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# MGMT1020: ENTREPRENEURSHIP AND NEW VENTURE MANAGEMENT

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Assessment 1: Individual Entrepreneurship Essay



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An entrepreneur is an innovative agent who observes to exploit opportunities with the motive of earning profits. Entrepreneurs have the potential to change the path of a particular market or an industry. But within this approach, perspectives and psychological traits of individuals have ranged (Popp, 2013). The individual trait of the entrepreneur shows features such as imagination, creativity, risk taking and the need for achievement (McClelland, 1961). Behaviour is the trait which is based on cognitive models of human behaviour. It is an alternative to the individualistic approach mainly focused on entrepreneur's personality (Mason, 2013). Environment for entrepreneurs' operation is a new approach which links the entrepreneurial phenomenon with technological changes, infrastructure, demographics and political regulations (Tushman, 1986).

Entrepreneurship, defined as a process by which individuals/organisations pursue opportunities without regard to resources they currently control, or it may also be known as the art of turning an idea into business. It basically means "the introduction of new economic activity that leads change in the marketplace" or "the competitive behaviours that drive the market process" (Davidsson, 2005). These definitions carry some degree of internationalization regarding entrepreneurship, so it can be said that entrepreneurship and international business gave rise to international entrepreneurship. When an opportunity is discovered to be exploited and lies outside an organisation's domestic markets to pursue competitive advantage, it is referred to as international entrepreneurship (Mustakallio, 2002). Economic, political and social/cultural are change agents which may hinder or change the process of exploiting business opportunities.

Entrepreneurial orientation emerges from risk taking, innovation and proactivity meaning that an entrepreneurial organisation is known as one that risks its activities, innovates and depicts a futuristic approach (Miller, 1983). Generally assumed, firms which follow less formalized structure, are open to flexibility and decentralised in their decision-making process depict higher rewards and higher levels of entrepreneurship. A key role is played by network of relationships in the development of organisations (Aldrich, 1986). Families have significant influence on decision making and performance of a firm, studies represent that family ownership is a positive and relevant component in the internationalization of businesses (Colli, 2003). The advantages of having business relationships are considered a powerful asset and may be used to capture useful insights about the industry or market and accordingly reengineer business processes. Relationships can be categorised as strong-tie and weak-tie relationships. Strong-tie relationships are important when starting a new venture because it provides access to resources and facilitates practical and emotional support. But as ventures grow, strong tie relationships are constraining and inefficient as this type of relationship is developed between like-minded people and tend to reinforce similar ideas and insights. Due to this reason, entrepreneurs are encouraged to develop networks based on weak-tie relationships because it would lead to formation of new ideas and methods. Over a period, an entrepreneur expands their network by adding weak ties (Lechner, 2003).

Corporate entrepreneurship is stated as “the set of entrepreneurial activities that take place within existing companies” (Burgelman, A Model of the Interaction of Strategic Behavior, Corporate Context, 1983). In this case, individuals within a business venture, create a new organisation or renew or innovate within the organisation. The main processes in relation to corporate entrepreneurship are significant development in the corporation’s strategy, creation of new organizations inside or outside of the existing organisational domain known as corporate venturing and innovation which are essential to strategic renewal and corporate venturing (Sharma, 1999).

Ratan Naval Tata is an Indian businessman whose path to becoming a successful businessman/industrialist began when he took charge from JRD Tata in 1991, which was a period of economic reforms such as privatisation, liberalization and globalisation of businesses for India.

Breakthrough innovations were hard to come by before the rise of technology and it has led a much broader population to express creative intelligence. For an innovation to thrive, we must approach unconventional partners, invent new business models, identify underutilized channels and put creativeness into the introduction, delivery and generation of the product. Innovation and creativity are the most significant aspects of the Tata industries. Ratan created two breakthrough innovations which were Titan watches, the thinnest watches in the world and Nano, the People's car.

There are five elements of framework which contribute to design thinking, business model canvases, lean start-up and other innovation strategies and how digital tools can augment them (Cyril Bouquet, 2018).

