Cultural Impediments to Entrepreneurship Development: The Case of Sri Lanka

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ABSTRACT

Purpose: The country direly needs to develop its entrepreneurial capability which is the key engine for economic development and poverty eradication. The Sri Lankan culture embraces collectivism and the traditional values of Theravada Buddhism, a belief system which inherently functions against the fostering of entrepreneurial spirit. Removing impediments to entrepreneurship is a key challenge for the country.

Findings: Sri Lanka is presently recovering from the destruction of the economy because of 30 years of civil war. The country is confronted by high government debt representing almost 80% of the GDP. Almost half of the population lived on less than $5 per day in 2013.

Originality/value: Using Sri Lanka as a case in point, this paper assesses the influence culture has on entrepreneurship and explores initiatives and measures that can be used to strengthen inherent cultural values that stimulate entrepreneurial spirit, encourage risk-taking, and in turn promote economic development.

Paper type: Research paper.

Keywrod: Culture, Entrepreneurship, Economic Development, Policy, Sri Lanka

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I. INTRODUCTION

Entrepreneurship directly contributes to gross domestic product (GDP) growth and poverty reduction and constitutes over 98% of all enterprises in most countries. Studies tend to use GDP generated by entrepreneurship to measure its contribution to economic growth (Vandenberg, P., Chantapacdepong, and P., 2016). As much as entrepreneurship is a primary factor in economic development, evidence suggests that culture plays an important role in entrepreneurship development. Kottak, (1990) study revealed that indigenous plantation workers responded more meaningfully toward change when socio-cultural variables were embedded into the need for change message. The results showed improvement in agricultural yield. The study also found that the conventional way of using financial gain as a motivator for change was not effective.

Developing economies in Asia rely heavily on small and medium enterprises (SMEs) that contribute between 32% and 80% of total employment. Sri Lanka is a case in point. In 2013, Sri Lanka’s SMEs provided 35% of total employment and 30% of GDP (Vandenberg, P., Chantapacdepong, and P., 2016). In recent years, the share of SMEs’ employment increased to 45% (Perera, 2018). The Economic Census conducted in 2013 segregated entrepreneurial enterprises into micro, small, and medium-sized (MSMEs) and revealed that they represented about 99% of the total registered and unregistered enterprises and provided 75% of employment. These MSMEs are found mostly in the trade and the service sectors within populated urban and rural areas. In addition, a large informal sector of unregistered enterprises distributed throughout the country provides about 53% of employment (Statistics, 2016).
Sri Lanka’s culture has direct implications on efforts to develop entrepreneurship. Being a dominantly Buddhist country, its cultural values could impede or advance these efforts. For instance, Todaro, (1977) study found that Sri Lanka was lagging significantly behind in economic performance by its low GNP per capita ($100) compared to countries that have dominant Christian values. As such, the study implies that Buddhist countries performed economically poorer than Christian countries. Thus, this paper explores the cultural influence on entrepreneurship development leading to economic progress in Sri Lanka. A sizable share of SMEs is concentrated in the Western and Northwestern provinces that have a dominant Buddhist culture (Statistics, 2017). Weber, M., (1930) asserted that religious factors could be used to explain entrepreneurial differences between societies. Further, empirical evidence suggests that cultural values from religious faith tend to have an impact on entrepreneurship (Ahmad, 2015; Nunziata L., and Rocco, 2014). In the case of Sri Lanka, what are the existing dominant cultural values that could be used in conjunction with policy to stimulate entrepreneurship development?

1. Definition of Culture
Adams, (2001) succinctly defined culture as “the stuff of society: ideas, skills, tools, beliefs, clothing, buildings, language, music, science, values.” Anthropologists define culture as commonly held norms and values shared by a group of people (Briody and Ferraro, 2017). Thus, different cultural pockets permeate a society such as those constructed by ethnicities or religions (Iguisi, 2009). Culture is dynamic and changes over time. For example, the internet has increased the behavior of convenience culture that propels businesses to adopt online retailing of their products and services.

