CHAPTER VIII

8. CONCLUSIONS

Needless to say, this study is concerned with the critical examination of the decision making process in the small scale industries in India. In Chapter I and II the problem has been stated. In chapter III the methodical issues have been presented and examined. In chapters IV and VI the decision making process and problems of business management in general, but in small scale industries in India in particular, have been extensively discussed. In order to support the main thesis of investigation a few typical case studies have been presented in Chapter VI. While the Chapter VII is devoted to case analysis, Chapter VIII, concerns itself with the main conclusions while the IX chapter presents the main recommendations and also indicates the scope for further research.

During the course of investigation of this study, the researcher found that the small scale entrepreneurs exhibit various behavioural styles, which in turn have significant impact on the decision making process in the management of their firms. These styles are mainly three in number. But what is significant of them is to remember that these operational styles are helpful in understanding the operational
behaviour of the small scale entrepreneurs. The differences between the entrepreneurs were predominant in respect of their attitude towards vital decisions within the firm. The decision areas specifically involved were risk analysis in product/market choices, management of growth, personnel policies and leadership profile etc. For example, in matters of product/market choice, some entrepreneur chose a 'more' difficult product with a wider market base, while some others took only moderate risks in the area by choosing a familiar product with limited market potential. Significantly, the third type of entrepreneurs showed their preference for a no-risk situation and thereby chose routine products for not so assured markets. Those who took 'high risk' maximised the outcomes of business opportunities while those who took moderate risk opted for minimum of the maximum outcomes. Contrary to this, those who avoided risk looked for the minimum of the minimum possible outcomes of their efforts.

Another important feature of this investigation is that, although these entrepreneurial efforts revealed certain typical characteristics yet it was almost impossible to put them into a rigid and watertight framework. This was because some entrepreneurs at a particular time exhibited all the characteristics of three different styles of management.
However, on close examination, the study has succeeded in revealing that, in each of the entrepreneur in question, one particular style was more predominant. Moreover each style also exhibited a particular type of objectives and goals to be realised. Keeping these variations in mind, and also taking note of the realities of the environment, the researcher has thought it desirable to present and explain the whole operational behaviour of small entrepreneurs in terms of three broad models, viz., (i) The Dominant model, (ii) the Intuitive Model and (iii) The survival model. Before proceeding further it is also felt desirable to present the summary of rational model mostly based on the scientific approach to business management so as to serve it not only as a frame of reference but also to help understand how and why the other models developed in this study deviate from the ideal situations as indicated by the rational model.

8.1 Rational Model:

All along an effective manager is supposed to be a rational cogent individual who bases his decision on sound logical considerations, using scientific tools available wherever necessary depending upon his capacity to use them.¹

Number of experts on the subject have provided prescriptions on what the approach should be. Even though such demands pose problems with regard to time, money and effort involved in making systematic decisions, they nevertheless provide useful tool for analysing the behaviour of the entrepreneur which greatly differs from the perceived one.

According to Herbert Simon, rationality is concerned with preferred behaviour alternatives in terms of some system of values, whereby consequences of behaviour can be evaluated. Simon also classifies behaviour in organisation as objectively subjectively, deliberately, organizationally or personally rational, according to values or goals of the individual. Taking human limitations into account, Gyert Simon and Trow say in these words "All that is necessary to make a choice a rational one is existence of an objective as seen by the decision maker. As against this, irrationality is characterised by:

1) Commitment to a dogma to a theory that is inapplicable to the situation or which shuts out the information.

2) Education, training and experience that prevents attainment of "whole view".

3) Limited or distorted perspective.


8.1.1 Arguments in favour of Rational Model:

A rational approach is largely favoured by those who interact with the decision maker. This was the impression gathered by the researcher in his interaction with bankers and large firm executives as already reported in Chapter V. A decision maker has to satisfy at least two persons in decision situation. First, he himself must be satisfied with the logic of his approach. This is necessary to instil the necessary confidence in implementation of decision. Second, he must satisfy, the party affected by the decision, that he has adapted a logical, systematic and reasonable approach without questionable theories or dogmas, that are likely to arouse suspicion in the minds of the perceiver. As observed by the researcher, it was in this area that many of those who regularly interacted with small scale entrepreneur had some kind of grievances against him.

Another important feature of a rational approach is that corrective action can be taken fast in the context of changed circumstances. This is possible because the reasoning is quite clear. In a rational approach, it is reasonable to expect that all necessary data will be gathered, processed and used for ensuring greater degree of synthesis and analysis required for evolving viable strategies and policies.
Moreover such an approach would yield, not only a number of alternatives, but also provide more scope for greater objectives in the decision making process. In short the rational approach competes with 'hunch' or 'intuitive' approaches in arriving at a solution which is free from any bias.

