
Impacts of COVID-19 on Micro, Small and Medium-Sized Enterprises in Sri Lanka

Gunathilaka Samantha

Faculty of Engineering, University of Ruhuna

Abstract

Businesses around the globe are experiencing serious adverse impacts due to COVID-19 global crisis. One of the main victims of the COVID-19 outbreak is Micro, Small and Medium-Sized Enterprises (MSME's) as this sector is highly vulnerable to hazardous situations owing to its nature. The objective of this study is to find out the problems faced by the MSME sector in Sri Lanka due to COVID-19. A sample of 200 MSMEs from different industries and regions of Sri Lanka participated in this survey. The study revealed that 95 percent of the enterprises have been negatively affected by the outbreak. The most severe damage was found in the tourism and travel related businesses followed by the entertainment industry. The top five identified major problems were financial shortages, supply chain disruption, logistics, reduction of production, and demand. It was found that workers were unable to attend work properly due to travel restrictions, lockdowns, and fear of the disease. However, some new business opportunities are emerging due to Covid-19. There is a significant demand for online retail and food industry, and home delivery services due to behavioral changes of the community. This study concludes that many of the economic and operational activities were brutally disturbed causing businesses to undergo severe hardships and threatening their survival.

Keywords: *Adverse Impacts, Covid-19, Micro, Small and Medium-Sized Enterprises, Sri Lanka*

Corresponding Author: samantha@is.ruh.ac.lk