CHAPTER III

Empirical Studies in Entrepreneurship: An Overview


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Many scholars have shown great interest in studying the various aspects of entrepreneurship in India and in other countries. It would be appropriate to have a brief review of some of the works done so far in this field.

In the study of twenty six small enterprises of different categories in the twin cities of Hyderabad and Secunderabad of Andhra Pradesh, K.V.R. Choudhury made an endeavour to find out: (i) the characteristics that are associated with the success in urban small entrepreneurship, (ii) to find out whether there is any relation between the status of the enterprise and the level of success among the urban small entrepreneurs and (iii) to examine the respondent's awareness about the incentives and other facilities offered by the government or other institutions to promote the urban small entrepreneurship. Lack of time and space does not allow us to enunciate the findings of the study which relate to a number of variables and characteristics. It may, however, be mentioned that for this study success of an entrepreneur is graded into four categories low success, moderately low success, moderately high success and high success, depending upon the net income profit earned by each unit or upon the monthly average utilised capacity of the machinery.

Sushil Khanna in his study of the new business class in India tries to find answers as to who constitutes this new
business class in India, what their social origins, their educational and economic backgrounds are, what are their political links and the nature of pressure they bear upon the state and how do they perceive the economic and social changes. He goes on to identify five broad groups of entrepreneurs constituting the new business class in India. The most significant and noticeable has been the entry of the new breed of professionals into business. With few exceptions they came from middle class.

The next group that is active is the former bureaucrats, their sons, relatives and the family members of politicians. The third group is the non-resident Indians, being lured back to invest in India with liberal tax concessions by the government. The fourth group is entrepreneurs who, though usually from trade or brokerage business, branched out to establish some of the fastest growing companies in India. Lastly, the sons and relatives of former princely families are found in business (if not in politics). Many have converted their former palaces into hotels or have become sleeping partners in industrial ventures.

Khanna also finds the fact that many of the new entrepreneurs are themselves former senior bureaucrat and army officers have greatly reduced the earlier hostility between bureaucracy and private capital. The same state that lavished subsidies and favours on small and medium
entrepreneurs also instituted a mass of regulations and red tape to circumscribe private initiative. It is the protests against the latter that have come to occupy centre stage in recent years. Friendships built up in elite technological and business schools or years spent together as managers in public sector or TNCs have led to new appreciation of the problems of the newly emerging strata.

A.N. Oza in his study examines the Indian experience of developing entrepreneurship via the integrated entrepreneurship development programme (EDP). The author highlights the reasons for the low priority assigned to developing entrepreneurs during the first two decades of development planning, the problems of financing small industries which led to the introduction of EDPs in Gujarat in the 1970s and the extension of EDP activity in the country during the 1980s. The content of the generally accepted integrated EP is given. In addition, the problems facing EDP activity are discussed and remedial measures are suggested.

Oza further says that most of the top executives concerned with promoting small scale industry reacted to such lukewarm response to state's liberal financial assistance schemes with a feeling of helplessness and defeatism, if not fatalism. Their approach and attitude towards entrepreneurship was conditioned by the simplistic, conscious or unconscious understanding of the sociological aspects of Indian entrepreneurs. Historically, in India,
individuals belonging to only a few well-defined socio-religious groups have revealed strong entrepreneurial talents and majority of successful entrepreneurs come from these communities. For instance, Gujaratis, Sindhis and Parsees in Western India, Marwari migrants in Eastern India, North-Eastern India. The development bankers were therefore quite reluctant to extend financial assistance to persons not belonging to traditional business communities and/or families with long-standing business experience.

R.A. Sharma studied industrial entrepreneurs in India. The purpose was to understand their characteristics - what communities they were drawn from, what occupations they were engaged in, what educational backgrounds they possessed and the like - to better appreciate their choice of particular industries which, in turn, is likely to improve our knowledge of entrepreneurial process, enable us to predict future behaviours and perhaps, aid in formulation of policies to strengthen the entrepreneurial activity.

The total number of entrepreneurs studied was 293. The study found an upsurge of entrepreneurs overwhelmingly (nearly 73 per cent) from the mercantile and allied backgrounds like merchants, banking, contracting, stock broking and commission agents. Only 10 per cent or so of the entrepreneurs had their origins in non-commercial occupations. Thus, the mercantile background indisputably remains a predominant supplier of entrepreneurs, but some shift in favour of new occupations is also unquestionably
noticeable as the entrepreneurs are now being drawn from diverse backgrounds. It seems that the process of widening of the base of entrepreneurship, however, meagre, has started.

As regards education, the study found that an increasing number of highly educated people are entering or better we say it was becoming difficult for an illiterate or little educated person to start industry. Moreover, people with education and engaged in other occupations also had started feeling prompted to enter industry.

It is also interesting to note that there is preponderence of South Indian communities in the traditional sector as they have contributed 38 per cent of companies of the small old families and 46 per cent companies of the new families in this sector making 57 per cent of all the 53 companies set up by them.

Among the established industrial houses, all South India groups followed by the Marwaris and Gujaratis have concentrated their attention on modern sector.

