Determinants of Capabilities of Export-Oriented SMEs in the Manufacturing Sector During an Economic Crisis: Evidence from the Colombo District, Sri Lanka

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H.M.I.A. Jayasundara[1] & R. Jayaweera [2]
Department of Economics, Faculty of Arts, University of Colombo, Sri Lanka[1]
Department of Economics, Faculty of Social Sciences, University of Kelaniya, Sri Lanka[2]

Correspondence email: roshinij@kln.ac.lk

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Abstract

Capabilities of the export-oriented small and medium enterprises in Sri Lanka play a crucial role in the nation's economy. Their capabilities are determined by several factors, and they face substantial barriers in international trade. The recent economic crisis has heightened the importance of small and medium-sized enterprises and altered the key factors influencing their capabilities. This study examines the specific factors that influence the capabilities of export-oriented small and medium-sized enterprises in the Colombo district during the economic crisis. Primary data collected from 30 export-oriented small and medium-sized enterprises in the Colombo district were analysed using frequency analysis, normality tests, and ordinal regression analysis to derive meaningful insights. The study identifies political and legal barriers as significant negative determinants of SME export capabilities, while marketing capabilities demonstrate a positive influence. Major political and legal constraints identified include tariff and non-tariff barriers, regulatory challenges, and political instability in foreign markets. The findings underscore the critical need for targeted policy interventions to mitigate these barriers. Policymakers should work to reduce tariffs and non-tariff barriers, enhance the regulatory environment, and promote political stability. The findings offer valuable insights for designing effective policies and interventions to support the growth and sustainability of small and medium-sized enterprises, serving as a foundation for future research on SME export challenges.

Keywords: *Small and Medium Enterprises, Export Barriers, Economic Crisis, Export Capabilities, Manufacturing Sector, Sri Lanka*

JEL Codes: F14, L25, O14, C31

Introduction

Small and medium-sized enterprises (SMEs) are central to economic growth, employment generation, and industrial innovation in developing economies. In Sri Lanka, SMEs constitute a major share of the business sector for playing a vital role in the manufacturing industry, particularly through their engagement in export activities. According to the Asian Development Bank, SMEs account for 75% of the country's enterprises, provide 45% of employment, and contribute 52% to its gross domestic product. The Western province accounts for 31%, 40%, 55%, and 68% of micro, small, medium, and large establishments in the country, respectively. The Colombo District has a high concentration of SMEs and large enterprises (Department of Census and Statistics, 2015). Despite this economic weight, only a tiny fraction of firms engages in exporting. Sri Lanka has 3,095 SMEs registered as exporters (Galagedara, 2020). They contribute approximately 8% to the total export revenue (Central Bank of Sri Lanka, 2025). This disparity highlights a vital opportunity for growth. Despite their importance, these enterprises frequently encounter substantial barriers when attempting to penetrate international markets; challenges are often magnified during periods of macroeconomic instability. The recent economic crisis in Sri Lanka has intensified the difficulties faced by export-oriented SMEs. Depletion of foreign reserves, import restrictions, rising production costs, and disrupted supply chains have created traditional export constraints, leaving many SMEs in a perilous position. Thus, the objective of this study is to investigate the determinants of the capabilities of export-oriented SMEs in the manufacturing sector in Colombo district, during the recent economic crisis. This study will contribute by providing empirical insights into the structural and policy-related obstacles which hinder export capabilities. The findings will inform policymakers on the critical areas for intervention to enhance the resilience and competitiveness of SMEs. Furthermore, the study seeks to contribute to the academic discourse on SME internationalisation under economic distress, highlighting implications for trade policy, export promotion, and institutional support mechanisms.

