

A Quest for Seeking Microcredit among Youth: Evidence from an Emerging Nation in South Asian Region

Kajenthiran. K¹, Achchuthan. S² and Ajanthan. A²

Abstract

The main purpose of the present study is to investigate the youth intention in seeking microcredit in Sri Lankan context. Subjective norms, perceived behavioural control, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire have been considered as the antecedents that affect the youth intention in seeking microcredit, whilst respondents demographical factors acts as a control variable in terms of measure the intentions of seeking microcredit. The sample comprised 350 youth, aged 18 to 25 selected from the Northern Province of Sri Lanka. Surveys were conducted to facilitate data collection. The findings suggest that Subjective norms, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire are statistically enhanced the youth intentions in seeking microcredit. Whereas number of family members in the demographical profile also influenced this intention. From these findings, implications for theory and practice have been discussed. This will help to various stakeholders, like youths in Jaffna region, the government institution, government policy makers and other commercial & micro financial institutions for their decision making and strategy development in the field of microfinance. Additionally, this research adds a new body of knowledge of existing literature in the field of microfinance and entrepreneurship.

JEL classification numbers: D91

Keywords: Entrepreneurial Desire, Intention to seek microcredit, Knowledge of Microcredit, Perceived Government Support, Subjective norms, Tolerance for Risk.

¹ University of Sri Jaywardenepura, MBA student, Sri Lanka

² University of Jaffna, Sri Lanka

1 Introduction

Economic growth of a country is positively impacted by the emergence of new and innovative entrepreneurial inaugurations (Ghina, 2014). Therefore, the entrepreneurship is accepted as a worldwide phenomenon for an economic growth through integrating more young people into the economic environment of a country (Owualah, 1999), at the same time entrepreneurship plays a substantial role in a country's economic, cultural and socio development (Achchuthan & Nimalathan, 2014; Dej, 2007; Douglas & Shepherd, 2002; Goosen, de Coning, & Smit, 2002). Because it is a vehicle to economic growth, success and prosperity of an economy (O. Fatoki, 2014) and this dynamic process of creating wealth by individuals or groups of individuals (Sathiabama, 2010). In this context, entrepreneurship creates new employment opportunities, generate wealth, lead to ideal utilization of resources, Increasing economic diversification provide strength to the small business, increase innovation, improving rivalry and finally it is contributed to the economy in an optimistic way (Hvide & Panos, 2014; Mair & Marti, 2006; McStay, 2008).

In recent times, the rate of unemployment among youths in Sri Lanka especially in Northern part who are the school leavers and university graduates remains high level (Somasundaram & Sivayokan, 2013). Though developing country like Sri Lanka, the role of entrepreneurship development is more important than the developed countries, hence there is an essential to create the self-employment opportunities to reduce the unemployment situations (Nishantha, 2009). Despite the fact providing employment opportunities for all youths is a crucial issue for the government of Sri Lanka (Sarvananthan, 2011). Thus there is a need to create self-employment opportunity is the one of best career options for youths and graduates (Beeka & Rimmington, 2011; Buang, 2011; O. O. Fatoki, 2010; Jebarajakirthy, C. Lobo, & Hewege, 2014). As a result, it is integrating more youths into the small business sector can contribute to alleviating the triad of unemployment, underemployment and poverty (Beeka & Rimmington, 2011). All the way through the entrepreneurship, young person setting up a new business may provide demonstration in that they may act as a role model for other young people (Green, 2013). Hence Youth entrepreneurship offers an indigenous solution to economic disadvantage (Capelleras, Mole, Greene, & Storey, 2008; De Clercq & Honig, 2011). Therefore, youths have the intention to own a business or the intention to be self-employed.

The fact was proved that, the youths are the drivers of economic development. In that respect, we have chosen young people between the ages of 15 and 24 to empirically investigate the factors that affect their intention in seeking microcredit in northern part of Sri Lanka, exclusively in Jaffna. For the reason that Jaffna district, after the thirty years of ethnic war, it is becoming a center of new and tremendous business opportunities due to the economic and

political stability of the country. In the supportive way domestic as well as international investors have begun to view Jaffna as the place to invest their money and establish business opportunities. This also has to persuade young entrepreneurs to start and own a business. Even though, in the perception of youths, they face some barriers. Mainly the financial resources and the knowledge resources, which are needed to create and grow young entrepreneurs. Young entrepreneurs have lack access to financial markets (Mair, Martí, & Ventresca, 2012), but also may lack any formal education or training (Afrin, Islam, & Ahmed, 2010). In the youth's point of view, the finance is the key factor to establish a new business. In response to lack of access of financial resources, the microfinance industry has surfaced as a potential response (Bhatt & Tang, 2002; Karlan & Zinman, 2011; A. Rahman, 1999). In this circumstance, intervention of microcredit is the root aspect that motivates youths to utilize their entrepreneurial ability. According to Muhammad Yunus (2004), the Microfinance is defined as the business of providing "loans, savings, and other basic financial services to the poor," where the dollar amounts tend to be small in size (Karlan & Valdivia, 2011). Hence, the microfinance and microfinance institutions help to fill the institutional lack of access to finance faced by impoverished people (Efird, 2008).

In this context, microcredit schemes provide loans at very low interest and systematic guidance to youth entrepreneur. Thus, the entrepreneurship is helped to enrich their social status and improve the economic conditions of youths (Jebarajakirthy & Lobo, 2015). Microfinance, one of the widely accepted instruments for poverty alleviation (Godquin, 2004; Khavul, Chavez, & Bruton, 2013; Muhammad Yunus, 2004) throughout the world, has been used in Sri Lanka spanning for over several decades (Tilakaratna, Wickramasinghe, & Kumara, 2005). In addition they stressed, in Sri Lanka microfinance creates sustainable micro-enterprise and other economic activities. Therefore, this paper aims to examine the factors subjective norms, perceived behavioral control, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire significantly impact on youths' intention in seeking microcredit in Jaffna context and it further investigates whether personal demographic factors influence on intention of youth in term of seeking microcredit or not.

2 Literature review and Hypothesis development

Microcredit is the most sensational and antipoverty tool for the poorest, especially for women and youths (Maheswaranathan & Kennedy, 2010; Wright, 2005). Which helps to reduce poverty, create employment opportunities, and enhance the incomes of the poor people in the society. Consequently the microcredit program is a unique innovation of credit delivery technique to enhance income generating activities by the way of enhance the entrepreneurial spirit among low income earners (Hussain, 1998; Morduch, 2000; H. Z. Rahman,

1995). Hence microcredit has proven to be a powerful tool for poverty reduction (Mosley, 2001). This is done through funding to start microenterprise programs in order to alleviate poverty, get a source of income and create employment among the youths and rural poor (Adjei, Arun, & Hossain, 2009).

