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## A Study of Entrepreneurs During Economic Resurgence

\* Prof. Durdana Siddiqui, Head Dept. of Economic, Sir Sayyed College Aurangabad.

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### INTRODUCTION

In and around Chennai, we find lot of small businesses carried on by small entrepreneurs. After having discussions with those entrepreneurs, it was found that during Resurgence, Entrepreneurs need to be creative and bring in new ideas to benefit the customers. This effort also needs to have more number of meetings with his employees and stakeholders. In this direction, also entrepreneurs are guided by economical way doing things without affecting the cost of production too much. Constantly the business leader need to encourage their employees to come out with new and innovative ideas and solutions on various functions of management; so that the organization could with stand the hurdles of recession and resurgence.

The man power strength needs to be optimized and take all the strategic initiatives to increase the productivity and efficiency of the entire organization. According to the market conditions, flexible scheduling of work would be the right for the organization and during recession; it is better to save money to the organization. Review of employee performance and free flow of correct information must be ensured right from the top management to down the line in the organization. There should be good morale in the enterprise for everyone to share their innovative ideas and to create a high morale; company need to spend on few welfare measures and get the views of all employees for survival in the business. When the employees are enthusiastic and when there is a conducive atmosphere in the organization; new and new ideas would germinate. Even brain storming sessions could also be arranged to increase the contribution of each and every employee.

During recession and during resurgence periods, employees need to be motivated highly by non-financial methods; so that the employees stick to the organization even during the tough times and put in extra effort required for the organization growth and survival. Certain strategies need to be organized for cutting the costs; and postponing the additional recruitment of work force. Sometimes canceling holiday party, reducing some extra benefits to employees. This would make them to feel the pinch of the business condition and even try to find out ways to survive. At the same time; entrepreneurs also need to identify key employees and to keep them in the organization and strengthen their real potentials. This could be done by sending the key persons for a special training programs organized by Chamber of Commerce and Industry or by the Confederation of Indian Industries. Even the District Industries center and the Ministry of Small and Medium Industries do organize programs to manage the change during recession periods.

In most of the organizations the labour cost is found to be on the higher side. Entrepreneurs need to be cautious in taking steps to reduce the labour cost. Even though it is a good option for an entrepreneur; he has to see the pay scales related to the market conditions. Is the organization willing to risk losing an employee whose talents may be required badly later in the organization has to be gauged by the entrepreneurs? The employees whose performance is found to be poor or minimal ; they could be relieved and downsizing does require internal document maintenance for the organisation and jobs are modified and responsibilities are increased due to changes in the economic condition, The entrepreneurs need to advise almost all the employees and key managers about the changes in the economy and make everyone to contribute their innovative ideas to make the organizations survive , By this type the voluntary cooperation can also be got from each and everyone in the organization. Managing employees is a difficult task and that too during turbulent economic conditions is still more a demanding to make the workers to work for rapid

improvements and innovations with very few expenditures. Hence the task of entrepreneurs was found to be very important for maintaining the equilibrium throughout the organization.

Running the business during recession is very tough due to significant hurdles in attracting the low-cost funds and it would also be very difficult to attract capital. So, entrepreneurs need to focus on markets and customers and offer products or services which must be a clear competitive advantage, Developing the work force by experts and inculcating a habit of innovation among the people in the organization is of paramount importance. To attract capital many entrepreneurs, tie up with the enterprises that are fleshed with funds by innovative partnership for successful development of business; so, that the hurdles in the business are minimized to a larger extent.

Even though entrepreneurs pursue a wide range of strategies in supporting the small business enterprises; many research reports have found that entrepreneurs have to address similar set of issues in training the employees to face the resurgence in a bold manner.

Entrepreneurs need to identify each neighborhood competitive advantage and understand the impact of competitor's strategies in the market. He should also closely understand the way in which economic trend is moving; whether it is beneficial to the organisation or not. Based on this he is supposed to determine whether to create any new programs to form an alliance with an existing company which is performing better or he himself could manage the situation in a better way.

Another strategy could be trust building exercise with the employees by the entrepreneur. The trust could be built in the minds of employees be openly discussing the various measures taken during the recession period for improving the performance of the organisation. The patience and hard work pf entrepreneurs must be made known to all the employees. Entrepreneurs also need to demand accountability from each and every one in the organisation for developing them as well to contribute their best to the organization and also take preventive measures to detect the problem well in advance. This would help the members in the organization to combat the difficult situations boldly. Technical Assistance Program and Technological up gradation funds could also be tapped to give employees and neighborhood community a better confidence level about the initiatives taken by the organization. These types of strategies would also motivate them to be innovative and creative in their working environment. This would also produce good results to withstand the economic down turn. Another strategy is when the entrepreneur is found socially excluded from group of his own industry community; Then entrepreneur have to have a good net work with other entrepreneurs in the same field so that they can frequently exchange their ideas and strategies for the betterment of the company.

Many steps need to be taken to enhance the competitiveness of product by doing test marketing and by proper positioning of the product. Also few try to invest in other sectors which gives higher returns and entrepreneurs use strategy of investing in real estates or in other business ventures if the existing business is not doing well and they go about reducing the production and various other factors of production. So a business enterprise must function must work in a dynamic way and see the demand for the products do not decrease; if the entrepreneur or employees sense these catastrophic events ; preventive measures must be done; so that business continues for a long time with the hope of getting profits and doing service to all the stake holders.