Literature Review

There is a comprehensive body of literature on the capabilities of SMEs, both theoretically and empirically (Leonidou, 2000; Okpara & Koumbiadis, 2011; Saad, 2022; Korsakienė & Tvaronavičienė, 2012). According to the Resource-Based View (RBV), a corporation's ability to establish and defend favourable positions with its most critical resources determines its success in gaining and maintaining profitable market positions (Korsakiene & Tvaronaviiene, 2012; Kamakura, Ramón-Jerónimo, & Vecino Gravel, 2012). Further, a group of scholars has identified determinants of capabilities in the export-oriented SME sector (Cavusgil & Nevin, 1981). Determining factors of SMEs' capabilities encompasses attitudinal, structural, operational, and other factors that obstruct or enhance a company's capacity to commence, advance, or maintain international operations. These factors can be identified throughout the entire process of expanding into international markets, from initial stages to more mature phases (Cavusgil & Nevin, 1981). The nature and significance of these aspects will vary systematically across different stages (Bilkey & Tesar, and Bilkey's studies as cited in Leonidou, 1995). Organizational size, export participation, international experience, and information-seeking ability contribute to variations in barriers to exporting. Smaller firms tend to view these determinants as more significant than larger firms (Ghauri & Kumar's study, as cited in Leonidou, 1995). Firms with little experience in international business find export impediments more challenging due to their unfamiliarity with the nuances of the export process (Madsen, 1987). Barriers to entering foreign markets can be divided into two categories: internal and external. Internal barriers are inherent to the company, such as limited organizational resources or inadequate production capacity in export marketing. On the other hand, external barriers stem from factors in the firm's operating environment, such as unfavourable fluctuations in foreign exchange rates (Leonidou, 1995).

Figure 1 visualizes the causal pathways linking key determinants (political & legal, marketing, financial, procedural, economic, and informational) to export capabilities of manufacturing SMEs, while highlighting important mediators and moderators (firm resources and capabilities, dynamic capabilities, and government support).

Direct effects: Political/legal barriers (POLI), financial barriers (FIN), procedural barriers (PROC), economic barriers (ECON), and informational barriers (INFO) are hypothesized to exert negative direct effects on export capabilities (higher barriers → lower export outcomes). Marketing capabilities (MARK) are hypothesized to exert a positive direct effect (stronger marketing → higher export outcomes).

*Mediating role of Firm Resources***:** Some external constraints (e.g., FIN, POLI) affect firms' internal resource accumulation or utilization. Firm resources mediate the pathway between these determinants and export capabilities (e.g. Limited access to finance reduces firms' ability to invest in marketing/technology, which in turn lowers export capabilities).

Dynamic Capabilities as a moderator: Firms' dynamic capabilities (sensing, seizing, reconfiguring) are hypothesized to moderate the negative effects of barriers. That is, firms with stronger dynamic capabilities can better adapt to shocks (currency fluctuations, trade restrictions), thereby attenuating the adverse impact of POLI or FIN on export capabilities.

Government Support as buffer and enhancer: Government acts both as a mediator (through policies that increase firm resources) and as a buffer that reduces the negative effect of political and legal barriers (e.g. trade facilitation, tariff concessions, export credit schemes).

