



ENTREPRENEURSHIP COMPETENCIES DEVELOPMENT IN INDIA IN COMPARISON TO COUNTRIES FROM EUROPE AND NORTH AMERICA– AN OVERVIEW

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Abstract

Since the last few decades, the idea of entrepreneurship has gained traction around the globe. For the Indian economy, this gearing initiated a competition with the rest of the world. A matter of relevance can be strongly established by understanding the need for harmonized entrepreneurship indicators which potentially prove as an information source to policymakers and other actors in the entrepreneurial ecosystem. This paper evaluates the pace of entrepreneurship in India and provides a basis for comparison with that of the developed countries. The overview is based upon variables considered important for the scope of further study in this domain. The data considered is till the extent of 2020-21, further laying emphasis on development of entrepreneurship in India and paving way forward for a self-sustainable economy. All data no relevant for this research has been discarded.



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Introduction

Entrepreneurship is a vital engine for the health and prosperity of societies and an impressive engine of economic growth. It will not only seize new opportunities, boost productivity and create jobs, but it will also drive the innovation needed to address some of society's greatest challenges, as reflected in the United Nations Sustainable Development Goals (SDGs). Governments around the world, along with think tanks, non-governmental organizations, and organizations of international nomenclature as well as prestige, today use entrepreneurship as a tool to solve poverty and social inequalities, promote women's empowerment, and promote global ecology. We see it as an essential link

in implementing business solutions to challenges. Access (by entrepreneurs) to knowledgeable and motivated networks of other entrepreneurs is a key enabler of entrepreneurship adoption. A recent report found that the proportion of adults (ages 18 to her 64) who know someone who has started their own business in the past two years varies greatly by country, with Japan her 1 in 5. Varies widely from less than four to four or more of her. 5 in Japan Saudi Arabia. Entrepreneurship relies heavily on the potential entrepreneurs identifying opportunities that lead to interesting businesspropositions. Confidence and belief in your ability to succeed are indicators of your entrepreneurial readiness. A recent study uncovered the “hives” of entrepreneurial activity by identifying overall levels of early stage entrepreneurial activity and where it is most prevalent. Business conditions, clubbed with gearing rate of the economy and inflation slope have proven to be crucial parameters for determining the success and survival of entrepreneurs in any country. The coverage of business activities, whether local or global, seems to be the factor capable enough the break the sound barrier, however, it is far from being proven and testified, considering the downfalls on start-ups in the Indian sub-continent. It is also evident that a good indicator of the health of entrepreneurship in an economy is the level of Established Business Ownership (EBO). However, not everyone has nerves of steel to swim into shark waters. Lack of adequate support from the government in developed countries, clubbed with lack of awareness among millenials has acted as the final nail in the coffin since a few decades, leading the the downfall of many dreams, that now stay unrealised. This could simply be a matter of lag for an economy that has recently experienced a surge in entrepreneurship that has not yet been reflected in mature activity. However, this undoubtedly illustrates the difficulty of transforming start-ups into established companies in some economies. In today's rapidly changing business context, companies are increasingly focusing on the entrepreneurial spirit of their employees. Given the changes in organizational and national cultures implied by the need for worker entrepreneurship, such transitions in the world of work, while necessary for some countries, can be particularly difficult. There is a nature of activities that are yet to be understood and revealed to dive deeper, failing to which each time busisess will be left to vulberable chances.

Major motivator & for entrepreneurs to pursue their dreams.

“Corporate purpose” is a hot topic in mainstream news in 2019. At this time, the U.S. Business Roundtable, a coalition of some 200 of America's most famous corporate CEOs, sought to define a new corporate purpose beyond shareholder value. A stakeholder approach leads to shared value. And it didn't stop there. Some leading companies

had "redesigned" their business vision and mission long before these events. At a tender age, every individual is aspiring to touch higher skies in life, which is why many start dreaming on becoming an entrepreneur. However, gravity acts upon the dreams by pulling them down to reality.

