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**Impact of institutional environment towards entrepreneurship inclination among agriculture diplomats: A case study in Advanced Technological Institute- Gampaha, Sri Lanka**

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**Abstract**

Entrepreneurship is a key strategy to solve the problem of unemployment, especially in developing nations including Sri Lanka. Institutional environment has a great impact on entrepreneurship efforts. Although many researches were conducted to assess the relationship between institutional environment and entrepreneurship in the world, Sri Lanka is lack of such studies. To fill this research gap, the present study was developed to discover the relationship between entrepreneurship inclination and institutional environment of Agriculture diplomats in Sri Lanka Institute of Advanced Technological Education (SLIATE). The data was collected from all the students (133) who followed the Higher National Diploma Technology Agriculture program in Advanced Technological Institute-*Gampaha* which is a sub-institute of SLIATE. The study focused on three dimensions of the institutional environment: Regulatory, Normative and Cognitive and the students' perception of desirability and feasibility of being entrepreneurs were identified for all three dimensions. A Pre-tested survey questionnaire was employed to gather primary data and reliability and validity of the scales was assessed by Chronbachs' alpha values and means of exploratory factor analysis. To evaluate the influence of the institutional environment for entrepreneurial intention, a t test was practiced. The results revealed that the regulatory environment influences both feasibility ( $t=2.677$ ,  $P=0.008$ ) and desirability ( $t=2.616$ ,  $P= 0.041$ ), while Cognitive environment only influences the feasibility ( $t=1.755$ ,  $P=0.042$ ). Normative environment also influences for both feasibility ( $t=1.268$ ,  $P=0.007$ ) and desirability ( $t=2.361$ ,  $P=0.028$ ). The study concluded that all three dimensions of the institutional environment are significantly impact on being entrepreneur. Therefore, to improve the entrepreneurial efforts, regulatory factors such as industrial policy, appropriate trade-off between market concentration and productivity performance should be considered by the government. It is also a key to improve the normative and cognitive environments for entrepreneurship development.

**Keywords:** Agriculture, Entrepreneurship, Entrepreneurship inclination, Institutional Environment

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