Sharma attempts to shed light on economic, social and geographical origins of the entrepreneurs. The entrepreneurs predominantly came from mercantile and allied backgrounds, but a slight tilt in favour of occupations which were hitherto unconcerned with entrepreneurial activity viz. general servicemen, technicians, business executives, doctors, lawyers and the like seems to have
developed among entrepreneurs emerging for the first time after independence. The prominent sources of supply of these entrepreneurs are the traditionally trading castes of Hindu and Jain Banias from Gujarat, Rajsathan and Chettiars of Tamil Nadu. However, gradually other communities like Brahmins all over the country, especially of South, Naidus of the South, Patels of Gujarat, Kayasthas of West Bengal, Sikhs, Khatris and Aroras of Punjab are also assuming significant proportions making entrepreneurship a widespread phenomenon. Information regarding their educational levels is limited, but quite a pointer in the direction that the professionals holding qualifications in engineering, law, medicine, cost and chartered accounting are swelling the ranks of industrialists. These entrepreneurs have by and large preferred to make their investments in modern sector, though the large proportion of companies in the traditional sector have been floated by the newer entrepreneurs. In general, those who possess technical knowledge have entered related industries in the modern sector among both old and new entrepreneurs, but a slightly lower proportion of new entrepreneurs than the old ones possessing education unrelated to specific nature of industry went into the traditional sector. The traditionally trading communities of Hindu and Jain Banias have relied more on modern sector than others have. But among the regional communities, the South India have preferred their floatations and traditional sector more than the Gujaratis and Marwaris have.
As Oza also mentions of a recent study conducted by the National Institute for Entrepreneurship and Small Business Development (NIESBUD). According to this study, at present, there exist as many as 686 organisations engaged in a variety of training (and research) activities directed towards developing entrepreneurship in urban as well as rural areas. Of these 686 organisations engaged in promoting entrepreneurship, as many as 616 are established or sponsored or financially supported (directly or indirectly) by the Central and State Governments, all India and state level financial institutions and public sector banks. Only 70 of them are set up by non-government, voluntary organisations.

The problems created by this mushroom growth of EDP conducting agencies and the consequent unplanned, rapid increase in the number of EDPs conducted in all parts of India should be a matter of serious concern to the financial institutions, government policy-makers and apex (national) institutes of entrepreneurship development. Its efforts to act upon these problems are not initiated right now, they will seriously impair the objective of using EDPs for identifying and developing first-generation entrepreneurs for promoting growth of healthy small business enterprises.

Madhava Hejmadi's study of entrepreneurship in small industries was conducted in Dakshina Kannada district of Karnataka with a geographical area of 8,436 sq.kms. Those
industries which were registered in D.I.C. by 31st March 1985 with an investment of over Rs. 50,000 were taken for study. Out of the 273 sample SSI units, 140 were proprietorship concerns, 111 units were partnership and the rest were in public limited, private limited and co-operative sectors. Only proprietorship and partnership concerns were taken for analysis.

As regards sex of entrepreneurship, the study finds that among the 140 proprietors, only four were women entrepreneurs who ventured into rice mill, fisheries and auto-machine works business. Whereas in 111 partnership concerns, only six women were managing partners, engaged in automobile, chemicals, printing and book binding, fabrication and tile making industry.

In most of the cases, it was revealed that though the industries were registered in the name of women, their husbands or close relatives were actively involved in running the units. As far as the age of the entrepreneurs is concerned, it was found that about fifty per cent of the entrepreneurs were of the younger group.

This study also disclosed that majority of the industries are either managed or solely owned by people whose educational level is below matriculation or mere SSLC or Intermediate. The study also revealed that the graduates are faring better than the non-graduates, in keeping the small industry healthy. Post-graduation has not proved to
be a boon. A higher level of education shows no correlation for good small industrial management since 50 per cent of industries managed by post-graduates are sick, while another 50 per cent are at a normal level of functioning. Non-matriculation seems to be a poor level of education for managing an industry and sickness is more widespread among industries managed by the less educated category of entrepreneurs.

As regards the background, it is found that a family background of industry is the predominant background in which many sole proprietorship industries are started. Prosperity or failure of an individual is a concern of the family, hence an encouraging family background is a useful factor to go for small enterprises. The study also proved that self-motivation and confidence remained the major source of motivation to undertake a venture. Self-confidence and confidence are emerging as a result of determined personal goals such as ambitions, skills, family background, capability and eligibility for an undertaking. It is also quite clear that external motivations like friends and relatives, social status, government policies and timely incentives hardly had any influence on individual determination to start an industry. The author finds this to be surprising.

To be precise, this study finds that educational level contributes to the success of an individual venture as much as the family and technical background, apart from the
financial implications and a thrust of self-motivation to achieve certain goals in the process. Incentives alone have never lured or helped the tide.

Women remain backward in the matter of taking up individual entrepreneurships in larger numbers whereas they are in greater number in educational and social institutions. They have not entered the entrepreneurial movement sufficiently which is gaining momentum in the district day by day. The small scale industrial sector, although ideally suited for the jobless educated youths in the district, has not found favour with them at the expected levels which were open to them with a lot of facilities and a package of incentives.

R. Shanmugham in his study 'Entrepreneurship in Small Scale Industry: A Case Study', has tried to examine the nature and size of small scale engineering units, the background of entrepreneurs to start the business, and the problems encountered by the entrepreneurs in running the enterprise.

Data for the study were obtained from 50 entrepreneurs whose names were drawn randomly from the registers of the District Industries Centre (DIC), Coimbatore. An analysis of data relating the size of the enterprise showed that 70 per cent of the units had an investment in plant and machinery ranging from Rs. 10,000 to Rs. 1,00,000. 16 per
cent of the units fell in the size of Rs. 1,00,000 to 5,00,000. The primary activities of nearly 70 per cent of the units were manufacture, remaining 30 per cent of the entrepreneurs were serving as job workers for large and medium size units.

In a nutshell, this case study of entrepreneurs in engineering industry focussed on the nature of small units started by relatively young entrepreneurs. Previous experience in engineering units and technical qualifications influenced them to venture into business development of first generation entrepreneurs was clear from the fact that most of the entrepreneurs hailed from families engaged in agriculture. It was found that there was an extensive use of borrowed funds in the capital structure. Among the working capital problems, accounts receivable was identified as the major one. Entrepreneurs, by and large, get guidance from more than one source. Their participation in trade association and management associations was found to be fairly good.

Of the above-mentioned two surveys of entrepreneurship, one by Shri R. Shanmugham in Coimbatore District of Tamil Nadu (one of the best centres of small business in the country) revealed a large number of graduates among the entrepreneurs, unlike in the past, when they were semi-literate, drawn mostly from the trading and business classes. A similar study in Karnataka by Madhava Hejmadi
revealed that 35 per cent of the small business industries were run by those who had a family background in business, 22 per cent with technical background and 17 per cent with financial experience.

