Firm size, export intensity, and technological capabilities in Sri Lankan manufacturing firms: an evolutionary analysis

Abstract

This article analyses size-based differences in export intensity ($X/Y$) and technological capabilities in Sri Lankan manufacturing firms. Consistent with evolutionary arguments, the results show that size-based differences in $X/Y$ and technological capabilities vary across industries. After controlling for age, the results show that large firms were more export intensive than SMEs in the clothing industry, while it was the opposite in the food and beverage industry. Large firms enjoyed an edge over SMEs in human resource (HR) capability in the rubber industry and process technology (PT) in the food and beverage industry. SMEs enjoyed higher adaptive capabilities than large firms in the clothing and food and beverage industries. Scale dimensions mattered in HR capability in the rubber industry and PT capability in the food and beverage industry. Flexibility to support changes in demand were important in explaining the higher adaptive engineering capabilities enjoyed by SMEs compared with large firms in the clothing and food and beverage industries. The variations show that it is extremely important not to generalize from particular experiences to generate policy recommendations. Hence, country and industry specificities matter when initiating institutional change to support technological upgrading.