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Institutional Social Support for Low-Income Entrepreneurs: Assessing Its Level and Role in Business Development

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Abstract

Institutional support plays a crucial role in strengthening the sustainability and growth of low-income entrepreneurs, particularly those who face financial limitations, resource constraints, and challenges in managing business operations. This study aims to assess the level of institutional social support received by low-income entrepreneurs and examine its role in supporting their business development. A quantitative research approach was employed using a survey questionnaire involving 347 low-income entrepreneurs. The collected data were analyzed using descriptive statistical analysis to determine the overall level of institutional support across several dimensions, including financial assistance, business guidance, training opportunities, and continuous support services. The findings indicate that the overall level of institutional social support is at a moderate to high level, suggesting that existing support mechanisms have contributed positively to entrepreneurs' ability to sustain and develop their businesses. However, the findings also highlight the need for continuous improvement in institutional support delivery, particularly in strengthening business mentoring, market access, and long-term entrepreneurial development programmes. This study provides valuable insights for policymakers, development agencies, and support institutions in designing more effective strategies to enhance the resilience and performance of low-income entrepreneurs.

Keywords: Institutional social support; Low-income entrepreneurs; Business development; Entrepreneurial sustainability; Support mechanisms; Public development agencies

Introduction

Entrepreneurship has increasingly been recognized as an important mechanism for promoting economic development, reducing unemployment, and enhancing social mobility among vulnerable communities. For individuals from low-income backgrounds, engaging in entrepreneurial activities provides an opportunity to generate income, achieve financial independence, and improve their overall quality of life. However, despite the potential contribution of entrepreneurship towards poverty reduction, low-income entrepreneurs often encounter various challenges that may limit their ability to sustain and expand their businesses. These challenges include limited financial resources, inadequate business knowledge, restricted access to markets, lack of networking opportunities, and difficulties in adopting appropriate business strategies [1]. In addressing these challenges, institutional support has become a critical element in strengthening entrepreneurial capacity and improving business sustainability. Institutions, including government agencies, development organizations, financial institutions, and entrepreneurship support bodies, play an essential role by providing various forms of assistance such as financial aid, training programmes, advisory services, mentoring, and business development initiatives. Effective institutional support not only provides immediate resources but also contributes to building entrepreneurial competencies, improving decision-making capabilities, and enhancing the resilience of entrepreneurs in facing business uncertainties [2]. Previous studies have highlighted that entrepreneurial success is influenced not only by individual capabilities but also by the external support ecosystem surrounding entrepreneurs. A supportive institutional environment can facilitate access to essential resources, reduce business barriers, and encourage entrepreneurs to develop more sustainable business practices. Nevertheless, the effectiveness of institutional support remains a subject of discussion, particularly among low-income entrepreneurs who may require more comprehensive and continuous assistance compared to established business owners. The availability of support programmes does not necessarily guarantee that the intended beneficiaries receive sufficient assistance that meets their actual business needs [3-5].

Although numerous studies have examined entrepreneurship development and support mechanisms, limited attention has been given to assessing the actual level of institutional social support received by low-income entrepreneurs from their own perspectives. Understanding entrepreneurs' perceptions is important because it provides insights into whether existing support systems are accessible, relevant, and effective in addressing their challenges. Furthermore, evaluating the level of institutional support can assist policymakers and development agencies in identifying areas that require improvement to ensure that support interventions are more targeted and impactful [6-8]. Therefore, this study aims to assess the level of institutional social support received by low-income entrepreneurs and examine its contribution towards their business development. Specifically, this study focuses on several dimensions of institutional support, including financial assistance, entrepreneurial training, business guidance, and continuous support services. The findings are expected to provide meaningful implications for institutions involved in entrepreneurship development by highlighting the importance of strengthening support mechanisms that promote business sustainability and long-term entrepreneurial resilience among low-income communities.

