

LEADERSHIP, ORGANIZATIONAL EFFECTIVENESS AND ENTREPRENEURSHIP IN SMALL AND MEDIUM ENTERPRISES-A STUDY IN INDIAN CONTEXT

**Mishra GP, Birla Institute of Technology Mesra, Ranchi International Center
Muscat**

**Mishra KL, Birla Institute of Technology Mesra, Ranchi International Center
Muscat**

Mishra R, Iowa State University of Science and Technology

ABSTRACT

The paper deals with Leadership, Organizational Effectiveness and entrepreneurial success analysis in selected small and medium enterprises. This paper tells the reason for the closure of the small sector units. The study is based on surveys of sample size of 55 small sized industrial units with an investment of minimum of one million INR. The units were located in NCR Regions of India. A purposive sampling was done to select the respondents through the respective states financial corporations. The Organizations selected for the study were either proprietorship or partnership firms. Ten different kinds of industries were selected for the study viz., Textiles, Electronics, Fabrication, Ceramics, Servicing, Jute, Apparels, Packaging Material, Printing, Chemical & Perfumes. There was no similarity in size, volume of business and life period of the enterprises selected for the study, however, all the enterprises selected for the study had a minimum life of ten years and were running units' i.e. in to commercial productions. This paper also provides the results and discussions on the education and success level, parental occupation and success level and other success level parameters. It also deals with the suggestions for entrepreneurship development in Indian context.

Abbreviations: AICTE-All India council for Technical Education, NCR-National Capital Region.

Keywords: SME'S, Leadership, Organizational Effectiveness and Entrepreneurial success.

INTRODUCTION

There has been a great deal of attention paid to the subject of entrepreneurship over the past few years, stemming primarily from the discovery by economic analysts that small firms contribute considerably to economic growth and vitality. Moreover, many people have chosen entrepreneurial careers because doing so seems to offer greater Economic and psychological rewards than does the large company route. Yet, despite all of the discussion and attention paid to this issue, two fundamental questions remain unanswered: What is entrepreneurship? And can you measure it?

The role of the entrepreneur is difficult to establish if the concept of entrepreneurship is inadequately defined. This lack of a clear entrepreneurship paradigm poses problems for both policy makers and for academics. Entrepreneurship is the pursuit of a discontinuous opportunity

involving the creation of an organization (or sub-organization) with the expectation of value creation to the participants. The entrepreneur is the individual (or team) that identifies the opportunity, gathers the necessary resources, creates and is ultimately responsible for the performance of the organization. Therefore, entrepreneurship is the means by which new organizations are formed with their resultant job and wealth creation. Considerable effort has also gone into trying to understand the psychological and sociological wellsprings of entrepreneurship. These studies have noted some common characteristics among entrepreneurs with respect to need for achievement, perceived locus of control, orientation toward intuitive rather than sensate thinking, and risk-taking propensity. In addition, many have commented upon the common, but not universal, thread of childhood deprivation, minority group membership and early adolescent economic experiences as typifying the entrepreneur.

Objectives of the Study

The objective of the studies is as follows:

- (1) To identify the extent of success in creation of new firms related with the demographic and Socio-economic factors like parental background, level of education, age and stage in family's life cycle and financial background.
- (2) To find out the key indicators of entrepreneurial success as perceived by the entrepreneurs selected in the study.

What is Entrepreneurship?

The earliest definition of entrepreneurship, dating from the eighteenth century, used it as an economic term describing the process of bearing the risk of buying at certain prices and selling at uncertain prices. Other, later commentators broadened the definition to include the concept of bringing together the factors of production. This definition led others to question whether there was any unique entrepreneurial function or whether it was simply a form of management. Early this century, the concept of innovation was added to the definition of entrepreneurship. This innovation could be process innovation, market innovation, product innovation, factor innovation, and even organizational innovation. Later definitions described entrepreneurship as involving the creation of new enterprises and that the entrepreneur is the founder.

