

Entrepreneurship Development and Opportunity in view of Indian Retail Context

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Abstract

Entrepreneurship calls for risk-taking initiatives in a competitive environment. It encourages innovative and creativity activity and puts a region at the front position of trade and industry progress. Thus, entrepreneurial culture is a prerequisite for the wealth of regions. In general, a region that hosts entrepreneurial capital and knows how to use it may be expected to be a winner in a competitive economic game. From a theoretical perspective, one might argue that regional-economic efficiency, as described by a neoclassical production function, depends critically not only on labour, capital or natural resource endowments, but also on entrepreneurial culture (including knowledge-intensive skills). The benefits of entrepreneurship for regional welfare have, in recent years, prompted much policy interest in the way how to favour entrepreneurship in the regional economy. Entrepreneurship has indeed acquired central importance among the processes that affect regional economic change. Entrepreneurs are essential actors of change, and they can act to accelerate the creation, diffusion and application of new ideas. In doing so, they not only ensure the efficient use of resources but also take initiatives to exploit business opportunities. A central reason for the interest by policy makers in entrepreneurship is its apparent capacity – based on US experience – to create, directly and indirectly, employment and wealth. Entrepreneurship is the process of setting up one's own business as distinct from pursuing any other economic activity, be it employment or practicing some profession. The person who set-up his business is called an entrepreneur. The output of the process, that is, the business unit is called an enterprise. It is interesting to note that entrepreneurship besides providing self-employment to the entrepreneur is responsible to a great extent for creation and expansion of opportunities for the other two economic activities, that is, employment and profession. (Can you think why and how?) Further, each business gives rise to other businesses– the suppliers of raw materials and components, service providers (be it transport, courier, telecom, distributor middlemen and advertising firms, accounting firms and advocates etc. And, in the process, entrepreneurship becomes crucial for overall economic development of a nation. Given its important role in the overall scheme of economic development, it is interesting to note that not many persons opt for a career in entrepreneurship. Traditionally, it was believed that entrepreneurs are born. No society can wait for the chance of 'birth' of entrepreneurs to pursue its developmental plans. In fact, plans for economic development would bear little fruit unless entrepreneurship development is regarded as a deliberate process of making people aware of entrepreneurship as a career at an early age and creating situations where they may actually make a choice to become entrepreneurs.

Keywords- Entrepreneurship, development, economic

Introduction

It is widely recognized that the region has become a fundamental basis of economic and social life. The national level of observation, though still important, is no longer the uniquely privileged point of entry to our understanding of economic development and all the more so given the fact that the barriers between national economies are – in certain respects – breaking down, at least in Europe. Regional economics has in the past decades made a successful attempt to uncover the complexities of the modern space-economy. It has led to important integrations of scientific perspectives, such as an integration of agglomeration theory and location theory, trade theory and welfare theory, or growth theory and entrepreneurship (including industrial organization). The blend of rigorous economic analysis and geographical thinking has furthermore induced a bridge between two traditionally disjoint disciplines, while this synergy has laid the foundations for innovative scientific cross-fertilization of both a

theoretical and applied nature in the important domain of regional development. The region has become a natural fruitful anchor point for an integrated perspective on the dynamics in the space-economy, such as regional development in the context of changing labour conditions, or spatial innovation in the context of metropolitan incubator conditions.

Entrepreneurship is a phenomenon that takes several forms and appears in small and large firms, in new firms and established firms, in the formal and informal economy, in legal and illegal activities, in innovative and traditional concerns, in high-risk and low risk Undertakings, and in all economic sectors (OECD, 1998). Apparently, entrepreneurship is a multi-faceted phenomenon that can be viewed from different angles. Entrepreneurship has been a topic of long-standing concern in economics, but there remains little consensus on the concept of entrepreneurship. Entrepreneurship is a phenomenon that takes several forms and appears in small and large firms, in new firms and established firms, in the formal and informal economy, in legal and illegal activities, in innovative and traditional concerns,

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Entrepreneurship

Entrepreneurship is the process of setting up one's own business as distinct from pursuing any other economic activity, be it employment or practicing some profession. The person who set-up his business is called an entrepreneur. The output of the process, that is, the business unit is called an enterprise. You may invoke 'subject verb-

Object (SVO)' relationship in English grammar to clearly understand these terms (See Figure on SVO Analogy) It is interesting to note that entrepreneurship besides providing self-employment to the entrepreneur is responsible to a great extent for creation and expansion of opportunities for the other two economic activities, that is, employment and profession. (Can you think why and how?) Further, each business gives rise to other businesses—the suppliers of raw materials and components, service providers (be it transport, courier, telecom, distributor middlemen and advertising firms, accounting firms and advocates etc. And, in the process, entrepreneurship becomes crucial for overall economic development of a nation.



