

## Entrepreneurial Orientation for Sustainability of Start-Ups

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*Sustainable growth of startups describes an approach towards development that adds to the value of an enterprise by embracing opportunities and minimizing risks derived from various economic, social or environmental factors. It meets the present needs of startups without compromising on the ability to fulfill the needs of future generations. Since the macro environment and the market place change much faster than the internal environment of an enterprise, it becomes a difficult task for startups to maintain sustainability. Startups are more susceptible to changes compared to big corporations as in most instances the entrepreneurs do not plan for long term. However, in order to obtain a lifelong presence with success in the market, startups need to plan as well as to adapt to the increasingly dynamic, hostile and heterogeneous environment. To fulfill this it has to become more competitive by emphasizing on technological aspects, quality and skill up gradation with innovative processes and products to fulfill the domestic as well as national, international demands.*

*This paper tries to evaluate the significance of entrepreneurial orientation startups to enhance competitiveness. This paper presents a set of prerequisites to achieve the above goals of startups, which includes generating positive environment conducive to innovations, creativity, flexibility, experimentation, risk taking and initiation by every one in the enterprise, and a feeling of full involvement of individuals as a part of the whole system. The values, norms, beliefs and habits of the individuals in short the culture of an organization is rigid and especially in startups, it is totally influenced by the owner, due to which it shows high resistance to change.*

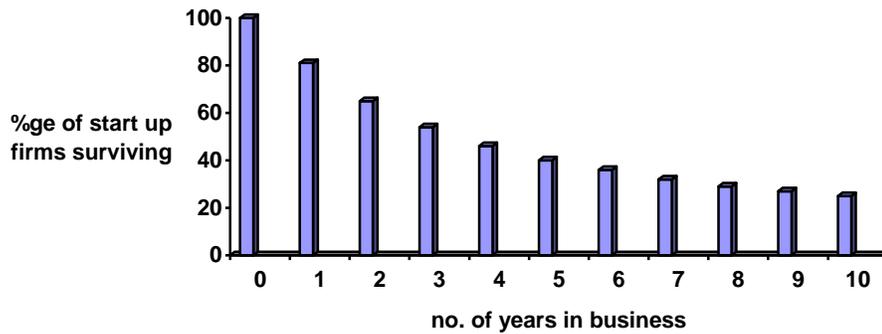
## Introduction

The startups occupy a very important position in a country's economy; traditionally they produce certain specialized items over which they enjoy virtual monopoly because of the skill and expertise developed over the years. Many items produced in startups are used as raw materials in large-scale industries. Thus, startups contribute to production in no small measure. However, it has to face tough competition from large-scale and existing industries not only at national but also at international level due to liberalization and globalization. Although the entrepreneur may feel that his business is strictly local, in truth all are interconnected through a global economy, events that occur thousands of miles away can strongly influence the startups industries. At the global level, the issues such as trade barriers, political risks, tariffs, bilateral and multilateral relationships cause drastic changes in the business environment. Economic business cycles, fluctuating interest rates, interrupted supplies, labor market trends, inflation, government regulations, unstable financial markets are some other major issues, which bring tremendous changes in the external environment of industries. These are all external problems that result from factors beyond the control of the industries.

Failures can occur in an enterprise due to external changes emerge due to personal and organizational shortcomings. Startup owners are vulnerable to both the situations because they are preoccupied with the immediate needs of survival.

They are more susceptible to changes as compared to large corporations as in most instances the entrepreneurs do not plan for long term. Due to their weak financial structure, limited resources and inexperienced management startups suffer a significantly high mortality rate than that of larger established businesses.

### The Startups Survival Rate



(Source: NFIB, Business Policy Guide,2003,p.16)

The large-scale industries (LSIs) and existing firms can employ number of trained and experienced manager. However, in startups most of the time the proprietor or the partners have to take care of all the problems on their own .The LSIs have powerful associations which can influence the raw material suppliers, customers and sometimes even the government in framing favorable policies however the startups do not have such strong associations. As the startups grow, in most of the cases the entrepreneur do not delegate authority and responsibility to the subordinates keeping authorities and power in his hands, the absence of entrepreneurial transition leads to miss management and inflexibility in the enterprise and hence the decline of the venture.

