

## CHAPTER 7

# Developing Youth Entrepreneurs: A Viable Youth Employment Strategy in Sri Lanka?

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Entrepreneurship training that leads to increased business creation and expansion is considered a viable employment strategy for youth globally. Advocates for youth entrepreneurship training see a multitude of benefits, although others have been more cautious.<sup>1</sup> Many organizations in Sri Lanka have provided entrepreneurship training for more than two decades, and while some established programs attract large proportions of youth, training directed specifically at young people is limited. With no central agency coordinating entrepreneurship training and related data collection, the overall numbers of youth who have received this type of training remain unknown. Current estimates indicate that relatively few youth in the country take advantage of the training and financial resources available for enterprise development; even smaller numbers start or expand enterprises after being trained.

The emerging international literature on youth entrepreneurship highlights several key issues involving youth participation in training and its impact on business creation or expansion. These include youth attitudes toward business and business people and the factors that motivate youth to go into business, as well as the paucity of rigorous frameworks and data to evaluate the impact of youth entrepreneurship programs globally.



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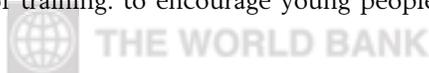
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This chapter argues that sociocultural aspects of youth entrepreneurship are as critical as technical and regulatory interventions and economic incentives in encouraging more youth to consider starting their own business. A comprehensive policy toward increasing youth entrepreneurship in Sri Lanka needs to focus on enhancing the enterprise culture by addressing underlying values and norms that could lead to more open attitudes toward enterprise as a desirable livelihood.<sup>2</sup> This “underdeveloped strategic area” is linked to motivating more youth to take entrepreneurship training and improving the quality of the training, as well as to creating an enabling regulatory environment.<sup>3</sup> The need to differentiate training programs that aim at inculcating entrepreneurial attitudes for employability from those aimed at increasing business start-ups is emphasized. Although constrained by a lack of rigorous impact assessment data for most entrepreneurship training programs in Sri Lanka, this analysis attempts to identify strategic areas for intervention as building blocks of an integrated entrepreneurship policy focused on youth.

### Conceptual Issues

Entrepreneurship training programs have been offered in Sri Lanka for at least 20 years, and although not all are targeted at youth, youth have constituted a large share of the trainees. For example, in the International Labour Organization (ILO)-supported Start and Improve Your Business (SIYB) program, around 68 percent of trainees were estimated to be between 16 and 35 years old (SIYBSLA 2004), while around 52 percent of trainees in the German Development Cooperation-supported Competency-based Economies for the Formation of Entrepreneurs (CEFE) program were between 18 and 33 (Over 2004). Moreover, entrepreneurship training modules within vocational training courses also reach mostly youth. With no central government institution responsible for entrepreneurship training nationally, unlike in the case of vocational training, the overall number of youth receiving this type of training in the last 25 years is unknown. Furthermore, the literature on entrepreneurship training in Sri Lanka in general is limited to five main works: Ranasinghe (1996); Moonesinghe (2000); Weeratunge (2001); Over (2004); and Abeysuriya, Vithanage, and van Lieshout (2005). Apart from a few policy papers (Young 2004), the literature on entrepreneurship training targeted at youth is virtually nonexistent.

Youth entrepreneurship policy at the global level identifies two main goals for the promotion of training: to encourage young people to start



entrepreneurial ventures or their own businesses; and to increase their general employability. Employability addresses the necessity for youth to acquire entrepreneurial attitudes and skills so that they can move away from an expectation of “job for life” careers to a more flexible notion of a “portfolio” of careers (Schoof 2006), as required by the current structural conditions of the labor market. While the goal of encouraging youth to start businesses has been pursued in Sri Lanka over a long period, the goal of encouraging employability has received attention only relatively recently. However, most programs focused on youth currently appear to pursue both goals simultaneously. The efficiency and cost effectiveness of inculcating enterprising attitudes among (potentially) all school leavers while concurrently providing basic entrepreneurship training for those who have the interest and aptitude to engage in self-employment need to be carefully considered.

Lundstrom and Stevenson (2002) emphasize that a multitude of factors account for entrepreneurship in different societies and that “context” is important in developing entrepreneurship policies. By context, they mean economic, social, cultural, attitudinal, and structural factors, and they caution against transferring isolated cases of “best practices” from one country to another without understanding these contextual differences.<sup>4</sup> Ray (1992) critically argues that most entrepreneurship development programs are based on an ethnocentric Anglo-American paradigm and questions its replicability in other countries. He critiques the weak empirical basis of knowledge on entrepreneurship outside the North Atlantic region and questions the lack of criteria for recognizing a best practice.

In Sri Lanka the National Employment Policy and the White Paper on Small and Medium Enterprises (SME) express the government’s commitment to promote entrepreneurship in general. Entrepreneurship also has been added to a more elaborated SME policy, and creation of an entrepreneurial culture is part of the mandate of the new, state-supported SME Bank, established in 2004.<sup>5</sup> However, this policy orientation has not been translated into a well-articulated framework of focused activities. A holistic assessment of youth entrepreneurship issues conducted in Sri Lanka as a part of the ILO Roadmap initiatives for a National Action Plan for Youth Employment produced a set of core recommendations in this underresearched area (Young 2004). These related to attitudes of youth, links to the education system and career guidance, and the identification and coordination of special needs of youth. Specific programs for youth included business development services, mentoring programs, and an integrated program that links business support with financial credit.



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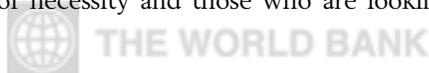
Because of the paucity of data, however, the recommendations were not based on impact assessments of current entrepreneurship training programs used by youth in the country.

Young (2004) emphasized that entrepreneurship is both a set of skills, knowledge, attitudes, and values that can increase the employability of youth and a driver of social and economic innovation and value creation. He noted that entrepreneurship in Sri Lanka was generally associated with self-employment or owning a small business and that an expanded, more dynamic concept of entrepreneurship needed to be promoted. This orientation has been incorporated into the new National Action Plan for Youth Employment (YEN 2006).

A number of international studies (Goel and others 2006; Veciana, Aponte, and Urbano 2005; Lee and Wong 2004; Krueger 1993) have looked at youth attitudes toward entrepreneurship and entrepreneurs as a factor that can influence youth to participate in training programs. The consensus is that the majority of youth from developing economies such as China (including Hong Kong and Taiwan), India, and Singapore have positive attitudes. Those who have had more exposure to business because of family background, self-employed parents, or social networks are more open to entrepreneurship as well as to business as a career option. In a comparative study of India and China, Goel and others (2006) find youth in India to be more positive overall toward entrepreneurship but somewhat less inclined than Chinese youth to favor business as a career choice. The study only partially confirmed the hypothesis that youth from regions with higher entrepreneurial activity would be more favorable toward entrepreneurship.

