

## **Rational Ability Driven Uncertainty, Transaction Cost and Livelihoods of the Samurdhi Beneficiaries**

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Samurdhi initiative is a vital program that has been playing a visible role in assisting the poor and eradicating poverty in Sri Lanka since 1995. The beneficiaries experience negativities of information flow since they do not have the perfect ability to make rational transaction decisions which results in an increase in transaction cost. Moreover, poor rational ability influences transaction uncertainties that could also affect the transaction cost. This study is an empirical evaluation evaluate of the rational ability-driven uncertainty which affects the transaction cost and livelihoods of Samurdhi beneficiaries since the absence of previous research work creates a gap in the literature. The study adopted a quantitative approach using a sample of 1820 Samurdhi beneficiaries from Sabaragamuwa and Uva provinces employing a multistage sampling technique. PLS-SEM was employed in the data analysis process. The results revealed that rational ability has led to minimising uncertainties. Accordingly, the minimum level of uncertainties has contributed to reducing the possibility of transaction costs among the beneficiaries ratifying the partial mediate effect of uncertainty between rational ability and transaction cost. Hence, the rational ability has contributed to creating a positive influence on the beneficiaries' livelihoods. Further, the study has identified that both uncertainty and transaction cost as partial mediators between rational ability and livelihood success. As per the study, if the rationality among the beneficiaries is limited, it may lead to the creation of transaction costs followed by several scopes of uncertainties and finally hinder their livelihoods. Thus, the study urges the policymakers to take appropriate steps to enhance the livelihood success of Samurdhi beneficiaries by mitigating the consequences of uncertainty and transaction costs and facilitating them to widen their rationality without information asymmetries.

**Keywords:** *Livelihoods, Rational ability, Samurdhi beneficiaries, Transaction costs, Uncertainty*