Rural entrepreneurs in context

Sarah Southwold-Llewellyn

Introduction

The aim of this article is to discuss rural entrepreneurs in different contexts. One context is the theoretical and methodological framework of the 'Manchester School' which has been the underpinning of Norman Long's work, as well as my own. The other context is the one in which our informants operate. Both contexts are influenced by diachronic processes that affect the constructs of the academics and the constructs of our informants for understanding their behaviour. This article is a comparison of a few aspects of both contexts, and a look at how they have evolved over a twenty-five year period.

The academic context begins when I arrived at Manchester University in 1968, as a postgraduate student from the United States. The Department of Social Anthropology was still in its heyday under the leadership of Max Gluckman. Emrys Peters, Kingsley Garbett, Bruce Kapferrer, Norman Long, Basil Sansom, Martin Southwold, and Dick Werbner were all staff members at the time. It was a dynamic, stimulating environment for students, as well as staff. Ideas were debated, challenged and developed. Complementary influence came from members of the Sociology Department – I mention particularly Peter Worsley, Clyde Mitchell and Bryan Roberts, who have all influenced Norman Long's work.

Norman was at that time a young and enthusiastic lecturer. His enthusiasm was expressed in the eclectic approaches he used in Social Change and the Individual (Long, 1968) where he experimented with different theoretical and methodological approaches to analyse his data. I was fortunate to be among one of the first groups of post-graduate students supervised by Norman. For all of us, he stimulated our interest in problems of development – an unfashionable topic for Anthropologists, then. Among his students, Caroline Moser and Carlos Samaniego stimulated his interest in Latin America, especially Peru, where he later set up a research project with Bryan Roberts, which included studying trader networks.

As many of his succeeding students can testify, Norman was an unusually supportive supervisor, both intellectually and personally. He encouraged several of us to persevere when we might otherwise have given up. Most importantly, he engaged with his students – you felt that you were stimulated and stimulating to him – that there was real exchange between teacher and student. It was not until I
was writing my own thesis in the mid 1980’s, that I realised how much our common background in Manchester, and more specifically, Norman’s approach had influenced my worldview.

Topics of research

The initial topic of my research in Sri Lanka in 1974-5 was the impact of the new agricultural technologies stimulated by government policies. Spurred by wanting to understand the low adoption of these technologies, I studied the heterogeneity of rural household livelihoods. One third of the Sri Lanka households had a member who was or who had been engaged in trading. Subsequently, I focused on credit relations with regard to trading and household livelihood strategies. My own research led me to a number of topics that Norman had researched. Among these were the characteristics that identified successful traders as a group, the impacts of changing government policies, international prices for agricultural products, environmental conditions and the heterogeneous and multiple livelihood strategies pursued by individual members of households. These topics led to researching networks, particularly with regard to credit relationships and trust. As I will explain later in this article, these topics did not provide sufficient answers as to why some traders were more successful than others: they only gave partial answers. What really identified the successful traders were their strategies. This led me to the differences in the capabilities of individuals, which seemed to be totally inadequate as a sociological explanation.

Grappling with the problem of individual action versus structural context, I read Long’s Professorial Inaugural Address at Wageningen University (Long, 1984). What struck me was that we had started with a similar conceptual framework and fifteen years later we were grappling with the same issues: how to explain differential responses to similar conditions, and more fundamentally, what is the role of an actor-oriented approach for sociological analysis (Long, 1984: 2-3)? The questions we posed seemed inevitable given the Manchester approach, plus the influence of mainstream sociological approaches we had both encountered: Long through his work with Bryan Roberts and mine with applied policy-oriented research for strategic planning and health services.

Our mutual conceptual framework is grounded in the Manchester approach, and an awareness of its limitations. Central to this framework was to study situations1 in which the interplay between social, cultural, political and economic elements of social action are articulated. To augment this approach, Long has developed a number of key concepts which have been central to my own work: actor and agency, room for manoeuvre, interface, actor-oriented approach, as well as differential responses to ‘structural’ change. More central to this is our methodological orientation which has focused on extended case histories of individuals and how their personal histories and characteristics affect their responses to changing contexts. There is, however, a difference in balance.

Long is more concerned with the normative, which underpins his notion of social actor (e.g. 1997: 3, footnote 3). This is partly due to his interest in a comparative perspective at the level of global theory. Progressively, he has

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1 Long has refined the concept to include the notions of arena, domain, critical events (c.f. 1997: 6ff.) and fields (c.f. 2000:13).
become interested in locally situated practices, but only as they relate to responses to global phenomena. This is clearly illustrated in the Introduction he and Alberto Arce have written for *Anthropology, Development and Modernities* (Arce and Long, 2000: 1, 2, 8, 12 ff.), in which they contrast the concepts of modernisation and modernity.

Long tends to use individuals as role figures (social actors or social units). His actor-oriented approach is not about individuals but rather how individuals represent a type at different levels of analysis: local, regional, national, and global. One example of using a larger unit of analysis is that this framework leads him to stress the advantages of social capital, especially with regard to networks: my work has stressed its disadvantages as well.