Literature Review

Entrepreneurship is a determining factor of economic development (Thurik, 2009; Hessels and van Stel, 2011; Audretsch et al., 2015), social and structural change (Acs et al., 1999; North, 2005). Entrepreneurship not only contributes to the economic and social growth of a nation, but also stimulates the development of knowledge (Shane, 2000), technological change (Acs and Varga, 2005), competitiveness and innovation (Parker, 2009; Blanco-González et al., 2015). Despite the important role Joseph Schumpeter played in explaining the economic impact of early 20th-century entrepreneurship, related issues have long been taken for granted in major economic trends. However, in the past decade, entrepreneurship-based dynamic industrial processes and determining the rate of economic growth have been revived by academia and policy makers. Furthermore, there is a tendency in theoretical texts which is more vividly trying to enter entrepreneur in the growth models (Braunerhjelm, 2008). As discussions on business success and sustainability have appeared beyond the advent of social enterprises since 2010, the discussions that social enterprises should seek measures for corporate survival and continuous growth through corporate value increase and economic value retention such as capital, business model, and excellent workforce like for-profit companies are being emphasized (Battilana & Dorado, 2010). Entrepreneurial activity is not just about discovering new ideas and possibilities (Shane and Venkataraman, 2000), but also intentional planning, developed through the cognitive processing of internal and external factors (Del Giudice et al., 2014). Intention is a cognitive process that precedes the effective involvement of the individual in any type of activity (Liñán and Chen, 2009), and in particular, entrepreneurial intention is closely linked to business world (Moriano et al., 2012) and has become a rapidly evolving research sector in the international scene (Liñán and Fayolle, 2015). Acs and Armington (2002) link a measure of entrepreneurship to growth at the regional level. Several studies have attempted to explain entrepreneurship as a key factor explaining higher economic growth in countries and different parts of countries. Van Stel et al. (2004, 2005) used his three explanatory variables of national economic growth: entrepreneurship rate, output per capita, and global competitiveness index. They used GEM data to find that entrepreneurial

activity rates have a positive impact on economic growth. Audretsch et al (2006) speculated production function through a sample in Germany in 1990. They calculated a positive correlation between entrepreneurship, capital, and regional economic growth. Furthermore, using World Bank data, Klepper et al (2007) concluded that there is a positive relationship between self-employment rates and economic growth. In theory, there is evidence that not only is entrepreneurship destroying jobs, but unemployment itself increases unemployment. This hypothesis was tested by Audretsch and Thurink in 2001 using panel data from 23 of his OECD member countries from 1974 to 1998.

Methodological Tools Administered

This section studies the parameters considered for determining the growth and scope of entrepreneurship in India in comparison with the countries listed under the Aisa-Pacific and the Eurpoe & North America. The problem identified through the reviewed literature is that there has been an intense study performed globally through various methods to understand the scope of entrepreneurship. However, there lies an acute lacuna on the study of entrepreneur competencies development in the indian subcontinent. The data extracted from the GEM report has been utilized as the reliability index on the report has been well established, as mentioned by Raoofi & Afhah (2014). Entrepreneurship is more than just a business decision, espexially for a country like India, people possess a sentimental attachment to all their belongings, hence, it's a matter of devotion and commitment. However, whether these aspects are relevant to understand the business competencies and development is yet to be studied and explored.

Research Design

The data referred for the purpose of this study has been taken from reliable government sources. The intent of the study to to understand the focus on entrepreneurial competencies globally and explore the potential development in competency understanding. The study has considered all parameters relevant for the study, while relying on the reviewed literature. This study also explores the importance of social and cultural foundations for entrepreneurship, by also analyzing their variance by global region and according to the economy's income level. The study deploys an observatory research design, by laying eyes on the parameters studies.

Model Estimation and Results.

In this section, using variable data observatory approach, the relationship between entrepreneur competencies and etrepreneurship development has been examined in selected countries from Asia – Pacific and Europe & North America.

