

## Role of Entrepreneurial Skills in Make in India

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### ABSTRACT

*An ancient nation like India has undergone many evolutionary cycles. A well admired supremacy of ancient India in the field of Science and technology requires no mention. But with the advent of modern era, many western societies surpassed India in term of advancement in Science and technology. But India is slowly re-emerging to acquire its leadership position. Considerable advances, even breakthroughs, have been made since Make in India program launched in our understanding of the relationship between knowledge and growth on one hand, and entrepreneurship and growth on the other. Similarly, more profound insights have also been gained as to how entrepreneurship, innovation and knowledge are interrelated. Yet, a comprehensive understanding is still lacking concerning the interface of all of those variables: knowledge, innovation, entrepreneurship and growth. In the coming decade, India with its 1.4 Billion people will be facing one of its biggest challenges of employment, as the next 100-120 Million join its workforce. The only possible solution to this problem is facilitating the growth of new job engines. The entrepreneurs of today can lead this initiative - they can not only lead the growth of India's GDP but also help improve standard of living for India's 276 million poor. Make in India initiative launch by NDA government spur to India's economic growth by creating jobs, expanding exports, increasing FDI inflows, substituting imports and innovation. Favourable demography, open economic environment and culture of entrepreneurialism, India is highly conducive to entrepreneurial activity. Present paper purports to discuss how entrepreneurial skills can play vital role in successful Make in India program.*

### Introduction

75% of India's working population is educated only to middle school or below. This staggering figure of approximately 600 million (Anderson Business Consulting) people is not even equipped to benefit from the opportunities in the flourishing service sector. It is only the labor intensive manufacturing sector that has the potential to generate employment in adequate numbers to absorb the larger labor pool. Indian manufacturing sector currently contributes close to 15% of GDP which is almost half when compared to

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“factory of the world” China, whereas service sector contributes almost 60% to GDP. This huge mismatch in terms of contribution to GDP makes it imperative for India to focus on manufacturing and bring it close to 25% over next decade. (India’s Manufacturing Sector: Policy Framework).

As of today, growth of India’s social and economic infrastructure cannot keep up with its ever increasing population. Being a relatively young economy, with an average age of 29 years (by 2020), (Indian Express, 2015) India faces a very big challenge of unemployment in the coming decade. Its biggest test of providing a decent standard of living to the next 100 Million is going to its most difficult one so far. In order to overcome this, India aims at building the largest employable workforce in the world as it believes that employing the masses can significantly improve their standard of living, thereby helping India solve some of its major social problems of poverty, public healthcare and education amongst others. The Indian government cannot do this on its-own; the only probable solution of generating employment at this scale is by creating an ecosystem of job creators – This is where the Entrepreneurs come in. (Arun Jaitley -YourStory.com) an extensive literature review reveals various authors acknowledge skills have an impact on entrepreneurial success. However, a lack of consensus regarding the main skills an entrepreneur needs is apparent.

The future lies in manufacturing. Domestic manufacturing is the central tenet for achieving faster, more inclusive and sustainable growth. Manufacturing has large stakes involved, not just because the sector employs 30% of the non-agricultural workforce in India, but also because of its contribution to the overall economy. Only a sharp increase in the Indian manufacturing sector workforce will increase overall income levels of the country which in turn will ensure inclusive and sustainable growth. If India is to regain and sustain overall GDP growth of 9% per annum, it is essential that manufacturing sector should grow at more than 12%. The Government of India has taken a number of steps to further encourage investment and improve business climate. Make in India mission is one such long term initiative which will help to realize the dream of transforming India into a “manufacturing hub”.

The development of small- and medium-size enterprises (SMEs) has long been on the political agenda in order to create employment and overall economic growth. Recent research supports the idea that the so-called entrepreneurial style has become indispensable for large business corporations given the increase of global competition and accelerated technological change. Numerous scientific efforts have been undertaken to measure entrepreneurship precisely (e.g. Baumol, 1968; Brunet & Alarcón, 2004 & Reynolds, 2005) and identify key entrepreneurial skills (Brush, 2008; Gilbert

& Carswell, 2001) so that the understanding achieved can be used to foster trainings and teaching programs.

### **Entrepreneurial Skills**

McLarty and Dousios (2006), pointed out the term skill embraces the ideas of competence, proficiency, attributes, and the ability to do something well and is related closely to knowledge, expertise, and capability. According to research on new venture growth carried out by Gilbert *et al.* (2006), educational background; prior, related industry experience; and prior entrepreneurial or start-up experiences have well-established, direct effects on the sales and employment growth of new firms. Gilbert *et al.* (2006) paid attention to the different capabilities required of the entrepreneur and employees that depend on the strategy for a firm's growth: if it is internal growth (by innovation), the firm requires more creativity and technological capabilities than in the case for external growth. Among the numerous views on entrepreneurial skills, Brush (2008) lists three major capabilities: visioning, bootstrapping, and social skills.