Leadership style in Entrepreneurship

Leadership guru Warren Bennis gives the title "*The End of Leadership*" to make his point that effective leadership cannot exist without the full inclusion, initiatives, and the cooperation of employees. In other words, one cannot be a great leader without great followers (Bennis, Winter 2001). Another leadership guru, Barry Posner, makes the following observations about the needed change in how business leadership is viewed: In the past, business believed that a leader was like the captain of a ship: cool, calm and collected. Now, we see that leaders need to be human. They need to be in touch, they need to be with people. Leaders need to be a part of what's going on, not apart from what's going on (Tricia Bisoux quote, 2002).

Bennis noted "*to survive in the twenty first century, we are going to need a new generation of leaders not managers*". The distinction is an important one. Leaders conquer the context the volatile, turbulent, ambiguous surroundings that sometimes seem to conspire against us and will surely suffocate us if we let them while managers sullen to it (Bennis, 2001). A

recent qualitative and quantitative meta-analysis review found strong empirical support for the leader trait prospective when traits are organized according to the five-factor model (Timothy et al., 2002). Specifically, both initiative and beginning research evidence indicate that optimism (Wunderly et al., 2001) hope, (Suzanne et al., 2003) resiliency, (Masten & Reed, 2002), emotional intelligence (Goleman, 2000) and especially self-efficacy (Michael, 2002) are related to effective leaders. In work organizations, the key partners involved in exchange relationships of investments and returns are superiors and subordinates. Superiors make investments (e.g., salary, office space) in and receive returns (e.g., performance) from subordinates: subordinates make investments in and receive returns from superiors; and the investments and returns occur on a one-to-one basis in each superior-subordinate dyad (Francis & Fred, 2002). The research findings suggest that in small firms Authoritarian Leadership is widely prevalent as compared to Medium enterprises.

Organizational Effectiveness in Entrepreneurship

Organizational Effectiveness is one of the most complex and least tackled problems in the study of Organization. Seashore and Yuchtman were of the view that there is no universal standard by which effectiveness can be judged and hence effectiveness issue has to be tackled Organization by Organization. So far there are various measures such as Leadership, productivity, net profit, motivation, Organization growth and stability to assess Organizational Effectiveness. The past two decades have seen growing consensus that Organization can be better understood if they are considered as dynamic and open social system (Nadler & Tushman, 1989). Apart from output which is obtained from output/input function there are other parameters which control the Organizational Effectiveness. A number of models have been proposed by authors argued to encompass the total means of effectiveness. The most widely used models are the Goal- model (Price and Seashore), the systems resource model (Seashore and Yuchtman), the internal process/maintenance model (Bennis) and the legitimacy model (Miles and Cameron). None of these models gives the total meaning of effectiveness. There is certain Organization, which are sometimes considered ineffective even when they have accomplished their goals. On the other hand there are Organizations, which are rated, as effective even though thus have not accomplished their goals. Organizational Effectiveness is one the most complex problems in the study of formal Organization. Researchers have been continually exploring this field for more than three decades, but even today there is no full agreement in the definition and operationalization of Organizational effectiveness. Cameron points out that some Organizations are judged to be effective, even though they fail to acquire needed resources whereas others are deemed ineffective even when resources are acquired in abundance. Till recently the primary focus for those interested in understanding Organizational Effectiveness has been limited to the internal dynamics of the Organization. If the Organization is viewed as an open energy system, however it is apparent that it is dependent for survival and growth upon a variety of energy transfers not only with the Organizations but also between the Organization and its external environment (Katz and Kahn 1966). It was felt that parallel to the need to understand the total Organization system as interdependent with its environment is the need for the establishment of criteria that reflect these interdependencies and treat the relations between Organizations and its environment as a central ingredient in the definition of Organizational Effectiveness (Friendlander & Pickle 1968; Yuchtman & Seashore 1967). There is a need to understand that what parameters need to be focused for the same Organization. There cannot be a standardized method of assessing Organizational Effectiveness as the Organizations vary for different types of

Organizations *viz.* Police Organization (Jobson & Schneck 1982), Colleges and Universities (Cameron, 1981) Business units (White & Hamermash 1981) and even for the same Organization in terms of the dimension of the time i.e. Short run, intermediate run and long run (Gibson et al., 1976) over Organizational life cycle (Whetten & Cameron 1981) and under different Organizational situations i.e. whether evaluation of Organizational structures or human resources or impact on Organizational activities (Cunnigham 1977).