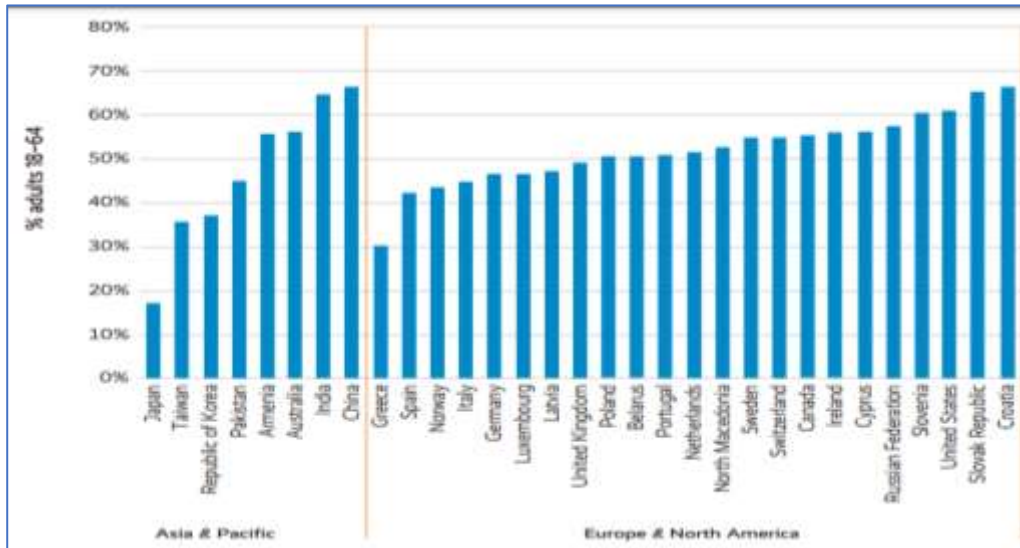


Figure 1.1: Awareness of someone who owns a business

As per Fig 1.1, the global traces have been identified on those who know some individuals who have started their own business in the past 2 years. Personal affiliation with someone who has started a business is consistently high in the Asia – Pacific region as compared to Europe & North America, accounting for around 6.5 out of 10 adults in India.

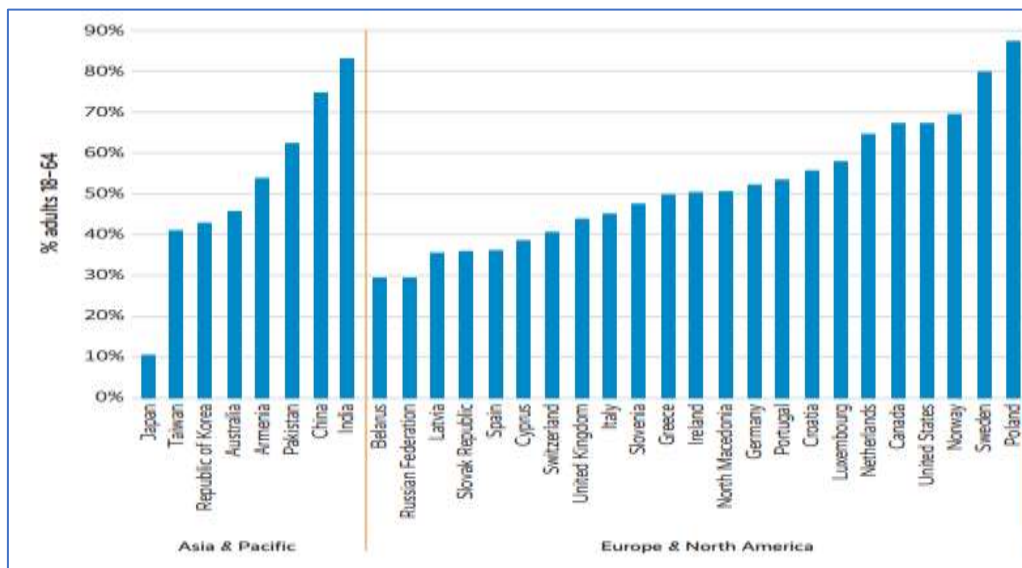


Fig 1.2: Local opportunities to start new business locally

The new hope indicator reveals the fact that there are good opportunities to start a new business locally, and India definitely seems to lead the Asia – Pacific region by a considerable huge margin. In fact, it has been identified that India ranks the second best among the selected countries on this parameter.

