



FOSTERING ENTREPRENEURSHIP IN GLOBAL CONTEXT: ISSUES AND CHALLENGES

Sub theme: Innovation and Entrepreneurship

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Abstract: An old World Bank estimation stated that by 2015 there will be 3 billion youth less than 25 years old and a majority prevailing in India. With such powerful work force in hand India's growth tend to accelerate only when the employment opportunities are available in the country. With the exponential growth rate, employment challenges are equally approaching to the society and nation as a whole. Fostering entrepreneurs and cultivating the ability of entrepreneurship is a 'Call' what time demands. Entrepreneurship hence plays a pivotal role in laying foundations for growth. It is a contributor to employment opportunities, innovation and improvisation of goods and services resulting in competition for betterment. Entrepreneurship not only creates jobs but also help in uplifting the living standards of the society.

Sub theme: Innovation and Entrepreneurship

We are witnessing Fourth Industrial Revolution which is characterized by 'computers and internet' making everything *Digital*. It's a phase where gender, age, and family background are no barriers to think new and creative. An entrepreneur with a new idea and technology develops an overall opportunities for employment, production, services and welfares. In a male dominated sector of entrepreneurship we now see women entrepreneurs emerging with brilliant innovative business ideas. Profit is just not the sole motive now. With the emergence of Social and Political Entrepreneurship the society benefits and welfares are also taken into consideration. Therefore, Innovation has an important role to play in the current dynamic era.

Index Terms – Innovation, Entrepreneurship, Women, Political, Social, Digital Entrepreneurship, Issues and Challenges

INTRODUCTION:

China and India are the major contributors to the world's population. China and India together constitute about 37% of the world's population. Africa is the second most populated continent, with around 1 billion people, or 15% of the world's population. According to "World Population Prospects: The 2017 Revision" United Nations Department of Economic and Social Affairs, Population Division, India with a census of 1,324,171,354, ranks 2nd among the most populated countries with nearly fifth of the world's population. Projected to be the most populous country and pass the Chinese population by 2024. An old World Bank estimation stated that by 2015 there will be 3 billion youth less than 25 years old and a majority prevailing in India.

With such powerful work force in hand, a nation's growth is intended to accelerate only when the employment opportunities are available in the country. With the exponential growth rate, employment challenges are equally approaching to the society and nation as a whole. Fostering entrepreneurs and cultivating the ability of entrepreneurship is a 'Call' what time demands. Encouraging brains with ideas and nurturing the plan to reality is a way to build a growing nation with strong financial independence.

Usually 'Entrepreneur' is considered as a person who sets up a business. However, an Entrepreneur is a person who conceives an idea, initiates the pragmatic approach to make the idea into a successful venture by taking financial risks with a hope to make profits. Entrepreneurship is thus the ability to plan, organise and execute a business idea with a hope to make profits and endure risk of losses.

Entrepreneurship hence plays a pivotal role in laying foundations for growth and progress of a country. It is a contributor to employment opportunities, innovation and improvisation of goods and services resulting in competition for betterment. Entrepreneurship not only creates jobs but also helps in uplifting the living standards of the society and strengthening the economy as a whole. It challenges existing business to improve and explore new horizons possible.

The concepts of Globalisation and Liberalisation have changed the panorama of today's business approach, policies and strategies. With the growing blur of geographical positions and accepting world as one big market, entrepreneurs target entire population as their prospective customers. Thus, Entrepreneurship paves ways for economic-growth, better access to resources within the country and abroad.

Innovation And Entrepreneurship:

Innovation and Entrepreneurship go hand in hand. Entrepreneurs are the visionaries of better economy. They are the innovators of the economy. While framing policies and pooling resources to restore growth and overcome the global economic and financial crisis Innovative Entrepreneurship acts as a tool to tackle the problems like job creation, poverty reduction, and economic growth. It also initiates the key social changes in the country. Entrepreneurship focuses on innovation for improvisation of the products and services. Innovation has an important role to play in the current dynamic era. Cost efficiency is possible only through best technology. Innovation thus enters in every possible filed of business making things effective and efficient for the entrepreneurs.

Importance Of Innovation In Entrepreneurship:

- Inventing new ideas for production of new products and granting services.
- Acts as a key for longevity of a business enterprise. Helps in meeting ever changing needs and demands of the customers.
- It helps in developing multiple solutions to a problem. Resulting in numerous options available for smooth functioning of the business.
- Culture blending needs new ideas and visions for developing desired products.
- Important from competition point of view. Determines sustainability and survival of a business in cut-throat competitive environment.

