

Successes and Failures of Entrepreneurs- A case study focus on India

EXECUTIVE SUMMARY

Entrepreneurship is important in the daily business environment and it plays a crucial role in the world economy. Entrepreneurship is an interesting topic as it deals with the behaviour of the firm entrepreneur and the entrepreneur's main competencies. The author seeks to find the reasons for the successes and failures of entrepreneurs in India by a special case study focus. The author seeks to find the factors essential from the set up phase to the growth phase of a firm. The author has taken a case study of an entrepreneur from India, operating in a small business environment. Entrepreneurship has played an important role in the success of the firms as well as the entire nation. Factors like the opportunity discovery realisation, the importance of networking, impact of government policies and the personality of an entrepreneur has a direct relation with the entrepreneurial process. India is a growing economy and especially after the liberalization period of 1991, there has been a massive change in the outlook of the entrepreneurial and globalization motives. The legendary Indian business tycoons are now world famous and show a promising future for India. The opportunity for the growth of entrepreneurship in India is massive and the concept of entrepreneurship is considered to take off soon. Indian government has now realised the true potential of entrepreneurs and many doors are opened for driving entrepreneurship in India. Factors responsible for the success and failures will be explored in relation to the life story of an entrepreneur.

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Chapter 1: Introduction

1.1 Background

The word entrepreneur has Latin roots "entre means to enter, pre means before and neur means nerve center. Entrepreneurs are individuals who enter any business and change that businesses nerve center (Shefsky, 1994). Another book says that the word entrepreneur originates from the French and the exact meaning is the one who takes between. An entrepreneur is known as the co-ordinator of different factors of production, the risk taker, the capitalist employer, the owner- manager etc. Many writers have contributed towards the roles and concepts of an entrepreneur. Richard Cantillon and Jean Baptiste Say are considered as the most important economist writers to have contributed on the role of an entrepreneur. Other famous writers to observe the role of entrepreneurs are Kirzner, Schumpeter, Knight, Casson and Shackle. This is how the approach to entrepreneurship was developed. The entrepreneurial personality consists of the key characteristics like need for achievement, high internal locus of

control, visionary, innovative etc. However, the personality criticisms observed are the ignorance of the learning, preparation, serendipity and environment factors that may be more important than a personality. Entrepreneurship is hugely influenced by the environment in which a person is developed and the culture of an individual (Deakins and Freel, 2006).

Entrepreneurship is not a single concept and is defined in many different ways. In the modern usage an entrepreneur is a person who undertakes a commercial enterprise at a personal financial risk. Continuous change is essential and the development is expected in the technical, social and economical areas. This concept is dissimilar to the ancient and the medieval world where the philosophers failed to give attention to the economic matters. Historically, it is observed that the conceptions of the entrepreneur have evolved over time. The craftsman, the small scale trader, the new technologies and industries founder are all seen as entrepreneurs. As per Schumpeter, the entrepreneur's view of innovation is revolutionary and discontinuous than small scale, marginal, gradual and cumulative. Gradually this develops into large firms which become the powerhouses of innovation. This leads to a depersonalized and automatized economic progress. On a macro scale, the success of entrepreneurs is a force that prevents the economic system running down and continuously resists the approach of the classical stationary state (Casson, et al., 2008)

Every economist understands that an entrepreneur is important and has a huge impact. Economists consider entrepreneurship as a meta- economic event and profoundly shape an economy. Economists not only have any explanations for the emergence of entrepreneurship which took place during the late nineteenth century but also as why entrepreneurship is not related to a particular culture or a country. However, the main reasons are rooted in the values, perceptions and attitudes in institutions (Drucker, 2006). Many economists have agreed that entrepreneurship plays the key role in developing any economy as the entrepreneurs generate jobs, create new businesses and increase productivity. It is interesting to note that almost 75% of the new jobs added to the American economy every year lead to over 99% of all the United States employers. The 2006 Global Entrepreneurship Monitor (GEM) observed that entrepreneurial behaviour is very important for innovation and growth of an economy and the companies need to take their attention towards the unexploited opportunities (America, 2008). Another entrepreneurship research paper prepared for the first GEM research conference which analysed the GDP for 36 countries, found that entrepreneurship plays a different role in countries in different stages of the economic growth and hugely affects the growth of an economy (GEM database, 2004). Therefore, it is essential to understand the main reasons involved in the successes and failures of entrepreneurs as there is a direct relation between the entrepreneurs and the economy.

Entrepreneurship system evolved in the advanced economy (US) and is successful. Whereas in a developing economy like India, the entrepreneurship system needs modification as the public

policies need to support the role of entrepreneurship. After analysing 100 entrepreneurs from the US and Bangalore city of India, it was observed that the Bangalore entrepreneurs started with high capital which also resulted in lower profits and they competed against the large companies in India, whereas the US entrepreneurs started with less capital, competed against the other small business owners and also resulted in higher profits. This study summarised that the failure of Indian entrepreneurs was because of unfavourable tax system, harsh rules, bad restrictions and relatively low efficiency as compared to the favourable conditions enjoyed by the US entrepreneurs (Bhidenet, 2004). However there are many critical issues as why the entrepreneurs/ businesses fail like entrepreneurial weakness, poor leadership and commitment, weak marketing and finance debt, etc (management paradise, 2007)

Thus from the above arguments, we clearly understand the evolution of entrepreneurship, successful entrepreneurship leads to economic development and that many factors are involved in the overall success and failures of entrepreneurs.

1.2 Aims and objectives

1.2a Aim:

To understand the reasons for the successes and failures of the entrepreneurs “ A case study focus of an entrepreneurs in India.

1.2b Objectives

The research seeks to study the life story of Mr. Prakash Bang “ an entrepreneur based in India with relation to the following points:

- 1) To understand as how the business opportunity is discovered in the entrepreneurial process
- 2) To analyse the impact of networking on entrepreneurship and the influence of the social network on the set up and expansion of business.
- 3) To know as how the ideas or the links for exports are developed and the effect of the government's role for internationalization.
- 4) The role model inspiration and the vision of the business.
- 5) The successes and failures of an entrepreneur.

