

## CHAPTER - II

### REVIEW OF LITERATURE

#### 1. INTRODUCTION

The topic of industrial entrepreneurship created interest and attracted researcher's attention while going through literature on Industrial Sociology in India. Entrepreneurs play a vital role in the economic development of nations.

#### 2. UPLAONKAR A.T.

Uplaonkar<sup>1</sup> in his article has analyzed in detail the two theories regarding entrepreneurship. Traditionally entrepreneurs have come from business communities. According to Helen B.Lamb, in the early 20th century small beginnings in India heavy industry steel and Indian engineering, electric power and shipping were made by India's greatest industrialist the Parsi, Jameshedji N.Tata and his family and a very distinguished Gujarati, Walchand Hirachand. Similarly, the Marwaris who hailed from Marwar are of the most dynamic business communities in India. Again, in South India, it was the Cheltys and Nidus who played a significant role in establishing textile centres. In other words, business are run by these communities as family enterprises and as a Lamb pointed out, India's industrialists are usually members of old trading families which still dominate the business activity of the country.

Since independence, however, the Government of India with view to giving a fillip to Indian economy on the one hand and a draw young, educated and industrious entrepreneurs to industry on the other, began encouraging the growth of small scale units in cities, towns and villages. In the third five year plan the Government started providing capital, technical know-how, markets and land at different places. This policy has been intensified in the recent past in order to meet the growing pressure of unemployment among the educated youth. It is further important to mention that, several institutions like the, Directorate of Industries, Financial Corporations, Small Scale Industries Corporations and Small Industries Service Institutes were established by the Government, to facilitate the growth of self-employed entrepreneurs. The underlying assumption is that, better facilities and incentives can draw youth from diverse social backgrounds to industry.

It is a matter of controversy whether or not the policy of 'planned' social change will attract members from non-business communities to industry or, is it worth while to encourage and invest in members who do not have any industrial background. Social scientist have put forward different arguments in this behalf. They may, however be broadly classified into two groups :

Traditional Social Background,

Exposure to New Ideas and Opportunities.

Authors like Marx Weber (1958) in his book "Religion of India" contended that social institutions such as caste, doctrines of fate (Karma), rebirth (Panarjamma), duty (Dharma) and salvation (Moksha) played a negative role in the economic growth of Indian society." The effects of caste system on the economy... were essentially negative.... this order by its nature is completely traditionalistic and anti-rational in its effects."

The advocates of the Exposure theory have taken an altogether different stand. Their main argument is that, exposure to new ideas, availability of investment facilities and social and political security play a more vital role in the growth of entrepreneurship in any society, than business background.

Arguments may be advanced in favour of or against both the theories. However, it may be observed here that while there is considerable empirical evidence with regard to the 'social background' theory. The exposure theory is largely conceptual and hypothetical rather than empirical.

### 3. BHANUSHALI S.G.

The study by Bhanushali S.G.<sup>2</sup> deals with the entrepreneurship in engineering industry of Kolhapur in Maharashtra State. In all, 993 engineering units were registered with the D.I.C. Kolhapur from the 1st April 1947 to 30th September 1981. These units formed the universe for the study by Bhanushali. A sample of 125 units (12.5 percent to be exact) was taken for the study. The author was chosen Organisational set-up, Personnel, Production,

Finance, Marketing and Entrepreneur Creation as the basis on which development of entrepreneurs personality was charted. Some of the major findings of the study described below.

The author tried to find out, to what extent did the caste of the entrepreneur influence has making ? Did it serve as a hindrance any way ? On the strength of aggregate merit points as given, Mohammedans scored the highest (79) and hence ranked first in entrepreneurial development. Jains with 65 points to their credit, though stood second best, were little further away from Mohammedans as seen by their scores. Others and Brahmins ranked third and fourth respectively and were closer to Jains. Further lined Other Hindus (55) and Marathas (52) at fifth and sixth places respectively, both at a greater margin from the Brahmins. Christians (45) were at bottom in the hierarchy while maintaining a considerable distance from the last but one rank holder, Marathas. The author shows that, except the Christians minority communities exhibited superior entrepreneurial setting than the majority communities. The largest community viz. Marathas, remained almost at bottom.

A second facet of the authors study was to observe the relationship between educational level of the entrepreneur and his own development. Applying the creation of education, engineering diploma holders topped in the ranking with a score of 97, closely followed by engineering graduates (95) : Minorities in educational groups uneducated and 'others' (M.B.A., M.S.W., M.B.B.S., etc.) marginally fell short of the merit of the engineering graduates so that they ranked third with 92 merit points.

Undergraduates (86) had the fourth rank at a little distance from the third rank merit points. In close succession remained 'up to S.S.C. (84) and 'up to 7th (82) as fifth and sixth places respectively. Merit counts of the seventh rank secured by the general graduates (71) left wide gap with reference to the proceeding rank I.T.I. certificate holders were the last in the ordering (58) and had the largest merit gap compared to all others.

Adopting the cluster of educational level as the basis for establishing definite inference, the author has pointed out that, amongst all technically trained entrepreneurs excepting the I.T.I. people, emerged as superior entrepreneurs. I.T.I. passed persons failed miserably and so were driven to the lowest end.

