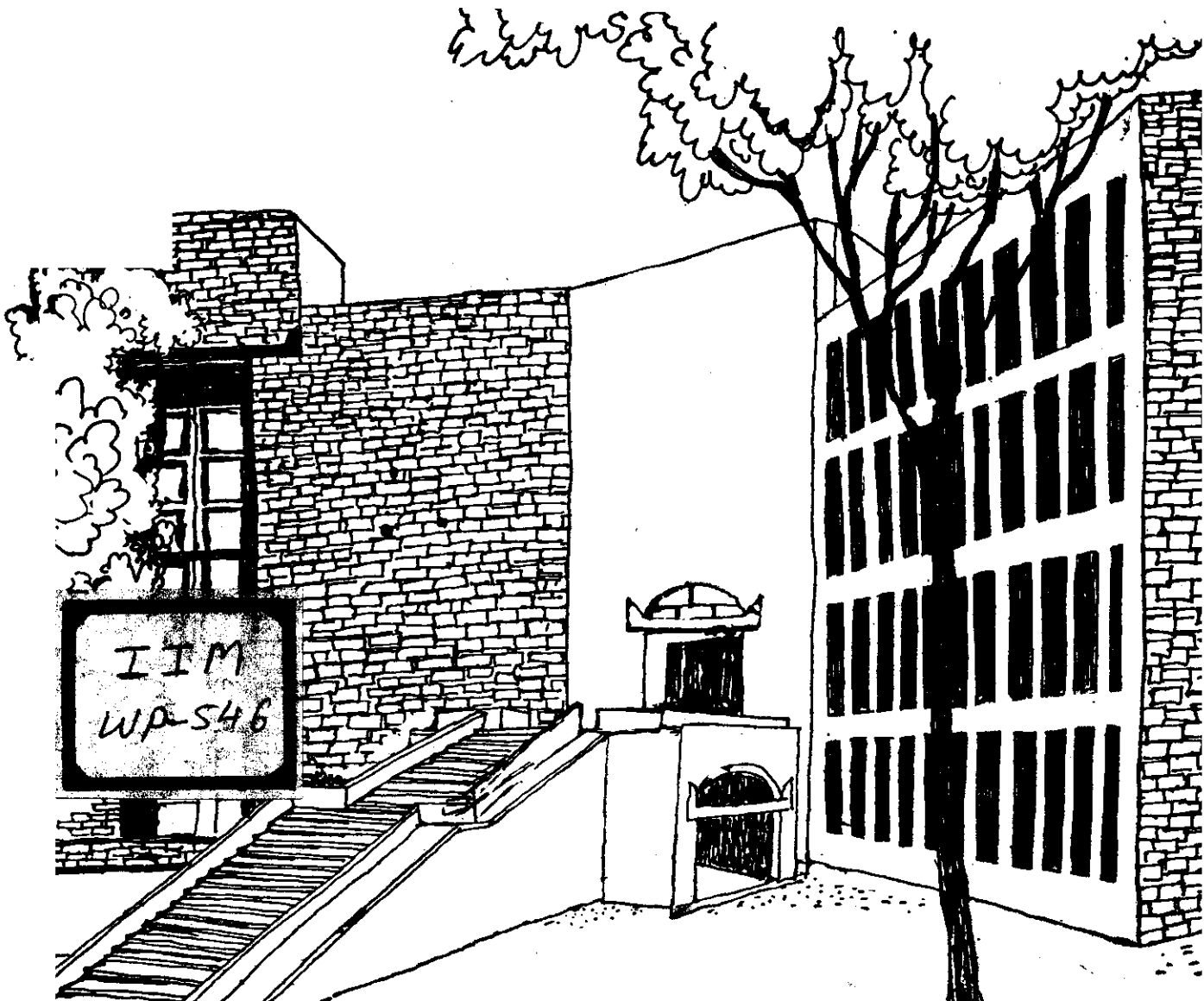




Working Paper



INDIAN BUSINESS HOUSES AND ENTREPRENEURSHIP
A NOTE ON RESEARCH TRENDS

By

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INDIAN BUSINESS HOUSES AND ENTREPRENEURSHIP

A NOTE ON RESEARCH TRENDS.

Dwijendra Tripathi

Empirical research in entrepreneurship is of recent origin. This is so because it is only recently that the entrepreneurial and managerial ability was accorded full recognition as one of the proximate causes of economic development. True, there was considerable debate on entrepreneurship in the first half of the 20th century - a debate inspired by the seminal contribution of Joseph A. Schumpeter's Theory of Economic Development, published originally in German in 1911 whose English version first appeared in 1934 - but it was centred around the place of entrepreneur in economic theory. It was only around the middle of the 1950s or the beginning of the 1960s that the attention shifted from the purely theoretical discussion to the specific or tangible role of entrepreneur in economic and business development in various countries. A rather unfortunate consequence of this was a conceptual confusion about entrepreneurship. To the puritane it still connotes, as Schumpeter and his followers emphasised, an economic endeavour of unconventional nature or business innovation, while many others consider it synonymous with self-employment or setting up of a new business unit and the number of those who would like to expand the meaning of the term to

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include any kind of innovational act - not only in the sphere of business alone but also in the political, social, literary, educational or institutional fields - under the rubric of entrepreneurship is by no means small. Borrowing a phrase which a prominent political theorist said of socialism, it is no exaggeration to say that entrepreneurship as a concept has become like a hat which has lost its shape because everybody wears it.