Youth surveys in Sri Lanka have consistently shown a clear preference for government sector employment relative to private sector or self-employment (Hettige, Mayer, and Salih 2004; Ibarguen 2005). This finding has been confirmed by qualitative studies (Reinprecht and Weeratunge 2006). Although quantitative attitudinal surveys of youth toward entrepreneurship and entrepreneurs are still lacking in Sri Lanka, the single large-scale survey of attitudes of the general population (International Alert 2005) corroborates, with regional variations, earlier studies (Moore 1997; Southwold-Llewellyn 1994) that found an antipathy of Sri Lankans toward business as an activity and occupation.

In addition to attitudes, the global literature has also discussed the factors that motivate youth to engage in enterprise (Schoof 2006; Llisteri and others 2006; Kantis 2005). A distinction is made between youth who start businesses out of necessity and those who are looking for an



opportunity. In the Latin American study (Listeri and others 2006), youth who start businesses out of necessity are generally low income with no other livelihood options, few resources, and little education. Youth who are motivated by opportunity come from middle-class backgrounds, with self-employed, professional, or entrepreneurial parents, higher education levels, and access to resources. Such opportunity-driven youth make up an exceedingly large segment (49 percent) of dynamic entrepreneurs running fast-growing enterprises in Latin America. In Latin America these two youth categories are targeted separately: necessity-driven youth are absorbed into training programs aimed at improving employability and income, while opportunity-driven youth are provided training aimed at growth, innovation, and competitiveness.<sup>6</sup>

While opportunity-driven youth from business family backgrounds have been identified among successful starters in Sri Lanka (Weeratunge 2001), there have been few attempts to distinguish the opportunity-driven from the necessity-driven. Entrepreneurship training directed at starting a micro- or small enterprise has been primarily targeted toward low- and middle-income rural and small town youth, whether they are driven by necessity or opportunity. In 2003 ILO/SIYB introduced an Expand Your Business package aimed at growth-oriented entrepreneurs, but youth participation rates are not available.

Lack of systematic studies, evaluations, and assessments of the impact of youth entrepreneurship programs and the need to develop more rigorous frameworks are constantly emphasized in most of the available literature for both developed countries, where such programs have been implemented for decades, and developing countries (Ray 1992; Bronte-Tinkew and Redd 2001; Lundstrom and Stevenson 2005; Schoof 2006; Listeri and others 2006; Aspen Institute 2008).<sup>7</sup> In Sri Lanka only two international programs have conducted a systematic impact assessment of entrepreneurship training (Over 2004; Abey Suriya, Vithanage, and van Lieshout 2005). These assessed the relevance and quality of the training, business start-up and expansion rates, changes in business practices, business indicators, and employment generation. They did not cover changes in enterprise culture, such as attitudes toward business in those who did not start businesses. They also did not investigate reasons for trainees' perceptions; for example, particular modules of the training are indicated as more useful than others, but in-depth data on why clients thought so are unavailable. A qualitative study on the impact of entrepreneurship training in Sri Lanka (Weeratunge 2001)<sup>8</sup> emphasized that the ways local entrepreneurs used their entrepreneurship training to change their business



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practices did not necessarily correspond with intended outcomes of globally designed packages.

Apart from generally negative attitudes among youth toward self-employment and business, recurring issues in the Sri Lankan literature (Young 2004, Reinprecht and Weeratunge 2006) are the quality of entrepreneurship training programs (lack of practice orientation and cultural grounding), the absence of a dynamic enterprise culture, and the lack of a regulatory and governance framework supporting entrepreneurship in the country. So far attempts that have focused on short-term technical interventions and economic incentives to increase entrepreneurship, such as training and institutional support to access finance, marketing links, and advice, have met with only limited success. The main reasons are shortcomings in the programs themselves and the problem of practical access to financial and marketing support, although in theory, there is sufficient institutional support available after training. However, the failure to pursue long-term strategies to create an enabling sociocultural and regulatory environment to support entrepreneurship has been a serious gap in Sri Lanka. This especially affects youth, because their perceptions of, and decision making about, training and careers are largely influenced by their families and peers (Hettige, Mayer, and Salih 2004; Ibarguen 2005; Reinprecht and Weeratunge 2006).

Factors that generate entrepreneurship in a society are complex (Ray 1992). A policy promoting youth entrepreneurship needs to be formulated based on experience and evidence from existing entrepreneurship programs and with a good understanding of the sociocultural, political, and historical context of Sri Lanka, in addition to its economic conditions. A patchwork of “best practices” transplanted from different parts of the globe will not amount to a viable framework for enabling youth entrepreneurship.

## Methods

The following analysis of entrepreneurship training in Sri Lanka is based on a review of the literature, mainly relevant impact and tracer studies available from the two key training programs, ILO-SIYB and GTZ-CEFE, as well as on youth perceptions from two national youth surveys. It incorporates primary qualitative research by the author in both these areas for a nuanced analysis. It also includes information provided by key players in several nongovernmental, governmental, and private organizations involved in entrepreneurship development.<sup>9</sup> The discussion draws on an indicative sample of four types of training programs specifically targeted at

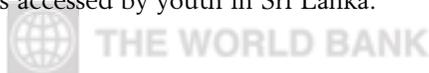


youth or with significant numbers of youth trainees. A rigorous comparison among programs is precluded because the data available are too disparate; even the two available impact studies used different methods and criteria of evaluation.

### **Background on the Training Programs**

Sri Lanka has a wide network of training provided by the state, the private sector, and nongovernmental organizations (NGOs) with a range of entrepreneurship training products. While many trainers are specialized in packages of one agency, a network of trainers extends across different agencies and programs as well. Most training programs are subsidized by the state or by NGOs and are provided free of cost to participants. A few organizations encourage participants to contribute at least a part of the cost. The structure of many of the courses is similar. The typical provider offers a short workshop on motivation, selection, and business idea generation (1–3 days), together with longer programs on starting up and expanding a business (5–21 days), which end with the preparation of a business plan that can be taken to banks. Many providers supplement these course with short business management, bookkeeping, marketing, and business plan preparation courses.<sup>10</sup>

Four types of entrepreneurship training programs accessed by youth can be identified, based on the institutional sector of their origin. State programs include the Small Enterprise Development Division (SEDD) of the Ministry of Youth Affairs and Sports, the Industrial Development Board (IDB), provincial Industrial Development Authorities (IDA), the Vocational Training Authority (VTA), and the National Apprentice Training and Industrial Authority (NAITA). Programs offered by microfinance institutions (MFI) and nongovernmental organizations include SEEDS and Agromart. International programs (ILO-SIYB and GTZ-CEFE) are supported by multilateral and bilateral organizations and are implemented through state, NGO, and private providers. The private sector also offers its own programs, such as Young Entrepreneurs Sri Lanka (YESL), Shell LiveWIRE, and Hambantota Youth Business Trust (HYBT). Many state and MFI-NGO institutions conduct their own entrepreneurship courses, while adding SIYB and CEFE packages to their portfolio of products. In some cases, SIYB packages have replaced previous CEFE packages, but the original core courses of these organizations continue to be offered. Table 7.1 provides an overview of the entrepreneurship training programs accessed by youth in Sri Lanka.



