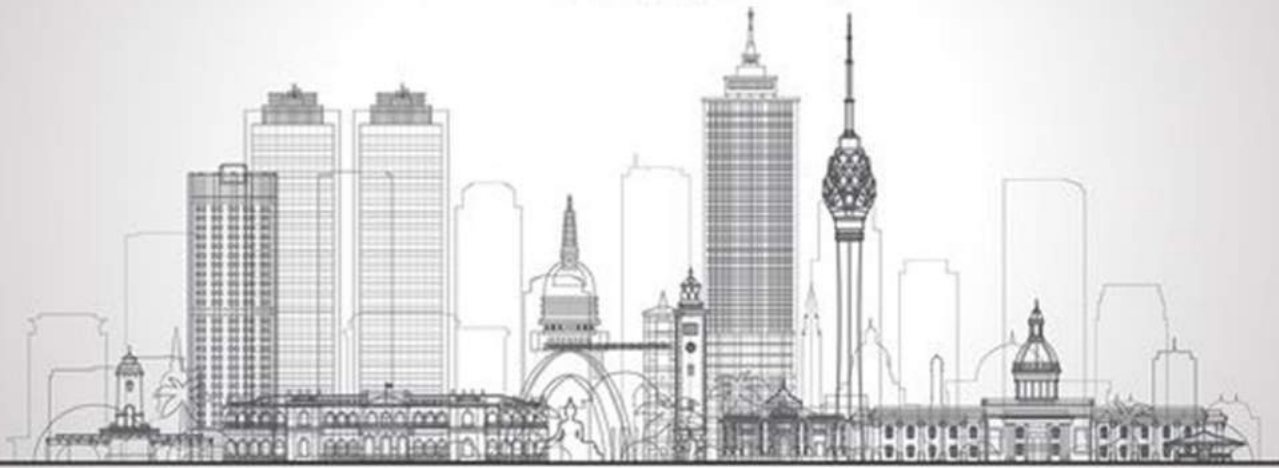


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Editors' Note

We are pleased to announce the publication of the first issue of the second volume of the Sri Lankan Journal of Entrepreneurship of the Department of Entrepreneurship, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. The journal was first introduced in 2019 with the intention of making a platform to the scholars in the field of Entrepreneurship to publish their scholarly work and disseminate the knowledge. Remarkably, several authors had sent their valuable scholarly works to publish in the journal where nine from such articles were selected to publish in the current issue.

The first article has attempted to reveal the demarcations of the growth affecting factors between the low-growth and high-growth SMEs by selecting a sample of SMEs in the Southern Province of Sri Lanka. The study revealed that there is a significant difference between the two said categories while no such a significant difference could be revealed in the impact of external factors on the business growth.

Secondly, the impact of infectious disease risk perception on perceived retail crowd has been investigated with special reference to Retail Industry in Sri Lanka. With a sample of 100 consumers, the study could find that there is a significant positive influence of infectious disease risk on human density as well as on the spatial density. The study also provides with implications to the retail sector on how to cope with the changes arise in the environment.

With the purpose of gaining an in-depth understanding of how the antecedents of ICT Adoption influences on the Business Performance of SMEs in the Colombo District of Sri Lanka, the third article has been conducted. The findings has shown a positive relationship between the three factors; Technological, Organizational and Environmental and the Business Performance of SMEs.

Fourth article has focused on revealing the determinants of business success of women entrepreneurs in Sri Lanka, especially in Gampaha District. The research could find that the determinant factors such as human capital factors, network affiliation, environmental factors and social factors have a strong positive impact on the business performance of women entrepreneurs while no such an impact could be revealed in relation to organizational factors on business success.

In the fifth article, the socio-entrepreneurial role of micro finance companies has been

examined. The study has revealed that those institutes have been successful in areas such as granting loans to low-income earners; requiring that clients become entrepreneurs; building long term mentoring relationship with entrepreneurs; providing hands-on-work training, visits meetings and workshops. Thus, the study concludes that although micro finance companies' social values have largely contributed to enhance the development of entrepreneurship in Sri Lanka.

In Sixth article, the drivers that have influenced to engage in Hybrid Entrepreneurship in Sri Lanka have been examined. The study could reveal that the sufficient skills acquired and receiving family support are the significant factors that influence on engaging in Hybrid Entrepreneurship.

The Seventh paper has focused on obstacles for the growth of small businesses in Sri Lanka (with special reference to the Colombo District). The study found that lack of finance, market challenges, regulatory issues, lack of infrastructure are the main obstacles for the growth of SMEs in Colombo District, Sri Lanka.

The next paper examined the impact of ethical fashion on consumer purchase intention of the undergraduates. The study found an overall positive impact of ethical fashion on consumer purchase intention that is exhibited through their willingness to pay a premium and choosing of ethical brands and products over others.

The final paper explored about the entrepreneurial innovation resilience strategies implemented in Nigerian hospitality firms. It was found that entrepreneurial innovation dimensions measured in terms of service innovation and marketing innovation enhances the resilience capacity of the Nigerian hospitality firms.

Dr. R. N Weerasinghe and Ms. M.P.S.R Perera

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**Demarcations of the Growth Affecting Factors between the
Low Growth and High Growth SMEs: A Sri Lankan
Perspective**

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ABSTRACT

Small and medium scale entrepreneurs are vital for the economic development of any country. High failure rate and low survival rate of SMEs obstruct to this expectation, especially among developing countries. Past studies have identified the growth affecting factors for SMEs as internal and external factors without demarcation between high-growth and low-growth SMEs. Studying the distinctiveness of the growth affecting factors between low-growth and high-growth SMEs would be useful to develop a customized mechanism for treating separately for the needful SMEs. This paper aims to reveal the demarcations of the growth affecting factors between the low-growth and high-growth SMEs by selecting a sample of SMEs in the Southern Province of Sri Lanka. Two hypotheses were formulated based on the existing research gaps. Independent Sample T-Test and Mean Importance Index method was applied to test the hypotheses. Comparison between the high-growth and low-growth SMEs revealed that significant difference is there in the impact of internal factors on the business growth between the low-growth and high-growth SMEs and

no such a significant difference exists in the impact of external factors on the business growth. This implies that growth affecting factors internal to the firm differently effect on the business growth of high-growth and low-growth SMEs while factors external to the firm affect equally to both types of SMEs. As per the mean important indexes, owner-manager capabilities including growth orientation, risk-taking ability, innovation and networking ability affect highly on their business growth of high-growth SMEs meanwhile factors beyond the firm's control including labour rules and regulations, poor market support systems and ineffectiveness of the BDS services affect highly on the low growth of their firms. The high cost of financing affects highly for the growth in both categories.

Key Words:

Business growth, Demarcation, External factors, High-growth and low-growth SMEs, Internal factors

1. Introduction

Small and Medium Scale Enterprises (SMEs) in any country has been considered as the backbone of economic development. SMEs are defined differently by various countries by using a variety of parameters including the number of persons employed, the amount of capital invested, amount of turnover etc. By using the number of employees in the entity, the European Union (EU) and a large number of OECD (Organization for Economic Co-operation and Development) countries define the SMEs as the number of

employees between 200-250, in japan up to 300 employees, and the USA up to 500 employees (Berger and Udell, 1998 – cited by Cressy, 2006). In Sri Lanka, as per the “National Policy Framework for Small and Medium Enterprise (SME) Development – 2016”, the number of employees between 11-50 and annual turnover between 16mn-250mn are considered as small scale enterprises and the number of employees between 51-300 and annual turnover between 251mn-750mn is considered as medium scale enterprises.

The development of this SME sector has been identified as of paramount importance for any country as a source of employment generation, contribution to the growth of Gross Domestic Production (GDP), embarking on innovations and value additions and stimulating other economic activities. In Sri Lanka, this sector is vital to the national and local economic development as it accounts for more than 75% of the total number of enterprises, 45% of the employment, 52% of the GDP contribution, and provides more opportunity for women and youth participation in the economic development of the country (National Policy Framework for SME Development, 2016). Further, this report mentioned that “*SME sector is envisaged to contribute to transforming lagging regions into emerging regions of prosperity*” (p1). Even though it is believed that the SMEs contribute significantly for the economic development of the country, the failure rate of SMEs remains very high as 45% (Bandara, 2016) with 75% of closing down rate within seven years of the origin (Jayathilaka, 2016).

Moreover, the Sri Lankan Enterprise Survey (as cited by Hettiarachchi, 2013) revealed that compared to the 5.2 per cent of the growth rate of SMEs in the world context, Sri Lankan SMEs reported a very low rate of growth (2.9%). Therefore, a concentration needs to be given on why such a low growth rate as well as the high failure rate in the SME sector of Sri Lanka.

Several past studies (for example, Gunarathne, 2008; Kuluppuarachchi & et al, 2017; Kumarasinghe, 2017) have studied the factors affecting the growth of this thriving sector of SMEs. As per the existing research literature, these growth affecting factors have been categorized as owner-manager factors, internal and external factors (Kuluppuarachchi & et al, 2017; Gunarathne, 2008; Isaksen, 2006). However, SME research literature on the demarcation of such growth affecting factors between low growth and high growth SMEs is rare. Therefore, it remains the question of why some SMEs prosper while others are unable to survive under similar economic conditions (Kuluppuarachchi & et al,

2017). Therefore, identification separately the factors affecting to growth between the low - growth and high-growth SMEs seems as essential in the current scenario of Sri Lanka. Hence this study focuses on fulfilling this research gap by emphasizing the differences in growth affecting factors between low-growth and high-growth SMEs and if such difference exists, emphasizing on which factors affect highly. Identification of such differences in growth affecting factors and treat separately for low-growth and high-growth SMEs will help achieve the aim of the SME Policy Framework in Sri Lanka (2016) that is to promote high potential, promising SMEs and address to the main barriers to allow them to realize their full potentials in today's globalized business arena.

2. Methodology

2.1. Hypotheses Development

Growth affecting factors of SMEs have been categorized by many researchers as internal factors and external factors. Internal factors

which were identified as hampering the growth of SMEs were mostly relating to the functional areas of the business including human resources, marketing, finance, and production and technological. Other than these factors, several researchers have emphasized management competencies and capabilities, productivity aspect, strategic orientation, etc. (Perenyi, 2008; and Isaksen, 2006). Gunarathne (2008) subdivided the internal factors affected on the growth of SSEs into four categories including characteristics of the business, factors that correspond to its ownership and organizational form, internal management competencies, and strategy employed by the business. Marketing management perspective such as lack of marketing effort and market research, poor customer relationships, lack of market orientation and problems relating to marketing strategies were widely cited by many researchers (Grimsholm and Poblete, 2010; Brush and et al. 2009; Verhees and Meulenberg, 2004). Lack of talented and skilful human resources has been considered as one

of the key constraints which differentiate rapid-growth firms from slow-growth firms (Barringer et al., 2005, Bartlett and Bukvic, 2001). Performance between high growth and low growth SMEs were identified based on lack of know-how on up-to-date technology, operational efficiency, product quality, and non-availability of new and advanced technology (Amaradiwakara and Gunathilaka, 2016; Grimsholm and Poblete, 2010; Sardana and Dasanayaka, 2008; SME-White Paper, 2002). Further, lack of management skills and competencies (Grimsholm and Poblete, 2010; Thassanabanjong et al., 2009) lack of financial management capabilities (Gunarathne, 2008) and business planning and strategic orientation (Bhatti and Dileep, 2012; Barringer et al., 2005) were identified as main internal factors which affect on the growth in SMEs. Kuluppuarachchi and et al, (2017) highlighted that the most perceived obstacle for SMEs was finance which is largely internal to the firm and poor management is the other obstacle. Amaradiwakara and Gunathilake (2016) revealed that the

growth of SMEs is constrained by financial inadequacy, lack of access to new technology, and level of education of the owner of the enterprise. Arrighetti and Lasagni (2013) found that the quality of human capital as a strong point for affecting firms' rapid growth. As per the review of literature on internal factors affecting on the business growth of SMEs, lack of finance, talented and skilful human resources, management skills and competencies, marketing capabilities and technical know-how were identified as highly affecting factors on the growth or performance of SMEs.

Among the external factors which affect on SME growth, huge competition (Bhatti and Dileep, 2012; Grimsholm and Poblete, 2010; Dasanayake, 2009), lack of BDS support and networking (Bhatti and Dileep, 2012; Gunarathne, 2008), lack of access to new information (Dasanayake, 2009), inadequate infrastructure (Abeyratne, 2005), regulatory and policy barriers (Wickramasingha, 2011; Nicther & Goldmark, 2005; World Bank Report,

2018; Bartlett & Bukvic, 2001), labour market issues such as shortage of skilled workers (Grimsholm and Poblete, 2010; Dasanayake, 2009; SME White Paper-2002) lack of access to credit (Perera, and Wijesinghe, 2011; Grimsholm and Poblete, 2010; Nichter and Goldmark, 2005; Dasanayake, 2009; SME White Paper-2002), market infrastructure (Kuluppuarachchi & et al, 2017) can be identified via the review of past entrepreneurship literature. According to the World Economic Forum's Global Competitiveness Report (2006/7), Sri Lanka's three most problematic factors for doing business are policy instability, access to finance and inadequate supply of infrastructure (cited by Kuluppuarachchi and et al, 2017). Amaradiwakara and Gunathilake, (2016) also revealed that growth of SMEs is constrained by some regulations imposed by the government.

As per the above literature review, a number of past studies were addressed on the factors affecting the business growth of SMEs. However, the

research studies which have been addressed on the demarcation between the growth affecting factors for the low-growth and high-growth SMEs are very limited. Based on this research gap, the following research hypotheses were developed in this study to reveal is there any demarcation exist in growth constraints between the low-growth and high-growth SMEs.

H₁: There is a significant difference in the impact of internal factors on the business growth between high-growth and low-growth SMEs.

H₂: There is a significant difference in the impact of external factors on the business growth between high-growth and low-growth SMEs.

2.2. *Sample and Data Collection*

The sample of this study included the SMEs from the members of Small Enterprise Development Division (SEDD), Chamber of commerce and Industries in Galle, Matara and Hambantota districts, and Trade and Mercantile associations of the

southern province of Sri Lanka. Cross-sectional survey method was applied to collect primary data from the SMEs. SMEs were defined based on the number of employees of the entity (11-300) as per the criteria of the National Policy Framework for SME Development in Sri Lanka (2016). Further, the enterprise which has at least 3 years of existence has been considered to include in the sample of this study. A structured questionnaire was used to collect data from the respondents. The first section of this questionnaire was emphasized the demographic profile of the respondents and followed by the profile of the business and next to the questions related to business growth and growth affecting factors which were based on the five-point Likert-scale from strongly disagree (1) to strongly agree (5). Growth affecting factors were presented as statements that describe its importance relating to the firm's growth. A set of 159 structured factor statements was drawn up under the 31 subcategories of factors based on entrepreneurship and strategic management literature, discussions with experts and

facilitators and institutions for SME development. The researcher individually attended to collect data from the SMEs by participating for several discussion forums, training workshops and Annual General Meetings conducted for SMEs by the above mentioned BDS organizations. Out of 152 questionnaires were received, 22 questionnaires were discarded due to incomplete responses and missing data and 130 questionnaires were used. Sample included 91 (70%) male entrepreneurs and 39 (30%) female entrepreneurs.

2.3. Measures

As per the research hypotheses, internal factors and external factors are the two independent variables of this study. Based on the critically concerned growth affecting factors in the SME research literature, 4 internal factors have been included into the model including (i) management incapability; (ii) lack of entrepreneurial know-how; (iii) poor product and process technology; and (iv) lack of marketing capabilities. 13 sub-factors were included to determine the position of each

entrepreneur relating to these 4 major growth constraints internal to the firm. Seven external factors on business growth namely: (i) information barriers; (ii) credit barriers; (iii) infrastructure barriers; (iv) market difficulties; (v) labour market issues; (vi) business rules and regulations; and (vii) BDS services and networking have been included into the model. 18 sub-factors under these seven major external growth constraints were used to determine the extent of the impact of external factors on business growth. Business growth is the dependent variable of this study. Even though the business growth of any firm is usually considered as a critical precondition for its longevity (Storey, 1994), in measuring the ‘business growth’, diverse measurements such as the number of employees, sales turnover, capital investment, value additions, productivity, etc. were used in the research literature (Nicher and Goldmark, 2005; Daunfeldt & et al, 2010; Piazza & et al, 2016). Sales growth has been utilized as a single measure of business growth by several researchers (Moreno and Casillas, 2007). As per Storey (1987), high-

growth firms have been defined as firms that have achieved a sales growth of at least 25 per cent in each of the 4 years for businesses with current sales of £5–10 million, or of at least 15 per cent for businesses with current sales amounting to £10–100 million. Arrighetti and Lasagni (2013) also measured growth in terms of sales. According to the National Commission on Entrepreneurship (2001), rapid-growth firms are firms with an increase in headcount by at least 15 per cent per year. As per the definition of Eurostat/ OECD Manuals on Business demography (2007), all enterprises with average annualized growth greater than 20 per cent per annum, over a three-year period have been considered as “high-growth enterprises” and otherwise as “low-growth enterprises”. Also, Piazza & et al (2016) suggested that the composite growth measure which considers both absolute and relative growth may be more appropriate and many studies used a combination to measure growth. Moreover, the number of employees has been widely used as a measure of business growth (Gunaratne, 2008; Freel and Robson,

2004; Chaganti et al., 2002; Davidsson & et al., 2000). However, researchers have found a strong correlation between sales and employment growth, which are frequently used in the SME context, (North and Smallbone, 1993; Storey et al., 1987).

Other than these two measures, numerous measures have been used to discern between high and low growth intentions of the entrepreneurs. By taking into account how the business growth was measured in the past research literature, this study used both the commencing year and the present year figures relating to the three criteria including investment, sales revenue, and the number of employees of the SMEs in the sample. Further, the Aggregated Index method was used in measuring the business growth. The formula which has been used in the OECD Manual on Business Demography Statistics (2007) for calculation of the business growth has been used for this study. The formula is as follows:

$$(AIBG) \text{ Aggregated Index of Business growth} = \frac{(X_{t1} - X_{t0})}{X_{t0}}$$

Where; X_{t0} is either employees or sales turnover or investment in the commencing year
 X_{t1} is either employees or sales turnover or investment in the present year

For testing the hypotheses, the SMEs in the sample had been divided into two categories as “low-growth” and “high-growth” SMEs. The definition of OECD Manual for high - growth and low - growth enterprises was applied in differentiating the firms as “Low-growth firms” and “High-growth firms”. Accordingly, all enterprises with average annualized growth greater than 20 per cent per annum, over a three-year period have been considered as “high-growth enterprises” and otherwise was considered as “low-growth enterprises”.

3. Results and Discussions:

Independent Sample T-Test and Mean Important Index methods were applied for data analysis. The T-Test was used to compare the statistical significance of a possible difference between the means of two groups of high-growth and low-growth SMEs. As pointed out by Hair et al., (2014, p. 11) with a moderate effect size power reaches acceptable levels at sample sizes of 100 or more for alpha levels of both .05 and .01. Because the sample size of this study is more than 100 and less

than 200, alpha levels of both .05 and .01 have been selected. As per the results of this study, respondents rated 31 factors in terms of their importance in influencing their business growth. Importance indexes were calculated separately for “High - growth” and “Low – growth” SMEs. By using the OECD guide, 71 SMEs of the sample were rated as “High-growth SMEs” and 59 as “Low-growth SMEs”.

The first hypothesis of this study (H_1) assumed that “There is a significant difference in the impact of internal factors on the business growth between the high-growth and low-

growth SMEs”. As per Table 1, Levene's test is significant because the P -value (0.002) of less than .05 and the two variances are significantly different. By looking down the *Equal variances not assumed* column, it can be seen that the group means are significantly different as the value in the "Sig. (2-tailed)" row is less than 0.05. This implies that there is a significant difference in the impact of internal factors between high-growth and low-growth SMEs in the sample of this study. Hence, the first hypothesis (H_1) of this study can be accepted.

Table 1: T-Test Results for Internal Factors and Business Growth

		Internal Factors	
Levene's Test for Equality of Variances	F	Equal variances assumed	Equal variances not assumed
		10.083	
	Sig.	.002	
	<i>t</i>	-8.459	-8.795
	<i>df</i>	128	120.65
	Sig. (2-tailed)	.000	.000
	Mean Difference	-19.971	-19.971
	Std. Error Difference	2.36083	2.7066
	95% Confidence Interval	-24.64227	-24.46646
	Lower	-15.29965	-15.47545
	of the Difference		
	Upper		

Source: Author Survey 2018/19

The second hypothesis of this study (H₂) assumed that “there is a significant difference in the impact of external factors on the business growth between the high-growth and low-growth SMEs”. Table 2 shows the Levene's test results of the impact of external factors on business growth between the high-growth and low-growth SMEs in the sample. The *P*-value (0.361) of greater than .05 for Levene's test shows that there is an

equal variance and the significance value of .786 (2-tailed) in the equal variance assumed column implies that there is no significant difference between the two groups of SMEs regarding the impact of external factors. This tells us external factors can be considered as having an equal influence on both high growth and low-growth SMEs and hence H₂ of this study cannot be accepted.

Table 2: T-Test Results for External Factors and Business Growth

		External Factors	
		Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F	.839	
	Sig.	.361	
	<i>t</i>	-.272	-.268
	<i>df</i>	128	115.237
	Sig. (2-tailed)	.786	.789
	Mean Difference	-.79528	-.79528
	Std. Error Difference	2.92285	2.96352
	95% Confidence	-6.57874	-6.66532
	Interval Lower	-4.98807	-5.07476
	of the Difference Upper		

Source: Author Survey 2018/19

The findings relating to the difference between the impact of internal factors and external factors on the business growth between the high-growth and low-growth SMEs show that impact of internal factors on the business growth

of these two groups is significantly different and no difference was revealed relating to the impact of external factors. Due to the lack of prior research on this aspect relating to the Sri Lankan context, it is impossible

to critique the findings of this study with prior findings. However, as per the prior research findings of other countries, lack of talented and skillful human resources has been considered as one of the key constraints which differentiate rapid-growth firms from slow-growth firms (Barringer et al., 2005; Bartlett and Bukvic, 2001).

Moreover, this research aims to identify if a significant difference exists in factors affecting the business growth between high and low growth SMEs, which factors affect highly on each category of SMEs. For this purpose, mean importance indexes were calculated based on the SMEs’

responses on the severity of growth affecting factors. Table 3 shows the highest 10 sub-factors (out of 31 sub-factors under the main growth constraints) marked by the SMEs in the sample. Accordingly, high-growth SMEs marked the internal factors as the most critical for business growth and low-growth SMEs marked external factors as the most critical factors that impede business growth. As per the responses of high-growth SMEs, internal factors including growth orientation, risk-taking ability, innovation ability, and networking ability work as the most influential factors on business growth.

Table 3: Mean Important Index of Factors Affecting on Business Growth

	High growth firms		Low growth firms
Growth orientation(I)	5.14	Labour rules and regulations	4.41
Risk-taking ability(I)	4.99	The high cost of financing	4.38
High cost of financing	4.38	Poor market support systems	4.31
Organized networks(I)	4.37	Ineffectiveness of the BDS services	4.27
Innovation ability(I)	4.36	Poor level of networking(I)	4.21
Lack of skilled labour	4.31	Poor marketing strategies(I)	4.06
Ineffectiveness of the BDS services	4.26	Lack of skilled labour	4.02
Labour rules and regulations	4.26	High competition	4.01
Poor market support systems	4.25	Low-level access to information	3.92

Emotional support of family members and relatives(I)	3.88	Lack of technological developments(I)	3.91
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I= Internal Factors

Source: Author Survey 2018/19

These findings were aligned with the views of prior studies. OECD country report (2002) revealed that innovation and networking skills as the main characteristics of the high-growth SMEs. Grimsholm and Poblete (2010), David (2009), Macpherson and Holt (2007) and Barratt-Pugh (2005) highlighted that the firm growth is dependent on the skills and capabilities internal to the firm are very important for the growth and ensure the competitiveness of SMEs. A similar view was presented by O'Regan & et al, (2006) and they revealed that high - growth firms place a greater emphasis on strategic orientation, their operating environment and the use of e-commerce compared with firms having static or declining sales. Also, they viewed that external factors affect highly on the business growth of the slow growth firms. Chandrasiri (2006) and Abeyratne (2005) presented a similar view on inadequate

support for accessing markets severely effect on the growth of the SMEs. Therefore, it needs a proper market support system for facilitating and encouraging SMEs operating in international markets and ensuring the availability of reliable and quick information etc. Buddhadasa (1999) and SME White paper (2002) also emphasized that Sri Lankan SMEs have to face difficulties in receiving on-time information and find foreign market opportunities due to absence of market support centres has been established in several countries in Asia, for example, China External Trade Development Council, Trade Development Council in Hong Kong, etc. By presenting a similar view to the findings relating to market difficulties, Dasanayaka (2009) expressed that marketing-related problems always rank as the number 2 problem by Sri Lankan SMEs. So far in Sri Lanka, government organizations specifically to address

the marketing issues of SSEs do not exist.

4. Conclusion

Main objectives of this study were to determine whether there are differences in growth affecting factors between high - growth and low - growth SMEs and to reveal which factors affect highly for each category of SMEs. The comparison of growth affecting factors between high-growth and low-growth SMEs revealed that no significant difference exists in the impact of external factors between high-growth and low-growth SMEs and there is a significant difference in the impact of internal factors between the two groups of SMEs. As revealed through the mean importance indexes of subfactors, majority of low-growth

SMEs identified external factors affect on the business growth and this implies that the dependent mentality, poor attitudes and lack of growth orientation are the reasons for their low growth in performance. Ensuring a conducive business environment in Sri Lanka is very critical because the high cost of financing has been identified as a crucial barrier by both groups of SMEs. Therefore, to uplift the SME sector in Sri Lanka as a most vital strategic sector in the economic development of the country, it requires employing a customized approach separately for the low-growth and high-growth SMEs by taking into account the specific growth constraints faced by them rather than offering a uniform approach for all the SMEs in the country.

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Impact of Infectious Disease Risk Perception on Perceived Retail Crowding: With Special Reference to Retail Industry in Sri Lanka

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ABSTRACT

The global pandemic of COVID 19 has changed consumer behaviour to reduce the risk. This is common for all interpersonal interactions of individuals especially in maintaining the recommended interpersonal distance based on the recommendations from the health experts. Sri Lanka as a developing country affected by COVID 19, observed changes in individuals' day today' consumption decision making due to pandemic. Importantly the retailing sector is highly influenced by the conditions since the frequency of interpersonal interactions and degree of interaction is higher in the retailing sector. Interestingly the retailing sector with its largest contributor, the SMEs need to identify the unique changes that happen to the consumer behaviour in responding to them. Accordingly, the objective of the study is to examine the impact of infectious disease risk on the perceived retail crowding in two perspectives of human density and the spatial density. The study has used a quantitative survey in collecting data with the online self-administrated questionnaire with a sample of 100 consumers. Data analysis has been done by using a PLS-SEM with the support of SmartPLS version 3. The key findings of the study emphasize the significant positive influence of infectious disease risk on human density as well as on the spatial

density. Based on the findings the study attempts to provide the implications for the retailing industry to cope with situational changes in the environment.

