

Entrepreneurship Development

Meaning and Definition of entrepreneur

The word entrepreneur has come from the France word “entreprendre” which means to undertake, to pursue opportunities to fulfil needs and wants through innovation to undertake business.

In the year 1725 the word entrepreneur was first brought into economics by a social scientist named Richard Cantillon the expert who invented the theory of entrepreneurship was David Mc Cellion in 1961.

There was various definition of entrepreneur.

According to America heritage dictionary;

“Entrepreneur is a person who organizes operates and assumes the risk for business venture”

The dictionary of social science has defined entrepreneur from functional viewpoint. According to it “entrepreneur is a person 1) who exercise the function or 2) initiating coordinating controlling or institute major change in a business enterprise and or 3) bearing those risk of operation which arise from the dynamic nature of society and imperfect knowledge of the future which can cast through transfer calculation or elimination

According to encyclopedia Britannica

“Entrepreneur as the individual who bears the risk of operating a business in the face of uncertainty about future condition and who is rewarded accordingly by his profit or losses”.

According to Richard cotillion

“Entrepreneur is the agent who purchased the means of production for combination into marketable product”.

So we can say that entrepreneur a person who takes risk for establishing a new venture or business in order to create utility for the welfare of human being as

well as for him or herself. She or he is always a person who seeks out opportunities and takes on challenges.

Meaning and Definition of entrepreneurship:

Entrepreneurship is considered as of assuming the risk of an entrepreneur.

According to Nathaniel H. Leff:

Entrepreneurship is the capacity for innovation investment and expansion in new markets product and techniques.

Webster highlights entrepreneurship as economic venture organizing and risk taking capabilities.

Joshep a Schumpeter describe entrepreneurship is the force of creative destruction whereby established way of doing things are destroyed by the creating of new and better ways to get things done.

According to S. S. Kanaka:

Entrepreneurships is a process involving various actions to be taken to establish an enterprise.

From the functional view point entrepreneurship is defined as the combination of activities such as perception of market opportunities gaining command over scarce resources purchasing input producing and marketing of product responding to competition and maintaining relation with political administration and public bureaucracy for concession licenses and taxes etc.

Characteristics of an entrepreneur:

An entrepreneur is a person who initiates a business venture. there are some essential feature of an entrepreneur which are describe below.

- **Risk taking capability:** every business has risk of time money etc .so an entrepreneur must have the risk taking capability.
- **Creativity and innovation:** an entrepreneur has an initiator possesses creativity and innovative power.
- **Need for achievement:** the entrepreneur has strong desire to achieve the goal of business. he is always driven by the needs for achievement.

- **Need for autonomy:** an entrepreneur does not like to be under anybody. it is the need for autonomy which drives a person to be an entrepreneur.
- **Internal locus of control:** an entrepreneur believes in him his work.
- **External locus of control:** he also believes in fate for ultimate result.
- **Self confident:** an entrepreneur has confidence in him.
- **Leadership capability:** an entrepreneur must have leadership capability to lead works under him
- **Industriousness:** a successful entrepreneur must have leadership capability to lead workers working under him.
- **Decision making capability:** the entrepreneur has capability to take quick decision
- **Adaptability:** he has the capacity to adapt with any kind of situation that arise in the enterprise
- **Foresightness:** The entrepreneurs have a good foresight to know about future business environment.
- **Others;** the other feature are dynamism, ambition, education and training, long term involvement, future orientation.

Qualities of successful entrepreneur:

To become a successful as an entrepreneur in its business life, a businessman should possess a quite a number of essential qualities. Those are noted below:

1. **Moderate risk taking:** an entrepreneur always takes calculated risk to operate the organization
2. **Hard work:** an entrepreneur is very much hard worker, he or she always busy with various types work.
3. **Accountability:** a successful entrepreneur is accountable well as his associates always accountable to him.
4. **Educated in real sense:** successful entrepreneur is educated In real sense

he tries to implement his organizational objectives through his education.

5. **Analytical mind:** a successful entrepreneur is analytical minded. he scrutinizes every activity on the organization.

