

Entrepreneurship Development

Entrepreneur

The word **entrepreneur** originates from the French word, entrepreneur, which means "to undertake." In a business context, it means to start a business. The Merriam-Webster Dictionary presents the **definition** of an **entrepreneur** as one who organizes, manages, and assumes the risks of a business or enterprise.

Qualities of Entrepreneurship

Innovative

Need for high achievement

Good organizer

Risk taker

Hard working

Highly optimistic

Independence

Foresight

Perseverance

Team spirit

Good communication skills

Flexibility

Adaptability

Very high energy level

Work ethics

Honesty and integrity

Initiative

Self confidence

Tolerance of ambiguity

High commitment

Economic Need of Entrepreneurship

Capital formation by mobilizing idle resources (human resources, money, raw material etc.)

Large scale employment

Balanced regional development

Concentration of economic power

Redistribution of wealth

Backward and forward linkage

Promotes country's export trade

Rural entrepreneurship

Women entrepreneurship

Psychological Need

Need for achievement

Confidence develops

Further gets motivation

Social need

Unemployment is reduced

Social status of country improves

Difference between Manager and Entrepreneur

Point	Manager	Entrepreneur
Motive	To do the work assigned	To run the business successfully
Status	Job assigned	owner
Qualification	Yes	Desired but not necessary
Risk Taking	A little risk	Greater risk
Innovation		Innovation is there

Reward	Salary and incentives	Profits
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Factors affecting Entrepreneurship Development

Entrepreneurship is influenced by four distinct factors: economic development, culture, technological development and education. In areas where these factors are present, you can expect to see strong and consistent entrepreneurial growth.

These conditions may have both positive and negative influences on the emergence of entrepreneurship. Positive influences constitute facilitative and conducive conditions for the emergence of entrepreneurship, whereas negative influences create inhibiting milieu to the emergence of entrepreneurship.

Let us look at each one of them in details.

Economic Factors

Economic environment exercises the most direct and immediate influence on entrepreneurship. This is likely because people become entrepreneurs due to necessity when there are no other jobs or because of opportunity.

The economic factors that affect the growth of entrepreneurship are the following:

1. Capital

Capital is one of the most important factors of production for the establishment of an enterprise. Increase in capital investment in viable projects results in increase in profits which help in accelerating the process of capital formation. Entrepreneurship activity too gets a boost with the easy availability of funds for investment.

Availability of capital facilitates for the entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. Capital is therefore, regarded as lubricant to the process of production.

France and Russia exemplify how the lack of capital for industrial pursuits impeded the process of entrepreneurship and an adequate supply of capital promoted it.

2. Labor

Easy availability of right type of workers also effect entrepreneurship. The quality rather than quantity of labor influences the emergence and growth of entrepreneurship. The problem of labor immobility can be solved by providing infrastructural facilities including efficient transportation.

The quality rather quantity of labor is another factor which influences the emergence of entrepreneurship. Most less developed countries are labor rich nations owing to a dense and even increasing population. But entrepreneurship is encouraged if there is a mobile and flexible labor force. And, the potential advantages of low-cost labor are regulated by the deleterious effects of labor immobility. The considerations of economic and emotional security inhibit labor mobility. Entrepreneurs, therefore, often find difficulty to secure sufficient labor.

3. Raw Materials

The necessity of raw materials hardly needs any emphasis for establishing any industrial activity and its influence in the emergence of entrepreneurship. In the absence of raw materials, neither any enterprise can be established nor can an entrepreneur be emerged

It is one of the basic ingredients required for production. Shortage of raw material can adversely affect entrepreneurial environment. Without adequate supply of raw materials no industry can function properly and emergence of entrepreneurship to is adversely affected.

In fact, the supply of raw materials is not influenced by themselves but becomes influential depending upon other opportunity conditions. The more favorable these conditions are, the more likely is the raw material to have its influence of entrepreneurial emergence.

4. Market

The role and importance of market and marketing is very important for the growth of entrepreneurship. In modern competitive world no entrepreneur can think of surviving in the absence of latest knowledge about market and various marketing techniques.

The fact remains that the potential of the market constitutes the major determinant of probable rewards from entrepreneurial function. Frankly speaking, if the proof of pudding lies in eating, the proof of all production lies in consumption, i.e., marketing.

The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in a market becomes more influential for entrepreneurship than a competitive market. However, the disadvantage of a competitive market can be cancelled to some extent by improvement in transportation system facilitating the movement of raw material and finished goods, and increasing the demand for producer goods.

5. Infrastructure

Expansion of entrepreneurship presupposes properly developed communication and transportation facilities. It not only helps to enlarge the market, but expand the horizons of business too. Take for instance, the establishment of post and telegraph system and construction of roads and highways in India. It helped considerable entrepreneurial activities which took place in the 1850s.

