Part I

INTRODUCTION AND REVIEWS

Chapter I: Introduction

Chapter II: Approaches to the Study of Entrepreneurship
Chapter 1

Introduction
Chapter I

Introduction

Entrepreneurship as an abstract process was directly related with the larger processes of development and underdevelopment in any society. To that extent, nature of entrepreneurship would be a fairly reasonable indicator of the path that a country had charted out for itself interacting with the global forces. Applying the same line of argument in case of India it was noted that the country was fairly well-endowed with natural resources. Despite this, entrepreneurship in industrial field had a very narrow, regional and communal base (Bagchi : 1972: 157; Buchanan : 1934:145; A. Choudhuri : 1975 108-144; Jha : 1963:102-168; Pavlov : 1964; Timberg : 1978 : 18).

As a result, industrial development had been tardy and uneven.

As an area of research, entrepreneurship had attracted quite a large number of scholars analyzing various aspects of Indian entrepreneurship (Timberg : 1978 : 18).

Thematically, these studies could be broadly grouped under six categories:

1. Theoretical and Comparative: examining the concept of entrepreneurship; mono-factor explanations of its
causation or inhibition; successful/unsuccessful operation at the individual, community and societal levels; comparison with the entrepreneurial profiles in other countries.

2. General Studies on Business Communities: analyzing the general character of business communities from different regions.

3. Specific Community Studies: depicting the community characteristics explaining their success/failure.

4. Localized Studies: describing the town/city specific ethos in entrepreneurial styles.

5. Biographies and Histories of Individual Firms: listing the sequential development of business houses/firms.

6. Economic History: chronically the historical evolution of industrial and commercial institutions; sometimes linking it up with the processes of development and underdevelopment; concentration of private economic power and its juxtaposition with the policies pursued by the Indian Government, and the role of the multinationals.

Taken together these studies did provide insights about different aspects of Indian entrepreneurship. However,
they suffered from the following inadequacies:

1. Taken singly none of them explained the phenomenon of entrepreneurship fully and satisfactorily (Tripathi 1976: 2). The monofactor approach tended to concern itself with either the socio-economic-cultural-political environment in which the entrepreneur entered and operated or personal, community, societal characteristics that explained his success/failure (Alford 1977: 116).

2. Quite often these studies failed to make a distinction between different dimensions of the phenomenon: (a) the individual entrepreneur, his background, style and effectiveness; (b) the nature of his enterprise; (c) his response vis-a-vis the operational environments (Alford 1977: 116). Each of these dimensions was an independent issue and had its parallel significance and yet most of the studies tended to confuse them (Timberg 1976: 18).

3. Since most of the studies followed the Weberian/neo-Weberian framework originating in the West, their operational methodology used the same values, theoretical bias, and, consequently, examined entrepreneurship in a linear fashion (Epstein 1964;

4. The dominant tradition in the studies on entrepreneurship treated it as a process of challenge and response. In this process, the entrepreneur acted as a central dynamic agent seeking to achieve some combination of profit maximization and growth of his enterprise. The precise degree of entrepreneurship depended upon responsiveness to wider social and cultural conditions. In this approach factors such as markets and technology were seen as being given. In evaluating the choices open to the entrepreneur, the relative contribution of entrepreneurship as against other factors was seldom included in an enterprise's performance. Thus, a great many studies on entrepreneurship were concerned with the entrepreneur per se and not with his business performance (Alford: 1977: 116).

Because they contained the above mentioned inadequacies, they also contributed, directly and indirectly, to the emergence of the following myths:

1. That certain Indian communities played a leading part in India's industrialization because they were disadvantaged minority groups (Lewis: 1960); that they had values that differed from the dominant Hindu
tradition (Kennedy: 1962; Heselitz: 1960; McClelland: 1961); and that there were not much intra-community differences in characteristics and performance in business and industry. The facts were otherwise. Excepting the Parsees, there were important differences in most of these business communities. Ancestors of all Marwaris, for example, belonged to Marwar; beyond that there were religious and caste differences among them. The same was true in case of the Gujaratis.

2. That the suppliers of capital were prime-movers of the process of economic growth; that these were businessmen and that the feudal and pre-capitalist remnants of upper income groups, which were preserved by the imperial power, usually did not play constructive part in the production process. Bagchi (1972) not only identified these misconceptions but also provided convincing evidence to rebut them for the period 1900-1939.

3. That the foreign enterprises provided the only dynamic element in the Indian economy through their ability to take risk and innovate during the British rule; that the multinationals continued the same role after

4. That Indian business could be stratified on size alone; that concentration of economic power in the private hands could be curbed by putting controls over their further growth (MIC: 1963; ILPEC: 1969).

A. Choudhuri (1975) and Tyabji (1977) indicated that this could also be done on the basis of geographical coverage and legal forms.

In comparison to earlier studies, the conceptual distinctiveness of the present study lay in: (a) its treatment of entrepreneurship as a historical, non-linear process; (b) a family rather than individual phenomenon.

It was the contention of this study that entrepreneurship in the Indian large scale manufacturing sector was quite a diffused phenomenon, one vested in the collective authority structure of the joint family headed by a Karta. It was readily agreed that the Karta did indeed play a very leading part in strategic decision-making. However, it was also true that he was not the only one involved in decision-making. The fact was that he was only a senior leader of a team often consisting of equally senior members.
The focus in the present study, therefore, was on the authority structure in the joint family rather than on discovering charismatic qualities in one individual. The unit of analysis was the industrial family, as against an individual. In evaluating the business performance of the families it simultaneously considered the three sub-systems of the business environment, namely (a) the structure of family, (b) the management structure of the industrial units and (c) the external business environment. As a result, the analysis covered the structure and content of family entrepreneurship rather than the individual entrepreneurial qualities per se.

Following this approach, Chapter II first reviewed mono-factor attempts - cultural, psychological, sociological and environmental - weighing their explanatory adequacies. It, then, examined how entrepreneurship was a historical, non-linear process and why it should be judged on the basis of performance of entrepreneurial tasks. Next, the rationale behind analysing entrepreneurship as a family phenomenon in India was outlined. It was argued that, (a) strategic decision making in the industrial families was of diffused nature; (b) the basic unit for individual identification and orientation in India was the family;
(c) the socio-cultural practices and personal laws overlapped with the laws dealing with the regulation of the industrial enterprises and encouraged management of industrial enterprises within the legally flexible ambit of the family; (d) structurally the Indian family encompassed a variety of activities and organisations controlled by its members, and (e) the family represented an unit of class theory.

Indian joint family, as a field of research interest, had received the attention of many researchers, Indian and foreigners. Yet, a great deal of confusion existed about the concept of family, its typologies and its relationship with the larger societal processes such as industrialization, urbanization and development (Leela Dube 1973: 233-366; Medan 1976: 212-213; Shah 1964: 1-36; 1973). Chapter III, therefore, first clarified the terms and concepts relating to the family, its various dimensions, basis of typological classifications and approaches to its study. It then discussed the socio-legal principles governing family enterprises in India which affected the control of economic organizations by the family members. Thus, the researches dealing independently with the dependent (management of enterprises or entrepreneurship) and independent (family) variables were surveyed. Afterwards, the three studies which dealt with the interacting relationship between these two clusters of variables were reviewed.
The specific objectives of this study were:

1. to study the demographic and authority structure of families on a historical continuum;
2. to analyse the impact of changes in the internal structure of the families on the management of enterprises; and
3. to identify, on the basis of the findings, areas of excellence in the management of the internal structure of the family which could be recommended for adoption by the professional management of any industrial enterprise.

Conceptual framework of the study was outlined in Chapter IV from which the scope of enquiry and methodological details finally emerged. In doing so, functioning of the family as a corporate entity allocating/reallocating resources was first analysed. The manner in which the demographic changes in the family, and critical events, affected the authority structure and consequent operationalization of business environment was then examined. Based on this discussion, the following major hypotheses were evolved:

1. Changes in the demographic structure of the family were likely to change the authority structure of the family.
2. Changes in the demographic structure were likely to change the deployment of family members in the economic enterprises.

3. Nature of authority structure was likely to determine presence or absence of turbulence in the family.

4. Business performance was likely to be dependent on the effectiveness of strategies employed to (a) combat familial turbulence, and (b) control internal and external business environments.

Chapter V outlined the thematic and historical scope and geographical coverage of the study. Research design, sample, tools and methods of data collection, collation, restructuring and recasting including the problems encountered and the strategy employed to solve them were described. Operational definitions of the concepts used were indicated. Limitations of the study were also listed. A pilot study was conducted to evolve the universe of 96 families. From the universe, a sample of 33 industrial families was selected on a random basis. Analysis of the data was done in two stages: at the first stage both the clusters of variables, independent and dependent, were presented independently; the relationship between the two sets was shown at the second stage.
Chapter VI, VII and VIII presented empirical findings about (a) the demographic and authority structures of the sample families and (b) the management structure of their economic enterprises and (c) the impact of changes in the demographic and authority structures on the management structure of the enterprises. Demographic structure of the families was discussed in terms of (a) characteristics indicating categories of jointness, (b) size, and (c) composition. Changes in it were presented in terms of (a) births, (b) deaths, (c) marriages and (d) adulthoods reached. Management structures of various types and changes in them were discussed in terms of (a) size and (b) composition at (i) the family and (ii) enterprise unit levels. Hypotheses dealing with the relationship of demographic structure and changes in it with the management structure and changes in it were empirically tested and validated.

Authority and power structure of the industrial families decided the nature of entrepreneurship. Functioning of the authority structure in the domestic sphere was examined by considering (a) the educational attainments of different members, (b) professional/education, (c) familial background of the grooms for the daughters
and brides for the sons of industrial families, (d) occupational profile in the pre- and post-industrial period, (e) deployment of familial economic resources, (f) presence of turbulence and (g) nature of strategies used to combat turbulence.

Operation of authority structure in the internal business environment was viewed vis-a-vis (a) areas of industrial units (total and new units, expansions, diversifications, products covered), (b) the workers, (c) shareholders and (d) the support systems.

The external business environment was analyzed vis-a-vis (a) the State, (b) the input suppliers and the output dealers, (c) the consumers, and (d) the multinationals and other competitors. These three sub-systems provided the content of the entrepreneurship displayed by different families at different points of time. The study next showed (a) the relationship of authority structure with the presence of turbulence in the family and effectiveness of strategies employed to combat them and (b) the relationship of effectiveness of strategies employed (in combating familial turbulence and in controlling the business environment) with business performance. Extending the analysis still further, it also indicated the relative
capacities of the three variables in explaining business performance.

At the end of the exercise, the study identified, in Chapter IX, four major areas of excellence of management of family. These were: (a) keeping the corporate entity of family intact in the face of tremendous amount of turbulence, (b) specialized management of turbulence, (c) effective deployment of familial human resources, especially satisfaction of ego needs, and (d) effective deployment of economic resources of family to yield maximum returns.

These could be emulated by any work organization designed to function on rationality and fairplay.
Chapter II

Approaches to the Study of Entrepreneurship
Chapter II

Approaches to the Study of Entrepreneurship

The scholarly tradition of studying entrepreneurship was nearly half century old. Yet, significant differences in opinions continued to persist about its meaning, causation, and operation on the one hand and the approaches and methodologies used to study it on the other. The understanding of the concept itself was a result of several different stages of definition, quite often not properly differentiated from one another (Timberg, 1978: 18).

Very few researchers appeared to have recognized the fact that an entrepreneur performed a large number of roles sequentially in relation to (a) his enterprises, (b) the ongoing processes of development and/or underdevelopment in the society and, (c) at the global level even the very phenomenon of social transformation.

In this Chapter, mono-factor attempts in describing the phenomenon of entrepreneurship would be first reviewed. Their explanatory inadequacies would, then, be pointed out. How entrepreneurship was considered to be a process and

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The review itself was not country-specific although the studies dealing with entrepreneurship in India were given special emphasis.
should be judged on the basis of performance of entrepreneurial tasks would be explained thereafter. Finally, approach to the study of entrepreneurship in India, as used in the present study, would be outlined.