Likewise, there is a difference in emphasis on how we view the problem of conflict and change. Following the early Manchester approach, Long focuses ‘...upon the critical points of intersection between different levels of social order where conflicts of value and social interest are most likely to occur’ (Long, 1984: 10). He uses a methodology that stresses constructions of social actors and other collective units (Long, 1997: 9-10). In contrast, I have focused on the individual as the unit of analysis in an attempt to highlight complexity and ambiguity. I have stressed how the individual behaves differently in different contexts. I am interested in the conflicts or inconsistencies in the constructions individuals make to explain their behaviour, in a series of situations. This also has led me to compare their constructions with wider sources of evidence.

In addition to his early influence, I have used Long's actor-oriented approach extensively in research among the Yusufzai Pukhtun in the Kana Valley, Northwest Frontier Province, Pakistan. The actor-oriented approach is particularly useful for understanding dispute settlements at different levels of attempted resolution. The concept of room for manoeuvre is useful for understanding power relations of those in structurally weaker positions, especially in intra-household relations. Furthermore, the heterogeneity of household livelihoods, which combine agro-pastoralism with seasonal migration, conflicts with culturally prescribed ideals about inter- and intra-extended household relations. In this chapter, I will concentrate on my earlier research on entrepreneurs in Sri Lanka, in which a comparison will be drawn with the circumstances in the same community in 2001.

**Sri Lankan research**

With regard to trading enterprises, the short-term and long-term credit strategies of traders, both as borrowers and lenders, in the operation of different types of

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2 *Entrepreneur* is another term that may be used as synonymous with ‘trader’. An entrepreneur is a ‘...person in effective control of a commercial undertaking; contractor acting as an intermediary’ (The Concise Oxford Dictionary: 5th Edition, 1971). However, in much of the literature on development, the term ‘entrepreneur’ is used in a specialised way to mean an innovator (e.g. Schumpeter, 1934: 66ff. Belshaw, 1955: 148; Barth, 1963: 5-6ff.; Long, 1977: 128; Schwartz, 1979: vii.). In Polgama, most entrepreneurs i.e. innovators, are traders but not all traders are entrepreneurs. For simplicity, I will use the terms inter-changeably in this article.

3 The major locale of the research was Polgama (a pseudonym), a village 10 kilometres north of Kurunegala, Sri Lanka, where fieldwork was done in 1974-75 for 15 months. Polgama and its adjacent village of Gonnawa (pseudonym) form a center for commerce and services in the vicinity.
businesses were explored (Southwold, 1987). It was shown that the dichotomy between shopkeepers and copra merchants was important for understanding how traders operate their businesses because the two types operated with different structural constraints. There were basic differences in the way they organised their businesses with regard to their management and access to credit. Shopkeepers advanced goods in anticipation of future repayment in cash: copra merchants advanced cash in anticipation of being repaid in coconuts. Both were strategies for securing a clientele. Case studies were presented to illustrate the different structural constraints of the different types of businesses. Seen as life histories, these case studies represented a continuum of changing strategies and changing types of businesses through time. Starting as shopkeepers, those who were successful in balancing their credit resources would be able to develop their enterprises. Those who were the most successful became copra merchants. It was shown that the manipulation of credit relations illustrated the mutual interdependency based on co-operation and competition, and consequently, that this could not be understood without an understanding of the social context of any particular relationship, both with other traders and with their clientele.

Central to this approach was the view that traders were not a homogeneous group, in terms of class, caste, or area of origin. It was shown that traders, considered collectively, have neither homogeneous social characteristics nor a unitary set of interests. Their relations to the means of production are variable, and in individual terms, they are often in competition. Furthermore, their individual positions in social and in other economic contexts may crosscut their business interests. More crucially, their individual career histories illustrated different strategies and aims as their career proceeded. As this article will illustrate, there are no core characteristics that identify them either in terms of being a separate social group or as having core attributes.5

Traders are not homogeneous in a further sense. At any given time, a particular trader and/or his household members may have several income sources. And often, traders have several types of businesses at one time. All these income sources were viewed as resources, particularly in terms of giving access to different avenues of credit and investment. With regard to the career histories of individual traders, their individual positions in the structural hierarchy of credit relations were constantly changing, although the overall patterns remained similar.

However, a few years before the 1974-75 research, changes had occurred in the pattern of credit relations because of the government’s policies towards traders. They could no longer sell paddy and rice. In addition, imports were restricted which drastically curtailed goods in the shops. Other changes had occurred because of a drought, which affected paddy production. Consequently, as the only major crop, coconut became a rural currency that bound coconut traders and those with coconut to sell into a relationship of mutual dependence. The value of coconut was and is tied to its consumption and commercial commodity value. More significant is its value as a means for securing long-term credit relationships, which is embedded in social, as well as economic, relations.

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4 Copra is coconut that has been dried either in a kiln or in the sun. Primarily, it is processed into coconut oil.

