

## **Need to Adopt Holistic Approach in Decision-Making for Successful Entrepreneurship and Innovation**

**Payal Kumari**

**Junior Research Fellow**

**Department of Commerce and Business Administration**

**Lalit Narayan Mithila University, Darbhanga**

### **Abstract**

*Decision-making is the process of selecting a course of action from among multiple alternatives. Every decision-making process produces a final choice. It begins when we need to do something but we do not know what like shopping, deciding what to eat, and deciding whom to vote for in an election. Business thrives on truth and integrity, in dealing with its customers, stakeholders, and society. It should develop mutual trust amongst its stakeholders and manage their expectations. Aptitude towards business is usually profit-centric. There is need for businesses to move from profit-centric units to purpose-centric units.*

**Key words:** *Decision Making, Holistic Approach, Innovation, Successful Entrepreneurship, Value-Driven Management.*

### **Introduction**

We are living in a fickle world of systematic turbulences characterised by swift dramatic changes. This is also a world of great opportunities. Through permanent changes and confrontations with countless antitheses, the inherently conflicting development of contemporary societies coerces governments, individuals and enterprises to take the extreme opposing positions with a number of fluid transitions. One group comprises prudent voices that recognise the “crisis curse” which is introduced into their activities by development and which tears the existing systems and ideologies and probes the notion of future as well as their own personal existences. The other group is made up of optimistic voices that even in the fiercest of crises see opportunities for change and progress. Having transformed the fascination with the future and its implicit contradictions into personal professional challenge (and the awareness of implicit contradictions it carries along) and a quest for developmental limitations, they have not been able to shun emersion into the complexity of issues enhanced by innovative development based on knowledge accumulation and its transformation into capital which was defined by Schumpeter as the key challenge and undertaking of the economic theory as far back as at the turn of the century (Schumpeter, 1939). Entrepreneurship and innovations have facilitated introducing changes into our lives as well as participating in the society that is entitled to expectations and that needs us. The answer to questions, such as how to protect oneself from ignorance, from knowledge obsolescence,

from harmful activities of the ignorant, lies somewhere between innovation and entrepreneurship.

The 21st century is the age of knowledge and information, the age characterised by the capacity to regenerate, develop, employ and protect new and innovative ideas, which particularly comes into play with those industries that base their competitive advantages on advanced technologies. Under the said impacts sciences 'change'; information, innovation and time have become the new factors of development, thus positioning themselves as the source of competitive advantage in a society that depends on the quality of people, their education and creative potentials. Knowledge transfer attainable today by innovation transfer is exceptionally significant for overcoming the development and technology gap. The development of electronic technologies shifts the knowledge gravity centre from manufacturing processes and products to management, information processing and to the development of artificial intelligence. Over two thirds of the total scientific insights the mankind has at disposal have been created since the first electronic computer was manufactured. The first economic revolution promoted the worker as its holder, the second technological revolution brings to light the expert, while the third technological revolution endorses the computer technician/IT expert as the promoter of development in the area of electronics, microprocessors and telematics. The emerging initial phase of the fourth technological revolution, which is symbolized by photonics, atom fusion, biochip, artificial raw materials, and artificial intelligence, will highlight innovators and great investments that will result in opening up many new areas of human activity.

Real knowledge accumulation processes and the related diversifications of innovation have inexorably led to dislocating the paradigms firstly in the entrepreneurs' consciousness's and then in the governing administrative structures. The growth of 'strategic' and 'entrepreneurial' thinking is marked by the synthesis of experience and many relevant data from the market. The basic assumption is that knowledge is composed of two components: that which can be codified and that which is tacit. The former comprises information, a patented blueprint, innovation and other coded knowledge. The latter is implied and involves skills, routine, and procedures arising from the learning process (people and their knowledge and experience) that yet needs to be created and enriched. Consequently, knowledge is both contextual and independent, i.e. enterprises have equal capabilities for transforming that knowledge into production capacities.

### **The Decision-Making Process**

Decision-making is the process of selecting a course of action from among multiple alternatives. Every decision-making process produces a final choice. It begins when we need to do something but we do not know what like shopping, deciding what to eat, and deciding whom to vote for in an election.

