

Challenges, Opportunities and Future Directions of Entrepreneurs in North East India: An Overview

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Abstract

Entrepreneurs help grow the economy by introducing new products, creating jobs, and advancing technology. Essentially, it's about finding opportunities, taking risks, and turning ideas into successful businesses that benefit society. The North East India, having different demography and typography has abundant natural resources: Rich in oil, gas, coal, minerals, timber, medicinal plants, bamboo, forest products, and water and basically also an agrarian economy.

However, there are many critical issues such as Geo-politics of recent years militancy, drugs, lack of public infrastructure like warehouse, cold storage, road, rail, water connectivity, high speed internet, and law and order issues etc. which hamper the growth of business enterprises vis-à-vis slow economic development in this region. No doubt, entrepreneurship is a challenging journey that requires hard work, dedication, and persistence and Central and State Governments had initiated many reforms in the recent budget under MSME.

1. Introduction

Entrepreneur is the fourth factor of production which seeks profit. It involves adapting to changes, coming up with new ideas, and being creative and resilient. Entrepreneurs help grow the economy by introducing new products, creating jobs, and advancing technology. Essentially, it's about finding opportunities, taking risks, and turning ideas into successful businesses that benefit society. The North East India, having different demography and typography has abundant natural resources: Rich in oil, gas, coal, minerals, timber, medicinal plants, bamboo, forest products, and water and basically also an agrarian economy. There is lack of public infrastructure and hence, a new venture if taken up, we need to study and analyse the existing markets thoroughly. Investor funding has often overlooked North East India, but Prabidita Bharti, Chairman of FICCI, FLO, and Dr Sriparna Baruah, Head, Centre for Industrial Extension, Indian Institute of Entrepreneurship, Guwahati highlight the region's significant entrepreneurial opportunities. However, there are many critical issues such as Geo-politics of recent years militancy, drugs, lack of public infrastructure like warehouse, cold storage, road, rail, water connectivity, high speed internet, and law and order issues etc. which hamper the growth of business enterprises vis-à-vis slow economic development in this region. No doubt, entrepreneurship is a challenging journey that requires hard work, dedication, and persistence and Central and State Governments had initiated many reforms in the recent budget under MSME.

In the early phases of economic development in Europe, the primary factors of production were land and labour:

- Land: Land was the fundamental resource for agricultural activities, which were the mainstay of the economy before the Industrial Revolution.
- Labour: Labour, provided by the population, was essential for cultivating land and producing goods. The availability and productivity of labour were crucial in determining economic output.

2. Industrial Revolution and Technological Advancements (1712-1794)

The Industrial Revolution marked a transformative period in Europe's political economy. Key inventions and technological advancements played a significant role in altering production processes:

- Thomas Newcomen (1712): Newcomen invented the first practical steam engine, which was primarily used to pump water out of mines. This invention laid the groundwork for later innovations in steam technology.
- James Hargreaves (1764): Hargreaves, a British carpenter and weaver, invented the spinning jenny. This device allowed multiple spindles of thread to be spun simultaneously, revolutionizing the textile industry.
- James Watt (1769): Watt, a Scottish engineer, designed a more efficient steam engine that could be used in various industrial applications. His improvements to the steam engine significantly enhanced its efficiency and reliability.
- Eli Whitney (1794): Whitney invented the cotton gin, a machine that greatly simplified the process of separating cotton seeds from cotton fiber. This invention had a profound impact on the cotton industry, increasing production and reducing labour costs.

3. Introduction of Capital as a Factor of Production

As technological advancements progressed, a new factor of production emerged: Capital. Capital refers to the financial resources and machinery necessary for production. The invention and widespread adoption of machinery during the Industrial Revolution necessitated significant investments in capital. This led to the recognition of capital as a crucial factor of production alongside land and labour.

Today, the traditional production function includes four main factors:

- Land: Natural resources used in production.
- Labour: Human effort, both physical and intellectual, used in production.
- Capital: Machinery, tools, buildings, and financial resources used in production.
- Entrepreneurship: The initiative to combine land, labour, and capital to create and market new products or services.

