Revamping Business Ecosystem and Corporate Restructuring – a financial pursuit?

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Abstract

Business has created a subject existence called Management science. Science has carved out the systems in practice for an organization. More over, the “practice of continuum” has been the core motto of any initiation.

Transformational movement has been the paradigm shift achieved via literate sense of scientific acknowledgement. Essence of transition from conventional modus operandi has been made through the endeavors of “Scientific management”. Corporate Restructuring too has been evolved from the foundations of contemporary managerial science. Augmenting to this need has been the functional relevance of organizational resources. Restructuring happens, if the provision for statistics in Organization Development proves for enough reasons.

Finance is said to be the life blood of articulating the business environment for progress. Benchmarking an organization is based on the figurative representations ensured through “Returns”. This status credited analyses the need of present and depicts the road for future. The sensitivity of organization “to change” or “not to change” proves the fertility ground, on which the structure has to evolve by itself for progress.

The mirror should say - “Nothing better than you, nobody better than you” (Heart speak 2009 SRCM, Chennai)

Efficiency proves for “incorporated scientific values” via effectiveness pursued. What does it prove? The nominated spirits of statistics interpreted here, only communicates the language of finance. Is that just the truth?

Soul of an organization evolves for revamping the system pursued. The connecting linkages to the legacy forms part of this great overhaul.

Key words: Corporate, Restructuring, Business ecosystem

Is Value defined by Market capitalization?
Earnings per share?
Is it measured by Market Share?
Client Satisfaction or Employee retention?
Is it something more?

“Business Conduct is not something that can be left to auditors and lawyers. It is the very corner stone on which our business reputation is built, and it is one of our most prized assets. Ethical behavior starts with the individual; the principles that govern it must be a day to day way of life”
– Frank. T.Cary 1977

“We accept our responsibilities as a Corporate citizen in community, national and world affair:, we serve our interest best when we serve the public interest…………We acknowledge our obligation as a business institution to help improve the quality of the society we are part of”
– Thomas.J.Watson, 1969
Business now operate in an environment in which long standing societal concerns – in areas from diversity to equal opportunity, the environment and workforce policies – have been raised to the same level of public expectation as accounting practices and financial performance.

Evolving the System

The ideas that value of an enterprise ours or any other – should be evaluated on the criteria that go beyond market place performance and business results aren’t novel. Today’s portfolio of businesses is markedly different than it was just a few years ago, and we will be in a host of different businesses another century down the road. A succession of events starting with dot-com crash exacerbated by the global economic downturn, and then the financial and ethical of a few public enterprises – has cast doubt on how companies govern themselves and conduct their business.

The need to shade more light on the need for business to establish and maintain an active communication channel between them and their public’s and other business organisations is of great importance. Such practice would ensure the safe operation of a company, by making it resistant to sudden economic down turns, due to the open and active communication channels established between them and other companies and the publics.

An economy is the realized social system of production, exchange, distribution, and consumption of goods and services of a country or other area. A given economy is the end result of a process that involves its technological evolution, civilization's history and social organization, as well as its geography, natural resource endowment, and ecology, among other factors. These factors give context, content, and set the conditions and parameters in which an economy functions. An economy does not have to be a specific size. An economy can mean the economy of a city (local economy), a country (national economy) or the world as a whole (international economy), provided that it is involved in the production of goods and services.

Since October 2008 a global financial crisis led to the bankruptcy of many financial institutions in the USA and European countries, threatening the global financial system. In 2008–2009 much of the industrialized world entered into a deep recession. The complexity of the vicious circles which contributed to this crisis included high oil prices, high food prices and the collapse of a substantial housing bubble centered in the United States, which sparked an interrelated and ongoing financial crisis. It has been argued that the huge increases in commodity and asset prices came as a consequence of an extended period of easily available credit and that the primary cause of the down-turn was exceptionally financial. This has led to increased unemployment, and other signs of contemporaneous economic down-turns in major economies of the world.

Inflation was also increasing in the developed countries, but remained low compared to the developing world. The International Labour Organization (ILO) predicted that at least 20 million jobs will have been lost by the end of 2009 due to the crisis mostly in "construction, real estate, financial services, and the auto sector" bringing world unemployment above 200 million for the first time. The number of unemployed people worldwide could increase by more than 50 million in 2009 as the global recession intensifies, the ILO has forecast.