5 c.f. Nireka Weeratunga (2001) where she discusses the core attributes ascribed to the person of the entrepreneur.
Conflicting principles in management of credit

There were a number of conflicting principles that were juxtaposed in the management of credit. In the case of coconut-copra merchants, securing clientele entailed advancing funds to suppliers so that they would be obliged to sell their nuts to the trader. But their indebtedness was the trader’s indebtedness as well. It involved the trader in obligations to the supplier to supply ongoing credit for consumption and larger sums for emergencies. Furthermore, as the larger traders were among the few with large enough incomes to pay income tax, they were expected to be a co-signee for bank loans.

There were additional conflicts in the relations between copra merchants and other traders in less capital-intensive businesses. The copra merchants had to advance money to secure coconut and copra supplies; but by advancing this money they were strengthening the ability of these smaller merchants to compete with them for customers.

It was argued that the explanation for the differential success of traders must take into account a number of conflicting, yet interdependent, factors. With regard to social characteristics, I showed that those traders who were most likely to succeed tended to use the construction of being an outsider, thus, making it easier to disentangle multiplex relations and to decide which aspects of these relations to foster. However, analysis of their actual area of origin showed that they were not, in fact, outsiders. On the other hand, the construction of being an insider, especially with regard to using kinship networks, was useful at the beginning stages in the development of a business (Southwold-Llewellyn, 1994).

The interplay between rational credit strategies and values influenced investment choices in the development of a trader’s business career. These are both determined by and determine the structure of his business. Throughout my thesis, I assumed an actor-oriented, decision-making approach based on a model of the rational man. Echoing the formalist-substantivist debate, Keyes points out: ‘(...) a rational actor theory is, at best, only a partial theory’. Keyes further argues that ‘(...) self-interested motivations are everywhere constrained by cultural solutions to problems inherent in the fact that people live together in societies’ (Keyes, 1983: 755).

We need both the model of the rational man and the model of the moral peasant to understand trader-farmer relations. One could argue that ‘traditional values’ are in conflict with those necessary for successful economic ventures. And hence those who are in situations ‘outside’ the kinship network of obligations are more likely to succeed. However, traders cannot be deviant from the norms because they could not stay in business if they were. Traders cannot be outside the community of shared values. They need to be able to legitimise their practices in order to stay in business.

Long suggested an approach to this problem: ‘(...) successful entrepreneurs will probably need to experiment with different organisational forms and different normative frame-works at different stages in their business careers. In order to develop an analysis of such aspects, it will be necessary to examine entrepreneurial behaviour from both the transactional and normative points of view. While exchange and decision-making models offer ways of analysing the transactions which take place between an entrepreneur and his social universe, giving attention to the assessment of the rewards and costs associated with particular strategies, the crucial question remains that of analysing the mechanisms involved in the management of interpersonal relationships. Adequate treatment of this problem demands that we look closely at the process by which these
relationships are defined by the parties concerned in terms of the benefits, obligations, and expectations associated with them' (Long, 1977: 176).

What this approach could not explain was the differential responses of different traders with similar resources to the same circumstances. Long’s use of the concepts of networks and trust gave some clues.

Networks
My research highlighted some of the positive and negative aspects of networks. For example, kinsmen and friends can be helpful in securing resources to start a business: allowing a kinsmen and friends to set up a shop on his land which was along the main road, helping him to build the premises on his land, and assisting in the shop. There were many instances, however, which reflect the development of animosities, especially when the shop was going well, e.g. taking away the shop premises or giving them to a competitor.

Credit relations illustrated the interface of conflicting principles between the moral obligations to give credit and the economic principles of not advancing credit to those who might not repay. Giving credit could not be explained solely by the economic rationale of securing customers. Traders had moral obligations to give credit for consumption to those in need, particularly if they were regular customers, friends, kinsmen, or destitute strangers. Juxtaposed to business and ideological reasons for giving credit was a growing rationale for ignoring these obligations. The changing context in which they were operating (e.g. government legislation, national and local economic situation, the structure of the community) provided a framework for these traders to conceptualise and legitimise divergent changes in attitude and behaviour.

With regard to kinsmen, changes in the economic situation were used to explain attitudes that did not honour ideal relations with kinsmen. These attitudes were presented as being different from those held in the past. Whether or not they actually were different is academic. What was significant was that the economic situation was seen to legitimise an evasion of meeting the expectations of kinsmen for credit.

In their minds, there was a conflict between the principles to give to kinsmen and the economic principle to withhold credit to likely defaulters. Shopkeepers felt ambivalent about their relatives. On the one hand, ‘How can you say, ‘no’, to relatives?’ On the other hand, ‘Relatives are always jealous’. Because of the ‘bad state of the economy’, shopkeepers said they would not give credit more than a couple of times without repayment. Yet, ‘If a person explains his difficulties, I will give him money, even if I know he will not repay’.