3.1.2 Arguments Against a Rational Model:

Analysing the U.S. debacle in management vis-à-vis the Japanese, Peters & Waterman asserts that the hardheaded rationality, which seeks detached and analytical justification for all decisions, has led the country astray. According to them, obsession with rational school of thought gives predominance to analysis over action thereby resulting in what is called as "paralysis through analysis" syndrome. They also assert that scientific analysis of events may help to reduce or eliminate the possible risk, but there is also a danger that such an approach may also eliminate actions. Their argument centres on the premises that all business situations are not simple enough to be subjected to a rational analytical approach. What in fact they wanted to stress is that the business situation is very complex, and it cannot be simply explained and understood by mere rationality. In fact the insight that an entrepreneur bring to a situation is far more important than the mechanical construct of the rational model to explain a decision- situation.
8.1.3 Conclusion:

While it is true that a scientific approach provides a number of tools to analyse a given decision situation, it cannot by itself provide a solution. In fact the solutions to the problems have to be found by the decision maker by making use of managerial inputs which is always scarce in supply.
8.2 Dominant Entrepreneur Model:

As the term denotes this model focuses upon the dominance of the entrepreneur in the management of small firms. This is however, not to suggest that other entrepreneurs do not play such roles. But generally this type of entrepreneurs appear to be more dynamic and exhibit a high propensity to take high risk. Moreover they are bold, far-sighted and always ready to face new challenges. They also exhibit a high degree of tolerance in case their project in question fails in spite of honest efforts to save it from disaster.

The above mentioned characteristic features of the dominant entrepreneur were noticed in abundance among the five of entrepreneurs selected for this research work. Especially three among them are the subject matter of chapter IV, and the other two are cases viz. Krishna Feeds and Golden labels in chapter VI. What is more striking is that all of them had a greater degree of confidence in themselves, and an intense determination to succeed against all odds. For example in Navin Industries (Chapter IV) the enterprising brothers among themselves, pursued relentlessly an idea given by an outside firm and ultimately succeeded in developing a sophisticated pump that could compete with multinationals as well as other competitors in the domestic
markets. This kind of achievement in a place like Hubli where there are many constraints with regard to infrastructure, is no mean achievement. Similar kind of rigid approach is evident in case of Shrikant Tiles (Chapter IV) where Shrikant rigidly stuck to his financial strategy of selling against cash only. Of course, he had undertaken a number of steps in order to make this policy work. For example, in the first place he had to offer a technically superior product as compared to the products of his competitors. Second, he had to study the buying behaviour of customers and adjust the quality and the price of the product in such a way as to influence them to go for his products only, and thereby overcome the problems posed by the middlemen. Third, he had to undertake a number of promotional measures so as to overcome the initial resistance from the consumer. Fourth, he has to resort to short-term borrowing for avoiding financial crisis. This is how a dominant entrepreneur differentiates from others. The Golden Labels case discussed in chapter VI also exhibits the similar pattern of behaviour. For example the entrepreneur started with a product idea and then got convinced himself that the knowledge he had about the process is not adequate. He tried to improve his knowledge and in the process hit upon another product idea. He then pursued the new product
idea only to find some stumbling blocks in the form of inadequate knowledge about the process itself. He pursued the problem area further and took a lot of pains to gain knowledge about the process and got additional information about the equipment and process etc. This problem solving approach did not end here. In fact he tried his best to arrive at the excellence in the product area. This relentless pursuit of excellence at all odds distinguishes these entrepreneurs from others. They can be compared to those whom William Naumes calls as "entrepreneurial managers". They have a questioning attitude; their pursuit is not based on ignorance or misinformation, they collect information required and then pursue their goals. Though there are not many structural elements in the policy framework, yet there is some kind of method in their approach to problem solving.

Open-mindedness is another distinguishing feature of this type of entrepreneurs. When faced with a problem, they may draw a blank initially; but soon they get involved in the thought process and invite ideas and suggestions from different quarters and put themselves on the right track. For example,

In Krishna Feeds case (Chapter VI) the entrepreneur in question got a very good product idea from an expert and did not lose any time to capitalise on it to build one of the high growth companies in a short-time span. Similarly in Navin Industries case, Mr. Navinbhai did not lose any time in catching hold of a consultant whom he had met earlier, the moment he was convinced that he doesn't possess expertise needed for solving the initial problems concerning the product. In case study III (Chapter VI) the entrepreneur, Ramchandra also exhibited a similar approach when faced with a problem of choosing a product for his business. Thus one can easily infer from the above that the dominant entrepreneurs are always ready to accept challenging product or service ideas and thereby realise their objectives of maximisation of profits and growth. What is most noteworthy is that these entrepreneurs are well aware of their strengths and weaknesses. They are also knowledgeable in the art of exploiting their strengths and minimising the impact of their weaknesses on their business.

The third important characteristic feature of this type of entrepreneur is that basically, they are growth-oriented irrespective of whether the problem is concerned with the choice of product, or market, or service or premises for their organisation. For this purpose, they resort to forward planning
of their businesses. This is very much in evidence in Krishna Feeds (Chapter VI) wherein the entrepreneurs acquired far bigger size of industrial land than that was required for the immediate purpose. But considering the prohibitive land costs or land rentals, the decision to acquire a large sized industrial plot of land for future growth of the business was wise one and in the absence of such decisions, future growth and expansion would not have been possible.