The rise of advanced economies in Brazil, India, and China increased the total global labour pool dramatically. Recent improvements in communication and education in these countries has allowed workers in these countries to compete more closely with workers in traditionally strong economies, such as the United States. This huge surge in labour supply has provided down-ward pressure on wages and contributed to unemployment.

Political instability related to the economic crisis has already started developing all over the world, especially in European countries like, Hostage takings, vandalism and attempted assault which sounds like charges on a terrorist sheet for a hardened criminal. But they're the collective crimes of people who've been laid off recently.
Over the years research and events as shown that, the survival of business depends largely on the ability of businesses to communicate and share information among themselves, communication was rated as the most important factor in making a manager “promotable” by subscribers to Harvard Business Review. Therefore in-order for there to be a significant progress in the area of economic development of a country, organisations has to build a good, reliable, intra and inter-organisational communication channel among themselves, because the existence and survival of any business organisation depends largely on their ability to interact and share problems which threatening their various businesses.

Industrial restructuring in transition economies is probably one of the most difficult task. It has to be carried out by new entrepreneurs, the emerging financial sector, the government of these countries and possibly foreign investors attracted by potential growth of industry and services in the region. Restructuring deals with many assets; organization changes, change of output set, investments in new plants and machinery, as well as the development of new networks for supplying and marketing purposes. Even in mature market economies restructuring is not always a sui generis process. This is very obvious when looking at mergers and acquisitions, or brutal split of activities. It illustrates how big groups (megalomanias purposes kept aside) concerned by the decline in their profitability reallocate their capital by disbanding assets, aggregating others, rationalizing production or other segments, in order to either to attain an efficiency size, buy market shares or built up strategic positions [Batsch, 2000]. In transforming economies, the process of industrial restructuring has been difficult to fulfill for different reasons.

The three main reasons are; systemic heritage from the former soviet industrial system, political and social barriers, and lack of capital and managerial know-how to be able to put these firms at the level of Western industrial standards.

The Great Overhaul Economic Model-A Policy Making

Economic development is the basis and precondition for solving the various problems. The current international financial crisis is still sprawling and deepening, inflicting a heavy toll on the economic development and people's livelihood of countries around the world. Due to the weak economic basis and self-repair capacity, developing countries are worst hit by the crisis. If the trend is not curbed and turned around timely, the development achievements made over the years will be nullified.

Emerging innovation-driven business models are changing the economic landscape. Most companies are using innovation to sustain their business models. However, new entrants into the market innovate in a way that disrupts the industry.

The mission here is to contribute to the innovation and business models research fields, presenting a unified method to analyze business models driven by innovation in different verticals.

The driver of change in the industry includes advances in transaction and information technologies, geographic shifts in growth opportunities, regulatory changes, the fast evolution of client requirements and behavior. The business model environment framework identifies four main areas which are the key external forces that influence the business models in the industry.
**Key External Forces:** the Market forces, Industry forces, Key trends and Macroeconomic forces.

### Market forces

The market forces that are shaping the industry are depicted as follows:

**Market issues:** One of the key issues driving and transforming the market is the entrance of new competitors into the sector. The sectors that are more susceptible to new entrants are insurance, pensions, leasing and credit card companies.

**Market segments:** The market segments in the financial industry are categorized by their target clients (e.g.: retail, corporate, institutional), service types (e.g.: investment banking, retail banking, wealth management) and geographical location (e.g.: Europe, Asia, Americas). The three-dimensional representation of the market is used to recognize and maximize “synergies”. Client driven linkages exist when institutions can supply services more efficiently to a client group in the same or other geographies. Service driven linkages exists when an institution already sells the same or similar service in other client or other geographic dimensions. Geographic linkages exists when a financial provider can supply services more efficiently in a particular location as a result of having an active relationship with that client in other geographic place.

**Needs and demands:** It is pertinent for the industry to match the needs and demands of customers. Different domains require specified strategic initiative for modeling the interest design in customers.

**Switching costs:** Customers have high switching costs to competitors. The customer lock-in is stronger when companies are based on a relationship rather than transactions. Customers find difficult to close bank accounts and refinance loans to competitors. Empirical evidence shows that first mover advantage is important, once a consumer learns to use a innovative product or service. Consumers do not want to switch to another provider due to the potential hassle of new learning.