Those who succeeded were able to control, or limit, the demands of kinsmen and others in their close social networks. Disentangling their economic networks from their social networks enabled them to invest in more capital-intensive enterprises, particularly copra production. Their trading networks for securing goods and credit at the local, regional, national and international levels were based on personal relationships. These networks were based on the gradual development of a relationship based on experience of trust, not group membership or other social characteristics.
Trust
In contrast, Long’s Jehovah’s Witnesses disentangled themselves from their
kinship networks and consolidated their social networks by forming a group. The
notion of enforceable trust\(^6\) is apt for Long’s reference to the Jehovah Witnesses:
‘(...) those groups or networks of individuals that possess the capacity for making
rules and enforcing compliance on their members are usually better able to handle
external interventions and to use them to their own advantage, sometimes by
incorporating them into their own existing social arrangements’. (Long, 1984: 6).

Among traders in Polgama, what was most significant was that in both types of
advance, i.e. goods or cash, credit was given before a relationship of trust had
developed. Although the amount of credit was influenced by the development of
trust, credit had to be given as a prerequisite for establishing a long-term
relationship. Rutherford notes that trust is not a commodity but a verb based on
action (Rutherford, 1999: 40).

Polgama in 2001

By 2001, there had been dramatic changes in the standard of living. In 1975,
most houses were wattle and daub with cadjan\(^7\) roofs. There was no running
water or electricity. The buses ran twice a day, there were two cars in the entire
village and a bicycle was a luxury. Today, the old style houses are a rare sight.
This is because of the government loans for house building and increased prices
for agricultural crops and employment opportunities. The traffic along the roads
is continuous: buses, lorries, cars, motor bikes, three-wheel taxis, etc. The houses
are filled with consumer durables. In 1975, the shops were virtually empty: now,
they are bursting with goods. This is partly due to a change in economic policy
since 1977 when markets were opened to exports. More significantly, rising
incomes are due to government policies, which stimulate new, small scale
enterprises such as oil mills, tailoring shops, mechanical and electrical repair
shops, etc. through supporting training programmes and capital loans. Furthermore,
government policies have encouraged the growth of industry,
especially in textiles, by both foreign and domestic investors, which has
expanded employment opportunities.

Better road and transport infrastructure enables larger numbers to commute to
jobs in larger cities. Only ten kilometres from Kurunegala, the population of
Polgama has grown dramatically\(^8\); land formerly planted with coconut is being
sold off for housing development. Government policies in other sectors have
improved the quality of life in areas such as health, agriculture and education.
Tragically, the civil war has also improved local incomes: the poorest send their
sons into the army; and if they are killed, the family receives a monthly pension
of 6000 Rupees.

\(^6\) Portes (1995: 14). For a more detailed discussion on the concept of trust see Granovetter (1993) and

\(^7\) Cadjan is made by weaving coconut palms.

\(^8\) As an indication, the former local government divisions have been redrawn into three divisions. The
new village of Polgama has 307 households, while in 1974, there were 143 households.
Consequently, I expected radical changes in livelihoods. Instead, I was surprised by how little had changed. On the visible surface, the standard of living for the vast majority had improved dramatically. Many of the poorer families now had children with high educational qualifications and good jobs. However, in the villages off the main roads, visible poverty remains high. As I spoke with many of those I had known in 1975, I realised that the economic miracle had passed many of them by. In fact, according to the Samurdhi Development Officer\(^9\), over one third of the households in Polgama, one of the wealthier areas, is eligible for a monthly government subsidy by the criterion of a joint household incomes of less than Rupees1000 per month ($11).

Likewise, I anticipated finding dramatic changes in the business strategies of the traders I had studied. Previously, I had compared the business strategies of three traders over twenty years, from 1955 to 1975. In 2001, I was able to compare how their businesses developed over an additional 25 years.

**Comparative case studies of three traders: 1975-2001**

In 1975, all these traders were atypical because they had endured for more than 10 years. By contrast, 50% of new trading businesses in 1974-75 had not survived the first year. To have been in business for almost 20 years or longer was truly exceptional. In 1956, at the beginning of the period, they all had similar resources. All of their businesses were in good locations. All had no land resources in 1956 and virtually identical capital resources of about 100 Rupees. All started business in 1956 with past experience; and all had had ups and downs in their past enterprises. All had similar networks with regard to their potential for credit resources. All had multiple businesses simultaneously throughout their trading careers; and all had responded to external factors such as government restrictions on the sale of paddy and international prices by changing the types of products traded.

By 1975, David Pieris had become relatively successful, although there were others in the area who were more successful. Mutubanda had had, by the late 1960’s, a modicum of success in trading; but his business had since declined, although he earned enough to keep his family moderately comfortable with supplementation from other sources. Punchibanda had never in his 40 years of business been even moderately successful.

**Punchibanda**

With reference to his business in 1975, Punchibanda had the least precise idea about his profits. His family lived at subsistence level; and without the good will of his creditors, I doubted if he could continue. He was never able to expand his credit resources. His past attempts in different types of marginal businesses had failed. Hence, during the period of 1955 to 1975, he had limited himself to his teashop business. With the increasing economic depression in the area at that time, he had followed a strategy based on constriction of goods sold and of credit given. Others had branched out in response to the decline of one avenue.

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\(^9\) Samurdhi means prosperity. These local level officials administer the government’s poverty alleviation programme.
had not been Punchibanda's strategy. In part, his strategy of constriction must have been due to his outstanding debts and the subsequent alienation of those sources of credit he might otherwise have been able to use to branch out.