Keywords:

Infectious disease risk perception, Perceived retail crowding, Human density, Spatial density

1. Introduction

The retailing sector in Sri Lanka is accounting for 34% of the country's GDP, 14% of employment (Perera, 2019) while SMEs as main contributors in the retailing sector. Importantly, this sector faces continuous challenges with environmental dynamics. Similarly, the retail sectors had a serious impact on the COVID 19 global pandemic.

With the rapid expansion of COVID 19 all around the world, it has been identified as the worldwide pandemic (Baker, et al., 2020). COVID 19 is a recently identified infectious disease, which has badly affected human health and economic wellbeing. Facing a critical situation, many countries have taken several actions to reduce the spreading of the disease (Bikbov & Bikbov, 2020). In which

communicating, encouraging, and forcing people to maintain interpersonal distances by using different mechanisms such as self-isolation, lockdowns, and curfew have been used by many of the countries in the world. These actions have influenced human behaviour from different perspectives (Zheng, et al., 2020). As consumers, the regular behaviours have been changed with the situational condition with the risk assessments (Seale, et al., 2010). Therefore, it has created a timely need to investigate the changes in consumer behaviour under current conditions.

Physical conditions are having a higher degree of impact on consumer attraction for retail stores (Machleit, et al., 2000). Retailers make decisions on designing the layout and the other physical structural based on the understanding of consumer evaluation

on the environment this also has a direct impact on shopper satisfaction (Mehta, 2013). To explain the consumer perception of the environmental conditions of a store, crowding has identified as a one of the main concern which has studied in different perspectives (Whiting, 2009); (Machleit, et al., 2000); (Mehta, 2013). Perceived crowding is the psychological assessment by individuals on a comparison between space demand and supply (Machleit, et al., 2000). The psychological assessment of crowding has been influenced by different factors (Stokols, 1972). Furthermore, the infectious disease risk has identified as a factor influencing the perceived crowding (Wang & Ackerman, 2019). Accordingly, the study has been an attempt to investigate the impact of infectious disease risk on the perceived crowding with the time requirement.

1.1. Background

Coronavirus is an infectious disease which is caused by the newly identified Coronavirus or COVID 19

which is a serious illness for older people and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancers (World Health Organization, 2020). As per the statistics from the Health Promotion Bureau in Sri Lanka, 1,519,571 total confirmed cases worldwide with the 88,550 deaths from 209 different countries on 10/04/2020 (Health Promotion Bureau, Sri Lanka, 2020) have been recorded. Similarly, with the other infectious diseases, the best way to prevent and reduce the transmission is to make individuals aware and create interpersonal distance (Bikbov & Bikbov, 2020). Therefore, different countries have taken actions in creating interpersonal distance and self-isolation.

Sri Lanka with the current status of having 2,665 confirmed cases and 11 deaths recorded on 15/07/2020 (Health Promotion Bureau, Sri Lanka, 2020). Based on the estimations of the health authorities, it has been highlighted the importance of preventing the transmission of the disease based on the recommendations

of the world health organization and the experience from the other countries (Health Promotion Bureau, Sri Lanka, 2020). The government has decided to enforce the police curfew for the entire country while having breaks to ensure access to essentials by the citizens by identifying the risk areas of the country based on the number of reported cases (Nathaniel, 2020). Accordingly, the country has experienced the curfew with relief consumers are engaging with the purchasing for the essentials (Jayasekera, 2020). Even the regulatory bodies have strictly advised the consumers to follow the safety mechanisms and to maintain the distance in interpersonal interactions. However, it has been observed the occasions where the consumers are violating the guidelines (Nathaniel, 2020). This has highlighted the importance of understanding the consumer risk assessment and how it influences the perceived retail crowding to amend the behaviour of the shoppers in shopping space (Machleit, et al., 2000).

2. Literature Review

2.1. COVID 19 and Consumers

The pandemic has changed consumer behaviour worldwide (Chen, et al., 2020). Statistical findings on the consumer behavioural changes due to COVID 19 highlight that nearly 90% of the consumers have changed their regular behaviours to avoid the COVID 19 risk (Baker, et al., 2020). With health experts' recommendations on maintaining the interpersonal distance on avoiding the transmission of COVID 19 (Health Promotion Bureau, Sri Lanka, 2020), individuals take actions to maintain interpersonal distance in day to day social interactions, especially in the shopping experience (Chen, et al., 2020). In other words, the consumers attempt to use methods that facilitate the interpersonal distance while their shopping as an avoidance mechanism. Further, it is evident that the consumer touchpoints also get changed with the COVID 19 risk which was caused by the disturbance of the supply chain networks and international trade (Department of Economic and Social Affairs, 2020). With the restriction

impose in accessing to the conventional retail channels, researchers highlight the changes in spending patterns and preference on accessing products and services by consumers (Chen, et al., 2020); (Baker, et al., 2020); (Department of Economic and Social Affairs, 2020).

Especially the retail sector has been highly affected by the new trend of the consumer touchpoints of purchasing. As per the (Purcărea, 2020) retail industry is working under pressure to ensure the required responsiveness in providing access to the consumers while addressing the issues of maintaining their existing channels against the changing environmental conditions. On the other hand, it has highlighted the fact that the consumer tendency towards the e-retailing with the convenient value generated by the touchpoint (Hughes, 2020). The higher number of individuals attempt to avoid crowded places especially the supermarkets and shopping centers which is predicted to increase in the future (Purcărea, 2020). This has caused to reduce the spending on consumption even in daily necessities

such as groceries and household items. Furthermore, it has observed the direct association with the level of risk in the area and consumption levels (Chen, et al., 2020). Accordingly, the risk perception of individuals directly contributes to preventive methods used by them. This means the risk perception becomes central to the changes that happened in consumer behaviour.

2.2. Infectious Disease Risk Perception of Consumers

Studying the concept of perceived risk, it is defined as the psychological concept which explains the state of mind on explaining the probability of getting victimized with the potential threat (Martins-Melo, et al., 2012). In explaining the perceived risk against the infectious disease, it is identified with the individuals' evaluation of the possibility of infecting with the diseases (Seale, et al., 2010). Many studies have attempted to develop the measuring scales of perceived risk (Risher, 1996); (Faiola & Holden, 2017); (Patterson, et al., 2001); (Menon, et al., 2006). With regards to

the infectious disease risk, (Turvey, et al., 2009) identified seven dimensions of risk perception of infectious disease as 1) voluntariness of activity, 2) dread of the outcome, 3) control over consequences, 4) knowledge of associated risks, 5) catastrophic potential, 6) novelty or familiarity with risk, and 7) equity and distribution of consequences. Furthermore, the individuals' assessment based on those different factors have disparities with personal and social factors (Slovic, et al., 2005). On the other hand, health risk assessment has been defined as a social construction (Menon, et al., 2006). Since the risk is socially assessed based on the information received and the knowledge of the individuals (Riskier, 1996). This has emphasized the importance of communication and information access in the risk assessment (Faiola & Holden, 2017).

In a current global pandemic, the individual access to the information has been widely debated. Since the information circulation has created a significant impact on consumer

behaviour against the risk (La, et al., 2020). Therefore, in investigating the risk perception, there are society level as well as personal level differences (Feldman & Dowd, 2000). Based on the underline principles pointed out, it is important to understand how this risk perception has infancy on the perceived crowding.

2.3. Risk Perception and Perceived Crowding

Perceived crowding is defined as the consumer assessment of space availability (Whiting, 2009). This means the evaluation of demand and supply of space. In which the demand for space influence by different factors such as health recommendations (Wang & Ackerman, 2019). With the changes in the demand, the constant supply creates the amendments to the entire evaluation. In other wordings, the changes in the demand and supply of space influence adjusting the perceived crowding (Li, et al., 2009).

In another end, some of the literature sources highlighted the definition of perceived crowding is a subjective state of psychological stress that arises

from a situation of scarce space (Li, et al., 2009). The individual assessment on spacing being influenced by different factors such as physical, social, and personal factors (Machleit, et al., 2000). This has made the perceived crowding a subjective construct, where the same place may have different perceived crowdedness with different individuals (Mehta, 2013). In reviewing the concept of perceived crowding literature, it has been identified as the main two perspectives. One as controlling factors of perceived crowding (Machleit, et al., 2000) and the other one as consequences of perceived crowding (Mehta, 2013). Especially in the retail space, the under crowding creates less attractiveness in the store while overcrowding creates less attractiveness for the store. This has emphasized the importance of maintaining the optimum level of crowding by managing the people and objects in the store (Li, et al., 2009). The optimum level of crowding expected by the individuals will differ with different factors. For an instant, in a sports stadium or a bar consumers will expect more environmental

density which they do not consider as a distraction for their behaviour (Machleit & Eroglu, 1980).

According to the subjective nature of the construct, the determination of perceived crowding is based on the different situational factors. Based on this it was also identified the fact that the perceived crowding was influenced by the infectious disease risk. Since, infectious disease transmission by human interactions (Wang & Ackerman, 2019), individuals attempt to maintain the distance in social distance. In other words, the evaluation of space availability in social interactions (Seale, et al., 2010) has been influenced by the infectious disease risk. In a public space, the ability to maintain the distance between persons and objects have a direct impact on the level of density that particular space has provided for the consumer (Whiting, 2009). The perception of the level of crowdedness in public places further influenced by other social characteristics of the individuals who use the place. Individual preference in

social interaction differs from their social characteristics (Li, et al., 2009).

As has highlighted in the study, COVID 19 as an infectious disease that has developed into a global pandemic, created the challenge of reducing the transmission rate of disease among individuals (Bikbov & Bikbov, 2020). Furthermore, authorities have created proactive measures to maintain the interpersonal distance (Health Promotion Bureau, Sri Lanka, 2020). The information on COVID 19 prevention recommend interpersonal distance and avoid being in crowded places (La, et al., 2020). In other wordings similarly with the infectious disease risk COVID 19 risk also attempts to reduce the individuals' tendency to have close interpersonal interactions (Wang & Ackerman, 2019). Therefore, based on the level of risk assessment by individuals the level of assessment on the crowdedness of the environment will be determined (Seale, et al., 2010). Since the health recommendations to have distance have increased the space requirement which is directly influenced by the overall assessment

of the crowdedness in the place. This provides the underpinning for the construction of the model.

The identified association of the infectious disease risk on perceived crowding study attempts to further review the literature on how this association being affected in the retailing sector. The existing literature was evident that the consumer perceived risk in the retail space as a critical concern of individuals in selecting the store (Whiting, 2009); (Mehta, 2013); (Machleit, et al., 2000); (Wang & Ackerman, 2019); (Li, et al., 2009). With the importance of perceived crowding on retailing the study focus on how infectious disease risk influences the perceived retail crowding.

2.4. Perceived Crowding in the Retailing Industry

Traditionally, retailing has been identified as selling goods and services in a retail store (Peterson & Balasubramanian, 2002). But with the changes in the environment creates reconsideration on the definition. The recent literature pointed out retailing

with its intention to cater to the end-users (Hagberg, et al., 2016). Accordingly, the study also defines retailing as selling goods or services for ultimate use. Besides, the traditional viewpoint concentrated on retailing places that have now converted into retail spaces (Peterson & Balasubramanian, 2002). Even in current market structures it has identified market spaces the application of market places also having validity with the consumer preference in using market places (Hagberg, et al., 2016). This has created the necessity of studying the market place conditions even now. Furthermore, the study has focused on the market place, where the study investigates consumer behaviour in retailing places or retail stores.

To understand the different retailing places, it is required to review different types of retail stores. As per the classification presented by (Jang & Kang, 2015) retailing store was divided into five types as (1) departmental stores, (2) shopping centers, (3) hypermarkets, (4) supermarkets, and (5) convenient

stores. This study focused on supermarkets as a retail store. With the study scope, it has been defined as the supermarket a large grocery store with a self-service base and sells food products and household items arranged in organized aisles (Peterson & Balasubramanian, 2002). Furthermore, the supermarket is a self-service facilitated large store with Fast Moving Consumer Goods (FMCG). The consumer demand for the FMCG is having a regular pattern even with the different environmental conditions (Verplanken & Sato, 2011). Therefore, in explaining the influence of the external environmental changes on the consumers, the supermarkets provide an effective platform (Kukar-Kinney, 2005). This has provided further justification for selecting supermarkets as a retailing setup.

With the study focus, the store environment has been identified as a critical factor in shopping satisfaction (Machleit, et al., 2000). This association has created the implications for the retail sector in managing responsive strategies to create long term customer loyalty

(Gupta & Arora, 2017). In managing the retail environment, it attempts to identify the different factors such as layout, shelf arrangements, aroma, music, salesforce arrangements, and other physical evidence (Whiting, 2009). Accordingly, the individual decision on selecting the retail store and the satisfaction of the shopping experience influenced by different factors (Verplanken & Sato, 2011); (Kukar-Kinney, 2005); (Machleit, et al., 2000); (Piacentini, et al., 2001); (Mehta, 2013); (Gupta & Arora, 2017). The reason for the retail stores to concern about different perspectives in business operations enforce with the validated reason above. In reviewing factors influencing the attractiveness of the retail store the consumer perception of the crowdedness in the store has intensive research with its subjective and dynamic nature (Machleit, et al., 2000); (Wang & Ackerman, 2019); (Li, et al., 2009). Therefore, the study attempts to investigate the impact of infectious disease risk on perceived retail crowding.

Further, a review of the literature on retailing identified the dimensions of perceived crowding as human crowding and the spatial crowding (Mehta, 2013). Accordingly, the next section defines human crowding and spatial crowding.

2.5. *Human Crowding*

Simply, human crowding has been defined as the level of human density in the place (Zhang, 2010) (Zhang, 2010). On many occasions, the human density or the human crowding is measured with the frequency and the degree of social interaction (Li, et al., 2009). In general, the literature pointed out the association of human density with social factors such as social class, social status, etc. (Wang & Ackerman, 2019). Besides the literature on social distance in market place provide another perspective with individual willingness to maintain close social interactions with the individuals in the same social cluster (Purcărea, 2020). The perception of the distance will also influence the identified factors. Interestingly in the retail setting, there are other human

interactions than the other consumer. Since there is a sales force on the premises also creates interactions. Therefore, interacting with the sales force also becomes part of perceived human crowding (Zhang, 2010). Importantly over-involvement of the sales assistance, as well as under-involvement of sales assistance, make a negative impact on the overall consequences of the perceived crowding (Li, et al., 2009). On an occasion where the individuals have the pre-assumption of the effective interpersonal distance then they always try to maintain the pre-determined level in the shopping journey which changes the demand for the space in the retail store (Whiting, 2009).

2.6. *Spatial Crowding*

As per the definition by (Zhang, 2010) spatial density or spatial crowding is referring to the number and configuration of spatial elements such as merchandise and fixtures. The important perspective highlighted in the literature is, the individual assessment on availability is critical

with the spatial density (Li, et al., 2009). Besides, even the consumer perception of over spatial crowding is harming customer shopping intention. Moreover, consumers are expecting to have the level of spatial crowding which they always expected to maintain from the retail store they select (Mehta, 2013). Nevertheless, in studying the importance of spatial crowding in the study setting, (Wang & Ackerman, 2019) have discussed that spatial crowding supports maintaining the expected interpersonal distance by the individuals which explain the influence in the space demand. However, the study findings reveal how it influences the space supply as well. For instance, the arrangements and colours can change the perception of space supply (Yüksel, 2009). This means that the spatial density influence both the demand and supply of the space in a retail store and finally, it determines the perceived crowding of the store. Besides, focusing on the infectious disease the mode of transmission for the identified disease includes things (Health Promotion Bureau, Sri Lanka, 2020)

in the retail setting. This has created consumer concern on the spatial crowding since it is also a mode of transmission (Bikbov & Bikbov, 2020). With this understanding, the study highlighted the importance of considering spatial crowding in the study setting.

3. Methodology

According to the reviewed literature and the identified study gap, the study attempts to investigate the impact of infectious disease risk on perceived retail crowding and how it influences the human and spatial dimensions of perceived retail crowding. Accordingly, the following hypotheses were developed by the researcher,

H1: There is an influence from the infectious disease risk perception on human density in a retail store.

H2: There is an influence from the infectious disease risk perception on spatial density in a retail store.

With the defined objectives of the study, it has utilized the quantitative

approach with the survey technique. The self-administrated questionnaire was developed using validated measuring scales. Accordingly, the infectious disease risk perception as measured with the scale presented by (Seale, et al., 2010) in their study which consists of nine indicators was adapted. And the retail crowding measurement of (Machleit, et al., 2000) which consists of eight indicators was used for measuring two dimensions identified with the literature review of the study. Even it has used the validated scales in measuring the construct, in ensuring the content validity in the identified context, the researcher has used the experts' opinions. A questionnaire developed in three sections the first section attempts to collect the demographic information of respondents which provides an understanding of the profile of the consumers and the second section was on the infectious disease risk perception and the final and the third section was on perceived retail crowding. The third section consists of the main two subsections as human density and spatial density.

The study population for the study was identified as all the consumers in the country. With the identified population study has utilized the purposive sampling for sample selection. In which the purposive sampling provides a more informative response to achieve the study objectives. Furthermore, in determining the sample size it has been used the rule of thumb as per the recommendations from the (Wong, 2013); (Ringle, et al., 2014) have used the 100 as the sample size for the study. The data was collected using the online questionnaire within the period of 1st of April 2020 to 14th April 2020 from the residents in the Western province. The respondents have recruited via emails and social media the researcher selected the Western province since the Western province has identified as the high-risk area in the case of COVID 19 (Health Promotion Bureau, Sri Lanka, 2020). In analyzing the study hypotheses researcher has used the Partial Least Square Structural Evaluation Modeling (PLS-SEM) technique which was supported by the SmartPLS 3 software package. Data presentation

has been conducted in the main three aspects while the first one describes the data set including the respondent profile. The second part of the data analysis presents the reliability and the validity of the collected data and the final section presents the hypotheses testing to achieve the expected outcomes of the study.

4. Data Analysis

4.1. Descriptive Analysis

A descriptive analysis of the collected data consists of two parts. The first part describes the profile of the respondents. As per the analysis, it is highlighted that 76% of the respondents are male while 63% of the total sample is married. Furthermore, 92% of the respondents are above 30 years old which implies that the respondents are engaging with the household consumption decision making. Also, 60% of the respondents are having more than LKR 70,000 as their family income which represents the majority middle income earning families in the country.

With the briefing on the respondent profile, the following table presents

the descriptive statistics of the study constructs.

Table 1: Descriptive of the Study Constructs

	Minimum	Maximum	Mean		Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error
Risk Perception	2.44	4.33	3.3333	.04522	.45223	.205	.176	.241
Human Density	2.50	5.00	4.0200	.07068	.70682	.500	-.543	.241
Spatial Density	2.00	4.25	3.3100	.05379	.53786	.289	-.169	.241

Source: Survey Data, 2020

As it was widely accepted the application of Partial Least Squair-Structural Equation Modeling (PLS-SEM) in social sciences (Wong, 2013) the study used the PLS-SEM in data analysis as a second-generation tool in analyzing data (Ringle, et al., 2014). Accordingly, the study presents, the data analysis with the two main categories as measurement model assessment and the structural model assessment.

4.2. Measurement Model Assessment

The study model as a formative model in testing for the measurement model assessment study has used the factor loadings, Cronbach’s alpha, and the Average Variance Extracted (AVE) (Hair, et al., 2019). The following table summarizes the result of the measurement model assessment

Table 2: Measurement Model Assessment

Variable	Item	Factor loading	Cronbach's alpha	AVE
Infectious disease risk perception	R1	0.718	0.715	0.587
	R2	0.747		
	R3	0.724		
	R4	0.704		
	R5	0.841		
	R6	0.762		
	R7	0.841		
	R8	0.785		
	R9	0.774		
Human Density	CH1	0.801	0.773	0.512
	CH2	0.755		
	CH3	0.787		
	CH4	0.886		
Spatial Density	CS1	0.710	0.756	0.506
	CS2	0.815		
	CS3	0.785		
	CS4	0.774		

Source: Survey Data, 2020

As per the (Hair, et al., 2019) establish the benchmark in assessing the measurement model assessment as factor loading to be higher than 0.7, Cronbach's alpha value to be higher than the 0.7 and the AVE value to be higher than the 0.5 the same

parameters have used in the several studies (Ringle, et al., 2014); (Wong, 2013). Accordingly, the same was adopted by the study. Therefore, it has identified the measurements with the suitability to use in examining the developed conceptual model.

4.3. Structural Model Assessment

(Hair, et al., 2019) explains the statistical methods in structural model assessment using PLS-SEM as path

Table 4: PLS results

	Path Coefficient	P- value	Decision
Infectious disease risk perception -> Human Density	0.676	0.000	Supported
Infectious disease risk perception -> Spatial Density	0.583	0.000	Supported

Source: Survey Data, 2020

As per the results, it demonstrates the infectious disease risk perception is having a significant positive influence on the consumer assessment on the human density and the spatial density in the retail store environment.

In assessing the model fit (Hu & Bentler, 1999) suggested having the Standardized Root Mean Square Residual (SRMSR) to be less than the 0.1. The same rule has used by the (Hair, et al., 2019) and the study was utilizing the same parameter as per the result of the model it was recorded the

eco-efficiency and the measurements for the model fit. The study has adapted the (Hair, et al., 2019) for the structural model assessment.

SRMSR as 0.09 which was accepted as an indication for the model fitness.

5. Discussion

The study result confirms the previous study findings (Wang & Ackerman, 2019); (Whiting, 2009) explaining that the infectious disease risk perception is having a definite influence on the consumer assessment on the perceived crowding. Furthermore, findings identified the human density is the most effected factor from the infectious disease risk perceptions the same as highlighted with the (Li, et al., 2009). Besides, in

the study result, it has identified the necessity of concentrate on the individual assessment on the infectious disease risk since it has a significant influence on the consumer crowding perception. Especially for retailers in setting the layout of the store to increase consumer shopping intention the same has emphasis by (Machleit, et al., 2000).

Since the COVID19 has been identified as a new infectious disease that was converted as the global pandemic the study findings highlight even with different types of infectious disease the risk perception is influencing the consumer perception of the crowing. For an instant, the same has evident with the H1N1 by (Seale, et al., 2010). Therefore, the study findings confirm the influxes of infectious disease risk perception of perceived crowding. However, the study findings empirically support the influence of the infectious disease risk perception on perceived crowding in the Sri Lankan context. This support to validate the studies in a different context (Machleit, et al., 2000); (Seale, et al., 2010); (Li, et al., 2009);

(Wang & Ackerman, 2019); (Whiting, 2009) into Sri Lankan context.

6. Conclusion

Infectious disease risk perception has changed with the global pandemic and its effect on the general public as reviewed with the literature. The paper highlighted the two perspectives of perceived retail crowding as human density and the spatial density. The empirical testing of the developed conceptual model provides the implications for retailers. In a nutshell, the study has identified positive and definite impact by infectious disease risk perception on the human density and the spatial density as dimensions of perceived crowding. Accordingly, the following section presents the implications of the study.

7. Implications for Retailers

With the identified infectious disease risk perception, the consumers have a higher assessment of the crowdedness in the store. Therefore, retailers have to consider the methods of reducing the crowdedness in store in both the perspectives of human density and the

spatial density. In short term retailers have less ability to increase the space supply, therefore, the retailer has to use methods to use existing space based on the space demand. For instance, the rearranging the store can be used in this. In the long term, even retailers have the possibility of increasing the existing space it may harm organizational profitability and

operational performance. Therefore, the retailers have to focus on the targeting strategies in constructing the remedies on the identified problem context. This will require further in-depth studies on the construct. On the other hand, the infectious disease risk perception may change with the situational conditions which have to address in developing retail strategies.

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**Relationship between the antecedents of ICT Adoption and
the Business Performance of SMEs in the Colombo District,
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ABSTRACT

ICT has influenced greatly in changing the business structures and communication processes along with aiding rapid globalization and spread of knowledge. The effect of ICT on the economy, social structures and even personal development has become an important topic on empirical studies in recent decades. Therefore, the purpose of this study is to gain a deeper understanding of how the antecedents of ICT Adoption influences the Business Performance of SMEs in the Colombo District of Sri Lanka. The study observes the association between the Business Performance and the three antecedents of ICT Adoption observed throughout the literature and used in various models such as the Technology, Organization and Environment (TOE) model, the Diffusion of Innovation model and the TAM Model. The three factors being

Technological Factors (Relative Advantage and Complexity of ICT), Organizational Factors (Owner's Knowledge of ICT) and Environmental Factors (Institutional Intervention and Competitive Pressures).

The author surveyed 385 SME owners in the Colombo district using a structured questionnaire developed through the constructs of different adoption models. The findings showed a positive relationship between the three factors; Technological, Organizational and Environmental and the Business Performance of SMEs. Out of the three factors, Environmental factors show to have the highest level of relationship with Business Performance. This seems to indicate that Institutional Intervention and Competitive pressures have a higher influence on BP. The implications of these findings are presented in the study.

Keywords

Small and Medium Scale Enterprises, Information and Communication Technology, Business Performance, Technology Organization and Environment Model, Diffusion of Innovation model, Colombo District, Sri Lanka.

1. Introduction

The contribution of Small and Medium Scale Enterprises (SMEs) to the development of the economy widely recognized to the extent that SMEs are considered to be the backbone of any economy (Ng & Kee, 2017). Being the primary employment provider in the Private Sector, SMEs account for more than one third the total exports in the Asia region alone. (Channel News Asia, 2016).

Considered as the backbone of the Sri Lankan economy, SMEs accounts for

more than 75% of the total businesses which contributes to 45% of employment creation in Sri Lanka as well as being responsible for as much as 52% to the Gross Domestic Production. (Central bank, 2018). Despite its importance, it has been identified that the survival rate of SMEs is only 20% and a staggering 80% of the SMEs fail within the first five years of operations and the failure of such SMEs can be attributed to a variety of factors including the inefficient management and handling

of the business processes, lack of standardization and inflexibility of the structure. (Priyadharsan and Lakshika, 2012)

ICT has influenced greatly in changing the business structures and communication processes along with aiding rapid globalization and spread of knowledge (Tarutè and Gatautis, 2014). Technology and its various commercial applications have a strong influence on how businesses operate in the modern world. Information and Communication Technology (ICT) in particular has proven to be a mean of increasing competencies and competitiveness of SMEs enabling them to compete even with larger organizations at a similar level (Miraz and Habib, 2016)

Therefore, the objective of the study is to identify the relationship between Technological Factors, Organizational Factors and Environmental Factors and the Business Performance of SMEs in Colombo District, Sri Lanka

2. Literature Review

This paper aims to explore the relationship between the antecedents

of ICT Adoption and the Performance of SMEs. The literature reviews the available literature to develop an understanding of the concepts used in the study. Namely; Small and Medium Scale Enterprises (SMEs), Information and Communication Technology (ICT) and its adoption and the Business Performance.