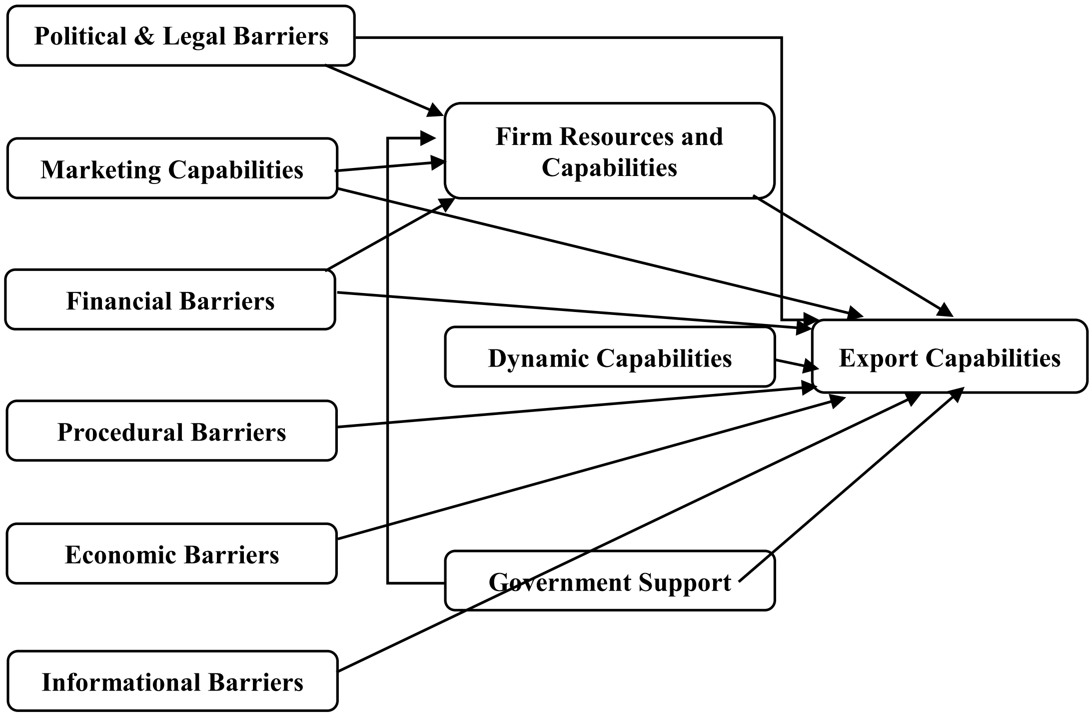

Figure 1. Conceptual Framework
Source: Authors' own illustration based on the literature

Through systematic research methodologies, scholars have identified specific managerial, organizational, and environmental factors that influence how companies perceive and respond to export capabilities. Table 1 presents the empirical evidence on identified export barriers.

Table 1: Empirical studies on export barriers

Determinant of SME capabilities	**Authors**
Strong international competition	Leonidou (2000); Da Silva et al. (2001); Ortega (2003); Ahmed et al. (2004); Altintas et al. (2007); Koksal et al. (2011); Mpinganjira (2011)
High business risk	Leonidou (2000); Kneller et al. (2011)
Different customer culture	Leonidou (2000); Altintas et al. (2007)
Required quality standards	Leonidou (2000); Altintas et al. (2007); Mpinganjira (2011); Kneller et al. (2011)
Non-competitive prices	Leonidou (2000); Ahmed et al. (2004); Altintas et al (2007); Mpinganjira (2011); Koksal et al. (2011)
Information about foreign markets	Leonidou (2000); Mpinganjira (2011); Koksal et al (2011)
Familiarity with foreign business practices	Leonidou (2000); Altintas et al. (2007)
Technical & after-sales service	Leonidou (2000); Altintas et al. (2007)
Sufficiency of production capacity	Altintas et al. (2007); Owusu-Frimpong et al. (2007); Mpinganjira (2011); Koksal et al. (2011)
High tariffs and non-tariff barriers	Leonidou (2000); Ahmed et al. (2004); Altintas et al (2007); Koksal et.al (2011); Wijayarathne & Perera (2018)
Foreign exchange rates	Leonidou (2000); Da Silva et al. (2001); Kneller et al (2011)
Collection of payments	Altintas et al. (2007); Mpinganjira (2011)
Government assistance	Leonidou (2000); Ahmed et al. (2004); Altintas et.al (2007)
Rules and regulations	Leonidou (2000); Mpinganjira (2011)
Bureaucratic requirements	Leonidou (2000); Altintas et al. (2007); Mpinganjira (2011)
Transportations	Leonidou (2000); Mpinganjira (2011); Kneller et al. (2011); Koksal et al. (2011)

Availability of working capital and resources	Leonidou (2000); Ahmed et al. (2004); Mpinganjira (2011); Okpara and Koumbiadis (2011); Khan (2022); Dasanayaka (2011)
Training for staff for exporting	Leonidou (2000); Ortega (2003); Altintas et al. (2007); Mpinganjira (2011)
Competition in foreign markets	Ahmed et al. (2004);
Pricing and promotion adjustment	Ahmed et al. (2004);
Knowledge barriers, corruption, lack of export assistance, and poor infrastructure	Okpara and Koumbiadis (2011); Khan (2022); Dasanayaka (2011)
International terrorism, religious conflicts and trade wars	Gamage, et al. (2020)

Source: Authors' compilation based on Jalali (2012) and other literature.

