What is entrepreneurship

Before going through this lesson, ask yourself if you are hard-working, smart, creative, willing to take risks and good with people. If the answer is yes, then take heart, stay motivated and be steered by your inherent inner drive. You are on the road to entrepreneurship, the ultimate career in capitalism in which you put your idea to work in a competitive economy. Entrepreneurship does not mean sticking to conventional business. It implies creating new things. Its emphasis is not merely on idea generation but also on the promotion and implementation of a new business environment.

Meaning of Entrepreneurship

Entrepreneurship may be defined as the visualization and realization of new ideas by insightful individuals, who are able to use information and mobilize resources to implement their vision. Entrepreneurship is the ability (i.e., knowledge plus skills) of a person to translate ideas of commencing a business unit into reality by setting up a business on ground to serve the needs of society and the nation, in the hope of profits.

Definition of Entrepreneurship

Wennekers and Thurik have probably provided the most elaborate and inclusive definition: Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations), and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions.

Finally, entrepreneurship can be understood as, An economic process where an idea is generated or an opportunity is created, refined, developed and implemented, while exposed to uncertainty to realize a profit by effective utilization of resources.

Evolution of Entrepreneurship in India

- In 17th century method of trading in India was changed by European investment
- After 1850 manufacturing entrepreneurship came into existence.
- In 1905, the 'Swadeshi' movement emphasized on indigenenous goods formed an important facet of nationalism
- Technical skills and insufficient capital resources made a hurdle in the growth of Entrepreneurship in Pre-Independence
- In the post independence period there has been considerable growth of Entrepreneurship
- Now People with diverse backgrounds have joined the stream of Entrepreneurship.

GROWTH OF ENTREPRENEURSHIP IN INDIA

- Before independence, the Indian Business scene was completely dominated by British Companies. Indians had to be content with the scraps because manufacturing was closed to all, except for a handful of Indian business houses with financial resources and a working relationship with the British companies.
- In such a bleak scenario, the Birla Jute mill that as started in 1919, marked the entry of the Birla family, essentially traders, into industrial manufacturing.
- It was only post world war II that the business opportunities in cement, steel and other infrastructure industries surfaced due to reconstruction after the war.
- However, it was only after independence in 1947 that the Indian industry began to expand in the core sector.

Role of Entrepreneurship in Economic Development

1. **Capital Formation:**

Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.

2. **Improvement in Per Capita Income:**

Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income in the country, which are important yardsticks for measuring economic growth.

3. Generation of Employment:

Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.

4. Balanced Regional Development:

Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies offered by the central and state governments.

Public sector steel plants and private sector industries by Modis, Tatas, Birlas and others have put the hitherto unknown places on the international map.

5. Improvement in Living Standards:

Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture of handicrafts, etc., in the small scale sector help to improve the standards of life of a common man. These offer goods at lower costs and increase variety in consumption.

6. Economic Independence:

Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country.