### **Entrepreneurship key for furthering India's economic resurgence**

Turning back a few pages in history to about 300 years back, India accounted for a fourth of the world's GDP. By 1947, colonisation and missing the industrial revolution bandwagon had shrunk

its share to about 2%. Fast forward to the early 1990s, decades of closed economic policies had reduced the figure to a paltry 0.2%. From thereon, liberalisation over the past couple of decades has helped India re-emerge and brought it back firmly on its growth trajectory. India is now the third largest economy in the world accounting for almost 6% of world GDP.

An insightful report by the Planning Commission Committee on Angel Investment & Early Stage Venture Capital titled “Creating a Vibrant Entrepreneurial Ecosystem in India” released in mid-2012 notes that the resurgence is however, far from complete. India needs to create 140 million jobs over the next decade to generate adequate employment opportunities for its young population. Track records of existing private and public sector companies and government employment suggest that these institutions will not be capable of such massive employment generation. Accelerating entrepreneurship and new business creation will be crucial for achieving this end. It is therefore imperative to build and nurture an enabling entrepreneurial ecosystem where ventures can succeed and grow. To this effect, particular thrust needs to be provided to encourage entrepreneurs create innovative solutions for the host of social and environmental challenges the country faces with respect to education, health, energy, water & sanitation, waste management and financial inclusion. The Committee recommends creation of a National Entrepreneurship Mission to bring together diverse stakeholders in aggressively promoting entrepreneurship across the country, arrive at recommendations based on global best practices and construct appropriate measurements and systems to track and benchmark the country’s performance on entrepreneurship related parameters.

The current environment with respect to entrepreneurship is far from being an enabling one. It is rather one characterised by gaps and shortcomings that rein in and stifle entrepreneurial enthusiasm and activities. Regulatory frameworks are restrictive and processes are time consuming, burdening aspiring ventures with high costs and frustratingly long waits. Banks and financial institutions avoid lending to them due to restrictive norms. Existing companies limit their engagement with them. The educational framework promotes careerism over entrepreneurship. To top it all, lack over collaboration amongst stakeholders creates further obstacles. The Result: compared to global benchmarks, India ranks lowly on parameters of entrepreneurship (74<sup>th</sup> out of 79 countries), innovation (62<sup>nd</sup> out of 122 countries) and ease of doing business (132<sup>nd</sup> out of 183 countries). To build the ecosystem, the report stresses the need to create favourable conditions for attracting significantly more early stage funding from angel investors, venture capitals and impact investors. In order to create the required 10 – 15 million jobs per year, the Committee projects 2500 high growth enterprises will have to be created over the next decade. Factoring in the probability of success, this implies 10,000 start-ups will need to be established entailing a funding requirement of USD 55 billion. Currently, only 150 start-ups are funded per year compared to 60,000 per year in the US.

Existing regulations constrain angel investors making it difficult for them to invest and also make exits. In 2011, India attracted only USD 20 million of angel investment compared to USD 390 million raked in by Canada. Angel investments account for only 7% of early stage investing in India compared to 75% in the US. The situation is equally depressing in case of venture capital investing where annual investments are only about USD 240 million in India compared to USD 6.3 billion in the US and USD 700 million in China. Furthermore, 90% of these funds come from outside India rather than from domestic investors. Impact investment which aims at generating both social and financial returns is also crucial for India to counter its myriad social challenges in the entrepreneurial way. In 2011, USD 80 million of such investment was made in India. This

number needs to grow manifold to support ventures aiming to cater to the country's 900 million-strong Base of the Pyramid (BOP) population. Apart from the roadblocks mentioned earlier, low availability of quality and scalable models is also currently limiting such investments.

The Committee presents and discusses five major drivers for creation of an enabling entrepreneurial ecosystem in the country:

1. **Catalytic government policy and regulatory framework** for facilitating and promoting early stage investments, scaling up venture incubation programs, easing entrepreneurial activity and exits for investors and establishing expeditious processes for closing down businesses
2. **Easing of access to equity and debt capital** by removing regulatory hurdles that discourage domestic fund raising, establishment of a fund-of-funds by the government to support other early stage venture funds and developing and scaling debt offerings
3. **Creation of entrepreneurial hubs** through private sector participation in setting up and operating incubators and industry bodies and chambers of commerce driving greater collaboration between established and emerging businesses
4. **Creation of a culture and institutions which promote entrepreneurship over careerism** by upgrading courses, enhancing linkages between educational institutions and the entrepreneurial ecosystem, promoting innovation and commercialisation and celebrating success stories
5. **Establishing adequate and effective collaboration forums** like online portals and innovation labs.

With these five pillars in place, the report projects that an enabling ecosystem leading to a wider entrepreneurial base will be created. It will enable India to potentially attract USD 700 million of angel investments and USD 3 billion venture capital investments annually over the next 10 years. These investments will eventually create the required 2,500 high growth enterprises which will generate close to USD 200 billion in revenues annually and significant employment opportunities which India so desperately needs.

#### CONCLUSION:

During the resurgence period; an entrepreneur has to be very cautious and take into account the various factors which make the organization grow. The main factors are increasing productivity and hiring the eminent persons; using good quality materials; delivering the output to the entire satisfaction of customers are some of the most important strategies to survive in the repression or in resurgence period. One has to be innovative and creative in designing the product and servicing them with great care and concern will pave way for fighting competition during the resurgence period.

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