Coming to the product and market choices it apparently may appear as though luck alone bestows these 'Gifted' entrepreneurs with 'good' products and 'good' markets. But a critical inquiry will reveal that it is not so. In Navin industries case (chapter IV) the entrepreneurs who were in small hand tools business for electronic industry did not stay content with the prospects in that industry. This made them search for a suitable product or product range with their eyes and ears open. It was at this juncture that they exhibited a spirit of enquiry to be blessed with a suggestion from erstwhile business associates which made them think of centrifugal pumps. Similarly, in Golden Labels case (chapter VI) it appears on the face that the entrepreneur chanced upon a product i.e., anodised label while he was having his training and capitalised on it later. But deeper analysis
would reveal that this entrepreneur, who was not happy with the electroplating business on account of limited prospects due to low value added and low market potential, was on a look out for a suitable product even though he was not conscious about it. When he chanced upon a product during his training he jumped upon it. In Indian folklore, luck is often compared with rains. Even though the rains are received by all land, only those lands which are cultivated and have sown good seeds will benefit from the rains. Since no effort has gone into cultivation and sowing operations, no results are obtained. Cultivation can be thought in terms of hard work preparation of mind, for deep thinking. Seeds can be thought in terms of ideas howsoever vague they may be.

It is interesting to recall a significant reaction of an entrepreneur belonging to this category, whose firm had shown remarkable growth within a short time with pride writ large in his face, he said ... you may not believe, but it is the fact that we worked 18 hours a day in and day out. I believe that hard work is a most important factor in the success of any enterprise". In the several interactions the researcher had had with other entrepreneurs, it was observed that these entrepreneurs who belonged to dominant category kept themselves busy throughout. Moreover, the study of
their routine work revealed that they had little time to spare for activities unconnected with their business. This is not to say that they did not have any time for socializing or hobbies. But they always made an effort to relate these activities for furthering the business interests. For example, in Navin Industries' case one of the brothers was a keen sportsman. In due course he developed a sports wing in his factory premises and provided facilities for his workers to play indoor games. This action of his got a lot of publicity. Soon he developed a cricket team in the name of the firm by handpicking youngsters from colleges, universities and developed them into a strong team by hiring services of a coach. On occasions he himself captained the team. As a result the firm's name was known throughout the region for their excellence in cricket. Even today, the firm's cricket team is a strong contender for trophies in tournaments organised throughout the state. This step increased the acceptability of the firm as a place to work in and attracted many sports loving youngsters who otherwise would not have joined a small firm. In his own way, the entrepreneur overcame the hurdles faced by a prospective small firm in attracting suitable young men and women.
In essence, these entrepreneurs with their single-minded devotion to the growth of their enterprises made use of each opportunity to improve upon their efforts and build a strong business. To them work has become a passion rather than boredom.

Although this study design has not incorporated, the examination of personnel decisions, yet it is considered worthwhile to say a few words about the personnel practices adopted by these firms. The entrepreneurs in question exhibited utmost care in choosing their employees. They paid their employees more than most others in their industry sector. They also exhibited a lot of concern for employee welfare and introduce a number of schemes for the benefit of their employees. Some such measures were: (i) running a small canteen in the premises, (ii) offer of liberal leave benefits, (iii) liberal bonus (iv) promotional opportunities based on merit, (v) liberal increases in salary and wages to offset impact of rising prices and (vi) quick redressal of grievances. They also exhibited the qualities of benevolent leadership.

For example, in one case where an employee's son developed an opthalmic complication, the owner-manager did not hesitate to provide him the best possible medical attention in a hospital situated in a metropolitan city, hundreds of miles
away from the work place. In fact, one can quote several such instances of benevolent nature, which in turn support the view that belavolent and enlightened owner-managers always succeed in creating a very congenial shop-floor environment required for maintaining high work ethics and productivity.

Incidentally it can be said that a sensitive aspect of personnel practice of a small firm is the management of 'knowledge' workers. A small firm which aims to grow must have strong foothold in technology area. To accomplish this it must employ and retain talented persons. As already identified in case of Krishna Feeds (chapter VI) and also in case of Shrikant Tiles (Chapter IV) these entrepreneurs exhibited a high degree of respect for men of knowledge and accomplishment. This made them behave more carefully in dealing with such persons. Such carefulness dawned from the realisation that knowledge workers needed a more individualised and custom tailored treatment than one meted out generally. Some of the entrepreneurs of this category had to realise this fact the hard way. For example, in one particular case, the technical manager, who was responsible for development of a range of products on which the firm had capitalised, was treated very badly out of sheer ego of the owner.
As a consequence the technical manager left the firm. Soon the firm in question received several complaints of technical nature from their reputed and prestigious customers. Failure to solve these problems would have meant a virtual suicide for this growing firm. But unfortunately none of those working on the shop-floor could solve these problems. On knowing the gravity of the situation, the owner-manager did all that was necessary to bring back the technical manager. In fact he offered him a much senior position in the firm with the highest privileges and perquisites and thereby ensured that such unprecedented crises did not recur in future.