Some major characteristics of organizational effectiveness are that it relies heavily on an educational strategy emphasizing experience-based learning and on the skills such as procedure develops. Thus, the data feed-back of the action research model and the confrontation meetings are examples of how the experiences people have with each and with the Organization are shared and become the basis upon which learning occurs and upon which planning action proceed. The determinants taken for the organizational effectiveness in terms of turnover and profitability.

Entrepreneurship in India

As per the fifth economic census there were 42.12 million enterprises in India engaged in various economic activities. The top five states in terms of number of enterprises were Tamil Nadu followed by Maharashtra, West Bengal, Andhra Pradesh and Uttar Pradesh. In case Union Territories, Delhi, Chandigarh and Pudduchery were first, second and third respectively. About 85% of the enterprises were engaged in non-agricultural activities. Total number of persons working in all the enterprises was about 98.97 million. At the national level, hired workers accounted for about 52% of the total persons employed.

The overall average annual growth rate in enterprise per year during the period 2010 to 2013 was 4.8%. Top five states with over 8% average annual average growth rate were Mizoram, Kerala, Tripura, Tamil Nadu and Assam. At the National level, the average annual growth rate in total employment during 2010–20011 was 2.49%.

RESEARCH METHODOLOGY

The study is based on a sample size of 55 small sized industrial units with an investment of minimum of one million INR. The units were selected at random. Although the plan was to undertake the study on a sample of 100, but the data on 55 industrial units could only be gathered. The units were located in NCR Regions. A purposive sampling was done to select the respondents through the respective states financial corporations. The Organizations selected for the study were either proprietorship or partnership firms. Ten different kinds of industries were selected for the study *viz.*, Textiles, Electronics, Fabrication, Ceramics, Servicing, Jute, Apparels, Packaging Material, Printing, Chemical & Perfumes. There was no similarity in size, volume of business and life period of the enterprises selected for the study. However, all the enterprises selected for the study had a minimum life of ten years and were running units' i.e. in to commercial productions.

Findings

It is observed from the data that the productive capital per employee in large units is five to six times higher than in small units but the value added per unit of capital is higher in small units. Irrespective of performance level and objectivity of creation, small-scale industries in India are the budding ground for entrepreneurs. It is important to look in to the entrepreneurial issues

in the light of efficiency building and value addition of this particular sector to the whole economy, particularly after the opening up of the quota restrictions and deregulation of certain sectors, which were earlier marked exclusively for the SSI sector.

The economy had high degree of unemployment at 3.06% of the Labor force in 2012–13, up from 2.78% in 2010-2011. On the other hand the percentage of those living below poverty line came down from 26% to 22% over the same 5-year span. Between 2010-11 and 2012–13 per capita income rose by 130% at constant prices. This shows that we have considerable number of Labor force that can be directed for the entrepreneurship if sufficient training and capital are provided to them.

The rate at which the SSI units are closing down and others becoming non functional, we are likely to have a large unemployed workforce emerging out of the small scale sector and remaining jobless to add more burden to our already rising level of unemployment in the country. There is no denial to the fact that the pace and progress of an economic system largely depends on the emergence of dynamic and innovative entrepreneurs. Instead of being dependent on the government subsidies and protections they have to play the role of change agents. Their ability to innovate and take risk decides the fate and direction of a country's economy. The successful entrepreneurs of USA, Japan, Korea and other Asian tigers have proved this point. The conception and effective implementation of any individual project, irrespective of its size, largely depends on the availability and capability of innovative entrepreneurs. The importance of innovation in the development of new products, services, and processes for the economy is widely recognized.