2. Economic Development: Rebuilding the Country
The civil war between the majority Sinhalese and the minority Tamil communities in 1983 disrupted the rebuilding momentum that began in 1977 (Grobar, L.M., and Gnanaselvam, 1993), and the political and economic order of the country unraveled quickly. Government spending was focused on the acquisition of military equipment and expansion of its arm forces leading to a four-fold increase from 4% to 18% during the first five years. Real spending on housing and large development projects dropped significantly. Trade with global partners deteriorated and dampened its contribution to GDP by over 40%. The strain of the 30-year war that ended in 2009 had a corrosive impact on its labor competitiveness against other Asian countries, especially in the high-tech industries. For example, Malaysia and Taiwan were flourishing in the high-tech industries and held their competitive edge during Sri Lanka’s civil war. During the same period, Sri Lanka’s institutions were plagued by inefficient governance with limited capacity to adopt favorable economic policies (Ganegodage, K. R. and Rambaldi, 2014).

The World Bank classifies Sri Lanka as an upper-middle income country (WB 2021). In 2019, the GDP per capita was estimated to be at about $3,500. The economy has grown substantially since the end of the civil war as shown in Table 1 below:

<table>
<thead>
<tr>
<th>Selected Economic Indicators</th>
<th>2009</th>
<th>2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita ($)</td>
<td>1200</td>
<td>3500</td>
<td>192</td>
</tr>
<tr>
<td>Agriculture (% of GDP)</td>
<td>12.7</td>
<td>8.0</td>
<td>-37</td>
</tr>
<tr>
<td>Industry (% of GDP)</td>
<td>29.7</td>
<td>29.4</td>
<td>-1</td>
</tr>
<tr>
<td>Service (% of GDP)</td>
<td>57.6</td>
<td>62.6</td>
<td>9</td>
</tr>
<tr>
<td>Employment ('000)</td>
<td>7,140</td>
<td>8,592</td>
<td>20</td>
</tr>
<tr>
<td>Exports ($ million)</td>
<td>7,932</td>
<td>9,896</td>
<td>25</td>
</tr>
</tbody>
</table>

Table 1: Comparison of Sri Lanka’s Economy Between 2009 and 2019
The production of the country increased threefold represented by the GDP per capita. However, change was limited in the structure of output during this 10-year period. Specifically, the economic activities related to industry did not improve indicating a weak manufacturing sector in terms of productivity and value of output generated. Indeed, data from the Economic Census 2013/2014 shows that 98% of the manufacturing establishments were informal and had limited capacity for equipment- and skills-upgrade (Sri Lanka Department of Census and Statistics, 2017). The productivity per person was only 18% compared to the formal manufacturing establishments (Statistics, 2017).

Lack of skills impedes productivity and yields low-value output. A recent report by the Asian Development Bank (ADB), (2020) identifies food and beverages as one of the manufacturing sub-sectors lacking in skillsets generally acquired via teaching, reading, or interaction with others. These glaring weaknesses disadvantage the existence of micro- and small sized establishments, and an urgent need to address and develop their competencies now exists. The Human Development Index (HDI) that captures the working force’s capabilities over a basket of measures such as education, life-expectancy, and health has moved up a notch to high level.

To ascertain the aggregate efficiency of Sri Lanka’s economy, it is prudent to examine its competitiveness in the global marketplace. The Global Competitiveness Report details the scope of global competitiveness by adopting 12 pillars of competitiveness to identify a country’s competitiveness between factor-driven, efficiency-driven and innovative economies. Was a factor-driven economy characterized by unskilled labor and natural resources, signifying that the basic framework to run the economy such as institutions, infrastructure, macroenvironment stability, health and primary education was in place.

The array of governmental interventions to rebuild the economy set the pace for Sri Lanka to enter the transition stage to an efficiency-driven economy in 2012 (World Economic Forum, 2013). It took 5 years to finally become an efficiency-driven economy in 2017 (World Economic Forum, 2018). At this juncture massive changes have taken place. The workforce has become more educated, and work-processes are refined by increasing capabilities and productivity; the market is more sophisticated with improved production and a financial system catering to domestic and foreign markets (World Economic Forum, 2013).