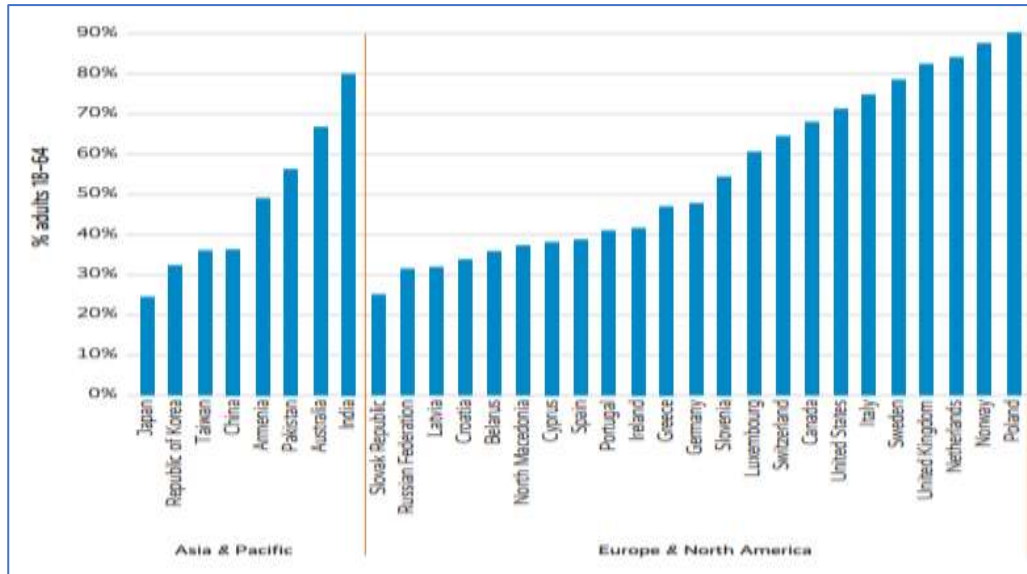


Fig 1.3: Perception towards ease of starting business

Fig 1.3 reveals the statistics of individual perception towards the ease of starting their own business in India. Unfortunately, India seems to be low ranks across both the zones selected, although it has emerged as the local favourite in the Asia-Pacific region in recent years.

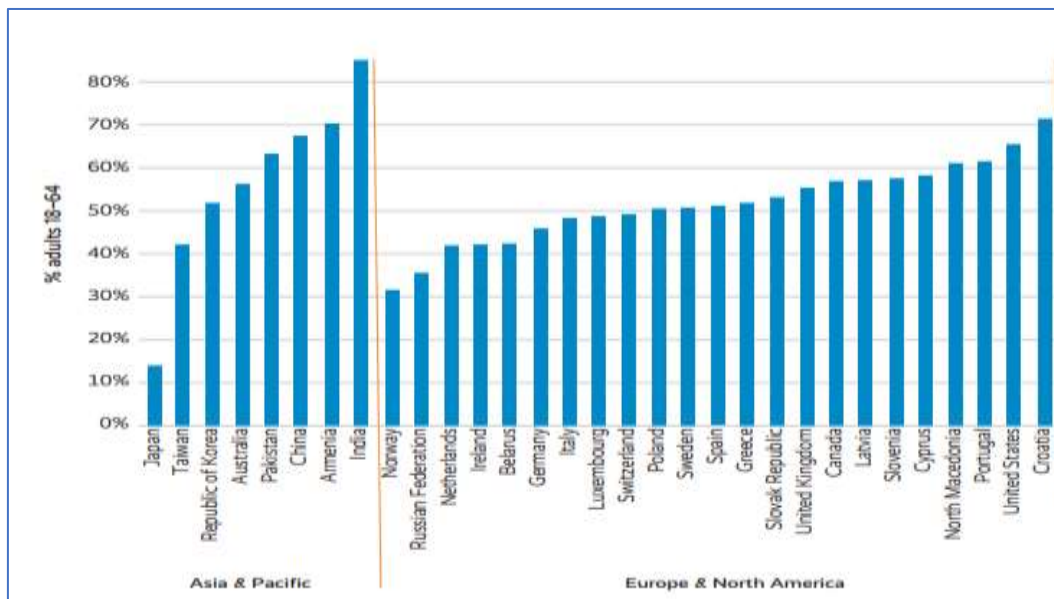


Fig 1.4: Knowledge, skills & experience to start a new business

Fig 1.4 reflects a concerning result, as the survey conducted portrays that 85% of the Indians are confident that they have the knowledge, skills and experience to start a new business of their own. Here, India has a cutting edge advantage over the other countries across both the zones surveyed.

