

## Unpacking the Rise of Social Entrepreneurship over Sustainable Entrepreneurship among Sri Lankan Exporters in SMEs Sector: A Case Study in Sri Lanka

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**Abstract :** This study investigates the prominence of the social entrepreneurship (SE) model over the sustainable entrepreneurship model among Sri Lankan exporters in the small and medium enterprise (SME) sector. The primary objective of this study is to explore how the unique socio-economic contextual nuances of the country influence this behavior. The study employs a multiple-case study approach, collecting data from thirteen SEs in the SME sector. The findings reveal a significant alignment between SE and the lifestyle of the people in Sri Lanka, attributed largely to its deep-rooted religious setting and cultural norms. A crucial factor driving the prominence of SE is the predominantly labor-intensive nature of production processes within the exporters of the SME sector. These processes inherently lend themselves to SE, providing employment opportunities and fostering community engagement. Further, SE initiatives substantially resonate with community-centric practices, making them more appealing and accessible to the local populace. In contrast, the findings highlight a dilemma between cost-effectiveness and sustainable entrepreneurship. Transitioning to sustainable export products and production processes is demanded by foreign buyers and acknowledged as essential for environmental stewardship, which often requires capital-intensive makeovers. This investment inevitably raises the overall cost of the export product, making it less competitive in the global market. Interestingly, the study notes a disparity between international demand for sustainable products and the willingness of buyers to pay a premium for them. Despite the growing global preference for eco-friendly options, the findings suggest that the additional costs associated with sustainable entrepreneurship are not adequately reflected in the purchasing behavior of international buyers. The abundance of natural resources coupled with a minimal occurrence of natural catastrophes renders exporters less environmentally sensitive. The absence of robust policy support for environmental preservation exacerbates this inclination. Consequently, exporters exhibit a diminished motivation to incorporate environmental sustainability into their business decisions. Instead, attention is redirected towards factors such as the local population's minimum standards of living, prevalent social issues, governmental corruption and inefficiency, and rural poverty. These elements impel exporters to prioritize social well-being when making business decisions. Notably, the emphasis on social impact, rather than environmental impact, appears to be a generational trend, perpetuating a focus on societal aspects in the realm of business. In conclusion, the manifestation of entrepreneurial behavior within developing nations is notably contingent upon contextual nuances. This investigation contributes to a deeper understanding of the dynamics shaping the prevalence of SE over sustainable entrepreneurship among Sri Lankan exporters in the SME sector. The insights generated have implications for policymakers, industry stakeholders, and academics seeking to navigate the delicate balance between socio-cultural values, economic feasibility, and environmental sustainability in the pursuit of responsible business practices within the export sector.

**Keywords :** small and medium enterprises, social entrepreneurship, Sri Lanka, sustainable entrepreneurship

**Conference Title :** ICSEI 2024 : International Conference on Social Entrepreneurship and Innovation

**Conference Location :** Sydney, Australia

**Conference Dates :** May 16-17, 2024