Entrepreneurship (Entrepreneurial Mind)
in Emerging Economies

Dr. M. B. Sonawane, Ness Wadia College of Commerce, Pune, Maharashtra, India

Abstract
The modern study of entrepreneurship owes a lot to the pioneering efforts of Joseph Schumpeter and other Austrian economists. Following them, Frank Wright, Peter Drucker, and many others have significantly contributed to the growth of entrepreneurship theory and research

Introduction
Entrepreneurship is receiving greater attention from policy makers and experts in developed and developing countries. New dynamic enterprises contribute to economic development in several ways: as an important channel to convert innovative ideas into economic opportunities, as the basis for competitiveness through the revitalization of social and productive networks, as a source of new employment, and as a way to increase productivity.

New businesses make important contributions to economic development that is particular by beneficial in developing nations. Entrepreneurs who launch successful businesses create employment, expand market segments, increase production and services, and can bring new vigor to their communities. Growing evidence shows a positive relationship between the rate of creation of businesses and economic growth, creation of jobs for young workers, and modernization of business. A large number of entrepreneurs succeed in converting their micro businesses into small and medium-sized enterprises within a period of ten years. Entrepreneurship is generally understood to be the practice of starting new business organizations in response to perceived opportunities. It results in establishment of small one-person businesses as also large organizations capable of creating many job opportunities. Entrepreneurship has been identified as one of the major trends shaping business, economy, and even society.

Entrepreneurship has been the key to the development and growth of the strongest economies in the world. New ventures, and the entrepreneurs behind them, have been important drivers of wealth creation by generating jobs that promote social mobility and fairer distribution of income.

Objective of the Study:

a) This study aims to identify leading factors that promote the creation of dynamic enterprises. A major goal is to prioritize and point out policy actions that governments should consider encouraging entrepreneurship.

b) To learn what factors affect the success of new businesses

Research Methodology:
The methodological challenges in conducting family business research imply that a number of limitations.

a) The lack of consistent definitions on family business can cause confusion. Accordingly, the number of businesses that can be labeled as family firms varies significantly from 17 to 2000 family in Maharashtra, indicating a significant level of inconsistency in the field.

b) The sampled businesses are at least twenty years old. This is to ensure that the sample comprised various companies that have established stable and successful trading and that a valuable comparison could be undertaken between FCBs and DCBs. Nonetheless, incorporating the age variable as a sampling criterion implies that generalizations arising from the study cannot be applied to the younger family business group.

c) In this study, non-incorporated family businesses (sole traders and partnerships) were excluded simply because the data was not available. In fact, the data on the non-incorporated sector is not available from any database since, according to the British law, financial data relating to non-incorporated businesses should not be in the public domain. As the study focused on Entrepreneurship in Emerging Economics

Data Analysis:
It is based on 2000 families in Maharashtra. Research on the family business it shows that it was revealed that almost 45 per cent had an ambition of becoming high-profile entrepreneurs. These people are highly qualified professional degree holders and they are from upper class background with a developed social capital base.

a) Of these entrepreneurs, 38.62 per cent reported that they have had the choice to follow an independent occupation in life.
b) Twelve (8.28 per cent) out of the 145 entrepreneurs reported that they wanted to become highly paid company executives and when that goal could not be achieved, they would prefer to set up their own SSI unit.

c) Nine (6.21 per cent) wanted to become bureaucrats/highly paid government servants but failed and then landed up as SSI entrepreneurs.

d) Of the rest, two (1.38 per cent) had an initial ambition to become political leaders and the other two (1.38 per cent) mentioned that they did not have any specific ambition before entering into this profession.

This shows that the majority of the entrepreneurs covered in the study have had entrepreneurial quality and inclination for pursuing an independent occupation of their own. Only 25 (17.25 per cent) of the entrepreneurs in the sample did not have the ambition to run an SSI unit, yet finally landed up in this trade due to non-fulfilment of their cherished life goals.

It was observed that most of the SSI entrepreneurs of Maharashtra belonged to the category of first-generation entrepreneurs hailing from service holding middle-class families. They lacked business network or social capital to optimise industrial production and marketing of goods or to meet working capital requirement/shortfall by temporarily resorting to informal credit network for the purchase of raw materials, payment of labour dues, etc. Industries using agro-based raw materials have the scope to minimise their cost of production, if they could stockpile adequate raw materials immediately after the harvest season. Likewise, in the case of mineral-based raw materials there is scope for the entrepreneurs to assure timely supply of quality materials through cash purchases or by maintaining credible business relationships with the suppliers of materials and services.