Describing Entrepreneurship: Mono-Factor Attempts

A concurrent feature of most research studies on entrepreneurship had been to attempt mono-factor explanations of various dimensions of entrepreneurship. Factors identified by such studies could be assigned a generally palatable grouping. These would be used in the review of the studies that would follow.

A. Cultural Factors

Two sets of scholars traced bases of entrepreneurship in ethical values. The first of these was best typified by Max Weber\(^2\) (1930). Weber found a positive relationship between Protestant ethic and industrial capitalism. The second set was not very much concerned why industrial

\(^2\)Major instances of such descriptions were located in the 'modernized' West and its bipolar one found present in the 'traditional' countries were: Toennies' (1955) Gemeinschaft and Gesellschaft; Durkheim's (1946) mechanical solidarity and organic solidarity; Becker's (1957) sacred and secular; Redfield's (1955) folk and urban; Parsons' (1951) pattern variables; Lerner's (1964) traditional and modern; Kluckhohn's (1955) man subjugated by nature and man over nature; Merton's (1961) local and cosmopolitan; Alilman's (1967) tradition-directed and other directed and Rostow's (1961) traditional and mass-consumption societies.
capitalism did not develop in certain societies. It concentrated its efforts in identifying certain attributes which, according to them, contributed to the growth of entrepreneurship (Hoselitz: 1960; Kennedy: 1965 and McClelland: 1961).

Max Weber postulated the following:

i. that entrepreneurial growth was dependent upon ethical value system of the society concerned (Weber: 1930: 13-31).

ii. that rapid industrial growth depended upon a rationalised technology, acquisition of money and its rational use of productivity and multiplication of money (Ibid: 80-92; emphasis added).

iii. that entrepreneurship depended upon rational attitude toward action (Ibid: 166-183; emphasis added).

Max Weber then proceeded to provide positive and negative illustrations of his theoretical postulates. Thus, he discovered a correlation between the Protestant ethic and the spirit of capitalism. Hindu, Jain and Jewish values, he found, obstructed development of industrial capitalism (Weber: 1960: 193-204).

Weberian thesis on Hindu values was also partially supported by Sarkar and Goheen, et al. Sarkar postulated a substantive identity between inherent 'rationalism' of Christianity and the unbroken 'materialistic'

There was a neo-Weberian group of scholars which restated the Weberian thesis sans its historical trappings. This group comprised of Eisenstadt (1968), Kennedy (1965), Peacock (1969), and Yale (1954: 339-64). This group concluded that entrepreneurship developed rapidly in those societies where ethical values provided independent capacities of decision making. McClelland (1961: 178) explained differential development of societies in terms of their willingness to break with the institutional survivals of an earlier period and acceptance of social and technical innovations (emphasis added). He emphasized the role of religious doctrines which stressed individual responsibility and, thus, helped in fostering the self-reliance necessary for entrepreneurship (emphasis added). Bert Hoselitz similarly concluded that entrepreneurship could develop only in a society in which cultural norms permitted variability in the choice of paths of life, and in which the relevant processes of socialization were not completely standardized (1960: 151-155; emphasis added).
A meaningful critical look at Weberian thesis must separate its application to (a) non-western societies and (b) India. In so far as its suitability to non-western societies was concerned, it had been questioned on the following grounds:

(a) Empirical evidence was against his observations on industrialization due to Protestant ethic. Samuelson (1961), for example, posited that capitalism also developed in those societies where Protestant ethic was not present.

(b) Some of the ethical values identified by Weber and his followers might have different implications for different societies. Nakane (1970), for instance, noted that collectivism (as against individualism) much greater than the one seen in the Hindu society had not hampered industrial development in Japan. Smith (1965) and Gusfield (1967) pointed out that traditional societies change in their own way, not necessarily following the Western model, ethics and values.

Weberian theory in so far as it applied to Hinduism and Indian society had been criticized by Western and Indian scholars on the following points:

3 An incisive, though by no means complete, compilation of this was provided by Gupta (1974: 13-43) from which the analysis here had positively benefitted.
a) Weber's understanding of Hindu value system was faulty.

b) Empirical evidence was against his observations on industrialization in India.

Among the Western scholars, this included (a) Singer, who initially (1956: 81-91) challenged Weber on India's other-worldly asceticism and later on (1961: 143-151, 1966: 55-87, 1966a: 497-505, 1972) delineated his theory of indigenous adaptations (i.e. compartmentalization, ritual neutralization, secularization) in Hinduism; (b) Elder (1959 and 1966: 274), who discovered industrial orientations in certain aspects of Hinduism and co-existence of traditional and the modern in Hindu mind; (c) Kapp (1963: 9, 39-40) who, despite his view that some Hindu beliefs did tend to hinder economic development, did note process of adjustment and progressive change; (d) Morris (1967: 588-607), Cohen (1973) and Kunkel (1971: 151-182) who argued that (i) there never was an unified Hindu value system in the first place; (ii) that there was no conflict between ethical and professional values because of constant reinterpretations to suit the changing material environment; (e) Dumont (1970: 234-238) who showed use of tradition to understand Western modernity; (f) Rudolphs (1967) who
demonstrated adaptive capacities of India's traditional structures and norms; and (g) Mandelbaum (1970) who theorized on change and continuity in India. There were others like Frank (1969), and Gould (1969) who questioned the relevance of Weberian theory of economic development in general terms. Among the Indian scholars, one stream (A.K. Singh : 1967 : 9-32; Pandya : 1970; Khare : 1971; and Tripathi : 1971 : M-60 : 1976) restated what Singer and Morris concluded about Weber's interpretation of Hinduism. The second stream sought to isolate the 'good' and the 'bad' components of Hindu belief and ritual system. Thus, (a) Shah and Rao (1965 : 19-20, 39-40, 60, 113-13, 192-93) located selective aspects of Hinduism fostering science and rationalism; (b) V. Misra (1962 : 43) reanalysing Indian history pronounced Hinduism a 'fair weather friend' of development; (c) Dube (1965 : 43-55) indicating the positive and negative contributions made by the proximate and the ultimate values of Hinduism to progress; (d) Loomis and Loomis' (1966) conference on Weberian portrayal of Indian society (published in 1969) where most Indian participants emphasized the 'adaptive' nature of Hinduism; (e) Rao (1969 : 1-15) who deprecated simplistic attempts to correlate Hinduism with growth and extolling the 'reformatory' character of Hinduism;
Sakaana (1971: 6-9; 1972: 92-95) optimistically pleading the ability of Hindu values to supply a positive ethic for new India; Sen (1973: 83-105) to whom the historical process of modernization was synthesis of some sort between new cultural traits and the old ones and, finally, Yogendra Singh's (1973) reformulation of Hindu tradition (particularly, absence of asceticism, other-worldliness, denial of materialism, inhibition of growth of enterprising elite), analysis of Western impact and definition of India's modernity.

Critical response of Western and Indian scholars to Weberian postulations was in terms of assessing the rationality content of Hindu tradition. As Gupta (1974: 13-43) noted, this forced them to believe (a) that Hinduism could be generalized and defined in terms of Christianity's 'irrational' attributes; (b) that evolutionary modernity in India could occur under the benevolent impact of West since this involved only imitation and adaptation; and (c) that India's future modernization could be assessed on the criteria laid down by an already modern Western society. As a consequence, they attempted a typical Hindu world view which could visualize changes only in terms of adjustment,
imitation and alliance. Thus, even though on surface they appeared to be quite opposed to Weber, in reality they became instrumental in promoting an inappropriate analogy for Hinduism's encounter with industrialism and development. It was left to Saran (1959, 1962, 1963, 1965, 1969, 1969a, and 1971) to make a complete break from the main tradition of Indian Sociology and provide an alternative framework which posed some basic questions about the relationship of indigenous systems with totally alien systems, particularly its co-existence with and support to them. 4

8. Psychological Factors

Among the psychological factors considered to be affecting entrepreneurship, industrialization and economic development, the following had received prominent attention:

i. Status marginality and minority group morale

ii. Need for achievement motive

iii. Empathy and cosmopolitanism

iv. Spirit of modernity.

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4 Saran's thesis certainly succeeded in ripping the Weberian model but as the next logical step, did not proceed beyond that in providing an alternate, complete description of nature of sociology of Indian tradition. Gupta (1971, 1971a, 1972, 1973, 1973a and 1974) had made impressive effort in this direction.
Status Marginality and Minority Group Morale

Proponents of this view fervently believed that entrepreneurial growth had something to do with the minority group morale. Because the minority group was otherwise handicapped, nursed a feeling of powerlessness and impotency, lack of an identity and felt that it was not given its due place in the mainstream of the society, it tried to compensate for the loss of the same by doing well in the industry.

Before Hagen elaborated his 'withdrawal of status - respect' theory in 1962, Park (1928), and Stonequet (1937) had attributed causation of technological innovations to status marginality. Hagen (1962: 113) later developed the theory that the disadvantaged minority group was mostly the source of entrepreneurship. Taking Japanese history as his starting point he traced their quick development (in relation to other non-western societies excepting the USSR) to two historical differences: (a) Japanese were free from 'colonial disruption'; and (b) they experienced long, continued withdrawal of expected status from important groups (i.e. Samurai) in their society. This drove them to retreatism, alienated them from traditional values, and increased productivity. Even discussing the case of Pakistani Memsas, Hagen later (1962a: 61) explained
the innovative behaviour of groups in traditional societies in terms of his 'withdrawal of status-respect' theory.

Hagen regarded three requirements essential for the transition to economic growth. These were: (i) fairly widespread creativity - problem solving ability - and a tendency to use it; (ii) attitude towards manual-technical labour and the physical world; and (iii) channelization of creative energies into innovation in the technology of production rather than in the technology of art, war, philosophy, politics or other fields (1971: 123-138).

Frayer (cited in Pavlov: 1964: 89) and Lewis (1960) emphasized that the Parsees could give lead in Indian entrepreneurship because traditionally they had enjoyed prestige which was denied to them later on. Their desire to secure back their lost prestige found expression in their successful entrepreneurship. Even McClelland (1961: 7, 15) tacitly supported this viewpoint. For example, he attributed the greater commercialization of the Jains in India to their awareness of being a minority group and a superior group. This, according to him, generated high degree of need
achievement in them. Arguing in the same vein, Hazelhurst (1968: 176) felt that truly innovating commercial and investment ideology only occurred within the traditional merchant populations whose normal identity had been disrupted by forced migration following partition. Importance of attitude toward occupation, role expectations held by sanctioning groups and the operational requirements in determining the success of businessmen was also stressed by Cochran (1971: 95-108).

It was true that some — and this might well be insignificant section — among the minority and disadvantaged groups had indeed acted on the lines indicated by Hagen and McClelland. Historical evidence, however, made it difficult to sustain the generalization for all the minorities and all sections among them. Minority and disadvantaged groups in U.K. (Catholics) and U.S.A. (Negroes) had, for example, not supplied good number of entrepreneurs. The same was true about the Muslims, Christians, Harijans, and Scheduled tribes in India.  

5Rao and Verma (1970: 67-76), in fact, argued that the historical minority group status had, in majority of cases in India, contributed to the decline of their fortune and got them reduced to the pathetic state of weaker sections.
Even the feeling of superiority, which McCleland linked with high degree of need achievement motive, did not appear to be working for the dominant Brahmans and Rajputs in India. Perhaps, there was more substance in the argument advanced by Epstein (1964: 162-165) that entrepreneurship among the disadvantaged group was dependent upon community support. Wherever it was lacking, they had to be propped up by the State apparatus or else they had not done well at all.

Need for Achievement Motive

McCleland (1961) was the chief exponent of the view which tried to explain entrepreneurship in terms of role theory. Following him, entrepreneurial growth would be explained by the need for achievement motivation (N. Ach.). N. Ach. was major determinant of industrial and economic growth.