Following the service and non-service categories and fathers occupations, a vivid impression is that, the service category surpassed the non-service category. Such inference sounds contrary to the established belief and general experience that more often the sons, particularly of non-service category of parents, follow on the same footsteps and pose themselves as good entrepreneurs, because the business spirit is imbibed into them from within the family right from their childhood, it becomes their blood quality. In case of Kolhapur engineering industry, the son of self-employed agriculturists could concur with this belief as depicted by their higher ranks, but those of others in the non-service cluster vitiated the belief as they ranked very low.

The study shows that, the development of entrepreneurship in engineering industry of Kolhapur reveals on queer mixture of different influences. Superiority of minority communities, excellence of persons with higher technical education and better performance of the progeny of those in service were the highlights of the entrepreneurial performance.

#### 4. GOULD H.A.

Harold A. Gould<sup>3</sup> observed that, "in terms of social stratification, the social structure of work in the two types of society, the industrial and complex pre-industrial imply fundamentally different approaches to the recruitment of personnel into occupational roles. We may characterize the social stratification found in the industrial and complex pre-industrial societies as achievement-oriented and ascription-oriented respectively. Again he remarks that, with the coming of European rule to India and within this framework, the coming of modern economic, social and political institutions, the foundation was laid for the competing achievement-oriented stratification system. The achievement-oriented stratification system rooted in modern technology and occupations succeeds in detaching work from its caste contexts without necessarily altering the extent to which other features of caste continue to operate. It will be recalled that a caste is endogamous and within the religious sphere of experience, is regarded as a kind of moral status which precisely expresses the cumulative consequences of a past existence."

## 5. SINGER MILTON

Milton Singer<sup>4</sup> has studied the industrialist in Madras city. He indicates that, "Individual industrialists and their families have put together the components of previous occupation, experience and education in different ways to build their respective enterprises. Their different adaptation to changing opportunities have resulted in different industrial growth patterns. These different growth patterns, as well as those of the other companies, show how entrepreneurial families make the transition from a predominantly agricultural society to industry. The factors such as individual and family experience, previous occupation, education and capital in relation to available opportunities have been more decisive than caste affiliation and traditional caste occupation in the recruiting of the industrial leadership of Madras city and in favouring successful career. In some cases, traditional caste occupation may have predisposed a family to the acquisition of such a background, but in most cases there has been a departure from traditional caste occupation. Industrial entrepreneurship is not, therefore, the preserve of any particular caste or traditional, "business community", but has attracted able individuals from several castes including Brahmans and cultivating castes whose traditional occupations would at first glance seem to be quite remote from industry. The association of members of these castes with industry can not be explained by invoking a general theory of caste and caste occupation but can be explained by detailed individual and family life histories and the social, economic and political history of Madras city.

Singer comments that, the caste system does not constitute the rigid, monolithic barrier that, it is usually alleged to be. Even during the pre-industrial period, the complexity and mobility of castes was far greater than the doctrine of the four varnas suggests. Departures of some castes members from traditional occupations and the formation of new subcaste clusters around new occupations are historical common places. Agriculture and commerce have historically been considered open to all castes.

Singer observes that, some traditional occupations may be more closely related to certain modern occupations than other traditional occupations. Trade and banking for example, are closely related to some kinds of skilled labour in a foundry. Hence, it would not be at all surprising to find that some castes are better qualified than others by experience, skill and knowledge of special conditions to move into related industrial occupations. Experience in trade and banking or in a skilled craft, however, is not in India confined to just one caste. Members of several castes have managed to acquire some of the experience and knowledge relevant to modern industry and have been able to move into industrial occupations when opportunities come their way.

The study of Singer suggests that, "traditional Hindu institutions and beliefs are compatible with modern industrial organization and that they are being adapted by the successful industrial leaders in Madras city, to supply the motivations and a positive social ethic for continuing industrialization".



6. GAIKWAD V.R. AND TRIPATHY R.N.

V.R.Gaikwad and R.N.Tripathy<sup>5</sup> in their research work "Socio-psychological Factors Influencing Industrial Entrepreneurship : A case study in Tanuka Region of West Godhawari, Andhra Pradesh" has observed that, bold, dashing and pragmatic personality, managerial competence, high motivation, dominant socio-economic powers enjoyed by the family and contacts at higher social and governmental level, lead to entrepreneurial development."

7. SHARMA R.A.

R.A.Sharma<sup>6</sup> in his " Entrepreneurial change in Indian Industry" noticed, two stremes in entrepreneurial growth. In the familiar shares the entrepreneurship was dispersed among various communities and in other spares, it was thinly spread among socially well-known communities. Strong desire to do something independent in life, technical knowledge and/or manufacturing experience, financial assistance from institutional sources, business experience in the same or related lines, accommodation in industrial estates and heavy demand are the factors that induced the new and small entrepreneurial class. The emerging new entrepreneurial class was more open than old."

8. DESHPANDE M.U.

According to M.U.Deshpande,<sup>7</sup> 'Entrepreneurship of Small Scale Industries', mentioned that political system was responsible for dormancy of entrepreneurship. Financial help from family and

father's occupational status were significantly related to entry. Industrial entrepreneurship was a result of collective ambitions and aspiration of the family."

9. UPADHYE A.P.

A.P.Upadhye<sup>8</sup>, in his , "A study in Development of Entrepreneurship in Small Scale Sector in Pune city" found that, success of entrepreneur was due to incentives offered by development agencies, family upbringing from particular caste and craft, providing attention to financial function and formal education."

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