Despite the efforts made to alleviate poverty, it is further escalating. The past few decades have seen a transformation in Sri Lanka from a traditional agricultural-based rural economy to a more diversified economy trying to move away from total dependence on agriculture. The policy focus has also been changed towards improving household income with the realization of higher success among pluriactive households, but whether pluriactivity alone will pave the path for success remain unanswered in the Sri Lankan context. Therefore, the objective of this research is to look into the differences between better off and worse off pluriactive households in terms of entrepreneurial skills and type of income generation activities carried out.

Research was done in line with entrepreneurial theory and multiple embedded case study approach was adopted as it facilitates exploring meanings attached to particular behaviors and how these are linked and accommodate usage of multiple research methods.

The behavior patterns of households shaped by the limited resource environment in which they operate, thus everybody was pluriactive due to unprofitability and uncertainty in crop cultivation. Better-off households were different from worse-off households in terms of other income generation activities adopted and dependency on crop cultivation as a source of income. Worse-off households had not at least utilized their own resources optimally and in contrast better-off households had utilized resources, which were not under their control, through pluriactivity, social network and creativity by exhibiting entrepreneurial qualities. The research further illustrates that worse-off households had benefited from better-off households thus contributing to economic wealth and rural development. The research findings illustrate the importance of shifting the policy focus from macro level to micro level by being sensitive to heterogeneity observed among rural households.

Keywords: Agricultural based rural economy; Crop cultivation; Resource utilization; Better off; Worse-off households