

Financial Practices, Management Characteristics and Performance: A Study of SMEs in Hospitality Sector

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Abstract

Tourism, as a major force in the post-war development strategy in Sri Lanka, creates more opportunities and challenges to different businesses in the industry. Small and medium hospitality firms play a significant role in the tourism industry and, therefore, this study aims to investigate the financial practices, management characteristics and business performance in those types of hotels. Data were collected using a structured questionnaire directing to owner managers of selected 100 firms. According to results, financial practices and the management characteristics are identified as significant determinants of firm's performance. Further, results suggest that the necessity of the improvements in financial strategies since firms have shown that a poor attention on financial practices.

Key words: Financial Practices, Firm Performance, Owner Manager, Tourism.