

Assessing the Impact of Entrepreneurial Orientation as Dimensions of Business Performance: A Study of Startup SMEs in the Western Province, Sri Lanka

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Publication Date: 2026/06/06

Abstract: Small and medium-sized enterprises are essential to the global economy because they generate employment, drive innovation, support inclusive growth, and contribute significantly to Gross Domestic Product and local community development worldwide. However, such startup enterprises face high early failure rates, limiting their contribution to regional economic growth and long-term sustainability. This study examines how entrepreneurial orientation influences business performance by analyzing six of its dimensions. Based on the Theoretical views, the study adopts a quantitative approach, collecting data from 396 startup enterprises of this category through structured questionnaires. Descriptive statistics and inferential statistics were conducted to assess the effect of each of these dimensions on financial and non-financial performance indicators on business performance. The results reveal that proactivity and innovativeness significantly enhance business performance, while risk-taking has a conditional effect that is shaped by market stability and resource constraints. Competitive aggressiveness and entrepreneurship desire show strong positive contributions, whereas autonomy presents a negative but significant influence. Overall, the findings highlight entrepreneurial orientation as a strategic behavioral construct that enhances the sustainability, competitiveness, and advancement probability of startup enterprises. The study provides practical implications for entrepreneurs, policy developers, and support agencies seeking to strengthen the resilience of these firms and economic development.

Keywords: *Business Performance, Entrepreneurial Orientation, Entrepreneurship Desire, Innovativeness, Pro-activeness, Risk-taking, Startup SMEs, Western Province.*

How to Cite: H. K. G. S. Ranasinghe; B. A. D. L. Dharmasena (2026) Assessing the Impact of Entrepreneurial Orientation as Dimensions of Business Performance: A Study of Startup SMEs in the Western Province, Sri Lanka.

International Journal of Innovative Science and Research Technology, 11(5), 3490-3497.

<https://doi.org/10.38124/ijisrt/26may1797>

I. INTRODUCTION

Small and Medium Enterprises (SMEs) are vital engines of the global economy, driving innovation, employment creation, and inclusive economic growth while strengthening local and international markets. Startup SMEs play a critical role in driving innovation, employment generation, and economic growth in Sri Lanka (OECD, 2022; Startup Genome, 2024). Despite their importance, early-stage SMEs in the Western Province experience high failure rates, with a proportion unable to sustain operations beyond the initial years, mainly due to financial difficulties, insufficient strategic planning, regulatory uncertainty, and the absence of sustained entrepreneurial behavior (Pardo et al., 2025). Such constraints

highlight the need for deeper examination of strategic behavioral constructs that enhance SME survival and performance in volatile market environments (Ranasinghe et al., 2019). These startup enterprises are defined in this exercise as firms in operation for less than ten years and are in the early stages of organizational development, typically characterized by limited resource bases, informal structures, and heightened exposure to market uncertainty (OECD, 2022). These characteristics distinguish startup SMEs from more established firms and justify their separate analytical treatment, particularly when examining entrepreneurial orientation as a behavioral driver of early-stage business performance (BP) (Kraus et al., 2018).

Entrepreneurial Orientation (EO) is very important in entrepreneurship research since it explains entrepreneurial behaviours of firms, and modern EO recognizes the innovativeness, pro-activeness, risk-taking, autonomy, competitive aggressiveness, and entrepreneurial desire as six dimensions (Umar et al., 2023). It is visible from recent studies that the adaptability of a company in dynamic markets is strengthened by these dimensions in a collective manner, to build competitive advantage of startup SMEs and improve overall performance (Umar et al., 2023; Gjorevska, 2023). For early-stage firms, EO provides the behavioral and strategic intensity required to navigate market turbulence and emerging opportunities (Puumalainen et al., 2023).

The Resource-Based View (RBV), which holds that distinctive skills like entrepreneurial conduct can produce long-term competitive advantage, serves as the theoretical foundation for EO (Kraus et al., 2018). EO is a crucial intangible capability that improves innovative capacity, strategic agility, and opportunity perception for SMEs operating in resource-constrained situations (Prasannath et al., 2024). The entrepreneurship desire dimension aligns closely with this perspective and has gained increasing relevance in developing economies where psychological drivers significantly shape entrepreneurial outcomes (Ranasinghe et al., 2019; Reyes et al., 2017).