The prevailing notions of entrepreneurship can be broadly divided into two categories: (1) scientific which predicates the concept of innovation as the hallmark of entrepreneurship, and (2) popular which emphasises risk-taking, regardless of the magnitude of the risk or the sphere it pertains to, its essential feature. This is not the place to clear the confusion generated by the purists and the populists or to attempt to effect a compromise between the two. Nor it is necessary to do so for the limited purpose of this piece. For whatever may be our conceptual sympathy, the career of no large business house can be analysed without some reference to entrepreneurial exertion at some stage of its history. Admittedly, the quality of entrepreneurship - innovation or risk-taking or both - manifested by all large houses would not be alike and the social impact of their endeavours - perhaps the only meaningful yardstick of entrepreneurial quality - would certainly differ. But to proceed on any fixed notion of entrepreneurial quality, at any rate, would be unrealistic; it is more meaningful to conceive of a hierarchy of entrepreneurial manifestations. Some

houses may be more entrepreneurial than the others or the same organization may manifest varying degrees of entrepreneurship at different stages of its development.¹

These variations could have been brought to light only by empirical investigation but empirical research had to remain at the short end of scholarly priorities until there was a minimum degree of consensus among the theorists about the role of entrepreneurship as an essential factor of production. And this kind of consensus did not emerge until well up to the middle of the 1950s. Theoretical discussion in which the western social scientists, primarily economists, indulged during the period was of little interest to the Indian scholars who were more and primarily concerned with investigating the basic causes of India's economic backwardness and it is in the works devoted to this theme that we can discover some references to Indian entrepreneurial behaviour. In other words discussion on the nature and manifestation of entrepreneurship in this country was nothing more than a peripheral issue in the analysis of the principal theme of economic development or lack of it; scarcely any work with specific focus on entrepreneurship was produced in this period.

Practically all the works dealing with the economic backwardness of the country, published before the 1950s, were macronalyses based on deductive formulations. One of the most dominant of these formulations emanated from the assumption that there was something inherently subversive of material ambition in the Indian

cultural and religious values. Inspired by the writings of R.H. Tawney and Max Weber the analysts in this genre pleaded that Hinduism, the dominant religion in India, had various elements which militated against the growth of economic enterprises. Caste division inhibited occupational mobility; belief in the theory of karma made the people resign to their fate; emphasis on doing one's duty without regard for the fruits of one's labour offered little inducement for material uplift; and "otherworldliness" - the overarching influence of Hinduism according to this school - generated less than sufficient and necessary precondition for worldly progress. And these negative elements were so overwhelmingly potent that even the adherents of other religious systems such as Islam and Christianity could not escape their debilitating influence. The result was that the Indian personality, by and large, remained anti-entrepreneurial or unentrepreneurial.²

Without challenging the basic assumption of the cultural determinists, another school offered a parallel explanation of India's economic backwardness. This consisted of a class of writers who advanced a line of reasoning popularized by a group of 19th century polemicists including Dadabhai Naoroji, M.G. Ranade, G.K. Gokhale, and R.C. Dutt. This school - the nationalist school - placed its analysis within the framework of economic stimuli rather than cultural compulsions but the basic thrust of its approach was also deductive in character. It started off with the assumption that imperialism by its very nature is exploitative and the heavy yoke of British domination was too much for the

Indian economy to bear or even circumvent. Consequently, and inevitably, the Indian business developments were bound to get retarded. This line of analysis suggested by implications that the material conditions in British India was not conducive enough for the Indian entrepreneurial ability to find its full expression.³

While the first of the above two formulations remained almost undisputed, the second did not go unchallenged. The initial challenge to the nationalist position originally came from the British administrators of India, notably Lord Curzon, but it was left to a later writer to invest the imperialist school with a scholarly justification. L.C.A. Knowles in her Economic Development of the British Overseas Empire (London, 1924) pleaded that infra-structural facilities developed during the imperial regime created the conditions without which no economic change, however limited, would have been possible. Underrating the obvious unseemly side of imperialism, she emphasised on the political unification of the country, improvement in the law and order situation, the development of communication and transport facilities, and the consequent expansion of the market as the positive elements in the British rule. Ironically, her position was not very much dissimilar from that of Karl Marx, the god-father of the nationalist school, who was among the first to refer to a "social revolution" in India wrought by the alien rule, although it would be preposterous to identify the arch enemy of imperialism with the imperialist school.⁴