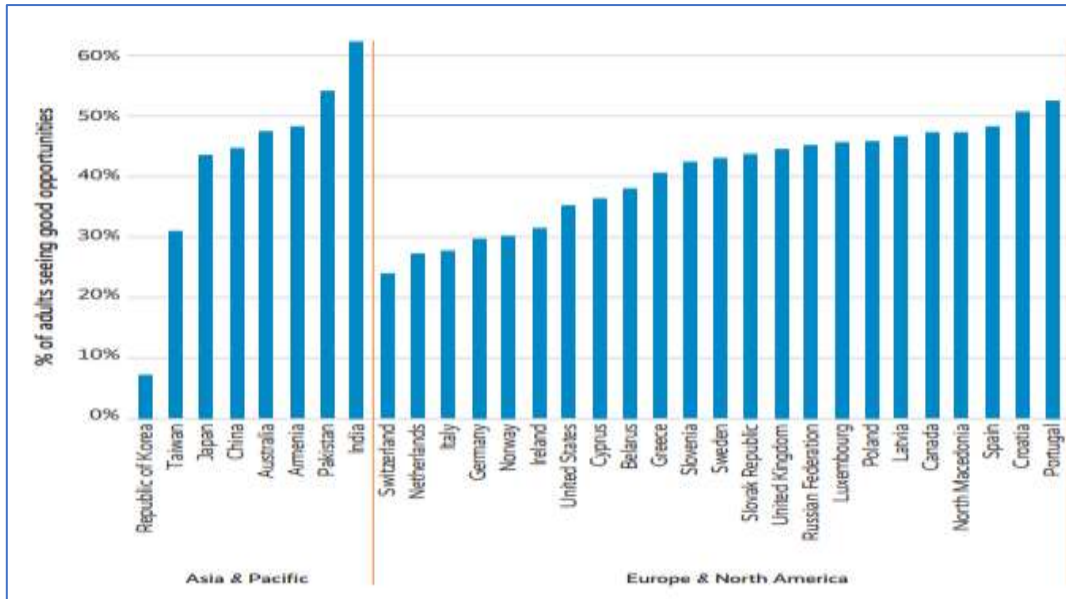


Fig 1.5: Fear of failure leads to avoiding starting new business

Fig 1.5 reveals that despite of most of the Indian’s possessing the knowledge and skills to start a new business, it is observed that India also leads the fear factor dilemma, leading to discouraging majority of the surveyed individuals from commencing a business on their own.

