



Role of socio-cultural milieu on becoming an entrepreneur in India

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ABSTRACT

A successful entrepreneur is a unit of society and hence, an entrepreneur is the contribution of constellation of factors or forces working in tandem within a cultural context. At the same time an entrepreneur is also a reflection of the cultural context he/she is a part of. Hence, it becomes imperative to highlight and explicate the role of those socio-cultural factors in a country like India where cultural diversity with regards to norms, values, beliefs, religion, kinship and institutions forms the bedrock for conditioning and tailoring of an individual to become a successful entrepreneur. Nevertheless, entrepreneurs are the creations of the socio-cultural environment. Thus, this paper with the objective of bringing to fore the imperative role of socio-cultural milieu in tailoring an entrepreneur in an Indian society is purely based on the secondary literature.

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Introduction

Desirable economic growth rate calls for multitude enterprises by the entrepreneurs as they form a vital prerequisite for the economic development of a country in the form of generating employment opportunities, introducing and disseminating new methods and technology, creating additional wealth and contributing for the overall economic growth. It is in the creation of more wealth, and in the constant innovation from prevailing to the next best practices, that the significance and importance of Entrepreneurship lies. Of late immense prominence is being given to recognize the role of cultural context in entrepreneurship; as, an entrepreneur is a product of the socio-cultural milieu. This necessitates the need to emphasize and understand the factors that facilitate a wider base of population turn into successful entrepreneurs.

Entrepreneurship in a particular milieu depends not on a single overriding factor but rather on 'a constellation of factors' at the individual, societal and national levels. Entrepreneurship depends on individual motivations, individual experiences, socio-cultural (including family) traditions, educational opportunities, availability of relevant skills and attitudes, supporting financial institutions and access to credit, existence of commercial trading centres, supporting infrastructure including trade routes with efficient transport and communication facilities, macro-economic environment and overall political stability (National Knowledge Commission, GoI 2008).

Rationale

A successful entrepreneur is a unit of society and hence, an entrepreneur is the contribution of constellation of factors (forces) working in tandem within a cultural context. At the same time an entrepreneur is also a reflection of the cultural context he is a part of. Hence, it becomes imperative to highlight and explicate the role of those socio-cultural factors in a country like India where cultural diversity with regards to norms, values, beliefs, religion, kinship and institutions forms the bedrock for conditioning and tailoring of an individual to

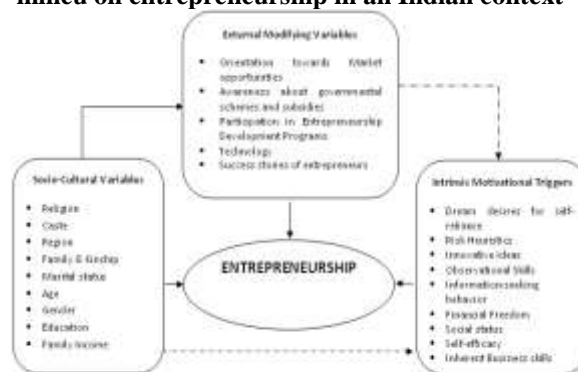
become a successful entrepreneur. Nevertheless, entrepreneurs are the creations of the socio-cultural environment.

In the words of Edward Tylor (1871), "culture is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society". Thus, this paper with the objective of bringing to fore the imperative role of socio-cultural milieu in tailoring an entrepreneur in an Indian society is purely based on the secondary literature.

The Theoretical Framework and Conceptual Model

The line of inquiry for any valid research is always guided by the theory. *The theory of Reasoned Action* by Icek Ajzen and Martin Fishbein: 1975, 1980, Maslow's *Motivational Theory of Hierarchy of Needs* and Bandura's *Social Learning Theory* have aided in understanding an individual's reasoned action to opt for entrepreneurship.

Conceptual model explicating the role of socio-cultural milieu on entrepreneurship in an Indian context



Model Developed by: Ashwini A. Dandappanavar, Afreen A. Nasabi, Halaswamy D.