2.1. Small and Medium Scale Enterprises

There is no universally accepted definition for SMEs. However, this study will adhere to the definition according to the Department of Census and Statistics (2015) which states that an SME is an enterprise with 5-50 employees and capital of less than 50Mn for Retail, 5-100 employees and capital of less than 100Mn for service and wholesale, and 20-300 employees and capital of less than 300Mn for Manufacturing organizations.

“The category of Small and Medium-sized Enterprises (MSMEs) is made up of enterprises which employ less than 300 employees and which have an

annual turnover not exceeding Rs.750 Mn”

- National Policy Framework (2013)

2.2. Information and Communication Technology

ICT is used most of the time synonymously with general technology. However, while attempting to provide a more specific definition, Porter and Millar in 1985 defined ICT as “a Collection of software, hardware, techniques of telecommunication and information management, applications and devices that are used to create, store, retrieve and disseminate information.”

2.3. Business Performance

Business performance is an indication of how well the business is managed and to what degree of success, it manages to deliver value to the customers and other stakeholders (Wu & Zhao 2009). The variety of information that is necessary to accurately measure business performance can be categorised into

financial and non-financial performance measures (Sidik, 2012). Financial Measurements involves measures of profitability such as Return on Assets, ROE, Net Income/Revenue, ROI, EPS, Stock Price and others that can be quantified in monetary terms (Santos & Brito, 2012). Non-financial measures of performance have been identified by Lumpkin and Dess (2001) as company reputation, goodwill and public image, the satisfaction of employees and customers etc.

2.4. Technological, Organizational and Environmental (TOE) Model

The Technology, Organizational and Environmental (TOE) Model, developed by Tornatzky and Fleischer in 1990 showed the importance of information technology adoption in firms while providing a mean of evaluating such adoption of technology. Since then, the TOE model has widespread adoption and provides a more comprehensive framework on the adoption of Information and Communication

Technology among organizations. (Zhu *et al.*, 2004). The TOE model which has a solid theoretical and empirical support (Oliveira, Martins and Lisboa, 2011) put forward Technological Context, Organizational Context, and the Environmental Context as the main aspects that influence such adoption as described below. This inclusivity has made the TOE Framework superior to other similar frameworks to measure the adoption and the implementation of Technology within organizations. (Zhu and Kraemer, 2005; Ramdani, Kawalek and Lorenzo, 2009; Oliveira and Martins, 2010; Hossain and Quaddus, 2011)

3. Methodology

Based on the thorough review of the literature, the Conceptual Model has been developed by the authors to analyse the relationship between the antecedents of ICT Adoption and the dependent variable: Business Performance (BP) of SMEs. The independent variables were taken as Technological Context/Factors (TF), Organizational Context/Factors (OF)

and Environmental Context/Factors (EF) to represent the dimensions of Antecedents of ICT Adoption.

TF consists of the sub-dimensions Relative Advantage and Complexity. OF consists of Owner ICT Knowledge and EF consists of the sub-dimensions of Competitive Pressures and Institutional Intervention.

The formulated Hypotheses are as follows;

H1 – There is a significant relationship between Technological Factors and SME Performance

H2 – There is a significant relationship between Organizational Factors and SME Performance

H3 – There is a significant relationship between Environmental Factors and SME Performance

3.1. Research Method

The population selected for this study is the collection of all SMEs registered in the Colombo District of Sri Lanka as per the records of the Department of Census and Statistics. This population consists of 135,998 units.

The unit of analysis is an individual Small and Medium Scale Enterprise in the Colombo District, Sri Lanka.

Convenient sampling method for the quantitative analysis of the study was used as per the limitations imposed with the timeframe and accessibility granted to the researcher.

4. Results and Discussions

4.1. Data analysis

A KMO-Bartlett's test and Cronbach Alpha test was carried to ensure the validity and the reliability of the dataset

respectively. Construct validity was ensured through factor loadings and as a result, indicators were removed as those were not exceeded 0.7. Convergent validity was also satisfied with KMO values which exceeded 0.5. Reliability of the questionnaire was ensured through the Cronbach's Alpha value which exceeded 0.7 for all factors.

4.2. Bivariate Analysis

4.2.1. Correlation Analysis

The Pearson Correlation between BP and TF is 0.321 signalling a weak positive relationship between

Table 1 Correlation Analysis

		Correlations			
		TF	OF	EF	BP
TF	Pearson	1	.448**	.358**	.321**
	Correlation				
	Sig. (2-tailed)		.000	.000	.000
	N	314	314	314	314
OF	Pearson	.448**	1	.389**	.383**
	Correlation				
	Sig. (2-tailed)	.000		.000	.000
	N	314	314	314	314
EF	Pearson	.358**	.389**	1	.490**
	Correlation				
	Sig. (2-tailed)	.000	.000		.000

	N	314	314	314	314
BP	Pearson	.321**	.383**	.490**	1
	Correlation				
	Sig. (2-tailed)	.000	.000	.000	
	N	314	314	314	314

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Compiled by the authors based on survey data

the variables. Since the Sig. value is 0.000 which is less than 0.001, it can be concluded that the relationship is significant.

The Pearson Correlation between BP and OF is 0.383 signalling a weak positive relationship between the variables. Since the Sig. value is 0.000 which is less than 0.001, it

can be concluded that the relationship is significant

The Pearson Correlation between BP and EF is 0.490 signalling a moderate positive relationship between the variables. Since the Sig. value is 0.000 which is less than 0.001, it can be concluded that the relationship is significant.

Table 2 Hypothesis Testing

No	Hypothesis	Supported or Not
H1	There is a significant relationship between Technological Factors and SME Performance	Supported
H2	There is a significant relationship between Organizational Factors and SME Performance	Supported
H3	There is a significant relationship between Environmental Factors and SME Performance	Supported

Source: Compiled by the authors

5. Discussion and Conclusion

The study sets out to identify the relationship between the antecedents of ICT Adoption and the Business Performance of SMEs in the Colombo district, Sri Lanka. Based on the data gathered, it was clear that there was a positive relationship between the independent variables; TF, OF and EF and the dependent variable BP.

This finding is conforming to that of the findings found through the literature in that it shows a positive relationship between ICT Adoption and Business Performance. However, several noticeable findings were the strength of the relationships which albeit positive, was still not strong.

It was similarly interesting to find that Environmental Factors had the strongest relationship with Business Performance when compared with TF and OF. In this instance, this study contradicts the findings of (Setiowati *et al.*, 2015) which highlights a negative relationship between

Institutional Intervention and Business Performance. There, the SMEs developed skeptical attitudes regarding government support. However, the relationship between EF and BP is in line with most empirical studies which finds government support fosters the adoption of ICT and growth of SMEs.

In conclusion, the data suggest and reaffirms the findings in the literature which assures a positive relationship between the Antecedents of ICT Adoption and SME Performance thereby signalling a positive relationship between ICT Adoption and Performance. Entrepreneurs could use this information to increase their adoption of ICT in their businesses to strive for better performance while the Government and relevant regulatory bodies could use these findings to structure their policies and initiates around the promotion of ICT Adoption among SMEs.

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An Empirical Study on Determinants of Business Success of Women Entrepreneurs: Evidence from Gampaha Area

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ABSTRACT

Sri Lankan women have only recently taken an active role in the business sector of the country. However, they are seemed competing on an equal footing with the men in the business field. This empirical investigation attempted to understand the Determinants of Business Success of Women Entrepreneurs in Gampaha. Many women see, entrepreneurship as the path for a better future while it deals with their prevailing issues. As the gender discrimination rates are going down globally, a favorable situation is building for the future women entrepreneurs, hence the demographics are changing on the entrepreneurship. The primary data is gathered based on the structured questionnaire from all the registered women entrepreneurs in Gampaha divisional secretarial area as at 31st of December 2018 and the sample

consists of 94 women entrepreneurs. The gathered data was dropped down and analyzed by using Descriptive Statistics, Correlation and Regression analysis. The researcher has used business success which is measured by Sales, Profitability and Growth as the dependent variable and Human Capital, Network Affiliation, Social Factors and Environmental Factors as independent variables. The research study concludes that determinant factors (human capital factors, network affiliation, environmental factors and social factors) have a strong positive impact on the business performance of women entrepreneurs. As well as, it reveals that, there is no impact of organizational factors on business success. The findings of this study are useful for identifying the main determinants of the business performance of women entrepreneurs to take actions to facilitate that particular background. And also it will help women entrepreneurs to make their decision more effectively for better performance. Relevant authorities also can use these findings for their decision-making process. Moreover, this research would give information to non-government and government organizations to get their decisions and to improve the women participation in SME by giving training and development programs for them.

Key Words

Human Capital, Network Affiliation, Environmental Factors, Social Factors

1. Introduction

In modern society, entrepreneurship is becoming one of the emerging trends and most of individuals like to act as Entrepreneurs as Solopreneurs, Entrepreneurs or part-time entrepreneurs. Entrepreneurship includes innovations, managing risks, creative thinking, and it is not

something one brings with genes, but it is something practiced. Recently, women entrepreneurship has become a crucial role in the economy in terms of national income, employment and share of firms operating in a country.

According to Pandian and Jesurajan (2011), women entrepreneur is defined as “the women or group of

women, who initiate, organize and operate a business enterprise.” Many women see, entrepreneurship as that path for a better future while it deals with their prevailing issues. As the gender discrimination rates are going down globally, a favorable situation is building for the future women entrepreneurs, hence the demographics are changing regarding the entrepreneurship.

According to the Department of Census and Statistics of Sri Lanka out of total economically inactive population, 74.4% is female and 25.6% is represented by males (DCS, 2018). Thirty years of civil war in Sri Lanka increased the number of windows, and that they require assistance to their survival. Most of them are engaged in small scale self-employments. According to Hemalatha (2009) (as cited in Dharmaratne, 2012), Sri Lankan women only have taken an active role recently, in the business sector of the country. But still, the number of female entrepreneurs is relatively low. The situation has now changed and there is evidence to prove that Sri

Lankan women significantly contribute to every economic aspect. Dharmaratne, (2012) concluded that especially in the business sector of Sri Lanka, it is conspicuous that women have shown significant progress over the men during the last few decades and large number of women have started their businesses and most of them have been able to meet with success and some of them now compete at the international level.

Small and Medium Enterprises (SMEs) record greater than 90 percent of the total number of enterprises in Sri Lanka and it is considered as the backbone of Sri Lankan economy. Furthermore, the contribution of Sri Lanka has improved from 40 percent in 2010 to 52 percent in 2011. Moreover, it records for 32-41 percent of the employment in agricultural, industrial and services sectors of the economy (IPS, 2017). Despite the vital role of SMEs in the economy, female participation in the sector is significantly low, and gender bias against women is commonly observed in the SME sector (IPS, 2017). But women employment in Sri Lanka is

crucial in Sri Lanka mainly because the generation of employment opportunities improves social, educational and health status of women and welfare of their families and path for initiate their career with flexibility and independence. (IPS, 2017).

But in Sri Lankan context dearth of studies has discussed the determinants of the success of the women entrepreneurs which is crucial for the economic development. Therefore this study attempts to bridge the gap by examining the determinants which are affecting the business performance of women entrepreneurs within the Sri Lankan context. Therefore, the present study examines the determinant factors of women entrepreneurs in the business performance in the Gampaha area of.

The primary objective of this study is, to identify, the relationship between the determinants factors (human capital, network affliction, and social, environmental and organizational) affecting to the business success of women entrepreneurs and the business

performance of women entrepreneurs. Furthermore, it will reveal what are the challenges and issues faced by women entrepreneurs.

Many scholars may have a problem, why someone should study the women entrepreneurs. Information about women entrepreneurs are difficult to gather and theory is underdeveloped. When considering the significance of this topic scholars have recognized three reasons for studying this topic. According to Arrow, (as cited in Shane & Venkataraman, 2000) entrepreneurship is a mechanism by which society converts technical information into these products and services. Secondly, the Kirzner's, (as cited in Shane & Venkataraman, 2000) opinion was entrepreneur is a mechanism through which temporal and spatial inefficiencies in an economy are discovered and mitigated. Finally, according to Schumpeter, (as cited in Shane & Venkataraman, 2000) isolated entrepreneurially driven innovation in products and process as the crucial engine driving the change process. Therefore if there is a lack of

knowledge about entrepreneurship, the business landscape is incomplete.

Hence, the finding of this research will be helpful to get decisions for women entrepreneurs and will uplift their standard of living.

According to the Household Income and Expenditure Survey (2009/10) (HIES), out of 5 million households, in Sri Lanka, 23 % of the households are female-headed households who are mostly in the age group of 40-59 years. Among the total female heads of the households, in Sri Lanka, more than 50% are widows while a small percentage (4.5%) has reported as never married (again). They are the main income source of the house. Therefore, it is important to examine what factors affect the performance of women entrepreneurs. It helps women who will be engaged as future entrepreneurs and also who are current entrepreneurs.

Moreover, this research would give information to non-government and government organizations to get their decisions and to improve the women participation in SME by giving

training and development programs for them.

2. Methodology

This study, 'The determinants of business success of women entrepreneurs, is conducted using a quantitative research method. The study focuses on test the developed hypotheses and the established relationships in the research model. The study can also be descriptive as it explains the relationships between variables. Thus, it is quantitative explanatory research.

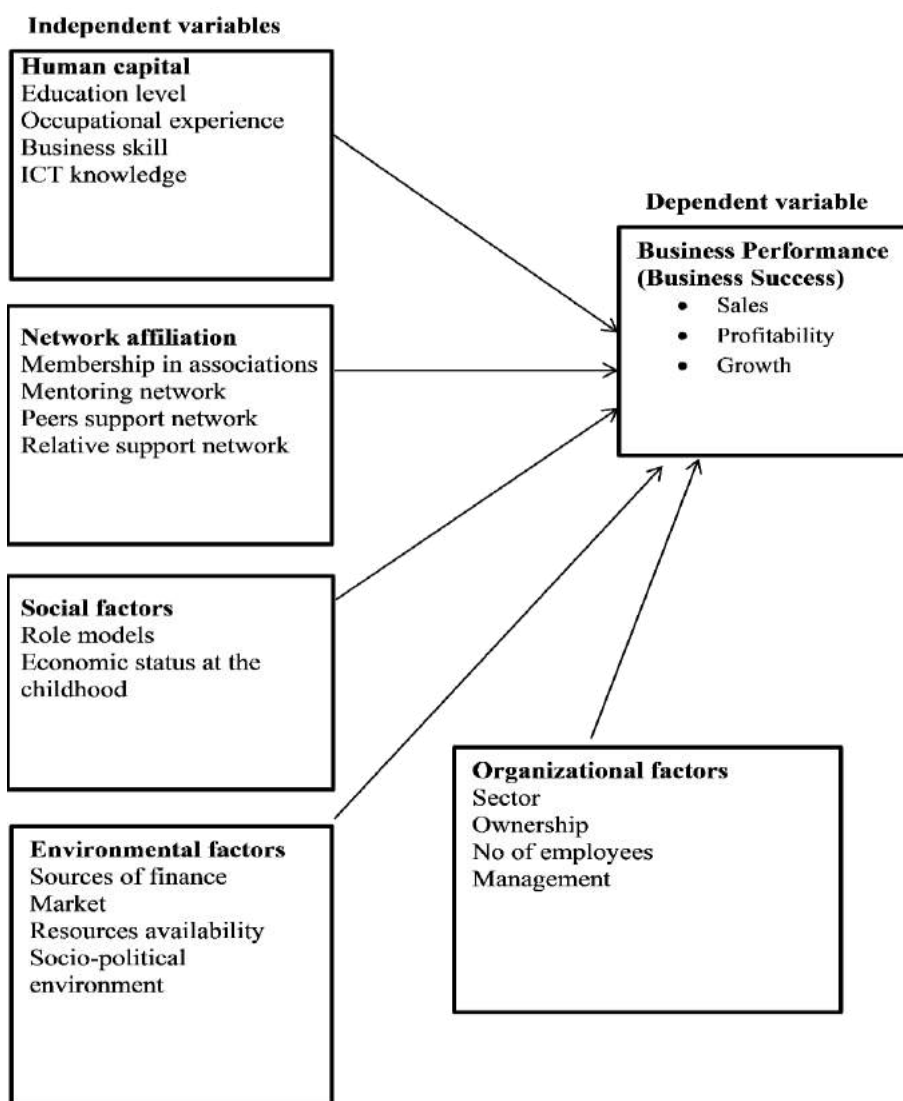
2.1. Conceptual Framework

The conceptual framework of the research study is shown in figure 1 Human capital, Network affiliation, social factors, environmental factors and Organizational factors are taken as the independent variables and education level, Occupational experience, Business skill, ICT knowledge are taken as the sub-variable of the Human capital variable. Relative support network, Mentoring network, Peers support network, Membership in associations

are taken as the sub variable of network affiliation. Role model, Economic statuses are taken as the sub variable of social factor. Sources of finance, Market, Resources availability and Socio-political environment are taken as the sub variable of environmental factor.

Sector, Ownership, No of employees and Management are taken as the sub variable of organizational factor, while the Business performance of women entrepreneurs is taken as the dependent variable.

Figure 1: Conceptual framework



2.2. Hypothesis

Human capital, Network affiliation, Social factors, Environmental factors, and Organizational factors are taken as the independent variables; under human capital, education level, occupational experience, business skill, ICT knowledge are the sub-variables; under network affiliation relative support network, mentoring network, peers support network, membership in associations are the sub-variables; under social factors role model and economic status are the sub-variables; under environmental factors, Sources of finance, Market, Resources availability and Socio-political environment are the sub-variables; under organizational factors business sector, ownership, number of employees and management are the sub-variables; under demographic factors, age, marital status, number of children are the sub-variables. Business performance of women entrepreneurs is taken as the dependent variable. Profitability, sales and growth of the business are the measurements of the business performance. Following hypothesis were tested with the data collected.

H1 - There is a relationship between human capital factors of the women entrepreneurs and business performance.

H2 - There is a relationship between network affiliation factors of the women entrepreneurs and business performance.

H3 - There is a relationship between environmental factors of the women entrepreneurs and business performance.

H4 - There is a relationship between the social factors of women entrepreneurs and business performance.

2.3. Data Collection and Analysis

The population considered for the research study is all the registered women entrepreneurs in Gampaha divisional secretarial area as at 31st of December 2019. The sample consisted of 94 women entrepreneurs selected by using a convenience sampling method. A structured self-developed questionnaire was used to gather primary data needed for the study which is based on the literature. 110 questionnaires were distributed among women entrepreneurs who

were registered under the divisional secretariat office Gampaha and only 94 questionnaires were returned completely. The questionnaire consisted of four sections. The first section consisted of the questions related to demographic information of women entrepreneurs. Section 2 consisted of questions related to determinant factors, section 3 consisted of questions related to business performance and section 4 consisted of open-ended questions related to women entrepreneurs. All the questions of sections 2 and 3 were put on a five-point Likert scale.

.To analyze, descriptive statistics, correlation coefficient, ANOVA and

simple regression analysis were used. To test the relationship between variables correlation was used regression analysis was used to identify the significance of the relationship.

2.4. Operationalizing Main Variables

Measurement scales of five variables in the conceptual framework were adopted from previous researches. The above-stated variables in the conceptual framework of the study are operationalized in the table below.

Table 01: Operationalizing main variables

Variable	Criteria to be concerned in the study	Source
Age	20-30 years 30-40 years 40-50 years above 50	Wuhe,2010(As cited in Kaushalya, 2016)
Material status	single married divorced widow	(Kaushalya, 2016)

Education	Only primary education passed O/L passed A/L graduate postgraduate	Ganewatte,2008(as cited in (Kaushalya, 2016)
Number of children	No children less than 3 more than 3	(Kaushalya, 2016)
Ownership	sole-proprietorship partnership family business joint venture company	-
Sector	Enterprises relating to textile, apparel and leather Production of food and Beverages Trading Agriculture Beauty Culture Coir related products Miscellaneous	-
Management	Whether there are managers to conduct the business	-
Employees	Whether there are employees. less than 5 between 5-10 more than 10	-
Education	Have been enough education to conduct business.	(Kaushalya, 2016)

Occupational Experience	Whether been doing a job in the same field before, Whether have prior experience in this industry	(Kaushalya, 2016)
Business Skill	Business skills that are supportive to perform the business activities well.	(Kaushalya, 2016)
ICT knowledge	Used social service network as a marketing technic.(email, Facebook)	(Kaushalya, 2016)
Membership in associations	Involvement in networks of college, women associations, trade associations and business associations.	(Hisrich,learner and bruch,1983 as cited in (Kaushalya, 2016)
Mentoring network	Formal and informal sources to get advice, knowledge and information.	Wendy and Chong, 2007. (Kaushalya, 2016)
Peers support network	Peers who share business information, financing for survival and growth. Help to Identify and solve the issues within the industry and solve the issues within the industry.	Wendy and Chong, 2007. (Kaushalya, 2016)
Relative support network.	Relatives who help during start-up and growing the business.	Wendy and Chong, 2007. (Kaushalya, 2016)
Role model	Individual decisions to engage in a certain behaviour are often influenced by the behaviour and opinions of others.	(Hisrich,learner and bruch,1983 as cited in (Kaushalya, 2016)

Economic status in childhood	Experienced in anxiety-laden stressful situations such as poverty, economic hardships and death of a parent.	(Hisrich, learner and brush, 1983 as cited in (Kaushalya, 2016)
Source of finance	The source of finance day to day operations of a business keeping.	Hisrich and Brush (1982 and 1985)
Market	The market is the place in which buyers and sellers met. as a women entrepreneurs how they access to the market.	Hisrich and Brush (1982 and 1985)
Resource availability	Resource availability, including venture capital, technical labour force, loans, support services, and a favourable entrepreneurial	Hisrich and Brush (1982 and 1985)
Socio-political environment	Availability of government assistance	Hisrich and Brush (1982 and 1985)
Business Performance	Profitability growth sales	Hisrich and Brush (1982, 1985).cited in (Kaushalya, 2016)

Source: Author constructed (2019)

3. Results and Discussion

secure consistent results upon repeated application is known as the reliability of a measure (Weiner, 2007).

3.1. Reliability and Validity

The degree to which a measurement technique can be depended upon to

Table 2: Result of Conbrach's Alpha

Variable	Cronbach's Coefficient Alpha
----------	------------------------------

Human capital	0.542
Network affiliation	0.473
Social factors	0.508
Environmental factors	0.726
Business performance	0.888

(Author constructed, 2019)

As shown in Table 2, Cronbach's alpha for human capital is 0.542, Network affiliation is 0.473, social factors is 0.508, which most of are more than 0.5 and it indicates that there is good consistency between data, which measures the variable. Environmental factors and business performance factors indicate that the strong consistency of data, which measure the variables since the alpha value is greater than 0.7.

The degree to which any measurement approach or instrument succeeds in describing or quantifying what it is designed to measure is known as the validity of a measure (Weiner, 2007). Validity is concerned with the extent to which an instrument measures what it is intended to measure (Tavakol & Dennick, 2011).

Table 03: KMO & Bartlers Test

Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Sig. Value
Human capital	0.593	.000
Network affiliation	0.646	.000
Social factors	0.647	.000
Environmental factors	0.704	.000
Business performance	0.777	.000

(Author constructed, 2019)

As shown in Table 3, Kaiser-Meyer-Olkin Measure of Sampling Adequacy for human capital is 0.593, Network affiliation is 0.646, social factors is 0.647, which most of are more than

0.5 and it indicates or quantifies what it is designed to measure.

3.2 Descriptive Statistics

In descriptive statistics mean, variance standard deviation for all the considered variables is calculated.

Table 04: Descriptive Statistics

Variable	Mean	SD	Variance
Human Capital	2.3830	.52026	.271
Network Affiliation	3.0691	.54305	.295
Environmental Factors	3.1862	.56074	.314
Social Factors	3.0851	.59518	.354
Business Performance	3.5931	.69849	.488

Source: Author constructed (2019)

3.3 Correlation Analysis

Using Pearson’s product-moment correlation with the 2-tailed test of significance, the correlation analysis

was made to investigate the determinants of Business Success of Women Entrepreneurs.

Table 5: Correlation Coefficients

Variable	Correlation Coefficient	Relationship	Hypothesis.
Human Capital	0.763**	Significant strong positive	Accept H1
Network Affiliation	0.715**	Significant strong positive	Accept H2
Environmental Factors	0.836**	Significant strong positive	Accept H3
Social Factors	0.674**	Significant strong positive	Accept H4

(Author constructed, 2019)

Table 05 displays the correlation coefficients of variables for the analysis of the relationship between determinants and business performance. In this case, the coefficient of correlation is more than 0.5 at 0.01 significant level. Therefore, all the variables were highly important when considering the individual factors of Women

entrepreneurs. According to this result, there is a positive relationship between business performance and determinants factors of women entrepreneurs. As the correlations of all independent variables with the dependent variable were highly positive and statistically significant.

It shows that there is a significant relationship between Human capital and business performance, or in other words, it indicates that education level, Occupational Experience, Business skill and ICT knowledge positively related with Business performance.it shows that there is a significant relationship between Network Affiliation and the Business performance, or in other words membership in associations, mentoring network, peers support network and relative support positively related with Business performance. And also there is a significant relationship between environmental factors and business performance, or in other words source of finance, availability of market, Resource availability and Social political environment positively

related with business performance. It reveals that there is a significant relationship between social factors and business performance, or in other words role model and economic status in childhood positively related with business performance.

3.2. Multiple Regression Analysis

Multiple regression analysis was carried out for all the four relationships found. The multiple linear regression analysis was carried out to investigate the relationship between the dependent variable (Business Performance) with each independent variable such as Human capital (HC), Network Affiliation (NF), Environmental factors (EF) and Social factors.

Table 06: Multiple regression Analysis

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		

1 (Constant)	-.591	.190		-3.103	.003
Human Capital	.279	.079	.208	3.524	.001
Network Affiliation	.337	.069	.262	4.883	.000
Environmental Factors	.608	.069	.488	8.791	.000
Social Factors	.177	.062	.151	2.861	.005

a. Dependent Variable: BP

When considering the relationship between determinants and business performance of women entrepreneurs, R square value is 0.856, implying that Independent variables explain 85.6% of the total variability of the dependent variable. All the variables are significant at the 0.01 level of significance. Table 06 unstandardized coefficient B value describes that there is a positive relationship between Determinants and business performance. Due to that, all the Hypothesis are accepted at 0.01 significant level.

4. Conclusion

When we consider the previous scholarly work, Kaushalya, (2016) individual factors (Human capital, Network affiliation, Social factors) of women entrepreneurs positively affect the business performance of women-owned SMEs. Moreover, Dharmaratne, (2012), concludes that the women-owned businesses in the selected sample are favourably affected by the existing environmental factors like capital market, consumer market, socio-political variables, and resource availability. The findings of this research in the Sri Lankan context supports the conclusions of the above two researches.