**Table 7.1 Overview of Entrepreneurship Training Programs Targeted at and Accessed by Youth in Sri Lanka**

Program (Year of origin)	Focus on youth (%)	Gender equity (% female)	Number trained (est.)	Number of trainers (est.)	Geographical spread	Types of packages	Subsidy (%)	Success rate (%)
SEDD (1989)	±100	50 (S), 40 (E)	143,357 (1994–2004)	100	17 districts	Selection Workshop (2 days), Motivation/Achievement Workshop (4 days), Entrepreneurship Development Program (21 days)	100	30 (short packages) 40 (core package) <sup>a</sup>
VTA (2000)	±100	—	—	145	22 districts (including districts in Northern and Eastern provinces)	Awareness Training in Entrepreneurship (1 day), CEFE (10 days), Know About Business (95 hours)	100	—
Local NGO SEEDS (1986)	±60 <sup>b</sup> (20–35 years)	±60 <sup>c</sup>	7,000–8,800 annually (2001–2005)	—	18 districts (including districts in Eastern Province)	Self-Employment Training (1 day), Small Business Development Training, Women and Enterprise Development Training (2 days), CEFE/SIYB programs	100	—
Agromart (1990)	—	±75	6,000–7,500 annually	—	7 districts	Enterprise Development Training/Sector-Specific Skills (3 days), Economic Literacy Training/Business Skills Training (2 days), Training for Everyone/Rural Polytechnic (1 day), SIYB programs	100 <sup>d</sup>	—

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<i>International</i> SIYB (2000)	68 (16–35 years)	57	9,255 (2000–04)	212	23 districts (including districts in Northern and Eastern provinces)	Generate Your Business (2 days), Start Your Business, Improve Your Business, Expand Your Business (5 days)	70	39 (S: 1–3 years later) 46 (E: 1–3 years later) <sup>e</sup>
CEFE (1995)	54 (18–33 years)	42	7,987 (1995–2000)	21 districts (including districts in Northern and Eastern provinces)	New Business Creation, Small and Medium Business Management and Expansion, Combined Business Creation and Expansion, Agricultural Marketing and Diversification (10 days), Entrepreneurial Competencies, Finance and Marketing Module (2 days)	91	25 (S: 1 year later); 49 (S: 1–8 years later) 41 (E: 1 year later); 81 (E: 1–8 years later) <sup>f</sup>	
<i>Private sector</i> Shell LiveWIRE <sup>g</sup> (1999)	100 (16–32 years)	—	12,500 (1999–2006)	21 districts (including districts in Northern and Eastern provinces)	Bright Ideas Workshop (half day)	100	28 <sup>h</sup>	
YESU/JA <sup>i</sup> (1998)	100 (6–19 years)	55	55,000 (1998–2008)	40	Primary school age: economic, entrepreneurial, financial education; middle school age: personal economics, enterprise skills; high school age: enterprise and business skills	100	—	

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**Table 7.1 Overview of Entrepreneurship Training Programs Targeted at and Accessed by Youth in Sri Lanka (Continued)**

Program (Year of origin)	Focus on youth (%)	Gender equity (% female)	Number trained (est.)	Number of trainers (est.)	Geographical spread	Types of packages	Subsidy (%)	Success rate (%)
HYBT (1997)	100 (18–35)	—	250 (1997–2007)	—	Hambantota district	Enterprise development training, Business mentoring (continuous)	—	70; 60 (3 years later) <sup>i</sup>

Source: Interviews, and published impact assessment statements.

Note: S = start-up programs; E = Expansion programs. — = Not available.

- Based on key informant interviews; the 21-day Enterprise Development Program is considered the core package.
- According to a qualitative study of the impact of the SEEDS credit plus program on poverty reduction (Weeratunge, Silva, and Renganathan 2002), around 59 percent of clients who received microcredit fell into this age range, and around one-third of the total accessed the in-house training packages.
- Fifty-nine percent of the borrowers in 2008 were women.
- Fee charged for the Rural Polytechnic program.
- Based on impact assessment.
- Based on impact assessment.
- Shell Live WIRE is part of the corporate social responsibility program of the Shell Corporation of Sri Lanka.
- Based on key informant interview.
- Youth Entrepreneurs of Sri Lanka is part of Junior Achievement Worldwide, funded by global private corporations; YESL also receives funds from the U.S. Agency for International Development.
- Based on website information.



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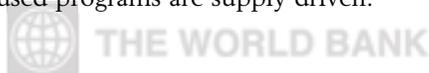
## **Strengths and Weaknesses of the Entrepreneurship Training Programs**

A main constraint in assessing entrepreneurship training programs is the lack of comparative data, making it difficult to use a uniform set of criteria. Thus tentative criteria used here for assessing effectiveness are youth focus, gender equity, success rates, sustainability, quality and client satisfaction, after-training services, geographical spread, availability in local languages, ease of access, and sociocultural grounding. Not all programs can be evaluated on all criteria. The two international programs, SIYB and CEFE, are the only ones with systematic impact assessment data. For the youth-focused programs, outcome evaluations relating to employability, civic engagement attitudes, interpersonal skills, academic attitudes, and life skills are nonexistent.<sup>11</sup>

### **Youth Focus**

Of the five programs specifically targeted at youth, SEDD, YESL, Shell LiveWIRE, and HYBT are based on concepts of motivation, creation of enterprising attitudes, and an orientation toward achievement. The enterprise training modules within the VTA are only beginning to implement this approach with the ILO-KAB (Know About Business) package. YESL exposes primary and secondary school students to business with a practical, hands-on approach, while providing English language skills as a by-product. The Ministry of Education, with technical support from the ILO Enterprise for Pro-Poor Growth, introduced an entrepreneurial studies course to the school curriculum as an elective at the senior secondary level in 2007 and developed modules on entrepreneurship for the existing curriculum at primary and junior secondary levels. It is still too early to assess the outcomes.

SEDD, Shell LiveWIRE, and HYBT have the specific goal of creating youth entrepreneurs. HYBT is unique among these three programs in using mentoring and a practical hands-on approach. Shell LiveWIRE gets youth to think about business ideas within a very short time. SEDD has the longest experience in working with rural youth. Other programs such as SEEDS, Agromart, SIYB, and CEFE have not been designed with a youth focus. However, large proportions of youth access these programs, which emphasize motivation and achievement, in addition to providing business skills training. Data on how the assessment of the training might differ by age of clients are currently not available. A greater effort could be made to profile different age categories and address youth needs. Currently most youth-focused programs are supply driven.