While EO has been well studied in Western contexts, there is still little empirical support for it in South Asian entrepreneurial ecosystems (Prasannath et al., 2024). The strengths and trend of EO–performance correlations may be influenced by contextual differences caused by institutional instability, sociocultural expectations, limited cash flows, and market volatility (Pardo et al., 2025). According to recent international assessments (OECD, 2022; Startup Genome, 2024; Kraus et al., 2018), entrepreneurial ecosystems in developing economies frequently exhibit structural and behavioral traits that are very different from those in developed markets. This study acknowledges that startup SMEs in Sri Lanka operate within such context-specific behavioural patterns characterised by resource scarcity, informal decision-making, and heightened market rivalry which may moderate the extent to which EO dimensions translate into performance improvements.

Against this backdrop, the present study examines the influence of EO on Performance of startup firms, Western Province in Sri Lanka. It evaluates the effect of six EO dimensions innovativeness, pro-activeness, risk-taking, autonomy, competitive aggressiveness, and entrepreneurship desire on both financial and non-financial performance indicators. By integrating updated theoretical perspectives with empirical evidence from a developing economy, the study contributes contemporary insights into the behavioural strategies that drive firm persistence and growth.

The input of this study is twofold (Prasannath et al., 2024). Theoretically, it strengthens EO literature by incorporating entrepreneurship desire which is a recently validated dimension with heightened relevance in emerging markets into the analytical framework. Practically, suggests proven guidance for decision makers it provides evidence-based guidance for policymakers, SME development agencies, and entrepreneurs seeking to enhance the strategic capability and long-term sustainability of startup SMEs. The results are anticipated to support targeted interventions aimed at improving entrepreneurial behaviour, reducing early-stage failures, and enhancing SME performance in the Western Province.

To investigate the research problem, this research explores the questions: What is the impact of innovativeness, pro-activeness, risk-taking, autonomy, competitive aggressiveness and entrepreneurship desire on the Performance?

II. LITERATURE REVIEW

EO has become a central construct in entrepreneurship research, widely recognised for its role in shaping the strategic posture and performance of SMEs (Kraus et al., 2018; Kraus et al., 2020). EO reflects a firm's behavioral tendencies toward its dimensions (Umar et al., 2023). EO plays a crucial role in boosting competitiveness and resilience in developing countries like Sri Lanka, where SMEs operate in resource-constrained, unpredictable situations (Prasannath et al., 2024). Scholarly interest in how EO functions in various economic contexts has increased because to these contextual complications (Umar et al., 2023; Gjorevska, 2023). This review integrates the theoretical foundations, evolution of EO models, behavioural dimensions, BP constructs, global and regional empirical evidence, and key literature gaps informing the current study.

III. THEORETICAL FOUNDATIONS

➤ *Evolution of EO Models*

Early EO frameworks focused on innovativeness, risk-taking, and pro-activeness. Subsequent models expanded EO to include autonomy and competitive aggressiveness, recognising the need to incorporate broader behavioral dimensions. In emerging economies, where structural and institutional challenges differ significantly from developed markets, further expansion became necessary. Contemporary studies validate the desire as a crucial behavioural dimension, especially relevant in culturally specific and resource-limited contexts. This evolution underscores the multidimensional and context-sensitive nature of EO.

➤ *Entrepreneurial Orientation Dimensions*

- Innovativeness leads to creativity, experimentation, and the adoption of new solutions. It is essential for SMEs seeking differentiation in competitive markets (Gjorevska, 2023).