Another significant feature of the dominant entrepreneurs is their favourable disposition towards professional management. Inability to manage operations is a 'consequential' weakness of the most dominant entrepreneurs and being sensitive to the needs of a growing firms they do not take much time to realize this. Since the entrepreneurial tasks require that they should spend more time on enterprise development activities, they always look for someone who can manage the routine operations, and thus free themselves for developing the systems approach to management and operations within the firm. This penchant for development of
systems approach coupled with a willingness to delegate (a rare virtue of an entrepreneur) made them appreciate the contribution of professional management to the overall development of the firm. For example, thus in Navin Industries case the decision to go in for a professional consultant is triggered by the exposure of the entrepreneur to professional management while attending a MDP course in a reputed management institution in the country. This institution had developed a special expertise in management of small firms, through its extensive field work. The impact of exposure to professional management in these firms was so great that 3 out of 5 firms in this category had employed MBAs in key positions, particularly in marketing area. Apart from this, all the five firms had retained professional consultants either in marketing or production and finance.

It is often said that "plans are nothing and planning is everything". True to this dictum, these firms belonging to dominant category had resorted to some kind of informal planning systems. The entrepreneurs had genuine orientation to business planning, even though this did not reflect fully in the formal systems adopted by them. The reasons are not far to seek: (i) a typical entrepreneur in this category had little tolerance for too many details even though he had an
eye for facts and figures. The researcher in his interaction got an impression that these entrepreneurs looked upon planning as a kind of built-in threat to their entrepreneurial instincts. They often did not understand the difference between plan and the planning process. When asked by the researcher why they don't make use of their MBAs for preparing market plans, the dominant entrepreneurs are quick to reply "when, with all our knowledge of the market and ability to work hard, we were not able to plan, how can a raw MBA succeed?". True, this statement, while reflecting on the difficulties inherent in preparation and execution of plans, illustrates the thinking styles of dominant entrepreneurs who give an impression that anything that they are not been able to do, cannot be done by anyone else in their firms.

A contributing characteristic feature of these entrepreneurs which had a favourable impact on their decision making was their understanding of informational needs. They kept themselves well informed about their areas of operations by reading literature concerning their trade, both in the form of magazines, as well as books. Moreover, they were highly knowledgeable about the national and international standards concerning their products and always tried hard to improve the quality with a view to reach higher standards within a given time span. For example, Navin Industries
(chapter IV) the firm was able to produce centrifugal pumps and valves to the international standards through its determined indigenous efforts. (ii) In case of Anand Biscuits (Chapter IV) the firm was able to produce biscuits to the specification of (ISI) Indian standards institution in a short period.

In respect of their functional decisions concerning the production, finance, marketing and personnel, they had developed their own management information systems. These systems enabled them to make decisions quickly in required areas. Entrepreneurs in respect of case of Krishna Feeds (Chapter VI) and case of Shrikant Tiles (Chapter IV) had focused on MIS concerning raw material inventory and procurement, since the raw materials played a vital role in maintaining the quality and were often a constraint. In case of Golden Labels (Chapter IV) the firm made use of accurate information concerning despatches of product since the delivery schedules were stringent and had to be kept up at all costs.

The development of contingent plans is another significant feature of these entrepreneurs. The records of the firms reveal that such contingency planning was not a part of thinking process from the beginning. However over a period of
times, these firms have learnt the importance of contingency planning. For example, the Navin Industries had a contingency plan of concentrating on earning enough revenues for two years from sales of spares required for pumps and valves that are in operation.

Risk taking behaviour is yet another important factor that distinguished these entrepreneurs from others. These entrepreneurs generally took greater risks in making decisions in respect of the size of investment, production capacity, size of market chosen, or the type of persons selected to work with. The fact that all the firms in this category achieved a substantial growth in a comparatively short period bears a testimony to the number of decisions involving risk made by these entrepreneurs. Risk taking is a necessary virtue of entrepreneur. Whereas a gambler's risk has equal chances of failure and success, a calculated risk taken by the entrepreneur has greater chance of success, though such calculations are difficult to make. Patrick R. Liles 5 has identified three elements of risk. They are: (i) perceived 'odds' of various good and bad events occurring, (ii) the perceived

consequences of these events and (iii) the perceived seriousness of these consequences. Even though all the three aspects of the risks are subjective, it is the individual’s ability to assess the risk which influences the decision.