**Revenue attractiveness:** Financial services firms dominate the list of the world’s biggest firms. Equipment leasing is recognized as the most attractive profit generating activities for financial services holdings.

### Industry forces

The industry forces are composed by incumbent competitors, insurgent players, substitute products and services, value chain actors and stakeholders.

**Incumbent competitors:** Incumbent competitors are traditional companies in the financial services like retail banks, private banks, specialty finance and asset managers.

**Insurgent players:** Insurgents in the industry are the new entrants into the market. The insurgents are web-based financial services start-ups companies, telecommunication companies, retailers, car manufactures and industrial corporations.
**Substitute product and services:** Informal loans by friends and family, and informal credit providers for the poorest households.

**Stakeholders:** Governments have a strong stake in the stability of industry to sustain their economic activities. People and companies are important stakeholders, industry depends on them to provide services.

**Suppliers and other value chain actors:** Examples for value chain actors are investment research companies, software development companies, IT infrastructure and support providers, and consultancy service providers.

**Key trends**

The recognition of the key trends in the industry give us a foresight vision in technology, regulation, socio-economic, societal and regulatory aspects.

**Technology trends:** Technologies which could threat, enable, improve or evolve business models in are the internet and the telephone as distribution channels. A quarter of the world’s population of 6.7 billion of people use internet and the mobile phone access is available to 90% of the world population.

**Social networks** became a mass communication tool, which “made people’s personal relationships more visible and quantifiable than ever”. Twitter, is the fastest growing social network. Facebook, the world’s largest social network, is the second most popular site after Google.

**Regulatory trends:** We can observe an increase of government intervention and a rising regulatory complexity.

**Societal and cultural trends:** The major societal trend is the eroded public trust on the industry. The consumer is more informed and collaborative, feeling the desire to contribute and being part of a community.

**Socioeconomic trends:** The major socio-economic trends are given by ethical investment funds, green mortgages (for houses using renewable energy) and banking offerings for underserved communities. Companies committed to their corporate values and ethics, demonstrating good corporate citizenship which will be also necessary to recruit next generation employees.

**Macroeconomic forces**

The identification of the macroeconomic forces help us to understand the overall conditions of the market.

**Global market conditions:** The global market conditions of the market are a result by restricted credit availability and negative economic outlook. Emerging economies like Brazil, Russia, India and China (BRIC) are growing faster than developed economies. Global financial services providers are expanding their operations to the BRIC markets for the massive potential of consumers, workforce and high GDP.

**Capital markets:** New entrants into industry are faced to the availability of lower venture capital and restricted access to credit.

**Commodities and other resources:** The main commodities and resources needed for business models in are information technologies (IT) and highly skilled human resources (HR). IT is more affordable thanks to server virtualization. HR cost depends on each region. In developed countries, IT and business people cost are higher than in emerging economies.
Economic infrastructure: Each specific region in which a company operates has a different economic infrastructure. Access to telecommunications services are different in the United States and the European Union from underdeveloped regions. For example, in Africa the access to internet is not common for the population. These unique conditions in different markets, like public infrastructure, education quality, public services and quality of life must be considered as factors that influence a business model.

Different Facets
Economics on a Biological Model

Johnston challenges Western economic models based on Newtonian physics and mathematics, and proposes instead living natural systems as economic models instead. Her proposal is strongly supported by Michael Rothschild, Bionomics: Economy as Ecosystem who makes analogies between biological models and economic behavior. The function of biological cells and business groups is the same: namely, to "use tools and knowledge to turn energy and materials into products. Whatever the product happens to be, the flow of production mimics the protein-building process of organic cells: prepare the incoming materials, rearrange their components into new configurations, and package them into deliverable products." Each living organism equips each cell with the vital blueprint of the whole organism in its DNA, which also differentiates the function and relationships of each cell.

The entire global economy is comprised of work cells and organizations engaged in the interdependent production and exchange of products. Regardless of size or level of technological sophistication ... all organizations cope with essentially the same tasks that face a single living cell. Encoded information is developed and preserved in DNA or blueprints. Copies are shipped to ribosome’s or assembly sites. After raw materials are prepared, components are reassembled in new configurations. In a series of finishing steps, these objects are packaged into deliverable products.