Literature Review

Concept of Institutional Social Support

Institutional social support refers to the assistance, resources, and services provided by formal organizations to help individuals or groups overcome challenges and achieve desired outcomes. In the context of entrepreneurship, institutional social support represents the role of external institutions in providing resources that enable entrepreneurs to establish, manage, and sustain their business activities. Unlike informal support derived from family members, friends, or personal networks, institutional support is structured, organized, and delivered through formal mechanisms such as government agencies, financial institutions, entrepreneurship development organizations, and community-based institutions [9,10].

For low-income entrepreneurs, institutional social support is particularly significant because they often experience greater limitations in accessing essential business resources. Limited financial capability, inadequate entrepreneurial knowledge, and restricted market networks may hinder their ability to compete and grow within the business environment. Therefore, institutional support serves as an important intervention mechanism by reducing barriers and providing opportunities for these entrepreneurs to improve their business performance and economic well-being [11]. The concept of institutional support extends beyond financial assistance alone. It encompasses multiple dimensions, including access to capital, entrepreneurship education, business advisory services, technical assistance, networking opportunities, and continuous monitoring. A comprehensive support system enables entrepreneurs not only to overcome immediate business constraints but also to develop the competencies required for long-term sustainability.

Role of Institutions in Entrepreneurial Development

Institutions play a fundamental role in creating an enabling environment for entrepreneurship development. According to institutional theory, organizations and formal structures influence economic activities by establishing systems, resources, and support mechanisms that shape individual behavior and outcomes. In entrepreneurship, institutions act as facilitators that connect entrepreneurs with necessary resources and opportunities that may otherwise be difficult to obtain independently.

For low-income entrepreneurs, institutional involvement is essential as they may lack the social capital, financial strength, and business experience commonly possessed by more established entrepreneurs. Through targeted support programmes, institutions can enhance entrepreneurial capabilities by providing knowledge transfer, skills development, and strategic guidance. Such interventions contribute towards improving entrepreneurs' confidence, decision-making abilities, and ability to manage business risks [12,13].

Moreover, institutional support can strengthen entrepreneurial resilience by helping business owners adapt to market changes and operational challenges. Continuous engagement between institutions and entrepreneurs allows support providers to better understand entrepreneurs' needs and design programmes that are more relevant and impactful. Therefore, the effectiveness of institutional support depends not only on the availability of programmes but also on the quality, accessibility, and continuity of assistance provided.

Financial and Non-Financial Support Mechanisms

Financial support remains one of the most critical forms of institutional assistance for low-income entrepreneurs. Access to adequate funding enables entrepreneurs to initiate business activities, purchase equipment, increase production capacity, and improve operational efficiency. Many low-income entrepreneurs face difficulties obtaining conventional financing due to limited collateral, unstable income patterns, and insufficient financial records. Consequently, institutional financial assistance can serve as an important mechanism for reducing financial barriers and encouraging business participation among disadvantaged groups.

However, financial support alone may not guarantee entrepreneurial success. Several studies emphasize that non-financial support mechanisms are equally important in developing sustainable businesses. Training, mentoring, consultancy services, and technical guidance help entrepreneurs enhance their managerial skills, improve financial management practices, and develop effective business strategies. Without sufficient knowledge and capabilities, financial assistance may not be utilized effectively and may provide only short-term benefits.

Therefore, an integrated approach combining financial and non-financial support is necessary to maximize the impact of entrepreneurship development programmes. Institutions that provide continuous guidance alongside financial assistance are more likely to contribute towards stronger entrepreneurial outcomes compared to those focusing solely on capital provision.

Institutional Support and Business Sustainability

Business sustainability refers to the ability of entrepreneurs to maintain business operations, overcome challenges, and achieve continuous growth over time. For low-income entrepreneurs, sustainability is often a major challenge due to limited resources, uncertain market conditions, and operational constraints. Institutional support can contribute significantly towards improving business sustainability by strengthening entrepreneurial capabilities and reducing vulnerability.

Support programmes that provide market access, business networking opportunities, and strategic advice enable entrepreneurs to expand their customer base and improve competitiveness. Furthermore, continuous institutional engagement encourages entrepreneurs to adopt better business practices, including financial planning, innovation, and adaptation to changing market environments.