In conclusion, the decision making pattern of the entrepreneurs belonging to this model have the following features:

i) Each of them have a marked propensity to take risk on the basis of information gathered for the purpose. Apparently, they have followed an open-door policy.

ii) They have a clear perception of likely consequences of their decisions and had a built-in-ability to face such consequences.

iii) Each one exhibited abilities to define the problem areas and capacity to identify the decision areas.

iv) Each one of them had enough of entrepreneurial instinct, and each one, by design or otherwise developed an interest in professional approach to decision making in their respective firms.
8.4 Intuitive Models:

Intuition is supposed to be a skill acquired without relevant experience or training to back it up. It is also said to be the inner harmony with reality. It is common knowledge that every one tries to relate himself intuitively to the outside world in the absence of a well developed understanding of its functioning. In fact, whenever a decision maker in business or otherwise faces a situation where he is not able to arrive at a conclusion based on the available facts and figures, he resorts to his own skills. Intuition is one such skill which enables people to solve difficult problems more easily. It is in this context that intuition has come to occupy a prominent place in decision process. The importance of intuition is highlighted by Lee Iocca when he says "It is easier to collect 95% of the information required for decision making but, getting the remaining 5% might take as long as six months by which time the concerned decision would have lost its relevance". Use of intuition has come to be widely used and has come to the rescue of decision makers in such cases. All businessmen

7. Lee Iocca,
and more particularly small business decision makers make extensive use of intuition. To put it in the words of Dianich and Gupta, "entrepreneurs intuitively understand the whole business venture and its environment." Entrepreneur is essentially a risk taker and the degree of his success in taking risks depends on the intuitive feel he has for the business venture and his sense of possible future outcome of his decisions. In the context of uncertainty an effort is made to reduce the prevailing uncertainty by making use of intuitive processes.

Considering examples of decision process adopted by small business entrepreneurs in the case studies presented earlier in Chapter VI, it is seen that intuitive processes were used in two types of cases -

i) When the required information was not available in spite of search, here intuition was used to fill in the gap.

ii) When the entrepreneur could not put in the required effort in terms of time, money and effort to collect and analyse information. Here intuition was used as a substitute for information search and analysis.

While the first type belong to the dominant entrepreneur category the second type belong to the intuitive category.
By an intuitive type entrepreneur it is essentially meant that he is a person who makes extensive use of intuition, not because he is unable to get information any further but because he wants to substitute the information search and the subsequent process of analysis through use of intuition.

Taking specific decision taken in the case studies examined earlier some examples of such behaviour are -

(i) Ramachandra of Vijay industries when he took his decision to start his small firm needed a good lot of information on the various benefits available to a small firm both in the form of infrastructure as well as bank financing. While he had some vague notion about how to apply for a shed, he was totally ignorant about bank finances. A search for additional information would have convinced him about availability of funds and the advantage he will have using borrowed funds. But he intuitively felt that one "should not borrow". This could not be explained by any training or experience in managing small business because he did not have any. He might have followed this principle in his domestic life. But in a business situation the same ethic does not hold good and becomes irrelevant.
(ii) The same entrepreneur intuitively felt that Government regulations would stifle the firm when the number of employees hired increases to 10 or more. As a result, firm has to bear additional burden of filing various statements and has to comply with rules concerning Provident Fund, Gratuity, Leave facilities etc. These regulations according to Ramchandra appear to stifle the growth of small firm. But in fact the same regulations can be of help to a small firm build loyalty among the employees. In the interactions with other small firms the researcher found that employees exhibited greater satisfaction while working in firms which offered such facilities. Their morale and productivity were much higher. In comparison the firms which had deliberately decided to remain outside the purview of the Factories Act suffered from absenteeism, abrupt discontinuance etc. The employee turnover in such firms being considerably high, it resulted in wastage of expenditure incurred on training. Employees working in such firms were always on a look out for a 'better' opportunity. The researcher calls this a "intuitive" judgement because no reasonable explanations can be given to such an attitude except the fact that the entrepreneur wants to grow without the attendant problems.

(iii) Ramakant of Mark Industries was to make an important preinvestment decision with regard to the size of operations
and type of products. He had an idea that he should go in for arbour, milling adapters etc. A market survey would have convinced him about the available market potential for the product. With his accumulated savings he would have afforded such a survey. He could have held negotiations at the levels of chief executives of machine tool manufacturers. He could have obtained more information about the special schemes IDBI has for the technically qualified persons. Under this scheme he could have obtained finance on more attractive terms. Such funding would have enabled him to start a medium scale enterprise and thereby fulfil his dream of producing some vital components for machine tool industry as a whole. But instead he went ahead with certain assumptions of his own. He intuitively felt that he will have some 'cultural' limitations if he were to start independent production and as a result he decided to go in for sub-contracting work first and learn the skills in the process. Here use of intuition was based on insufficient scanning of the environment. Here intuition replaced an objective analysis.

(iv) The same entrepreneur intuitively develops one major buyer for his services with marginal contribution coming from other buyers. The reason given is a small firm in ancillary industry can develop meaningful relationship with only one
firm at a time and this is more beneficial. This appears to be a plausible explanation. But examination of reality reveals that large firms as a policy continuously look forward to alternate supplier. As put in the words of a company executive "we have distinct advantage if we have two or more suppliers of goods and services. They often compete with each other to get our business and thereby bring down the prices on their own account. We have to simply play one against the other. It is so simple". A small firm particularly an ancillary often tries to reduce the burden of dealing with more than one customer. As a result, it walks into landmine laid for it. In the context of growing exploitative tendencies of big firms it is essential today that a small firm should have its eggs in more than one basket. It is very clear that many small firms including the above one have continued the practice of developing one large customer inspite of the inherent inadequacies. Such decisions of small firm can be called intuitive because they defy all rational explanations that can be attempted. In case of above firm high debtors at Rs. 1 lakh against an annual sales turnover of Rs. 3,40,000, equivalent of 110 days sales, largely reflects exploitative tendencies of a large buyer.