Apart from the above factors, institutions like trade/ business associations, business schools, libraries, etc. also make valuable contribution towards promoting and sustaining entrepreneurship' in the economy. You can gather all the information you want from these bodies. They also act as a forum for communication and joint action.

Social Factors

Social factors can go a long way in encouraging entrepreneurship. In fact it was the highly helpful society that made the industrial revolution a glorious success in Europe. Strongly affect the entrepreneurial behavior, which contribute to entrepreneurial growth. The social setting in which the people grow, shapes their basic beliefs, values and norms.

The main components of social environment are as follows:

1. Caste Factor

There are certain cultural practices and values in every society which influence the' actions of individuals. These practices and value have evolved over hundreds of years. For instance, consider the caste system (the varna system) among the Hindus in India. It has divided the population on the basis of caste into four divisions. The Brahmana (priest), the Kshatriya (warrior), the Vaishya (trade) and the Shudra (artisan): It has also defined limits to the social mobility of individuals.

By social mobility' we mean the freedom to move from one caste to another. The caste system does not permit an individual who is born a Shridra to move to a higher caste. Thus, commercial activities were the monopoly of the Vaishyas. Members of the three other Hindu Varnas did not become interested in trade and commerce, even when India had extensive commercial inter-relations with many foreign countries. Dominance of certain ethnical groups in entrepreneurship is a global phenomenon

2. Family Background

This factor includes size of family, type of family and economic status of family. In a study by Hadimani, it has been revealed that Zamindar family helped to gain access to political power and exhibit higher level of entrepreneurship.

Background of a family in manufacturing provided a source of industrial entrepreneurship. Occupational and social status of the family influenced mobility. There are certain circumstances where very few people would have to be venturesome. For example in a society where the joint family system is in vogue, those members of joint family who gain wealth by their hard work denied the opportunity to enjoy the fruits of their labor because they have to share their wealth with the other members of the family.

3. Education

Education enables one to understand the outside world and equips him with the basic knowledge and skills to deal with day-to-day problems. In any society, the system of education has a significant role to play in inculcating entrepreneurial values.

In India, the system of education prior to the 20th century was based on religion. In this rigid system, critical and questioning attitudes towards society were discouraged. The caste system and the resultant occupational structure were reinforced by such education. It promoted the idea that business is not a respectable occupation. Later, when the British came to our country, they introduced an education system, just to produce clerks and accountants for the East India Company, The base of such a system, as you can well see, is very anti-entrepreneurial.

Our educational methods have not changed much even today. The emphasis is still on preparing students for standard jobs, rather than marking them capable enough to stand on their feet.

4. Attitude of the Society

A related aspect to these is the attitude of the society towards entrepreneurship. Certain societies encourage innovations and novelties, and thus approve entrepreneurs' actions and rewards like profits. Certain others do not tolerate changes and in such circumstances, entrepreneurship cannot take root and grow. Similarly, some societies have an inherent dislike for any money-making activity. It is said, that in Russia, in the nineteenth century, the upper classes did not like entrepreneurs. For them, cultivating the land meant a good life. They believed that land belongs to God and the produce of the land was nothing but god's blessing. Russian folk-tales, proverbs and songs during this period carried the message that making wealth through business was not right.

5. Cultural Value

Motives impel men to action. Entrepreneurial growth requires proper motives like profit-making, acquisition of prestige and attainment of social status. Ambitious and talented men would take risks and innovate if these motives are strong. The strength of these motives depends upon the culture of the society. If the culture is economically or monetarily oriented, entrepreneurship would be applauded and praised; wealth accumulation as a way of life would be appreciated. In the less developed countries, people are not economically motivated. Monetary incentives have relatively less attraction. People have ample opportunities of attaining social distinction by non-economic pursuits. Men with organizational abilities are, therefore, not dragged into business. They use their talents for non-economic end.

Psychological Factors

Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate especially upon psychological factors. These are as follows :

1. Need Achievement

The most important psychological theories of entrepreneurship was put forward in the early) 960s by David McClelland. According to McClelland 'need achievement' is social motive to excel that tends to characterise successful entrepreneurs, especially when reinforced by cultural factors. He found that certain kinds of people, especially those who became entrepreneurs, had this characteristic. Moreover, some societies tend to reproduce a larger percentage of people with

high 'need achievement' than other societies. McClelland attributed this to sociological factors. Differences among societies and individuals accounted for 'need achievement' being greater in some societies and less in certain others.

The theory states that people with high need-achievement are distinctive in several ways. They like to take risks and these risks stimulate them to greater effort. The theory identifies the factors that produce such people. Initially McClelland attributed the role of parents, specially the mother, in mustering her son or daughter to be masterful and self-reliant. Later he put less emphasis on the parent-child relationship and gave more importance to social and cultural factors. He concluded that the 'need achievement' is conditioned more by social and cultural reinforcement rather than by parental influence and such related factors.