6. **Dynamic leadership:** a successful entrepreneur is always dynamic to operate the organization

7. **Presence of mind:** a successful entrepreneur is always at present of mind he is always aware of activities that to happening in the organization and around him

8. **Accommodative:** a good entrepreneur has the capacity to make his own place at every sector

9. **Courageous and tactful:** Corsages and techniques is very much essential for a successful entrepreneur

10. **Maker of right decision:** A successful entrepreneur makes right decision in right time in right place

11. **Foresighted:** a successful entrepreneur foresights the future and take decision accordingly

12. **Right perception of things:** A successful entrepreneur things in a right way

13. **Enjoy simple life:** A successful entrepreneur always deals a simple life a general people of the society

14. **Strong desired to success:** A successful entrepreneur have a strong desire to success. he is driven by the desire to success

15. **Innovation:** innovation is the process of making new something. A successful entrepreneur is innovative

16. **Self confidence:** A successful entrepreneur is self confidence. does not really on other for decision or fate

17. **Goal setting:** a successful entrepreneur set the goal

18. **Keen observation:** A successful entrepreneur always observes the origination

19. **Sociable:** A successful entrepreneur is sociable person
20. **Loves to work;** A successful entrepreneur is very much addicted to work
21. **Loves new ideas:** A successful entrepreneur loves new ideas of the organization
22. **Team builder:** A successful entrepreneur builds a suitable team
23. **Clean understanding:** A successful entrepreneur clearly understands every things
24. **Ability to conceptualize:** A successful entrepreneur is able to conceptualize the reality
25. **other:** the other qualities are patience, optimistic ,strategist, etc

Relationship between entrepreneur and entrepreneurship:

The relationship between entrepreneur and entrepreneurship are discussed below:

Entrepreneur

vs

Entrepreneurship

1) Entrepreneur is a person.

Entrepreneurship is a process.

2) Entrepreneur is an organizer.

Entrepreneurship is an organization.

3) Entrepreneur is an innovator.

Entrepreneurship is an innovation.

4) Entrepreneur is a risk bearer.

Entrepreneur is a risk bearing.

5) Entrepreneur is a motivator.

Entrepreneur is a motivation.

6) Entrepreneur is a creator.

Entrepreneur is a creation.

Entrepreneur is a visualizer.

Entrepreneur is a vision.

Entrepreneur is a leader.

Entrepreneurship is a leadership.

Entrepreneur is an imitator.

Entrepreneurship is an imitation.

Distinction between an entrepreneur and a manager.

Sometimes the word entrepreneur and manager are used as synonyms. In fact there are some differences between them. They are described below –

Subject matter	Entrepreneur	Manager
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1. Motive

Thinking function. His main motive is to start a new venture by setting up an enterprise.

Doing function. His main motive is to render service to the organization already established.

2. Status

Entrepreneur is the owner of the enterprise.

Manager is the service holder or servant of the enterprise.

3. Risk bearing

Being owner of the enterprise assume all risk and uncertainty involved in the enterprise.

As the servant don't take or bear risk and uncertainty involved in the organization.

4. Reward

Reward is profit which is highly uncertain.

Get salary as a reward which is fixed and certain.

5. Innovation

An entrepreneur is an innovator.

A manager is not an innovator in that sense he implements the plan prepared by the entrepreneur.

6. Qualification

They are not highly qualified but have extraordinary experience forecasting.

They are highly qualified (institutional education).

After the above discussion we can say that at a time an entrepreneur can be a manager but a manager cannot be an entrepreneur.

Different types of entrepreneurs:

On the basis of nature **Clarence Danhof** classified entrepreneurs into four categories. These are –

1. Innovative entrepreneurs: An innovative entrepreneur in one, who introduces new goods, inaugurates new method of production, discovers new market and recognizes the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved and people look forward to change and improvement.

2. Imitative entrepreneurs: These types of entrepreneurs creatively imitate the innovative technical achievement made by another firm. Imitative entrepreneurs are suitable for underdeveloped countries as it is hard for them to bear the high cost of innovation.

3. Fabian entrepreneurs: Fabian entrepreneurs are characterized by very great caution and skepticism to experiment any change in their enterprises. They usually do not take any new challenge. They imitate only when it becomes perfectly clear that failure to do not so would result in a loss of the relative position in the enterprise.

4. Drone entrepreneurs: They are characterized by a refusal to adopt any change even at cost of severely reduction of profit.

Some other types of entrepreneurs:

(i) Solo operators: These are the entrepreneurs who essentially work alone and if needed at all employ a few employees. In the beginning most of the entrepreneurs start their enterprises like them.

(ii) Active partners: Active partners are those entrepreneurs who start or carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business.

(iii) Innovators: Such entrepreneurs with their competence and creativity innovate new products. Their basic interest lies in research and innovative activities.

(iv) Buyers' entrepreneurs: These are the entrepreneurs who do not like to bear much risk. They do not take the risk of production but take the risk of marketing a product i.e. wholesaler and retailer.

(v) Life timers: These entrepreneurs believe business as an integral part of their life. These entrepreneurs actually inherit their family business i.e. goldsmith, potter etc.