Entrepreneurship has resulted in millions of new businesses being formed throughout the world. Millions of company formations occur despite recession, inflation, rapid technological obsolescence, lack of infrastructure, high interest rates, economics uncertainty and the anxiety and fear for failure. These business formations are very personal human processes that although unique have some common characteristics.

There are various factors like change from present life style, childhood family environment, education, personal values, age, work history, role models and support systems, moral support network and professional support network which goes in building successful entrepreneurs. Cooper proposed that three factors influence entrepreneurship—antecedent influences (background factors such as family influences and genetic factors that affect motivation, skills and knowledge), the incubator organization (the nature of the organization where the entrepreneur was employed prior to starting the business, the skills learned there) and environmental factors (economic conditions, access to venture capital, support services and role models).

Since Indian independence in 1945, most of the state governments and development financial Institutions like financial corporations, agricultural and development Banks small Industry Development Corporations and non-government organizations have tried to build up a new breed of entrepreneurs for shouldering the responsibility of bringing out rapid changes at tiny and small-scale sector. Various financial and fiscal incentives are given to the new industries to motivate and attract potential entrepreneurs for starting new enterprises and also to expand and diversify the existing business basics. During the last five years, the government and financial institutions have pumped huge amount of money for training to undertake entrepreneurial activities and giving various concessions, incentives, export facilities and other kind of subsidies. But a close scrutiny on the emergence of the new breed of entrepreneurs and their performance suggest that, despite liberal financing and provision for marketing, very few entrepreneurs are

successful at gross root level. The quantitative increase in number of entrepreneurs is in no way an indicator of qualitative increase in the value of small-scale entrepreneurship in India. A large number of SSI units set up over years have either become sick or not functioning on healthy ground.

From the findings it was observed that 34.7% of entrepreneur's reason financial problem as the cause of closing their business followed by 14.4% for marketing problems. Raw material availability was stated as another important reason for sickness of small scale Industries.

Reason	Percentage
Financial Problems	34.7
Marketing problems	14.4
Raw material availability problems	5.6
Ownership conflict	3.7
Natural disaster	3.4
Labor unrest	2.2
Combined problems	16.5
Other reasons	19.5
Total	100

From Table 1, it is evident that around 50% of the small-scale industries were closed either due to financial problems or due to marketing problems. So those who have been able to address these two key functional issues through their entrepreneurial skill have survived and grown in business. After the globalization and liberalization in 1992 in India, the small scale industries have been facing problems of marketing their products in front of the huge multinationals that have opened their units in India.

The dynamic world offers a challenging environment to every businessman. Those who can successfully face this challenge and find an opportunity through the problem survive and excel in business. The incompetent, the inexperienced and the risk averters perish over a period of time. It is not only the entrepreneurial skill but also some other factors like family background, personal characteristics, entrepreneurial support, and social recognition, risk-taking ability that goes in building a successful entrepreneur.

Is it possible to identify certain behavioral and demographic characteristics of the successful and unsuccessful entrepreneurs at the small-scale level so that we can codify the key elements for entrepreneurial success? What factors do they foresee as the entrepreneurial blocks which need strategic intervention for generating successful entrepreneurs? This project attempt to address the entire key issues while evaluating entrepreneurial success. There is no specific law or a set of characteristics independent across situations to guide the entrepreneur to success. Psychological characteristics like ability to take risk desire to be successful stand against common apprehensions & leadership skills are strongly associated with entrepreneurial success. Socio-economic features like caste, parental background, technical and professional education, financial backup, locational advantage, and easy access to market are also found to have strong correlation with entrepreneurial success. There are numerous theoretical and empirical studies

that consider attributes such as risk taking, innovations, need for achievement and managerial competence as important enabling qualities for entrepreneurship. A closer look in to such studies reveals that the issue of age and family background has received scant attention, especially as explanatory variables of the Phenomenon of entrepreneurship.

