

**PREPAREDNESS AND RELATIVE
OPINIONS OF THE OWNERS OF
AGRO-BASED BUSINESSES
TO ATTAIN INSTITUTIONAL
SUPPORT TO FACE GLOBAL
CHALLENGES: A CASE OF
SRI LANKAN SMES**

Sri Lanka Journal of
Economic Research
Volume 9(2) March 2022
SLJER 09.02.03: pp. 43-67
Sri Lanka Forum of
University Economists
DOI: <http://doi.org/10.4038/sljer.v9i2.162>



*J M H M Upulwehera, D Y H Liyanage,
K B T U K Bandara, J M G Lalani,
S K N Gamage, P S K Rajapakshe,
E M S Ekanayake, J M S B Jayasundara,
R P I R Prasanna*

Abstract

This study is geared to address the apparent lack of scholarly work on the relative opinion of SME owners in the agribusiness sector on institutional support towards SMEs in facing global challenges, using a case study-based, qualitative method. A set of key informant interviews was held with 10 SME owners representing several agribusiness industries using the purposive sampling method. The data were analysed by a thematic analysis and identified three key global challenges of SMEs: global market competition, global financial crisis, and challenges from Multinational Companies (MNCs)/ Transnational Companies (TNCs)/ large-scale companies. The findings emphasized the association between SMEs' global challenges and the generality of numerous SME and institutional defects.

Keywords: *Economic Globalization, Financial Crisis, Global Challenges, Institutionalization, Small and Medium Enterprises*

***J M H M Upulwehera, D Y H Liyanage, K B T U K Bandara, J M G Lalani,
S K N Gamage***

Department of Economics, Rajarata University of Sri Lanka

P S K Rajapakshe, J M S B Jayasundara

Department of Environmental Management, Rajarata University of Sri Lanka

E M S Ekanayake

Department of Social Sciences, Rajarata University of Sri Lanka

R P I R Prasanna (Corresponding Author)

Department of Economics, Rajarata University of Sri Lanka

Email: prasannarjt@gmail.com, Tel: +94 71 0723 083

 <https://orcid.org/0000-0002-5132-12728511>



INTRODUCTION

The present global economic and financial landscape resulted due to the globalization process has shaped the business ideas and concept generation, and the ways of doing business in countries throughout the world. Thus, the globalization process resulted in the breakage of boundaries for many economic activities (Scholte, 2005). In these conditions, many developed and developing regions worldwide have identified Small and Medium-Sized Enterprises (SME) as an important strategic sector for triggering economic growth and social development (Asian SME Summit, 2009). In Sri Lanka, SMEs are recognized as the leading driver for inclusive economic growth. It contributes to GDP, regional development, distributing income, reducing unemployment, contributing to export earnings, enhancing social prosperity, mobilizing domestic savings, poverty alleviation, and potency to turn laggard regions into prosperous rising regions (Vijayakumar, 2013; Ministry of Industry and Commerce, 2015). Therefore, the SME sector is highly influential to developing nations like Sri Lanka, where poverty and unemployment are blistering economic and social issues (Pretheeba, 2014).

The available literature shows how SMEs struggle to survive in the current globalized and dynamic economic conditions. As a result, the closing down rate of businesses in the SME sector vastly increased within a very short time after its commencement (Ahmedova, 2015; Hammer, 2019; Gamage et al., 2020). In the Sri Lankan context, the close-down rate within three years of commencement of SME businesses is reported around 70%. Specifically, 60% of them are ending their business activities just within the first year of the initiation (Priyanath & Premaratne, 2015). According to Beyene (2002), Ramukumba (2014), and Prasanna et al. (2019), SMEs face a set of challenges that are beyond their capacity—they can be categorized as sustainability challenges, technological challenges, and global challenges. These challenges are the key economic challenges that disturb the business performance and their growth potential (Auwal et al., 2020).

Undoubtedly, economic activities are trending towards globalization. Globalization produces new structures and relationships, resulting in substantial ramifications for corporate decisions and activities taken in one part of the world in other parts of the world (Muhammad et al., 2010). Given these circumstances, scholarly articles provide evidence of SMEs facing different global challenges, which become the main investigating area of the study. The rapidly changing conditions in the world have increased the number of challenges to the SME sector (Gamage et al., 2020), such as global market competition (Auwal et al., 2020), global finance, and economic crisis (Sener et al., 2014), information communication technology (Hinson & Sorensen, 2006), and the occurrence of multinational establishments and transnational firms (Maarof & Mahmud, 2016). In summary, SME participation and contribution to global economic activities can be categorized into three types: trade, innovation, and investment (Muhammad et al., 2010).

The National Policy Framework for Small and Medium Enterprise Development, formulated by Ministry of Industry and Commerce (2015), proposed several policy intervention areas and strategies for the SME sector development in Sri Lanka. Thus, assessing the institutional readiness is critical when fulfilling the key objectives of this policy framework in the Sri Lankan context. In light of that, this paper aimed to address the apparent lack of scholarly work on SME's preparedness and the relative opinion of institutional support to SMEs towards confronting global challenges by considering these facts. Similarly, Kang and Park (2012), Ratten (2014), Lu et al. (2015), and Songling et al. (2018) emphasized the importance of investigating institutional support as a key method of overcoming the critical issues described above. This paper will contribute to enriching the knowledge in the agriculture-based SME sector in Sri Lanka and other similar developing nations. Hence the study addressed the following research questions: (RQ1) *What are the global challenges and constraints faced by SMEs?* and (RQ2) *What is agro-based SMEs' relative opinion on institutional support towards facing global challenges?* Correspondingly, the paper is structured as follows: Section two includes a brief literature review, Section three depicts the research methodology, Section four presents the empirical findings with the discussion, and finally, Section five dispenses the concluding remarks, policy concern matters, and suggestions.

REVIEW OF LITERATURE

Definition of SMEs

Even though the phrase "SME" is used similarly worldwide, there is no globally acknowledged explanation for SMEs. The geographical place of SMEs and country-specific acts impact different SME definitions (Leopoulos, 2006). Although there is no one-size-fits all definition available for SMEs, they can be defined by various factors, including the number of people employed in a particular enterprise, gross income, capital invested, or a combination of two or more such factors (Vijayakumar, 2013).

According to Harvie and Charoenrat (2015), SME can be defined by the number of employees, yearly revenue, valuation of fixed assets, worth of invested capital, or a combination of these factors. The IFC (2011) revealed that most nations classified enterprises with employees from 10 to 50 as small-scale and 50 to 250 as medium-scale (based on SMEs definitions of 132 economies). Following World Bank (2017), SMEs and large-scale enterprises are categorized as small entrepreneurs, medium entrepreneurs, and large-scale entrepreneurs, correspondingly, depending on the number of employees in the range of 5 to 19, 20 to 99, and more than 100.