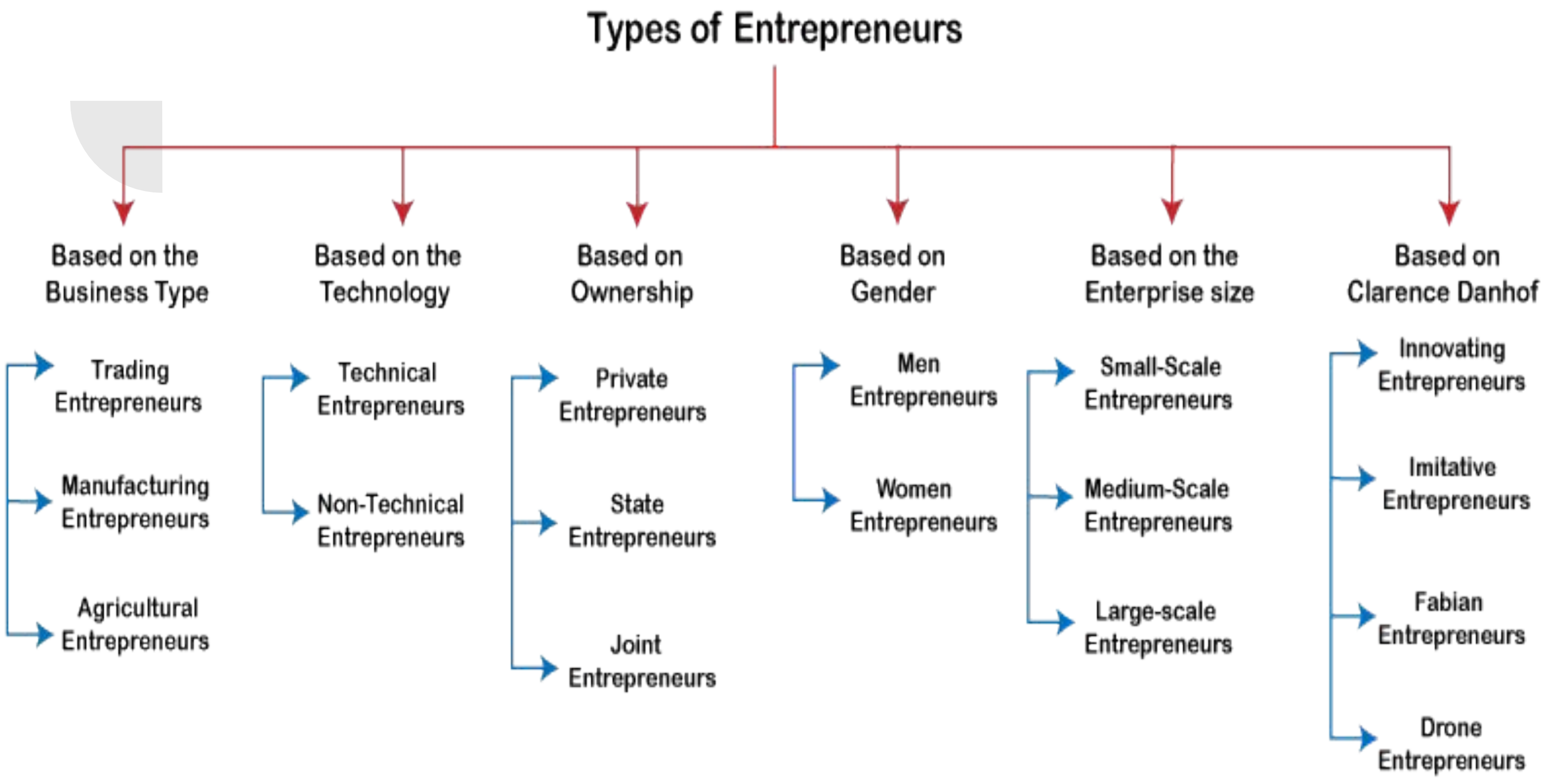
Such import substitution and export promotion help to ensure the economic independence of the country without which political independence has little meaning.

7. Backward and Forward Linkages:

An entrepreneur initiates change which has a chain reaction. Setting up of an enterprise has several backward and forward linkages. For example- the establishment of a steel plant generates several ancillary units and expands the demand for iron ore, coal, etc.

These are backward linkages. By increasing the supply of steel, the plant facilitates the growth of machine building, tube making, utensil manufacturing and such other units.

Entrepreneurs create an atmosphere of enthusiasm and convey a sense of purpose. They give an organization its momentum. Entrepreneurial behavior is critical to the long term vitality of every economy. The practice of entrepreneurship is as important to established firms as it is to new ones.


