Globalisation and enterprise culture in developing economies: a preliminary assessment

Roshni Narendran

University of Wollongong, roshni@uow.edu.au
Globalisation and enterprise culture in developing economies: a preliminary assessment

Abstract
The global environment has been susceptible to changes for centuries. In recent years, the process which have moved the world towards "global interdependence and exchange" have been known as globalisation (Mazuri, 2002). Globalisation led to changes in the social and economic environment, and in both developed and developing countries experienced opportunities for economic growth. This was an uneven process but provided opportunities for new entrepreneurial activities. According to Schumpeter (1934), entrepreneurial activities are the result of combinations from discovering new markets, new raw materials, new suppliers and new production methods. These entrepreneurial activities would enable opportunities to be exploited and also contribute to economic growth. This encouraged developed and developing countries to acknowledge the relevance of entrepreneurial activity and its role in developing a economy effective enough to compete in a global environment. In the past, entrepreneurial activities developed naturally within the existing market environment. With the opportunities and threats presented by globalisation, governments realised the need to stimulate an increased level of entrepreneurial activity to counteract the impact of global competition in their own markets and encourage their own local entrepreneurs to exploit opportunities in other markets. Through changes in public policies, governments strove to form an environment conducive to entrepreneurial activities and thus develop an enterprise culture which encouraged self employment activities among citizens. However, the concept of enterprise culture is different when the analysis is concentrated on developing countries. I will explore the relevance of enterprise culture and its impact on developing countries. I will sketch out the contours of the evolution of the concept and drawing on the Indian experience, suggests that the concept is too narrow - it fails to incorporate critical social and cultural factors in its permutation, characteristics which are critical idioms in developing countries.

Keywords
economies, assessment, preliminary, developing, globalisation, culture, enterprise

Disciplines
Business

Publication Details

This conference paper is available at Research Online: http://ro.uow.edu.au/buspapers/29
Title: GLOBALISATION AND ENTERPRISE CULTURE IN DEVELOPING ECONOMIES: A PRELIMINARY ASSESSMENT

Stream of submission: Development and Globalization: Organizing Rhetoric and Power

Roshni Narendran, University of Newcastle, Australia
PhD student, Room no: 1.05
Central Coast School of Business
Ourimbah Campus, University of Newcastle,
P.O Box 127, NSW 2258
Australia
Phone number: (+61) 408207455
Fax Number: (+61) 2 4348 4101
Email: Roshni.Narendran@studentmail.newcastle.edu.au
1.0 INTRODUCTION

The global environment has been susceptible to changes for centuries. In recent years, the process which have moved the world towards "global interdependence and exchange" have been known as globalisation (Mazuri, 2002). Globalisation led to changes in the social and economic environment, and in both developed and developing countries experienced opportunities for economic growth. This was an uneven process but provided opportunities for new entrepreneurial activities. According to Schumpeter (1934), entrepreneurial activities are the result of combinations from discovering new markets, new raw materials, new suppliers and new production methods. These entrepreneurial activities would enable opportunities to be exploited and also contribute to economic growth. This encouraged developed and developing countries to acknowledge the relevance of entrepreneurial activity and its role in developing an economy effective enough to compete in a global environment.

In the past, entrepreneurial activities developed naturally within the existing market environment. With the opportunities and threats presented by globalisation, governments realised the need to stimulate an increased level of entrepreneurial activity to counteract the impact of global competition in their own markets and encourage their own local entrepreneurs to exploit opportunities in other markets. Through changes in public policies, governments strove to form an environment conducive to entrepreneurial activities and thus develop an enterprise culture which encouraged self employment activities among citizens. However, the concept of enterprise culture is different when the analysis is concentrated on developing countries. I will explore the relevance of enterprise culture and its impact on developing countries. I will sketch out the contours of the evolution of the concept and drawing on the Indian experience, suggests that the concept is too narrow – it fails to incorporate critical social and cultural factors in its permutation, characteristics which are critical idioms in developing countries.