4. Evolving Production Function

With advancements in technology, time and space, the production function has expanded to include additional factors. These may encompass:

- Information Technology: Digital tools and software that enhance productivity.
- Innovation: The creation and implementation of new ideas, products, or processes.
- Human Capital: The skills, knowledge, and experience possessed by individuals that contribute to economic productivity.

Thus, the factors of production have evolved from the traditional land and labour to a more complex and dynamic set of resources that drive modern economic activities. This evolution reflects the ongoing advancements in technology and the changing nature of the global economy.

5. Theoretical perspectives

As many theories in entrepreneurship are interdisciplinary such as the theory of sport-based entrepreneurship, it is likely that new areas of technological development or societal growth will be included. Description involves exploring a field in terms of its meaning. In entrepreneurship there is constantly a need to know more about the process of new business creation due to technology advances. Digital and mobile commerce transformed business and this resulted in the new field of digital entrepreneurship growing in India.

Mapping involves analysing the key themes and relationships in a scientific area of study. It can be helpful in terms of looking at research studies. Researchers can map studies in different ways depending on the main themes being identified. Mapping can be done in a manual way or through statistical or econometric programmes. Thus, the approach taken varies based on the needs and ideas of the researchers.

Theory validation involves testing theories to make sure they work in practice. In changing social times theories need to be tested to see if they remain relevant. By validating a theory, it can help in predicting future results. This can enable researchers to include new variables and to extrapolate existing findings. Entrepreneurship is a significant topic in business management research but also impacts other fields such as science, the arts, and engineering. It is a field of study that has been legitimized by the volume of articles and books on the topic. In most conceptualizations of entrepreneurship, it involves creating value thereby having a positive effect in society. Although for many depending on their position in society entrepreneurship can have a detrimental and consequently negative effect. Entrepreneurship has received a large amount of attention in the technology and tourism area but less so in areas such as sport and other new ventures. Accordingly, it is important to focus on new areas of research related to entrepreneurship that have not yet been fully explored. This will enable entrepreneurship to be contextualized and further stimulate research.

One of the most well-known and cited definitions of entrepreneurship is by Shane and Venkataraman (2000) who defined it as “*how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited.*” This definition focused on opportunity recognition being at the core of any entrepreneurship definition but it can be worded in different ways. This includes focusing on new markets or technology discoveries. The ability to pursue an opportunity stem from the person or people involved in the activity, which means the people in terms of human capital as well as market environment is important in entrepreneurship. More recent definitions of entrepreneurship highlight the process element which is a useful way to understand the way innovation and creativity in business ventures evolve over time. An example of the process definition is Elia et al. (2020) who defined it as “*process of identifying potential business opportunities and exploiting them through the recombination of existing resources or the creation of new ones to develop and commercialize new products and services.*” In this paper entrepreneurship is defined through both an opportunity seeking and process perspective as: ‘*the identification of business-related opportunities through a process of using existing, new or a recombination of resources in an innovative and creative way*’.

The rules of the environment in terms of regulation affect business creation. Moreover, the macro-culture that includes institutional frameworks influences the ability of entrepreneurs. Thus, entrepreneurs based on their human capital will integrate as best they can into the market environment. Within the business environment there is a mix of public and private entities that influence market activity (Ratten, 2020a). An entrepreneur may know how best to establish their business idea based on their

connections within the market. Thus, there is a personal dimension to the process of entrepreneurship. Entrepreneurs may have common characteristics such as determination and resilience that help them in the market. In addition, being proactive and having a need to achieve can help entrepreneurs. The importance of entrepreneurship in society has become increasingly relevant in the post COVID-19 environment. Even before the pandemic began interest in entrepreneurship was increasing due to its relevance. Despite the popularity of entrepreneurship there is still an ongoing debate about what it really means. This is due to the word ‘entrepreneurship’ meaning different things depending on the context. For much entrepreneurship is similar to innovation but involves a business venture. For others, it refers to a mind-set or way of behaving. Due to the multiple ways, entrepreneurship can be interpreted the current literature on entrepreneurship lacks a key paper that explores its definitions in terms of opportunities, challenges, and future research. This paper does this as a way of unifying what is currently being said about entrepreneurship and explaining how it should or can be discussed in an academic and practical setting.