Intuition is definitely helpful to decision maker in the beginning since time and effort required to obtain the
information is high. On an examination of the four different types of decision taken by the entrepreneurs it can be concluded that intuition instead of being a beginning tool to be improved upon has become the mainstay of business. A look at more successful firms reveals that entrepreneurs of these firms used intuition more imaginatively e.g., (i) In case of Krishna Feeds Pvt. Ltd., Ramosh was advised by Dr. Pratap to go in for production of animal feeds. Ramesh had never known about animal feeds in his lifetime. Even then the 'risk bearing element' in his personality made him jump on the project with all his might. Here also the entrepreneur was acting intuitively. But his intuition was based on expert advice. He had relied on a highly credible source of information. Even here he supported this by his independent search for fact and assured himself about the state of affairs, but nevertheless took the early decision based on intuition and improved upon it later.

So use of intuition cannot be ruled out in entrepreneurial decision making. It is in fact a necessary ingredient. But indiscriminate use of intuition in the absence of a due consultation process and information search may not lead to an effective entrepreneurial decision e.g., Ramakant could have visited experts at Central Machine Tool Industry Institute (CMTI - Government sponsored institution for providing expertise
to machine tool) who are capable of providing authoritative advice to any one seeking to make an entry into machine tool trade. In the discussion the researcher had with Ramakant there was no evidence of such a consultative process having been adapted by Ramakant.

As regards Ramchandra, the researcher did not get an impression of his efforts in consulting entrepreneurs who had already set up a small business. Provided he had done this, it would have made him more open minded in approach. An element of secretiveness, or an approach of 'keeping to oneself' is reflected here which has seriously affected any prospect of receiving a good piece of advice. There are many retired as well as active entrepreneurs as well as executives who can render useful advice if contacted. This is the inadequacy of the intuitive entrepreneur vis-a-vis the dominant entrepreneur, here also. Above all, one has to accept the fact that he is not master of himself as far as problem solving approaches are concerned. He must accept the fact that he has inadequate knowledge in certain areas and must show that he needs outside help. This is the 'risk' intuitive entrepreneur does not take. It was observed that these types of entrepreneurs have not sought advice of a consultant for management of their enterprise. This is in spite of the fact that they have some serious handicaps in managing vital functions of business.
Another factor that differentiated intuitive type entrepreneurs from dominant entrepreneurs was the long term perspective that they brought to a situation. Whether it was choice of product or a market they were prepared to attempt a more ‘difficult’ approach, e.g., in case study II, Anikumar chose to develop anodised labels, a real difficult product when compared to electroplating, in which he not only had experience but had training also. This decision that he took was based on declining market share in respect of electroplating and perceived high demand potential for anodized label making. Added to this was the consideration that his business will become more vulnerable to competition in days to come and he has to take steps to overcome this likely competition. In respect of choice of land for their enterprise these types of entrepreneurs have taken into consideration the future requirements of the firm for expansion and diversification much earlier. The acquisition of land in a given area is a proposition in which decisions cannot be made later for obvious reasons of non-availability as well as high prices. Two examples of such steps are available from case studies – (1) Anand Biscuits (case study III Chapter IV); here the entrepreneur went in for a bigger plot measuring 20,000 sq.ft. right in the beginning and as a result, he could meet his immediate expansion needs without much difficulty.
(ii) Krishna Feeds (case study I Chapter VI): here the entrepreneur acquired a plot measuring 10,000 sq.ft. against an immediate requirement of 1,500 sq. ft. This step helped the firm bring about its first phase of expansion without much difficulty.

Lack of ability to develop contingent plans is yet another characteristic of intuitive entrepreneur e.g., in precision services cast (chapter VI) the entrepreneur Jayant made a basic decision to go in for machining jobs. But found later that there were too many competitors and prices were unremunerative. It took him nearly two years to decide and take up threading activity. When compared to this, in case of Anand Biscuits (case study III chapter IV) the entrepreneur having failed in the local and nearby suburban markets made a 180° turn and developed distant market within year having made the decision in the earlier six months. Looking to the task involved this was no mean achievement. Dominant entrepreneurs make decisions faster though at times there is a likelihood of these decisions turning out to be faulty.

The above mentioned critical analysis of few cases in respect of intuitive type entrepreneur, reveal the following important characteristic features.
1. Almost all entrepreneurs exhibit a limited or restricted business perception, and as a consequence their information search is either localised or restricted to bare minimum required to trigger off the business activity in view.

2. Since the decision to establish a business is influenced by 'non-objective' considerations, this type of managers do not exhibit the clarity of business purpose and objectives, and therefore it is more likely that the profitability of their firms is comparable to those of survival firms. Only in exceptional cases (i.e., Prakash's case) the profitability may hit the level of one reached by dominant types. However, one is not sure whether this will hold good in the long-run.

