

## UNIT- 4

### ENTREPRENEURSHIP

#### **Definition of Entrepreneur and Entrepreneurship:**

The most recent and authentic definition of entrepreneurship with special reference to India is given by the National Knowledge Commission (NKC 2008: 1) of India. The NKC has defined entrepreneurship as “the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise *de novo* or diversifying from an existing one (distinct from seeking self-employment as in a profession or trade), thus, to pursue growth while generating wealth, employment and social good.”

In sum and substance, the term entrepreneur has been defined in many ways and various senses. Nonetheless, the common element implied in all expositions from *Cantillon* to *Kirzner* to *NKC* is that entrepreneur performs various functional roles as risk taker, decision maker, organizer or coordinator, innovator, employer of factors of production, arbitrageur, etc. To sum up, an entrepreneur can be defined as a person who tries to create something new, organizes production and undertakes risk and handles economic uncertainty involved in enterprise.

#### **Concept and Nature of Entrepreneurship:**

In a Conference on Entrepreneurship held in United States, the term ‘entrepreneurship’ was defined as follows:

“Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition (*Kao and Stevenson* 1984).”

In the opinion of A. H. Cole (1959: 44), “Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services”.

According to Joseph A. Schumpeter (1939), “Entrepreneurship is based on purposeful and systematic innovation. It includes not only the independent businessman but also company directors and managers who actually carry out innovative functions.”

In all above definitions, entrepreneurship refers to the functions performed by an entrepreneur in establishing an enterprise. Just as management is regarded as what managers do, entrepreneurship may be regarded as what entrepreneurs do. In other words, entrepreneurship is the act of being an entrepreneur. Entrepreneurship is a process involving various actions to be undertaken to establish an enterprise. It is, thus, process of giving birth to a new enterprise. Innovation and risk-bearing are regarded as the two basic elements involved in entrepreneurship.

Innovation: Innovation, *i.e.*, doing something new or something different is a necessary condition to be called a person as an entrepreneur. The entrepreneurs are constantly on the look out to do something different and unique to meet the changing requirements of customers. They may or may not be inventors of new products or new methods of production, but they possess the ability to foresee the possibility of making use of the inventions for their enterprises.

Risk-Bearing: Starting a new enterprise always involves risk and trying for doing something new and different is also risky. The reason is not difficult to seek. The enterprise may earn profits or incur losses because of various factors like increasing competition, changes in customer preferences, and shortage of raw material and so on. An entrepreneur, therefore, needs to be bold enough to assume the risk involved in the enterprise. In fact, he or she needs to be a risk-taker, not risk avoider. His risk-bearing ability enables him even if he fails in one time or one venture to persist on and on which ultimately helps him succeed. The Japanese proverb applies to him: *“Fall seven times, stand up eight.”*

Though the term entrepreneur is often used interchangeably with entrepreneurship, yet they are conceptually different. The relationship between the two is just like the two sides of the same coin as depicted in the following Table 2.1

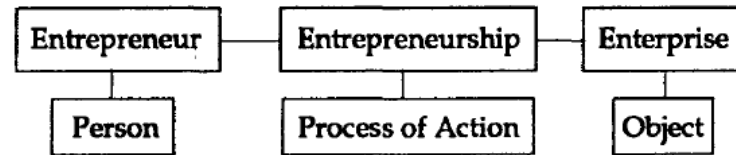
Table 2.1: Relationship between Entrepreneur and Entrepreneurship

**Entrepreneur**      **Entrepreneurship**

Person	Process
Organizer	Organization
Innovator	Innovation
Risk-bearer	Risk-bearing
Motivator	Motivation

Creator	Creation
Visualizer	Vision
Leader	Leadership
Imitator	Imitation

Thus, it is clear from above Table that entrepreneurship is concerned with the performance and coordination of the entrepreneurial functions. Then, this also means that entrepreneur precedes entrepreneurship.



**Fig. 5.1 Concept of Entrepreneurship.**

## **Need for Entrepreneurship**

According to Peter Drucker, "Entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practice is largely defined by the ends, that is, by the practice". Entrepreneurship is considerably less risky, if the entrepreneur is methodical and does not violate elementary and well-known rules.

