

# Entrepreneurship Development

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## Evolution of Entrepreneurship

**In 17<sup>th</sup> century:** The evolution of entrepreneurship can be related with the relationship between risk and entrepreneurs. Entrepreneurship is the person who signed the contract agreement with the government to provide a service or supply products that have been determined. The contract price is fixed. Then, the entrepreneurs are fully responsible for the gains and losses of the business. John Law, a Frenchman was one of the entrepreneurs in that period. The founder of the royal bank of France and the Mississippi Company, which had an exclusive franchise to trade between France and the new world. Monopoly on French trade eventually led to collapse of the company. Richard Cantillon, an economist defines entrepreneurs earlier. In his view, the entrepreneur is risk insurers. Merchants, farmers, craftsmen, and so is an entrepreneur. They buy things at a certain price and sell it at a price that is uncertain, with the risks

**In the 18<sup>th</sup> century:** The person with capital was differentiated from the one who needed capital. The entrepreneur was distinguished from the capital provider. One reason for this differentiation was the industrialization occurring throughout the world. Eli Whitney was an American inventor best known for inventing the cotton gin. This was one of the key inventions of the industrial Revolution. Thomas Edison, the inventor of many inventions. He was developing new technologies and was unable to finance his inventions himself. Edison was a capital user or an entrepreneur, not a provider or a venture capitalist.

**In 19<sup>th</sup> and 20<sup>th</sup> century:** Entrepreneurs are not always associated with the management. According to Merriam-Webster's online dictionary, an entrepreneur is one who organizes,

manages, and assumes the risk of a business or an enterprise. The entrepreneur organizes and manages an enterprise for personal gain. The materials consumed in the business, for the use of the land, for the services he employs, and for the capital he requires. Andrew Carnegie is one of the best examples of this definition. Carnegie, who descended from a poor Scottish family, made the American Steel Industry one of the wonders of the industrial world.

**In 21<sup>st</sup> century:** Entrepreneurs are known as a hero for Free Enterprise market. Entrepreneur of the century created many products and services and is willing to face a lot of risks in the business. According to Kuratko & Hodgetts, most people say entrepreneurs are pioneers in creating new businesses. In the year 2005 Hisrich, Peter and Shepherd regarded entrepreneur as an organizer who controls, systematize, purchases raw materials, arranges infrastructure, throw in his own inventiveness, expertise, plans and administers the venture.

## Concept of Entrepreneurs

Entrepreneurs are the seeds of industrial development and the fruits of industrial development are greater employment opportunities to unemployed youth, increase in per capita income, higher standard of living and increased individual saving, revenue to the government in the form of income tax, sales tax, export duties, import duties, and balanced regional development.

## Concept of Entrepreneurship

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise.

The word “entrepreneur” is derived from the French verb *entreprendre*, which means ‘to undertake’. This refers to those who “undertake” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “entrepreneurship”.

## Concept of Enterprise

Enterprise is another word for a for-profit business or company, but it is most often associated with entrepreneurial ventures. People who have entrepreneurial success are often referred to as “enterprising.”

**There are many forms of legal enterprises namely:**

**Sole proprietorship** – A company run by a single individual, typically for their benefit, with unlimited liability for any damages that occur as a result of the business’ operations.

**Partnership** – A business run by two or more individuals or entities who share ownership – not necessarily equal ownership, however.

**Corporation** – A for-profit entity created to shield the owner(s) from liability should the enterprise become subject to a lawsuit. There are different forms of corporations, depending on how many owners there are.

**Limited Liability Company (LLC)** – An LLC offers the legal protection of a corporation and the tax treatment of a partnership.

**Professional Company/Professional Limited Liability Company (PC/PLLC)** – PCs and PLLCs are for licensed professional firms, such as accountants, architects, engineers, doctors, and lawyers, and provide liability protection similar to a corporation.

## Reasons for Growth of Entrepreneurship:

### 1. Industry Structure:

Performance, in terms of economic growth, is shaped by the degree to which the prevalent industry structure efficiently utilizes scarce resources. Technological changes in the first three quarters of the previous century had favoured the performance of large centralized.