In order to obtain sustainability entrepreneurs need to develop proper marketing strategies, sound financial control, a good planning mechanism and most importantly an orientation of employees in the direction of developing their entrepreneurial capabilities through polishing their creativity and innovative skills. Development of entrepreneurial orientation is necessary for development of an enterprise in an overall manner.

### SIGNIFICANCE OF ENTREPRENEURIAL ORIENTATION

To obtain life long presence successfully in the business environment, startups need to develop entrepreneurial approach. It will lead to continuous renewal of an enterprise which includes; redefining business concepts, reorganizing and introducing system wide changes with development of new markets for it that will result to new product developments, product improvements, innovative production methods and procedures with focus on technology.

A group of people with entrepreneurial skills if given complete autonomy to do the routine work would not only feel motivated and empowered but would also slowly find their efficiency enhanced. Entrepreneurial orientation refers to creation of a development-oriented environment in an enterprise by acquiring organizational sanctions and full commitment of resources for achieving the sole objective of a unique identity in the market with innovative products and processes.

In startups, the owner keeps the overall authority and power in his hands due to which he cannot utilize the talent of individuals of the enterprise, this result in dissatisfaction among the employees who have rich experience, expertise, technical knowledge and who have the inevitable desire to contribute their best by materializing their ideas into business. A growing enterprise requires a radically different style of management; it demands a total care in its various dimensions whether it is technology, marketing, advertising, customer care, market research, training and development, finance or other managerial functions. Growth requires entrepreneurs to delegate authority, relinquish hands on control of daily operations, and invite participation and involvement from every one in the organization to make effective decisions and to cope up with the environmental changes.

In other words to develop entrepreneurial approach in an enterprise, independence and freedom should be given to individuals for developing innovative technologies and methods. It demands alertness from employees to seek new opportunities, which can provide means to extend organization's activities in diversified areas. However, adapting

this is not so easy for any organization because there are various barriers in between due to psychological, financial or technical constraints, hence if the overall culture of the enterprise supports this approach than only this kind of orientation can be developed. Since startups culture is highly influenced by the owner’s philosophy and values, this kind of supportive environment can be nurtured only if the owner agrees to bring the necessary changes for adaptation or from the initial stage, he has maintained entrepreneurial conducive culture.

**Prerequisites For Entrepreneurial Orientation**



The above model suggests the key factors of entrepreneurial orientation in an enterprise. It also details the elements of work culture which facilitates the development of the above factors and hence a supportive environment for entrepreneurship.

It is not possible to create a learning environment in a few weeks or even in few months. Attitudes, behavior and values have to be cultivated slowly and steadily over a period. However, an organization can take few simple steps to cultivate these attributes. These can be detailed as follows:-

1) Training and Development: Since startups have the tendency to train people on the job they must adopt few training methods suited specially for learning orientation of employees. Human resource is an asset of an organization; training imparts them necessary skills for doing technical, managerial, production as well as operation functions and provides them knowledge of technology up gradation, modernization, automation and computerization. It enhances their efficiency and effectiveness and the most important role it plays is in bringing positive attitudinal changes in the work environment. It enhances teamwork and group activities in the enterprise. As technology changes rapidly people, need to up date their skills continuously. A much broader range of abilities is required to keep pace with continuous changes.

As it orients the qualitative aspects of an individual, training and development is of prime importance in any enterprise for creating a supportive environment for entrepreneurial orientation of employees. It helps to develop the supportive culture by emphasizing on: -

- Communication and cooperation between employees.
- Building positive attitudinal changes.