Staring each other in the face without any attempt to come to a compromise, these three strands of writings suffered, strangely enough, from a common weakness. Besides being essentially deductive, the analytical framework employed in all these was basically unifactoral. If the cultural determinists, in their anxiety to justify their assumption that social and religious values of a community were bound to influence its economic behaviour, paid no heed to the capacity of a tradition to modernize itself and adapt to the change in the material environment, the nationalist school, obsessed with the heinous side of imperialism, took little notice of the forces set in motion by the British ruling presence which brought about a qualitative transformation in the setting in which the Indian business had to chart its course. And the imperialists emulated their nationalist counterparts in ignoring the debilitating influence of a political system which by its very nature had to be nothing but exploitative. A synthesis was possible only if the proponents of these schools would have cared to examine the actual experiences of Indian business, not at a macro but micro level, against the backdrop of what they regarded as the inhibiting or facilitating factors in the situation. This would have provided a much needed corrective to their a priori assumptions, from which their formulations emanated, but with their reluctance to spoil their respective pure, neat models, they could sight only one side of the picture and failed to comprehend, like the proverbial blind men and the elephant, the complex reality. Another weakness of these works was that they looked at India as a discrete unit, ignoring that various regions of the vast country might manifest different kinds of economic behaviour.

While concern for economic development claimed a preponderant share of scholarly endeavours before 1960, some other works, not directly related to this problem, seemed to reinforce or acquiesce in the formulations of one or the other of the three schools outlined above. A class of treatises, dealing with the castes and tribes in India, seemed to lend support, though obliquely, to the cultural determinists and so did the studies relating to the pre-British economic and financial systems.⁵ Steering somewhat clear of these dominant schools were the works pertaining to industrial organization in India particularly the managing agency system.⁶ Most of these were descriptive accounts of how various castes developed and how they functioned or how the Indian traders and financiers operated and how a new system of corporate management took roots in India in the wake of industrialization. Even though these works were not deductive in character, they too presented a generalized picture and thus were less than useful inputs for understanding the business attitude and behaviour in India.

The most eloquent evidence of the scholar's preoccupation with the economic growth theories and deductive formulations before 1960 was that in the heap of a vast literature of this genre, there was only one conscious attempt to review the actual business situations in India over a period of time and examine the forces that shaped the dynamics of business behaviour. D.R.Gaggil's two brief monographs - Origins of the Modern Indian Business Class and the Business Communities in India which appeared in the 1950s⁷ -

aimed at enquiring into the stages of the growth of Indian business and the composition of the business class. So pervasive, however, was the impact of the cultural school that even Gadgil could not quite escape it and asserted that unlike other societies, India developed only a number of business communities rather than a composite business class. To be fair with Gadgil, however, it must be stressed that his two monographs were mere proposals for further investigation and it is quite possible that he would have modified his hypothesis had he been able to test it against empirical investigation informed by an understanding of a proper historical perspective.

It will be uncharitable indeed not to recognize the value of the works produced before 1960. For one thing, they set the trends which continued to be noticeable in the future, for a large number of studies published in the 1960s and even later can be identified with one or the other school which dominated the earlier writings or related to the Indian **social** or organizational structure. Only that the later writings were more sophisticated and analytical. While quite a few of these still remained preoccupied with general sociological-institutional or politico-economic dimensions,⁸ at least some of the works displayed a welcome shift from the purely deductive approach to include entrepreneurial-managerial aspects in their analyses. The thrust of the latter kind of writings was not so much to emphasise the negative elements in the Indian social system or imperialist setup as to bring into focus how the Indian business asserted itself inspite

of these obvious disabilities or how the change in the material environment resulted in the readaptation or reinterpretation of the social-cultural values.⁹

This welcome shift was aided, directly or indirectly, by five kinds of works: (i) a series of industry studies which demonstrated that inspite of adverse environmental factors, the organized sector grew in strength over a period of time, (ii) a number of works on the rise of business corporations and corporate management which indicated that the Indian businessmen were capable of perceiving new opportunities and developing a distinctive style of management consistent with their needs and social structure, (iii) the studies of communities and castes, tracing their evolution and growth, pointing to the fact that in many cases the occupational behaviour pattern, as prescribed in the varnashram scheme, crumbled in the face of the rising tide of environmental changes, (iv) a few experimental works which seemed to suggest that Indians did not lack entrepreneurial motivation and that economic vision and urge could be generated and sustained through generating expectancy of suitable reward, and (v) a large number of memoirs of businessmen, biographical literature, and souvenir volumes which went to show that neither the sociological constraints nor the imperialistic hurdles were too unsurmountable for the initiative and ingenuity of enterprising Indians irrespective of their social-cultural backgrounds.¹⁰ Most of the works in the last category, admittedly, were written by businessmen themselves or general writers often commissioned for the purpose and thus lacked scholarly rigour,

but they contained sufficient material to generate a fair degree of skepticism in the mind of the perceptive observer about the validity of the a priori notions of Indian entrepreneurial behaviour. Along with the above mentioned works, purely theoretical contributions on the role of entrepreneurial-managerial abilities in economic development inspired a fresh look at the entrepreneurial motivation and manifestation in India.¹¹

The result was that a number of competent, rigorous studies appeared on the scene in the 1960s and later. In contrast to the earlier works, these had strong empirical base, resulting from comprehensive surveys backed by appropriate analysis. Also, most of these had regional foci rather than an all India perspective which, by and large, was the concern of the earlier works.¹² These researches created further misgivings about the validity of the deductive formulations which characterized the pre-1960 approaches. A large number of these contributions, however, related to small scale establishments or the units emerging in the wake of industrial estate movement. Their primary focus was on the initiation of and growth aspects/the industrial concerns that emerged after Independence as a result of various incentives offered by the government; they paid little heed to managerial strategies and functions. Large houses that had developed before 1947 or that came into being after freedom received less than sufficient scholarly attention - a situation which continues to prevail even to this day.

