

Antecedents of youth's intentions in seeking microcredit: Evidence from Jaffna district, Sri Lanka

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Abstract

Entrepreneurship plays a vital role in the economic development of a country. Economic growth is positively impacted by the emergence of a new business creation. In this context, this research focuses on the intention of youth in seeking microcredit based on the Theory of Planned Behavior. The problem for this study is a general observation that the youths in the northern part of Sri Lanka, especially Jaffna based, are showing very much reluctance in applying for microcredit to create enterprises. This got proved when we had initial talks with microcredit lending institutions. Therefore, the researchers intended to find out the reasons/determinants of youth's intentions in seeking microcredit. The objective of the study is to find out the factors which determine youth's intention in seeking microcredit. Respondents were randomly selected youths in between 18 - 25 years of age from the University, Advanced Technical Institute and University College. Results revealed that, Intention to seek the micro credit is significantly influenced by subjective norms, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire. In contrast, Intention to seek the micro credit is not significantly influenced by positive effect, perceived benefits, perceived deterrents and perceived behavioral control. Additionally, this research contributes a new body of knowledge in the field of microfinance and entrepreneurship. Beneficiaries of this study include various stakeholders, like youths in Jaffna region, the government institution, government policy makers and other commercial & micro financial institutions.

Keywords: Microcredit, Theory of Planned Behavior and Youth's Intentions

1. Introduction

Entrepreneurship plays a substantial role in a country's economic and socio development. Therefore, the entrepreneurship is accepted as a worldwide phenomenon for an economic growth

of a country. Economic growth of a country is positively impacted by the emergence of new and innovative business inaugurations (Ghina, 2014). Consequently the entrepreneurship is the key factor for economic development. Entrepreneurship is a dynamic process of