The first element of framework is Attention, the act of focusing closely on a given context to understand its needs. Soon as Ratan Tata took over, he set a new tactical course for the Tata Group. While the group was virtually doing no business outside India, he affirmed that the group had to go global in part to lower the risk of dependence on a single country's economy. He mainly focused on increasing the culture of innovation and augmenting operational efficiency which was very crucial in the wake of increased competition and rivalry among businesses(Jha, 2020).

The second element says about Perspective, after attention and gaining insights one must step back to expand the understanding about an issue faced by the public or an industry. Ratan Tata says, “creativity is a nucleus of business excellence”, ranging from automobiles, software, steel, consumer good and telecommunications, the group operates more than 80 companies. Ratan understood the value of media attention and brand recognition could increase if a single brand name ‘Tata’ is used for all the companies. He also introduced the peculiar monogram of ‘T’ letter; this helped to codify the companies under the Tata brand (Dhekale, 2014).

The third element is Imagination, which is often seen as mystical and inaccessible, a matter of positing unexpected combinations. Basically, an organisation could apply an existing solution from domain to another. Consulting the Porter’s model, Ratan analysed that there were various companies under the Tata Group of Companies that were competing against each other, he tackled the problem by using a systematic approach to communicate the brand name ‘Tata’ to the general public. The rising foreign direct investments in the Tata group started changing the expectations of the stakeholders. Gradually, Ratan led the conglomerate’s companies on a wave of acquisitions, using a case-by-case, trial-and-error approach to acquire, for example, the Tetley Group, the Daewoo Commercial Vehicle Company, and Boston’s Ritz-Carlton hotel, now the Taj Boston; half of the Tata Group’s revenue comes from other countries. This globalization was accomplished not by an explicit and careful strategy but by Ratan Tata’s personal vision for how to compete across international markets (Peter Cappelli, 2010).

Experimentation is the process of turning a promising idea into a workable solution that addresses a need. This is the fourth element which emphasises on - test to improve rather than to prove. Technological advancements have helped industries and organisations to get closer to their goal by trial and testing methods. Ratan's creations Titan watches, the thinnest watches in the world and Nano, the people's car priced at \$2000 was a promise about commitment to creativity. The car was small, affordable, safe and fuel efficient, a perfect product for the target market which were the middle-class consumer groups who were unable to buy a car. The first Indian company which introduced vehicles with Euro norms to the Indian automobile industry was Tata Motors, it had taken help of engine consultants like Ricardo and AVL to make environment friendly engines as CNG versions of buses and cars (Sivaraman, 2020).

The last element, Navigation, is the skillset of avoid being shot down in the competitive business world. Ratan Tata has always highly ranked corporate social responsibility. The group grants scholarships for studies abroad and has given India its first science and atomic research centre. He very well knew that in order to operate on a global scale companies shall be mindful of its social and moral responsibilities towards its employees, shareholders, consumers, society and the local communities. To implement this, a clause was put under the group's code of conduct which stated that all companies must actively assist the communities in which they operate to improve the standard and quality of life. The conglomerate keeps heading towards its fulfilment of corporate social responsibility when Tata Steel adopted Corporate Citizenship Index, Tata Business Excellence Model and the Tata Index for Sustainable Development. The company Tata Steel spends 5-7 percent of its profit after tax on several initiatives such as under its poverty alleviation plan. There are over 500 self-help groups currently operating, out of which 200 are engaged in revenue generation activities through micro enterprises. It also supports various social welfare organisations such as Tribal Cultural society, Centre for Hearing Impaired Children, Tata Steel Rural Development Society etc (Amit Kumar Srivastava, 2012).

## **Conclusion**

The frequently changing business environment needs leaders like Ratan Tata for handling the alterations. He used a variety of leadership styles such as transformational and transactional. He also used product orientation as well as people orientation concern. Tata recognised the needs, drives and aspirations of the general public and responded accordingly in various ways to fulfill it through words and actions (fundamental research and development, power, tea, health, automobiles). During his tenure at the Tata Group of Companies, he established Tata as a world class brand. He leaded the group with merits and qualities such as risk bearing ability, social sense, courage, creativity, sense of employee training and having a quality concern about the product. Bearing in the mind the financial performance of the group, Ratan Tata transformed the people into followers. Ratan Tata is an example of a distinguished entrepreneur with a quiet personality, a low-profile style and silent determination.

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