2.0 GLOBALISATION

Social scientists have described globalisation in many ways. For example, Held and McGrew (2002) saw globalisation as the significant transformation of the organising principles of social life and world order. Appadurai (2001) associates globalisation with flows of objects and disjuncture in the economy. On the other hand, Robertson (1992) views globalisation as interdependence between countries and consciousness of the 'global' world. Walters (2001) not too dissimilarly sees globalisation as unified existence of cultural, economic, political and social awareness. Thus, there are many approaches to describing the concept of globalisation. In this paper, globalisation is defined as a profound social, political and economic disequilibrium, resulting from interdependence between countries and consciousness of the 'global' world. This interdependence and consciousness is developed through inventions and innovation which narrowed the communication gap between countries and provided them with a new environment of challenging opportunities.

Globalisation exposed every country to an environment of new challenges; especially developing countries, many of whom were endeavouring to deal with financial crises. International organisations such as the International Monetary Fund (IMF) and the World Bank imposed additional conditions for accessing funds (Choussudovsky, 1997; Onimode, 1994). The developing countries were obliged to implement Structural Adjustment Programmes (SAPs), which altered the economic and political functioning of these countries through trade liberalisation, privatisation of state enterprises, reduction
in subsidies and other similar measures (Choussudovsky, 1997; Onimode, 1994). Groups opposed to implementation of SAPs believed the enforcement of these programmes was a strategy adopted by the developed countries to impede the growth of the developing countries. For example, social scientists such as Chang (2002) and Monbiot (2003) argued that as the developed countries were not subjected to trade restrictions while they were developing, why should they impose liberalised trade policies on developing countries? In support of their argument Chang (2002) and Monbiot (2003, p.2) cited historical examples of the United States imposing heavy import duties to avoid competition and Switzerland and Netherlands ignoring patent laws\(^1\) to develop technology invented by other nations. Nevertheless, developing countries must now follow these laws.

Patent laws can be utilised for or against the advantage of developing countries. However, in some instances shows the converse situation especially when foreign organisations have endeavoured to take advantage of patent laws to the detriment of others. A good example is the recent action of the US company Rice Tech. Rice Tech requested patent rights on basmati rice, which has been cultivated in India and Pakistan for centuries. The governments of India and Pakistan challenged Rice Tech’s claims. Eventually, the Pakistan government was compelled to withdraw from the legal battle as they found the cost of pursuing the challenge prohibitive (Sharma, 2002). Fortunately, the Indian government continued to pursue the challenge. Ultimately Rice-Tech was only given patent rights on a particular strand of basmati rice which they had developed (Somasekhar, 2003; Holden, 2001). It is evident from this example that if the Indian government had failed to pursue its challenge to Rice Tech’s claims, Indian and Pakistani farmers and traders may well have lost their rights to produce or/and sell basmati rice. This example suggests some entrepreneurs in developing economies may lack the necessary skills and financial resources to take advantage of market opportunities and counteract competitive threats. This articulates that government aid is critical for a country’s development, which contradicts the arguments of globaphiles, particularly the advisers of SAPs.

Some aspects of globalisation have been positive forces for developing countries – they have led to expanded market opportunities, exposure to the knowledge and expertise of developed countries and increased in foreign investment (Gaur, Ghosh and Jawa, 2002; Hammond and Grosse, 2003; Held and McGrew, 2002). These changes in the environment paved the way for increased entrepreneurial opportunities and is most evident in the growth of the technical/IT sector. Demand in the technical sector increased because the Multi-National Companies (MNCs) in Organisation for Economic Co-operation and Development (OECD) economies outsourced production to newly industrialising economies in Asia, Latin America and Eastern Europe (Held and McGrew, 2002). For example, 3M, Hewlett Packard and Asea Brown Boverei outsourced skilled jobs to developing countries such as India, Mexico and Thailand (Sklair, 1995). In the case of India, the subsequent growth due to this outsourcing is evident, where the earnings from software services increased from US $9.6 billion in 2002-03 to nearly US $52.51 billion in January 2004 (Datt, 2004). The increase in revenue from the outsourced software services in India also brings out the possibility of exploring whether Indian economic growth could decline without the foreign investment through outsourcing. Especially when in recent times there has been a push within the US to restrict the outsourcing of IT jobs to developing countries (Datt, 2004). In addition,

---

\(^1\) Patent laws were implemented to safeguard the rights of the inventor from misuse or plagiarism by others
Sridhar (2005) highlights the need for the Indian IT industry to both increase the number of customers in different countries and also look for avenues to develop a sustainable competitive advantage rather than rely on solely on price competition. Therefore, developing countries such as India, need to pursue to create other competitive advantage that helps to contribute to the country’s long-term economic development through developing enterprise culture within the country.