Dr V.K. Amte and A.V. Shukla, in a case study of a successful entrepreneur, examined the unit under the name and style of Shree Engineering Industrial Estate, Amravati, India. Although initially the promoters of this unit visualised it as an iron fabrication unit dealing in grills and doors, the unit presents a suitable example of the saying 'necessity is the mother of invention'. The promoters started in 1984 and did not take time to realise that 'market nicher's as named by Philip Kotler can exist only by creating a niche for themselves through specializing. The best alternative found by the promoters was product specialisation, that too, in non-traditional products.

The details of their study proves the successful working of the unit, behind which there is a man who proved to be a successful entrepreneur. The success of any enterprise is attributed to personal factors and organisational factors. The case study clearly shows the dominance of personal over organisational factors. It is the keen desire of Mr Heda which made him leave the job that promised more comforts and luxury and jump into the field of uncertainties and risks. His ability to analyse the present
states, the education and training helped him in managing the enterprise well.

This case study also brings into focus some important issues in relation to the entrepreneurship development activities. As far as India’s experience is concerned, most of the entrepreneurship development activities are skill oriented. Attitude building is almost a neglected factor. Entrepreneurship is an attitude, those who possess it can easily acquire necessary skill later on. The process of attitude building has to begin right from the childhood. Government and parents have to play a major role. Entrepreneurship has not been given a place in the education process in India. It should be made a component of educational programmes right from the school levels and in skill oriented programmes after a certain level of education. For this purpose, it is necessary to promote researches and develop appropriate learning material and technology. If this is done, people with high motivation will join the programme and the objective of entrepreneurship development activity will thus be achieved.

The authors present here a model termed as competency model which answers the question, what makes a successful entrepreneur?
**Figure 1: Competency Model for a Successful Entrepreneur**

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<th>Personal Factors</th>
<th>Organisational Factors</th>
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<td>Personal Drive</td>
<td>Policy for Environment, scanning,</td>
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<td>Persistence</td>
<td>Product market strategy,</td>
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<td>Sacrifice</td>
<td>Prudent Management</td>
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<td>Team Building</td>
<td>Cordial Organisational Relationship</td>
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<td>Hard Work</td>
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<td>Creativity</td>
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<td>And strong character</td>
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Suri in his study as chairman of expert study group which evaluated the Gujarat entrepreneurial development programme emphasised the importance of support system. According to this report, to accelerate growth of entrepreneurship, it is absolutely necessary to develop various support systems at least at the initial stages of growth. Such support system has to function till such time a critical number of entrepreneurship does not remain an isolated, individual dominated phenomenon, but becomes a reality and forms an integral part of the culture. According to Suri, only systematic and organised nurturing of entrepreneurship would ultimately generate pressures, cultural attitudes, practices and values towards modernization.

In the study of Indian entrepreneurs, Mohiuddin goes to say that 'risk-taking willingness' in the case of entrepreneurs refers to one's seeking challenge in his activity, challenge here means such task in which there is a reasonable chance of success. Success depends not on chance but on one's own effort. An entrepreneur likes to exert and test his own ability. He shows a tendency to take moderate risk and seek changing situations setting of a moderately difficult goal leaving aradi the very safe and very risky goal, is an important characteristic of an effective entrepreneur.
In his study of rural entrepreneurs, Mathai finds that a rural entrepreneur is subjected to the following risks, namely:

(a) Technical: the risk of not knowing the technical details and therefore, not being able to overcome them.
(b) Economic: the risk of market fluctuations and changes with regard to availability of raw materials and demand for finished products etc.
(c) Social: risks in the development of new relationships within and outside the village, and
(d) Environmental: risks in the social environment of the entrepreneur emerging as an outcome of the new activity. Examples are the risks in dealing with unfamiliar people, cultural systems etc.

There are the types of risks that a rural entrepreneur perceives in the new activity. They may all not occur at the same time. An entrepreneur would face them from time to time and situation to situation.

In his study of entrepreneurs, Rao finds that traditionally laboratories for entrepreneurial motivation were conducted to stimulate people's interest in setting up their own enterprises and to groom them into enterprise builders. Since the concern for excellence mainly characterised entrepreneurs, the motivation labs aimed at developing this concern in participants, so as to increase
the chances of their becoming entrepreneurs. They further seek to strengthen the belief that the individual can change the environment by his own efforts; and aim at revitalising the ability to generate alternatives and also solve problems creatively. They also aim at developing inclinations to define and set goals, as well as certain orientations which ensure continuous self-appraisal and organisational renewal. The "who am I" exercise and other exercises like “ringtoss”, “tower-building”, "product manufacture" etc. and writing and analysing fantasy are utilized in such training programmes.

Rao and others in their study of Indian entrepreneurs have also established the fact that achievement motivation contributes to a great extent in helping the people to become entrepreneurs. Those people can be termed as entrepreneurs who have a high drive and activity level, consistently struggling to achieve which they could call as their own accomplishment. They may easily be differentiated with others on the ground that they strive to accomplish those which are not otherwise very easy to achieve. However, they do not try to achieve somethings which is rather practically impossible. Highly surcharged with achievement motivation, they work for quite long hours. It has also been found that highly motivated entrepreneurs have
acquired an awareness of their own strengths and weaknesses, at the same time they have knowledge of the facilitating factors and constraints prevailing in the environment. By striving to reach their goals, they become so extrovert that they hardly mind in taking external help whenever needed. It has also been observed that while writing stories in response to natural pictures, they visualise more achievement oriented things.

While examining the influence of achievement motive in entrepreneurship, attempts have also been made in different parts of the world to ascertain, in 'n' achievement could be injected into the psychological field of people. It has been found on the basis of experiment that achievement orientation can be injected by enriching their thinking and fantasy world with achievement language. A large number of experiments have also been conducted in India. The studies conducted by Mehta and Mehta and Rao and others are significant in this regard.