Rothschild argues that the discovery of the microchip in 1971 by Intel now makes it possible for the first time for every person in each work cell to have available information about the whole business organization, and also to give each work cell specific information about its distinctive role and relationships. "In effect, a worker/tool combination acts like an organelle inside an economic cell. But unlike organic organelles, human workers can pick up different tools, learn new skills, quit their cells, join others, and change their roles in the life of the economy. The flexibility, along with the rapid pace of technical evolution, endows the economy with capacity for lightning-fast restructuring.

Western economics relies too heavily on mathematical models, and both Carol Johnston and Michael Rothschild argue that economics needs more inductive and historical-critical research to adjust economics to new situations. Most economic models are not based on, nor tested by, empirical observations. For example, Rothschild refers to Wassily Leontief, winner of the 1973 Nobel Prize in Economics who in 1982 surveyed articles over the previous four years in The American Economic Review, America's most prestigious economics journal. He made the startling discovery that "more than half the articles were mathematical models without any data whatsoever, and nearly one-fourth drew inferences from statistics gathered for some other purpose." Only one article was empirically based.

The most successful living organisms are not based on a nervous system in which the central brain makes all the decisions-the old command-and-control model of business-but the most successful empowers each work cell with DNA information so that they can more quickly and effectively respond to local needs and create novel responses in harmony with the larger organism. This management philosophy that empowers small, relatively independent teams to work together for the common good based on horizontal rather than vertical relationships has recently come into vogue, such as in the Saturn automobile section of GM.

The various lessons about social organization and management that Rothschild proposes based on biology have attracted the management of several companies. Some, such as Bank of America in 1998, have attempted to revamp their business methods along more biological models as suggested by Rothschild.
Economics of Social Capital

Recently the World Bank has recognized the importance of developing social institutions in poor countries as the foundation for national growth. As important voices in civil society, religious groups need to emphasize to the World Bank, the Asian Development Bank, and WTO the importance of social capital to enable any economy to function. Social capital requires human development, which requires education and cultural nourishment. Accordingly, I would hope that religious groups would urge the World Bank to require an educational component for the workers involved with any loan to move workers toward literacy as a means of future livelihood once the work project was done. This educational requirement would also help to ease the burden on child labor who may be needed by their families for survival, but whose future is being stolen unless an educational component is part of each project funded by the World Bank.

Conflict between communism and capitalism is now past, and almost all G7 governments now function with an integration of various socialistic and capitalistic agendas. However, G7 economies live off the sweat of many other countries in a global network and often impose negative policies on them. If inclusiveness and representation are Buddhist values, then Buddhists should lobby to expand the G7 to at least include major democratic countries such as India, Mexico, Brazil, South Africa, South Korea, Chile, Indonesia, Thailand, and Costa Rica. Jeffrey Sachs, the director of the Harvard Institute for International Development, has proposed forming a G16, for example.

Another way to introduce spiritual dimensions into economics is to elevate our awareness of the enormous capitalistic role of civil society organizations. Recently Yale University joined the Fair Labor Association (FLA) dedicated to buying clothing and materials only from companies that ensured that the people who made the products were working in safe conditions and receiving a fair wage. The FLA rejects forced labor, child labor, abuse and discrimination, and urges companies to allow collective bargaining for employees, overtime pay, and a reasonable workweek. The FLA began in 1996 and has been signed by at least 17 universities, including all the Ivy League schools in the United States. While such agreements do not save all beings, they lessen abuse and work toward improving conditions for others. Perhaps our religious groups should consider joining the FLA.

Another opportunity that relates to the modern economy is to use religious wealth to influence corporations. The Interfaith Center on Corporate Responsibility (ICCR) was formed almost 30 years ago and today includes 275 Protestant, Roman Catholic, and Jewish institutional investors worth an estimated US $90 billion, largely representing pension funds. As a result of the large size of its investments, ICCR representatives can attend meetings of stockholders and request that corporate policies become more socially responsible. For example, in 1998 ICCR representatives presented 209 social responsibility resolutions to 143 companies. Their list of resolutions is circulated as a model for other concerned citizens, and they conduct fact-finding reports on various industries. A few Buddhist efforts to influence corporations have begun, but ICCR is still waiting to have its first Buddhist member.