**Findings:**

In order to cross-check the information and to find out how entrepreneurship emerged among our sample respondents, we enquired about then-prior work experience and occupational background through our structured questionnaire.

a) Analysts of these data and information revealed that quite a substantial percentage of them (48.96 per cent) had industrial and manufacturing experience before adopting the present entrepreneurship career.

b) Among such category, it was found that 7.58 per cent were helping their parents/close relatives in the management of family-based unit,

c) 31.03 per cent worked as industrial employees in different manufacturing units either in managerial grades or in highly skilled trades

d) The rest (10.85 per cent) were dealing with sales/marketing of goods as their family business.

e) Added to that 21 (14.48 per cent) of the sample entrepreneurs have had multiple occupational changes, which may be called intra-generational social mobility in sociological parlance. These entrepreneurs had a very humble beginning. They were initially either engaged in low-paid government run establishments or engaged in some other non-industrial occupations; they had switched over to more than one trade during their service period. Later on, after mobilising some resources of their own, they had set up their own SSI units.

f) It was also found that 6.89 per cent entrepreneurs were earlier working in government jobs, and 7.58 per cent were engaged in other activities which included consultancy, construction activities, subcontracting, unpaid family work and the like. All of them reportedly switched over to present entrepreneurial occupation due to dependency nature of white-collar work, less career advancement opportunities and low remuneration.

g) In a few cases, the entrepreneurs further explained that their unique desire to give employment to educated unemployed youngsters and to place their hometown in the industrial map of India led them to pursue this career.

h) However, almost 20 per cent of the entrepreneurs reported that before establishing their present unit; they were unemployed and seeking gainful employment. As their efforts to get gainful employment in the organised sector could not be achieved, the then Industrial Policy of the government attracted them to pursue this career.

i) From the remaining, 16.56 per cent reported that they entered into entrepreneurship directly after formal education. It was these people who nurtured an ambition to become high-profile entrepreneurs in life.

j) Besides, no one admitted that their failure to get organised sector employment pushed them into entrepreneurship. Moreover, in quite a few cases, the easy loan facilities for the SSI unit with enough scope for diversion of funds for unproductive luxurious consumption landed them as entrepreneurs.

The majority of the SSI entrepreneurs in Maharashtra suffer from the problem of acute deficiency of working capital, and this has been the bane of poor performance as well as increasing sickness of SSI units in the state, contrary to the belief that Maharashtra does not have indigenous, dynamic and committed entrepreneurs in the SSI sector.

**Conclusion:**

To promote entrepreneurship must deal with a complex set of factors, and those factors change with each country and regional context. The institutions that are engaged in
nurturing entrepreneurship must be capable of responding to the different needs of each stage of new ventures, and the various institutions will have different roles depending on their core competencies. Policy-makers should work with the concept of a “value-added institutional network” that would pool the complementary skills and resources of institutions to advance the complex strategy for promoting entrepreneurship.

Policy Implications and Recommendations:

1. General implications and recommendations
   a) The number of dynamic entrepreneurs must be increased and the conditions for growth of their businesses must be improved.
   b) A comprehensive strategy aimed at promoting dynamic new firms requires the combined efforts of national and regional institutions.
   c) A medium and long-term vision and commitment is needed.

2. Specific Implications and Recommendations
   (a) Enlarge the base of would-be entrepreneurs: stimulating motivation and business skills.
      i. Disseminating profiles of role models will help motivate young entrepreneurs.
      ii. Better design of educational programs can encourage would-be entrepreneurs.

   (b) Develop key assets: entrepreneurial networks and teams.
      i. Facilitate the development of entrepreneurial networks.
      ii. Create appropriate settings and incentives for building teams.

   (c) Accelerate the inception phase: getting the timing right for the creation of firms.
      i. Expand opportunities for new firms through innovation and business linkages.
      ii. Facilitate the range of preparatory activities needed to launch the business.

   (d) Reduce the barriers to the growth and development of new businesses.
      i. Build up a solid infrastructure of venture finance.
      ii. Reduce red tape and compliance costs.
      iii. Help entrepreneurs resolve the initial problems of business start-up.

   (e) Strengthen the institutional context to promote entrepreneurship.

Bibliography:
(Anitha Arunsimha is a Consulting Editor at Icfai Research Centre, Bangalore.)

References
[4] Dr. Khanna Pande, Entrepreneurship Development
[5] Dr. Desai, Entrepreneurship Development