Therefore, the research study concludes that determinant factors (human capital factors, network affiliation, environmental factors and social factors) have a strong positive impact on the business performance of women entrepreneurs and organizational factors are not influenced on business performance

The findings of this study are significant for identifying the main determinants of the business performance of women entrepreneurs in order to take actions to facilitate that particular background. This will be a vital study to refer to the fresh women entrepreneurs who are seeking to enter the market. Women entrepreneurs who currently engaged in small businesses can make use of these finding to get a better understanding of their current situation. Related authorities also can use these findings for their decision-making process. Furthermore, this study provides theoretical and practical knowledge with the research guide for university students and other people who are interested to learn.

As the study shows the determinant factors positively effect on the business performance of women entrepreneurs if advancements are carried out in those fields especially in rural areas where there is no necessary background to start and run a small business it will be a great push for them to succeed. Therefore, Government and interested parties should take the actions to increase the level of business skills of women and provide more occupational opportunities to acquire required technical and non-technical knowledge, skills and provide a better entrepreneurial background to acquire better entrepreneurial experience. Entrepreneurship should be improved as a career path. Parents, peers, relatives must encourage their children in entrepreneurship by directing them. Schools, universities should introduce entrepreneurship as a compulsory subject to improve the entrepreneurship skills among the students. The media is also responsible for informing the benefits of entrepreneurship and the success stories among the community.

The findings of this study are useful for identifying the main determinants of the business performance of women entrepreneurs in order to take actions to facilitate that particular background. And also it will be helped to get decisions to women entrepreneurs and uplifting their standard of living. According to the household income and expenditure survey (2011) reveals that out of five million households, 1.1 million households are women. Women are the main source of the house. Therefore, it is important to identify the main determinants of the business performance of women entrepreneurs.

This will be a very important study to refer to the fresh women entrepreneurs who are seeking to enter the market.

Women entrepreneurs who currently engaged in small businesses can make use of these finding to get a better understanding of their current situation.

Related authorities also can use these findings for their decision-making process. Moreover, this research would give information to non-government and government organizations to get their decisions and to improve the women participation in SME by giving training and development programs for them.

Furthermore, this study provides theoretical and practical knowledge with the research guide for university students and other people who are interested to learn.

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**Nurturing Entrepreneurs of Microfinance Institutes: The
Social Entrepreneurial Perspective in the Socio-Cultural
Milieu in Sri Lanka**

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ABSTRACT

The purpose of this study is to examine how Social Entrepreneurial role of profit-oriented Microfinance Institutes (MFIs) facilitates to nurture entrepreneurs in the socio-cultural milieu in Sri Lanka. The researcher used interviews, focused group discussions and documentary review to collect data. Participants in the study were Microfinance credit officers and Microfinance clients. The results of this study show that MFIs have been successful in areas such as: giving loans to low-income earners; requiring that clients become entrepreneurs; building long term mentoring relationship with entrepreneurs; providing hands-on-work training, visits meetings and workshops. Therefore, the MFIs social values enhance the development of entrepreneurship in Sri Lanka. However, a range of socio-cultural factors has limited

the nurturing entrepreneur. Such as the inability to reach the poorest; failure to address the problem of equity when distributing loans; capitalistic culture of focusing more on profit and efficiency rather than people welfare; the cultural tendency for clients to misuse loans; the culture of competition among MFIs; and cultural norms such as visiting people's homes and dealing with women. This study shows that socio-cultural factors are a mutual experience between MFIs and the entrepreneurs in the sense that while the capitalist culture of MFIs affects entrepreneurs, the culture of the entrepreneurs affects MFIs in ways that shape policies and practices of the MFIs.

Keywords

Entrepreneurship, Social entrepreneurship, Socio-cultural Environment Nurturing Entrepreneurs, Micro Finance Institutions (MFIs)

1. Introduction

Traditional banking industry did not benefit low-income people in ways that improved their living conditions and stimulated economy at the grassroots level. Over the years, a paradigm shift has taken place in the financial industry with the emergence of microfinancing, targeting marginalized low-income people in the society, who have become successful storytellers in the contemporary entrepreneurial arena. Consequently, global figures on Microfinance (MF) revealed that at the end of 2017, "MFIs were able to reach an estimated number of 139 million

low-income and underserved clients with a total estimated loan portfolio of 114 billion dollars" (Microfinance Barometer, 2018).

Schreiner and Colombet (2001) defined "MF as the attempt to improve access to small deposits and small loans for poor households neglected by banks". United Nations broadly defined "MF as the provision of small-scale financial services such as savings, credit and other basic financial services to poor and low-income people" (Moro Visconti, 2012). It was discussed in the Sri Lankan context that "MF is to provide financial services to low-income

earners and their micro-enterprises” (Premaratne, Senanayake and Warnasuriya, 2012). Further, the United Nations refers to the term "Microfinance Institution" to a broader perspective. “The range of organizations dedicated to providing above mentioned services and includes non-governmental organizations, credit unions, cooperatives, private commercial banks, non-bank financial institutions and parts of State-owned banks” (Moro Visconti, 2012). Based on the previous studies, there were many roles played by the MFIs such as alleviating poverty, women empowerment, entrepreneurial development (Simanowitz, 2001; Johnson & Rogaly, 1997; Mosedale, 2003). In addition, it is observed, “MFIs contribute for developing entrepreneurs in Sri Lanka, especially women entrepreneurs” (Bernard, Kevin & Khin, 2017).

Although this concept is seeds of MF movement in Sri Lanka and was first planted through the Corporative Societies, dated back in the early 1900s and was formalized in 1911

through the Corporative Societies Ordinance (Senanayake, 2003) still it needs massive development. Microlending without collateral is rarely available in the banking sector, except for government-sponsored programmes where that collateral requirement has been waived off. Most banks provide the state-backed subsidized MF through special projects. However, “in the recent past a large number of new entrants with different legal identities especially non-banking finance companies and even the banks through their special programmes, entered to the Sri Lankan microfinance industry creating a serious competition in the market more than ever before” (Microfinance Review, 2013). It is evidenced that numerous factors could have been affected on the above tendency of encouraging the private sector to invest in MF business. Currently, MF industry in Sri Lanka has reached to an advanced stage and the recent Microfinance Review Report of Lanka Microfinance Practitioners’ Association (LMFPA) revealed that ‘during the reporting period, most of the member MFIs of

LMFPA have paid significant attention and concentrated effort on their triple bottom line which includes economic, social and environmental effects” (Microfinance Review, 2013). In the meantime, some people argued that “Community-based entrepreneur projects have been advocated as a potential approach to alleviating extreme poverty as they provide opportunities for income generation and capacity enhancement” (Julian & Emmanuel, 2014).

Despite the profit generation, the triple bottom line approach leads to create social value, which can be found as a prominent feature in the Sri Lankan MF industry. Social value creation is identified as an inevitable component in the Social Entrepreneurship Theory, (Santos, 2012). Financially sustainable MF is defined as a dramatic application of Social Entrepreneurship (SE) to both mainstream commercial banks as well as non-governmental MFIs (Rosengard, 2004). In the contemporary MF research agenda, priority has been given to investigate

on SE and its contribution to the different segments such as on economic development (Nega & Schneider, 2014), social value creation (Abolarin, 2014), social and financial performance (Copestake, 2007), social business models (Yunus, 2009). Inceptions of non-banking companies in the MF sector have been different from one another and that itself has brought in versatile policies, practices and the ways in which they operate the business. Irrespective of the original intentions of the founders of those companies, today all of them have become profit-oriented MFIs running their business with an accelerated phase in a competitive microfinance business environment. Those contradicted goals are well articulated by Rosengard, 2004 as “private gain versus social value addition”. However, many MFIs try to nurture new entrepreneurs by providing loans at an affordable price the emergence of the successful outcome of this entire socio responsible process is not as expected. The study focuses on introducing two main factors namely, the strength of the Social entrepreneurial

characteristics of the MFIs and the societal motivation experienced by the entrepreneur, which would enhance the success rate of the new entrepreneurs. “Not only this movement in the literature and the salience of entrepreneurship, but the influence of social and cultural factors on enterprise development also remains understudied” (Thorton and Soriano, 2011).

Thus, the study is focusing on solving the puzzle of the possibility for profit-oriented non-banking financial institutes to have a positive social impact without compromising its responsibility to generate a reasonable return for its owners. On that premise, this study is to examine how Social Entrepreneurial role of profit-oriented Microfinance Institutes (MFIs) facilitates to nurture entrepreneurs in the socio-cultural milieu in Sri Lanka. Firstly, the article will discuss the literature on the nature of microfinance, the process of grooming the entrepreneurs in the context of social entrepreneurship, the socio-cultural context of the nations and the behaviour of microfinance institutes.

Then it will focus on the methodology followed in the study. After that its findings will present finally, it will provide the discussion and conclusion.

2. Literature Review

2.1. Social Entrepreneurship (SE) and Business models

SE is “ a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, in order to make life better for many” (Bornstein & Davis, 2010). As Austin et al. (2006) describe, the driving force of social entrepreneurs is to address social problems by mobilizing the organizational resources, hence it is not required to define social entrepreneur in a legal framework, but any form of an institution can play the role of social entrepreneur whether public, business or non-governmental organizations. The explanation is given as “an explicit and central social mission that still include profit

generation and private wealth creation, but with the achievement of a social objective, is the ideal description on social entrepreneurship” (Rosengard, 2004) which is well suited for the role of profit-oriented MFIs as social entrepreneurs.

Through the Positive Theory of Social Entrepreneurship, Santos (2012) introduced concepts of value creation and value capturing. This study explained, “While commercial entrepreneurs strive hard to capitalize on opportunities where value capturing can be executed, social entrepreneurs will look for an opportunity for value creation”. It also argued that “although sustainable value capturing requires a value creation mechanism and sustainable value creation would require some value capturing”. Hence, all the entrepreneurial activities are trade-offs between those value creations and value capturing, which could be included both commercial and social values. Kaplan (2013) described “four types of business models that have their core mission the creation of

social benefit. Accordingly, the first model deals with the non-for-profit structure are called a pure model, and it is entirely focusing on a social mission. The second type is called hybrid, in which both a social and a business mission are focused in a mutually supportive relationship. The third type is named as the dual mission model which uses the normal business structure where profit can be attractive enough for external investors to participate while the company fulfils a major social need. The fourth framework is accommodating efforts of several individual small businesses that, on their own, may not be sustainable. They share many resources through creating a recognized brand; buying raw materials, try to reduce cost collectively using a common distribution network, sharing knowledge”.

2.2. Microfinance (MF) and Nurturing Entrepreneurs

A plethora of literature can be found on both MF and entrepreneurship disciplines that nurturing entrepreneurs is a key tool to eradicate

poverty and to drive the economic development of the rural areas of the country. The challenge here is to entice and groom a person who has no financial resources and other skills to start and operate a small-scale business and thereby to transform him as a viable contributor to the economic development process from his initial status. According to Chandula Abeywickrema, (2010) a micro-entrepreneur requires capital to start a business and the microfinance industry developed to create access to capital for self-employment and entrepreneurship, enterprise and livelihood creation for the 'poor' or those who are at the bottom of the pyramid. It implies the importance of microfinance in nurturing the entrepreneur spirit among rural areas of Sri Lanka.

Community-based entrepreneurship projects have been advocated as a potential approach to alleviating extreme poverty as they provide opportunities for income generation and capacity enhancement.

Accordingly, “opportunity-driven entrepreneurship is more associated with different forms of innovation than necessity-driven entrepreneurship” (Lahimer, Dash, and Zaiter, 2013). MF provides opportunities to seize as potential entrepreneurial avenues and it is an utmost responsibility of the MFIs to direct their borrowers to develop community-based enterprises. In the above research, it was proved that Microfinance has a negative relationship with necessity-based entrepreneurship, but opportunity-based entrepreneurship.

Yunus 1997; Yunus, Moingeon, and Lehmann-Ortega, 2009) stated that “If we are looking for one single action which will enable the poor to overcome their poverty, I would go for credit. Money is power.” Credit invested in an income-generating enterprise as working capital or for productive assets leads to the establishment of a new enterprise or growth of an existing one. Profit from the enterprise provides income and a general strengthening of income sources”. This statement elaborates

the vitality of nurturing entrepreneurship in MF.

2.3. *Culture*

According to Tayeb (1988) “culture is a set of historically evolved learned values, attitudes and meanings shared by the members of a given community that influence that material and non-material way of life”. The shared values, beliefs and characteristics of the members of the community are learned through various levels of the process of the social institutions. Garrison (1996) explained, “The important institutions of social learning are family, religion, formal education, and society. Culture is a complex phenomenon and it can explain with many elements in multiple interpretations: different levels (national, regional, business, individuals; layers of society (gender, age, social class, occupation, family, religion); varying context of life (individual, group, community)”.

The Sociologists study an entrepreneur’s role in the socio-cultural aspects that includes his

family, social status, caste, religion, and other affiliations. Nanayakkara (1999) studied the Sri Lankan culture and society, discussed the institutional elements of the socio-cultural system inclusive of the family, caste, ethnicity, class, religion and education, and noted the philosophical foundations of the Sri Lankan culture and society. Accordingly “the individual and their different behavioural patterns have been found from this study include several concepts: dependence, lack of self-confidence and lack of freedom, accepting the status-quo, attitude towards work, respect for authority, loyalty, and collective human rights”.

In addition, Hofstede (1980) defined “culture as the ‘collective programming of the mind which distinguishes one group of people from another’”. Where the agreed values and beliefs of the community play an important role in the behaviour of the people and the way the people perceived the situation and their reaction on it is different among the community. In this study, he explained “the dimensions of culture

such as power distance, uncertainty avoidance, individualism and collectivism, femininity and masculinity and time orientations to measure the culture of the nations. This study proved that cultural values are different from one community to another.

2.4. Socio-cultural context and entrepreneurial behaviour

Socio-cultural environment influences individual entrepreneur as well as business organizations for pursuing their entrepreneurial objectives and operations. Since individual entrepreneur is the centre of the business organizations, the behaviours and attitudes of that individual (or group of individuals) do inevitably shape the institute as well. Thus, an entrepreneur is thinking, or the spirit lies in specific dynamic behaviour and it underlines by cultural force. Tayeb (1988) and Van der Horst (1996) expressed that “not all the individual in society necessarily to follow the dimensions of their cultures in every aspect of their lives, and there are some people may deviate from the

cultural norms”. Therefore, the person’s behaviour is only partially predetermined by their mental programmes. Therefore, “some people have a basic ability to deviate from them and react in ways that are new, creative, destructive, or unexpected” (Hofstede, 1994).

Hayton et al. (2002) also stated that “the national culture plays an important role in national innovation, individual characteristics, and corporate entrepreneurship of the organization”. Since “the culture is socially transmitted knowledge and behaviour” (Peoples and Bailey 1994). It involves all the manifestations of social habits of a community, the reactions of the individual as affected by the habits of the group in which he/she lives, and the products of human activities as determined by these habits (Kroeber and Kluckhohn 1952; Hofstede 2001; Bada 2003). Therefore, that, any individuals could be trained with the entrepreneurial mindset. In addition, the entrepreneurship process involves changing attitudes and way of doing

businesses of the members of the society to capture the real opportunity.

2.5. Socio-Cultural Context and Entrepreneurial behaviour in Sri Lanka

In fact, The few researchers have discussed on the cultural aspects in entrepreneurial behaviour of independent firms in Sri Lanka. For example, De Alwis and Senathiraja, (2012) stated: “entrepreneurs past experimental learning of entrepreneurs emerge from their socio-cultural context and it influences on the entrepreneurial mindset”. Further, Travis Perera (1996) explained that ‘entrepreneurship like other types of management behaviour is culture-bound, and the culture changes in overtime require changes in entrepreneurial behaviour pattern and persistence if the entrepreneur has to be encouraged and developed in Sri Lanka’. Meanwhile, Navaratne (1987) stated that “many characteristics of among Sri Lankan such as the absence of commitment, an absence of total involvement that

enables one to carry a task from start to finish through, and tribulations and feeling of autonomy. He also highlighted some of the behavioural patterns of South Asians including Sri Lankan have difficulties in expressing intense feelings, especially of aggression and anxiety. Further, the study shows that an individual does not believe in the value of time, lack of emphasis on skills, knowledge, and ability”. These are some behavioural outcome of the cultural elements in the Sri Lankan context.

3. Methodology

Herath, Guneratne, and Sanderatne, N., (2015) studied on how women are empowered by microfinance based on the case study and it is a qualitative inquiry. This study focused on MFIs that are non-banking finance institutes (NBFIs) who are predominantly dealing with microfinance business in their operations, maintaining the largest microfinance portfolio and the client base in the country. The study is questioning how MFIs develop entrepreneurs under the socio-cultural context in Sri Lanka. According to Vaivi (2008), the way the social

experience is created, and the meaning is given is answered through qualitative researchers. While capturing an individual's perspective, qualitative investigators aim at capturing an actor's perspective by detailed interviewing and observations (Qu and Dumay, 2011). Further, Lillis (2008) stated that qualitative research focuses on "how" and "why" research questions explored in a real organizational setting. So that the researchers decided to follow the qualitative methodology to illustrate bring a deep understanding of how the social entrepreneurial role of MFIs manages to develop entrepreneurs in the Sri Lankan socio-cultural context. The researchers' case study methods which are recognised and well-accepted research strategy to collect data (Yin, 2009) because it brings multiple pieces of evidence from context. Moreover, documentary evidence was utilized as a part of the evidence which facilitated data triangulation to ensure validity and reliability.

The researchers used interviews, focused group discussions and documentary review to collect data. Participants in the study were Microfinance officers dealing with credit, field operation officers, and MFIs' clients. Participants were requested to participate in the interview prior to the time of the study. Interviews and focused group discussions were recorded after the researcher obtained the consent of the participants (Flick, 2014). Data transcripts were written by listening repeatedly to the audio recordings guided by interview questions and focus group discussion guide. Transcripts were read repeatedly, analyzed according to the interview questions, and focused group discussion guide. The themes were reviewed to identify and understand similar themes while analysing relationships among different themes. After reviewing these themes, they were related to the social entrepreneurial behaviour, socio-cultural elements and entrepreneurial development. After all, the exposed arguments based on the study were

developed and the analysis was concluded.

4. Results of the Study

4.1. Social Entrepreneurial Characteristics of MFIs in Sri Lanka (Dual Orientation)

Previous studies show that microfinance institutes have been commercialized because of the following three things: (1) Adopting a profit-oriented administration and operations; (2) relying on market-based financial resources; and (3) pursuit of financial stability and self-sufficiency. These characteristics show that micro-finance institutes tend to be profit-oriented, yet they are intended to initiate programs that raise and nurture social entrepreneurship. At the beginning of the study, the researcher had doubts as to whether microfinance institutions were nurturing social entrepreneurship in Sir Lanka. The results of the study show that apart from being profit-oriented, relying on market-based financial resources, adopting business management systems, and pursuing

financial stability and self-sufficiency; MFIs in Sir Lanka also exhibited other characteristics as below.

4.1.1. MFIs in Sir Lanka help low-income earners but not those with extreme cases of poverty and risks

All kind of borrowers such as entrepreneurs, borrowers for consumption purposes, housing needs are there in the MFIs' portfolio. However, those who are having a formal fixed income also will not fall within the borrower category of the MFI since Banks are catering them. Some segments are reluctant to go to banks even if they have a solid income that can be proved. May be due to literacy issue they cannot fill in banks slips, or maybe they do not want to walk into formal banking set up, tend to approach MFIs. These are the segments catered by the MFI. Those who do not have National Identity Cards (NICs) are also reluctant to go to a bank. Sometime back, MFI carried out a campaign to issue NICs. Some people fear dealing with banks. They think that it is too posh and

sophisticated for them to deal with. Therefore, they choose MFIs.

There are some established businessmen dealing with banks but still, they keep on dealing with MFI to maintain their rapport with MFI due to multiple reasons. Some businessmen initially developed their business from the financial facilities received from MFI and due to that gratitude; they want to continue their relationship with the MFI even after reaching a developed stage in their business and started dealing with banks. There are some segments that they continue to keep the status as a borrower by taking a small loan at a comparative a higher interest rate because they can retain their position as a central leader of a microfinance centre. Those people value that leadership position in the village than the higher interest portion they pay. This is a case of pure social status issue.

The following examples of clients studied show that those MFIs help are not the poorest, but those who have at least something in their hand to start with.

Case1: MB was doing sewing related work and she decided to develop that business by investing money initially borrowed from the MFI. She believes that it is the right decision she made when she looks back on the progress she has made.

Case 2: WSS's family decided to start a restaurant since no similar outlet was not there in the vicinity and her son had the knowledge of cooking Chinese food. The eldest son who studied in a hotel school and did a cookery course is married and living separately now. However, his younger brothers (WSS's younger sons have learnt cooking from his elder brother and are running the business now).

Case3: YTG initially took a loan of RS. 10k and invested in her husband's welding business since they were extremely comfortable with the running business and didn't want to take any risk of trying out something new and strange. Today she has made significant progress and has taken 130K loan, which is her 11th loan cycle with the MFI. She can take more, but she does not want to take more

depending on the repayment capacity. Earlier husband had an assistant after he went abroad, she is working alone. Son and YTG support him.

Case 4: Since SM and her husband had some idea of the business couple decided to take over, her sister's business which was already running smoothly for fifteen years (due to her sister's family's migration to Colombo they decided to sell the business). Hence, they decided to develop the same business. Initially, she took a loan of 25k from LOMC to develop the business. Just after purchasing her sister's business at market price, she took the first loan.

4.1.2. MFIs require clients to become entrepreneurs

The requirement that clients become entrepreneurs is effective and powerful, especially when the MFI is making it mandatory for all customers to become entrepreneurs if they are to borrow loans from the MFI. Since they have hardly any alternative they agree with conditions and such compulsion has been extremely fruitful for both parties, especially for the customer. It

seems that due to acute competition in the microfinance market in Sri Lanka, this sort of customer-centric compulsion or long-term vision cannot be seen among MFIs operating in the market who are merely focused on their market share.

Case 5: BHG got into entrepreneurship due to financial difficulties. She had to do something, so she decided to do some sort of business to earn a living. Since initial MFI she dealt with i.e. BRAC was very specific that borrowing money requires that one should start a business with the loan they take, she had no choice but to start a business. That is how she and her family got into entrepreneurship. Even though they had some other priorities such as building the house, those MFIs did not give them loans for those purposes.

4.1.3. MFIs are organic- they adapt to and sometimes are affected by socio-cultural circumstances

MFIs do not just strictly stick on their capitalistic and profit-oriented culture, but also adjust to local socio-cultural

circumstances, especially when it is necessary for the survival of the MFI. In some cases, Microfinance officers working in the field adjusted their visiting hours to people's homes according to the cultural norms of the community they worked, as well as whether clients especially women get support from their families. One microfinance officer was quoted saying:

Normally two (2) out of twenty (20) customers will come out of poverty and will start doing well in their lives. Financial support of one aspect. There are many other factors also that affect their success. One is their dedication and commitment. Another thing is the support those women are getting from husband and other family members. I agree that the success rate is very low.

4.1.4. MFIs tend to focus on the ability to pay than equity when considering granting loans

While MFIs market themselves as agents of social-economic change seeking to alleviate poverty, their criteria to grant loans do not consider

distributing loans in ways that reduce the gap between the most low-income earners and middle-class sector. The disparity in granting loans can disadvantage the most low-income earners because while encountering business competition, most low-income earners have fewer financial resources. One microfinance officer was quoted saying:

...But sometimes I see an unfair treatment in the flow of loans. Not only that, but it also brings in discussions and problematic situations when both the financially sound and very and poor people are granted the same amount of money. If we give the same amount ex- seventy thousand Sri Lankan rupees to both financially sound and poor customer, it makes a problematic situation. At centre meetings, some customers compelled to question about this disparity. In most of the cases, that poorest person comes on time to the meetings; and arrange desk and chairs even for officers to sit and conduct the meeting. In the same time, customers with sound financial situation tend to

participate late by making the whole meeting delay.

4.2. MFIs Nurturing Entrepreneurs

The process of nurturing entrepreneurs focuses on a couple of key and inter-related components. Imparting necessary training and skills, providing required knowledge, re-orientation and guidance is imperative at the initial stage of entrepreneurial nurturing. Nonetheless, it is often found in the literature related to entrepreneurial research uses the term “entrepreneurial development” instead of “nurturing entrepreneurs”. However, the Cambridge Dictionary defines the term “nurturing” as “to help a plan or a person to develop and be successful” vis-à-vis the definition of the term “development” states as “the process in which someone or something grows or changes and becomes more advance”. Among key initiatives, MFIs are adopting, conducting awareness sessions on entrepreneurship, conducting

entrepreneurship-related training, looking into the purpose of the loan as a criterion as a compulsion to start micro-businesses by the borrowers, providing guidance and advises as and when either required or requested by the clients on their existing micro-enterprises are among more prominent entrepreneurial nurturing efforts MFIs are exercising.

4.2.1. While MFIs are doing good work to nurture entrepreneurs, they spend more time on the competition

Micro Finance Officers (MFOs) are playing a much more significant role than we anticipate and more than what MFIs assign them to perform. However, with the intense competition hardly MFIs will push MFOs to spend time on customers to advise them on various other aspects. This is a notable negative factor in the competition. Amidst of the high competition and comparatively limited time available to focus on loan disbursement and recoveries and with less compulsion from MFIs end, some MFOs still have voluntarily decided to play their social entrepreneurial role

having understood its vitality. Such MFOs should be given more training that is thorough on the wider role of an MFO. More than any other marketer, MFOs must play the role of a counsellor, coach, and mentor apart from the core-marketing role. It is doubtful whether MFIs have understood this, and they pay enough focus on the development and grooming of MFOs to perform this role.

4.2.2. MFIs have regular meetings, workshops, and training sessions with clients

Some MFIs, for instance, HNB Grameen organize training and workshops where clients nurtured to become entrepreneurs meet with their mentors to learn and discuss challenges arising from the work of entrepreneurship. This kind of training considers the individual entrepreneurial experiences of the clients. A microfinance officer observed:

Another important point to realize in HNB Grameen is we had weekly

centre meetings and recovering of loans to happen at these weekly meetings. As a practice, each weekly meeting all MFOs were educated of a topic by the Head office to talk about and educate their customers. MFOs used to take it very seriously those days and got prepared with extensive reading for those topics. Invariably they also became conversant of many vital aspects and contemporary issues. Apart from that, customers were also very enthusiastic to get some knowledge on various topics. Some customers wanted to continue a loan of a small value merely to maintain the membership mainly due to companionship and the knowledge they can get from MFOs. This culture has gradually gone away from HNBG too.