Transformation Substantiated ……………

The desire of the corporate world within the push pulls of business ecosystem vouch for a credible business model. Intrinsic values of an organisation represent the explicit economies of an organization. This will never generate a feel that finance is alone the corner stone of this specified acknowledgement. Various functional domains with respect to structured formalities of running a business need to build up external resource characters. Characteristics counted with their quality inputs can be assessed only if there has been a progressive impulse on the front from external resources. The major stake holders would be obviously, Government, Political systems, Constitutional framework related with business, interlinking intermediaries, Customers, Social drivers.

Evolving determinants to transform the business horizon requires a greater understanding of specified experienced contexts. The verticals have to be different to deliver reasoned, updated and credible justifications. The undermining thought in academics stresses the need for improving the financial soundness of every honoured entity for a progress. Ethics in Management caters for pure,
professional and transparent phenomenal chapters in business modeling. Approaches in management synchronises in essence the synergy of organisation.

Uncertainty over the future has become rife in both firms and society. In a world of globalization and shareholder capitalism, corporate management has become narrowly focused on short-term financial performance, a shift to downsizing and frequent re-organizations. These trends are leaving employees increasingly isolated, with disparities growing. Workers are increasingly feeling a sense of uselessness, even as they perform their jobs in an apparent vacuum.

Specified Contextual Interventions

Case 1

Knowledge Dynamics Initiative (KDI) at Fuji

The Mission: Fuji Xerox is pursuing the goal of reviving Japanese firms by maximizing the knowledge creation capacity inherent in human beings—Fuji Xerox Global Services' Knowledge Dynamics Initiative, or KDI. KDI’s office has done away with traditional work desks and strict personnel hierarchy. It is a group of “social entrepreneurs” who all create knowledge with the aim of realizing a society in which people can work with energy and joy. Companies had to serve as a sound social infrastructure and create a society in which everyone could enjoy their work and experience happiness.

Fuji benchmarks to create a frontline group to serve as a driving force for society, making Japan a joyful, happy place. KDI's basic concept is to realize dynamic individuals and dynamic spaces known as “Ba”. “The last decade or so has seen the spread of a management style that prioritizes means and ends with immediate effects even where this is recognized as only partial optimization. Many employees have been buried in routine tasks, unable to engage in knowledge creation that transforms work. At KDI, we believe this is one cause of organizational lethargy. If all staff approach the continually changing social and business environment with greater sensitivity and flexibility and create new value, utilizing knowledge across organizational boundaries, the joy of sharing thoughts and ideas through work will spread throughout the organization, almost invariably energizing it.”

Relationship Created through Earnest Communication

Fuji encouraged employees to create hobby and study communities, and the company too provided assistance such as registering and advertising activities and providing facilities. For example, with software development becoming increasingly globalized, a woman employee in her 20’s with a teaching qualification put her hand up to launch an English conversation community. In other communities, senior management and staff go along together to watch sports and seek out ramen noodle shops. To become a company with a performance that exceeds customer expectations, they believe that Systems needed to strengthen relationships both within and outside work.”

Employees have begun to express their own opinions at meetings, not those of their departments. As employees have come to understand that they are not disposable commodities, they have started to view job challenges as opportunities and rivals as colleagues.

“Ba” (Space) for the practice of Knowledge Creation

To strengthen the relationship between specialist researchers and client firms taking on the challenge of corporate reform, KDI hosts a range of events, including knowledge communities for learning about the theory and practice of corporate reform, reform leader exchange meetings primarily aimed at middle management and executive exchange meetings for senior management.

Case 2

NOKIA

Nokia restructured itself into three main functional groups: Markets, Devices, and Software & Services (refer Figure: Global Architecture (New Structure), 2008).
Markets:
This division handles customer, front-end sales and the go-to-market strategy of Nokia sales worldwide.

Devices:
It deals with all the hardware and software requirements for the development of a new mobile phone. Research and Development, product development and software variants that were earlier separated in three divisions have now been put together under a single umbrella division. The R&D division was further broken down into functional entities as per the requirements.

