

## ABSTRACT

*Sri Lanka economy has become increasingly dependent on imports during civil war period. Find ways and means to enhance exports and understand factors that stimulate and inhibit export initiation and expansion are necessary to correct the trade deficit. This study examines the factors that stimulate indigenous firms in Sri Lanka to initiate exporting. One hundred and thirty five exporting and non exporting agribusiness firms collected through purposive sampling technique provided the research sample. The results of one sample t-test showed that their export decision was motivated by both proactive and reactive factors. The factors identified to motivate firms to initiate exporting were saturation of the domestic market, unutilized production capacity, increase in domestic competition, identification of better opportunities abroad, desire to achieve more sales, profit and long run corporate growth by engaging in export operations. A profile of exporters and non exporters were also identified through a two sample t-test. Exporters had a higher motivation for profit, higher education and higher foreign market orientation than non exporters. Also non exporters perceive export as a costly and risky activity. This study also is concerned with an empirical investigation that explores the barriers to export that Sri Lanka agribusiness entrepreneurs face when engaging in international business. The data was gathered from a survey of 63 exporting and 72 non exporting agribusiness firms. The results of one sample t-*

*test showed that most manufacturers perceive lack of capital to finance expansion into foreign markets, competition from firms in foreign markets, the need to modify pricing and promotion policies, the need to adapt products to meet foreign customer preferences, lack of government assistance in overcoming export barriers, high foreign tariffs in export markets, lack of capacity dedicated to continuing supply of exports, difficulty collecting payment from customers abroad, difficulty providing after-sale service, and language and cultural differences as the major barriers to export. The crucial role of information in boosting export orientation is highlighted.*