According to the Sri Lankan context, the SME policy framework in Sri Lanka identifies SMEs based on the number of employees and yearly revenue. SMEs deal with fewer than 300 employees and less than Rs.750 million annual revenues (Ministry of Industry and Commerce, 2015). A small industry is characterized by the Industrial Development Board

(IDB) as a business with investment capital in equipment and machinery of less than Rs. 4 million and a total number of ordinary workers of less than 50 (Central Bank of Sri Lanka, 2017). In this context, microenterprises are associated with SMEs for any regulation initiatives (Ministry of Industry and Commerce, 2015).

Global Challenges Faced by SMEs

Globalization opens up new avenues for alleviating global poverty (Todaro & Smith, 2012). Further, globalization of the economy is a valuable source of both opportunities and risks for organizations (Mundim et al., 2000). Aside from the direct effect of globalization, the acceptance of economic contracts poses a new problem for SMEs in retaining competitiveness in broad markets (Maarof & Mahmud, 2016). Globalization may also benefit developing countries, directly and indirectly, through the cultural, social, scientific, and technological exchange, and trade and finance (Todaro & Smith, 2012).

Over the last few decades, the competitive difficulties of SMEs have attracted researchers. Many scholars have attempted to evaluate SMEs in the current global environment (Gamage et al., 2020). Numerous previous studies, such as Decker et al. (2006), Muhammad et al. (2010), and Saleh and Ndubisi (2006), highlighted various challenges faced by SMEs in a global world, such as difficulty in weathering recessions, barriers posed by global supply chain, poor productivity, inadequate management skills, the absence of finance sources, difficulty in gaining access to management and technology, and others. According to Harvie and Charoenrat (2015), SMEs confront problems from growing competition, the adaptability to fluctuating market demand, technical innovations, and capacity restrictions related to knowledge, innovation, and creativity. In addition, the rapid increase in competition with economic globalization has formed several challenges for SMEs (Gamage et al., 2020). Furthermore, many small enterprises realize that their geographic location places them at a significant disadvantage (Harvie & Charoenrat, 2015). Hence the rate of failures of SMEs became relatively high.

According to Kazimoto (2014), SMEs face challenges entering the international market because they lack knowledge of regulations and standards. Enterprises need to follow survival strategies to be successful in their field (Gamage et al., 2020). Numerous researchers have identified several global challenges for SMEs, such as the global market competition (Auwal et al., 2020), global finance and economic crises (Sener et al., 2014), information communication technology (Hinson & Sorensen, 2006), the occurrence of multinational establishments, transnational firms (Maarof & Mahmud 2016), consumer changes and especially their preferences, trade dumping (APEC, 2010), international terrorism (Munro, 2013), and religious conflicts and a global trade war (Auzzir et al., 2018). Further, they face the following challenges: deficiency of financial assistance from the government, incomprehension of consumers' needs and services, shortfall of essential entrepreneurial skills, and powerless networking structures to penetrate international marketing (Gamage et al., 2020).

The COVID-19 pandemic is exhausting for SMEs' employees and operators (Karabag, 2020). The previous studies explored that the COVID-19 prevention and mitigation strategies and protocols have produced high economic and human costs (Bartik et al., 2020). According to Robinson et al. (2020), lack of raw materials, decrease in both global and local volume of sales and services, troubles in repaying loan and interests, termination of orders, constraints in recounting employees back to work, and increased costs in preventing strategies for workplace COVID-19 have severely harmed the SMEs.

SMEs are categorized into three groups based on their capability and success in overcoming global challenges. For starters, a collection of SMEs that are sustainable or capable of becoming globally competitive may profit from regionalization (McMahon, 2001). The second group consists of SMEs that are less adaptable to the influence of globalization. They find it difficult to survive in the current environment unless they act quickly to enhance efficiency, comply with global standards, and train and hire skilled management and professional staff to compete. The final group consists of SMEs shielded from the effects of globalization by the Government (Samad, 2007).

Institutional Support

In most developing countries, the institutional structure in terms of government support plays a critical role in influencing SME performance through various strategies (Kang & Park, 2012; Thongsri & Chang, 2019). The advances in institutional support for business are linked to higher performance because government institutions regulate and encourage players' behaviour in a specific circumstance (Dunning & Lundan, 2008).

Institutes can influence the character of a firm's operations and boost performance from various perspectives (Athambawa et al., 2017). Consequently, assistance for business support services and related industries, such as tax breaks, mortgages, information technology, product development assistance, and capital resources, will improve long-term corporate performance (Almawishir, 2018).

According to Harvie and Charoenrat (2015), the training and development programs conducted by the institutions that support SMEs can be organized into private-public partnerships. Following Vijayakumar (2013), both the public and private participants need to pay attention to the growth and improvement of SMEs. Thus, they can contribute to the economy like in developed nations because successful and independent governments have identified SMEs to get massive support for the economy's growth.

As found by Falahat et al. (2020), government assistance initiatives have less impact on business success unless they are evaluated in terms of their procedures, global knowledge, dedication, comparative skills, and international performance. Harvie and Charoenrat (2015) emphasized that the benefit of such programs is that the government provides highly job-relevant training because the industry is involved in curriculum development and understands the needed abilities.

Furthermore, scholars have drawn numerous findings concerning the institutional structures of countries that support SMEs.

According to Rus and Iglič (2005), institutions not only assist SMEs in a range of methods but also act as a basis of institutional trust, which influences the way entrepreneurs develop commercial relationships. According to Carey (2008) and Wren and Storey (2002), when analysing the influence of external institutional support on the business of SMEs in the fields of finance, firm growth, decision-making, training of the industry, and technical assistance, the results were all favourable.

In the Sri Lankan context, SMEs' direct influence is questionable when compared to the number of organizations in reducing poverty and boosting economic growth (Vijayakumar, 2013). SMEs are supported by the government and the private sector institutes for various reasons (Egena et al., 2014).

Increasing competition, offering a stand for future growth, establishing supply chains, increased economic flexibility, supporting innovation, and generating new ideas are some such reasons (Osei et al., 2016). In addition to the reasons mentioned above, proponents of public support for SMEs advance several others. One of these reasons is that market failures lead to biases in SMEs (Qimiao, 2013).

Statistics reveal three out of every five firms fail during the first month (Bowen et al., 2009). Furthermore, laws impose unnecessary expenses on SMEs, and private institutional agreements are more expensive to SMEs due to economies of scale (Qimiao, 2013). Lastly, SMEs require assistance since their capacity for growth is limited. As a result, SMEs' ability to acquire and analyse information is particularly limited, and their absorption capacity is low (Egena et al., 2014).

According to Vijayakumar (2013), the institutional setup in Sri Lanka to support SMEs has been enormous recently. Apart from government institute support, Beck and Maksimovic (2002) mentioned that global organizations such as the World Bank, European Commission, DANIDA (Danish International Development Agency), The Adventist Development and Relief Agency (ADRA), and GTZ (German Technical Cooperation) have been sponsoring SMEs in the type of funding, consulting services, and managerial training programs.

According to Vijayakumar (2013), some government institutions that support SMEs are Ceylon Institute of Scientific and Industrial Research (CISIR), The Ministry of Youth Affairs and Sports, Department of Rural Development and Cottage Industries, Industrial Development Board (IDB), Laksala, People's Bank, and Bank of Ceylon.