3. Generally the intuitive types are not prone to undertake a risky business. In fact, they exhibit certain traits of moderate-risk takers. In addition, they never subject themselves to SWOT analysis, which is a must, for those who desire to grow and expand. Therefore, these types of managers prefer to hibernate themselves in a narrowly defined environment.
SURVIVAL MODEL

This model has been built based on the characteristics of firms at existence and growth stages whose description has been already given in later half of chapter VII.

The following examples stand a testimony to the observations made already for example, the Precision Services case (chapter VI) shows a marginal growth rate of 1% over a period of four years from 1982-88. It is also found that it operated on short-term basis without any clarity regarding its future growth or survival. There is no doubt that it has taken a decision to change its product line from machining to threading activity after an interval of two years. But soon it began to face severe competition from those firms which had automatic machines. The number of employees in the firm were just four and the senior most employee had a service of six months in the firm. Thus unwillingly the firm became a training ground for those who join and in short-intervals when questioned in this regard, the owner Mr. Jayant said "I am very clear, I don't pester any one to continue with me, if he has higher wage expectations. I tell them in clear terms that they can stay if they like or otherwise, the doors are always open". In addition to low wages, the treatment given by him was rather curt even though he tried occasionally
to adapt a human relations approach without much commitment to that school of thought.

But it is more than certain that he really did not have any clarity about the personnel policy. His style of frequent hiring and firing of workers had not only brought down the quality of work, but also made him spend his valuable time for training his workers. Moreover he had to be physically present at the work place since many of the workers were new and he was not sure that they could carry out work as desired. In fact, he gave an impression of a mistake-avoider but in reality committed many mistakes in the process. This important short coming was a reflection on his inability to manage and develop a second line. This was again on account of short-term policy perspectives where he could not resort to any business planning. Another noteworthy feature of this type of entrepreneur is that on certain occasions, they exhibited certain traits of the dominant entrepreneurs. For example, Mr. Jayant had developed plans to diversify from threading products to wire products. What is more is that he has got all details regarding machinery required and had entertained many dreams of making it a success.
But, because of his myopic view of the business activity, he is always unwilling to commit himself to any long-term planning of his business. Being essentially a risk averter by nature, even in the context of perceived market potential he was not prepared to take minimal risks that are necessary for building a future. This kind of operational behaviour was also found in other areas. When the researcher tried to convince him about maintaining accounting system, he blurted "most of the accounts are in my head I don't want to keep too many ledgers and be a prey to tax authorities" If at all they come I will show them some figures here and there and tell them I am running at a loss.

Another example of casual behaviour is with regard to pricing of the product. When questioned he said: "I base my price on some mental calculations I have. Till now I have not used any kind of cost details to work out the real cost. Moreover as you know I don't have any real say in prices, I get. In actual fact it is the competition that determines all that: why should I bother about that unnecessarily?" The same entrepreneur in another context said that under certain situation, I have quoted the prices below the cost, because I was not ready to face the 'no order situation'. In short this
entrepreneur clearly exhibited the profile of a manager having no real managerial inputs required for managing the small enterprise of the size that he owned.

Similarly, Mohan of Jagadish Industries (Chapter VI) exhibited the same operational behaviour. In fact, his "could't care less" has put the firm in a bad shape with a turnover sliding down from an all time high of Rs. 1,2 lakhs to Rs. 60,000 within a period of 4 years.

During the several discussions the researcher had with him it was felt that the owner-manager took more pleasure in brooding over the past than in thinking about the future of his business, what is more startling is that in all areas of management he was sure that he had done his best and nothing, more needed to be done. He did not have any desire to understand and appreciate the inputs coming from professional management. When asked in this context he reacted once; "I know what professional management teaches; all that is a text book theory and does not apply to real situation". In saying so, little did he realise that the so called text books of management are not a result of laboratory experiment but a result of practical experience. With regard to many other issues such as personnel policies, pricing, systems development,
planning etc., he exhibited similar characteristics as in case of Jayant, but with a greater degree of callousness. The researcher could realise that such an attitude on the part of the entrepreneur was a result of his upbringing in a bureaucratic set up. Since he had his ancestral property to fall back upon, he did not take his profession seriously, because of poor managerial as well as technical background.

In conclusion, the following are the main decision making style of survival entrepreneur:

i) Usually entrepreneurs exhibited an exaggerated opinion of their competency.

ii) They are very rigid, inflexible and immune to change.

iii) Almost all of them had no innovative instincts.

iv) The decision making process was based on emotion ego and intuition not supported by any objective considerations.

v) They had greater orientation towards past than for future.

vi) They hardly read anything relating to business management.

vii) They approached the problem on personal aims and tenacies and not on the established rules and procedures.
entrepreneurs can be of great help in this regard. Such
consultation at home would ease the home atmosphere and
relieve the entrepreneur of the stress and strain thereby
enable the entrepreneur to revitalize himself for fresh
thinking.