### ***Gender Equity and Sensitivity***

Of youth-focused programs, around half of SEDD participants are reported to be female, although 60 percent of participants in the business expansion courses are male. YESL reports that 55 percent of its participants are girls. The slight gender disparity in favor of girls is consistent with junior and senior secondary-level enrollment in Sri Lankan schools. Data on gender are unavailable for Shell LiveWIRE.

Formal vocational training is mostly accessed by male youth, so the majority of participants in entrepreneurship modules can be assumed to be male. Of the other programs accessed by youth, Agromart is specifically targeted at women (about 75 percent women; the organization does not refuse men). It motivates rural women to consider business as a livelihood option, to become aware of resources available to them, and to engage in systematic planning and investment. In addition to business-related training and microcredit, it provides training in leadership, empowerment, and women's economic and legal rights to leaders of commodity production associations. It responds to sociocultural obstacles faced by women, such as mobility after dark and reluctance to participate in residential training, by providing training close to home within villages. The gender breakdown for SEEDS trainees is not available, although around 60 percent of its microfinance clients are women. The SIYB program emphasizes a gender balance in targeting, and the majority (57 percent) of its participants are women. Its higher business start-up rate of 34 percent for women, compared with 28 percent for men, is unique among mixed training programs in Sri Lanka (Abey Suriya, Vithanage, and van Lieshout 2005). Of all training programs with available data, CEFE shows the lowest female participation rate (42 percent) and its female start-up rate is also 6 percent lower than that of men (Over 2004). However, even where there is equal or higher participation by women in starter programs, female participation is lower in business expansion programs for which data are available, such as SEDD, SIYB, and CEFE.

Weeratunge (2001) revealed that among CEFE trainees, unmarried female youth (relative to older married women) generally have lower business start-up rates and tend to give up their business at marriage. Apart from Agromart, SIYB, and YESL, all other programs need to increase gender sensitivity and achieve gender parity in training.

### ***Success Rates***

Rigorous data on start-up and expansion rates are available only for SIYB and CEFE. The overall business start-up rate of the SIYB program is

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around 31 percent one to three years after training—15 percent for the Generate Your Business program, 39 percent for Start Your Business, and 46 percent for Improve Your Business (Abey Suriya, Vithanage, and van Lieshout 2005).<sup>12</sup> Of those participants with existing businesses, 76 percent are estimated to have improved their business performance (increase in sales and profits, product portfolio, investment, markets, and employment creation) following SIYB training.

The start-up rate in the CEFE program one year after training was estimated at 25 percent and the business expansion rate of existing entrepreneurs in the same period at 41 percent (Over 2004). Over also found that for those participants who came to the CEFE program with the serious intention of starting or expanding a business (about 90 percent of total participants), success rates over the eight-year project period were much higher: an estimated 49 percent for new business creation and 81 percent for expansion. Around 90 percent of those who expanded their business are reported to have increased sales and profits, while 60 percent of new businesses starters and 70 percent of the expansions created new employment (Over 2004). This reveals the importance of paying attention to the medium- and long-term impact of training, as well as to the short-term impact.

Of programs specifically targeted at youth, the highest success rate is claimed by HYBT, at 70 percent after one year. The SEDD program claims an overall success rate (start-up and expansion) of 30 percent; 40 percent of the participants in the 21-day core program started or expanded a business. According to a follow-up survey conducted by Shell LiveWIRE, 28 percent of participants in its half-day workshops went on to start or expand their business. All these are considered favorable outcomes, compared with international rates.

A factor that influences success is targeting and selection. Political and social connections often outweigh aptitude for or interest in business in the selection of trainees in Sri Lanka (Weeratunge 2001). There is also mistargeting—for example, starters end up in expansion programs and vice versa. Mistargeting has been close to 30 percent in the ILO-SIYB program (Abey Suriya, Vithanage, and van Lieshout 2005).

### **Sustainability**

Very little information is available about whether enterprises started by youth trainees have been sustained over the medium and long term.<sup>13</sup> SIYB is the only program on which enterprise sustainability data exist for at least two years. Other programs need to monitor sustainability at least to that



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extent but preferably longer. SIYB data reveal that 77 percent of the newly started businesses and 90 percent of improved businesses were functioning one year after start-up or training (Abey Suriya, Vithanage, and van Lieshout 2005). Around 84 percent of start-ups and 90 percent of improved businesses were functioning two years later. It appears that some of those who started and stopped a business in the first year restarted it in the second year, after better planning or accumulating more capital for investment. HYBT estimates that 60 percent of its trainees' business start-ups were still operating after the second year (HYBT 2008).

The actual business practices of entrepreneurs who received SIYB training do not vary much from those of control groups. Entrepreneurs without training appear to be better at financial planning, while trained entrepreneurs are better at marketing (Abey Suriya, Vithanage, and van Lieshout 2005). In terms of overall performance, however, entrepreneurs who received SIYB or CEFE training appear to increase sales and profits and to hire more workers than untrained ones (Abey Suriya, Vithanage, and van Lieshout 2005; Over 2004). Around 69 percent of CEFE trainees said they had made a moderate profit, while 23 percent indicated a high profit after training (Over 2004). Trainees also expanded beyond local markets, increased the product portfolio, developed new business links, and increased incomes (Abey Suriya, Vithanage, and van Lieshout 2005). These business practices and indicators need to be assessed for adoption by other training programs, as do the factors that influence the business practices that trainees adopt.

The trainees in most of the programs are subsidized, so it is important to look at the financial sustainability of the training programs themselves.<sup>14</sup> The subsidies are necessary because most youth are unable to pay for the courses themselves and parents might not consider the training a worthwhile investment. SIYB and CEFE are the only programs that attempt some cost recovery, although Agromart and SEEDs charge nominal fees for some training. All training offered by the state sector is free. SIYB itself does not subsidize training; 74 percent of its costs are covered by partner organizations, which mobilize funds through donor agencies, while the remaining 26 percent was recovered through fees charged to trainees (SIYBSL 2004). CEFE initially subsidized nearly two-fifths of the training costs but phased out these subsidies by 2002. It received funding from partner organizations, course participants, and other sources (Over 2004; Reichert, Lempelius, and Tomecko 2000). MFI-NGOs remain dependent on donors to support their core training programs. Corporate social responsibility initiatives



offer YESL, HYBT, and Shell LiveWIRE the possibility of raising funds to scale up their youth programs, but these programs had not yet taken advantage of those opportunities. The private sector in Sri Lanka tends to invest in social welfare rather than livelihood activities.