Software & Services:
It was created in the restructuring exercise with an eye on the future of the industry. It reflects the path that Nokia wants to take in the coming years and is in sync with its vision of bringing the best of Internet to phones and offering Consumer Internet Services.

Nokia-Siemens Network:
Nokia established networks division in collaboration with Siemens as a separate entity to grow fixed and mobile network infrastructure and services. This helped Nokia to expand its scale of operations and strengthen its market position.

Nokia focused on four main aspects in its restructuring process:
1. Product focus: Nokia was manufacturing 70 models world wide
2. Functionality focus: Technical and functional expertise was important for cutting edge technology
3. Geographic focus: Expanding global footprint
4. Focus on Internet services: Exploring future possibilities

Comprehensive advantages to Nokia are
- Consolidated R&D department with functional expertise that eliminates repetition of work
- Flexibility and adaptability in sharing human resources across programmes

The Process
Organisations of the size of Nokia tend to stick to the same structure for long periods of time for the simple reason that it is an enormously difficult task to restructure. Large organisations that undergo restructuring face a lot of discontent from employees who have gotten used to a specific style of functioning (organisational inertia). Nokia was able to restructure fundamentally from its organisational culture and values.

"Willingness to change is strength, even if it means plunging part of the company into total confusion for a while"

The need for a "Culture of mobility" has led to an external strategic focus and flexible environment. This flexibility has ensured that even major changes result in minimum discontent among employees.
Transparency in the restructuring process and a clear definition of new roles and duties allow things to fall in place quickly ensuring a smooth transition from one structure to another.

The structures adopted also have a role to play in the success of the restructuring exercise. The newer structures have allowed for significant growth through acquisitions and collaborations. The divisions' multifunctional competencies have resulted in increased cooperation with organisations in the wider ecosystem. Acquisitions of smaller technology firms are an attempt to use its divisions' expertise to grow. These acquisitions and other collaborations form a part of Nokia's extended firm. Symbian, Nokia's leading collaborative platform for mobile devices is one such component of its extended firm.

**The achievement**

Nokia, over the years, has evolved both organically and inorganically. It has always kept an eye on the future and worked towards achievement of its future goals. To support this corporate strategy, it has undergone three structuring changes in the past six years in order to adapt its business model and culture. This has helped Nokia to be a step ahead of its competitors.

**Case 3**

**Business Ecosystem in Pakistan (for a comprehensive understanding)**

Entrepreneurship is the transformation of an innovation into a sustainable enterprise that generates value. An entrepreneur is “any entity, new or existing, that provides a new product or service or that develops and uses new methods to produce or deliver existing goods and services at lower cost. Entrepreneurs innovate new ways of manipulating nature, and new ways of assembling and coordinating people.

Entrepreneurship emerges from the realm of commerce, but it cannot be restricted there. Cultural and social values and economic policies and behaviors shape and validate one another. For entrepreneurship to be a mainstream and routine business practice, it must reflect society’s view of how the world should work and how human beings should behave. Social attitudes, political practices, economic policies and the legal system must support creativity, risk-taking, and the implementation of new enterprises. Entrepreneurship cannot thrive if its society’s values are undermined.

In Pakistan, all the policies have always been biased towards the elite. This is especially true of the economic policy which has been biased towards the large scale sector. The result is that this sector has developed on the incentives of rent-seeking rather than entrepreneurship. The development of small scale sector to some extent reflects the characteristics of entrepreneurship however this sector has largely grown up as an informal sector continually besieged by the state in its quest to protect its favorite child the large formal sector. Rather than entrepreneurship, policy planned for investors and investments became the norm. Incentives were offered to attract investment. Such incentives included licensed monopolies in protected markets, cheap land and credit and subsidized inputs.

Keeping the economic definition of entrepreneurship in mind, we see that entrepreneurship in Pakistan is seriously impaired by government policy, legislation and regulation. The government has continuously been of the opinion that investment especially at the large industrial level is entrepreneurship. As a result, it has been unable to promote genuine entrepreneurship and promoted cartelization and rent-seeking instead.