4.2.3. Nurturing entrepreneurs involve negotiations to strike a balance between the desires of the client and the goals of the MFIs

Part of nurturing entrepreneurs occurs informally during initial or ongoing encounters between the microfinance officers and potential or real clients.

Some of it emerges out of observations that the microfinance officers make during visits or interactions and questions potential clients or clients ask from microfinance officers while they are in the field. However, at times clients' desire is not aligned with our objectives. One of the microfinance officers observed:

First, I visited microfinance centre to promote the leasing products because there are sporadic demands among microfinance customers for three-wheelers, motorbikes, and other small vehicles. Even though we were given an opportunity to talk about our leasing products, the peoples' desire was to take the loan and use that money in some other work. In that, discussions they become friendly with us and those who wanted leasing facilities were helped by us to fill up their forms.

4.2.4. *Nurturing entrepreneurs involve relationship building and mentoring entrepreneurs in deeper tissues such as behaviour change practices*

Nurturing entrepreneurs often take a long time and is built around the relationship between a microfinance officer and the entrepreneur. The process involves learning the entrepreneurial behaviours of the client and working with the clients over time to address such behaviour challenges. One microfinance officer observed the following concerns where they have been able to change the behaviour of clients over a period.

Though the MFI just send out topics to microfinance officers to speak on at centre meetings, some important points are not embedded in that. When we think through that point and when we use our own experience eventually, we can memorize the important points to be highlighted. For instance, we worked hard to inculcate saving habit among borrowers. These borrowers did not have the saving habit at all. However, we launched a campaign to attract more savings by collecting very small amounts such as SLR 50, 100 from people. Therefore, we train them to save at least SLR100per week, which ends up them saving Rs.400 at the month-end. Though they are not

able, to have fixed deposits, those collections of hundreds enabled them to have a fixed deposit of Rs40,000 or more in two to three years which is a significant achievement in their life. It is a great thing to use their own saved money rather than taking a loan of 100,000 for a family emergency. In the first loan, MFI has not made it mandatory to make a saving but from the second loan stage, it is required to save 10 per cent of the loan amount even as a compulsion, enforcing savings habit, has taken them a long way.

4.2.5. MFIs are more successful in granting loans but not so effective in monitoring the way the loan is used

Like in many other training programs, there are clients who borrow money under the pretence that they will use it for business but then they use it or some of it on other things rather than the original intention. MFIs tend to compromise when this happens out of fear that clients may leave and join the competing MFI. One microfinance officer observed:

It is not 100% successful. In addition, the company is aware of it too. When we start a Centre for the MFI, just after hearing the word they come and request a loan saying they need to start up a sewing business. Knowing all the prerequisites, they at times try to mislead us saying that loan is taken for business. They know that thereafter we will not follow-up. That is a significant lapse from our end. With the present workload, we are not able to make such follow-ups. Unless MFI recruits a new group of people dedicated for that mission, it will not be successful. On the other hand, there are any MFIs just lend money without looking at anything. With such a competition, if we push them too much to start a business, they will leave us and take loans from other MFIs.

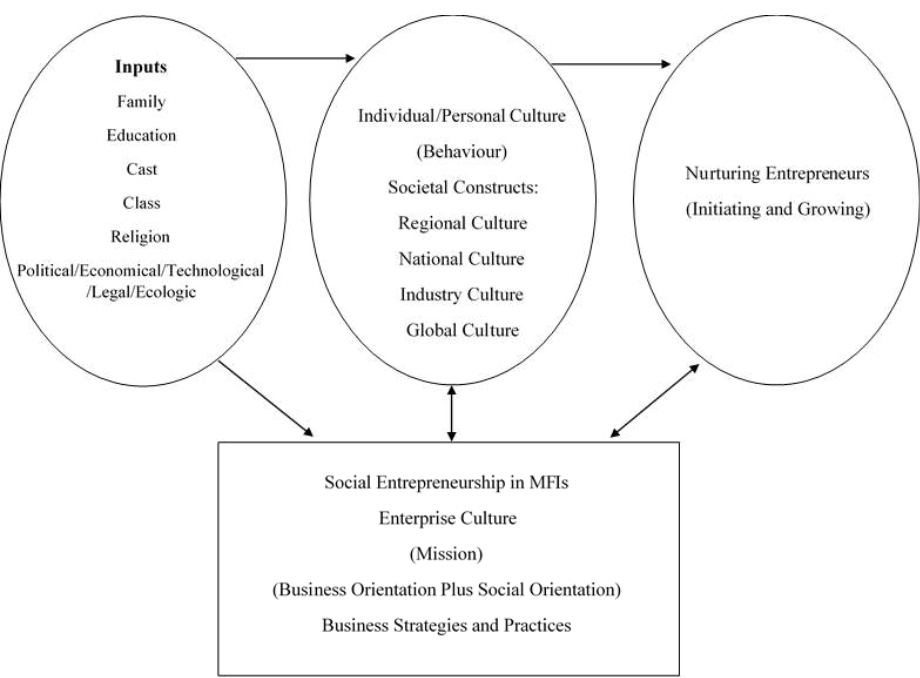
Social Entrepreneurial Role of MFIs in Nurturing Entrepreneurs: The Socio-Cultural Milieu

Figure 1 compress above data and illustrates the role of MFIS as a social entrepreneur in developing entrepreneurs under the socio-economic environment. As the

overhead data recommends, the MFIs of Sri Lanka play a vital role as a

social entrepreneur in developing entrepreneurs in society.

Figure 1: The Social Entrepreneurship role of MFIs in developing an Entrepreneur in Socio-Cultural milieu



Source: Author Constructed

The influential socio-cultural institutions such as family, caste, ethnicity, class, religion and education were examined in relation to their specific roles and impact on personality and behaviour. The entrepreneur and the other social actors involved in the process of entrepreneurship are products of this institutional system, so this analysis

provides an insight into the understanding of the socio-cultural realities of entrepreneurship development. The Sri Lankan cultural values are rooted from the traditional political, economic, religious activities of the kingdom (De Silva et al. 1973; De Silva 1981; Gamege & Wickramasingha 2012).

5. Discussion and Conclusions

5.1. The role of Social entrepreneurship of MFIs

The study on a social entrepreneurship of MFIs reveals that the social values of the MFIs play a significant effect on the process of inculcating an entrepreneurial mindset within the Sri Lankan context. Especially women entrepreneurs in Sri Lanka playing an important role in running of micro and small enterprises. Women in developing countries empowered through microcredits to reduce the poverty of the nation (Yonus, 2004). Moreover, verni Ismail (2014) also stated that the microcredits play a significant role in developing women entrepreneurs in the scale of micro, small and medium enterprises in developing countries. Accordingly, MFIs engaged as a social entrepreneur has given the opportunity for reducing poverty among rural and urban poor people. Especially women, by supporting them with small loans to expand their businesses, generate income and build up their assets and it enhances their welfare of the family.

As the studies of Kaplan (2010) reveals that dual model of social entrepreneurship focuses on both social and business values, MFIs have taken significant steps to incorporate the concept of social entrepreneurship into its vision and mission (Mandatory to make customers become entrepreneurs: Seeking to create entrepreneurs out of the ‘unbankable’ across our nation) and embedding it in the culture of MFIs. The mission of LOLC is “Our mission is to help set the industry standard in Non-Bank Financial Services. We reach out to all Small and Medium Enterprises and provide them with affordable and convenient Financial Services tailored to their specific needs” directly linked with our study, highlights the key role of MFIs and their MFOs in building and strengthening the network with the clients. For e.g., at present, the selected MFIs has provided unparalleled services to nearly 400,000 active borrowers.

Microfinance is paying an important role in economic empowerment of women (Shahee, Sajid and Batool (2013); Herath, Guneratne and

Sanderatne, (2015) and it enhances the contribution from women entrepreneurs to the economic development of the country (Wijeyeratnam and Perera, (2013). Therefore, women entrepreneurs have a substantial role as a driving force to the Sri Lankan economy in general and especially improving the welfare of the family. We experiment to cover how the MFIs and MFOs stimulate the development of the entrepreneur through playing as a social entrepreneur who reinforces the relations among the MFIs, industry, and entrepreneurs. As suggested by Kaplan (2010), the MFIs falls into the model which combines both social and business values names as the dual model in which the MFIs build entrepreneurs through microfinance schemes. However, the dual model is still emerging in the context of Sri Lanka due to the socio-cultural issues. MFIs need well-trained employees, industry joins hands with the governments, and other educational institutes continue their entrepreneurial development rather than involving in nurturing entrepreneurs independently.

As revealed in our case study, the MFIs acts as a social entrepreneur which enables human capital, poverty reduction, family welfare, women empowerment and while facilitating entrepreneurial development (Ismail 2014). Accordingly, the MFOs link with Credit Borrowers (Entrepreneurs) through the intervention of the heads of MFIs. Accordingly, the MFIs nurture the entrepreneurs through strengthening training programmes for clients, maintain a close relationship with clients, motivating entrepreneurs enforcing saving habits, and establishing centres for Micro Finance. Therefore, it is obvious that MFIs has given importance for developing entrepreneurs through the microfinance while bringing profit into one platform, nurturing entrepreneurs via the exchange of microfinance and related non-finical benefits (knowledge and facilitation of social interaction). However, entrepreneurs to start a business or to improve business performance they may need more support. Therefore, the entrepreneurship education should be given not before or at the time to start

the business phase, and at the same time education of dynamic entrepreneurship to improve dynamics entrepreneurship behaviour, provided when the business has operated. MFIs should provide continuous entrepreneurship education to make sure the improvement of entrepreneurial qualities of the entrepreneurs.

5.2. Socio-cultural environment and nurturing Entrepreneurs

The social perspective on entrepreneurial behaviour explains that human constructs the society and social order of a group of people develop a way of shape the individual behaviour of the society (Berger and Luckman, 1966). Therefore, people enact rather than simply react to their surroundings (Weick, 1979). The entrepreneurial behaviour is explained as socially constructed and embedded (Lavoie, 1991; Granovettes 2000; Lipset 2000; Jansson 2002; Morrison 2006). Accordingly, the above model explains the lives of entrepreneurs in Sri Lanka influenced by the socio-cultural factors to their household and

businesses. As the culture of the society is the conductor (Berger 1993) and the entrepreneurs are the catalyst of entrepreneurial activity, MFIs involve in entrepreneurial activities for fulfilling both basic requirements of profit and social values of the context in a society, which is evident from their activities. For example, MFIs support not only for fixed income earners but for also the low-income group as well. Further, they have identified the needy people, people with a lack in literacy level and people with documentary issues to get resources to start something their own.

As revealed in our case studies, the values, and beliefs of both MFIs (Employees) and their customers (becoming entrepreneurs). For example, some of the values such as they nurture two categories of people the first is people are coming from most deprived background second is people are not poorest and having something in their hands to start-ups. However, the treatments and facilities are given in the same manner for their clients. This shows the equal treatment behaviour of MFIs and their openness

and honesty in sharing information among the clients. These values are the outcome of the religious value of the people (Alwis, 2010).

Another important evidence shows that the changes in the role of women in society. The value of the social culture has been shifted and the female has given the recognition to initiate the business as their career, so the leader's role equally shared by both male and female. Most of the cases proved that female is so responsible and enterprising well. Therefore, the social entrepreneurial role of MFIs as an institution playing an important role in the transformation of the societal values in Sri Lanka. This implies as one of the global cultural value changes in gender egalitarianism: gender discrimination and role inequalities are minimized (Hofstede 1990) in Sri Lanka through enterprising through social entrepreneurship of MFIs.

Our Study reveals the commitment of the client in developing business. Most of the cases, the success of businesses is contributed by the

commitment and hard work of the family members. The motivation of the family members is influenced by the MFIs financial and non – financial support system and the family culture. The individual's socialization process within the family system. Accordingly, Micro Finance facilities as an external factor positively influence on business development of families in Sri Lanka. Further, our case studies reveal that family members working in the business create family ties and cohesion that are very important for the sustainability and the endurance of the firm. "When family members are working for the firm, they exhibit shared norms and values with a positive impact on the firm's performance as it brings consistency and unity of purpose (Kets de Vries 1993; Westhead, et al., 2001)". Therefore, this is the social institution of the family is making a significant influence on nurturing entrepreneurs in the socio-economic environment.

However, the study shows that there are many challenges faced by the MFIs in nurturing entrepreneurs due to

the socio-cultural factors in Sri Lanka. For example, at some point in time, the MFIs had difficulties in getting back payments from borrowers and it was noticed that the borrowers did not utilize the real purpose of the lending money. Further, some of the borrowers/entrepreneurs are not attending the meetings on time, which shows that the members are not disciplined and lack professionalism/systematic way of doing things. Meantime, it is also questioned on their belief in planning and future orientation. Further, the attitude on work and time management is extremely poor. The work is considered as work for life due to an attitude on the future and their career development is not focused. These findings are consistent with findings of previous researches (Nanakkara, 1999; De Alwis, 2010; De Alwis and Senathiraja; 2003; Gamage 2012) and they highlighted that the traditional kinship of the family system might have created self-confidence in planning due to the dependence; most of the people did not get the opportunity to get a formal education and are not in middle/upper

classes to maintain the professionalism. Hence, it is observed the poverty is one of the reasons for people to misbehave as unprofessional. Therefore, the MFIs face problems in monitoring and controlling the lending facilities and get back money on time. However, it also noted that in some cases, the socio-cultural values of the family system and values created by the society in Sri Lanka make some barriers for the development of businesses. Therefore, the proper training and attitudinal changes required entrepreneurs to cope up the changing values in the global world.

The education system in Sri Lanka is lacking in promoting entrepreneurial behaviour (Gamage and Wickremasinghe 2012). However, the evidence shows that the young generations those who have completed some professional courses also benefited through Microfinance facilities. Therefore, the MFIs also encourage not only family-based businesses but also educated young generations. Mainly nurturing entrepreneur is bounded by the family

values like cooperation, trust, commitment, caring and hard work and the requirements for their future survival.

In addition, some established entrepreneurs wanted to keep the accounts and facilities due to different reasons. One reason is to maintain their relationship with the institutions and to maintain their leadership role and status in society. It implies that the need for hierarchical authoritarianism: the pattern of relationship is power centred, leads to power distance and respect for authority. However, there are situations explained from the cases that emphasize the requirements of the entrepreneurs where they may need more mentoring and continuous guidance for handling finance and making decisions in investing money for the purpose of the enterprise development. The results also stated that mentoring programs, continuous monitoring and controlling always needed for Sri Lankans as the special socio-cultural environment bound them and the behavioural aspects and collectivism work well than individualism.

5.3. Conclusion

In recent years, non-banking finance companies have entered the microfinance industry in Sri Lanka along with banks through special programs. Recently increased microfinance activities in Sri Lanka have focused on social, economic, and environmental activities. While microfinance institutions were initially intended to focus on lifting low-income people, and improving the economy at the grassroots, recent reviews show that they tend to be more profit-oriented. Therefore, the purpose of this study is to explore whether this profit-oriented microfinance help develops entrepreneurs. The understanding of micro-finance includes a range of things like Improve access to small deposits and loans to the poor who have been neglected by the banks; helping the poor meet basic needs and protect against risks; improve household economic welfare; increase the number of women participating in the economy in ways that enable them to earn income; alleviating poverty and nurture entrepreneurs.

The research objective of our study is to explore how the social entrepreneurial role of MFIs build entrepreneurs in the socio-economic environment of Sri Lanka. MFIs contribute in building an entrepreneur in several ways: Giving loans to low-income earners; requiring that clients become entrepreneurs; building long term mentoring relationship with entrepreneurs; providing hand-on-work training, visits meetings and workshops. Moreover, many ways the socio-cultural context are supported for entrepreneurial development in Sri Lanka. For example family values such as a collectivistic, active commitment, loyalty to the family, respect to the authority and power, reduced discriminating gender and empowering women in families. Although the present education system is not much encouraging the entrepreneurial development of the society that has issues in unemployment MFIs is one of the options for them to do something for their lives. Economic well-being is one vital factor for everyone, the capitalism has created opportunity and MFIs is the main platform for lower-

and middle-income people to grow further. Although society is not discussing the caste structure, the basic occupations have been developed throughout the root of caste. MFIs is not discriminatory to anyone based on the background of individuals. Therefore, with our discriminating the caste, class, education level or religion and ethnicity MFIs open the gate for the entrepreneurial development for the society. However, this nurturing entrepreneurs has been limited by a range of socio-cultural factors such as Inability to reach the poorest; Inability to address the problem of equity when distributing loans; capitalistic culture of focusing more on profit and efficiency rather than people welfare; the cultural tendency for clients to misuse loans; the culture of competition among MFIs; and cultural norms such as norms about visiting people's homes and relating to women. This study shows that socio-cultural factors are a mutual experience between MFIs and the entrepreneurs in the sense that while the capitalist culture of MFIs affects entrepreneurs, the culture of the

entrepreneurs affects MFIs in ways that shape policies and practices of the MFIs.

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Examine the Drivers to Engage in Hybrid Entrepreneurship in Sri Lanka

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ABSTRACT

Purpose: “Hybrid entrepreneurship” indicates that people keep their employment while starting a business. This phenomenon seems to be on the arising stage on this decade, and linked to the current economic environment, which is including globalization, changes in career paths, nonstandard working arrangements, limited access to finance, and lack of employment security. The aim of this study is to examine the factors that affect to engage in hybrid entrepreneurship in Sri Lanka.

Method: Quantitative approach was utilized. Acknowledging the literature, the study used age, income, education, passion (motivation and skills acquired) and resource acceptance (family support, employment support and the possibility to obtain a loan) as influencing factors to engage in hybrid entrepreneurship. The scope of this study

lies with the individuals who are engaging in side-businesses while having their employment. Survey method was used to collect the data and a structured questionnaire was utilised as a data collection tool.

Findings: Data were collected from 119 respondents. The binary logistic regression results revealed that sufficient skills acquired and receiving family support have statistically significant influences on engaging in hybrid entrepreneurship. Sufficient skills recorded the highest beta (1.997) value. Cross-tab analysis results revealed that wind up the decision of the business is relatively high in male employees and individuals who obtained bachelor degrees. Concerning the availability of resources, skilled-full persons and person received family support are more intended to leave from hybrid entrepreneurship.

Research Implications: The main theoretical contribution of the present study is the emerge of a new term called “hybrid entrepreneurs” in the local education systems and make the public aware. The findings will be useful to local organizations to assess and evaluate the extent to which their employees engage in side-businesses while employing their organizations. These findings could be also used to increase the employee’s innovativeness who are working in current organizations by improving facilities to make innovations, and the government will be using these findings to identify the factors which affect the increase the engagement in entrepreneurship for improving the local entrepreneurship and policy-making processes which are eventually led to the economic growth of the country.

Keywords

Hybrid entrepreneurs; Binary logistic regression; Quantitative approach

1. Introduction

“Hybrid entrepreneurship,” which indicates that people keep their employment while starting a business (Campbell and De Nardi, 2009; Delmar et al., 2008; Folta et al., 2010).

In 2003, the report of Global Entrepreneurship Monitor (GEM) indicated that more than 75 per cent of the new entrepreneurs start their business while having a job (Reynolds et al., 2004). It has been suggested that

people do side businesses for reasons such as securing income while testing their business idea (Burke et al., 2008; Folta et al., 2010). It has been further suggested that hybrid entrepreneurship enables people to spend time on something they are passionate about (Folta et al., 2010; Herslund and Tanvig, 2012;). It's a generally known fact that people tend to earn more in order to face inflation. The term called "Hybrid Entrepreneurship" might came to the stage at this point, which indicates that people keep their wage receiving job while starting a business. For example, in the UK, the number of hybrid entrepreneurs consisted of a larger group than the "pure" entrepreneurs who do not engage in side-businesses while doing a paid job. (Burke et al., 2008).

When it comes to the evolution of this term, many successful entrepreneurs in earlier times have been hybrid entrepreneurs at some point in their career life. For example, Steve Wozniak worked at Hewlett-Packard long after co-founding Apple (Raffiee and Feng, 2014) and Pierre Omidyar founder of eBay found that while

employed by a software development company (Raffiee and Feng, 2014). When analyzing these recent articles, the phenomenon hybrid entrepreneurship seems to be on the arising stage on this decade, and linked to the current economic environment, which is including globalization, changes in career paths, nonstandard working arrangements, limited access to finance, and lack of employment security (Luc et al., 2018). The prior studies have concentrated on "passion" as the main reason behind the engage in hybrid entrepreneurship (Folta et al., 2010; Herslund and Tanvig, 2012;) as well as concentrated on choices of becoming hybrid entrepreneurs (Thorgren et al., 2016). Moreover, Kolvereid (2016) insisted that some hybrid entrepreneurs do not have the intention to become full-time entrepreneurs, due to high salaries and high autonomy level of the current employment.

Since innovative employs are the main factor which leads the organizations to success, it is vital to be aware and take actions to improve innovativeness of the employs and make them produce

new products or come up with the new product ideas for the existing organization. When analyzing literature, the phenomenon hybrid entrepreneurship seems to be on the arising stage on this decade, and linked to the current economic environment, which is including globalization, changes in career paths, nonstandard working arrangements, limited access to finance, and lack of employment security (Luc et al., 2018). The prior studies on hybrid entrepreneurship are dominated into developed context; the USA, Sweden, UK, Germany, Norway (Kritskaya et al., 2017). There was no enough evidence found in related to developing context. Since that leads the present study to fill an empirical gap in the research context, Sri Lanka. It provides a unique opportunity for study engagement in hybrid entrepreneurship in the urban areas in Sri Lanka and it also concerns about how hybrid entrepreneurs behaving in a developing country. Thus, the main objective of the study was to examine the factors that affect to engage in hybrid entrepreneurship in Sri Lanka.

2. Literature Review

Folta et al. (2010) defined hybrid entrepreneurs as individuals who mix their time in both self-employment and wage work. Part-time entrepreneurs are also identified as hybrid entrepreneurs (Petrova, 2012); by referring the combination of paid employment in organization and self-employment in their own business (Schulz et al., 2016). The studies of Fowler (2000) and Nicholls (2008) defined hybrid entrepreneurs differently, as individuals who start businesses by joining non-profit and for-profit activities. Concerning the prior definitions, the study specifically interested in individuals who combine entrepreneurial activities with their wage work, which is related to the definition proposed by Folta et al. (2010).

Engagement in Hybrid Entrepreneurship

Using Quebec Entrepreneurial Index, Luc et al. (2018) examined various factors that either help or hinder the advancement of wage-earners go up the entrepreneurial ladder. The study

mostly considered socio-demographic factors such as gender and number of children, education, age, immigration, region, resource accessibility, interests, skills, recognition and pleasure at work. Findings of the study revealed that female employees who are having children under the age of eighteen are less likely to climb the entrepreneurial ladder, immigrants are more in to enter the hybrid entrepreneurship than natives and natives are less likely to move up on the ladder of new venture creation and become a hybrid entrepreneur. People under the age of 44 more tend to have entrepreneurial intentions while working as an employee and hybridization is also influenced by characteristics of specific regions.

All the entrepreneurs are not aiming to become full-time entrepreneurs; some enjoy a dual status of having a high paid job while having some extra income from entrepreneurial activities that can enhance their lifestyle (Solesvik, 2017). The study of Solesvik further insisted that without having secure wages from the jobs, it would be impossible for the new ventures to survive.

In order to compare businesses that started by hybrid entrepreneurs and full-time entrepreneurs, Kritskaya et al. (2017) conducted a study in Norway. The study examines differences in individual and business characteristics at start-up, performance and business survival. Sample of the study is businesses founded in Norway in 2002 and follow their milestones from 2003 to 2015. The key findings of the study indicated that compared to full-time entrepreneurs, hybrid entrepreneurs were younger, highly educated, less human capital in terms of experience in new venture start-ups. Male and female entrepreneurs have the same tendency towards the hybrid entry. hybrids were less likely to be team efforts, and less likely to be companies.

Schulz et al. (2017) tested the theorizing on the role of self-employment on multiple job holders' earnings with yearly data from the British Household Panel Survey (BHPS) from 1991 to 2008, for employees aged between 18 and 65. The authors demonstrated that multiple job holding with second jobs

that give higher average earnings than the main job is not unpredictable, but can be explained to some extent by hybrid entrepreneurship. Earnings structures of full-time entrepreneurs are well examined in entrepreneurship research, relatively little is observed about hybrid entrepreneurs' earnings (Schulz et al., 2017). Schulz provides a first exploratory analysis in this area, by suggesting that many hybrids earn on average more from start-ups than from their main wage employment (Schulz et al., 2017). This is the opposite of the general notion that entrepreneurs earn less than in paid employment (Åstebro and Chen, 2014; Hamilton, 2000). Further, they revealed that earning structures of males and females in multiple job holding might differ in the short run, but seem to be similar in the long run, when entering multiple job holding. Rather than focusing on age-related factors, Nordström (2016) focused on entrepreneurial teams and entrepreneurial tenure may drive passion for hybrid entrepreneurs in Sweden. The findings indicated that entrepreneurs who have been engaging in businesses for a long time

are less likely to be driven by passion than those who started their business more recently. In addition, the study emphasized that entrepreneurs who lead their business along with a team are also less likely to be driven by passion than those who lead the business alone. The study further considered the theoretical and empirical implications of the type of entry strategy for distinguishing hybrid entry and self-employment and to clarify whether hybrid status facilitates transition into self-employment. They labelled this process hybrid entrepreneurship and the individuals who engage in it as hybrid entrepreneurs.

Asante (2018) examined the four key reasons that would be influenced by the engagement in entrepreneurial work. The additional income that they get from engaging in side-business is the first reason why people engage in hybrid entrepreneurship. Others engaged in hybrid entrepreneurship for passion. Some others are using hybrid entrepreneurship as a stepping-stone to fulltime entrepreneurship in their life. And some persons engage in hybrid entrepreneurship for a mixture

of passion and financial reasons as well as the beauty of the activity.

Viljamaa and Varamäki (2014) explored the profiles of transitory hybrid entrepreneurs, hybrids who consider full-time entrepreneurship probable, and persistent hybrid entrepreneurs, hybrids who view their hybrid condition as permanent in Finland. The study used measures to differentiate between transitory hybrid entrepreneurs and persistent hybrid entrepreneurs. The findings indicated that persistent hybrid entrepreneurs and transitory hybrid entrepreneurs are quite similar in the background however, transitory hybrid entrepreneurs are dominated by young women. The clearest differences between those two kinds are in their views on the support of the immediate circle for full-time entrepreneurship, their own capabilities and market potential. According to this study, transitory hybrid entrepreneurs have a clearly more positive stance than persistent hybrid entrepreneurs.