Punchibanda continued in his cadjan teashop until a few months before he died in 1990. He always sold the same things and never expanded his range of stock: rope, brooms, cigarettes sold singly, tea, rice and curry. His widow told me that he saved his money, and did not drink or smoke; but ‘(...) my husband was never successful in business’. The increasing prosperity of the following years had no impact on his business, except perhaps, that he was able to survive in business for fifty-five years.

**Mutubanda**

In 2001, Mutubanda’s shop was bursting with goods, just like those of all the other grocery shopkeepers. He seemed to have the same standard of living as he had had in 1975. In striking comparison to others, his house and furnishings looked the same. We talked at length about his credit relations with his customers, which had changed little. He still has problems with defaulters and trying to limit the amount of goods he advances. He has remained an active supporter of the Sri Lankan Freedom Party, which was in power in 1975 and 2001. Through his political contacts, he has been able to help his son get a government job as the Samurdhi Development Officer. Similar to his own role in 1975, his son is able to distribute central government resources to villagers in need. As a strategy, it has had many disadvantages. Many others, especially his kinsmen, resented his role in 1975.

Mutubanda has remained a risk minimiser. He has expanded his business ventures slowly. He used and is using his grocery business clientele as the major source of coconuts. He would not take the risk of borrowing capital to buy more nuts. His copra business in 1975 was never big enough to roll money, nor were his profits great enough to either buy land or invest capital in other ventures. His strategy as a risk minimiser also helped to explain why he did not use his political influence as Secretary of the Sri Lankan Freedom Party to get goods for his shop or more agricultural loans. More significantly, Mutubanda’s strategies also have not changed with the changing economic situation.

**David Pieris**

Not surprisingly, in 2001, David Pieris has become one of the wealthiest businessmen in the area. Typically, he had a clear vision of what contributed to the development of his business. According to Pieris, the open economy which began in 1977 is the main reason for his prosperity since 1975. The second reason was the price of nuts. In 1975, the average price of nuts was 21 cents. The open economy enabled the export of coconuts and copra and coupled with a drought that lowered production meant that the price rose from 70 cents to 3 Rupees per nut in 1977. In 2001, it had risen to 7 Rupees, and the price has been even higher in recent years.¹⁰

¹⁰ In July, 2001, the Sri Lankan Rupee was worth approximately 90 Rupees to 1 U.S. Dollar.
A third reason was the racial riots in 1983. The coconut oil mills in Colombo were burnt down with the consequence that the price of copra increased two and a half times. With these profits he was able to buy 20 acres of land planted with coconut, giving him a total of 32 acres. This land was the fourth reason which has contributed to his success because it gave him access to bank loans which enabled him to expand the number of nuts he could buy and process, reducing his dependency on his buyers.

In 1975, he was not interested in investing in land because it tied up capital that could be more profitably used to buy nuts. Since 1991, he has bought another 73 acres of land planted with coconut. In total, he now has 103 acres of land planted with coconut, and 12 acres of land for paddy cultivation. All have been bought from coconut estates, with good water supplies, which he continues to improve and maintain to an excellent standard.

He claims that, because of the free economy, the price of nuts rose and that land has subsequently become a good investment. Another reason for him investing in land was that the copra business had reached its limit. The market for oil is limited, and in terms of the family business management strategy, one person (now his eldest son) cannot manage more than the present size. Land also gives easy access to credit from the banks and it forms a good source of income for his children (the land has been placed in their names). If his children get a government jobs, they will receive a maximum of 15,000 Rupees p.m. and their income from the land will supplement this. Finally, it gives him status as a landed proprietor (*Idamhimi Wevilikaru*). Earlier, people knew him as a copra *mudalali*. The term *mudalali* denotes traders who can roll large sums of money; hence, it connotated a relatively high status in comparison with other traders in the vicinity.

According to Pieris, his business in 1975 was based on trust: trust his customers had in him and his trust he had in his buyers. There was a circle of distribution based on interdependent credit relations and trust (*visvasaya*). He says that credit is an investment to improve business. "If you want to earn money, you have to spend money. When you sow, you reap".

He told me that his business continued to work in the same way until he handed it over to his son in 1995. According to Pieris, ‘*My son does not believe in giving credit. He runs the business completely differently than I did.*’ Until his son took over, he gave advances to all his suppliers. In 1975, small producers, (i.e. with 2-10 acres of land planted with coconut, often supplying only 200 nuts per harvest) were the backbone of his business. They were often given small advances several times a month. Credit is still given to them; but David Pieris says that they often come to him first to ask for credit since his son is less willing to give it. They know that he will be more sympathetic because he understands the problems of being poor. In 2001, the small growers supplied less than 10% of the total volume. By contrast, some of his larger suppliers were advanced 200,000 Rupees if his son thought he would be repaid over several harvests.