Jebarajakirthy et al. (2014) pointed out, youths have much interest to obtain microcredit to meet their capital requirements. Because microcredit activities help to complete greater business development, reduction in poverty levels and an increase in assets and savings, and they also acquired a higher standard of living. Hence it is desirable to attract youth in obtaining and using microcredit. Despite the fact, war affected country like Sri Lanka, microcredit plays a vital role. So in war affected regions youth are considered as a vulnerable segment (Jebarajakirthy et al., 2014). Essentially any war has a negative impact on the opportunities for youth, with respect to their education, vocational training, and entry into the labour market. Among others, seeking a paid employment is a major challenge experienced by youth in war-affected countries during and after war (Achio & Specht, 2003). During the post-war periods, one of the effective ways to address unemployment among youth is to encourage entrepreneurship. Unfortunately, such youth generally have access to limited capital, which in turn hinders their entrepreneurial activities (Lemmon, 2012; Nagarajan, 1997, 2005).

However the traditional banking and financial institutions are not ready to lend this initial capital to these youth, owing to their inability of fulfilling collateral and other requirements (Lemmon, 2012; Nagarajan, 2005). Therefore enterprises may also shy away from borrowing due to a poor collateral position and lack of requisite information about the capital borrowed, which requires quite a high level of training from the micro-finance institutions (Cole, Goldberg, & White, 2004). Hence these youth need access to alternative sources of capital like microcredit. But even when enterprises feel a need for external credit, they may not borrow if their perceptions on the costs of applying for a loan outweigh the expected receipts. They may also lack enough cash to meet the application costs. Collateral requirements imply that there would be enterprises that prefer external funds but are unable to apply for such funds (Mookherjee, 1999). Studies have shown that most Small scale business enterprises enjoys the benefits from obtaining microcredits as well as this types of loan positively impact the performance of the business activities. (Moyi, 2000; Mwenda, 1993; Rogaly & Fisher, 1999). Hence this study empirically investigate the factors in order to measure the youth's intention of seeking microcredit and provide meaningful practical implications in the Sri Lankan context. At the same time this paper attempts to develop a unique conceptual that predict youths' entrepreneurial behaviour and their intentions in seeking for microcredit.

2.1 Development of hypothesis

Subjective Norms

Subjective norm is related with the beliefs of the particular person thus its stimulus individual's intention accomplish that particular behavior.(Ariff, Bidin, Sharif, & Ahmad, 2010). Further this is a predictor of purchase intentions of financial products, and home loans (Amin, Rahim Abdul Rahman, Laison Sondoh Jr, & Magdalene Chooi Hwa, 2011; Narteh & Owusu-Frimpong, 2011). Thus, prior studies have revealed that subjective norms is a factor that impact the intentions of seeking for microcredit (Amin et al., 2011; Butler et al., 2012; Johar & Rammohan, 2006). Simultaneously family members and peer groups can influence a person's intentions of obtaining microcredit (Butler et al., 2012). Hence the ensuing hypothesis is formulated:

H₁: There is a significant impact of Subjective Norm on Intention of Seeking for Microcredit.

Perceived Behavioural Control

Perceived behavioural control is an important determinant of an individual while obtaining finance (Amin, Abdul-Rahman, & Abdul-Razak, 2009). This concept is impacted by perceptions of access to necessary skills, resources and opportunities to perform the behavior (Achchuthan & Nimalathasan, 2014). Therefore, we can suggest that perceived behavior controls influence the intention of seeking for microcredits among youths. Similarly, when applying for microcredit, applicants need to have confidence in their ability to bear interests costs and to repay their loans (Butler et al., 2012; Jebarajakirthy et al., 2014; Turvey & Kong, 2010). Hence the ensuing hypothesis is formulated:

H₂: There is a significant impact of Perceived Behavior Control on Intention of Seeking for Microcredit.

Knowledge of Microcredit

Chiou, (2000) suggested that the people have the intention to purchase a product based on knowledge, information and attitude of the products. According to existing theory the knowledge of credit and finance tend to define individual requires knowledge in term of obtaining and using credit and financial products (Nabi & Aima, 2012; Shim, Barber, Card, Xiao, & Serido, 2010; Xiao, Tang, Serido, & Shim, 2011). Therefore knowledge of microcredit is an essential aspect in order to increase their intentions of seeking for microcredit (Jebarajakirthy et al., 2014; Li, Gan, & Hu, 2011; Nabi & Aima, 2012). Thus, it is logical to hypothesize that:

H₃: There is a significant impact of Perceived Behavior Control on Intention of Seeking for Microcredit.

Perceived Government Support

Perceived government support is the most important factor that encourage the people to integrate with the entrepreneurial activity (Ummah, 2009). For that reason, government of an economy has the responsibility to provide the support in the form of financing, advising, monitoring. And also providing technical assistance, and skills development programmes to youths. Thus the government must have the responsibility to inaugurate the microcredit funds and institution in order to establish the self-employment opportunities among youths. Thus, it is hypothesized that:

H₄: There is a significant impact of Perceived Government Support on Intention of Seeking for Microcredit.

Tolerance for Risk

Risk tolerance is identified as a fundamental driving force of the entrepreneurship. Thus it raises the preference of self-employment because risk tolerant individuals are more likely to become entrepreneurs (Douglas & Shepherd, 2002; Gaglio & Katz, 2001). Risk tolerance is indicated that individuals who are more risk tolerant benefit from entrepreneurship training than less risk tolerant individuals (Fairlie & Holleran, 2012). Because of the uncertainty in future entrepreneurs have to bear the risk and an individual requires knowledge to evaluate the level of uncertainty (McStay, 2008). Therefore entrepreneurial firms has focused on access to credit, and little is known about the role of risk preferences (Hvide & Panos, 2014). So tolerance for risk might relative strength of determinants of youth's intentions of seeking for micro credit. Thus we formulate the following hypothesis:

H₅: There is a significant impact of Tolerance for Risk on Intention of Seeking for Microcredit.