METHODOLOGY

This section explains the research methodology used and includes data/information collection and data analysis methods employed.

Research Methods

In view of the phenomenon investigated for the study, researchers used a qualitative, case-study-based technique. As per Hafiz (2008), a qualitative case study is a scientific technique that enables exploring a situation in its circumstances using various information sources. It assures that the issue is not viewed with one prospect but rather from multiple angles, enabling the identification and explanation of various facets of the incident. According to Tetnowski (2015), qualitative case study research should investigate complex, real-world questions. It applies to many situations that other methodologies cannot define and provides a border understanding. Given the current problem of a high failure rate of SMEs in Sri Lanka, it is worthy of conducting a border, in-depth analysis to identify the SMEs' preparedness and opinions of institutional support in facing global challenges. As a result, the study adopted a case study-based analytical technique.

In-depth interviewing is a qualitative data collection method that performs extensive individual interviews with a few respondents to learn about their perspectives on a given topic, program, or issue (Boyce & Neale, 2006). Thus, the researchers performed a series of key informant interviews with the sample respondents to collect data. The study's data saturation point was 10 units, indicating that the inquiry was sufficient to assess the studied phenomena. The SMEs were chosen using a purposive sample technique, with the owner of the enterprise serving as the representation of the unit of analysis. The researchers determined the business ventures based on two criteria: (1) their business should have at least 10-15 workers, and (2) the venture should have at least one year of experience in the agribusiness sector. This contributes to the study's richness by gathering the most relevant information from SMEs and presumed that they are well-versed in the global challenges they encounter and the degree of institutional support they receive.

The interviews lasted for about 45-60 minutes on average; according to the interview questions, they were performed as personal meetings or by phone. Most questions in the questionnaire were open-ended, covering areas of SMEs' awareness on global challenges, barriers they encountered when facing those challenges and the institutional support they received. The first section of the interview guide extracted the sample respondents' demographic and personal details. The second phase of the survey queried the global challenges experienced by SMEs and their opinions of institutional support in dealing with such issues. After an in-depth subject area analysis, the global challenges encountered by SMEs were divided as follows: a) Global Market Competition, b) Global Financial Crisis, and c) Challenges from MNCs/TNC/ Large-scale companies. The researchers conducted all the interviews and recorded them with the respondents' permission.

Research Context and Data Analysis

Data were gathered from SME businesses in Sri Lanka's agricultural industry to study the phenomena above. According to the Central Bank of Sri Lanka (2019), the agriculture

sector accounts for 7% of the nation's GDP, provides employment for approximately 2.072 million people, and serves 25.3 percent of the entire workforce in Sri Lanka in 2019. Nevertheless, due to the persistence of SMEs' global challenges, this research focuses on determining the adaptability of SMEs and their opinions of institutional assistance in dealing with global challenges. Thus, an in-depth thematic analysis was conducted manually after transcribing, coding, and classifying data from the interview recordings. A well-trained research assistant was hired to transcribe the recorded interviews, and the principal researcher was involved with data coding and triangulation.

All appropriate actions were taken to ensure the reliability of the findings by using purposive sampling to select the study sample. This guarantees that the agro-based SME businesses are included while maintaining data uncertainty (Shah & Corley, 2006). Subsequently, the data were analysed meticulously to identify the global challenges SMEs face and their relative opinion of institutional support towards facing global challenges. Table 1 presents a sample of profiles adopted for the study.

Table 1: Profile of sample respondents

Respondents	Product category	Company size (No of employees engaged)
R 01	Dairy	12
R 02	Dairy	48
R 03	Fruits and vegetables	29
R 04	Mushroom	14
R 05	Aerobiotic products	8
R 06	Dehydrated fruits and vegetables	10
R 07	Spice products	28
R 08	Spice products	40
R 09	Spice products	20
R 10	Cultural products (Incense sticks)	17

Source: Authors' illustration based on qualitative interview data

RESULTS AND DISCUSSION

According to thematic analysis, results of the study suggested three global challenges faced by SMEs in terms of a) Global Market Competition, b) Global Financial Crisis, and c) Challenges from MNCs/TNCs. Table 2 depicts the three global challenges identified.

Table 2: Major Global challenges encountered by SMEs and sub thematic areas

Major Global Challenges	Description	Sub thematic areas
Global Market Competition	The competition among firms is visible in worldwide dimensions in the 21 st century. This problem in the global market has aggravated since the 1980s because of globalization and worsened since joining the WTO trade regime in 1995 (Gunday et al., 2011). Global market competition has been identified as a key concern for SMEs.	Access to Market Information Internationalization/ Globalization Institutionalization Global Competitiveness Capabilities & Knowhow Institutional Support Received /Expected
Global Financial Crisis	The global financial crisis was among the major economic disruptions of 2008. As the crisis worsened, global financial markets' tolerance for risk and their ability to take risk shifted dramatically. This was associated with a loss of consumer and company security, which had huge worldwide implications (Edey, 2009).	Access to finance Intellectual Property Related Activities Implementation of Best Accounting Practice Institutional Support Received /Expected
Challenges from TNCs / MNCs / Large-scale Companies	Accordance to Calvano (2008), when issues arise between international corporations and local businesses, academics, CEOs, activists, and community leaders urge that corporations be held more accountable for their impact on external stakeholders. Despite occasional conflicts, SMEs function as material suppliers and component assemblers for multinational firms in numerous circumstances (Maarof & Mahmud, 2016).	Challenges from Multi-National Corporations Challenges from Trans-National Corporations Institutional Support Received /Expected

Source: Authors' illustration based on literature

After transcribing and classifying the data acquired from interviews with respondents, several sub thematic sections were discovered under each issue. Table 3 below depicts the thematic area analysis.

Global Market Competition

Trade liberalization permits well-performing and non-resident manufacturers and retailers to enter underdeveloped and isolated markets. This makes it difficult for SMEs to retain their existing market in the relevant small markets. Hence global economic competition will have a greater impact on local SMEs for whom the productions are exceedingly localized and segmented (Singh et al., 2008). The researchers identified four sub thematic areas under the global market competition: (1) access to market information, (2) internationalization/globalization, (3) institutionalization, (4) global competitiveness, capabilities, and know-how. The sub-thematic areas were derived by using the available literature.