Several reasons can be adduced for the relative indifference to large groups. First, a proper study of the process of their growth demanded a historical approach and the historians remained overly occupied with aggregative studies of socio-economic development; micro-analysis of individual houses held little attraction for them. Secondly and perhaps more importantly, the records of these houses were either extinct or inaccessible to the researcher because of the businessman's failure ^{to preserve} his records or his natural reluctance to subject himself to scholarly scrutiny. And thirdly and a natural corollary to the above two factors, business history movement remained undeveloped and continues to remain so. Had the historian cared to use the materials available in the office of the registrars of companies and national and state archives supplemented by newspapers, magazines, yearbooks etc., he would have been, even in the absence of company records, produced competent works on the stages of the growth of Indian business, if not ^{on} those of individual houses. And this perhaps would have made some dent on the secretive attitude of the Indian corporate world. But this did not happen and the only source of our understanding of the dynamics of big business in India remained either the deductive, generalized works of macro nature or the publicity oriented materials produced on the behest of business houses themselves.

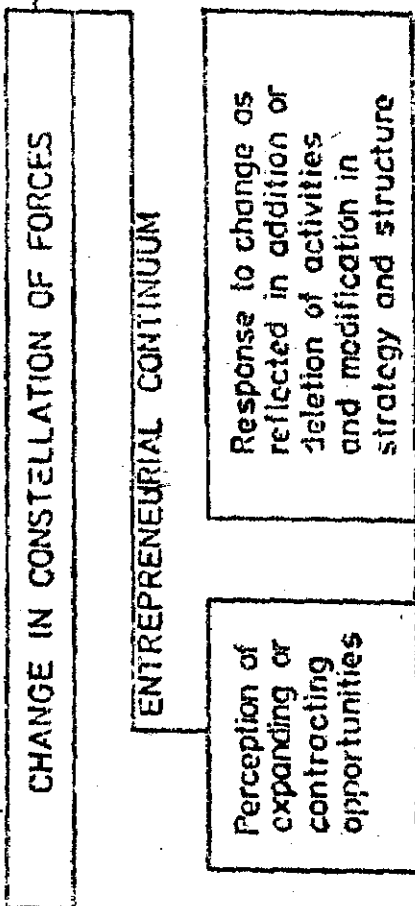
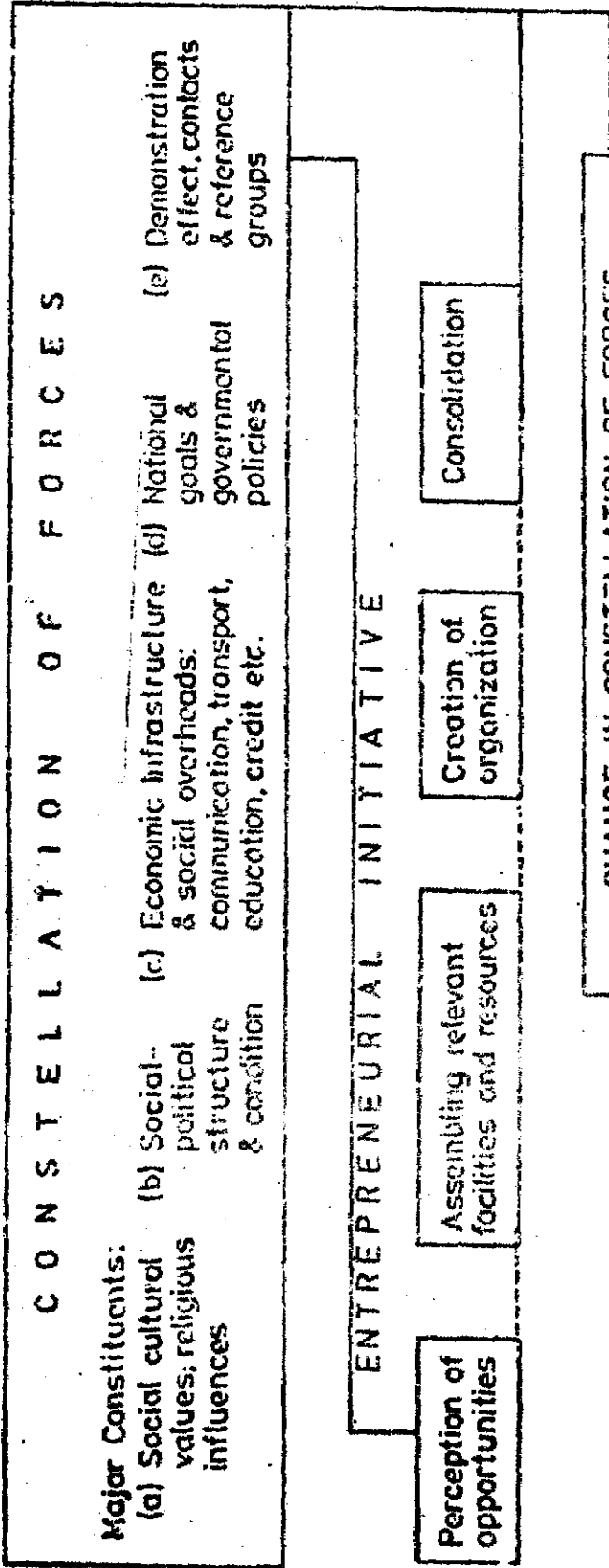
Welcome signs of change are visible on this front as well as business history has gained a measure of respectability. In the last decade or so a few works dealing with the career of