Types of Entrepreneurs
Based on the Business Type
Trading Entrepreneurs
Manufacturing Entrepreneurs
Agricultural Entrepreneurs
Based on the Technology
Technical Entrepreneurs
Non-Technical Entrepreneurs
Based on Ownership
Private Entrepreneurs
State Entrepreneurs
Joint Entrepreneurs
Based on Gender
Men Entrepreneurs
Women Entrepreneurs
Based on the Enterprise size
Small-Scale Entrepreneurs
Medium-Scale Entrepreneurs
Large-scale Entrepreneurs
Based on Clarence Danhof
Innovating Entrepreneurs
Imitative Entrepreneurs
Fabian Entrepreneurs
Drone Entrepreneurs

Based on the Business Type

Depending on the type of business, entrepreneurs are classified into the following types:

Trading Entrepreneur

A trading entrepreneur refers to a person who undertakes business-related activities. These types of entrepreneurs usually buy finished products in bulk from manufacturers at some discount. They then sell these products directly or with the help of retailers or vendors with profits. A business entrepreneur usually acts as a middleman between manufacturers and customers. This may include wholesalers, retailers, dealers, etc.

Manufacturing Entrepreneur

The founder of a business to manufacture products is known as a manufacturing entrepreneur. Manufacturing entrepreneurs analyze market needs or customer needs and manufacture products to meet such needs using various resources or technologies. In simple words, manufacturing entrepreneurs transform raw materials into finished products according to the customer's needs.

Agricultural Entrepreneur

Agricultural entrepreneurs refer to the types of entrepreneurs who primarily do agricultural work. They participate in a wide range of agricultural activities such as farming, irrigation, agricultural produce, mechanization, technology, etc.

Based on the Technology

Based on technology, entrepreneurs are classified into the following types:

Technical Entrepreneur

Such entrepreneurs are called technology entrepreneurs who use to start and continue industries primarily based on science and technology. These entrepreneurs develop new ideas and turn those ideas into technology-based innovations and inventions. They always work to create new methods of production in the fields of technology and science. Besides, they also manufacture products that can help ordinary citizens and other non-technical entrepreneurs in their enterprises.

Non-Technical Entrepreneur

As the name suggests, entrepreneurs who do not set up and run enterprises based on science and technology are known as non-technical entrepreneurs. In short, non-tech entrepreneurs are those who work for innovations using traditional methods. They typically use alternative and exemplary marketing methods and follow non-technical delivery strategies to engage directly with customers. This ultimately helps them to survive and grow their business in a competitive market. Moreover, they create better relationships and meet customer needs.

Based on Ownership

Based on ownership, entrepreneurs are classified into the following types:

Private Entrepreneur

When an entrepreneur starts something personal of his or her own, such as setting up an enterprise, he/she is called a private entrepreneur. A private entrepreneur is the only person who plays the sole proprietor role for a business venture and bears the risk associated with it.

State Entrepreneur

When a state or government does a business or industrial undertaking, it is referred to as a 'state entrepreneur'. In this case, the government is the sole owner of the enterprise and will bear all the profits and losses involved with it.

Joint Entrepreneurs

When a business or industrial undertaking is established and operated jointly by the private entrepreneur and the government, it is called joint entrepreneurship. The parties involved are called joint entrepreneurs. In this case, risk and profits are shared by both parties. However, the sharing percentages generally depend on the type of business and the agreement between the two parties.

Based on Gender

Based on gender, entrepreneurs are classified into the following types:

Men Entrepreneurs

When any business venture is formed, managed and operated by men, these men are referred to as men entrepreneurs.

Women Entrepreneurs

When any business venture is formed, managed and operated by women, these women are referred to as women entrepreneurs. Besides, if women have a minimum 51 percent share of the capital, they can also be known as women entrepreneurs.

Based on the Enterprise size

Small-Scale Entrepreneur

If an entrepreneur has invested up to a maximum of 1 crore in starting an enterprise, including plant and machinery, such entrepreneur is called Small Scale Entrepreneur.

Medium-Scale Entrepreneur

If an entrepreneur has invested a minimum of 1 crore to a maximum of 5 crores in starting an enterprise, including plant and machinery, then such entrepreneur is called Medium Scale Entrepreneur.

Large-Scale Entrepreneur

If an entrepreneur has invested more than 5 crores in starting an enterprise, including plant and machinery, such an entrepreneur is called a large-scale entrepreneur. This includes any investment above 5 crores.