The Concept of Entrepreneurship

You are aware that entrepreneurship is regarded as one of the four major factors of production, the other three being land, labour and capital. However, it should surprise you that as regards its French origin, the term 'entrepreneurship' (derived from the verb 'entrepreneur' meaning 'to undertake') pertained not to economics but to undertaking of military expeditions. So is true of many terms in management such as strategy (a course of action to beat the competition, the 'enemy') and logistics (movement of men and machines for timely availability), etc. Historically, as wars are followed by economic reconstruction, it should be no surprise that military concepts are used in economics and management. It may be pointed out that whereas the wars are rare and far between, in today's competitive world, entrepreneurs wage wars every day. There is a tremendous pressure to continually develop new products, explore new markets, update technology and devise innovative ways of marketing and so on. The term 'entrepreneur' was first introduced in economics by the early 18th century French economist Richard Cantillon. In his writings, he formally defined the entrepreneur as the "agent who buys means of production at certain prices in order to sell the produce at uncertain prices in the future". Since then a perusal of the usage of the term in economics shows that entrepreneurship implies risk/uncertainty bearing; coordination of productive resources; introduction of innovations; and the provision of capital.

Determinants of Entrepreneurship

Regional development is a dynamic phenomenon with a permanent change in business activities. This change may be caused by innovation, by decline and by the birth and death of firms. The development of the SME sector plays a critical role in spatial dynamics, as many forms of creative entrepreneurship are found in this sector. Clearly, the regional system (education, social support system, culture, accessibility etc.) plays an important role in the changing conditions for entrepreneurship. Entrepreneurial adjustment patterns are thus of decisive importance for convergence or divergence patterns in regional systems. But it remains a fundamental question: which are the drivers of new business investments and new entrepreneurial modes of operation? The entrepreneurial event takes shape

through the interaction of two sets of factors: personal (micro) factors and environmental (macro) factors. Much of the literature on entrepreneurship has focused on the micro factors, the characteristics of an individual to become an entrepreneur and to start a new firm. These studies focus on the role of factors such as personality, educational attainment and/or ethnic origin (Lee, Florida and Acs, 2004). Personality studies have found that entrepreneurship is associated with characteristics such as alertness to business opportunities, entrepreneurial vision and pro-activity. Research on personality, moreover, found that entrepreneurs exhibit greater individualism than non-entrepreneurs do. Monetary reward is certainly an important driver to entrepreneurship. But it is not always the prime motivation for opening up a business. Other aspects, including the desire for independence, self-realization etc often shape the entrepreneurial event Robert and Wainer did not find motivational traits as these, but suggested that family background and educational attainment are most important, especially when one’s father was an entrepreneur. Studies of entrepreneurs in the United States show that the typical entrepreneur is someone in its mid-thirties to mid-forties who has worked for two or three well established firms and decides to establish a business, often drawing directly on the skills and experience acquired in previous employment. There is a steady flow of people in the US back and forth between self-employment and salaried employment. If a business venture fails, they can reasonably easily get another job. This is much less the case in Europe because of higher unemployment, some bias against employing older workers or the availability of early retirement.

The Role of the Individual in Entrepreneurship Development

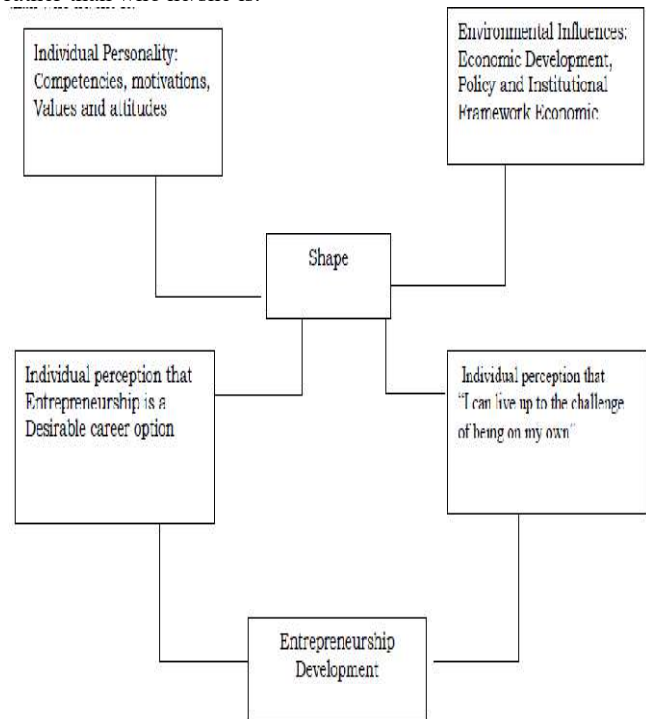
Mr. Maheshwari was desirous of starting a small scale industry and also had a sense of efficacy or readiness to pursue it given his qualifications, experience and the necessary values, attitudes and motivation (the opening case does not elaborate this. We will discuss these at suitable places). Even you may like to see as to where do you find yourself on the desirability (willingness)-efficacy (ability) matrix, won’t you? As you may see from the matrix figure able and willing men and women are a “ready” source of entrepreneurship. Such persons leap up the first opportunity comes their way to be on their own. Recall, Maheshwari leapt up the opportunity as he met the two medicos who had returned from the Gulf. At any point of time, there are many men and women who “want” to set up a business of their own but experience self-perceived barriers to entrepreneurship. They could be having a low perception of self-efficacy either on account of lack of resources (or to be more correct, resourcefulness), knowledge or know-how, and the skills. Collectively, these are referred to as competencies, which now we turn our attention to.