entrepreneurship, have come to light. Ph.D. and M.Phil. theses have been produced relating to the entrepreneurial exploits of big business in discrete regions.¹³ All these works are based on durable empirical data gleaned from the annual reports and balance sheets of the companies and such other documents, supplemented by participants' observations. The number of such works is still like a drop in the ocean and most of these, like the works pertaining to small scale sector, have placed major emphasis on the pattern of growth, ignoring, by and large, the strategic side of managerial-entrepreneurial manifestation. The result is that their usefulness as the basis of generalization remains to be limited. They, at best, can provide working hypotheses which can be confirmed, rejected, or modified only if we have^a much larger sample. The need to promote empirical studies in the historical development of large houses, therefore, is inescapable if we want to comprehend the antecedents and growth of entrepreneurship in India.

This suggestion, implying preference for a historical approach and accent on business houses, needs some explanation. Entrepreneurship, by its very nature, is a creative response to the disequilibrium between the perceivable opportunities and their exploitation for profit purposes and this kind of disequilibrium results from the changing constellation of forces or an amalgam of factors specific to a decision-maker or a group decision-makers - social-cultural values, family affiliation and upbringing, nature of education and level of training both formal and informal, social contact and reference groups, demonstration effect and exposure to

new ideas and experiences and the general environment such as political situation, economic infrastructure, and generalized goals and aspirations of a society. The perception of profitable opportunities by an individual or a group of individuals, determined by the constellation of forces at a given point of time, may lead to the initiation and consolidation of a venture and, as the constellation changes, to its expansion or contraction. The changing constellation of forces may also determine the nature of strategies pursued by the entrepreneur to achieve his objective at different stages of the development of his enterprise (see the following page for a schematic presentation of this model of the entrepreneurial process). If this is so, there is no escape from a longitudinal approach for only through this approach will the responses to business opportunities and the factors facilitating or inhibiting such responses can be properly comprehended. It must be stressed, however, that a meaningful historical approach by its very nature must have a strong theoretical base furnished by other disciplines such as sociology, economics, anthropology, psychology etc., and thus must have an interdisciplinary flavour. Incidentally, a historical approach would cover the stories of success as well as failure for this would unfold the process of growth as well as decline at the various stages of the career of various houses. And it is necessary to remind ourselves that a proper unfolding of entrepreneurial phenomenon requires an understanding of failure as much as that of success. It is no secret that to-date we have very few studies of business failures.

EXPECTANCY OF REWARD



----- Indicates that there is no automatic transition from one stage to the other.

The suggestion regarding the house-oriented enquiry as opposed to the company-oriented focus requires little or no persuasion to commend itself. Any observer of the Indian business scene knows that until the abolition of managing agency system, an overwhelming number of companies were managed by managing agents/^{who} took all strategic decisions about them, the board of directors playing only the rubber-stamping role. Even after the abolition of the managing agency system, the power of the erstwhile managing agents in managing the concerns they control has hardly diminished. At any rate no longitudinal study of any consequence can have 1970, when the managing agency system was formally abolished, as its starting point. In the context of the decision-making processes, various companies falling under the hegemony of a managing agency firm or its successor may be viewed as having a kind of organic relationship and thus it would be more meaningful to study them as such. The house approach would ensure this. It would be, however, useful to make a distinction between "inner circle" and "outer circle" companies of a house as R.K. Hazari has made though for a different purpose.

The emphasis on empirical research in recent years is reflected in the studies of business communities. Ethnographic survey, the principal concern of earlier scholars, ceased to be dominant. Most of the works published after 1960 are based on an analysis of economic forces as a significant explanatory factor in the rise and evolution of these communities, marking a clear departure from the deductive sociological school. In fact the recent works seem to suggest that the so-called business communities can be

seen as the intermediate formation in the rise of an Indian business class - a kind of proto-business classes which paved the way for and became an essential input in the evolution of an all-India collectivity bound together by economic interest rather than merely socio-cultural ties.¹⁵ This hypothesis, it may be recalled, is an antithesis to the one with which Gadgil had prefaced his research proposal more than thirty years ago. More work, however, must be done on this line before we can reach anything approximating a measure of definitiveness. Both in coverage and quantity, the recent studies are still too limited.

