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*"The objective aimed at should be maximum production, equitable distribution, and no unemployment. With India's vast population, this cannot be achieved by having a big industry only, or cottage industry only."*

*— Jawaharlal Nehru*

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## CHAPTER 8

# GROWTH OF ENTREPRENEURS

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### Introduction

Industrialisation results from the interaction of technological change, specialisation and trade. Good transport, efficient communications, entrepreneurship and an educated labour force help to promote the rapid development of industries. Well-defined rules reduced the cost of transactions as specialisation increases and economies become more complex.

A stable institutional framework speeds up the process of development. When governments seek to improve the working of markets rather than replace them, the economy generally works better. A rapid and balanced economic development and expansion of opportunities for employment as well as self-employment are the basic objectives of developmental planning. Economic development is primarily related to the impulse of social change reflecting the developmental urge for self-respect, self-help and self-reliance. Underdevelopment or underdevelopment is primarily due to the lack of such an impulse.

The rate of development appears to be directly proportionate to the intensity of the social impulse of change, displayed qualitatively in some sections, marking a departure from the traditional behaviour and conventional occupational pattern which may be called social mobility. Where the social impulse has emerged, the first hurdle in the march of economic progress is overcome. The next task is to see that the impulse is sustained, if not quickened. Where it is conspicuously absent, efforts should be concentrated for its emergence. This demands conscious and massive efforts on the part of leaders of society in virtually all walks of life. A force must set in, so that new techniques of production and correspondingly different types of institutions will make their appearance.

The process of re-structurisation of economy and the society must give a visible evidence. The society in a country must shed inertia and pulsate with a new vigour and urge. Self-reliance, enterprise, innovation and attitudinal change are the attributes of a development-oriented society. These propensities need cultivation, if economic

growth is to become a reality. Basically, the task is to change the stratified socio-economic structure in the underdeveloped regions. This can only be achieved if a change is brought about in social attitudes and behaviour. A developmental mind has to be cultivated in the society of underdeveloped areas, shedding lethargy, apathy and traditional psychology. Further, a new industrial culture has to emerge in the backward regions, reflecting the urge and willingness to observe the industrial discipline and readiness to seek self-employment and gainful employment opportunities.

### **Role of Entrepreneurs**

Entrepreneurs, on the other hand, as Schumpeter and many others have already pointed out, are distinct from business owners and managers. They are essentially strategic innovators, seeking profitability with growth. Promoting entrepreneurship, in that sense, is intrinsically different from promoting small-scale industries.

If small business in the developed countries has received special attention it is due to innovation and creativity. Studies have shown that a large number of innovations have come from small, rather than large, business. As these innovative firms entered the market they made profits and created jobs. In the U.S. Presidents Jimmy Carter and Gerald Ford emphasised that small business created 60 per cent of new jobs there. And this employment generation was due to its better financial performance. Similarly, the Bolton Committee, 1971, and the Wilson Committee, 1979, also concluded that the small business in the U.K. had higher profitability than large business.

The studies on entrepreneurship also point out that, "most of the risk in entrepreneurial management lies not in misperception of opportunity, but in trying to pursue opportunity without adequate resources. One of the fundamental errors of large corporations, on the other hand, is overcommitment of resources."

### **Growth of Entrepreneurs**

In terms of benefiting the people, the development of small and medium-scale industries and businesses offered many advantages. Most important perhaps, amid the mounting unemployment, are the small and medium enterprises which generate more jobs and often use labour-intensive methods of production. Industries and businesses of smaller size also work towards promoting better income distribution and development of entrepreneurship in addition to broader benefits as rural industrialisation and increased export earnings.

One of the most potentially profitable areas of human resources development for small and medium-sized enterprises is the training of entrepreneurs and managers. Such training programmes should be as well rounded as possible, covering not only the basics of business, technology and so forth but also helping the trainees to identify their aptitudes, motivating them, encouraging innovative thinking and helping to develop personalities and attitudes geared for success. Indeed, small industries and business are ideally suited for capitalising on entrepreneurial skills, initiative and talent and thus assisting in building a dynamic private sector in developing countries.

The growth of entrepreneurship in the post-planning period has been significant. For example, between 1960 and 1995 the number of private companies went up from 26,000 to nearly 3,25,200. It will be seen that the maximum increase in the number

of factories was in the case of industries which by virtue of their being in the small/medium-scale sector are less regulated than others. The increase in the number of factories in industries like tobacco and related products, wood and wood products, rubber and rubber products, jewellery, photographic and optical goods, watches and clothes, medical, surgical and scientific equipments, sports equipments, cold storage, etc. was more than forty times during the period 1959-1995.

The growth in the number of small entrepreneurs has been encouraging. The small-scale sector has grown in volume from 16,000 units in 1950 to over 26 lakh units by the end of 1995. The range of items produced by the small-scale sector ranges from consumer good to high precision items.

Not only has the number of entrepreneurs grown over a period of time but also the scope of entrepreneurship is getting broad-based. Earlier for a large proportion of firms in India, the basic unit of entrepreneurship was the extended family. This tendency is now getting diluted. A study conducted a few years back by the Economic and Scientific Research Foundation (ESRF) indicates that out of a sample of entrepreneurs studied by them, around 1/5 of them were managers and engineers before they turned entrepreneurs. It was found that around 57 per cent of the new entrepreneurs in starting small-scale units were motivated by the experience that they had gained from the previous employment. Entrepreneurship in these cases was not necessarily in-born but largely acquired.

Though impressive in certain ways, the development accomplished so far, as indicated before, is inadequate and far from satisfactory when set against the needs as also the existing vast potential. In fact, according to Prof. Herbert Giersh, a noted economist, there is no shortage of entrepreneurial talent anywhere in the world, but the actual numbers depend on the demand conditions, i.e., the demand permitted, induced or actively provoked by the socio-economic structure and the politico-economic environment. According to him, a mixed capitalistic economy such as ours offers scope for development of entrepreneurial talent not only in the private sector but also in the government sector. The main disadvantage is that bureaucracy tends to limit the scope for entrepreneurial activity in the private sector.

### **Prospects**

With the buoyancy achieved in the industrial production as evidenced by the increase in the rate of growth during the current Plan period, expectations of better capacity utilisation and a favourable investment climate reflected in the response of the capital market to the various issues, the prospects of the industrial sector during the Eighth Plan period are quite encouraging. The availability of sufficient investable resources, development of financial services and the optimism engendered in the corporate sector and also in the private investors at large would help the industrial sector to move to a higher growth path.

A combination of fiscal and credit policy measures, growth centred programmes recently launched for industrial development, rationalisation of import duty structure on capital goods and measures of technology upgradation and excise duty relief for weak but potentially viable sick units will give further fillip to the country's industrial

development. The Government of India has signed Memoranda of Understanding with important public sector undertaking so as to ensure that the performance targets envisaged are achieved.

Promotion of savings and industrial investment through new saving schemes, creation of new intermediaries and extension of fiscal concession were important measures incorporated in the Budget of 1995-96. Removal of Section 115(l) of the Income-tax Act and reduction in corporate tax rate are expected to have a favourable impact on corporate profitability. Withdrawal of investment allowance is expected to contribute to a more efficient use of capital. Policy measures were announced in May 1990 to further stimulate industrial investment. With these developments and looking to investment proposals in the pipeline, institutions seemed optimistic about the growth prospects. While the pressure on balance of payments continues to cause concern, the economy can be expected to sustain the tempo of growth in the coming year in the context of buoyancy in the key sectors. With this optimism, reflected in their pipeline cases as well, the financial institutions look forward to yet another year of growth.

### **Conclusion**

As industrialisation is important, organisations and society must develop entrepreneurs, intrapreneurs, managers and skilled workers. Their skills should be sharpened as they live in a competitive world. It is important to develop sound institutions to sustain and broad-base entrepreneurship. The individual's ability to perceive opportunities inherent in change and succeed is founded on the knowledge of products and markets. The entrepreneur has to have a better idea of a product or service and/or a better way to deliver that product or service to a paying customer. If we wish to respond to the new economic and technological environment, we should recast our educational system, broad-base the institutional infrastructure and provide the much-needed support through a single window in each district, taluka or even a town with development potential for Entrepreneurship is more than a word, it is a mission. Rapid industrialisation needs full support from all concerned to bring about economic progress.

Entrepreneurship has opened avenues of great scope in the Indian economy. Our national economy is most suited to the growth of small business enterprise. Small business units offer a more convenient means of nurturing and developing entrepreneurship by providing the means of entry into business for new entrepreneurial talents. It is a breeding ground for the first generation entrepreneurs.

Small business units provide enormous opportunities to the entrepreneurs in different sectors of the national economy. An entrepreneur can start a new venture in the industrial, agricultural or service sector. Small business sector is by far, the most important sector of the national economy which accounts for about 55 per cent of the total industry production in the country. This sector provided enormous opportunities to the new entrepreneurs.

It holds a key to success in the prevailing socio-economic environment.

Small-scale industries are labour-intensive and can play an important role in solving the problem of unemployment. These industries provide industrial experience and serve as a training ground for a large number of entrepreneurs.

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*"Excellence doesn't happen miraculously but springs from pace setting levels of personal effectiveness and efficiency. Great business, government and non-profit organisations owe their greatness to a few individuals who mastered leadership skills and passed those skills on to others."*

*— John Gardner*

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## CHAPTER 9

# NATURE AND IMPORTANCE OF ENTREPRENEURS

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### Introduction

The world is rapidly changing; we should be able to change our attitudes and approaches to prevent a country of India's size and potential to exist on the periphery of the world's economy. The process of development includes creation of appropriate infrastructure and setting up and management of public utilities. Non-conventional energy sources have to be developed on a commercial scale. Similarly, application of modern scientific techniques in agriculture and horticulture has become imperative for providing a sound base for a more rapid growth of employment and incomes. There is also a need for rapid growth of distributed industries in a multi-directional way. Apart from land, labour and capital, there is greater need for entrepreneurs to strive for growth on an ongoing basis. In this context an attempt has been made in this chapter to analyse the nature and importance of entrepreneurs.

### Entrepreneurial Qualities

The entrepreneurial qualities are to some extent innate. But not all of them are entirely innate. Some can be enhanced by training, or simply by experience. For example, analytical ability and computational skill can be enhanced by education at school and university, while practical knowledge and foresight skills can be enhanced by the general experience of everyday life. Entrepreneurial careers will be strongly influenced by the desire to enhance qualities which are scarce, yet difficult to obtain through delegation because of the problems involved in screening for them. Of the two indispensable qualities of the entrepreneur, imagination is almost entirely innate, while foresight, can be enhanced by a varied experience. Imagination and foresight are the scarce qualities which are difficult to analyse and quantify. Delegation skill and organisation skill, though not essential, are highly desirable whenever large-scale decision-making is involved. These are qualities which can be enhanced through experience.

### Entrepreneurial Functions

A successful entrepreneur recognises the commercial potential of a product or service, design operating policies in marketing, production, product development and the organisational structure. He carries out the whole set of activities of the business. He has a high capacity for taking calculated risks and has faith in his own capabilities.

According to some economists, the functions of an entrepreneur incorporate co-ordination of the business management of the enterprise, risk-taking, controlling the enterprise, innovation for change, motivation and other related activities. In reality, an entrepreneur has to carry out a combination of these in keeping with time and environment. Truly, he has to consider new ideas, demands and exploit the opportunities, and thereby contribute to technical progress. He is thus a nucleus of high growth of the enterprise.

An entrepreneur is expected to perform the following functions:

1. *Assumption of Risk:* The entrepreneur assumes all possible risks of business which emerges due to the possibility of changes in the tastes of consumers, techniques of production and new inventions. Such risks are not insurable. If they materialise, the entrepreneur has to bear the loss himself. Thus, risk-bearing or uncertainty-bearing still remains the most important function of an entrepreneur which he tries to reduce by his initiative, skill and good judgment.

2. *Business Decisions:* The entrepreneur has to decide the nature and type of goods to be produced. He enters the particular industry which offers him the best prospects and produces whatever commodities he thinks will pay him the most and employs those methods of production which seem to him the most profitable. He effects suitable changes in the size of the business, its location, techniques of production and does everything that is needed for the development of his business.

3. *Managerial Functions:* The entrepreneur performs the managerial function though they are different from entrepreneurial functions. He formulates production plans, sees to the finance, deals with purchase of raw materials, provides production facilities, organises sales including management. In a large establishment, these management functions are delegated to the paid managerial personnel.

The entrepreneurial functions can be performed by different categories of people under different economic systems. In principle, the entrepreneur could be a planner in a socialist economy, or even a priest or king in a traditional society. In practice, entrepreneurship is closely identified with private enterprise in a market economy.

An entrepreneur performs many useful functions. He undertakes a venture, assumes risk and earns profit. He is the man having a strong motivation to achieve success. He is self-confident in his entrepreneurial abilities. He exploits opportunities wherever and whenever they arise.

The entrepreneur can identify opportunities to start a business either as a manufacturer or as a distributor, for entrepreneurship exists in every field of economic endeavour. Manufacturing activities require a relatively high capital investment and a greater degree of entrepreneurial abilities than distribution activities. Entrepreneurship

has also been developed in the trading sector. Britain, for example, has developed trading entrepreneurship while Germany and Japan have developed industrial entrepreneurship. A manufacturing entrepreneur demonstrates his entrepreneurial talents by bringing out new products while a trading entrepreneur performs his entrepreneurial functions in creating demand for the business in which he deals.

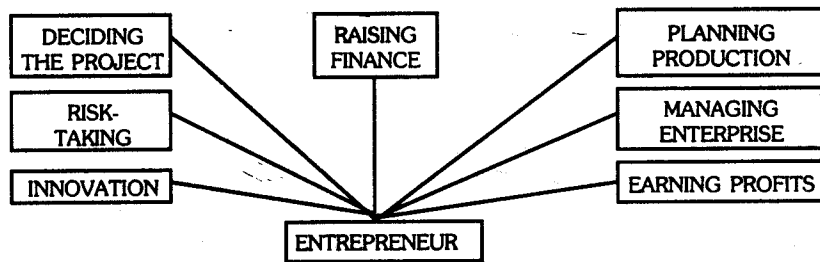


Fig. 9.1 Entrepreneurial Functions

### Decision-maker

Arther H. Cole described an entrepreneur as a decision-maker and attributed the following functions to him:

1. The determination of those objectives of the enterprise and the change of those objectives as conditions required or made advantageous;
2. The development of an organisation, including efficient relations with subordinates and all employees;
3. Securing adequate financial resources, and maintaining good relations with the existing and potential investors;
4. The requisition of efficient technological equipment and the revision of it as new machinery appeared;
5. The development of a market for the products and the devising of new products to meet or anticipate consumer's demand; and
6. The maintenance of good relations with public authorities and with the society at large.

Modern writers on this subject have outlined the following three broad functions of an entrepreneur:

1. Innovation,
2. Risk-taking, and
3. Organisation and management of business so as to have leadership and control over it.

Innovation means "doing new things or the doing of things that are already being done in a new way." It includes new processes of production, introduction of new products, creation of new markets, discovery of a new and better form of industrial organisation. Risk-bearing means making provisions for capital in order to enable the entrepreneur to reduce uncertainty in his plan of investment and expansion of the enterprise. Thus innovations may occur in the following forms:

1. Introduction of a new good, that is, one which consumers are not yet familiar with or of a new quality of a good.
2. Introduction of a new method of production, that is one not yet tested by experience in the concerned unit of manufacture, which needs to be founded upon a discovery scientifically new and which can also exist in a new way of handling a commodity commercially.
3. Opening of a new market, that is, a market into which the particular branch of manufacture of the country in question has not previously entered, irrespective of whether or not this market has existed before.
4. Turn into good account a new source of supply of raw material or half-manufactured goods, irrespective of whether this source already exists or whether it has first to be created.
5. Carrying out of the new organisation of any industry, like the creation of a monopoly position (for example, through trustification) or the breaking of a monopoly position.

Before coming to other functions, it is necessary to clarify how innovation differs from the two other notions with which it is sometimes confused: *research and invention*.

The aim of research is to produce knowledge, that of innovation to produce objects which are practical and can be sold. Since it is inspired by different objectives, innovation can be completely independent of research. It is not based on the same skills. Even the relevant information required on markets, on patents and on management has little to do with research. Innovation may be based on the application of knowledge produced by research but it may also be purely empirical: indeed practice often precedes theory and innovation may open the way to research (the steam engine for thermodynamics, or the computer for programming). Moreover, many innovations are not based on research but on ingenious combinations of existing materials and components.

Invention too is different from innovation. An invention becomes an innovation only when it is embodied in a product which can be successfully marketed. History abounds in examples of bankrupt inventors whose brainchild projects took hold years later. The innovator, on the other hand, is the person who comes on the scene at the right moment to find the missing elements in an invention which will make it eminently marketable. Thus it is always difficult to identify the true innovator. Several individuals or organisations may simultaneously claim the authorship of ideas or inventions which have given rise to innovation.

Innovation cannot be confined to a simplistic scheme. Facts show that small and medium firms, at least in some countries, can make a very significant contribution to technical prosperity. For instance, it is estimated that firms of less than 1000 workers and individual inventors were responsible for more than 40 per cent of the major innovations appearing in the United States in the early 1970s. This innovation potential can be explained by the advantages enjoyed by small firms over large ones.

It is now well recognised that entrepreneurs can be rooted out through appropriately designed entrepreneurship development programmes which envisages



the approach: developing achievement motivation and sharpening of entrepreneurial traits, four strategies — project planning and development and guidance on industrial opportunities, incentives and facilities and rules and regulations, and developing managerial and operating capabilities. Various techniques and approaches have been developed and adopted to achieve these objectives, keeping in view the target-groups and/or target areas. The structuring of the programmes and training methodology also necessitate consideration of the specific target-groups and target areas. Methodology for selection of the prospective entrepreneurs as well as support services after training have a significant impact on the success of the entrepreneurs' development programmes.