Types of Innovation:

Open – coined by Professor Henry Chesbrough. In Open Innovation a business exploits both internal and external ideas to advance their operations. For e.g. companies using internal and external flow of knowledge for expansion purposes.

Disruptive – coined by Professor, author and entrepreneur Clayton M. Christensen. Under Disruptive Innovation new product starts from the bottom of the marketplace eventually displacing their competitors. For e.g. refrigerator as replacement of icebox, mobile phones as replacement of landline home phones.

Reverse – termed used by Vijay Govindarajan, author of "Reverse Innovation" (HBR Press, 2012). It is when products or services are developed first to be used in developing nations. For e.g. dried noodles developed by Nestle to be sold in India which later got popular in Australia and New Zealand and United States of America eventually.

Incremental – innovations made in the existing products to ensure their sustainability in the market. For e.g. men razor blades and automobiles.

Breakthrough – also known as Radical Innovation. Completely new ideas and concepts are developed. For e.g. transistors and internet.

Features favouring Innovative Entrepreneurship:

- Access to finance – capital required to establish and run a business. Equity-debt financing, venture capital, etc.
- Access to knowledge – access to numerous private, public, and academic knowledge to nourish the innovative activity. R&D investments, technological co-operations, etc.
- Market environment – access to domestic and foreign market, market regulations, states of competition, etc.
- Access to labour – policies affecting the cost of acquiring high skilled labour capital.
- Entrepreneurial culture and capabilities – societal and cultural environment supporting entrepreneurship and innovation, capabilities of entrepreneur to identify opportunities, drive innovations and run new businesses.
- Regulatory framework—government regulations and public policies influencing the early establishment of a business and its growth such as taxation, bankruptcy, entry and exit, etc.

1. Women entrepreneurship: Entrepreneurship among Women

Entrepreneurship has always been considered male-dominated phenomena. But Liberalisation and Globalisation have changed the mind set and perspective of entrepreneurship being a male leading area. Women have stepped out from the role of House Makers to play their part as Job Creators. Women are now establishing their own business ventures. Various industries now have leading role models as their women entrepreneurs.

The current Indian population consists of 1.324 billion approx. (2016 census) and sex ratio being 944 females per 1000 males. Women are the new waves in the male dominated business ocean. Over the past few years 126 million women have taken up entrepreneurship globally, whereas in India around 8 million women started their business. 24% of women share at the corporate senior management position globally, in India the percentage is around 30%. Around 37% of formal enterprises are owned by women around the globe whereas 10% of formal enterprises in India are being operated by women. 224 million women are impacting the global economy — and this survey counts only 67 of the 188 countries recognized by the World Bank.

Prominent Indian industries are now experiencing some major female icons like Kiran Majumdar Shaw –chairperson of Biocon (Pharma Industry), Vandana Luthra –founder and owner of VLCC (beauty and fitness industry) , Ekta Kapoor – founder of Balaji Telefilms (entertainment Industry), Richa Kar – founder of Zivame (e-commerce industry).

Statistics: Indian Scenario

- About 58% of women started their business between the ages of 20-30 years
- About 25% of women started their business before turning to 25 years of age.
- About 73% of women report to earn the a revenue of around ₹10,00,000(1 million or 10 lakh)
- About 57% of women started their business alone.
- Top 5 fields where women entrepreneurs have made a mark are Professional Services, IT/ITES Services, Apparel and Accessories, Food and Beverages and Manufacturing & Heavy Industry.
- Bangalore stands first in maximum number of women entrepreneurs in the country. Followed by NCR-Delhi, Chennai, Mumbai and Hyderabad at 2nd, 3rd, 4th and 5th positions respectively.

Schemes for Women Entrepreneurs: India

Annapurna Scheme -- offered by the State Bank of Mysore to women entrepreneurs who are setting up food catering industry in order to sell packed meals, snacks, etc. The maximum amount of money granted is ₹50,000 which has to be paid in instalments for 36 months. the lender doesn't have to pay the EMI for the first month.

Stree Shakti Package for Women Entrepreneur – offered by SBI branches to women who have 50% share in the ownership of a firm or business and have participated in the state agencies run Entrepreneurship Development Programmes (EDP). If the amount of loan exceeds ₹2 lakhs a concession of 0.50% is offered in the interest rate.