The various types of techniques, which can be applied for developing intrapreneurship in employees, are:

- Skills Training: -This type of training is very useful for nurturing basic skills amongst individuals in an organization. The need for training basic skills such as writing, computing, managing, problem solving is identified through assessment. Specific training objectives are set and training content is developed to meet these objectives. Different methods such as lectures, apprenticeship, on-the-job training is applied to develop such skills, coaching etc.

- Refresher Training: -Rapid Changes in technology force companies to organize short-term courses, which incorporate the latest developments in a particular field. By this kind of training company may keep its employees up-to-date to face emerging challenges .It can be conducted in startups to incorporate dynamism in the organization.
- Cross-functional - By this workers gain rich experience in handling diverse jobs they become more adaptable and versatile. They not only know their jobs well but also understand how others are able to perform under different constraints. It involves training employees to perform operations in areas other than their assigned jobs.
- Team Training: - It generally covers two areas; content tasks and group processes. Content tasks specify the team's goals such as cost control and group processes pay attention to development of team for achieving those goals. For ex: -How they interact with each other how they sort out differences, how they participate etc.
- Creativity training: - Companies like wipro etc. encourage their employees to think unconventionally, break the rules, take risks go out of the box and devise unexpected solutions. As creativity is an integral input for entrepreneurial orientation, this kind of training will be very helpful to develop intrapreneurism in employees.

2) Corporate Governance: - Corporate Governance system facilitates in creating a strong sense of corporate values and supports it through dynamic systems and procedures. In order to continue to win the confidence and trust of

employees the management must ensure a continuous flow of information to reach the company's goals and activities and maintain transparency with the stakeholders in key decisions. Thus, the flow of information is a critical aspect of efficient and effective corporate governance. One of its key roles is to ensure that the management is adequately responsive and accountable towards the rapidly changing environment, Such as wars, political advances and economic instability. The important role of Corporate Governance is to enforce the parameters of corporate accountability through creating and maintaining a relationship of trust among all its stakeholders. A flexible organizational system will stimulate managers in the execution of strategies in synchronization with local context .A strong organizational value system supported by a flexible mode of governance will empower employees to deal with the changing environmental needs. If it is followed properly in startups too, every member will understand his responsibility and will work to improve company's image this will improve their quality of decision making

3) Innovativeness: - Invention is radical and revolutionary carrying with it the potential to create new industries. Innovation is incremental and evolutionary its purpose is to make existing ideas more efficient. Innovation refers to small changes in design, products formulation and manufacturing materials or service delivery that firms do to keep their products up to date and their costs down. It takes not only the ability to create and conceptualize but also the ability to understand all the forces at work in the environment. This newness can consist of anything from developing a new product, a new distribution system to a method for developing a new organizational structure or converting utility, value & economic characteristics of old products and services. Startups can innovate in five major directions:-

- The introduction of a new product or quality of product.
- The introduction of new method of production.
- The opening of a new market.
- The utilization of some new sources of supply for raw materials or intermediate goods.
- The carrying out of new organizational form of an industry.(Schumpeter 1934)

Management must encourage employees to try out new ideas and make decisions that help in finding new and improved ways of doing things; employees must have access to information and resources. Innovation is very significant for improving entrepreneurial orientation as it emphasizes on continuous improvements and developments in the procedures, techniques of the company. For innovations continuous experimentation is needed, this requires skilled employees, which can be done by hiring or training employees with new skills and ideas. It needs process analysis and implementing suggestions, adapting others.

*“If you are going to be successful running your business in the next 10 years the way you did in the last 10n years ,you are out of your mind .To succeed you have to disturb your present.”(Roberto Goizueta, CEO, Coca Cola)*

Information: In the present world, information is key resource. Organization that employs appropriate technologies to get the right information to the right people at the right time will enjoy a competitive advantage .The only way to survive in an environment marked by constitutional changes is by converting it into a learning organization .A learning organization encourages people to learn to produce the results they desire, nurtures creative and innovative patterns of collective learning and develops fresh organizational capabilities all the time. Extremely poor information and reporting system is a normal feature in SSIs, where accounts cash flow planning, costing, budgetary control, break downs, sales revenues, financial statements, statement of chargeable current assets etc. are not properly reported on a day to day basis .At the same time there is an extremely low level of communication and information system .The information department needs to set up to strengthen small units.