### Entrepreneur vs. Entrepreneurship

"The term entrepreneur" is often used interchangeably with "entrepreneurship." But, conceptually, they are different, yet they are just like the two sides of a coin. Their differences are as follows:

<i>Entrepreneur</i>	<i>Entrepreneurship</i>
Refers to a Person	Refers to a process
Visualiser	Vision
Creator	Creation
Organiser	Organisation
Innovator	Innovation
Technician	Technology
Initiator	Initiative
Decision-maker	Decision
Planner	Planning
Leader	Leadership
Motivator	Motivation
Programmer	Action
Risk-taker	Risk-taking
Communicator	Communication
Administrator	Administration

Entrepreneurship management is basically concerned with the development and co-ordination of entrepreneurial functions. In a way, entrepreneur precedes entrepreneurship.

Experience shows that entrepreneurship as an economic function is not a single point but rather a range of behaviour. There are six critical dimensions that distinguish entrepreneurial behaviour from more administratively-oriented behaviour: (1) strategic orientation; (2) commitment to opportunity; (3) the resource commitment process; (4) the concept of control over resources; (5) the concept of management; and (6) compensation policy.

		Desired future state involves growth or change	
		Yes	No
Self-perceived power to achieve goal	Yes	Entrepreneur	Satisfied manager
	No	Frustrated potential entrepreneur	Bureaucratic functionary

Fig. 9.2 Manager's Opportunity Matrix

### Opportunity Matrix

A matrix defining entrepreneurship is shown in Fig 9.2. One can see how the present position influences whether one is entrepreneurial or not. It stands clear that particular skills, talents, and attitudes towards risk influence the perception as to whether an outcome is feasible. Training, knowledge, and self-confidence contribute to such perceptions.

The importance of this figure cannot be overemphasized since individuals place themselves in their particular box for rational reasons relating to their own lives; however, for the firms desiring to build the entrepreneurial spirit, action is required.

### Entrepreneurial Decision

Entrepreneurial decisions occur despite recession, inflation, high interest rates, lack of infrastructure, economic uncertainty etc. Each of these decisions is a personal human process, which although unique, has some common characteristics. The impulsive motive to change his/her life style and create something new and an inner urge to do something worthy are the forces behind these decisions. At times, perhaps even more stimulation for change comes from a negative force — disruption. At times, the available opportunities force a decision on individuals to take up entrepreneurial work. Like all processes, it entails movement from something non-existent to something new.

What causes this change in the work environment of disruption to result in a new company being formed instead of something else? The decision to start of new company occurs when an individual perceives that it is both desirable and possible.

The perception that starting a new company is desirable results from an individual's culture, sub-culture, teachers, family, and peers. A culture that values an individual who successfully creates a new business will spawn more company formations than one that does not. For example, India's economic scene places a high value on being your own boss, individual opportunity, being a success, and making money — all aspects of entrepreneurship. What is more, many different sub-cultures that shape value system are operating within a cultural framework which support and even promote entrepreneurship.

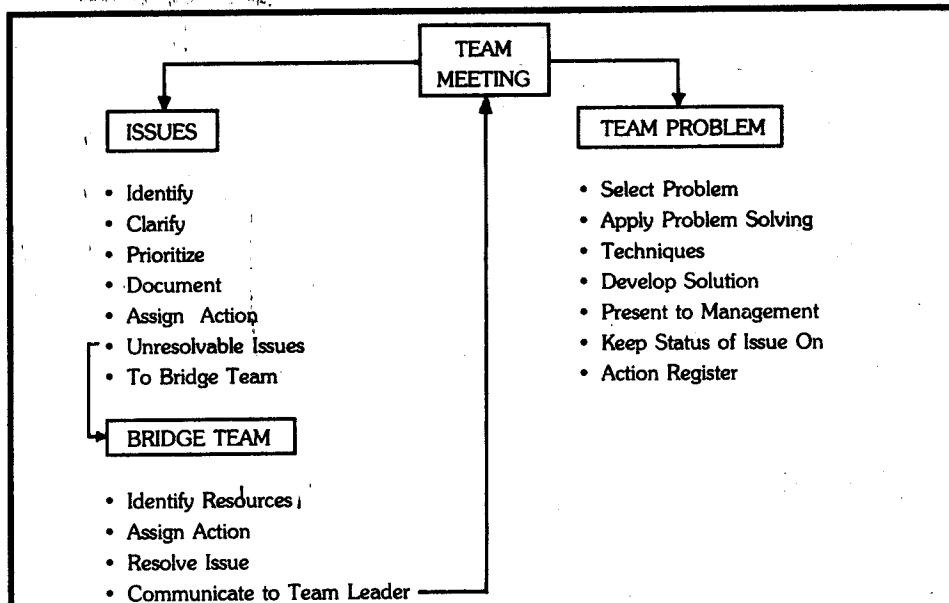


Fig. 9.3 Team Process

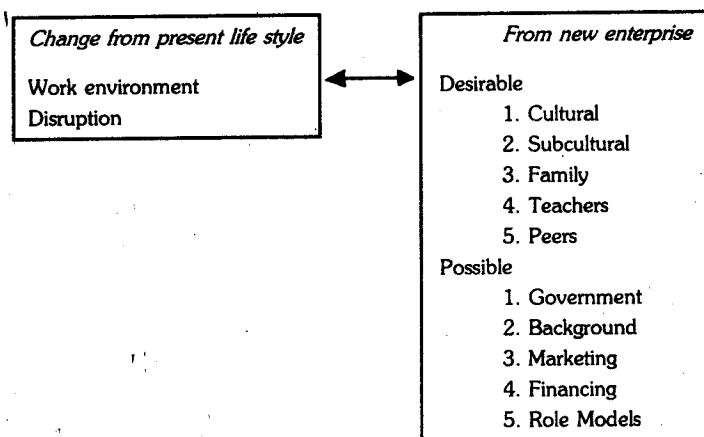


Fig. 9.4 Decision for a Potential Entrepreneur

**Conclusion**

Entrepreneurs play an important role in the development of society. For example, the use of Jeans in America has created the demand for it throughout the world. Similarly Coca Cola has been accepted as a social drink. The introduction of the television has provided the society a means of information and entertainment. The society has accepted the innovations of such entrepreneurs as Gillet, Wright Brothers, and Henry Ford. The inventions of these great entrepreneurs of the history has revolutionised the life style of people in the society.

Modern business studies have a distinct entrepreneurial discipline. The approach to the study of entrepreneurship is multi-disciplinary. It impinges on such areas as

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demography, economic anthropology, business history, politics, sociology, psychology, marketing and finance. That is why entrepreneurship development becomes an integral part of the overall economic, social and industrial development of a country. This is what makes the identification and management of entrepreneurial functions a highly complex exercise.

Thus entrepreneurship, the *de facto* barometer of overall economic, social and industrial growth has brought revolutionary changes in the society. It is the *sine qua non* of a nation's progress. Which has facilitated large-scale production and distribution. It has widened the area and scope of the marketing of goods and services. Perhaps it is for these reasons that the small business sector has been given priority in our national development programmes for entrepreneurship flourishes when the size of business remains relatively small and viable.



***"We have to industrialise our country and introduce new techniques both in industry and in agriculture. We can do it, in a way, by buying machines and technical experience from abroad and asking the experts to put up the machines and work them here. This has been the normal method. This is all right in the beginning of a process but if we want to do it steadily, we have to do it ourselves. We have to build up the skills and we have to build up the machines here."***

**— Jawaharlal Nehru**

## **CHAPTER 10**

# **ENTREPRENEUR VS PROFESSIONAL MANAGERS**

### **Introduction**

Entrepreneurs and professional managers are the two sides of the coin. Their individual itineraries will make the difference between success and failure for the enterprise. An effective entrepreneurial strategy should be an integral part of an enterprise's competitive positioning. The progressive development in the size of business and the separation of ownership and management in enterprises has made management a distinct profession. Although both strive to achieve the similar goals they are said to distinguish themselves in varied measures.

According to the Sachar Committee on Company Law "A professional manager is an individual who (i) belongs to the profession of law, accountancy, medicine, engineering or architecture, or (ii) is a member of a recognised professional body or institutional body exercising supervisory jurisdiction over its members, or (iii) is a holder of a degree or diploma in management from any recognised university and possesses not less than five years' experience in an executive capacity in a company, corporation or in the government"; or possesses minimum of ten years' experience in the same capacity and in the same institutions mentioned in the third category.

A professional manager is one who specialises in the work of planning, organising, leading and controlling the efforts of others by the systematic use of classified knowledge and principles. He subscribes to the standards of practice and code of ethics established by a recognised body. To be a professional manager he should (i) have an insight of his job requirements; (ii) carry out continuous updating of his learning to fulfil his job requirements; (iii) have a performance-oriented relationship with his subordinates, super-ordinates and colleagues based on mutual respect to facilitate team work for collective contribution to the organisation; (iv) have a relationship based on long-term mutual benefit approach with customers, suppliers and other members of the public; and (v) have communication with colleagues to improve the standard contribution and the prestige of the managerial profession.

### Professional Management

The progressive development in the size of business and the separation of ownership and management in the corporate enterprises have contributed to the emergence of management as a distinct profession. A management can be professional not by hiring professional managers but by adopting the style of professional management. Professional management organises managerial functions by setting long-term objectives, formulating policies and strategies, developing formal communication network and evaluation system to deal with the emergence of business problems.

The characteristics of professional management are as follows:

**Body of Knowledge:** Management theory has a philosophy of its own. It is based on systematic and scientific studies. Precisely, the management of knowledge is the passport to enter the world of entrepreneurship.

**Management Tools:** Tools of management such as accounting, business law, psychology, statistics and data processing have been developed to enhance the practical utility of the science of management.

**Specialisation:** There is a growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business in each functional area of management. This has created greater demand for professionals.

**Separate Discipline:** Management studies in many universities and institutions of higher learning are recognised as a separate discipline. Seminars, special courses, and training programmes have become essential in management areas like export management, personnel management, production management, marketing management, financial management, etc.

**Code of Conduct:** Business management is regarded as a social institution. It has social responsibilities towards customers, employees and the society on the whole. Consumer-oriented marketing concept is an important corporate code of conduct. Pressure of consumerism, trade unionism, public opinion and legislation are definitely inducing the management to evolve a code of ethics for consumer satisfactions and holding a major market share.

**Professional Association:** In our country too, business management associations have been formed. They mainly aim at spreading the ethics of business management and build up a sound public image of the managerial profession.

A professional manager is required to possess specific management knowledge relating to (a) Technical processes, products, materials, equipment and procedures; (b) Economic knowledge about the basic objective of the entrepreneurs and its position in the economic and social system within which it is operating; (c) Human knowledge about employee motivation, moral and delegation of authority; and (d) Administrative knowledge about application and analysis of data. This will facilitate him to deal with various problems of the organisation in an effective manner.

A person can become a professional manager by the acquisition of knowledge through formal education. An owner-manager can achieve success due to his personal and cultural traits. Many great entrepreneurs are self-made, for they were not handicapped by their lack of formal education but came out as successful entrepreneurs

due to their skill and intelligence. One can easily identify such an entrepreneur manager in any profession, may it be bidi or agarbatti manufacturing, polishing or grinding, retailing or wholesaling.

**MANAGERS AND ENTREPRENEURS**

Both managers and entrepreneurs are answerable for producing results. The results are, of course, different. In their respective result areas, the buck stops with them. While they can delegate, they are finally accountable.

Both have to produce results through people working with them though they deal with different sets of people. They are not effective in the long run, if they are loners.

Both are decision-makers but the decisions are different as their tasks vary.

Both have to operate under constraints which are understandably different.

To be effective in their respective roles, both have to follow sound principles of management like planning, staffing, delegation and control. The focus of these management tools may vary depending upon the ultimate purpose.

Table 10.1 summarises the similarities, focusing on the different perspective within each similarity.

**Table 10.1**  
**SIMILARITIES BETWEEN MANAGERS AND ENTREPRENEURS**

<i>Areas of Similarity</i>	<i>Differing Focus</i>	
	<i>Managers</i>	<i>Entrepreneurs</i>
To produce results	Results of today, this month, this year. Short-term and medium-term.	Results of tomorrow, next year and coming five years. Long-term and very long-term.
To produce results through people	Have usually to handle people oriented to day-to-day management of nitty-gritty and nuts and bolts type — Men of details.	Have to deal with people who can conceptualise with aggregate perspectives. — Strategists.
To take decisions	Operational and administrative decisions, which have a bearing on short-term and medium-term results.	Mostly strategic decisions, involving growth through expansion, diversification, take-overs and mergers.
To co-operate under constraints	The constraints are usually organisational, i.e., those within an organisation like machine capacity, labour productivity, routing and scheduling, information availability, financial limitations etc.	The constraints are usually environmental which lie outside an organisation like the policy of financial institutions, import policy, licensing policy, infrastructural constraints etc.
To follow sound principles of management	The principles are more oriented towards internal administration and control like delegation, accountability, responsibility, planning, budgeting, reporting and information system.	The principles are with reference to macro-social aspects like social responsibility, equal opportunity, employment, ethical advertisement practices, adherence to government policies, etc.

A successful organisation needs both entrepreneurship and management. The entrepreneurial role may be played by the Chief Executive and his team of top-level executives, the managerial role by the middle-level and joint-level executives.

### **A Management Tool**

The efficiency of professional management lies in the managerial approach which does not suffer from dogmatic, ideological and political trappings. It is an approach which trackles the problem as a 'whole' and not in 'fractions.'

The professional manager brings into operation planning, organising, staffing, motivating, controlling and coordinating the work of technocrats and professional aspects to achieve pre-determined goals. The professional manager must possess a desire to achieve, to expand, to build and to grow. His goal should be to produce the best results in the shortest time and at least cost. The manager, who has had to benefit of management education and has exposed to the managerial tools and techniques of achieving the profit-cum-growth, will be in a position to deliver the goods to in developing economy like ours.

It is characteristic of an established profession that its members accept the obligation to contribute to the advancement of standards and to the education of the future aspirants. The more eminent the member, the more readily he recognises the obligation. It is quite likely that his personal contribution to teaching may be small but it will be of high quality. This is the task facing the professional managers of the future.

### **Illustrations**

Professional managers are the forerunners in the corporate sector. Two brief profiles reflect on the varied aspects of these achievers and doers. They are young, energetic, educated and possess the much needed drive.

*Arvind Vijn, 29*, is the group manager for chemicals and allied products at Birla 3M in Bangalore, a company he joined last year because he was taken up by the American multinational's plans to "manufacture a range of products which will make it a force to reckon with soon." An MBA from IIM, Calcutta, Vijn has had a rapid rise since he began his career at the Indian Organic Chemicals in Mumbai as a management trainee. After a six-month stint there, he moved to the ICI, first as a management trainee and then as sales manager in charge of speciality chemicals. During his three and a half years with the chemical and fertiliser giant, he claims to have first picked up the ropes on "how to get into new business" — and this is what he intends doing successfully in Birla 3M.

Her promotion six months ago has *Arti Luniya* one of the youngest branch managers in the Steel Authority of India Ltd. (SAIL). "Creating a demand for steel," is how the 33-year old describes her job at the Howrah branch which sells about 10,000 tonnes of steel per month. Handling up to 50 customers a day, her work includes distribution, planning and outdoing competitors.



Obtaining a degree in economics, she did a post-graduate course in international relations from Jawaharlal Nehru University, New Delhi. SAIL has been her first and only employer. She joined SAIL as a management trainee and underwent rigorous training in the various departments of the steel giant. "I do feel a sense of pride in being the first lady branch manager," she admits.

The entrepreneur may be a manager but a paid manager cannot acquire the position of an entrepreneur.

An entrepreneur has great motivation to manage his business successfully. He is keen towards developing business through innovation and is satisfied when his efforts give him positive results. He is the investor, risk-bearer, manager and controller. The entrepreneur may appoint a manager and delegate some of his functions. However, manager even after performing his assigned duties cannot substitute the entrepreneur.

The entrepreneur lays down a broad policy for business, assumes risk and makes the business a concern. The main factors which distinguish an entrepreneur from a professional manager as shown below:

Table 10.1

**DISTINCTIVE FEATURES OF ENTREPRENEURS AND PROFESSIONAL MANAGER**

<i>Entrepreneur</i>	<i>Professional Manager</i>
1. Perception of an/opportunity	1. Setting of objectives
2. Risk-taking	2. Policy formulation
3. Tactical Planning	3. Strategic Planning
4. Interpersonal communication	4. Formal communication
5. Negotiating	5. Organising
6. Trouble-shooting	6. Motivating
7. Making it a growing concern	7. Controlling
8. Innovator	8. Administrator
9. Motivator	9. Skilled, knowledgeable
10. Determined	10. Confident
11. Idealist	11. Specialist
12. Committed	12. Loyal
13. Visionary	13. Planner
14. Planner	14. Implementer

**Entrepreneur vs Manager:** The entrepreneur is a person who is motivated to satisfy a high need for achievement in innovative and creative activities. His creative behaviour and innovative spirit which forms a process of an endless chain is termed as entrepreneurship. It is not enough for the entrepreneur to build up the process, but equally important task for him is to manage the business. He performs entrepreneurial vis-a-vis managerial functions. The entrepreneur enters at a transitional stage in which what is initially with innovation becomes a routine for him the transition from an entrepreneurship to management. Also, the emphasis switches from techniques and analytical methods to insight and to involvement with people. The entrepreneur perceives and exploits opportunity, and the subsequent steps necessary for organisation are pertinent, to management.