Innovation and entrepreneurship are thus needed in society as much as in the economy, in public-service institutions as much as in businesses. It is precisely because innovation and entrepreneurship are not "root and branch" but "one step at a time," a product here, a policy there, a public service yonder; because they are not planned but focused on this opportunity and that need; because they are tentative and will disappear if they do not produce the expected and needed results; because, in other words, they are pragmatic rather than dogmatic and modest rather than grandiose - that they promise to keep any society, economy, industry, public service or business flexible and self-renewing.

The important role that entrepreneurship plays in the economic development of an economy can now be put in a more systematic and orderly manner as follows:

1. Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
2. It provides immediate large-scale employment. Thus, it helps reduce the unemployment problem in the country, i.e., the root of all socio-economic problems.
3. It promotes balanced regional development.
4. It helps reduce the concentration of economic power.

5. It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.
6. It encourages effective resource mobilization of capital and skill which might otherwise remain unutilized and idle.
7. It also induces backward and forward linkages which stimulate the process of economic development in the country.
8. Last but no means the least, it also promotes country's export trade i.e., an important ingredient to economic development.

## **Types of Entrepreneurship**

### Types of Entrepreneurs:

In fact, there is no typical entrepreneur. Entrepreneurs are classified into different types based on different classifications as mentioned below:

#### ➤ **Based on the Type of Business**

1. Trading Entrepreneur: As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufacture products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.

#### ➤ **Based on the Use of Technology**

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

## 2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

### ➤ **Based on Ownership**

#### 1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He/she is the sole owner of the enterprise and bears the entire risk involved in it.

#### 2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called 'state entrepreneur.'

3. Joint Entrepreneurs: When a private entrepreneur and the Government jointly run a business enterprise, it is called 'joint entrepreneurs.'

### ➤ **Based on Gender**

1. Men Entrepreneurs: When business enterprises are owned, managed, and controlled by men, these are called 'men entrepreneurs.'

2. Women Entrepreneurs: Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

### ➤ **Based on the Size of Enterprise**

1. Small-Scale Entrepreneur: An entrepreneur who has made investment in plant and machinery up to 1.00 crore is called 'small-scale entrepreneur.'

2. Medium-Scale Entrepreneur: The entrepreneur who has made investment in plant and machinery above 1.00 crore but below 5.00 crore is called 'medium-scale entrepreneur.'

3. Large-Scale entrepreneur: The entrepreneur who has made investment in plant and machinery more than ` 5.00 crore is called 'large-scale entrepreneur.'

### ➤ Social Entrepreneur

In the business world, entrepreneurs act as engines of growth, harnessing opportunity and innovation to fuel economic advancement. On the other hand, social entrepreneurs are individuals who recognize a social problem and use entrepreneurial principles to organize, create, and manage a venture to make social change. Social entrepreneurs are individuals with innovative solutions to society's most pressing and daunting social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide scale change. Throughout history, such individuals have introduced solutions to seemingly intractable social problems, fundamentally improving the lives of countless individuals by changing the way critical systems operate (Yunus 1997: 9-24).

Dees (2001) gives a very detailed definition of a social entrepreneur. According to him, the social entrepreneur plays the role of a change agent in society by:

- Adopting a mission to create and sustain social value;
- Searching for and pursuing new opportunities to serve that mission;
- Continually innovating, adapting, and learning in pursuit of the mission;
- Acting boldly without consideration of resources current in hand; and
- Being accountable for outcomes of activities.

Thus, social entrepreneur is different from a business entrepreneur in the sense that the former assesses its success in terms of its impact he/she makes on society whereas the latter measures his/her performance in terms of profit and return. While a business entrepreneur may create entirely new business enterprise, a social entrepreneur comes up with new solutions to daunting social problems and then implements them on a large-scale that benefits humanity.

### Types of Entrepreneurships

S.no.	Entrepreneur	Entrepreneurship
1	Trading Entrepreneur	Trading Entrepreneurship
2	Manufacturing Entrepreneur	Manufacturing Entrepreneurship
3	Agricultural Entrepreneur	Agricultural Entrepreneurship

4	Technical Entrepreneur	Technical Entrepreneurship
5	Non-Technical Entrepreneur	Non-Technical Entrepreneurship
6	Private Entrepreneur	Private Entrepreneurship
7	State Entrepreneur	State Entrepreneurship
8	Joint Entrepreneurs	Joint Entrepreneurships
9	Men Entrepreneurs	Men Entrepreneurships
10	Women Entrepreneurs	Women Entrepreneurships
11	Small-Scale Entrepreneur	Small-Scale Entrepreneurship
12	Medium-Scale Entrepreneur	Medium-Scale Entrepreneurship
13	Large-Scale entrepreneur	Large-Scale Entrepreneurship
14	Social Entrepreneur	Social Entrepreneurship

## Entrepreneurial Skills

To deal with entrepreneurial skills is to concern oneself with a wide coverage of aspects of setting up an enterprise and its management. It is not confined to visualization, planning, setting-up and risk-taking. The skills which an entrepreneur possesses include his ability to deal with new situations, organizations and social and economic forces as they emerge from time to time. The skills to deal with a situation, fore visualized or suddenly emerging, must be an essential characteristic of an entrepreneur.