Entrepreneurial Desire

Entrepreneurial desires may provide motivations and mind-set in obtaining microcredit (Peprah, 2012). Entrepreneurial desire means that an individual or group of people execute something entrepreneurial and to be an entrepreneur. Based on Zampetakis (2008) Entrepreneurial Desire as 'the degree to which a person feels an attraction towards becoming an entrepreneur' (p. 155) and the entrepreneurial desire can influence the intentions of obtaining microcredit (Ayayi & Yusupov, 2012; Peprah, 2012; Rundle Thiele, Leo, Bhanot, Bapat, & Bera, 2012). Hence the intention of seeking for microcredit is persuaded by the entrepreneurial desires. Thus we formulate the following hypothesis:

H₆: There is a significant impact of Entrepreneurial Desire on Intention of Seeking for Microcredit.

Personal Demographic Factors (PDF)

Existing studies suggest that gender, age, family income and educational background (Dutta & Magableh, 2006; Jebarajakirthy & Thaichon, 2016; Kong, Turvey, Xu, & Liu, 2014; Okurut, 2006) also predict intentions to obtain microcredit although the intention in seeking micro credit is varies from respondents' personal demographical background (Bridges & Disney, 2004; Hadi, 2002; Schicks, 2014). Gender, age, educational qualification, average family income as well as number of family members are also influence the youths' intension in seeking micro credit. Moreover Jebarajakirthy, Lobo, and Hewege (2015) suggested this this demographic profiles of youth incorporated into the conceptual model as a control variable. Hence we hypothesize that:

H₇: There is a significant impact of Personal Demographic factors on Intention of Seeking for Microcredit.

2.2 Development of a Conceptual Framework

Please See Figure 1, which is illustrated the conceptual model of this study and it was developed based on the previous literature. This model depicts that, there are six varies antecedents pertaining to the youths' intention in seeking microcredit. Whilst researchers incorporated personal demographic factors (PDF) into the model as a control variable. Hence this model is different from the extant models applied in the Sri Lankan context.

3 Methodology

3.1 The Study Sample & Survey implementation

The sample for this study comprised 350 youth, aged 18 to 25 from the Jaffna district of Sri Lanka and these youth were the members of sports clubs & youth clubs and youths following courses in University, Advanced Technical Institution and University College. Stratified Random Sampling was adopted to collect the information from the respondents. Further, the survey was carried out in Jaffna during April to June 2016. Respondents were provided with information relating to the purpose of the survey. The paper based surveys were distributed to 350 youths, of all 330 youth responded to the surveys and returned them. Of these, 26 surveys had missing data, hence they were discarded. A total of 304 usable surveys were considered for further analysis. Table 1 summarize the respondents' demographic information, such as gender, age, educational qualification and the average family income.

3.2 Measures and instrument development

A paper-based survey instrument was designed from previously validated scales, however, these scales were modified to suit the context of microcredit, where appropriate for this research study. The scale operationalizing subjective norms and perceived behavioural control were measured using four items for each.

The items of subjective norms were obtained from Chudry, Foxall, and Pallister (2011) and those of perceived behavioural control were obtained from Smith et al. (2008).

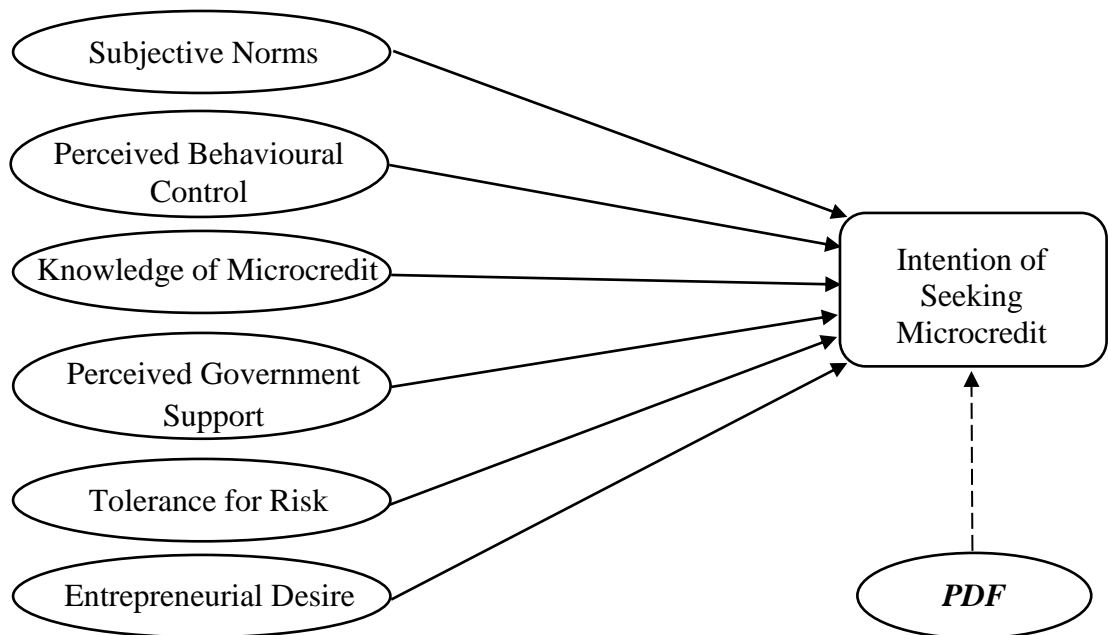


Figure 1: Conceptual Model for this study

Knowledge of microcredit included five items, of which four items were selected from Chudry et al. (2011), at the same time one item was developed using relevant literature. Entrepreneurial desire was operationalized using three items obtained from Krueger, Reilly, and Carsrud (2000). In addition, Tolerance for risk included four items and Perceived government support is measured by using four questions were adopted from Ummah (2009) in order to test the youths' entrepreneurial intention towards microcredit. The three items evaluating intentions in seeking microcredit was adapted from Weisberg, Te'eni, and Arman (2011) and Luarn and Lin (2005). Majority of the scales used related to financial products, credits or microcredit. A seven-point Likert type scale anchored at 1 for strongly disagree and 7 for strongly agree was used for items operationalizing all the constructs.

To ensure content validity, the survey instrument was examined by three academics who are expertise in the field of marketing and finance. In the process of research instrument development, researchers developed the statements in the English version with the help of previous literatures and translated into Tamil (local language) to ensure suitability for the research context. Then, both English

and Tamil version questions were checked by the scholars. Based on their feedback, the questionnaire has been slightly modified without changing the original contents.