Based on Clarence Danhof Study

Clarence Danhoff conducted a study on American agriculture and classified entrepreneurs accordingly. According to him, entrepreneurs generally have less initiative and drive when they start any business venture. However, they learn things with their continued economic work and become more innovative and enthusiastic. Based on his study, he classified entrepreneurs as follows:

Innovating Entrepreneurs

Innovative entrepreneurs, also known as innovators, are the type of entrepreneurs **who usually come to the market with new ideas or innovations.** In particular, they create new products, find new production methods, create new markets and restructure the business. Such entrepreneurs **always try to innovate and invest their time and money in research and development.**

Imitative Entrepreneurs

Imitative entrepreneurs or imitating entrepreneurs are often called 'copy cats'. This is because these entrepreneurs **mainly follow and adopt the innovative entrepreneurs' existing successful enterprise system**. They do nothing new of their own. Imitative entrepreneurs apply strategy from other enterprises in a manner where all core **fundamentals of the original business model are replicated, and all efficiencies are retained.** These entrepreneurs **help improve any product, production process or suggest the use of improved technology addressed by other enterprises.**

Fabian Entrepreneurs

Fabian entrepreneurs are defined as those types of entrepreneurs who generally do not seek to implement changes in their enterprise techniques. They are **very careful in applying any approach and cautious in exercising any change.** These entrepreneurs are **known for not making sudden decisions**. They imitate the change in their strategy.

Drone Entrepreneurs

Drone entrepreneurs are defined as entrepreneurs who do not like to adopt any changes in their enterprise techniques. They **strictly follow their traditional strategies or methods** for development, production or marketing. These entrepreneurs **feel or experience pride and tradition in the old ways of doing business.** This is why drone entrepreneurs sometimes suffer losses, yet they do not adopt changes in their current methods.

Other Types of Entrepreneurs

Apart from the above types, there are several other types of entrepreneurs as given below:

Solo Operators

Solo operators include those types of entrepreneurs **who start their work primarily alone**. However, these entrepreneurs employ few employees if they require. It is the **most common type of entrepreneur**, and most people start their ventures like solo operators.

Active Partners

Active partners include entrepreneurs **who jointly start their ventures**. This may include two or more people. However, each person should have equal participation in the operation of the business. Besides, when the entrepreneurs support only with the money but do not actively participate in the business's operation, they are just called 'partners'.

Inventors

Inventors include entrepreneurs who **work effectively and invent new products**, using their ability and inventiveness. These entrepreneurs are generally **primarily interested in innovative strategies.**

Challengers

Challengers include entrepreneurs **who seek new challenges in enterprise ventures**, including manufacturing, distribution, and marketing. **Once they achieve their set challenge, they begin to set and acquire new challenges**.