It was found that economic crises at various levels significantly affect the capabilities and survival of SMEs. Several studies have examined the specific challenges SMEs face during economic crises, offering valuable insights into the factors that contribute to their vulnerability. Sriyani (2022) identified major issues in Sri Lanka's SMEs during the economic crisis, including high production costs amid decreased demand due to inflation, scarcity of essential raw materials, ongoing power interruptions, working capital shortages leading to liquidity problems, and disruptions to supply chains. It further highlights that the dynamic capabilities exhibited by owner-managers proved more crucial than entrepreneurial orientation for business resilience during the economic crisis. Dahanayake (2022) indicated that inflation and perceived political relations significantly impacted SME sustainability. Chandrasiri and Gunatilaka (2023) found that employee morale and productivity are expected to hinder recovery. Wickramanayaka et al. (2024) highlighted that SMEs experienced varying degrees of challenges, including rising costs, inadequate working capital, and an increased risk of bankruptcy due to the financial crisis. Additionally, it became evident that domestic production benefited from currency fluctuations and import restrictions brought about by the crisis. Haputhanthri et al. (2023) showed that only sensing and reconfiguring capabilities have significant effects on SME capabilities, while IT adoption moderates the relationship between DCs and business performance during an economic downturn.

According to the literature review, while extensive research exists on the determinants of SMEs and the effects of the crisis on SMEs separately, fewer studies have examined how an economic crisis reshapes the export landscape for manufacturing SMEs in a developing country context. This study addresses this gap by empirically assessing the impact of the determinants on export-oriented SMEs during a period of severe macroeconomic instability. The findings are expected to inform more crisis-responsive trade and SME support policies. Further, the current study examines the impact of the economic crisis on the capabilities of export-oriented SMEs in the manufacturing sector, rather than their export performance, for several reasons. First, according to the Resource-Based View, a firm's competitive advantage depends on its internal resources and capabilities, not only on observable outcomes such as export performance. Export performance can fluctuate due to many external macroeconomic factors, especially during an economic crisis, while export capabilities represent underlying firm competencies that determine long-term success in export markets. Therefore, studying capabilities allows the research to focus on the structural strengths or weaknesses of firms rather than short-term performance fluctuations. Second, the Dynamic Capabilities theory suggests that firms must adapt, reconfigure, and develop capabilities in response to environmental shocks. The economic crisis in Sri Lanka recently faced was also a shock that disrupted supply chains, created foreign-exchange constraints, increased production costs, and changed demand conditions. Thus, the ability to adjust export capabilities becomes more important than simply measuring export outcomes. Firms with stronger capabilities can respond, adapt, and maintain competitiveness despite crisis conditions. Finally, during an economic crisis, export performance can be misleading due to factors such as exchange-rate volatility, import restrictions, shortages of raw materials, global demand shocks, and government policy changes. Given these theoretical and practical reasons, it can be concluded that export performance may not accurately reflect the firm's true export potential; therefore, studying capabilities helps capture the internal readiness and capacity to export.

Methodology

This study is based on primary data collected from 30 export-oriented SMEs in the Colombo district, through a structured survey. The sample was selected using a purposive sampling technique. Since the study focused specifically on export-oriented SMEs in the manufacturing sector within the Colombo district, purposive sampling was deemed appropriate to identify firms with relevant export experience during the economic crisis. The sample size of 30 SMEs was statistically acceptable for this exploratory study because ordinal regression analysis can be conducted with relatively small samples when the number of predictors is limited, and the study focuses on preliminary empirical insights. According to the Central Limit Theorem, a sample size of 30 is generally considered sufficient for approximate normality in statistical analysis. Furthermore, similar SME studies conducted in developing-country contexts have also relied on relatively small firm-level samples due to difficulties in accessing export-oriented enterprises and obtaining detailed responses during crisis conditions. Therefore, the selected sample size was considered adequate for identifying key determinants affecting SME export capabilities during the economic crisis. The survey was conducted using structured questionnaires distributed via email and WhatsApp, and follow-up telephone interviews.

The collected data were analysed using both descriptive statistics and ordinal regression analysis.

$$SME\ capabilities = \beta_0 + \beta_1 \log\_FIN + \beta_2 \log\_MARK + \beta_3 \log\_PROC + \beta_4 \log\_GOVE + \beta_5 \log\_POLI + \beta_6 \log\_ECON + \beta_7 \log\_INFO + u \text{--}(01)$$

Equation 01 presents the ordinal regression model, where 'SME capabilities' are measured by export experience, production capacity, and the integration of new technology into operations. Data were collected using a Likert scale. FIN is the access to financial resources. MARK represents marketing barriers measured by innovations, competitiveness, ease of navigating foreign business channels, transportation costs, and availability of warehouse facilities. PROC represents the procedural barriers measured by the communication process and the timeliness of payments. GOVE is a governmental barrier that encompasses the level of support provided by government institutions. POLI represents the regulatory environment and tariff and non-tariff barriers. ECON represents the economic barriers, such as exchange rate risks, import restrictions, and inflationary pressures. Informational barriers are represented by INFO in equation 01. All variables were transformed to log versions.

