

Entrepreneurial Dynamism and Socio-Cultural Context

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Abstract : Managerial literature abounds with discussions on business strategies, success stories as well as cases of failure, which provide an indication of the parameters that should be considered in gauging the dynamism of an entrepreneur. Neoclassical economics has reduced entrepreneurship to a mere factor of production, driven solely by the profit motive, thus stripping him of all creativity and restricting his decision making to mechanical calculations. His 'dynamism' is gauged simply by the amount of profits he earns, marginalizing any discussion on the means that he employs to attain this objective. With theoretical backing, we have developed an Index of Entrepreneurial Dynamism (IED) giving weights to the different moves that the entrepreneur makes during his business journey. Strategies such as changes in product lines, markets and technology are gauged as very important (weighting of 4); while adaptations in terms of technology, raw materials used, upgradations in skill set are given a slightly lesser weight of 3. Use of formal market analysis, diversification in related products are considered moderately important (weight of 2) and being a first generation entrepreneur, employing managers and having plans to diversify are taken to be only slightly important business strategies (weight of 1). The maximum that an entrepreneur can score on this index is 53. A semi-structured questionnaire is employed to solicit the responses from the entrepreneurs on the various strategies that have been employed by them during the course of their business. Binary as well as graded responses are obtained, weighted and summed up to give the IED. This index was tested on about 150 tribal entrepreneurs in Mizoram, a state of India and was found to be highly effective in gauging their dynamism. This index has universal acceptability but is devoid of the socio-cultural context, which is very central to the success and performance of the entrepreneurs. We hypothesize that a society that respects risk taking takes failures in its stride, glorifies entrepreneurial role models, promotes merit and achievement is one that has a conducive socio-cultural environment for entrepreneurship. For obtaining an idea about the social acceptability, we are putting forth questions related to the social acceptability of business to another set of respondents from different walks of life- bureaucracy, academia, and other professional fields. Similar weighting technique is employed, and index is generated. This index is used for discounting the IED of the respondent entrepreneurs from that region/ society. This methodology is being tested for a sample of entrepreneurs from two very different socio-cultural milieus- a tribal society and a 'mainstream' society- with the hypothesis that the entrepreneurs in the tribal milieu might be showing a higher level of dynamism than their counterparts in other regions. An entrepreneur who scores high on IED and belongs to society and culture that holds entrepreneurship in high esteem, might not be in reality as dynamic as a person who shows similar dynamism in a relatively discouraging or even an outright hostile environment.

Keywords : index of entrepreneurial dynamism, India, social acceptability, tribal entrepreneurs

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