RESULTS AND DISCUSSIONS

Five determinants were considered to find the entrepreneurial success. They were age and success level, education and success level, Parental Occupation and Success level, Previous Occupational Background and Success Level and Investment and Success Level. These are discussed as follows:

Age and success level

It is observed that the percentage of high success is maximum at the age group level of (40-50) years and lowest at '*below thirty years*'. By combining medium and high success levels we can see that the highest percentage of success is found with the group of entrepreneurs above fifty years (86%). The group following this is between thirty to forty years. So it is evident that older entrepreneurs are placed at relatively higher level of success. From the qualitative data analysis, the most common reason put forward by respondents is that their contemporary entrepreneurs have moved out of business due to failures. So, those unsuccessful entrepreneurs have quit the ventures and successful ones survive for a longer period of time. From the chi-square test, however, it is found that age and success level is independent of each other. The calculated value of Chi- Square with six degree of freedom (10.747) is found to be less than the table value at 95% confidence level (12.6).

Education and Success Level

Professional and technical educations are key indicators for entrepreneurial success. They provide the base for development of entrepreneurship. The professional and technical education helps the entrepreneurs in identifying right kind of business, market and technology. It also helps in taking product decisions related to costs, raw material procurement and selection of appropriate technology and manpower. A common presumption in this proposition is a strong and positive association between education and success level. It is observed that success is evenly spread over different types of education with the exception of technical education where the level of success is more skewed towards higher side. From the qualitative analysis we also observe that many of the successful entrepreneurs have inherited their business skills from family and learning by working in other's enterprises. So college and university education does not play a very significant role in delivering successful entrepreneurial quality.

The calculated value of chi-squares (8.961) is found to be less than the theoretical value (12.6) at 5% level with six degrees of freedom. So it indicates that educational qualification and success level are independent and there is no significant level of association between them. So the level of education does not determine the level of success of the unit.

As per AICTE in the year 2011-12 there were total 8361 colleges in India providing Engineering, Management, MCA, Pharmacy, Architecture and HMCT courses and in the year

2012-13 there are total 8562 number of approved colleges by AICTE in the country. Table 2 shows the growth of colleges from 2006-07 to 2012-13.

Year	Engineering	Management	MCA	Pharmacy	Architecture	HMCT	Total
2006-07	1511	1132	1003	665	116	64	4491
2007-08	1668	1149	1017	854	116	81	4885
2008-09	2388	1523	1095	1021	116	87	6230
2009-10	2972	1940	1169	1081	106	93	7361
2010-11	3222	2262	1198	1114	108	100	8004
2011-12	3393	2385	1228	1137	116	102	8361
2012-13	3495	2450	1241	1145	126	105	8562

Source: http://www.aicte-india.org/downloads/Approval_Process_Handbook_091012.pdf

Similarly the growth of technical institutions in India is as follows (Table 3):

Year	Engineering	Management	MCA	Pharmacy	Architecture	HMCT	Total
2005-06	499697	-	-	32708	4379	4435	-
2006-07	550986	94704	56805	39517	4543	4242	750797
2007-08	653290	121867	70513	52334	4543	5275	907822
2008-09	841018	149555	73995	64211	4543	5794	1139116
2009-10	1071896	179561	78293	68537	4133	6387	1408807
2010-11	1314594	277811	87216	98746	4991	7393	1790751
2011-12	1485894	352571	92216	102746	5491	7693	2046611
2012-13	1761976	385008	100700	121652	5996	8401	2236743

Source: http://www.aicte-india.org/downloads/Approval_Process_Handbook_091012.pdf

From the above table we see that total Twenty two Lacs thirty six thousand seven hundred and forty three seats were allotted by AICTE in different technical institutions. These students can be encouraged to be the entrepreneurs in their various states after taking the technical qualification. Financial Institutions can take initiatives to promote entrepreneurship in making the capital availability easy so that the students can start their own venture.

