

THE ROLE OF SUPPORT ORGANIZATIONS IN PROMOTING YOUTH ENTREPRENEURSHIP IN SRI LANKA: ENTREPRENEURS' PERSPECTIVE

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Abstract

Youth entrepreneurship in developing countries like Sri Lanka has increasingly been recognised as a vital driver in economic growth, innovation capabilities and new venture creation. This study explores the role of support organisations in promoting youth entrepreneurship in Sri Lanka from the entrepreneurs' perspective. By conducting in-depth interviews and using qualitative analytical methods, the study has identified key forms of support: financial assistance, training programs, mentorship, networking opportunities and policy advocacy, that drive the success of young entrepreneurs. The findings of the study reveal both strengths and weaknesses of the existing support system in Sri Lanka by highlighting the key issues such as limited access to funding, bureaucratic barriers and inadequate guidance. The research also underpins the perceived impact of this mechanism on business innovation, sustainability and confidence of youth entrepreneurs. The insights offer pivotal implications for authorities and policymakers, educational institutions and support organisations focusing on creating a more practical environment for young entrepreneurs in Sri Lanka to thrive.

Key Words: Entrepreneurs, support organisations, support programmes, youth entrepreneurship

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Proceedings of the 16th International Conference on Business and Information - ICBI 2025 © 2025 by The Faculty
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DOI:

Introduction

Youth unemployment remains a pressing development challenge in Sri Lanka, even though national policy debates continuously point to entrepreneurship as an alternative way to decent work, innovation as well and inclusive growth. Studies conducted showcase that young people often enter the labour market with strong aspirations but face a lack of opportunities in the formal sector, which has led the micro and small enterprises founded by youth to play a crucial role in livelihoods and local economies in Sri Lanka (De Silva, 2023). Simultaneously, empirical studies show that the translation of entrepreneurial intention into a successful venture is uneven. Common structural problems are inadequate finance, network issues, bureaucratic challenges, lack of mentorship and etc. (Lewis et al., 2024). Yet, local and international reviews note that the mere presence of support organisations is inadequate to promote entrepreneurship as a critical solution to youth unemployment (Sato, 2024). These insights give rise to the main research problem by motivating this study: despite the increasing supply of entrepreneurial support organisations in the local context, there is limited evidence from entrepreneurs' own perception about whether these services help youth to start and scale their own venture and under what conditions and situations. The existing studies give short-term outputs where less is shown about entrepreneurs' lived experiences of support organisations (Lewis et al., 2024). Consequently, this study addresses the gap by examining young entrepreneurs' voices regarding the role of supporting organisations in promoting entrepreneurship among youth and the types of support (training, mentorship, finance, networking, etc.) young entrepreneurs expect from organisations. The research builds on recent studies by addressing the empirical gap by recognising the contextual limits documented in Sri Lanka, and gives practical insights to policy makers and support organisations in decision-making and future actions to be taken.

Literature review

Entrepreneurship

The capacity and willingness to plan, organise, and manage a business venture with all its risks to turn a profit is known as entrepreneurship. According to Diandra (2020), it is a part of business life that contributes towards a successful business organisation. Adopting a process perspective in entrepreneurship is useful for two reasons. The actions of discovering, evaluating, and exploiting opportunities constitute a process with a prelaunch, launch, and postlaunch phase through which entrepreneurs proceed (Baron et al., 2016). Entrepreneurs identify opportunities, develop managerial capabilities, and assemble resources to create organisations that contribute to economic progress (Christiansen & Kasarcı, 2017). Promoting an entrepreneurial mindset is also vital in developing individual capabilities and skills, important economically. Entrepreneurship is an important phenomenon in individual development because it comes along with innovation, risk-taking, and the ability to generate new ideas (Veeraraghavan, 2009).

Youth entrepreneurship in Sri Lanka

Youth in a country play a critical role in its economic growth. As Sri Lanka has a significant population of youngsters, youth entrepreneurship has been identified as a crucial factor in socio-economic growth. The population of Sri Lanka is over 21.8 million, of which young men and women account for 18.5%. It is expected that the total population will increase to around 23 million within the next ten years (Dambugolla, 2020). In addition to being large in number, the youth are energetic and courageous and pose new ideas that can make changes to the social-economic development if they are well coordinated and involved in the country's economic activities (Sato, 2024). Promotion of youth entrepreneurship is important, and many countries have been promoting the same. Sri Lanka has also taken different programs to promote entrepreneurship (Dambugolla, 2020). Some of the previous studies give prominence to the challenges and opportunities which youth entrepreneurs face within this domain. Ranasinghe, (2019) bring out some of those challenges as youth entrepreneurs often struggle to access funding for their ventures and traditional finance institutions that provide lending facilities for businesses may be hesitant to finance startups because of the perceived risks, complex regulatory backgrounds, bureaucratic processes, and lack of government support can make significant obstacles for young businesses and many young entrepreneurs are lack of essential business skills, including financial management, strategic planning, and marketing.