1.3 Value and Contribution

The study will provide an understanding about the different stages involved in the entrepreneur's life, i.e. from the start up to the growth of a firm. The research will provide insights about the various challenges faced by a small business entrepreneur. It will also serve

as a guideline to the present entrepreneurs and the individuals who wish to become entrepreneurs in future.

1.4 Structure of the study

CHAPTER

CONTENT

Chapter 1

Introduction

This first chapter gives an idea about the project. The evolution and importance of Entrepreneurship. Then, the motivation for research is specified which is based on the successes and failures of the entrepreneurs. The last part shows the aims and objectives for the research.

Chapter 2

Literature Review

The literature review highlights and examines the previous studies in the entrepreneurship area and relevant theories, which form the background of this study. This includes economic importance of entrepreneurship, opportunity realisation and effects, the role of bank loans, entrepreneurial personality factors, role of government policies and entrepreneurial failures. There are different views observed on the factors responsible for entrepreneurship. This chapter presents information on the issues which are related to the entrepreneurship stages.

Chapter 3

Methodology

The chapter describes the research methodology adopted for the study and provides justifications for the approach. Qualitative research is used to analyse the case and the primary data is collected. Finally this chapter analyses the methodology and identifies the various challenges encountered during the research.

Chapter 4

Discussion of Findings

This chapter discusses the findings, considering the relevant current literature. It tries to identify the reasons related to the research and findings.

Chapter 5

Conclusions

This chapter concludes the findings of the study and states the contribution of the research. It also identifies areas required for the future research by understanding the past failures of entrepreneurs. Finally this chapter provides recommendations on which will prove useful to the successes of entrepreneurs.

Chapter 2. Literature Review

2.1 Meaning and importance of entrepreneurship

Entrepreneurship is linked with the economic growth. An interesting study by Hicks in study of Texas sales receipts said that the highest failure rates had the highest employment growth and highest wages. It can be noted that entrepreneurship has at least a part on such benefits. It is also found that in case of failure of the entrepreneurs the consumer still get a higher valued offerings (Knott, 2008). Entrepreneurship is believed to be risky as it is highly innovative and high tech. Entrepreneurs shift the resources from the areas of lower production to the areas of higher production. Entrepreneurship is implied to evolution and revolution. Different authors have different opinions on entrepreneurs. As per Drucker, Entrepreneurs are designers of new realities, i.e. as the introducers of a new product or process. Krizner (1973) suggested that entrepreneurs create new ways of organising economic activities. Mintzberg (1973) in line with the Schumpeterian said that the strategy of entrepreneurs is a discontinuous and radical change, which is guided by a tunnel of a vision. However, Lessem (1984) argued that entrepreneurs are experimental learners. The above views of different authors show that Entrepreneurship brings evolution as well as revolution (Klandt 1993). Entrepreneurs are the creators and leaders of the society who change the way people live, work, play and lead. Entrepreneurship evolved in America before 35 years and had a stunning impact on the cultural and the economic landscape of America. America's entrepreneurship is now a global movement and has become a model for the business people and policymakers. It is noteworthy that EU's action plan in 2000 to be the most competitive economy by 2010 by fuelling entrepreneurial minds, encouraging more people to start their own businesses and forming more entrepreneurial friendly regulatory as well as administrative environment. Entrepreneurship

has also exploded in the countries like India and China leading to a positive social and economic change (Timmons and Spinelli, 2007)

2.2 Entrepreneurship in India

If we consider the example of India, it is known as the land of the successful world famous entrepreneurs like Mukesh Ambani and Lakshmi Mittal, who are currently at the top 8th and 9th position in the world as per the American magazine "Forbes" (edubook, 2009) Besides these legendary family business players many new firms are also emerging in the growing economy - India. Many of the business are funded with the infusion of private equity or venture capital. However, as per the statistics from Brain and Company the venture capital market in India, has declined from US \$ 17 billion in 2007 to US\$ 14 billion in 2008. In spite these s many entrepreneurs like the CEO of hotmail.com are still bullish on the new ventures and assure that India for entrepreneurship still remains advantageous (Wharton, 2009)

If we consider GEM 2003 statistics for India, it showed that 12.5% of the Indian population is involved in the opportunity based ventures whereas in China it was just 5.5%. The dominance of India is because of the strong entrepreneurship environment and more iconic entrepreneurs. However with the emergence of the Chinese companies like alibaba.com in which yahoo took 40% stake, China has started producing role models. In near future Indian entrepreneurs are likely to fail as compared to the Chinese entrepreneurs (insead, 2008) At this moment, India needs to have a right environment, capital access and should enable networking and exchange as well. Presently, India is a land of technologists and the businesses can survive for much longer time than any other countries (narendra, 2009) Another point to be noted is that the Indian technology firms can add value to the country's growth because a technology product company adds faster and quicker money using small power. The main challenge here is that these firms need to be competitive in future (sramanamitra, 2007)

Although the present scenario is completely different in India; during the period of 1980's to 1990's, the entrepreneurs had to face tough times as they had to obtain multiple licences and the government officers who were involved in the licence aspects were underpaid and ultimately resorted in bribery and corruption. Then the situations changed after 1990's. The main reason for the change is because the Indian business practices started changing in 1991 after extensive economic reforms. Indian economy has sustained average GDP around 9% from 2006 to 2007. In the past decade, India's GDP has increased from 21% to 33% and the foreign exchange reserves have reached over \$200 billion. In today's scenario entrepreneurship has taken off and is truly a promising market for the entrepreneurial firms. (go4funding, 2009) The growth of Indian Small Scale Industries (SSI) post liberalization, during 1994 to 2002 was over 4.1% annually and also the employment grew by 4% annually. (small sector growth in india, 2006)