The entrepreneur differs from the professional manager in that he undertakes a venture for his personal gratification. As such he cannot live within the framework of occupational behaviour set by others. He may engage professional manager to perform some of his functions such as setting of objectives, policies, procedures, rules, strategies, formal communication network. However, the entrepreneurial functions of innovation, assumption of business risk and commitment to his vision cannot be delegated to the professional manager. Failure to the professional executive may mean a little more than locating a new job perhaps even at a higher salary, whereas failure of an entrepreneur in his efforts would mean a devastating loss to his career. The professional manager has to work within the framework of policy guidelines laid down by the entrepreneur.

This distinction between entrepreneur and the professional (traditional) manager is presented in Table 10.2.

**Table 10.2**  
**DISTINCTIVE FEATURES OF TRADITIONAL MANAGERS AND**  
**THE ENTREPRENEUR**

	<i>Managers</i>	<i>Entrepreneur</i>
<i>Primary Motives</i>	Want promotion and traditional corporate rewards. Power-motivated.	Wants freedom, goal-oriented, self-reliant, and self-motivated.
<i>Time Orientation</i>	Respond to quotas and Budgets, weekly, monthly, quarterly, annual planning horizons, the next promotion or transfer.	End goals of 5-10-year growth of business in view as guides. Takes action now to move the next step along way.
<i>Action</i>	Delegate action. Supervising and reporting take most of energy.	Gets hands dirty. May upset employees by suddenly doing their work.
<i>Skills</i>	Professional training. Often business-school trained. Abstract analytical tools, people-management, and political skills.	Knows business intimately. More business acumen than managerial or political skill. Often technically trained if in technical business. May have former P & L responsibility in corporation.
<i>Courage and Destiny</i>	Sees others in charge of his or her destiny. Can be forceful and ambitious, but may be fearful of others' ability in case of optimism.	Self-confident, optimistic, courageous.
<i>Attention</i>	Primarily on events inside corporation.	Primarily on technology and market place.
<i>Risk</i>	Careful	Like moderate risk. Invests heavily, but expects to succeed.
<i>Market Research</i>	Has market studies done to discover needs and guide product conceptualisation.	Creates needs. Creates products that often can't be tested with market research — potential customers don't yet understand them. Talks to customers and forms own opinions.

<i>Status</i>	Cares about status symbols (corner office, etc.)	Happy sitting on an orange crate if job is getting done.
<i>Failure and Mistakes</i>	Strives to avoid mistakes and surprises. Postpones recognising failure.	Deals with mistakes and failures as learning experiences.
<i>Decisions</i>	Agrees with those in power. Delays decision until he gets a feel of what bosses want.	Follows private vision. Decisive and action-oriented.
<i>Who they Serve</i>	Please others.	Pleases self and customers.
<i>Attitude Toward the system</i>	Sees system as nurturing and protective, seeks position within it.	May rapidly advance in a system, when frustrated, reject the system and form his or her own.
<i>Problem-solving Style</i>	Works out problems within the system.	Escapes problems in large and formal structures by leaving and starting over his own.
<i>Family History</i>	Family members worked for large organisations.	Entrepreneurial small-business, professional, or agricultural background.
<i>Relationship with Parents</i>	Independent of mother, good relations with father, but slightly dependent.	Absent father or poor relations with father.
<i>Socio-economic Background</i>	Middle-class background.	Lower-class background in some early studies, middle-class in more recent ones.
<i>Educational Level</i>	Highly educated.	Less well educated in earlier studies, some graduate work but not Ph. D. in later ones.
<i>Relationship with Others</i>	Hierarchy as basic relationship.	Transactions and deal making as basic relationship.

**Entrepreneur and Enterprises**

Entrepreneur is the fourth factor of enterprise. According to Noah Webster, "entrepreneur is one who assumes the risk and management of business."

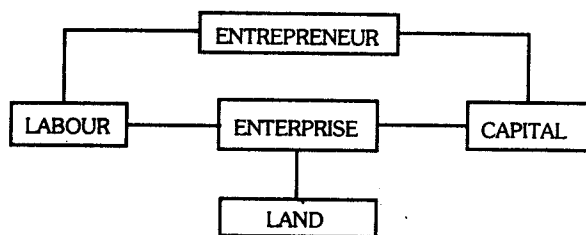


Fig. 10.1 Four Factors of an Enterprise

The enterprise is the basic unit of an economic organisation. It produces goods and services worth more than the resources used. Thus, any effort for it to bear fruit ultimately affect directly or indirectly individual enterprise. Enterprise is an undertaking which involves activity, courage, and energy. It involves the willingness to assume risks and decision making, in undertaking an economic activity. It also involves innovation. Thus, entrepreneur and enterprise are inter-linked, enterprise being the offshoot of an entrepreneur. Its success is dependent on the entrepreneur. Peter Drucker has observed, "Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being practised."

#### **Intrapreneurs**

Of late, a new breed of corporate entrepreneurs has come to the fore in large organisations. They are called "intrapreneurs." They are entrepreneurs who catch hold of a new idea for a product, service, or process and work to bring this idea to fruition within the framework of the organisation. Intrapreneurs with their innovations and dedicated effort are perceived as a valuable asset by the organisation, inspiring others. He serves as a champion to others in the organisation. In America, a number of intrapreneurs are leaving their jobs to start their own ventures. Many such intrapreneurs have become exceedingly successful in their new ventures and, what is more, they are causing a threat to the companies they left a few years ago.

#### **Entrepreneur vs. Administrator**

Management in a small business organisation is performed quite differently from the management process in large companies. In fact, the role of entrepreneurs is quite different from the role of professional administrators in large organisations. A person in effective control of a business unit underlines the adaptive nature of managerial processes in a small firm. Entrepreneurship has connotations of enterprise, opportunism, individuality, in contrast to the connotations of the terms "manager" and "administration", which are associated with notions of organisation, planning, professionalism, rationality and predictive management processes.

The administrator in a large firm is primarily concerned with those activities relevant to predictive management processes, that is, with activities related to prediction and control. On the other hand, the owner-manager of a small business organisation needs primarily to perform activities relevant to adaptive management process, activities that enable him to exploit the advantages he has in being a small enterprise. An entrepreneur puts emphasis on the entrepreneurial activities of management process, so he would hold attitudes related to entrepreneurial orientation, while the administrator of a large organisation would hold attitudes related to the administrative orientation of the management process.

**Table 10.3**  
**OWNER-MANAGER VS. PROFESSIONAL MANAGER**

	<i>Owner Manager</i>	<i>Professional Manager</i>
1. <i>Source of Authority</i>	Traditional (ownership) Personal	Expertise Office
2. <i>Basis of Philosophy</i>	No diffusion between ownership and control No conflict between personal and company objectives No distinction between person and role  Integration of work and social values  Not subservient to economic goals	Control without ownership  Conflict between individual and organisational goals Very clear distinction between the individual and the post he occupies. Values of the work-place divorced from both individual and social values.  Economic 'performance' as ultimate criterion.
3. <i>Characteristic Skills</i>	Adoptive Diagnostic  Exploitation of change opportunism  Tactical facility  Pragmatic use of techniques as aid to problem-solving  Social skills applied on a personal basis  Consequences mitigating decision-making	Predictive Prognostic  Control of change  Strategic facility  Coordination and control of specialists.  Manipulative skills applied largely on an impersonal basis.  Event shaping decision-making
4. <i>Organisation</i>	Informal relationship  No divorce between the planners and the doers  Appointment and promotion often on the basis of birth of personal friendship.  Everyone prepared to muck-is as required.  Open system of communications	Formal relationship.  Divorce of planning from doing.  Technical qualifications as basis of appointment and promotion.  Precise definition of rights and obligations, duties and responsibilities.  Structured communications system.

Source: Philip Clarke, *Small Business: How they Survive and Succeed*, David & Charles, Great Britain, 1973, pp. 109-111.

### Owner-Manager vs. Professional-Manager

The owner-manager is identified with individuality, flair, strong motivation to achieve success and the urge to grow while the professional manager conjures up a picture of organising, planning, motivating and controlling. The owner-manager exhibits a strong desire for independence, which he demonstrates through the building of an organisation. The owner-manager assumes all business risks and stands to lose not only his capital but reputation and prestige in the event of failure of business, whereas the professional manager is not exposed to such risks.

The differences between an owner-manager and a professional manager are much deeper which can be studied with respect to the function, business philosophy, and the characteristic skills which each incorporates.

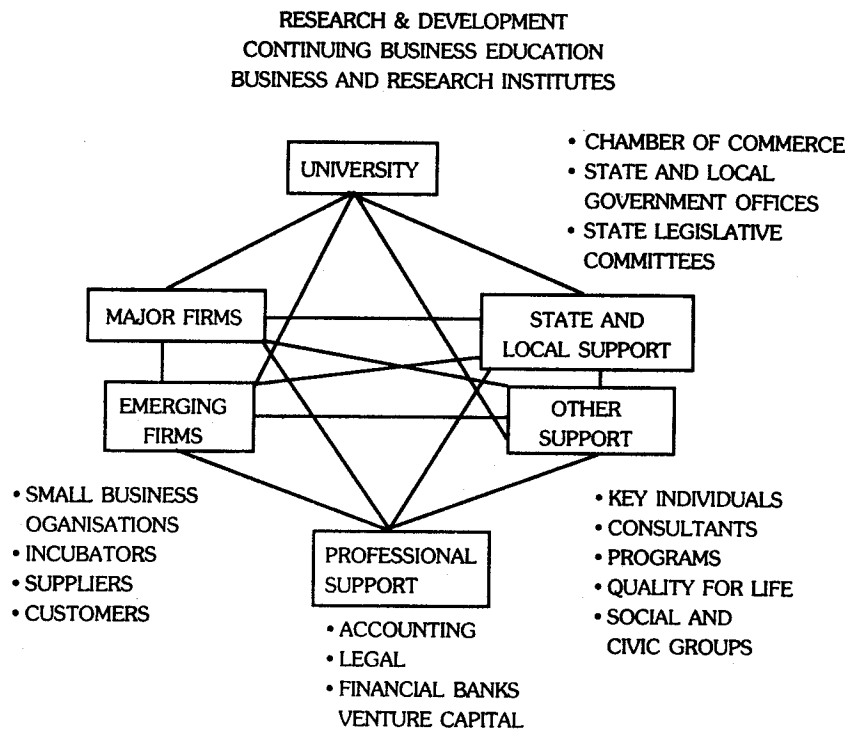


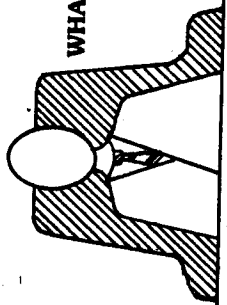
Fig. 10.2 The Entrepreneurial Network

### The Entrepreneurial Network

Entrepreneurship is a dynamic process which requires links not only among and between individuals but also among and between a variety of institutions. The stronger, more complex and more diverse the web of relationships, the more the entrepreneur is likely to have access to opportunities, the greater are his chances of solving problems expeditiously, and ultimately the greater the chances of success for the new venture.

**THE CEO OF THE FUTURE**

To get a broad perspective on the changing requirements for successful business leadership in the next century, an executive search firm in the US conducted a multilingual survey of 1,500 senior executives, 870 of them CEOs in 20 countries. Those surveyed were asked to assess the dominant characteristics that describe today's CEO and that will describe the ideal CEO of the year 2000. The results:



**WHAT TRAITS CEOs WILL HAVE AND WILL NEED**

Traits or talents dominant now in CEOs and important for the CEO of year 2000 in percentages

Personal Behaviour	Now	2000	Knowledge and skills	Now	2000
Conveys strong sense of vision	75	98	Strategy formulation	68	78
Links compensation to performance	66	91	Human resource management	41	53
Communicates frequently with employees	59	89	International economics and politics	10	19
Emphasises ethics	74	85	Science and technology	11	15
Plans for management succession	56	85	Computer literacy	3	7
Communicates frequently with customers	41	78	Marketing and sales	50	48
Reassigns or terminates unsatisfactory employees	34	71	Negotiation	34	24
Rewards loyalty	48	44	Accounting and finance	33	24
Makes all major decisions	39	21	Handling media and public speaking	16	13
Behaves conservatively	32	13	Production	21	9

*Lee Iacocca sums up the changes he sees coming:*

"If a guy wants to be a chief executive 25 years or 50 years from now, he will have to be well rounded. There will no more of 'is he a good lawyer, is he a good marketer guy, is he a good finance guy.' His education and experience will make him a total entrepreneur in a world that has really turned into one huge market."

The entrepreneurial network, as depicted in 10.5, illustrates some of the potential links and relationships that can promote and sustain new ventures in an economic area.

### **Conclusion**

Growth is a conscious, controllable factor which must be planned and coordinated. Entrepreneurship plays a crucial role in this growth process. In sum, I realize the managing change may be my actual theme. I am reminded of something that John Stuart Mill said more than 100 years ago: "Mankind is divided into those who are still what they were and those who have changed: into the men of the present age and the men of the past." Successfully managing the "unmanageable" requires us to become those men who have changed. It requires flexibility, imagination and a willingness to accept change as an opportunity and a stimulus for development and growth. Therefore, organisations, governments and society must encourage it. Entrepreneurship perceives opportunities inherent in change, creates a desire for pursuing them and creates an environment in which success is possible. The concept of the entrepreneur should be understood in its broadest sense that he is a person who acts as an agent of change for the good of the people. He not only brings change in economy but is responsible for social development also. At the same time, the professional manager translates the entrepreneurial vision into a reality by adopting his professional efficiency and managerial skills. The entrepreneur and professional managers are, therefore, a critical input of socio-economic development.





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*"The stage is set for social take-off for women from a low development path to an accelerated pace in achieving higher level of self-sustaining economic growth .... Women entrepreneurs have to graduate from a state of dependence on subsidies/concessions to that of seizing opportunities as they emerge in an open economy."*

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## CHAPTER 11

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# DEVELOPMENT OF WOMEN ENTREPRENEURS

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### Introduction

The emergence of entrepreneurs in a society depends to a great extent on the economic, social, religious, cultural and psychological factor prevailing in the society. In the advanced countries of the world, there is a phenomenal increase in the number of self-employed women after the World War. In the United States, women own 25 per cent of all business, even though their sales on an average are less than two-fifths of those of other small businesses. In Canada, one-third of small businesses are owned by women and in France it is one-fifth. In the UK., since 1980, the number of self-employed women has increased three times as fast as the number of self-employed men.

Women entrepreneurs have been making a significant impact in all segments of the economy in Canada, Great Britain, Germany, Australia and the U.S. The areas chosen by women are retail trade, restaurants, hotels, education, cultural, cleaning, insurance and manufacturing. They have made their mark in business for the following reasons:

- (i) They want new challenges and opportunities for self-fulfilment.
- (ii) They want to prove their mettle in innovative and competitive jobs.
- (iii) They want the change to control the balance between their family responsibilities and their business lives. Dina Lavoie, a Professor of Entrepreneurship, Montreal has observed that, women business owners hire an average of two or three employees, whereas men are more likely to have nine employees or more. Often, a micro-business fits a woman's life-style. Expansion might mean a loss of control or disruption in the amount of time she invests in other facets of her life. She may also want to oversee and control every aspect of her business and may feel she will lose that opportunity if she grows to the point where she cannot."

In a recent study, economist Catherine Swift, has mentioned that women face tougher security requirements on their lines of credit than do men. However, she also explains that other identified differences such as higher interest rates, lower credit approval rates and espousal co-signature requirements are primarily attributable to the fact that women operate younger and smaller firms that are known to meet with such financing problems, whether they are owned by men or women.

The percentage of business started and operated by women in the U.S. is less than those started by men. However, the number is increasing at a rapid rate. For example, the number of female sole proprietorships was 3,104,029 or 22 per cent of all sole proprietorships, according to the Internal Revenue Service, whereas the Bureau of Labour Statistics has indicated that between 1974 and 1984 the number of self-employed women grew 74 per cent or six times faster than self-employed men.

**Table 11.1**  
**SURVEY ON WOMEN ENTREPRENEURS**  
**Number of Women Entrepreneurs**

Country	Years	% Increases	Employed	Independent (in lakhs)
U.S.A.	1977-1983	56	3.3	5.4
Canada	1987	50	4.3	1.3
Australia	1987	45	2.0	6.0
Germany	1987	25	0.6	0.8
Norway	1987	29	3.9	1.1
Sweden	1972-82	74	2.3	8.7
England	1986	25	0.6	6.3
France	1987	25	0.8	6.5
Holland	1979-85	36	0.5	4.5

Women get independent jobs more easily in these countries. All people working independently have been classified or termed as entrepreneurs. The highest number of women are found in laundries, dry cleaning, hair-dressing, private nurseries, hotels etc. According to the table above, the highest number of self-employed women were in Sweden followed by England, France and the U.S.A.

#### **Rita Singh: Woman Entrepreneur in the Business World**

Rita Singh, founder of the M'escos (Mid-east Shipping Company) group, is one of the first woman entrepreneurs to make it big in the business world.

Rita's is a rags to riches story. Starting from scratch about 20 years ago, she now exports trendy M'escos shoes, owns a fleet of state-of-the-art helicopters and ships, and a Rs. 450-crore steel plant.



The M'escos group with an annual turnover of over Rs. 1500 crore, employs more than 7,000 people.

The only daughter of a Punjabi college professor who migrated from Sargodha in Pakistan to Nagpur after Partition.

