

An Investigation of the Barriers Faced by SME Exporters in Sri Lanka: with Special Reference to Manufacturing Sector

J.M.D.S. Wijerathne M.P.S.R. Perera², R.M.G.S. Jayarathna³

Department of Commerce, University of Sri Jayewardenepura.

²Department of Entrepreneurship, University of Sri Jayewardenepura.

³Information Technology Resource Centre, University of Sri Jayewardenepura.

The export sector of a country plays an important role in promoting economic growth and development. Each and every nation uses Small and Medium Enterprises (SMEs) as a strategic tool to develop their export sector. The barriers existing in the export market hamper the maximum contribution of SMEs to the development of export sector. This study involved an investigation on the export barriers faced by SMEs in the Sri Lankan export market with special reference to manufacturing sector. The main purpose of this study is to identify major export barriers faced by SME exporters in the Sri Lankan export market. Further, this study attempts to identify the top ten barriers fall under the major export barriers. This study was quantitative in nature and personally administered questionnaire was used to gather data. Parametric tests of ANOVA, Test of Equality of Measure, Test of Homogeneity, Robust Test of Equality, Games Howell Test of Equality were performed to achieve the objectives of the study. In line with the literature, this study found that financial barriers, governmental barriers and economic barriers as the major export barriers while high cost of capital to finance exports, lack of government incentives, lack of new technology, complexity of export documentation procedure, lack of financing sources, high tariff and nontariff barriers, currency fluctuations, lack of competitive prices to foreign customers, high insurance cost and inadequate institutional support as the top ten export barriers fall the major export barriers faced by SME exporters in the Sri Lankan export market. The findings of the study might be useful to policy makers in formulating suitable export assistance programs for SMEs.

Keywords: Small and Medium enterprises, Internationalization, Export barriers