- Risk-taking reflects strategic commitment under uncertainty. Evidence suggests that moderate risk-taking improves performance when aligned with market conditions (Nasip et al., 2017; Rashid et al., 2023).
- Pro-activeness entails anticipating trends and acting ahead of competitors. Proactive firms often outperform rivals in emerging markets due to faster opportunity capture (Kraus et al., 2018; 2012).
- Autonomy enables independent decision-making but may hinder performance in SMEs lacking structure or strategic discipline (Kraus et al., 2018; Mohammadi, 2021).
- Competitive aggressiveness supports assertive market actions, necessary in Sri Lanka's rivalry-intense environments (Kraus et al., 2018; 2012).
- Entrepreneurship desire reflects intrinsic motivation and perseverance, validated as a crucial EO dimension in Sri Lanka (Ranasinghe et al., 2019).

➤ *Business Performance*

BP includes non-financial metrics like employee engagement, customer satisfaction, and innovation capacity in addition to financial metrics like profitability, revenue growth, and return on investment (Kraus et al., 2012; 2018). The multifaceted aspect of performance is emphasized in contemporary SME research, which acknowledges that long-term competitiveness depends on both financial results and strategic adaptability (Kraus et al., 2018; 2020). This dual approach is reflected in the performance measures used in this study.

➤ *EO–Business Performance Relationship*

Empirical evidence generally demonstrates a significant relationship between EO and performance, yet the magnitude and direction vary across contexts (Kraus et al., 2012; 2018). In stable institutional environments, EO consistently enhances financial and strategic outcomes. In emerging economies, EO effectiveness is moderated by market turbulence, resource scarcity, and cultural factors (Prasannath et al., 2024).

Prior empirical studies in Sri Lanka and comparable emerging economies indicate that innovativeness, pro-activeness, risk-taking, competitive aggressiveness, and entrepreneurship desire positively influence SME performance (Ranasinghe et al., 2019), while autonomy has a negative effect. These findings highlight the importance of contextual alignment in EO–performance relationships (Perera et al., 2019).

EO models have evolved from Miller's classic three-dimensional conceptualization to multidimensional frameworks emphasizing context sensitivity. Literature

emphasized that the EO dimensions effectiveness varies with external conditions, aligning closely with Contingency Theory (Ranasinghe et al., 2019).

Recent literature emphasizes that EO models integrate autonomy and competitive aggressiveness, while entrepreneurship desire as an emerging dimension in developing economies (Umar et al. 2023 Ranasinghe et al. 2019). These expanded models better reflect environments like Sri Lanka, where intrinsic motivation, competitive intensity, and resource scarcity shape entrepreneurial behaviour.

➤ *Evolutions of Theories*

The Resource-Based View (RBV) positions EO as an intangible strategic capability enabling firms to leverage internal strengths to attain competitive advantage. EO behaviours help SMEs compensate for limited financial and structural resources, particularly relevant in Sri Lanka's constrained business environment.

The Theory of Planned Behavior (TPB) provides psychological grounding for intention-driven dimensions such as pro-activeness and entrepreneurship desire, emphasizing attitudes, perceived behavioural control, and social norms as drivers of entrepreneurial action.

➤ *Gaps*

The literature reveals significant gaps that justify the present study. There is limited empirical research evaluating all six EO dimensions simultaneously within Sri Lankan SMEs, particularly within the startup stage. The role of entrepreneurship desire remains underexplored despite its behavioral importance in developing markets. Few studies integrate Contingency Theory into EO–performance models in South Asia. Additionally, the use of multidimensional BP measures is insufficiently applied in regional SME literature. These gaps collectively motivate the conceptual framework employed in this study, which adopts a six-dimensional EO model consistent with theoretical insights and contextual demands.

➤ *Conceptual Framework*

The conceptual framework guiding this study integrates insights from few models, RBV, and TPB to explain how entrepreneurial behaviors influence BP among startup SMEs in Sri Lanka. As illustrated in Figure 1, EO is conceptualized as a multidimensional construct consisting of six behavioral dimensions, innovativeness, pro-activeness, risk-taking, autonomy, competitive aggressiveness, and entrepreneurship desire, which collectively function as the independent variable affecting business performance.

