

An Operational Attributes of Sri Lanka's Small and Medium Enterprises (Smes) And India's MSME Sectors in The Perspectives of Digital Transformation And its Emergence in A Developing Economy

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ABSTRACT

In Sri Lanka, over 75% of enterprises are small and medium-sized enterprises (SMEs), and they generate 52% of the country's GDP and are essential to the country's economy (Kulasinghe et al., 2018). Cutting-edge competition, limited supply and price control, and resource constraints are just a few of the challenges Sri Lankan SMEs face in developing and expanding. Due to their lack of access barriers, cost reduction efforts, and rigid customer and supplier relationships, SMEs find acquiring traditional competitive advantages like differentiation or pricing challenging. To adapt their business models and strategies in response, many companies are experiencing a digital transformation. This article examines how SMEs might use digital transformation as a strategic effort to meet these issues. The report outlines the potential advantages of digital transformation for SMEs in Sri Lanka and indicates areas that need more study through a thorough literature analysis.

The study uses a concept paper format, focuses on empirical data, and mainly analyzes Sri Lanka's SME market. The article's conclusion outlines potential paths for study and research in this area.

KEYWORDS: SMEs, digital transformation, competitive advantages, business models and operational efficiency

INTRODUCTION

By removing barriers between people, businesses, and processes, digital transformation (DT) disrupts the industry ecosystem and reshapes many sectors of the economy. From online grocery buying to website-based life mate searches, DT is changing customer relationships, how workers and employers interact, and how organizations innovate their products and services (Mühleisen, 2018). DT offers organizations of all sizes and industries opportunities to adopt new digital technology and reap its benefits. This article highlights the transformative impact of DT across industries and discusses how organizations embrace DT to innovate and collaborate in the digital age. Digital transformation (DT) impacts the economy and social structures by changing the size, scope, and pace of businesses and transforming the

structure of sectors of the economy (Rassool & Dissanayake, 2019). To improve operational efficiency and explore digital innovation possibilities, enterprises may use Digital Technology (Berghaus & Back, 2016).

Digital transformation (DT) entails digitizing processes to increase efficiency and applying digital innovation to improve the functioning of current physical products (Yoo et al., 2012). Organizational logic must be rethought to implement digital innovation, necessitating company strategy, practices, and product changes. Businesses now acknowledge the potential value of data-driven innovation and aim to profit from it.

This article highlights the significance of DT and how it transforms the business landscape, necessitating enterprises to adapt their strategies to remain competitive in the digital age. Enterprises that fail to recognize, embrace, and transform with digital technologies are at risk of survival.

In contrast, those adopting digital technologies for transformation have witnessed exponential expansion in the commercial sphere, resulting in total national progress and societal transformation (Komarčević et al., 2017). In general, e-commerce provides a platform for a wide range of business models, including small and medium-sized firms (SMEs), to revitalize conventional business processes through digital technologies, resulting in strategic benefits (Rassool & Dissanayake, 2019).

This article emphasizes the criticality of digital transformation for enterprises and how it impacts their survival and growth, ultimately contributing to the development of the country and society overall. It also highlights the significance of e-commerce as a catalyst for digital transformation and strategic advantages for SMEs and other businesses. Previous research shows that expanding small and medium-sized businesses (SMEs) is essential for innovation and job creation (Haq & Huo, 2023).

However, SMEs are more likely to fail because they typically require assistance to overcome challenges, including a lack of human capital and capital investment resources, which might limit their ability to adjust to the competition and changes in the market (Storey, 2016). Adopting information and communication technologies (ICT) may provide SMEs with timely and pertinent knowledge and information and increase relationships with suppliers and customers, collaboration, productivity, and efficiency (Ensari & Karabay, 2014). The degree to which local firms use digital technology has become crucial to a nation's socio-economic success.

According to evidence, even Fortune 500 companies and other large-scale corporations are prioritizing digital transformation in their innovation strategies (Rassool & Dissanayake, 2019), and young start-up businesses are also adopting this trend (Movin et al., 2018). It emphasizes how crucial digital transformation is for SMEs and companies of all sizes in today's quickly changing business environment.