A vision is defined as "a pattern for future; having elements of time and scope, it is values driven, has a purpose, and often evokes a mental image or picture that can be communicated" (Brush, 2008, p. 23). The second key entrepreneurial capability, bootstrapping, refers to conserving financial resources and managing cash in order to start up a venture and make it grow. Finally, social skills are defined as learnable behaviors used by individuals in their interactions with others, which are particularly important for entrepreneurs to persuade others to join and commit themselves to their business ideas. These include persuasion, social adaptability, impression management, and social perception, as well as self-efficacy and emotional expressiveness.

Some authors have researched entrepreneurial skills using the human capital approach (Drakopolou-Dodd & Anderson 2007; Saar & Unt, 2008). As observed in small and medium enterprises the impact of entrepreneurial skills to be the greatest out of all the factors affecting the sustainability of sme's. it is viewed small venture sustainability from the perspective of resource accumulation, combining it with the entrepreneurial process, and considered three factors that affect small and medium enterprises sustainability: physical capital resources, organizational capital resources, and human capital resources. (Haber and Reichel) The findings revealed the human capital of the entrepreneur, particularly managerial skills, was the greatest contributing factor to subjective short-term and long-term performance and objective short-term performance.

In the changing business environment of accelerated global competition, conservative business corporations, especially their purchasing/supply chain managers should adopt the “entrepreneurial style”. (Giunipero, Denslow, and Eltantawy (2005) The formulated set of entrepreneurial skills draws on the classic work by Timmons (1994) who, after an extensive review of the literature, established a set of six key entrepreneurial skills:

- (1) commitment and determination,
- (2) leadership,
- (3) opportunity obsession,
- (4) tolerance of risk,
- (5) creativity, and
- (6) internal motivation.

Giunipero *et al.* (2005) presented an extended list of entrepreneurial skills: interpersonal communication, ability to make decisions, ability to work in teams, negotiation, managing change, customer focus, influencing and persuasion, strategic thinking, problem solving, conflict resolution, leadership, creativity, organization/time management, inquisitiveness, written communication, risk taking, and salesmanship. Giunipero *et al.* emphasized the flexibility dimension of these traits, exemplified by three traits: tolerance of risk, creativity, and internal motivation, jointly denominated flexibility skills or dynamic capabilities. Giunipero *et al.*'s proposition referred to the previous literature, “Which described entrepreneurs by their ability to adapt to the changing demands of their customers and their businesses,” in contrast to established corporations’ rigidity (Giunipero *et al.*, 2005, p. 605). Entrepreneurial flexibility entails the ability to handle uncertainty and make decisions using new and sometimes conflicting information and a high tolerance of ambiguity and changing situations. The direct and positive relationship between entrepreneurial skills and competencies and business success is probably the main reason guiding research efforts in the area, regardless of the theoretical framework used. Ahmad, Ramayah, Wilson, and Kummerow (2010) confirmed entrepreneurial competencies are strong predictors of successful entrepreneurial activities.

As is evident in the above literature presented, an extensive bibliography already exists on entrepreneurial skills in which it is accepted explicitly that skills have an effect on entrepreneurial success. However, entrepreneurship research lacks consensus regarding the issue of what main skills a successful entrepreneur has or needs. Potential entrepreneurs are the starting point of the entrepreneurial decision-making process. Not every potential entrepreneur will become an entrepreneur, but every entrepreneur was once a potential entrepreneur.

## **Make in India**

Prime Minister Shri Narendra Modi launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. It targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM), the details of each can be viewed on the official site ([www.makeinindia.com](http://www.makeinindia.com)). It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property. The logo of 'Make in India' – a lion made of gear wheels – itself reflects the integral role of manufacturing in government's vision and national development. The initiative is built on four pillars which are as follows:

1. **New Processes:** The government is introducing several reforms to create possibilities for getting Foreign Direct Investment (FDI) and foster business partnerships. Some initiatives have already been undertaken to alleviate the business environment from outdated policies and regulations. This reform is also aligned with parameters of World Bank's 'Ease of Doing Business' index to improve India's ranking on it.
2. **New Infrastructure:** Infrastructure is integral to the growth of any industry. The government intends to develop industrial corridors and build smart cities with state-of-the-art technology and high-speed communication. Innovation and research activities are supported by a fast-paced registration system and improved infrastructure for Intellectual Property Rights (IPR) registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being addressed.
3. **New Sectors:** 'Make in India' has identified 25 sectors to promote with the detailed information being shared through an interactive web-portal.
4. **New Mindset:** Government in India has always been seen as a regulator and not a facilitator. This initiative intends to change this by bringing a paradigm shift in the way Government interacts with various industries. It will focus on acting as a partner in the economic development of the country alongside the corporate sector.