Employees must have access to information and resources.

Market and consumers:-Competitive advantage refers to the ability of an organization to formulate strategies to exploit rewarding opportunities thereby maximizing its return on investment .Competitive advantage occurs if customers perceive that they receive value from their transactions with in an organization, it

means a firm's ability to perform activities more distinctively and more effectively than rivals .It also means a competitive advantage through which the firm adds value to its goods and services over a long period of time by offering a unique product/service which cannot be imitated. This requires focus on customer needs and expectations .To achieve this organization needs to tune its policies in line with changing customer's requirements. In order to enjoy their competitive advantage the firm should be a cost leader .Delivering value for money .It must have a committed and competent work force. Workers are most productive

If they are loyal to the company, have full information about its mission, strategic and current levels of success.

Involves in teams, which collectively decided how things are to be done.

Are trusted to take right decisions rather than be controlled at every stage by managers by them (Thompson)

A good team of competent and committed employees will deliver the goals if they are all involved in all-important activities and encouraged .to develop goals that they are supposed to achieve.

Clarity: -Define employees roles have clearly. Employee must have ea clear understanding of the job they must know what the company expects and be confident that they can meet these expectations . When employees are not very sure about their work roles, they get afraid whether they can do their jobs properly or not this leads to stress and hence reduced efficiency and effectiveness.

For obtaining clarity in the processes, roles, functions of the organization management can take following measures: -

- Redefining person's roles
- Reducing overload by redistributing work load
- Setting up proper procedures to prevent hindrances to work.
- Making the job intrinsically meaning full challenging and rewarding processes reflect the way members function as a team. For ex.: -How they interact with each

other how they sort out differences, how they interact with each other, how they participate etc.

4) Technology: - Changes that affect the actual process of transforming input and outputs are referred to as technological changes. Introduction of new technology and advances in information processing and communication falls into this category. Both of these advances typically originate outside the organization and are introduced into it the planned fashion. It includes changes in equipment, work sequence, Information processing and degree of automation, for example; the technological advancement in computer has revolutionized the design development and manufacture of products.

Low cost and high quality products are not just the outcomes of sophisticated automated processes instead they are the result of commitment of employees all working hard to produce the best. For getting best out of people, the organization must offer a healthy work climate where they can use their knowledge, skills, and abilities fully to realize organizational goals. Increase automation, modernization and computerization have changed the way the traditional jobs are handled .In such a scenario unless employees update their knowledge and skills constantly ,they cannot survive and grow .This will necessitate training ,retraining and mid career training of operatives and executives at various levels .Where such initiatives are missing it becomes very difficult for employees to face the forces of technology with confidence and get ahead in their career steadily. New technologies generally compel people to learn a new set of skills altogether and learn to work together in project teams repeatedly.

5) Personal Values:-Earlier also we have discussed that personal values of the owner plays very important role in development of entrepreneurial orientation.

#### 6) Professionalism

Professionalism: -In order to achieve optimization of production and reduction of cost & customer orientation they must make the most rational decisions by making themselves availing of the principles of professionalization. In the absence a professional attitude many enterprise becomes sick. Professionalism is associated with experience education and training through which the knowledge and skills can be passed on to the employees. This reduces administrative errors and maximizes efficiency and effectiveness of a business operation.