Entrepreneurial vision and manifestation of a society cannot be studied with reference to the growth pattern of business units alone; comprehension of structure and strategies adopted to achieve the growth is of equal importance for the purpose. For innovational or risk-taking ability are not confined only to technological and quantifiable aspects of business. Most of the existing studies, even those published after 1960, are woefully deficient in the matter. Even though some competent works throw some light on the organizational side of Indian business in the pre-British period,¹⁶ our knowledge of the business methods in India in the 17th-18th centuries is still too inadequate to form a sound basis for understanding the later developments. Paucity of source material is very often cited as the major constraint but this seems to be a convenient alibi for scholarly indifference to an area of crucial importance. Confronted by pertinent questions the sources that have been used for writing general economic history of the period

may come out with appropriate answers. The situation is no less unsatisfactory when we come closer to our own age. Even though we can glean fragments of knowledge about the structural and strategic side of big business in the post-commercial phase from the existing studies, we do not yet have a systematic enquiry into the evolution of several functional aspects such as marketing, advertising and public relations, corporate reporting and related matters such as extra-business interest and social responsibility^{of business}/. The position is slightly better relating to capital-labour relations and method of raising finances, but our understanding of the structural dimension is still weak inspite of a plethora of works published on the managing agency system so much so that we are still not clear about how the system originated and sociological factors which facilitated its growth have been dealt with only in outlines.¹⁷ It is undeniable that the major strategies adopted by the industrial houses were inspired by India's interaction with the industrialized West, but it is inconceivable that the Indian business houses blindly imitated more developed nations in these matters because the experience of one society is seldom replicated by another. There is always an indogenous content, a distinctive feature, in the business methods of every society which can be brought to light only by looking at their historical evolution over a period of time.

Development of commercial associations is yet another area in which some work has been done but more needs to be done. After the emergence of the British power, chambers of commerce

were established in various major cities. Most of these were dominated by foreign business elements for a long time. As a natural reaction, the Indian businessmen formed their own associations. These were of two kinds: (i) all encompassing bodies which claimed to represent Indian business in general, and (ii) associations representing specific interests such as textile manufacturing, sugar production, cement companies etc. We have some idea of the origin and growth of British dominated chambers of commerce or principal associations promoted by the Indians but there are still very few studies worth the name dealing with the careers of regional organizations or those which spoke for specific groups of industrialists or merchants.¹⁸ There is one more serious lacuna. The existing studies lead to the erroneous conclusion that the development of organized pressure groups in Indian business is a phenomenon of the British phase of Indian history. The fact of the matter is that powerful trade organizations of various kind did exist in the earlier period as well and some of these, like the Mahajans in Ahmedabad and perhaps other cities of Gujarat, did not disappear altogether; they only underwent a kind of metamorphosis in modern times in response to the changes in the socio-economic conditions.¹⁹ A study of these organizations in various parts of the country and their organic links with the later formations would reveal several facets of business behaviour in India which cannot be comprehended in any other manner.

Such studies, among other things, may throw significant light on the political participation by Indian business. Barring a few

articles and stray references in works dealing with other aspects, we have nothing to educate us about the politics-business relations in pre-modern India, and even the contemporary scene has received grossly inadequate attention. Largely because of the aloofness of Indian political scientists from business studies, most of the works in this genre have been produced by foreign scholars. Their number is by no means large and some of those are clearly below standard. The result is that our understanding of the political ideology, ethos, and attitude of Indian business is based on journalistic-impressionistic pieces. A welcome step towards filling this gap was recently taken when the Indian Institute of Management, Ahmedabad organized a seminar on "State and Business in India : A Historical Perspective" where papers dealing with the government-business relations under various ruling systems from the Mughals to Nehru were presented and discussed.²⁰ Such initiatives need to be sustained and expanded if we wish to acquire a systematic and connected insight into the political-ideological factors in the Indian entrepreneurial developments.

What has been said in the foregoing pages relates largely or even exclusively to the private sector. This is understandable because the private sector dominated the Indian business horizon during the pre-Independence period and continues to occupy an important position to this day. The most significant development of the post-freedom era, however, has been the rise of the public sector. Without entering into the controversy whether public sector companies can be considered truly entrepreneurial ventures, it can be safely maintained that the

management of these enterprises can manifest entrepreneurial qualities in determining its production and diversification policies or marketing and financial strategies. For as has been emphasized before, no large business, irrespective of its ownership pattern, can be entirely devoid of entrepreneurial abilities. In other words, even if the birth of these enterprises may not be regarded as representing entrepreneurial initiatives (though it is not correct as we would argue presently), their subsequent development displayed certain degree of what has been characterized as "entrepreneurial continuum" in our schematic framework. And to deny an entrepreneurial content in the decision of the government to set up these undertakings is to suggest that they were established without adequate consideration of the need, viability, and their multiplier effect on the nation's economy - without, in other words, an analysis of the nation's investment in and expected returns, in the broad rather than in the narrow sense of the term, from these enterprises. A couple of studies relating to the Bharat Heavy Electricals Limited²¹ have clearly demonstrated that it was not so and thus the initiatives to establish the public sector giants must be considered entrepreneurial in a very real sense except that in this case the government rather than private individuals assumed the risk involved. Even though we may not discover a figure/^{of} individual entrepreneur behind the birth and growth of these enterprises, we may find plenty of entrepreneurship taking place in them. It would be unrealistic, therefore, to ignore these enterprises in any meaningful programme of entrepreneurial research in India.