The entrepreneurial choice among hybrid entrepreneurs can be conceived to occur in two steps. In the first step, the entrepreneur chooses whether to

engage in a business startup. In the second step, the individual might decide to leave employment and become a full-time entrepreneur (Thorgren et al., 2016). The results of Thorgren et al. (2016) indicated that younger and older hybrid entrepreneurs tend to be the individuals who find it most attractive to leave wage employment for full-time entrepreneurship. And also found that entrepreneurial activity has been found to increase almost linearly with age for individuals who prefer to employ only themselves (self-employers) in other words younger and older people are individuals who are least likely to engage in entrepreneurial activities

In order to extend the understanding of what extent is hybrid entrepreneurship using as an entry strategy into full-time entrepreneurship, Matalamäki (2014) explored the profiles of academic hybrid entrepreneurs, their motivations and their future ambitions in terms of business growth and full-time entrepreneurship. The target group of the study consisted of academic members of two professional and labour market

organisations in Finland. Results showed that men had on average a longer hybrid entrepreneur history (ten years) than women (eight years) and hybrid entrepreneurs are motivated by fulfilment-seeking and more active and more industrious in their part-time entrepreneurship activities than those seeing themselves as future fulltime entrepreneurs. Moreover, hybrid entrepreneurs using part-time entrepreneurship as a stepping stone towards fulltime entrepreneurship.

The Study of Xi et al. (2017) connected the literature on hybrid entrepreneurship to the literature on entrepreneurship entry modes. Since previous studies focus on whether an individual enters entrepreneurship via a hybrid status or a full-time commitment status (Folta *et al.*, 2010; Raffiee and Feng, 2014; Schulz *et al.*, 2016), the authors investigated hybrid entrepreneur's entry model of entrepreneurship. They identified hybrid entrepreneur's work experience, educational attainment, socio-demographic status, motivation, support for the hybrid entrepreneur, firm's financial structure and public

aid and industry categories were determined the engagement of hybrid entrepreneurship. Accordingly, hybrid entrepreneurs who were formerly senior managers or liberal professionals tend to choose new venture start-up as their mode. The authors argued that financial benefits are not the main motive for entrepreneurs who were formerly in management positions in their work employment. In addition, the study identified that workers are more likely to take over an existing firm rather than start a new one. The reason behind is; entrepreneurs who lack business networks and experience, purchasing an existing firm is the easiest way to become an entrepreneur. And they argued that female entrepreneurs may encounter several barriers when entering into entrepreneurship, such as financial constraints and a lack of network support, which then decrease their motivation to starting a new business from the beginning and push them towards business takeovers. Finally, the results indicate that entrepreneurs in urban areas are more likely to start

a new venture rather than take over an existing firm.

The literature specifically emphasized that gender, immigrant status, age, education level, income level, resource acceptance, motivation and passion affecting to the engage in hybrid entrepreneurship in developed context. Acknowledging the literature, the present study focused on how gender, age, income, education, employment status, employment position; business start-up mode, passion and resource acceptance perception affect to the engagement in hybrid entrepreneurship in Sri Lanka.

3. Methodology

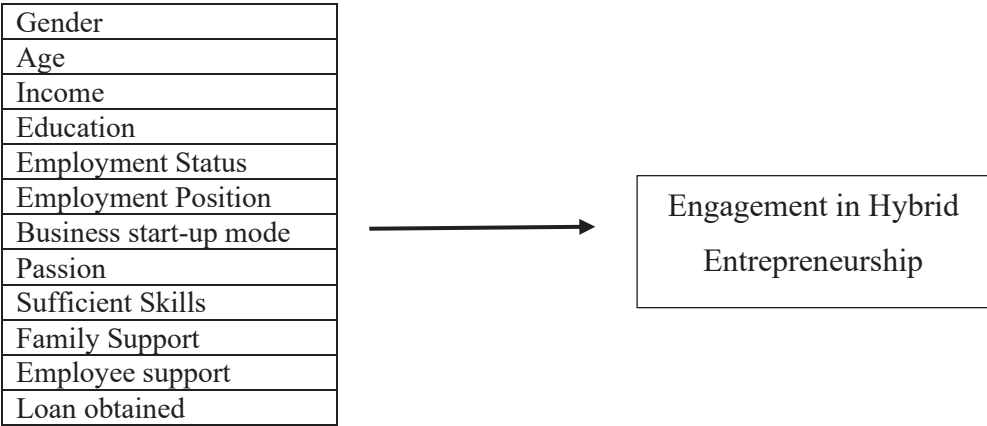
The primary goal of this study is to find the reasons behind people to engage in side-businesses in aspects of age, income, education, passion and

resource acceptance in Sri Lanka. The present study utilizes explanatory research design under the quantitative approach. The quantitative approach is a very natural way of getting data and helps to provide wide coverage of a range of situations at a rapid pace.

3.1. Conceptual Framework

Acknowledging the literature, the study constructed the conceptual framework, depicted in Figure 1. Gender, age, income, education, employment status, employment position, business start-up mode, passion and resource acceptance perception (sufficient skills, family support, employee support and loan obtained) were considered as the independent variables whereas the engagement in hybrid entrepreneurship considered as the dependent variable.

Figure 1: Conceptual Framework



Source: Constructed by Authors

3.2. Operationalization

To measure the variables used in this study a range of options were given to the respondents. The choices were given according to each factor of

independent variables to get the most frequent values of considered variables. Operationalization of the variables in the study is depicted in Table 1.

Table 1: Operationalization of the variables

Variable	Measurement Items	Source
Gender	Male, Female	
Age	Less than 25 years; 25 – 35; 36 – 50 and More than 51 years	
Income	Per month income: Less than 50,000; 50,000 – 75,000; 75,000 – 100,000; 10,000 – 125,000 and More than 125,000	
Education	Ordinary level; Advanced level; Bachelor degree; Master degree, Ph.D	
Employment Status	Full-time; Part-time and Seasonal	

Employment Position	CEO; Senior Manager; Executive Officer; Operational level	
Business start-up mode	Start my own business; Join to family business; Took over the existing business and Start business with friends	Kritskaya et al., 2017
Resource access perception: Sufficient skills, Family support, Employee support Loan obtained	Gain required skills Received support from family Received support from employee Able to get loan from bank	Luc et al., 2018
Passion	Main motive for hybrid entrepreneurship Develop own business idea; Test own business idea; Work with something I am passionate; enjoy the business and Earn extra money	Nordström et al., 2016
Engagement in hybrid entrepreneurship	Intent to expand the business Wind up the business	Nordström et al., 2016

Source: Constructed by Authors

3.3. Population and Sample

The scope of this study lied with the individuals who are engaging in side-business while having their employment. A set of hybrid entrepreneurs selected as the sample by using the snowball sampling technique.

3.4. Data Collection

The data which is required to conduct this study was primary data. Required primary data were collected by using a closed format structured questionnaire. The first and second parts of the questionnaire focused on getting the background information of the respondent and employment of

his/her respectively. The third part was focused on collect information on independent and dependent variables of the study. The questionnaire contained a total of 38 questions. E-mail and social media (WhatsApp, Messenger) were used to collect information from the sample.

4. Data Analysis

As the first step of data analysis, the study checked the data set for errors in order to avoid mistakes which might occur when entering data. The mean and ranges and the dispersion standard deviation were checked to get a conclusion about the data. Once the data collected and fulfilled the relevant criterion, the hypotheses were tested. Since dependent variable, engagement in hybrid entrepreneurship was measured using nominal scale data, binary logistic regression analysis is used to analyze

the relationship between a dependent variable and several independent variables (Tranmer and Elliot, 2008). The data obtained from the individual level survey were analyzed using SPSS (version 23) statistical package.

4.1. Findings

Data were collected from 119 individuals who are engaging in side-business while having their employment. The first part of the questionnaire gathered information about individual background information. The characteristics of the respondents are described in terms of individuals' gender, age, income, education qualification, employment status, employment position, business start-up mode, related industry and experience. The sample profile of the study is illustrated in Table 2.

Table 2: Sample Profile

Characteristics		Frequency	Percentage %
Gender:	Male	84	70.6
	Female	35	29.4
Age:	Below 25	40	33.6

	25-35	41	34.5
	36-50	19	16.0
	Above 51	19	16.0
Income:	Below 50,000	55	46.2
	50,000-75,000	25	21.0
	75,000-100,000	12	10.1
	100,000-125,000	12	10.1
	Above 125,000	15	12.6
Education:	O/L	5	4.2
	A/L	43	36.1
	Bachelor Degree	55	46.2
	Master Degree	13	10.9
	Ph.D	3	2.5
Employment Status	Full-time	75	63.0
	Part-time	16	13.4
	Seasonal	17	23.6
Employment Position	CEO	06	5.0
	Senior Manager	23	19.3
	Executive Officer	25	21.0
	Operational level	65	54.6
Business Start-up mode	Start my own business	79	66.4
	Join to family business	11	9.2
	Took over the existing business	09	7.6
	Start business with friends	20	16.8
Related Industry of Business	IT	21	17.6
	Agriculture	06	5.0

	Manufacturing	08	6.7
	Education	10	8.4
	Construction	04	3.4
	Marketing	18	15.1
	Entertainment	08	6.7
	Person care	07	5.9
	Consultation	32	26.8
Experience in Business	Less than 3 years	91	76.5
	3 – 10 years	22	18.5
	More than 11 years	6	5.0

Source: Constructed by Authors

Next, the study analysed the perception and level of engagement in frequencies of the responses regarding hybrid entrepreneurship (Table 3). passion, resource acceptance

Table 3: Frequency Analysis of Passion, Resource acceptance perception and Level of engagement in hybrid entrepreneurship

Characteristics		Frequency	Percentage %
Passion			
Develop own business idea		29	24.4
Test own business idea		14	11.8
Work with something I am passionate		23	19.3
Enjoy the business		23	10.9
Earn extra money		40	33.6
Resource acceptance perception			
Gain required skills	Yes	105	88.2
	No	14	11.8
	Yes	75	63.0

Received support from family	No	44	37.0
Received support from employee	Yes	45	37.8
	No	74	62.2
Able to get loan from bank	Yes	58	48.7
	No	61	51.3
Level of engagement in hybrid entrepreneurship	Intent to expand the business	90	75.6
	Wind up the business	29	24.4

Source: SPSS Outcome

As shown in Table 3, earn extra money was the main motive for engaging hybrid entrepreneurship. Following that, people intend to develop their own business ideas while engaging hybrid entrepreneurship. Considering the resource acceptance, majority of the respondents satisfied with the skills they acquired to carry out their businesses. Out of 119, 75 respondents received support from their families. However, the majority of hybrid entrepreneurs did not satisfy with the support received from their employees (74) and financial institutions (61). Finally, 90 hybrid entrepreneurs were expected to

expand their businesses, among them 28 individuals were wished to become a full-time entrepreneur. Only 29 individuals were nor happily engaged with hybrid entrepreneurship, they keen to close the business as soon as possible.

4.2. Binary Logistic Regression

The binary logistic regression analysis was used to determine how gender, age, income, education, employment status, employment position; business start-up mode, passion and resource acceptance perception affect to the engagement in hybrid entrepreneurship in Sri Lanka. The results of the regression analysis are presented in Tables 4a to 4d.

Table 4a: Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	34.603	12	.001
	Block	34.603	12	.001
	Model	34.603	12	.001

Table 4b: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	43.205 ^a	.252	.526

a. Estimation terminated at iteration number 8 because parameter estimates changed by less than .001.

Table 4c: Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	7.834	8	.450

Table 4d: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Gender	-.374	.972	.148	1	.701	.688
	Age	-.405	.409	.981	1	.322	.667
	Income	.126	.371	.115	1	.735	1.134
	Education	.751	.498	2.273	1	.132	2.119
	Employment Status	-.533	.246	4.694	1	.080	.587
	Employment Position	1.031	.575	3.213	1	.073	2.803
	Business Start- up mode	.192	.455	.179	1	.672	1.212
	Passion	-.779	.389	3.003	1	.055	.459
	Sufficient Skills	1.997	.710	7.906	1	.005	7.368
	Family Support	1.274	.630	4.089	1	.043	3.574

Employee Support	-	1.407	1.286	1	.257	.203
Loan obtain	1.595					
Constant	-.474	.991	.229	1	.632	.622
	9.758	3.693	6.981	1	.008	17293.840

a. Variable(s) entered on step 1: gender, age, income, education, employment status, employment position; business start-up mode, passion and resource acceptance perception (Sufficient Skills, Family Support, Employee support, Loan obtained)

Source: SPSS Outcome

The R^2 value (Nagelkerke) was 0.526 which implies that 52.6% of the variation of engagement in hybrid entrepreneurship can be explained by gender, age, income, education, employment status, employment position; business start-up mode, passion and resource acceptance perception. Omnibus Tests of Model Coefficients values was less than 0.001, hence the model was statistically significant. Further, the Hosmer and Lemeshow Test value was higher than 0.05, indicating that the model was statistically significant (Tranmer and Elliot, 2008).

The p-values shown in Variable in the Equation (Table 4d), sufficient skills and family support were less than 0.05. Hence, these factors are significant determinants of the

engagement in hybrid entrepreneurship. Other factors didn't show a significant relationship as its p-value is greater than 0.05. Among the factors, sufficient skills recorded the highest beta value ($\text{Exp}(B) = 7.368$).

4.3. Cross Analysis

The study performed cross-tab analysis to identify the hybrid entrepreneurs' engagement preference with respect of their gender, age, income, education, employment status, employment position; business start-up mode, passion and resource acceptance perception. Table 5 illustrates the results of the cross-tab analysis.

Table 5: Cross-tab Analysis

Characteristics		Frequencies (%)	
		Wind up Business	Expand Business
Gender:	Male	17 (58.6)	67 (74.4)
	Female	12 (41.4)	23 (25.6)
Age:	Below 25	8 (27.6)	32 (35.6)
	25-35	8 (27.6)	33 (36.7)
	36-50	6 (20.7)	13 (14.4)
	Above 51	7 (24.1)	12 (13.3)
Income:	Below 50,000	14 (48.3)	41 (45.6)
	50,000-75,000	8 (27.6)	17 (18.9)
	75,000-100,000	2 (6.9)	10 (11.1)
	100,000-125,000	-	12 (13.3)
	Above 125,000	5 (17.2)	10 (11.1)
Education:	O/L	2 (6.9)	3 (3.3)
	A/L	7 (24.1)	36 (40.0)
	Bachelor Degree	16 (55.2)	39 (43.3)
	Master Degree	3 (10.3)	10 (11.1)
	Ph.D	1 (3.4)	2 (2.2)
Employment Status	Full-time	19 (65.5)	56 (62.2)
	Part-time	3 (10.3)	13 (14.4)
	Seasonal	7 (24.2)	21 (23.4)
Employment Position	CEO	2 (6.9)	4 (4.4)
	Senior Manager	6 (20.7)	17 (18.9)
	Executive Officer	8 (27.6)	17 (18.9)
	Operational level	13 (44.8)	52 (57.8)
Business Start-up mode	Start my own business	20 (69.0)	59 (65.6)
	Join to family business	4 (13.8)	7 (7.8)

	Took over the existing business	1 (3.4)	8 (8.9)
	Start business with friends	4 (13.8)	16 (17.8)
Passion	Develop own business idea	4 (13.8)	25 (27.8)
	Test own business idea	2 (6.9)	12 (13.3)
	Work with something I am passionate	8 (27.6)	15 (16.7)
	Enjoy the business	6 (20.7)	7 (7.8)
	Earn extra money	9 (31.0)	31 (34.4)
Resource acceptance perception			
Gain required skills	Yes	24 (82.8)	81 (90.0)
	No	5 (17.2)	9 (10.0)
Received support from family	Yes	17 (58.6)	58 (64.4)
	No	12 (41.4)	32 (35.6)
Received support from employee	Yes	10 (34.5)	35 (38.9)
	No	19 (65.5)	55 (61.1)
Able to get loan from bank	Yes	14 (48.3)	44 (48.9)
	No	15 (51.7)	46 (51.1)

Source: SPSS Outcome

Compared to female hybrid entrepreneurs, male hybrid entrepreneurs' possibility to wind up the business is relatively high. Further,

it is highly disappointing to observe that young hybrid entrepreneurs' (age below 35 years, 55.2%) business wind up intention is significantly high.

Wind up the decision of individuals who obtained bachelor degrees is comparatively high. It seems that full-time employees are struggling to continue their business; might be due to the constrain in time. Moreover, it is worth to notice that 69 per cent of business wind uppers represented the individuals who stated that they engaged in hybrid entrepreneurship to start their own business. Concerning the availability of resources, skilled-full persons (82.8%) and the person received family support (58.6%) are more intended to leave from hybrid entrepreneurship.

5. Discussion and Conclusion

The study on engagement of hybrid entrepreneurship has primarily focused on analyzing the factors behind people to engage in side-businesses while doing a paid job. By relying on the previous studies, the present study has found out that having sufficient skills to start a business and having family support are the major influencing factors to engage in hybrid entrepreneurship. Anyhow, still, the values show a trend

and can get insights from cross tab analysis. It should be noted that these findings are collected from hybrids in Colombo district and these findings may not be applicable to the entire country.

Luc et al. (2018) focused on the backgrounds of hybrid entrepreneurs and examined socio-demographic factors (gender, age, language, marital status, and the number of children) that either help or hinder the advancement of wage-earners go up the entrepreneurial ladder. The study identified that female employees who are having children under the age of eighteen are less likely to climb the entrepreneurial ladder. However, the present study controversially revealed that compared to female hybrid entrepreneurs, male hybrid entrepreneurs' possibility to wind up the business is relatively high. This might be happening due to the important economic role played by female employees in their families.

Solesvik (2017) revealed that all the entrepreneurs do not want to become full-time entrepreneurs and some

enjoy a dual status. According to the collected data, it proves that the majority of the present respondents do not want to become full-time entrepreneurs and instead of that they more focused on expanding their businesses. And the second majority wants to become full-time entrepreneurs. Furthermore, Solesvik mentioned that some of the like to maintain dual status. In the present context, it little bit vary from the previous studies since present data indicates that only a few of them engage inside businesses for the sake of enjoying dual status.

Luc et al. (2018) mentioned that under the age of 44, more individuals tend to engage in businesses while doing business. When it comes to the present study it suggests that more than 50 per cent of individuals are under 35 years. And also, it is getting decreased overage. Since that, it helps to come into the conclusion that younger generations engage in side-businesses in both studies. Moreover, Kritskaya et al. (2017) stated that except for being young as a hybrid, they are highly educated. According to the

present study, collected data shows that most of the hybrids are have a bachelor's degree. And the second majority at least have passed advanced level. Some of them have completed masters too. Up to a certain point, the previous findings and present findings are similar, but after some point of level of education, it starting to decreasing the level of engagement in side-businesses. Only a few of them engage in side-businesses who have masters and PhDs.

Further Kritskaya et al. (2017) cited that hybrids have less human capital. In this point, the present study indicates a different story. More than 75% of individuals have sufficient skills to engage in their business. The present study indicates that male engagement in side-businesses are higher than female engagement in the present context, which is contrary with findings by Kritskaya, indicating that male and female hybrids have same tendency to do a side business while having a job.

Nordstorm et al. (2016) cited that in the long-term passion is less likely to be the main motive of engaging in

side-businesses, but as per the present research data, newly started individuals are more tend to start because of new business development, earning money and passion while long term individuals more likely to doing businesses due to passion and earn money. In the present context having skills to implement, the business activities are taking a vital part in the engagement as a hybrid. Even statistics also indicated that having sufficient skills have a major role when it comes to determining the engagement in side-businesses.

As a developing country, the main motive behind the engagement of hybrid entrepreneurship is to earn extra money while doing a job. Apparently, it indicates for some extent the income that they are having is not sufficient for the living purposes. Anyhow, according to Thorgan et al. (2014), the main motive behind the engage in hybrid entrepreneurship is the ability to do things that they are passionate about. It directly differs from the present studies finding.

Even in the previous scholars' studies, have some contradictions among the studies. Nordstrom et al. (2016) mentioned that who older with the startup are less likely to be driven by passion but Thorgan et al. (2014) mentioned in their study that passion is the main motive behind the individuals who older with their businesses. It suggests that different studies show different results according to a factor. And the present study also differs from that by indicating that the main motive is earning money. Asante (2018) cited that people engage in hybrid entrepreneurship because of the additional income that they get from it. Also mentioned that others are engaging in side-businesses because of passion and individuals use hybrid entrepreneurship as a ladder for the step into full-time entrepreneurship, which is same for the present study too.

In the present study, it also indicates that there is no positive relationship between age and becoming a full-time entrepreneur which is same as the previous studies done by other

scholars. Present data suggest that the intentions of becoming a full-time decline when age level rising.

The present study endeavour to cater clear understanding about hybrid entrepreneurship in Sri Lanka and examine the factors affect to engage in hybrid entrepreneurship in Sri Lanka. According to the findings, the most crucial factor is having sufficient skills to carry out a certain business. Other given factors like demographic factors, main motives and other helpful factors affecting more or less to the engagement of side businesses. It is easily noticeable that the findings of the present study suggest more help from the government to develop the entrepreneurial activities and build a skill-full human asset for the country. Plus, the organizations should help individuals who are struggling rise as entrepreneurs in money and other aspects. After thoroughly examining the results given by respondents will be uploaded to the internet for public knowledge.

5.1. Implications of the Study

When it comes to the findings of the study and the prevailing situation of the country, suggestions are made to enhance the engagement of side businesses in Sri Lanka. By adhering to those suggestions, it will increase the engagement of side businesses eventually. According to the findings of the study having sufficient skills to start a business was the most crucial factor among other factors. There is a tendency that if individuals possess skills to start a particular business, they will start a business while doing a paid job in another organization.

It's the base of a business. To start and continue the business, having the relevant skills are more important than learning it while engaging in the side business. To keep customers satisfied, to increase the market share and give the products or services to full fill the demand, having sufficient skills are a lifesaver. This study did not focus on the skills level of the individuals in a country. Instead of that, this study indicates that having sufficient skills for a business will have more impact on engaging in business. If there is a problem of lack of skills, to overcome

the problem the government should understand that need of implementing sufficient skills development programs in rural level to help the individuals which will positively impact on the engagement of side businesses. In Sri Lanka, there are skills development programs like NVQ. Therefore, the government need to increase the capacity of these institutions and make aware the public about these programs.

In the other hand, people tend to stop their businesses due to tax payments. Government need to introduce new tax benefits to those who are engaging inside-businesses while doing a paid job. May be individuals reluctant to engage in businesses because they have to pay income taxes and tax on profits of their businesses too. Therefore, if the government reduce the taxes on hybrid entrepreneurs it may be an impact on increase the business engagement.

Another important factor that can identify is more than 50% of hybrids are under the age of 35. Therefore, institutions should focus on helping

these age levels individuals to develop their business ideas while having a paid job. Also, the government need to identify the factors affecting individuals of more than 35, which affect not to engage in a side business. In here the government can introduce low-interest-rate loans for funding for individuals more than the age of 35. It will be a relief for the individuals since they cannot easily access to bank loans. Otherwise, it will be a burden if they couldn't repay the money borrowed.

When the levels of education rise among the individuals it shows that for some certain point it increases the engagement. After that point engagement is decreasing. Government and other economic institutions should find out which factors of education may affect this. With a higher level of they tend not to engage in side-businesses. May it because they no longer suffer from financial problems. But as an economy government always need to encourage the individuals to engage in business activities, since more value-added products and foreign income

definitely effect on the growth of GDP.

According to the findings of the present study, low-income earners engagement is higher in side-businesses. It gives the directions for institutions to which individuals should be supported. As mentioned above in a context like this government need to introduce tax relief programs by identifying the low-income generators. As per the findings, there are some individuals who engage in side-businesses because of passion. They do what they like to do as a business. It may be paintings, music, handicrafts, etc. It indicates that there is a tendency that individuals engage in what they like to do. This feels like a mere suggestion. But it will be the most crucial since education systems should change according to this. It means the education system should more focus on widening the educational categories like paintings, music, crafts and mechanics likewise. Therefore, individuals will choose, learn and become experts in what they like to do when they leave the collages.

Some of the individuals engage in side-businesses due to the need to develop their own business. In this case, the government can introduce proper business plan services to newly started businesses and who wants to start a business. It will strengthen the future of businesses.

Financing a business is crucial for a startup. Without having proper funds, they will not be able to buy the required machinery to run the business. According to the findings, it is not easy to get sufficient funds from institutions. Therefore, the government can affect on banks to give loans under low rates of interest for developing those businesses. It will help to the hybrids to financing the business properly.

Furthermore, the government need to introduce this hybrid entrepreneurship concept into the schools. This is a new term for Sri Lanka but it already practising by the individuals. If a term arises as hybrid entrepreneurs, it will be easy to take actions in this area and collect data and do further investigations on the study area.

By increasing the entrepreneurial engagement, the ability to gain

economic development is massive. By looking into these findings, institutions can implement workshops to increase hybrid engagement. Anyhow adapting to these changes by government and other institutions will have an impact on increase the individuals' engagement of side businesses and it will directly affect the economic growth of the country. As a theoretical contribution, the findings of the study have extended the implication of hybrid entrepreneurship literature with regard to the influence of social demographic factors (gender, age, income, education, employment status, employment position, business start-up mode) and individual perception and resource acquisition. The present study is the emerge of a new term called "Hybrid Entrepreneurs" in the Sri Lankan context and make aware of the public. The society will learn about this term that it is conducted in developed countries and they will try to do the same in here in Sri Lanka and it will increase the well-being of the society as a whole due to they focus on more innovations.

5.2. *Further Research suggestions*

The present study was designed to identify the factors affecting individuals to engage in hybrid entrepreneurship while having a paid job in another organization based on the study methods of prior studies. There may be factors which are not considered as factors affecting the current research topic. Still, those unconsidered factors may have a high impact on the subject. Then it is highly recommending to go beyond the present study's factors, find out about other factors which affecting on Hybrid entrepreneurship. Colombo city is one of the main cities in Sri Lanka. Still, these findings cannot be applicable to the country as a whole. Therefore, further studies should cover more geographical area of the country. Surely those findings will differ from area to area. Some of these findings are too personal factors. Therefore, the results will be changed in other provinces. It is worth considering the whole country and conducts the study in a massive way.

5.3. Conclusion

At a rapid pace of changing, Sri Lanka should more focus on developing the engagement of hybrid entrepreneurs inside-businesses as a developing country. Sri Lanka government and other relevant institutions who can effect on entrepreneurship engagement must take crucial steps for the development of this particular area. When it comes to the Colombo city, findings indicate that more than 75% of individuals who are questioned are engaging in side-businesses while having paid employment. Due to the rapidly rising product prices and inflation rates, individuals tend to engage in side-businesses to earn more income for full fill their life dreams and live a good life. In developing countries, most of the individuals engage in side-businesses because they like to engage in areas which have their preferences. Therefore, it directly different from the developing context.

Hence, there is a need that government and other institutions should be aware of the factors affecting the side business engagement. It's the only way to enhance the facilities for

entrepreneurs and increase the entrepreneurial activities in the country.