Buyers

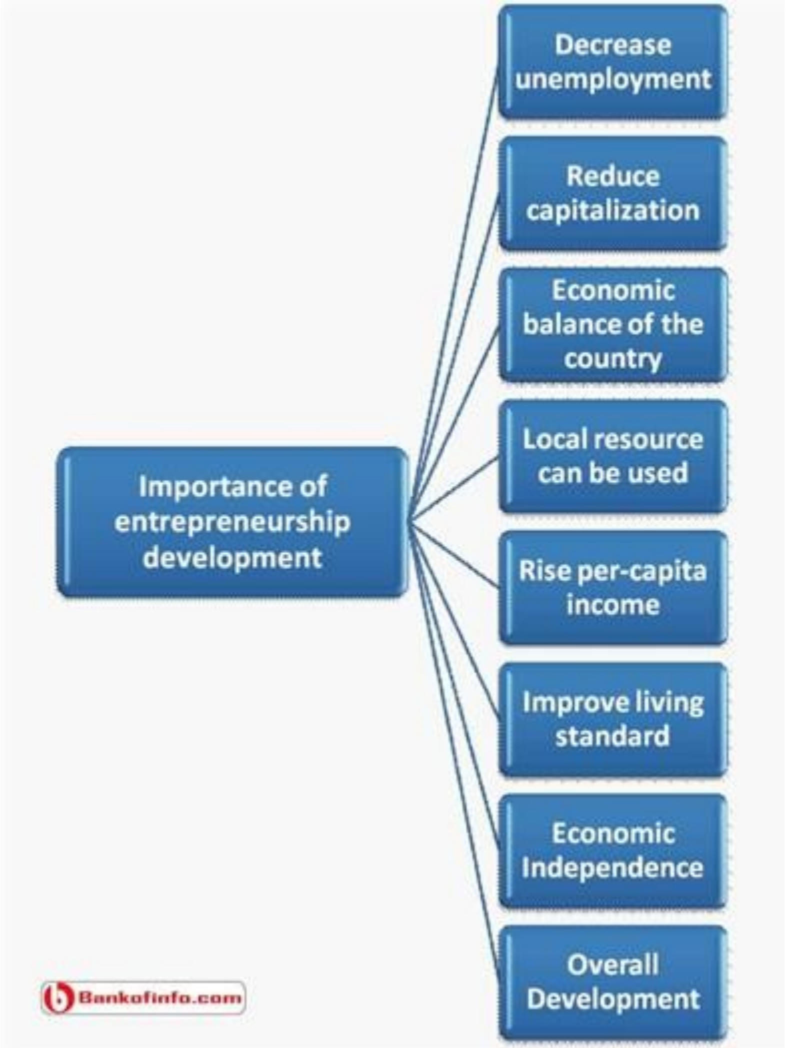
Buyers include entrepreneurs who do not like to take too much risk in completely new business establishments. These entrepreneurs **mainly purchase on-going enterprises by paying a decent amount and start their operations.** This **ultimately reduces the risk of establishing a new enterprise** as the existing enterprise typically has better business

Researchers

Researchers include entrepreneurs who believe in facts and figures based on business studies. These entrepreneurs analyze all aspects of an enterprise and take enough time to gather enough information to make a clear assumption. Then **they put their detailed work and understanding to launch the products.** Researchers are **usually least likely to fail** because they leave no room for mistakes. **They gather information and analyze all ideas from all angles based on all aspects.**

Life-Timers

Life-timers includes entrepreneurs who consider enterprises as an integral part of their lives. In particular, these entrepreneurs **mainly learn skills from their elders and continue to operate family ventures further**. These entrepreneurs usually consider their enterprises a family tradition.


Importance of entrepreneurship development
Decrease unemployment
Reduce capitalization
Economic balance of the country
Local resource can be used
Rise per-capita income
Improve living standard
Economic Independence
Overall Development
Bankofinfo.com


ECONOMIC FACTORS
Raw Material
Infrastructure
Labour
Capital
Market

Characterics of entrepreneurship

i) Entrepreneurship is an economic activity done to create, develop and maintain a profit-oriented business.

ii) It begins with identifying an opportunity as a potential to sell and make profit in the market.

iii) Entrepreneurship is the best utilization of available resources.

iv) Entrepreneurship is the ability of an enterprise and an entrepreneur to take risk.

Types of Entrepreneurship

1. Small business entrepreneurship

Small business entrepreneurship is the process of developing, launching, and running a small business enterprise.Small businesses typically include a lean and agile staff with modest business operations that grow organically.Financing small business entrepreneurship can take time, and common small business funding options include self-funding, crowdsourcing, grants, investors, and small business loans—including those through Shopify Capital.

2. Large company entrepreneurship

Large company entrepreneurship is the process of established companies innovating new products, services, and ideas based on market considerations. Large company entrepreneurship aims to reinvent an existing brand to make it more valuable and relevant to the current marketplace.

3. Social entrepreneurship

Social entrepreneurship involves a business model designed to address a particular social issue. Social entrepreneurs seek innovative solutions to problems in our society, including pollution, poverty, and student debt. By allocating time and money toward socially responsible goals like equitable economic development or wildlife conservation, social entrepreneurs may prioritize a triple bottom line that focuses on profit, people, and the planet.