### The Skills Needed:

- Individual skills
- Functional skills specific to jobs
- Knowledge skills
- Analytical skills
- Problem solving skills
- Negotiation skill
- Out of the box thinking skills
- Interpersonal skills/communication skills

- Business skills
- Management skill,
- Behavioural skills
- Learning skills
- Planning and implementation skills
- Ability to relate/understand desperate information/technology to develop new product/process service ideas
- Flexibility to work under unstructured/fast changing environment
- Risk Management

➤ **Group Skills**

- Ability to work together
- Ability to learn together
- Ability to use task forces/project teams
- Ability to work in unstructured situation
- Ability to work with "tight" resource base

➤ **Technical Skills**

- Writing
- Oral communication
- Monitoring environment
- Technical business management
- Technology
- Interpersonal
- Listening
- Ability to organize
- Network building
- Management style
- Coaching
- Being a team player

➤ **Business Management Skills**

- Planning and goal setting
- Decision making
- Human relations



- Marketing
- Finance
- Accounting
- Management
- Control
- Negotiation
- Venture launch
- Managing growth

➤ **Personal Entrepreneurial Skills**

- Inner control/disciplined
- Risk taker
- Innovative
- Change oriented
- Persistent
- Visionary leader
- Ability to manage change

➤ **Enterprise Skills**

- Identify value creating processes and capabilities that leads to either differentiation or cost or both
- Market sensing skill
- Creating/setting new direction/vision
- Pulling in place a right organizational structure/systems/physical infrastructure
- Selecting the right people
- Inculcating ethics/principle centered management
- Encouraging subsidiaries/departments/functions to innovate
- Establishing networks and alliance
- Set clearly defined goals
- Never waiver in your belief that you can achieve them
- Manage your attitude and discipline
- Persevere when adversity strikes
- Learn to take risks and embrace change
- Love and be loved

- Make a difference whenever, wherever, and however, you can

#### ➤ **Behaviourial Skills**

- Motivation
- Judgement
- Resilience
- Initiative
- Team working
- Self-Management
- Self confidence
- Improvement Reorientation
- Trust yourself
- Initiative taking

Call it a premonition, an instinct, a feeling - whatever you label it, it's your intuition talking. Intuition by definition is quick and ready insight. The more you practice identifying, listening to, and acting on your intuition, the more you'll trust your instincts in the future, which is the first step to building the life you truly want. Once you know where you want to go, intuition will show you how to get there. So. tune into your intuition and go with your gut.

#### ➤ **Communication Skills**

- Be flexible
- Able to identify an opportunity to communicate
- Don't blow your own trumpet
- Put your intelligence into words
- Emphasize on the issue
- Communicate well
- Communicate with illustrations

#### **Interact effectively**

- i. self-awareness
- ii. empathy
- iii. responsiveness
- iv. alertness
- v. timeliness
- vi. proficiency

- vii. clarity
- viii. focus
- ix. compassionating
- x. positive attitude
- xi. dissemination
- xii. presentation
- xiii. listen willingly