With only a degree in science, she set up a small dairy farm with two buffaloes near the Hindon air station and a sulphur plant at Hapur. She sold off their small farm and started exporting rice and tapioca. Then she went into shipping in a small way. Within a year, her annual income crossed the Rs. 50 lakh mark. In the coming years, she entered into steel, aviation shoes, etc.

What are the factors behind her success? "attribute my success to one thing — never run away from life. Face it boldly. Dare to be different."

Why aren't there many women entrepreneurs in the big league? Singh feels that a false sense of security and fear of failure are the main stumbling blocks in the path of success. "It hardly matters whether you are a man or a woman if you are insecure inside. I have never been bothered about security.

### Designing Dreams

Name	: Neeru Kumar
Education	: B.Sc. (Chemistry), Ahmedabad University, 1974; Graduate, National Institute of Design, Ahmedabad, 1980
Experience	: Designer, Fab India, 1980-81
Track Record	: Turnover has grown from zero in 1984 to Rs. 3 crore in 1994-95
Investment	: Rs 10,000
Employees	: 10
Work Style	: Hands-on
Work Philosophy	: Keep experimenting
Hobbies	: Collecting old Indian textiles and antique furniture

Spinning off Her Old Job into a New Business was really not on Neeru Kumar's mind. Until, that is, the 1980 graduate of the National Institute of Design, Ahmedabad, was handed a Rs. 1 lakh contract from Tata Exports to develop a fabric for soft furnishings. "I started with their advance of Rs. 10,000," recalls Kumar. It allowed her to set up a small unit, with overheads comprising a monthly rent of Rs 1,500 and a daily wage bill of Rs. 25 for each of the two weavers she hired to craft woolen carpets. Today, her enterprise, Tal, rakes in Rs. 3 crore annually, selling its products through an exclusive retail outlet in the capital as well as upmarket stores in the UK, the US, and France.

### Exclusive Accessories Business

Make silk purse out of a thoroughbred's ear. That's what Ritty Birdy, the managing partner of the low-profile Christina, has managed to do over the past decade.

Quite successfully too, with the sales of this tiny chain of accessories boutiques galloping past the Rs. 1-crore mark last year. However, nine years ago, when Birdy first dabbled with a line a of leather-and-silk accessories, she chose as the inspiration for her brand name — of all things — a horse.

With Christina accessories now emerging as the racegoer's delight, Birdy's gamble has more than paid off. To be sure, she had an unfair advantage. Not only was Bird's father a book-keeper at the Mahalaxmi Race Course in Mumbai, she practically grew up on the turf. An ardent race-goer, it was only natural that Birdy would choose the feminine version of Christoff — her favourite among the four racehorses her family once owned — to christen her own start-up.

#### FACT FILE

Name	: Ruty Birdy
Education	: Presentation Convent, Kodaikanal, 1964; dropped out of St. Xavier's College, Mumbai, in 1965
Work Experience	: Designer, Star Industries; set up Christina in 1987
Initial Investment	: Rs 40,000
Track Record	: Turnover has grown from Rs. 40 lakh in 1989-90 to Rs 1.28 crore in 1994-95
Work Style	: Hands-on
Management Philosophy	: Enjoy your work and treat your employees as family
Hobbies	: Reading, riding

#### Women Entrepreneurship in India

Out of total 940.98 million people in India, in the 1990s females comprise 437.10 million representing 46.5 per cent of the total population. There are 126.48 million women workforce (representing 28.9 per cent of the female population), but as per 1991 census, only 1,85,900 women accounting for only 4.5 per cent of the total self-employed persons in the country were recorded. Majority of them are engaged in the unorganised sector like agriculture, agro-based industries, handicrafts, handlooms, and cottage-based industries. Participation of women as industrial entrepreneurs, however, is comparatively a recent phenomenon — commencing from 70s onwards. There were more than 2,95,680 women entrepreneurs claiming 11.2 per cent of the total 2.64 million entrepreneurs in India during 1995-96. This is almost double the percentage of women (5.2%) among the total population of self-employed during 1981. Of this, a majority were concentrated in low-paid, low-skilled, low-technology and low-productivity jobs in the rural and unorganised sector: 90% (79.4 million) women workers were in the rural areas as against only 10% (8.6 million) in urban areas. Only 2.5 million women workers were in the organised sector — a mere 12.4% of the total employed.

During the Eighth Five Year Plan, the number of SSIs expected to rise from 1.7 million to 2.5 million, adding 0.8 million in the 5-year period or 1.60 lakh every year. The rough estimate showed that amongst the SSI entrepreneurs approximately 9% were women entrepreneurs. Their participation, however, is increasing. Considering the trend, women participation in another five years was 20% more, raising the number of women entrepreneurs to about 5,00,000. Therefore, one could aim at developing

at least 3,50,000 women entrepreneurs during Eighth Five Year Plan through training and other developmental efforts. The present rate of 30% success in EDP training was likely to go up to 45% with growing experience and improved techniques of training and follow-up. Based on this assumption, for getting 3.5 lakh women entrepreneurs it was necessary to train and support about 7.78 lakh entrepreneurs during the Eighth Five Year Plan. Besides the SSI women entrepreneurs, a large number of women entrepreneurs particularly in district and rural areas were likely to be developed for small business. Even assuming a very modest target of 335 women entrepreneurs per district, the number of women entrepreneurs would have come to 1,42,375 per year. These women were to be given training in self-employment/entrepreneurship of shorter duration as well as some training in trade and skill areas. In order to mobilise such percentage of women entrepreneurs, a number of activities such as motivational drive, preparation of information material; conducting training; creation of women industrial estates/areas/sheds; creation of common marketing exposition centres; training of trainers/promoters; and use of mass media, etc. are required. Combined effect of all these is bound to accelerate the process of women entrepreneurship development.

### **Women Entrepreneurs in Several Industries**

Today we find women in different types of industries, traditional as well as non-traditional, such as engineering, electronics, readymade garments, fabrics, eatables, handicrafts, doll-making, poultry, plastics, soap, ceramics, printing, toy making, nurseries, creches, drugs, textile designing, dairy, canning, knitting, jewellery design, solar cooker etc. What motivates women to aspire for career in business is an interesting thing to explore and analyse. According to Mclelland and Winter, motivation is a critical factor that leads one towards entrepreneurship. This apart, the challenge and adventure to do something new, liking for business and wanting to have an independent occupation are some of the attractive leverage for women. These factors indicate a relatively deeper commitment to entrepreneurial profession on the part of entrepreneur. Responsibility thrust, due to death or incapacitation of a near relation, tax benefit for self and for relations are the push factors. In addition, special qualifications attained for running a concern, identifying the demand from the market, external motivation, employment to needy and destitutes to set up an ancillary unit, business already in the family are some of the factors which gave stimulus to women entrepreneurs to start business.

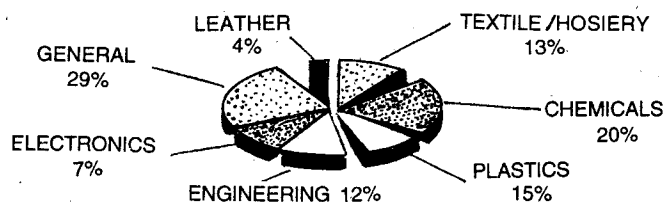
### **Moderate Investment**

Mostly women are interested in moderate returns. Knowing their other limitations, they prefer smaller projects and thus select business opportunities requiring moderate investment. Merely 10-12 per cent of women set up their ventures with investment above Rs. 10 lakh. Approximately, 70 per cent of enterprises set-up by women range between Rs. 1 lakh to Rs. 5 lakh investment.

There is a general belief that women have inclination towards simple products involving low technologies. The impression is that pickles and garments are the products specially suitable for women. While the selection of opportunity is based on the motives and special constraints for women, the enterprises set-up by women cover a wide range

of activities and only 2 per cent are in food products and 13 per cent in traditional business of garments/hosiery. Twenty per cent women opt for chemicals and another 12 per cent for engineering items.

#### OVERALL PRODUCT SELECTION BY WOMEN ENTREPRENEURS



The selection of business venture is dependent on the background of the entrepreneur:

Figure 11.1 gives the overall distribution of products for women entrepreneurs. It is observed that educational background and experience has little or no effect on the choice of selection of business opportunity.

A lady with no technical qualification may be in the business of manufacturing electrical bulbs or special chemicals. Similarly, a lady with specialised knowledge of computer software may be in printing business.

The general assumption that only technically qualified woman will go for technical items and other prefer non-technical items does not seem to hold true, rather a close higher correlation is found between the activities of the husband and the venture selected by a woman.

#### Successful Women Entrepreneurs

Although the list of successful women entrepreneurs is quite long, a selected representative women entrepreneurs are mentioned here. Among some accomplished women entrepreneurs, Smt. Sumati Morarji of Shipping Corporation been seen as beacon to women entrepreneurs. Smt. Sharayu Daftary of Automobile Radiators, Smt. Yamutai Kirloskar of Mahila Udyog Limited, Smt. Vimal Pitre, manufacturer of surgical instruments, Smt. Manik Vandrekhar of leather crafts, Smt. Radanika Pradhan of Plastic Industries, Smt. Gogate for Drugs, Smt. Swati Bhatija in engineering industries, Smt. Prerang Thakore of Jayant Vitamins Limited, Smt. Nargis Wadia of Inter Publicity, Smt. Neena Malhōtra in Exports, Smt. Rajani Aggarwal in engineering, Smt. Shahanaz Hussain in beauty clinical cosmetics, Smt. Wadia in fabrics, Smt. Weheeda Rehman in fast foods all stand out as successful women entrepreneurs. Other outstanding women entrepreneurs — Smt. Priya Khanna, Smt. Savitri Debi, Smt. Raman Suri, Smt. Madhura Chatrapathy, Smt. Prabha Thakkar, Smt. Sunanda Pant.

What is more, since the inception of the National Awards to small Entrepreneurs instituted in 1983, 10 women entrepreneurs have received special recognition awards. They have attributed their success in their enterprise to hard work, perseverance, dedication, devotion, determination, integrity and confidence in themselves. However, there are still others striving to get their enterprises established. Behind every successful woman entrepreneur there is a man and vice versa.

### A Success Story

She certainly has been the most powerful woman of Indian origin living in the United States. Roman Malkani was listed by the respected *Washingtonian* magazine as one of the 100 most powerful women living in the US capital, along with the likes of Jeane Kirkpatrick, Carla Hills and Elizabeth Dole. And more importantly, her success has been in an area which even in the US has traditionally been male-dominated: of specialised high technology communication systems.

Malkani left India in 1967 when her father, a professor of engineering at Roorke University, went on a Fulbright scholarship to the University of Virginia. In 1979, father and daughter, who by then had a master's degree in computers, founded Information System and Network Corporation (ISN). Roman, who took over full charge a year later, has since turned the company into the largest woman-owned US government contractor.

With a revenue of over \$60 million (Rs. 105.21 crore) and an employee strength of 580, ISN was listed by the chic US women's monthly *Savvy* as the 43rd largest, female-owned and run company in that country, and the only one in the top 60 involved in manufacturing telecommunication systems.

Lakshmi G. Menon, 47, could not resist a challenge. When the top slot at the Madras-based Hindustan Teleprinters Limited (HTL) fell vacant, she applied for it. After an interview with the Public Enterprises Selection Board, she was selected to become the first ever woman chief executive of a public sector organisation.

"I am an electronics person. I love to be in the thick of things, planning, specifying, installing and manufacturing systems in the telecommunications arena," she said. The electronics bug had bit her as a student at Trivandrum University. On graduating with a B.Sc. in 1961, she headed for the Madras Institute of Technology, and in 1964 acquired a post-graduate diploma in electronic engineering.

Menon has been known to initiate a lot of enthusiasm to her job. And Hindustan Teleprinters was in need of it. This company's performance at that time has been dismal. Though sales increased to Rs. 27 crore in 1988 as against Rs. 19 crore in 1987-88, net profit had come down to Rs. 184 crore. The company's electronic teleprinter capacity still 50 per cent underutilised, and the original target turnover of Rs. 100 crore expected to be achieved in 1989-90 was pruned down to Rs. 50 crore. But Menon stood unfazed. "My primary concern is to decide on the best course of action for HTL, which will diversify in the telecommunications field. A corporate plan is being formulated," she said.

### D. Jayalakshmi Devaraj

Smt. Jayalakshmi Devaraj was just like any other housewife till June, 1983, when God took away her husband Mr. Devaraj, the founder of the Sri Vigneshwara Group of Industries. Instead of closing down the companies in despair, she rose to the occasion and took up the challenge of running the industry started by her husband.

The total sales turnover of the foundry has been recorded as Rs. 33 lakhs in 1984-85 to nearly Rs. 50 lakhs in 1988-89. Smt. Jayalakshmi has been responsible for providing employment to nearly 200 persons through her various concerns.

She was the winner of the CODISSIA Award 1989 for the best woman entrepreneur.

### **Women Intrapreneurs**

Karthy Inamdar, a graduate of the Indian Institute of Management (IIM), Ahmedabad, started her career with a two-and-a-half year stint at Citibank in Mumbai. Then she moved to Citibank, Delhi, had a family and went back to work for a year before deciding to take a break in her career. Six years later, after raising two children to school-going age, she joined American Express Bank in Delhi as a senior accounts manager.

Another entrepreneur in Jamshedpur, Rekha Marsalamani, also an IIM graduate had opted out of her job as assistant manager, management development, at Tata Engineering and Locomotive Company (TELCO). For five years, she reared two children before taking up a job as executive assistant to TELCO'S resident director there.

Both women entrepreneurs symbolised a small but growing phenomenon: women who quit relatively well-paid jobs to raise children, before returning to the job market. And it's a phenomenon that's cutting a broad swathe across industries as diverse as computers, communications, advertising and banking.

As most professional women have confirmed it's easier to make a comeback in sunrise professions like marketing, advertising, management and perhaps even banking.

### **Professional Women**

At Tata Steel in Jamshedpur, 33-year-old Rupa Manhanty is an example, who, after eight years with the organisation and different responsibilities, has held the post of the deputy manager, human resources planning. Her job is to chalk out a detailed plan for career development of more than 4000 officers at Tata Steel.

With a bachelor's degree in statistics from Mumbai, Manhanty studied management at IIM, Calcutta before joining Tata Steel in 1981. And she has struck a long record with the company because "here we are neither discriminated against nor favoured, but taken as we are."

"Aggressive marketing", according to her "is the name of the game." The marketing manager of Poona Industrial Hotels Ltd. (PIH) has significantly contributed to raising the sales of this Kirloskar company to Rs. 10 crore during her tenure.

As, an MBA from Pune University, she joined PIH as a trainee in 1984 and rose to the managerial level in two years. PIH owns Blue Diamond, a five star hotel in Pune and Hotel Pearl in Kolhapur and she has boosted her company's sales tremendously when she initiated setting up a number of retail outlets — Banker's Basket — and also the flight catering services at Pune airport. In addition, Uttamchandani opened offices in Mumbai and Delhi for more business. She was involved in setting up a chain of smaller hotels in the towns of interior Maharashtra.



### Profile of a Woman Entrepreneur

Who is this Woman entrepreneur? What are her qualities?

She is a woman of commitment, who is not relevant, independently employed, she has a close relationship with her father and, after obtaining an undergraduate and subsequently a graduate degree in some area of liberal arts, marries, has children and starts her first significant entrepreneurial venture in the service area in her late 30s or early 40s. Her biggest problems at start-up and later in the venture reflect a lack of business training and generally are in the financial area.

**Table 11.2**  
**PROFILE OF A WOMAN ENTREPRENEUR AND HER BUSINESS**

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First-born child of middle class parents
Father and/or mother in independent business
College-educated
Married
Early 30s for the first significant venture
Previous experience in new venture
Desires independence
Motivated by desire for independence and job satisfaction
Small and young business
Self-confident
Moderate risk-taker
High tolerance for ambiguity
High energy level
Biggest problems in start-up:
Lack of business training
Obtaining credit
Availability of Information
Obtaining seed capital
Marketing
Personnel management
Biggest problems in current operations:
Lack of experience in financial planning
Weak collateral position
Cash flow management
Taxation

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With education and training, the women have gained confidence to do all work, which was the prerogative of man and do it excellently, rather-better than men. Over the years, the educated women have become ambitious, acquired experience and basic skills of competency and self-assurance.

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**Leadership Qualities**

Some of the outstanding qualities of women entrepreneurs are as follows:

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Accept challenges	Adventurous
Ambitious	Conscious
Drive	Educated
Enthusiastic	Determination to excel
Hard work	Keeness to learn and imbibe new ideas
Patience	Experienced
Industrious	Intelligent
Motivator	Perseverance
Skilful	Studios
Unquenchable optimism.	

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**Psycho-Social Barriers**

Although some women entrepreneurs have excelled in their enterprise, the fear of success haunt women in general. Some psycho-social factors impeding the growth of woman entrepreneurship are as follows:

1. Poor self image of women
2. Inadequate motivation
3. Discriminating treatment
4. Faulty socialisation
5. Role conflict
6. Cultural values
7. Lack of courage and self-confidence
8. Inadequate encouragement
9. Lack of social acceptance
10. Unjust social-economic and cultural system
11. Lack of freedom of expression
12. Afraid of failures and criticism
13. Susceptible to negative attitudes
14. Non-persistent attitude
15. Low dignity of labour
16. Lacking in leadership qualities, i.e., planning, organising, controlling, coordinating and directing.