Supporting organisations

Supporting organisations play a critical role in improving business growth and development, particularly for small and medium-sized organisations, to expand their business operations. These organisations provide various forms of assistance, including financial aid, technical expertise, networking opportunities, and access to markets. Gorączkowska, (2018) argues that technology parks and training and consulting centres are a strong link in supporting the innovation of industrial enterprises in the region. There are a few studies on the impacts of business

support programs in various countries. Granja et al. (2022) studied the allocation and impacts of the Paycheck Protection Program (PPP) for Small and Medium-Sized Enterprises (SMEs) in the United States (US), which provided loans to troubled SMEs through private sector lenders approved by the US Small Business Administration (SBA). Financial support for businesses includes funds from both national governments and the European Investment Bank, which offers low-interest loans for SMEs in the European Union (Ferrando & Ruggieri, 2018). Financial support structure in developing economies is still developing and at the same time facing many challenges. As an example, government programs and microfinance institutions like the Pradhan Mantri MUDRA Yojana (PMMY) offer lending to SMEs without traditional requirements for any kind of collateral, by such means fostering inclusivity in India (Banerjee et al., 2015). The training and capacity building programs are important to ensure that businesses can operate effectively and adapt to changing market situations, as well as the financial support. As an example, the vocational education system provides a steady pipeline of skilled labour, which benefits SMEs in Germany. Same as in Japan, the government, through the Japan External Trade Organisation (JETRO), offers training programs on international trade to help businesses expand overseas (Jin, 2023). Conversely, in South Korea, the Small and Medium Business Administration (SMBA) provide technical and managerial training to SME business owners and their employees by collaborating with universities in their country (Park & Leydesdorff, 2010).

Theoretical background

Various theories give insights into these drivers and barriers youth entrepreneurs face, and the importance of supporting services in this phenomenon. Literature shows some key theories that relate, such as human capital theory, social capital theory and the entrepreneurial ecosystem model. Human capital theory suggests that the skills, knowledge and experiences that individuals possess are valuable assets that contribute to economic productivity (Becker, 2009). This theory explains how the education, training, and experience of young entrepreneurs are important in enhancing entrepreneurial capabilities. This study has employed the Human Capital Theory to evaluate how mentorship, training and capacity building programs offered by support organisations strengthen the human capital of young entrepreneurs, as Becker (2009) states that these services can increase the likelihood of survival and growth of businesses by improving their knowledge and managerial capacity. Social Capital Theory (STC) evaluates the value of social relationships and networks in both personal and social life. In the past decade, the concept of social capital has undergone a most interesting transition (Alshammari et al., 2023). Social capital becomes crucial for young entrepreneurs who lack of professional network to access the finance, knowledge and opportunities. Therefore, this study utilises Social Capital Theory to interpret how these organisations function as intermediaries to help youth expand their professional network and gain market information (Osama & Adam, 2024). The theory of the Entrepreneurial Ecosystem Model emphasises the interconnectivity of the factors such as culture, policies, institutions and resources which create an environment promoting entrepreneurship. This model explains the importance of supporting services in fostering youth entrepreneurship by reducing barriers they face and creating access to resources they need (Stam & Van De Ven, 2021). This research applies the model to assess the role of these organisations as key factors within the local entrepreneurial ecosystem by connecting government policy, education systems, finance and markets.

Methodology

This study employed a qualitative, exploratory research design grounded in the interpretivist philosophy, which recognises that reality is socially constructed and best understood through the lived experiences of individuals (Creswell & Poth, 2018). The interpretivism aligns well with the study's focus on understanding the young entrepreneurs' perspective and how they engage with local support organisations, while the exploration design is particularly appropriate when existing empirical evidence is limited. The study utilised purposive sampling to select youth entrepreneurs who had directly engaged with support organisations. This method ensured that participants had relevant, first-hand experiences critical to addressing the research questions (Yin, 2018). Data was collected using semi-structured in-depth interviews, allowing participants to reflect on their experiences with minimal constraints. Interviews were conducted in person or virtually, depending on participant preference and accessibility, and each session lasted approximately 30–60 minutes. Data was collected until the saturation was achieved with 10 participants. The analysis process included transcribing the interviews, generating initial codes, identifying recurring themes, and refining them to align with the research objectives (Braun & Clarke, 2006). To ensure credibility, the researcher engaged in prolonged interaction with participants and triangulated data sources where possible. Transferability was supported by providing detailed contextual information about participants and their business environments. Ethical approval was obtained from the affiliated academic institution. Participants were informed about the study's purpose, data use, and their right to withdraw at any time.

Findings and Discussion

The role of supporting organisations

Through the data collected from the participants, providing mentorship and guidance was derived as a key theme and a major finding, which is evident that mentorship is vital for young business owners in the initial stages, as well as in their way of growing their business in terms of scale, number of outlets and when moving to an international market. Findings show that organisations like Youth Business Sri Lanka provide this kind of mentorship and guidance for young entrepreneurs in numerous ways, such as guiding through exportation of products, regulatory processes, management and pricing practices. etc. Literature also proved that Youth Business Sri Lanka (YBSL) collaborates with local enterprises to enhance training and mentorship programs for youth entrepreneurs, specifically focusing on rural and underserved communities, and those programs have been demonstrated to be instrumental in developing the managerial capabilities of young entrepreneurs, helping them to strengthen the economy effectively (De Silva, 2023).