Table 1: Demographic profile of the respondents ($n = 304$)

Category	<i>N</i>	%
<i>Gender</i>		
Male	162	53.3
Female	142	46.7
<i>Age</i>		
19 - 21	97	31.9
22 - 24	207	68.1
<i>Educational Qualification</i>		
G.C.E (O/L)s and below	9	3.0
G.C.E (A/L)s	113	37.2
Under Graduate	182	59.9
<i>Average Family Income</i>		
Below Rs. 25,000/-	53	17.4
Rs. 25,000 /- to Rs. 50,000/-	193	63.5
Rs. 50,000/- and above	58	19.1
<i>Number of Members in the Family</i>		
1 – 3	46	15.1
4 – 6	216	71.1
7 – 9	40	13.2
10 & above	2	0.7

Furthermore, Reliability was established with an overall Cronbach's alpha. It was compared our reliability value with the standard value of 0.7 advocated by Hair, Black, Babin, Anderson, and Tatham (2010). Meanwhile, convergent validity and discriminant validity were used to establish construct validity. According to Heppner and Heppner (2004) if the two instruments that are intended to measure is highly correlated then it is convergent validity but if the two instruments that are intended to measure is not correlated or small correlation then it is discriminant validity. It was measured through the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) Measure for all constructs are reported to be above 0.5, fulfilling the sample adequacy.

4 Data Analysis and Result

Reliability Analysis

Table 2: Reliability Test

Construct	Cronbach's Alpha value
Subjective Norms	0.850
Perceived Behavioural Control	0.853
Knowledge of Microcredit	0.833
Perceived Government Support	0.852
Tolerance for Risk	0.842
Entrepreneurial Desire	0.847
Microcredit Intention	0.835

In order to test the internal consistency of the constructs that were used Cronbach's alpha coefficient. The Table 2 presents the Cronbach's alpha coefficients for the different dimension. Indeed, it can be seen that the results range from 0.833 to 0.853. Therefore, all values exceed the recommended threshold 0.70, indicating good internal consistency among the items within each dimensions and the Overall Cronbach alpha value was 0.864, which is indicating good internal consistency among the construct and the each variables are considered to be very strong(Hair et al., 2010).

Validity Analysis

Meanwhile, Validity test is used to accurately assess the construct for this research study. In Table 3, that indicates the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.867. This indicates sufficient inter-correlations, while the Bartlett's Test of Sphericity is significant (Chi-square = 943.701, $p < 0.01$). Both results indicating that the constructs are validity(Heppner & Heppner, 2004).

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.867
	Approx. Chi-Square	943.701
Bartlett's Test of Sphericity	df	21
	Sig.	.000

Please refer the Table 4, which presents the mean, standard deviation, normality and correlations for the study constructs. Based on this table, perceived government support has the highest mean vale of 6.45 whereas microcredit intention has the lowest mean of 5.39. However the mean value proved that all the respondents have the favorable intention in seeking microcredit. Moreover,

Skewness and kurtosis values of a data distribution are widely applied to determine normality of a dataset. In this method, normality of a data distribution is assumed, if statistical values of skewness or kurtosis are within the value ± 2.56 (Hair *et al.*, 2010; Tabachnick & Fidell, 2007). Therefore Skewness and kurtosis values of each construct are an additional evidence of normal distribution and we can come to the conclusion that the data among all the constructs are normally distributed. As well as the Pearson correlation coefficient presented to explain the relationship as well as the statistical significance between the factors. The results reveal that most of the constructs are significantly correlated with each other and the six construct are correlated with microcredit intention, correlation ranging from 0.39 to 0.60. It proved all the associations were found to be significant at 99% level and there were positive correlations among all the constructs.

4.1 Hypotheses Testing

The Multiple Regression analysis was run to test hypotheses, and this multiple regression analysis is to predict the single dependent variable by a set of independent variables (Heppner & Heppner, 2004). The purpose of regression analysis is to find out the significant impact or influence of independent variable on dependent variable (Oly Ndubisi, 2007). Table 5 presents the results of the regression analysis. In this study, youths' intention in seeking microcredit were examined in two stages. Hence, two regression analysis models were run. In all two models, intention to seeking microcredit was considered as the dependent variable. The direct effects of antecedents of seeking microcredit intention as subjective norms, perceived behavioural control, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire were assessed in first stage (i.e. in model one). The direct effects of antecedents and the control variables (Gender, age, educational qualification, average family income and number of family members) were included in the second stage (i.e. model two). A significant variance can be suggested through the presence of direct effects on intentions of seeking microcredit. Among the two regression analysis models, the highest VIF value stood at 2.069 was perfectly below 5 (Ahsan, Abdullah, Fie, & Alam, 2009). Thus, the measures selected for assessing independent variable in this study does not reach levels indicate of Multi Collinearity (Hair *et al.*, 2010). As the results in Table 5 suggest, Model 1, that is, the six dimensions were explained there is a 53.4 percentage of variance in youth's intentions in seeking microcredit with an F-value of 56.645 ($p < 0.001$). Whilst in Model 1, Subjective Norms ($\beta = 2.653$, $P < 0.001$), Knowledge of Microcredit ($\beta = 5.796$, $P < 0.001$), Perceived Government Support ($\beta = 2.375$, $P < 0.05$), tolerance for risk ($\beta = 3.559$, $P < 0.001$) and entrepreneurial desire ($\beta = 3.512$, $P < 0.001$) had significant and positive influences on youth's intention in seeking microcredit. Hence, H₁, H₃, H₄, H₅ and H₆ were accepted. Even though youth's intention in seeking microcredit was not significantly contributed by Perceived Behavioural Control ($\beta = 3.512$, $P > 0.05$), therefore, H₂ not supported.