4. Innovative entrepreneurship

Innovative entrepreneurship is the process of generating innovative ideas for a new business, product, or service. Innovative entrepreneurs focus on unique solutions to problems other entrepreneurs have failed to solve or even consider. By developing innovative services, products, and business models, innovative entrepreneurs seek ways to change the status quo in their industry.

5. Intrapreneurship

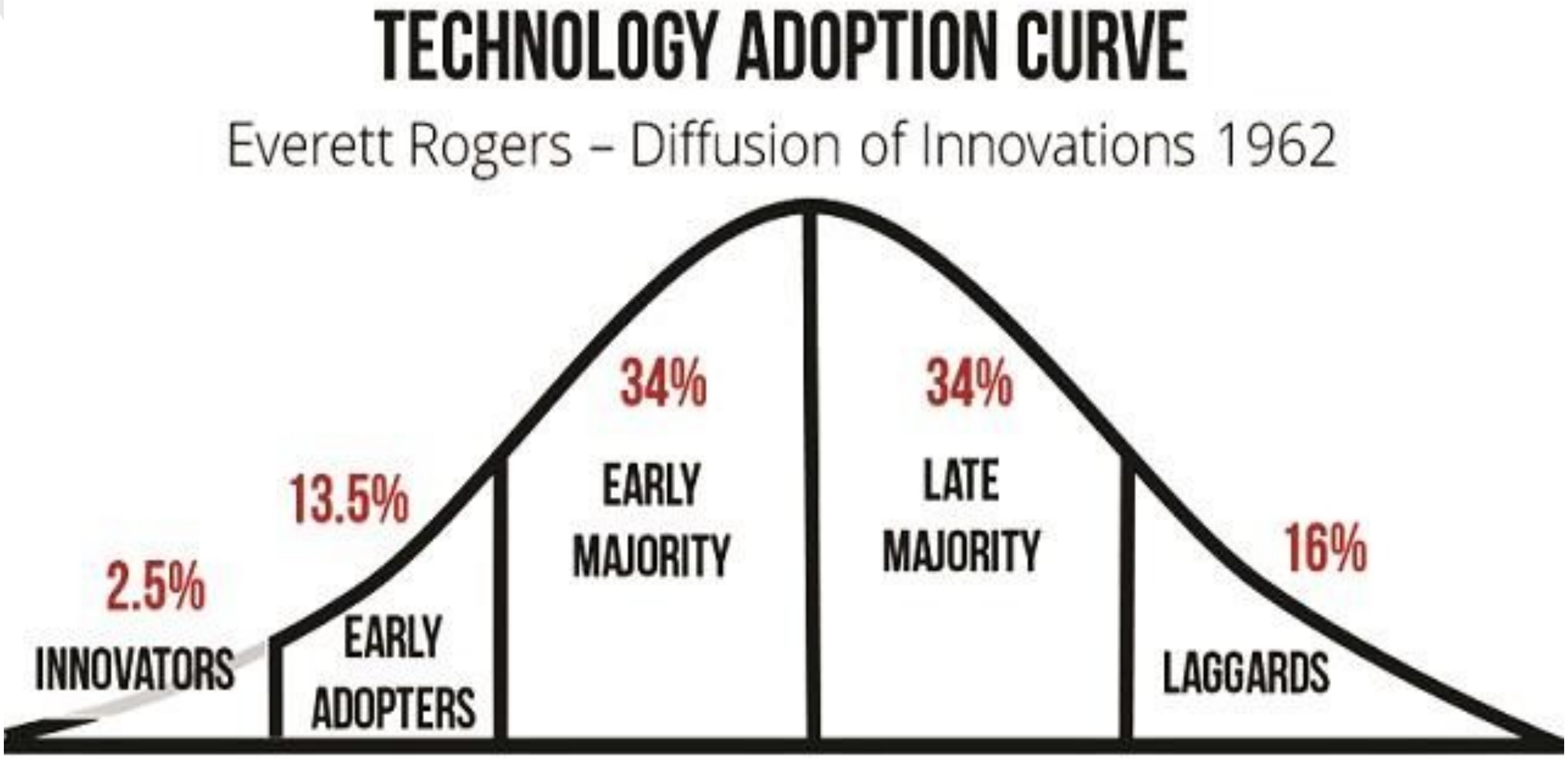
Intrapreneurship is the practice of working with an entrepreneurial mindset within an established organization. Intrapreneurship grows within company systems that empower their employees to think of new ways to improve their products, services, or business practices. Similar to other types of entrepreneurs, intrapreneurs are self-motivated, resilient, and innovative.