Entrepreneurial Competencies

Every opportunity and successful performance of every role and function has a competence requirement. It’s true of entrepreneurship as well. Entitled ‘Cash OR KASH?’ The term ‘competence’ refers to a composite of knowledge, skills and a host of psychosocial attributes

(Including Attitudes and Motivation that we will be discussing separately) in a person that mark his/her effectiveness for a task. The phrase ‘composite’ is crucial. For example, the competence “ability to communicate vision” is much more than proficiency in writing/ speaking skills. It would involve, just illustrating, visioning clarity, understanding the audience background, interest and readiness, knowledge about the media and choosing the most appropriate one, attracting attention, delivery, leaving not

Merely an impression but also an impact and, assessing effectiveness So, when the entrepreneur in the television interview pointed out KASH as the determinants of successful entrepreneurship, he was indeed referring to the competencies. Competency approach to human resource development in general and entrepreneurship development in particular was pioneered by David McClelland, a Harvard University psychologist in the late 1960’s and early 1970’s. (You will be learning more on McClelland’s work when we discuss entrepreneurial motivation.) McClelland set out to define competency variables that could be used in predicting job performance and that were not biased by race, gender, or socio-economic factors. As a result, it becomes more important to learn what a person does rather than who he/she is.



That is why management and also entrepreneurship is better defined as what a manager or an entrepreneur does. Because competencies can be built via a process of education and development, we may say that entrepreneurs are made. What are the distinct competencies for entrepreneurship? In this regard one may refer to the efforts of Entrepreneurship Development Institute of India (EDI), a national resource institution in the area of entrepreneurship education research and development (visit, www.ediindia.org).

Social Innovation & Entrepreneurship in India

Social innovation helps in solving some of the most pressing problems with new solutions such as fair trade, distance learning, mobile money transfer, restorative justice and zero carbon housing. The process of creating solutions is also profoundly changing beliefs, basic practices, resources and social power structures. Social innovation provides a unique opportunity to step back from a narrow way of thinking about social enterprises, business engagement and philanthropy. For social innovation in India, a developmental model needs to be designed, keeping in mind the diversity of culture and abundance of its resources, people's aspiration levels and the ecological limitations of nature. Indians are making efforts in creating new avenues for social innovation across sectors, such as education, healthcare, housing, agriculture and livelihoods. There is enough evidence of grass-root innovation amongst the poorest of poor who live with or without any access to technology. These innovations are not only relevant in India but could also be applied globally, highlighting the universal elements of innovation such as ecological sustainability practices, low cost, scalability and optimization of resources. Social innovation segment in India requires support in capacity building and go-to market strategies. Mr. Subramaniam Ramadorai, adviser to the Prime Minister of India states, that "India needs to unleash technological and social innovations that can usher in a new developmental model the world has not seen before.^{9a} Swiss innovators, funders and universities could look at structured engagement with the Indian social sector by bringing expertise, knowledge and resources to collaborate with the Indian ecosystem which is known globally as a social innovation lab for piloting ideas. India provides the challenges, constraints, resources and opportunities to create, test and prototype a solution that can have a positive global impact. A successfully tested solution in India can be scaled to many other developing countries.

