

# Family Support on Entrepreneurs: A Case Study of Cane Industry

Yatawatte HS<sup>1</sup>, Gamage HDH<sup>1</sup>, Kariyawasam KAH<sup>1</sup>, Ekanayaka WHH<sup>1</sup>, De Silva WSD<sup>1</sup> and Gunawardana MMD de S<sup>2</sup>

## ABSTRACT

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism: the birth and death of firms and their growth and downsizing. Over the years, however, it has become increasingly apparent that entrepreneurship does indeed contribute to economic development. As a country which is striving towards economic development, development of entrepreneurship is hence vital for Sri Lanka. As Sri Lanka is a country which has a strong family orientation, the choice of ones career path is largely affected by both favorable and adverse influences from the family. This research aims to identify the extent of family influences on making entrepreneurs in Sri Lanka with special reference to the cane industry. The researchers used the case study method to conduct this research and the data analysis was hence mainly qualitative. Two main research questions were addressed by the researchers. Firstly, whether there is family influences in making entrepreneurs in the cane industry, and secondly, whether the influence is a positive influence. The researchers found that at present there is a considerable influence by the families on making entrepreneurs in the cane industry and it is a mixture of both negative and positive influences as present. However, the results also confirm that a possibility exists for this influence to convert to a mainly negative in the future.

**KEYWORDS:** Cane Industry, Entrepreneurship, Family Influence

## INTRODUCTION

The business sector of any economy provides great contribution to the development of a country. When considering Sri Lanka, there are large numbers of people who engage in diverse business activities as entrepreneurs. According to the past research findings, it's not easy to become an entrepreneur (Vaidyanathan N., 2007). There are many factors that affect making entrepreneurs. Among those various factors "family influence" is one factor which affects when an individual attempt to become an entrepreneur. This is a result of the family oriented culture prevailing in the country.

"Family" is defined as parents, brothers and sisters, spouse, children or even other close relatives who may influence on an individual's career path. Entrepreneurs can be found across all industries in a country. Therefore, for the purpose of successfully examining the family influence in making entrepreneurs, the study was conducted with special reference to a particular industry. The chosen industry is the cane industry in Sri Lanka.

Cane industry can be identified as a researchable industry, because it is spread in some specific, identifiable areas in the country. This industry has not been a subject to many researches in the past. According to the interviews which conducted with the Industrial Development Board of Sri Lanka Board of Sri Lanka existence of the cane industry can be seen in mainly four districts, namely Anuradhapura, Polonnaruwa, Hambanthota and Gampaha. Considering the entire Gampaha district Wewaldeniya area is more famous for cane industry. Enough evidences were found in the initial

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<sup>1</sup> Undergraduate, Department of Business and Information Management, Sri Lanka Institute of Information Technology.

<sup>2</sup> Lecturer, Department of Business and Information Management, Sri Lanka Institute of Information Technology.

background investigation that confirms the fact that cane industry as a source of employment has been passed on from generation to generation. It makes cane industry a suitable industry to base research on that entrepreneurship.

## LITERATURE REVIEW

The research mainly focused on finding out the impact of the family influence in making entrepreneurs. The literature review was carried out around the three main concepts highlighted by the research topic. That includes entrepreneurship, family influence in making entrepreneurs and the cane industry. The research mainly focus identifying whether the family influence has an impact in making entrepreneurs and if it is so, to what extent it is affecting and whether the impact is positive or negative.

When defining entrepreneurs many socialists and economists have given many different definitions. The common idea expressed by most of the definitions and views is that the entrepreneur is a great resource of a country and a dynamic role of its economy. It is considered as a factor of production by the economists. According to economists the main objective of a society is to fulfill the needs and the wants of the people within that society. "An entrepreneur is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome" (Wikipedia, the free encyclopedia). An entrepreneur possesses unique and significant characteristics. Those include innovation, risk bearing, creativity, etc. In his research article, Paul De-Masi has further elaborated innovation of the entrepreneur by adding the concept of innovation to the definition of entrepreneurship. "This innovation could be process innovation, market innovation, product innovation, factor innovation, and even organizational innovation" (Paul Di Masi, 2010) Dr. Stephen A. Laser in his article "Are entrepreneurs made or born?" explains risk taking as a specific

characteristic of entrepreneurs. One of the keys to growing our economy in the 21st Century, much as in past eras, has been the importance of the entrepreneur. These are the individuals who take the risks and build the enterprises that employ people, bring innovation and new products to the economy, and serve as an incentive for others to try their luck and become a success in the tradition of the American Dream". In the same article, Dr. Stephen A. Laser also identifies parental influence as an essential factor which impact entrepreneurs. "According to the Dr. Stephen A. Laser it says that the entrepreneurs might generate just by the push of the parents and they work without any enthusiasm in order to please their parents and their expectations. In that case it reveals that the family influence; especially the parental expectations and influences may affect negatively when making entrepreneurs". According to Dr. Stephen parental influence is a huge factor which impact entrepreneurs. (Stephen A. Laser, are entrepreneurs made or born)

According to the economists and past researchers there are many factors affecting entrepreneurs when generating itself or while in existence. "Family influence" can be significantly identified among them. (Stephen A. Laser, are entrepreneurs made or born)

According to the socialists and the past researches the family influence can take several forms; it can be parental influence, siblings, rivalry or the impact of the spouse. Family influence is a significant and also a powerful factor which impact when generating entrepreneurs. According to Dr. Stephen A. Laser entrepreneurs might generate just by the push of the parents and they work without any enthusiasm in order to please their parents and their expectations. (Stephen, A. Laser are entrepreneurs made or born) In that case it reveals that the family influence; especially the parental expectations and influences may affect negatively when making entrepreneurs.