### **Entrepreneurialism in Make in India**

Over the last decade, India has seen a rise in the individual entrepreneurial mindset. Entrepreneurial mindset as defined by FT.com is keenly defined as state of mind which orientates human conduct towards entrepreneurial activities and outcomes, drawing up on two major things – innovation and value creation. Entrepreneurial individuals are that integral element which pushes all the other three elements of government, organization and educational institutes to innovate. There should be no doubt that they are definitely making platform for make in India, entrepreneurs have changed the landscape of multiple industries thus, leading to a solid startup ecosystem. Ola Cabs and Uber have completely revolutionized the way we travel in India, becoming the most preferred alternative to an overburdened public transportation system. Amazon and Flipkart have changed the way we shop for clothes, cutting out middlemen thus making apparel more affordable via e-commerce. These examples are just cornerstones of success that represent a community of entrepreneurs trying to solve their own problem, through innovation and value creation. (FinancialTimes.com, 2016).

Much has been written about India's entrepreneurialism. Indeed, the Indian Diaspora is considered one of the most successful entrepreneurial communities throughout the world. It's not because India lacks entrepreneurialism. A case in point is India's information technology (IT) revolution, whose exports over the past two decades exploded from less than US\$100m to US\$86bn in 2013-2014-(PWC)and generated business solutions for multinationals and other leading companies worldwide. India's telecom sector has enjoyed a similar growth trajectory, thanks to entrepreneurialism. Within almost 20 years (1995-2014), the sector racked up 910m (PWC) mobile-phone sub- scriptions – 18 times the number of landlines (50m)-PWC in place in 2006, the year when landline subscription reached its peak in India. Entrepreneurial skill sector successes are important for another reason: their multiplier effect. The IT industry, pioneered by companies such as TCS, Infosys, and Wipro, fostered an entrepreneurial mind-set that is powering the latest boom in India's e-commerce sector.

The economy of any country depends on its countrymen. Larger the number of employed or working people better be the economy. The Indian government realized that Indian people have the potential of entrepreneurial skills, all they need is, a promising start up. Many people dream of becoming successful entrepreneur, but due to financial or other similar issues are unable to do so. So, Indian govt. in the leadership of Narendra Modi has decided to offer a gift as a nation wise program- "Start Up India". He acknowledged that Indians have ideas and capability, all the need is a little push. "Start up India" is a revolutionary scheme that has been started to help the people

who wish to be an entrepreneur. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation. Start Up India Scheme – From Job Seekers to Job Creators. Mr. Modi said that we are trying to make true the vision of Bharat Ratna A P J Kalam -to make the young job creators rather than job seekers. He also said that one's mind-set should not be towards earning money in the initial phase, it should be rather on grabbing and using the opportunities. Technology is evolving with the pace faster than ever. This has given birth to various new businesses like E-commerce, internet marketing etc. So, there is a great scope of development in such areas. Those who plan to start new business are eligible to apply and become a part of another mission- Make in India.

Startup scheme is a great initiative by our honorable prime minister for all the young entrepreneurs who have innovative ideas but lacks platform which provide them to start their business. Now under this scheme they will get Tax exemptions for three years and concessions on capital gains tax. Many New Innovation Center, Research Center and Institutes will be established and also in case of Exit – 90 days for a startup to close down its business and many other benefits.

## **Conclusion**

India needs to address supply and demand side. On the supply side we need resources, skill development, infrastructure and on the demand side we need innovative practices, technology deployment, low cost innovations, productivity improvement and integrated manufacturing. The common factor on both the sides is better economic policy and efficient implementation. This includes basic business environment and Research & innovation. India has the capability to push its manufacturing contribution to GDP to 25% by 2025 by harnessing the potential entrepreneurial skills of young India. Developing skills and competencies among the youth population is posing a serious concern for Government. Ironically, the country which has an advantage of being a young nation, has a vast majority of students drop out at various stages of school education and at the same time are usually bereft of employable skills and competencies. The recent initiatives of Government of India prioritize on skill development programmes with employment potential and direct utility in life. Make in India mission is one such long term initiative which will help to realize the dream of transforming India into a “manufacturing hub”. Hon ble Prime Minister's call for “zero defect and zero effect” manufacturing resonates well with our industry as we grow and produce for the world. India must cultivate entrepreneurs on a scale

unprecedented in its business history. Furthermore, the notion of entrepreneurialism should not be limited to growth-oriented companies rooted in India's major urban centers. Entrepreneurialism must also percolate in smaller towns and districts throughout the country. It is our responsibility to leverage emerging opportunities and work towards shaping this "Make in India vision".

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