2.3 Discovery of entrepreneurship opportunity and its effects

In Entrepreneurship, it is necessary to understand as how the opportunities are realised by the entrepreneurs. The concept of opportunity generation is a largely overlooked aspect but is central and an important part of entrepreneurship. Opportunity generation is defined as a situation in which a person creates new means to yield profits. It is crucial to understand the discovery of entrepreneurial opportunities in the life of an entrepreneur, as the characteristics of the entrepreneurial opportunities manipulate the entire entrepreneurial process. Authors like Schumpeter and Kirznerian have different view points on the role of opportunities which is represented in the table below:

Schumpeterian Opportunities

Disequilibrating

Requires new information

Very Innovative

Rare

Involves Creation

Kirznerian Opportunities

Equilibrating

Does not require new information

Less innovative Common

Limited to discovery

Table 1(Shane, 2003)

Also, certain individual differences are observed in the discovery of entrepreneurial opportunity:

Access to information

Life experiences

Social networks

Search processes

Opportunity Recognition

Absorptive capacity

Intelligence

Cognitive properties

Table 2 (Shane, 2003)

It is important to understand the Timmons model in entrepreneurship as the opportunity is considered at the heart of the business and is driven by the entrepreneur and the entrepreneur's team. As per the Timmons model, the shape, size and the depth of the opportunity structures the necessary shape, size and the depth of the resources and the team. It is well explained in the following diagram:

Many activities function in the social, economical, political and family spheres that are categorized under Entrepreneurship. Such entrepreneurial activities require a lot of effort, negotiation and are a chain of activities in relation to something that are gone before. The first stage in the entrepreneurship process is known as the opportunity formation stage, which is a commonly observed phenomenon in entrepreneurship and the business venturing process. The formation of opportunity is relationally and communally constituted. However, this argument is not fully considered in descriptive or linear process models of opportunity recognition. As per the studies of some authors, an opportunity is discovered due to a person's cognitive skills, organizational learning process and networking skills or career choices. These frame works formulate opportunity recognition process. The problem in such frameworks is that they fail to take a wider picture of societal, economic or cultural structures and patterns that shape entrepreneurship (Fletcher, 2006).

Although, the opportunity generation strategies are important in entrepreneurship, the effects of such strategies are neglected in the entrepreneurship area. It is interesting to note that the performance of a venture is strongly influenced by the opportunity discovery strategies. An observation on three entrepreneurial firms showed that the growth of an entrepreneurial firm is affected positively by proactive search approach of entrepreneurs. We can easily understand the effect of proactive search on the performance of new ventures in the diagram below. The high beta value (.67) shows that the proactive search approach of an entrepreneur is the most important catalyst for the growth of a new venture. It should be also noted that in a similar way, the competitive scanning affects the newness values of a firm (Puhakka, 2007)

2.4 Factors for successful entrepreneurship and its effects

Many successful business entrepreneurs like the Bill Gates and Richard Branson manage to expand their firms very quickly and with gigantic success. The reasons for their high growth success are:

a) They had an entrepreneurial character within themselves. Moreover, they adapted to the change as per the growth of their business.

b) They had an effective business culture which is considered as very important influential leadership tool in a firm. Their enterprise cultures had thorough foundations to grow and were obsessed with the aim of being successful in the long run.

c) Also, they had an expert management team and sound financial control systems. The interesting point to note is that these firms knew as why the customers buy from them and not from their competitors.

d) Lastly they had very strong strategies which helped their firms to lead towards the successes and growth stages (Burns 2006).

Also, other reasons to be successful as an entrepreneurial management are as follows:

a) It should be focussed on the market.

b) It requires a financial prudence and specially planning for the cash flow and the future needs for capital.

c) It needs a well constructed top management team, before the new venture's requirement and before it can afford one.

d) The founder or the entrepreneur should have a decision in respect to his own role, area of work and relationships. (Drucker,2008)

Success of a venture also depends on the leadership attributes of an entrepreneur and it is said that the successful business is a reflection of the leader (Advancing women, 2006) However, the business success does not always depend on the leader's vision. This is because a creative entrepreneur develops a product which is in great demand and also produces a product which is efficient and profitable. (Business management, 2008)

There are different views of entrepreneurs on the success of a business venture.

Example: It is interesting to note the view of the young entrepreneur - Jasdeep Singh Bhatia whose article was selected for the 'Enterprising British Summit 05'. He said that a real entrepreneur has drive and motivation within him and knows his vision (news bbc, 2005) Another example is of the Successful entrepreneur Andy McLoughlin, who believes in his vision and has always followed his father as a role model who inspired him to start his own business (Make your mark, 2009). However; in case of Scarlet, who was nominated for Barclays Inspire award said that she was determined and believed in herself to set up business in spite of the difficulties in her life (Ne business, 2009).

The above views of different entrepreneurs show that entrepreneurs define success in many different ways and the concept of entrepreneurship is a complex issue.

Although the concept of entrepreneurship is difficult to understand, it plays an important role in the success of a nation. Entrepreneurship leads to the economic growth in many ways. Entrepreneurs enter and expand the existing markets leading to increased competition and economic efficiency. Also, new markets are often explored by offering innovative products. Statistics have shown that 14% of the entrepreneurs starting a business declared that their product had no direct competition – a clear indication of the creation of new markets.

Let's consider US as an example:

The last fifteen years have been robust in the set up of new ventures. Many statistics have shown that in the last ten years new business start ups approached nearly 600, 000 per year. Today, the numbers of businesses in the US have soared more than 20 million and the growth rate is at 2 percent. As per the National Federation of Independent Business (NFIB), more than half of all businesses employ less than five people and almost 90% of the firms have fewer than 20 people. The s mentioned in the table below give us a better idea in terms of the new jobs created and the size of business in the US from the years 1980 to 1995 (Kuratko and Hodgetts,2007).

