

Impact of Bank Finance, Government Support and Psychological Factors on Start-up Decision Making in Sri Lanka: Special Reference to Homagama Division

T Jayathissa^{1#}, R Samarawickrama¹, N Jayathilake¹, D de Alwis¹, KR Ambepitiya¹, and TV Kelaniyage²

¹Faculty of Management, Social Sciences and Humanities, General Sir John Kotelawala Defence University, Ratmalana, Sri Lanka

²University of Colombo, Colombo, Sri Lanka

#kalpana.ambepitiya@kdu.ac.lk

Abstract

This research aims to test the impact of bank finance and government support on initiating entrepreneurial ventures and start-ups. This study used a quantitative approach. Data were collected through a survey method using a questionnaire. The study's respondents were 203 entrepreneurs and businessmen in Homagama Divisional Secretariat Division in Colombo District, Western Province, Sri Lanka. Exploratory factor analysis and confirmatory factor analysis were performed to identify the impact of bank finance and government support on the initiation of entrepreneurial ventures and start-ups and test the convergent and discriminant validity. Cronbach's alpha analysis was carried out to test the reliability of the dimensions. In addition, criterion-based validity and the stability of the impact of bank finance and government support on the initiation of entrepreneurial ventures and start-ups were also tested. All tests were conducted using the SPSS software with the extension PROCESS 4.0 to test the entrepreneur's moderator; i.e. age. The study has been proven to have good validity, reliability, and stability for measuring the impact of bank finance and government support on initiating entrepreneurial ventures and start-ups in the Homagama Divisional Secretariat Division in Colombo District, Western Province, Sri Lanka. This research was carried out in a single developing country, Sri Lanka. Hence, the stability of the model needs to be tested in different cultures. Government and Bank Financing authorities can use this study to monitor, measure, and improve the service quality of their services towards start-up ventures and entrepreneurial firms. Hence it is proved that even though people have enough motivation and locus of control, support from external authorised parties is the factor that determines successful start-up decision-making.

Keywords: *Bank finance, Government support, Psychological factor, Start-up firm*