Bhartiya Mahila Bank Business Loan – loan granted to women fields of the retail sector, loan against property, MICRO loans, and SME loans. Maximum loan amount is ₹20 crores in case of manufacturing industries. A concession up to 0.25% on the interest rate is granted where it fluctuates from 10.15% and higher. Under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), there is no requirement of collateral security for a loan of up to ₹1 crore.

Dena Shakti scheme – provided by Dena Bank to women entrepreneurs in the fields of agriculture, manufacturing, micro-credit, retail stores, or small enterprises, who are in need of financial assistance. Maximum loan amount is ₹20 lakhs with interest rate decreased by 0.25%. For micro credit ₹50,000 is the maximum amount granted.

Udyogini Scheme – offered by Punjab and Sind Bank to women involved in agriculture, retail and small business enterprises. The maximum amount of loan is ₹1 lakh for women ageing between 18- 45 years. Family income is also considered.

Cent kalyani scheme – offered by Central Bank. Availed by women involved in village and cottage industries, micro-small and medium enterprises, self-employed, agricultural allied activities, government sponsored programmes. No collateral security. No guarantor and charges no processing fees.

Mahila udyam nidhi scheme – launched by Punjab National Bank to women involved in small scale industries granting them soft loans which can be paid over a period of 10 years. Amount granted is ₹10 lakhs and interest depends on market rates. An amount up to ₹100 lakhs can be granted.

Mudra Yojna Scheme for Women – launched by Government of India for women wanting to start small ventures like beauty parlours, tailoring units, coaching institute etc. individually or in groups. The loan can be availed as per schemes:

- Shishu : loan amount is ₹50000 for initial stage of business
- Kishor : loan amount is between ₹50,000-₹5,00,000. Can be availed by established business.
- Tarun : loan amount is ₹10 lakhs and can be availed by well-established business which needs expansion.

When loan is granted a Mudra Card is issued which acts a credit card however funds available to withdraw are 10% of the loan granted.

Orient Mahila Vikas Yojna Scheme – provided by Oriental Bank of Commerce to women who hold 51% share capital individually or jointly in a proprietary firm. No collateral security required for a loan of ₹10-₹25 lakhs in case of small scale industry. And period of payment is over 7 years. A concession up to 2% is also given on the interest rate.

Reasons for the rise of Women Entrepreneurs:

- Overall changing perception of entrepreneurship.
- Trusted status in the community.
- Better access of education.
- Increasing social acceptance of women entrepreneurship.
- Better infrastructure, especially in technology.
- Better access to finance.
- Rise of Role Models.

Challenges Faced by Women Entrepreneurs:

- Lack of gender policies at macro level – which complicates the operative environment due to lack of supportive policies for encouraging women entrepreneurs.
- Family ties and home making responsibilities – especially for a married woman who has to maintain balance between her home obligations and professional commitments.
- Red-tape in government working – make the start-up of new ventures difficult in obtaining license etc.
- Lack of e-services assistance – especially for rural women with lack of basic digital facilities.
- Competition from male dominant organisation – strictly from organised industry. And male competitors having more experiences.
- Lack of sufficient funds – due to absence of tangible security and credit in the market.
- Marketing problems – dependent upon middlemen for marketing who pocket their huge amount of profits.

- Lack of entrepreneurial training – either they are trained through EDP's or they don't have sufficient professional and technical trainings.

2. Political Entrepreneurship:

Political entrepreneurs are the people who create new ideas and innovations and act as new leaders in the field of politics. They are the people who seek to gain profits through subsidies, protectionism, government contracts, or other such favourable arrangements with government through political influence. These people have new ideas and techniques and are willing to challenge old and orthodox political system for the welfare of the nation. They seek to change the science and art of politics through disruption.

Choi Taewook in 2004 wrote: *A political entrepreneur refers to a political player who seeks to gain certain political and social benefits in return for providing the common goods that can be shared by an unorganized general public. These common goods that political entrepreneurs attempt to provide to the populace generally include foreign- and domestic-related public policy, while the benefits they hope to gain involve voter support, public recognition, and personal popularity.*

The founders of world's popular movements such as the Chartists and Suffragettes, Capitalists and Marxists, Futurists and Luddites were all political entrepreneurs, who changed the political and industrial scenario prevailing at that time.

These people come up with new techniques to solve political problems in terms of political philosophy, political technology, political campaigns, and governance.