The experiment results have revealed that developing achievement language through achievement motivation training have helped not only entrepreneurs but also other sections of the society too. Inspired by such researches many organizations all over the world have started giving
training in achievement motivation. The organizations and agencies engaged in developing entrepreneurs treat this training as an integral part of their inputs. Training in achievement motivation in India is imparted by the Small Industry Extension Training Institute (Hyderabad). The Behavioural Science Centre has also started such training programme. Some government institutions like Gujarat Industrial Investment Corporation, IIT, Delhi, Maharashtra Small Scale Development Corporation are also providing achievement-motivation training to upcoming entrepreneurs. A feedback on such training programmes proves to be quite encouraging.

Berna, Mcrory and Owens and Nandy confined their research to particular areas in India. Berna dealt with Madras state, Mcrory with a town in north India and Owen and Nandy concentrated on the Howrah area in the city of Calcutta.

Owens and Nandy confined themselves to a particular community and concluded that small firms were linked to well developed large-scale industries. Entrepreneurs had ease of entry and were highly efficient because of competition thus generated. They were from the agricultural class but the economic environment created by a large industrial city was
such as to enable them over a period of time, to become entrepreneurs and develop an indigenous industry.

Owens and Nandy go on to state that the traditional Schumpeterian behaviour associated with adventures, expansive business activities, may be an attractive variable in economic history, but at certain stages of economic growth, it may be less critical from society's point of view than the less spectacular, small scale, survival oriented entrepreneurial activities of socially deprived communities.

In their conclusions, Owens and Nandy linked competence (and hence efficiency) with education.

Lamb traces the process of evolution of an industrial class in India and notes the reasons why industry is concentrated in Bombay and Bengal and why members of only certain communities could transform themselves into industrialists. After Independence, he feels, the entrepreneurship is still concentrated in the same communities of Parsis, Gujaratis and Marwaris, but these successful business communities are apparently becoming less distinct and homogeneous than formerly. However, Lamb anticipates that two facts may eventually modify the towering positions of the three big communities. First, with the spread of industry geographically, local business
groups may take lead and second, in a culture which rather looks down on business motivation, those industrial families and communities which have already arrived may tend to move on out of business altogether into the more honorific professions.

Brimmer introduces non-Indian readers to the existence in India of a rather unusual type of industrial organisation known as the Managing Agency System. He explains its origin and growth, and indicates some of the contributions it made to economic development. He argues that the managing agency system of industrial organisation was the result of efforts by the British and Indian entrepreneurs to overcome the limitations imposed by the shortage of venture capital and business ability. He feels that most views have gone into the legal aspects of the system and discussed the "illegal acts" and transgressions of specific managing agents. Therefore, the acts of irresponsible agents received the most publicity and the achievements of those who used the system as an instrument of much-needed development went unheralded. He, therefore, regards the system as an institution worthy of further study and appreciation different from the view most frequently taken and suggests that the legal abolition of the managing agents would not result in removal of the agents as controlling factors.
Pandit attempts to understand the background of the creative response in the non-agricultural sector of Indian economy, with special reference to the entrepreneurial role of Indians. She chooses the 19th century development in India, especially Gujarat, for analysis. She discards caste or religion as the traditional explanations for India's slow development in the 19th century and asserts that people of all religious and among Hindus from non-bania castes participated in entrepreneurial activity. It is because Gujarati setting put a prestige-value on business which no other region did. The western ideas and contacts created a new ferment in Indian society, but the response to the new ethic was not always the same. Thus, she suggests, the "unexplained" exceptions prove to be the systematic channels to usher in the industrial revolution by a complex process of cultural change.

Acharya suggests that the regional analysis, though helpful in understanding the rise of business class in Gujarat, does not explain all the interacting processes. It must be admitted, she opines, that exceptions apart, businessmen or for that matter entrepreneurs have sprung from certain castes who have tradition of business in their families. The analysis does not take account of variables
like geographical environment, religion, economic activities, political conditions, ethics, etc. Pandit seems to take religion as the cause, and other factors as the consequence, while all these factors are mutually dependent and functionally related.

Gadgil traces the origins of modern Indian business class and describes the conditions of various business communities around 1750 and onwards. In tracing the rise and growth of modern Indian business, apart from important trading and financing communities of India, he pays considerable attention to non-Indian businessmen and their activities in India. He surveys the political situation about 1750, the condition of agriculture about 1750, extent of urbanisation and the size of cities, trade routes and trading regions, the business communities and their regional distribution, British and European business, etc. He demonstrates that India had a highly developed business community which, apart from trading in respective regions, participated very actively in all maritime trade far and wide. It is a painstaking effort based on rare and scanty data to serve as a precursor for more thorough study.

Pavlov makes a historical survey of the Indian capitalist class. He throws light on the basic laws
governing the origin and the development of capitalist enterprise in the national industry of India. The specific features of the development of Indian bourgeoisie up to the general crisis of capitalism is the problem which has been examined by him in greater details. The formation process of the Gujarati and the Marwari bourgeoisie displays the general laws of development of the big Indian bourgeoisie in a most comprehensive way. So he concentrates his study on these two groups while analysing the rise of the upper strate of the Indian bourgeoisie.

Medhora attributes the Indian backwardness to the colonial rule and not to the lack of entrepreneurship whose growth was autonomous. He also traces the evolution of early entrepreneurship in the middle of the 19th century and proves that once an opportunity for profit-making seemed to have been established, there were entrepreneurs, second rankers who were willing to move into industry. He repudiates the charge that the religions of India inhibited entrepreneurship. He also notes similarities and dissimilarities in entrepreneurship in the planning era with the tendencies noticed before Independence and brings into sharp focus the changes that have occurred.
Kling explains the circumstances surrounding the emergence of the managing agency system in India and describes the story of Carr, Tagore and Company, the first managing agency firm. On the basis of functioning of this organisation, he brings out the defects associated with the managing agency system and also most of the characteristics of the mature managing agents.

