Entrepreneurship in Pre-independent India, New Opportunities and Perspectives.

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Abstract

For Generations, Man has always been in his "Quest for Gold", today we have folks who look at disrupting the status quo by "Creative destruction", we call them Entrepreneurs. They are mostly individuals who have a keen eye on the arising opportunities, willingness to churn out their share of fortune, creating wealth for themselves and also for those who are involved in the firm. In this paper, I would take a walk down to memory lanes as presented by a few on how the entrepreneurship started during the British era, and how the emergence of the "Change Maker" Entrepreneurship came up with a growth mindset, and towards the end we look at a few influencing perspectives of Entrepreneurship.

Keywords

Globalization, Information technology, Strategic plan, Entrepreneurship, Business Performance Indicator, and Deployment.

1. Introduction

New venture creation is important in the international economy, the key factor that defines entrepreneurship, and shows how three factors-individuals, environment, and organizations-come together to make the entrepreneurial event. Studying entrepreneurship cannot be done in a formulaic way, by the numbers fashion. It requires judgment. (Dollinger, n.d.).

2. Evolution of Entrepreneurship in India

British enterprises enjoyed phenomenal success in the late nineteenth century. A few large British firms dominated the modern industrial economies of Eastern India because of an upper hand in external trading sector. These firms were introduced into India not only in the early industrial era but also looked like a corporate organization most Based out of Calcutta.

After reaching a peak within the early 1900s, British enterprises were still attached to old and declining sectors of the Indian industrial and trading economy and appeared to lose their dynamism. (Misra, 2000)
We can look explain in two broad categories: the first and more conventional of political uncertainty suggests that after the First World War British businesses in India were subject to serious disadvantages and therefore the consequent British business weakens.
The second view is that new economic conditions of inter-war India, Indian entrepreneurs who were better placed to take advantage of business, and particularly manufacturing opportunities, than their British counterparts.
It then seemed clear from the research that the Indian government had its own financial priorities and had little interest in promoting specifically British business. With the change in attitude, British firms were being outstripped by their Indian competitors in industrial innovation and rates of investment from the late 1920s.
Another view of the decline of British business is more convincing: the new multinational type of enterprise was much more suited to industries where a large-scale investment of capital and organizational complexity were required. British expatriate firms, with their antiquated structures, were unable to adapt to these new circumstances. British companies which did not make the transition to the multi-divisional, modern industry began fading away.
Some Indian enterprises, which had been almost exclusively mercantile, small-scale, family firms, transformed themselves into pioneers of advanced and heavy industry. British firms, however, didn't adopt this way though they had considerable advantages. They may not have been familiar with the Indian markets, but they did have the advantage of extensive contacts in the European and North American economies.
British firms should have enabled the use of resources like foreign technology, capital, and co-operation to establish a competitive advantage over Indian firms to move into the modern industry since they already had a standing. Yet their strategy was different? A central reason that determined the fate of British and Indian enterprises lies in their diverse attitudes towards business activity, their self-image as businessmen: what might be called their ‘business culture’.

3. The Individuals, The Environment, The Organization

Most of these firms were founded by Scots of not particularly high social status with a background in trade or agriculture and they continued to recruit heavily from Scotland throughout the period.

Some of the wide range of industrial and commercial activities that they were involved in traditional businesses like jute manufacturing, coal mining, and transport to insurance, banking, and the provision of agency services for manufacturers based in Britain. There were about a handful of dominant ones from about sixty significant Managing Agency Houses. In 1915, these kinds of firms provided almost half of the total employment in industry in India.

These firms had an unusual structure although private partnership firms themselves, they had only small shareholding interests whereas they controlled a large number of independent public companies. They made their money by providing a range of managerial, financial, and agency services protected by long-term legal contracts and not through investments in these companies, which could have led to long-term gains. The investments which they did make in the companies were primarily designed to secure these legal management contracts.

However, the British firms were unable to grasp the opportunities offered by Indian economic development in the 30 years before independence. Such opportunities were demonstrated by the meteoric rise of entrepreneurs and the success of Japanese and German businesses and even of multi-national companies based in Britain, such as ICI. The British due to their business attitude failed to compete. They could not accept change to diversify into the expanding, new industrial sectors which were opening up in India after World War-1 in particular in construction, iron, and steel, transport, and chemicals.

Tomlinson has argued that the reason for this was that the managing agencies lacked capital, but this was just another blocked mind-set. The British firms themselves clearly knew that there was no difficulty in raising capital.

