trash. Moreover, since some areas do not have proper drainage systems, restaurants face many difficulties when removing waste from their premises.

"The garbage is collected by the municipality. We have to give them money, or they won't do it properly, they do not come every day (Owner – Case E).

"There's a problem. Sometimes the municipal council does not collect the trash. There is a stink of garbage. It's not good. The other problem is that they break our trash baskets. They had recently damaged a wheel in one of our trash baskets. They don't handle our belongings carefully. We can't always buy those things"(Owner – Case F).

"Since there is no drainage system here, a gully bowser comes in every two months and takes wastewater in gullies. It's a big problem" (Owner – Case F).

Many developing countries face issues related to managing waste properly, and Sri Lanka is also not the exception. Local authorities organize waste collection and disposal poorly. Hygiene is one of the essential things in the restaurant sector as the risk of contamination with their foods is very high. Therefore, massive business risk is also related with this challenge. These findings complied with the previous research (Pezenka and Weismayer 2020). One of the most burning issues related to waste generation in tourism-related business is that those responsible authorities may present inefficient waste management programmes, laps of environmental protection legislation, and a poor infrastructure (Pezenka and Weismayer 2020).

CONCLUSION

This research contributes to the current knowledge in the area of SME constraints in the specific context of the Sri Lankan restaurant sector. Since the topic of the involvement of entrepreneurs in the restaurant industry in Sri Lanka is not well investigated, the research findings add to the current knowledge from a contextual point of view. The majority of studies of SMEs, particularly those based in developed economies, tend to respond to the interests of policymakers and practitioners. Therefore, these studies tend not to explore in-depth issues and challenges of small businesses since most of them have an economic and quantitative basis.

According to the findings, workforce shortages in terms of quantity and quality are among the most significant human resource challenges the restaurant industry faces in Sri Lanka.

Therefore, most of the restaurants recruit unskilled people for some positions. Labour turnover is inevitable, and many businesses and industries are dealing with this issue every single day. This study's findings confirmed that restaurant industry employees expect to move from one job to another due to a lack of job security and the seasonality effect. Moreover, the labour turnover increases when employees are far more specialised, more challenging to find a better job, and require more training. Inefficient waste management is another challenge facing this sector, which leads to higher operational costs and lower touristic value of the attractive location. Several government agencies are supposed to offer technical advice on running a business. However, according to the participants, the questionable nature of the support they offer is also a barrier. The rise of competitors, who employ unethical practices like serving items similar in appearance but low in quality at a low price, also puts restaurant owners under pressure of competition as their customers are misled. Another significant finding to arise is that restaurant location is a highly noticeable factor influencing the success of SMEs in Sri Lanka. This research contributes to the understanding of SME development by highlighting the issue of location as a particularly significant factor. For the owner-managers and businesses in the sample, the location was a much more acute and multi-faceted issue than in most other studies

The present research study generated several findings and conclusions that may have implications for practice, policy, and research. The conclusions derived from the present study of the issues and challenges faced by SMEs would be significant for practitioners since they could provide entrepreneurs with an enhanced understanding of how they could manage their businesses. From a government perspective, the issues brought up in this study would work as an opportunity to set up national policies. The government should help the restaurant sector minimize the impact of the challenges they face, especially in the case of labour shortage and waste disposal management. Therefore, the government and other SME-supporting agencies can use these findings to develop the SME sector for future programs. Finally, the findings of this study would be beneficial to restaurant managers so that they could understand their customer needs closely and take necessary action to increase customer satisfaction.

This research has limitations that call for further investigation. The present research study was conducted in a specific geographical context: the Gampaha District in Sri Lanka. Many of the findings may be specific to this location and Sri Lanka. For these reasons, generalization of the results could be limited. A further limitation of the present study is that the SMEs studied were selected from the restaurant sector. Therefore, some of the findings may be sector-specific, and thus generalization of such results to other industries is inappropriate. The research study employed a cross-sectional design. As the data collection for the study involved face-to-face interviews, all data were somewhat subjective. Notwithstanding this bias, future researchers can consider the mixed methods in mitigating this limitation.