The 12 pillars of competitiveness from the Global Competitiveness Report 2019 inform the ranking of Sri Lanka in the global marketplace. Thailand is used as a benchmark to ascertain the extent of Sri Lanka’s readiness to compete (Table 2). Firstly, Thailand has made remarkable economic progress, and it is one of the ASEAN’s strongest developing economies (ASEANstats, 2013). Secondly, it became an efficiency-driven economy in 2008 (The global competitiveness report 2009-2010, 2010). Thirdly, its cultural values have relevance in this research. The values of both countries are influenced by Theravada Buddhism.

<table>
<thead>
<tr>
<th>Structure</th>
<th>Pillars of competitiveness</th>
<th>Sri Lanka</th>
<th>Thailand</th>
<th>Difference</th>
<th>Readiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enabling Environment</td>
<td>Institutions</td>
<td>52</td>
<td>55</td>
<td>-3</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td>69</td>
<td>68</td>
<td>1</td>
<td>High</td>
</tr>
</tbody>
</table>

Table 2: The 12 Pillars of Competitiveness between Sri Lanka and Thailand

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ICT Adoption  
60  60  -20  Low

Macro-economic stability  
90  68  -22  Low

Health  
89  87  -2  High

Skills  
62  64  2  High

Product Market  
53  43  -10  Moderate

Labor Market  
63  52  -11  Moderate

Financial System  
85  57  -28  Low

Market Size  
76  58  -18  Low

Business Dynamism  
72  60  -12  Moderate

Innovation Capacity  
44  35  -9  Moderate

Source: Adapted from Global Competitiveness Report 2019.

In Table 2, an additional Difference column is created to help determine the difference in scores between Sri Lanka and Thailand. A negative score denotes Sri Lanka is lagging behind Thailand in global competitiveness. This in turn is used to determine the extent of readiness for Sri Lanka to reach the competitive level of Thailand. A negative difference between the range of 18-30 is ranked as Low Readiness, between 10-17 is Moderate Readiness and below 10 is High Readiness.

The pillars of hindrance to grow the economy are those that are marked with Low and Moderate readiness, e.g., 8 out of the 12 pillars, namely ICT adoption, macro-economic stability, product market, labor market, financial system, market size, business dynamism and innovation capacity. These 8 pillars of competitiveness are deemed to be reflective of Sri Lanka’s small and medium enterprises (SMEs) since they constitute 45% of total employment. In other words, the operating environment of the SMEs is deeply lacking in structural market mechanisms and human capabilities to drive technological change to advance economic development and wellbeing. This stagnancy is mirrored in the industry sector’s contribution to GDP which remained unchanged between 2009 and 2019 at 29% (Table 1). The Country Economic Census of 2013/2014 was comprehensively covered and provided a deeper understanding of the overall mapping of the economic activities by region, economic sector, number of establishments, and the number of people employed in the formal and the informal sectors (Statistics, 2016). The definition of SMEs adopted by the Economic Census affirmed that entrepreneur is synonymous to self-employment and ownership of a small business (Licht, 2006), and entrepreneurial function is a vital organ in the process of economic growth (Baumol, 1968). The Census identified the number of employees to be the most reliable and consistent variable in defining SMEs and thus, defines the number of employees in terms of economic sectors to classify SMEs. For example, a small-sized enterprise in the industry and construction sector has between 5-24 employees, but 4-14 employees in the trade sector. The following figures are a summary of the findings relevant to our research.
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Most of the micro-sized establishments (1-5 employees) engage in trade and are scattered throughout the country, constituting about 92% of total establishments (Figure 1) and employing 62% of the working population (Figure 2). The three sectors are primarily located in the Western Province and the coastal areas with better infrastructure facilities. The trade sector is populated in both urban and rural areas as well. In terms of Sri Lanka’s global value chain participation, its share of exports remains significantly small in the Asian region, indicating that the SMEs are lacking efficacy in global competitiveness, as illustrated in Table 2. The informal sector is located primarily in the Western and Northwestern provinces engaging in trade and services. Trade is defined as wholesale and retail, as well as repair of motor vehicles and motorcycles. Services include construction, logistics, finance, real estate, education, science and professional institutions, hospitality and healthcare etc. (Statistics, 2017).