Morris demolishes the widely held view that the Indian value system and the social structure are obstacles to economic growth or change. The Indian caste system has behaved historically the same way as extended kin groups elsewhere and therefore, entrepreneurial behaviour in the 19th and 20th century India seems to reflect primarily the limited scope of economic opportunities rather than any specific form of social structure. In fact, the career of the cotton textile industry in which competition with Britain was sharpest, political pressures from Manchester were very great and there was virtually no tariff protection, suggests that native capital and entrepreneurship were aggressive, rational and creative. Their behaviour indicates economically rational responsiveness to available technology and to factor-price relationships differing little from that in the West. He also notices inter-jati cooperation among the Ahmedabad and Bombay enterprises in the modern sector as well as in
traditional business activities. He concludes that the Indian society has historically exhibited a reasonably high degree of fluidity and so little can be said definitively about the influence of caste on economic change.

Spodek attempts to demonstrate that the pre-industrial heritage of industrial institutions of Ahmedabad has played a significant role in endowing the cotton textile industry with its unique self-contained pattern. The union of family and business structures imposed double and sometimes conflicting values: as a business concern the goal was to maximise profits but as a family it was to maintain stability. This pattern restricted contact with newer channels of information and technology and emphasised tradition. Business, social and civil life intertwined to amplify the concentration on business and the concern for stability. Guilds served as the focus for these various strands. While guilds were not organised solely along caste lines they were predicated on the existence of business and trade groups which were dominated by the specific castes. Guild functions buttressed instability and conservatism of the bania community. This community entered the textile industry with marked hesitancy. Outsiders (means outside bania community) promoted the first mills. The industry
could not expand without bania financial support, but, once the banias did begin to promote their own mills, growth was rapid. As the city of Ahmedabad got industrialised, they adapted for the new conditions many of their pre-industrial institutions, notably the family firm and modified guild system of organisation vis-a-vis merchant and labour guilds.

Bagchi gathers some of the relevant data about the functioning of European and Indian capitalist groups in Indian roughly from the years of the 'high noon' of the British empire to the beginning of definitely protectionist policies, i.e., 1900-1930. He makes a distinction between the capitalist groups operating in western, eastern, southern and northern India, and lays bare some features of domination of the Indian economy by European capital otherwise obscured in aggregative analysis. He concentrates mainly on the situations in Bombay and Calcutta. Bagchi dispels some popular notions like the Indian businessmen not being interested in industry for lack of quick return, for the liberal professions, etc., responsible for the late emergence of Indian industrial entrepreneurship. There were enterprises started by people with diverse backgrounds, but it was the colonial policy which militated against the entrepreneurs in general and the non-Parsi Indians in
particular. Nor were the European industrialists in India particularly noted for innovations.

Amalendu Guha traces the growth of the Parsi business community, in particular in its transitional phase over a period of 100 years till 1850. He shows that the Parsi community made a multi-dimensional progress including high organisation of finance and by the mid-19th century itself, the Parsi mercantile capital was ripe for industrial transformation. However, despite their cooperation and collaboration, the then ruling power, by discouraging the incipient ship-building and navigation industry, halted and distorted a potential industrialisation process. But he believes that neither religion nor puritanism explains the achievement-orientation of the Parsis. Their success, according to him, has to be largely explained with reference to their greater ability to adjust themselves to the European power under changed political circumstance.

Dwijendra Tripathi questions the scholars of Indian economic history, who, following the lead given by Max Weber, have either stressed sociological factors like caste and religion to explain the economic backwardness of India or blamed the policies of the British government. Apart
from business being held in low esteem and the taxation policy of the government, he identifies factors like lack of political unity, effective communication system, property protection, and presence of a network of customs barriers, innumerable systems of currency, arbitrary exchange rates, regional markets, etc., responsible for absence of 'climate of enterprise'. So there was no inducement for a major entrepreneurial breakthrough to those who were already in business and not tempting enough for non-commercial classes to give up their traditional professions. But when the material environment changed, the so-called Hindu value system transformed itself even to permit the entry of non-business classes into industrial ventures. The behaviour of Hindus changed significantly, despite the fact that the rituals remained intact. He is, therefore, of the opinion that if entrepreneurship is a response to disequilibrium between the perceivable opportunities and their exploitation, a study of constellation of forces which led to the perception of new opportunities may yield more satisfactory results.

McCrory makes case studies of 17 small-scale firms in a North Indian town (area served by Grand trunk Road between Kanpur and Amritsar) fictiously termed as "Chopur" (14
firms) and Moradabad (3 firms) in U.P., with a view to discover whether there are typical patterns of growth in the small machine industries and to isolate, by comparing the case histories of individual enterprises, the factors that seem most commonly associated with growth, decline or stagnation. He focuses his attention on the craftsman-entrepreneur whom he regards as a needed source of "good" industrial entrepreneurs. He analyses the reasons for the high mortality rate and lack of growth of their firms and makes policy recommendations for providing them an opportunity to grow, especially through provision of capital.

Baldwin attempts to gain understanding of the problems facing medium and large-scale manufacturing industries in India. He selects 37 companies for purposes of case studies and includes firms representative of the principal types of ownership (public as well as private) and of major industries in south India, three-quarters of which are located in erstwhile Mysore state. These case studies range from the comprehensive and lengthy treatment of entire enterprises to some where only a few key problems are sketched briefly. Three broad problems confronting each firm viz., the sources of finance, the managerial structure
and the handling of certain universal labour problems receive his major attention. He focuses on the ways in which a particular entrepreneur operates. Most of the negative and uncomplimentary second-hand stereotyped images about Indian entrepreneurs and managers' business behaviour are found by him to be misleading and wrong.