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**ВИВЧЕННЯ ЗАДАЧ, З ЯКИМИ СТИКАЮТЬСЯ МАЛІ ТА СЕРЕДНІ
ПІДПРИЄМСТВА У ГАЛУЗІ ХАРЧОВОГО ОБСЛУГОВУВАННЯ: ПРИКЛАД
РЕСТОРАНІВ ШРІ-ЛАНКИ**

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Малі та середні підприємства (МСП) відіграють важливу роль у туристичній індустрії Шрі-Ланки, тоді як про ресторанний сектор та його проблеми відомо відносно мало. Це дослідження має на меті вивчити проблеми, з якими стикаються ресторани малого та середнього бізнесу на Шрі-Ланці. Враховуючи відносно новий і невивчений характер дослідницької проблеми, було прийнято якісний, а саме множинний метод дослідження випадків. До двадцяти восьми респондентів, у тому числі власника ресторану, менеджера та двох клієнтів із кожного вибраного випадку, було звернуто цілеспрямовано. Глибокі інтерв'ю та спостереження були використані для збору даних, які потім аналізувалися за допомогою тематичного аналізу для висновку. Основними проблемами, які виділяють респонденти дослідження, є нестача кваліфікованих працівників, висока плинність робочої

сили, жорстка конкуренція в галузі, неправильне розташування, збільшення бюджету туристів, відсутність технічної підтримки з боку державних органів та відсутність належної системи поводження з відходами. Результати дослідження підтверджують думку, що ресторанний сектор Шрі-Ланки потребує набагато більшої державної та інституційної підтримки. Таким чином, уряд та інші агенції підтримки МСП можуть використовувати ці висновки для розвитку сектору МСП для майбутніх програм. Крім того, це дослідження збагачує розуміння проблем, пов'язаних із досвідом шрі-ланкийських підприємців, на які впливають специфічні для галузі фактори.

Ключові слова: виклики, малі та середні підприємства, індустрія громадського харчування, ресторан, якість.

ИССЛЕДОВАНИЕ ЗАДАЧ, С КОТОРЫМИ СТОЛКИВАЮТСЯ МАЛЫЕ И СРЕДНИЕ ПРЕДПРИЯТИЯ В ОБЛАСТИ ПИЩЕВОГО ОБСЛУЖИВАНИЯ: ПРИМЕР РЕСТОРАНОВ ШРИ-ЛАНКИ

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Малые и средние предприятия (МСП) играют важную роль в туристической индустрии Шри-Ланки, тогда как о ресторанном секторе и его проблемах известно относительно мало. Целью исследования является изучение проблем, с которыми сталкиваются рестораны малого и среднего бизнеса на Шри-Ланке. Учитывая относительно новый и неизученный характер исследовательской проблемы, был принят качественный, а именно множественный метод исследования случаев. К двадцати восьми респондентам, в том числе владельцу ресторана, менеджеру и двум клиентам из каждого выбранного случая, было обращено целенаправленно. Глубокие интервью и наблюдения были использованы для сбора данных, затем анализировались с помощью тематического анализа для вывода. Основными проблемами, которые выделяют респонденты исследования, являются: недостаток квалифицированных работников, высокая текучесть рабочей силы, жесткая конкуренция в отрасли, неправильное расположение, увеличение бюджета туристов, отсутствие технической поддержки со стороны государственных органов и отсутствие надлежащей системы обращения с отходами. Результаты исследования подтверждают мнение, что ресторанный сектор Шри-Ланки нуждается в гораздо большей государственной и институциональной поддержке. Таким образом правительство и другие агентства поддержки МСП могут использовать эти выводы для развития сектора МСП для будущих программ. Кроме того, это исследование обогащает понимание проблем, связанных с опытом шри-ланкийских предпринимателей, на которые влияют специфические для отрасли факторы.

Ключевые слова: вызовы, малые и средние предприятия, индустрия общественного питания, ресторан, качество.