

## ABSTRACT

In Sri Lanka, SMEs contribution to GDP and employment generation is over 70 percent. As per literature, 45 percent of the businesses (Small & Medium Enterprises -SME) fail in Sri Lanka. The main objective of this study is to assess the factors affecting the business failures of 3PL companies in Sri Lanka. As Literature suggests, inadequate resources, poor financial management, inefficient strategic management, poor administration & human resources management, poor adaptability to the external environment, poor customer-supplier relationships are the factors affecting on business failure situations. The dependent variable is the business failure in 3PL companies of Sri Lanka. The research is done using the mixed method using quantitative and qualitative methods. For quantitative method, a sample frame of 135 failed or potential to fail companies or Strategic Businesses Units (SBU) in Sri Lanka was used for the study. Primary data was collected by means of structured questionnaires from the entrepreneurs and managers of failed and potential to fail 3PL companies and SBUs of Sri Lanka. The quantitative data analysis was done using univariate analysis, bivariate analysis, linear regression model and logistic regression model using SPSS (23). The study concludes that inadequate resources, poor financial management, inefficient strategic management, poor administration & human resources management, poor customer-supplier relationships are the significance factors affecting business failure in 3PL companies. Further, a qualitative study was done to identify further factors affecting business failure of 3PL companies in Sri Lanka. Qualitative analysis was done using case study method using purposive sampling method.

**Keywords:** Business Failures, 3PL, Customer-Supplier relationships.