

EMPOWERING VILLAGE SELF-ENTREPRENEURS IN SRI LANKA THROUGH A DIGITAL MARKETPLACE: A QUANTITATIVE STUDY

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ABSTRACT: Village self-entrepreneurs in developing countries like Sri Lanka face several challenges. This study investigates these barriers using a quantitative survey, including structured questionnaires administered to 30 rural businesses, supplemented with qualitative insights from open-ended responses. Survey findings revealed that most entrepreneurs struggle with limited access to finance, weak digital marketing knowledge, inadequate sales channels, and insufficient institutional support. In terms of support needs, respondents emphasized access to loans, improved market opportunities, and training in digital tools. Notably, while less than half of participants had prior knowledge of digital selling, over 90% expressed willingness to adopt a localized and affordable digital solution. Based on these findings, the study proposes a mobile-first platform featuring several innovative modules, an investment matching module enabling profit-based or corporate social responsibility support, an affiliate marketing module for low-cost promotion, and a partnership module connecting entrepreneurs with external vendor outlets. Platform credibility is ensured through admin-verified guidelines, automated financial processes, and report templates for tracking transactions, complementing the sales module for direct product sales. Beyond Sri Lanka, the platform offers scalability for adoption in other developing regions facing similar entrepreneurial constraints. This integrated solution aims to enhance market access, financial support, and digital capabilities for rural self-entrepreneurs.

Keywords: self-entrepreneurs, quantitative survey, digital marketplace

1 INTRODUCTION

The International Labour Organization (2002) has emphasized the importance of micro-enterprises in poverty alleviation and economic empowerment of the poor. Promoting Village Self-Entrepreneurs has been recognized as a promising pathway for generating employment, particularly among low-income groups in developing countries. However, self-entrepreneurs in rural Sri Lanka face critical challenges in accessing markets, securing financial support, and adopting modern marketing strategies. These barriers hinder their ability to scale and compete in national or international markets. Prior research has highlighted persistent challenges. Navarathne (2017) identified limited customer bases due to traditional selling methods. Herath et al. (n.d.) pointed out the absence of promotional opportunities and weak institutional support systems. The Department of Census and Statistics (2021) reported that most small enterprises in Sri Lanka remain informal and vulnerable to crises. Similarly, the International Labour Organization (2023) revealed that over 89% of micro and small entrepreneurs were negatively affected by the 2022 economic downturn. At the same time, studies show growing interest among rural entrepreneurs in adopting digital solutions (Herath et al., n.d.), suggesting a strong

potential for technology-driven interventions. This study investigates the key challenges faced by self-entrepreneurs in Sri Lanka and proposes a digital marketplace to address them.

1.1 Research Aim

The aim of this study is to identify the major barriers to rural entrepreneurship and propose a digital solution that improves visibility, market access, and investment opportunities.

1.2 Research Questions

RQ1: What are the major challenges faced by rural self-entrepreneurs in Sri Lanka in growing their businesses?

RQ2: What digital features and functions are needed to improve market access and outreach?

1.3 Research Objectives

Objective 1: To investigate barriers, user needs, and expectations for business growth among rural self-entrepreneurs in Sri Lanka.

Objective 2: To propose a feasible digital solution that enhances visibility, marketing, and access to finance.

2 METHODOLOGY

A quantitative descriptive survey was conducted using a structured questionnaire with closed-ended questions covering business profiles, digital adoption, market challenges, and support needs. In addition, qualitative insights were captured through optional comment fields and informal discussions, providing contextual depth. A purposive sample of 30 rural entrepreneurs was selected across industries including agriculture, handicrafts, food production, manufacturing, and retail. Purposive sampling was used because the study requires specific knowledge from a defined group (village entrepreneurs) to accurately assess challenges, support needs, and willingness to adopt a digital solution. Data analysis involved descriptive statistics presented through pie charts. While the small sample size limits generalizability, it provides valuable exploratory insights. The survey was designed to measure both the current status of entrepreneurial resources and capacities and the willingness to adopt digital solutions. Data were analyzed using frequency counts and percentages to identify the necessity of the user requirements for the digital solution.