In Sri Lanka, SMEs often face intense competition and cannot influence prices or quantities, per Porter's legal perspective on rivalry (Bruijl, 2018). It presents a significant challenge for SMEs, as they may need more resources to build customer and supplier loyalty, establish entry barriers, or substantially lower costs (Kohli & Johnson, 2011). SMEs typically need more financial resources, in-house knowledge, and management expertise. However, their distinct procedures and goods, which are challenging to imitate, frequently give them a competitive advantage. Digital transformation (DT) can be a crucial and significant component of such competencies, according to the resource-based view, which emphasizes the development of competitive advantage through unique, precious, irreplaceable, and hard-to-replicate resources (Barney, 2001). DT can enable SMEs to enhance their competitiveness and form the foundation of their business strategy by leveraging digital technologies to optimize their operations, innovate their products or services, and stay ahead in the competitive landscape (OECD, 2017).

SMEs from a Sri Lanka context

According to Kothaguda and Dissanayake's (2017) report, Sri Lanka is a growing South Asian country with a service-based economy. According to the Ministry of Industry and Commerce, SMEs account for more than 75% of all firms in the country. Fatoki (2011) states that these SMEs are critical for accelerating the country's economic success.

According to Gamage (2003), numerous characteristics, such as the number of employees, capital investment, firm volume, and business type, are considered depending on the country. Small businesses frequently spend less than US\$ 42,000, on equipment and machinery, according to the Industrial Development Board of Sri Lanka (IDB) (Jayasekara & Thilakarathna, 2013). Furthermore, while selecting staff for small enterprises, the Central Bank of Sri Lanka demands at most 50 workers. Sri Ranjith and Dayaratna Banda (2014) state that the Department of Small Industries (DSI) defines SMEs as enterprises with less than 50 workers and a capital investment of less than equal to US\$ 52,500.

This definition is congruent with the opinion put up by Ponnampereuma (2002). To maintain clarity and avoid confusion, we will use the definition issued by the Ministry of Industry and Commerce in 2015, a complete foundation for recognizing SMEs. According to this report, the National Policy on SMEs in Sri Lanka categorizes firms based on capital investment, employee size, and company turnover. This criterion reduces uncertainty, giving a uniform way to organize and support SMEs throughout the country (Ministry of Industries, n.d.).

The growth framework for SMEs in Sri Lanka includes a categorization system based on yearly revenue and staff count. Small enterprises have 11 to 50 workers and annual sales ranging from 16 to 250 million rupees. Medium-sized firms, on the other hand, have 51 to 300 employees with monthly sales ranging from 251 to 750 million rupees. Micro companies, the lowest category, have a maximum of 10 employees and annual sales of less than Rs. 15 million (Deyshappriya & Maduwanthi, 2020).

SME development is a key component of the Sri Lankan economy, and according to the government, from 2015, there was a National Policy for SME Development. They employ 45% of the population and generate 52% of Sri Lanka's GDP. Over 3 million Sri Lankans are engaged in the SME sector, according to data from a thorough economic census performed by the Census and Statistics Department in 2013–2014. Additionally, Satharasinghe said in 2014 that the census shows that almost 90% of all businesses in the nation are single proprietorships (Chen & Mitra, 2022).

Purpose of the Study

In developing countries like Sri Lanka, where most enterprises fall under this category, there is a significant knowledge gap about the current state of Small and medium-sized businesses (SMEs) and digital transformation (news. lk, 2015). The existing literature suggests an in-depth investigation has been made to pinpoint the variables affecting DT uptake. However, most of these studies have mainly concentrated on internal organizational factors like organizational perspectives, owner/manager leadership perspectives, and external perspectives like the business environment common in developed nations (Barann et al., 2019). In order to close the knowledge gap and get a thorough grasp of the present situation and the variables driving DT adoption among SMEs, especially in developing nations like Sri Lanka, further study and inquiry are required. It would allow government, academia, and business decision-makers to create specialized plans and support systems for effective digital transitions in these environments. We cannot underline how crucial it is to continue studying how people use digital

technology (DT). Reuber & Fischer (1997) contend that this research is particularly significant due to the potential significance of the findings for businesspeople and decision-makers in developing countries.

The currently available research indicates a significant empirical vacuum in understanding how DT is adopted across multiple industries, sectors, and countries because of its dynamic nature and the potential implications of country-specific regulations. In light of this gap, the current study specifically intends to examine the degree of digital technology adoption among Sri Lankan small and medium-sized firms (SMEs). The study aims to pinpoint the crucial elements that will aid in the SME sector's smooth transition into the era of digital technology. By conducting this study, we hope to advance knowledge of the obstacles and opportunities SMEs in Sri Lanka face when adopting DT. We also hope to provide policymakers, industry stakeholders, and researchers with information to help them develop strategies and support systems to make the transition to DT as seamless and successful as possible.