Table 4: Descriptive statistics and correlation matrix for study variables

<i>Construct</i>	<i>M</i>	<i>SD</i>	<i>SKE</i>	<i>KUR</i>	1	2	3	4	5	6	7
1. Subjective Norms	5.87	1.25	-1.29	1.00	1						
2. Perceived Behavioural Control	5.99	1.14	-1.20	0.46	.52**	1					
3. Knowledge of Microcredit	5.41	1.18	-1.00	1.09	.58**	.60**	1				
4. Perceived Government Support	6.45	0.71	-2.01	2.50	.41**	.39**	.40**	1			
5. Tolerance for Risk	5.57	0.99	-1.10	1.59	.38**	.37**	.49**	.58**	1		
6. Entrepreneurial Desire	5.73	1.13	-1.22	1.662	.35**	.34**	.44**	.56**	.63**	1	
7. Microcredit Intention	5.39	1.17	-0.93	0.68	.49**	.39**	.60**	.52**	.58**	.56**	1

*Note: ***. Correlation is significant at the 0.01 level (2-tailed).
M= Mean, *SD*= Std. Deviation, *SKE*= Skewness and *KUR*= Kurtosis

Table 5: Multiple Regression analysis

Independent Variables	Dependent Variable: Intention to seeking microcredit	
	Model 01	Model 02
Direct effect of antecedents		
Subjective Norms	2.653***	2.443*
Perceived Behavioural Control	-1.224 ^{ns}	-1.057 ^{ns}
Knowledge of Microcredit	5.796***	5.890***
Perceived Government Support	2.375*	2.230*
Tolerance for Risk	3.559***	3.418***
Entrepreneurial Desire	3.512***	3.615***
Control Variables		
Gender		1.001 ^{ns}
Age		-1.354 ^{ns}
Educational Qualification		0.238 ^{ns}
Average Family Income		0.497 ^{ns}
No of Members in the Family		2.501*
R² Value	0.534	0.549
Δ R²	-	0.015
F-value	56.645***	33.363***

Notes: *** p < 0.001; ** p < 0.01; * p < 0.05; ns = not significant

Model 2 was run to test the direct effects of antecedents & control variables and this model was significant and explained 54.9% variance in on youths' intention in seeking microcredit. A difference in R² between Model 1 and Model 2 is 0.015 and the F-value is 33.363 significant at 0.00. As per the result of this model 2 only number of family members had significant positive influences on intention in seeking microcredit. ($\beta = 2.501$, $p < 0.05$), whereas youths' intention in seeking microcredit was not significantly influenced by other control variables as Gender, age, educational qualification and average family income. However, this finding is demonstrated that, H7 was partially accepted.

5 Discussion and conclusion

The main aim of this study was to investigate the six antecedents and personal demographical factors which significantly influence the intentions of seeking microcredit among the youth in the Northern Sri Lanka. Multiple Regression Analysis was used to examine the effect of antecedents (subjective norms, perceived behavioural control, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire) on seeking microcredit intention. The result revealed, that Subjective norms of microcredit ($\beta = 2.653$ ***) significantly and positively impact on intentions in seeking microcredit. This finding is consistent with that of extant literature (Butler et al.,

2012; Chudry et al., 2011; Hagan et al., 2012; Jebarajakirthy et al., 2014). The perceived behavioural control ($\beta = -1.224_{ns}$) had no significant influences on their intentions in seeking microcredit. It would not be easy task for youths to obtain microcredit in a short term and the youth are struggling to repay their microcredit loans because of less return from their business activities. According to the findings of Nagarajan (2005), one possible explanation to this scenario may be that war-affected youth were showing very much reluctance to be involved in entrepreneurial activities. Also, in the outcome of war, they would be increasingly concerned about issues like lack of marketing facilities, infrastructure facilities interferences of external parties and safety of business.

The Knowledge of Microcredit would increase youths' favourable attitudes towards obtaining microcredit. Knowledge of microcredit ($\beta = 5.796^{***}$) significantly and positively influenced seeking microcredit intentions, which implies that the stronger the youth's knowledge of microcredit towards seeking microcredit, the greater would be their Purchase Intentions. This finding suggests that youth's awareness of terms and prerequisites relating to microcredit and their knowledge relating to the management of microcredit is enhancing their intentions in seeking microcredit. This finding is in line with of previous studies (Evans, Adams, Mohammed, & Norris, 1999; Jebarajakirthy & Lobo, 2015; Mishi & Kapingura, 2012; Nabi & Aima, 2012). As the results suggest, perceived government support ($\beta = 2.375^*$) significantly and positively influenced on intentions in seeking microcredit. This finding suggests the government institutions are providing advisory support, financial & technical support and providing entrepreneurship trainings to develop the entrepreneurship among youths. Other than that, the government have the responsibility to legislate the credit accessibility for the poor to develop their livelihood (Hudon, 2009) at the same time government has to support in terms of policy making against microcredit and that can ensure access to credit for the remaining poor families (Muhammed Yunus, 2007).

Tolerance for risk ($\beta = 3.559^{***}$) seemed to have significantly and positively influenced on intention in seeking microcredit. This implies that youths are ready to manage and accept the uncertainties and challenges in their business environment. As well as they ready to face the physical and mental problems due to the business activities and obtaining and owing the credits (Ummah, 2009). Risk tolerance is the one of the major determinant to become an entrepreneur. This will help and equip youths with creativity, innovation, risk-taking and ability to interpret successful entrepreneurial role models and identification of business opportunities (Awogbenle & Iwuamadi, 2010). This may help reduce the rising unemployment situation in the country (Samuel, Ernest, & Awuah, 2013). Results suggest that entrepreneurial desire ($\beta = 0.192$) seemed to have significant and positive effects on the intentions of seeking for microcredit. This finding suggests that youth's enthusiasm, interest and hard work towards becoming entrepreneurs

increase their intentions of seeking for microcredit. Hence those who can identify entrepreneurial opportunities like ideas of new product development and new market opportunities tend to apply for microcredit. This finding is consistent with that of the extant literature (Ayayi & Yusupov, 2012; Jebarajakirthy et al., 2014; Johnson, 2005; Park & Ren, 2001; Peprah, 2012).

In summary, bi-variate correlation results suggest that subjective norms, perceived behavioural control, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire are positively and significantly related to the youths' intention in seeking micro credit. Moreover, regression analysis proved that our study model contributes statistically significant to the youths' intentions in seeking microcredit with are indicated significant at 0.001 levels ($F= 56.645$; $P < 0.001$). 53.4 percent of the variation has been identified which is in the significant level. While subjective norms, knowledge of microcredit, perceived government support, tolerance for risk, entrepreneurial desire and number of family members are significantly increased the youth's intentions of obtaining microcredit.