### **Quality Orientation and Client Satisfaction**

The SIYB and CEFE programs are the only ones designed to international standards, emphasizing quality control through training of trainers and monitoring. They collect demographic data on trainees, business start-up and expansion rates, client satisfaction with the training, and changes in business practices and outcomes as a result of the training. The vast majority of SIYB trainees—95 percent of those in business and 80 percent of those not in business—rate their training as “very relevant” or “somewhat relevant” (Abey Suriya, Vithanage, and van Lieshout 2005). Around 80 percent of CEFE trainees said their training was “excellent” or “very good.” Forty percent of participants indicated that “most” expectations were met, and another 36 percent indicated that “all” expectations or “more” expectations than they hoped for were met (Over 2004). Weeratunge (2001) found that 70 percent of CEFE participants who started a business and 100 percent of those who expanded their businesses rated the training course as among the most significant factors enabling them to go forward with their plans.

This kind of monitoring and evaluation is absent in all programs targeted at youth in Sri Lanka. Internal annual reviews of programs and revisions of course material, for example by SEEDS, are not available in published form. State training programs such as SEDD and vocational-based entrepreneurship training programs are weakest in quality orientation, training of trainers, and monitoring. For example, in the VTA program, a lack of dedicated trainers means that the available staff attends to a multitude of other tasks. None of the youth-targeted training programs or those offered by MFI-NGOs have collected data on client satisfaction. A qualitative assessment of SEEDS (Weeratunge, Silva, and Renganathan 2001) found that trainees highly valued the technical sector-related training and the CEFE program offered but did not remember exactly what they had learned in the one-day self-employment training program.

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### **After-training Services**

After-training services are particularly important for youth new to business. Among training programs specifically targeted at youth, HYBT



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provides both loans and mentoring. SEDD provides sector-specific technical support and referrals for financial credit through its well-established network of links with banks and other government agencies with technical expertise, such as Sri Lanka's Industrial Development Board/Industrial Development Authority, Industrial Services Board, and Agriculture Extension and Small Industries Departments. SEDD's long-term commitment to trainees has made it the state institution that "does not go away." However, because SEDD is completely dependent on state funds, resources for adequate support and follow-up are limited. State-supported vocational training programs are also weak; their lack of resources means they are unable to provide trainees with sufficient avenues of further development, such as technical and entrepreneurial advice. The Sri Lankan central bank administers a loan program, Nipuna, for the self-employed, but loan sizes are considered too small to purchase the equipment necessary for most start-ups.

The MFI-NGOs are best at after-training services. All their trainees are assured of financial credit. Their in-house entrepreneurship training has been designed to be integrated with sector-specific technical training, business development services, and various other follow-up activities. The kinds of after-training services available to SIYB and CEFE trainees are dependent on partner organizations implementing the training. Around 43 percent of CEFE trainees received after-training services, mostly business counseling, with expanders being more apt to receive these services than start-ups. The training enabled around half of the trainees to access capital, 69 percent of which came from a bank or NGO fund (Over 2004). Around one-third of SIYB trainees received after-training services directly through the program, which were given a high quality rating by about 80 percent of the recipients (Abey Suriya, Vithanage, and Lieshout 2005). About 60 percent of trainees received banks loans, while about 40 percent received market information, skills and management training, and business counseling. The significance of after-training services is clearly revealed in the SIYB impact assessment, where the business start-up rate among those who had received such services was, at 56 percent, four times as high as the rate among those who did not receive the services.

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### **Geographical Spread**

Among the youth-targeted training programs, Shell LiveWIRE has the broadest geographical coverage, which includes the conflict-affected Northern and Eastern provinces of the country. However, this program



THE WORLD BANK

reaches smaller numbers than most other programs. SEDD, although the biggest program in overall numbers with a wide coverage in the nonconflict regions, does not have a presence in the north or east. HYBT is restricted to Hambantota District, but since 2007 the Ceylon Chamber of Commerce, headquartered in Colombo, has been replicating the program nationally. The government's vocational training program has a potentially wide geographical spread, including the north and east, because of its large network of training centers (250), including 12 Career Guidance units, if it can expand its entrepreneurship modules. YESL reaches only 1 percent of public schools in Sri Lanka. SEEDS, CEFE, and SIYB have a wide outreach, including many of the districts in the north and east. Although SEEDS provides training to more than three times as many people as the CEFE and SIYB programs reach, it is still unable to cover all its microfinance clients with the basic in-house training in self-employment. Agromart is currently working in only seven districts (including Ampara in the east), but its total number trained approaches that of SEEDS.

#### ***Availability in Local Languages***

With one exception all of the entrepreneurship programs, including those specifically targeted at youth, conduct training in Sinhala and Tamil. YESL conducts its training in English because it uses course material provided by Junior Achievement Worldwide. YESL does not consider this an obstacle but rather sees it as a means for trainees to obtain highly valued English language skills in addition to enterprise awareness. SEDD does not have an adequate number of Tamil language trainers, and thus participation in its programs of youth of minority ethnic groups (Tamil and Muslims) is low. Of all the youth-targeted programs, Shell LiveWIRE is the one that provides several attractive and comprehensive brochures, facilitating decision making on business start-up, in both Sinhala and Tamil languages. SIYB and CEFE provide training material in the two local languages. Because these are translated from English, however, there are issues of language dealing with cultural nuances that go beyond simple direct translation. A fifth of participants in SIYB programs indicated that the training manuals were either too difficult to understand or irrelevant to their needs. Only 40 percent of those who started or expanded a business consulted the manuals after training (Abeysuriya, Vithanage, and van Lieshout 2005). This finding was confirmed by interviews with key informants (in relation to SIYB) and trainees (in relation to CEFE), where trainees frequently complained about convoluted language and



THE WORLD BANK

lack of materials in the local idiom. Local MFIs and NGOs develop their in-house material directly in the local languages and are thus more conversant with local idiom.

### ***Ease of Access***

The ease of access to training might be a factor for the relatively small proportion of youth who access enterprise training. Training is often provided in district capitals and centers. Many rural youth who live in villages far from these centers are not aware of the availability of the training, and if they are, they might not have the financial means to travel to the training centers. In the case of female youth, cultural restrictions relating to mobility are a significant issue; parents do not often give their daughters permission to stay in residential facilities. Thus, one- or two-day-long programs conducted in villages by organizations such as SEEDS, Agromart, and SEDD have a greater chance of reaching these youth. Shorter-term (or staggered) training closer to their homes makes training more accessible to youth in remote locations.

### ***Sociocultural Grounding***

The evidence given by youth, public perceptions gleaned from business surveys, and qualitative studies all indicate an antipathy toward business in Sri Lanka. In such a context, it is important that training courses are well grounded in local sociocultural realities. The likelihood of this happening is greater when training is designed (or co-designed in the case of global programs) within the country and when trainers have accumulated sufficient experience through long years of implementation.