Methodology

In order to give explanations and support arguments based on verifiable data and pertinent concepts, this research uses a logical method. Deductive qualitative research involves intertwining the researcher and the study topic, who impact one another within a dynamic reality formed by human interactions (Larsen & Adu, 2021). In order to respond to the inquiry, "What are the operational attributes of SMEs in Sri Lanka's and India's MSME sectors in the context of digital transformation and its emergence in a developing economy?," the researcher conducted a thorough review of scholarly publications and trade periodicals. A literature review, which examined actual cases of how digital transformation has been applied in SMEs, served as the study's primary research method.

The intention was to offer useful information to readers that they might use in practical situations. The research specifically examined the operational characteristics of SMEs in the MSME sectors of Sri Lanka and India, evaluating their perspectives on the advent of digital transformation and its impact on a developing economy. By examining these cases, the research sought to provide readers with useful insights and a greater comprehension of the consequences and practices connected to digital transformation in SMEs operating in emerging economies.

Literature Review on DT within SMEs

The research includes literature-based data to support its conclusions in addition to addressing important challenges. Additionally, the report includes several noteworthy instances that illustrate various viewpoints on digital transformation (DT). These instances provide insightful examples that help people better grasp DT from many perspectives.

Digital Transformation: Strategy before technology

The effects of globalization and the widespread use of information and communication technology (ICT) have had a considerable impact on business operations. ICT is now a need for conducting business in the linked world we live in because of how widely it is used. ICT's flexibility offers better ways to manage business interactions and promotes new forms of collaboration in the developing digital economy (van Deursen & van Dijk, 2014).

Adopting digital technology (DT) across various industry sectors, or "Business DT," significantly influences how businesses operate. Industry 4.0 technologies cover revolutionary advancements, including blockchain, robotics, augmented reality, drones, artificial intelligence, data analytics, artificial

additive printing, and cloud computing (Ramachandran, 2021). These technologies have significantly changed the operations and practices of businesses.

Since virtual businesses and online markets have been offered as innovative organizational and transactional models, digital technology offers many potentials. These models attribute a large portion of an organization's competitiveness to its use of digital technology (Kelly, 1998). Virtual businesses and e-commerce platforms are being investigated as cutting-edge business models due to the potential of digital technology to transform company models and boost competitiveness. The integration of digital technology and the revolutionary potential of ICT significantly affect business operations. Companies that adopt these innovations can take advantage of new possibilities, streamline processes, and gain an advantage over rivals in the digital market. Businesses must prioritize engaging their people resources, developing competencies, and investigating new business models to flourish and prosper in the digital economy.

To realize the full potential of digital technologies, companies must develop creative methods to incorporate them successfully into their operations. It is crucial to choose the technology with the most significant assistance while keeping the digital transformation (DT) strategy as streamlined and effective as feasible while implementing it. The selected strategy must align with the company's long-term growth objectives to accomplish the intended goals.

The calls for a comprehensive grasp of how digital technology may improve operations, enhance customer experiences, and spur commercial outcomes. Businesses may position themselves competitively in the digital world and grab possibilities for development and success by skillfully integrating digital technology and building a thorough plan. Through investigating pertinent ideas, the research intends to investigate the theoretical underpinnings of digital transformation (DT) in Sri Lankan SMEs. Many theories have been produced to utilize modern technology as its primary point (Lai, 2017). Internet and information and communication technology (ICT) have transcended organizational barriers, new markets have emerged, and existing markets have changed fundamentally (Babbitt & Brynjolfsson, 2001). This development has made it necessary to investigate how SMEs may use DT to successfully adapt to these changes, stay competitive, and take advantage of new possibilities.

This study aims to offer insights into the theoretical foundations of DT in SMEs, notably in Sri Lanka, by studying pertinent ideas and frameworks.

All business types—physical, virtual, or click-and-brick—have become more dependent on digital transformation because it significantly impacts how they run. Ziegler & Mendelson (1999) of Stanford College stresses the vital need for organizational restructuring to accommodate future requirements in their book "Survival of the Smartest". In the process of realignment, numerous crucial elements are taken into account, including:

- Value creation model: Businesses must carefully consider their target market, products and services, and how they generate value for that market. Businesses may create successful strategies to give value and satisfy the changing demands of their consumers by recognizing these components.
- Profit model: Firms must pinpoint the key profit facilitators. In order to do this, it is necessary to look at all the variables that go into making a profit, such as income sources, cost structures, pricing plans, and general financial stability.