**The New Thrust**

Earlier researches conducted indicate that several women are now willing to become entrepreneurs due to various factors. These factors can be broadly classified under two headings, namely, "Pull factors" and "Push factors." Under the first category, the women entrepreneurs choose a profession as a challenge and adventure with an

urge to do something new, liking for business and to have an independent occupation. The other category of women takes up business enterprises to get over financial difficulties and responsibility is thrust on them due to family circumstances. However, the latter category forms a negligible percentage of the total women entrepreneurs.

The new thrust given to the process of economic development of the country by the new dynamic leadership has created an all-round enthusiasm and the new slogan of "March towards the twenty-first century" had gained popularity. But in this new enthusiasm a very vital sector of the society which can contribute substantially towards the economic development of the country is not given enough attention — women entrepreneurs. In fact the Harvard School experts feel that the basic quality of efficient management is futuristic outlook and a capacity to nurture and plan for the future or unknown. This comes naturally to women. Therefore they feel that successful managers will be those who combine this feminist attribute of nurturing and futuristic planning with male aggressiveness. But this inherent management talent of woman and her entrepreneurial skill go unrecognised and unaccounted as it does not show profit or loss in monetary terms.

With the spread of education and new approaches/awareness, women entrepreneurs are achieving higher level of 3Es, namely, engineering, electronics and energy, though the number of such units is not as large as it should be. But the very fact that women are putting up units to manufacture solar cookers as in Gujarat, small foundries in Maharashtra and T.V. capacitors in the industrially backward area of Orissa show that women if trained and given opportunities can venture in non-traditional industries. Even the so-called socially tabooed industrial activity of wine-making and selling is being done by women entrepreneurs in Mumbai. So today no field is unapproachable to the trained and determined modern Indian women.

### **Basic Problems of Women**

The basic problem or difficulty of a woman entrepreneur is that she is a woman — this pertains to her responsibility towards family, society and work. With joint families breaking up, many women simply don't have the support of elders. Women have been confronted by such dilemmas ever since they started leaving home for the work place. On the other hand, the attitude of society towards her and constraints in which she has to live and work are not very conducive. In spite of the constitutional equality, in practice the attitude of men is not only tradition-bound but even of those who are responsible for decision-making, planning and research is not of equality. They still suffer from male reservations. This attitude of reservation creates difficulties and problems at all levels, i.e., family support, training, banking, licensing and marketing. Women in rural areas have to suffer still further. They have to face not only resistance or reservation from men but also from elderly women who are ingrained in the attitude of inequality. In rural areas joint families are still the norm. The overbearing presence of elders restrain even young men from venturing out; so one can imagine how much a young girl needs to put up to become economically independent. Though in rural areas women are working along with men since times immemorial, their contribution in monetary terms remains unaccounted, or if at all accounted, it is given a very low

value. They are mostly engaged in low-paid, back-breaking agricultural activities or act as helpers in handicrafts.

It is not that women do not have skills or capacity but they are not properly trained or initiated in craftsmanship because it is taken as a taboo — it is wasted because when she gets married she takes away the skill with her. Therefore, a woman can only act as a helper. She was not allowed to function independently. Training is basic for any entrepreneurship. Facilities are available, many institutions have been imparting training under various schemes but again social attitude do not appreciate this independence and thus keep women away from them — both in urban and rural areas.

At the government level, the licensing authorities and labour officers and sales tax inspectors ask all sorts of questions like what technical qualifications you have, how will you manage labourers, how will you manage both house and business, does your husband approve, etc.

Most important question is asked regarding strategies for marketing — both of raw material and of finished goods. To market her product she has to be at the mercy of middlemen who eat up a big chunk of profit. Besides the middlemen try to exploit women entrepreneurs at both ends. They deny her discount or give the minimum discount in the purchase of raw material and on the other hand, try to extract maximum credit discount and commission on purchase of finished products from her.

If she decides to eliminate middlemen, it involves a lot of running about. Secondly, in these days of stiff competition, a lot of money is required for using advertisement. If the product happens to be a consumer then it takes time to win people away from other products and make this product popular. And then there is a tendency to always question the quality of the product produced by women entrepreneurs, though many agree that they are most sincere in maintaining the quality and time schedule.

### **New Awareness**

The new Industrial Policy of Government of India has specially highlighted the need for special entrepreneurship programmes for women entrepreneurs in the nature of product-process oriented courses — to enable them to start small-scale industries. It further adds that the objective of this course is to give representation to women in the field of small industry development with a view to uplifting their status in the economic and social fields.

Due to the aforesaid fillip, growth of industrialisation, urbanisation, education and democratic system in the country, the tradition-bound Indian society has seen a major technological change and the women are now seeking gainful employment in several fields in increasing numbers. The women entrepreneurship movement has taken off the ground and it is felt that the moment has crossed the stage of transition. It is only during the last 15 years women have started becoming entrepreneurs and started industries and business and they are yet to go a long way to be on par with men. The fact however cannot be denied that women have to play a dual role as a housewife and also as an income-earner. Thus arises a role conflict in many a woman, which prevents them from taking a prompt decision in entering business. Despite the

modernisation and other factors mentioned above, the weight of tradition and the responsibilities of the family tends to slow down this movement. Further, occupational backgrounds of the families and the educational attainment of the husbands have a direct bearing on the development of women entrepreneurship. The development of kindergartens, day nurseries and creches and limiting the size of the family help the women entrepreneurs to some extent to enter business in such a manner that their husbands' prestige is enhanced.

Some of the major conclusions and recommendations made at a seminar on "Women and Rural Entrepreneurship" held at Madura-Kamaraj University early in September, 1990 were: Women are not weak, but very strong; the industrial and business opportunities are many — electronics (printed circuit boards, floppy discs), engineering (armature winding, machine manufacturing), plastic injection moulding, film making, chemicals (golden paste and laboratory chemicals), food and allied products (protein biscuits and cake mixture), rubber, pharmaceuticals, machinery and equipment, energy, fuel etc.

A majority of women entrepreneurs are from the middle class families but have low technical education, less family responsibilities (owing to the joint family system) but desire to become entrepreneurs. This potential should be identified and trained.

Adequate infrastructural support by one single coordinating or nodal agency to facilitate flow of adequate working capital, technology, electricity, land and marketing for rural women entrepreneurs may be helpful and mobile training centres should be opened. Post-training follow-up is vital for the success of entrepreneur development programmes.

### **Conclusion**

Today, there is a greater awakening among women. Given an opportunity, they will deliver the results. In education, they have not only excelled but also become top makers. Likewise, in office and industry, many have shown brilliant results. Even in rural India with education, women have shown better performance. Educating women is absolutely essential in straightening her personality. The need of the hour is to provide an opportunity in a conducive atmosphere free from gender differences. The need for awareness motivation to be an active member of the society and courage to correct the faults of male counterparts are great challenges today. It is, therefore, encouragement of the growing intensity of motivation amongst educated young women for coming in the entrepreneurial stream and extend support with scientifically designed package of the technical and financial assistance. The non-governmental organisations have a bigger role in stimulating and nurturing the spirit of entrepreneurship amongst women. Towards this end, an integrated approach is necessary for making the movement of women entrepreneurship a success. For this purpose, both the Government and non-Government agencies have to play a vital role.

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**ANNEXURE - 1****INTERNATIONAL CONNECTIONS**

Two major international organisations for women business owners have been created to assist women business owners in overcoming many of the challenges they face in business. The oldest is Les Femmes Chefs d' Entreprises Mondiales (FCEM). Created in France in 1946, it now represents approximately 30,000 women business owners in thirty countries. The FCEM has NGO status with the United Nations and consultative status with the European Union and the International Labour Organisation.

The other is the International Federation of Women Entrepreneurs (IFWE) which was established as an offshoot of the World Association of Small and Medium Enterprises (WASME) five years ago. IFWE represents women business owners in more than twenty countries and also has NGO status with the United Nations and consultative status with the International Labour Organisation.

Both of these organisations hold annual congresses and meetings in different parts of the world in order to bring women business owners together to meet, learn about each others' businesses, identify new opportunities, and create friendships that will lead to long-term relationships. The shift in recent years has definitely been away from "socially" oriented "business" and action oriented meetings. Women have become more serious about doing business together.

FCEM and IFWE are developing strategic plans which help bring them and their members into the 21st century. Because they already are established internationally recognized organisations with an infrastructure in place, they should use their membership strength and influence to more aggressively represent the issues their members face. Both organisations participated in the recent OECD Conference on Women Entrepreneurs in Small and Medium Enterprises, identifying these issues and helping to prepare policy recommendations to the OECD Secretariat.

These organisations can play an important role in recruiting and assisting women business owners from various countries at different stages of development and in bringing attention to the great disparities that exist worldwide among women in business. With chapters all over the world, these organisations have existing networks which are ideal to promote cross-border trading and mentoring among their members, mobilizing technology to create virtual markets, and promoting research and statistics that underscore the contributions of women business owners worldwide.

Other worldwide associations such as the International Alliance and the International Business and Professional Women's Association are also well known. All of these organisations aim to bring together women in business to help them achieve their business goals. Less formal business women's networks have also been created. For example, the Can Asian Business Women's Network was established exclusively to develop trade and interaction between women business owners in Asia and Canada. To this end, it already organised trade missions from Asia to Canada and from Canada to Asia.

Other international efforts have been made to strengthen the representation of women in international commerce. The Women Leaders' Network, which includes

women from academia, the private sector, and women business associations, has called on the leaders of the Asia Pacific Economic Cooperation (APEC) group to recognize the impact of trade liberalisation on women's businesses and offered to be a source of expertise to APEC. The July 1996 Global Women Entrepreneurs' Trade and Investment Forum held in Ghana was another such effort (see page 10 for details).

In Latin America, initial meetings to establish a network of women business leaders were held in May 1997 in Brazil as a parallel event to the trade ministerial conference on the proposed Free Trade Area of the Americas (FTAA). This network will represent the business interests of women business owners in the countries of the Western Hemisphere.

All of these networks are "virtual" organisations, making use of information technology to perform their role. They recognize the need to unite behind a common set of issues in order to show policymakers not only the impact women-owned business have on the world economy, but why their organisations' policy positions should be heard.

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**ANNEXURE - 2****EXAMPLES OF GOALS AND SUPPORTING ACTIVITIES**

Some of the activities women's business organisations may undertake to accomplish their goals are:

**To strengthen women entrepreneurs through public policy advocacy and research**

1. Organise public policy days or an annual roundtable discussion to educate women on legislation that affects them. Legislators, government officials, and representatives of women's business organisations would participate.
2. Inform policymakers on a monthly or a quarterly basis about the organisation's activities, providing them with data on annual revenues generated by women-owned businesses as a percentage of GNP and how much these revenues contribute to the national tax base.
3. Develop a databank with local, regional, and national economic and political information to be used by the organisation's members.

**To expand services, such as training and credit, to women business owners**

1. Train 200 women in negotiation leadership, and management skills so they can gain the tools and confidence to run their businesses.
2. Establish a savings and loan institution to provide credit to women to start fifty new businesses per year.
3. Help identify partners for women-owned businesses.

**To empower women business leaders through networking**

1. Hold an annual grade show to bring women entrepreneurs together with potential partners or investors.
2. Organise monthly networking events for professional business women, political officials, educators, and mass media representatives to meet each other, develop professional contacts, and discuss common issues.
3. Set up a databank for women entrepreneurs to include information on business opportunities, training programs, etc.

**To promote women's entrepreneurship**

1. Publish newsletters, profiles of women entrepreneurs, and data to highlight their economic contribution to society.
2. Sponsor a contest to honour a leading business woman.
3. Develop a campaign targeted at the local media and schools to portray successful women in business.





## UNIT 2

# ENTREPRENEURIAL DEVELOPMENT

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Many governments in developing countries recognise that small and medium-scale industries continue to play an important role in their socio-economic development. There is growing interest in developing programmes for stimulating and encouraging entrepreneurship development in these countries with this the entrepreneur becomes the focal point in economic activities, especially in developing countries.

The most commonly adopted approach to entrepreneurship development is training.

### **Approaches to Entrepreneurship Development**

There are various approaches to entrepreneurship development which policy makers, planners, trainers and other officials involved in development may choose. This development could be achieved within the conceptual framework in which the various strategies and policies of an entrepreneurship development programme are evolved or formulated. There is need for a thorough discussion of the various theories and their implications for the organisations' resources and capabilities. But however it is approached, entrepreneurship development should be viewed in the total perspective and should integrate entrepreneurial training, provision of incentives, consultancy services, sectoral development and other essential strategies of intervention. There are at least four major approaches:

1. Develop and arrange the course content by analysing needs and stating outcomes.
2. Choose the appropriate training methods.
3. Consider the subject area, the nature of learning, the trainee populations, the trainers themselves and time and material factors.
4. Achieve training objectives.

### **Training**

Achievement motivation training is designed to increase the achievement orientation of the trainees with the idea that positive behaviour, such as striving for excellence, learning from feedback and moderate risk-taking, is initiated. Likewise, it strengthens the ability of an individual to generate alternatives as well as to solve problems creatively. It also develops the ability to define and set goals in life. As such, entrepreneurship development is viewed as behaviour-oriented. One of the factors contributing to the success of this training intervention in entrepreneurship development is that it is based on experience. In entrepreneurship training, learning by discovery is usually preferred. Here, one is able to learn from one's actions and behaviour in training, learning by discovery is usually preferred. Here, one is able to learn from

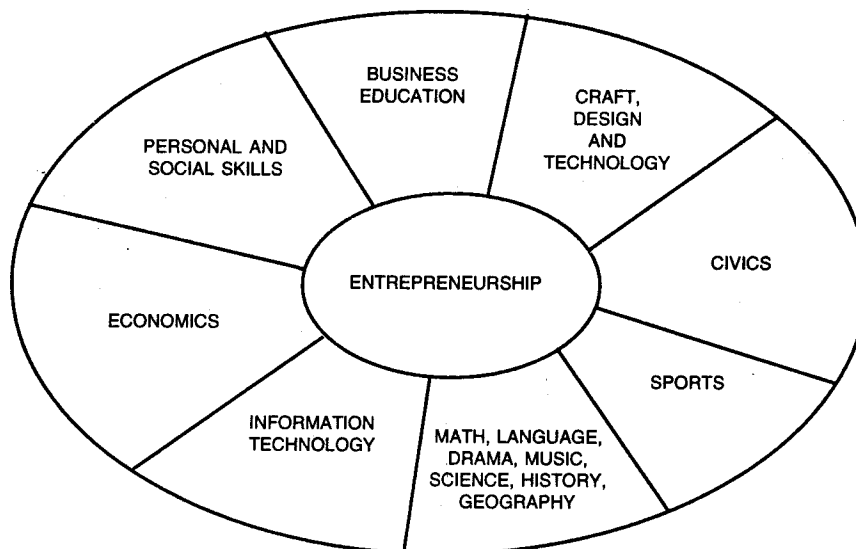
one's actions and behaviour in training. Thus, the learning process becomes a positive reinforcement.

Although there are some variations of and/or models for this intervention, the overall objective of this aspect of training is making the entrepreneur more professional. The training intervention may also take the form of management skills development. Most entrepreneurs lack managerial skills and techniques needed to deal with the management problems of the enterprise. Therefore, for any entrepreneurship development programme to succeed, it is important not only to motivate the trainees but also to provide them with all the skills necessary to run their business successfully.

#### Designing an Entrepreneurship Training Programme

As mentioned earlier, designing the training programme involves setting training objectives, developing the course content and choosing appropriate training methods. The programme design is prescribed by the training needs of the target clientele. These objectives should be stated clearly, be trainee-centered, employ practically and be concerned with ends rather than means. When objectives are set, the course content can be developed. The elements of content are knowledge, habits, skills and control of emotion. The material to be included should be accorded priority according to the goal to be achieved.

#### GATEWAYS INTO THE CURRICULUM



*"Entrepreneurship plays a key role in the economic development of a country."*

## CHAPTER 12

# ENTREPRENEURIAL ENVIRONMENT

### Introduction

Entrepreneurship environment refers to the various facets within which enterprises — big, medium, small and others have to operate. The enterprise is, therefore, influenced by the environment. By and large, entrepreneurship is influenced by an environment created by political, social, economic, national, legal forces, etc.

Entrepreneurial environment is broadly classified into six important segments, namely, (1) Political environment, (2) Economic environment, (3) Social environment, (4) Technological environment, (5) Legal environment, and (6) Cultural environment. (See Table 12.1).

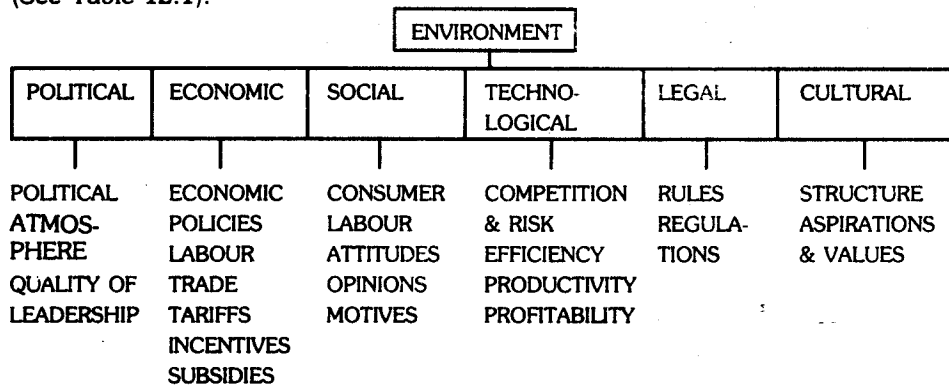


Fig. 12.1 Entrepreneurial Environment

### Private Enterprise and Development

The existence of uncertainty in the economic call for the attention of environment means that there are limits to planning. These limitations call for the attention of entrepreneurs to play a leading role in the growth process.