Of the youth-targeted programs, SEDD has the longest experience in implementation and has a cadre of relatively well-trained trainers in the districts where it is active. SEDD trainers and extension officers tend to have a good grasp of local conditions and a “cultural orientation” that is conducive to understanding and addressing the needs of local youth entrepreneurs.<sup>15</sup> HYBT also has this local grounding because it is located within a district chamber of commerce and is based on mentoring by experienced business people. Of the other programs, core training packages by SEEDS and Agromart have been designed locally and implemented for 15 to 20 years. Their “cultural orientation” is based on local knowledge of grassroots conditions, and their range of packages is tailored to different needs.

YESL by contrast uses the concept and materials from Junior Achievement Worldwide with barely any modification in English. While



THE WORLD BANK

English language learning by rural students is a very useful by-product of the program that should be retained, a bilingual program more attuned to local sociocultural realities would have a larger impact. Similarly, even though Shell LiveWIRE, CEFE, and SIYB claim adaptation to local conditions, they are global in origin and relatively new in the training landscape of Sri Lanka. The local trainers have sufficient knowledge of the training context, but most do not have practical knowledge of running a business within this sociocultural context. There is insufficient use of existing entrepreneurs who could convey knowledge and lessons of practical experience through mentoring. Learning through games (virtual reality) or by filling out self-assessment forms often has little focus on real situations in Sri Lanka. Trainers need to be aware that in addition to “technical” business skills they are also imparting a particular value orientation. Moreover, if programs are also based on motivation and achievement concepts, trainers need to understand that what motivates or enables Sri Lankan youth to start or expand enterprises might differ from what is assumed in course concepts or content.

In addition, the content does not cover broad but relevant issues such as globalization and Sri Lanka’s place in the global economy. Youth need to know that they live in a changing world and understand how to start and run an enterprise within increasingly globalized markets. Even though global awareness is an important ingredient of entrepreneurship education promoted by organizations such as the Aspen Institute (2008), it has been missing in most training programs in Sri Lanka. There also is a need to do more awareness raising among people who have influence over training youths’ decisions, such as education officials, teachers, community leaders, and parents. For example, both YESL and the Entrepreneurial Studies course supported by the government have run into institutional obstacles within the education system. Thus, although recommendations such as incorporating entrepreneurship education into the school curriculum are theoretically easy to make, the difficulty in implementing these confirms the importance of generating the enabling sociocultural conditions for successful entrepreneurship education in Sri Lanka.

### **Differentiating the Two Goals of Entrepreneurship Training**

This overview of entrepreneurship training programs indicates the need to differentiate between inculcating enterprising attitudes among school leavers in general and providing entrepreneurship training for those who



THE WORLD BANK

have the interest and aptitude to engage in self-employment. Following Chigunta (2002), this would mean separating out “pre-entrepreneurs” (15–19 years, “formative stage”) from “budding” (20–25 years, “growth stage”) and “emergent” (26–29, “prime stage”) entrepreneurs. YESL is more focused on the “pre-entrepreneur” phase of training, while all other programs targeted at youth combine the three phases. Programs accessed by youth also incorporate awareness creation and attitude-changing tactics with training in business start-ups.

Available impact studies show that youth who have no intention of engaging in self-employment or starting businesses are selected for entrepreneurship training programs, which are primarily designed for those who do wish to become entrepreneurs. While all youth need to have enterprising attitudes to find and pursue their livelihoods, training all of them in full-scale programs for entrepreneurship development is an inefficient use of both resources and time. Thus, what is needed is for all school leavers to go out into the world having been exposed to some basic values about being enterprising, preferably within the school system. Until such a concept is adequately implemented within the school system, there is a need to help those youth who have already left school to acquire the basic enterprising values and attitudes that will expand their livelihood options.

### **Creating an Enabling Sociocultural Environment for Promoting Youth Entrepreneurship**

The antipathy toward businesses in Sri Lanka and the reluctance of youth to consider enterprise as a career option reveal the need for an enabling sociocultural environment. The first national survey of public perceptions on business confirmed what stakeholders in the enterprise development sector, as well as qualitative studies, had already found (International Alert 2005): significant majorities of people believe that businesses exploited consumers (69 percent) and destroyed cultural values (58 percent). While a large majority (76 percent) agreed that businesses helped society by providing employment, only a minority (46 percent) believed that they helped by providing goods and services to communities. In addition, a large majority (77 percent) believed that businesses need to be socially responsible and take into account the impact of their decisions on employees, local communities, and the country, in addition to making profits. Thus, the success of enterprise in Sri Lanka is judged as much by sociocultural as by economic expectations.



It is within this sociocultural milieu that youth make decisions on what training they will engage in and what career options they will consider. Ranasinghe's (1996) analysis of school curricula shows that there is very little reinforcement of entrepreneurial qualities or values in school textbooks. The new Entrepreneurial Studies course and modules introduced in 2007 have yet to make a dent within the education system. There is much evidence that the predominant culture in Sri Lanka emphasizes affiliation (social ties with family, community, and business associates) over achievement and planning values (Perera 1996; Nanayakkara 1997, 1999; Weeratunge 2001, Buddhadasa 2003; Reinprecht and Weeratunge 2006). Affiliation is essential for good customer relations and network-building and should be reinforced. In addition, however, enhancing achievement and planning values—especially opportunity-seeking, innovation, information-seeking, and planning—would increase the life chances of youth.

In assessing motivation among school leavers in four districts, Reinprecht and Weeratunge (2006) found that whereas the majority of school leavers with O-level (ordinary level) or less education perceived income and money as significant measures of success, the majority of those who had A-level (advanced level) or more education found education, achieving a goal, being a good human being, and not harming others to be more important. Both groups also valued good social relations and a good house. Interviews with entrepreneurs of varying age groups found that money and profit are not the primary motivating factors for the majority doing business in Sri Lanka.<sup>16</sup>

These qualitative findings are confirmed in the School-to-Work Transition for Youth Survey (Hettige, Mayer, and Salih 2004), where youth indicated that being successful in work, making a contribution to society, and having a good family life were more important than having a lot of money. Moreover, for the majority the major reason for accepting their current job was not financial but rather personal interest or the lack of other options (exceptions were youth in the conflict areas and the estate sector). Thus the entrepreneurship model for Sri Lanka should be grounded in family and community, rather than in the high-achieving, risk-taking individual that is often emphasized in global packages. Some planning and achievement values also need to be inculcated for youth to be successful in an employment market that is increasingly globalized.

All three available youth surveys (National Youth Survey 2000, School-to-Work Transition for Youth 2003, and Youth and Poverty Survey 2005) are consistent in showing that around 20–24 percent of



THE WORLD BANK

youth cite self-employment as their employment preference; that percentage is about the same for both men and women and for youth both in and outside the conflict areas. However there is some difference between urban and rural youth, and great variation according to education level. What is noteworthy is that self-employment (this does not differentiate between business per se and skilled crafts, agriculture, or fishing) generally emerges as the second-most desired preference, next to state employment, which is preferred by 40–50 percent of survey respondents. More urban than rural youth are oriented toward business.