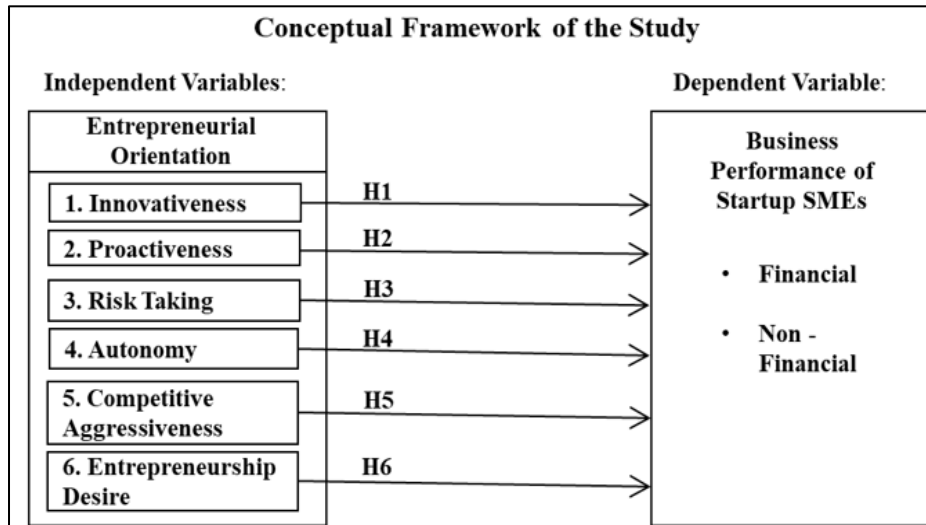


Fig 1: Conceptual Framework of the Study
(Source: Adapted from Umar et al., 2023; Ranasinghe et al., 2022)

This framework aligns with contemporary EO models validated in emerging economies (Umar et al., 2023; Ranasinghe et al., 2022) and reflects the behavioral and contextual realities of Sri Lankan SMEs. Incorporating six EO dimensions is particularly important in developing-country contexts where intrinsic motivation, competitive pressures, and environmental constraints shape entrepreneurial behavior more strongly than in advanced markets. The empirical findings of this study further support this framework, demonstrating that the influence of each EO dimension on BP varies based on contextual contingencies unique to the Sri Lankan SME environment.

This review demonstrates that EO is an evolving, multidimensional construct whose relevance depends on environmental contingencies, organizational behaviors, and entrepreneurial motivations. The integration of RBV, and TPB provides a strong conceptual foundation, while contemporary EO models justify the adoption of six dimensions. These insights validate the study's focus on startup SMEs in the Western Province of Sri Lanka.

IV. METHODOLOGY

➤ Research Design

This study employed a quantitative research design to examine the relationship between EO and BP among startup SMEs in the Western Province of Sri Lanka. A deductive approach was used, consistent with prior EO research, enabling hypothesis testing based on established theoretical foundations. The design was cross-sectional, allowing data to be collected at a single point in time to capture the behavioral and performance characteristics of participating SMEs. This approach aligns with contemporary studies that investigate EO as a measurable firm-level construct with direct effects on performance outcomes.

➤ Population and Sampling

The target population comprised startup SMEs operating in the Western Province, defined in the thesis as firms less than ten years in operation and employing fewer than 50 individuals. A stratified sampling technique was adopted to ensure proportionate representation across the three districts Colombo, Gampaha, and Kalutara. This method ensured contextual and geographical diversity within the sample. A total of 406 questionnaires were distributed across strata, and 399 responses were received, yielding a 98% response rate. After removing incomplete or inconsistent responses, 396 valid questionnaires were retained for analysis, confirming robust data adequacy for statistical testing.

➤ Data Collection Procedure

Data was collected using a structured, self-administered questionnaire distributed through a combination of online and physical channels. This dual-mode distribution enhanced accessibility and participation among SME owners, who often balance multiple roles within their enterprises. The questionnaire was bilingual (English and Sinhala) to improve comprehension and reduce response error, aligning with best practices for data collection in diverse linguistic contexts. Ethical considerations were observed by assuring confidentiality, anonymity, and voluntary participation.