By relying on these findings government and other institutions can make wise decisions to increase the positive effect on those found factors and make a favourable condition for the hybrid entrepreneurs. By helping those individuals who need to rise as entrepreneurs, it will make economic growth as well as, there will be rising organizations like Apple.Inc, Microsoft in the near future. Individuals need to start in a very small way to achieve bigger success. Therefore, the right path to start is from hybrid entrepreneurship. Sri Lanka can achieve higher rates of entrepreneurs by making the environment favourable for the hybrids, sine those hybrids become full-time entrepreneurs in the near future. It is expected that future studies will be done on the hybrid entrepreneurship by avoiding the limitations arises on the previous studies. Further studies in hybrid entrepreneurship will open new ways to identify the advanced behaviour patterns of the entrepreneurs and use

those findings in a proper way to achieve the economic success in the

individual and international level as a developing nation.

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**Obstacles for Growth of Small Businesses in Sri Lanka.
(With Special Reference to the Colombo District)**

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ABSTRACT

Small businesses play an important role in the development of an economy and are identified as the backbone or the engine of an economy as it contributes to the economic development by providing new employment opportunities, promoting innovations, reducing regional divergence and many more ways. Although small businesses play a crucial role, the failure rate of small businesses is comparatively high in Sri Lanka. Therefore, this study aims to identify the obstacles for the growth of small businesses in the Colombo district, Sri Lanka. The scope of this research is the small businesses in Sri Lanka and the finding of this research will confine to the small businesses particularly in Colombo District, Sri Lanka and may partially applicable to small businesses all around the globe. Data were collected through a

self-administrated questionnaire which was built based on literature. A sample of 375 small businesses was drawn from the registered small businesses in the Colombo District. Under this study, four main factors that act as obstacles for the growth of small businesses were tested among the many obstacles that a business might face in its operations. The findings indicate that there is a negative relationship between the independent variables; lack of finance, market challenges, regulatory issues, lack of infrastructure and the dependent variable; small business growth. This implies that these factors act as barriers for growth of small businesses in Colombo District, Sri Lanka.

Keywords

lack of finance, market challenges, regulatory issues, lack of infrastructure, small business growth

1. Introduction

Along with the development of entrepreneurship and with the dissemination of entrepreneurial knowledge, many people have started their ventures even on a small scale due to the need to be independent, and to stand unique in society (Doern, 2009). Small businesses are identified as the heart of an economy (Ng & Kee, 2017) due to the vital contribution for the economic development, job creation and general health and welfare of the economy. Like in any other country, in Sri Lanka too small businesses play a crucial role in the development of the country's

economy. This is considered as the ideal platform for the country to remove poverty and reduce inequality. According to the National Policy Framework for SME development (2017), SMEs account for more than 45% of the employment in the country. Their contribution to the country's Gross Domestic Production (GDP) is over 52%. Even though, SME plays a crucial role there are obstacles that hinder the growth of these firms.

According to Amaradiwakara (2016), about 80% of small and medium enterprises fail at the growth stage due to their inability to cope with the

dynamic environmental changes. Only around 20% of the businesses survive through the first five years after commencement (Priyadharsan & Lakshika, 2012). Therefore, this study's preliminary focus is to analyse the effect of obstacles for growth, faced by small enterprises in Sri Lanka with special reference to Colombo District.

2. Literature Review

2.1. Small and Medium Enterprises (SMEs)

The definition of SMEs changes from country to country based on different dimensions (Quader & Abdullah, 2009). The definition of an SME has evolved over time and at present, different institutions have forwarded different definitions with regard to SMEs. According to the information gathered by the survey done by the Department of Census and Statistics in 2013/14, Small and medium enterprises are identified based on the number of persons actively engaged in an economic activity either paid or self-employed and if the number of employees is between 1 and 24 it is identified as a small business.

2.2. Growth of Small Businesses

Growth is a dynamic process and it's not just the increase in size. It also encompasses development and change within the organization and changes in the way the organization interacts with its external environment. According to Gunatilake (2016), different measures of profitability such as absolute profitability, profitability per employee, profitability as a percentage of turnover, and percentage change in profitability can be used to measure the growth of small businesses.

2.3. 2.3 Obstacles for Growth

2.3.1. 2.3.1 Lack of Finance

Financial obstacles are financial barriers that hinder the growth of a small business and is identified as the unavailability of finance to grow the business. According to Olawale & Garwe (2010), lack of access to finance is the main financial obstacle faced by small businesses. Lack of financial support from the

government, difficulties in getting business loans, lack of sufficient collaterals to secure bank loans, and the lack of money to operate the business comes under financial obstacles.

2.3.2. Market Challenges

Market challenges are different obstacles or barriers that the market or industry an enterprise exists put forward in the course of running the business. Studies done by Olawale & Garwe (2010) and Gill & Mand (2013) highlight that market challenges hinder the growth of small businesses.

2.3.3. Regulatory Issues

Regulatory issues are barriers that an organization faces due to adherence to law and regulations put forward by the government (Gill & Mand, 2013). Robson & Obeng (2008) engaged in a study of small businesses in Ghana and identified that regulatory issues affect the growth of small businesses negatively and that high taxes, high licensing / registration fees, red tape challenges, and corruption composes regulatory issues.

2.3.4. Lack of Infrastructure

Infrastructure refers to the physical utilities that an organization needs to operate or engage in its daily operations. According to Robson & Obeng (2008), the infrastructure of an organization plays a critical role in determining the success as well as the growth of the business.

3. Methodology

The main focus of the research study was to find out what are the obstacles for the growth of small businesses in Sri Lanka with special reference to the Colombo District. Robson & Obeng (2008) model was used in this study.

The independent variables are; Lack of Finance, Market Challenges, Regulatory Issues, and Lack of Infrastructure, whereas the dependent variable, is the Small Business Growth.

The formulated hypothesis are as follows;

H1: There is a relationship between the lack of finance and the growth of small businesses

H2: There is a relationship between market challenges and the growth of small businesses

H3: There is a relationship between regulatory issues and the growth of small businesses

H4: There is a relationship between the lack of infrastructure and the growth of small businesses

3.1. Research Method

The population for this study has been identified as 14,670 registered small businesses in the Colombo District. (Economic Census 2013/14). The calculated sample size is 375 small businesses and the unit of analysis in this study is an individual small business.

Convenient sampling which is a form of non-probability sampling is used in this study due to the absence of a sample frame.

4. Results and Discussions

4.1. Data Analysis

A test of normality was carried out in order to identify the significance and

Kolmogorov Smirnov test was used. According to the test, the p-values of the variables were lower than the recommended value of 0.05, thereby indicating that the data set is not normal. Therefore, nonparametric tests were used in this study by the researcher.

Further, the KMO and Bartlett's Test was used by the researcher to check the validity of the dataset. Accordingly, the KMO value of the data set is 0.836, which represented that the sample is adequate and the significance is 0.000 which is lower than 0.05 and thus, it depicted that the factor analysis is useful. The reliability of the data was analysed through Cronbach's Alpha value which exceeded 0.7 for all factors

4.2. Correlation

Since it was established that the data is not normally distributed, Spearman correlation was used by the researcher in this study in order to identify the strength of relationships between two variables.

The below table depicts the correlation between lack of finance (LOF) and small business growth

(SBG). It shows a value of -0.402, which implies that there a negative relationship between the two variables, lack of finance and small business growth.

Table 0.1: Correlation for LOF

		Lack of finance	Small business growth
Lack of finance	Spearman correlation	1	-0.402**
	Sig. (2-tailed)		.000
	N	336	336
Small business growth	Spearman correlation	-0.402**	1
	Sig. (2-tailed)	.000	
	N	336	336

** Correlation is significant at the 0.01 level (2-tailed)

Source: Compiled by the author, based on results generated by SPSS

The correlation between market challenges (MC) and small business growth (SBG) is presented in the table below. It depicts the value of -0.323. The significance value is less than

0.001. Accordingly, it can be concluded that there is a negative relationship between market challenges and small business growth.

Table 0.2: Correlation for MC

		Market challenges	Small business growth
Market challenges	Spearman correlation	1	-0.323**

		Sig. (2-tailed)	.000
		N	336
Small business growth	Spearman	-0.323**	1
	correlation		
		Sig. (2-tailed)	.000
		N	336

** Correlation is significant at the 0.01 level (2-tailed)

Source: Compiled by the author, based on results generated by SPSS

The below table depicts the correlation between regulatory issues (RI) and small business growth (SBG). It denotes a value of -0.291, which

implies that there is a negative relationship between the two variables, regulatory issues and small business growth.

Table 0.3: Correlation for RI

		Regulatory issues	Small business growth
Regulatory issues	Spearman	1	-0.291**
	correlation		
		Sig. (2-tailed)	.000
		N	336
Small business growth	Spearman	-0.291**	1
	correlation		
		Sig. (2-tailed)	.000
		N	336

** Correlation is significant at the 0.01 level (2-tailed)

Source: Compiled by the author, based on results generated by SPSS

The correlation between the lack of infrastructure (INF) and small business growth (SBG) is presented in the below table. It shows a correlation value of -0.403, and the significance

(p-value) is less than 0.001. Accordingly, it represents a negative relationship between the two variables, lack of infrastructure and small business growth.

Table 0.4: Correlation for INF

		Lack of infrastructure	Small business growth
Lack of infrastructure	Spearman correlation	1	-0.403**
	Sig. (2-tailed)		.000
	N	336	336
Small business growth	Spearman correlation	-0.403**	1
	Sig. (2-tailed)	.000	
	N	336	336

** Correlation is significant at the 0.01 level (2-tailed)

Source: Compiled by the author, based on results generated by SPSS

As depicted in the above tables, small business growth (SBG) is negatively correlated with lack of finance, market challenges, regulatory issues, and lack of infrastructure. This means that the independent variables negatively impact on the growth of small businesses. The above can be summarized as follows;

- H1:** There is a relationship between LOF and SBG - Accepted*
- H2:** There is a relationship between MC and SBG - Accepted*
- H3:** There is a relationship between RI and SBG - Accepted*
- H4:** There is a relationship between INF and SBG - Accepted*

4.3 Discussion

The findings of the study have indicated issues that need immediate attention in order to uplift small businesses as they act as the engine of economic growth by providing employment opportunities, promoting entrepreneurship, and innovativeness. Through the analysis, it was identified that a lack of finance acts as a major barrier to the growth of small businesses. Among the constructs used, difficulty to obtain loans from banks was highlighted. According to Olawale and Garwe (2010), small businesses should be able to produce business plans that forecast their financial requirements and should be able to demonstrate the sustainability of it in order to secure debt finance. It is essential that small business owners are given such knowledge on how to prepare a business plan. This can be done by the government along with private-sector collaborations through agencies such as National Enterprise Development Authority (NEDA), Small Enterprises Development (SED), Industrial Technology Institute (ITI), Industrial Development Board

(IDB), and International Development Association (IDA). This will help to enhance entrepreneurial knowledge and skills and also will help them to secure debt finance. Furthermore, the government can give interest-free or low-interest loans and also grants to small business owners in order to develop their businesses which will help the owners to lower their debt burden (Olawale and Garwe, 2010).

Also, the government can provide tax incentives in favour of small businesses. This would give rise to healthy tax payments as well as it would benefit for new venture creation and development. Corruption in the public sector must be dealt with decisively (Wang, 2016). It is beneficial to the growth and sustenance of small businesses to have reforms in the regulatory environment in order to reduce lengthy procedures in registering a business.

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**The Impact of Ethical Fashion on Consumer Purchase
Intention of the Undergraduates:
With Special Reference to Faculty of Management Studies
and Commerce, University of Sri Jayewardenepura,
Sri Lanka**

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ABSTRACT

The basic human need of clothing has now evolved into the concept of fashion, and it keeps developing further into significant niches such as ethical fashion. The growing concerns on ethical fashion have exhibited a vast impact on consumer purchase intentions, especially of young consumers. This research was conducted with the main objective to assess the impact of ethical fashion on consumer purchase intention of undergraduates of the Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. It has been observed that fashion consumers prefer or reject certain products depending on the ethical considerations, beliefs and attitudes they hold on regarding that specific brand or product, which paved the path to constructing this research study. The research coverage areas include three aspects of ethical fashion, namely cruelty-free, fair trade and eco-friendly and their individual

and collective impact on consumer purchase intention. Data were collected through a structured questionnaire that was administrated online to the sample of undergraduates. The findings suggested that there is an overall positive impact of ethical fashion on consumer purchase intention which is exhibited through their willingness to pay a premium and choosing of ethical brands and products over others now and in future. Further statistical analysis is done through tests of correlation and regression and those provided insight into individual variable relationship and impact with the purchase intention of the undergraduates. Based on the results of the study, it can be stated that both businesses and consumers should pay greater attention to ethical fashion, as it has a significant effect on the direction that the fashion industry would take in the future.

Keywords

Ethical fashion, consumer purchase intention, cruelty-free, fair trade

1. Introduction

Fashion has been a major topic of discussion in research studies and has been approached through many different perspectives. With the evolvement of fashion into concepts such as “ethical fashion”, which changed the existing ideologies of fashion, so did the research approaches as well. As summarized in (Pollari, 2016), ethical fashion issues that were commonly and frequently identified through past research studies are mainly of three types. Issues of fair trade, labour exploitation and child labour have been the most

researched area regarding ethical fashion. Next, related environmental issues of ethical fashion have been studied and this has been studied together with fair trade issues to work out the values of both consumers and suppliers. Recently, the focus of ethical fashion related research studies have shifted to a new spectrum; cruelty-free (Carrigan et al., 2004; Pollari, 2016). Those research studies aim to bring out the animal cruelty in the fashion industry and the consumer demand for cruelty-free products.

The research studies that studied the relationship with regards to consumer

purchase behaviour have contributed to building a thorough understanding of that perspective. For example, in Shen et al., (2012), it has been claimed that consumers show their support by purchasing from a business that they perceive as environmentally responsible and believed to be using fair labour. Further, fashion related research studies have been able to prove that ensuring animal rights and use of cruelty-free materials in fashion products is a highly motivating factor for consumers to purchase those products (Sheehan and Lee, 2014)

This research study concentrated on a three-way approach to understanding the effect of ethical conduct in supply chains on the consumers' purchase intentions. Those three dimensions are namely; cruelty-free, fair trade and eco-friendly. Consumer purchase intentions have been studied on ethical fashion by many past researchers but, in the Sri Lankan context, those types of studies are very few in numbers. According to past studies, it is more productive to observe consumer purchase intentions through younger generations because they become future consumers (Ma et al., 2012).

Further, each aspect's span was defined separately as follows. Cruelty-free is not using animal materials as inputs in products and avoiding any kind of animal cruelty while confirming animal welfare. Fairtrade is not using sweatshop labour and child labour for production processes while avoiding price masking on products. Eco-friendly is using environmentally friendly material inputs and the extent to which the features of the product align with the respondent's personal eco-friendly practices.

In this paper, first, a brief introduction to the study is given, which is then followed by a literature review. Thereafter, the methodology aspect of the study is discussed and the discussion moves on to the results of the study. Finally, the conclusion is presented.

2. Literature Review

Since this study aims to contribute to explain the consumer purchase intention on ethical fashion through the two main driving factors of intention; beliefs and attitudes, the

theoretical adaptation follows Ajzen's Theory of Planned Behaviour (TPB). According to that theory, consumer purchase behaviour can be derived by identifying consumer purchase intentions. The TPB has been the basic foundation of many previous research studies that were aimed at determining the relationship between consumer purchase behaviour and ethical fashion (Shen et al., 2012; Favier, 2013; Oh and Yoon, 2014a; Pollari, 2016; Hegner, Fenko and Teravest, 2017) and therefore it essentially sets up the fundamental framework for this study.

Fashion, when taken as a concept has multiple meanings and therefore it is difficult to identify a single unambiguous definition. According to Aspers and Godart, (2013), fashion has two implications; either a change or a dress. A change designates that fashion, as a concept it continuously evolving where the old concepts and creations are being replaced by new ones. On the other hand, a dress indicates that the term "fashion" is used in place of clothing. Accordingly, fashion is a concept closely related with human's day to day life that

keeps evolving and changing since its origin and it comprises of sub-concepts such as clothing, trends, personal statements and styles (Chan and Wong, 2012; Favier, 2013; Pollari, 2016).

The growth in the fashion industry have made fashion evolve into an "ethical" aspect, because of the increasing number of the ethical issues that began to rise along with the globalization of the industry (Pollari, 2016). In the present context, ethical issues can be observed in each and every stage of a value chain and include a multiplicity of concerns related to the environment, people, animals and society that are being committed by manufacturers, wholesalers, retailers and consumers both knowingly and unknowingly (Shaw et al., 2006). Drawing on the ethical and fashion consumption literature, there are some common variables that are discussed in relation to ethical fashion, for example, Joergens, (2006) has defined ethical fashion as clothing that is manufactured with using fair paid labour in factories where there are measures taken to minimize the

adverse effect of the process on the environment. Furthermore, ethical fashion is elaborated as “fashion with a conscience” as it concerns worker conditions and natural environment. Accordingly, from the view of the industry, ethical fashion focuses on two major factors; manufacturing in eco-friendly manners and using non-sweatshop labour.

Environmental friendly clothing options are a part of ethical fashion and those are free of chemicals and materials that are harmful to the environment (Stanforth et al., 2010). It also includes clothing made of sustainable materials such as recycled plastics, hemp or bamboo. Fair-trade or the concerned fashion on human side aims to achieve better working conditions, wages and improved rights to all the humans involved in the fashion supply chain (Carey and Cervellon, 2014).

In the field of fashion, the common ideas associated provides that the fashion product has not contributed to causing any kind of distress or harm to any animal in its process of manufacturing (Potts, White and Hons, 2007; Sheehan and Lee, 2014).

Additionally, Reimers, Magnuson and Chao, (2016) have provided that cruelty-free includes its opposite positive action; ensuring animal welfare by means of CSR where both consumers and industry contribute to ensuring that animal rights are protected, animals are given better chances at life and animals that have been affected for the sake of fashion are well taken care of.

The fashion industry’s main social concerns comprise of “forced labour, low wages, excessive hours of work, discrimination, health and safety hazards, psychological and physical abuse, lack of awareness of workers’ rights, and lack of worker representation for negotiations with management” (Kozar and Hiller Connell, 2013). Ethical fashion identifies environmental harm and unfair conditions for the ones involved in the production (humans and animals); as the two major concerns that need immediate attention in today’s world.

Ethical consumer behaviour, which is led by the intention can present in various terms, for example as boycotting unethical products or

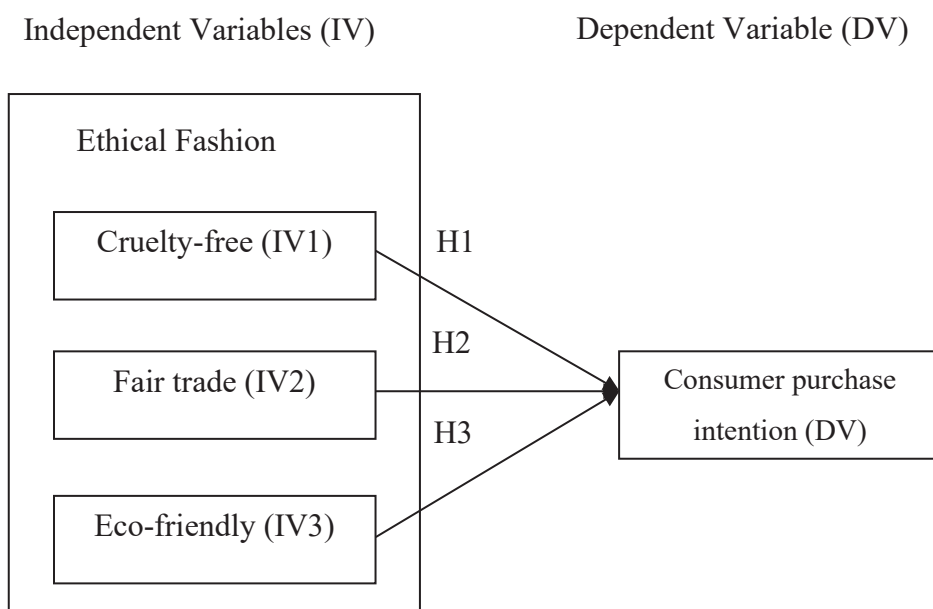
brands or as positive purchasing which means favouring products or brands manufactured and marketed ethically, based on the key assumption that taking on ethical purchase intention is the conviction that an individual consumer can and have the ability make a substantial divergence (Pollari, 2016). Basically, consumption in this circumstance is backed by an ethical-moral responsibility to purchase ethically, even when the consumer is not gaining any special personal advantage by doing so, other than the feeling of moral satisfaction (Shaw and Shiu, 2003). A similar idea was presented by Sheehan and Lee (2014), as ethical consumers make their buying decisions by making their acknowledged ethical commitment and their delicate values about what is

right or wrong as the foundation since ethical issues time and again are an imperative part of their self-identity.

3. Methodology

Based on thorough literature review the following dimensions were recognized as the most important aspects of ethical fashion to be taken into consideration. Ethical Fashion is the independent variable with three dimensions; cruelty- free, Fairtrade and eco-friendly. These three factors were considered as the independent variables. The dependent variable of the research was the consumer purchase intention of undergraduates of Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. Accordingly, the developed conceptual framework is as follows.

Figure 1 Conceptual framework



Source: Constructed by Authors

The followings were the tested hypotheses of the study in order to find out the relationship between ethical fashion and consumer purchase behaviour.

H1: There is an impact of a fashion product being cruelty-free on consumer purchase intention

H2: There is an impact of a fashion product being fair-traded on consumer purchase intention

H3: There is an impact of a fashion product being eco-friendly and consumer purchase intention

The population selected for this study is the undergraduates of the Faculty of Management Studies and Commerce (FMSC) of University of Sri Jayewardenepura (USJ) which is 4889 in number. This population is targeted because According to Joergens, (2006) “young consumers will be the next generation of ethical consumers. Mirza, (2004) and on the other hand, this consumer group shows more interest in fashion than older consumers, they are a group who could really make a difference by

forcing retailers and brands to take action.”

The sample unit of analysis is the student of FMSC, USJ. Random sampling method for the quantitative analysis of the study was used in order to ensure enough representation of the overall population. Based on the literature, Sekaran, (2012) sample size guide, the sample size was taken to be 357 individual undergraduates from the population.

The empirical analysis involved the following three steps: questionnaire design, pilot testing and the sampling and data collection. The instrument used to gather data for this research study was a self-administrated structured questionnaire. The questionnaire consisted of three main parts and five sections within those, namely; Part One - Section A: Background Information, Part Two – Ethical fashion- Section B: Cruelty-free, Section C: Fairtrade, Section D: Eco-friendly, Part Three – Consumer purchase intention and Section E: Consumer purchase intention

Respondents were asked to rate the degree of their agreement. A five-point Likert-scale was used, in which “1” represented “strongly disagree” and “5” represented “strongly agree.” After constructing the questionnaire, 35 participants were involved in a pilot test to guard against obtaining invalid or irrelevant data. A total of 35 sets of data were collected from the completed questionnaires and analyzed, and the results were highly desirable. The pilot test data were analyzed using reliability tests (Cronbach’s alpha), correlation analysis and a regression test. All of the internal reliability estimate results were larger than 0.7. Therefore, the pilot test had high internal reliability and consistency. The process and results of the pilot testing confirmed the reliability of the research instrument.

Data collection was done through the self-administrated structured questionnaire, which was a Google form made online and the link for the form was distributed online to the sample. After 357 responses were collected, the “accepting responses” option on the form was closed. The

following table depicts the numbers on data collection.

Table 1. Data collection

Descriptions	Number
Sample size	357
Responses received	357
Invalid responses	47
Usable survey	310
Percentage response rate	85%

Source: Compiled by the authors based on data generated by SPSS version 23.0

4. Results and Discussion

The process of data analysis included numerous steps from data screening to regression analysis. Except for the background information, all other variables were tested through the following procedures.

The screening of outliers, normality and multivariate assumptions techniques was done initially. This study uses multiple regression analysis methods to evaluate linearity. Multicollinearity examines through tolerance value and the variance inflation factor (VIF- the inverse of

the tolerance value) using multiple regression procedure. The tolerance value does not exceed the common cutoff points .1 and VIF values are less than 5. Hence, multicollinearity was not a problem.

This study considers six demographic factors and given below is a detailed description of the respondents' profile of the study.

Table 2 Respondents profile

Vari able	Category	Range	Freque ncy	Perce ntage
BI1	Gender	1. female	173	55.8
		2. Male	137	44.2
BI2	Age	1. 19-21	61	19.7
		2. 22-24	245	79
		3.25-27	4	1.3
BI3	Academic year	1. first-year	81	26.1
		2. second-year	79	25.52
		3. third-year	84	27.1
		4. fourth year	66	21.3
BI4	How do you get money to do fashion purchases?	1. self-earned	98	31.6
		2. from parents/caretakers	204	65.8
		3. other	8	2.6
BI5	How much do you spend on fashion purchases within a year? (LKR)	1. <5000	17	5.5
		2.5000-10000	165	53.2
		3.>10001	128	41.3
BI6	How often do you make fashion purchases within a year?	1. < 5 times	84	27.1
		2. 5-10 times	163	52.6
		3. >10 times	63	20.3

Source: Compiled by the authors based on data generated by SPSS version 23.0

Three main areas were focused on when obtaining descriptive statistics for the independent and dependent variables of the study. To measure the central tendency, mean and median values were considered. Dispersion of the data set was measured by

maximum, minimum, range, variance and standard deviation values. Nature of the distribution was assessed through measures of skewness and kurtosis. Further, interquartile values were also considered.

Table 3 Descriptive statistics

Variable/ Dimension		CF		FT		EF		CI	
		Statistic	Std. error	Statistic	Std. error	Statistic	Std. error	Statistic	Std. error
Mean		4.4054	0.02465	4.1430	0.02661	4.2124	0.02342	4.2319	0.02231
95% confidence interval for mean	Lower bound	4.3569		4.0907		4.16663		4.1880	
	Upper bound	4.4539		4.1954		4.2585		4.2758	
5% trimmed mean		4.4516		4.1697		4.2413		4.2507	
Median		4.5000		4.3333		4.3333		4.3333	
Variance		0.188		0.220		0.170		0.154	
Std. deviation		0.43408		0.46851		0.41238		0.39274	
Minimum		2.17		2.17		3.00		3.22	
Maximum		5.00		5.00		5.00		5.00	
Range		2.83		2.83		2.00		1.78	
Interquartile range		0.38		0.67		0.50		0.56	
Skewness		-1.949		-1.052		-0.847		-0.676	
Kurtosis		4.721		1.387		0.445		-0.199	

Source: Compiled by the authors based on data generated by SPSS version 23.0

Since the independent variable ethical fashion and dependent variable consumer purchase intention showed a strong positive relationship, a regression analysis was conducted to examine the impact of the independent variable on the

dependent variable. The following section elaborates its results.