6. Some Types of Entrepreneurships and its definition

There are many different types of entrepreneurships with some more popular than others.

Table 1: Some Types of Entrepreneurships and its definition

Some Types of Entrepreneurships	Definition
Artisan	Ratten (2022) define it as “individuals who produce and sell products or services which possess a distinct artistic value resulting from a high degree of manual input”
Corporate	Sharma and Chrisman (1999:18) define it as “the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization.”
Craft	Ratten (2022) define it as “the process of utilizing craft-based methods to make products and services.”
Creative	Is defined as any kind of business behaviour that is done in an inventive and different way.
Cultural	Is defined as business activity with a cultural connection.
Digital	Elia et al (2020) define it as a “subcategory of entrepreneurship in which some or all of what would be physical in the traditional settings has been digitized based on the use of digital media and technologies.”
Education	Is defined as innovative business activity that involves the education sector.
Entrepreneurial ecosystem	Elia et al (2020) define it as “Set of entrepreneurial actors including potential customers and suppliers, universities and research centres, social and cultural operators, institutions and policy makers, large companies, innovative startups and entrepreneurs, experts and professionals, investors, and a pool of talented people”.
Environmental	Is defined as proactive business activity that incorporates some kind of environmental well-being initiative.
Ethnic	Is defined as entrepreneurship that involves specific cultural groups that share a common trait.

Female	Ratten (2017) define it as “women who start a business, are involved in managerial decisions, and own a majority of the business.”
Fitness	Is defined as innovations in business that involve the fitness industry.
Governmental	Is defined as governmental related policy and procedure based on entrepreneurial innovation.
Heritage	Is defined as entrepreneurship involving some kind of heritage element.
International	McDougall & Oviatt (2000) define it as “a combination of innovative, proactive, and risk seeking behaviour that crosses national borders and is intended to create value in organizations.”
Music	Is defined as entrepreneurial activity related to the music industry.
Small business	Is defined as innovative business activity involving businesses with less than 50 employees.
Social	Mair and Marti (2004) define it as “a process consisting in the innovative use and combination of resources to explore and exploit opportunities, that aims at catalysing social change by catering to basic human needs in a sustainable manner.”
Sport	(Ratten, 2010a) define it as “a sports-related organization acting innovatively in a business context”
Sustainable	Is defined as entrepreneurship that incorporates a long-term perspective to economic, social, and environmental change.
Technological	Is defined as innovative business activity involving technology.
Venture financing	Is defined as money spent on investments in new business ventures.

Source: Source: Ratten, V. et al. (2020)

7. Future research questions and methodological approaches on entrepreneurship

There is still much yet to know about how and why entrepreneurship is conducted in society. Whilst there has been a huge advancement generally in the type and depth of entrepreneurship activities explored in the literature, there is still some way to go. Future research needs to continue focusing on current entrepreneurial conceptualizations. This means focusing on crisis and resilience in entrepreneurship to understand how new behaviours are developed.