Table 3: Thematic area analysis

Thematic areas (Global challenges)	Sub thematic areas	R 01	R 02	R 03	R 04	R 05	R 06	R 07	R 08	R 09	R 10
Global Market Competition	Access to market information			*	*	*					*
	Internationalization/ Globalization		*	*			*	*	*	*	*
	Institutionalization		*				*		*		*
	Global competitiveness capabilities & know-how	*	*		*		*				
Global Financial Crisis	Access to finance		*	*	*				*		
	Intellectual property-related activities			*		*	*				
	Implementation of best accounting practices	*		*	*		*		*	*	*
Challenges from MNCs/TNCs/Large- scale companies	Challenges from Multi- National Corporations	*									
	Challenges from Trans- National Corporations	*									

Source: Authors' illustration based on qualitative interview data

Access to Market Information

The study emphasized that SMEs, in particular, are struggling to understand the global market conditions due to less access to market information. As R 05 mentioned, *“Still, we are searching for global trends and global agents. It's really difficult to find information regarding trends and agents in this time...”* (R 05). This statement revealed that even if they want to learn and enter the global market, the current conditions made that attempt difficult. As R 04 revealed, the lack of institutional support is a foremost hindrance that discourages SMEs from accessing the global market. *“We have contacted so many institutes to get market information... but they just say they will concern and that's all. At least if they can arrange a training... They are giving it to some specific people selected by them, and I don't know the reason”* (R 04). While most respondents find it difficult to access the market information, the statement from R 03 emphasized that he was brave and smart enough to identify the market information and opportunities and even extended his business to the international level. *“We have now started to export raw fruits & vegetables to Doha Qatar & Denmark since India has a greater import share in Gulf region, and with the effect of COVID-19 pandemic, there's a limited supply of fruits & vegetables from India due to corruption of their supply chains”* (R 03).

Even though many SMEs stated the difficulties in accessing market information, R 09 mentioned that they had identified the positive relationship between the market information and the business's growth. *"Yes, obviously we have to be on alert in market gaps, whereas I always research on market gaps and make aware of our sales team in monthly meetings. I normally motivate my sales staff based on those findings and give targets"* (R 09). According to the respondent's comments, market information analysis and study have been conducted in the context of the present business situation. Even though access to market information is challenging, R 09's statement accentuates that SMEs are capable of conducting market research using accessible information sources.

Concerning access to market information, the study revealed that there is limited access to market information and a lack of awareness about how to access market information. Therefore, the study emphasizes the need for institutional intervention to find and communicate accurate market information, identify gaps and weaknesses in the business industry, and educate and inform SMEs about the modern and timely ways of attaining the rapidly changing market information in the current economic conditions.

Internationalization/Globalization

Many respondents stated that they were not yet exporting their products to the international market. As per R 08, they are expecting to start exporting their products. *"Not exporting yet, but planning to export for countries like Malaysia & Austria having understood the greater demand for Sri Lankan spices in those two countries"* (R 08). Similarly, R 09 stated, they are planning to export after the renovation of their factory. *"Not currently exporting actually, but we are expecting to export once the building operations of the new factory premises are done"* (R 09).

The interviews let researchers pinpoint the constraints SMEs face due to globalization in the market. *"High cost of production is a greater issue when competing with cheap imported products in the market. Because still our dairy industry is highly labour-intensive, and we have to incur high labour costs. For example, in our farm, the monthly revenue is around eight lakhs, and the average labour cost is around six lakhs, which is nearly 75% out of the whole revenue"* (R 02).

Similarly, R 10 stated that the international brands had established their own factories in the country, making it harder for them. *"Two of the companies who imported the products previously have established two factories in Sri Lanka, which is a huge challenge for local products. Also, many imported products have taken over a large market share, and those two companies are competing as the first and second market leaders in the industry, which is a greater challenge to local products"* (R 10).

R 07 revealed that the issues in technological advancement due to financial constraints make them attenuate to compete with larger companies. *"We are unable to reach to the quality of larger companies since our machines are not technically good enough to produce superior quality products; because such machines are highly expensive"* (R 07).

Cases revealed that, due to the high production costs and less technological advancements in local conditions, the prices of local products are high, and they have low quality. Nevertheless, larger-scale companies have a competitive edge due to their reduced production costs. As a result, SMEs cannot compete with imported products that are cheaper than locally produced products and services. Thus, multinational companies and other larger companies dominate in several industries.

Several cases reported that some rules and regulations on exporting, implemented by the government institutions and quality standards had identified as roadblocks to exporting products to other countries. As R 03 mentioned, *“Institutes allow us to transport only 3000 kg of raw fruits and vegetables per week using air cargo, although there is a greater capacity to export. Also, quality standards such as Global GAP, ISO & Organic certifications are highly required when exporting to the international market. But it is highly difficult to adhere to such quality standards with the existing conditions in Sri Lanka, such as lack of awareness of farmers, lack of technical know-how, and lack of institutional support, etc.”* (R 03). R 06 stated, *“The government has imposed restrictions on exporting some food items, and as a result of it, most of the people are informally exporting those food items in illegal ways. As a result of such illegal exportation, Europe has banned our curry leaves (Karapincha). But if there is a legal mechanism to export such high-demanded food items, this type of banding would not have happened”* (R6). Differently, R 03 exposed another unpleasant experience of his and expressed the need for additional assistance from these institutions. *“For an example, once there was a requirement raised by one of our international buyers in Qatar to wash curry papaya prior to sending to them. So, I went to some institutes to get a recommendation for a chemical to apply for washing, and the officers there also couldn't recommend a chemical. So, I searched by myself and applied chlorothalonil. So likewise, it is very pathetic to say that government institutions are less updated, and we are helpless in such situations”* (R 03). This statement emphasizes the insufficiency of the involvement of institutions towards promoting and helping SMEs compete in the global conditions.

Concerning the discussions held with SMEs, it is vital to support SMEs to compete in globalized market conditions by providing them financial and technological assistance. Facts indicate that some decisions, rules, and regulations implemented by government bodies regarding businesses are not factual, specifically when competing in globalized conditions. Moreover, it emphasizes the importance of reinforcing extension services and restructuring institutional structures to make a functional and favourable business environment for SMEs. Thus, it suggests the importance of institutional support in globalizing SME businesses if the country expects to make them competitive, survivable, and stable in the competition.

Institutionalization

The institutionalization approach includes the establishment of formal structure, the formalization of informal norms, and the establishment of objective processes such as administration routines, philosophies, regulations, and a persistent focus on legitimization (Uygun, 2015). When collaborating with other businesses, the majority of SMEs had none. Only a few respondents found forming alliances to get their raw materials in and their finished products out. R 02 stated that they have contracts with their suppliers to obtain raw materials and maintain a high level of confidence between the two parties. As a result, while contracting with suppliers, they do not sign legal agreements with them. *“The business has established contracts with suppliers to get the raw materials. Most of our contracts with suppliers are informal and based on trust. Suppliers are always ready to make contracts with us due to trust”* (R 02). In an opposing manner, R 10 argued that the trust between the partners is a serious concern. *“Trust among partners is a serious concern”* (R 10), and implies that the trust between the two SMEs and the other party is essential for establishing a successful relationship. Some respondents mentioned that they are willing to start a partnership with one of their buyers. As R 06, *“Currently, this business is a sole proprietorship, and in future, planning to partner with another party who is one of our main buyers”* (R 06). Similarly, R 08 stated their expectation of starting a partnership with buyers outside the local market. *“Not yet, but expecting to expand the business to the international market by partnering with two distributors in Malaysia and Austria”* (R 08).