➤ **Listening Skills**

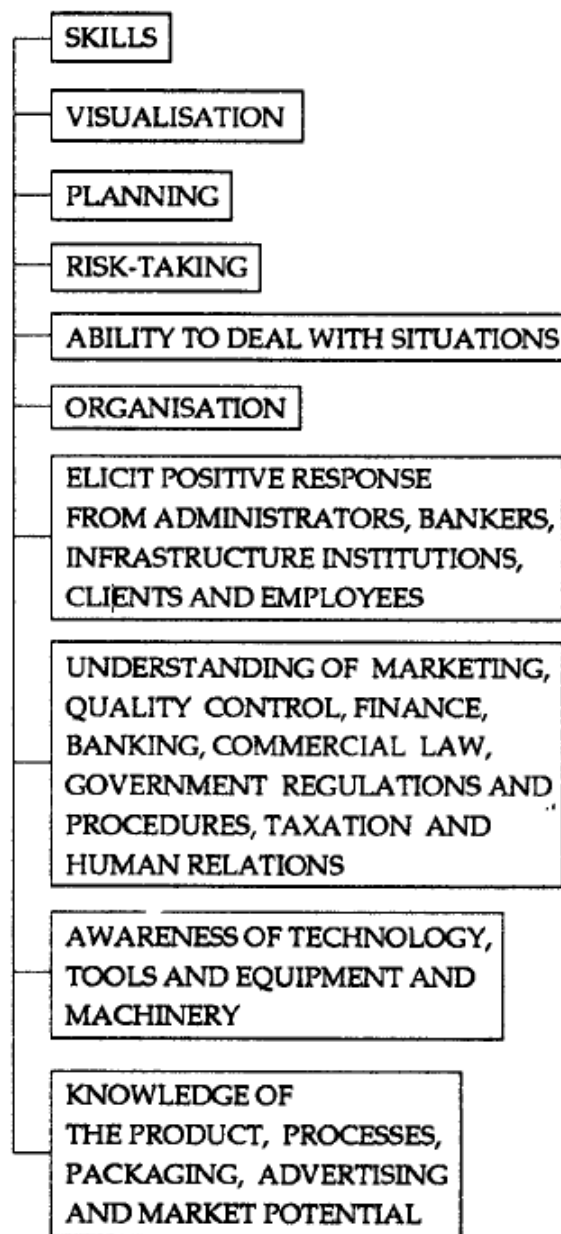
- Listen without the intervention of any thoughts
- Pay more attention to others
- Establish rapport
- Actively listen

➤ **Soft Skills**

- Using your knowledge effectively
- Clarity in expressions
- Read a lot
- Rapport building
- Be alive and alert
- Good knowledge of English
- Step out of the box, physically and mentally
- Take the lead

➤ **A Learning Organization**

- ✓ Is an active philosophy; not merely an organizational system
- ✓ Believes that its only competitive advantage is learning
- ✓ Encourages people to learn to produce the results they desire
- ✓ Nurtures creative and innovative patterns of collective learning
- ✓ Develops fresh organizational capabilities all the time



**Fig. 2.8 Entrepreneurial Skills.**

## **Emerging Trends in Entrepreneurship management**

Emerging trends in enterprise management can be classified as technological, global, social/cultural, or economic issues. Technological trends equip an entrepreneur with knowledge that is useful in the expansion and growth of the business. The use of new technology creates a competitive advantage for the business by opening a potentially attractive market for an entrepreneur.

1. Environmental conservation and the need to address environmental standards.
2. New marketing methods and technologies such as allowing managers to manage their enterprises in the comfort of their homes or mobile offices.
3. Introduction of business incubation centers such as: Export processing zones (E.P.Z's)
4. Introduction of entrepreneurship education at all levels of education to inculcate the entrepreneurial culture.
5. Globalization:
  - Networks being created among entrepreneurs to enable them go global.
  - Opening unlimited business opportunities which small business enterprises can pursue.
6. Business clubs – entrepreneurs are more aware and are forming business clubs in order to access opportunities and markets.
7. Gender equity – more women entrepreneurs in self-employment hence various financial and non-financial organizations to develop products targeting women.
8. More youths being involved in self-employment (Ministry of Youth Affairs)
9. Large organizations are changing products and services regularly to suit for upcoming needs of their customers.
10. Many people prefer to start small stalls rather than the traditional retail shops.
11. E-Commerce
  - Being used globally to access customers and suppliers.
  - Use of ICT such as the Internet to market business activities and products.
  - Allowing a business enterprise to post/ have its profile in a website.
  - E-learning.
13. Use of business plans which is becoming more of a requirement with many financial institutions.
14. money transfer for example mobile phone payment service is used not only as a means of sending and receiving money but also for selling goods/services, paying bills (electricity, water, creditors) and also as a means of safe deposit/ banking.

### **Emerging Trends in Entrepreneurship:**

- Startup accelerators
- Student sand box and Business lab
- Crowd Funding
- Coworking spaces
- Entrepreneurship degree

**Startup accelerators:**

This concept was not even in our vocabulary a few years ago, and now startup accelerator programs are popping up all over the country. Often privately funded and mostly used by tech startups, these accelerators help companies with the strongest potential of success obtain funding in exchange for equity.