(SIZE OF BUSINESS)

Years

New Jobs (000's)

<20 Employees

20-499Employees

500+ Employees

1990 – 1995

6,853

49%

27.5%

23.5%

1988 – 1990

2,666

153.8

-31.9

-18.8

1986 – 1988

6,169

24.1

20.8

55.1

1984 - 1986

4,611

35.5

16.8

47.7

1982 - 1984

4,318

48.8

27.9

23.3

1980 – 1982

1,542

97.9

-2.4

4.5

Table 3 Source: NFIB Small Business Policy Guide (Washington, D>C., November 2000), 31

From the above statistics we can conclude that the small businesses entrepreneurs have successfully created new jobs leading to the strong economic conditions in the US.

However, it is interesting to note that as per the report of Missouri Economic Research and Information Centre (MERIC) the Small Businesses and the Entrepreneurial Growth Companies (EGC) are two different concepts. As per the MERIC report, the owners of EGC's have significant economic effects on a community by accounting for a large creation of new job growth whereas Small Businesses target controlled growth and continuous profitability (MERIC, 2009).

In reference to the US job creation statistics mentioned earlier, one of the reasons for the success of entrepreneurship in the US is due to the strong support of the US Small Business Administration (SBA) to its entrepreneurs. SBA was created in 1953 as an independent agency of the federal state government and has a vast network of partnership of public and private companies. Also, SBA has many loan assistant programmes and recently, President Obama came up with the American Recovery and Reinvestment Act of 2009 to help the small business owners with tax relief plans to overcome the losses (SBA, 2009). Whereas, if we compare support of Indian government to its entrepreneurs, not only there are very few loan programmes available but also no serious initiative was taken in the crisis situation to help entrepreneurs (Business gov, 2009) This is one of the main reasons for the success of the American entrepreneurs and the failure of Indian entrepreneurs.

2.5 Entrepreneurship scenario in growing economies and role of banks

If situations mentioned above continue in India, the entrepreneurs may highly fail due to less support available. Also, it is also observed that the Indian government shows very low interest to the ideas of individuals.

A very good example to support the above statement: An individual from India shifted to a small south Asian country as he did not get support from Venture Capital funds in India. As a result, this entrepreneur is now moving his company base and will offer employment to the locals of another country (Trak, 2009). From the above points it is clear that the role of government is very important for the success of entrepreneurs and the country.

Support from the banks is also very essential especially in the growing economies for successful entrepreneurship because the bank loans are a source of external funding for small and medium size business. Another interesting point is that many entrepreneurship studies involved in the research of emerging economies have suggested that personal relationships and networks with other entrepreneurs, bankers, government, friends and relatives may play an important role for the lending institutions as well as the borrower. A case study of small and medium enterprises in Vietnam showed that different networks accomplish different purposes and therefore it is necessary to align the networks as per the requirements in the various stages of business. As per the research paper, networking with customers and government officials helps (use of bank loan) to improve business performance whereas networking with suppliers and society reduces the need for a bank loan (shown in the below) (Le, N. T. B. & Nguyen, T. V. 2009)

Bank loan is important for the venture set up. In India, statistics have shown that 41% of the business owners seek for sources of finance. However, the criticism to the bank loan is that a forum of Private Business found that taking a bank loan is not an attractive option because only 26% of the people found the charges of bank are good value for money (Deakins and Freel,

2005). Also, there is a problem for the high technology firms to get loan from the banks because the banks require collateral or a good track record with business propositions. Most of the fast growing businesses grow due to retained profits (Bhide 2000- p 364- Oxford). If we consider another option of investment, i.e. venture capital with reference to India, venture capitalists firms do not fund for the start up enterprises, unless an IT business. The venture capitalists firm think that IT businesses have good growth prospects in India and therefore are a safe funding option (Silicon India, 2009)

Previously we have seen that networking is a crucial element in the success of entrepreneurship. However, another study concluded that if we consider the importance of networking and the three areas - network relationships, governance and structure, then the focus of network development process over the venture gestation, formation and the growth life cycle of a firm receives less attention

2.6 Entrepreneurial personality factors and its importance

In entrepreneurship, there are several factors that can be controlled besides the personality traits and parents (Knott, 2008). In entrepreneurship it important to understand the personality factors of an entrepreneur. Some studies have concluded that 20% of variance in the intentions of entrepreneur origin can be seen by the personality origin of an entrepreneur. However, this ratio drops down to zero while explaining business success. It is found that the personality factors depend on the start up intentions of an entrepreneur. A group of researchers on the basis of configuration- theory approach observed that the personality characteristics of an entrepreneur gradually decrease from the start up phase to the business growth stage. (Refer 5)

Also for the development of the business intentions, correct measures need to be taken in schools and university in order to foster the personality characteristics of an entrepreneur. (Refer 6) (Frank, 2007)

In today's world, entrepreneurship besides the start up intentions and the personality characteristics of an entrepreneur is also influenced by the global economy. Trading in the global economy or the international market requires understanding of different cultures, risk taking and economic production methods. The process of internationalisation is a progression of stages and a gradual process which begins from an established domestic market. Traditionally, a small firm enters overseas markets through agents to gain knowledge for opening its own subsidiary firm. Then in the final stage overseas production is started. This is well explained in the diagram below:

The entrepreneurship concept though interesting has many challenges or problems. In 1971, author Frank Knight said that entrepreneurship judgement is a natural complement to the theory of the firm. However the challenge is whether the entrepreneur's insight is incorporated

or not, as there are problems related to the modelling issues like the judgement and entrepreneurial experimentation (Muzumdar, 2008)

2.7 Internationalization of a firm and international entrepreneurship

The internationalization process is also influenced by the networks of the entrepreneurs. The knowledge of internationalization can be gained through partnerships or in relation to the business networks. The importance of networks is that they are good source of information, linked to opportunities and vision. Social networks have crucial contribution in making a big difference towards the success. It is noteworthy that the entrepreneurs and the managers understand that firms cannot perform alone and social networks are an important element in a firm's international success. Therefore firms should involve in the networking process by taking part in specialized conferences to promote their credibility in the international market.