Globalisation also opened new avenues in the cultural and social aspects of the lives of ordinary people. Appadurai (2001) calls this as developing ‘imagination in social life’. Appadurai (2001) believes exposure to the social and cultural experiences “allows people to consider migration, resist state violence, seek social redress, and design new forms of civic association and collaboration and often across national boundaries” (Appadurai, 2001, p.6) This exposure to different social and cultural experiences has impacted on the consumption pattern of people through the exposure to new products and different lifestyles, which induced new wants among them (Skair, 2002, p.166). MNCs have been able to exploit these new wants, sometimes to the detriment of local producers. However, this new competitive environment should be seen as an opportunity for local producers to develop new entrepreneurial activities utilising their greater local market knowledge of the needs and purchasing behaviour of local customers. This globalised environment expands the business prospects of local entrepreneurs with MNCs in other countries and also attracts foreign investment which will be advantageous for the growth of the individual venture as well as the prosperity of the country. Therefore the challenge for governments in developing countries is to provide an environment that is conducive to encourage local entrepreneurs to compete in the present competitive arena. Encouragement of local entrepreneurs will help to generate wealth into the economy which will help to counter the above mentioned threats faced by developing countries like the patent claims and the dependency on outsourcing opportunities to sustain employment. Thus the need to develop an enterprise culture becomes more significant.

3.0 ENTERPRISE CULTURE AND HISTORY OF ITS EVOLUTION

There is no single excepted definition of the terms enterprise culture and entrepreneurship. In this paper the terms enterprise and entrepreneur follow the meaning given by Schumpeter (1934): “the carrying out of new combinations we call “enterprise” the individual whose function it is to carry them out we call ‘entrepreneurs” (Schumpeter, 1934, p.74). If enterprise is the carrying out of new combinations then what is enterprise culture and how did it evolve? Enterprise culture is creating an environment conducive to build new combinations ie developing new businesses to enhance economic development. Harold Perkin traced the natural development of enterprise culture to the Renaissance and Reformation period and its maturity in the Victorian age (Perkin, 1992 p. 36). However the concept gained its current prominence in 1970s, when the Conservative Party in Britain introduced the concept into the functioning of the British economy. The British government considered it as a remedy to counteract the economic disequilibrium created by globalisation and other economic changes that occurred in the second half of the 20th century (Burrows, 1991). Governments’ involvement in developing entrepreneurial activity is now seen as vital to stimulate economic growth. Thus, the British government endeavours to create entrepreneurs in their economy by providing a conducive environment through the introduction of a series of measures to facilitate citizens starting-up, growing and operating businesses (HM Treasury, 2004, p. 6). Other countries have similar patterns of encouraging entrepreneurial activity to stimulate economic growth, eg Australia
Entrepreneurial activity is popularly believed to be a product of certain characteristics embedded in a person’s personality, including being opportunist, creative, individualist, hardworking (Heelas and Morris, 1992, Perkin, 1992). Thus, governments strive to develop these characteristics through programmes designed to both support and encourage innovative behaviours leading to increased entrepreneurial activities in the economic system by activities such as support mechanisms to assist in establishing businesses and also campaigns “providing inspirational role models and peer networks” (HM Treasury, 2004, p.6).

The characteristics of being opportunist, creative, individualist and hardworking, it is argued, normally develop through a natural process. For example, the opportunist attribute can be traced back to the time when goods were produced only for self consumption. When the production for these goods exceeded the demand, people started to take advantage of others’ demand and sold their products in the market place (Braudel, 1992a). The increase in sellers in the market place led to competition. Thus people searched for creative methods to attract more customers and generate wealth. This ‘creative’ mind set helped to pave the way for many revolutionary breakthroughs which occurred during the Industrial Revolution such as high yield agricultural production methods, steam engines, and the invention of railways and steam trains (Braudel, 1992b). Thus, people discovered more effective ways to pursue wider market opportunities. But the opportunist and creative characteristics of an enterprise culture cannot exist without the individualist attribute. The individualist attribute is vital because the independence in decision making is essential to utilise the opportunist and creative characteristics of an individual. The individualist attribute can arguably be developed through eradicating the dependency culture. Many proponents of enterprise culture have pointed out the need to eradicating the dependency culture (Heelas and Morris 1992). They have highlighted the need to developing more responsible individuals through providing them independence in using their creativity to exploit the opportunities in the market.