In the last few years the entrepreneurial class in Pakistan has been on the rise for the first time. This trend has been recognized by the media both in Pakistan and abroad as well as by quite a few bloggers. The interesting thing is that the trend of rising entrepreneurship continues in spite of the growing political challenges and unstable business environment. A young breed of entrepreneurs has shown remarkable contribution in technology, entertainment, businesses about lifestyle and many more fields. Examples of successful new companies include these US based companies and have their operations in Pakistan, Scrybe, Pix Sense, Peanut Labs, Mobile complete, Techlogix, TRG, Cavium Networks. They have successfully tapped the venture capital market of the US which is well-known to provide funding for promising new ideas and products. Other successful startups are local to Pakistan Net Sol, Rozee, Alchemy, Inov, and Bright Spyre.
When it comes to entrepreneurship in Pakistan, for the longest time now, it seems that most of us have been rehashing and repeating the same things over and over again. ‘Revamp Education system’, ‘Lack of funding’, ‘No ecosystem’, ‘No product companies’, ‘Pakistani mindset and culture’, ‘Bureaucratic red-tape’ and many other such reasons seem to be getting over our nerves. Pakistan does not have a large pool of successful entrepreneurs unlike India and Bangladesh who have built global level companies and are keen on mentoring the next generation of entrepreneurs.

C.K. Prahalad, author of The Fortune at the Bottom of the Pyramid; Eradicating Poverty through Profit, has long championed the notion that business, rather than government handouts represents the most effective solution to poverty.

A way forward for Pakistan – a different importance

The prevalent social structure underpins the incubation and growth of entrepreneurship in the subcontinent. Strikingly, the Indian mentality supports entrepreneurship, the mentality to break free from the struggle by doing something amazing. It is possible and eminently laudable to generate a large number of regular jobs in manufacturing or service sector by providing specific skills and training to a vast multitude, by creating world class infrastructure and by attracting big ticket investment. The Indian academics are putting in the courage to create their own concepts and steer India to next level. ‘Problems have no precedent since they are huge in scale, so let's invent our own concepts’, is what they believe.

Pakistani entrepreneurs need to start inventing their own concepts. As a community we need to teach our young children to be risk taking and promote small adventures from childhood. Instead at present we force them into taking tuitions and memorizing text books so they get good scores in HSSE, SSC exams etc. Together, the committed capital chasing Pakistan is abundant. We need to make sure that we employ the latest cutting edge marketing strategies to look out for potential markets thus ensuring that the young Pakistani entrepreneurs get a chance to prove themselves in the International market.

Any good business strategy starts with an assessment of the market, including the economic and political factors influencing demand, and the opportunities for sales in export markets. The best strategists start by identifying the strengths and weaknesses of their enterprise in the face of market opportunities. Salient of strategy for revitalizing the Entrepreneurial environment in the obtaining Pakistani environment are as follows:

**Government support and Policies**

While Pakistan has countless enthusiastic young people with ideas and technical skills, there are many challenges facing these youthful entrepreneurs. Government and public policy officials and opinion leaders from all spheres have a key role to play in creating a culture that validates and promotes entrepreneurship throughout society. Promoting entrepreneurship and enhancing the entrepreneurial dynamic of a country should be an integral element of any government's commitment to boosting economic well being.

To be effective, government programs designed to encourage and support entrepreneurial activity must be carefully coordinated and harmonized so as to avoid confusion and to enhance their utilization by those for whom such programs were designed.

**Reforming the Educational Infrastructure**

Long-term, sustained enhancement of entrepreneurial activity requires a substantial commitment to and investment in education at the post secondary level i.e., college, university or graduate program. Developing the skills and capabilities required to start a business should be integrated into specific educational and vocational training programs at all educational levels.
Regardless of education level, emphasis should be placed on developing an individual's capacity to recognize and pursue new opportunities. An attempt should be made to initiate programs for management development of entrepreneurs in order to increase their skills. The university could create an office to promote the interaction with firms and to create mechanisms to facilitate the formation of strategic alliances and networks of knowledge.

**Raising awareness**

Government should support initiatives at the national and local levels; in order to raise awareness of the possibilities of entrepreneurship among the vibrant youth. The presence of entrepreneurship-oriented bodies should be ensured, so that people come to know about its importance.

**Promoting equal opportunities**

There is a need to setup both general and specialist support organizations in the country at various levels. This will increase awareness of existing support programmes among entrepreneurs. Also there is a need to support and promote campaigns to counter discrimination against members of the youth groups. This can be done by financial institutions, business organizations and regulatory bodies.