Spatial Aspects of Entrepreneurship

Entrepreneurship has in the past decade received a prominent position in economic theory, as it is increasingly recognised that the entrepreneurship plays

a critical role in economic growth. In contrast to traditional growth theory where technological progress and innovation was regarded as an exogenous force ('manna from heaven'), modern endogenous growth theory takes for granted that innovation and entrepreneurship are endogenous forces that are driven by various actors in the economic systems and which can be influenced by smart public policy. This new theoretical framework places much emphasis on critical success factors such as competition, vested interests, R&D, knowledge spill over's, human capital, industrial culture and entrepreneurial ability. In the literature on technological innovation and regional growth – following the rise of the new growth theory – three major drivers of growth were outlined: the knowledge base, innovative culture and action, and public infrastructure. Entrepreneurship does not take place in a wonderland of no spatial dimensions, but is deeply rooted in supporting geographic location support conditions (such as favorable urban incubation systems, venture capital support conditions, accessibility and openness of urban systems, diversity and stress conditions in the urban environment, heterogeneous and highly skilled labour force, communication and information infrastructures, collective learning mechanisms, etc.). With the advent of the modern sophisticated communication and network structures, the action radius of entrepreneurs has significantly increased. Consequently, the geography of entrepreneurship and innovation has become an important field of research in modern regional economics, in which the dynamics of firms is receiving major attention.

Entrepreneurship and Networks

Entrepreneurship means also the management of business network constellations. An interesting and rather comprehensive review of the relationship between entrepreneurship and network involvement has been given by Maleck. The local environment (including its culture, knowledge base and business attitude) appears to act as a critical success factor for new forms of entrepreneurship, a finding also obtained by Camagni. Apparently, the local 'milieu' offers various types of networks which tend to encourage the 'entrepreneurial act'. It should be emphasised that the chain entrepreneurship – competition – innovation – growth is not a rectilinear one. Innovation is a critical factor that functions in an open multi-actor system with concurrent phases of decisions and plan implementations, where the demand side (i.e., the customer) is the driving force. Innovation policy at the firm level with various risks bears

Increasingly a resemblance to a smart portfolio management. But in the particular case of innovation a balance has to be found between uncertain exploration and risky exploitation (March, 1991). Entrepreneurs are the foundation stones of the innovation process, as they have to create new combinations of people and

products, through the creation of idea generators, of product champions, of proper support, of proper support systems and mentors, of venture mechanisms and of effective gatekeepers.

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Entrepreneurship and Networks

A modern economy is an associative space-economy where linkages between various actors create spatial-economic externalities that are beneficial to all actors involved. Thus, modern business life is increasingly characterized by inter-actor linkage that may form complex networks. Entrepreneurship means therefore, also the management of business network constellations. An interesting and rather comprehensive review of the relationship between entrepreneurship and network involvement has been given by Malecki. Apparently, the local 'milieu' offers various types of networks which tend to encourage the 'entrepreneurial act'.

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The modern information and communication technology (ICT) is a center-piece in the rise of both local and global networks. ICT does not only induce faster and more reliable communications, but prompts also changes in firm interaction, management practice, labour acquisition and spatial structure of entrepreneurship. In addition, ICT favours both business-to-business commerce and business-to-consumer commerce. The use of Internet and e-commerce mean a significant and historically unprecedented rise in productivity, a phenomenon that can be ascribed to network externality theory, which explains increasing returns, first-mover advantages and coordination advantages. It is clear that creative entrepreneurship finds nowadays its roots in the modern ICT sector.

Concluding Remarks

The terms 'entrepreneur,' 'entrepreneurship' and 'enterprise' can be understood by drawing an analogy with the structure of a sentence in English language. Entrepreneur is the person (the subject), entrepreneurship is the process (the verb) and enterprise is the creation of the person and the output of the process (the object). Entrepreneurs play important roles both in relation to economic development and in relation to the enterprise. In relation to economic development, entrepreneurs contribute to growth in GDP, capital formation and employment generation besides creating business opportunities for others and bringing about an improvement in the quality of life in the community in which they operate. In relation to the enterprise, they perform a number of roles right from the conception of a business idea, examining its feasibility and mobilization of resources for its eventual realization as a business firm. They bear the uncertainties and risks associated with the business activity, introduce product, market, technological and a host of other innovations. In the developing country context they also assume the responsibility for the day-to-day management of the enterprise. Given its critical role in economic development at a broader level and business start-ups at the micro level, it is imperative that a conscious effort be made to popularize entrepreneurship as a career option. In this regard,

EAPs and EDPs can play an important role. Besides, there is a need to create an entrepreneurship friendly environment. Since, entrepreneurship is the outcome of a dynamic interaction between the person and the environment, there is need also for developing entrepreneurial competencies, motivations, values and attitudes. Entrepreneurship and regional development prompt a rich variety of research questions to regional scientists. It is a domain where industrial organization, cultural geography, location theory, business economics and technology form an intertwined nexus. From a macro or global perspective, the region is a strategic niche in a global development. But from a micro perspective, the region is shaped by innovative actions of risk-seeking entrepreneurs. Competition, trust, network organization and public policy are ingredients for win-win situations at local level. Such elements may offer also new insights into spatial convergence debates.

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