**Student sand box and Business lab:**

More Universities are developing student sandboxes on and off their campuses to support student startups. Sandboxes operate like business incubators except that they are more focused on developing and mentoring student startup teams and are often tied into some type of entrepreneurship degree program or course.

**Crowd Funding**

Crowd funding, also known as social funding, is a pretty new phenomenon as well. Startups were typically funded by way of bootstrapping, investors (venture capital or angel) and bank loans. Now entrepreneurs and business owners, along with artists, nonprofit leaders and community groups, are using their social networks to raise money for their businesses, community projects, and events or to develop a new product.

**Coworking spaces**

It is described as “loft-style” incubator for entrepreneurs seeking a collaborative workspace, an alternative from the noise of working at a coffee shop, or a way to prevent feeling isolated when working at home. Visit [coworking.com](http://coworking.com) for best practices and recommendations on how to promote your collaborative efforts.

**Bootcamps**

An entrepreneurship bootcamp is an intense hands-on program for small business owners, startup founders and new entrepreneurs. Bootcamps will focus more of their attention on teaching the practical application for new venture creation and small business management within a short period of time. Their aim is to help teach, equip and direct entrepreneurs. There is a growing trend in entrepreneurship bootcamps dedicated to teaching and training military veterans.

**Entrepreneurship Degree**

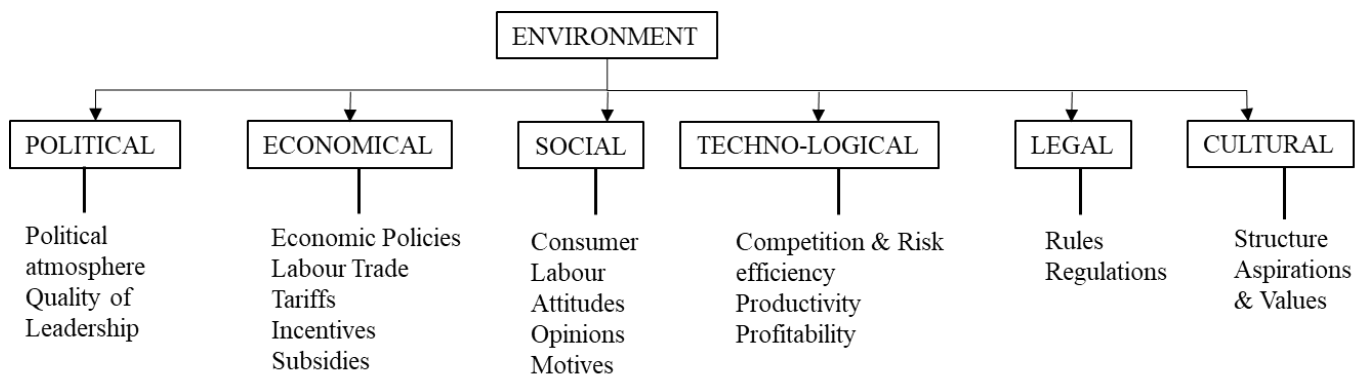
There used to be a lot of resistance to the idea of offering an entrepreneurship major in higher education. Many academics and institutions felt that entrepreneurship must be taught in a traditional classroom by a fulltime business faculty. With the innovation in technology, growth

in social media interaction for startups and funding options that are being generated online, more universities have adopted a virtual option for their entrepreneurship seeking students.

## Environment for Entrepreneurship

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.



### 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 finalized 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.

### Political Environment:

Political environment affects the entrepreneurial growth and accelerate the process of economic activity. Law and order is of high priority, followed by Government policies in regard to the

promotion of entrepreneurship, followed by incentives, encouragement and right institutional structure will go a long way in fostering entrepreneurship.

### **Economical Environment:**

The entrepreneurial growth and development are also governed by the economic environment. It encompasses a wide spectrum of items, namely, land, availability of raw material, skilled labor, infrastructure, machinery, capital and so on.

Shortage of raw materials, inferior quality, high price resulting in high cost of production are bringing bad name to the small industry. Without raw-materials, no industry can run and no entrepreneurship would come up. The more favourable the conditions of raw materials are, better would be its influence on entrepreneurial emergence.

