

Business Management in India: Current Perspectives

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ABSTRACT

In a developing country like India, Small Scale Entrepreneurship plays a significant role in economic development of the country. These industries, by and large represent a stage in economic transition from traditional to modern technology after globalization. The variation in transitional nature of this process is reflected in the diversity of these industries. Most of the small scale industries use simple skills and machinery. Besides playing economic role in the country, small scale industries, because of their unique economic and organizational characteristics, also play social and political role in local employment creation, balanced resource utilization, income generation and in helping to promote change in a gradual and peaceful manner

Keywords: Micro Finance, MSME, WTO, Globalization, Liberalization

I. INTRODUCTION

The problem is essentially lopsided development which is a development of one area at the cost of development of some other place, with concomitant associated problems of underdevelopment. For instance, we have seen unemployment or underemployment in the villages that has led to influx of rural population to the cities. What is needed is to create a situation so that the migration from rural areas to urban areas comes down. Migration per se is not always undesirable but it should be the minimum as far as employment is concerned. Rather the situation should be such that people should find it worthwhile to shift themselves from towns and cities to rural areas because of realization of better opportunities there. In other words, migration from rural areas should not only get checked but overpopulated towns and cities should also get decongested. If it is so, ways can always be found out. One is by forcibly stopping villagers from settling in the slums of towns and cities, making use of all powers to clear the slums so the villagers are forced to go back. But such practices have not achieved the desired results in the past. Apart from causing suffering to the poor people and adding to the expenditure of the Government, social tensions and economic hardships created by the government officials and their staff in every demolition of slums is not desirable from a sane government. Moreover, when a slum is demolished people do not move out of urban localities. They only relocate to a nearby place because they are entrenched in the economy of the town or city. Though governments have tried out various schemes for generating incomes in the rural areas such as government initiatives have not stopped people from moving out of villages to cities. This is because such government initiatives are not on their own capable of enabling people to earn adequately and ameliorate their conditions. There has to be some committed enterprising individual or a group of people.



II. CHALLENGES OF GLOBALISATION & LIBERALISATION FOR MSES IN INDIA:

With the liberalisation and globalisation of the Indian economy, the small enterprises in India have unprecedented opportunities on the one hand, and face serious challenges, on the other. While access to global market has offered a host of business opportunities in the form of new target markets, possibilities to exploit technological advantage, etc., the challenges in this process have flowed mainly from their scale of operation, technological obsolescence, inability to access institutional credit and intense competition in marketing.

The Government of India is fully aware of the challenges of globalisation and has taken appropriate measures for preparing the Micro & Small Enterprises (MSEs) to meet the challenges of liberalisation and globalisation. Taking a view of the whole situation, the Government has put in place several measures to help small enterprises to become globally competitive. These include schemes /programmes for technology upgradation, development of clusters of such industries, making collateral free bank credit available upto US\$ 1,25,000, creating awareness among these industries regarding export-related issues, etc. The Ministry of Micro, Small & Medium Enterprises (MSME) in India also conducting workshops on various aspects of WTO, Anti-dumping seminars, IPR, etc. to sensitize the MSEs entrepreneurs and other stakeholders about the likely impact of liberalisation and globalisation.

Due to rapid globalization, changing business environment, advance in information technologies, rapid change in customers preference, changes in demand and supply ratio, increasing outsourcing activities, disintegration of value chain system, strategic management is increasingly playing a predominant role. Indian economy is growing at a rapid speed. Especially Indian MSMEs (Micro Small and Medium Enterprises) are contributing towards nation's growth. It contributes nearly 45% of industrial output, 35% of exports, 42 million in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets. Strategy is considered to be a detailed plan for a business in achieving success. Managers employ strategy to achieve result. Strategic management practices and organization performance in small business enterprises goes together, but most Small business enterprises place less emphasis on making effective strategy for improved performance. The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs (Small and Medium Enterprises) are finding increasing opportunities to enhance their business activities in core sectors.

“Strategic Management-a tool for growth of Micro Small and Medium Enterprises [MSME] A Study “ this study aims at investigating and testing the implications of concept called strategic management as a competitive tool for MSMEs to achieve sustainable growth.. For this purpose the information collected from various sources like Books, Magazines, Research Papers, and Research Articles and also conducted informal interview with senior business consultants of etc. Different research articles are reviewed for this purpose.