Due to large number of considerations involved in many decisions, decision support systems (Computer-based systems) are developed to assist decision makers in considering the implications of various courses of action.

The decision-making process involves the following steps:

- I. **Define the Problem:** The most significant step in any decision-making process is describing why a decision is called for and identifying the most desired outcome(s) of the decision-making process. One way of deciding if a problem exists is to define the problem in terms of what one wanted or expected and the actual situation. A problem is defined as the difference between expected or desired outcomes and actual outcomes. This is a critical consideration because how one defines a problem determines how one defines causes and searches for solutions.
- II. **Identify alternative solutions to the problem:** The decision-makers should not limit themselves to obvious alternatives or what has worked in the past but be open to new and better alternatives. They should consider as many alternatives as they can. Realistically, the decision-maker should consider more than five alternatives in most cases. They should not have only two opposing choices; either this or that.
- III. **Evaluate the identified alternatives:** While evaluating alternatives, decision makers should look at the likely positive and negative sides of each alternative. It is unusual to find one alternative that would completely resolve the problem and is better than all others. The decision-maker should develop a "confidence score for each alternative. He needs to determine not just what results each alternative could yield, but how probable it is that those results will be realized. If evaluation is based on facts, it is likely that the expected outcome will occur.
- IV. **Make the decision:** After evaluating the alternatives against accepted criteria, managers screen the non-feasible alternatives and select the most appropriate

alternative that will help to achieve the desired objective. Alternatives can be selected through the following approaches:

- Analysis of Past Experience,
- Through Experimentation, and
- By research and development.

V. **Implement the alternative:** The selected alternative should be implemented with least resistance from organizational members. Implementation must be properly planned. Those who will be affected by the implementation should be allowed to participate in the implementation process to make it effective and fruitful. Implementation of the alternative should ensure the following:

- The selected alternative should be communicated to everyone in the organization.
- Changes in the existing structure because of implementation should also be communicated to everyone in the organization.
- Authority and responsibility for implementation should be specifically assigned.
- Resources should be allocated to respective departments for carrying out the decisions.
- Budgets, schedules, procedures and controls should be established to ensure effective implementation.
- A committed work force should be promoted. Unless everyone is committed to the decision, the desired outcome will not be achieved.

VI. **Evaluate the Decision:** The implementation process should be regularly monitored to know its acceptance by the organisational members. The alternatives should be regularly monitored, through progress reports, to see whether the objective for which it was selected has been achieved or not. If not, managers should make corrections whenever necessary or make changes in the implementation process. If yes, such alternatives form the basis for future decision-making.

### **Holistic Approach in Decision-Making**

Holistic means wholeness of an action in management or other disciplines of life. It sees the thing as a whole and not in parts. The contemporary business environment is governed by selfish motives. Managers work to maximise business profits, workers want maximum wages, suppliers want high prices for their supplies and shareholders want

maximum dividends. Everyone wants to maximise his interest. If we relate modern business to the ancient Indian thought, there is need to introduce a holistic approach to management. It advocates growth and prosperity for everyone and not any one stakeholder. It believes in '*Vasudhaiva Kutumbkam*'. The whole world is seen as a family and decision-making process is not oriented to the interest of companies only. All corporate members work together for the good of all people. Holistic decision-making is ethical decision-making.

Success of business is determined by 3C's: capability, capital and connections. Business meets market demand by having the capability, capital and connections to sustain cash flow and generate profit. These 3Cs enable a business to develop an aptitude towards competition. Business thrives on truth and integrity, in dealing with its customers, stakeholders, and society. It should develop mutual trust amongst its stakeholders and manage their expectations. Aptitude towards business is usually profit-centric. There is need for businesses to move from profit-centric units to purpose-centric units.

Today, there are professional specialisations in many aspects of management, for example, human resources, real estate, marketing, operations and finance. However, there is still limited research on the essence of management. Henri Fayol divided management into five elements: plan, organise, command, coordinate, and control. According to Peter Drucker, a manager does his work by getting other people to do theirs. So, business management also includes communication and commitment, in addition to the 3Cs.