McCleland measured the N. Ach. by analyzing entrepreneurial growth of different communities and societies on the basis of his interpretation of their ideologies reflected in (a) literature; (b) art; (c) history; and (d) religion. According to him, the Jains and Parsees progressed economically due to high degree of their N. Ach. as a result of their child-rearing practices (McCleland, 1961: 7-15; McCleland and Winter, 1969). McCleland.

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later on expanded his set of motives to include N. Power, N. Affiliation to his original N. Ach. (McClelland 1971, 1972, 1975).

There was no substantial difference in the views of McClelland, Weber and Hagen. In ideological terms, what was N. Ach. to McClelland was 'rationality' or 'economic-rationality' to Weber and 'increased creativity' to Hagen. All of them related legends, child-rearing practices and ideologies with entrepreneurship, but in different ways. Whereas McClelland directly related N. Ach. with entrepreneurship, Weber and Hagen related only those social factors with entrepreneurship which generated or were the sources of N. Ach.

Despite its appeal, McClelland's viewpoint was far from perfect. Redlich (1963 : 19), for example, called McClelland's interpretation of causation of entrepreneurship as 'incomplete' since it examined only the interaction between the entrepreneur and the community and/or society. The single most criticized aspect of McClelland's theory was its implied assumption of societal homogeneity in terms of entrepreneurship. Entrepreneurship demanded differential personal capacities under different economic conditions.

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7McClelland himself seemed to have realized this. See, for example, McClelland (1976).
Empathy and Cosmopolitanism

Empathy, as defined by Lerner (1964), was the ability to relate oneself to a changing environment or the ability to introject other roles and project oneself into different roles. He considered empathy a very crucial variable in the modernization process. According to him, it helped the individual to adjust, stabilize himself in a changing environment, visualize various possibilities and plan to act accordingly. In Lerner's schema, empathy itself was sharpened with increased mass-media exposure, higher literacy, political participation and urbanization.

Cosmopolitanism was considered to be a natural extension of empathic abilities and referred to one's orientation to the larger society which lied beyond one's immediate surroundings. Cosmopolitanism, following Merton (1961), and Loomis (1962), indicated awareness of alternative norms of behaviour and the general trend of national events which also influenced the local community. It was supposed to induce acceptance of new ideas and practices.
Lerner (1964) and Rogers (1964) had reported that empathy and cosmopolitanism were positively correlated with innovativeness. However, the meaning assigned by them to innovativeness was not exactly what Schumpeter assigned to entrepreneurship. Nevertheless, it was generally agreed that innovativeness and entrepreneurship were positively correlated.

**Spirit of Modernity**

Satish Arora (1968: 85-120) and Ratna Dutta (1971), in two separate critical evaluations of recent theory building on modernization, noted a conscious effort to emphasize certain Western values - social, economic, political and even religious - to be the spirit of modernity. At the root of this theorization lay what had come to be identified as the 'value-convergence' hypothesis. The proponents of the value convergence hypothesis not only treated the Western values to be the best: they also considered the phenomenon of increasing global consequence. There was an explicit assertion in it that it involved similar structural changes wherever it occurred (Parsons: 1964; Feldman and Moore: 1965; Meyer et al: 1975). It was assumed that, from the spread of industrialism, world's societies were becoming more alike in some respects now
than they were at some earlier point of time (Schnore : 1961). Lastly and, more importantly, there was some convergence of values across the cultures as a result of this development (Weinberg : 1969; Meyer et al : 1975; Inkeles and Smith : 1974).

Most of the 'value-convergence' attempts had centered on constructing indices of the syndrome itself and the question of what it meant remained open (Fliegel : 1976 : 431-451). Inkeles and Smith (1974), for example, constructed an 'overall modernity' (OM) scale consisting of 24 different themes which McClelland (1976 : 161-165) found bristling with conceptual confusion and methodological inadequacies. Its composition differed in 6 countries where it was empirically validated. Assuming that such indices were clear and methodologically sound there was conflicting empirical evidence to prove non-convergence of values, beliefs and attitudes (Portes : 1973; Aronoff and Crano : 1975; Fliegel : 1976).

C. Sociological Factors

A large number of social scientists had identified social institutions which were either considered helpful in fostering entrepreneurship or recognized as hindrance in its development. Institutions such as caste, religion,
and joint family were alleged to be obstacles to entrepreneurial growth. Maine (1871) for example, considered (a) caste and rigid contractual basis of social life, (b) the joint family and (c) the related institutions of customary law and (d) the crippling restrictions under which women had traditionally been forced to live in Hindu society to be exhibits of backwardness. Davis held the caste system responsible for limiting the competition, of hampering the development of large scale cooperative enterprises (cited in Goode : 1963 : 205). Milton Singer noted that the most frequently alleged obstacles to modernization in India were the ritualism of the caste system and the doctrine of fate (Karma), rebirth (Punarnavam), duty (Dharma), and salvation (Moksha) which were supposed to constitute a theodicy for the social system’s moral and metaphysical justification (1972 : 276). Two well known exponents of this view were Max Weber (1960) and Kapp (1963). Hindu joint family had similarly been recognized as an obstacle to and incompatible with economic development by an impressive number of scholars (Birn : 1958, Weber : 1960, Kapadia : 1959, Wolf : 1955, Parsons : 1943, 1949, Parsons and Bales : 1963, Nimkoff : 1960, Nimkoff and Middleton : 1960, Ogburn and Nimkoff : 1950, Levy : 1966, and Goode : 1963 and 1965).
It had been alleged that (a) industrial pooling of resources and control by the Karta in the Hindu joint family killed the initiative; (b) the authority structure discouraged collective decision making on rational grounds; (c) innovativeness did not operate; (d) emphasis on hereditary occupation discouraged mobility necessary for increased competition, and the acquisition of new skills and entry into new occupations; (e) physical and mental development of children was neglected; and (f) wasteful expenditure on rituals limited savings (Anstey 1952, Davis 1948, Miera 1962, Kapp 1963, Gore 1963, and 1968, Davis in Goode 1963: 205). Banfield (1958: 7) after analyzing an Italian village similarly concluded that 'amoral familism' - i.e. lack of association beyond family - acted as a limiting factor in the way of economic development in most of the world. At the other extreme, rationalism, Protestant ethic (Weber 1960) and nuclear family (Goode 1965) were cited as bastion of economic development.

That Hindu religion had not hampered industrial entrepreneurship had theoretically been controverted by a large number of writers cited earlier. Empirically Cohen (1973), Timberg (1969 and 1978) and Milton Singer
(1972, 1973) provided some interesting evidence. The 'functional-fit' discovered by Gooden (1965) in conjugal family and modern industrial system had been countered on the following grounds:

(a) that conjugal families had been present in the pre-industrial West (Laslett : 1977; Laslett and Wall : 1972).

(b) that great similarities had existed between pre-industrial and post-industrial families in the West (Furstenberg : 1966; Lanz, et al 1968, 1973, 1975 and 1977).

(c) that certain strains, which were often attributed to the advent of industrialization, were evident in pre-industrial family (Furstenberg : 1966, Lanz, et al 1968, 1973, 1975 and 1977).


(e) that the joint family, as such, had been helpful in entrepreneurial activities in other non-western societies as well (Lituaks : 1963, 1975; Khalif and
There was conflicting empirical evidence about the role played by another traditional collectivity, the community, in entrepreneurial growth. One group of researchers held that community characteristics helped in the better performance of modern economic activities; the other felt just the reverse. From the first group, Srinivas et al's (1966) Ramgarhias at Okhla, K.N. Sharma's (1967) small scale entrepreneurs in and around Kanpur, Owen and Nandy's (1978) Mahises in Calcutta, Glass-burner's (1962) entrepreneurs in Indonesia and Hanna Papanek's (1973: 61-106) Memones in Pakistan drew immense help from their communities. This was also supported by Gustav Papanek (1962). Among linguistic and regional but multi-caste communities such as the Marwaris, and Gujaratis, Brimmer (1955: 551-576), H. Lamm (1955, 1956), Gadgil (1951, 1959), Pavlov (1964), Hazelhurst (1968), and Timberg (1969, 1971, 1978) discovered attributes that had helped their performance in the industrial field. On the other hand, Pathak (1970, 1973), Singh (cited in Nafziger: 1973: 287-317) and
and Mines (1972, 1973) from the second group found community attributes inhibiting entrepreneurial performance.

D. Environment and Support Systems

Among these factors were included:

a) New Ideas and Opportunities;

b) Socio-Political System;

c) Regional Industrial Climate and Ethos;

d) Geographical factors.

New Ideas and Opportunities

Tripathi noted that between the pioneering Parsee and Hindu entrepreneurs the common factor was exposure to new ideas and values (1971: M-59-65). K.N. Sharma, on the other hand, attributed the differential response of social groups to the opportunities provided by the commitment of the political and cultural systems to industrialization. According to Sharma, the Parsee value system did not preclude contacts with the British; the Hindus were less close to the British because of their religious values; the Muslims were hostile (1969: 474-493). Tripathi and Sharma differ on what caused exposure to new groups, ideas, and opportunities. Whereas Tripathi emphasized the role of education in
doing so, Sharms stressed the contribution made by the traditional collectivities based on religion, region and caste.

**Socio-Political System**

Spirit of entrepreneurship existed in every society; however, the encouragement given to its flowering by the support systems, among other things, also determined its success. Discussing the role of support systems, Geikwad (1975: 29-37) suggested that they should provide (a) information about market potential and opportunities; (b) understanding about government policies and rules and regulations pertaining to various activities; (c) credibility to the entrepreneur's actions so that he got support from other agencies; (d) expert technical advice and guidance; (e) financial support; (f) training in managerial skills; (g) motivational training to overcome some of the work habit constraints.

He classified these support systems into three closely-linked categories: (a) Information, technical and administrative support systems; (b) Financial support systems; and (c) Training support systems.

How the socio-political systems in different societies had provided these support systems? On the basis of a historical study Building found political structure,
in addition to societal hurdles such as the concentration of power and prosperity in the aristocracy, a decisive factor in the entrepreneurial growth of France and Soviet Union (cited in Yale: 1954: 339-64). Hoselitz argued that the social structure of France did not provide sufficient incentive and security to the entrepreneurs (1955: 291). Entrepreneurship flourished in Japan because both the social structure and the government provided it adequate support and incentives (Hierschmer: 1964; Holt and Turner: 1966; Veps: 1967; Ward and Rustow: 1967). In India, the effectiveness of the support systems since the British period had been critically reviewed by many. An overwhelming majority of historians blamed the British for agonizingly slow and unbalanced industrial growth although there were others who suggested that the British rule did, on balance, contribute positively to India’s industrial growth.

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8Here Hoselitz had assigned wider meaning to the term 'social structure' to include within its ambit the political structure as well.

9See, for example, Tripathi (1971 and 1976).
In the post-independence period, Madhura (1965: S88-886) attributed late entrepreneurial growth not so much to lack of entrepreneurial motivation but to non-commitment of political structure. In the more recent studies, the impact of public policies on entrepreneurial growth in large scale and small scale industrial sectors had been viewed differently by various researchers. On the one hand, there was a group that recognized its positive contributions (A.K. Sharma : 1965: 355-368; Mishra : 1966: 133-140). In small scale sector, this was particularly very much evident in Maharashtra and Gujarat where the support systems were neatly organized and functioning fairly well. There were others who, on the other hand, were critical of the policies pursued by the government (A. Chaudhury : 1975; Mehta : 1952; 1961; Mahmat : 1962; Hazari : 1966; Kothari : 1967 and Rungta : 1970).

Regional Industrial Climate and Ethos

Pandit advocated the role played by the regional industrial climate in the entrepreneurial growth (1957: 282-286 and 315-317). She challenged the viewpoints emphasizing the contribution of religious values and group and community characteristics in industrial
entrepreneurship. In an interesting study of Bombay and Ahmedabad regions, she explained the dominance of Gujaratis and the Marwaris in terms of regional industrial climate in these two regions.