Table:4 Regression Model summary

Model Summary^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.672 ^a	.451	.446	.29239	.451	83.840	3	306	.000	1.687

a. Predictors: (Constant), Eco-friendly , Fair trade, Cruelty-free

b. Dependent Variable: Consumer Purchase Intention

Source: Compiled by the authors based on data generated by SPSS version 23.0

According to the table 4, the value of R square is 0.451 meaning that 45.1% of the variation of the dependent variable (consumer purchase intention) can be explained by the three independent

variables (cruelty-free, fair trade and eco-friendly).

Further, the Durbin – Watson test value is 1.687 which is closer to 2, thus indicating that there is no autocorrelation.

Table 5 ANOVA

ANOVA^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.502	3	7.167	83.840	.000 ^a
	Residual	26.160	306	.085		

Total	47.662	309
a. Predictors: (Constant), Eco-friendly , Fair trade, Cruelty-free		
b. Dependent Variable: Consumer Purchase Intention		

Source: Compiled by the authors based on data generated by SPSS version 23.0

The F value and p-value (sig.) shown in the above table 5, provides further ground to prove the impact of the independent variables on the dependent variable. The p-value is less than 0.001 and the F value is greater

than the p-value. Thus, consumer purchase intention (dependent variable) depends on the sum of the three independent variables (cruelty-free, fair trade and eco-friendly); ethical fashion.

Table 6 Coefficients

Coefficients ^a									
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	1.273	.194		6.548	.000	.890	1.655		
Cruelty-Free	.354	.050	.392	7.091	.000	.256	.453	.588	1.700
Fair trade	-.034	.044	-.041	-.766	.445	-.121	.053	.640	1.562
Eco friendly	.365	.055	.384	6.695	.000	.258	.473	.546	1.831

a. Dependent Variable: Consumer Purchase Intention

Source: Compiled by the authors based on data generated by SPSS version 23.0

Based on the data provided in table 6, the regression equation can be developed as,

$$\text{Consumer purchase intention} = 1.273 + 0.354 \text{ Cruelty-free} - 0.034 \text{ Fairtrade} + 0.365 \text{ Eco-friendly}$$

The p-value for beliefs and attitudes on fair trade fashion is 0.445, hence implying that beliefs and attitudes on fair trade fashion are not a significant predictor of consumer purchase intention of undergraduates. The p-values for the other two independent variables are less than 0.05, indicating that those are significant predictors of consumer purchase intention.

Thus, for every unit increase in beliefs and attitudes about cruelty-free fashion, consumer purchase intention of undergraduates will go up by 0.354, provided that the other two variables; beliefs and attitudes on fair trade fashion and eco-friendly fashion remain unchanged. Similarly, for every unit increase in beliefs and attitudes about eco-friendly fashion, consumer purchase intention of undergraduates will go up by 0.365, provided that the other two variables; beliefs and attitudes on fair trade fashion and cruelty-free fashion

remain unchanged. On the contrary, for every unit increase in beliefs and attitudes about fair trade fashion, consumer purchase intention will drop by 0.034, provided that the other two variables; beliefs and attitudes on cruelty-free fashion and eco-friendly fashion of undergraduates remain unchanged. But this impact is not significant as the p-value is higher than 0.05.

The 95% confidence interval for cruelty-free and eco-friendly variables are (0.256-0.453) and (0.258-0.473) respectively. The value of 0 does not fall within those intervals, again indicating that those are significant predictors. But, the 95% confidence interval for fair trade is (-0.121-0.053), within which the value 0 falls. It again confirms that fair trade variable is not a significant predictor of consumer purchase intention of the undergraduates.

5. Conclusion

The first research objective was to understand the impact of cruelty-free fashion on consumer intention. There was a positive association between the

independent variable CF and dependent variable CI. It implies that when beliefs and attitudes on cruelty fashion increase, so do the consumer purchase intention of undergraduates. The correlation value for CF was 0.604 which is greater than 0.3. The significance of the p-value was less than 0.001. Thus, it can be said that the two variables covary in the same direction, indicating a statistically significant positive relationship between cruelty-free fashion and consumer purchase intention. The results of the regression analysis provided a beta value of 0.354 with a significance value (p-value) of 0.000, implying that the impact of CF on CI is significant and for every unit increase in beliefs and attitudes about cruelty-free fashion, consumer purchase intention of undergraduates will go up by 0.354, provided that the other two variables; beliefs and attitudes on fair trade fashion and eco-friendly fashion remain unchanged. Above mentioned findings provide evidence to say that undergraduates, as consumers are concerned about a cruelty-free factor of fashion items and the positive beliefs and attitudes

they have on cruelty-free fashion, have led to exhibit that concern through their purchase intentions as the willingness to pay a premium, choosing cruelty-free brands and fashion over other fashion options now and in future. Hence, the objective is achieved through the acceptance of the hypothesis;

H1: There is an impact of a fashion product being cruelty-free on consumer purchase intention.

The same impact was found through the studies of Joergens, (2006); Sheehan and Lee, (2014) and Pollari, (2016)

The second objective of this study was to find out the impact of fair trade fashion on consumer intention. The impact of the independent variable FT on dependent variable CI is positive. It indicates that when the beliefs and attitudes on fair trade fashion increase, consumer purchase intention of undergraduates increases. The correlation value for FT was 0.375 which is greater than 0.3. The significance of the p-value was less than 0.001. Thus, it can be said that the

two variables covary in the same direction, indicating a statistically significant positive relationship between fair trade and consumer purchase intention. The results of the regression analysis provided a beta value of -0.034 with a significance value (p-value) of 0.455, implying that the impact of FT on CI is not significant. This implies that even though the beliefs and attitudes on fair trade fashion exist among undergraduates, the degree to which that beliefs and attitudes impact on their consumer purchase intention is insignificant. One of the reasons that might be behind this phenomenon is that in Sri Lankan culture, the perspective on the apparel industry and the treatment of workers in the industry are often viewed in a negative manner despite the real situation. Therefore, the majority of people have negative beliefs and attitudes on the fair-trade aspect of fashion. Hence, the objective is achieved through the rejection of the hypothesis;

H1: There is an impact of a fashion product being fair-traded on consumer purchase intention.

The same impact was found through the studies of Pelsmacker, Janssens and Mielants, (2005) and Shaw *et al.*, (2006).

The third objective of this study was to discover the impact of eco-friendly fashion on consumer purchase intention. There is a positive impact of the independent variable EF on the dependent variable CI. It implies that when beliefs and attitudes on eco-friendly fashion increase, so do the consumer purchase intention of undergraduates. The correlation value for EF was 0.599. The significance of the p-value was less than 0.001. Thus it can be said that the two variables covary in the same direction, indicating a statistically significant positive relationship between eco-friendly fashion and consumer purchase intention. The results of the regression analysis provided a beta value of 0.356 with a significance value (p-value) of 0.000, which is less than 0.05, implying that the impact of EF on CI is significant and for every unit increase in beliefs and attitudes about cruelty-free fashion, consumer purchase intention of undergraduates

will go up by 0.356, provided that the other two variables; beliefs and attitudes on fair trade fashion and cruelty fashion remain unchanged.

Above mentioned findings provide evidence to say that undergraduates, as consumers are concerned about an eco-friendly factor of fashion items and the positive beliefs and attitudes they have on eco-friendly fashion, have led to exhibit that concern through their purchase intentions as the willingness to pay a premium, choosing cruelty-free brands and fashion over other fashion options now and in future. Hence, the objective is achieved through the acceptance of the hypothesis;

H1: There is an impact of a fashion product being eco-friendly on consumer purchase intention.

The same impact was found through the studies of Wang, (2010), Kozar

and Hiller Connell, (2013) and Gwozdz, Nielsen and Müller, (2017)

6. Limitations and Suggestions for Future Research

The study population of this study was limited to the undergraduates of the Faculty of Management Studies and Commerce, the University of Sri Jayewardenepura., which limits the overall applicability of the findings to other consumer populations. Therefore, the study population should be widened to include a variety of consumer groups. Furthermore, this study used only a structured questionnaire to collect the data. More reliable, diverse and valid data can be collected through other methods such as interviews, observations etc. Moreover, only three concepts of ethical fashion were evaluated in this study. But more variables can be added and their impacts can be studied in the future

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Entrepreneurial Innovation: A Resilience Strategy

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ABSTRACT

The paper explored the effect of entrepreneurial innovation on firm resilience in selected Nigerian hospitality firms using a cross-sectional survey. Twenty hotels that are registered with the Enugu State Ministry of Culture and

Tourism were surveyed with a simple random sampling technique. The demographic profiles were analyzed using frequency distribution and linear regression was employed to analyze the formulated hypotheses. The study found that entrepreneurial innovation dimensions have a positive significant effect on situation awareness and adaptability. It was concluded that entrepreneurial innovation measured in terms of service innovation and marketing innovation enhances the resilience capacity of hospitality firms through situation awareness and adaptability. The implication of this study is that entrepreneurs in both hospitality and service-oriented sectors should embrace innovation in service delivery to their esteemed customers to enhance their resilience capacity.

Keywords:

Entrepreneurial innovation, resilience, service innovation, marketing innovation, adaptability, situation awareness.

1. Introduction

Entrepreneurial innovation is a major issue that is attracting the attention of researchers and business practitioners across the globe due to its significance on economic advancement. Entrepreneurial innovation is the lubricant that pilots the wheels of every country's economy through the discovery of new products and services quite apart from

inventions. Thus the quest for new opportunities has prompted both new and existing firms to configure and re-configure its structures so as survive in the competitive business environment. It is based on this premise that entrepreneurs employ innovation that gives them an edge over their rivals in the same or different industry. Innovation is the key to the economic development of any country or firm (Hisrich,

Peters & Shepherd, 2005, p.20). Whenever there is a change in technology, entrepreneurs strive to change towards the new order so as to maintain relevance in the society by providing quality services to the customers. It has been shown that as technology shifts, old product decreases in sales while old firms' ceases to exist (Hisrich, Peters & Shepherd, 2005, p.35). Therefore, entrepreneurial innovation has advanced the course of many firms to embark on new product breakthroughs that will change the lives of individuals in society (Tsvetkova, Thill & Strumsky, 2014, p.665). Sarooghi, Libaers and Burkemper (2015, p.726) argued that entrepreneurial innovation is a tool for unlocking opportunities that will transform the fortune of an enterprise. Aligning with the above submission, Robson, Haugh and Obeng (2009, p.342) contended that entrepreneurial innovation catapults home-based enterprises

to an internationally recognized enterprise. Entrepreneurial innovation has attracted more firms to form joint venturing strategies which gave them more energy to withstand pressure from competitors. Entrepreneurial innovation opens new opportunities in both local and international market by offering new products to both local and foreign markets (Williams, Eke & Anyanwu, 2017, p.5). Entrepreneurial innovation enhances firms' resilience capacity to bounce back after a natural or manmade disaster (Brem & Voigt, 2007). On another hand, it has been shown that the new dimension of entrepreneurship insulation and injections rest solely on the ability of entrepreneurs to generate new technological anchors such as technological innovation, service innovation, process innovation and marketing innovation (Xuhua, Spio-Kwofie, Udimal & Addai,

2018, p.4; Tan & Nasurdin, 2011, p.158).

From the foregoing, the resilience of firms is built upon a strong entrepreneurial innovation (Backman, Johan & Özge, 2017, p.1598). In order to overcome the environmental crisis and natural disaster, entrepreneurs tend to develop strong capabilities and competencies that will enhance their resilience especially in terms of uncertainties. How then does resilient capacity help entrepreneurs? Edeh, Chukwu and Osueke (2019, p.278) in their argument contended that organisational resilience improves their strengths to attract more opportunities in the external environment. In addition, Gunasekaran, Rai and Griffin (2011, p.5491) added that in the midst of uncertainties, entrepreneurs may not have what it takes to avert the danger facing them but their immunity of resilient can resurrect in tackling such

negative effects. In this research, the point of focus is geared towards investigating entrepreneurial innovation as a predictor of firm resilience in selected Nigerian hospitality firms with a specific interest in hotels operating in Enugu State as geographical scope. The reason for chosen hospitality firms is because it contributes sixty percent of Nigeria's economic development. Hotel which is the sub-sector of the hospitality industry also provides fifty percent of job employment to the Nigerian economy as well as the development of rural communities where the hospitality firms are located. On the other hand, Nigerian entrepreneurs in the hotel business are innovative and risk-takers thereby engendering the establishing new hotels across the country.

Nevertheless, trends of studies have shown that entrepreneurial innovation is the predictability of other organisational weaknesses

(Falahat, Tehseen & Horne, 2018, p.3; Xuhua, Spio-Kwofie, Udimal & Addai, 2018, p.9; Ojo, Petrescu, Petrescu & Bîlcan, 2017, p.264). These trends of studies failed to investigate the predictability of entrepreneurial innovation on firm resilience in Nigeria hospitality industry. Thus, in order to fill these research gaps, this study investigates the relationship between entrepreneurial innovation and firm resilience in Nigeria hospitality industry. This research is expected to contribute to entrepreneurship literature and provide additional evidence on how entrepreneurial innovation influences the resilience of hospitality firms in Nigeria. This will assist policymakers and industry practitioners in reaching policy decisions with regards to entrepreneurial innovation and firm resilience.

2. Literature review

2.1. Entrepreneurial Innovation

Innovation has become a family name in entrepreneurship discipline. This is because many firms all over the world are innovative by coming up with new ideas and modifying the existing ones according to customer's expectations (Ojo, Petrescu, Petrescu & Bîlcan., 2017, p.264). The emphasis on innovation was promoted by Schumpeter who strongly held that innovation is a radical and disruptive action from the existing practice or cultures (Schumpeter, 1934). He identified five typologies of innovation to include; new product introduction; new market creation; acquisition of new source for supply of raw materials and or finished products; creation of new industrial organization; and introduction of a new product with significant improvement (Schumpeter, 1942, p.7; Apostolos, Soldatou & Anna-

Ipapanti, 2019, p.38). Elaborating further, Manimala (1992, p.49) classify innovation to include marketing innovation, operations innovation, boundary management innovation and organizational innovation. Other scholars have typologies innovation to include service innovation, sustainability innovation, process innovation, marketing innovation, technological innovation, management innovation and business model innovation (Martin-Rios, 2020; Varis & Littunen, 2010, p.133).

In this research, entrepreneurial innovation is concerned with new approaches that entrepreneurs employ to identify new opportunities, improve on existing product or services and reconfigure organisational modes of operation to achieve organisational goals. On another hand, Manimala (1992, p.50) perceived entrepreneurial innovation as anything undertaken by an entrepreneur that gives

him/her a competitive advantage over his/her competitors. It has been shown and validated that entrepreneurial innovation has four dimensions; boundary management innovation, operations innovation, organizational innovation and market-related innovation (Manimala,1992, p.47).

Entrepreneurs from an existing firm are the agents of creative destruction due to their quest for discovering new ways through which they can take advantage of market space. In doing this, most entrepreneurs prefer to acquire a certain amount of knowledge at their workplace which will give them all the skills they will require to come up with their business definition to establish their own enterprise. This is the reason why some products today have different names but similar attributes (Ribau, Moreira & Raposo 2017, p.925; Hristov & Reynolds, 2015, p.137). Thus, creative destructive

becomes real when the customer compares two products only to discover they are almost the same but have different brand names. Therefore, entrepreneurial innovation gives entrepreneurs an opportunity to become their own bosses thereby providing jobs for people that are willing and ready to work. In the establishment of the new business venture through innovation, entrepreneurs have assisted the government to reduce the unemployment rate in the society (Tajuddin, Iberahim & Ismail, 2015, p.91; Prajogo, 2016, p.245). Some examples of entrepreneurial innovation results include a personal computer, biotechnology, and Internet search engines (González-Cruz & Devece, 2018, p.246; Autioa, Kenney, Mustar, Siegel & Wright, 2014, p.1101).

Drawing from the above, hospitality entrepreneurs' tactics to foster new ideas is dependent on their capability to be innovative in

terms of service innovation, technological innovations, marketing innovation and process innovation (Martin-Rios, 2020; Xuhua, Spio-Kwofie, Udimal & Addai, 2018, p.11). Innovations usually manifest itself as changes in firm capabilities that present opportunity at the end, together with service and product development (Gustafsson, Kristensson & Witell, 2012, p.320). Service innovations in the hotel sector are concerned with service rendered to customers' or guests which includes room services, 24hrs front desk constant communications with guests, daily replacement of guest amenities, beddings, breakfast, fast WIFI connections in all the rooms (Xuhua, Spio-Kwofie, Udimal & Addai, 2018, p.15). Service innovation is a new customer interaction that enhances the fast delivery of services to the customer in their respective geographical locations (Kylliäinen, 2019). Other

technological enhanced service innovation includes facial recognition, voice-controlled rooms, robots, RFID wristbands, chatbots, mobile room keys, virtual reality, and augmented reality (Morgan, 2020). Albeit, apart from the enormous benefits of service innovations to service delivery, it also comes with several challenges ranging from lack of operational capabilities, inadequate capital to implement, lack of employee motivation, leadership failure, and excessive bureaucratic processes (Randhawa, Kim & Cichy, 2017, p.187). On another hand, Victorino, Verma, Plaschka & Dev, 2005, p.558 accentuated that service innovation can be successfully implemented if change agents lead by example, provision of adequate resources, provision of incentives to employees and orientation of customers. From the foregoing, the first hypothesis is hereby formulated.

H1: Service innovation has a significant effect on adaptability

In line with the above, the second entrepreneurial innovation that hotel entrepreneurs employed to improve their resilience capacity is marketing innovation (Apostolos, Soldatou & Anna-Ipapanti, 2019, p.40). Marketing innovation refers to as innovative processes and activities that entrepreneurs employ to advertise their new products and services to a group of customers (Farooq, 2019). Marketing innovation helps entrepreneurs in hotel firms to improve customer satisfaction by using online brand communities and social media platforms to attract, retain and maintain a constant relationship with their customers (Martin-Rios, 2020). Innovation in this context does not work in isolation as it has direct significant economic implications for hotels. Marketing innovation comprises of an active company

website, social media presence, and unique dresses for all employees, serene conference rooms, and good customer relationship management techniques (Xuhua, Spio-Kwofie, Udimal & Addai, 2018, p.12). However, some of the challenges of marketing innovation are risk aversion, unskilled manpower that would drive the new innovation, workers resistance to change and customers' inability to respond quickly to new products (D'Estea, Iammarinob, Savonac & Tunzelmann, 2011, p.485; Kamalian, Rashki & Arbabi, 2011, p.81). Hipp & Grupp (2005, p.520) argued that barriers to marketing innovation can be resolved if managers and business owners train and retrain their workforce on the benefits as well as how the innovations can be applied to improve the performance of the organisation. Based on the above argument, the second hypothesis is formulated.

HA2: Marketing innovation has a significant effect on situation awareness

Nevertheless, finding from previous empirical studies on entrepreneurial innovation are shown here. Falahat, Tehseen and Horne (2018, p.6) investigated “the impact of entrepreneurial innovativeness on SMEs’ performances in Malaysia”. Finding from this study indicates that entrepreneurial innovativeness has a significant impact on perceived performance associated with competitors, non-financial and business growth. Xuhua, Spio-Kwofie, Udimal & Addai (2018, p.14) explored the “influence of entrepreneurial innovation strategies on hotel growth in Ghana”. The finding of their study showed that management innovations, service innovation, marketing innovation and process innovation have a significant

relationship with hotel growth. Ojo, Petrescu, Petrescu and Bîlcan (2017, p.263) examined “the impact of innovation on the entrepreneurial success in Nigeria”. Their finding revealed that innovation has a significant relationship with the financial performance of the organisation.

2.2. *Firm Resilience*

In this study, firm resilience is concerned with the organisational capacity to anticipate external shocks by reconfiguring all its structures to accommodate the new order. Some of these external shocks include COVID-19 pandemic outbreak, economic recession, and destruction of ordered goods that usually happened as a result of the bad road network as well as in the sea. On the other hand, scholars have defined firm resilience as an organisational capability to bounce back from disaster, challenges, uncertainties and continuous

learning (Kim, 2020, p.17; Ledesma, 2014, p.6; Folke, Carpenter, Walker, Scheffer, Chapin & Rockström, 2010, p.4; Luthans, 2002, p.23). On another hand, Denver (2017, p.12) argued that firm resilience refers to its ability to prepare for, anticipate, respond and adapt to sudden disruptions in order to thrive and prosper in the business environment. What this implies is that firms that are ready for unforeseen circumstances are resilient (Herbane, 2018, p.11). Other researchers perceived firm resilience as the firm capacity to perceive, avoid, absorb, adapt and recover from unexpected disruptions (Linnenluecke, 2017, p.15; Lengnick-Hall, Beck & Lengnick-Hall, 2011, p.248; Morrison & Frances, 2000). Firms that employee resilience in their strategic intent will always overcome any threats that may arise from the external business thereby taking good advantage

opportunities that will emerge after the crises (Duchek, Raetzke & Scheuch, 2019, p.10; Al-Ayed, 2019, p.182; Ingram & Bratnicka-MyÅliwiec, 2019, p.189). Thus, entrepreneurial innovation is a strategy for strengthening the resilience of hospitality firms through service innovation, technological innovation and marketing innovation strategies. However, many scholars have validated firm resilience dimensions to include redundancy, resourcefulness, rapidity robustness, agility and integrity (Kantur and Say, 2015, p.464; Bruneau, Chang, Eguchi, Lee, O'Rourke, Reinhorn, Shinozuka, Tierney, Wallace & Von Winterfeld, 2003, p.744); awareness of the situation, management of vulnerabilities and adaptability (McManus, Seville, Vargo & Brunson 2008, p.84); adaptive capacity, resilience ethos, situation awareness, and management of keystone

vulnerabilities (Lee, Vargo & Seville, 2013, p.33). The study as adopted from extant literature makes use of situation awareness and adaptability as validated firm resilience dimensions. Adaptability is the ability of an organisation to adapt to change that is triggered by government policies, change in global politics, and technological changes (Annarelli, Battistella & Nonino, 2020, p.7). Situation awareness refers to a firm's capacity to be fully aware of what is happening within its internal and external environment (Endsley, Bolte & Jones, 2003, p.48). This can be achieved through strategic planning using SWOT analysis to identify the strength, weakness, threats and opportunity surrounding the organization.

3. Methodology

The study adopts a cross-sectional research survey to elicit information from participants.

Cross-sectional research survey is a type of study in which the researcher collects data with copies of the questionnaire at least once over a specified period in order to answer stated research questions (Sekaran & Bougie, 2016, p.104). Twenty (20) hotels that are registered with Enugu State Ministry of Culture & Tourism were selected from forty hotels (sample frame) with a simple random sampling technique. Simple random sampling is concerned with when selections are drawn from a specified and defined population (frame is known) where every unit in the population has an equal chance of been selected (Adams, Khan, Raeside & White, 2007). Ten (10) participants were sampled from each of the twenty (20) hotels making it two hundred (200) participants. For equal representation, Krejcie & Morgan (1970, p.2) sample size determination table was used to determine the sample size of one

hundred and thirty-two (132) participants. Thus, 132 questionnaires were administered to the participants but only one hundred and fifteen (115) of the questionnaire was filled correctly and used for analysis. Entrepreneurial innovation dimensions and Firm resilience dimensions were scaled with 16-items on a five-point Likert scale. Participants' demographic was analysed using frequency distribution and the linear regression was used to analyse the formulated hypotheses.

4. Data Analysis and Results

Table 1 Demographic characteristic of participants

Variable	Frequency	Percentage (%)
Gender		
Male	92	80.0
Female	23	20.0
Age Bracket		
46-50 years	33	28.7
36-45 years	24	20.9
26-35 years	41	35.7
18-25 years	17	14.8
Educational Level		
Master degree	16	13.9
Diploma	31	27.0
Bachelor degree	68	59.1

Source: Field Survey (2020).

Table 1 above shows the analysis of demographic profiles. The results revealed that 92 participants representing 80.0% are males while 23 participants representing 20% are females. Age bracket result showed that 33 respondent representing 28.7% are between

46-50 years; 24 participants representing 20.9% fall within 36-45 years; 41 participants representing 35.7% are between 26-35 years; 17 respondents' representing 14.8% fall within 18-25 years.

Table 2 Linear regression - Entrepreneurial innovation and firm resilience

Independent Variable	Dependent Variable	
Entrepreneurial Innovation Dimensions	Firm resilience dimensions	
	Situation Awareness	Adaptability
Service Innovation	-	$\beta = 0.763^*$

	p<0.05 (.000)	
Marketing Innovation	$\beta = 0.751^*$ p<0.05 (.000)	-
F-Value	1461.127**	111.089**
R	0.751 ^a	0.763 ^a
R ²	0.564	0.496
Adjusted R ²	0.560	0.491
Df	3.93	3.93

N=115; p<0.05

The above table showed that service innovation has a significant effect on adaptability. The result also revealed that marketing innovation has a significant effect on situation awareness. The model's correlation revealed that 75% and 76% is quite reasonable. On the other hand, the difference between R² and adjusted R² are less than 5%, which means that there is no sampling error (George & Mallery, 2016, p.215). The goodness of fit of the model is further verified as significant because of F-statistics (1461.127**; 111.089** are greater than 3.93 degrees of freedom (1,113). Thus, all the alternative

hypotheses are accepted and null hypotheses rejected. This is endorsed by the significant value of p<0.05, indicating that the overall regression model is significant at 5% level of significance (George & Mallery, 2016, p.216).

5. Findings and Discussion

The result indicates that entrepreneurial innovation dimensions have a positive significant effect on situation awareness and adaptability. The finding of this study is quite different from other entrepreneurial innovation empirical studies. This is as a result of the criterion variable which

firms resilience that is predicted. Meanwhile, other related empirical study findings indicated that entrepreneurial innovativeness has a significant impact on perceived performance associated with competitors, business growth and non-financial (Falahat, Tehseen & Horne, 2018, p.7). Another study on entrepreneurial innovation strategies showed that management innovation, service, marketing and process innovations have a significant relationship with hotel growth. Lastly, Ojo, Petrescu, Petrescu & Bilcan (2017, p.264) finding showed that innovation correlates significantly with the financial performance of the organisation.

6. Conclusion and Implication

The paper concluded entrepreneurial innovation measured in terms of service innovation and marketing innovation enhances the resilience capacity of hospitality firms

through situation awareness and adaptability. This implies that entrepreneurs deployment of service innovations in hospitality such as 24hrs front desk constant communications with customers, availability of fast Wi-Fi internet connectivity, card mobile guest keys, variety availability of guest delicacies, lodge and make use of extra facilities will enhance the resilient capability of selected hotels. On the other hand, entrepreneurs' deployment of marketing innovation such as functional hotel website, strong social media presence, unique uniforms for all employees, functional fitted conference halls, as well as strong customer relationship management strategy will strengthen the resilient capacity of the organisation. The implication of this study is that entrepreneurs in both hospitality and service-oriented sectors should embrace innovation in service delivery to their esteemed

customers to enhance their resilience capacity.

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