To better prepare and encourage Sri Lanka’s youth to enter self-employment, Entrepreneurial Studies (ES) was introduced as part of the curriculum for grade 10 and 11 students (14-16 years old) at the GCE “Ordinary” level in 2007 throughout the country. In 2008, The Enterprise for Pro-Poor Growth Project

Figure 1. Percentage Contribution of Establishments by Economic Sector

Figure 2. Percentage Contribution of Employment by Economic Sector
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II. LITERATURE REVIEW

A. Culture and Entrepreneurship

The Nobel laureate economist (Sen, 1999) has noted the tendency of economists to pay inadequate attention to culture in investigating the operation of societies in general and the process of development in particular. In this vein, the trajectory of Japan’s industrialization during the Meiji era (1868-1912) is a good example of how the co-optation of religion by political and economic developers transformed Japan into a technology-based economy. The early indoctrination of Buddhist teachings in the process of developing Japan’s political and economic institutions was significant in modernizing Japan (Davis, 1989). In the 21st Century, Japan is one of the leading advanced economies in Asia and in the world. Culture has an impact on economic development, as confirmed by many studies (Kottak, 1990; Johnson J. P. & Lenartowicz T., 1998; Khan, M.M., Zhang, J., Hashmi, M.S., and Bashir, 2010; Williamson C. R. & Mathers, 2011).

Sen, (2004) concludes poignantly that it is not whether culture matters in development, but how? Indeed, the extent empirical international business literature affirms that culture does matter in firms’ internationalization strategy. For example, cultural distance plays a role in a firm’s selection of foreign entry-mode (Johanson, J., & Vahlne, 1977; Johanson, J., & Wihlborg-Heij, 1975; Hakanson, L., and Ambos, 2010). High cultural distance as a result of differences in economic development, education, language barrier, unfamiliarity with social norms etc. can be mitigated by adopting exporting strategy that incurs lower risks and uncertainties.

The gross national product (GNP) of a country is the sum of total production of an economy demonstrating its ability to deploy its capital and human resources to churn productive output. A high GNP reflects high productivity and greater wealth of a country. However, an economy is part of a society represented by communities that differ in cultural norms and values that form the aggregate country’s production. The work of (Todaro, 1977) deconstructed societies based on GNP per capita contribution and the dominant religion of each society. Building on work, Palanca, (1986) posited that religion is a strong factor influencing economic development. Buddhist majority countries such as Sri Lanka, had the lowest GNP per capita below $100 in 1961, high middle-income countries have Christian-based values, and countries such as Singapore and Hong Kong follow the ethics of Confucianism that expounds perseverance and accumulation. In support of assertion as mentioned earlier, reiterated that the generation and accumulation of capital depend on the motivation to earn and save as much as the institutional framework that supports these attributes.

Although Todaro’s analysis showed that Buddhist majority countries tended to achieve lower GNP per capita, Japan’s economic performance defies this logic. Japan has maintained its top 5 ranking as the largest economies in the world (Lee, 2021). How can a Buddhist country like Japan be on par with the US and Germany in the capitalistic West? What are the influential societal values behind this remarkable achievement? According to the Hofstede model of national culture, most eastern countries including Japan and Sri Lanka tend to be highly collectivistic relative to the western world. In other words, western countries have individualistic traits such as a competitive drive that values self-interest and achievement over others. In the economic models of Schumpeter and Weber capitalism thrives on individualistic behavior. Based on these two economists’ work, Siddharthan, (1994) analyzed the success of the Japanese. The study surmised the central tenet of Buddha’s teachings i.e., interdependence that buttressed the Japanese Buddhists ‘pragmatic attitude toward change. Inclusiveness, creativity and innovation are the fabric of change. Thus, the success of the Japanese leadership and society is based on the premise of interdependence.

Organizational researchers use personality traits to link them with entrepreneurship. For example, need for independence, locus of control, need for achievement, and a high propensity to take risks are positive traits that influence the decisions of ethnic people to become entrepreneurs (Ullah, F., Rahman, M.Z., Smith, R., Belocif, 2016). The study interviewed 25 entrepreneurs of Islam and Hindu faith and found personal wealth creation and monetary reward were the main drivers that motivated them to be an entrepreneur in Aberdeen, Scotland. Religion was an influencing factor because their faith increased their self-confidence.
and self-determination. In relation to personality traits, Zeffane, (2014) conducted a study on 503 business students in the Middle East/Gulf region and found that respondents with collectivist traits were more likely to become entrepreneurs than those with individualistic traits. Collectivistic values such as dependence on family and networks of friends and support, were crucial determinants to becoming entrepreneurs.