The relationship between institutional support and business sustainability suggests that entrepreneurs require more than initial assistance during business establishment. Long-term support, monitoring, and capacity-building initiatives are necessary to ensure that entrepreneurs can progress from survival-based businesses towards more sustainable and growth-oriented enterprises.

Research Gap and Conceptual Direction

Although previous research has extensively discussed entrepreneurship development and support mechanisms, several gaps remain. Much of the existing literature focuses on the availability of support programmes or institutional perspectives, while fewer studies examine the actual level of support experienced by low-income entrepreneurs from their own viewpoints. This perspective is important because the effectiveness of institutional support depends on whether entrepreneurs perceive the assistance received as sufficient, accessible, and relevant to their business needs.

Furthermore, low-income entrepreneurs represent a unique group with specific challenges that may differ from mainstream entrepreneurs. Their dependence on institutional assistance requires a more comprehensive understanding of whether current support mechanisms adequately address their financial, knowledge, and operational limitations.

Therefore, this study addresses this gap by assessing the level of institutional social support received by low-income entrepreneurs. By examining various dimensions of institutional assistance, this research provides empirical evidence on the effectiveness of existing support mechanisms and highlights areas for improvement in strengthening entrepreneurial development programmes.

Methodology

This study employed a quantitative research approach using a survey method to examine the level of institutional support received by low-income entrepreneurs in sustaining their business activities. The study population consisted of low-income entrepreneurs who had received business assistance from relevant institutions in the selected study area. Data were collected through a structured questionnaire developed based on previous literature related to institutional support dimensions, including financial assistance, business guidance, training opportunities, and continuous support services. A five-point Likert scale was used to measure respondents’ perceptions of the support provided by the institutions. The collected data were analyzed using descriptive statistical analysis to determine the overall level of institutional support across the identified dimensions. This methodology provides empirical evidence regarding the effectiveness of institutional support mechanisms in strengthening the resilience and sustainability of low-income entrepreneurs in managing their business ventures.

Findings and Discussion

Table 1 presents the mean values for each item measured the institutional support that examined in the study (Table 1).

Respondents’ Profile

A total of 347 low-income entrepreneurs participated in this study. The respondents represented individuals involved in small-scale business activities who experienced various limitations in terms of financial capacity, business resources, and market accessibility. The demographic and business background information provides an understanding of the characteristics of entrepreneurs who rely on institutional support mechanisms to sustain and develop their businesses.

Table 1: *Descriptive Statistics of Institutional Support.*

Item	Statement	Mean
1.	The subsidies I receive are helpful for my business.	3.72
2.	I use the grants I receive to improve my business	3.68
3.	Access to loans helps me develop my business.	3.72
4.	I have opportunities to participate in various training programmes.	3.83
5.	I can easily access information about business assistance.	3.64
6.	The tax rates imposed are reasonable.	3.34
7.	I utilise marketing facilities effectively.	3.93
8.	I receive sufficient public grant funding for my business.	3.36
9.	I have access to suitable business locations for my business	3.52

The involvement of these respondents provides valuable insights into the effectiveness of institutional support from the perspective of the beneficiaries themselves. As low-income entrepreneurs often operate within resource-constrained environments, the availability and adequacy of institutional assistance are important factors influencing their ability to maintain business operations and achieve sustainable growth.

Level of Institutional Social Support Received by Low-Income Entrepreneurs

This study assessed the level of institutional social support received by low-income entrepreneurs based on several dimensions, including financial assistance, business training and development support, business guidance, and continuous institutional support. The overall findings indicate that institutional social support was perceived at a moderate to high level, demonstrating that existing support mechanisms have provided meaningful assistance to entrepreneurs in managing and developing their businesses.

The overall mean score suggests that institutional support has contributed positively towards strengthening entrepreneurial capacity among low-income entrepreneurs. The availability of assistance programmes has helped entrepreneurs gain access to essential resources, improve business knowledge, and receive guidance in overcoming operational challenges. This finding highlights the important role of institutions in creating a supportive entrepreneurial ecosystem, particularly for individuals who may face difficulties accessing conventional business resources.