The diagram below shows the three roles of social networks related to the firm, entrepreneur and the entrepreneurial team and the High Tech Small Medium Enterprises (HTSME). In this it is shown that the information is received from the external sources, mainly through the networks. Then the information is used by the lead entrepreneur and his / her team, based on the prior knowledge, experience and thoughts. During this time the information is also gained from the social networks which may change the perceptions of the environment and the motivations related to the market. The information from the networks helps a firm to catalyst to set up operations quicker and in a planned manner. Finally, the decisions taken help in creating value and lead to the success of the firm in international market. (J)

(Luz Marina Ferro, Lise PrÃ©fontaine and Dorra Skander, 2005)

Historically many models and studies have evolved in the internationalization process and export market development. This research paper also pointed out that networks play an important role in the development of the export market. However planning, strategy and relationship development are the other major aspects involved in the export markets. These aspects are greatly influenced by the national values of different countries. Moreover, the national values have a significant influence on the management preferences and processes. Success in the export market depends on how a systematic approach is used in the planning stage. Export planning strategies determine the future strategies of the firm. The future strategies of the firm should include a blend of the export planning strategies and the market development process of the firm. After export planning, strategic planning is implemented which leads to the business relationships.

International entrepreneurship is not only related to entrepreneur's intention and action but also dependent on the network of relationships both at global and at international level. Internationalization is a result of two main reasons- globalization and the importance of small-medium size enterprises in the world economy. It also gives an opportunity to a company to be

stronger in the global competition and to optimise each stage of their value chain. In international market there are two types of firms that are early starters - born global and late starters. Entrepreneurial activities of the born global firms are spatial, concerned about what can be constructed new and recent in the global markets (Bonnafous-Boucher and Laviolette, 2009)

However it is argued that not all firms internationalize or have the characteristics of born global firms. Another view is that it is not necessary that the opportunity seeking, brokering and risk taking activities lead to internationalization of the company. International entrepreneurship is a tightly regulated process which is envisioned and realised by the entrepreneurs as an international entity. Moreover, international entrepreneurship is characterised by the extension and broadening of entrepreneurial capabilities. It is also noteworthy that the firms which internationalize after a few years of domestic operations inherit social practices and have a reflection of their local and regional environment. Overall, international entrepreneurship is heavily contextualised and socially constructed process that occurs through joint cross border co-ordinations (Fletcher, 2004)

2.8 Importance of the government policies

The regional environment, technology, structure of firm and the performance of the venture are influenced by the government policies (10). One of the important aspects of government in entrepreneurship is to increase the business birth rate and survival rate of ventures with favourable policies for the small business (11) (Mokry, 1998).

In today's world of e-commerce it is essential to understand the importance of internet. International expansion through internet can prove as a successful growth strategy for firms. The important point while using internet commerce has negative impact on profit expectations and revenue growth. However the use of internet for the use of product development and promotional expenditures can increase sales growth in international market.

(Rasheed, 2009).

Failures

Financial information in small business is less reliable and the profits can be easily manipulated. In order to predict failure many studies use multiple discriminate analysis on a sample of failed and non-failed companies. However, there are criticisms to this analysis that the studies are timeless (Burns, 2006).

Many companies are also involved in acquisitions and alliances in the international market. Historically alliances have failed to prosper. E.g. the alliance formed between the Apple computers and IBM in 1992 dissolved within few years. Studies have shown that alliances and

acquisitions of domestic firms are successful than the international firms. On the other hand, firms with international alliance can benefit only if they engage in resource combination activities. (Shepherd, 2009)

We have understood the various aspects like the government policies, export market scenario internet and international market which affect the functioning of an entrepreneurial firm. However, the other important factors for successful entrepreneurship are the key competencies of entrepreneurs like taking initiative, ability to grab opportunities, being assertive and commitment to others. Some research states that the role models also induce a high need for achievement among entrepreneurs.

Entrepreneurs also face failures in their life. As per Timmons, dealing with failure is an important aspect of entrepreneurs. However, the tolerance of failure depends on the culture. In US people assume failure as a learning experience and they consider that entrepreneurs learn and form successful companies. In US only 26% of entrepreneurs who fail, do not start their business again whereas in EU it is 40% (Deakins and Freel, 2006). If we consider the failure rate of the new firms in the first four years it is 51%. The reasons for such failures are lower income of entrepreneurs, decrease in the earnings, unrecovered investments and the costs incurred by others in the economy (social costs).

Entrepreneurs consider fear of failure as a part of the process which leads to the goal of entrepreneurship. They chase their dreams and respect the process of downfalls. Failing is a hard lesson to learn and is necessary for most of the entrepreneurs to succeed. (Shefsky, 1994)

Emotions occur before and after the failure of a business. Business failure occurs when there is a rise in the expense or if the revenues have drastically fallen down. It is researched that after a business failure, an entrepreneur should take a break before starting a new firm. The period of a break or grief enhances the emotionally recovery. Recovery is considered as a negative function of both financial and emotional loss. Therefore, in some situations a delay in a business failure can help balance the financial and emotional loss. The diagram is shown as follows:

Considering the business world, many of the world famous companies have failed in their businesses. E.g. Ford Diesel had quality problems which ended up in \$250 million loss. Another example is that IBM had to face \$40 million loss due to slow microprocessor and an unattractive price of a computer. If we closely observe the venture's life cycle, firms fail as they do not innovate. Many firms get involved in the innovation of a new product or service or sometimes acquire innovative firms to ensure their own growth. Sometimes, entrepreneurs get hypnotised by the success of the business and fail to focus on the growth stages and ultimately ignore it. Entrepreneurs however need to follow different strategies during the different growth stages (Kuratko and Hodgetts, 2007).