“Marriage or the spouse influence is another specific factor which affects for and one individual under the unit of the family. Partner effects refer to the ways in which a spouse or consensual mate influences the life of their significant other” (Evangelia Zonnios, Family Influence: Teaching your children values through example from their parents)

The research is focused on the cane industry. Published material in relation to this industry was hard to be found. However, according to the available information with the institutes such as the Industrial Development Board, it was identified that Radawadunna village is considered as the hub of the cane industry in Sri Lanka. The entrepreneurs are located mainly around the village of Radawadunna. This fact is confirmed by the research paper published by the National Chamber of Commerce (National chamber of commerce of Sri Lanka, Development of cane & wooden furniture industries in Sri Lanka). According to this research, “Around 20 shops selling cane furniture along the Colombo-Kandy road is the entry point to WCFC (Wewaldeniya Cane-based Furniture Cluster). Both the activities of manufacturing and selling of cane furniture are conducted as family businesses by 650 families living in six Grama Niladhari (GN) divisions enclosing WCFC which has a history well over 300 years. The total workforce engaged in this traditional industry is in the range of 3000. WCFC come under the administrative purview of the Mirigama Divisional Secretariat”.

## METHODOLOGY

This research was conducted using mainly the case study methodology.

### Research Objective

The objective of this research was to investigate the impact of family influence in making entrepreneurs.

## Research Questions

This objective was achieved by answering two key research questions.

1. Does the family influence affect making entrepreneurs?
2. If so, is it a positive or negative influence?

## Population and Sample

Even though the cane industry is spread in four districts, the researchers selected the Radawadunna area in the Gampaha district to conduct their study which is considered to be the hub of the industry. Out of the six divisions in the Radawadunna area, cane industry is prominent in 358A division. According to the statistics held by the Grama Niladhari, out of the 1400 families living in the 358A division nearly 600 families are engaged in this industry. 40 respondents including shop owners and the Grama Niladhari have been selected as the sample by the researchers based on their convenience to conduct the research.

## DATA COLLECTION AND ANALYSIS

Data collection was mainly done in two ways, through interviews and questionnaires. The primary data was mainly collected through the interviews and by using questionnaires. Interviews were conducted both face to face and also through telephone conversations.

When collecting primary data the first focus was on collecting the information of the current and the potential traders and the product manufactures of the cane industry. It also provides information and data on history, the current situation of the industry, the family background, issues, and attitudes of the people in the industry. Secondly interviews were conducted with the Grama Niladhari of the Radawadunna division. It mainly provided the information of the village, about the six divisions and the background of the industry as a whole. Six other telephone interviews were done with the Grama Niladhari's of the other divisions

in the Wewaldeniya village. In addition to the interviews, the questionnaires were distributed among the thirty shop owners within the Radawadunna division.

Finally interviews were held with the authorities related to the cane industry. Those interviews mainly provided the data consisting of industry statistics. The officers in Industrial Development Board, National Design Center, Department of Census and Statistics, Viveka Rattan, Export Board, Sri Lanka Customs have been interviewed in order to find the hidden (not available as a written document) statistics related to the cane industry.

## RESULTS AND DISCUSSION

According to the findings, 358A division has the highest family involvement in the cane industry in the Radawadunna area. When considering the trend of the family involvement of the 358A division for the past few years, it shows that highest involvement of families to the industry was reported in the year 2005 and thereafter it has declined.

According to the findings of this research majority of the people engaged in this industry represent the young generation and particularly aged between 21 to 27 years. They have chosen this industry by following the foot path of their parents and by obtaining their knowledge. However, the results show that the level of innovation is very low and only 32% of the respondents have produced any new products compared to what their parents produced. Only 20% of them have moved on to new business places in search of new markets. In the attempt to identify the reasons for the lack of innovation and search of new markets it was identified that negative influences by their families is a significant cause.

55% of the respondents stated that they do not get any support from their families to stay in the industry while 83% of them stated that they do not like their children to get involved in the cane industry. 55% of

those who are currently engaged in the industry stated that their children do not like them to continue careers in this industry.

## CONCLUSION

The research of family influences in making entrepreneurs: A case study in cane industry mainly investigated whether there is family influence when making entrepreneurs, and if there is, is it a positive influence.

According to the findings it is evident that there is a significant level of family influence in making entrepreneurs. At present the influences are mixed and both positive and negative influences can be seen. According to the questionnaire, "Do you like your children to take part in this industry?" 83% of people don't like to engage their children into the cane industry. This clearly shows that family support to making entrepreneur become negative in the future. That's why the researchers conclude that the negative influences tend to be high in the future.

## ASSUMPTIONS AND LIMITATIONS

Time was the main limitation the researchers faced and the study was conducted assuming the respondents participated in the questionnaire survey does provide reliable and true responses to the questions asked.

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