Because of variations in the climate, the Gujaratis responded differently in these two places: the Bombay entrepreneurs were pioneers; those of Ahmedabad, in the words of Spodek turned out to be 'pioneer imitators' (1969: R-22-31). The latter did not diversify within a reasonable time span as did their counterparts from Bombay. Spodek referring to the regional ethos of Ahmedabad entrepreneurs had earlier noted that (a) they (i.e. entrepreneurs) were from pre-industrial patterns, (b) closely knit, (c) experts in finance rather than technology, (d) consolidated their empires by corporate marriages, (e) expanded business to accommodate family lines and (f) inter-twined business with civic and political affairs (1965: 483-490).

At the national level, Brimmer (1955) discovered a particular type of setting for the development of entrepreneurship in India: this was, as pointed by many but in particular Pavlov (1964) and Timberg (1969, 1971, 1973, 1978), exploited rather well by a few communities because of their better suitability.
At the other end of the continuum were the primitive communities with their distinctive cultural and socio-economic characteristics. They too had entrepreneurs who experimented, innovated and took risk. However, as Moulik (1975: 54-61) and Bogaert (1975: 62-75) pointed out, they were different in their response, operational style and system orientation than the entrepreneurs from other areas. They faced an altogether different set of handicaps.

**Geographical Factors**

Topography, physical resources and climate, among others, were considered key geographical factors which had played important roles in the industrialization and economic development of the countries. Kamarck (1976) considered climate to be the most crucial among all of these because it influenced (a) agriculture, (b) mineral discovery and (c) man's health (through diseases). Climate, however, could not be always blamed for poor societal record on the economic front since it was known that with the technological advances made so far, it could be modified, adapted and even controlled for habitation and production purposes. Nor could the poor physical resource endowment be
held responsible for underdevelopment, human history having provided enough examples of such nations taking rapid strides in the industrial field.

Explanatory Adequacy of Identified Factors

Having discussed the factors identified for fostering entrepreneurship at individual, societal or global levels or alternately hindering its development, their explanatory adequacy may now be considered:

(i) It was more than evident that taken singly, none of them explained the phenomenon of entrepreneurship fully and satisfactorily (Tripathy : 1976). This single factor approach tended to concern itself with either the socio-economic-cultural-political environment in which the entrepreneur entered and operated or personal, community, societal characteristics that explained his success (Alford : 1977 : 116). Realizing that different variables tend to explain various aspects of entrepreneurship (i.e. motivation, causation and operation), some researchers had attempted a different classification of these factors than the one used in the preceding analysis (Nandy : 1973 : M-98-106; K.L. Sharma : 1975, 1978). The important issue here was that the importance of different factors varied in different contexts and, as such, even the categorizations
of the type attempted by Nandy and Sharma may not be valid at the societal levels.

(ii) Quite often these studies failed to make a distinction between different dimensions of the phenomenon: (a) the individual entrepreneur (i.e. his background, style, effectiveness); (b) the nature of his enterprise (i.e. small, medium, big on size and geographical scales); (c) his response vis-a-vis the operational environments (i.e. the social, economic, political context) (Alford: 1977). Each of these dimensions was an independent issue and had its parallel significance (Hoselitz: 1951; Timberg: 1969, 1978) and yet most of the studies tended to confuse them (Hutchins: 1958: 642; Redlich: 1957: 57-63).

(iii) As a phenomenon, entrepreneurship had been analysed in the Weberian and neo-Weberian framework in the Western countries. Since the Indian educational system in general, and its research effort, in particular, followed what became the focus of attention in the Western countries - albeit at a later stage on the time continuum - , researches on entrepreneurship in India were largely no different in nature and, to some extent, even in content than those in the

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10See, for instance, A. Choudhuri (1975) and Tyabji (1977).
Indeed, a historical overview of researches on entrepreneurship in India, especially those dealing with general and specific business communities, indicated greater involvement of Western researchers than the Indians themselves. Even later efforts were either continuation of Weberian, neo-Weberian sociological methodology or Indian scenario of a wider effort originating in the West. In nearly all these attempts entrepreneurship was seen in linear fashion only. This had, as a consequence, shown the following symptoms:

(a) Generalizations were offered for the entire community, linguistic, religious, ethnic, regional groups or the entire nation on too meagre empirical evidence. Even these scanty empirical data were not properly and/or statistically validated. Some

11 How this tendency had affected research effort in India in two research areas (i.e. 'role taking' and 'action research') and what could be its consequences at the national level were shown by Verma (1961, 1969, 1974).

12 Two studies in the Weberian tradition were Singer (1972) and Ramu (1973). Among the Indian studies on management effectiveness and management styles which had their roots in the West were: England, et al (1975), Khanduwa, et al (in progress), Nagendhi and Precad (1971). The study of Khanduwa et al was continuation of Khanduwa's earlier study conducted in Canada (Khanduwa: 1976).
phenomena were rejected out of hand if the researcher concerned, diving in his tiny empirical pool, surfaced even with a solitary fish of a different colour. More enterprising among these proceeded to link up their findings from Indian material across totally alien cultures.

(b) Commencement of research investigations had often started and proceeded with prior theoretical bias thus prejudging the empirical facts. Small wonder that most of them emerged proving what they had fervently believed all along and ventured out to measure with a slanted methodological gadgetry. Jevillonar and Peters (1973 : 317) cited application of N.Ach. theory to Indian society as one such instance confirming the individualistic bias of western researchers.

(c) A third symptom13 was to take for granted any theory if some celebrated name happened to be its originating source. This tendency, of course, was rooted in Indian history and possibly had some thing to do with the slavery that had been Indians' lot for so long a period. Britto (1973 : 1-11), for example, indicated how certain western values, beliefs and

13This was more conspicuous in the Indian tradition of studies on entrepreneurship than the western one.
attitudes on management (such as master destiny, independence, rationality, objectivity, participation in decision making, innovativeness etc.) had clouded Indian thinking and pleaded for 'growing our own timber' in the field of successful indigenous managerial practices.

(iv) The dominant tradition in the studies on entrepreneurship treated it as a process of challenge and response. In this process, the entrepreneur acted as a central dynamic agent seeking to achieve some combination of profit maximization and growth of his enterprise. The precise degree of entrepreneurship depended upon responsiveness to wider social and cultural conditions. In this approach, factors such as markets and technology were seen, in a sense, as being given. It was an assumption fostered by the fact that these elements might well be common to all firms in an industry and/or beyond individual control. In evaluating the choices open to the entrepreneur, this was rarely extended to include an estimation of the relative contribution of entrepreneurship, as against other factors, to an enterprise's performance. Thus, a great many of studies on entrepreneurship were
concerned with entrepreneurs per se and not with his business performance (Alford: 1977: 116-33).

Similarly, in analyzing the entrepreneurial strategy and structure, the factors precipitating a crisis in an enterprise's development were not given due attention in response part was. In perceiving the need for end nature of strategic decisions, an entrepreneur particularly those in the large scale manufacturing sector — in societies such as India acted not singly but often in concert with quite a few members of his family and relatives (Cohen: 1973; Hazari: 1966). In the research analyses, however, the contribution of the latter was blocked out.

**Entrepreneurship as a Process**

From the preceding analysis, it was clear that two patterns were visible in the description of entrepreneurship: one emphasized its structure and the other its functioning. Those who could be included in the first category were: Marshall (1925), Cole (1949), Parsons and Smaleer (1956), Sains (1959), Becker and Gordon (1966), and Davis (1968) who all equated it with ownership and management of the firms. In the second category came those who described its function. Thus, entrepreneurship was 'coordination
and planning’ to J.B. Say (cited in Hoselitz : 1951 : 198-199), ‘bearing of uncertainty’ to Cantillon and Knight (cited in Landes : 1949 : 8-9), and ‘innovativeness’ to Singh (cited in Nafziger : 1971), Schumpeter (1939), McClelland (1961), Kilby (1971) Bruce (1976) and Kirzner (1973). While it was recognized that differences did exist between the meanings assigned to the concept of entrepreneurship by the followers of these two schools, it was also evident, at the same time, that in operational terms entrepreneurship involved strategic decision making which had both structural and functional dimensions. It was operated in a milieu, over a period of time, in various stages and was thus, a historical process. This entrepreneurial process was a constellation of forces; the contribution of various factors at various stages of entrepreneurial continuum varied; and the process itself was not always

\[14\] There were some in this category whose conceptualization of entrepreneurship would, as Tripathi (1976 : 249) put it, invest almost any human activity with the dignity of entrepreneurial action. One such example was Agarwal (1975 : 69) who defined entrepreneurship as the ability and willingness to identify, utilize and invest in personal and social resources, deferring rewards of one's efforts from present consumption to future investment.

\[15\] It was not what, Robert Lamb (1962 : 91-152) called as the 'social decision making'.
Central Core of Entrepreneurship

From the preceding analysis, it emerged that entrepreneurship involved management of enterprises. Management consisted of conducting or directing the affairs of the organization for achievement of the stated objectives through three primary functions: (a) the legislative, (b) the executive, and (c) the judicial (Brown 1960; Scott 1965; Dayal 1973). These functions were developed sometimes by deliberate effort on the part of entrepreneurs or by tradition and practices. The managerial task consisted of import, conversion and export (Rice 1958; Miller and Rice 1967). The limitations of this viewpoint were: (a) it was obviously concerning itself mainly to the management task and functions within the enterprise and touched only the fringe of

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16 In Tripathi's schema, these included (a) Social (family, caste, community, language, religion), (b) Personal (education, value-orientation, contacts, competence), (c) Economic Environment and Infrastructure (credit, transportation, competition, technology, demonstration effect), and (d) Political-legal framework (industrial policies of the government, national goals).
the external business environment; and (b) given a literal interpretation it would include almost every decision under the label of entrepreneurial decisions.

Management of large industrial enterprises were not concerned with all the decisions concerning their enterprises. They devoted their attention and energies to only the basic ones among them. It was here that a classification of decisions proved helpful in distinguishing the entrepreneurial decisions from the routine and ordinary ones. There was abundance of written material on this issue but the discussion here picked up only two eminent experts from this area. These were Ansoff and Chandler. Ansoff (1968 : 18-19), categorized decisions pertaining to a firm into:

(a) Strategic: those concerned with the relation between the firm and the environment, (b) Administrative: those concerned with the structuring of firm's resources in a way which created maximum performance potential, and (c) Operating: those dealing with immediate problems such as allocating resources among the functional areas, scheduling, supervision and control. Among these, only the first category, namely strategic were considered to be 'entrepreneurial' or 'management' decisions by
Ansoff. Chandler (1962: 8-11) classified them into:
(a) **Key decisions**: coordinating, appraising, planning and allocating resources, (b) **Tactical decisions**: concerned with carrying out the tasks for which resources had been allocated. Chandler felt that the key decisions decided the fortune of the enterprise. Even among the key decisions, Chandler made a distinction between formulation of policies and procedures and their implementation. Formulation of policies could be strategic or tactical. Strategic decisions were concerned with the long-run health of the enterprise. Since implementation of both strategic and tactical decisions required allocation of resources, Chandler considered allocation or relocation of resources as 'critical' and consequently, 'entrepreneurial' or management decisions.

Schumpeter formulated his concept of entrepreneurship to explain economic development and business cycles and defined development to be the process of carrying out new combinations and covered the following five cases:

i. Introduction of a new good or a new quality of a good

ii. Introduction of a new method of production

iii. Opening of a new market
iv. The conquest of a new source of supply of raw materials or half manufactured goods
v. The carrying out of a new organization of any industry i.e. creation or breaking up of a monopoly (1939: 68).