'Political' challenge defines the complex choices of how to tax, spend constituents, face global competition, regulation of law, poverty, unemployment, etc. 'Entrepreneurship' is the ability where an individual establishes a company from a scratch into a mammoth. Political Entrepreneur thus, is the combination of both who build something from nothing to address societal needs and problems.

Need for Political Entrepreneurship:

The global concept of market has given rise to the need of political entrepreneurs. In the age of Fourth Industrial revolution, the society needs to tackle:

- Automation of job
- Shifting of power towards tech-companies and business
- Fake news and information distorting democracy
- Threats to neutrality and cyber security
- The ownership security of citizen's data
- New form of labour (the keyboard people)
- The new technological revolution transforming humankind

Political entrepreneurs are needed to ensure Fourth Industrial Revolution improves the state of the world.

Challenges faced by Political Entrepreneur:

- Developing new ideas and technologies to improve the state of the nation
- Making through environment where traditions are deeply rooted. Bringing a change is often difficult
- Tapping resources
- Acquiring contacts and tapping influences for social welfare
- Developing new political philosophy, guiding and convincing other political leaders to be a part of changing system
- They are the driving force that move markets, discover opportunities, and coordinate economic activity, and continuous monitoring of economy and market is a challenging task
- Protests and denials are common issues for any new philosophy or innovation proposed. Turning them into acceptance and winning the favours is a challenge for political entrepreneur

3. Social Entrepreneurship:

Conceiving a vision for better society is not always easy to achieve until it is backed up by suitable political and social environments. Social Entrepreneurs are people who identify problems prevailing in the society and develop solutions by combining innovation, resources and opportunities. Social entrepreneurs are committed to ethics and social values to identify complex social problems and address them with unique innovative solutions to transform human society as a whole.

Thus, social entrepreneurship is the ability to develop innovative solutions to pursue social, cultural or environmental problems.

This concept has a wider scope as it penetrates into organizations with different sizes, aims and believes. For Profit Organization, social entrepreneurs blend concepts of 'profit-goal' and 'return to society'. For Non-Profit, they focus on dealing with social, environmental and cultural threats to the mankind such as poverty alleviation, health problems, community development, homeless support, etc. for e.g. an organisation providing housing and employment may run a restaurant to support the homeless with homes and jobs. Philanthropists, social activists, environmentalists, and other socially-oriented practitioners are often referred to as social entrepreneurs.

Qualities for social entrepreneurs:

- Ambitious: an intense surge of fighting for a cause, like getting low income college students enrolled in jobs and paving way for poverty reduction.
- Mission driven: preferring social values and welfares instead of wealth and money.
- Strategic: their capability of observing facts and details to act on what other miss.
- Resourceful: since social entrepreneur deals with social causes they should be skilled for mobilising human, financial and political resources.
- Result oriented: they unlock the society's potential to make a new pathway in real.

Need for social entrepreneurship:

- Employment development – add value to the society by creating employment opportunities.
- Innovation – apply innovation to goods and services important for the society.
- Social capital – create social capital i.e. relationships of mutual recognition and recognition.
- Equity promotion – foster equitable society by addressing social issues rather than profit-maximization.

Challenges faced by Social Entrepreneurs:

- Conveying the business ideas – identifying the problem and conveying the same to the masses get difficult at times as they tackle hypothetical or unseen issues.
- Funding -- The lack of proper distribution of funds. Big NGOs have huge pockets while small organisation find it difficult to fund even a small venture
- Attracting Donors – finding donors and convincing them to invest can be nearly impossible as investors are much less willing to support risky ventures.
- Lack of skilled man force – finding volunteers is easy than to procure talented and skilled ones who can carry out the expected organisational tasks and responsibilities.
- Lack of central agenda – addressing every possible social issue is not possible so entrepreneurs should select one particular agenda and pool their resources in it.
- Lack of structure – organisations dealing in social issues, don't necessarily have formal organisation structure. Employees are colleagues. For proper efficient working a hierarchy needs to be maintained.
- Lack of plan – change can be brought about only with a proper plan and strategy. Entrepreneurs need to find out 'what's', 'why's', 'how's' for an overall societal impact.
- Government approval – obtaining necessary license and other documents is hectic.
- Maintaining product quality – with limited funds and technology maintaining quality is challenge.
- Sustaining employees – payment of non-existent salaries to workers results in enterprises struggling to maintain qualified, committed employees.
- Competition from others – profit driven organisations give tough competition for survival.
- Acquiring technology – lack of funds difficult the procurement of best technologies
- Promoting awareness – promoting sense of social ethics and welfare to contribute building a better society to live.
- Facing Scepticism -- confront scepticism and stinginess from the very society they seek to serve and convince them to co-operate.
- Self-Sustainability measure – social entrepreneurs must find new business models that don't rely on standard exchange of capital (money, good or services) in order to make their organizations sustainable. Self-sustainability is what distinguishes social businesses from charities, which rely almost entirely on donations and outside funding.

