

**ENVIRONMENTAL TRENDS & GROWTH OF ENTREPRENEURSHIP IN INDIA
(Opportunities and Challenges)**

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Monica.tulsian@gmail.com**ABSTRACT**

With India transitioning to “Digital Economy”, and customers becoming increasingly digitally empowered, entrepreneurs need to build and enhance their existing platforms, improve governance procedures and assess their social mobility, analytics and cloud capabilities. New age technology, digital platform and increasingly interactive models cater to fast changing consumer preferences. Entrepreneurs are being forced to think about their innovation quotient and bring about instant gratification to their customers. Key themes which emerge in the current business scenario are scalability, innovation and digitization. This paper therefore touches upon some of the aspects; new age entrepreneurs need to be thinking about in today’s business environment to make them successful and sustainable in the long run.

Keywords: entrepreneurship, digital economy, cloud capabilities, scalability, digitization.

INTRODUCTION

The word entrepreneurship means has its origin in French Language which refers to organizers of musical or other entertainment and an entrepreneur is a person who has already started or is in the process of starting an enterprise.

Peter F drucker defined entrepreneurship as “*a systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.*”

Entrepreneurship plays a vital role in the Economic growth and development of the country and new product formation and technological change in production process and economic transformation is occurred due to effective entrepreneurship. An entrepreneur takes more risks for the organisational development and gives innovation to the industry. The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. This also leaves them with incumbent challenges with an ongoing basis. Therefore some of the aspects that new age entrepreneurs needs to be thinking about in today’s business environment in order to make them successful and sustainable in the long run are:

Scalability:

Scaling your business faster, growth is important to maintain market share and competitive advantage. Managing operations effectively is critical for long term profitable growth of business. Entrepreneurs should grow not for the sake of growth but for strategic purpose. Key focus areas for scalability are capacity building; continuous improvement; strategic trust area; daily management; organisation culture and design; talent management & capability development and performance management.

Innovation:

Disruptions are common today. Innovation now manifests as business models, novel customer acquisition methods, unique customer experience, alliances and other avenues. Entrepreneurs should undertake an objective evaluation of any planned innovation to ensure that it is sustainable and viable. Key focus areas for innovation are market and capability assessment; engagement with business advisors, mentors etc; preparation of timelines, responsibilities and KPI’s; execution of the plan; continuous feedback for external and internal stakeholder.

Digitization:

Digital technology has opened a plethora of avenues for small business owners and entrepreneurs. For small and young organisations digital marketing is a cost effective way to reach out, build and engage with customers. If done right, small businesses can yield great results from digital marketing initiatives. Key focus areas for digitization are understanding the target base; marketing message: be original, creative and innovative while designing your marketing communication; measuring success; investment in relevant tools.

OBJECTIVES OF THE STUDY

- To explore trends in external environment for Entrepreneurship
- To explore Opportunities for growth of entrepreneurship in India.
- To explore Challenges in growth of entrepreneurship in India.

LITRATURE REVIEW

Concept of entrepreneurship as an organized knowledge came into being about 100 years ago. Though, the economists from Adam Smith to Marshall were talking about it, but without assigning the name of entrepreneurship. They used the term as employer, the master, the merchant and the undertaker for carrying out different entrepreneurial activities now comprising of entrepreneurship. It was Ean Tillon, who first brought out the term entrepreneur and entrepreneurship was recognized in economic literature. The traditional neo classical theory of economic growth was first developed by Robert Solow in his 1956 paper “A contribution to the theory of economic growth” (Todaro and Smith). Thus, under this theory the economic growth of a given country is determined by the amount of labor and capital that country possess and the technological possibilities to which that country has access. The entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of land, for the personal services he employs, and for the capital he requires. He contributes his initiative, skill and ingenuity in planning, organizing and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of annual receipts of the enterprise after all costs have been paid, he retains for himself (Richard T. Ely and Ralph H. Hes, 1937).

METHODOLOGY

The study is exploratory by nature, where attempt has been made to explore the opportunities and challenges in the growth of Entrepreneurship in India.