Schumpeter called the carrying out of new combinations as 'enterprise' and those who carried them out as the 'entrepreneurs' (Ibid: 74). He, however, saw the actions of the entrepreneur as disturbing an existing equilibrium situation. He visualized the entrepreneur to be one initiating change and generating new opportunities. Kirzner (1973: 73), on the other hand, saw the entrepreneur to be one who initiated equilibrating changes, bringing in to mutual adjustment those discordant elements which resulted from prior market ignorance.

To him, the essential feature of entrepreneurship was not so much the ability to break away from the routine as the ability to perceive new opportunities which others had not yet noticed (1973: 81).

The categorization of functions by Ansoff, Chandler, Schumpeter and Kirzner made it possible to identify the entrepreneurial task and eventually the entrepreneur himself. Thus, it emerged from the foregoing that the
entrepreneurial task consisted of defining the directions and amount of growth, the profitability targets and the role of the enterprise in the environment. An individual who was the locus and source of these strategic decisions was, following Bruce (1976:7), an entrepreneur. So long as this task structure remained constant it was inconsequential whether the term used was 'entrepreneur' or 'management'. Both the terms would be used interchangeably in this study keeping the task structure, as defined above, constant.

*Approach to the Study of Entrepreneurship in India*

Entrepreneurship might be analysed as a particular matrix of social behaviour (Schneider: 1957:7) and the activities of the enterprise were influenced by and themselves influenced the environment in which it operated (Deyal: 1973:18). There was growing realization among researchers that aspects of internal structure of industrial enterprise may be derived from developments external to immediate organizational boundaries.17

17See, for example, Hirsh (1975:5).
A crucial dimension in the operation of entrepreneurship as a historical process was the sanction that the management as an institution received for its economic decisions as strategies of combating turbulence pertaining to its enterprise. In its legal form, it was present in every society and certain characteristics were even found universally applicable. It was, however, the socio-cultural sanction that was culture/country specific. It varied in different societies. In societies such as India, with which this study was concerned, this was more complex since there was an overlap of socio-cultural norms with the legal requirements in the management of enterprises. Five Indian features stood out, however, and emphasized the need to study entrepreneurship as a collective, family phenomenon: (a) Despite depiction of acute centralization of the authority in the hands in the Karta in the Indian

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18 This, as Peterson and Berger (1971 : 97-107) and Zeitlin (1974 : 1073-1119) indicated, was via-a-via employees, dealers, suppliers, customers, competitors, government and the society. If the operations crossed the boundaries of the nation, as they invariably did in case of large families, it would also include the same set in other nations.
family by many scholars, the fact remained that in reality strategic decision making was made by a collective authority, resembling a council and headed by the Karta. While it was true that the Karta did indeed play an important part in the operationalization of this authority structure, he was by no means the only locus of strategic decisions. In fact, in its functioning and because of inbuilt nature of mutual consultation, strategic decision making in the Indian industrial families became somewhat diffused than generally believed. It was, therefore, not factually correct to attribute the locus of all strategic decisions to the Karta alone when it was known that in reality a collective body was making such exercises for and on behalf of the family.

(b) Lewis (1955: 148-174) indicated that it was the extended family which was the basic unit for individual identification and orientation. Similarly, Javillonar and Peters (1973: 314-318) considered family to be the basic unit in India which determined and around which revolved most of the individual's activities throughout his life time. The individual was expected to subordinate his personal wishes to the interests of
the extended family. They argued that the Indian society was a family-oriented society for which it was more meaningful to view entrepreneurship as a family rather than as an individual phenomenon (emphasis added).

(c) The overlap of certain socio-cultural practices and personal laws with the secular laws dealing with the regulation of industrial enterprises made it more profitable to keep management of industrial enterprises within the family. For example, under the existing Hindu Law, which recognized partial as well as complete partition of joint family property, the family held a privileged position with respect to Income Tax as compared to an individual tax payer (Gulati and Gulati 1962: VII). In so far as this arrangement helped large scale tax avoidance this privilege alone or in combination with certain other secular laws had been a great motivator in keeping the management of enterprises in India within the legally flexible ambit of the family.

19 This would be discussed in its details in Chapter III.

20 One particular group of laws pertinent here was the one dealing with the Family and Private Trusts.
(d) Historically, in the Indian industrial field some British institutions had helped dominance of a few families. Among these the erstwhile Managing Agency System was the foremost (Kamala Choudhry: 1966: 132-147). As an institution, it served the British in the colonial as well as the post-Independence period well. What was more important, it helped legitimization of the hold of one family on one enterprise. Its role in the subsequent period strengthened the industrial empire building by a few families. As a consequence, much of the India's modern industry was in the hands of a few families whose operations extended to several areas (Helen Lash: 1956: 3). In spite of the existence of laws regulating licensing of new units, expansion and operation of capacities of old ones, MRTA etc. the hold of a few families on the industrial economy continued. Thus, in India the family was more than just a social institution: within its confines it encompassed a variety of activities (i.e. social, economic, political etc.) and organizations controlled by its members.

21See, for instance, Khurana (1979).

22This was confirmed by a study of 381 large public limited companies (with assets over Rupees one crore) by the Company Finance Division of Statistics Department of Reserve Bank of India, published in February 1977.
(e) Analyzing entrepreneurship as a family phenomenon also met one of the requirements considered essential by the Marxists. It was that the family - more so an Indian family - represented an unit of class theory. Even Schumpeter (1955: 113) argued that family, not the physical person, was the true unit of class theory. Among others, Zeitlin (1974: 1108-9) stated that if we were to locate the actual centres of corporate control, we must discover "the most effective kinship unit". Without research into the web of kinship relations binding apparently unrelated individuals into cohesive unit for purposes of control, analysis of locus of control of the large corporation was hobbled at the outset. Analysis of family as a dynamic resource allocating system would enable the researcher to know whether or not a capitalist class existed.

Because of the above mentioned peculiarities, the present study investigated entrepreneurship as a family phenomenon.

Zeitlin's conceptualization of control was similar to what had been considered the management or entrepreneurial task in this study. To him (1974: 1091-92) control meant realization of corporate objectives over time.
Chapter III

Study of Family and Its Relationship with Management of Enterprises in India
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Two clusters of variables were central to the analysis attempted in this study and these were family and management of enterprises in India. Of these two, undoubtedly family had received the largest attention of the researchers, Indian and foreign. This should have consequently ensured conceptual clarity and greater coverage of empirical details. What was encountered instead was a great deal of confusion about the concept of family, its typologies, and its relationship with larger societal processes such as industrialization, urbanization and development.

Interest in the study of the second major cluster of variables i.e. management of enterprises was of recent origin. To that extent, ambiguity about its meaning and its relationships with other variables, dependent and independent, and absence of substantial number of studies was understandable. Thus, even though the present study itself was more concerned with the relationship between these two, it was essential to delineate them both conceptually since
there was hardly any agreement among social scientists about their meaning, and operational dimensions.

In this chapter the following points, considered essential to the study of relationship between family and management of enterprises in India, would be discussed:

i. Terms and concepts regarding the family, its dimensions, basis of typological classifications and approaches to its study.

ii. Socio-legal principles governing family enterprises in India.

iii. Review of studies dealing with the relationship of family with management of enterprises.

iv. Major hypotheses being tested by the study.

**Concept of Family, its Dimensions, Typologies and Approach to its Study**

**Conceptual Confusion**

The Indian family as an area of research had attracted an impressive number of scholars drawn from a large number of disciplines (Isela Dube : 1973 : 233-366). However, this large body had not come to any terminological agreement in describing the structure, dimensions and functioning of the family (Shah : 1964 : 1-36). There was wide variation in the
meaning assigned to the terms and concepts used in describing the family. This terminological confusion was result of two tendencies shown by the researchers who had worked in this area:

(i) The first such tendency was to see the Indian joint family as just the opposite of the Western institution of conjugal family (Madan : 1976 : 213). In reality, the Indian joint family was not exactly so.

(ii) The second tendency was to treat the Hindu joint family as a social institution and legal coparcenary institution as the same. The difference between the two was not only functional, as admitted quite often, but also structural.

Dimensions of Indian Family for Study
Recent review of research literature on Indian family were unanimous in their opinion that the impressive numerical strength of studies on family in India was not backed by methodological rigour and conceptual clarity (Leela Dube : 1973 : 233-366; Shah : 1973). Only a few scholars had taken the trouble to clarify the conceptual dimensions in the study of family. Among these were : Ames (1973), Kolenda (1967, 1968,
Identified dimensions of family were:

1. Commensal Dimension (common spending, eating etc.)
2. Residential or Household Dimension (living under one roof)
3. Coparcenary Dimension (sharing of joint property, business, income etc.)
4. Network Dimension (web of relationships, mutual aid and obligations)
5. Ideal Dimension (visualized as ideal form by the scholars).

These dimensions were inter-related and complimentary. Membership of each dimension or grouping might overlap only partly with the others. Each grouping might tend to specialize in one or another type of activity, representing a division of familial responsibilities and labour (Bender: 1967: 493-504). Importantly, however, it was possible to treat each or various combinations of them as independent variables empirically and, to that extent, show their relationship with other variables, dependent and independent, fairly accurately. In the discussion that would follow, terms would be clarified. Since this terminological clarification could not be
done without referring to various types of studies on family, these would be referred to as a part of clarification exercise.

**Elementary Family**

Shah noted that the generally acknowledged meaning of the term 'elementary family'\(^1\) was a group composed of a man, his wife and their children (1964: 1; 1973: 107-108). A general assumption here was that the members of an elementary family lived together in the same household either themselves or as a part of a wider household group such as a joint or an extended family. This need not always be the case. There was also no unanimity among the researchers about the composition of an elementary family and relationships of its members with wider kinship groups.

About the composition of elementary family, Murdock (1949: 11) posited that it was composed of parents and children plus one or more persons not belonging to the particular family. Cohn (1961: 1051) also included

\(^1\)The term 'elementary family' was by no means the only term used. 'Nuclear family' and 'conjugal family' were the other two more frequently used terms quite often given the same meaning. However, Mukherjee (1958: 133-143; 1962: 352-396 and 1965) showed that each of these terms had distinct meanings.
man, woman, their children plus one or more additional person residing with them. Shahani (1961: 1823) included a man's wife's relations or his widowed daughter with her children in her delineation of elementary family. There was another group of researchers which joined this stream of thought not so much definitionally: it did so when attempting typologies of families. Included in this category were Kolenda's (1967: 147-220; 1968: 339-396; 1970: 50-72) 'supplemented nuclear' and Madan's (1962: 88-89; 1962a: 7-16; 1965) several sub-type of nuclear families. This tendency to include in the elementary family persons who did not really belong to it was not justifiable on two grounds: (a) the elementary family was only a genealogical model, and (b) all families that were not joint were also not necessarily elementary (Shah: 1973: 109).

On the links of the members of the elementary family with the larger kingroup, Desai held an extreme position.

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2 The example of a man who resided with a widow and her son given by Nicholas (1961: 1057) to indicate 'irregular family' and non-conjugal unit composed of fragments of one or more nuclear families not related to each other in Amesa' (1973: 107-131) categorization of 'sub-nuclear' could also be included in this stream.
He felt that a household composed of members of an elementary family should not be called an elementary family if they were related with members of a wider kingroup (1956 : 149).

Many a researcher gave the impression that (a) all households that were not joint families were elementary; and (b) within the larger group of elementary family there was no variation. However, a distinction had to be made between 'complete' and 'incomplete' elementary families. A complete elementary unit had all the elements i.e. man, wife and their unmarried children. Empirically, this distinction was shown in two distinct ways. One - and which was rather radical - where the 'incomplete' elementary family was not considered a family at all.

In this category came (a) Nicholas, who labelled an incomplete elementary family such as only the widow, the widow and her children or occasionally also a man who resided with her as 'irregular' (1961 : 1057); (b) Madan who considered a man and his adopted son, or a widow and her son, or, a childless couple as 'non-familial' households (1962 : 89); and (c) Mukherjee who not only called them 'non-familial' but assigned them separate typological labels based on sex, marital status and presence of children (1962 : 359).