There were changes in sources of credit, however, before his son took over. In 1975, an important part of his business was acting as a merchant for smaller copra producers in the area. He stopped buying copra in 1992 because many began oil mills. This meant that the small copra producers began selling directly to mills in the vicinity and no longer to him. Now, the business only sells self-produced copra. He stopped borrowing advances from oil mills to buy nuts
because they made him wait a month or more to pay him for copra he supplied them. He has been receiving loans from the banks since about 1993 and has a standing overdraft of around 1 million Rupees, which is enough to purchase only one quarter of the nuts the business handles.

He repeatedly said that he gave the business to his son in 1995 because his horoscope had predicted that this would be a bad time for him to do business. He remains adamant in his belief in the horoscope, despite the efforts of his wife and children to dissuade him.

Today, Pieris takes care of the land and his son takes care of the business. 'I have become a farmer', he told us on several occasions. He works hard at intercropping, selling a small amount of produce for private ventures. Pieris says, 'I am a simple, ordinary man'. He dresses in a sarong and shirt, and is often in bare-feet. He has always worked hard with his labourers, and now he works just as hard planting and harvesting. He is proud that he acquired his second-hand van so cheaply and that it is still running after six years. This contrasts with his pride in no longer being a mudalali (trader), but a landed proprietor.

Pieris thinks that the real fortune he and his wife have is their children. Their eldest daughter is a medical doctor. The second daughter is a university graduate of business studies, specialising in information technologies and the eldest son has taken over the coconut-copra business. The second son is studying aeronautical engineering in Australia, and the third son is studying at a good secondary school. Pieris repeatedly said he had been very fortunate. He believes his wealth is a gift from God.

The second generation

Pieris handed over the family business to his eldest son when he was 19 years old, in 1994-95. It was a critical point in their copra business since there was little market for Sri Lankan coconut oil. Previously there had been a 35% tax on imported oil. Pieris' son claims that 75% of the oil mills in the area closed when the government reduced the import tax to 5%.

Young, inexperienced and dealing with a new situation, the son turned to additional sources for expertise. Their copra broker told him that there was a market for exporting higher grades of copra to Pakistan and Bangladesh. This quality of copra is sold at auction. So he learnt how the auction worked and how to produce white copra from the Coconut Development Authority. This required remodelling their copra kilns and careful monitoring of the drying. He describes his copra broker as a yaaluwa (friend). He has not only helped him with advice; he has also helped get his brother to Australia. He arranged the visa and the flight ticket and gave them an advance on their copra. The copra broker sells their copra at auction for a 1% commission. At three-week intervals throughout the year, Pieris supplies him with 15,000 kg of first grade and 25,000 kg of second grade copra. Approximately, 6,000 kg of third grade copra is sold to various mills every two weeks.

Another yaaluwa is their coconut broker, to whom Pieris supplies 60,000 fresh coconuts per week to his desiccated coconut-processing factory. Pieris' son says he uses the term yaaluwa because he is older. Later, he mentioned that he thought of him as a father. In fact, the coconut broker is one of the biggest
entrepreneurs in Sri Lanka. The desiccated coconut mill is only a small part of his empire. The coconut broker's father had started the desiccated coconut factory and Pieris had been selling coconut to the factory for over 30 years. The current broker (the son) also gave them an advance for his brother. Normally, the coconut broker would never do this, nor would the son ask him for an advance. Although there is a generational aspect to the relationship between the two fathers and their two sons, the business relationship has changed, and a social relationship has developed between the two sons.

The coconut broker's son extends special privileges to Pieris' son that were not extended to his father or other suppliers. For example, he pays within 3 days of delivery, while others must wait the full 14 days period.

Pieris is a major supplier, but the son is of the opinion that the entrepreneur feels kindly towards him. He believes he helps him because he is the youngest businessman trading in coconut with him.

Every month, Pieris' son handles between 500,000 and 800,000 nuts. 240,000 of these are sold as fresh nuts while the rest are processed into copra. He has a lot of problems buying this amount of coconuts and solves his cash-flow problem in several ways. If he buys 75,000 nuts from a government owned estate, it must be paid immediately, in which case he often borrows the money from the copra broker. If he gets coconut from large, private plantations, the bills for this are paid after their nuts have been processed into copra and auctioned. Pieris' son maintains that the nuts are given to him on visvasaya (trust). No documents are ever signed and some of the owners have never even met him. He believes that the good name of his business is an advantage. (His father had the same advantage due to his father's reputation). Although he sees these arrangements as a matter of trust, when prompted, he also admits that he pays the largest suppliers an extra 10 to 24 cents per nut for delayed payments.

A third way that he manages his cash-flow problem is through the bank. In the name of his parents, he has access to a permanent overdraft facility of one million Rupees at 21% p.a. If he borrows more than one million, he has to pay 32%. Last year, he had an overdraft of 11 million rupees that has since been repaid. The banks are currently advising him not to have large overdrafts because they believe there will be a general slump, which may affect how he manages his cash-flow problem.

There is no one in the local area that he can ask for financial help. In 1975, his father rolled money with many of the local brokers. Today, there is no business as large as theirs is in the area. The coconut broker will not lend money; and the loans of the copra broker are limited.

