



An Empirical Analysis of Sustainable Entrepreneurship in Sri Lanka's Construction SMEs

Purpose

This study investigates how entrepreneurial characteristics and contextual factors influence the sustainability performance of small and medium-sized construction firms in Sri Lanka in light of Sustainable Entrepreneurship Theory (SET) and the Triple Bottom Line (TBL) framework.

Methodology

A quantitative, cross-sectional survey was carried out with 250 SME contractors located in Sri Lanka's Southern Province. Data were analyzed using multivariate regression to examine relationships between sustainability performance, entrepreneurial traits such as creativity, risk management, learning orientation, opportunity recognition, and relationship-building, as well as institutional and industry factors.



Originality

This study applies Sustainable Entrepreneurship Theory within a developing-economy context and treats the Triple Bottom Line as evolutionary over time rather than as a fixed balance among outcomes. It also puts forward the idea of latent entrepreneurial capacity, suggesting that individual traits matter most when the surrounding institutional environment provides real support. This work provides one of the few empirical analyses of sustainable entrepreneurship among construction SMEs in Sri Lanka.



Implications for Theory

The results show that institutional and industrial factors, including regulatory stability, policy coherence, and structural support, have a stronger impact on sustainability than individual entrepreneurial traits. The findings refine SET by identifying institutional conditions as a boundary within which entrepreneurial potential can generate sustainable outcomes.

Implications for Practice

Policy measures should aim to make regulations straightforward and consistently applied while giving firms the kind of practical support they can actually use. Incentives and training programs can help business owners see sustainability not as an added cost but as part of building a stronger, more competitive company. Stronger collaboration among SMEs, suppliers, and financiers can also help embed sustainability within everyday business practices.

Limitations

The study focuses on SMEs in Sri Lanka's Southern Province, which may limit the generalizability of the findings. Future research could bring together quantitative and qualitative approaches, using surveys alongside interviews to understand how sustainable entrepreneurship grows in different regions.

Keywords: Sri Lanka; construction SMEs; sustainable entrepreneurship; Triple Bottom Line; institutional environment

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