Understanding and deciding how a company will accomplish its goals is a process that requires logical business thinking. It includes making strategic decisions logically grounded on knowledge of the internal and external company environments and market dynamics. Organizations use logical thought to

examine diverse aspects, evaluate risks and opportunities, and create effective plans and strategies to achieve their objectives. This strategy aids businesses in making intelligent decisions, efficiently allocating resources, and overcoming obstacles to go where they want to go. Businesses may follow a logical route to success thanks to rational business thinking, which forms the basis for wise decision-making. Businesses may position themselves for success in the digital world by considering these viewpoints and implementing them into their digital transformation initiatives. Organizations must change their value creation and profit models to meet the new environment, relying on cutting-edge technology and creative thinking to flourish in the shifting business landscape. The success of our research depends on our ability to comprehend the main internal and external facilitators of digital transformation. Small and medium-sized businesses (SMEs) are crucial in supporting internal digital transactions.

According to Shvertner (2017), a company's digital transformation (DT) entails several crucial components, such as:

- **Organizational structure:** SMEs must evaluate and modify their organizational structures to successfully support and drive digital transformation activities. Promote a culture of creativity and cooperation, including reorganizing teams, roles, and responsibilities.
- **IT infrastructure:** SMEs require a modern and dependable IT infrastructure to facilitate digital transformation. It includes hardware, software, networks, and cloud-based services for efficient data management, communication, and digital operations.
- **ROI:** SMEs must determine if their digital transformation efforts will yield a positive return on investment. It includes estimating the expenses of adopting digital projects and determining the potential benefits and value generation for the company.
- **Business model:** To match with digital technology and changing client preferences, SMEs must rethink and change their existing business models. It might entail experimenting with new income streams, value propositions, and consumer interaction tactics.
- **Product, service, and process digitization:** SMEs should focus on digitizing their offerings, including products and services, to increase efficiency, improve customer experiences, and open up new potential for development. Furthermore, digitizing internal procedures can improve operational efficiency and resource use.
- **Digital platforms for customer interaction:** SMEs must use digital platforms and channels to successfully connect and communicate with consumers. Improving consumer experiences, gathering feedback, and creating lasting relationships involves using social media, websites, mobile applications, and other digital touchpoints.

By addressing these issues, SMEs may complete the digital transformation path and use digital technology to promote innovation, growth, and competitiveness inside their businesses.

The small business owner or manager dramatically influences whether or not ICT is adopted. According to extensive research on three technology-based firms, the owner's or manager's perspective on ICT adoption and role had a significant impact (Parida & Oghazi, 2016). Assume the owner or manager needs to learn more about computers and thinks ICT is exclusively for larger businesses. Individuals with financial resources will likely participate in ICT-related activities in such situations.

Organizational structures in SMEs are less bureaucratic and more organic than those in more prominent corporations. Flat organizational structures and speedier decision-making as a result of less onerous processes are involved. SMEs' core businesses may benefit from ICT at every business process

level, boosting their competitiveness. In today's digital age, e-business applications are becoming increasingly important for small and medium-sized businesses (SMEs). Even though these applications are becoming increasingly important, no firm findings have been reached from studies in this area. In addition to examining various viewpoints beyond the conventional focus on IT investment, this article also assesses the present status of research on e-business applications in SMEs.

- **Mixed Results and Changing Perspectives:** Several studies have looked at the effect of e-business applications on SMEs, but they have yet to come to any definitive findings.
- **Beyond IT Spending:** A concentration Shift full grasp of how data resources, human capital, and IT processes jointly contribute to a company's effective use of data and overall business performance while realizing the limits of the conventional concentration on IT investment. This change in viewpoint highlights the necessity to consider variables other than financial investments alone.
- **Challenges to IT Spending as a Competitive Advantage:** Contrary to popular opinion, increasing IT spending cannot give a company a sustainable competitive advantage since other companies may match IT spending. A company's e-business's effectiveness depends on its capacity to make the most of its current resources and expand a wide array of IT resources and capabilities.

It is impossible to overestimate the importance of e-business applications for SMEs, yet concrete evidence of their influence still needs to be determined. The limits of earlier studies on the topic, which mostly focused on IT investment, have driven a change in viewpoint toward a better comprehension of the underlying variables that motivate successful data usage and improve overall company efficiency. For SMEs to fully benefit from e-business applications, they must concentrate on creating and utilizing a wide range of resources, such as human capital, data resources, and IT processes. SMEs may unlock the potential for sustainable development and competitive advantage in the digital environment by acknowledging the complexity of e-business and adopting a comprehensive strategy. In order to identify the most successful methods for SMEs in the field of e-business, future studies should dive further into these dimensions and examine the interaction between various assets and competencies.