However, the moderate level observed in certain aspects indicates that institutional support may not yet be fully optimized. While entrepreneurs have received assistance, there remains a need for continuous improvement to ensure that support programmes are more responsive to their evolving business needs.

Dimension Analysis of Institutional Social Support

Financial Support

Financial support represents one of the most important components of institutional assistance for low-income entrepreneurs. The findings indicate that respondents perceived financial support as a significant form of assistance that enables them to initiate and maintain their business activities.

Access to financial resources allows entrepreneurs to address critical business needs such as purchasing equipment, managing operational costs, and expanding business activities. For low-income entrepreneurs, institutional financial assistance reduces dependency on personal savings and provides opportunities for business participation despite limited financial capacity.

Nevertheless, financial support alone may not be sufficient to ensure long-term business success. Some entrepreneurs may continue to experience challenges related to financial management, cash flow planning, and investment decisions. Therefore, financial assistance should be complemented with continuous financial education and business advisory services to maximize its impact.

Business Training and Development Support

The findings also demonstrate that business training and development programmes contribute positively to enhancing entrepreneurial capabilities among low-income entrepreneurs. Training initiatives provide opportunities for entrepreneurs to improve their knowledge in areas such as business management, marketing strategies, financial practices, and operational planning [14,15].

For entrepreneurs with limited formal business exposure, continuous learning is essential to improve confidence and decision-making abilities. Institutional training programmes serve as a mechanism for transferring knowledge and strengthening entrepreneurial competencies.

However, the effectiveness of training programmes depends on their relevance to entrepreneurs' actual business conditions. Training that is too general or theoretical may have limited impact if it does not address practical challenges faced by small business operators. Hence, institutions should consider more practical, industry-specific, and continuous development programmes.

Business Guidance and Advisory Support

Business guidance and advisory support were found to be important elements in assisting entrepreneurs to overcome business challenges. Mentoring and consultation services provide entrepreneurs with access to experience, expertise, and problem-solving assistance that may not be available through their personal networks.

For low-income entrepreneurs, guidance from institutions can help reduce uncertainty in business decision-making and encourage the adoption of better management practices. Continuous advisory support also enables institutions to identify entrepreneurs' challenges and provide more targeted interventions.

The findings suggest that institutional support should move beyond one-time assistance towards a mentoring-based approach where entrepreneurs receive continuous guidance throughout different stages of business development [16].

Continuous Institutional Support

Continuous institutional support reflects the extent to which institutions maintain engagement with entrepreneurs after initial assistance is provided. The findings indicate that ongoing support remains an important area in ensuring business sustainability.

Many low-income entrepreneurs require continuous encouragement, monitoring, and access to additional resources as their businesses develop [17]. Without consistent follow-up, initial assistance may provide only temporary benefits and may not sufficiently contribute towards long-term business resilience.

Therefore, institutions should strengthen post-assistance support mechanisms, including regular business monitoring, networking opportunities, market linkage programmes, and advanced entrepreneurial development initiatives.

Discussion

The findings indicate that institutional social support plays a significant role in strengthening the position of low-income entrepreneurs. The moderate to high level of support suggests that existing institutional mechanisms have contributed towards improving entrepreneurs' ability to manage and sustain their businesses. However, the findings also reveal that receiving support does not automatically guarantee business sustainability. Low-income entrepreneurs continue to require structured, continuous, and integrated assistance that combines financial resources, knowledge development, mentoring, and market opportunities. Without comprehensive support, entrepreneurs may remain dependent on short-term assistance and face difficulties progressing towards business growth. From an entrepreneurial development perspective, institutions should shift from a support provision approach towards an entrepreneur empowerment approach, where entrepreneurs are guided to become more independent, resilient, and capable of managing business challenges. Effective institutional support should therefore focus not only on helping entrepreneurs survive but also on enabling them to develop sustainable and competitive businesses. These findings reinforce the argument that institutional support functions as an important external factor in entrepreneurial success, particularly among vulnerable groups. Strong institutional involvement can create an enabling environment that enhances business confidence, strengthens entrepreneurial capabilities, and contributes towards improving the economic well-being of low-income communities.

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