The Youth and Poverty Survey (Ibarguen 2005) found that 35 percent of school leavers with junior secondary education, 26 percent with O-levels, and 13 percent with A-levels cited self-employment as their first preference. However, asked about their ideal job, almost 30 percent overall mentioned self-employment. Thus, it appears that although more youth, given freedom to decide on their own, might opt for self-employment, family and social pressures orient them toward the government sector as their first preference. These results should be treated with caution because the question was related to self-employment in general rather than to business alone. Where the questions are related specifically to business, there is some consistency with the survey results. The findings on the decision-making process of school leavers in the qualitative study of four districts (Reinprecht and Weeratunge 2006) showed that while only a small minority was actually planning to engage in a business, 45 percent, when specifically asked, said they would consider business as an option. More school leavers with O-levels than with A-levels, and more non-Sinhalese Buddhist youth considered business as an option.

The results of the School-to-Work Transition survey (Hettige, Mayer, and Salih 2004) show that the preference for “starting my own business” increases progressively from those youth still in school to those actually engaged in some sort of self-employment. Thus while only 21 percent of youth in school considered starting a business to be an option, 23 percent of job seekers, 37 percent of those already employed, and 66 percent of self-employed youth wanted to start their own business. There was a noteworthy gender difference, with more men than women wanting to start their own business. There was no ethnic variation between Sinhalese and Tamils, but among those in school and job seekers, considerably more Muslim than Tamil youth wished to start a business. Among self-employed youth, more Sinhalese than Tamils wished to start their own business. Nearly two-thirds (63 percent) of all self-employed youth indicated



independence as the primary reason for their choice. Inability to find salaried work (16 percent), flexible working hours (9 percent), and higher income (8 percent) were other reasons for selecting self-employment.

The youth surveys found that lack of social respect, stability, and security were the primary reasons youth did not prefer self-employment. Additionally, youth saw business as exploitative. In the qualitative study, reasons for shunning self-employment ranged from dislike of business, lack of knowledge or skills for business, and lack of social respect, to lack of markets and capital.

Overall, the results of the studies indicate that youth are pressured by family and society not to consider business as an option. Thus, changing attitudes of youth per se is insufficient. There needs to be a widespread, long-term effort to promote a positive attitude toward business among the Sri Lankan population in general. The need is greatest in the rural areas. Preliminary results from a social marketing campaign implemented by the ILO Enterprise for Pro-Poor Growth project reveal that more concerted awareness initiatives can lower the preference among youth and parents for government employment and increase openness toward business as a career option.<sup>17</sup>

### **Creating an Enabling Economic and Regulatory Environment for Youth Entrepreneurship**

In making a strong case for creating an enabling sociocultural environment in which youth entrepreneurship can flourish, this chapter is by no means advocating the neglect of an enabling economic and regulatory environment. The disabling economic factors for promoting entrepreneurship among youth have been discussed comprehensively by Young (2004). Three main issues are highlighted here.

#### ***Access to Finance***

Despite the availability of many loan schemes through banks and micro-finance institutions, youth still face difficulties in accessing capital. The main obstacles are related to collateral in obtaining bank financing. In contrast to some other countries, “angel investors” are lacking.<sup>18</sup> Many youth are also unwilling to borrow for sociocultural reasons—a life free of debt is highly valued and brings social status. Few safety nets exist for young business starters, such as security funds existing in other countries. In addition, the loan sizes available through MFIs to youth are often too small to finance a start-up business.



### ***Access to Business Support***

Sri Lanka has no sizable market for business development services yet, because many entrepreneurs do not see their benefits. In any case, youth tend to use these only if they are made available free of cost. Information is lacking on chambers of commerce and other institutions that promote enterprise development among youth, and more business counseling is needed, especially in rural areas, to help young entrepreneurs identify markets, as well as to manage day-to-day business.

### ***Policy and Regulatory Environment***

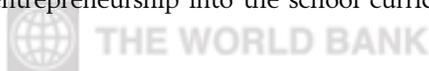
Currently youth have few incentives to start a business and many reasons not to try. Sri Lanka's cumbersome registration, permit, and tax systems, as well as its labor laws, discourage youth from considering business as an option. These various systems need to be streamlined, and state officials made more aware of the need to provide adequate support to youth engaging in enterprise.

### **Recommendations**

The following recommendations, based on assessing the strengths and weaknesses of current programs available to youth, encompass existing concepts and resources for the development of an integrated, two-pronged strategic approach to youth entrepreneurship in Sri Lanka. The first component would promote an enterprise culture among all youth within and outside the school system, focusing on sociocultural aspects. The second component would improve entrepreneurship training and the enabling environment for those youth who wish to become entrepreneurs, focusing on economic, regulatory, and sociocultural aspects. A more rigorous approach to monitoring, evaluation, and impact assessment needs to be the cornerstone of such a strategy.

### ***Promotion of an Enterprise Culture***

Four core value messages need to be conveyed to youth through the school and vocational training systems, as well as through a social marketing campaign: the value of being "enterprising" (opportunity and information seeking, creative and innovative, self-confident, and persistent); the value of business as a respectable option for a livelihood; the value of training and planning to run a successful enterprise; and the value of operating a socially responsible enterprise to help one's family, village, and region to develop. Initiatives to incorporate entrepreneurship into the school curriculum, as



promoted by the ILO Enterprise Growth project, need to be monitored and strengthened. Extracurricular programs such as YESL need to be more localized and scaled up. These steps will accommodate different learning styles in both classroom and nonclassroom environments.

For school leavers, entrepreneurship modules in vocational training, as supported by the ILO project, need to be strengthened and scaled up. Shell LiveWIRE's "Bright Ideas" workshop is useful for creating awareness among youth who do not access the vocational training system. Career guidance within schools and brochures for youth outside the school system on decision-making related to livelihood choices could address the current information gaps on enterprise as a viable career option. Television and radio at the national level, as well as street and forum theater at the grassroots level, are media that can be used to provide information on entrepreneurial traditions and role models and to generate discussions on issues relating to enterprise. Youth entrepreneurship awards such as those promoted by YESL and Shell LiveWIRE need to be expanded to all the districts. In addition to donor and government support, more corporate social responsibility funds need to be mobilized for activities connected to generating an enterprise culture.