A large number of studies - good, bad, and indifferent - relating to public sector undertakings have come out in recent years. Most of them focus their attention on the structural problems of management rather than the stages of their growth. Also most of the existing works view the public sector as a monolithic whole instead of a collection of individual units.²² True, public sector undertakings, by and large, have a common structure, but it is inconceivable that all of them would have a similar pattern of growth. The variations in the pattern can be discovered only if we focus our attention on individual units. Little work has been done in this direction with the result that ~~having~~^{of} a couple/state-owned units and nationalized banks²² we know almost nothing of the origin and development of public sector corporations. Exactly as in the case of business houses in the private sector, we need a large number of case studies dealing with the public undertakings - and with reference to all those aspects which have emphasised about the private sector companies - if we want to develop clearer insights into the dynamics of public sector in India. It is also necessary to explore the development of the ideological basis and concept of public sector because we do not have a single competent work on this aspect to this day.

So far we have concerned ourselves with the enterprises founded and nurtured by the Indians. While these must receive our primary attention, we cannot exclude the enterprises of non-Indian origin from our purview. These can be divided into two categories :

(i) those which were born and developed in India or the expatriate

firms, and (ii) giant organizations, having their roots in other countries, which have spread tentacles in various parts of the world including India, or the multinational corporations. Some works are available about the first category of units.²³ Barring a few solitary cases, however, few of these possess scholarly rigour because, as in the case of historical works on Indian firms, most of them are written by general writers with primary focus on public relations. The situation about the Indian operations of multinationals is even worse. It must be recalled that the multinational penetration into India is not a new phenomenon; its beginnings can be traced back to the 19th century. And yet the works on the development of Indian business have given scant attention to this phenomenon. India of course figures in the accounts of the world-wide operations of a few giants such as Ford Motor Company, Standard Oil, Lever Brothers, Bata Shoe Company etc.¹⁴ but they provide woefully inadequate insight into the factors impinging on their trials or triumphs in India. And we know nothing about the Indian side of the business of a large number of multinationals which for some reason or the other have escaped the attention of the scholar or the writer altogether. Although the problem of source materials for the study of these organizations is more intractable than in the case of Indian companies, given the will, it may not prove insurmountable. After all, they too, like the Indian companies have to furnish some crucial pieces of information about their working to the registrars of companies. Those files which are readily accessible can be the starting point of our work and the data gleaned from them may be supplemented by newspaper sources and interviews with key functionaries,

both past and present, wherever possible. Whatever the difficulties, we must make an attempt an analysis of the Indian performance of non-Indian firms because such analyses may provide a useful basis for comparison between the performance of Indian and foreign businessmen in a common environment and such comparisons may offer a much needed corrective to the popular notions about the anti-entrepreneurial elements in Indian culture.

Equally, perhaps more, important from this angle is the business activities of the Indians in other lands. The role played by the Indians in East Africa, and East and South East Asia is well known.²⁵ The process which started in the latter half of the 19th century in a feeble way gained momentum in the present century and after freedom Indian promoters of business enterprises in the developed countries have attracted considerable attention. In recent years large Indian firms have expanded their manufacturing and commercial operations to other countries to claim berths in the company of multinational corporations. While we have a few sporadic studies of the exploits of the people of Indian origin in the less developed world, the basis of our knowledge of the business operations of the people of Indian descent in advanced countries is based on newspaper reports or journalistic writings. As regards the non-Indian operations of the Indian multinationals, some competent studies have appeared in recent years but all of them are macro-accounts²⁶ with the result that they provide little appreciation of the distinctiveness of the strategies and performance of individual firms. The existing studies can form a good basis for further work, but we must go beyond

where they have left us if we wish to use the business accomplishments of the Indians abroad as an input for a comparative understanding of the entrepreneurial attitude of our people.

Yet another kind of study may be suggested in the interest of gaining a comparative insight into the entrepreneurial phenomenon in India. This may relate to the Indian economic behaviour in comparison to that of selected developed countries.²⁷ An obvious choice in this context will be Japan which is very often cited as a case to highlight the debilitating influence of imperialism on India's economic performance. It has been pointed out in certain quarters that such a conclusion misses the impact of several factors other than the role of government in Japan's and India's economic growth,²⁸ but a systematic study has never been attempted. At a time when economic interaction between this country and Asia's most developed nation is on the increase, it is time for us to examine in depth the process of the growth of the latter's business and its management methods. Problem of source material may not be too difficult to tackle as the Japanese scholars have produced a sizeable number of case studies on the careers of the firms in their country. Japan can be the starting point of our work in this area; as we develop more confidence, we may pay attention to some other developed countries as well.