Another vital source for a consultation process is
the professional consultant. Some of the observations of the
researcher in this regard are :

a) Consultants capable of rendering useful advice to
small firms are not available in large number. Advice
given by many consultants is general in value: and
does not serve the problems of individual firm. The
reason for this is predominant influence of large firm
on the consultants thinking process, resulting in
advice more suitable to large firms, than the firm
in question.

b) The fees charged by some consultants appear to be
exorbitant thereby dissuading a typical entrepreneur
from going near a consultant.

c) At present the low number of consultants available
makes it impossible for available consultants to
spare time for all, even though many units are keen
to avail of the benefit of consultancy.
These observations are borne out of researcher’s exposure to consultancy related problems in Hubli-Dharwad industrial area. In view of the above, it is recommended that an institutionalised effort has to take place to bring into existence a corps of **Certified Small Business Consultants** by conducting examinations at the national level wherein the candidates’ grasp of small business problems is put to test. This effort needs to be managed by Development Commissioner, Small Scale Industries, Government of India in associations with institutes of management who have put in special effort in developing framework for small business management.

The above measure also needs to be supported by increasing emphasis on small management problems of small firms in the curriculum of M.B.A. courses.

Vital break-throughs have been made in USA by small Business Administration which is now actively involved in solving management problems of small business. The measures initiated are:-

i) A special cell to look after management problems of small firms.

ii) Creation of corps of working executives and corps of retired executives drawn from large, medium and small sector to help firms in need of managerial assistance.
iii) Acute effort in association with the University departments of management to provide field extension services to small firms by involving teachers and students on a regular basis.¹

The researcher wants to add that some effort in this direction has already been started to render managerial assistance. The modus operandi is as follows: Every fortnight on an appointed day and time the researcher sits in a small unit with the neighbouring entrepreneurs participating in an informal discussion wherein one of the entrepreneur is asked to state any problem faced by him which needs solution. All the other entrepreneurs are encouraged to put forth their views on how the problem can be solved. The researcher who acts like a silent observer at times and like a catalytic agent sometimes, carefully intervening to bring about conceptually clarity about the problem area and its delineation. The whole objective of such effort is -

i) To make small entrepreneurs feel that their problems are not to be brooded upon but are to be solved.

ii) To make an individual entrepreneur aware that he can make use of his colleagues in the industrial estate to defuse or develop clarity over a problem situation.

(ii) Lack of Necessary Sources of Information: And Lack of Resources Necessary for Collecting and Processing Information:

A prerequisite of good management decision is the availability of a Management information system specially designed around managerial needs of small business decision maker.

A research project for assessing information needs of small firms instituted by U.K. Government arrived at the following conclusions after two years research covering 200 firms.2

"(a) Information needs of small firms are closely related to day to day problems, and facts are needed to make decisions at short notice; nevertheless, the manager often is unable to define or understand his problems and consequent information needs.

(b) Most information in small firms passes verbally, especially involving suppliers and customers.

(c) Services given by small firm agencies are often ill defined and poorly publicised: many agencies are searching for a role rather than responding to a

positively known demand. Small firms cannot readily identify agencies which may be appropriate for them, and firms rarely establish a continuing relationship with most agencies.

(d) Most of the effort is aimed at establishing a new business whereas the established firm requires a different kind of services.

Though the above findings reflect on problems of the small sector in U.K., it is needless to say that the observations are valid in respect of Indian small sector also.

Following are the identified information needs of the small enterprise -

1. The small-scale industry programme and the facilities available.
2. Scope for development in a particular area.
3. New products, their scope and linkages with large sectors.
5. Various concessions given by Government.
6. Information regarding machinery and equipment.
7. Information about new processes developed and the procedure for obtaining them.
8. Details about reserved items.
9. Details about role of ancillary units.

10. Details of supply-demand gap (product wise).

The collection and handling of this information is a technical and specialised job and needs a well-established MIS cell attached to District Industries Centres (DICs) or Small Industry Service Institute (SISI). This information needs to be generated at national, regional, as well as local levels. Computers can be used to store and disseminate such information. A post of information officer needs to be created specially to man such setups. The effort will be worthwhile only as long as the information is regularly updated.

The second and most neglected and least understood aspects of the enterprise is the management of the organization as a strategic business unit (SBU). What is not understood is that the management is a catalytic resource and its inherent worth is much greater than its apparent price. Very often, the difference between a success and failure of an enterprise or between two enterprises in the same industry will be entirely due to the quality and productivity of management. Productivity can easily be increased by -

1) Training and developing managers at the shop floor.
ii) Rewarding and treating them fairly.

iii) Providing them with opportunities for self fulfilment and job satisfaction and

iv) Inculcating in them sense of values through motivation and by providing them with clear and acceptable goals, policies and example.

Scope for Further Research:

Initiating and managing growth is a vital area for a small firm decision maker who faces a problem in its transition from entrepreneurially managed firm to professionally managed firm with functional specialisation. The existing research findings including this report require further support in the form of future research in the area.