Unfortunately in our social setup women entrepreneurship is not given its due importance. Also social status is one the core cause for getting support from financial institutions regarding start up businesses. To encourage business support and membership, organizations should record the age, gender and ethnic status of their clients/members so that equal opportunities may be monitored.

**Encouraging and facilitating the international exchange of ‘good practice’**

A National commission needs to be setup which should be entrusted to an important role in assisting in intensifying the international exchange of ideas, experiences and good practice between support organizations concerned with the entrepreneurial groups. The survey has highlighted the need for special support to be provided for young entrepreneurs across Pakistan, delivered both through ‘mainstream’ business support organizations and through specialist organizations for young entrepreneurs.

**Creating awareness about Self employment**

Organizations supporting young entrepreneurs should be involved in Pakistan-wide promotion campaigns to highlight the opportunities of entrepreneurship for young people. They should make a serious attempt to increase co-ordination, in order to ensure that youth training and related programmes provide relevant information, advice and support for young people who might consider self employment as a career option.

General literature and other material on business support at the National level needs to contain positive images and role models of successful young entrepreneurs. The Government bodies should start supporting young entrepreneur awards on a City/District level.

**Availability of Financial instruments**

Keeping in mind the survey results, it can be easily comprehended that when starting a business, approximately one-third of the to-be entrepreneurs found the Lack of Angel Investors in Pakistan to be the most problematic issue. It is extremely important to ensure that a range of appropriate financial instruments are available to young entrepreneurs, including:

- Small scale grants and low cost loans for start-ups
- Loan guarantee schemes
Access to targeted equity funds for innovative ventures
Comprehensive support packages for those who link finance to business training and advice

Creation of National Commission

The National Commission can encourage the level of awareness in mainstream support organizations of the potential of and problems facing young entrepreneurs. They can raise awareness by supporting learning activities, such as exchanges and international seminars. It can also play important role by:
- Assisting with the administrative costs of financial support schemes
- Encouraging the exchange of experience through supporting international meetings, conferences and exchange visits
- Lobbying national governments to influence policy where appropriate.

Encouraging young entrepreneurs to enhance networking

Young and promising entrepreneurs should be encouraged to become involved in formal and informal networks. Supporting a Pakistan-wide Web site could be a positive move in helping to promote and exchange experiences in this respect. Mentoring programmes, which provide ongoing access to business management experience, are a particular priority in view of the fact that such experience is typically lacking in businesses owned by young entrepreneurs.

Establishment of Independent bodies

Keeping in mind our current socio-economic environment it is extremely important to establish Independent bodies for fostering innovative training techniques, consultancy and quality training material for promising entrepreneurs. They need to be taught how to make use of all the available resources. Lack of access to capital can often become a challenge for young entrepreneurs. With a bit of thinking, however, many of these problems can be alleviated by taking advantage of the resources at hand. These bodies can arrange sessions between successful business tycoons and young entrepreneurs. They should try to create discussion forums where everyone from Executive Leaders, Managers, Employees, Interns and Students meet frequently and discussed challenges that the industry faces in the path to progress. In this way they will be able to motivate youngsters who are willing to face the challenges of starting up their own business.

The Transformation

Entrepreneurship is the transformation of an innovation into a sustainable enterprise that generates value. Innovation is about partnerships which entail advancing new and innovative ideas which are relevant to various communities. Partnerships create and promote entrepreneurship, the development of technology and its commercialization. Human resource development and its capacity building are vital factors in support of competitive innovation and an entrepreneurial system. Keeping in mind the problems faced by Pakistani entrepreneurs it can be easily concluded that only about one-half of new business ventures survive five years, and 95 percent of all businesses are small. We need to learn as much as possible to positively impact the success rate for new business ventures. Government and public policy officials have a key role to play in creating a culture that validates and promotes entrepreneurship throughout society. Promoting entrepreneurship and enhancing the entrepreneurial dynamic of a country should be an integral element of any government's commitment to boosting economic well being. Entrepreneurialism demands enthusiasm and total commitment backed by matching intellect without which serious impediments can impact adversely posing major challenges in the business environment. That is where those enlightening words from a wise man became relevant that every challenge is parenthesized with a matching opportunity.
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