Similarly, during the 1940s, the partners of both Gillanders, Arbuthnot, and Co., and Bird and Co. found overwhelming offers of capital from Indian sources. The attitudes of these businessmen suggest that it was their beliefs and not lack of capital that held firms from diversification and growth; it was rather their deeply-held beliefs about the nature of the firm or what we call today as "Limiting Beliefs". To raise the capital necessary to invest in modern industries they would have to become public limited companies from private firms. This would have diluted the partners' capital holdings, have more owners joining and therefore their autonomy and control over the future of the firm would be reduced from before.

4. Remain in your Comfort Zone or Expand …. Which would you Romance with?

British businessmen's commitment to stay small, partnership firm and the consequent acceptance to stay in a comfort zone was not the product of the influence of prevailing aristocratic culture, they preferred to live the life of a landed gentleman that was filled with leisure or politically active life, as some historians have suggested; it was part of a more general attachment to a particularly individualistic set of attitudes towards business. The central concern of these businessmen was to maintain full personal control over their firms: they insisted on having room for maneuver and preferred, therefore, to spread their risks across many activities; they refused to tie themselves or their capital down in long-term projects and took a short-term view of profit; they wanted to be able to seize any business opportunity and move capital quickly in order to take advantage of new ventures. They always wanted to play on Safe mode which meant that they spread risk across many ventures to conserve capital, and insisted on maintaining control of those ventures in which they invested so that they could withdraw capital rapidly if there are changing market conditions.

Gut instinct had a high value in the business strategy of the individual Indian entrepreneur, or the 'business brain' as these businessmen described it; hence they liked having to rely on the gut rather than on technical advice that was complex and time-consuming.

Entrepreneurs of this type had a rather romantic approach to business, a belief that business should be exciting, rewarding, energetic individualists allegedly characteristic of the large-scale, hierarchical, and professionally managed corporations which were becoming common, particularly in the United States.

British business, therefore, found the Managing Agency House an ideal vehicle for translation of this 'business culture' into practice. Frequently businessmen made conscious decisions not to diversify or innovate as they preferred the tried and tested options because innovation would have come in conflict with these values.

Past experiences influenced these sets of attitudes to some extent since these businesses' had early mercantile origins. An individualistic and adventurous approach had been very appropriate initially, then they were mainly involved in financing export and import trade, that could grow personal wealth of individual partners. Even after these Managing Agency Houses had become much larger and more stable, the attitudes of these British businessmen suggests that these values continued to be influential in the way they operated. British business had to raise capital, the managing agents were concerned with their status of managerial autonomy and absolute control, even though this strategy restricted the amount of capital they could raise. Henry Gladstone, of Gillanders, Arbuthnot and Co. admitted as much when he objected to the possibility of changing the status and structure of the company in 1927, arguing: He felt that there were restrictions of a joint-stock company and they were irksome to an extent.

A private partnership is so absolutely master in its own house.'21 Bird & Co. when offered the opportunity to go into a joint venture showed a overriding concern with autonomy in the promising Indian steel industry in 1935. The British business here had to raise capital and in order to mobilize the capital required to join this venture it was suggested to Edward Benthall, the senior partner in the firm, that Birds should become public limited company. Edward was quite. Adamant that this proposal should be avoided, saying: 'Once the public aa concerned with the firms we all believe that their disintegration will not be long delayed. British Businessmen strongly opposed to such a step if it can be avoided by any practical means.

Similar new opportunities for Gillanders Arbuthnot in both engineering and steel ventures required high expenditure of capital that could have been easily raised by turning the company (Gillanders, Arbuthnot, and Co.) into a public limited company. Yet again the idea was rejected, saying that to preserve the company as a private partnership; Henry Gladstone emphatically stated: 'For him it's not a matter of pounds, shillings and pence. He wanted a smooth-running business and not to impede the safe running of the coach by hasty and unwise changes.

It is clear, then, that although these companies were aware of new business opportunities, and could see that they would be profitable, they placed a higher value on maintaining their exclusive control and autonomy within their private firms. Therefore these businessmen chose to remain in old and clearly stagnating businesses, such as jute and coal, which required less capital. The partners were often aware that the maintenance of control was at the expense of innovation and diversification. Edward Benthall, writing in 1928, admitted that this strategy was inhibiting the development of the business as any spare capital was used to buy protective shareholdings in the companies they already managed in order to maintain control and by preventing others from buying shares in the firm; as he explained: 'a really forward and constructive policy is out of reach. Our main aim is to keep things going, to avoid serious mistakes and increase protective holdings'.

This refusal to open up shareholding inevitably led to a miserly attitude to the use of capital and companies formulated rigid rules governing capital that could be invested in any enterprise.