McKinsey's (2018) preliminary findings indicate that promoting the adoption of digital transformation among firms in Sri Lanka can significantly increase the country's GDP, with estimated growth ranging from 1% to 3%. The rapid proliferation of Internet and mobile connectivity is driving notable changes in the corporate landscape. According to preliminary research by McKinsey (2018), implementing digital transformation strategies can aid Sri Lanka's economic growth. The nation's GDP may rise if companies are urged to use digital technologies like data analytics, e-commerce, and cloud computing. According to preliminary projections, Sri Lanka has considerable economic potential. There might be a 1%–3% impact from this.

The advent of the Internet and mobile connectivity has sparked fundamental changes in the corporate environment. Businesses across diverse sectors now recognize the need to adapt their strategies and operations to capitalize on the advantages offered by digital technologies.

The research by Yoo et al. (2012) emphasizes the increasing importance of developing business models that seamlessly integrate information systems as digital technologies become pervasive in all aspects of organizations. Traditional business models are being reassessed and redefined as companies strive to remain competitive in the digital age. Embracing digital transformation empowers companies to streamline processes, enhance customer experiences, improve operational efficiency, and discover new

avenues for growth. The corporate landscape is evolving, with technology as a central enabler for innovation, productivity, and sustainable success.

There are more and more inter-organizational policies that take advantage of IT capabilities (Bensaou & Venkatraman, 1996). Organizations across practically all industries have started to study digital technology and use its benefits. Matt et al. (2015) assert that using and integrating digital technologies frequently influence and extend beyond enterprises by affecting goods, business operations, marketing channels, and supply chains. Gains in productivity or income, improvements in value creation, and novel consumer engagement strategies are just a few of the potential benefits of digitalization. Therefore, whole business models may be changed. An excellent example of how digital transformation assists firms is product companies' gradual adoption of service business models (Suarez et al., 2008).

Neely (2008) claims that about two-thirds of product companies in developed nations have adopted a service approach. Businesses that use servitization can increase client loyalty and set themselves apart from the competition (Vandermerwe & Rada, 1998). According to research, using information and communication technology (ICT) effectively allows businesses to explore new markets, gain insightful knowledge about their customers, and improve the process of developing new brands more successfully (Neirotti et al., 2008)

Research that examined the CIOs of 204 significant Italian firms found that these businesses were more likely to employ IT to improve customer education and the efficiency of new product development. These businesses strengthened their competitive advantage through targeted IT expenditures (Neirotti et al., 2008). Their study also showed that the effects of digital transformation (DT) and ICT adoption differed according to elements, including business size, industry expansion, and volatility. Particularly in times of upheaval and expansion, medium-sized businesses tended to employ IT to improve product development and expand their businesses.

In their research on Taiwan's textile industry, Neirotti et al. (2008) found that including service-oriented portal features, the interconnectedness of portal utility, portal interface, and service-oriented portal functionality, as well as their positive and substantial impacts on how organizations are seen to be doing. According to a second study on small technology-based firms, using ICT applications increased their anxiety during inter-organizational connections, partly because of the high levels of trust required. As a result, it could be necessary to rethink the usage of ICT for collaboration (Parida & Oghazi, 2016).

Strategic Challenges of Digital Transformation

Research on SME digital transformation in established nations has attracted less attention because of the political, economic, cultural, social, and legal differences between developing and designated countries (Mehrtens et al., 2001). These components are necessary if governments wish to employ technology to increase the economy's productivity. In nations like Sri Lanka, SMEs have difficulties because of a dearth of credit cards and bank accounts, a poor telecommunications infrastructure, a lack of qualified and competent staff, limited internet access, and low PC ownership (Yoshino et al., 2017). SMEs require assistance to deal with these problems because they have limited influence over them. Instead, they need to devise plans to stop them or reduce their power. However, these issues may be resolved by banding together as a sector and advocating before the relevant authorities.

Wielicki & Arendt (2010) claim that the digital gap across organizations is caused by differences in how well they employ ICT to increase production. His comparative examination of SMEs in SME'sA, Spain, Portugal, and Poland provided evidence in favour of the hypothesis that, as market understanding

grows, ICT implementation hurdles are more likely to change, ranging from a lack of tools and technology to a lack of information, preparation, and education. In addition, 87% of survey participants considered that the "way of life" posed more significant barriers to digital transformation than technology expertise, and 70% thought their leaders could provide leadership in this area. However, only 50% of those surveyed claimed to be aware of implementation issues.