The above conceptual model explicates the vital role of the variables on an individual within an Indian context to become an entrepreneur. Cultural traditions, beliefs, norms, values institutions, schemas have their deep roots in the Indian society. The social institutions - religion, family and kinship; the socio-

cultural factors i.e. caste, the type of family (joint /nuclear), family background and kinship ties, age, gender and education of an individual, family income and marital status have a significant impact on an individual for entrepreneurship. Apart from these variables every individual has intrinsic motivational triggers that influence on an individual like dream desires for self-reliance, ability to conceive and address risk heuristics, interest for innovative ideas, skills that are inherent to handle business, capability for observation, information-seeking behavior that is guided by immediate others, a strong sense of social status for recognition and financial freedom, self-efficacy which forms the locus of control to undertake risks. External Modifying Variables i.e. Market opportunities, awareness on government sponsored schemes and subsidies, Entrepreneurship Development Programs, technology and success stories of the most eminent Indian entrepreneurs like Dhirubai Ambani, Jamshedji Tata, Laxmi Mittal etc., who have travelled a long way towards development within the Indian socio-cultural set up. These external modifying variables have proved to be a major contributors for entrepreneurship nurturing in India.

Discussion

Studies by Roni (2003), Balu, highlight that socio-cultural factors and intrinsic triggers motivate an individual for entrepreneurship. Social institutions like religion, family, marriage and kinship play a vital role on an individual for entrepreneurship.

Religion and caste have a vital influence on an individual. Some religions are conducive to entrepreneurship, while some inhibit. Religious beliefs and caste influence on an individual to become an entrepreneur. In India, religion in most cases decides the business an individual has to choose. Sayed (2011) highlights the mighty Birla's, who opted to stay out of the hotel business in order to avoid serving non-vegetarian food. In India it is religion based norms and values that shape an individual's course of actions.

Region or Place of Residence of an individual also has its own implications provided the region has vast and varied market and employment opportunities. Apart from the favourable hub for the development of entrepreneurship the business should basically address the needs and requirements of the people. To be able to be driven by ideas, one needs to incubate them in an environment that facilitates and nurtures the ideas. Idea driven by well-equipped infrastructure, government policies and supportive external environment become a driving force to move up with the idea which is generated. Market opportunity is also a motivation to nurture the ideas to businesses. A region which gives scope to budding entrepreneurs builds confidence and increases risk bearing ability for new ideas that needs to become businesses. We have seen that clusters are formed in a particular region as they support the particular businesses. Ahmedabad shows a higher degree of family support for Entrepreneurship (NKC 2008).

The institution of *family* in India is central to the actions of every Indian. Family values and tenets learnt during the process of socialization are exercised even in day-to-day professional life. AVS Raju Chairman of Nagarjuna Construction Company treats employees as members of its family and thus it doesn't believe in sacking them (TSI 2009).

The type of family i.e. nuclear or joint and the family background i.e. familiarity with a business environment act as a springboard to increase the probability of an offspring to become an entrepreneur. In a family, where commercial activity and

business conversations are part of the daily household routine, it becomes a challenge for the entrepreneur to create viable business with the family support. Commitment, continuity, close interactions between the family and business (characteristics of family enterprises) may have an impact on the choices in business. There are certain communities like Chettiaris, Baniyas, Marvaris, Iyengars in India, well known for their enterprising nature in trade and business. The Joint Hindu family system in India has promoted the entrepreneurship by providing environment for developing skills and building strong traditions and customs.

Kinship ties too largely determine the success of an entrepreneur. Grandhi Mallikarjuna Rao (or GMR, as he is popularly known), the founder Chairman of GMR Group, a well diversified group with special focus on airports, energy, highways and urban infrastructure businesses including SEZs, apart from interests in agri-business. The 54-year-old media-shy chairman adopted the success mantra of keeping the family work together in practice which reflects the sustainability of family-run business is due to kinship ties unlike other enterprises which are based on corporate ties. Similar is the case of AVS Raju, Chairman of Nagarjuna Construction Company, a school dropout who, in a span of 40 years, built up a billion dollar construction-company to find a place in the Guinness Book of World Records. His philosophy of keeping his family together made all his seven sons work with NCC, as besides two out of three son-in-laws (The Sunday Indian Feb 15, 2009).

Marital status and Age and his experience in the domain of business serves as a contributory factor for entrepreneurial growth. The young age is an encouraging factor to take up risk and do business (Balu).

Gender favoritism in areas of employment, health, education, food and nutrition, marriage, has received large attention from social scientists all over the globe in India. Interventions of governmental programmes, schemes, benefits, awareness on human rights and fundamental rights have curbed the gender discrimination up to some extent. Nevertheless lately the entry of women as competitive entrepreneurs is becoming visible.