Berna conducts a study of 52 medium-scale manufacturing firms engaged in various kinds of light engineering production in and around Madras City and Coimbatore. He investigates the background of a group of entrepreneurs, the way in which they made the transition to industry, and the problems they faced in establishing and building up their enterprises. He also attempts some evaluation of their performance as industrial entrepreneurs on the basis of the growth of firms and technology, and entrepreneurs' mobility in adapting to changing circumstances. Surprisingly, he finds that his firms have mostly grown from small beginnings and his entrepreneurs have come from a wide range of social and economic backgrounds. Interestingly, the largest single group of entrepreneurs (exceeding 23%) is composed of graduate engineers, most of them young, and nearly half of them possessing foreign engineering degrees. In the face of formidable obstacles, their enterprises have grown, but they
show little awareness of the need for closer contact with workers or of the need for improving working conditions. The entrepreneurial mobility is displayed by diversifying production and shifting into new lines of activity, but their performance in the area of technological improvement is much less impressive. He also makes recommendations for policies.

Birendra Narain Singh conducts a study of 25 firms of small size - only 6 firms having assets worth Rs. 0.5 million and more, operating in the light engineering industry in Agra. He gives distribution of firms studied into size-groups based on total assets and employment, and observes almost a proportional increase in employment with an increase in the size of assets. The dominance of Agarwal merchants and manufacturers, profit motive as the main force, no relationship between the traditional business and the present manufacturing activity and no firms having borrowed any fund from the financial agencies, private as well as public, or received government aid for their initial financing are some of his other important findings.

Shoji Ito concerns himself with the formation of business combines by members of the Nattukottai chettiar community. He elucidates the peculiarities seen in the
process of the formation of business combines. He argues that fundamentally the rationale of the characteristics of the Indian industrial structure - of the extremely early and rapid formation of the business combines - cannot be grasped in the dimension of the individuals. Through an analysis of the business combination movement among the enterprises formed by members of the Nattukottai Chettiar community, he finds a tendency for the familial bonds to be strengthened and consequently, as an objective result, for the group to be strengthened. But it is not that the traditional familial bonds caused the formation of business combines in India, but some other factors caused both the formation of the business combines and strong survival of the familial bonds. He suggests that enterprises or groups of enterprises which adjust themselves in response to this pressure would go on expanding at a more rapid rate than other enterprises, while on the other hand, enterprises which prove incapable of responding to it would relatively be forced into a decline. He feels a thorough study of the total history of the formation of the India business combines is required to answer this question.

Hazlehurst conducts a research in Ram Nagar (pseudonym) located in the north-west of Delhi in district Ambala (Haryana). He makes a study of the Khatris and Aroras,
refugees from Pakistan and Aggarwal Bania and Sud castes settled in Ram Nagar prior to partition and the arrival of the refugees. He draws a distinction between the cultural and structural dimensions of caste and also assesses the significance of the relationship between factors of "modernity" and the functioning of the caste system among merchants. He first of all, sets forth characteristics of the city of Ram Nagar and cites the significant features which differentiate the two merchant communities. Then, he examines in more detail the make-up of Aggarwal Banias and Suds, and sets forth the relatively unstable points of articulation and discord within the community in specific situations requiring economic and political decisions.

Noboru examines the relationship between the process through which entrepreneurs in India have grown into the powerful combines and the changes which have taken place in the social environment of the country with the two cities of Bombay and Calcutta as the axes. He feels that the persons placed in charge of government enterprises, founded on the basis of modern administrative organisation and technology, would be entrepreneurs different from the traditional ones and emphasise new economic values and motives. Therefore, he directs his attention to the issues involving government enterprises and deals with economic development and human
ability by examining the mutual relationships between private enterprises and those owned by the government.

Gaikwad and Tripathy conduct a study of Tanuku region of West Godavari district in Andhra Pradesh. Apart from the Mullapudi family of Harishchandra Prasad and their growing large-scale concern - the Andhra Sugars Ltd. - the main focus of the study, they select ten other entrepreneurs who had started industries after 1947 and a purposive sample of 15 entrepreneurs in trade. After examining the enterprise of the Mullapudi family, they identify 11 elements essential in entrepreneurs for achieving high level of growth. None of the entrepreneurs possesses all the elements, but this is not indicative of dearth of ambitious persons with high initiative and motivation. The lacunae that they notice are: lack of (i) expert technical advice and guidance; (ii) exposure to modern technology and methods; and (iii) timely financial help. They find that among these other entrepreneurs, none has any technical qualification, any definite idea about the governmental policies or a visit abroad and most of them did not have strong economic base or contacts at higher political and administrative levels. These entrepreneurs have, no doubt, expanded their industries manifold, but none has diversified the product or
started new industries or come anywhere near Harishchandra Prasad's industry. The tradesmen feel that the industrialists enjoy a better status and some of them would like their sons to go for industry.

Pathak examines 12 units over a period of two years - seven during 1969-70 and five during 1970-71 with a view to evaluate entrepreneurship. All of these units have been selected from industrial estates eying almost identical overhead facilities and are engaged in different lines of manufacture. He studies their problems at three stages - inception, operational and expansion/diversification and delineates the requirements of entrepreneurial/managerial abilities at different stages. He throws considerable light on how an entrepreneur in the field of small-scale industry perceives an opportunity and starts an industrial unit. He finds factors like contacts, education and finance, playing an important part. Inevitably, the problem at the inception stage receives relatively more attention than at the remaining two stages. He also indicates some policy implications of his conclusions.

Oommen examines the emerging pattern of entrepreneurship in the small-scale sector of Kerala by studying (a) the origin and growth of firms in the light
engineering industry, and (b) the impact of government programmes like industrial estates and rural industries project on entrepreneurship. For this purpose, he chooses forty-five entrepreneurs and studies their social, economic and technical backgrounds. To examine the performance of each entrepreneurial class, he compares employment, investment and annual turnover over time by the different categories of entrepreneurs. Some of his interesting findings are that 10 out of 45 units are run by entrepreneurs from outside the State. The single largest group of entrepreneurs consisted of engineers and technicians as in the case of Berna’s study. Most of the merchants who have taken to industry are Muslims. Relating the number of registered small-scale units in Kerala to its population, he finds that the availability of entrepreneur-managers (0.17) falls considerably short of the normal requirements of industrialisation (5 entrepreneur-managers per 1,000 total population).