Relations with suppliers

One of his suppliers is just as important to his business as are the two brokers to whom he sells. Again, the relationship began with the supplier's parents: the supplier's father had sold occasionally to David Pieris. After the death of the supplier's father in 1995 (the same year Pieris's son took over the business), he began to sell all his nuts from his 250 acre plantation to Pieris junior (between 100,000 and 160,000 nuts every two months). This forms about 10% of his total volume. The supplier is willing to wait for 3 months for payment and is given 25 cents per nut more (3-4% higher price) for this. They have developed a close
personal relationship. The supplier, a doctor in Colombo, comes to his estate about once a week and always drops in to chat. Pieris's son advises him about how to improve the productivity of his estate. To maintain the plantation, the supplier needs to spend about 10,000 Rupees per week. Pieris supplies the supplier's estate manager with fertiliser and the cash needed to pay the estate's workers. In return, these expenses are deducted from the supplier's account. Pieris describes their relationship as based on friendship and trust, but there is also an element of mutual dependence involved.

An interview about his credit relations with suppliers reveals the ambiguities and contradictions between his ideas about running the business and actual practice. Initially, he told me that he does not believe in giving advances as a business strategy. Most customers are paid in cash or by dated cheque upon delivery. In contrast to this, he also said that if he buys from traders who collect from small suppliers, he gives them advances to buy the nuts and balances their accounts, just as his father did 25 years ago. Furthermore, if a person can supply 10,000 nuts within 6 or 8 weeks, he will advance him a maximum of 25,000 Rupees. With prompting, he said that if someone asked for Rupees 100,000 and could supply 50,000 nuts, he would advance them more but to a maximum of Rupees 50,000. Contradictorily, he said he could not take tough decisions because he may lose his suppliers. Nor, could he say what he would do if someone could not repay him in 8 or more months because they had a sick child.

Before our interview began, I observed two of his father's old, small suppliers receiving money from him. I asked him if the two men from Polgama had received an advance from him. He said they had but qualified it by saying that he does not give advances like his father and only gives them on Saturdays. When I pointed out that it was Tuesday, he then told me that he didn't want to hurt their feelings by turning them away. Having made that admission, he went on to confess 'Everybody borrows money from me'.

Small suppliers, i.e. those who supply around 200 nuts, come to him several times a month for small advances. He says he cannot stop this practice because these customers have come to expect it since his father's time. Today, those with less than 10 acres account for no more than 5-10% of the total volume of nuts. He keeps these customers as part of the 'lineage'. It enhances his reputation to keep them. He likes it that they look up to him. They look after him. His father started with small suppliers, so he should keep this in mind.

He gives advances 'out of good will' (honda hithin). He does not think of it as credit, or a loan, or an advance. 'They do not want to think of me as their creditor and I do not want that label. I want to be recognised as a fair dealer (sadarana velenda)'. He went on to explain that by fair dealing he continues to consolidate the business.

The Future
Like his father, he too is a consolidator. He also believes, as his father did, that he cannot delegate his business responsibilities. All decision-making must be made by him or his father. The business is so complex that only one person can make decisions. Another reason is that he cannot be sure that an assistant would be honest. It is ironic that the entire business is built on trust, yet neither he nor
his father trusts their employees. This is more perplexing given that they both have pursued strategies to build loyalty with their workers.

Symbolically, he works throughout the day with the labourers as his father did: husking, breaking nuts, stoking the fires etc. He is has been dealing with the labourers for 15 years. He does not want to shout at them like his father. He believes he must keep them happy or they will endanger the business. His policy is to treat them well: good housing conditions for their families, wages above the local rates, clothes and school books.

Asked if he wanted people to think that he was rich, he replied that he likes to be seen as a fair dealer, and that means a rich man. He does not like the mudalali concept because mudalali are doing the same old things over and over again. In contrast, he would rather be thought of as an entrepreneur, who diversifies and starts new businesses. However, he does not want to make any changes until he is confident of the best thing to do.

Pieris junior is nevertheless concerned about his limited education, and his limited understanding of balancing funds. He believes he should have known more before he took over the business. He is currently trying to acquire more knowledge: on his one day a week off, he attends courses at the National Institute of Business Management. For the next year at least, he is not planning any new changes. At the end of the interview, he told me that his motto is 'I can'.

A generational comparison

There are ambiguities and generational differences in the images David Pieris and his son wish to present to the local community and how they perceive their business strategies. These ambiguities are reflected in their constructions about managing their credit relations. Both Pieris and his son told me that the son does not believe in giving credit to suppliers. However, with probing and comparing sources of evidence, this construction was seen not to hold.

Processing coconut into copra transforms its financial and symbolic value. To be able to buy enough coconut to process it into copra commercially, means that the producer is able to roll enough money to buy larger quantities of nuts. It symbolises his networks of credit relations and his place in the trading hierarchy.