3In terms of details, there was some distinction between the positions taken by Madan and Mukherjee. The latter was more comprehensive in assigning typological categories to the 'non-familial' cases.
On the other hand, there were those who treated the incompleteness of the elementary family only as a characteristic through which internal distinctions in its structure were made. These included: Desai to whom husband and wife with or without children were examples of incomplete elementary family (1956: 149); Cohn who categorized incomplete elementary families into (a) single aged adult, (b) wife and unmarried offspring, and (c) woman and unmarried offspring (1961: 1052); Mayer who considered the family of a widower and his children, a widow and children as incomplete elementary family (1960: 179-80); Kolenda who classified the incomplete elementary family into (a) sub-nuclear, (b) single person, and (c) supplemented sub-nuclear (1967: 147-228; 1968: 339-396); Conklin who dichotomized the incomplete elementary families into (a) uni-member and (b) those which lacked one parent (1968: 28-37); Ames who deemed non-conjugal unit composed of fragments of one or more nuclear families that were usually but not always related to each other as sub-nuclear (1973: 28-37); and, of course, Shah who classified the incomplete elementary families into (a) husband and wife, (b) widowed father and unmarried children, (c) widowed mother and unmarried children, (d) an unmarried, widowed, divorced man,
(e) unmarried brother and sister, and (f) a widow (1964: 37). There were also some researchers whose definition of elementary family itself included reference to its incomplete form. Ross, for example, considered elementary family as one which had one or both parents with children (1961: 35). The significance of incomplete forms of elementary family was recognized by Mukherjee (1962) and Shah (1964, 1969 and 1973) only.

The Joint and Extended Family

The term 'joint family' meant two or may be more than two elementary families joined together. It was 'patrilineal' if it was based on the principle of patrilineal descent; it would be deemed 'matrilineal' if the descent was matrilineal. Shah pointed out that quite frequently the term 'extended family' was used instead of joint family and he stated that the former term only made explicit the implicit meaning of the latter i.e. that the combination of two or more elementary families was based on an extension of the parent-child relationship (1973: 109). Madan (1962b), however, felt that the term joint family should not be used as a synonym of extended family and that in
deciding the jointness of a family only the ownership of joint property should be considered. The extended family, following Madan, was a large family, unilocal or dispersed, which had grown large in size and genealogically ramified (Madan: 1962a: 14). Madan’s distinction between the joint and extended families was considered problematic by Shah on two counts: (a) the criterion of size was not necessary, and (b) there was no reference to the limits on extension of genealogical ramifications of nuclear family (1973: 230).

In any case, another methodological problem in defining the joint family was the limit of the extension of patrilineal/matrilineal descent in the formation of the joint family. Quite frequently a generational limit was put in defining the familial unit: it was considered joint if three or more generations were present. Shah again noted that there was neither any unanimity about the meaning of generation nor the method of counting it out (1973: 110). An adequate explanation of both these considerations was consequently very essential in any enquiry on joint family.

4The reference to generations in some cases was only to the living; in certain others it was both to the dead and living; in still others, common ancestors’ generation was also counted. Also there was no agreement about (a) the use of generations of only the sons and the daughters, and (b) reference to the wives of patrilineal descendants.
Apart from the genealogical principle that determined the jointness of the family, there were several functional considerations on the basis of which the family was considered joint. Included among these functions were: residence, coparcenary, mutual social, ritual obligations etc. singly or in various combinations. Considering jointness on the residential basis also posed some classificatory problems. For example, it remained to be sorted out whether all those living in a household would be considered members of a elementary or joint family or only those who had patrilineal descent. Shah gave several illustrations of relatives coming to live with elementary or joint families and referred to the problem of giving correct, unambiguous labels (1973: 112-113). Desai's stand in determining jointness of the family on the basis of (a) Social (mutual rights and duties of offering oblation (Pinda) at the time Shradha after death) and (b) Biological (based on particles of blood received from the lines of father and mother) only was considered to be controversial since it ignored residential dimension (1964: 24). The

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5 This was also surprising when it was juxtaposed with Desai's own stand on basic elements for the understanding of the family. Desai (1964: 25) considered (a) residence, (b) relationship and (c) consequent rights and duties to be not only basic elements for an understanding of the family but sometimes also running on parallel lines.
joint family was, however, considered to be a multifunctional group of three or more generations by most researchers: the difficulty lied in the specific descriptions of various combinations of functions in such 'joint families'. As Shah pointed out, if the joint family was treated a genealogical model with three or more generations indiscriminately for families joining one or two functions as against those joining in all functions, it became a source of confusion (1973:114). It was here that another concept, lineage, became useful.

Lineage was a descent group and use of patrilineage and matrilineage in the description of the joint family was analytically rewarding. It was because of the fact that they helped in finding the genealogical depth of the male and female members of a joint family.

Basis of Typological Classifications

One of the stark empirical realities facing a reviewer of studies on typologies of family was their multiplicity. Shah (1973:139) sarcastically remarked that it was no

6Recruitment in a patrilineal joint family was both by birth and marriage. Female offspring in a patrilineal joint family were married off to male descendant of another lineage but they did not acquire his lineage. To that extent genealogical depth of joint families was differently affected.
Exaggeration to state that no two scholars' typologies agreed with another. In fact, there were even examples of the same scholar using different typologies.\footnote{Kapadia's studies of 1956 and 1959, for example, used different typologies.}

Undeniably, this multiplicity of typologies had emerged in an effort to categorize a large number of dimensions and use of different approaches in the studies. The typological range quite understandably varied from simple ones to very complicated, even mathematical ones (Mukherjee; 1959, 1962). Table 3.1 summarized the basis of typological classifications attempted by various scholars and also their specific drawbacks.\footnote{The table drew heavily from Leela Dube (1973) and Shah (1973). In arriving evaluative judgements, however, Shah's opinions had been based upon since methodologically he was widely acknowledged as the most meticulous researcher on family.}
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Basis of Classification</th>
<th>Researchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No Classification</td>
<td>Epstein (1962)</td>
</tr>
<tr>
<td>2</td>
<td>Inaccurately Described Relationships</td>
<td></td>
</tr>
<tr>
<td>a) Vague</td>
<td>Cohn (1961)</td>
<td></td>
</tr>
<tr>
<td>b) Specific relations</td>
<td>Agarwala (1955)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Dichotomy of Elementary and Joint or Extended Family</td>
<td></td>
</tr>
<tr>
<td>b) Considering the Joint family as a group based on patrilineal descent and virilocal/patriloclal residence but ignoring patrilineal nonvirilocal /non-patriloclal residence</td>
<td>Cohn (1961), Madan (1965), Mayer (1960), Sarma, J. (1964)</td>
<td></td>
</tr>
<tr>
<td>Sl. No.</td>
<td>Basis of Classification</td>
<td>Researcher(s)</td>
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<tr>
<td>c)</td>
<td>Joint family composed of 2 or more related couples but ignoring non-virilocai/non-patrilocai residence</td>
<td>Conklin (1968) and Kolenda (1968)</td>
</tr>
<tr>
<td>d)</td>
<td>(b) and also non-virilocai/non-patrilocai residence</td>
<td>Mukherjee (1962) and Pakrasi (1962)</td>
</tr>
<tr>
<td>e)</td>
<td>Joint family without precisely defining genealogical depth</td>
<td>Cohn (1961), Desai (1964), Dube, S.C. (1955), Karve (1955), Ross (1961), and Srinivas (1962)</td>
</tr>
<tr>
<td>f)</td>
<td>Joint family with accurate outer genealogical limit</td>
<td>Medan (1965) and Mayer (1960)</td>
</tr>
<tr>
<td>i)</td>
<td>Some or all of these 'betweens' placed under elementary family</td>
<td>Cohn (1961), Gore (1968), Morrison (1959), Sarma, J. (1951), Shahani (1961), and Srinivas (1952a)</td>
</tr>
<tr>
<td>ii)</td>
<td>Some or all of these 'betweens' put in a new category</td>
<td>Conklin (1968), Gough (1956), Kolenda (1968), Morrison (1959), Ross (1961), and Shahani (1961)</td>
</tr>
<tr>
<td>h)</td>
<td>Distinction between complete and various types of incomplete elementary families</td>
<td>Cohn (1961), Conklin (1968), Desai (1964), Kolenda (1968), Kulkani (1960), Medan (1962), Mayer (1960), Nicholas (1961), and Ross (1961)</td>
</tr>
<tr>
<td>i)</td>
<td>Recognize almost all types of incomplete elementary families.</td>
<td>Mukherjee (1962) and Pakrasi (1962)</td>
</tr>
</tbody>
</table>
h) ii) Assess significance of incomplete elementary families.

iii) Incomplete elementary family regarded:

   a) 'Irregular'  
   Nicholas (1961)

   b) 'Non-familial'  
   Kulkarni (1960), Madan (1962), Mukherjee (1962), and Pakrasi (1963)

   c) 'Unimportant'  
   Meyer (1960)

   d) 'Families through courtesy'  
   Desai (1964)

4  Numerical Strength of Families

   a) All India data
   Census of India (all of them)

   b) Macro Census data

   c) Micro-data (one or more villages)
   Epstein (1962), Ghurye (1960), Meyer (1960), Morrison (1959), Nicholas (1961), Sarma J. (1964), and Sen Gupta (1958)

   d) i) Micro-data (small caste group in a village)
   Cohn (1961), Gough (1956), and Madan (1965)

   ii) Micro-data (small caste group living in a city)
   Gore (1968)

   iii) Micro-data (small town or a subsection of it)
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<tr>
<th>Sl. No.</th>
<th>Basis of Classification</th>
<th>Researcher(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>a) Comparison of data from other studies</td>
<td>Karve (1953) and Kolenda (1967, 1968)</td>
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<tr>
<td>5</td>
<td><strong>Coparcenary</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Coparcenary but residence not included</td>
<td>Bailey (1957, 1960), Medan (1962a, 1965), Mayer (1960) and Nicholas (1961)</td>
</tr>
<tr>
<td></td>
<td>b) Flexible and Fluid</td>
<td>Derret (1960, 1962), Gulati and Gulati (1962) and Kane (1945)</td>
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<tr>
<td>6</td>
<td><strong>Inter-personal Relations in the Family</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Concerned with the form but not inter-personal relations</td>
<td>Mukherjee (1959, 1962, 1965) and Pakrazi (1962)</td>
</tr>
<tr>
<td></td>
<td>b) Description of inter-personal behaviour within family</td>
<td>Duba, S. C. (1955), Gough (1956), Medan (1965), Mayer (1960), Ross (1961), Sarma, J. (1951), and Srinives (1952a)</td>
</tr>
<tr>
<td>7</td>
<td><strong>Development Cycle</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Type of family at a particular point of time</td>
<td>Cohn (1961) and Ross (1961)</td>
</tr>
<tr>
<td></td>
<td>b) Role of the cycle of births, marriages and deaths</td>
<td>Conklin (1968)</td>
</tr>
<tr>
<td></td>
<td>c) Two phases (elementary joint)</td>
<td>Epstein (1962), Desai (1964), Gore (1968), and Sarma J. (1964)</td>
</tr>
<tr>
<td></td>
<td>d) Three phases</td>
<td>Gould (1968)</td>
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<tr>
<td></td>
<td>e) Detailed descriptions of cycles</td>
<td>Medan (1965)</td>
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<th>Sl. No.</th>
<th>Basis of Classification</th>
<th>Researcher(s)</th>
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<tbody>
<tr>
<td>7</td>
<td>f) More than one cycle in familial development</td>
<td>Kolenda (1968) and Shah (1973)</td>
</tr>
<tr>
<td>8</td>
<td>Changes in the family</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Evaluationary (joint to nuclear)</td>
<td>Davis (1942, 1948), Maine (1861, 1871, 1875), Mandelbaum (1948), Merchant (1935) and O'Malley (1934) (1941)</td>
</tr>
<tr>
<td></td>
<td>b) Accept existence of joint and elementary now but of only joint in the past</td>
<td>Gough (1956), Karve (1953), Morrison (1959), and Rose (1961)</td>
</tr>
<tr>
<td></td>
<td>c) Break of joint families into elementary due to urbanization and industrialization</td>
<td>Goode (1963), Gore (1968), and Nimkoff and Gore (1959)</td>
</tr>
<tr>
<td></td>
<td>e) Contest disintegration of joint family</td>
<td>Desai (1955, 1956, 1964) and Kapadia (1955a)</td>
</tr>
</tbody>
</table>
An analysis of Table 3.1 made it clear that in using the typologies developed by other researchers one ran the risk of theoretical bias before having grappled with one's empirical facts. A more prudent course of action might therefore be to attempt an independent analysis of the collected data about family types and rearrange them to meet requirements of a comparative analysis of typologies at a later stage.

