

# The Growth Correlates of Urban Informal Micro Entrepreneurship in Sri Lanka

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## Abstract

The micro enterprise approach has been seen as one of the most accomplishable pathways to achieve prospected economic growth through innovation and creativity which in turn bring market development, productivity and social cohesion in the global south. Enterprise growth is the nutshell of the suggested expansion. Informal microenterprises are ubiquitous in urban Sri Lanka serving as the major income, employment source, but record no or least graduation. This paper aims at examining the determinants of micro enterprise growth in order to support policies for encouraging growth oriented micro entrepreneurship. Data collection was done from multi stage cluster sampled 300 micro entrepreneurs under non experimental and survey research design using questionnaire and interview instruments. Dichotomous dependent variable on growth was regressed on prospected demographic, socioeconomic, firm and institutional independents by utilizing binary logistic model. It was found that gender, favorable change in education, administrative issues, availability of credit, tradition or parents' occupation, previous employment, infrastructure availability and two psychological measures: entrepreneurial self-efficacy, locus of control play a crucial role for positive enterprise growth while parent's occupation or previous employment have no predicting power over the growth performance. Policy implications drawn from the findings of this study recommend a multipronged approach for improving micro entrepreneurship in the sector.

**Keywords:** micro entrepreneurship, growth determinants, logistic models, urban informal sector, Sri Lanka