### ***Promotion of Entrepreneurship Training***

To promote entrepreneurship training, a "pathways to business" concept needs to be institutionalized within and outside the school system, so that school leavers at all levels, as well as graduates of vocational training institutions and universities, can access training at appropriate points in their lives. This system should be inclusive, providing access to young women following marriage, the disabled, and young offenders. Better information (such as attractive brochures) needs to be made available to youth to make them aware of and help them select appropriate entrepreneurship training options. Targeting and selecting youth with an interest and aptitude for business is essential. Promoting gender and ethnic equity in training should be a fundamental concern. The quality of courses needs to be enhanced by training sufficient trainers, and by improving the practice orientation and sociocultural grounding of courses. Training needs to be linked to mentoring and after-training services. The HYBT model, now expanded to the national level, needs to be monitored and strengthened. In addition, a youth entrepreneur forum to exchange experiences and promote a dialogue among youth engaged in the private, state, and non-governmental sectors would improve the enabling sociocultural environment for entrepreneurship.



THE WORLD BANK

### ***Promotion of an Enabling Economic and Regulatory Environment***

Better access to business development services (training in marketing, business management, bookkeeping, and sector-relevant technical skills), as well as institutional financing without current collateral restrictions, are important aspects of an enabling economic environment. A social safety net for young entrepreneurs, such as a security fund, to reduce risk, has been initiated in other countries. To improve governance, introducing efficient registration, licensing, and permit procedures and exempting youth entrepreneurs from labor and tax regulations for a prescribed period during the start-up phase would be helpful. In addition, awareness-raising programs among state officials to change attitudes toward youth entrepreneurship can be promoted. Introducing a universal tax system, so that businesspeople are not the only visible citizens who have to pay taxes, would also be conducive to changing attitudes toward business. Developing a consistent policy approach toward youth entrepreneurs within an overall entrepreneurship policy for Sri Lanka is essential.

### ***Monitoring, Evaluation, and Impact Assessment***

Sound monitoring and rigorous impact assessment of entrepreneurship programs is a precondition for an entrepreneurship training strategy. There is a great need to maintain an integrated database with detailed statistics on youth entrepreneurship training. If such a database were available, identifying and promoting or supporting programs based on performance by looking at choices of youth and success rates would become easier. Disseminating best practices to increase the quality of programs and encouraging cross-agency learning would be an integral part of impact assessment.

This chapter has provided an assessment of the current approaches and implementation of entrepreneurship programs in Sri Lanka in relation to youth employment and has argued for a better incorporation of sociocultural issues in the design and delivery of future programs. Recommendations are made for a comprehensive integrated approach to youth entrepreneurship, focused both on generating an enterprise culture among youth, as well as providing an enabling economic and regulatory environment for start-up and expansion of youth-owned enterprise. Sound data on the impact of current entrepreneurship programs targeted at or accessed by youth are conspicuous by their absence. Thus, the need for a more consolidated approach



THE WORLD BANK

to collection of statistics, monitoring, evaluation, impact assessment, dissemination of best practices, and cross-agency learning to understand what works and what does not, cannot be overemphasized.

## Notes

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1. Harper (1988), White and Kenyon (2001), and Chigunta (2002) have outlined multiple benefits in addition to creating employment opportunities, such as incorporating alienated and marginalized youth into the economic mainstream, addressing delinquency and psychosocial issues arising from unemployment, developing new skills and experiences to be applied to general challenges in life, promoting innovation and resilience, revitalizing local communities, and using the dynamism of young entrepreneurs to respond to new economic trends. Curtain (2000), Chigunta (2002), and Schoof (2006) have cautioned against considering youth entrepreneurship as a panacea for youth unemployment, emphasizing the importance of specific economic conditions, market opportunities, and consumer spending power in developing countries for business start-up. Lundstrom and Stevenson (2002) have used a model incorporating motivation, opportunity, and skills to analyze incidence of business entry.
2. Gibb (1998:4) described an “enterprise or entrepreneurial culture” as “sets of values, beliefs and attitudes commonly shared in a society which underpin the notion of an entrepreneurial ‘way of life’ as being desirable and in turn support strongly the pursuit of ‘effective’ entrepreneurial behavior by individuals or groups.” See also Kolshorn and Tomecko (1995) and Luczkiw (1998).
3. Lundstrom and Stevenson (2002:12) pointed out that promoting an entrepreneurial culture is “one of the more underdeveloped strategic areas of entrepreneurship development. It is not well articulated in policy terms and the area most subject to rhetoric.” They further elaborated that while many policy-makers talked about it, few formulated concrete action for implementation.
4. Lundstrom and Stevenson (2002:10–11) identified four policy orientations toward entrepreneurship in their 10-country study: SME policy extension; niche entrepreneurship policy; new firm creation policy; and holistic entrepreneurship policy



THE WORLD BANK

5. For example, the mission statement of the SME Bank specifies: "To develop small and medium enterprises through introduction of innovative financial products and development services, building a strong entrepreneur culture in Sri Lanka."
6. In another study, Lee and Wong (2004) have stressed the importance of recognition of opportunity, fear of failure, and self-efficacy, in addition to networks, in new venture creation by young people in Asia.
7. Some comprehensive studies looking at outcomes and impact of entrepreneurship training and education include Rasheed (2000) and Botham and Mason (2007).
8. This independent study of the CEFE program was done on behalf of the Center for Poverty Analysis, Colombo, and was used by CEFE Sri Lanka to address sociocultural gaps in its training program.
9. Sarvodaya Economic Enterprise Development Services (SEEDS), Agromart Foundation, Small Enterprise Development Division (SEDD) of the Ministry of Youth Affairs and Sports and the Vocational Training Authority (VTA), Shell LiveWIRE, Young Entrepreneurs of Sri Lanka (YESL), and Hambantota Youth Business Trust (HYBT).
10. The YESL programs directed at school children as an extracurricular activity after school throughout the school year, as well as modules within vocational training courses distributed during the course period (averaging around six months) differ from this pattern.
11. Outcome evaluations based on pre- and post-tests, as well as qualitative interviews are common practice in many youth entrepreneurship programs in the United States (see, for example, Bronte-Tinkew and Redd 2001).
12. Although the latter package is intended for those already in business, the course attracts starters as well.
13. Lundstrom and Stevenson (2002:5) have indicated 3.5 years (42 months) as the critical survival period of a fledgling enterprise.
14. Data on cost effectiveness and financial sustainability of programs are not readily available for most programs and difficult to compare because of the range of products, so the assessment here is tentative.
15. The author has interviewed several SEDD personnel and traveled in the field with them in Kurunegala and Puttalam districts during the course of several studies.
16. Criteria for success might reveal differences among countries, ethnic groups, and genders. For example, Kyro (2001), using narratives of 17 female entrepreneurs, argued that women might have different criteria for success, such as customer satisfaction and professional performance, and might be motivated to start an enterprise for self-fulfillment rather than for financial need.



THE WORLD BANK

17. The preliminary results of a qualitative impact assessment (Weeratunge 2008) on the social marketing campaign reveal very positive outcomes in increasing openness to business as well as improving perceptions toward business people.
18. Angel investors offer capital for start-ups (especially potentially high-growth ones) in return for an equity stake.

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