Trends in external environment for Entrepreneurship**A. Managing Scalable businesses: Building excellence in operations**

In many entrepreneurial ventures, the initial growth period is usually followed by a long period of stagnation. This happens not because of lack of opportunity but the inability of the entrepreneur to stabilize operations which is essential for converting the opportunities into profitable revenues. Managing operations effectively is critical for long term profitable growth of business. Promoters need to work on improving their operations with an objective of building excellence at an early stage of business. Bias for excellence means facing opportunities and challenges.

Opportunities**1. Capacity building- long term process focus**

New entities often do see need to build robust processes, as individuals substitute for processes. However, building functional and cross functional processes at an early stage are critical for future success. Initial focus can be on building very few critical to business processes but as the business grows, each core function needs to design its own processes. Use of technology in driving processes is the most important as it brings speed and transparency in the process. Special focus needs to be given to the HR processes as it forms the foundation of excellence.

2. Continuous improvement- short term process focus

Even the best design processes do not guarantee desired results due to multiple unforeseen challenges. While one can argue that good processes help reduce crises, the external and internal uncertainties always lead to dip in the desired process output. Hence a robust continuous improvement program on the shop floor, be it a manufacturing shop, retail outlet or a design studios important to be built along with problem solving abilities and daily management structure so that operating people can keep making small improvements in the processes to reduce the gap between target and actual performance.

3. Daily management- short term result focus

It is important to move focus from long to short interval control. Breaking down monthly targets to daily targets and reviewing them on daily basis helps reduce the response time and avoid crises. The critical targets and daily achievements should be visually communicated at the work place so that employs can be make accountable. This also needs a robust daily management structure coupled with problem solving abilities as defined earlier.

4. Strategic focus-long term results

While strategic focus is core for the growth of business, there is a reason why it is mentioned at the last. Entrepreneurs do have a latent ability to think strategically, hence should naturally focus on it. If these aspects are given adequate attention at the early stage of business, it gives enough time for promoters to focus on growth areas such as new markets, new products, technology, expansion, customer management and resource management. At the end, it is all about defining priorities.

Challenges

Startups face a lot of people challenges which impede their path to scalability and sustainability. A focus on organisation culture and design, talent and capability development and performance management can help organisations evolve into mature organisation.

1. Organisation culture

Culture not only contributes to a company's philosophy and values but also acts as a powerful tool to attract talent. Start ups often, fail to focus on building a work friendly culture and shift their attention to business operations during early growth phase. Today, talent acquisition is a challenge due to immense competition by big, coveted brands that not only have deep pockets but also thoroughly established policies and processes.

2. Organisation design

Lack of a proper organisation structure can lead to chaotic operations, reduce empowerment and increase response time. As organisations grow, promoters find it difficult to supervise specialized roles affecting organisational objectives. Employers are also de motivated due to lack of management guidance.

3. Talent management

It is challenging for startups to attract the right talent as start ups are perceived to have job uncertainty and low pay scales. Also start ups experience high attrition rates, thus making replacements a big challenge.

4. Capacity development

Organisation should do a dip stick to assess employee job responsibilities and capabilities. Startups should devise capability development programmes catering to the millennials, with special focus on coaching and mentoring them.

5. Performance management

Usually in a startup scenario, key result areas (KRAs) and KPIs are not delineated and aligned with overall organisation strategy. It is important that while managing growth, entrepreneurs focus on a long term horizon and recruit the right talent that can grow with the organisation.

B. Innovation: how relevant is your business going to be in near future

"The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man."

George Bernard Shaw

Opportunities**1. Understand what has changed**

Innovation continues to be a key word in the business dictionary. The concept of innovation, at least as a buzz word, if not in spirit, has been part of almost every organisation in their growth journey. Innovation today is near synonym with differentiation. Entrepreneurs do not fear challenging their norm and taking on larger companies head on in their quest for growth. Innovation was conventionally R&Ds prerogative, but its horizons have expanded from focus on radical changes to products and services. It now also manifests as new business models, noble customer acquisition methods, unique customer experience, alliances and other avenues.

2. Changing consumer trends as drivers of innovation for startups

- Global market place- customers can pick and chose the products/ services from across the globe.
- Well informed consumers- with the proliferation of internet, consumers know what is on offer.
- Instant comparison- Online comparisons or via social networking websites.
- Customization of products- one size fits all approach is being challenged by more personalized products.
- Conveniences over cost- customers don't mind paying that little extra for their comfort.
- Differentiated experience- increase customer loyalty and improves feedback.