➤ Measures and Instrumentation

The EO construct was measured using established multi-dimensional scales that assessed six behavioral dimensions: innovativeness, pro-activeness, risk-taking, autonomy, competitive aggressiveness, and entrepreneurship desire. Each dimension was operationalized using validated items adapted from contemporary EO studies (Umar et al., 2023; Ranasinghe et al., 2019), with responses captured on a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The dependent variable, BP was measured using both financial and

non-financial indicators, consistent with modern performance frameworks. Financial performance items assessed profitability, growth, and return on investment, while non-financial measures captured customer satisfaction, innovation capability, and employee engagement, reflecting a balanced performance perspective.

➤ *Validity and Reliability*

Multiple procedures were undertaken to ensure the quality of the data. Content validity was established through expert review, drawing upon academic advisors and SME practitioners familiar with entrepreneurial behavior in Sri Lanka. Construct validity was supported through factor structure alignment with theoretical EO dimensions. Reliability analysis demonstrated strong internal consistency, with Cronbach's alpha values exceeding accepted thresholds across all constructs. Data screening confirmed the absence of missing values, irrational responses, and extreme outliers, and normality diagnostics indicated acceptable distribution patterns for multivariate analysis.

EO models have evolved from Miller's classic three-dimensional conceptualization to multidimensional frameworks emphasizing context sensitivity. Lumpkin and Dess emphasized that the effectiveness of EO dimensions varies based on external conditions, aligning closely with Contingency Theory.

While Ranasinghe et al. (2019) confirm entrepreneurial desire as an increasing factor in poor nations, recent EO models like those by Umar et al. (2023) integrate autonomy and competitive aggressiveness. These enlarged models more accurately capture settings like as Sri Lanka, where resource constraint, intense competition, and intrinsic incentive influence entrepreneurial activity.

➤ *Data Analysis Techniques*

Data analysis was conducted using SPSS software, following a structured analytical sequence. Descriptive statistics were first used to analyze sample characteristics and response distributions. Pearson correlation analysis examined associations between EO dimensions and BP. Multiple linear regression was employed to test the direct effects of the six EO dimensions on BP, consistent with the study's conceptual framework. The final regression model demonstrated substantial explanatory power, accounting for 78.4% performance variance, with five EO dimensions exerting significant positive influence and autonomy exhibiting a significant negative effect, aligning with theoretical expectations and contextual factors.

➤ *Summary of the Methodology*

The methodological approach adopted in this study was designed to rigorously assess EO's impact on BP within a contextually relevant framework. The use of a large, stratified sample, validated measurement instruments, high reliability, and robust statistical procedures ensured confidence in the

findings and supported the empirical testing of the conceptual model presented in Figure 1.

V. RESULTS AND DISCUSSION

➤ *Profile of Respondents*

The study analyzed 396 valid responses representing startup SMEs in the Western Province of Sri Lanka. The sample reflected a diverse cross-section of enterprise categories, including manufacturing, trading, and services, consistent with the sectoral distribution of SMEs in the region. Respondents were primary owners or founder-managers, ensuring that insights into strategic behaviors such as EO were provided by the principal decision-makers of the enterprises. The majority of firms employed fewer than 20 employees and had been in operation for more than three years, positioning them appropriately within the definition of startup SMEs used in this study.

All EO dimensions demonstrated high internal consistency, with Cronbach's alpha values exceeding the acceptable threshold of 0.70. Similarly, the BP construct, measured using financial and non-financial indicators, exhibited strong reliability. Construct validity was supported by factor loadings aligned with the expected theoretical structure. The Kaiser-Meyer-Olkin (KMO) values exceeded 0.8 for all constructs, confirming sampling adequacy, while Bartlett's Test of Sphericity indicated significant correlations among items. These diagnostics confirm the robustness of the measurement model and support its suitability for further multivariate analysis.

➤ *Correlation Analysis*

Pearson correlation analysis revealed significant positive relationships between BP and five EO dimensions as innovativeness, pro-activeness, risk-taking, competitive aggressiveness, and entrepreneurship desire. Autonomy exhibited a weak and negative correlation with performance, anticipating findings from the regression analysis. These associations provide preliminary evidence supporting the theoretical proposition that EO enhances SME performance, while also suggesting that the nature of these effects may vary across dimensions, consistent with contingency perspectives.