Together, these 5Cs constitute the essence of business management. In order to be efficient or effective, management principles should prepare a manager for decision-making and implementation whenever a business opportunity arises.

To make the business move from profit-centric to purpose-centric management, managers need to acquire wisdom from the ancient Hindu scriptures. The Bhagavad Gita promotes knowledge for application of 5Cs to business management. The application of the Gita can be examined from the perspectives of a manager (the decision-maker) and the company.

### **Holistic Decision-Making Process**

Holistic decision-making involves the following steps:

- **Step 1:** Define the problem PLUS
- **Step 2:** Identify alternatives
- **Step 3:** Evaluate the alternatives PLUS
- **Step 4:** Make the decision

- **Step 5:** Implement the decision
- **Step 6:** Evaluate the decision PLUS

The ethical component of the decision-making process takes the form of a set of filters. Their purpose is to separate the sought after elements from their environment. At key steps in the process, the decision-maker can stop and run his considerations through these filters and separate the ethical aspects from the remainder of the decision. This ensures that the ethical issues involved in the decision can be given special consideration.

In their academic form, the language for these filters is too complex and academic for most employees. To make it easy to understand and apply these ethics filters, the word PLUS has been adapted.

- **P = Policies:** Is it consistent with the organization's policies, procedures and guidelines?
- **L = Legal:** Is it acceptable under the applicable laws and regulations?
- **U = Universal:** Does it conform to the universal principles/values the organization has adopted?
- **S = Self:** Does it satisfy the manager's personal definition of right, good and fair?

PLUS presumes effective communication with all employees to develop common understanding of:

- The organization's policies and procedures as they apply to the situation.
- The applicable laws and regulations.
- The agreed set of "universal" values - in this case empathy, patience, integrity, courage.
- The individual's sense of right, fair and good arising from their personal values set.

PLUS also presumes a formal mechanism, provided by the organization, to allow employees access to a definitive interpretation of the policies, laws and universal values when their own knowledge of these PLUS factors is insufficient for them to make the decision with high level of confidence.

The PLUS filters work as an integral part of steps 1, 3 and 6 of the decision-making process. The decision-maker applies the four PLUS filters to determine if the ethical component(s) of the decision are being satisfied.

- **Step 1:** Define the problem (PLUS surface the ethical issues). Does the existing situation violate any of the PLUS considerations?
- **Step 2:** Identify available alternative solutions to the problem.
- **Step 3:** Evaluate the identified alternatives (PLUS assess their ethical impact) will the alternative I am considering resolve the PLUS violations? Will the alternative being considered create any new PLUS considerations? Are the ethical trade-offs acceptable?
- **Step 4:** Make the decision
- **Step 5:** Implement the decision
- **Step 6:** Evaluate the decision (PLUS sorts out new ethical issues). Does the resultant situation resolve the earlier PLUS considerations? Are there any new PLUS considerations to be addressed?

The user should realize that the PLUS filters do not guarantee a holistic decision. They merely ensure that the ethical components of the situation will be sorted out for consideration.

While PLUS suggests a process for assessing the ethical impact of a decision, ultimately whether or not the decision meets the ethical standards of the organization or the individual decision-maker is a matter of personal responsibility. After all, ethics is all about choices.

### **Role of Value - Driven Management**

A business enterprise that regards business values as part of its system uses its resources to make itself a viable institution in the society. It must also subject itself to public visibility, that is, its activities should be open for public examination, discussion and judgment. A company, which makes itself publically visible will refrain from activities like hoarding, price fixing, black-marketing etc. Business values are the soul of the company. Just as we can reach into our deepest parts and discover our soul and true self within, enabling us to discover our purpose in life, a company can discover its soul center and purpose where its business values lie. **Guth and Tagiuri** assert that managers are guided by their value judgments like:

1. **Economic Values:** Managers search for problems in areas where the benefit of profit maximization can be achieved.