This refusal to commit money to one interest and the concern with spreading risk meant that the partners of Managing Agency Houses were required to oversee the running of several companies, often in different fields. Inevitably management was not as specialized or competent as it might have been and there were frequent criticisms of the caliber of their administration. For example, in 1893 the firm of James Finlay and Co. was sued by an English shareholder of one of their mills. The litigant alleged: There is a feeling that you have a double interest, there is no public confidence in your management. In your undertakings and that your interests as shareholders are largely subordinated to your interests as managers, agents, and financiers. The Business Community felt the Champdany Company had made a laughing stock of itself. The interests your senior partner has to supervise and control are so varied and so vast that the affairs of the Champdany Company can only receive a small share of his time.

Conservative attitude towards capital was another drawback of the managing agents'? since their insistence that the capital they employed should show swift returns and thus never be committed for too long. Such 'short-termism' ruled out certain kinds of investments. So, one reason

Bird and Co. refused to participate in the proposed steel venture in the mid-1930s was that projected profits would not be realized for at least seven years. A British firm (Gillanders, Arbuthnot and Co.) in 1928 decided not to invest in road transport schemes, again on the grounds that 'ten years is too long to wait for a return'.

Keeping capital constantly with the firm had a significant impact on the level of technological sophistication in many of the enterprises. A partner of James Finlay and Co. in 1893 admitted antiquated machinery was the reason for failure of one of their jute mills, 'all to save a few thousand rupees'. Gladstone's attitude was typical: he halted innovation to cut cost so, in 1909, he noted: all the mills have reached a point to exercise the strictest economy in all directions. His justification was based on ship owners "Why should we not do what ship-owners do in bad times; Crew had to be reduced and repairs need to be at minimal". Surely a great deal more can be done to save expenditure.

Even in 1941, these British Businessmen wore the same conservative attitude. The renovation of one of the firm's paper mills was halted by Benthall: 'renovations must go slow. It is imperative that they had a first class cash position'. British businessmen's conservative approach to investment even drew the critical attention of the government;

5. Criticism and Emergence of Perspectives

British managing agency houses could not escape criticism for being unduly conservative in their methods of business and exhibiting undue reluctance to begin new ventures. In other words, they have been inclined to develop commerce rather than industries and to have been less helpful than might have been the case in clearing the way for the industrial firm and their highly individualistic business style, was strengthened by their intellectual attachment progress.

The managing agents' commitment to the small partnership to the economic tenets of laissez-faire. This ideology of the British Businessmen obviously provided intellectual legitimacy for their merchant style and identity: it justified the persistence of small, private competitive market-oriented firms in the face of clear pressures to merge, integrate and rationalize. Identifying the political ideology of British businessmen was a complex issue that can only be examined briefly here, but there are three aspects of these laissez-faire views which were particularly evident among British businessmen in India.

Firstly, that there should be strict adherence to free trade theory, secondly there was a firm belief in the preservation of small competitive firms, and finally, there was an antipathy to business involvement in politics and dealings with the state.

Many of the new industries which developed in India in the period of the war were initially protected by tariffs. This was because the state, partly in its search for revenue, tried to encourage domestic industries. It was quite surprising that British expatriate businessmen were unwilling to take the manufacturing opportunities created by protection. British firms wanted to keep themselves away from new industries partly because they were ideologically opposed to the principle of protection. The laissez-faire instincts of these expatriate businessmen led them to stress the importance of preserving an economic system conducive to the survival of small firms even when economic crisis threatened these firms' viability. Between 1920s and 1930s overproduction of raw jute led to a profound crisis in the jute processing industry. The government suggested, in response, that the industry be rationalized through company mergers, arguing that this would produce larger plants that would then be in a position to recover competitiveness. Benthall's firm resisted these plans. He was sure that he would certainly benefit from this rationalization, 'The conditions of trade between Britain and India was looking at small firms being altered.

Initially, it would appear that the government had some anti-capitalists in their midst.' Even though the failure to rationalize the jute industry meant that the firm continued to make losses, Benthall was willing to accept this as the price to be paid for preserving competition: 'As a fundamental principle, we see that we are not entitled to the making of large profits if we are not prepared to stand up firmly to periods of poor trading. 'These entrepreneurs were as hostile to business involvement in politics as they were to state involvement in business. During the 1930s, the British Government in India as part of its Anti-congress strategy tried to establish a new conservative business party designed to engage the support of business groups, Indian and British, by offering them influence over policy.