(vi) Challengers: These are the entrepreneurs who initiate business because of the challenges it presents. They believe that 'No risk, No gain'. When one challenge seems to be met, they begin to look for new challenges.

Beside these, there are Govt. and Non-govt. entrepreneurs.

Factors of Entrepreneurship development:

(A) Personal factors

1. · Ability to cope with the situation
2. · Age
3. · Education
4. · Personality
5. · Intrapersonal communication ability
6. · Achievement motivation
7. · Self-confidence
8. · Competence
9. · Emotion
10. · Understanding capacity

(B) Environmental factors

1. Socio-cultural factors

- · Religion
- · Values
- · Rural-urban orientation
- · Marginality
- · Education
- · Tradition

2. Political and legal factors

- · Govt. legal bindings
- · Govt. policies
- · Rules and laws related to the industry and business
- ·

(C) Institutional factors:

1. · Financial institution
2. · Training and development institution
3. · Consulting firms
4. · Incubators organization (old & pioneer)
5. · Research organization

(D) Micro factors

1. · Enterprise itself
2. · Suppliers
3. · Intermediaries
4. · Customers
5. · Competitors
6. · Public

(E) Macro factors:

1. · Demographic factors
2. · Economic factors
3. · Physical factors
4. · Technological factors
5. · Cultural/social factors

(F) Others:

1. · Venture capital
2. · Experience entrepreneurs
3. · Technically skilled labor force
4. · Supplier's accessibility
5. · Proximity to universities
6. · Availability of land facilities
7. · Accessibility of transportation
8. · Favorable loan and financial policies
9. · Decepted population
10. · Availability of supportive
11. · Attractive living condition
12. · Capital intensiveness
13. · Research and development activities
14. · Capital incentive ness
15. · Proximity to corporate head quarters
16. · Competitive situation

Causes of success and failure of entrepreneur:

An entrepreneur may sometime become successful and sometime becomes failure. There are some causes of such success and failure. They are noted

below:

1. **Selection of business:** It is an important aspect. That means an entrepreneur has to determine what type business he is going to start. From various points of view the feasibility of the business should be tested.
2. **Proper planning:** Proper planning is also important. For planning, planning premises like political, economic, social premises should be considered first. The steps of planning should be followed properly.
3. **Initial capital:** If the initial capitals are not an optimal level the organization would fall. So whether the enterprise is big or small the initial capital should be sufficient enough.
4. **Determination of market demand:** Through research the demand in the market should be identified. Both for long term and short term it should be considered.
5. **Marketing of product:** If the promotion policy, channel of distribution, transportation is not good the enterprise would fall.
6. **Education and experience:** One of the important tasks of the entrepreneurs is to select right person for the right post because the success of an enterprise depends on the right selection of employees.
7. **Joint initiative:** One may have much money and another may have more merit. Through joint initiative it can be balanced. But sometime for joint initiative misunderstanding arise, or sometimes corruption occur which may result in fall of enterprise.
8. **Employment:** Recruitment and appointment should be properly done. Those who have specialized skill should be appointed to that specialized job. Inefficient, corrupted employees may be responsible for fall of business.
9. **Location of business:** Site selection is an important factor. While starting a new business, an entrepreneur should think about the location of the business. In this case, many factors should be considered such as availability of raw materials, proper communication system, availability of labor, marketing facilities and so on.
10. **Qualities of management:** The management must have a minimum quality to success otherwise it would fall.

These are the common causes for which one enterprise may become successful and another may fail.

Problems of entrepreneurship development in India:

As a third world country, in India there is no abundant facilities for developing entrepreneurship rather exist a large number of obstacles, which are liable for not developing entrepreneurs in India described in below:

1. **Improper publicity of Govt. facilities:** For developing entrepreneurs in limited basis. Those have not informed properly to the remote villagers. Therefore, these facilities cannot work well. Some urban centered people accept the facilities that are not enough for developing entrepreneurs' ass over the country. So this is one of the fundamental obstacles.
2. **Insufficient arrangement of pre-investment advice:** For this reason most of entrepreneur can't study market feasibility for the product and business demand for the product in market, possibility of gaining profit etc. For the lack of this study most of the entrepreneur can't operate their activities successfully. Many of them fail in their initial activities.
3. **Lack of required financing:** This is the fundamental problem of developing entrepreneurship in India. Here, entrepreneurs faces problem in collecting required working capital and fixed capital, most of the financing organization demand for supporting papers and apply rigid condition. As a result most of the entrepreneurs cannot get rise capital to operate their activities smoothly. Working capital, fixed capital and capital for expansion of business of business.
4. **Scarcity of raw materials and other factors of production:** In our country, there is an immense shortage of basic raw materials to operate industrial activities smoothly such as skilled manpower, technology, capital and so on. For this reason the y has to import basic raw materials and supplementary factors of production that increase the cost of production. As a result, entrepreneur can't take initiatives to establish industrial organization smoothly.
5. **Problem in marketing produced product:** Now-a-days marketing of the product has become an important task in business. In open market economy, product of the home and foreign countries compete with each other in same

