Impact of Entrepreneurial Networks on the Business Success of Small Enterprises

Gonaduwage Nilantha Roshan Perera

Department of Marketing Management, Faculty of Commerce and Management Studies
University of Kelaniya.

Abstract: Acquiring resources is a key problem for small business firms in Sri Lanka. Initially to be a viable they should have sufficient capital or be able to acquire the resources from outside environment. The main objective of this research is to find out the relationship between entrepreneurial networks and the success of small businesses. To carry out this research, network construct has been operationalized as network size, network trustworthiness, network support and network diversity, under these four constructs there are thirteen indicators to check entrepreneurial networks. This research has been conducted as a qualitative study. Nine entrepreneurs have been selected for the study and five entrepreneurs out of them are successful and other four entrepreneurs are bankrupted. Both of these entrepreneurs were interviewed by using In-Depth interview method. All the interviews were conducted in Sinhala and then translated into English. Data was analyzed by using content analysis and coding methods. Empirical results indicate that entrepreneurial networks have very clear impact on success of the small business. As well the importance of family and the acquaintances were prominent in findings. Majority of unsuccessful businesses were confirmed that their businesses were badly affected by the lack of organizational networks. Further this proved the importance of weak ties in order to get business information and develop the businesses. These research findings will be very important for the Sri Lankan small business enterprises as it reveals real experiences of successful small business entrepreneurs and the unsuccessful small business entrepreneurs.

Keywords: Entrepreneurship, Social Networks, Small business, Business Success, Strong ties, Weak ties

JEL classification: M130, M140, M190

1 Corresponding author’s e-mail: nilanthaperera@kln.ac.lk or Nilantha.roshan@gmail.com