3. Impact of innovation on entrepreneurs and MSMEs

If innovation is focused on product or service portfolio, the net result could be increase in customer base and enhanced revenue. Likewise for innovative marketing techniques or customer acquisition strategy. Innovation in the process or operating model could contribute to profitability improvement, competitive advantage, brand equity and reputation, improved customer and employee satisfaction.

Challenges**1. Innovated with care**

Not all innovation is radical or break through, which breaks the barriers of conventional thinking and brings forth concepts very different from current norms. Nor are all the innovations disruptive, leading to exponential growth of new products, services that start from scratch and eventually become market leaders. Regardless of type, perceived of innovation is fraught with risks. These should be considered by entrepreneurs to ensure the journey is fruitful and smooth. As entrepreneurs today face instability and risk of disruption, this pushes them to innovate and differentiate themselves from competition or risk losing their market standing and returns to their counterparts.

B. Digitization: Digital marketing for entrepreneurs

Digital technology has opened a plethora of avenues for small business owners and entrepreneurs to reach out to its customers in order to create an impact, innovate and grow. Given the pace of new developments in the digital space, entrepreneurs should be aware of the nuances of new technologies, emerging channels and dealing with demanding customers. Between operating on a restricted budget, limited resources and growing revenue, entrepreneurs are faced with various challenges on marketing.

Opportunities**1. Content leads the way**

The digital consumer's attention span has now come down to 8 seconds from 12 seconds in 2000. To draw customer's attention, small business owners should invest in eye catching, meaningful content and engage with customers with relevant communication at every stage of the customer journey cycle. Moving away from the 'one-size-fits all' approach and investing in content can help MSMEs in multiple ways, such as generate interest, nurture leads, increased order value and increased possibility of a content being shared by the viewers.

2. Mobile first

Today mobile phones are an integral part of our lives. With digital payments becoming a norm, mobile strategy is no longer a choice but a necessity. Changing consumer behavior translates into design for mobile first approach be it a website, email or a social communication. Mobile strategies can assist entrepreneurs reach new customers, leverage location based services at a more personal level and collect intelligent customer data.

3. Omni channel

The digital landscape has given more control to the consumer over where, when, and how to shop. With thus changing trend, customer expects hybrid options such as click and collects which enables them to shop online and pick up in store. Omni channels offer an opportunity to the small retailer to create an engaging and entertaining experience offline and compliment it with an online store.

4. Artificial intelligence

With the advent of machine learning and AI assistants, consumers are gradually shifting from traditional clicks and swipes to voice based interactions with their devices. AI brings to marketers the potential to automate mechanical tasks such as product recommendations and focus efforts on creative interaction design. For small business to start their journey with AI, they should start taking data seriously and collect as much data about their customers and business as possible. They could also invest in domain experts as a part of their marketing team- both in the space of data and technology.

Challenges

For MSMEs and entrepreneurs, every penny counts and it should deliver the desire business result. When it comes to digital marketing, key challenges that many entrepreneurs face are:

- Lack of right tools and skills
- Tracking return on digital marketing efforts
- Storing, managing and utilizing customer data
- Data analytics

CONCLUSION

A strong entrepreneurial sector can provide significant boost to India's economic growth. India's GDP is estimated to grow from USD 2 trillion to USD 5 trillion by the year 2025 with significant contribution by the services segment (approx. 60%) followed by manufacturing and agriculture. The growth drivers being significant investment and expenditure by the government and by the private sector. These comprises a range of infrastructural and defense projects, railway and cross multiple business segments from telecommunications, health care, education, tourism, housing, renewable, automobile, digitization, skill development, industrial and

market clusters and many more areas. Significant increase in domestic demand is expected from a significant growth in number of households and constant in their purchasing power over the next decade.

Entrepreneurs should focus on improving their operations and building scalable and sustainable business. They also need to focus on making constant improvements in their quality and reliability, adopt new technologies, efficient processes, skill development and training of their employees and also for continuous innovations. Changing customer behavior, technology and competition are changing the landscape in which entrepreneurs operate. This is driving them to innovate and differentiate themselves on dynamic basis. It is also important for entrepreneurs to promote continuous business improvement as a culture within their organizations.

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