The growing small business sector is not only because of a trend in new firm formation but also by a trend in firm failures. As per Beesley and Hamilton a high level of firm turbulence also leads to formation of new businesses. In UK it was seen that a lot of founders and investors used exit routes in case of a loss in business. The common exit routes were sale to a third party, sale to management of employees, sale to another business, public quotation and liquidation (Klandt, 1993)

Chapter 3 Methodologies

3.1 Introduction

Research in business and in day to day life makes living easier. Decisions cannot be taken; unless, the important issues are investigated in-depth and more relevant information is gathered. In medium-sized and large organisations, the decision making process is based on the research. (Ghuri and Gronhaug, 2002) Research is a systematic and methodical process of enquiry and investigation which increases knowledge. Research is vital to both academic and business activities. A research project offers an opportunity to identify, select a problem and to investigate it independently under the guidance of the supervisor. If a research data is collected using qualitative methodology, then the emphasis is on the meanings and experiences related to the phenomena. (Collis and Hussey, 1993). This chapter defines the key concepts related to the paper, explains the reasons for the chosen methods and procedures of the research.

3.2 Ethics

Ethics are the main principles and values for both the researcher as well as group of researcher. (Churchill cited in Ghauri and Gronhaug, 2002) In this research, ethical issues were considered while conducting the research and the complete picture of the research project, purpose of the research and objectives were clarified with the participant (Ghuri and Gronhaug, 2002).

3.3 Qualitative Methods

Qualitative business research is crucial and gives an opportunity to focus on the complexity of the business related phenomena. It develops new knowledge about how things work in the daily business life, understands as why they work in a specific way and how we can make sense in a way that they might be changed. One of the major interests of qualitative research is that it deals with the social and the cultural construction of its own variables (Eriksson and Kovalainen, 2008).

Qualitative Research is about viewing events and social world through the eyes of the people who are studied. Qualitative researchers provide more description, emphasise on context understanding of social behaviour and view social life as processes. Qualitative interviewing which is one of the main research methods is used in this research. The prime reason for using

qualitative interviewing for the research is because it is used especially in a participant observation study. However, Silverman (1993) criticised that the use of qualitative research does not acknowledge the variety of forms assumed by the research strategy (Bryman and Bell, 2007).

Qualitative methods and case studies provide great tools for research in management, business subjects and education. However, a continuous criticism to the case research is that it is inferior to the methods based on random statistical samples of a large of observations (Gummesson, 2000).

Another criticism as per Silverman (2003) is that the accounts of the qualitative research fail to acknowledge the different forms of the research strategies. Also adapting external - internal reliability and external - internal validity is challenging (Bryman and Bell, 2007).

3.4 Secondary Data

As per Atkinson and Coffey social life is mostly known by written texts and the society would not function without the written laws and regulations. Similarly, the educational system cannot function without the books. The first types of text are known as primary data and the second type of data is known as secondary data. Secondary data provides excellent background for the qualitative business research like the case “ study oriented research. Post structuralism understands that the human action is treated as a text. Texts are open to various interpretations and are related to other texts through inter- textual ties (Eriksson and Kovalainen, 2008).

Another view is that, although the qualitative data analysis is presumed to be collected with the analysis of the data, in recent years the usefulness of secondary data in the analysis is also an increasing part of the discussion and interest. Secondary analysis helps to get rich opportunities of the under explored data for qualitative researchers. Also, many of the secondary sources are of very high quality for which the sampling procedures are rigorous, well established and sometimes the data is gathered by highly experienced researchers (Bryman and Bell, 2007).

For this study, the other documents that supplement the primary data information include the reliable Journal articles accessed from the library link of the Brunel University. As the topic is related to entrepreneurship, data is collected from the premier websites like business.gov.in for India, sba.com for US, business.gov.uk for UK and other reliable websites that provide information on entrepreneurship.

3.5 Primary Data

Data which is collected at source is known as primary data. E.g. survey data is collected by asking questions or making observations (Collis and Hussey, 1993). Also, as per methodology

textbooks data collected by the researchers is known as primary data (Eriksson and Kovalainen, 2008).

Primary data helps researchers to get familiar with the structure and contours of the data. Theoretical approaches are a result of primary data itself. It is also easier for the researchers to generate conclusions as per the analysis. However, primary data takes a lot of time and is a very costly method (Bryman and Bell, 2007). Interview is a type of primary data and is useful for business studies to identify a personality. Also, the problems related to the internationalization efforts can be identified (Ghauri and Gronhaug, 2002).

3.6 Data collection methods

Qualitative data collection provides a real basis for analysis and interpretation however it can be expensive and time consuming. The main challenges while conducting a qualitative data is to reduce the data from the notes or the transcripts of the interviews in a systematic way by summarising the data. Secondly, the data collected in a chronological order sometimes may not be suitable for the analysis. There is no pre existing or a suitable structure during the data collection phase. Data reduction occurs which is another problem if a researcher has constructed some framework. This is not usually suggested as it blocks the deep understanding of the data. Lastly, the qualitative data sometimes needs to be converted from an extended text into analysis of presentation, which is unsuitable as a qualitative data collection method (Collis and Hussey, 1993).

In this research data was collected by the way of an interview. An interview is a form of collecting data from the participants wherein questions are asked to know what do they think or feel about the asked questions. Interviews help researcher to ask complex questions which is not possible in questionnaire. There are two types of interviews involved in a qualitative data collection. One is by asking close ended questions known as positivistic approach and another way is by asking open ended questions known as unstructured or semi- structured questions. As indicated earlier this research is based on a case study of an entrepreneur. In this study the data is collected in a form of a face to face unstructured interview with the entrepreneur. Such type of interview technique offers comprehensive data collection and is useful to understand sensitive questions (Collis and Hussey, 1993).