2. Withdrawal of Status Respect

There are several other researchers who have tried to understand the psychological roots of entrepreneurship. One such individual is Everett Hagen who stresses the-psychological consequences of social change. Hagen says, at some point many social groups experience a radical loss of status. Hagen attributed the withdrawal of status respect of a group to the genesis of entrepreneurship.

Hage believes that the initial condition leading to eventual entrepreneurial behavior is the loss of status by a group. He postulates that four types of events can produce status withdrawal:

1. i. The group may be displaced by force;
2. ii. It may have its valued symbols denigrated;
3. iii. It may drift into a situation of status inconsistency; and
4. iv. It may not be accepted the expected status on migration in a new society.

3. Motives

Other psychological theories of entrepreneurship stress the motives or goals of the entrepreneur. Cole is of the opinion that besides wealth, entrepreneurs seek power, prestige, security and service to society. Stepanek points particularly to non-monetary aspects such as independence, persons' self-esteem, power and regard of the society.

On the same subject, Evans distinguishes motive by three kinds of entrepreneurs

1. Managing entrepreneurs whose chief motive is security.
2. Innovating entrepreneurs, who are interested only in excitement.
3. Controlling entrepreneurs, who above all other motives, want power and authority.

Finally, Rostow has examined inter gradational changes in the families of entrepreneurs. He believes that the first generation seeks wealth, the second prestige and the third art and beauty.

4. Others

Thomas Begley and David P. Boyd studied in detail the psychological roots of entrepreneurship in the mid-1980s. They came to the conclusion that entrepreneurial attitudes based on psychological considerations have five dimensions:

1. First came 'need-achievement' as described by McClelland. In all studies of successful entrepreneurs a high achievement orientation is invariably present.
2. The second dimension that Begley and Boyd call 'locus of control' This means that the entrepreneur follows the idea that he can control his own life and is not influenced by factors like luck, fate and so on. Need-achievement logically implies that people can control their own lives and are not influenced by external forces.
3. The third dimension is the willingness to take risks. These two researchers have come to the conclusion that entrepreneurs who take moderate risks earn higher returns on their assets than those who take no risks at all or who take extravagant risks.
4. Tolerance is the next dimension of this study. Very few decisions are made with complete information. So all business executives must, have a certain amount of tolerance for ambiguity.
5. Finally, here is what psychologists call 'Type A' behavior. This is nothing but "a chronic, incessant struggle to achieve more and more in less and less of time" Entrepreneurs are characterize by the presence of 'Type A' behavior in all their endeavors.

Women Entrepreneurs

- Women are treated as less than equal to man
- Read a lot about women education, rural women problems, exploitation of women
- Half of the world population consists of women
- for centuries women are treated as home makers

- Women are treated equally in teaching jobs, hospitals and administrative cadres
- Women entrepreneurship is an area where India cannot be compared to the developed countries
- In western countries women entrepreneurs take up any activity of their choice like electronics, engineering, building construction
- The Indian women mostly take up enterprises in low cost, low value items like food items (pickles, papads, eatables) on embroidery, handicrafts, lunch packages
- they lack talent and resources
- lack is encouragement from family and conducive environment to take up challenges

Women Entrepreneur is defined as an enterprise owned and controlled by women having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women

The industries promoted by women entrepreneurs usually are:

- Agarbathi manufacturing.
- Papad making.
- Special bedspreads making,
- Embroidery,
- Handicrafts for exports,
- Batik Paintings,
- Apparels manufacturing,
- Catering service,
- Running restaurants, snack bars, sweetmeat stalls, soft drink stalls, etc.,
- Retail shops-textiles, readymade garments, grocery, drug stores,
- Running crèches.
- Running tutorial classes, typewriting/shorthand institutes.
- Florist shops and dry cleaning.
- Pickle manufacturing.

- Urban dairies.
- Taking up contract job for maintenance of offices
- Milk distribution.
- Starting service centers, like plumbing, electrical repairs, fridge repairing, radio/T.V./Video repairing
- Stationery manufacturing unit,
- Packaging materials manufacturing units.
- Women engineers can start small scale industries,
- Chemistry/bio-chemistry students can start pathological clinics.
- Travel agencies and advertising agencies.
- Xeroxing firms,
- Photographic studios,
- Running working women's hostels.

MOTIVATION FOR Women Entrepreneurship

- ***Affluent entrepreneurs:*** wives of rich business families who have financial and other resource backing to take any business risks
- ***Pull factors:*** adventure to do something new and be economically independent
- develop existing family business or start something new to improve the economic lot of the family
- ***Rural entrepreneurs:*** In this category we find dairy products, pickles, fruit juices, papads and jaggery making
- ***Self employed entrepreneurs :*** rely on their own efforts for sustenance. Majority of them are from villages and towns. The example are vegetable and fruit vendors, brooms making