### 2. New Technologies:

This factor is related to the changes in industry structure. Fundamental changes in nature of technological development have led to diseconomies of scale. Piore and Sabel (1984) state that instability in the markets led to the decrease of mass production and the move towards flexible specialization. Small technology-based firms are now able to challenge larger companies still dependant on economies of scale (Meredith 1987, Carlsson 1989). Acs and Audretsch (1987) provide empirical evidence that small firms have an advantage over large firms in highly innovative industries units.

### 3. Deregulation and Privatization:

Phillips (1985) gives evidence that small firms are dominant in the increase of entrepreneurial activity in sectors that have been recently deregulated. Liberal economic policies in China have led to phenomenal growth fuelled by entrepreneurs. The collapse of communism in Eastern Europe has led to thriving entrepreneurship in the new free-market economies.

### 4. Formation of New Business Communities:

Efficiencies across markets, primarily resulting from use of new technologies, have led to declining cost of transactions. Jovanovich states that recent advances in information technology have made inter-firm coordination relatively cheaper compared to intra-firm coordination. Business exchanges such as alibaba.com help smaller firms to be competitive. This promotes

setting up of new firms in the new-age business communities.

### **5. Increasing Demand for Variety:**

Increased wealth has led to increase in the demand for variety (Jackson 1984). The increasing demand for new products is of advantage to smaller firms. A number of studies have shown the comparative advantage of smaller firms in being innovative and coming up with new products (Prusa and Schmitz 1991, Rothwell 1984)

### **6. Increase in per capita income:**

leads to a greater share of the services sector in the national economy (Inmar 1985). The average size of firms in many sections of the services sector is relatively small. This in turn promotes entrepreneurial activity across a number of service sector industries.

### **7. Government Incentives and Subsidies:**

Loveman and Sengenberger (1991) have discussed the positive role of government incentives and subsidies. In India, there are incentives being given by both the state and central government. Many of the incentives are often sector specific, being given by the concerned ministry. Similarly, entrepreneurship is being encouraged in many countries with a variety of incentives such as tax breaks, preferred sourcing or grants.

### **8. Increasing Flow of Information:**

Information is the lifeblood of business. Information is being increasingly democratized. The Internet has become the chief source of varied information. Search engines such as Google and Yahoo enable you to access information from trade bodies, academic or research institutions, news networks, corporate sites, etc.

### **9. Easier Access to Resources:**

Today, it is easier for an entrepreneur to access debt and equity finance than ever before. Not just capital, most other factors of production are now easily available to entrepreneurs. With greater flow of information, it is easier to contact and to

deal with resource providers such as raw material suppliers and dealers of capital goods.

### **10. Entrepreneurial Education:**

Many universities and institutes are nowadays offering entrepreneurship education. A number of institutes have set up successful entrepreneurship centres, which provide help to budding entrepreneurs by conducting formal training and structured mentoring programmes.

## **CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS**

The entrepreneurs required to have the following characteristics and remember these characteristics can be developed themselves to improve the chances of success.

### **1. Self-Motivation**

One of the most important traits of entrepreneurs is self-motivation. When you want to succeed, you need to be able to push yourself. You aren't answerable to anyone else as an entrepreneur, and that sometimes means that it's hard to get moving without anyone to make you. You need to be dedicated to your plan and keep moving forward — even if you aren't receiving an immediate pay check.

### **2. Understand What You Offer**

As an entrepreneur, you need to know what you offer, and how it fits into the market. Whether it's a product or a service, you need to know where you fit in. That means you need to know when it's time to tweak things a little bit. This also includes knowing whether you are high end, middle of the road or bargain. Being able to position yourself and then adjust as needed is an important part of entrepreneurship.

### **3. Take Risks**

Successful entrepreneurs know that sometimes it's important to take risks. Playing it safe almost never leads to success as a business owner. It's not about taking just any risk, though. Understanding calculated risks that are more likely to pay off is an important part of being an

entrepreneur. You'll need to be willing to take a few risks to succeed.

#### **4. Know How to Network**

Knowing how to network is an important part of entrepreneurship. Sometimes who you know is an important part of success. Being able to connect with others and recognize partnership opportunities can take you a long way as a business owner. Figure out where to go for networking opportunities and make it a point to learn how to be effective.