5.1 Implications to theory and practice

To support the theory, this research has developed a conceptual model to investigate and to enhance the youths' intention towards seeking microcredit, which model can possibly be applied in similar countries like Sri Lanka. Further this study is the combination in the field of microfinance and the entrepreneurship. Hence this research being the first of its kind, propose a unique conceptual model to investigate the factors that determine the youth's intentions in seeking microcredit. This study identified five types of antecedents: subjective norms, knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire are related with intentions in seeking microcredit. Moreover this study consist personal demographical factor as on control variable, where the number of family members impact the seeking intention of microcredit as well that intend the desire to be an entrepreneur. Hence, these constructs can be integrated into the conceptual model which would better predict antecedents to identify the intention in seeking micro credits among youth. In this research we adopted and used the model by the conceptualization of Jebarajakirthy et al. (2014). While perceived government support and the tolerance for risk were included as additional antecedents that measure the entrepreneurship intentions. This seems to be relevant to the context of microcredit. 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.

Besides contributing to theory, the result demonstrate that, this study have several practical implications for the institutions operating in Jaffna, especially for microcredit institutions. Further we found out, subjective norms,

knowledge of microcredit, perceived government support, tolerance for risk and entrepreneurial desire are significantly contribute the youth's intentions of seeking microcredit. Therefore the government institutions and policy makers may consider these factors when they make the policy and design the youth development programmes.

5.2 Limitations and directions for future research

Throughout the progress of conducting this study, some important limitations is to be pointed out in order for the researcher to learn and acknowledge. The study was limited to only the youths in Jaffna. Therefore, may not be generalizable so it is essential to do similar studies in other regions in Sri Lanka as well as the other countries like Sri Lanka, which in turn can contribute to better generalization of findings. Also, the size and the amount of the sample used for this research is another potential limitation of this finding because this sample only included youths, the future researchers should include all.

References

- [1] Achchuthan, S., & Nimalathan, B. (2014). Level of entrepreneurial intention of the management undergraduates in the University of Jaffna, Sri Lanka: scholars and undergraduates perspective. *South Asian Academic Research Journals*, 2(10), 24-42.
- [2] Achio, F., & Specht, I. (2003). *Youth in conflict. Jobs After War*. Geneva: ILO, 153-166.
- [3] Adjei, J. K., Arun, T., & Hossain, F. (2009). *The role of microfinance in asset-building and poverty reduction: The case of Sinapi Aba Trust of Ghana*. University of Manchester.
- [4] Ahsan, N., Abdullah, Z., Fie, D. G., & Alam, S. S. (2009). A study of job stress on job satisfaction among university staff in Malaysia: Empirical study. *European journal of social sciences*, 8(1), 121-131.
- [5] Amin, H., Abdul-Rahman, A.-R., & Abdul-Razak, D. (2009). Is the theory of planned behaviour valid for Islamic home financing?
- [6] Amin, H., Rahim Abdul Rahman, A., Laison Sondoh Jr, S., & Magdalene Chooi Hwa, A. (2011). Determinants of customers' intention to use Islamic personal financing: The case of Malaysian Islamic banks. *Journal of Islamic Accounting and Business Research*, 2(1), 22-42.
- [7] Ariff, A. H. M., Bidin, Z., Sharif, Z., & Ahmad, A. (2010). Predicting entrepreneurship intention among Malay University Accounting students in Malaysia. *Unitar E-Journal*, 6(1), 1-10.
- [8] Awogbenle, A. C., & Iwuamadi, K. C. (2010). Youth unemployment: Entrepreneurship development programme as an intervention mechanism. *African Journal of Business Management*, 4(6), 831.

- [9] Ayayi, A. G., & Yusupov, N. (2012). A methodology for the assessment of potential demand and optimal supply of entrepreneurial microcredit. *Review of Development Finance*, 2(2), 84-92.
- [10] Beeka, B. H., & Rimmington, M. (2011). Entrepreneurship as a career option for African youths. *Journal of Developmental Entrepreneurship*, 16(01), 145-164.
- [11] Bhatt, N., & Tang, S. Y. (2002). Determinants of repayment in microcredit: Evidence from programs in the United States. *International Journal of Urban and Regional Research*, 26(2), 360-376.
- [12] Bridges, S., & Disney, R. (2004). Use of credit and arrears on debt among low-income families in the United Kingdom. *Fiscal Studies*, 1-25.
- [13] Buang, N. A. (2011). Entrepreneurship career paths of graduate entrepreneurs in Malaysia. *Research Journal of Applied Sciences*, 6(4), 282-289.
- [14] Butler, L. M., Kobati, G., Anyidoho, N., Colecraft, E., Marquis, G., & Sakyi-Dawson, O. (2012). Microcredit–nutrition education link: A case study analysis of Ghanaian women’s experiences in income generation and family care. *African Journal of Food, Agriculture, Nutrition and Development*, 12(1), 5709-5724.
- [15] Capelleras, J.-L., Mole, K. F., Greene, F. J., & Storey, D. J. (2008). Do more heavily regulated economies have poorer performing new ventures? Evidence from Britain and Spain. *Journal of International Business Studies*, 39(4), 688-704.
- [16] Chiou, J.-S. (2000). Antecedents and moderators of behavioral intention: Differences between US and Taiwanese students. *Genetic, social, and general psychology monographs*, 126(1), 105.
- [17] Chudry, F., Foxall, G., & Pallister, J. (2011). Exploring attitudes and predicting intentions: Profiling student debtors using an extended theory of planned behavior. *Journal of applied social psychology*, 41(1), 119-149.
- [18] Cole, R. A., Goldberg, L. G., & White, L. J. (2004). Cookie cutter vs. character: The micro structure of small business lending by large and small banks. *Journal of financial and quantitative analysis*, 39(02), 227-251.
- [19] De Clercq, D., & Honig, B. (2011). Entrepreneurship as an integrating mechanism for disadvantaged persons. *Entrepreneurship & Regional Development*, 23(5-6), 353-372.
- [20] Dej, D. (2007). Motivation to become entrepreneur: In. *Psychology of entrepreneurship research and education*, 57-64.
- [21] Douglas, E. J., & Shepherd, D. A. (2002). Self-employment as a career choice: Attitudes, entrepreneurial intentions, and utility maximization. *Entrepreneurship theory and practice*, 26(3), 81-90.
- [22] Dutta, D., & Magableh, I. (2006). A socio-economic study of the borrowing process: the case of microentrepreneurs in Jordan. *Applied Economics*, 38(14), 1627-1640.
- [23] Efir, C. (2008). Public market finance for growth-stage companies in emerging markets: The US alternative IPO moves to fill the gap. *Thunderbird*