Hofstede’s model is well adopted by entrepreneurship researchers to investigate the impact of culture on entrepreneurship. Dissanayake D.M.N.S.W and Semasinghe D.M., (2014) studied the impact of Hofstede’s cultural variables on entrepreneurial success in the context of Sri Lanka, in particular, two districts located in the Western provinces. They concluded that the national culture of Sri Lanka had an impact on entrepreneurial success and sustainability. Their study found that long-term orientation and indulgence were the two salient variables that motivate entrepreneurship’s success and sustainability. A study by Dissanayake D.M.N.S.W and Semasinghe D.M., (2015), compared the national culture of Sri Lanka with Nepal and India to investigate if Sri Lanka’s national culture impeded entrepreneurial activities. Power distance and uncertainty avoidance were identified as hindrances. Both studies postulated that collectivism was a stimulator to entrepreneurship in low-income countries. However, cultural variables’ impact on entrepreneurship differs between low- and high-income countries. Achim, M.V. Borlea, S.N. and Văidean, (2019) postulated that individualism, feminism, low uncertainty avoidance, short-term orientation and restraint tended to stimulate entrepreneurship in high-income countries.

Another stream of research uses religious values to ascertain their influence on entrepreneurship (Ahmad, 2015). Islam and Jainism were found to be conducive to entrepreneurship but not Buddhism and Hinduism. On the other hand, Protestants were more likely to become entrepreneurs because of the linkage between capitalism and Protestantism (Nunziata L., and Rocco, 2014). The claim that Protestant values inculcate work ethics (Weber, M., 1930) was further investigated by Niles, (1999) in a cross-cultural comparative study between Christian and Buddhist majority countries in Australia and Sri Lanka, respectively. Specifically, the study compared work-related beliefs along the dimensions of culture and religion to determine whether non-western cultures endorsed a work ethic that encompassed respect for, admiration of, and the willingness to take part in hard work. Contrary to the belief that western cultures ascribe to a strong work ethic, the study found that the work ethic of non-western cultures like Sri Lanka was higher than the Australians’. This finding holds true based on Niles’ understanding of Buddha’s teachings that poverty causes erosion of ethical behavior in society. As a Buddhist majority country, Sri Lankans strive to live according to the Buddha’s precepts of being one’s own master, and they cultivate values such as initiative, grit, and perseverance. However, there was an interesting difference of perception about hard work and success between Australians and Sri Lankans. Australians believed there was a direct relationship, i.e., hard work is followed by success; but the Sri Lankans did not perceive success as a natural outcome of hard work.

The influence of Buddhist values such as control of the mind and emotions have an impact on Sri Lankan highly skilled women’s tenacity in their career development (Fernando, W.D.A. and Cohen, 2013). Valliere, (2007) used the Buddhist concept of Right Livelihood, i.e., one should not do work that causes harm to the self or others, to explore its influence on the decision to become an entrepreneur in Nepal and Canada. Interestingly, the Nepalis adopted entrepreneurship because of limited economic opportunities in comparison to Canadians who were self-inspired due to social freedom and autonomy of entrepreneurship. However, both were unanimous in their interpretation of Right Livelihood as earning reasonable profits.

In summary, the above literature review reveals Buddhist values are assets to entrepreneurship and its success. Notable values such as self-fulfillment, contentment, harmony, compassion, mindfulness, virtue, interdependence, and being one’s own master are drivers shaping individuals’ attitudes and beliefs. Thus, Buddha’s 2000-year-old teachings are relevant and applicable to modern capitalism in Buddhist majority societies. Collectivistic traits such as family and kinship values as in the case of Sri Lanka, are assets and opportunities to improve its entrepreneurship growth.