➤ *Regression Analysis*

Multiple regression analysis was conducted to test the direct effects of the six EO dimensions on BP. The overall model was statistically significant and demonstrated substantial explanatory power, accounting for 78.4% of the variance in BP ($R^2 = 0.784$).

The results confirmed significant positive effects for: innovativeness, pro-activeness, risk-taking, competitive aggressiveness and entrepreneurship desire.

These findings indicate that behavioural and motivational elements of EO are strong drivers of both financial and non-financial performance among Sri Lankan startup SMEs.

In contrast, autonomy exhibited a significant negative effect, suggesting that decentralised or loosely structured decision-making may hinder performance within early-stage Sri Lankan SMEs. This deviation from classical EO predictions reinforces the importance of contextual alignment, as described by Contingency Theory. Firms with excessive autonomy may lack formal processes, strategic discipline, or clear leadership direction, especially during the formative years of business establishment.

➤ *Interpretation of EO Dimensions Affecting Performance*

- Innovativeness emerged as a strong predictor of performance, consistent with global research emphasizing the role of creativity and adaptability in competitive markets. For Sri Lankan SMEs operating in resource-constrained environments, even incremental innovations appear to yield significant performance benefits.
- Pro-activeness demonstrated a high positive effect, indicating that opportunity-driven behaviour is critical for anticipating market changes and capturing emerging customer needs. This aligns with the competitive nature of the Western Province, where proactive firms can achieve early-mover advantages.
- Risk-taking, often discouraged in uncertain environments, was positively associated with performance when executed strategically. This suggests that controlled risk-taking rather than excessive or impulsive risk can drive growth in developing markets.
- Competitive aggressiveness was a strong predictor of performance, reinforcing its relevance in rivalry-intensive contexts. SMEs that took assertive market positions outperformed peers who adhered to passive competitive strategies.
- Entrepreneurship desire showed a significant positive effect, highlighting the importance of intrinsic motivation and personal ambition. This dimension, rooted in Goal Theory, reflects the psychological drivers that propel entrepreneurs to persist through challenges, innovate continuously, and pursue strategic opportunities.
- Autonomy, however, negatively affected performance. This suggests that early-stage SMEs may require stronger central leadership and structured decision-making rather than decentralised freedom. Cultural factors may also contribute, as hierarchical organizational norms are more prevalent in Sri Lankan business environments.

➤ *Alignment with Theory and Prior Research*

The findings strongly support:

- RBV, which positions EO as an intangible capability driving competitive advantage.

- TPB, through the demonstrated impact of intention-driven behaviors such as pro-activeness and entrepreneurship desire.

These theoretical alignments confirm the conceptual validity of the six-dimensional EO framework presented in figure 1.

➤ *Contextual Interpretation for Sri Lankan SMEs*

Results suggest that startup SMEs in Sri Lanka succeed when they indicate opportunity-driven behavior, strategic risk-taking, competitive agility, innovation and strong founder motivation

However, less structured decision-making (autonomy) may undermine performance. This highlights the need for leadership-led strategic direction during the formative years of SME development.

➤ *Summary of Key Findings*

- EO significantly influences BP among Sri Lankan startup SMEs.
- Five EO dimensions positively affect performance while autonomy negatively affects performance.
- EO explains 78.4% of variance in BP indicating a strong predictive model.
- Findings align with contemporary EO frameworks and support contextualized theoretical approaches.

VI. CONCLUSION AND RECOMMENDATIONS

➤ *Conclusion*

This study examined the influence of EO on the BP of startup SMEs in the Western Province of Sri Lanka, employing a multidimensional EO framework and a balanced performance perspective. The findings reveal that EO is a powerful behavioral driver of SME success in emerging markets, with five dimensions' innovativeness, pro-activeness, risk-taking, competitive aggressiveness, and entrepreneurship desire exhibiting significant positive effects on performance. These results emphasize the importance of opportunity-seeking, innovation-led, and competitively assertive behaviors in shaping both financial and non-financial outcomes.

The negative impact of autonomy highlights the contextual sensitivity of EO, reinforcing Contingency Theory's assertion that the effectiveness of entrepreneurial behaviors depends on environmental fit. In the Sri Lankan context, where SMEs face resource limitations, institutional instability, and strong hierarchical norms, decentralized decision-making may hinder rather than support performance during early business development.