#### Suggestions to develop an organizational ecosystem

Organization culture is the shared values and norms that influence how people and groups behave and interact with each other. The values of a company may include any or all of the qualities such as excellence, stability, predictability, profitability, economy, creativeness, morality etc. Company's norms specify the kinds of shared beliefs, attitudes and behaviors that a firm's member should hold or follow. Norms are informal but powerful rules. If a company encourages its members to adopt norms to be creative, risk taking, hard working, to obtain certain rewards this will lead to entire culture difference as the employees will feel motivated. Culture of an enterprise is reflected by its values, which is visible from its ceremonies and rites, values of the founder, organizational socialization. They design their structures, culture in such a way that employees know they have the freedom and autonomy to be proactive. Decentralizing authority empowering employees and teams do this. (Introduction to Business; Gareth R. Jones, 259)

A good work culture provides excellent motivation to every individual to put in his best performance in an enthusiastic and charged up environment more business want to manage their sustainability agenda as an integral part of their competitive strategy and to get their various stake holders groups into the same platform. Businesses are learning to meet these challenges proactively using tools such as self-regulatory initiative and voluntary standards to remain globally competitive. Organizations like individuals have

unique personality it is essential to orient employees at the time of their entry with the organization culture. Culture guides the behavior of its members strong work culture helps the organization culture to realize its business goals easily and effectively .Every organization has its unique culture this includes longstanding and often unwritten rules and regulations a special language that facilitates communication among members shared standards for social etiquettes and demeanor established customs for how members should relate to peers subordinates superiors outsiders and other traditions that clarify to members what is appropriate and smart behavior with in organization.

Work culture is made up of a variety of element .A number of attributes can be used in helping organizations determine their culture. Any of these attributes, which can range from encouraging innovations to maximize their customer satisfaction to provide secure employment, can be prioritized so that organizations can determine their current future cultures.

Before any Hr Strategy is designed there must be a clear understanding of the organization its current values, its structures, its people, as well as its goals, and vision, for the future without that knowledge it is all but impossible<sup>4</sup> to success fully change from the tradition al tightly confirming and highly rigid org, of yesterday into flexible diverse and continuously evolving org. of tomorrow.

A flexible organizational system will stimulate managers in the execution of strategies in synchronization with local context. A strong organizational value system supported by a flexible mode of governance will empower employees to deal with the changing environmental needs. To impart entrepreneurial Orientation positive attitudinal changes with skill development for technology up gradation are required.Modernization,automation,computerization,multiskill training,enhancenment of efficiency. Feudal traditions not professional approach lack of positive healthy environment. Towards workers not inclined to recognized participation of workers in management through trade unions. Leads to deterioration, dissatisfaction in environment. In addition, efficiency leading to sickness.

To develop an entrepreneurial culture the organizations thus first understand the prerequisites of intrapreneurism and then follow the following techniques: -

**1. Top Management support: -**

To develop successful innovation a corporation should establish a conducive organizational climate. The top management's support is very essential to encourage new ideas and experimental efforts by the employees. They must

- Eliminate opportunity parameters,
- Make resources available,
- Promote a teamwork approach and volunteers.

**2).Development of OCTAPACEculture:** To nurture innovativeness and creativity the management should give freedom to employees which will built attributes such as openness, confrontation, rust, autonomy, proactively, authenticity and collaboration have to be valued by the organ.

**Professionalism:** -In order to achieve optimization of production and reduction of cost & customer orientation they must make the most rational decisions by making themselves availing of the principles of professionalization. In the absence a professional attitude many enterprise becomes sick. Professionalism is associated with experience education and training through which the knowledge and skills can be passed on to the employees. This reduces administrative errors and maximizes efficiency and effectiveness of a business operation.

**Networking:** - In order to understand the needs and demands of customers and to have proper and timely supply from the suppliers a good network and communication channel needs to be established. It is also essential for knowing the receptivity of consumers to the innovative products or services offered. Startups should build a strong network to gain more information and develop strong market for it.

**Building competencies:** - The startups should take adequate measures to develop competency of the employees.

**Teams building self directed** - Due to globalization, low costs, high productivity, world class quality and cut throat competition are the major issues which needs to be considered by an enterprise. This necessitates the need of a self-directed work team where small numbers of people with complementary skills are committed to achieve common purpose of continuous renewal of an enterprise.

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