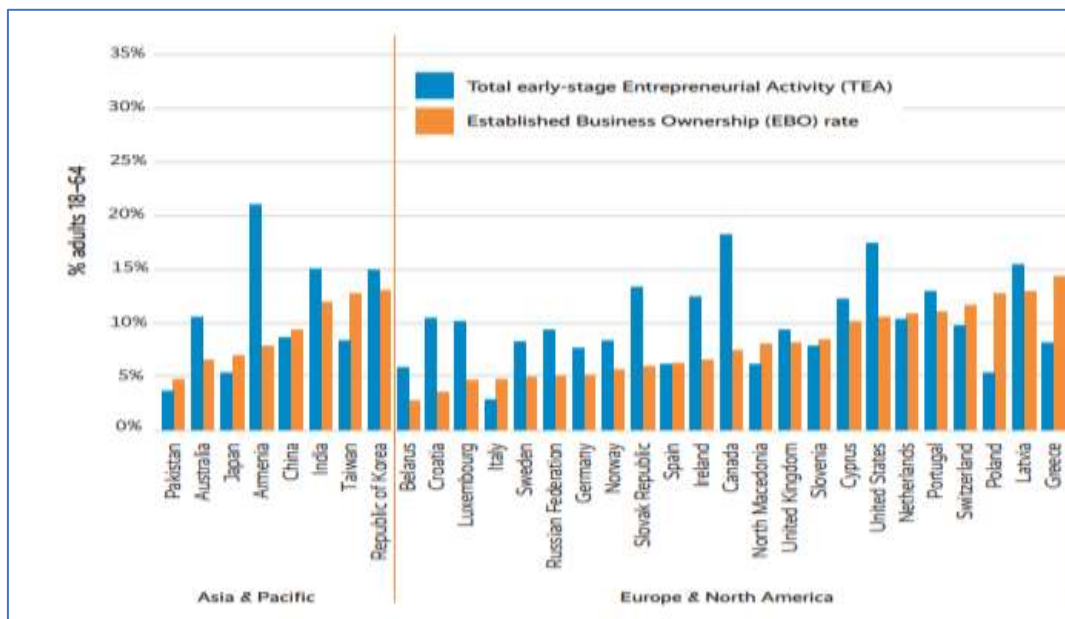


Fig 1.6: TES VS EBO Rate

A more realisti and acceptable numbers are revealed through a survey done for studying the Total early stage entrepreneurial activity and Established Business Ownership across both the zones. The low ratio of early-stage businesses to established businesses may indicate difficulties in rebuilding the economy's business foundations in the future. On the other hand, a very high ratio of early stage business activity to established business may indicate interest

in starting a business but difficulty transitioning to an established business. there is. In such cases, people may start a business for short-term financial gain or as a temporary gap between other options, rather than with the goal of developing it into a sustainable business.

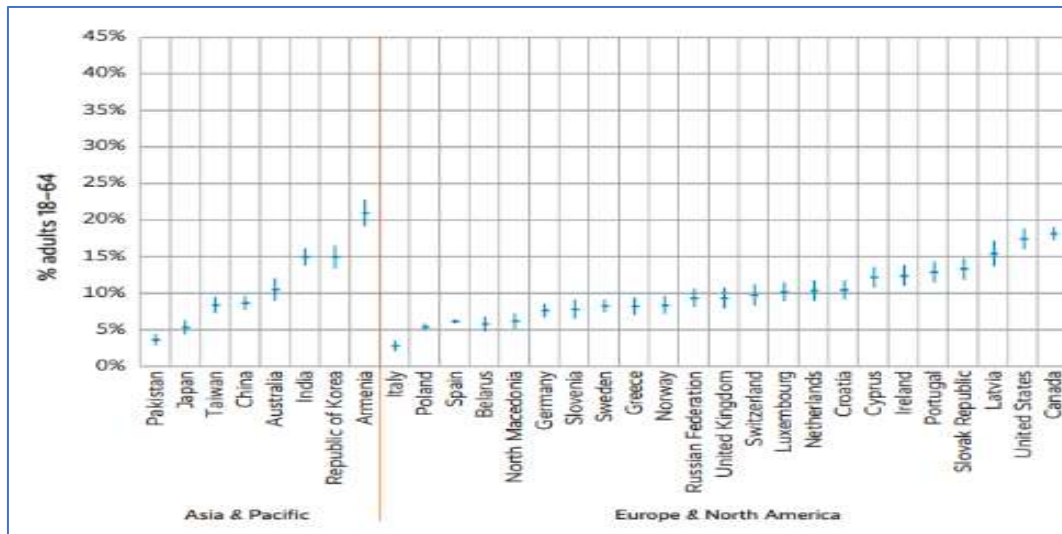


Fig 1.7: Early Stage Activity Report

Considering the sector-wise distribution of entrepreneurship, while startups mirror dynamism and potentially “creative destruction” (where new businesses challenge and replace obsolete ones), intrapreneurs can ensure continuous innovation in larger organizations. India is fairly ranked on this parameter, as this seems to be a minute concern, but if left unnoticed, can prove disastrous.

