

INFLUENCE OF CONTEXT ON THE ENTREPRENEURSHIP OF BANKS: A STUDY ON ROYAL BANKS OF BHUTAN AND BANK OF CEYLON OF SRI LANKA

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The purpose of this study is to explore the influence of context on the entrepreneurial process of developing banking products and then entrepreneurship of bank as a whole. Generally, the concept of entrepreneurship has been confined to businesses. Attempts to apply entrepreneurial process in banking industry are rare. Banks are financial intermediaries which develop innovative products (i.e., loan schemes) to outperform competitors and attract more customers for their products. Viewing these products and services through the 'lens of entrepreneurship' has not been considered as essential component to determine the success of a bank, perhaps, due to the dominancy of accounting systems in assessing the profitability of banks. However, entrepreneurship is a process which starts from identifying opportunities in the environment and ends with market entry or expansion of the existing business. The process which banks develop products and services is also similar to those of individual entrepreneur who develops new products and services for market entry. Understanding entrepreneurial process of banking products and services may address the generic problem in entrepreneurship 'why do some banks develop more successful products and services while others not'. When examining entrepreneurial processes of similar products developed by state-owned banks in different contexts (Bhutan and Sri Lanka), researcher could identify not only the entrepreneurship of products/services, but also the entrepreneurship of bank as a whole. Using secondary data of two state-owned banks in Sri Lanka and Bhutan for five years (2009-2013) and supplemented with qualitative data, this study explores entrepreneurship of two banks employing case study research method. This study found that the differences in entrepreneurial process lie not with the bank but with the institutional context where those banks are embedded.

Keywords: Context, Entrepreneurial process, Entrepreneurship