Bhatia investigates into the history and present situation of fifty manufacturing firms located in Punjab state. The firms are small, having less than 50 workers. He studies the socio-economic background of entrepreneurs, their attitudes towards industry, the ways in which they
have made the transition to industry and the problems they have faced in establishing and building up their enterprises. He finds that entrepreneurs belong to all sectors: services, trading, factory workers, students, manufacturers, and farmers in this order. The percentage distribution of entrepreneurs ranges between 22-14 excepting for farmers (8%). The local community of Khatris is found to be predominant (46%), followed by Aggarwals (12%). Brahmins and Jats contribute 8% each. He does not find any relationship between the growth of the firms and the socio-economic background of the entrepreneurs. However, he notes that the firms which continuously expanded, had gradual growth and were started with a relatively favourable capital base and most of them were established by merchants. The entrepreneurs have shown the tendency to diversify instead of expanding after a particular point since they lack vital information about wider markets.

Nafziger conducts a study of 54 entrepreneurs of small-scale manufacturing enterprises in the south-eastern port city of Visakhapatnam (Vizag), Andhra Pradesh. He compares data on the distribution of entrepreneurs by caste, and class (parental, economic and occupational status) with information of the population at large, and relates to the educational attainment, occupational background,
entrepreneurial and managerial experience, initial capital, access to governmental assistance, and business success of the entrepreneurs. He uses the value added of the firm and the income class of the entrepreneurs as the major indicators for business success. He finds that a highly disproportional number of entrepreneurs (especially successful ones) are from twice-born castes and from families with a high economic status. His data contradict the Horatio Alger myth of Western business and economic thought, and suggest that the socio-economic class status of businessmen is substantially higher than the general population not only in India, but probably also in a large part of the rest of the non-socialist world.

Zoe Mars surveys 70 heterogeneous enterprises drawn from two city estates and two medium town estates, and from two non-estate areas, one being the central area of Ernakulam city, and the other a small town at a distance of 50 miles from Ernakulam. The author regards the small industries programme an amalgam of share-out and incentive distributionary processes. One of the most interesting questions in this regard is the nature of the rules of qualification and how these are arrived at. The case of Kerala is regarded by the author as one of the structural
ambivalence in gateway rules. The survey shows the distributional effects of this programme to have been somewhat narrow and concentrated. The medium town estates are recruiting entrepreneurs quite heavily from among the landed families and plantation owners, whereas the urban estates recruit much more heavily from among the cosmopolitan group. It seems that new mobility channels are being created more significantly at the higher rather than the lower levels of the class structure. There is some mobility on the part of low-caste Hindus from non-professional and non-landed parental background to ownership of workshop-type units through educational enrichment, as engineering courses have expanded rapidly. But the prominence of plantation interests among successful entrepreneurs represents a reinforcing of the economic power of an agrarian capitalist class. The cosmopolitans are drawn almost exclusively from the high-caste groups who might also be landowners, but who previously went mostly into the professions, government service or extra-state managerial jobs, and who will now become small capitalists rather than high salaried employees, in greater numbers.

Krishan Lal Sharma has examined entrepreneurial performance in UP through 'role' frame of analysis. His sample includes 100 small-scale units of Kanpur, Agra,
Firozabad, Varanasi and Meerut. The role - the behaviour and value pattern of the entrepreneurs in a manufacturing unit as prescribed by the society or significant individuals or groups of individuals - is treated as the criteria for evaluation of entrepreneurial performance. He considers those role expectations which are supposed by the role partners to lead the focal persons to the achievement of the core goals. The entrepreneurs, the government officials concerned with entrepreneurial activities, the trade union leaders and the secretaries of employers' associations have been considered as the prescribers of the entrepreneurial roles, also termed as the members of entrepreneurial role-set. Only those roles which are really effective in increasing the margin of profit, in expanding the units in various terms, and in overcoming various problems are selected as the standards of evaluation. Evaluation of entrepreneurial performance in terms of selected roles or evaluative standards has been done at three levels, i.e., value orientation, behavioural commitment and achievement of entrepreneurs. The study has explicated four stages of entrepreneurial growth, viz., entry to manufacturing, efforts to establish markets, establishment of business and sustained growth of unit after the proper establishment of business. For identifying the effective role definers, 10 entrepreneurs and to explicate the interests of the
entrepreneurial role partners, the core goals and the other role expectations instrumental to the achievement of entrepreneurial core goals, 20 entrepreneurial role partners have been interviewed. Sharma also analysed the effect of the socio-economic background of entrepreneurs on their performance in the theoretical frames provided by Weber, McClelland and other scholars.

Ramakrishnan surveys 94 small-scale units employing five or more persons in 11 important industry groups, mostly covering non-traditional items of manufacture, in urban Delhi. The study is confined to those units which came into operation in 1965 or after and those who operate them have been designated as 'new' entrepreneurs. Apart from statistical details regarding the units, a good deal of information concerning entrepreneurs themselves, their social, educational and occupational backgrounds, their motivations, expectations and reactions to governmental schemes of assistance has been presented. Ramakrishnan has also collected data relating to the entrepreneurs who failed to commence production and those who dropped out after production began.

Shetty emphasises the role of "imitative", as opposed to "innovative", entrepreneur-managers in the newly industrialising countries. According to him, the small
enterprises constitute the predominant form of private industrial endeavour in most of these countries and such enterprises serve as the seedbed for spotting and nurturing much needed entrepreneurial talent. To explain his point, he draws examples from India.

Ghosal and Sharma suggest that till adequate and right type of entrepreneurship develops, it is desirable to formalise and standardise some of the functions of the entrepreneurs so that less experienced hand and trainee entrepreneurs may undertake the job of development. A project to be undertaken should be thoroughly appraised in regard to economic, technical, managerial, organisational, commercial and financial factors, so that even marginal or half-baked entrepreneurs could assume the role of promotion without hesitation.