3.7 Semi- structured interview

The interviewee was first introduced with the purpose of the study (Ghauri2002). Many of the qualitative interviews in business research fall under the semi structured category which understands the 'what' and 'how' type questions. However, some of the qualitative interviews are unstructured informal, open and narrative. For this research, the questions were

asked in semi structured form to outline the topics, issues and themes related from the opportunity realisation stage to the business set up stage (Eriksson and Kovalainen, 2008).

A list of questions on the topic of entrepreneurship were prepared, which is often known as an interview guide. The participant was given flexibility in how to reply to the questions. Questions were not asked in exactly the same way as they were structured. However, all the questions were asked to the interviewee during the face to face interview.

3.8 Participant

Mr. Prakash Bang, an entrepreneur based in Pune city of India was the participant for the study. The study was conducted in quiet place and it was ensured that the interviewee is comfortable. Almost all the topics of the questions were covered during the interview.

3.9 Interview Questions

The participant (entrepreneur) was asked in-depth open ended questions to get detailed responses. It was ensured to understand the interviewee's opinions and at times assistance was also given to know the interviewee's beliefs (Easterby-Smith, et al., 2008).

Also, the interview questions were kept simple to make participant easier in answering a question (see Appendix). Further, the participant was encouraged to express his opinions by asking him neutral questions with a view to avoid pre- assumptions and pre- given typologies (See Appendix). The interview was recorded by writing notes on the spot. (see Appendix) (Eriksson and Kovalainen, 2008).As per Kvale (1996), there are nine different kinds of questions asked in a qualitative interview. For this research, a mix of introductory questions, follow up questions, probing questions, specifying questions, structuring questions were asked. (See Appendix). Also, pauses were taken when the interviewee was elaborating and reflecting more on a particular topic so that more details are obtained. Different topics on entrepreneurship were studied; therefore, a looser format was followed (Bryman and Bell, 2007).

3.10 Analysis

Analysing qualitative data has many problems. As the data collection method can be on the basis on which it is analysed, it is usually hard to distinguish the difference between methods of collection and methods of analysis. Also, another challenge in qualitative research is to summarise and structure the data in order to arrive at conclusions (Collis and Hussey, 1993).

However, the data was analysed by forming the data in correct order, structuring and with the understanding that it should make meaning to the overall mass of the data collected (Ghauri and Gronhaug, 2002). Data was collected by taking notes during one to one interview and then analysed as per the research questions.

The acquired data was then re contextualised with a complete understanding of the related topics and then the topics were returned to the existing theories in a context. Further little information was considered as new linkages to establish developments in the research (Collis and Hussey, 1993).

In this research, data gathered from the Indian government's business help website and were cross checked with the primary data.

3.11 Challenges encountered

Conducting the primary research was very challenging, as it was very difficult to get in touch with the entrepreneur Mr. Prakash Bang because he is a busy entrepreneur focussing on more than two businesses.

At the time of the interview, the entrepreneur was not very comfortable sharing detailed information related to his business failures. Entrepreneur took more time to speak on the discovery of opportunity. However, this proved to be useful in getting more knowledge about his social setting education and family background.

Chapter 4 Findings and Analysis

4.1 Introduction

This chapter shows the findings of the data collected in the primary research. A set of questions were asked, based on the different stages of entrepreneurship. The areas covered included:

- 1) The opportunity discovery, realisation of opportunity and the influence of the role model.
- 2) Support from the banks and political parties.
- 3) Idea of exports, business expansion, internationalization and global competition.
- 4) The role of government in the development of entrepreneurship and in exports.
- 5) The failures in business.

4.2 Sample Profile:

The participant was the entrepreneur Mr Prakash Bang (entrepreneur) who is into two businesses, i.e. of mango exports and online travel agency. The face to face interview was conducted to understand the above factors in relation to his life. All the information was collected on the same day. This paper is a case study based on the life of an entrepreneur. In-depth questions were asked to the entrepreneur. The participant was chosen as a sample because he is one of the leading exporters of mangoes in India and his entrepreneurship case is very interesting.

4.3 Findings and Analysis

It was observed that the opportunity is realised due to the various experiences in his life as an entrepreneur which is mentioned in the Klandt (1993). In this case, Mr Bang started working a salesman in his school days and later realised the opportunity at the age of 21 years in connection to his sales work. This is when he utilised his existing contacts to set up an advertising agency. Also, it is observed that the entrepreneur was born in a 'Marwari' community in India - many of the Indian businessmen belong to this community. This shows that the opportunity is communally constructed which is observed in Fletcher, (2006). Therefore the findings have mostly matched the aspects of the reviewed literature. Other aspect that was noted is that the entrepreneur started his business as he always felt to 'Work for himself' or 'Be his own Boss' and was self motivated during his sales job and asked himself 'What is so difficult in this work'. Later the other opportunities in starting the mango business were linked to the relationships formed. He was inspired by Dhirubhai Ambani who is one of the legendary entrepreneurs in India.

Although the literature of Le, N. T. B. & Nguyen, T. V. (2009) says that a lot of support is available from the banks and that the links with the government officials and customers help in getting a bank loan. However, in this case the entrepreneur raised the finance from his personal savings and took a loan directly from the bank without any help of government officials or customers which is rightly mentioned in Casson, et al., 2008. It is also found that the entrepreneur agrees that the link with the political parties can help in the business but he still does not believe in connection with the political parties. This is because in his opinion 'such links' / 'help' are not fit for the business considering a long term view.

With regards to the opportunities in the international market, the studies found similarity with the first stage of GREY which states that the internationalism starts initially within the domestic market. However as per the entrepreneur the later stages are formed due to the contacts developed in the business which is different observation as compared to the literature. Regarding the export market development the participant said that 'In the business world one opportunity leads to another'.

About international entrepreneurship, the participant expressed his opinions as follows

- Cultural background does affect the business set up and the process of entrepreneurship.
- The strategy of the firm will help kill the competition and achieve success.
- Relationships are important in rolling the money in international market.
- It's all about contacts in domestic and international business.
- A firm's success depends upon the strategies adopted by the entrepreneur and his team.