III. EVOLUTION OF THE CONCEPT OF ENTREPRENEURSHIP

The concept of “entrepreneur” and the “entrepreneurship” have gone through various stages before they came to signify the content being put into them now. Various thinkers have defined the term in a variety of ways. In order to understand the phenomenon of entrepreneurship as whole, it is worthwhile to analyse these definitions



and views independently. The word “entrepreneur” is derived from the French verb “entreprendre”, means “to undertake”. The word entrepreneur has been in use since the sixteenth century. Kilby has linked the entrepreneur with a rather large and very important animal called “Heffalump” hunted by many individuals and have variously described him, but wide disagreements still exist among them on his particularities. The French men who organized and led military expeditions were referred to as “entrepreneurs”. The term was used for architects and contractors of public works. Quesnay regarded the rich farmer as an “entrepreneur” who manages and makes his business profitable by his intelligence, skill and wealth. In the 18th century, the old Oxford Dictionary of 1897 defined entrepreneur simply as “the director or manager of public musical institution, i.e., one who ‘gets up’ entertainments, especially musical performance”. The dictionary in its supplement of 1933 modified its definition and recognized that the word has a place in business; it defines entrepreneur as one who undertakes an enterprise, especially a contractor acting as an intermediary between capital and labour. Undertaking an enterprise is entrepreneurship, and one who undertakes it is one who combines capital and labour for the purpose of production is an entrepreneur. The concept of entrepreneur has many facets and the term has been used in a different context with a different perspective. Economists have recognized the entrepreneur as essential agent in generating investment opportunities. Sociologists analyse him as sensitive energizer in modernization of societies. The psychologists examine him as an “entrepreneurial man”, his motivations and aspirations in order to decipher his character which is conducive to economic development. Political scientists regard him as the fair child of political system which provides effective assistance for his emergence.

IV. OVERVIEW OF SMALL SCALE ENTREPRENEURSHIP IN INDIA

Entrepreneurship is regarded as one closely associated with economic history of India. The evolution of the Indian entrepreneurship can be traced back to even as early as Rigveda, when metal handicrafts existed in the society. This would bring the point home that handicrafts entrepreneurship in India was as old as the human civilization itself and was nurtured by the craftsmen as a part of their duty towards the society. Before India came into contact with the west, people were organized in a particular type of economic and social system of the village community. The Indian towns were mostly religious and the elaborated caste based diversion of workers consisted of farmers, artisans and religious priests (the Brahmins). The majority of the artisans were treated as village servants. Such compact system of village community, effectively protecting village artisans from the onslaughts of external competition, was one of the important contributing factors to the absence of localization of industry in ancient India. Organized industrial activity was observable among the Indian artisans in a few recognizable products in the cities of Banaras, Allahabad, Gaya, Puri and Mirzapur which were established on their river basins as a means of transportation facilities. Bengal enjoyed worldwide celebrity for corah, Lucknow for chintzes, Ahmedabad for dupattas and dhotis, Nagpur for silk-bordered clothes, Kashmir for shawls and Banaras for metal wares. Thus till the earlier years of the eighteenth century, India enjoyed the prestigious status of the queen of the International trade with the help of its handicrafts.



V. CONCLUSION

In a country like India, only a few men with growth perspective would come forward for changing the stationary inertia and creating preconditions for development since they are motivated for higher achievements rather than financial gains. It is impossible to imagine any development process without an entrepreneurial form, not only in capitalistic economy but even under the situation of state capitalism. The process of development can be visualized with two different types of entrepreneurial activities. The entrepreneurship can emerge either as a result of individual efforts or collective and cooperative efforts. The first type of entrepreneurship is the potent source of development. The experience of India has shown that the public or cooperative techno structures established in a backward region have initiated actively leading to the development of townships but have failed to initiate the process of development in the real terms. In such regions, since the public and cooperative techno structure has its own limitations, it is the local entrepreneurship that must get it involved in the process of development. The development would not gather momentum if much reliance is placed on the factors beyond local control. Therefore, it is absolutely necessary to break the vicious circle and initiate the process of development. To start with, among others, small – scale entrepreneurship is the most desirable dent.

The strategic management has an effect on the performance of MSMEs. Also, implementation of strategic management has a positive relationship with organizational profitability. Therefore, it is recommended that appropriate strategic planners, strategic situation, strategic analysis and choice are put in place. The implementation is possible only stage wise. The management should have a positive rethink towards the use of strategic management. The success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the uncertainty and ambiguity of the environment e subjected to volatility. Strategic management issues are of important with respect to environmental and capability analysis, strategic formulation, strategic implementation, strategic evaluation and control, capacity utilization among others. The use of strategic management practice is considered as indispensable in small scale enterprises and MSMEs should consider strategic management policy for improving organizational performance and to face the global challenges.

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