Individual entrepreneurs such as farmers and small businessmen and individual enterprises such as manufacturing, construction, transport, and wholesale enterprises

and collective farms continually face risks. Whether they are privately or publicly owned, they must take account of uncertainty. Private entrepreneurs and the managers of private enterprises take risks, despite the heavy costs of failure because of the possibility of high profits or large bonuses. In any case, they must run their business efficiently if they are to make a profit and survive. The problem usually arises because major industrial decisions, which will affect the lives of thousands of ordinary people, are taken without proper planning and without public consultation. The result is that environmental activists have no choice but to fight a rear-guard action. This often gives the impression that environmental activists are against all growth and industry. In fact, they are more than conscious of the need for a balanced approach to growth and industry. All they say is that industrial decisions ought to be taken after considering the impact on environment and also that the public has a right to know all details.

Environmental activists have repeatedly pointed out the havoc caused by some of our petrochemical, heavy chemical, dyestuff and other polluting industries, as also the environmental damage caused by large-scale open mining, quarrying and deforestation, which will take decades to reverse. For their dogged determination, these environmentalists deserve our gratitude.

At the same time, it is now clear that technology has advanced significantly to allow efficient use of resources. Worldwide, industry has become conscious of the need to use renewable resources as far as possible and utilise non-renewable resources within planned limits. With potential developments taking place in the industry, we should learn from past incidences of industrial disasters leading environmental disaster and ensure further growth, consistent with environmental protection.

In contrast, the managers of public enterprises (whether directly or indirectly state-owned or collectively-owned) tend to be risk-aversers. Indeed, risk-aversion is usually, and perhaps inevitably, the emphasis of public service training. Entrepreneurs and managers of these enterprises must be offered incentives to boost their efficiency and take risks. In this case, devising appropriate incentives become imperative. A variety of possible measures — some positive, such as bonuses for managers, and some negative, such as budget and operational controls — can be used in the public sector; even so, the problem often remains intractable.

If an economy is made up of a large number of entrepreneurial units, risks can be spread among them. Even though some enterprises may fail, others will be successful and the economy as a whole can grow rapidly. When inefficient units do not have access to subsidies or to other public assistance, they must improve their competitive position or disappear. Such failures need not be excessively costly because the economy's expansion creates job and income earning opportunities for entrepreneurs and employees of falling enterprises. Some of these may be in "informal" or small-scale activities and may not be counted in the formal employment sector. Nonetheless, they provide gainful employment.

Unfortunately, experience shows that private enterprises have to compete to survive. In most countries public enterprises are protected from failure by implicit or explicit subsidies. Public enterprises are often expected to create employment

opportunities for political reasons. But allowing public enterprises to operate inefficiently will mean very heavy costs in the long run. It affects not only a country's ability to produce efficiently but also its capacity to save and invest for future production.

Private enterprise and entrepreneurs can function smoothly and contribute to development only in an appropriate public policy environment.

### **Entrepreneurial Urge**

Entrepreneurship is the creative 'elan' of industrial development which for historical reasons is feeble in backward areas. It is not feasible to expect entrepreneurial urge among people who live in poverty, illiteracy and ignorance. Conceptualisation of entrepreneurship in terms of self-confidence, optimism, achievement motivation and other such attributes constituting the variable, residual non-marketed services receiving the residual profit income as payment (Kilby) does not have any meaning in backward areas; because these qualities themselves need a minimum of economic well-being below which the hard preoccupations with the basic needs of life leave no room for critical reflection and initiative necessary for any enterprise. Entrepreneurial qualities are born of an environment through individuals' creative response to potential opportunities. An entrepreneur needs a clear perception of economic opportunities and the investment capacity to pursue these opportunities. In backward areas where the basic struggle for existence is so tough, per capita income so low and where illiteracy or low level of education prevents access to business information or ideas, there is neither perception of opportunities nor the capacity to exploit these opportunities. Not only the environment is timid without brisk activities or aggressive ideas but also men are too deprived to have an urge to know and grow. When we think of the development of backward areas, we must think of the ascent of these lowly men to the capacity to participate in the development process, into the cosmetic growth of the soil by outsiders' investment and outsiders' profit. No effort will be successful to convert such people into entrepreneurs unless we realise the basic symbiotic nature of entrepreneurship so inextricably integrated with their total life-situation and environment. Therefore, in developing an environment and changing the life-situation, we take the first step to develop entrepreneurship.

### **Significance of Entrepreneurial Environment**

A study of socio-political and economic environment has a great social and economic significance to the growth of entrepreneurship. Modern business is treated as a social and economic institution and is affected by the political, social and economic forces. The political environment, industrial policy, licensing policy, foreign exchange regulations, banking policy, technological development and social change form the framework within which an enterprise has to work. It is for these reasons that all business plans must be based on the immediate environment. An entrepreneurial plan cannot be framed and finalised for its implementation without its relevance to the political, social, economical and technological requirements. In fact, it is environment which regulates entrepreneurial activities. Business environment has a positive relationship with the development of entrepreneurship.

### Infrastructural Network

It has been argued that the development of industries be preceded by development of agriculture which introduces certain economic changes that culminate in industrial activities. "A developed mass agriculture is normally needed before you can have widespread successful development in other sectors" (Michael Lipton: *Why Poor People Stay Poor?*). But we cannot, perhaps, wait that long till a "developed agriculture sector provides wage goods and savings capacity" needed to support rapid industrialisation. If agricultural development does not create savings for industrialisation, an industrial development process can be induced by substantial investments on certain selected nucleus industries, leading to a number of ancillary and other related industrial units. This method has gained wide acceptance. But before such nucleus industries are set up in backward areas, necessary infrastructural facilities have to be provided. Even then, the location of these industries may not necessarily lead to a development process in which the poor people of backward areas whose development is the real development area successfully participate — unless the choice of nucleus industries is such that it can utilise the available skills and capacities of a large number of small artisans or farmers. Otherwise, the entrepreneurial opportunities thrown up by such nucleus industries will be exploited by affluent entrepreneurs from outside who have the capacity to invest. It has been seen that entrepreneurs from developed areas have normally gravitated towards these backward areas which are *contiguous* to developed business centers with a view to availing themselves of the incentives and concessions. But such enterprises have not created any economic impact on the people of the backward areas except, perhaps, creating some negligible employment avenues.

It is, therefore, very important to ensure that the infrastructural facilities created to pave the way for nucleus industries are extended to cover a vast multitude of small artisans or farmers whose products can be processed in the nucleus industries. "An integrated infrastructural programme geared to the needs of small-holder farms and small-scale enterprises is the best means of promoting both types of productive activity." (J. Muller: *Promotion of the Manufacture of Rural Implements in the United Republic of Tanzania*). For example, if there are a number of small dairy farmers, a central refrigeration plant can serve all the farmers in the area by an active network of communication. As a result, each farmer can get the benefit of an assured market and an enhanced income. If a large number of farmers are producing soyabean, a central soyabean processing unit would serve as ideal nucleus plant. Such a step would not only integrate agricultural development with industrial development, it would also bring about a pervasive growth of both. On the other hand, if a unit manufacturing some sophisticated machinery is the nucleus plant, its ancillaries would also need the precision or sophistication which will not be possible to achieve within the capabilities of the target-beneficiary group whom we want to develop through the development of backward areas. As Paul Streeten has said, "Industry should produce consumer goods required by the people, the majority of whom live in the countryside, hoes and simple power-tillers and bicycles, not airconditioners or expensive cars and equipments. Much of the recent criticism of inefficient, high cost industrialisation behind high walls of protection and quantitative restrictions should be directed at the types of product

and technique which cater for a highly unequal income distribution and reflect entrenched vested interests" (Paul Streeten: "Industrialisation in a United Development Strategy," *World Development*, January, 1975). Actually the production of simple goods depends on the character and potential of a particular backward area; and the essential infrastructure so developed that it would be capable of sustaining active linkages between the subsidiary units in the villages and the central unit.

### **Environmental Analysis**

This integrated approach which is the key to the development of backward areas implies a very careful environment analysis or research study of the target groups of beneficiaries, their activities and differential needs; and the practical modes of operation by which their activities can be linked with the covering enterprise. Unless these studies are made meticulously, the entire planning will only give unproductive results. Most of the development schemes fail to benefit the target clientele because elaborate linkages are not identified and built up. An imaginative study should —

1. Identify the beneficiaries or target groups;
2. Analyse the environment for immediate feasible enterprises in an integrated manner;
3. Delineate the linkages and institutional arrangements;
4. Recommend appropriate organisational structures to provide necessary promotional support.

Unfortunately, in most of the studies on backward areas, there is a tendency to make generalisations and ignore the specific details of really feasible projects. As a result, immediate perception of concrete opportunities by interested entrepreneurs is left in confusion. Sometimes "Area Studies" make a general statement of demand and resources and recommend certain enterprises which are not immediately feasible due to important reasons unaccounted for in such studies. It is also not seriously contemplated whether the recommended enterprises are feasible within the capabilities and investment capacity of the target-group. In short, most of the studies fail to discern the real issues of growth in the target area and fail to identify the concrete and specific needs of these endowments like resource, skill etc. to flourish. Enunciation of general objectives and generic beneficiaries tend to blur the distinct contours of one homogeneous group from the other. Also, the extension of certain standard facilities or services does not serve their actual needs. All this possibly happens because in such basic studies, we fail to identify clearly the target-groups and their specific problems, and make theoretical studies on resources and demand in an impersonal manner, as a result of which even the schemes devised on the basis of such studies tend to become too impersonal and rigid. Sometimes, the schemes become so inflexible on account of a standardised petrified approach that in some most genuine cases demanding a certain departure from the fixed framework, the scheme is incapable of giving requisite help. It is, therefore, absolutely necessary that any action plan for a backward area must first identify the target-group, identify the specific services they need for monitoring their enterprises and devise an appropriate structural support for comprehensive coverage of their needs.

### **The Green Arm of the Law**

Three important Indian legislations presently enjoin the industry to remain within the pollution control standards set by Government:

1. Water (Prevention and Control of Pollution) Act, 1974, with amendments made in 1988:

- ◆ Following the 1988 amendments, permission is necessary to set up any industry which is considered environmentally hazardous — one that uses or discharges any poisonous, noxious or polluting matter. Standards must be those set by State pollution boards. Industries set up prior to the amendment need to obtain clearance within three months of its coming into force.
- ◆ State pollution control boards (PCBs) have the power to obtain information regarding the construction, installation or operation of any process of the industry.
- ◆ After the 1988 amendments, the PCBs can issue directions or order for closure or stoppage of electricity or water supply, if standards are not being met by the polluting industry.
- ◆ Penalties for non-compliance have been increased to Rs. 10,000 for defaulting and Rs. 5,000 per day for continued default.

2. Air (Prevention and Control of Pollution) Act, 1981, with 1987 amendments:

- ◆ The definition of air pollutant was extended from harmful solid, liquid or gaseous substances present in the atmosphere to include noise pollution.
- ◆ Unlike the practice earlier, now all air polluting industries must have the sanction of their respective PCBs to prevent any liabilities later.
- ◆ Penalties are as those in the Water Act.

3. Environment (Protection) Act, 1986:

- ◆ The Central Government has the power to take all such measures as it deems necessary for protecting the environment.
- ◆ Section 3 of EPA empowers the Central Government to: (a) restrict areas in which any industry, operations, process or class of industries can be carried out under certain safeguards; (b) lay down procedures and safeguards for the prevention of accidents which may cause environmental pollution and initiate remedial measures for them; (c) lay down procedures for handling hazardous substances; (d) examining manufacturing process and materials; and (e) widespread inspection powers.
- ◆ As in the other two Acts, the EPA gives the Centre wide powers to direct closure, prohibition and regulation of any industry if it contravenes the provisions of the Act.
- ◆ In addition, the Marpol Convention, pertaining to marine pollution control, was drawn up by the International Maritime Organisation, a United Nations agency, and ratified by India in 1978.



- ◆ The five annexures of this convention deal with the prevention of oil pollution; prevention of pollution by noxious liquid substances in bulk; prevention of pollution by noxious packaged substances; pollution from sewage and from garbage.
- ◆ The Indian government has ratified only the first two annexures. Thus a vessel can be penalised for oil or chemical pollution. But the remaining forms of pollution are unchecked.

### Instrumental Synergy

Comprehensive coverage of dynamic needs cannot be ensured unless this strategy incorporates the necessary organisational support. In the development of backward areas, two things are of fundamental importance. Firstly, the needs of the entrepreneurs or the target-groups are wider than those immediately related to an enterprise. Unless the complex structure of his private and social needs is understood, our assessment of his requirements which will have to be met to sustain him in a desired enterprise like a small industry or a farm will be unrealistic and lopsided. The amount sent on his enterprise tends to remain unproductive. Unless we support the entrepreneur in all his needs and exigencies till his enterprise yields profit, entrepreneurs are often coerced out of their enterprise during the initial years, because they lack the capacity to withstand inevitable risks, if any. In order to develop small enterprises and like small farmers in an integrated manner with an industrial project, the socio-economic conditions of these people have to be understood to appreciate their needs, and devise appropriate loan schemes. The weaker sections of the population are likely to benefit from a programme is designed to meet the varying needs of beneficiary groups (*Development Programme for the Door: Do Strategies Make a Difference?*, Samuel Paul and Ashok Subramaniam). Sometimes, even the consumption needs of the poor artisans have to be provided for in order to sustain in their work.

Secondly, an integrated approach to rural industrialisation which has to deal with a complex structure of differential needs requiring regular monitoring and timely intervention of promotional agencies calls for active coordination among institutions. "The more backward a country's economy, the greater was the part played by the special institutional factors designed to increase the supply of capital to nascent industries and in addition to provide them with less decentralised and better informed entrepreneurial guidance; the more backward the country, the more pronounced was the coerciveness and comprehensiveness of these factors." (A. Gershenkson: *Economic Backwardness in Historical Perspective*). In a backward place, the role of government institutions is of the highest significance. The institutions should not only cater to a variety of needs but also fulfil their role in the desired sequence so as to make the project work. This is what has been described by some as "synergistic effect or congruence." For example, small industrial units get term-loans from term-lending institutions but the desired working capital is not sanctioned at the right time as a result of which the entire scheme goes wrong. Similarly, if raw materials are not supplied for the essential utilities, the investment may remain idle, unproductive and eventually succumb to heavy accumulated liabilities. Various institutional supports must permit coverage in a synergy to make a success of an enterprise which needs all of them in a given order.

In urban or developed areas, institutional synergy can perhaps be overcome by the resilience of the entrepreneurs, but in backward areas, the staying power of the entrepreneurs is so feeble that they quickly wear out with the smallest obstruction. Institutional patronage must, therefore, be comprehensive, continuous and synergistic.

### **Training**

It is only against this background that we can effectively plan out training programmes for the development of entrepreneurship in the backward areas. The basic difference between a backward area and a developed area is that unlike the latter, backward areas do not have a hidden reservoir of potential entrepreneurs who through motivation, training and support can quickly become competent entrepreneurs. Entrepreneurs from the backward areas have to be given comprehensive functional training based on the specific conditions of the entrepreneur and the choice of the enterprise. The entrepreneurship development programme must deal with the following:

(1) On the basis of an elaborate action-plan based on environment analysis, various areas of entrepreneurial activities should be identified and specific projects formulated. These areas should be suitably assigned to develop the inherent skills of artisan groups and high-school drop-outs, educated unemployed, farmers and men of other trades.

(2) For each area of activity, institutional linkages should be clearly spelt out. Simultaneous attempts where necessary, should be made to build new institutions which are needed to give financial marketing or other necessary support. For example, if we are promoting a large number of dairy farms, a central refrigeration plant in the area should simultaneously come up.

(3) On the basis of institutional linkages, thus worked out, an inter-agency team should be constituted to take up each identified group of entrepreneurs for training. Since the product an entrepreneur of such a group is to manufacture is known, and his own socio-economic conditions are also known, a series of needs of each entrepreneur in implementing his project should be clearly identified by the agency to look after each need or group of needs in a time-bound programme.

(4) The training programme should briefly make the entrepreneurs by a multi-disciplinary familiarisation course aware of the nature and problems of entrepreneurship in their context. Further, the training programme should discuss their schemes and proceed with the implementation. No training is more effective than the actual experience in implementation — the agencies must ensure that the entrepreneur gets all assistance and guidance in the implementation of his project. This would eliminate inter-agency disputes and the consequent delay which prove fatal to many entrepreneurs.

(5) There should be a nodal agency, preferably an agency which organises the training programme, to monitor the progress of the implementation of each trainee's project. This calls for coordination of the functions of various promotional agencies in order to make its specific services available to the entrepreneur in right time.

Training programmes for entrepreneurship development which involve all promotional agencies and financial institutions have proved to be the most successful. Involvement in the training programme does create a continuing interest to prove advantageous to the entrepreneurs among these agencies. And since for backward areas, project-oriented training programmes have been considered indispensable, the multi-agency involvement in the training programme helps in a better appraisal and quicker implementation. These agencies should work in a manner as if they are escorting an entrepreneur right from the conception of a project-idea to the state when the units starts production. Even after that stage, specific institutional arrangements have to be made to extend continuing marketing support.

Such a multi-agency "escort" approach compensates for many deficiencies which the entrepreneurs of backward areas are beset with by their birth and circumstances, and it helps engender entrepreneurial qualities among them through practical experience.