Rao and Sumithra discuss some of the factors which induce and others which impede the growth of entrepreneurship. The government can affect entrepreneurship adversely as well as favourably and so, they examine the role of the government action in the growth of industrial entrepreneurship in India, indicators being the growth of industrial assets of value added, changes in the industrial origin of national product, introduction of new products, and opening of new markets. They attribute
these developments to government planning and policies and so, government action, though a hindrance in some cases, has contributed directly and indirectly to the growth of industrial entrepreneurship.

Sarma traces the growth of entrepreneurship in the period up to the first World War, to Independence and thereafter; and blames the Indian entrepreneurs for not having taken the advantage of opportunities available. He discusses the emergence of State as an entrepreneur and the institutions it has created for fostering new entrepreneurship. He feels that the small entrepreneurship has grown and suggests that these entrepreneurs should have new socialist outlook.

S.P. Sharma's emphasis is on the social recognition of entrepreneurial services just as the society appreciates a scholar or a jawan. He is of the view that more and more investment in human capital is needed to create entrepreneurial competence.

Mishra draws attention to some of the public policies affecting the growth of entrepreneurship in the private sector of Indian economy, with special emphasis on setting the infrastructure, providing finance and implementing an incentive-oriented tax policy.
In order to examine the impact of The Companies Act, 1956, on what Farooque calls entrepreneurial growth of the corporate sector, he describes the position of company registrations, companies at work, size pattern of new companies, coverage of joint stock companies by managing agents and managerial pattern of new companies.

Agarwal attempts to show that in India viable patterns of entrepreneurship exist and have produced economic growth and that these patterns of entrepreneurship are sector-specific rather than national in character. He contends that many of the emerging nations, which in fact are composed of many ethnic groups cannot be properly studied in terms of motivation for achievement without regard to subcultural patterns of aspiration. He also suggests that individual choices and motivations behind these choices, in the initial developmental phase, are bound to be the patterns of existing socio-cultural systems. His hypothesis is that in the so-called economically developing societies, patterns of entrepreneurship are determined by the dominant psycho-cultural themes underlying the patterns of social structure. In India, these psycho-cultural themes have perenially been identified with certain geographical regions due to reasons of physical environment and historical accident. He has evidenced growth in entrepreneurship through rise in GNP and rate of investment over a period of
time. The urban milk supply, pharmaceutical and bus transport industries have been used to explain the ability of people to incorporate new technology, new business patterns and to renovate old traditional methods. The rate of investment and risk-taking in personal development through education show that viable patterns of entrepreneurship exist in India and have exhibited growth. His evidence in support of the hypothesis of sector-specificity includes patterns of career choices in the four projected sectors and among Indian migrants overseas. The four sectors are the north-west comprising Punjab, Haryana, Himachal Pradesh, Kashmir, Uttar Pradesh, Bihar and Madhya Pradesh; the north-east comprising West Bengal, Assam and Orissa; the south-west comprising Rajasthan, Gujarat, Maharashtra and the Konkan coast; and the south-east including Kerala, Andhra Pradesh, Tamil Nadu and Karnataka. The differences in culture, society, and personality in these regions throw light on regionally distinctive goals, modes of achievement and types of enterprises.

Ashis Nandy analyses, on an exploratory basis, some of the psychological and social correlates of entrepreneurship in an urban community of Howrah (West Bengal) and compares two subcultures - actually two caste groups within the community - on the magnitude of these correlations. The respondents are 36 small-scale entrepreneurs and 25 non-
entrepreneurs from amongst the Mahisyas, and 31 small-scale entrepreneurs and 23 non-entrepreneurs from amongst the upper castes like Brahmins, Baidyas and Kayasthas. Operationally, the entrepreneurs are defined as men who had started factories and had survived in business for five years. Non-entrepreneurs are men who were not in business and had not tried to start a business in the previous five years. The study was conducted during 1967-69. His data support the propositions that the predictors of entrepreneurship differ from situation to situation and the coefficients for all respondents are mainly the contribution of the more enterprising Mahisyas. His study shows that the abilities and characteristics which are prerequisites of entrepreneurship in one subculture can be irrelevant to, or dysfunctional for, entrepreneurship in another. On the other hand, some variables can be equally important or unimportant in more than one subculture.

The studies discussed in the preceding pages largely relate to four major currents of thought. Early sociologists (like Max Weber, 1930) emphasised its occurrence in the context of religious belief system, thereby suggesting that the belief systems of Hinduism, Buddhism and Islam, do not encourage entrepreneurship. This contention has, however, been challenged and refuted by many sociologists like Fox (1973), Papanek (1973), Nandy (1973) and Singer (1973).
The second school of thought underscored the achievement motivation aspects, and linked these with the nature of socialization in the society. In this, there was overemphasis on the individual and his values, attitudes and personality. This thought, however, has been subject to scathing criticism by many social scientists and Kilby (1971) and Kunkel (1971).

The existence of economic opportunities and incentives as bases for development of entrepreneurship finds an important place in the third school of thinkers. The economists assume that the factors of production possess a high degree of mobility, that inputs and outputs are homogeneous, and the producers, consumers and resource owners have knowledge of all the possibilities open to them. But it is a fact that such ideal conditions do not exist in an underdeveloped country. As such, the entrepreneurship envisaged by economists cannot be developed in such a country by considering the economic dimensions alone.

According to the fourth school of thought, what is more important is the managerial aspects. They emphasised perception of market opportunities as well as occupational skills, required to run a business or an industry.

A moment's reflection on these four currents of thought, however, brings to surface certain common characteristics. These include the perception of economic
opportunities, technical and operational skills, managerial competence and motivation to achieve results.

The numerous concepts and theories propounded by the researchers imply that the rise and emergence of entrepreneurs in a society depends upon closely interlinked economic, social, religious, cultural and psychological variables. Broadly speaking, smooth and abundant flow of entrepreneurs calls for a structure which is not directed towards penalising changes and deviations from the accepted practices and norms. It is generally observed that entrepreneurial manifestation in a society is like a tip of an iceberg whose nine-tenth portion remains submerged into social institutions, cultural attitudes, practices and values.