Some SMEs have already established trust between two parties since it provided a better potential for the firm’s supply chain management to flourish. Still, the majority of the respondents avoided answering about the institutional support they received, exposing the minus readiness of relevant officers and institutes in promoting and supporting the institutionalization process among SMEs. The findings indicate that SMEs have identified the cruciality of mutual trust between two parties, i.e., SMEs and the supplier/buyer. Even though SMEs are ready to form alliances with international firms to develop their operations, they have characterized this as a complicated procedure due to a lack of knowledge and resources. Therefore, the findings imply the importance of the prevalence of specifically established and authorized setups in the institutional setting to assist SMEs, which aimed to be aware, promote, and support them in a better institutionalization process. Moreover, the essence of these statements from respondents emphasizes the importance of institutional intervention in legalizing these contracts to establish durable, trustworthy, and safe partnerships among business partners. Only a few SMEs have identified the importance of formal agreements; hence institutions must focus on promoting SMEs for safe agreements to allow the sector’s continuous growth without taking unnecessary risks.

Global Competitiveness, Capabilities, and Know-how

The study revealed that SMEs are highly interested and aware of training and skill development programs provided by relevant institutions since they get technical competence and industry knowledge, which benefits them evidently. While evaluating the workshops, exhibitions, and training programs in which the SME owners have participated, the findings suggested that they have several opportunities to participate in these types of fruitful events. As R 01 shared his experience about obtaining knowledge from the available institutes, *“Yes, IDB & Widhatha Resource Centers always support us in updating new technology. For example, if we want a new machine to purchase, the field officer of Widhatha Resource Center takes us to a place where such machines are available and show how it works in advance”* (R 01). The respondent had a good impression of the “Widhatha Resource Center” and the official for being helpful. Similarly, R 02 explained the support they received from the institutions and about an experience of participating in an international exhibition which enhanced the knowledge. *“Have participated in workshops conducted by the United States Agency for International Development (USAID), IDB. I have visited farms and dairy factories in countries like New Zealand and Netherland. Also have participated in international exhibitions held abroad and got to know about these exhibitions via IDB”* (R 02). R 06 also shared a similar experience he had: *“Mainly the Institute of Post-Harvest Technology provides us the necessary technical support, and most of the time I continually do experiments to get exposure to new technologies to make my business competitive in the global market”* (R 06).

Although some respondents were satisfied with the services given by the respective institutions, R 04 remarked that he had participated in various training programs but was dissatisfied since they were not practical and fruitful. *“The officers are asking us to do what is on the internet. It is not practical. How can I do which are impossible to do? They provided us with training at Makandura. We spent on our transportation cost and participated. They have collected even Rs.100.00 to give a certificate; until now, we didn't receive the certificate. I have been to two-three training like that.”* (R 04). R 04's statement indicates that some respective officers assigned for facilitating these kinds of SME-related services lack practical knowledge, capabilities, and the intention to permit transparency in generating solutions.

The study findings demonstrated that owners of SMEs obtained knowledge about global competitiveness and other information through institutional support. However, the study suggests that the institutional officers' lack of knowledge on the subject matters, inability to provide realistic solutions in some areas, and failures in acquiring trustworthiness of SMEs created a harmful image of officers, which damages the bond between the entrepreneurs and institutions. Evidently, some institutional framework and the role of officers on their own is neither trustworthy nor suitable and sufficient for SMEs to

confront global challenges. Therefore, the institutions should be supplied with rich human resources, laws, and acceptable strategies for effective functioning.

Global Financial Crisis

The Global financial crisis has had a significant influence on many areas of economies, including SMEs, with 2010 arguably being the most affected year (Sener et al., 2014). According to Man and Macris (2014), the global financial crisis caused a series of structural reforms, causing them to become more aware of the responsibilities of SMEs. The impact of the crisis can be seen in the declining rate of SME growth and the rising number of failures. The study identified three sub thematic areas under the global financial crisis: (1) access to finance, (2) intellectual property-related activities, and (3) implementation of best accounting practices.

Access to Finance

Access to finance is a critical issue for 4 out of 10 SMEs interviewed in the study. Many stages of the SME business process have been problematic due to less financial accessibility. Starting a firm is considerably more difficult for these entrepreneurs with limited and fragile financial strength. Similarly, lending money for SMEs from financial institutions is more difficult as they do not emphasize SMEs in their institutions. As per R 02, *"From the very initial stage of the business, we faced liquidity problems. We started the business with a very limited budget and recovered the expenses via daily sales. Those days, we had to face a lot of difficulties even to open a current account. However, with the expansion of the business, we could recover those problems step by step. But continuously we had to face cash flow problems"* (R 02). When starting up the business, SMEs invest capital in various assets, including buildings, equipment, goods, and many more. Business liquidity measures how easily an asset may be converted to real money. However, in a start-up business context, considerable time is necessary to get profit from the business. Therefore, the study emphasizes the importance of institutional intervention and assistance for SMEs to overcome these financial bottleneck conditions.

In-depth discussions with SMEs revealed that even though SMEs could obtain loans from financial institutes, managing all their economic activities at once was a challengeable scenario. They must pay all expenses, salaries, and loan instalments from their initial income. It further revealed that the interest rate is unfavourable to them if the business is in the start-up stage. As R 03 revealed his experience, *"Interest rate is a greater problem. The average interest rate of our business is 16.1%, and the profit margin is around 21-22%. Out of the overall profit, I have to pay out 75% portion for banks. Also, it is very difficult to gain profits during five years of loan settlement period since the business has to recover initial capital, interest, tax, rent, salaries & other payments, and a very small portion of revenue remains as profit"* (R 03). Similarly, R 08 has stated how hard it is to cover up even the initial capital he incurred. *"Actually, I tend to cover all the day-to-day business expenses including machine purchases through the revenue*

generated from sales, and still not in a profit level to recover the initial capital which I have already incurred" (R 08). These statements indicate the importance of eliminating weaknesses of SMEs in the capital acquisition, business planning, and essentially, affording them with better financial management skills. Therefore, it is a responsibility of relevant institutes to involve and facilitate the growth potential of the SMEs in these problematic situations on behalf of permitting financial security until they are stable in the globalized market conditions.