Approaches to the Study of Family

Family had been studied applying different theoretical, and even different disciplinary approaches. Referring to this multiplicity of approaches, Goods (1959) stated—perhaps in exasperation—that the striking fact (was) that no theorist had been able to state, let alone prove, any set of systematic propositions about the relations between family and other institutions (emphasis added).

In a very detailed review of literature on family, Nye and Berardo (1966) had identified 11 approaches to the study of family. These were: (a) Anthropological; (b) Structural-functional; (c) Institutional; (d) Interactional; (e) Situational; (f) Psychoanalytic; (g) Socio-psychological; (h) Developmental; (i) Economic; (j) Legal, and (k) Western Christian.\(^9\)

\(^9\)A detailed discussion of these had not been made intentionally.
Identification of these approaches was based on the special features followed by the practitioners of the approach, foci of the study, assumptions made and special methodology, if any, used in collecting empirical material. A critical review of these approaches made it clear that (a) each of the 11 approaches was unable to satisfactorily explain the various aspects of family singly, and (b) an overlap of various approaches was unavoidable if the family was to be studied methodically. To do so it was profitable to use the 5 requirements listed by Hill and Hansen. These were: (a) type of behaviour treated; (b) social space in which it occurred; (c) time dimension with which it dealt with; (d) substantive foci of research; and (e) basic assumptions which underlined research and action (cited in Nye and Berardo: 1966: 2).

Socio-Local Principles Governing Management of Family Enterprise in India

As indicated earlier on, the dominant role played by one family in the management of one large scale enterprise in India had been traced to the erstwhile British institution of Managing Agency System by Kamla Choudhari. She went on

See the discussion pertaining to 'entrepreneurship as a process' in Chapter II.
to suggest 'historical models' in four specific periods which, among other things, explained centralization of authority, personal and informal relationship at the senior (management) levels and stationing of family members or members from 'home' country or civil servants in key positions (1966: 132-147). While it was true that the Managing Agency System did indeed provide the legitimizing legal framework to the family dominance over the large scale industrial enterprises in India, it was not the only source. The social customs and laws based on religious tenants played an equally important role all along, but more so after the abolition of the Managing Agency System. These social customs and laws created an informal institutional superstructure and understructure. The formal

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11 Had it been so, the phenomenon of family dominance in the industrial realm in India should have disappeared with the abolition of the Managing Agency System. The fact was that family dominance remained very much intact even today. In fact, the leading industrial concerns were publicized to be belonging to one 'industrial family'/group or the other. Milton Singer (1972: 344) listed the laws pertaining to joint stock and holding companies, the corporate table of organization and the family trust fund among the other British and Western institutions introduced in India which had played a key role in this regard.

institutions of the industrial enterprises were made to function under the control of these institutional super and under-structures. Since the dominant social custom and religious following in India had been that of the Hindus, the analysis here confined itself to the evolution of Hindu custom and law and the major principles that emerged from it.

Evolution of Hindu Law

The evolution of Hindu Law was divided into 3 historical phases: (a) Classical Hindu Law (based on the interpretations of Dharmashastras); (b) Anglo-Hindu Law (Hindu Law as interpreted by the British Indian Courts); and (c) Modern Hindu Law (post independence legislation and administration of the Hindu Law).

Evolution of Hindu Law was confined mainly to its emergence and interpretation by the courts although it was not at all implied here that there was no difference between the legally interpreted Hindu Law by the courts and actual...
customs governing the conduct of the Hindus in the society at large. It was now conceded by the legal profession that the classical Hindu Law consisted mainly of the texts composed by the sages and that it was understood by and administered to a tiny section of the Hindu society (Shah: 1973:119). It certainly did not reflect the divergent rules and regulations prevalent among the multitude of sects, castes, clans and lineages in Hindu society. In any case, its legal enforcement was confined to such cases only as were brought before the courts: the vast majority decided their disputes through their traditional collectivities.

During the British rule in India, Hindu personal law was largely administered with the help of Sanskrit texts as expounded by the Brahmins. Its development was facilitated by three major sources: a) the legal debris left by the process of litigation, namely the case law; b) incorporation of certain typically British procedures; and c) prevalent customs. Not all the customs were recognized.

14 Quite often these related to procedures and technicalities rather than the substance or issues being contested by the parties. This British element, however, was equally important in as much as any case could go against the substance of existing law if the procedural trappings were not strictly adhered to.
by the law, however. Consequently, there was always
a possibility of the two types of customs coming to conflict in
certain situations. In such cases if an applicant in the
court wanted to enforce the social custom prevalent in
his area, as against the provision of Hindu Law, it was
his responsibility to prove that such a custom existed
and was practiced, before the court agreed to enforce it
(Mulla: 1959 : 82-84). Thus, although the law recognized
the validity of social custom, it was not equated with the
law as such.15

Emerging Principles from Hindu Custom and Law

The following principles emerged from the Hindu custom and
law and had implications for the maintenance of the family
as an institution - even if only in the eyes of the law -,
ownership, succession and inheritance of property, and
taxation:

(i) Corpus of Joint Family: The history of Hindu family,
as unfolded by the Sutras, Smritis and other religious
texts, indicated that even though the individuals - of
various sorts - were progressively granted greater rights

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15 Derret (1963 : 12-13) went to the extent of stating
that the custom was not part of the Hindu Law and that it
must be visualized as its opponent, not component (emphasis
added).
it was also ensured, at the same time, to harmonize them with the interests of the family. Thus, in theory the individual could, for example, demand his share from the family property. However, the prevalent custom ensured continuance of the corpus of the family since no incentives were left for a person to break with the family.

(ii) Recognition of Difference of Joint Family in Custom and Law

Hindu Law made a distinction between the coparcenary and the joint family. According to Kane, under the Mitakshara, a Hindu coparcenary was a much narrower group than the joint family (1946: 591). It comprised of only those males who took an interest in the joint or coparcenary property by birth. Under the Dayabhaga, there was no coparcenary between a man and his sons during his lifetime even though they might be living in a single household. The important point to be noted, however, was that the Hindu Law (under both the schools) was not concerned at all with the distinction between the elementary family and the joint or extended family. It was concerned primarily with the constitution of property holding group and with the persons having rights

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16Hindu Law, as was well known, had two schools: Mitakshara and Dayabhaga. The former was dominant one as it applied to most parts of the country excepting Bengal where the latter one was applicable.
of maintenance from the property-holding group, and not with the constitution of the household group (Shah : 1973 :117-118). (emphasis added)

(iii) Fluidity and Reliability of Legal Form of Family:

This principle flowed from the peculiar law and practice governing succession to joint family property (Gulati and Gulati : 1962 : 1). Under the Mitaksara, each son acquired at his birth an equal interest with his father in the joint family property and on the death of the father the son took the property, not as heir, but by survivorship (Mulka : 1959 : 47). Under the Dayabhaga, the son's rights arose for the first time on the father's death to the extent the property was left by the father as the father's heir.

In other words, it did not recognize the principle of survivorship (Mulka : 1959 : 314-315, 417-419, 421). This being so, every member of the Mitaksara family had only an undivided interest in the joint family property. Under the Dayabhaga, a member of the family held his share in quasi-severalty and it passed on his death to his sons. 17

The extent of share a coparcener had in the family property

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17 As Shah pointed out, patrilineage is the only relevant group in most parts of India (1973 : 114). However, a few matrilineal groups do exist like the Nairs and a few other castes in Kerala.
was defined under the Dayabhaga system; it was not defined in Mitaksara. The family property was ordinarily managed by the Karta who enjoyed wide range of powers. He was supposed to use the income from the same for the purposes of the family. If other coparceners were not satisfied with the manner in which the Karta exercised his powers, their only remedy was to demand a partition (Gulati and Gulati: 1962 3-4). The essence of a Mitaksara joint family was the unity of ownership; the partition consisted in ascertaining and defining the shares of coparceners (Mulla: 1959: 492-493). Partition under Dayabhaga was easier since the shares were already known. A partition between the coparceners might be either complete or partial. This partial partition might be in respect of persons or property. Part of joint property might be partitioned and the residual kept as joint (and undivided) property. Non-separating coparceners could remain joint and enjoy what remained of joint property. A reunion of separated coparceners was also recognized (Mulla: 1959: 503-508).

Treatment of Hindu undivided families (HUF) as a separate entity for tax purposes and the facility of partial partition and to join back the deserted coparcenary group conferred tremendous tax benefits. Gulati and Gulati (1962)
indicated that it helped the avoidance of tax in a number of ways. On the surface, it would seem that the contradiction between the objectives of social customs and the enforced Hindu Law were unmanageable. In reality, it was not so. The industrial families extracted maximum benefits using both the societal custom and enforcement of law.

Research Studies Dealing with the Relationship of Family with the Management of Enterprises in India

Before attempting the review of studies, it was essential to demarcate its scope. Description of scope was partly positive, indicating precisely what it would deal with: it was partly negative, stating what would be kept out of its purview. The following determined the scope of the review attempted here:

(a) In this study, family and management of enterprises had been considered as the interacting variables. As such, the review too was concerned with only those studies which had analysed the relationship between the two.

(b) The unit of analysis was not one enterprise, registered as a private or joint stock company. It was an industrial

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In particular, (a) the exemption limits for the HUFs were higher; (b) there was higher exemption on the surcharge; (c) financial jugglery about partial partition (several varieties of it) could reduce, or altogether avoid taxes, and (d) transfer of assets to wife or wives of coparceners and children enabled separate exemptions from paying tax.
family. It was useful here to make a distinction between what Hazari (1966: 5) called an industrial group and what was here labelled as industrial family. An industrial group was defined by Hazari (1966: 5) as one consisting of units which were subject to the decision making power of a common authority. This common authority in Hazari's definition not only included members from the same family but also others including relatives. An industrial family, on the other hand, was defined here as one consisting of units which were subject to the decision making power of a common authority which included only members of the same family. It was recognized that the units standing in the name and under control of relatives and some others might have links - quite close ones in fact - with the industrial family and might indeed be working, at the strategic decision making levels, in a concerted fashion. However, they were considered as a separate industrial family for the purpose of analysis here.

(c) Non-empirical, impressionistic, journalistic and biographical studies were not considered. It was not that they did not offer information on the areas of concern for this enquiry: it was lack of any proper methodology and, in some cases, lack of objectivity in presenting/
(d) Among the empirical studies only those which directly dealt with family and management of industrial enterprises in India were to be examined. This resulted in the elimination of the following types of studies from the review.

i. studies dealing with the same theme but conducted in some other countries.\(^{19}\)

ii. studies dealing with the family and management of commercial— but not industrial—enterprises in India.\(^{20}\)

iii. studies which dealt with other themes but in which family business or its management was discussed in a casual manner among a whole lot of other variables.

Because of the above-mentioned considerations, this review was limited to such studies which directly analysed the interacting relationship of the family and management of industrial enterprises. Only three such studies were reported. These were Gaikwad and Tripathy (1970), Singer (1972) and Cohen (1973). These three studies were analyzed in terms of their (a) objectives, (b) approach to the problems, (c) area and scope of enquiry, (d) hypotheses,

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\(^{19}\) See, for example, Ishwaran (1976) for a study on family and industrialization in the Netherlands.