- International Business Review, 50(6), 375-379.
- [24] Evans, T. G., Adams, A. M., Mohammed, R., & Norris, A. H. (1999). Demystifying nonparticipation in microcredit: a population-based analysis. *World development*, 27(2), 419-430.
- [25] Fairlie, R. W., & Holleran, W. (2012). Entrepreneurship training, risk aversion and other personality traits: Evidence from a random experiment. *Journal of Economic Psychology*, 33(2), 366-378.
- [26] Fatoki, O. (2014). Parental and Gender Effects on the Entrepreneurial Intention of University Students in South Africa. *Mediterranean Journal of Social Sciences*, 5(7), 157.
- [27] Fatoki, O. O. (2010). Graduate entrepreneurial intention in South Africa: motivations and obstacles. *International Journal of Business and Management*, 5(9), 87.
- [28] Gaglio, C. M., & Katz, J. A. (2001). The psychological basis of opportunity identification: Entrepreneurial alertness. *Small business economics*, 16(2), 95-111.
- [29] Ghina, A. (2014). Effectiveness of entrepreneurship education in higher education institutions. *Procedia-Social and Behavioral Sciences*, 115, 332-345.
- [30] Godquin, M. (2004). Microfinance repayment performance in Bangladesh: How to improve the allocation of loans by MFIs. *World development*, 32(11), 1909-1926.
- [31] Goosen, C. J., de Coning, T. J., & Smit, E. (2002). Corporate entrepreneurship and financial performance: The role of management. *South African Journal of Business Management*, 33(4).
- [32] Green, F. (2013). Youth entrepreneurship: A background paper for the OECD Centre for Entrepreneurship, SMEs and Local Development. OECD publication. Address: http://www.oecd.org/cfe/leed/youth_bp_finalt.pdf. Accessed on, 11, 2013.
- [33] Hadi, A. (2002). Integrating prevention of acute respiratory infections with micro-credit programme: experience of BRAC, Bangladesh. *Public health*, 116(4), 238-244.
- [34] Hagan, L. L., Aryeetey, R., Colecraft, E., Marquis, G., Nti, A., & Danquah, A. (2012). Microfinance with education in rural Ghana: Men's perception of household level impact. *African Journal of Food, Agriculture, Nutrition and Development*, 12(1), 5776-5778.
- [35] Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. (2010). *Multivariate data analysis (7th Eds.)*. NY: Pearson.
- [36] Heppner, P. P., & Heppner, M. J. (2004). *Writing and publishing your thesis, dissertation, and research: A guide for students in the helping professions*: Thomson/Brooks/Cole.
- [37] Hudon, M. (2009). Should access to credit be a right? *Journal of Business Ethics*, 84(1), 17-28.
- [38] Hussain, A. M. (1998). *Poverty alleviation and empowerment: The second*

- impact assessment study of BRAC's rural development programme: BRAC, Research and Evaluation Division.
- [39] Hvide, H. K., & Panos, G. A. (2014). Risk tolerance and entrepreneurship. *Journal of Financial Economics*, 111(1), 200-223.
- [40] Jebarajakirthy, C., C. Lobo, A., & Hewege, C. (2014). Investigating determinants of youth's intentions of seeking microcredit in the post-conflict era. *Asia Pacific Journal of Marketing and Logistics*, 26(4), 579-601.
- [41] Jebarajakirthy, C., Lobo, A., & Hewege, C. (2015). Enhancing youth's attitudes towards microcredit in the bottom of the pyramid markets. *International Journal of Consumer Studies*, 39(2), 180-192.
- [42] Jebarajakirthy, C., & Lobo, A. C. (2015). Transforming the lives of war-affected youth: how microcredit can shape their self-identity. *Young Consumers*, 16(2), 189-207.
- [43] Jebarajakirthy, C., & Thaichon, P. (2016). Marketing microcredit to bottom of the pyramid market: Investigating determinants and the role of self-identity: the case of youth in post-war context. *International Journal of Bank Marketing*, 34(2), 191-215.
- [44] Johar, M., & Rammohan, A. (2006). Demand for Microcredit by Indonesian women: Department of Economics.
- [45] Johnson, S. (2005). Gender relations, empowerment and microcredit: moving on from a lost decade. *The European Journal of Development Research*, 17(2), 224-248.
- [46] Karlan, D., & Valdivia, M. (2011). Teaching entrepreneurship: Impact of business training on microfinance clients and institutions. *Review of Economics and statistics*, 93(2), 510-527.
- [47] Karlan, D., & Zinman, J. (2011). Microcredit in theory and practice: Using randomized credit scoring for impact evaluation. *Science*, 332(6035), 1278-1284.
- [48] Khavul, S., Chavez, H., & Bruton, G. D. (2013). When institutional change outruns the change agent: The contested terrain of entrepreneurial microfinance for those in poverty. *Journal of Business Venturing*, 28(1), 30-50.
- [49] Kong, R., Turvey, C., Xu, X., & Liu, F. (2014). Borrower attitudes, lender attitudes and agricultural lending in rural China. *International Journal of Bank Marketing*, 32(2), 104-129.
- [50] Krueger, N. F., Reilly, M. D., & Carsrud, A. L. (2000). Competing models of entrepreneurial intentions. *Journal of Business Venturing*, 15(5), 411-432.
- [51] Lemmon, G. T. (2012). Entrepreneurship in postconflict zones: Council on Foreign Relations.
- [52] Li, X., Gan, C., & Hu, B. (2011). Accessibility to microcredit by Chinese rural households. *Journal of Asian Economics*, 22(3), 235-246.
- [53] Luarn, P., & Lin, H.-H. (2005). Toward an understanding of the behavioral intention to use mobile banking. *Computers in human behavior*, 21(6), 873-891.