The role and importance of market and marketing should never be under estimated for the uprise of entrepreneurship. If the proof of pudding lies in eating, the proof of production lies in marketing. If the entrepreneur does not possess knowledge and various marketing techniques, he is unlikely to survive. The size and composition of market both influence entrepreneurship in their own ways.

Markets have been changing faster than marketing. And marketing has to catch up with these changes. Today's customers are more price, quality, service and value sensitive. There's a proliferation of communication and distribution channels. There's a digital revolution affecting the speed with which we get information and the way we communicate.

In today's e-world, additional skills are needed in the marketing department. It emphasizes the following skills:

- Brand building skills and positioning skills
- Database management and data-mining skills
- Customer and partner relationship management skills
- Customer profitability measurement skills
- Public relations and buzz marketing skills

### **Social Environment:**

Social environment strongly affects the entrepreneurial behaviour which contribute to entrepreneurial growth. The social factors can be (i) family background, (ii) kith and kins (relatives, friends and teachers), (iii) religion, (iv) social status, (v) social mobility and (vi) social marginality.



Family background greatly affects the entrepreneurial environment and maintenance of social system. Joint family or nuclear families have their own benefits and disadvantages. There is more sentimental attachment of family members of joint family as compared to nuclear family; But even in nuclear families, sentimental association or emotional bonds are stronger in India as compared to those in the western countries where "out of sight out of mind" is the type of attitude of people.

The environment of the *family* also influences the entrepreneurship. If the father, is a professional or a businessman or the like, the son is more likely to adopt the same occupation because of certain, inherent advantages by virtue of his father being in the similar line.

The *reference* also affects the environment. A person is likely to adopt the guidelines or rules of the reference group to which he belongs. The reference group can be church groups, armed services and otherwise, informal circle of friends and relatives. The prospective entrepreneur would discuss his ideas with them and seek their advice while starting a new business.

Similarly, *social status* has its own role to play. Every human being aspires for a high social status and once he achieves a reasonable level, his aspirations and desires for it start getting multiplied. People, therefore, become quite responsible in the wake of protecting and developing their status. Chester Barnard, said that the desire for improvement of status and especially the desire to protect status appears to be the basis of a sense of general responsibilities. People work hard to maintain their status as it also contributes to their entrepreneurial growth.

*Caste and religion* of entrepreneur are the contributory factors of entrepreneurial growth. History reveals that the entrepreneurial traits do not belong to a specific caste rather the entrepreneurs emerge from varied communities. But sociologists still claim that caste and religions do have an impact on the environment. For example, Parsis of Maharashtra, Jains of Rajasthan and Gujarat have been the mainsprings of entrepreneurial activity.

*Social mobility* involves the degree of social and geographical mobility and the nature of mobility, channels within a system. There are varied opinions about the influence of social mobility of the entrepreneurial environment.

Hoselitz and McClelland's need for openness of a system and flexibility in role relations respectively reveal an imperative role of mobility within a system for entrepreneurship development. Their viewpoint is that high degree of social mobility would help in the emergence of entrepreneurship. But Hagen's belief is that the lack of mobility possibilities promote entrepreneurship. Brozen's emphasis is that the system should neither be too flexible

nor too rigid because the former would pull the entrepreneur away from his role and the latter would restrict the entrepreneur. However, social mobility does not work in the system in isolation but there are many other factors which influence the entrepreneurial environment.

*Social marginality* also positively influences entrepreneurship. Stauworth and Curran stress that a person belonging to a social group traditionally constrained to enter economic activity and barred from many other activities by the society is expected to choose the owner-manager role in a small industry.

### **Technological Environment:**

Technology represents the application of scientific knowledge for practical purposes. While the 20th century and certainly the 1st half upto 1950 gave us a massive industrial base, shift from agriculture and rural life to urban life, utilization of energy and power for our benefit, the ongoing progress of technology through R&D efforts have led to more comfortable lifestyles. Technological advancement has become a catalytic agent in the promotion of entrepreneurship growth of industrial and allied services.

The technological impact on agriculture, industry is immense. Further, technology bring in cultural changes as well as the quality of life. Technological development continues to give fillip to entrepreneurship in multi-facet manner, affecting the life of the entrepreneurs as well as the common man. The entrepreneur's endeavor is to stay ahead technologically in products and services with a penchant for quality. This will not only enhance profits, but also maintain balance in the ecosystem.