Furthermore, the statements from R 02 revealed the gloomy experiences of entrepreneurs, newly-entered in to the agri-business sector and the difficulty for SMEs to obtain loans at their start-ups. *"At the very initial stage, it was very hard to get access to loans because banks were reluctant to give loans to SMEs like us. But once we established, many of the bankers are coming behind us, asking to provide loans, credit cards, and open current accounts. But it is very sad to say that, at the very initial stage, most of the banks were reluctant to open even a current account for our business" (R 02).*

R 04 revealed another view of the problem, i.e., the age limitation and tax issues. *"I can pay tax and all. But if there is nothing coming back from them, why should I pay tax? I have tried to take a personal loan to face the difficulties, but they refused because of my age. Then I had to apply for income tax... We are paying at the proper time, so it is easy to get loans again. But now we cannot get personal loans because of the age limitation" (R 04).*

Analysing most of these cases reveals that many financial institutions are more interested in acquiring property after a business has gone bankrupt than assisting them in recovering and achieving success. Many cases revealed that banks would not pay attention to their company ideas but instead focus on their properties. As R 02 put it, *"No proper monitoring system to screen out the financials of businesses once get loans. Providing loans for SMEs based on properties, but not based on business plan" (R 02).*

A similar experience was expressed by R 03. *"Banks keep an eye on our personal properties when providing loans. Recently when I went to get a loan, the manager of the bank mainly focused on my personal properties, but not on the business project. Actually, I have a plan to operate 50 outlets island-wide with 10,000 farmer bases. But the manager didn't ask for any of my business plans. So, their intention is to take over properties when a business is bankrupt and unable to pay the loans" (R 03).* This statement from R 03 is vital in showing that as a country, Sri Lanka is lack in development financing. It revealed that existing financial/commercial banking system is rather corporate, and interest/assets driven rather growth and development of the industries.

According to the interviews with SME owners regarding financing concerns they experienced, they signified that start-up businesses suffered liquidity issues due to the lack of a significant profit, specifically at the start-up stage. The study further exposed

the importance of implementing policy-based financial assistance for businesses to alleviate their financial constraints.

The study also revealed that some officers and financial institutes have failed to acquire the trustworthiness and make accurate decisions in addressing economic issues of SMEs. Therefore, to help overcome these financial constraints, government mediation is essential to restructure the financing grant policies and conditions of financial institutes, which could be in the form of subsidies, loans, and tax inducements.

Intellectual Property-related Activities

Only three respondents provided their response on intellectual property-related activities. Therefore, it is evident that most SMEs are not interested in obtaining patents and copyrights for their products or they are not having much understanding on property rights. R 06 revealed his unpleasant experience in not acquiring the patent for his invention. *“The dryer plant is my own design. But I couldn't get the patent because one person has got patent for this kind of machine before me”* (R 06). Furthermore, R 03 stated that he expects to get consultancy service with a relevant institutional expert to develop the brand name in terms of intellectual property-related operations. *“I expect to get consultancies from the university academics to develop a brand name for Sri Lankan fruits & vegetables when expanding the business operations to international market”* (R 03). Similarly, R 05 mentioned, *“... from next year onwards, I am hoping to do the trademark registration”* (R 05).

The findings related to the intellectual property emphasized that the majority of SMEs are unfamiliar with these rights and have not been informed about the benefits of acquiring such rights. Almost all respondents were dissatisfied or unaware of the institutional support provided by the relevant authorities. As R 03 put it, *“We didn't receive any support from institutes yet regarding this”* (R 03). Therefore, it implies the importance of enhancing, intensifying, and reinforcing the institutions' process of assisting, such as awareness programs and training, to enlighten the SMEs on acquiring the property rights.

Implementation of Best Accounting Practices

As revealed by 7 out of 10 respondents, many SMEs had no dedicated accounting units or human resources to maintain proper accounting records. The findings revealed that accounting practices are handled by the owner or his/her family member most of the time. Some have a separate person in charge of accounting. R 01 stated that his daughter is responsible for dealing with the accounting part of their business. *“Yes, currently my daughter is doing the accounting practices”* (R 01). Similarly, R 06 and R10 stated, owners themselves are handling the accounting practices of their businesses. *“Accounting is done by me”* (R 06), *“Yes, the owner of the business does all the accounting parts of the business”* (R 10). Similarly, R 08 mentioned that the owner's wife handles the accounting practices. *“Accounting records are done manually using books of accounts*

by his wife" (R 08). While many SMEs manage the accounting process independently, certain SMEs have stated that they are hiring professionally qualified accounting professionals. R 03 stated, *"Yes, I have hired a chartered accountant"* (R 03), and R 09 put it, *"We have outsourced that with an audit firm"* (R 09).

On the other hand, R 04 stated that he does not keep proper accounting records and maintains income and expenses manually without the assistance of an expert. *"I only write down the number of packets we produce in a day. I know the expenses for a month. In the morning, I search for the number of mushrooms which grow for a day. That's it. No more accounting practices. Why should I, and to whom to show? To pay income tax?"* (R 04). This statement disclosed that some SMEs feel that proper accounting maintenance will result in income tax requirements. Hence, they avoid appropriate accounting practices. Therefore, a genuine understanding among SMEs is vital to maintain better accounting practices and document handling.

The study revealed the prevalence of some unique and significant challenges in the process of adopting SMEs to accounting practices. The cases exposed that some SMEs' lack of strategic view on accounting hindered them from these prime business practices. Therefore, it is mandatory to bring forward the institutional intervention and SMEs' willingness to adopt accounting practices and related activities by providing guidance required and inspiring SMEs to benefit from such methods.

Challenges from TNCs / MNCs / Large-Scale Companies

Partnering with resourceful initiatives to eliminate resource deficiencies is a common type of connection formed by SMEs with MNCs. In many cases, SMEs serve as material suppliers and component assemblers for multinational corporations (Maarof & Mahmud, 2016). According to Prasanna et al. (2019), TNCs/MNCs/Large-scale companies are a source of acquiring technological advancement of the SMEs, enhancing their readiness towards rapidly changing globalized market conditions and permitting their security & growth in the production and marketing process.

Only one respondent, R 01, revealed his ideology on the challenges from TNCs / MNCs / Large-scale companies: *"Several larger-scale companies try to capture the local dairy farmers by purchasing their milk at higher prices, whereas small-scale companies like us will be in a greater trouble to fulfil our milk requirement"* (R 01). The statement emphasized that he was concerned about the milk supply for his company, as large-scale enterprises were purchasing most of the production. As other SMEs showed an ignoring nature and unawareness towards the question, it is affirmed that most SMEs in the sector still have no proper idea about the impact from these large firms. Therefore, the institutions must be aware and encourage SMEs to establish solid and trustworthy trade partnerships between SMEs and TNCs, MNCs, and large-scale companies to acquire an unruffled technology advancement to face the global challenges.

CONCLUSION

This study addressed the apparent lack of research on the global challenges and constraints faced by agro-based SMEs and the relative opinion of agro-based SME owners on institutional support towards facing those challenges. Specifically, the findings of this study can be generalized to agro-based SMEs in Sri Lanka and other similar developing nations.

The study cantered upon two research questions: a) *What are the global challenges and constraints faced by SMEs?* and b) *What is the relative opinion of agro-based SMEs on institutional support towards facing global challenges?*

The global challenges are considered one of the key retardants for SMEs, hindering their growth and diminishing the potential contribution to the national economy. Hence the researchers carefully identified the main three global challenges faced by SMEs as (a) Global market competition (b) Global financial crisis and (c) Challenges of MNCs/TNCs/large scale companies.

Genuine consideration by the government and the relevant authorities regarding the aforesaid sub thematic areas in the study, including policymakers in the field, is essential to overcome the global challenges of SMEs and develop the institutional setting. It affirms the decreased failing rate and the sustained growth of the SME sector of Sri Lanka. When considering SMEs' relative opinion on institutional support they receive, many cases emphasize a low satisfaction in most areas in the institutional setting.

