# AN INVESTIGATION ON THE EXPORT BARRIERS FACED BY SMES IN SRI LANKA: WITH SPECIAL REFERENCE TO MANUFACTURING SECTOR

**WIJAYARATHNE J.M.D.S.**

Lecturer, Department of Commerce Faculty of Management Studies and Commerce University of Sri Jayewardenepura, Sri Lanka

**Abstract -** The export sector of a country plays an important role in promoting economic growth and development. Each and every country 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 SMEsto the development of export sector. This thesis 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 and major export barriers that hinder SME non-exporters to enter into the Sri Lankan export market. Further, this study aims to identify whether there are differences in the barriers faced by SME exporters and non-exporters of manufacturing sector in the export market of Sri Lanka. In order to achieve the objectives of the study, both qualitative and quantitative approach were used. Self-administered structured questionnaires and in-depth personal interviews were used to collect primary data from the sample by using convenient sampling method. SME owners and managers of manufacturing sector were considered as the respondents. The data obtained from the firm level survey was analyzed using Statistical Package for Social Sciences Version 21.0 (SPSS 21.0). In line with the literature, this study found that the top ten export barriers faced by SME exporters in the export market were 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 non tariff barriers, currency fluctuations, lack of competitive prices to foreign customers, high insurance cost and inadequate institutional support. On the other hand, the top ten export barriers that hinder SME non-exporters to enter into the export market were complexity of export documentation procedure, lack of government incentives, high cost of capital to finance exports, lack of financing sources, inadequate institutional support,lack of competitive prices to foreign customers, political instability of foreign countries, difficulty in making customer contacts, insufficient information about overseas markets and difficulty in making export quality products. Moreover, the study could reveal that there are no significant differences between the export barriers faced by SME exporters and non-exporters of the manufacturing sector in Sri Lanka.

**Keywords -** Small and Medium Enterprises, Exports, Export barriers