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This survey presents a large canvas and places rather tall orders. This is inevitable in view of the fact that very little systematic work has been done about the growth of large houses and that entrepreneurship is too complex a phenomenon to be amenable to simplistic, unifactoral treatment. Shorn of details, what has been emphasised here is the need for a series of empirical, firm-centric studies covering a reasonably long span of time. There is no other way to furnish the basic raw material for generalization about the business behaviour of a community as Alexander Gerschenkron emphasized even in the context of Western countries where research in entrepreneurship is at a much more advanced stage.²⁹ While there may be a reasonable degree of agreement regarding the basic thrust of our work, as suggested in this survey, two obvious preconditions must be met if we wish to achieve a fair measure of success in operationalizing this scheme within a definite time frame - say in the next five years.

The first of these is that we have a minimum measure of conceptual consensus as a starting point of enquiry. This is not to suggest, however, that we must have complete uniformity of views in this regard which, more often than not, is a sign of weakness rather than strength. The model of entrepreneurial process, presented schematically on page 14, seems to satisfy these seemingly conflicting demands. It calls for separate analysis of each entrepreneurial experience for a proper understanding of its antecedents and growth. It can, thus, provide a meaningful appreciation of the forces behind differential responses to economic choices. In this sense, it is

explanatory in character. Secondly, it is multifactoral rather than unifactoral. The concept of the constellation of forces is sufficiently elastic to accommodate all influences and their interaction with one another, impinging on the fortunes of an enterprise. In this sense it is open-ended. Thirdly, it eschews stereotyped, predetermined, and a priori explanations of economic behaviour. In this sense it is scientific. And lastly, it can be used to examine the process of entrepreneurship in any society and at any time. In this sense, it has a general applicability.

The model also rejects, by implication, the distinction made very often between the creative and adaptive entrepreneurs - a distinction which seems to underrate the entrepreneurial experiences of the developing world. The concept of creative entrepreneurship has never been clearly postulated, but it seems to imply that the processes leading to the development and business application of a new managerial or productive device at the first stage constitute creativity whereas the adoption of the same device with or without modification by the societies other than the one in which its viability was first established is a case of adaptation. But in the context of respective constellation of forces, facilitating the original development or later adaptation of a new productive function, there is no qualitative difference between the risk involved in the two kinds of acts. In embracing the technological processes perfected in the West, the early entrepreneurs of the colonial societies, for instance, displayed the courage and exposed themselves to the hazards which were in many ways comparable to those encountered by the

entrepreneurs of the mother countries in developing these devices, if we keep in view the differences in the respective milieus in which these two categories had to function. And if this is so the distinction between the creative and adaptive entrepreneurs would not provide a meaningful frame of reference for evaluating the business behaviour in India.

To arrive at a conceptual consensus may not be as difficult as to plan a viable strategy of research which may yield speedy but fruitful results. This is necessary because in a vast country like India with a long past, it would not be possible, at least in the short run, to explore the entrepreneurial visions and manifestations of all the business houses. It is also not possible to prepare, at least in the short run, a representative sample of these houses for collecting requisite data for such a sample may become a veritable research project in itself. It would not be, however, too difficult to prepare a purposive sample of business houses keeping in view the following criteria:

- (i) Size of the firms in order to ensure the inclusion of all principal houses;
- (ii) Variety in the ages (determined on the basis of the date of the acquisition or promotion of the first industrial company by the house in question) so that the sample represents the houses which made their debut on the industrial front at different points of time;

- (iii) Variety in the community affiliation of the founders in order to analyse the relationship, if any, between the community background of a house and its entrepreneurial expression;
- (iv) Variety in ownership pattern to ensure the inclusion of private sector as well as public sector companies; and
- (v) Product-mix so that we have more than one house in the sample producing, by and large, the same kind of goods.

While it would be easy to identify public undertakings, identification of private sector companies with various houses may pose some difficulty. The Report of the Monopolies Commission (1964) and such other publication may help us resolve this problem. Once our sample is ready, we may adopt the historical approach to analyse the factors of birth and growth of the units included in it, informed by our conceptual model. Our concern should not be limited to the processes of growth but also the functional strategies adopted by these units from time to time. These studies would thus provide sufficient basis for comparison and generalization.

The vastness and complexity of the country demands a series of studies with regional foci rather than a single study with an all India emphasis so that regional variations affecting economic choices and strategic decisions are brought into bold relief. We may, therefore, think of dividing the country into several discrete regions, keeping in view the state of economic development, and undertake studies specific to each region. By this strategy we may hope to produce a series of region-specific studies within a relatively short period

of time. At the later stages, we may divide these regions into subregions and undertake similar studies. All these taken together will provide a much better comprehension of the entrepreneurial processes in India than we have had so far, for we would have replaced the deductive approach, which has characterized most of the researches so far, by an inductive base.

While the strategy of research outlined above may help our examination of the entrepreneurial processes manifested in India itself or by the Indian multinationals abroad, it may not be an appropriate guide for research relating to the economic activities of Indian emmigre' groups in other countries or for comparative studies of Indian and other countries' entrepreneurial endeavours. Assuming, however, ^{that} the former categories of studies would be our first concern, it is best to leave it to the researchers interested in the latter kind of work to formulate their own methodologies.

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