III. METHODOLOGY

This paper explores the potential for Sri Lanka to improve their entrepreneurial competence in the light of Buddhist-values using secondary data. First, the country dataset from the Asian Development Bank Institute (ADBI) is used to tabulate the salient economic indicators of economic progress between 2009 and 2019. Second, the Global Competitiveness Report is used to ascertain Sri Lanka’s competitiveness vis-à-vis-Thailand. Finally, the Economic Census 2013/14 reveals the sheer size and the importance of the
entrepreneurial activities in Sri Lanka. Taken together, the collective data forms the framework of our discussion that follows in the next section.

IV. DISCUSSION

A. Implications for Entrepreneurship Development

Our discussion is pivoted on one basic argument that “both motivation and structural change are important factors in the development of countries” (Palanca, 1986). This can be explained from the institutional theory perspective. It defines institution as “humanly devised constraints that structure political, economic, and social interactions. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights)” (North, 1991). As such, in order to encourage and enhance entrepreneurial activities, formal (regulatory and governance aspects) and informal institutions (cultural norms) must work together. In the case of Sri Lanka, we discuss the importance of understanding the Buddhist entrepreneurial values to enable them to benefit from available economic programs to improve entrepreneurship development.

The school of Theravada Buddhism emphasizes attaining self-liberation through one's own effort. The follower is expected to abstain from all kinds of evil, to accumulate all that is good and to purify their mind (Bhasin, B. and Ng, 2019). Sri Lanka Sinhalese are Theravada Buddhist adherents. The Four Noble Truths, The Eight-Fold Path and the Law of Karma are the Buddhist tenets that converge to contented, compassionate and harmonious living. Thus, these tenets may seem not to promote capitalism since accumulating wealth is a sign of greed.

It is widely assumed that Sri Lanka lacks a dynamic enterprise culture to draw people into starting their own businesses, let alone expansion (Reinprecht, K. and Weeratunge, 2006). Barriers to entrepreneurship include cultural preference for public sector and white-collar employment, a theoretical-based knowledge education that neglects the value of practical knowledge (Weerangutunge, 2008), and a social bias preventing women entrepreneurs to flourish beyond survival-level income. The body of research from the International Labor Organization (ILO) examines the enterprise culture in Sri Lanka in terms of cultural barriers and strengths associated with development of micro- and small-sized enterprises (MSEs) in 4-project districts. For example, one of the barriers was the dilemma faced by livestock rearing entrepreneurs who were Buddhists. It is their belief that livestock rearing for meat or shrimp farming, and use of pesticides are harmful actions.

In the case of Sri Lanka, formal and informal entrepreneurs engage in trade and service activities as illustrated in our analysis (Figure 1 and 2). The large majority are ill-skilled and suited only for low-value added activities. There is a wide gap between Sri Lanka’s global competitiveness relative to Thailand’s. The implications for Sri Lanka are to increase the rate of ICT adoption, enhancement of the financial system, and expansion of market size in terms of international trade. Digital connectivity could be incorporated as part of the Entrepreneurial Studies. Collectively cultivating a digital culture early is advantageous to bring awareness that Sri Lanka is lagging behind in ICT adoption and thus losing its competitiveness, impeding entrepreneurial success.

This is evident from the McKinsey report which concludes that Sri Lanka companies “are lagging in appetite for risk, ability to integrate their digital priorities into the overall business strategy, automation of internal and customer-facing processes, and adoption of a collaborative culture between the digital teams and business function” (De Bustis, A., Ganesan, C., and Herath, 2018). Thus, ES is a resourceful avenue for change through awareness. Collective values such as mutual sharing of knowledge within family and values could be emphasized and promoted deeply among young learners to impart their knowledge within their own network.