Next two decades will see a Knowledge Revolution, leading to large-scale adoption of new technologies in India. Most of them will be based on information technology using tools such as computer and mobile phones for processing, storage and transfer of data, Internet communication and e-commerce. Many new industries, arising out of application of new technologies, will flourish in countries of Asia, depending on their stage of economic and technological development.

The Knowledge Revolution has made it possible to routinise processes – a shift from the traditional manual control of conventional machinery for using the computer brain to operate the machinery. Computer Software is an alternate way to reorganize traditional work processes, through application of overseeing knowledge aided by systematic, logical analysis.

**Legal Environment:**

There are various rules and regulations applicable to different groups of industries, for various purposes. Some of them relate to:

Registration, licensing, pollution, location, Acquisition, payment of wages and labor related laws, pollution and environmental rules, laws relating to organization, product, patent, resource and taxes. According to a recent study, there are over 150 legal requirements an entrepreneur has to take care of.

Some legal entity - may be a business, a government agency, or a large non-profit organization - may well contain in its fold a network of diverse autonomous organizations. The old model of corporations is fast becoming obsolete and is being replaced by new ones.

Traditional geocentric way of industrial operations are being replaced by innovative, multi-location industrial operations tapping the synergies of "outsiders" from different countries. This is happening in China and India now; and in countries like Korea, Singapore, Thailand and Malaysia this process began almost a decade or two ago. Indeed Australia, being closely aligned to the Western countries, had the advantage of a head start.

**Cultural Environment:**

Every organization has an invisible quality - a certain style, a character, a way of doing things - that may be more powerful than the dictates of any one person or a formal system. This invisible quality 'the corporate culture' decides how effective the organization is in the marketplace. Achieving cultural change to maintain a prime market position is the key preoccupation of every chief executive these days.

Max Weber emphasizes that cultural factors have a crippling effect on entrepreneurial growth.

Culture consists of

- (i) tangible man-made objects like furniture, buildings etc.
- (ii) intangible concepts like laws, morals, knowledge etc.
- (iii) values and behaviour acceptable within the society.

America is a capitalist country, Russia followed a socialist pattern, democracy has no touch in China, but Indian culture encourages democracy and accepts mixed economy. At the time of independence, India was in such a state that the economy could not be left in the hands of people. The government had to intervene and chalk out plans to take the country towards development. Culture of Hindus 'is to worship 'Ganesha' before undertaking any financial affair. Whether it is a superstition or not is a debatable point. While going on some long journey

or on some special days or while tying up a nuptial knot, it is in our culture to seek the recommendations of priests, pandits or sufis.

Catalyzing change in corporate cultures by managing people and talent better seems to be the new mantra on the Indian corporate landscape. Better people management is being recognized as the key to sustained success – from managing internal relationships to building corporate cultures that nurture talent. It is no longer enough to be a blue chip IIT-IIM manager, it is equally necessary to update one's EQ to become emotionally engaged with employee and customer need.

Gone are the days when the dictator ran down from the top and the boss' words were carved out in stone. In place of fear and distrust of management policies, is creeping in, slowly but surely, a culture of inclusiveness and openness which starts at the very bottom of the ladder. There is a growing understanding that it is people-driven strategies that sow the seeds of consistent growth.

Hence, there is a growing demand for change managers and culture interventionists who are putting in place a wide range systems and templates which handle issues from employee attrition rates to the business perceptions within the company, to nurturing talent by matching people with the right jobs and bringing in new talent.

And most often these are people who have been associated with that company either as employees and consultants but have since become specialists in one or more areas of change management. Take Ashoke Maitra; former head of Tata Share Registry whose focus is on organizational development and institution building.

Although he quit the Tata group years ago, today he is mentor to three top MDs and CEOs of the group and is actively coaching them on a one-to-one basis on a wide spectrum from intra-organization relationships to developing organizational structures. "It is often lonely at the top. There is no one to look up to or discuss things with. Having a mentor helps because he or she is also a sounding board. And it is always better if it is someone who knows the company and its culture."

Besides demographic advantages, other factors that will contribute to the shifts in economic power are cultural traits, lifestyles, new technologies, and globalization. Demographically young nations capable of efficient absorption and application of new technologies enabling sharper competition in business, will not only thrive, but will emerge as key drivers of globalization.

The pace of India's ascendancy will be accelerated, when India move up the value chain, supplying high-value products and services in the global market. The emergence of the Internet will provide added thrust to' the process.