\(^{20}\) Among these, studies by Ouens (1971), Ramu (1973), Sahai (1973) and Tengri (1978) were notable.
if any, propounded, (a) conclusions drawn and (f) observed limitations.

Objectives

The study of Geikuad and Tripathy wanted (a) to examine the pattern of industrial growth in Tanuku Taluka of West Godavari district; (b) to identify factors which had played a decisive role in moulding industrial entrepreneurship, and (c) to suggest steps for effective utilization of identified factors for industrial growth in rural areas (1970: 1). Milton Singer's study was undertaken to show how a small group of successful industrial leaders in Madras city adapted their social institutions, ritual structure and belief systems to their economic activities and how they adapted their economic activities to their cultural traditions (1972: 282). Cohen's study wanted to analyse (a) the problems of simultaneous membership in two different and conflicting social systems (i.e. the family and the industrial units), each with its own values, norms and expectations; (b) the conditions under which role conflicts appeared, their behavioural consequences and the mechanisms to cope with them; (c) their impact on managerial performance; (d) how family system combined with the business system in a wider culture of
change to produce emerging managerial behaviour; (e) how family's unity and continuity was maintained in the context of problems faced because of conflicting demands of family and business systems; (f) when family and business systems made each other dysfunctional (1973: 21-24). In deciding the objectives of their study, Gaikwad and Tripathy did not start with any pre-conceived notions. Singer and Cohen, however, did so. Whereas Singer was very much a participant in the earlier ongoing debate on the Weberian thesis and was, through his Madras study, out to empirically prove how wrong Weber was, Cohen was, with his self-admitted Western bias (1973: 24), expecting to find severe inter-role conflict (1973: 37).

Theoretical Approach to the Central Themes of Enquiries

Theoretically Singer belonged to the 'neo-Weberian' tradition. Explaining his approach to the central theme of his Madras study, Singer criticized scholars who tried to explain individual behaviour by reference to social and cultural systems of which the individual was a member. In his opinion, a more fruitful approach was to begin with the ways in which particular individuals and groups made use of their family, caste, religious affiliation and networks in particular fields of activity (such as industry)
and then considered what these facts implied about congruence or incompatibility of "structural types". In effect, Singer ended up in analyzing the reciprocal effects of urban industry on such characteristic Indian institutions as joint family, the caste system and Hindu system and showing forms of change and persistence that transcended the dilemma faced by the "structuralists" (1972: 285-286).

Gaikwad and Tripathy did not specifically state their theoretical position but a perusal of their study made it clear that they had followed systems approach identifying socio-psychological factors which had played key roles in the entrepreneurship displayed in Tanuku region.

Cohen followed inter-role conflict theory conceptualizing behaviour in terms of social systems. Central to the analysis undertaken were a set of inter-dependent elements, interactions, activities and sentiments - which could be seen as an organized whole. Traditionalness was predicted to be the discriminating variable in producing inter-role conflict (1973: 26-27).
Area and Scope of Enquiry

The study of Geikwed and Tripathy was essentially a microscopic depth study which concentrated on the large scale enterprises of one entrepreneur. It also examined a number of other entrepreneurs. Specific areas of enquiry were: (a) personal profile of the entrepreneur and his socio-economic background, (b) external factors, (c) nature of enterprise, its organization and growth, and (d) methods used by the Department of industries, A.P. Government for promotion of industries in rural areas (1970 : 1).

Singer's study was wider in its scope since it covered the relationship of industrialization with the joint family, the caste system and Hindu rituals and beliefs. His study was part of his wider thesis explaining "modernization" of the great Hindu tradition. In this analysis, industrialization was examined in terms of operation of large scale manufacturing enterprises. Singer's analysis covered aspects of family structures of successful industrial families and probed patterns of inter-generational persistence or change in them, relating them to one another and to the associated processes of urbanization, industrialization and modernization (1972 : 290).
Cohen's study covered a 'sufficiently diverse sample' selected on the basis of community affiliation, size of family, complexity of company's size, technology and environment, variables which affected traditionalness of family and business expectations. The selected respondents were from both the large and small scale manufacturing sectors and the items covered were: background, environment, division of work, stated goals and objectives of the organization, locus and quality of decision making, authority relationships, family goals and objectives, family decision making, norms and values, consequences of family dynamics on the growth of the family and business, and management of conflict (1973: 42-46).

**Methodology Employed**

Two of the three studies were region - indeed sub-region-specific case studies. It so happened that they were conducted in South India. The locale of Gaikwad and Tripathy's study was a prosperous rural taluk, Tanuku in West Godavari district of Andhra Pradesh. Singer's study was concerned with industries in and around metropolitan Madras. Cohen's study had its eight respondent families drawn from all parts of the country. A variety of data collection methods were used in each study. Gaikwad and Tripathy used unstructured interview
as the main tool for getting the life histories. Personal information was obtained through a schedule and genealogical method was used to obtain family details. Finally, general information about the industry was obtained through a structured schedule (1970: 3). Singer collected statistical information about the companies through the official records and historical information about the families and their practices through personal interviews with the industrialists and secondary sources (1972: 281-282). Cohen opted for what he called 'middle range of techniques'. He used open-ended questionnaires and obtained information through interviews which were guided sometimes (1973: 42-43).

All the three studies had small samples. The sample in Gaikwad and Tripathy's study consisted of 11 industrial and 15 business entrepreneurs; in case of Singer it was only 19 (2 out of which were themselves not industrialists). Cohen's study had only 8 cases. Composition of the sample was revealing. Singer included only the successful industrialists determining the selection of his respondents on the basis of both official statistics and the opinions of knowledgeable persons. Gaikwad and Tripathy did not specify whether the selection of the sample was based on success and/or failure. Cohen's sample companies, as stated earlier, represented
various communities and company characteristics. Singer's respondents were all large scale industrialists. In case of Gaikuad and Tripathy only one entrepreneur could be considered large scale manufacturer. Cohen's respondents were representing both the large scale and small scale manufacturing sectors.

**Hypotheses and Conclusions**

Gaikuad and Tripathy did not postulate any hypotheses as such for validation but simply stated that physical, socio-economic and political factors determined the nature of entrepreneurship in a given region (1970: 1-2). In Tanuku, they identified four types of factors which had significantly, logically and sequentially contributed to the growth of industrial and business entrepreneurship (emphasis added). These were: (a) Historical and socio-economic factors; (b) socio-biological factors; (c) Biological - legal - economic factors; and (d) Socio-psychological factors (1970: 8-9).

Milton Singer too did not start with any specific hypotheses. His major conclusions were: (a) there was a trend toward smaller-nuclear-families over three generations but active cultivation of joint family contacts with relatives and maintenance of joint households in the cities;
(b) there was flexible adaptation in joint family rules
for industrial organization and management; (c) the
adaptation showed itself primarily in what Singer called
'compartmentalization', 'vicarious ritualization', ritual
neutralization of work sphere', 'seculization', and 'redefi-
nition' of essentials of Hinduism and was used by the
industrialists to avoid conflict (1972: 291-350).

Cohen did not formulate any hypotheses for empirical vali-
dation from his data but expected (i) the characteristics
of Indian families to be different from the characteristics
expressly desired for business enterprises; (ii) many possi-
bles difficulties if traditional family behaviour was carried
into the family business where family members desired diffe-
rent behaviour from themselves and others (1973: 41). After
ranking the 8 cases on the traditionalness matrix and
categorizing the companies on that basis Cohen formulated
a set of 10 propositions which he thought could serve as hy-
potheses for investigations in other settings.

**Observed Limitations**

The following were the observed limitations of these studies:
(a) As stated earlier, the studies were analyzing how the
socio-cultural variables impinged upon work organisations
and how the interaction of the two affected each other.
Further, it was also attempted to relate the interactional encounters with the performance of the sample families. Measurement of performance was confined to the industrial field only: in fact, in case of Cohen it was reduced to only one unit only. However, performance in the industrial field was only a segment of the total sweep of economic activities in which the families were engaged in. Crucial in particular were the development and deployment of familial resources which equally influenced the industrial performance. This was ignored by these studies.

(b) The size of sample in each case was very small. Therefore, there was very little scope for generalizations at the national level. Gaikwad and Tripathy and Cohen very rightly did not attempt them. Singer, however, clearly overstated his facts when he rebutted Weberian postulations. He might well be proved right when all India data were assembled but on the basis of his own material the finality of tone in his assertions and conclusions could hardly be buttressed from the empirical base of his study.

(c) The sample was always designed to precisely measure the issues on hand. In this respect Gaikwad and Tripathy started with a clean slate since they did not have to prove anything. Singer's study was clearly faulty in its sampling design.²¹ It was difficult to consider it a representative

²¹ He himself called his study 'preliminary' and 'incomplete' (1972: 283).
sample. The same was true in case of Cohen, whose 'all India' sample of 8 companies represented neither the industrial communities nor the complexities of the technologies. That was perhaps one reason why he did not attempt any generalization and concentrated on working hypotheses to be empirically tested by others through future research.

(d) Entrepreneurship being a process was better amenable to historical analysis, particularly putting facts in a sequence and examining objectively the contributions made by various factors in the absence or emergence of operation of entrepreneurship. All three studies did present historical material but only Gaikwad and Tripathy presented sequential contribution of various factors to entrepreneurship on the historical continuum. Success or failure of entrepreneurship was, more or less, analysed in Singer's case without reference to different points of time. However, an industrial family might be considered to be among 'failures' at a particular point of time: if it was not totally wiped out, as for example, was the case of Ranchhodlal Chhotalal of Ahmedabad, it was possible that it might

* Scholars attributed the fall in the fortunes of the family of Ranchhodlal Chhotalal to a reversal in the pursuit of familial values by the latter generations. See, for example, Badhia (1899) and Eduardes (1920).
recover and join the ranks of the 'successful'. It was also possible that a successful industrial family at present might end up in failure in near future.23

(e) Of the three studies, only Cohen's analysis covered the internal dynamics of the family. However, since his empirical base was so sneaky, he could not offer generalizations. In the other two, very little attention was paid to the internal dynamics of family in historical perspective. Family, as Lanz et al (1973 : 582-83) argued, had thus been largely treated as a sponge but not having much capacity to create change without outside intervention. While no sociologist would probably disagree with the proposition that there was always some change occurring in the internal structure of the family, the nature of such change continued to remain obscure. It was, of course, true that major attention had been given to broad macroscopic variables, in anticipation that some linkage between these and internal family change agents could be made. The inability to spell out such a linkage between broad macroscopic factors and internal variables in the family

23 Two recent cases of 'successful' industrial families heading toward total collapse due to family disputes and conflicts which could not be internally controlled were those of the Kamanias and the Jaipurias. It may be mentioned that the same families were considered among the most successful industrial families in the country only a few years back.
had led to significant gaps in our knowledge of family structure and change in the past. These gaps appeared very prominent when the family was viewed as a dynamic resource allocating system and as an agent triggering changes in the external systems that were dependent upon the allocation of familial resources.

**Major Hypotheses for Testing**

The preceding analysis pertaining to both the dependant (management of enterprises) and independent (family) variables provided a specific direction to this study. Specifically, it would be testing the following major hypotheses:

1. Changes in the demographic structure of the family were likely to change the authority structure of the family.
2. Changes in the demographic structure were likely to change the deployment of family members in the economic enterprises.
3. Nature of authority structure was likely to determine presence or absence of turbulence in the family.
4. Business performance was likely to be dependent on the effectiveness of strategies employed to (a) combat familial turbulence, and (b) to control internal and
external business environments.

In testing these hypotheses, the study would be partly filling the gaps in the research identified by Dayal (1973: 11), Leela Dube (1973: 327c), S.C. Dube (1973: 18-19) and Nambudiri (1973: 40).