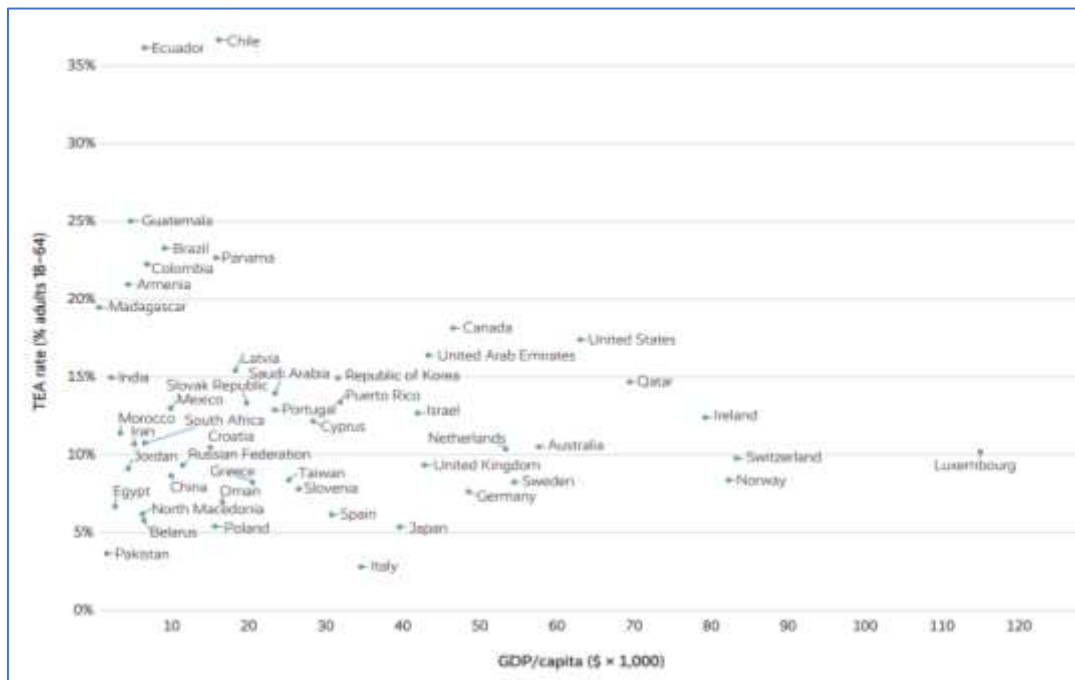


Fig 1.8: TEA Rate to GDP/capita

India seems to enjoy a safe position here as it is the least risk bearer in the TEA to GDP ratio. However, this also triggers that there is immense scope which is lying unnoticed like an Iceberg's depth, and hence needs a changed approach.

Analysis and Findings

Through the parameters considered for the purpose of this study, it can be clearly observed that India has achieved a high leap in the unknown skies on entrepreneurship, however, from the earlier discussions, the following findings have been observed:

Awareness: India has taken a lead on spreading the awareness about the importance of entrepreneurship. The newly elected government has laid a strong foundation through various schemes such as Vocal for Local and Self dependent India.

Local opportunities: Accompanying the awareness about someone who runs his/ her own business, the opportunities also are being made visible in recent times. India has secured the 2nd rank across the zones selected for the purpose of this observatory study.

Perception towards ease of starting business: Indians have the best perception towards starting a new business across the Asia-Pacific region, however, there seems to be adequate room for improvement in this area for India, as perception is a fair-weather friend towards deploying entrepreneurial competencies.

Knowledge, skills and experience to start a new business: This parameter appears to be a winner for India, however, the results derived could be subject to dispute, on the grounds that just because someone thinks they know how to do business, need not be the correct realization of the true difficulties of doing business in India.

Fear of Failure: The study revealed that India also ranks first on the fear factor, being a major reason for discouraging the younger generation to take a step back before moving forward.

Early Stage Entrepreneurial activity: This parameter has seen a significant improvement across the globe, as majority of the entrepreneurs arising belong to the younger generation, and India is not too behind in the race. However, being the second largest populated country, the quantum of talent available is huge, however, on a contrary, the participating population seems to be much lower. Also, considering the huge size of the population bowl, it looks all the more difficult to move the parameter higher in the near future, unless a revolution is witnessed.

Conclusion and Suggestions

In this study, the global observations of developments in entrepreneurship on economic growth of the 2 international zones, namely Asia-Pacific and Europe & North America were considered, and were studied using panel observatory data method. For this purpose, the six

factors were used as the main variables of research for the study to identify the significance between the selected variables and entrepreneurial competencies. As expected, compatible with literature, there is a positive and significant relation between economic growth and entrepreneurship. It also is loudly evident from the results that expanding entrepreneurship and increasing entrepreneurs in a country can result in higher economic growth. According to outcomes, the rate of awareness, which is measured by known source having own business, has a positive and significant effect on economic growth. The resulting outcomes from the selected parameters also illustrate that high confidence of starting a new business in an economy is problematic to entrepreneurial growth as fear leads the race compared to desire. However, there has to be more focus encompassed on identifying the true indicators for determining entrepreneurs competencies, while emphasis should be laid to study these elements further, as there is a burning need felt, but it has to start at some point.

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