The research additionally concurs with the notion that digital transformation occurs only in conjunction with behavioural changes. They will embrace change only if teams see the need for adaptability and believe in their leaders. Even though every conversion journey differs, the study reveals three essential cultural attributes for crucial people.

In today's society, network intelligence is a ubiquitous and evolving phenomenon. In this new era, we are gradually being forced to reevaluate how we see traditional economic theories, wealth creation, corporate structures, and other organizational structures. Developing social and financial links in this manner is both promising and dangerous. Long-held ideas about how organizations should function, interact with one another, and provide services, information, and commodities to consumers are being called into question by the rise of the electronic economy (Mičić, 2017)

The technology map of Europe, on the other hand, shows that the nations with the highest per capita GDP also have the highest levels of ICT investment. However, according to the European technology map, the countries that spend the most on ICT have the highest GDP per capita (Mičić, 2017).

The widely established concept of client participation, which allows for good long-term results for a firm, provides a competitive advantage to various business models (Dissanayake et al., 2019). In the digital economy, business performance depends on many critical digital transformation areas. We currently work in many locations and various methods. People frequently work from different offices, homes, or coffee shops nearby (Araujo, 2019). Businesses must manage a dynamic intelligence ecosystem and support effective next-generation digital commercial operations across several locations and time zones. Customers like to conduct business with firms when, where, and in the most convenient way, regardless of whether they are in the B2B or B2C sectors.

Due to DT, in emerging economies, there is still proof of the effects of labour disruption that has to be provided. However, as the study shows, rising digital technologies significantly influence low-skilled jobs (Brynjolfsson & McAfee, 2014).

According to projections of Acemoglu & Autor (2011), the demand created by the technological transformation must be met by a supply of trained human resources, raising the remuneration of highly qualified employees. Then, "learning an ability," "creation of human resources," and "creation of creative aptitude" will all be taken into account when creating policies. Future challenges include reevaluating sector-based policies created within organizational silos due to digital disruption. Governments must develop cross-institutional ties to progress ICT, education, economic development, and collaboration in creating and applying policies. Reassessing sector-based policies produced within organizational silos due to digital disruption will be one of the future problems. Governments must forge inter-institutional connections to advance ICT, education, economic development, and cooperation in formulating and applying policies.

Although there are many challenges for policymakers, they are surpassed by the benefits for people and the need to prevent further disruptions. According to researchers, if productivity does not increase, neither will living standards (Baumol, 1986). The authorities must establish the proper policy tools taking into account the risks and rewards involved, to maximize benefits and reduce disruption risks.

According to Aghion et al. (2009), increasing government spending on education is essential to enhancing the skills (including digital skills) learned through education. They also implemented labour policies to support low-skilled workers' work impairment (tuition-free education and a short-term decrease in work hours). Strategies explicitly aimed at promoting the advancement of cutting-edge technologies while minimizing the impact on workers in developing nations.

CONCLUSION

In the modern age of technology, practitioners and scholars have shown a strong interest in digital transformation (DT). It symbolizes a significant advancement in digital technology to create unique consumer experiences or find techniques for firms to benefit from efficient operations. The initial research examines how SMEs in Sri Lanka are undertaking a digital transformation, recognizes the assistance techniques required to overcome hurdles and thoroughly understands the crucial strategic enablers for this change. However, depending on the country, the consequences of the organization's internal and external essential strategic agents of change could look different. Additionally, there is evidence that SMEs may effectively use DT in several international contexts. Emerging nations like Sri Lanka have yet to see DT's success in established countries at increasing firm value via digital transformation because of the significant effect of the essential enablers. Dissanayake et al. (2019) said Sri Lanka's ICT strategy was related to developing a knowledge-based society that allowed new business strategies. The operational blending of digitization and business operations in impoverished countries like Sri Lanka still needs to improve. Future studies may concentrate on these practical research challenges, looking at SMEs from a regional viewpoint based on their effects on the broader economy. The impact of digital transformation on SMEs in Sri Lanka has only been the subject of a few studies. As a result, the study makes a first effort to identify and comprehend these crucial strategic enablers. Empirical research may consider technological and human factors when evaluating SMEs' challenges due to digital transformation.

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