market. Usually quality products capture the market. Because of different problem and lack of factors of production, our entrepreneur can't produce or hardly produce quality product as developed country. For this reason, now a day, they face marketing problem greatly for every product.

6. **Lack of training:** Training is essential to work efficiently and effectively in any field. Training is a practical experience regarding job that is necessary to increase efficiency and productivity. In our country, there is no available training centre to provide training in developing entrepreneurs. As a result, people cannot come ahead to take initiative that is an obstacle to develop entrepreneurship.

7. **Lack of package help:** In developed country, Govt. and non-govt. sector provide package help for developing industrial sector. It includes, technical help, raw materials, and working capital and so on. These are helpful in creating entrepreneurship as well as industry. But in our country there is no abundance package help that is very essential for developing entrepreneurship in our country. So it is another problem of developing entrepreneurs and entrepreneurship in India.

8. **Lack of knowledge regarding technology and management:** In developed country most of the business and industries are technology oriented and they follow modern management technique. Those are helpful in developing dynamic entrepreneurs. Nevertheless, in our country there is little scope of technology and modern management. Besides, we also have no proper knowledge regarding those matters.

These are the obstacles or problem in developing entrepreneurs and entrepreneurship in India.

Suggestions for removing the problems of entrepreneurship development

1. **Making specific policy:** To perform any activities some policies should be maintained. We all shall recognize that some effective policies should be made to develop entrepreneurship. Relating organization and officials should make some specific policies for developing it.

2. **Involving entrepreneurial knowledge in text book:** As our education

system is theoretical based so entrepreneurial knowledge should be included in textbook. So that students can achieve entrepreneurial knowledge that will be beneficiary for developing entrepreneurship in future. In text book following matters should be involved or suggested to be included.

3. **Offering package help:** After providing training, trainee should be provided necessary help for developing industrial sector. Necessary help including fixed capital, working capital, technical men, technology, and raw material and so on. This is helpful in creating entrepreneurship.

4. **Formal arrangement of training:** people who are engaged in entrepreneurial work or people who are willing to take new initiative have suggested providing training in the respective field that will be helpful for them to take initiative and operates industry smoothly. Govt. and non-govt. organization can arrange this program.

5. **Increasing govt. facilities and its extensive publicity:** Govt. facilities for developing entrepreneurship are not sufficient. So govt. should provide abundant facilities for developing entrepreneurship. Govt. should also arrange extensive publicity of it's given facilities. So that rural centred people can get these facilities. That will be very helpful in developing entrepreneurship in India.

6. **Encouragement in industrialization:** Govt. and non govt. organization may encourages people towards industrialization by providing different facilities including tax redemption or tax holiday, SEZ facility, providing raw material, capital, technical assistance etc. with unqualified condition.

7. **Establishment of supplementary industry:** Entrepreneurship may be developed be establishing supplementary industry extensively. Some of them produce industrial product that are reproduced large industry and some of them use by product of large industry. They are also essential to develop large-scale industry.

8. **Increasing loan facilities:** Most of the people establish small or large-scale industry with loan facility. Financing institution should provide sufficient loan to the entrepreneur with flexible condition and supporting paper. This program will be helpful in establishing and operating new industries and businesses.

9. **Exhibition of industrial product:** To increase demand for industrial product govt. and non-govt. organization may arrange exhibition. Industrial fair in domestic country will be helpful in creating demand for industrial product. Industrial product may introduce in abroad. It is an important recommendation to develop entrepreneurs and entrepreneurship.

10. **Reduction of tax and duty:** Govt. may encourage industrialization by lessening duty rate of industrial product. That will also lessen cost of industrial product, which is helpful in capturing market. Thus, way industrialization or entrepreneurship will be developed duty on importing bank raw materials have suggested to reduce.

11. **Favourable import and export policy:** Most of the basic raw materials used in industry have been imported from foreign countries. Some industrial products have produced to export as a whole. So for developing industrialization and entrepreneurship proper authority should make obvious and flexible export-import policy.