

Rethinking Advice For Micro-Entrepreneurs in Sri Lanka

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Policy Context: In Sri Lanka, micro-entrepreneurs form the backbone of everyday economic life, and these enterprises are often the first to experience economic shocks and the last to recover, making them central to economic resilience. Policy responses have usually focused primarily on finance, formalisation, and skills training, with little attention to business advice

Key Findings: Micro-entrepreneurs rely primarily on informal networks, while formal advisory systems are fragmented and poorly targeted. Standardised advisory programmes do not align with the realities of small-scale and survivalist enterprise.

Policy Advice: Move from standardised training models to explore forms of context-sensitive advisory support, prioritising trust and continuity in advisor–entrepreneur relationships. Expand delivery models, including digital and hybrid approaches, alongside existing informal systems.

What the Research Shows

- Sri Lanka is not advice-poor — but advice is unevenly distributed. Informal networks substitute for formal support, while formal systems often reach the wrong people with the wrong messages.
- Entrepreneurs in Colombo operate within dense networks of advice through family, peers, suppliers, and community actors. This advice is practical, trusted, and embedded in everyday economic life.
- Advice shapes how entrepreneurs see themselves and what futures they consider possible, influencing their decisions, ambitions, and willingness to engage with support.
- Cultural norms of *Swaya Shakthiya* (self-reliance) shape engagement with advice. External support may be resisted if it conflicts with these values.

Implications

- Formal programmes should shift from information delivery to build ongoing, trust-based connections with entrepreneurs, working through the relationships people already rely on for guidance and support.
- Informal networks are a primary source of advice for low-income entrepreneurs.
- Advisory systems should support confidence and perceived possibility; these shape entrepreneurial decision-making and engagement. Trust and continuity determine whether advice is taken up and applied.
- Fragmentation, rather than absence, is the main weakness of existing advisory systems,

Policy Recommendations

- **Recognise informal advisory networks as core infrastructure for enterprise support.** Policy should treat family, peer, supplier, and community-based networks as the primary advisory system for micro-entrepreneurs. Interventions should be designed to strengthen these existing channels rather than bypass them, improving their quality, reliability, and reach through targeted support, information flows, and selective institutional engagement.
- **Reconfigure advisory delivery through trusted, locally embedded intermediaries.** Effective advice depends on trust, proximity, and relational continuity. Advisory systems should be delivered through intermediaries already embedded in local economic and social contexts, including community organisations, trader associations, and experienced entrepreneurs, ensuring formal support is mediated through relationships that align with how advice is actually accessed and acted upon.
- **Rebalance enterprise policy towards integrated support beyond finance.** Current SME policy remains overly finance-centric. Business advice should be established as a core pillar of enterprise support alongside credit and skills provision. This requires coordinated reform of advisory programmes to improve coherence, reduce fragmentation, and ensure advice reflects the practical constraints and adaptive strategies of micro-enterprises.

Work with Dr Luke Heslop

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