#### **5. Basic Money Management Skills and Knowledge**

We often think of successful entrepreneurs as "big picture" people who don't worry so much about managing the day to day. And it's true that you might have an accountant or other team members to help you manage the business. However, if you want to be successful, you should still have basic money management skills and knowledge. Understand how money works so that you know where you stand, and so that you run your business on sound principles.

#### **6. Flexibility**

To a certain degree, you need to be flexible as an entrepreneur. Be willing to change as needed. Stay on top of your industry and be ready to adopt changes in processes and product as they are needed. Sometimes, you also need flexibility in your thinking. This is an essential part of problem-solving. You want to be able find unique and effective solutions to issues.

#### **7. Passion**

Finally, successful entrepreneurs are passionate. They feel deeply about their product or service or mission. Passion is what will help you find motivation when you are discouraged and it will drive you forward. Passion is fuel for successful entrepreneurship. If you find yourself losing your passion that might be the clue that it's time to move on to something else (that stokes your passion). There are many serial entrepreneurs that create successful businesses, sell them, and then create something else.

#### **Classification of Entrepreneurs:**

The entrepreneurs are mainly classified based on based on the type of business, based on stages of development, based on motivational aspects and based on technological aspects.

#### **Classification of Entrepreneurs according to the type of Business**

1. Business Entrepreneurs
2. Trading Entrepreneurs
3. Industrial Entrepreneurs
4. Corporate Entrepreneur
5. Agricultural Entrepreneur
6. Retail Entrepreneurs
7. Service Entrepreneur
8. Social Entrepreneur

#### **Classification of Entrepreneur according to the Stages of Development**

1. First Generation Entrepreneur
2. Modern Entrepreneurs or Innovative Entrepreneurs
3. Classical Entrepreneur
4. Inherited Entrepreneurs

#### **Classification of Entrepreneurs according to Motivational Aspects**

1. Pure Entrepreneur
2. Induced Entrepreneur
3. Motivated Entrepreneur
4. Spontaneous Entrepreneur

## Classification of Entrepreneurs according to Technological Aspects

1. Technical Entrepreneur
2. Non-Technical Entrepreneur
3. Professional Entrepreneur

## Intrapreneurs:

The intrapreneurs are the employees who are tasked with developing the innovative ideas or projects within a company. The intrapreneurs may not face the outsized risks or reap the

outsized rewards of an entrepreneur. However, the intrapreneur has access to the resources and capabilities of an established company.

## Key features of an Intrapreneur:

- An intrapreneur works inside a company to develop an innovative idea or project that will enhance the company's future.
- The intrapreneur is generally given autonomy to work on a project that may have a considerable impact on the company.
- Over time, an intrapreneur may turn into an entrepreneur.

## The differences between Intrapreneurship and Entrepreneurship

Intrapreneurship	Entrepreneurship
Intrapreneurship is the entrepreneurship within an existing organization.	Entrepreneurship is the dynamic process of creating incremental wealth.
Direct participation, which is more than a delegation of authority.	Direct and total participation in the process of innovation.
Enhance the rewarding capacity of the organization and autonomy.	Innovation, financial gain and independence
Hears moderate risk.	Bears all types of risk
Self-imposed or organizationally stipulated time limits.	There is no time bound.
Strong self-confidence and hope for achieving goals.	Strong commitment to self-initiated efforts and goals.
Operates from inside the organization.	Operates from outside the organization.



## **CHALLENGES AND PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA:**

Some of the challenges and problems faced by women entrepreneurs are discussed below.

### **1. Family restriction**

Women are expected to spend more time with their family members. They do not encourage women to travel extensively for exploiting business opportunities.

### **2. Lack of Finance**

Family members do not encourage women entrepreneurs. They hesitate to invest money in the business venture initiated by women entrepreneurs. Bank and other Financial Institutions do not consider Middle Class Women Entrepreneurs as proper applicants for setting up their projects and they are hesitant to provide financial assistance to unmarried women or girls as they are unsure as to who will repay the loan — either their parents or in-laws after their marriage. This humiliates unmarried women and they generally leave the idea of setting up their ventures.