Nevertheless, the individualist, opportunist or creative attributes alone cannot contribute to the development of the nation unless the individuals strive hard to achieve their goals, ie they must work hard. Hard work is essential for the individuals to foster competition in the market arena. While hard work, a creative mind set and individualistic approach and the ability to exploit a market opportunity may create prosperity for an individual, how does it impact on the prosperity of other individuals? Through trickle-down effect, the rich share their prosperity with others in the form of creating new job prospects or even as an act of generosity (Sheppard 1989 cited in Heelas and Morris, 1992, p. 9). The trickle down effect from richer to poorer members of the community is also assisted by the economic redistribution which occurs when government taxes are utilised to open up new prospects to help other sections of the population and thus contribute to the growth of the country through encouraging more entrepreneurial activity. For example, schemes and aids in Britain like the New Deal for young people\(^2\), Prime\(^3\), Business Growth Fund\(^4\), etc (Department of Work and Pension, 1999) provide support for people facing obstacles

\(^2\) New Deal for young people provides young people (people below 25) with financial support and advice throughout the self employment route, as well as the help of a mentor.

\(^3\) Prime offers help to disadvantaged older people wanting to set up in self employment is being piloted from June 1999 and will offer loans and technical assistance.

\(^4\) Business growth fund aims at improving access to finance for start-up and early stage companies.
to start business. More investment in these programmes provides more provision for people in all sections of the society to be actively involved in entrepreneurial activities.

While characteristics such as opportunist, creative, individualist, and hardworking may develop in a natural process, governments often assist by encouraging the development of these qualities, through facilitating self-employment opportunities as well as other assistances from government like extending financial support to key industries, active promotion of exports by the state, protective tariffs and so on. The government had been implementing these strategies to enhance the economic development even before the advent of the concept ‘enterprise culture’. However in the case of developing countries the government will face restrictions to offer assistance to the public due to the implementation of SAPs, as this programme reduced the extended governmental assistance. Therefore some countries might face constraints on implementing an effective strategy to promote enterprise culture. Thus, governments started to implement new incentives to encourage self-employment in the latter half of twentieth century.

India provides a good example for extending such an incentive to promote enterprise culture. In Kerala, India, the government is in the initial stage of promoting the relevance of entrepreneurial activities through public awareness campaigns, educating the relevance of participation in business activities among students and other section of the population (Government of Kerala, 2004). A particular feature of economic activity in developing countries is the size of the informal sector; in India the informal sector is an estimated 44% of the total GDP (Delhi Group, 2004). Thus, the prevalence of self-employment is already quite high and the issues related to developing an enterprise culture centre on promoting increased entrepreneurial activity in the formal economic sector and addressing cultural issues in the society which may inhibit the growth of enterprise culture. Without taking these issues into consideration, a transplanted enterprise culture cannot be effectively implemented. Therefore, in the subsequent section, this paper will analyse the need for developing countries to redefine the concept ‘enterprise culture’.