The overall model accounted for 78.4% of the variance in BP, underscoring EO's substantial explanatory power. The integration of RBV, and TPB provides a strong theoretical foundation for interpreting the findings and supports the conceptual framework presented in Figure 1. Collectively, the study demonstrates that EO is both context-driven and behaviorally grounded, requiring entrepreneurs to align their strategic posture with environmental demands.

➤ *Theoretical Contributions*

This research offers several contributions to EO scholarship:

- It validates the relevance of a six-dimensional EO framework in an emerging South Asian context.
- It demonstrates the predictive value of entrepreneurship desire, supporting recent arguments for its inclusion as an EO dimension.
- It provides empirical evidence that EO's influence is contingent on environmental and cultural conditions, strengthening theoretical arguments for contextualised EO models.
- It enriches the understanding of EO as a behavioral capability, supporting RBV and dynamic behavioral perspectives.

➤ *Practical Implications*

The results have important implications for entrepreneurs, policymakers, and SME development agencies:

- Entrepreneurs should prioritize innovation, proactive opportunity seeking, and competitive agility to enhance growth and sustainability.
- Risk-taking should be carefully managed and based on informed judgment rather than intuition alone.
- Entrepreneurship desire should be recognized as a strategic asset; training and mentoring programs should cultivate motivational and goal-driven competencies among SME owners.
- Autonomy must be applied cautiously; early-stage SMEs benefit from stronger leadership control and structured decision-making.
- Policymakers should design interventions that strengthen EO capabilities—such as innovation grants, strategic training, and competitive market support.
- SME development agencies should provide targeted capacity-building programmes that focus on proactive market engagement and innovation capability.

➤ *Managerial Recommendations*

Based on the findings, the following recommendations are proposed for SME founders and managers:

- Strengthen innovation capability through continuous learning, experimentation, and adoption of new processes or technologies.
- Cultivate proactive market behavior by monitoring trends, customer needs, and emerging opportunities.
- Adopt balanced risk-taking strategies supported by data, market analysis, and mentoring.
- Implement structured decision-making frameworks to minimise the negative effects of excessive autonomy.
- Develop competitive defensiveness through pricing strategies, customer retention, and branding initiatives.
- Enhance entrepreneurial motivation via goal-setting, networking, and participation in entrepreneurship development programmes.

➤ *Policy Recommendations*

Government agencies and business-support institutions can:

- Provide financial incentives or innovation-focused grants to encourage EO-oriented behavior.
- Establish entrepreneurial training and mentorship networks to strengthen motivational and behavioral competencies.
- Facilitate market access platforms, enabling SMEs to enhance competitiveness regionally and globally.
- Simplify regulatory burdens to reduce environmental constraints and support proactive strategic behaviour.

➤ *Limitations of the Study*

While the study provides robust evidence, several limitations warrant consideration:

- The cross-sectional design limits the ability to infer causality over time.
- Data were self-reported, which may introduce perceptual bias.
- The study focused solely on startup SMEs in one province, limiting generalisability to other regions or established firms.
- Cultural factors were not explicitly measured but may influence EO behaviours and performance.

These limitations provide avenues for further inquiry.

➤ *Directions for Future Research*

Future studies can extend the findings by:

- Employing longitudinal designs to examine EO–performance relationships over time.
- Exploring mediating or moderating variables, such as environmental turbulence, innovation capability, or market orientation.
- Conducting comparative studies across different regions or countries to understand cross-cultural differences.

- Investigating EO among established SMEs to test whether the negative effect of autonomy persists beyond early-stage firms.
- Incorporating qualitative approaches to deepen understanding of the behavioural and cultural mechanisms underlying EO dimensions.

The study confirms the strategic importance of EO for startup SME performance in Sri Lanka and reinforces the need for a contextually grounded understanding of entrepreneurial behaviour. The findings contribute theoretically and practically to the entrepreneurship literature and provide actionable insights for entrepreneurs, policymakers, and business development practitioners.

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