6. Adoptive entrepreneurship

Adoptive entrepreneurship is the process of trying to build on and improve an existing business model,product, or service. Adoptive entrepreneurs have a comprehensive understanding of the business landscape in their particula industry, and they use that knowledge to identify how other companies are succeeding. Adoptive entrepreneurs seek to build profitable business ventures inspired by their direct competitors. Rather than mere imitation, adoptive entrepreneurship involves improving on a pre-existing idea in the marketplace.

Reasons to Become an Entrepreneur

Entrepreneurial efforts are like biological experiments in nature: Many variations are tried, but only a small percentage of those go on to thrive. You, however, have an advantage over nature. As an entrepreneur, you can set up your experiment with forethought. Entrepreneurs work under the constraints of their environment – the political economy.


TECHNOLOGY ADOPTION CURVE
Everett Rogers – Diffusion of Innovations 1962
2.5%
INNOVATORS
13.5%
EARLY
ADOPTERS
34%
EARLY
MAJORITY
34%
LATE
MAJORITY
16%
LAGGARDS

What is the technology adoption lifecycle?

The technology adoption lifecycle is **a description of customer behavior related to the acceptance of a new product or feature**, which is often broken into innovators, early adopters, early majority, late majority and laggards.

For example, Apple iPhones, Facebook and Teslas — products that are dominating today’s headlines — once were only popular to a select few who either understood the innovation in front of them or were brave enough to try something new. These so-called early adopters help to get products off the ground, provide crucial design feedback and, if they are successful, help to spread the word among their peers. On the other hand, there are products that once were staples of our daily lives that no longer cross our minds.

The technology adoption lifecycle stages organize customers over five categories based on a determination of how fast or the degree to which a person is ready to adopt a new product or service when compared to the rest of the population. The five stages and their percentage distribution, based on Rogers' research, are:

1. Innovators (2.5%)

Innovators include those that are **eager to try and adopt new products**. These consumers are **willing to take risks** and are usually younger, have **more financial flexibility** and are **regularly in tune with sources of innovation**, such as entrepreneurs.

2. Early Adopters (13.5%)

The next group to adopt new technology products, encompassing a little more than one-tenth of the population, are early adopters. While early adopters also **tend to be younger**, **have more financial flexibility** and **have a higher education level** when compared to la adopters, they are also more likely to be **opinion leaders** **(or be considered "influencers").** This group **closely watches for new innovations** in the market but is notably more selective than innovators when making purchasing decisions.

3. Early Majority (34%)

Rounding out the first half of the bell curve, the early majority is **more conservative and risk-averse** when it comes to financial investment decisions and **look toward influencers and early adopters for feedback**. This group is **more active in research and adoption than late majority and laggards**, but are key to [driving market share growth for a product].

4. Late Majority (34%)

The late majority **catch on to a new innovation well after the average consumer does usually due to a high level of skepticism about the benefits** of a new product or service and **having less financial flexibility than earlier adopters**. The late majority also commonly only interacts with early majority consumers. This is an indication that a product has reached full maturity in the market.

5. Laggards (16%)

Laggards are the last group in the technology adoption stages. Laggards show an **aversion to change and are not influenced by opinion leaders.** This group **tends to focus more on the reliability of products they already use**, but also may have **very little financial flexibility** to take risks when it comes to buying innovative products. Finally, this group of individuals tends to only be in contact with and trust close friends and family instead of influencers or early adopters