

Current Challenges and Opportunities for Entrepreneurship and Development of SMEs in Post-Conflict Areas

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Small and medium enterprises (SMEs) play a key role in regional development in the process of job creation, GDP growth, innovation, equitable income distribution, resource utilisation and socio-economic development and poverty reduction in any economy. Despite Sri Lanka's abundant human capital and natural resources due to its 26-year civil war, its potential in the SME sector has not been fully realised. The main objective of this study is to examine the current role of SMEs in various industries, understand their contribution to the economy and determine the potential of promoting SMEs across the country, including war-affected areas. The subjects of this study include all entrepreneurs living in post-conflict areas. In-depth interviews were used as the main source of data collection, mainly semi-structured interviews, and the results of the research are analysed by thematic analysis. The study found that Sri Lanka has a huge opportunity that can be used to develop this important sector. This paper also seeks to identify policy changes needed to strengthen the role of SMEs in economic development. In addition, the research shows that medium-sized enterprises (between 40-99 employees) have relatively high productivity, and their contribution to added value, total output and job creation is better than those of micro and small enterprises. In war-affected areas, the sector has great potential to flourish, given the high levels of human capital and natural resources.

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