

TOPIC TWO

CLASSIFICATION OF ENTREPRENEURSHIP/TYPES OF ENTREPRENEURSHIP

Categories of Entrepreneurship

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Scalable Startup Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

Classification /Types of Entrepreneurship

Classification on the Basis of Ownership

Entrepreneurship can be classified on the basis of ownership as follows:

Founders or “Pure Entrepreneurs”: As the term suggests, they are those individuals who are the Founders or “Pure Entrepreneurs”: founders of the business. They are the ones who conceptualize a business plan and then put in efforts to make the plan a success. For example, Chris Kirubi

Second-generation operators of family-owned businesses: They are the individuals who have inherited the business from their fathers and forefathers.

Franchisees: Franchisee has been derived from a French word which means free. It is a method of doing business wherein the parent owner (the franchiser) licenses his trademarks and tried and proven methods of doing business to a franchisee in exchange for a recurring payment. Here, the franchisee has not conceptualized the business but has invested his money and time in the business.

Classification on the Basis of Personality Traits and their Style of Running Business

The Achiever: These types of entrepreneurs have personal desires to excel. The only drive that pushes them is the desire to achieve something in life, the desire to make a mark in society, the desire to prove their excellence. No matter how many hurdles come in their way, they are totally determined. They do not need any external stimulus but are self-driven. Their characteristics can be termed as achievement personified. They can rightly be called go-getters. This personality often will cause them to build their business around their own personal brand. These entrepreneurs have dreams and dare to fulfill their dreams.

The Induced Entrepreneur: These types of entrepreneurs are induced by some external factors to start a business. The external factors could be like supporting government policies, unemployment, family support, facilitating institutional support, etc. These types of entrepreneur turn out to be more realistic in their approach. For instance, when the government announced subsidies, tax rebates and financial support to small scale industries, several entrepreneurs started their business as SSIs.

The Idea Generator: These kinds of entrepreneurs are highly creative people who are always in search of innovative ideas for setting up new business ventures. They have the ability to sense the demand much ahead of others.

The Real Manager: The real managers run the business in a systematic manner. They analyze business situations, assess the demands of future, both in terms of opportunities and threats and then take actions based on the above assessments. They believe in incremental changes rather than radical transformations.

The Real Achievers: The real achievers are full of life. They are looking for the achievement of not even their own goals but also of people associated with themselves like employees, suppliers and distributors.

Classification based on the Type of Business

Industrial Entrepreneur: Industrial entrepreneur is an entrepreneur who is into manufacturing of a product. He identifies the needs and wants of customers and accordingly manufactures products to satisfy these needs and wants. It would include all the entrepreneurs essentially into manufacturing.

Trading Entrepreneurs: Trading entrepreneur is one who undertakes trading activities (buying and selling of goods and services) and is not concerned with the manufacturing of products. He identifies potential markets, stimulates demands and generates interests among buyers to purchase a product.

Corporate Entrepreneur: Corporate entrepreneur is a person who demonstrates his innovative skill in organizing and managing a corporate undertaking (which is registered under some statute or act that gives it a separate legal entity).

Agricultural Entrepreneur: Agricultural entrepreneurs are those entrepreneurs who undertake business related to agricultural activities. Like farm equipments, fertilizers and other inputs of agriculture. They provide supportive products that can increase the agricultural production through biotechnologies, mechanization and improvement in agricultural yield.

Classification based on the Stages of Development

First Generation Entrepreneur: A first-generation entrepreneur is one who starts an industrial unit by means of an innovative skill. He is essentially an innovator combining different technologies to produce a marketable product or service.

Modern Entrepreneur: A modern entrepreneur is one who undertakes business to satisfy the contemporary demands of the market. They undertake those ventures which suit the current socio-cultural trends.

Classical Entrepreneur: A classical entrepreneur a stereo-type entrepreneur is one whose aim is to maximize the economic returns at a level consistent with the survival of the firm, with or without element of growth.

Innovative Entrepreneurs: Innovative entrepreneurs are the forbearers of change in the business. They are full of creative ideas and offer innovate products to the society. It is because of these innovative entrepreneurs that many important changes occur in our society. They experiment and conduct permutations and combinations of ideas to yield new products and services. Thanks to these innovative entrepreneurs, our society is more networked now; we started off networking by transfer of letters through a messenger (stories even speak of pigeons as messengers), then came formal postage system, then communication evolved to telephonic conversation, mobile, internet, email, and video conferencing. The innovations in networking have been tremendous and are still happening which is bringing the world closer every day. One need not invent but add incremental values (like ringtones, camera, mobile television, mobile radio in mobiles), or change the utility of the same thing (like using mobile for net surfing).

Imitative Entrepreneurs: Imitative entrepreneurs adapt a successful innovation. They are risk- averse and so they do not try out new ideas or products, but if a new idea is accepted by the market, they imitate the new idea and hence join in the competition.

Fabian Entrepreneurs: Fabian entrepreneurs are highly cautious and sceptic in their approach. They are not readily interested in introducing any change in their organization and when they do so it is because unless they the change they would be out of the market.

Drone Entrepreneurs: Drone entrepreneurs are not open to creativity and change. They do not like changing the working of organizations with the changing times. They prefer facing losses to introducing changes in their present processes, equipment and policies. In the present competitive world, these entrepreneurs are simply kicked out of the business for not being able to adapt themselves to the changing dynamics of business.

Women Entrepreneurs: In 1988, for the first time, the definition of Women Entrepreneurs' Enterprise was evolved that termed an SSI unit/industry-related service or business enterprise, managed by one or more women entrepreneurs in propriety concerns, or in which she/they individually or jointly have a share capital of not less than 51 per cent as company/ members of a cooperative society, as a Women's Enterprise.

Copreneurs: When both husband and wife together start and run a business venture then they are called copreneurs. Emergence of copreneurs in the present times is a reflection of the fact that women's role in business is increasing.