Table 2 presents the operationalization of the dependent and independent variables used in the study. The variables were developed based on the literature review and measured using indicators relevant to export-oriented SMEs operating during the economic crisis period.

Table 2: Operationalization of Variables

Variable	Definition	Measurement Indicators	Expected Relationship
SME Capabilities (Dependent Variable)	The ability of SMEs to maintain and expand export operations during the crisis	Export experience, production capacity, adoption of new technology	-
Financial Barriers (FIN)	Difficulties in accessing financial resources	Working capital access, financing availability	Negative
Marketing Barriers (MARK)	Marketing-related capabilities and constraints affecting exports	Innovation, competitiveness, transportation, warehousing	Positive
Procedural Barriers (PROC)	Administrative and transaction-related export difficulties	Payment delays, communication procedures	Negative
Government Support (GOVE)	Institutional and policy support available for SMEs	Export assistance, policy support	Positive
Political & Legal Barriers (POLI)	Regulatory and trade-related obstacles affecting exports	Tariffs, regulations, political instability	Negative
Economic Barriers (ECON)	Macro-economic constraints during the crisis	Exchange-rate volatility, import restrictions	Negative
Informational Barriers (INFO)	Limitations in obtaining export market information	Foreign market knowledge, export information access	Negative

Source: Developed by authors based on literature

Results and Discussion

The sample consisted of 30 owners and managers of export-oriented SMEs operating in the manufacturing sector in the Colombo district. Respondents represented a diverse range of firm characteristics, including age, employee size, export experience, turnover, and industry category.

Table 3: Sample Profile of Respondents

Variable	Category	Frequency	Percentage
Age	20-35 Years	6	20.0
	36-50 Years	7	23.3
	51-65 Years	15	50.0
	Above 65 Years	2	6.7
Number of Employees	Less than 5	1	3.3
	6-15	7	23.3
	16-25	3	10.0
	26-50	4	13.3
	More than 50	15	50.0
Export Experience	Less than 1 year	1	3.3
	2-5 years	10	33.3
	6-10 years	2	6.7
	11-15 years	3	10.0
	More than 15 years	14	46.7
Annual Export Turnover	Less than Rs. 10 million	2	6.7
	Rs. 11-40 million	4	13.3
	Rs. 41-70 million	6	20.0
	Rs. 71-100 million	7	23.3
	More than Rs. 100 million	11	36.7

Source: Survey (2024) data

Table 3 summarises the demographic and operational characteristics of the surveyed export-oriented SMEs. Most respondents were between 51-65 years of age, indicating substantial managerial experience among SME owners. Half of the firms employed more than 50 workers, suggesting a relatively strong representation of medium-scale enterprises. In terms of export experience, most SMEs had more than 15 years of involvement in export markets, while a considerable proportion also reported annual export turnover above Rs. 100 million. The sample further represented a broad range of manufacturing industries, including food and beverages, textiles, wood products, chemicals, machinery, and ceramics.

This section identifies determinants of the capabilities of the export-oriented SMEs in the Sri Lankan manufacturing sector in the Colombo district. Table 4 presents the distribution of SME capabilities among the sampled export-oriented SMEs. Half of the respondents were categorised under the high capability level, while 30 per cent demonstrated moderate capabilities. Only 20 per cent of SMEs fell into the low capability category. This distribution indicates that most firms in the sample possessed relatively stronger export-related capabilities despite the challenges created by the economic crisis.

Table 4: Distribution of SME Capabilities

SME Capabilities Level	Frequency	Percentage (%)
Low (1.67-2.67)	6	20.0
Moderate (3.00-3.33)	9	30.0
High (3.67-5.00)	15	50.0
Total	30	100.0

Source: Authors' calculations using survey (2024) data

Table 5 provides estimates, standard errors, Wald statistics, and significance levels for the parameters in the ordinal regression model. The parameters include coefficients for the predictor variables.