Parental Occupation and Success level

The entrepreneurs selected for the study are from diverse family background. Their parental occupation varies from salaried class to trading, business, farming, service and manufacturing industry including cottage and artisan based industries.

Highly successful entrepreneurs are found in all four categories. 56% of entrepreneurs with parental occupation in manufacturing are found to be in high success level group, which is highest among all categories, followed by trading (39%). It can be observed that entrepreneurs with a parental background in manufacturing and trading are relatively more successful in comparison to services & farming backgrounds. The experience of parents in business in the form of production and sales knowledge must have passed on to the next generation in business which is not possible in the case of first generation entrepreneurs coming from farming or

service class. Thus, observed association between parental occupation and success level is not found to be statistically significant. The calculated value of Chi-square (6.497) at six degree of freedom is less than the theoretical distribution (12.6) at 5% level signifying that there is no association between parental occupation and success level.

Previous Occupational Background and Success Level

From the qualitative data it is found that previous occupational background plays a significant role in the business success. Many of the entrepreneurs have voiced this opinion during the study. The previous occupational background greatly influences the entrepreneurial venture by which the entrepreneur is able to bring all his knowledge and experience in to the new business. It was found that thirty five percent of respondents with previous trading and business experience are found to be within the high success level. Entrepreneurs (60%) having no experience are largely found in low success level. From the Chi square test, the computed value of Chi-square (17.393) is higher than the table value (15.5) at five percent level with eight degrees of freedom. So there exists an association between previous occupational background and success level.

Investment and Success Level

Although the grass root level small-scale industries need less fixed investment at the initial stage but availability of required fund for the enterprise is considered to be a positive factor for the entrepreneur. The traditional idea relies heavily on a proposition that creation and development of entrepreneurial talent largely depends on the adequacy of funds with the entrepreneur. Though in many cases the initial investment capacity of the entrepreneur is not considered as a success factor in small scale sector, but many financial institutions make it mandatory for the entrepreneurs to have a percentage of the initial cost of the project as the margin money. This is done to ensure that the entrepreneur has a stake in the enterprises. It also helps to reduce the debt service burden in the initial phase of the project.

It was noticed that high success is more closely associated with entrepreneurs (57.1%) contributing between forty to fifty percent of their initial fixed capital and those (40%) contributing above fifty percent. No such trend is evident in low & medium success levels. So, high success level is found to be independent of the level of contribution to initial fixed capital.

Initiatives Taken to Develop Entrepreneurship in India

Institutions like Entrepreneurship Development Institute (EDI), Ahmedabad, Central Board of Secondary Education, (CBSE), Riverside School, Ahmedabad, Dhriiti, a Delhi based NGO, Ramjas and Mount Carmel School, Delhi, National Institute of Small Industry Extension Training (NISIET), an Organization of the Ministry of SSI, Government of India, Hyderabad, Sri Kumaran Children's Home, Bangalore are some who are helping these would be entrepreneurs in their efforts. Dhriiti runs a five-month workshop for two of the Delhi schools. It has two chapters running in Ramjas, R K Puram and Mount Carmel, Anand Niketan under its Entrepreneurs of tomorrow (EoT) Programmed and currently has entrepreneurship chapters running in these two schools.

Entrepreneurial Adventure for Youth, started in 1991 has seen increased requests from schools and parents alike to accommodate more kids.

Scores of other Institutions seem to have sensed the importance and relevance of the subject. CBSE for instance is offering it as an elective at the senior secondary level across schools in India while NISIET is training trainers who could teach school kids in turn. Though various institutes have been developed for the development of entrepreneurship in India, but we need to modify our existing policies which are discussed below for the betterment to achieve our objective.