2. **Theoretical Values:** More than profits, managers are guided by forces that lead to attainment of overall long-term goals of the organization (wealth maximization of owners) within the framework of environmental forces.
3. **Political Values:** Achievement of personal goals more than anything else is aim of decision-makers backed by political values.

Values play important role in shaping the culture of a business enterprise:

- ✓ Business is a social organ that must accomplish the social goals. Values make business conform to social interests along with economic interests.
- ✓ They make business a viable institution which has social acceptance and recognition.
- ✓ They help in creating a corporate culture conducive to business growth in the long-run.
- ✓ They provide norms or standards for measuring business efficiency. They provide scope for improvement in business performance.
- ✓ They direct business activities in the right direction by clearly differentiating between what is right and wrong.
- ✓ They release and direct energy, motivate people, generate profits and promote expansion.
- ✓ Values are the key to energize five growth engines of a company; market, product & services, organization, people, and finance.
- ✓ Values raise the quality of corporate energies and elevate work to a higher level.
- ✓ Values are like never-ending goals. The higher the values, the more the energy and effort required to achieve and sustain them. The more we pursue them, the greater the energy they release and put into action.
- ✓ Companies which rate their key corporate values the highest also report the highest levels of revenue, growth and profitability in their respective industries.
- ✓ Values are the most powerful way to release and harness the company's latent, unutilized energies for growth.

### **Optimisation of 5Cs can make Sea-level Changes**

Application of the 5Cs (capital, capability, connections, communication and commitment) can provide a holistic view to management in the following ways:



1. **Capital:** Capital comprises of money, men, machines, and methods. Their optimum combination is determined by the business motive. This combination is expressed in the business vision, mission and core values. They have to be implemented with passion and compassion in order to increase productivity; otherwise, capital remains a mere resource. Gita specifies the use of capital in the business through the following teachings:

- "Nothing is ever lost in following one's dharma, but competition in another's dharma breeds fear and insecurity."

While applying this teaching to business, the entrepreneurs should think of only their contribution to the entire industrial growth. This will justify the existence of every business.

Every business should explore its core competence and intellectual capital. If every business focuses on its own strength, it will promote the entire corporate world. Unhealthy cost-cutting and cut-throat competition is harmful for all the companies and they will find it difficult to sustain themselves in the long-run.

- "You have the right to work, but never to the fruit of work."

Every business should, discharge its part of its corporate responsibilities without actually weighing its consequences in monetary terms. Efforts performed without thinking of their rewards will automatically be rewarding for the companies. They will be converted into productive outputs.

- "When consciousness is unified, however, all vain anxiety is left behind. There is no cause for worry, whether things go well or ill"

Managers are the trustees of capital and other resources. They should optimally use them to the best of their ability and leave the rest to be rewarded by the society. If their conscience is clear, their fears will vanish.

2. **Capability:** The Gita specifies the importance of capability in the business through the following teachings:

- "Reshape yourself through the power of your will, never let yourself be regarded by self-will. The will is the only friend of the Self, and the will is the only enemy of the Self."

Capability is the inner quality of managers that makes their companies different from others. It enables the companies to have competitive advantage over others by developing new perspectives to do the same things better, faster and cheaper. Some of the perspectives

that enable managers to enhance their capabilities are to incorporate in their business dealings the methods of outsourcing, corporate governance and adhering to social responsibilities towards their stakeholders. New capabilities help in introducing change in organisational decisions in order to service the market better.

- “The wise see that there is action in the midst of inaction and inaction in the midst of action. Their consciousness is unified, and every act is done with complete awareness.”

Managers are completely aware of their actions: right or wrong. They should never be satisfied with their work in pursuit of searching for better options. They should be constantly in the lookout for better decisions. No decision is completely right or wrong. Every right action may have something wrong in it and every wrong action may have something right in it. They should unite their consciousness with their work and be fully aware of what they are doing in terms of their impact on the company and the society at large.

- “The wise, ever satisfied, have abandoned all external supports. Their security is unaffected by the results of their actions; even while acting, they really do nothing at all”

Wise managers make business plans and strategies to review their capabilities in the areas of their core competence. This helps them to retain or review the capabilities required for making their business a success in the competitive world. They do not depend upon external support. Rather, they are confident of their decision-making abilities in the changing market scenario.