Some Indian businessmen were enthusiastic about the Rise of a new corporate thought process, but the response of British entrepreneurs was much more wary. Edward Benthall remarked that: there have been at many instances to try to provide some constitutional protections against the government interfering in business. It seemed to him that this interference would be moreover looked upon as a policy of running to the government whenever there is difficulty.

He was not only suspicious of Indian politicians, but considered that the very mild intervention instance of some British Conservatives exhibited 'socialistic leanings'. Unable to see things change for the better it is easy to see that any new corporatist initiatives failed. Businessmen refused to establish political influence when they had the chance and were subsequently ignored during the transition to independence.

6. Conclusion: Learnings from Then and Now

To effectively start-up and manage new ventures, Entrepreneurial learning is most often described as a continuous process that help develop necessary knowledge for sustainability. From our literature survey, we find that in entrepreneurs' experiences, there is a very thin line between "entrepreneurial experience" and "entrepreneurial knowledge" (or what (Reuber et al., 1990) has also referred to as "experientially acquired knowledge").

From our literature on How the British Entrepreneurs and Indian Entrepreneurs behaved, These two concepts are mostly distinguished to consider entrepreneurs' experiences has an impact on new venture creation, when the action-oriented knowledge and learning from what an entrepreneur has encountered represents the wisdom derived from this particular experience (Reuber et al., 1990).

When we look at the then prevailing circumstances, we could reason based on (Politis, 2005), two basic dimensions of experiential learning-acquisition (grasping) and transformation. Acquisition or Grasping can be argued to be similar to "experience" which we gain as entrepreneurs' experiences, transformation can be considered equivalent to "experientially acquired knowledge" based on the action taken (referred to as entrepreneurial knowledge).

If past experience can explain success on How some entrepreneurs are more successful than others (e.g., Politis, 2005; Reuber et al., 1990; Wright et al., 1997), which type of career experience can then be taken into account to have an impact on entrepreneurs' learning in terms of developing their effectiveness in recognition of prevailing opportunity and coping up with the exposure of newness? A widely used measure in studies of entrepreneurial learning is prior start-up experience (Bruderl et al., 1992; Wright et al., 1997) (Politis, 2005) and according to our literature, the British at one point in time were looking at prevailing circumstances of the business and were not ready to take on liabilities whereas Indian entrepreneurs were willing to take the gamble.

Prior start-up experience, knowledge gained, and decision making: According to previous researches carried, it indicates that previous start-up experience has provided action-oriented learning and knowledge to individuals that aids the decision-making process about entrepreneurial opportunities which arise time pressure-filled with uncertainty (Johannisson et al., 1998; Sarasvathy, 2001). As a result, to exploit opportunity individuals with more prior start-up experience would see it much more beneficial to exploit an existing circumstance as more desirable than other individuals with less start-up experience see it, and therefore be more likely to exploit it to add value to the ecosystem.

Many empirical studies dwell on the concept of "Learning by doing". For example, (Gimeno et al., 1997) showed that previous start-up experience of founders enhances the economic performance and hence better profits. When do we consider a few liabilities of how to manage newness? A prior start-up experience is mostly considered to provide important clues in terms of knowledge and wisdom that helps an entrepreneur to bravely face the drawbacks of newness that new ventures face (Politis, 2005; Reuber et al., 1990).

Moreover, (Cooper et al., 1989) showed a positive relationship between the entrepreneurs' previous start-up experience and firm performance also see (Reuber et al., 1990; Stuart & Abetti, 1990) for similar results. Several authors also point out that Education to be a great source of information and knowledge, but much of the required action is primarily taking action or by going ahead and doing what's required to keep the firm afloat (Cope & Watts, 2000; Politis, 2008). For example, it's more like forming a daily routine and thereby developing routines to form organizations may quite be learned by creating organizations (Bruderl et al., 1992; Shepherd et al., 2000), and to understand how they work? Gathering the right information, making effective decisions with available information about opportunities, and with a call to action can only be understood when we go ahead and undertake the activity or the practical experience is what matters? (Duchesneau & Gartner, 2016; Gartner, 2016; Politis, 2005; Rondstat, 1988).

I would like to conclude here from the literature survey that, Uncertainty leads to UNITY.

Uncertainty: In the previous and current times, we were always surrounded with the uncertainty changing social, economic, and ecological conditions

Newness: Uncertainty has led to opportunity recognition and acceptance of newness

Intelligence: This Newness has helped us learn and thereby enhance our intelligence to exploit opportunities and add value to the human race

Travel: With uncertainty, Newness and intelligence, we begin to travel the path of new learnings.

You: uncertainty, newness, intelligence, travel lead to an enhanced "You"

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