Education is a critical success factor that influences entrepreneurial behaviour in an individual. If clubbed with necessary skills, education shall prove to be a key trigger to evoke entrepreneurial inclinations. Synergies between Education (including modern vocational education training/skill development), Innovation (converting ideas into wealth and employment) and Entrepreneurship should be encouraged. Growing the pool of skilled people is a key priority. This entirely depends upon access to quality education.

Motivational Triggers and External Modifying Variables

The study conducted by National Knowledge Commission (2008) brings to fore what they classify as "Motivational Triggers" – Dream desires, challenge, New Idea, Family Background, individual achievements, market opportunity and independent. Other than these various studies highlight that the ideology of - earn more money, social status, self-efficacy, individual interest, optimum use of governmental resources and schemes, vision of growth, sense of ownership are also motivational triggers.

Naumes (1978) states that factors like external support for financing, technology, management and productive capacity are largely responsible for the success of many new ventures. Vesper and Albaum (1979) emphasize that the presence of local market conditions, existence of incubator industries, technical

manpower, universities with doctoral programs and affiliated laboratories, research laboratories of major companies and governments, sources of venture capital and favorable government policies largely govern the decision of entrepreneurs in setting up a project.

Cooper (1970) lists a number of factors as important in entrepreneurial decisions: example of entrepreneurial action, knowledge about entrepreneurship, attitude of the society toward entrepreneurship, salary and taxation, availability of venture capital, availability of personnel and support services, access to customers, access to universities, opportunities for interim consulting and general economic conditions. Bruno and Tyebjee (1982) identified availability of venture capital, skilled labor force, land facilities, access to transport, presence of experienced entrepreneurs, favorable tax and licensing policies, encouraging loan and financial policies, availability of support services, cultural and living conditions, government financial assistance and contracts, etc., as important forces affecting the development of an entrepreneur.

The study conducted by Ali and Alam (1997) brings to fore that easy loan, availability of skilled manpower, bureaucratic redtapism, political stability, smooth supply of infrastructural facilities, superior law and order situation, government support, liberal industrial policy, and education and training facilities as the influential factors in order of importance for the development of entrepreneurship in Bangladesh. Roni (2003), in his study on "Environmental issues of Entrepreneurship Development: Bangladesh Scenario," included socio-cultural aspects as well as the role of state as the major elements of entrepreneurial environment. He also considered capital, labor, raw materials, technology, and market size and composition as the opportunity conditions for the entrepreneurs. He postulated that the economic opportunity condition in Bangladesh is reasonably favorable. But entrepreneurship has not stepped forward to take advantage of such favorable conditions. In this regard he identified the unfavorable non-economic factors, like political, legal and socio-cultural factors that impede the growth of entrepreneurship in the country.

Conclusion

Culture is an important factor to entrepreneurship, as it determines not only the ethos of people but it also creates distinction and conveys a sense of identity to the entrepreneur. Entrepreneurship creates enterprising men who are risk bearers. It determines goods and services. The understanding of culture enables the entrepreneur to skillfully manipulate the cultural codes of his/her society, balancing between the permissible and the profane, tugging moral codes into a new conformation. It enhances social system stability.

Reasoned behaviour of an individual is conditioned and tailored by the cultural context within which he lives. In India there is a strong influence of social institutions i.e. religion, family, marriage, kinship on individual on entrepreneurial

career. The socio-cultural norms, values, morals, family ties and support – in other words – culture- form the framework within which individuals can be influenced to pursue entrepreneurial opportunities

Entrepreneurial practices are way of transforming of business ideas and individual values in to practice. Entrepreneurial value formation is influenced by the socio-cultural and personal background factor such as age, ethnicity, family background, religion and education, of the decision makers. The paper brings to fore and draws attention towards the imperative role of Socio-Cultural Milieu on Entrepreneurship.

Entrepreneurship is recognized as central to the process of mobilizing capital, adding value to natural resources, producing necessary goods and services, creating employment and developing the means by which trade is carried on. However, the growth of entrepreneurship results from certain environmental conditions and socio-cultural milieu. An entrepreneur who is a element member of the society has always been the product of the socio-cultural environment. A person within a context inculcates knowledge in various fields during the process of socialization. Within a society like India, one can find the interplay of socio-cultural factors in day-to-day activities of an individual. The factors have a great role to play in shaping the character of an individual towards entrepreneurship.

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