3. **Connections:** While capital and capability exhibit the supply-side of business, connections examine its demand-side. Connections include physical links and intricate personal networks. They include feed forward and feedback market analysis. The feed forward analysis studies about market intelligence and feasibility studies to know the success rate of company in the market with its present and potential strengths. Feedback analysis reviews the impact of decisions on customers; whether or not they are acceptable in the market. In this context, the Gita offers the following teachings with reference to their relevance in the business world:

- *Om Tat Sat:* *Om* is the road map or *Sadhna*, the spiritual practices. It symbolises the specific states of consciousness which usually exist as realities. It purifies the mind and seeks the direct experience of deeper truths. *Tat* is the

supreme reality beyond which human thought cannot think. *Sat* promotes the good and harmony.

The manager who practices *Om Tat Sat* is fully aware of his conscience and decisions and their impact on the stakeholders. He, who practices this mantra will not engage in unethical business practices. He stays connected with self and his stakeholders and promotes the interest of all.

- *Asat*: Truth and faith are the bases of all work. Work without faith means nothing and does not bear the desired fruits. Faith should be the basis of all business activities. It can be built by managers when they incorporate a culture of integrity in their business which takes care of the interests of people inside and outside the organisation. Work done without faith is nothing. So, sincerity is vital for all inter-connectivity between deeds and needs. A business needs to maintain a culture of integrity in order to sustain trust, inside and outside.

4. **Communication:** While connections aim to maintain personal networks, communication is the process through which inter-connectivities are maintained. The Gita focuses an importance of communication in business world as follows:

In Gita "Giving... without thought of return, at a proper time, in proper circumstances, and to a worthy person, is sattvic giving. Giving with regrets or in expectation of receiving some favour or of getting something in return is rajasic. Giving at an inappropriate time, in inappropriate circumstances, to an unworthy person, without affection or respect, is tamasic",

Applying the principles of Gita in business communication, business managers need to realise that quite often, it is important in business how things have been said and not what is said. Though content is important but responses are determined by timing and circumstances and not content and duration of the message. The way facts are communicated has a very strong impact on the targeted audience. It is, thus, important that the receiver receives information in a humble manner irrespective of whether he is worthy or unworthy of the message. Positive information, at proper time and in proper circumstances gets a positive response and promotes business dealings amongst all those who have interest in business.

5. **Commitment:** Commitment of managers and owners to the business is the root cause of its success. In this context, the Gita says "... for a man of honour, dishonour is worse than death".

A business can survive and sustain in the long-run if its managers are committed to their duties. They should be committed to business decisions that are related to time sensitive

issues. For not so important decisions also, they should be committed though in reduced degrees. Unimportant matters resulting in waste of resources should, however, be abandoned. Not so urgent and unimportant matters can be delegated to subordinates. The entire business procedure should be transparent so that nobody has any objections to the way business is conducted.

### **Conclusion**

Value-driven management (or holistic management) is based on Dharma or moral obligations and a positive attitude towards self and others. Dharma in management is affected by three elements:

- ✓ **Spirit:** Spirit is the soul of human being which directs his mind in the right direction. It reflects the actions of an individual. Corporate spirit is defined in the actions of its managers. Right decisions for the benefit of all (owners and other stakeholders) reflect decisions in the light of spirit of Dharma.
- ✓ **Righteousness:** It reflects rightness of managerial actions. Right actions are those taken for the benefit of maximum people. They are based on ethics and values and hope to achieve objectives of the organisations in an optimum manner.
- ✓ **Fearlessness:** Divine actions are right actions and right actions create fearlessness in the managers. They do not fear taking decisions which are right as divinity creates strength in facing the consequences of those actions. It enables managers to optimally exploit environmental opportunities through their strengths and overcome their weaknesses and environmental threats.

Finally, we may conclude that for successful entrepreneurship and innovation there is dire need to adopt holistic approach in decision making.

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