4.0 ENTERPRISE CULTURE AND ITS IMPACT ON DEVELOPING COUNTRIES

Similar to other countries, the significance of developing enterprise culture in developing countries is driven by the changing economic environment in a globalised world. As discussed above, the financial crisis in developing countries subjected them to a new environment through SAPs. SAPs opened the economies of the developing countries to new challenges and opportunities. These challenges were seen as a threat for long-term sustenance and development of their economies. Thus, to survive in this changing environment, it was necessary to encourage entrepreneurial activities to stimulate economic growth. But persuading people to be entrepreneurial is a problematic task. Similarly, governments in developing countries have started to concentrate on building an environment conducive to developing self-employment activities from which they expect to generate greater entrepreneurial activities and eventually higher and faster economic development. Hence, self-employment schemes gained prominence as a component of developing enterprise culture. But as I have pointed out, self-employment activities have been visible in the informal sector for centuries. It is therefore, not the lack of enterprise or self initiative that is the problem, but the failure to identify and address other salient features that nurtures entrepreneurial activities to assist economic development.
In developing countries, the participation in the informal sector is high and this sector also makes reasonable contribution to the GDP of the developing economy. This is evident from Charmes' (2000) report showed that in most developing countries, 20-40% of the total workforce participate in the informal sector and their contribution to GDP amounts to 20% or more. The activities in the informal sector exhibit the essential components of enterprise culture. The opportunist quality is visible among the street vendors. The street vendors travel from one place to another in search of demand for their goods (Santos, 1975). The creative side of informal sector is evident in the ability to manipulate the demand for low cost services. For example, small automobile repair shops were started in the informal sector to take advantage of the increase in demand for cheap repairs (Santos, 1975, p. 133). The reliance on indigenous resources, on family labour, on skills acquired outside the school system and locally adopted technologies is evidence of independence and self-reliance (Forbes, 1984). Hardwork attributes are visible from the flexible working hours in the informal sector; if required, they worked as long as 15 hours a day (Santos, 1975, p.103). The establishment of small scale industries exhibits the trickle-down effect by providing job opportunities to family or other workers (Santos, 1975). Expanding support to other members of the family or community are visible among all sectors of the economy, but this particular characteristic shows the existence of the attributes of enterprise culture in the informal sector.

The prevalence of these attributes provides the possibility of re-defining the concept of enterprise culture especially, when in recent years the informal sector tends to show a reasonable increase. Chenoy (1994) attributed the growth in the informal sector (especially the participation of women) in developing economies to the impact of globalisation and the implementation of SAPs. She notes that economic restructuring led to closure of organisations in some industries and subsequent job losses. Increased unemployment in the formal sector led many people to establish themselves in the informal sector (Chenoy 1994). This rise in the participation rate and the prevalence of self-employed activity in the informal sector presents an opportunity for governments in developing economies to produce alternative and more appropriate strategies to foster the existing enterprise culture for the benefit of the wider economy.

Participation in the informal sector could be considered as an invaluable component in developing enterprise culture because such participation enables the nourishment of vital entrepreneurial skills which could ensure enterprise growth. This is particularly true when the activity in the informal sector is said to be largely under-explored and under-appreciated (Forbes, 1984). The economic contribution of informal sectors can only be estimated due to the absence of reporting processes (Okafor, 2004). Okafor (2004 p.2), reporting on a study of the informal sector in Lagos, highlights some of the impediments to economic growth in the informal sector: “the sector is faced with impediments such as low level of technical know-how, lack of basic infrastructure, access to capital and weak business environment and policy instability, which is characterized by political instability, corruption, general insecurity of life and property, unstable government policies, poor educational system, inefficient public service and poor planning and policy implementation by government and its agents”. Strategies aimed at addressing such impediments could also be a step ahead for creating an effective enterprise culture to increase the activity in the formal sector and create greater economic prosperity. The potential benefits are evident from the success of such a strategy designed by the Indian Self Employed Women’s Association (SEWA) to help some women in the informal sector. SEWA first of all established SEWA Trade Facilitation Centre (STFC) and extended support to help the centre’s members access national and international
markets. The range of support SEWA provided the members included: business training and education, facilitated networking, and streamlined production systems to help the women develop their businesses (Treacy, 2003). In just twelve months (2000-2001) the support from SEWA was responsible for increasing the group’s exports by 311% and total sales by 62% (Treacy, 2003).

Thus, the informal sector can act as a component for the development of enterprise culture within the country. This can be constituted by moving economic activity out of the informal sector and into the formal sector. However, this is only part of the answer to developing an enterprise culture in developing economies. The impact of a number of cultural and social factors needs to be considered when endeavouring to deal with the concept of enterprise culture in developing countries. To illustrate the importance of such factors in the development of enterprise culture, the discussion will now focus on India to highlight missing and much neglected ingredients of enterprise culture - class, religion, caste and gender.