The large informal sector in Sri Lanka signifies that the majority of the establishments are not registered. This could be attributed to lack of administrative knowledge and impetus to formalize the establishments. There is inherent lack of awareness of potential benefits, such as cheaper loans, as well as training and development programs that are available to registered establishments. On the one hand the informal sector is officially acknowledged in institutional reports, but there is limited research on a national level to understand the underlying factors contributing to the size of the informal sector. Our analysis highlights the potential of reducing the size of the informal manufacturing sector. This can be achieved by crafting an effective message to the informal sector to view enterprises as an ongoing concern toward sustainability with a long-term orientation (Dissanayake D.M.N.S.W and Semasinghe D.M., 2014) to be a happier society (Dissanayake D.M.N.S.W and Semasinghe D.M., 2015).
The ILO’s reports (Reinprecht, K. and Weeratunge, 2006);(Weerangtunge, 2008) revealed that entrepreneurs preferred to seek financial help from their own network of family, friends and relatives (informal institutions) rather than formal financial institutions. A possible reason could be that the unregistered entrepreneurs do not have the essential documentation and knowledge to be part of the loan application process. It could also be due to fear of financial institutions and perceiving them as intimidators or predators. In this instance, it is paramount that such culturally embedded biases be slowly eradicated through regular open forums between the stakeholders, i.e., entrepreneurs, Industry of Commerce, trade associations, NGOs etc.

Subsequent research on the success of Entrepreneurial Studies (ES) introduced to grades 10 and 11 students in 2007 suggests that the institutional issues in the early stage of implementation have been somewhat addressed over the years. However, there is limited data on student outcomes of the ES (Weeransinghe, 2020) at a country level. The district level studies conducted by the ILO (Weerangtunge, 2008) indicated that students are generally interested in the subject per se suggesting its relevance and its practicality in the Sri Lanka’s economic context. In evaluating the relationship between ES and entrepreneurial intention, study of 80 students in the Western Province found a positive relationship. In other words, students who took ES had the intention of owning their own businesses. However, the purpose of taking ES and the learning outcomes from the entrepreneurial point of view have to be explicitly stated to make it easier for them to appreciate the applicability of the knowledge acquired.

Buddha’s teachings of contented living imply a mindset of minimizing greed in terms of profits and expansions. This mindset could be changed through formal and social education to heighten the skills of the entrepreneurs as a way to contribute value to the society. The Buddhist concept of impermanence implies that change is existential and acceptance is key to be part of the change. As such, creativity and innovation are the fabric of change (Siddharthan, 1994). Thus, Sinhalese entrepreneurs should be encouraged and inspired to upgrade their skills in the context of impermanence and change that would open the opportunity for future business expansion.

Self-interest and self-achievement are the strongest factors for entrepreneurial capitalism, but self-fulfillment is another key message in the Buddhist literature (Valliere, 2007). Sinhalese Buddhists cited independence and self-satisfaction as the main reason for. Although the ILO’s research was targeted at districts that have the highest poverty (Weerangtunge, 2008), there are national implications on encouraging entrepreneurship regardless of religion (Ullah, F., Rahman, M.Z., Smith, R., Belocif, 2016).

Collectivistic values are considered to be detrimental to entrepreneurial development in the West. Japan has proven this claim to be disputable. Its success was germinated from an earlier understanding of interdependence, a collectivistic attitude that is weaved throughout the structure of the society (Siddharthan, 1994). Sri Lanka could be as successful as Japan and Thailand in harnessing its entrepreneurial competence. The concept of interdependence implies a society that thrives on a web of networks that lends pillars of security and assurances to one another. In other words, people look out for each other. Indeed, Sri Lanka ranked 38 out of 141 countries in social capital (World Economic Forum, 2018) indicating a high cohesion and trust. Thus, collectivistic traits may be employed as assets to entrepreneurship development.

V. CONCLUSION

The literature and data analyzed in this paper strengthens the assertion that Sri Lanka direly needs to develop its entrepreneurial and SME sector to achieve overall economic growth. On a macro-level, the government has to develop its infrastructure to facilitate entrepreneurial activities across the island and not only in the urban and coastal areas. On a socio-cultural level, notwithstanding the cultural values of the Buddhist society to be incongruent with capitalism, several similar societies have proven that this barrier can be overcome. Buddhist values of self-fulfillment, contentment, harmony, compassion, mindfulness, virtue, interdependence, and impermanence support the economic and spiritual mindset of entrepreneurs to provide for themselves as well as taking care of others. The collectivistic attitude of the Sri Lankan’s society can be used in promoting risk-taking and increasing entrepreneurial activities. This could be achieved by strengthening the Entrepreneurial Studies subject to include the cultural values and priorities of individuals in a business setting. Entrepreneurial development policy must include provision of education, finance, skills development taking the impact of culture in implementing the policy.
REFERENCES