- Indian government export policies are flexible but the government need to extend the support or services for the entrepreneurs.

The above statements coincide or share similarity related to the fig 8, fig 9, fig 10, fig 11 and the literature on Fletcher (2004).

It is observed that the policies of the government affect the performance of the entrepreneurs. Favourable policies help countries to succeed. The participant agreed that there is not enough support available from the Indian government is supporting the entrepreneurs at both national and economic level. This point identified in Kuratko and Hodgetts (2007) .In the participants view although there has been much revolution in the small business sector in India, a lot is yet to come. This is because of the strong GDP ratios and the FDI investment in India which is seen in go4funding.com Also the entrepreneur mentioned that today in India the 'laws of land' are also much easier which are favourable in terms of other businesses like private banking unless the business is related to mining or oiling. These points support the information that India is a growing land where business can survive for a longer time which is observed in the website narendra.com

In the views of the participant a failure in business is due to the financial loss, i.e. because the 'cash register doesn't ring' (termed as per the participant) which is similar to the information in Kuratko and Hodgetts (2007). Further, the losses as per the participant were due to increased competition and loss of market share. When a question was asked about failure related to his life, the participant was not comfortable sharing more information about his experience. However he shared a little information about one of his failures - rupeesaverportal.com which he launched to sell household materials in the Pune city of India. The reason for the business failure was because of the political pressure which is not covered in the literature review.

From the above findings it is clear that most of the information is related to the literature reviewed in this study and little information is contrasted.

Chapter 5 Conclusion

Having gone through the literature review, there has been a similarity observed in relation to the discovery of opportunity is concerned. It is concluded that the concept of opportunity is developed in the society in which a person lives. There are also many factors that affect the strategies of the entrepreneur like the education and the cultural background. Such factors are also relational to the success of the firms and exploiting other opportunities. Considering the example of the case analysed in this study, it can be linked that the MBA background (education) and culture (Marwari- Hindu, many of the entrepreneurs belong to this cast) and the essential contribution for the successes in the business acquired by the entrepreneur. These factors help an individual to discover and exploit business opportunities.

From the literature review on the usefulness of entrepreneurship in relationship with the entrepreneur there has been contrast observed as the entrepreneur started his business with his own savings. However, the importance of network is seen as very important in terms of business success in both domestic and international market which was also agreed by the entrepreneur. From the Appendix B, which shows the life story of an entrepreneur, it is seen that in order to set up export operations the entrepreneur took assistance of his father's contacts and was successful. Also the entrepreneur agreed that in daily business contacts help to get things done easier. Although the entrepreneur does not believe in taking help from the political parties, one of his ventures " rupeesaver.com failed due to political pressures. If in case, he would have believed or had some influential contacts at that time, there would have been more chances that his business probably could have survived (at least suffered a minor loss).

Considering the area of the links involved in the export market, it is concluded that in businesses the links are interrelated to each other. A parallel view point between the first stage of the internationalism and the entrepreneurial view is observed which states that it starts from the domestic market. However the literature's second stage involves entry into foreign market through an agent but as per the entrepreneur the links are born in the domestic market itself. This is possible in today's internet world as things are discussed over e-mails and is very easy to import or export goods. Also another literature review stressed on the networks which is the core principle for internationalization and for the high technology firms. This conclusion is relates to the online business of the entrepreneur " web source technology limited which uses the latest technology to know about the information on travelling (look in Appendix B).

As we have seen in the literature that the further development in the international market is complicated and is more dependent on the strategies of the firm. Such strategies and the personality start up intentions / personality factors are interdependent. This review of the literature is similar to the view point of the entrepreneur that the strategy of the firm helps to achieve business successes. It is concluded that with strong qualities of networking, an entrepreneur also needs to strategise the business of the firm in order to dominate the market and achieve long term success.

As per Mokry (1998) the government policy affects the technology, the firm's structure and the organisational task. These factors ultimately affect the venture successes of the firm. These policy views can be related to the views of the entrepreneur that the Indian government policies are flexible and comfortable for exports. As there is a need for the government to extend the support for the entrepreneurs which is as per the opinion of the entrepreneur, Indian government need to consider the approach of high policy in order to increase the birth rate of the firms which is observed in the 11. Therefore, as government sets up environment as

breeding grounds for the entrepreneurs, it is concluded that the government's role is very important in the growing economies like India.

In this research, the entrepreneur had a role model which is also observed in the literature wherein Andy McLoughlin's role model was his own father. Regarding vision in the business it is noted from the literature that as per Jasdeep Singh Bhatia's opinion the vision for the business is very important. However, in this case it is observed that the entrepreneur started the business as he wanted to be his own boss and didn't like to work for others. However there was no intention of 'vision' or the business was not started with considering the vision in the mind. This is a very important point to be noted as the entrepreneur started his business with the intention to 'Be his own Boss'. Therefore it calls for a further research on the topic that whether the businesses are started with the prime objective to 'work on own' concept or is it because of the concept to achieve the business vision that drives an entrepreneur.

As we have seen in the previous chapter that the failures in business as per the entrepreneur's view's is because of the financial losses in business, increased competition and the loss of market share which is a similar with the literature's case of the Ford and IBM. But at the time of the interview, the entrepreneur's opinion on the failures was more a generic one and as discussed previously he was uncomfortable in giving details about his past business failure involved in online household sales items. Therefore, in this case it is difficult to derive at one conclusion or a single reason for the failure. So, due to the limitation faced, it calls for similar case study focus on the entrepreneurs in order to understand the exact reason for the failures in their own businesses.

5.2 Recommendations

After concluding on the various aspects involved in the area of entrepreneurship; we have clear ideas as how are factors related to one another, which as a whole sum up being important issues involved in the entrepreneurship. It is important to note the final recommendations drawn as per the analysis and the con