Table 5: Parameter Estimates

Variable	Coefficient	Std. Error	Wald	Sig.
log_PROC	-3.928	4.019	0.955	0.328
log_GOVE	-0.466	1.735	0.072	0.788
log_POLI	-6.887	3.509	3.852	0.050**
log_FIN	1.081	2.176	0.247	0.619
log_MARK	12.904	6.774	3.628	0.057*
log_ECON	2.344	4.128	0.322	0.570
log_INFO	1.861	1.466	0.233	0.215
****Significant at 5% level *Significant at 10% level**				

Source: Authors' calculations using survey (2024) data

The ordinal regression results indicate that political and legal barriers and marketing-related factors are the most significant determinants of export-oriented SME capabilities during the economic crisis period in Sri Lanka. Political and legal barriers demonstrate a statistically significant negative relationship with SME capabilities, implying that increases in tariff barriers, regulatory restrictions, and political instability in foreign markets reduce the ability of SMEs to sustain export operations and maintain competitiveness. This finding is consistent with Leonidou (2000) and Wijayarathne and Perera (2018), who identified trade regulations and non-tariff barriers as major export obstacles for SMEs in developing economies.

In contrast, marketing capabilities show a positive relationship with SME capabilities, suggesting that firms with stronger market knowledge, product competitiveness, innovation, and distribution networks are better able to adapt to crisis conditions. During the economic crisis, SMEs with stronger marketing capabilities appear to have been more resilient in maintaining export activities despite exchange-rate volatility, rising production costs, and supply-chain disruptions. This finding supports the Resource-Based View theory, which emphasises that internal capabilities and strategic competencies contribute to firm resilience and competitive advantage.

The findings therefore directly support the study objective by demonstrating that both external institutional barriers and internal marketing capabilities significantly shape the export capabilities of SMEs during periods of economic instability.

Within the domain of Political and Legal Barriers, the analysis highlights the main impediments faced by SMEs, including tariff and non-tariff barriers in foreign markets, the regulatory environment in those markets impacting business operations, and the political stability of the markets where business is conducted (Table 6). These findings shed light on the significant challenges posed by regulatory and political factors, as well as trade barriers, emphasising the need for strategies to navigate and mitigate such obstacles to facilitate smoother export operations for SMEs.

Table 6: Mean Ratings of Sub-barriers to Export-oriented SMEs

Main Barrier	Sub-barriers	Mean Value
Political and Legal Barriers	Tariffs and non-tariff barriers imposed in foreign markets	2.73
	The regulatory environment in foreign markets in terms of its impact on business operations	2.87
	Political stability in the foreign markets where the business is conducted	2.90

Source: Authors' calculations using survey (2024) data

The model results appear statistically reliable, as the estimated model provides a better fit (Table 7).

Table 7: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	116.856			
Final	103.915	12.941	6	.04
Link function: Logit.				

Source: Authors' calculations using survey (2024) data

Table 7 indicates that the ordinal regression model provides a statistically significant improvement over the intercept-only model. The significant Chi-square value (p = 0.044) suggests that the included predictor variables collectively contribute to explaining variations in SME capabilities during the economic crisis period.

Table 8: Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	183.693	218	.956
Deviance	103.915	218	1.000
Link function: Logit.			

Source: Authors' calculations using survey (2024) data

Table 8 presents the Deviance and Pearson Goodness-of-Fit Statistics of the ordinal regression model in capturing the relationship between predictor variables and the capabilities of SME exporters, as indicated by the dependent variable. Both statistics yield insignificant values, confirming that the ordinal regression model with the logit link function fits the observed data well. Consequently, it can be concluded that the model effectively captures the relationship between predictor variables and the capabilities of SME exporters.

Table 9: Pseudo R-Square

Cox and Snell	.350
Nagelkerke	.358
McFadden	.111
Link function: Logit.	

Source: Authors' calculations using survey (2024) data

Table 9 presents the pseudo R-square statistics of the ordinal regression model. The Cox and Snell and Nagelkerke values indicate that the model explains a moderate proportion of the variation in SME capabilities. Overall, the results suggest that the selected determinants provide meaningful explanatory power for understanding SME export capabilities during the economic crisis.