Table 2: Types of Entrepreneurships and its Future research and Methodological approaches:

Some Types of entrepreneurships	Future research questions	Methodological approaches
Artisan	How is artisan entrepreneurship different to other types of entrepreneurships?	Utilize a case study of different types of artisan entrepreneurs to understand their behaviour.
Corporate	How can corporate entrepreneurs utilize new innovation?	Conduct in-depth interviews with corporate entrepreneurs.
Craft	How do craft entrepreneurs connect with their community?	Conduct videographic research on craft entrepreneurs.
Creative	How has the internet influenced	Utilize a mixed methods approach.

	creative entrepreneurship?	
Cultural	What is the role of location in cultural entrepreneurship?	Conduct quantitative surveys on cultural entrepreneurs.
Digital	How has digital entrepreneurship changed the business environment?	Do experiments on digital and non-digital entrepreneurs.
Education	What kinds of new educational entrepreneurship emerged from the COVID-19 pandemic?	Utilize netnographic data on educational innovations.
Entrepreneurial ecosystem	How are entrepreneurial ecosystems changing due to the COVID-19 pandemic?	Conduct semi-structured interviews on stakeholders in an entrepreneurial ecosystem.
Environmental	What kinds of environmental entrepreneurship is becoming popular?	Utilize a 360-degree feedback system to analyse the result.
Ethnic	How have ethnic entrepreneurs contributed to the food and beverage industry?	Conduct in-depth interviews with ethnic entrepreneurs.
Female	How have female entrepreneurs contributed to society?	Utilize real-time data feedback on female entrepreneurs.
Fitness	What kind of new fitness innovations emerged from the COVID-19 pandemic?	Focus on analysing online comments related to fitness-based new products.
Governmental	What kinds of governmental policies work best for entrepreneurs?	Conduct document analysis on government policies related to entrepreneurship.
Heritage	How are heritage entrepreneurs utilizing community connections?	Utilize community group focus groups to understand heritage entrepreneurship.
International	What is the role of de-internationalization entrepreneurship?	Conduct an online survey during different points of time.
Music	How can music entrepreneurs develop digital business ventures?	Analyse online content on social media about music entrepreneurs.
Small business	What kind of entrepreneurial policy initiatives are tailored to small business?	Utilize document analysis on small business performance.
Social	How has social entrepreneurship changed in recent years?	Analyse longitudinal data to find out the effects of social entrepreneurship.
Sport	What is the role of digitalization in sport entrepreneurship?	Analyse how sport clubs in local communities are being entrepreneurial.

Sustainable	How can sustainable entrepreneurs utilize the circular economy?	Conduct network analysis of stakeholders in sustainable entrepreneurial ecosystems.
Technological	What is the role of space travel in technology entrepreneurship?	Utilize an online survey to find out perceptions about technology entrepreneurs.
Venture financing	How can venture finance entrepreneurs utilize crowd funding?	Conduct a field study on venture financing.

Source: Ratten, V. (2014)

Setting with this theme, the North East India is basically an agrarian society with abundance in natural resources but there is lack of public infrastructure even after the 75 years of being region of a republic country. The region is very sensitive as it has four international boundaries with Bhutan, China, Myanmar and Bangladesh. Therefore, challenges and opportunities of entrepreneurs are varied from one state to another. The lack of mentorship, bureaucratic red tape, difficulty in accessing capital, intense competition, inadequate public infrastructure and land lock Himalayan states having about 22 Kms. width Siliguri corridor in West Bengal are few drawbacks in the growth of entrepreneurs in North East India. However, under the present government’s dispensation both in Centre and State, there is incredible increase in terms of road and air density,

8. Basic Challenges of entrepreneurs in North East India

(a) Competent entrepreneurship

All youths cannot become entrepreneurs tomorrow as entrepreneur is one who is a professionally competent, well qualified person with a set of skills and behaviour needed to create, develop, manage, and grow a business venture. He must have the ability to handle the risks that come with running a business.

(b) Financing and its solution

Securing funds is a major challenge for businesses to survive. Steady cash flow is essential, and extra funds are needed for tough times. Having a well-prepared business strategy with funds set aside for emergencies is crucial. New businesses often have limited access to funds and less room for error. Therefore, entrepreneurs should explore various funding sources such as venture capital, angel investors, and crowdfunding to ensure they have enough capital to start and sustain their business.