5.0 MISSING INGREDIENTS OF ENTERPRISE CULTURE

In 21st century, India people still cherish their local cultural values and customs. Nevertheless, factors like caste, class and religion can hinder entrepreneurial activities. The relevance of these missing ingredients in the development of enterprise culture will be addressed in this section with particular emphasis on the constraints these factors pose for entrepreneurial activity among Indian women. India is a country with many religions. The six major religions practised by the Indian population are: Hinduism (80.5%), Islamic (13.4%), Christianity (2.3%), Sikhism (1.9%), Buddhism (0.8%) and Jainism (0.4%) (Census India, 2001). The unique characteristic of the major religion, Hinduism, is the caste system. The Hindu caste system is based on occupational hierarchy and is divided into five groups:

- Brahmin - Priests / intellectuals,
- Kshatriya - warriors,
- Vaisya - traders,
- Shudras - manual labourers, and
- Schedule caste (Untouchables or the oppressed class) - dealing with the bodies of dead animals or unclaimed dead humans.

(Nafziger, 1978, p. 39; Ganguly, 2003, p. 89; Ross, 2005)

This occupational hierarchy has also been an indicator of the class system in Indian society because the people belonging to a particular caste share the same economic and social status. At the top of the hierarchy, Brahmins are equivalent to the upper class in western society. At the bottom of the hierarchy are the untouchables, this group was not mentioned in the original scriptures. Over centuries, the notion of an additional caste to capture the lowest classes was accepted and the five caste divisions are now accepted within the Hindu religion. In addition to the five main castes, sub-castes (communities) based on more specific types of activity are also recognised (Sarkar, 1984).

Entrepreneurial activities are seen as primarily the privilege of the Vaisya caste and sub-castes (communities) within this grouping such as Marwaris and Patels. The caste system, including sub-castes, is complex and for the purposes of this discussion, the key issues are both the psychological and tangible barriers to entrepreneurial activity arising from the existence of the caste system. A number of social scientists have identified entrepreneurial activities in Indian society to be prevalent within certain communities.
based on the caste structure (Bal, 1998 Nath, 2000, Sharma, 1980). Members of the Vaisya caste and related sub-castes have been observed to be both more likely to undertake entrepreneurial activities and also have more success in their ventures because of the family support and business acumen passed on by generations (Tripathi 1984; Bal 1999). In contrast, other sections of the population may be perceived to be less likely to undertake entrepreneurial pursuits.

The caste system thus plays a role in the likelihood of entrepreneurial pursuits in Indian society. However, the impact of the caste system is even greater for women. Upper caste women can be denied freedom of mobility to safeguard the purity of their caste ie to prevent the lower caste men from gaining sexual access to upper caste women (Ganguly, 2003). Seymour (1999) also points out the low status of upper class women compared to lower class women because of financial constraints lower class household compels women to work and be independent. In addition, the patriarchal nature of Indian society exposes women to social practices like Sati5, dowry system6, child marriage7 and other similar practices which mark the low status of the women in India (Ghose, 1994). Even though, theoretically, most of these practices have been banned, they are still practiced and hidden from the law; especially the dowry system (Murickan 1975; Mandelbaum 1999) and child marriage (CBS news 2005).

Factors contributing to the low status of women in Indian society highlight the difficulties women may face in pursuing entrepreneurial activities. While there has been no detailed study of caste and women entrepreneurs in India, many social scientists have noted the potential relevance of caste system to Indian women’s entrepreneurial activities. The study conducted by Bal (1998) in Punjab noted that there were many women who participated in family business among Ramgarhias8 community while only a few in Sindhi community and hardly any women in Marwari community were involved in family business pursuits. Punitha, Sangeetha and Padmavathi’s (1999) study in Pondicherry indicated that women belonging to what the authors refer to as the “backward class”, ie lower castes, tend to be more entrepreneurial compared to both “forward class”, ie upper castes, and schedule caste women. However, the propensity of women in the lower castes to engage in entrepreneurial pursuits may be related economic necessity. A study by Handy, Kassam and Ranade (2002) identified that 95% of the women working in nongovernment organisations (NGOs) in the city of Pune were Brahmin caste/upper class. This suggests that upper caste women are not only interested in business pursuits but, as Handy et al (2002, p. 150) highlighted, they had more opportunity to undertake entrepreneurial activities - compared to lower caste women - as they enjoyed privileges of social connections among themselves and were also respected as leaders and intellectuals in the society. While these studies identified both upper and lower caste women participating in entrepreneurial activities, the studies by Bal (1999) and Punitha et al, (1999) suggested that lower class women were more likely to pursue entrepreneurial activities. However, these studies have not dealt with the reason why lower caste women may be more likely to pursue entrepreneurial activities. In addition, the main focus of all three reported studies - ie Handy et al (2002), Bal (1999); and Punitha et al, (1999) - was not the caste system. For instance Handy et al (2002) and