Table 10 presents the results of the test for the parallel lines assumption in ordinal regression. The test of parallel lines produced significant results, indicating that the proportional odds assumption may not fully hold across all response categories. However, given the exploratory nature of the study and the small sample size, the ordinal regression model still provides useful insights into the determinants affecting SME capabilities.

Table 10: Test of Parallel Lines

Test of Parallel Lines				
Model	**-2 Log Likelihood**	**Chi-Square**	**df**	**Sig.**
Null Hypothesis	103.915			
General	.000	103.915	42	<.001

Source: Authors' calculations using survey (2024) data

Conclusion

The objective of this study was to identify the determinants of the capabilities of export-oriented SMEs in the manufacturing sector, in the Colombo district, Sri Lanka, during the economic crisis period. The study analysed primary data collected from 30 SMEs in the Colombo district's manufacturing sector. Ordinal regression was conducted as the dependent variable was categorical. The findings from the ordinal regression revealed that political and legal barriers, as well as marketing strategies can create a significant impact on the capabilities of Sri Lankan SME exporters in the manufacturing sector. Specifically, higher levels of political and legal barriers are associated with weaker SME capabilities. This underscores the critical challenge that political and legal barriers that pose for SME exporters, showing that when these barriers intensify, SMEs' export capabilities weaken. On the other hand, stronger marketing capabilities enhance the export capabilities of SMEs in the Sri Lankan manufacturing sector. Delving deeper, the survey data provided detailed insights into the sub-barriers SMEs perceive as most severe. Among the political and legal barriers, the most prominent sub-barriers identified were tariffs and non-tariff barriers imposed in foreign markets, the regulatory environment affecting business operations, and the political stability of the foreign markets. These factors were found to have a direct and negative impact on the capabilities of Sri Lankan SME exporters, with tariff and non-tariff barriers being the most detrimental.

The conclusion drawn from these findings is multifaceted. Firstly, it emphasises the need for strategic policy interventions to reduce tariff and non-tariff barriers. Secondly, improving the domestic regulatory environment to foster more robust and adaptable SMEs is essential. Lastly, political stability of foreign markets is a critical factor. These are crucial steps that need to be taken. To enhance the capabilities and competitive edge of Sri Lankan SME exporters in the manufacturing sector, it is vital to address the identified political and legal barriers, comprehensively. Policymakers, business leaders, and other stakeholders must collaborate to implement targeted measures that mitigate these barriers. By doing so, they can create a more favourable environment for SMEs to operate, thereby enhancing their capabilities and contribution to the national economy. In conclusion, addressing political and legal barriers is crucial not only for the immediate improvement of SME capabilities but also for the long-term resilience and competitiveness of the country's manufacturing sector in the global economy. By taking a proactive and collaborative approach, Sri Lanka can create an enabling environment that allows its SMEs to flourish and contribute significantly to the country's economic development and global trade footprint.

Although the ordinal regression analysis provides strong statistical evidence of their negative effect on SME capabilities, several limitations must be acknowledged. One notable limitation of this study is its relatively small sample size of 30 SME exporters. While suitable for exploratory analysis, a larger sample would enhance the generalizability and statistical robustness of the findings, providing a more representative understanding of export barriers across diverse SME sectors. Another limitation involves challenges in data collection. It was challenging to collect data from these entrepreneurs within the specified time frame. These difficulties may have introduced response bias and limited the comprehensiveness and robustness of the dataset.

Building on the findings and limitations of this study, several directions for future research are suggested. Although valuable insights into SME challenges during economic crises have been provided, further studies are needed to address current limitations and gain an in-depth understanding of export barriers.

Future research can address the limitation of small sample sizes by including a larger and more diverse group of Sri Lankan export-oriented SMEs across various manufacturing sectors. Expanding the sample will enhance generalizability and robustness of the findings, enabling a deeper understanding of sector-specific export barriers. This approach will support the identification of unique challenges within different industries and inform the design of targeted strategies to enhance SME resilience and competitiveness in the global market. Addressing data collection challenges is essential for future research on SME export barriers. Drawing on the lessons of this study, future efforts should adopt improved data collection methods to minimise bias and enhance reliability of the findings.

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