3 RESULTS AND DISCUSSION

The majority of respondents operated micro-enterprises employing 1–5 workers. Most sold within their village or at weekly markets, with over 60% reporting they could sell less than 50% of their production. The survey helped to identify different industries that majority of peoples engage as village entrepreneurs including pottery and clay products, agriculture, food and beverages, coconut and palm products, handicrafts, apparel and tailoring, spices and medicinal plants, animal husbandry, metal and stonework, household industries and goods, and toys. This diversity highlights the wide-ranging applicability of a digital marketplace across industries. In terms of digital proficiency, 83.3% of respondents indicated that they have knowledge of digital

selling, while 16.7% reported insufficient digital proficiency. This suggests that introducing a digital solution will not pose a major barrier or challenge to most village entrepreneurs. However, only 11 entrepreneurs currently had some form of digital presence primarily through Facebook (9) and WhatsApp (3) indicating that the majority are still operating offline. Nevertheless, 28 out of 30 participants expressed willingness to adopt a digital solution if it were user-friendly and affordable. Regarding readiness, 80% of respondents mentioned that they already have the necessary facilities, such as smartphones and internet access, to use such a system. A minority, however, mentioned barriers including lack of digital literacy, difficulties with the English language, absence of smartphones, poor internet connectivity, and financial limitations in acquiring digital tools. Figure 1 highlights the number of responses received regarding the challenges faced by village entrepreneurs. The most common barriers included limited marketing opportunities (20), financial difficulties (23), and low awareness of modern marketing techniques (20).

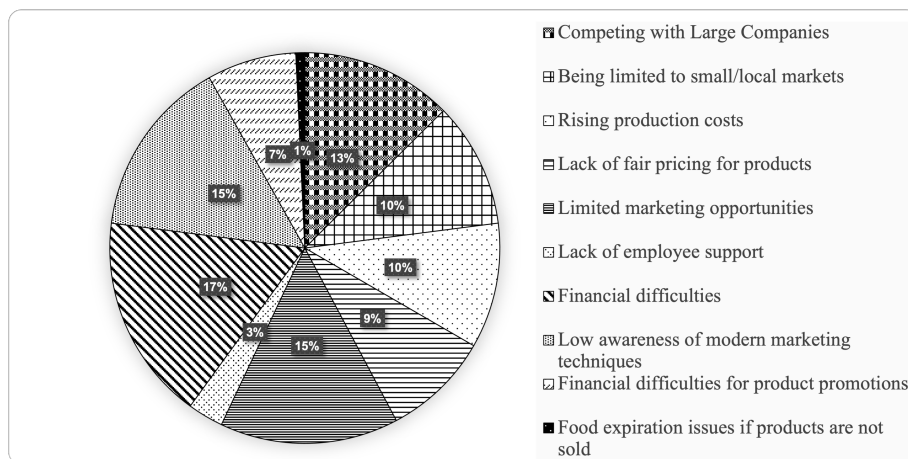


Figure 1. Challenges faced by village self-entrepreneurs

Figure 2 highlights the number of responses received regarding support needs for business growth. The most common need included access to funds or credits (24), digital marketing training and knowledge (30), Market access and sales channels (23).