---

5 Sati is a former Indian custom of a widow burning herself, either on the funeral pyre of her dead husband or soon after his death (Encyclopædia Britannica, 2005).
6 Dowry system - the money, goods, or estate that a woman brings to her husband in marriage (Encyclopædia Britannica, 2005).
7 Child marriage - A child is married before the legal age of marriage or before puberty (Ghose, 1994).
8 Ramgarhias community were originally artisan community who pursued entrepreneurial activities to climb the social ladder (Bal, 1999).
Punitha et al. (1999) dealt with wide range of constraints faced by women entrepreneurs as well as factors that stimulate their entrepreneurial activities such as: educational background, economic, motivational, social and other aspects. However, Bal’s (1999) research mainly focused on nature of entrepreneurship, the pattern of investment, range of business activities, participation of family members and skill formation processes among entrepreneurs belonging to three communities (Marwaris, Sindhis and Ramgarhias). These authors’ studies have opened a new area to be explored i.e. the relationship between caste and women entrepreneurs in India. Further research on this area by the author is expected to reveal the nature of the relationship between entrepreneurial interests of Indian women and their specific caste. The research will be conducted under the pretext that the entrepreneurial activities of Indian women are related to family background and social setting. Family backgrounds and social settings that encourage entrepreneurial activities are expected to lead to women having a favourable mind set to pursue business ventures. The women entrepreneurs in these specific communities are also expected to receive financial support, business acumen and social networking which have been passed on by other members of the family. These supports available to the entrepreneurs will provide them with confidence on embarking a suitable venture.

As previously noted, globalisation has opened new avenues in the cultural and social aspects of the lives of ordinary people. Appadurai (2001) called this developing ‘imagination in social life’. Thus, exposure to other cultures provides women with new options to break the barriers and to explore their present social and cultural constraints. In India, the rigidity of the caste system and other practices which stood against the freedom of women has started to relax through the emergence of feminist movements and the involvement of middle class women (Ganguly, 2003, p. 91). Nevertheless, it remains to be seen whether this exposure to other cultures will free Indian women from social constraints like the caste system? Thus, the impact of caste system on women’s entrepreneurial activities in the 21st century is unknown. There is some evidence that the caste system still plays a major role in entrepreneurial pursuits in Indian society. The majority of the 50 business houses in India belong to members of the Marwari caste (Business Today, 1997 cited in Chatterjee, 2003). In addition, the Indian government is still implementing certain schemes to uplift schedule caste and schedule tribe community (Government of India, 2005). Therefore it remains necessary to consider the caste system when working to build an efficient enterprise culture.

6.0 CONCLUSION

Every country is striving to survive the new challenges created by globalisation and the changing economic environment. In this new environment, developed countries are trying to revive their growth while developing countries are trying to address financial crises. One solution adopted by many countries has seen governments developing strategies to create an enterprise culture among their citizens which promoted self-employment schemes. Interestingly, self-employment was already more prevalent in the informal sector of developing countries; however, governments need to transfer this self-employment culture to formal economic activities. However, there are other salient factors which play an important role in developing a country’s enterprise culture.

In the case of India, the existence of religion, class system and caste system are important considerations. The occupational hierarchy of the caste system disadvantages some sections of the population from being entrepreneurial. The communities or castes that belong to the non-entrepreneurial caste might lack the financial support, business...
acumen and family support to be entrepreneurial. These constraints will be acute in the case of women entrepreneurs, especially because of the patriarchal nature of the Indian society. So in a patriarchal society with the further reinforcement of a caste system, it will be a difficult task for women to be entrepreneurial. At present, there are few studies on factors influencing women’s entrepreneurial pursuits in developing countries. The caste system in India is a particular issue worthy of research as it lies at the intersection between culture, gender and the economic, and is highly influentially determinative in India.

REFERENCES:


Mandelbaum, P. (1999) Dowry Deaths in India:'Let only your corpse come out of that house', *Commonweal*, Oct 8, 126 (17), p18