Therefore, the SME-focused government programs related to the agribusiness sector should be restructured and improved to make it more supportive to SMEs, ensuring they dispense practical solutions and provisions to their problems is necessary. The study revealed that many services offered by the institutional setting are not at an acceptable level. Hence, implementing proper screening mechanisms helps determine and occasionally improve the quality of business support services. Adequate training programs for SMEs should improve marketing, decision making, human capital management, production, finance, etc., while policy adjustments and reforms are necessary to strengthen the institutional setting relevant to the SME sector's needs. Some respondents identified the importance of universities in directing and guiding SMEs in reaching their requirements and targets; hence universities and other related institutes should focus on disseminating their services to the SME sector and relevant institutes. The association between institutional imperfections and the SMEs' global challenges strengthens the significance of reinforcing government policies that reduce constraints in the SME sector and institutional setting by focusing on these criteria. Moreover, the different sub-thematic areas under three main global challenges should be rigorously investigated to further analyse the global challenges and constraints faced by SMEs, their readiness, and preparedness of institutions to address the SMEs' competitive global challenges in Asian nations such as Sri Lanka. It should be specifically noted that the

study focus is limited to the views of local SME owners related to the Agro-based industries in Sri Lanka.

Therefore, further studies are encouraged to investigate and articulate opinions on SME sector development and the upturn of the institutional setting to depict a holistic view on the research subject.

ACKNOWLEDGEMENT

This research was supported by the Accelerating Higher Education Expansion and Development (AHEAD) Operation of the Ministry of Higher Education, funded by the World Bank, through the Research project of Faculty of Social Sciences and Humanities, Rajarata University of Sri Lanka.

REFERENCES

- Ahmedova, S. (2015). Factors for increasing the competitiveness of small and medium-sized enterprises (SMEs) in Bulgaria. *Procedia-Social and Behavioral Sciences*, 195, 1104-1112.
- Almawishir, N. F. (2018). The role of institutional support in influencing SME growth: The case of Saudi Arabia, Doctoral dissertation, Manchester Metropolitan University.
- APEC (2010). *Removing Barriers to SME Access to International Markets*. Hong Kong: Asia Pacific Economic Cooperation.
- Asian SME Summit (2009). *Public-private partnership in SME development through capacity building, policy, and research*. Retrieved from: <http://www.philippinechamber.com/index.php>.
- Athambawa, S., Wickramarachchi, A. P. R., and Puspakumara, C. (2017). Business transformation through technology adoption: Special reference to rice millers in Eastern Province, Sri Lanka. *International Research Symposium on Pure and Applied Sciences*, 2017 Faculty of Science, University of Kelaniya, Sri Lanka.p.139.
- Auwal, A. M, Mohamed, Z., Shamsudin, M.N., Sharifuddin, J., & Ali, F. (2020). External pressure influence on entrepreneurship performance of SMEs: A case study of Malaysian herbal industry. *Journal of Small Business & Entrepreneurship*, 32(2), 149-171.
- Auzzir, Z., Haigh, R., & Amaratunga, D. (2018). Impacts of disaster to SMEs in Malaysia. *Procedia Engineering*, 212, 1131-1138.

- Bartik, A. W., Bertrand, M., Cullen, Z. B., Glaeser, E. L., Luca, M., & Stanton, C. T. (2020). How are small businesses adjusting to COVID-19? Early evidence from a survey (No. w26989). National Bureau of Economic Research.
- Beck, T., & Maksimovic, V. (2002). Financing patterns around the world: the role of institutions (Vol. 2905). World Bank Publications.
- Beyene, A. (2002). Enhancing the competitiveness and productivity of small- and medium-scale enterprises (SMEs) in Africa: An analysis of differential roles of national governments through improved support services. *Africa Development: A Quarterly Journal of CODESRIA*, 27(3-4), 130-156.
- Bowen, M., Morara, M., & Mureithi, M. (2009). Management of business challenges among small and micro enterprises in Nairobi-Kenya. *KCA Journal of Business Management*, 2(1).
- Boyce, C., & Neale, P. (2006). Conducting in-depth interviews: A guide for designing and conducting in-depth interviews for evaluation input. *Pathfinder International. Monitoring and Evaluation*, 2, 1-12.
- Calvano, L. (2008). Multinational corporations and local communities: A critical analysis of conflict. *Journal of Business Ethics*, 82(4), 793-805.
- Carey, P. (2008). The Benefit small and medium-Sized enterprises derive from external Audit. Monash University, Melbourne.
- Central Bank of Sri Lanka. (2017). Implementation of budget proposals 2017 in respect of banking services. Circular no.1 of 2017. Central Bank of Sri Lanka. Retrieved from: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/BSDCircularNo1of2017_0.pdf.
- Central Bank of Sri Lanka. (2019). Annual Report of Central Bank of Sri Lanka 2019. Retrieved from: <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2019>.
- Decker, M., Schiefer, G., & Bulander, R. (2006, August). Specific challenges for small and medium-sized enterprises (SME) in M-business. In *Proceedings of the International Conference on E-Business (ICE-B 2006)*, INSTICC Press, Setúbal, Portugal (169-174).
- Dunning, J. H., & Lundan, S. M. (2008). *Multinational enterprises and the global economy*. Edward Elgar Publishing.

- Edey, M. (2009). The global financial crisis and its effects. *Economic Papers: A journal of applied economics and policy*, 28(3), 186-195.
- Egena, O., Wombo, D. N., Theresa, E. E., & Bridget, M. N. (2014). Institutional support for small and medium enterprises in Nigeria: An empirical investigation. *International Journal of Economy, Management, and Social Sciences*, 3(9), 481-489.
- Falahat, M., Lee, Y. Y., Ramayah, T., & Soto-Acosta, P. (2020). Modelling the effects of institutional support and international knowledge on competitive capabilities and international performance: Evidence from an emerging economy. *Journal of International Management*, 26(4).
- Gamage, S. K. N., Ekanayake, E. M. S., Abeyrathne, G. A. K. N. J., Prasanna, R. P. I. R., Jayasundara, J. M. S. B., & Rajapakshe, P. S. K. (2020). A review of global challenges and survival strategies of small and medium enterprises (SMEs). *Economies*, 8(4), 79.
- Gunday, G., Ulusoy, G., Kilic, K., & Alpkan, L. (2011). Effects of innovation types on firm performance. *International Journal of production economics*, 133(2), 662-676.
- Hafiz, K. (2008). Case study example. *The Qualitative Report*, 13(4), 544-559.
- Hammer, M. H. (2019). *The Non-existence of Failure, talents, education and exits of entrepreneurs*. 1st Edition. Saxion school of commerce and entrepreneurship, Enschede, Netherlands. 66-81.
- Harvie, C., & Charoenrat, T. (2015). SMEs and the Rise of Global Value Chain. In ADBI & ADB (Eds), *Integrating SMEs into Global Value Chain: Challenges and Policy Actions in Asia*. 1-26. Mandaluyong, Philippines: Asian Development Bank.
- Hinson, R., & Sorensen, O. (2006). E-business and small Ghanaian exporters: Preliminary micro firm explorations in the light of a digital divide. *Online information review*. 30: 116-138.
- IFC. (2011). *Financials and Projects*. Washington DC, USA: International Finance Corporation.
- Kang, K. N., & Park, H. (2012). Influence of government R&D support and inter-firm collaborations on innovation in Korean biotechnology SMEs. *Technovation*, 32(1), 68-78.