As self-made youth entrepreneurs in Sri Lanka are struggling with this issue, it can be an immense help for them if the government or external organisations step up and provide them with initiatives or credit scheme programs. According to the data gathered, in Sri Lanka, government organisations like the Export Development Board (EDB) and institutions like the National Economic and Development Authority (NEDA) are enhancing programs to provide young entrepreneurs with initiatives or loan facilities to promote their businesses. Literature also proves that this theory suggests that the competitive advantage of youth-led enterprises can be improved by programs provided by support services like financial assistance, infrastructure access and technology resources (Baron et al., 2016).

As most of the young entrepreneurs are new to the industry and lack experience in the industry, the network they have might be weaker, and their market expansion is less, which can be a huge barrier to expanding their business and entering new markets and industries. As per the collected data, they have gained a huge assistant in networking and market exposure from the training and workshops provided by both government and non-government organisations like YBSL, EDB and some Non-Governmental Organisations (NGO). Literature provides positive facts to this saying that peer networks help young entrepreneurs to share experiences, provide emotional support, and foster collaborative innovation (Stam & Van De Ven, 2021).

Even though young entrepreneurs start their businesses trusting their passion, willingness and other reasons, most of the time they do not have the required skills and capabilities to operate or expand their businesses locally or globally. Hence, the training programs that the support organisations enhance to upskill the young entrepreneurs with their knowledge and capabilities are vital for their business growth. The Sri Lankan government, as well as non-governmental organisations, have enhanced training programs about various kinds of skill development, especially focusing on individual markets. This proves the theory of human capital as which explains the contribution of the skills, knowledge and experiences that an individual possesses to economic productivity.

Challenges youth entrepreneurs face in engaging with support organisations

Bureaucracy creates administrative obstacles and slows down the processes. These types of issues demotivate entrepreneurs to reach out for support when they need it. This is a commonly faced issue in Sri Lanka. As the entrepreneurial ecosystem model explains the importance of the interconnectivity of the factors such as culture, policies, institutions and resources, literature proves that those encouraging policies like simplified business registration, tax incentives and youth-focused funding, positively affected youth entrepreneurship rates (Stam & Van De Ven, 2021).

Information availability and awareness issues challenge young entrepreneurs by creating barriers to access essential knowledge, resource availability, network sources and support systems. Most of the entrepreneurs may not be fully aware of the mentorship programs, training programs and financial assistance that they can access because of the limited information availability. That can lead them to miss opportunities, hinder their ability to make informed decisions, and this can lead to slowing down their business's success.

Geographical challenges can commonly be seen among entrepreneurs in rural areas, which lead them to go through barriers to access. Support services like mentorship programs, skill development and training programs, financial assistance, and workshops, which are readily available in urban areas, can be hard to reach entrepreneurs in rural areas because of these geographical challenges.

Scepticism is an attitude of questioning or doubt toward knowledge or ability. Scepticism in entrepreneurs can often seem hesitant to believe in new ideas, resources or support systems because of their doubt regarding their reliability or effectiveness. Scepticism and negative perception of support organisations towards youth

entrepreneurs can reduce their support towards youth entrepreneurship and complicate the access processes for them.

Conclusion and Future Research Agenda

This research on the role of supporting organisations in promoting youth entrepreneurship in Sri Lanka from the entrepreneurs' perspective is based on the main problem of how supporting services in Sri Lanka contribute to encouraging youth entrepreneurs, and it is explained from the entrepreneurs' perspective. The main objectives of this study were to understand the role of support services in this manner and the key challenges the young entrepreneurs face during accessing the support they provide. The related literature for this area was found through previous studies, journal articles and books published. This study was conducted as qualitative research and used interpretivism as the main research philosophy. As the sampling technique, the purposive sampling is mainly used, and the snowballing sampling technique was also adopted to some extent. Data were collected from ten young entrepreneurs about their views of the support services and the challenges they faced during accessing their support, and the data were analysed according to thematic analysis. Eight key themes were derived from the data collected from those participants, and the discussion of the findings also connected with the themes. The first limitation encountered while conducting this study was the lack of previous knowledge on the role of supporting organisations in promoting entrepreneurship in the Sri Lankan context. The prevailing research on youth entrepreneurship and support organisations in Sri Lanka does not give enough information on how the support organisations contribute to entrepreneurial development in Sri Lanka. This research on examining the role of support services in promoting youth entrepreneurship requires time and resources to conduct a reliable and rich data analysis. This study was conducted through a limited time frame, which restricts the depth of analysis or the ability to capture long-term impacts and trends accurately. As this is a qualitative study, the findings of this research cannot be generalised because the biasness can be included in the findings to a limited extent, and it is not the objective of this research to generalise the findings. This research has been conducted as a qualitative study in which the data only depend on interview data. This gives ideation to future researchers to conduct a mixed research approach to collect statistical data for the study. Future researchers can conduct longitudinal studies to collect the long-term impact of the support programs on youth entrepreneurship.

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