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**ICBM
2016**

**13TH INTERNATIONAL CONFERENCE ON
BUSINESS MANAGEMENT (ICBM) 2016
07TH & 08TH DECEMBER 2016 | COLOMBO, SRI LANKA**

**MANAGING PRODUCTIVITY AND QUALITY:
THE PATH TO EXCELLENCE**

BOOK OF ABSTRACTS



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Analyzing the Determinants of Entrepreneurial Activity Level in Urban Micro Enterprises in Sri Lanka

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Abstract

Micro entrepreneurship's potential as a main source of inclusive growth in developing countries is well acknowledged and therefore it emerges as a key agenda item for economic policy makers. The success of the enterprises is not only dependent on the entrepreneur's ability but also on the other factors. Therefore, investigating the determinants of entrepreneurship activity level such as socio-demographic, economic, cultural environment and personality characteristics of the people are essential ingredients for formulating suitable policies for enterprise development. Hence the main objective of this study is to investigate the determinants of urban micro entrepreneurship activity level in Sri Lanka. Data were drawn from a sample of 300 micro entrepreneurs chosen under stratified random sampling method. The determinants of probability of being in different categories of informal micro entrepreneurs within the entrepreneurial process were examined on the conceptual basis of Eclectic framework decomposing the entrepreneurial process into three phases: nascent, young and old business owners utilizing multinomial logistic model.

It was found that education is positively significant for all three levels of entrepreneurship and it is the most prominent which increasingly effects on the odds of being nascent entrepreneur. Young entrepreneur is more significantly negatively affected by administrative related issues and complexities, lack of financial support; internal locus of control rather than nascent entrepreneurs while availability of necessary infrastructure seems to encourage an active involvement in entrepreneurial activity at the nascent phase more significantly. This study suggests multipronged approach to assist micro entrepreneurs specifically providing easy access to credit, intensive follow-up trainings to overcome the issues related to knowledge, skills and attitudes, minimize disturbing factors like administrative issues (licenses, approvals, infrastructure providence etc.), and poverty reliefs to improve effective dynamic entrepreneurship and lessen hurdles on entrepreneurial activity and thereby economic growth.

Keywords: Urban Micro Entrepreneurship, Multinomial Logit Models, Micro Enterprises, Sri Lanka.