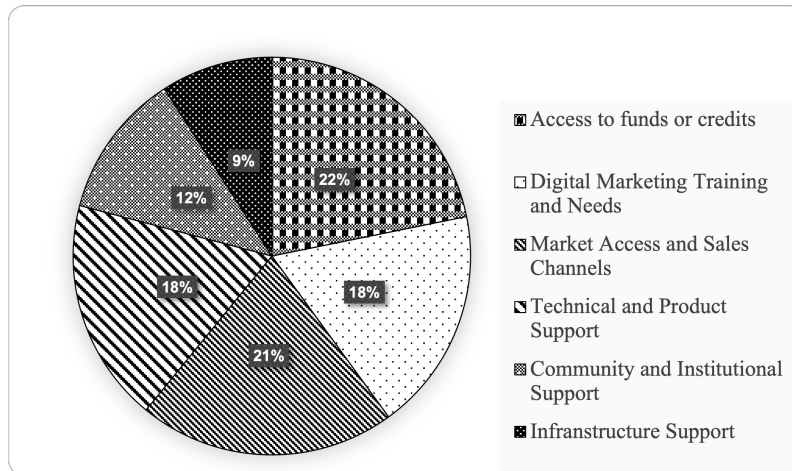


Figure 2. Support needs for business growth

Based on the above results, findings suggest a strong demand for a digital solution that provides financial facilitation or credit access, enhances market access, connecting local entrepreneurs with broader sales channels, offers digital marketing tools and training to increase visibility and sales, supports technical/product guidance to improve quality and efficiency. By introducing a digital platform, village self-entrepreneurs could overcome market limitations, improve sales, reduce wastage, and scale their businesses sustainably.

3.1 System Structure and Technology Justification

Based on these findings, the solution is designed with several modules. The sales module allows customers to purchase items directly from the platform, enabling entrepreneurs to sell their products. This is similar to other digital marketplaces. However, the novelty of this digital solution highlights in addressing the financial and advertising difficulties faced by village entrepreneurs. When investors are willing to support business growth, they can earn commissions based on market sales. Additionally, charity investors can provide support as part of their CSR (Corporate Social Responsibility) initiatives. This allows self-entrepreneurs to enhance their financial assistance, as most respondents indicated challenges in obtaining bank loans due to low monthly income. For instance, respondent ID 2 mentioned:

“අපගේ මාසික ආදායම සහ වර්ධනය ඉතා අඩු බැවින් සහ එම ලියකියවිලි නිසි ලෙස නඩත්තු නොකිරීම නිසා අපට බැංකු ණය ලබා ගැනීම ඉතා අපහසුය”

(Translation: It is very difficult for us to obtain a bank loan as our monthly income and growth are very low, and we do not maintain our documents properly.) Additionally, the uniqueness of this proposed solution highlights in integrating entrepreneurs with affiliate marketers. Through this, entrepreneurs can advertise their products via widely-reached channels at minimal cost. The platform ensures that commissions for affiliate marketers are clear and controlled to avoid unnecessary fees. Another unique feature is the partnership module, which allows entrepreneurs to request selling stalls in partner outlets, such as supermarkets. The platform facilitates communication, agreements, and trusted partnerships between entrepreneurs and partners. Platform credibility is ensured through admin verified guidelines, where commissions and other financial

processes will be clearly documented and implemented using automated calculations. To support proper financial tracking, the system provides report templates that help entrepreneurs maintain records and submit them to financial institutions if needed. In addition to these major modules, the platform offers user-friendly functionalities to enhance marketing and sales opportunities for self-entrepreneurs. It also provides help tips and localization in three languages to support their digital proficiency and overall engagement with the platform. Accordingly, the proposed system is a mobile-first digital marketplace with modules for product management, customer storefront, investment matching, affiliate marketing, and administrative oversight. React Native was chosen for the front-end as it enables affordable cross-platform mobile apps, essential for entrepreneurs who mainly rely on smartphones. Node.js/Express.js provides a lightweight back-end suitable for low-cost hosting and real-time operations, while MongoDB offers a flexible, low-maintenance database to manage diverse product and customer data. Overall, the stack was selected for its affordability, offline support, scalability, and ability to integrate Sinhala, Tamil, and English interfaces, making it cost-effective, mobile-friendly, and adaptable to low-connectivity rural environments. The findings align with the Diffusion of Innovations (DOI) theory, highlighting the relevance of the proposed solution. The study shows a high willingness (over 90%) of entrepreneurs to adopt a localized digital marketplace, despite the challenges they face. These barriers include limited financial resources, restricted selling and marketing opportunities, and low digital literacy.

Figure 3 presents the number of responses received regarding respondents' interest to use a digital solution. 93% respondents mentioned that they are willing to overcome the challenges of marketing through traditional digital platforms.