(c) Lack of Planning- the curse of the business

Many MSME’s in India fail due to inadequate planning or not covering all bases like sales, development, and funding. These elements should be included in the business plan from the start. Additionally, it’s essential to prepare for unforeseen events and have a plan for unexpected situations. Hence, a clear and detailed business plan can help address many problems faced by entrepreneurs. It provides a roadmap for the business, helps attract investors, and guides decision-making processes.

(d) Hiring issues – the core problem

Essential skills are crucial for both survival and growth of the business. Identifying needed skills and hiring the right people are key to an entrepreneur’s success. Delays in hiring can be costly, consuming time and creating bottlenecks that hinder new product or service rollouts, especially early on.

(e) Attracting consumers – the king of market

Reaching consumers can determine a business's success or failure. Many great ideas fail due to not reaching the right audience. Social media is an effective tool. Entrepreneurs should understand customer expectations and leverage their networks to reach customers.

(f) Time management – the discipline of business

Even top entrepreneurs face time management challenges, especially when stepping outside their expertise. They often juggle conflicting priorities and must overcome perfectionism to keep the business moving. Setting clear goals and schedules can help. Ensure smaller goals align with larger objectives and your business vision.

(g) Office infrastructure – the need of business

The office infrastructure must be neat and clean but this workplace, rent and other associated costs are the first things that you should look at when you start thinking of cutting costs, especially when starting a new business.

(h) Marketing and sales – the heart of business

Marketing and sales are critical to the success of any business, but many entrepreneurs struggle with these areas. They may have a great product or service, but if they can't effectively market and sell it, they won't be able to grow their business. Therefore, effective marketing is essential to overcome the challenge of gaining visibility in a crowded market. Entrepreneurs should use a mix of traditional and digital marketing techniques to reach their target audience and build brand awareness.

(i) Managing cash flow – the basics of business

Cash flow is also a one of the critical factors in the success of any business. Entrepreneurs must be able to manage their cash flow effectively, including budgeting, forecasting, and managing expenses to achieve the success.

Other associated challenges include legal and regulatory compliances, scaling of business, and market competition.

9. Opportunities of Entrepreneurs in North East India

The North East India is an agrarian economy with diverse climatic conditions, making it ripe for entrepreneurial ventures. Comprising the eight states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, it serves as a gateway to Southeast Asia, enhancing its strategic importance. Recognized for its rich cultural and ethnic diversity, It is a biodiversity hotspot with abundant natural resources yet to be fully tapped. The region is crucial to India's 'Act East Policy' and holds potential in sustainable manufacturing, tourism, and service industries. With diverse topography and significant tribal population, it is a unique and promising area for economic growth and investment.

Here's a concise instantaneous of opportunities of entrepreneurship in Northeast India:

- Gateway to Southeast Asia: Strategic location for access to ASEAN and national markets.
- Abundant Natural Resources: Rich in oil, gas, coal, minerals, timber, medicinal plants, bamboo, forest products, and water.
- India's Green Hub: Ideal for ecotourism and agro-based industries with lush forests and rich biodiversity.
- Diverse Cultural Heritage: Unique ethnic communities and traditions offer tourism and handicraft opportunities.

- Government Incentives: Tax holidays, subsidies, and reimbursements support business growth.
- Low-cost Manufacturing Hub: Lower labour costs compared to other regions.
- Skilled Workforce: Young, educated, and English-proficient workforce.
- Emerging Consumer Market: Rising incomes and urbanization offer business potential.

10. Conclusion

This paper has provided an overview of entrepreneurship in terms of existing types and future research directions and its challenges and opportunities in North East India. As there are so many different types of entrepreneurs, it is useful to have this overview paper that researchers, policy makers, and students can read thereby providing a good way to highlight the main ways entrepreneurship is conceptualized in the literature. As discussed in this paper there are numerous types of entrepreneurs that differ in the way they are conceptualized and used in practice and in academia. This makes it important to recognize and acknowledge them in order to build a more holistic understanding of what entrepreneurship is in society. Suggested future research avenues were stated that included potential research questions and methodological approaches, challenges and opportunities in North East India.

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