### **Artisans' Development**

An integrated approach to rural industrialisation calls for giving priority to the organised development of artisans — a formidable task beset with problems are not as simple as they often appear to be. They live in scattered places and do not constitute a homogeneous group. Their problems vary from place to place although the products may be the same. Their productivity is unremuneratively low, and the standard of their products is not always suitable for wider acceptability. Their input supply system is irregular and fragile, and the market is restricted. And above all, these artisans live in so much of want that their socio-economic needs keep them permanently as wage-earners almost in bondage to some middlemen. Unless their consumption needs and other social exigencies are properly taken care of, they cannot really come up as independent entrepreneurs. The incentives and assistance given to them often fail because the training programmes fail to provide for the varying needs of the artisans. Many artisans just cannot attend design development training programmes because they can neither afford to stay out of daily wage-earning routine and face financial crisis. Sometimes, they sell their highly value added works of art at throw away prices to middleman because they can neither afford to wait for long nor can they take them to the right market. As a result they choose to work as daily wage-earners and the profit of their highly value-added items accrues to the middleman who employs the capital. What we need, therefore, is not a set of incentives or concessions but an enveloping support to the entrepreneurs in the backward areas which can reasonably cater to their varying individual and social needs.

Besides providing for their needs, the strategy should be to establish cooperative societies or government agencies to provide raw materials to help them in making and marketing their products. But since they stay scattered, it is not easy to organise rural market centres under this strategy on a regular basis. It is, therefore, necessary that the supplies from this sector should be given preferential status in marketing and if necessary, competition from big manufacturers has to be banned. In that case the total demand for such products in a region will have to be met from this artisan sector and more people can be inducted into this sector to increase output and even the under-employment of the existing artisans would disappear.

For example, if simple agricultural implements are only in the artisan sector, the total demand of a region can give so much work that the artisans no longer remain in financial crisis. The only problem is to organise this vast network to touch each atomic unit. But all this has to be done if the backward areas are to be easily awakened. "It is not argued that the village metal smiths and tin smiths should be promoted for any nostalgic or romantic reasons. On the contrary, these craftsmen, if supported, constitute a basis for rural industrialisation which will otherwise be wasted and by rural industrialisation is not meant the establishment of any industries in rural areas, it means the establishment of enterprises that are linked backward and forward to other productive activities within the rural communities" (J. Muller).

Appropriate technical and consultancy organisations must work constantly to introduce appropriate technological innovations to increase productivity without displacing labour. New designs and improvements can be introduced for decorative crafts to cater to sophisticated markets which are ever widening. It is just enough to allow the artisans to survive but to make them increasingly relevant to the changing needs. If more efficient agricultural implements are available, no one would buy old-fashioned implements, simply because they are the products of the artisans. Nor, would it be proper to upgrade their skill so as to enable them to produce more efficient equipments without adopting the stylistic changes and needs. Otherwise, the market for these products would quickly shrink. But it is not so easy to introduce these innovative changes among the illiterate or semi-literate artisans. In order to do this, we have to create active linkages between research organisations and these artisans on a permanent basis. Training programmes have to be organised which must expose their inadequacies and teach them to assimilate the innovative ideas. And this cannot be done unless their tradition, skill and quality of work are studied in depth and imaginative training programmes designed. Similarly, arrangements have to be made to market their products. Organisations sponsored by Government should initially buy their products in order to ensure quick payment to the artisans and then release the profit when the product is ultimately sold to the real customer.

### Conclusion

Entrepreneurship, therefore, will flourish only under the right atmosphere said to be conducive to the social, political and economic issues. Even though the urge to excel others and to create something new is inborn and psychologically oriented in the larger analysis, this urge to excel others will fail to obtain the full freedom of expression unless the right environment is available. Entrepreneurial environment, therefore, a high awareness of incorporates existing potentials and enough source of capital is available, and also where there are sufficient number of individuals and institutions which provide adequate help and advice for the establishment and growth of industrial enterprises.

Thus, since entrepreneurship involves a complex of economic and social behaviour, it can only survive where conditions are ideal in terms of political, economic, social and ethical concerns, and when economic changes are free from restraints — for the benefit of all concerned.

An integrated approach to backward area development requires a unified administrative machinery itself animated by a passion for distributive justice. And in no small measure, the proselytising entrepreneurial zeal of the deprived and the down-trodden is a reflection of that passion.



*"The characteristics of entrepreneurship are knowledge, vision, meticulous planning, drive, dynamism, hard work, gambler's instinct and may be, a certain degree of ruthlessness for achieving results as per the plan."*

## CHAPTER 13

# THE PROCESS OF ENTREPRENEURIAL DEVELOPMENT

### Introduction

The Entrepreneurial development is a key to achieve overall economic development through higher level of industrial activity. Empirical studies have shown that entrepreneurs are made. Entrepreneurial development is a process in which persons are injected with motivational drives of achievement and in sight to tackle uncertain and risky situations especially in business undertakings. The process of entrepreneurial development focuses on training, education, reorientation and creation of conducive and healthy environment for the growth of enterprises.

Entrepreneurial competence makes all the difference to the rate of economic growth — this calls for the entrepreneur's potential inputs to boost the economic development of India. In India, state and private entrepreneurs co-exist. The small-scale industrial sector and business are left completely to private entrepreneurs. Entrepreneurship development and small-scale industry development are the same coin. Small-scale enterprise is the initiation into entrepreneurship. Further, that the rapid growth of small-scale sector is mainly due to the entrepreneurship development is also true. It is, therefore, in this context that an increasingly important role has been assigned for the identification and promotion of entrepreneurs in this sector.

So, entrepreneurship involves taking risks or making investment under conditions of uncertainty and to innovate, plan and take decisions so as to increase production and productivity.

### The Meaning of EDP

Entrepreneurial Development Programme (EDP) designed to help a person in strengthening and fulfilling his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. Towards this end, it is necessary to promote his understanding of motives, motivation pattern, their impact on behaviour and entrepreneurial value. A programme which seeks to do this can

qualify to be called a programmer. This has to be stressed here, because there are a number of programmes which aim at providing informational or managerial inputs or focus on preparation of a project. Although all these inputs are required by a new entrepreneur, a programme not touching entrepreneurial motivation and behaviour cannot be called an EDP.

Though EDP has been recognised as an effective human resource development tool, many a times there are very many expectations from a single programme, like removing unemployment, enhancing industrial development, promoting small-scale industries, developing industrially underdeveloped regions, etc.

EDP is primarily meant for developing those first-generation entrepreneurs, who on their own cannot become successful entrepreneurs. It covers three major variables: location, target group and enterprise (entrepreneurial activities). Any of these can become the focus or starting point for initiating and implementing an EDP. The remaining two then will follow by making proper synthesis with the first. As for example, if the objective is to promote women entrepreneurs, suitable location and proper entrepreneurial activities must match or if the objective is to develop North-East region, then the potential target group and feasible entrepreneurial ventures must follow.

EDP by itself therefore aims at achieving the specific objectives of the programmes and therefore cannot create any magical result. It is a continuous process of training and motivating then to set up profitable enterprises in large measure.

### **Appropriate Design**

It is now well recognised that entrepreneurs can be developed through appropriately designed entrepreneurship development programmes. These programmes broadly envisage a three-tiered approach: developing achievement motivation and sharpening of entrepreneurial traits and behaviour, project planning and development and guidance on industrial opportunities, incentives and facilities and rules and regulations, and developing managerial and operational capabilities. Various techniques and approaches have been developed and adopted to achieve these objectives, keeping in view the target-groups and/or to target areas. The structuring of the programmes and training methodology also necessitate the consideration of the specific target groups and target areas. Methodology for selection of the prospective entrepreneurs as well as support services after the training have a significant impact on the success of the entrepreneur development programmes.

Another important aspect of an EDP is the human factor. The human factor refers to the attitude, desire and motivation of the individual, his capability to perceive the environmental changes and opportunities as well as ability to solve the problems which he as an entrepreneur is likely to face. Training develops all these aspects of human factor, and also sharpens his skills, builds up a sound value system.

### **Misconceptions about EDP**

EDP is a catchword. But misconceptions about EDP prevail. Lack of understanding and clarity has limited its growth. EDP has yet to contribute much to the industrial economy of the country. Chandramauli Pathak has listed some of the prevailing common misconceptions about EDP. They are:

**Join an EDP, all your Problems are Solved**

Joining an EDP is a privilege. It is indeed a valuable opportunity not available to all. But many a times an impression is created that joining EDP means assurance of finance, obtaining the required licences for business ventures and availing of the special incentives.

This misconception arises either because of lack of "honest" promotional efforts to get participants for EDP, or by attracting entrepreneurs by raising false hopes. It may also be a result of entrepreneur's expectations in gaining such advantages like finance, licences, raw material, quotations, etc. since most EDPs are state-sponsored. Unless this misconception at both ends (trainers and trainee) is not removed, EDP will only create more problems rather than solving them.

In reality, an EDP equips and makes them competent to anticipate and deal with a variety of problems that any entrepreneur may face. It prepares them to deserve and make good use of various forms of assistance.

**EDP means only Training**

Any attempt to develop potential entrepreneurs through classrooms training has been treated as EDPs.

In fact, training is only one of the segments in "the process" of developing entrepreneurs. The ED process starts from identifying the potential and right candidates, linking suitable projects with each one, training and developing managerial and entrepreneurial capabilities, counselling and motivating the entrepreneur and providing the required follow-up support to help him/her in establishing the venture. The whole process extends much beyond "training." Much of it is personal counselling and support.

**Higher the Number, better the EDP**

EDPs unfortunately have often been linked with statistical output rather than qualitative results. The quantitative dimension has forced manipulations in EDPs. It is taken that an EDP is a success with the maximum number of participants of responses.

The quality and impact of the EDP matters more than the quantitative dimension. Strategies to promote a particular target group, the nature of the non-traditional entrepreneurial activities and higher chances of success in new ventures go a long way in deciding the quality and impact of an EDP.

**EDP Success is the Sole Responsibility of Trainer-Motivators**

It is the responsibility of the Trainer-Motivator in most cases, to conduct the programme. However, many environmental factors challenge his role as a motivator.

The trainer alone cannot control or influence external factors which usually come in the way of 'start-ups' out of an EDP. EDP conducting agencies and the trainers alone cannot develop entrepreneurs and help them set up their enterprises since many other support agencies like Banks, SFCs, DICs, etc. are also involved to create better co-ordination and effective linkages with these agencies.

Such misconceptions prevail amongst EDP trainers or funding agencies, as also among entrepreneurs. We do hope that better awareness and clarity about the EDP process and strategy will help get EDPs their due importance and recognition.

### **Entrepreneurship Development Programme**

Past experience has shown that industrial promotion by provision of facilities, technical assistance, management training, consultancy, industrial information and other services alone are not sufficient to develop entrepreneurs. It was concluded that the focal point should be aimed at the overlooked entrepreneurial spirit and entrepreneurial characteristics of the people to be developed. The EDP package was, therefore, launched. Over the years, the EDPs have become a vital strategy for harnessing the vast untapped human skills, to channelise them into accelerating industrialisation, in general and growth of the small-scale sector, in particular.

Of late, entrepreneurship development has become extremely important in achieving the goals of all-around development in the country. Consequently, many entrepreneurial opportunities are emerging in various fields. Be it electronic, medicine, engineering, agriculture, communication, atomic energy, telecommunication, food technology and packaging, entrepreneurial opportunities have surfaced at rapid pace in all these and many other areas. Such opportunities, however, become more perceptible and profitable to entrepreneurs when exposed to latest developments in the respective fields either in terms of technology, use or style of living. Accessibility and understanding of such information widens the base of opportunity sensing by potential entrepreneurs.

### **Objectives of the Programme**

In line with the national programme for the promotion and development of small and medium industries in the countryside, the Industrial Service Institute (ISI) under the Department of Industrial Promotion (DIP) launched the EDP to give substance to the government's policies of stimulation of economic growth, dispersing industries to rural areas and promoting the processing of local raw materials. The EDP was considered a part of the industrial development policy which was articulated in the Five-Year National Economic and Social Development Plan.

The Programme had sought to develop entrepreneurial activities in the rural areas of Thailand as a vehicle for economic growth with the achievement of the following objectives:

- (a) To promote the development of small and medium enterprises that would encourage self-employment among potential entrepreneurs;
- (b) To provide, in the rural areas, special programmes designed to stimulate new ventures and encourage expansion of existing activities of small and medium industries;
- (c) To generate employment and self-employment opportunities in the processing of indigenous raw materials for local consumption and for export;
- (d) To develop entrepreneurial opportunities for potential entrepreneurs and upgrade managerial skills for existing entrepreneurs.



For a sound training programme for entrepreneurship development in India, the expert group constituted by the NIESBUD accepted that it must be able to help selected entrepreneurs to:

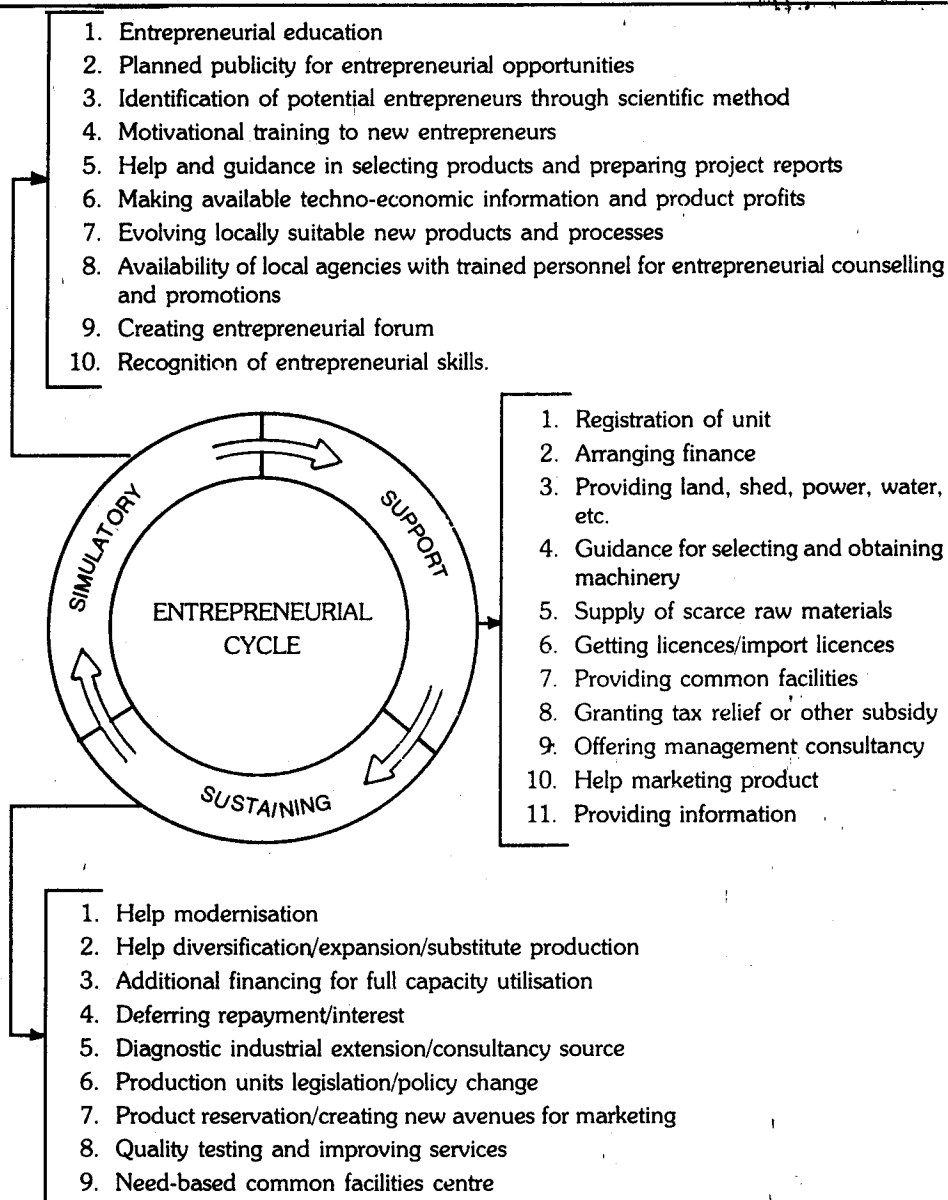
- (a) Develop and strengthen their entrepreneurial quality/motivation;
- (b) Analyse environment related to small industry and small business;
- (c) Select project/product;
- (d) Formulate projects;
- (e) Understand the process and procedure of setting up of small enterprise;
- (f) Know and influence the source of help/support needed for launching the enterprise;
- (g) Acquire the basic management skills;
- (h) Know the pros and cons of being an entrepreneur; and
- (i) Acquaint and appreciate the needed social responsibility/entrepreneurial disciplines.

Some of the other important objectives of entrepreneurial training are:

- (i) To let the entrepreneur set or reset the objectives of his business and work individually and along with his group for their realisation.
- (ii) To prepare him for accepting totally unforeseen risks of business after such training.
- (iii) To enable him to take strategic decisions.
- (iv) To enable him to build an integrated team to fulfil the demands of tomorrow.
- (v) To communicate fast, clearly and effectively.
- (vi) To develop a broad vision to see the business as a whole and to integrate his function with it.
- (vii) To enable him to relate his product and industry to the total environment, to find what is significant in it and to take it into account in his decisions and actions.
- (viii) To enable him to cope with and coordinate all relevant paper work, most of which is statutorily obligatory.
- (ix) To make him accept industrial democracy, that is, accepting workers as partners in enterprise; and
- (x) To strengthen his integrity, honesty, and compliance with law, the key to success in the long run.