**For example,** Kiran Mazumdar Shaw initially faced many problems regarding funds for her business. Banks were hesitant to give loan to her as biotechnology was a totally new field at that point of time and she was a woman entrepreneur, which was a rare phenomenon.

### **3. Lack of Education**

Women are generally denied of higher education, especially in rural areas and under developed countries. Women are not allowed to enrich their knowledge in technical and research areas to introduce new products.

### **4. Role Conflict**

Marriage and family life are given more importance than career and social life in Indian society.

### **5. Unfavourable Environment**

The society is dominated by males. Many business men are not interested to have business

relationship with women entrepreneurs. Male generally do not encourage women entrepreneurs.

### **6. Lack of persistent Nature**

Women generally have sympathy for others. They are very emotional. This nature should not allow them to get easily cheated in business.

### **7. Lack of Mental strength**

Business involves risk. Women entrepreneurs get upset very easily when loss arises in business.

### **8. Lack of Information**

Women entrepreneurs are not generally aware of the subsidies and incentives available for them. Lack of knowledge may prevent them from availing the special schemes.

### **9. Stiff Competition**

Women face lot of competition from men. Due to limited mobility they find difficult to compete with men.

### **10. Mobility**

Moving in and around the market, is again a tough job for Middle Class Women Entrepreneurs in Indian Social system.

## **REMEDIAL MEASURES**

Some of the remedial measures that can be undertaken to promote women entrepreneurship in India, are as follows.

### **1. Promotional Help**

Government and NGOs must provide assistance to entrepreneurs, both in financial and non-financial areas.

### **2. Training**

Women entrepreneurs must be given training to operate and run a business successfully. Training has to be given to women who are still reluctant to take up the entrepreneurial task.

### 3. Selection of Machinery and Technology

Women require assistance in selection of machinery and technology. Assistance must be provided to them in technical areas so that the business unit become successful.

### 4. Finance

Finance is one of the major problems faced by women entrepreneurs. Both family and government organizations should be liberal in providing financial assistance to them.

### 5. Marketing Assistance

Due to limited mobility, women are unable to market their goods. Assistance must be provided to help them to market their goods successfully in the economic environment.

### 6. Family support

Family should support women entrepreneurs and encourage them to establish and run business successfully.

### Competency Required for Entrepreneurs:

The characteristics such as risk seeking, assertiveness and vision are considered typical of a successful entrepreneur. But these are innate predispositions or aspects of temperament; by using them as yardstick, it is wrongly concluded that only certain types of people make good entrepreneurs or are capable of worthwhile innovations. Instead, this Idea proposes that 'entrepreneurial behaviour' can be learned and developed. The question is not who entrepreneurs are, but what they do, and more important than business skills can be other competencies that provide a foundation for those business skills. The research behind this Idea is based on empirical studies of hundreds of entrepreneurs, which revealed that entrepreneurial behaviour is the result of a combination of:

- Strong motivation to achieve something; and
- The capabilities to achieve it.

**Furthermore, there are three levels of competencies, which all entrepreneurs need:**

**Personal competencies:** creativity, determination, integrity, tenacity, emotional balance and self-criticism.

**Interpersonal competencies:** communication, engagement/charisma, delegation, respect.

**Business competencies:** business vision, resource management, networking, negotiating skills.

### Conclusion:

Entrepreneurship development widely recognized as the key to economic development and socio-economic welfare. Entrepreneurial skills are essential for industrialization and mass employment to overcome poverty and unemployment. In recent years government and private agencies have initiated strategies and programs for developing entrepreneurship skills among people especially unemployed youths and women. A large number of schemes have been formulated for developing entrepreneurship and self-employment among different target groups. The schemes of entrepreneurship development provide necessary training, technical and financial support and services. This article targeted the learners to know about entrepreneurship and the information given will help them for the purposes and also motivate them to take up the challenges of entrepreneurship.

### References:

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2. Udaipareek and T.V. Rao, Developing Entrepreneurship.
3. Bharusali, Entrepreneur Development.