- [54] Maheswaranathan, S., & Kennedy, F. (2010). Impact of micro-credit programs on eliminating economic hardship of women. International Conference on Business and Information, University of Kelaniya, Sri Lanka.
- [55] Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of world business*, 41(1), 36-44.
- [56] Mair, J., Marti, I., & Ventresca, M. J. (2012). Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. *Academy of Management Journal*, 55(4), 819-850.
- [57] McStay, D. (2008). An investigation of undergraduate student self-employment intention and the impact of entrepreneurship education and previous entrepreneurial experience. Theses, 18.
- [58] Mishi, S., & Kapingura, F. (2012). Women's access to microfinance and poverty alleviation in Zimbabwe: Case study of Chinhoyi town. *African Journal of Business Management*, 6(29), 8667.
- [59] Mookherjee, D. (1999). Contractual constraints on firm performance in developing countries: Boston University, Institute for Economic Development.
- [60] Morduch, J. (2000). The microfinance schism. *World development*, 28(4), 617-629.
- [61] Mosley, P. (2001). Microfinance and poverty in Bolivia. *Journal of Development Studies*, 37(4), 101-132.
- [62] Moyi, E. (2000). Networks, Information-Search and Competitive Pressure: Evidence from Kenya's Small-Scale Manufacturing Industry. Paper presented at the workshop on 'Information for the Development of Micro and Small Enterprises' Panafric Hotel Nairobi, April.
- [63] Mwenda, A. (1993). Credit rationing and investment behaviour under market imperfections: evidence from commercial agriculture in Zambia.
- [64] Nabi, M., & Aima, D. A. (2012). Availability and awareness of microfinance in jammu & kashmir state. Chief patron chief patron.
- [65] Nagarajan, G. (1997). Developing financial institutions in conflict affected countries: emerging issues, first lessons learnt and challenges ahead: International Labour Office (ILO) Geneva.
- [66] Nagarajan, G. (2005). Microfinance, youth and conflict: Emerging lessons and issues. USAID MicroNote, 4.
- [67] Narteh, B., & Owusu-Frimpong, N. (2011). An analysis of students' knowledge and choice criteria in retail bank selection in sub-Saharan Africa: The case of Ghana. *International Journal of Bank Marketing*, 29(5), 373-397.
- [68] Nishantha, B. (2009). Influence of personality traits and socio-demographic background of undergraduate students on motivation for entrepreneurial career: The Case of Sri Lanka. 49(02), 71-82.
- [69] Okurut, F. N. (2006). Access to credit by the poor in South Africa: Evidence from Household Survey Data 1995 and 2000. Stellenbosch: University of Stellenbosch.
- [70] Oly Ndubisi, N. (2007). Relationship marketing and customer loyalty.

- Marketing Intelligence & Planning, 25(1), 98-106.
- [71] Owualah, S. (1999). *Entrepreneurship in Small Business Firm: G-MAG Investments Ltd. Ikeja, Lagos*, 67.
- [72] Park, A., & Ren, C. (2001). Microfinance with Chinese characteristics. *World development*, 29(1), 39-62.
- [73] Peparah, J. A. (2012). Access to micro-credit well-being among women entrepreneurs in the Mfantseman Municipality of Ghana. *International Journal of Finance & Banking Studies*, 1(1), 1.
- [74] Rahman, A. (1999). Micro-credit initiatives for equitable and sustainable development: Who pays? *World development*, 27(1), 67-82.
- [75] Rahman, H. Z. (1995). *Mora Kartik: Seasonal deficits and the vulnerability of the rural poor. Rethinking Rural Poverty: Bangladesh as a Case Study* (). New Dehli, India: Sage Publications.
- [76] Rogaly, B., & Fisher, T. (1999). *Poverty, social exclusion and microfinance in Britain: Oxfam*.
- [77] Rundle Thiele, S., Leo, C., Bhanot, D., Bapat, V., & Bera, S. (2012). Studying financial inclusion in north-east India. *International Journal of Bank Marketing*, 30(6), 465-484.
- [78] Samuel, Y. A., Ernest, K., & Awuah, J. B. (2013). An assessment of entrepreneurship intention among Sunyani Polytechnic Marketing students. *International Review of Management and Marketing*, 3(1), 37.
- [79] Sarvananthan, M. (2011). Sri Lanka: putting entrepreneurship at the heart of economic revival in the north, east, and beyond. *Contemporary South Asia*, 19(2), 205-213.
- [80] Sathiabama, K. (2010). Rural women empowerment and entrepreneurship development. Retrieved from
- [81] Schicks, J. (2014). Over-indebtedness in Microfinance—an empirical analysis of related factors on the borrower level. *World development*, 54, 301-324.
- [82] Shim, S., Barber, B. L., Card, N. A., Xiao, J. J., & Serido, J. (2010). Financial socialization of first-year college students: The roles of parents, work, and education. *Journal of youth and adolescence*, 39(12), 1457-1470.
- [83] Smith, J. R., Terry, D. J., Manstead, A. S., Louis, W. R., Kotterman, D., & Wolfs, J. (2008). The attitude–behavior relationship in consumer conduct: The role of norms, past behavior, and self-identity. *The Journal of social psychology*, 148(3), 311-334.
- [84] Somasundaram, D., & Sivayokan, S. (2013). Rebuilding community resilience in a post-war context: developing insight and recommendations-a qualitative study in Northern Sri Lanka. *International journal of mental health systems*, 7(1), 1.
- [85] Tabachnick, B., & Fidell, L. (2007). *Using multivariate statistics*". Boston: Pearson International Edition.
- [86] Tilakaratna, G., Wickramasinghe, U., & Kumara, T. (2005). *Microfinance in Sri Lanka: A household level analysis of outreach and impact on poverty: Institute of Policy Studies*.

- [87] Turvey, C. G., & Kong, R. (2010). Informal lending amongst friends and relatives: can microcredit compete in rural China? *China Economic Review*, 21(4), 544-556.
- [88] Ummah, S. (2009). Entrepreneurial motivation and self-employment intention: An empirical study on management undergraduates in Sri Lanka.
- [89] Weisberg, J., Te'eni, D., & Arman, L. (2011). Past purchase and intention to purchase in e-commerce: The mediation of social presence and trust. *Internet Research*, 21(1), 82-96.
- [90] Wright, G. A. (2005). Understanding and Assessing the Demand for Microfinance. *Expanding Access to Microfinance: Challenges and Actors*, Paris, MicroSave Africa.
- [91] Xiao, J. J., Tang, C., Serido, J., & Shim, S. (2011). Antecedents and consequences of risky credit behavior among college students: Application and extension of the theory of planned behavior. *Journal of Public Policy & Marketing*, 30(2), 239-245.
- [92] Yunus, M. (2004). Grameen Bank, microcredit and millennium development goals. *Economic and Political Weekly*, 4077-4080.
- [93] Yunus, M. (2007). Remarks by Muhammad Yunus, Managing Director, Grameen Bank. *Microcredit Summit E-News*, 5(1).
- [94] Zampetakis, L. A. (2008). The role of creativity and proactivity on perceived entrepreneurial desirability. *Thinking Skills and Creativity*, 3(2), 154-162.