4. Digital Entrepreneurship:

The world is experiencing a new revolution. The First Industrial Revolution (1820-40) witnessed British industries switching to machines. Currently the world is experiencing the Fourth Industrial Revolution characterised by '*Digital Industry*'. Computers and Internet have changed the ancient concepts of 'market' and 'business'. Breaking the centuries-old norms of the industrial attributes, digital industry knows no geographical boundaries. The world is a global market and population is the possible customers.

With half a billion Indian population being online, almost 400 million populations are online through mobile devices. The dynamics and velocity of time have introduced the world with digital lifestyle. Revolutionary ideas of developing apps for almost everything have given completely new business directions. OLA, PAYTM, URBAN LADDER, VOONIK etc. have changed the face of Indian Entrepreneurship. Digital Businesses are equally palpable like any other business shops and units. The growing digital infrastructure with 3G-4G techs are making the economy gradually advanced. The Indian software engineers both, citizens and NRIs have changed digital infrastructure worldwide. They are the leading contributors to Open Source Software in all areas, and are the real drivers of the Digital Revolution all around the globe.

Digital entrepreneurs enjoy economies of scale since their customers are not who walk to their place but the entire population. E-Commerce is reaching to every single household where people enjoy quality products at cheaper prices.

The 'EY G20 Digital Entrepreneurship Barometer' ranks entrepreneurship in the group of 20, or G20, countries on five metrics:

- Access to finance – availability of equity and debt capital, financial regulations.
- Entrepreneurial culture – societal attitude towards entrepreneurship, patent activity, protection of intellectual property.
- Digital business environment – broadband connectivity, regulations and taxations.
- Digital skills and entrepreneurial education – technical and leadership skills.
- Digital knowledge base and the ICT (information and communications technology) market – availability and access to technology, coaching and research institutions.

The report was prepared by consulting firm EY and the G20 Young Entrepreneurs' Alliance, an international network of entrepreneurs. According to this report India's rankings on above parameters are as follows:

- Access to finance – 13th
- entrepreneurial culture – 19th
- digital business environment – 18th
- digital skills and entrepreneurial education – 17th
- digital knowledge base and the ICT – 20th

Reasons for favourable digital environment:

- Enhanced technology
- Better access to information
- Progressive perspective about establishing a business
- Willingness to take risk for profit making

A time when one had to step out for shopping is primitive. Technology has changed the face of Business. Anything is available just 'at a click'. Innovations have made life easier. Online shopping, entertainment, booking tickets, rides, doctors, and much more are the examples how efforts from individuals have changed the business scenario.

Challenges faced by Digital Entrepreneurs:

- Reaching masses is still a challenge. Only 51% of the world population has access to internet. (as per June 2017)
- Breaking the stereo of 'physical market place' is another challenge where people walk out to shop than order online.
- Intellectual Property protection is common issue in digital entrepreneurship where investors fall back. Capital raised is more of intellectual capital than 'tangible asset'.
- Access to affordable, reliable, high-speed broadband infrastructure is still a problem
- A dynamic and competitive digital business environment is yet to be achieved for smooth operations of the business.
- Initial failure discourages investors to fund a project. Sometimes a breakthrough is witnessed after hundred failures in a row. Where failures are accepted in some places (e.g. Silicon Valley), others refuse to fund a project after few initial failures (e.g. Europe).
- Acquiring digital landscape is one of the developing challenges of digital entrepreneurship.
- Raising funds for digital business is difficult as most of the people don't understand the concept of an idea (described goods or services) which do not exist in reality.
- Lack of societal or cultural readiness for digital world can be a challenge to deal with. For e.g. manual labour will have to be compromised for technologies.
- Finding people with 'E-Leadership skills' (van Welsum and Lanvin, 2012): people who combine an entrepreneurial mind-set with business and communication skills as well as technical skills, at various levels of management and enterprise activity/organization.

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