### **Evolution of Entrepreneurship Development Programmes**

The various motivation campaigns or programmes taken up by the Small Industries Service Institute and SIET Institute in the sixties tried to fill the existing information gaps relevant for small entrepreneurs. The entrepreneurs required a lot of information and technological know-how for setting up a business and in that context, the contribution of these programmes was essentially in the area of disseminating



**Fig. 13.1 Entrepreneurial Development Cycle**

knowledge on financial, technical and managerial aspects. To that extent, these programmes were in the nature of supportive programmes for the existing and new entrepreneurs.

Based on the above experience and in the context of the emergence of financial and industrial development corporations in the states, it was visualised that creation of all external facilities is not a sufficient condition for the promotion of entrepreneur-

ship. Equally important are qualities of the individual who responds to the external opportunities (i.e., availability of funds, financial incentives, etc.). Also, social and organisational factors help people to perceive opportunities and learn to respond to them.

### **Experiences in EDPs Abroad**

It will not be out of place to touch upon the experiences of some foreign countries in the area of entrepreneurship development. In a recent workshop organised by the East-West Centre Technology Institute, Hawaii, the EDP experiences of various countries were discussed which revealed that training made positive contributions in the performance of entrepreneurs. The non-entrepreneurial participants were motivated to start a business. The general conclusion was that EDPs could be developed as a valid substitute for natural institutions (i.e., business families). The experiences of other institutions like Development Technology Centre, Institute of Technology, Bandung Institute of Psychology, University of Indonesia, Jakarta also reiterate that EDPs have a great scope in increasing the number of new entrepreneurs to accelerate the process of industrialisation.

The basic features of the EDP programme has gone through several modifications over time as:

- (a) Identification and careful selection of entrepreneurs for training;
- (b) Developing the entrepreneurial capabilities of the trainee;
- (c) Equipping the trainee with the basic managerial understanding and strategies;
- (d) Ensuring a viable industrial project for each potential entrepreneur;
- (e) Helping him to secure the necessary financial, infrastructural and related assistance; and
- (f) Training cost is highly subsidised and only token fee is charged. A deposit is, however, taken to ensure commitment of participants.

### **Entrepreneurial Discipline**

Entrepreneurs who are developed and promoted at social cost have a certain responsibility to the society that promotes and supports them. The society expects adequate returns from these people. Towards this end, entrepreneurs are expected to follow a certain discipline which is essential for entrepreneurial career. This covers subjects like:

- (1) Repayment behaviour.
- (2) Response to tax and statutory requirements.
- (3) Progressive outlook towards labour.
- (4) Care for ecology and environment etc.

### **Issues of EDPs**

The development of EDP as a strategy contributing to the industrialisation and economic growth of backward and other areas needs a proper direction and organisation for making it more effective and purposeful. The contribution of EDPs is

very uneven among regions for which definite programmes need to be chalked out to bring about some degree of uniformity and upgradation. Before this is tackled, some important issues need immediate attention. They are detailed below for consideration.

**1. Structure and Composition of EDPs:** The ED programme should have a practical content with inter-institutional organisational arrangement to make it a success. The successful EDPs have, at their base, the inter-institutional co-operation or an institution such as Gujarat Centre of the State Bank of India, which besides having conducted the programmes has also arranged for finance and other inputs for the entrepreneurs. The EDPs conducted in isolation would dissipate resources and talents. The issue, therefore, for effective functioning of EDPs is to have a financial agency strongly backing up efforts for entrepreneurial development. The place and role of TCOs need to be reviewed and their activities suitably accelerated. Who should conduct an EDP is an important issue.

**2. Areas of Operation:** As has been stated earlier, in North-Eastern Area, entrepreneurial development activities have not been benefiting from the support activities of financial institutions. In these areas, programmes have to be linked with support activities.

**3. Fixing Priorities:** Another area of fixing the priorities of EDPs is to consider their working in terms of efficiency and social need criteria. Evaluation of EDPs have revealed that those who have business experience, education and skills are proving successful entrepreneurs. This source should be tapped first and then go to the stratum to cover entrepreneurs from the non-traditional class, i.e., without business and industrial experience, but having the potential of becoming successful entrepreneurs. Next come the entrepreneurs belonging to backward and other communities who have to overcome many additional handicaps to become successful entrepreneurs. A proper course content of EDPs has to be developed to meet the specific requirements of each of these three strata of entrepreneurs in proper balance, without sacrificing the efficiency criteria.

**4. Lack of Specialists' Support:** Entrepreneurship has been an area of study requiring inter-disciplinary efforts by people from different disciplines. A large number of organisations/agencies engaged in entrepreneurship development in India do not have in the home all the specialists required and have to depend upon outside faculty. The number of specialists available in the country for developing small-scale industries is not very large. As a result, many a time organisations are unable to locate/avail services of experts. On the other hand, there are specialists who have time to spare in which they can render their services to the organisations.

This apart, the ED Programmes in India are afflicted with a number of operational problems. As such, though there are many a institution to train entrepreneurs, the growth of entrepreneurs is inhibited by these problems. The operational problems of EDP are as follows:

- Inherent inability,
- Diverse opinions,
- No proper strategy,
- Low institutional commitment,

- No local support,
  - Non-availability of inputs,
  - ( ● Poor follow-up,
  - No adequate research facilities,
  - Ill-planned training methodology,
  - Inconsistent programme design,
  - Perpetual ambiguity,
  - No clear-cut objective,
  - Lack of clarity in approach, and
  - Lack of creativity and commitment.
1. There appears to be an inherent inability to identify the needs of the institution and differences of opinion prevailing amongst the practitioners and trainers.
  2. There seems to be low institutional commitment for local support to entrepreneurs besides low involvement of marketing, voluntary and financial institutions in the programme, except for a few.
  3. Non-availability of various inputs, i.e., raw materials, power, etc. and infrastructural support entwined with poor follow-up by the primary monitoring institution, results in failure of EDP.
  4. There seems to be ill-planned training methodology, inconsistency in programme design, its content, sequence and theme and focus of the programme.
  5. Training institutions do not show much concern for objective identification and selection of entrepreneurs and the follow-up after training.
  6. Some of the institutions seem to be still debating whether to look for proper identification and selection of entrepreneurs for making successful entrepreneurs.
  7. Those involved and concerned with the 'selection and follow-up' activities have either limited manpower support or a narrow linkage with other support agencies.
  8. There does not appear to be standard course curricula even in terms of broad module being adopted by such institutions.
  9. Majority of the institutions engaged in EDP are themselves not convinced of what they are doing as a task delegated by the Government of helping the policy in attaining its social objectives.
  10. Perceptual ambiguity of the EDP objective seems to have percolated to grassroot level with a significant distortion both in terms of content and intent.

To conclude, it can be stated that many of the issues related to an EDP are conceptual in nature, many are practical and operational and many are in the borderline between concept and practice. Research and studies, building sophisticated

skills and expertise, coordinating, collaborating, corroboration of ideas and actions are necessary strategies that should be continuously pursued to confront these issues.

In the post-independence period, the nation laid stress and put its faith in science and technology. The country has made tremendous investments in scientific institutions and scientific and technical manpower. These investments need to be harvested. We have learnt that the managerial skills necessary to harvest businesses are different from the skills required to create businesses. Similarly, to create technology enterprises we may also require a different breed of managers in our institutions. Development of technical entrepreneurship and the management of science and technology cannot be dealt with in mutual exclusion.

#### **Development of Women Entrepreneurs**

With a view to encouraging women entrepreneurs to take up industrial project, Industrial Development Bank of India (IDBI) has provided, under a special scheme, refinancing at a concessional rate of 9 per cent a year, the ceiling on the rate of interest on the loan being 12.5 per cent. A reduced minimum promoter's contribution of 15 per cent has been stipulated except for projects in the most backward districts where the minimum contribution is further reduced to 12.5 per cent. The IDBI also extends 100 per cent refinancing to SFCs in respect of proposals covered under the automatic refinancing scheme and 85 per cent if the proposals come under the normal refinancing scheme. For commercial banks, refinancing is extended at 75 per cent of the loan amount under both schemes. Over and above the financial assistance, organisations are being identified and encouraged to provide liaison, training, consultancy and extension support to women entrepreneurs: the cost of these services is being borne by the IDBI subject to a ceiling of Rs. 10,000 per beneficiary. While the support is need-based, it is envisaged that the subsidy will be broken down as follows:

<i>Service</i>	<i>Amount</i>
EDP training	Rs. 2,500.00
Feasibility/project report preparation and other consultancy services	Rs. 5,000.00
Follow-up and other extension services	Rs. 2,500.00

Training organisations have been advised to keep in mind the following:

- (i) In the pre-training component, the need for identification of industrial opportunities consistent with the knowledge, skills and personal background of trainees.
- (ii) The facility for the training part could include women trainers so as to help participants to open up and discuss their problems freely.
- (iii) Women trainees should be motivated to set up modern small-scale units, for example, in electronics, engineering, plastics and chemicals, rather than conventional female enterprises.
- (iv) The extension services should be tailored to the special needs and problems of women entrepreneurs, such as the long lead time invariably required by them to complete procedural formalities, arranging finances and tying up marketing arrangements.

- (v) Apart from knowledge and skill inputs, demonstration of entrepreneurial initiative and exposure to actual industry operations through field visits should receive due weight.
- (vi) Post-training escort services would be provided by the conducting agency till the projects taken up by women entrepreneurs reach their break-even stage.

The experience in conducting EDPs for women indicates that:

- Though women have the same potential as men to succeed as entrepreneurs, they suffer from two distinct disadvantages as compared to men and these entitle them to some special considerations. The first is solely internal and therefore, within their control to improve: Bring forth their initial confidence in their own abilities. The other is the long lead time required to complete all legal and procedural formalities in view of the various restrictions on their mobility.
- The majority of women entrepreneurs felt that discrimination was evident during the implementation stage but became less severe once the units were established.
- While carrying out the market survey during their training and in marketing their products after they had started their enterprise, some women entrepreneurs had to face the discouraging attitude of tradition-bound traders.
- Women coming from families in industrial and business activities could achieve success faster than most others. They easily assumed the role of independent decision-makers and had leadership qualities in the fullest measure.
- Young unmarried women were not found suitable for our programme as the course of their future life was not in their hands. Compared to them, married women in the age of 30-45 were found to be more reliable as their responsibilities towards their family were clearly defined and were gradually lessening.
- Today, 8 out of 10 working women forgo their careers for the sake of their family. We naturally do not expect women entrepreneurs to be free from this concern. We have seen that almost all successful women entrepreneurs had strong family support in the form of finance and business know-how, and enjoyed personal freedom. The family adjusted and rescheduled the normal house routine to suit them.
- Generally, women are considered less aggressive and more emotional. Initially, they get involved in the business situation where a man would usually remain cool. But, with a little experience, they quickly learn to be tough and remain objective.
- Their patience and gentleness make women sound personnel managers in small enterprises. They can generally understand the feelings of others and have a keen sense of justice and fairness.

### **Strategy for Entrepreneurship Development**

Keeping this background in view, the following strategies of entrepreneurship development in India may be suggested:

(i) Public entrepreneurship should remain confined only to those industries and sectors where private enterprise, individual or corporate, is generally not attracted. Existing public entrepreneurship should be improved through better management and by putting relatively greater emphasis on research and development. There is need to streamline the R & D wing of public sector enterprises.

(ii) All possible efforts be made very seriously for the development of an industrial culture. It should be realised that the central core of entrepreneurship is the motive force since an appropriate, entrepreneurship implies positive action and initiative. Motivated individuals with combination of abilities and attributes can pursue their goal with enthusiasm. One can easily give examples of men like J.N. Tata or Ranchodlal Chhotalal who established their enterprises against heavy odds in the country under British rule. Without motivation, an individual cannot become a successful entrepreneur even though he may have access to finance. Individual qualities of vision, vigour, leadership and enterprise need be inculcated.

(iii) There is need to develop management education and industrial training. In modern times, management education is being viewed as an effective supplement to the development of entrepreneurship since entrepreneurial decisions have to be effectively supported by managerial decisions. Quite often, the entrepreneur functions a manager especially in small-scale industries where the entrepreneur is his own technician and manager. This fact justifies the route of formal education and necessitates the establishment of business schools and management institutes in the country, where relevant courses may be introduced. Happily, some such institutions have come up but they should further be strengthened and developed into first-class institutions comparable with their counterparts in developed countries. In addition, facilities should be provided on an increasing scale for sending talented young men and women to business schools abroad. But, strategies should be chalked out to give an conducive environment for them to come back to India and apply this knowledge in a suitable manner. Besides, industrial training programmes should be frequently organised. This will help in widening the mental horizon toward practical business and industrial problems. New industrial training centres well equipped may as well be established. Education and training will very much help in developing and augmenting a race of new entrepreneurs needed to harness and utilise the scarce resources for economic development.

(iv) The development of backward regions/areas constitutes a new challenge. Programmes for their development be drawn up and should be effectively implemented. Such programmes await new entrepreneurs whose technical expertise and managerial competence would bring about the desired development and fulfil social needs.

(v) Adequate measures are a must for mobilising and fostering entrepreneurial talent in the country. In this context, it should be realised that entrepreneurs are not



the gift of a particular class. For instance, in Japan, innovators came from the underprivileged classes as the affluent classes had hardly any incentive to innovate. "Innovating entrepreneurs have frequently come from those classes of people normally barred from advancement to status-bearing positions."

(vi) Economic administration by the State should be improved and made more effective so that objectives of economic policies may be fully achieved in the overall interest of the country's economy. Better economic administration would go a long way in ensuring and increasing entrepreneurship. Monopoly benefits to a few big entrepreneurs is an evil and must be checked. The general policy of encouraging the small entrepreneur will go a long way in activating and broadening the leadership potential. Improvement in business climate by the state through its well-designed economic policies, be it fiscal, commercial, industrial or agricultural will benefit the entrepreneurs in a changing technological society and thus facilitate healthy development of entrepreneurship.

(vii) Institutional framework should work towards meeting major industrial or economic needs or goals. Such framework, in addition to its several facets, must place entrepreneurial development and its objectives in a proper and meaningful perspective following which entrepreneurs may plan their business activities within the bounds of such a framework for the desired coordinated development.

(viii) Greater emphasis should be put on research relating to processes and enhancement of the value of indigenous techniques. This would have an encouraging impact on entrepreneurship and technology at the domestic level. As a general rule, Indianisation of entrepreneurship should be effected in place of foreign collaboration. However, general guidelines should be stated for cases in which foreign collaboration with well-known foreign companies may be allowed.

(ix) Financial institutions should provide adequate and timely credit and technical assistance, especially to small and medium-sized enterprises. They should also impart knowledge about the needs of the economy and they should file their massive data in terms of growth of new entrants or entrepreneurs in the field of industry. These may as well be dwelt upon at length in their reports and other publications. All this will go a long way in inculcating and sustaining entrepreneurial spirit in the newly-emerging classes.

(x) Now, special categories of entrepreneurs, viz., women, retired army personnel, handicapped persons, educated youths, Non-Resident Indians (NRIs), displaced persons etc., have appeared on the economic scene. Their emergence is more directly conditioned by economic and industrial factors and not only by social factors of caste, community and social approval or disapproval. Factors like access to capital, business experience, opportunity to acquire technical and managerial competence have played a crucial role. For instance, in the case of light engineering products, electronics, computers and in several other new products, the entrepreneurial source is generally not traceable to any specific caste or community background. The entrepreneurs in such fields are usually technologists and in their endeavour to establish manufacturing units, they reveal a multiple basis of entrepreneurship, viz., foreign collaboration, diversification, etc. Conducive working environment should be ensured for the healthy

development of such entrepreneurs in future. It is only then that their qualities of vision, vigour, leadership and enterprise can be well utilised for the industrial development of the country.

Entrepreneurship is not confined to industry and is needed in all activities. Its existence in agriculture among the cultivators, small and large, is seen by all today. The growing farm of today in many parts of the country is a proof of such entrepreneurship. The need for entrepreneurship is even greater in management of the Government, more so as it is the largest entrepreneur.

India has a proud record of entrepreneurship. Its present growing status in the industrial world is its proof. It has now to prepare itself for entrepreneurs of a different order. Tremendous advances of science and technology will have to be harnessed and incorporated requiring on the part of the people and the Government a more mature approach to be on par with advanced countries. Philips, Sony, Honda, Ford are the signposts of entrepreneurship today for all to emulate. Some of these have come up only in recent years and from small beginnings. In India, too, one sees glimpses of such entrepreneurship.

### **Conclusion**

It is now well recognised that entrepreneurs can be developed through appropriately designed entrepreneurship development programmes. These programmes broadly envisage a three-tiered approach: developing achievement motivation and sharpening of entrepreneurial traits and behaviour, project planning and development and guidance on industrial opportunities, incentives and facilities and rules and regulations, and developing managerial and operational capabilities. Various techniques and approaches have been developed and adopted to achieve these objectives, keeping in view the target-groups and/or target areas. The structuring of the programmes and training methodology also necessitate consideration of the specific target-groups and target areas. Methodology for selection of the prospective entrepreneurs as well as support services after the training have significant impact on the success of the entrepreneurs development programmes.

More importantly, the Government and the financial institutions are in forefront in entrepreneurial development. However, it is said that various training programmes of these institutions work at training people for self-employment to acquire gainful employment. Thus the very purpose of developing entrepreneurial talent among the youths is defeated. This calls for a critical evaluation of EDPs and of personnel with conviction and commitment to undertake the task of planning, designing and implementing programmes in this area. More importantly, entrepreneurial programmes must be attuned to Indian economic environment and be made available in regional languages. The need of the hour is to develop genuine and not imitative entrepreneurs to accelerate the process of industrialisation. The need of the hour is for stimulating innovation and the entrepreneurial spirit to support the development of new ideas through new and mature enterprises.