These challenges are grouped into four broad groupings:

1. Access to Finance.
2. Access to Human Capital.
3. Access to Technology.
4. Access to Market.

SUGGESTIONS AND RECOMMENDATIONS

A few policy alternatives with regard to Indian private sector may be put forth for discussion. The basic assumptions underlying these factors are as follows:

- 1) The large private sector has acquired a significant place in the economy.
- 2) The private sectors, because of their size and significant place in the Indian Economy, any distortions in the sector would have high economic costs.
- 3) If one goes by the extent of direct and indirect share in the equity in individual companies as also in the privately managed and controlled house companies, public sector financial institutions taken together are the single largest share holders. In fact the macro picture would reveal that the share of the Public sector financial institutions is the multiple of the net risk borne by those who happen to enjoy management control.
- 4) The old and traditional systems of control and management need to reform their structures and bring in more rational system of social accountability than what has so far been true.
- 5) There is a need for the investment pattern to be governed by national plan priorities than by considerations of the effective market demand.
- 6) There is a need to review the very logic, merits and demerits of the traditional family based business House concept.
- 7) There could be serious long term implications of the trends which seem to suggest that India was witnessing a rapid growth in concentration of productive wealth in a few private hands; and these trends have been partly due to the very nature of the economic system and partly as a result of the self assigned "on lookers" role by the public bodies.
- 8) There is a need to have more critical investigations and empirical verification as input for the process of public policy evolution.

In view of the above-mentioned assumption, one would put forth the following as policy alternatives:

- 1) Let there be recognition that all large sized corporate entities, irrespective of the fact of today's classification as "*private sector*" and "*public sector*" be declared as constituents of sector of national importance.
- 2) There should be intensive monitoring of these companies with a view to bring in professional managements.
- 3) An industry-wise review should be done with regard to size, technology, location and the desired production basket. The plan could examine mergers, or break-ups, as per technology requirements and weed out high cost, un-economic and low technology units.

4) The nationally important sector companies should be given clearly defined specific objectives on which the performance of the managements would be reviewed periodically.

5) There should be public norms which provide for incentives and penalties to those involved at different levels in these large sized corporations.

6) In view of the national requirements of earning adequate foreign exchange there should be an export plan for each sector.

CONCLUSION

Entrepreneurship is the pursuit of a discontinuous opportunity involving the creation of an organization (or sub-organization) with the expectation of value creation to the participants. The findings states that people are relatively older in age as entrepreneurs are placed at relatively higher level of success. From the qualitative data analysis, the most common reason put forward by respondents is that their contemporary entrepreneurs have moved out of business due to failures. It was also observed that many of the successful entrepreneurs have inherited their business skills from family and learning by working in other's enterprises. So college and university education does not play a very significant role in delivering successful entrepreneurial quality. It can be observed that entrepreneurs with a parental background in manufacturing and trading are relatively more successful in comparison to services & farming backgrounds. The previous occupational background greatly influences the entrepreneurial venture by which the entrepreneur is able to bring all his knowledge and experience in to the new business. High success level was found to be independent of the level of contribution to initial fixed capital. Various initiatives have been taken to give education for becoming entrepreneurs by opening of the various institutes like Entrepreneurship Development of Institute. Entrepreneurship development topics have been included various syllabuses. Various points have been mentioned regarding policy for the entrepreneurial development in India, such as, Let there be a recognition that all large sized corporate entities, irrespective of the fact of today's classification as "*private sector*" and "*public sector*" be declared as constituents of sector of national importance. There should be intensive monitoring of these companies with a view to bring in professional managements. An industry-wise review should be done with regard to size, technology, location and the desired production basket. The plan could examine mergers, or break-ups, as per technology requirements and weed out high cost, un-economic and low technology units. The nationally important sector companies should be given clearly defined specific objectives on which the performance of the managements would be reviewed periodically. There should be public norms which provide for incentives and penalties to those involved at different levels in these large sized corporations and In view of the national requirements of earning adequate foreign exchange there should be an export plan for each sector.

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