The chains of supply of coconut and copra are reinforced by credit interdependency. In 1975, this chain linked virtually everyone from those who sell their subsistence to those brokers selling to the international market. Today, the chains have been modified. The smallest suppliers continue to sell to shopkeepers, who in turn tend to sell to local, petty oil mills, or produce a few litres of oil for their own use. The small suppliers are no longer the backbone of Pieris' business. His credit chains are limited and interposed by formal relations with banks. However, in some ways, the business today is to a greater extent dependent on a few informal trading links based on trust and personal knowledge than it was in previous times.

In 1975, David Pieris had elaborate rules for giving credit, and liked to project an image of the tough businessman, unhampered by social obligations. He told me that it was important to stick to these rules in order to maintain his business. I studied his account books with his suppliers (as well as the suppliers' copies).
When I pointed out that he was advancing credit to people who could not possibly repay during the time frame he said he required, he replied, 'how can I say no? If I do not give an advance to someone who is in need (e.g. an emergency through death or illness), I will lose my other customers. They need to know that they can count on me.' In 2001, Pieris told me that he thought that giving credit was an essential business strategy. Suggesting a change in the way he sees himself in the community, he told me that small suppliers come to him first, and then he asks his son to give them an advance, because he understands the needs of a poor man.

Similar ambiguities were evident with regard to his son’s credit strategies, although he claimed that they were different from his father’s. Initially, he too said that he did not give credit but later admitted that he was advancing credit to many of his suppliers. In fact, he gives credit to uphold his father’s ‘lineage’ (i.e. to uphold the family’s reputation in the community).

Although there are generational differences and ambiguities, both generations have pursued a business strategy of consolidation of their coconut-copra enterprise, which both believe has reached the limits of potential growth. They have not branched out into new enterprises but substantial investment has been made in land and this has strengthened the assets of the business, and gained credit through the bank. However, both symbolically and strategically, both father and son have limited their credit networks to those based on personal trust. They do not pursue the symbolic capital of the national, entrepreneurial elite. Nor have they developed wider networks at the national economic and political levels, which might enable them to expand.

There are, however, generational differences in their information resources. David Pieris used his experience and his analysis of the history of his father’s bankruptcy as his basic source of knowledge. His son is more dependent on the knowledge and information networks with one copra broker, but he also seeks formal expertise through the coconut Development Board and the course he follows in Business Management.

Investments in symbolic capital reflect many of the ambiguities of Pieris’ business strategies. He is a generous benefactor to both the Catholic Church and the Buddhist Temple (his wife is a devout Buddhist). In 1975, he was proud to be considered a copra mudalali, and that his customers thought of him as being like a bank, often coming to him several times a week for small advances on their coconut crop to meet consumption needs. He and his wife have invested in their children’s education and he proudly announced ‘my daughter is a doctor’ upon our arrival. Today, he no longer thinks of himself as a mudalali but as a landed proprietor. On the other hand, he says he can identify with the needs of the poor. His way of dress and mode of transport as well as his hard physical work intercropping vegetables marks him as a person who neither sees himself nor wants to be seen as a person with as much wealth as he actually has.

His son also works hard with their labourers as part of their management strategy. He also no longer wants to be identified as a mudalali; but as a fair dealer. He seeks new avenues for information and has formed social networks with younger entrepreneurs in other parts of the country with whom he identifies. Yet, he realises that his father’s reputation is a major contribution to the business’s continued success. And further, that continuing his father’s way of doing business with small suppliers contributes to his standing in the community.
Conclusions

The cases of Punchibanda, Mutubanda, and Pieris illustrate both the continuity and change (modifications) in business strategies. The divergent images of David Pieris and his son illustrate identity-constructing processes inherent in the pursuit of livelihoods (Long, 1997: 11). This framework helps us to understand the personal strategies of individual traders. Their business strategies cannot be understood either by structural constraints or the idealised constructs of behaviour and images of entrepreneurs. Rather, it helps us to understand some of the factors that create the partial connections that account for their differential responses to changing contexts.

Furthermore, these traders do not fit either the stereotypes of policy makers or those of academics who have studied the entrepreneurial-political elite of Sri Lanka. (Two recent examples of additions to this discussion are Moore (1997) and Jayawardena (2000). These cases illustrate the limitations of trying to understand entrepreneurs as a group, which has implications for academic theory that tends to assume that networks and trust can be linked to group attributes, rather than individual attributes. Similarly, the contradictory discourses about traders have had a number of policy implications. Governments have pursued policies to curtail the economic power of traders throughout the colonial period and during the first thirty years of independence. Since 1977, the neo-liberal policies introduced by the United National Party favoured the role that traders could play in development. Further policies have stimulated industrial and micro-enterprises. Both policies are based on contradictory assumptions about traders as a group and neither policy has proved successful in terms of achieving its aims.

The ambiguities of the divergent and often contradictory constructions of my informants raise both methodological and theoretical issues about the research process and the unit of analysis. The academic context of Norman Long’s work has contributed to my analysis of the difference in the capabilities of individuals. His use of the concepts of networks and trust for differentiating groups is less insightful in this Sri Lankan case than these concepts are in their application to individual entrepreneurs. Coupled with comparative sources of evidence, the real potential of his actor-oriented approach is in highlighting the inconsistencies in the constructions made by individual actors, and by those who study them.

Literature List