- Karabag, S. F. (2020). An unprecedented global crisis! The global, regional, national, political, economic, and commercial impact of the coronavirus pandemic. *Journal of Applied Economics and Business Research*, 10(1), 1-6.
- Kazimoto, P. (2014). Assessment of challenges facing small and medium enterprises towards international marketing standards: a case study of Arusha Region Tanzania. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(2), 303-311.
- Leopoulos, V. (2006). Editorial: production and operations under SMEs' perspective. *Production Planning & Control*, 17(3), 225–228.
- Lu, M. T., Hu, S. K., Huang, L. H., & Tzeng, G. H. (2015). Evaluating the implementation of business-to-business m-commerce by SMEs based on a new hybrid MADM model. *Management Decision*, 53(2), 290-317.
- Maarof, M. G., & Mahmud, F. (2016). A review of contributing factors and challenges in implementing kaizen in small and medium enterprises. *Procedia Economics and Finance*, 35, 522-531.
- Man, M., & Macris, M. (2014). Analysis of the SMEs development in Romania in the current European context affected by the global economic crisis. *Procedia Economics and Finance*, 15, 663-670.
- McMahon, R. G. (2001). Growth and performance of manufacturing SMEs: The influence of financial management characteristics. *International Small Business Journal*, 19(3), 10-28.
- Ministry of Industry and Commerce. (2015). National Policy Framework for Small and Medium (SME) Development. Ministry of Industry and Commerce, 1–13. Retrieved from: www.industry.gov.lk/web/images/pdf/framew_eng.pdf.
- Muhammad, M. Z., Char, A. K., Yaso, M. B., & Hassan, Z. (2010). Small and medium enterprises (SMEs) competing in the global business environment: A case of Malaysia. *International Business Research*, 3(1), 66-75.
- Mundim, Ana, Alessandro, R & Andrea, S. (2000). SMEs in global market: challenges, opportunities, and threats. *Brazilian Electronic Journal of Economics* 3: 418-425.
- Munro, D. (2013). *A guide to SME financing*. Springer. New York, USA: Palgrave Macmillan.

- Osei, A., Forkuoh, K. S., Shao, Y., & Osei, M. A. (2016). The impact of institutional support in SMEs marketing, and growth— A case study of retail SMEs in Ghana. *Open Journal of Business and Management*, 4(03), 408.
- Prasanna, R. P. I. R., Jayasundara, J. M. S. B., Naradda Gamage, S. K., Ekanayake, E. M. S., Rajapakshe, P. S. K., & Abeyrathne, G. A. K. N. J. (2019). Sustainability of SMEs in the Competition: A Systemic Review on Technological Challenges and SME Performance. *Journal of Open Innovation: Technology, Market, and Complexity*, 5(4), 100.
- Pretheeba, P. (2014). Creating a conducive environment for SMEs in Sri Lanka. *Wayamba Journal of Management*, 3(2), 44-59.
- Priyanath, H.M.S. & Premaratne, S.P., (2015). Government SME Development Programs in Sri Lanka: A Review in the Lens of Transaction Cost Economics. *Sabaragamuwa University Journal*, 13(2), 59-81.
- Qimiao Fan. (2013). Importance of SMEs and the role of public support in promoting SME development. *A Policy Dialogue Workshop*. 9 (1), 1-26.
- Ramukumba, T. (2014). Overcoming SMEs challenges through critical success factors: A case of SMEs in the Western Cape Province, South Africa. *Economic and Business Review*, 16(1), 19-38.
- Ratten, V. (2014). Future research directions for collective entrepreneurship in developing countries: a small and medium-sized enterprise perspective. *International Journal of Entrepreneurship and Small Business*, 22(2), 266-274.
- Robinson, J., & Kengatharan, N. (2020). Exploring the effect of Covid-19 on small and medium enterprises: Early evidence from Sri Lanka. *Journal of Applied Economics & Business Research*, 10(2), 115-124.
- Rus, A., & Iglíč, H. (2005). Trust, governance, and performance: The role of institutional and interpersonal trust in SME development. *International Sociology*, 20(3), 371–391.
- Saleh, A.S., & Ndubisi, N.O. (2006). SME development in Malaysia: Domestic and global challenges. *University of Wollongong*.
- Samad, S. (2007). Assessing the effects of job satisfaction and psychological contract on organizational commitment among employees in Malaysian SMEs. *The 4th SMEs IN A Global Economy Conference 2007*. 171-178.

- Scholte, J. A. (2005). *Globalization: A Critical Introduction* (2nd edition). London: Macmillan International Higher Education.
- Sener, S., Savrul, M., & Aydın, O. (2014). Structure of small and medium-sized enterprises in Turkey and global competitiveness strategies. *Procedia-Social and Behavioral Sciences*, 150, 212-221.
- Shah, S. K., & Corley, K. G. (2006). Building better theory by bridging the quantitative–qualitative divide. *Journal of Management Studies*, 43(8), 1821-1835.
- Singh, R. K., Garg, S. K., & Deshmukh, S. G. (2008). Strategy development by SMEs for competitiveness: a review. *Benchmarking: An International Journal*. 15: 525-547.
- Songling, Y., Ishtiaq, M., Anwar, M., & Ahmed, H. (2018). The role of government support in a sustainable competitive position and firm performance. *Sustainability*, 10(10), 3495.
- Tetnowski, J. (2015). Qualitative case study research design. *Perspectives on Fluency and Fluency Disorders*, 25(1), 39-45.
- Thongsri, N., & Chang, A. K. H. (2019). Interactions among factors influencing product innovation and innovation behaviour: Market orientation, managerial ties, and government support. *Sustainability*, 11(10), 2793.
- Todoaro, M.P., & Smith, S.C. (2012). *Economic Development* (11th edition). Boston: Addison Wesley Publishers.
- Uygun, Ö., Kahveci, T. C., Taşkın, H., & Piriştine, B. (2015). Readiness assessment model for institutionalization of SMEs using fuzzy hybrid MCDM techniques. *Computers & Industrial Engineering*, 88, 217-228.
- Vijayakumar, S. (2013). Small and medium enterprise promotions for their growth in Sri Lanka. *International Journal on Global Business Management & Research*, 1(2), 46.
- World Bank (2017), *Enterprise Surveys*; World Bank Group: Washington DC, USA.
- Wren, C., & Storey, D. J. (2002). Evaluating the effect of soft business support upon small firm performance. *Oxford Economic Papers*, 54(2), 334-365.