

The background is a dark teal color. In the top right corner, there is a small red rectangle. On the left side, there is a large, light teal circle. On the right side, there is a large, light teal circle. At the bottom right, there is a small, light teal circle.

# **Entrepreneurship Environment**

# Entrepreneurship Environment

- ▶ Entrepreneurship environment refers to the various facets within which enterprises
  - ▶ big, medium, small and others have to operate.
- ▶ The enterprise is, therefore, influenced by the environment.
- ▶ By and large, entrepreneurship is influenced by an environment created by political, social, economic, national, legal forces, etc.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ The existence of uncertainty in the economic situations
  - ▶ call for the attention of environment means that there are limits to Planning.
- ▶ These limitations
  - ▶ call for the attention of entrepreneurs to play a leading role in the growth process.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ Individual entrepreneurs such as
    - ▶ farmers
    - ▶ small businessmen
  - ▶ individual enterprises such as
    - ▶ manufacturing,
    - ▶ construction,
    - ▶ transport, and
    - ▶ wholesale enterprises and
    - ▶ collective farms
- continually face risks.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ Whether they are privately or publicly owned,
  - ▶ they must take account of uncertainty,
- ▶ Private entrepreneurs and the managers of private enterprises take risks,
  - ▶ despite the heavy costs of failure because of the possibility of high profits or large bonuses.
- ▶ In any case, they must run their business efficiently if they are to make a profit and survive.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ The problem usually arises because major industrial decisions,
  - ▶ which affect the lives of thousands of ordinary people,
  - ▶ are sometimes taken without proper planning and without public consultation.
- ▶ The result is that environmental activists have no choice but to fight a rear-guard action.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ Environmental activists have repeatedly pointed out the havoc caused by some of our
  - ▶ petrochemical,
  - ▶ heavy chemical,
  - ▶ dyestuff and
  - ▶ other polluting industries,
- ▶ as also the environmental damage caused by
  - ▶ large-scale open mining,
  - ▶ quarrying and
  - ▶ deforestation,which will take decades to reverse.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ At the same time,
  - ▶ it is now clear that technology has advanced significantly
  - ▶ to allow efficient use of resources.
- ▶ Worldwide,
  - ▶ industry has become conscious of the need
  - ▶ to use renewable resources as far as possible and
  - ▶ utilized non-renewable resources within planned limits.



# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ If an economy is made up of a large number of entrepreneurial units,
  - ▶ risks can be spread among them.
- ▶ Even though some enterprises may fail,
  - ▶ others will be successful and
  - ▶ the economy as a whole can grow rapidly.
- ▶ When inefficient units do not have access to subsidies or
  - ▶ to other public assistance,
  - ▶ they must improve their competitive position or disappear.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ Such failures need not be excessively costly because the economy's expansion creates
  - ▶ job and
  - ▶ income earning opportunities
  - ▶ for entrepreneurs and employees of falling enterprises.
- ▶ Some of these may be in “informal” or
  - ▶ small-scale activities and
  - ▶ may not be counted in the formal employment sector.

# PRIVATE ENTERPRISE AND DEVELOPMENT

- ▶ Private enterprise and entrepreneurs
  - ▶ can function smoothly and
  - ▶ contribute to development
  - ▶ only in an appropriate public policy environment.

# Significance of Entrepreneurial Environment

- ▶ A study of
  - ▶ socio-political and
  - ▶ economic environment
  - ▶ has a great social and economic significance
  - ▶ to the growth of entrepreneurship.
- ▶ Modern business is treated as a social and economic institution and
  - ▶ is affected by the political, social and economic forces.

# Significance of Entrepreneurial Environment

- ▶ The political environment,
- ▶ industrial policy,
- ▶ licensing policy,
- ▶ foreign exchange regulations,
- ▶ banking policy,
- ▶ technological development and
- ▶ social change
  - ▶ form the framework within which an enterprise has to work.
- ▶ It is for these reasons that all business plans must be based on the immediate environment.

# Significance of Entrepreneurial Environment

- ▶ An entrepreneurial plan cannot be framed and finalized
  - ▶ for its implementation without its relevance to the
  - ▶ political, social, economical and technological requirements.
- ▶ In fact, it is environment which regulates entrepreneurial activities.
- ▶ Business environment has a positive relationship with the development of entrepreneurship.