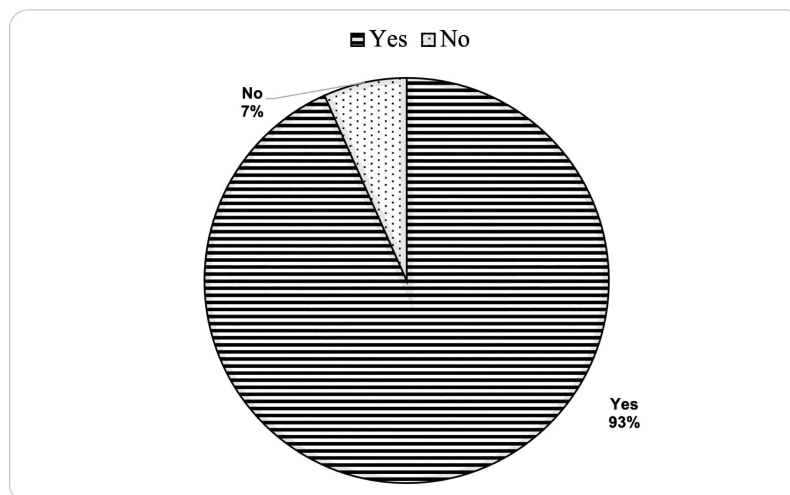


Figure 3. Respondents' interest to use a digital solution.

Figure 4 presents the number of responses received regarding whether the respondents' have enough facilities to use such a digital solution. 87% respondents mentioned that they have enough facilities.

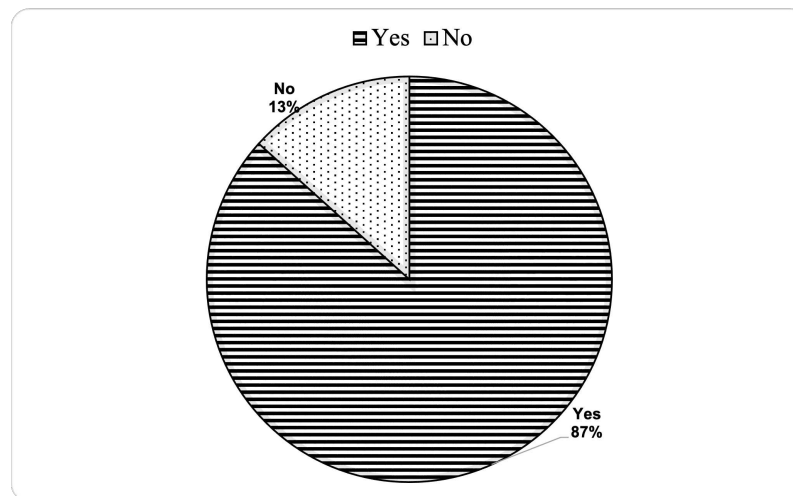


Figure 4. Respondents' Access to Facilities for Using a Digital Solution

4 CONCLUSION

This study identified key challenges faced by Sri Lankan village self-entrepreneurs, including limited financing, weak digital marketing capacity, and restricted market access. Using a quantitative pilot survey, it demonstrated that entrepreneurs are willing to adopt affordable digital solutions. A mobile-first digital marketplace platform is proposed, leveraging low-cost, scalable technologies to improve visibility, facilitate investments, and connect entrepreneurs with broader markets. The proposed mobile-first platform addresses these challenges through integrated modules, including sales, investment matching, affiliate marketing, and partnerships, supported by admin-verified guidelines and automated financial processes. Accordingly, the platform not only facilitates market access and financial support but also enhances digital skills and business management capabilities among rural entrepreneurs. Beyond Sri Lanka, this model can be adapted to similar rural contexts in South Asia and beyond, making it a scalable solution for rural economic empowerment. By linking entrepreneurs with investors, partners, affiliate marketers and digital marketplaces, the solution has the potential to increase income, reduce business risk, and promote sustainable rural economic development. In conclusion, this study not only identifies key barriers and support needs for rural self-entrepreneurs but also proposes an innovative, evidence-based digital solution that integrates financial, marketing, and operational support, offering a practical pathway for enhancing entrepreneurship in rural communities.

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