

ENTREPRENEURSHIP AND INCUBATION

UNIT I

ENTREPRENEURSHIP

INTRODUCTION

Entrepreneurship is the process of starting new businesses generally in response to identified opportunities. Entrepreneurial activities depend on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high-profile" entrepreneurial ventures seek venture capital to build the business. Investors generally seek returns of 20-30% and more extensive involvement in the business.

Definitions of Entrepreneurship:

- (i) **According to Peter F. Drucker** “Entrepreneurship is defined as a systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation”.
- (ii) **According to Richard Cantillon** “Entrepreneurship entails bearing the risk of buying at a certain price and selling at uncertain prices.”
- (iii) **In the words of Joseph A. Schumpeter** “Entrepreneurship is any kind of innovative function that could have a bearing on the welfare of an entrepreneur.”
- (iv) **According to Robert K. Lamb** “Entrepreneurship is that form of social decision making performed by economic innovators.”
- (v) **As per A.H.Cole** “Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.”
- (vi) **According to J.E. Stephanie:** “Entrepreneurship is risk bearing capacity, organizational ability and will for diversification and innovation.” This is another definition which can be said complete. It has included risk-bearing diversification and innovation as well as ability to organise in the main functions of the entrepreneurship.

Evolution and Growth of Entrepreneurship:

The understanding of entrepreneurship owes much to the work of economist Joseph Schumpeter. In Schumpeter (1950), an entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship forces "creative destruction" across markets and industries, simultaneously creating new products and business models. In this way, creative destruction is largely responsible for the dynamism of industries and long-run economic -growth. Despite Schumpeter's early 20th-century contributions, the traditional microeconomic theory

Of economics has had little room for entrepreneurs in its theoretical frameworks (instead assuming that resources would find each other through a price-system.)

Stages of Entrepreneurship Development:

(1) Earliest Period:

In the earliest period, the entrepreneurship was in its infant stage. The entrepreneur was responsible to establish trade routes. During this time, a common contract provided a loan to the merchant-adventurer at a high rate, including insurance. The capitalist was a passive risk bearer. The merchant adventurer took the active role in the trading and bore all the physical and emotional risks. When the merchant-adventurer successfully sold the goods and completed the trip, the profits were divided between the merchant-adventurer and the capitalist—the former setting only 25 per cent of the profit.

(2) Middle Ages:

In the Middle Ages (from 1,000 A.D. to 15th century), the entrepreneurship developed to a level where an entrepreneur performed the roles of both an actor and a manager of large production projects. In such projects, he did not take any risk but merely managed the project using the resources usually supplied by the government of the country. A typical entrepreneur in the Middle Ages was the cleric—the person in charge of great architectural works such as castles and fortifications, public buildings, abbeys (buildings inhabited by monks or nuns), and cathedrals (churches).

(3) 17th Century:

The connection of risk with entrepreneurship developed in the 17th century with the government to perform a service or to supply stipulated products on a fixed price, and bore the risk of profit or loss resulting out of such contract.

(4) 18th Century:

The entrepreneurship was first recognized in the 18th century, when Richard Cantillon coined the term 'entrepreneur' in 1725 and identified his as a person assuming the risk-bearing function—a person who purchased goods at 'certain' prices -with a view to selling then at 'uncertain' prices in future and thereby took a non-insurable risk. In this century, the entrepreneur (risk taker) was distinguished from the capital provider (today's venture capitalist). One reason for this differentiation was the industrialization occurring throughout the world. Many of the inventions were developed during these periods which were the reactions to the changing world.

The inventors developed new technologies but were unable to finance their inventions themselves. For example, Thomas Edison raised capital from private sources to develop and experiment in the field of electricity and chemistry. He was therefore a capital user (entrepreneur), not a provider (venture capitalist).

A venture capitalist is a professional money provider who makes risk -investments from a pool of equity capital to obtain a high rate of return on the investments.

(5) 19th Century:

During 19th century, entrepreneurship became a broader concept and **J.B. Say** (1803) emphasized the entrepreneurial functions of bringing together of the factors of production, providing continuing management, and taking risks. He separated profits of entrepreneurship from profits of capital.

Similarly, Francis walker (1876) distinguished between those who supplied funds and received interest thereon and those (Entrepreneur) who received from managerial capabilities. Thus entrepreneurs were not usually distinguished from managers.

Entrepreneurs were viewed mostly from an economic perspective and were thought to be those persons who bring resources together in unusual combinations to generate profits. They were viewed as organizers and operators of an enterprise for personal gain. They also assume the chance of loss and gains consequent to unforeseen and uncontrollable circumstances. It was not necessary for them to invent something. Rather, they adapted and developed new technology in the creation of products to achieve economic vitality.

(6) 20th Century:

In this century, entrepreneurship was recognized essentially a creative activity consisting in doing innovative things—new products new technology or method of production, new raw materials, and new business models using computers, etc. Hence, it was associated with risks financial, psychological, and social such risks are taken to get rewards.

According to **Joseph Schumpeter** (1952), “The function of the entrepreneur is to reform or revolutionise the pattern of production by exploiting an innovation or, more generally, an untried technological method of producing a new commodity or producing an old one in a new way, opening a new source of supply of raw materials or a new outlet for products, by organising a new industry.” Thus, the concept of innovation and newness is an integral part of entrepreneurship.

(7) 21st Century:

In this century the concept of entrepreneurship is related to innovative endeavours. It is concerned with introducing something new in the environment of tough competition. It is the most difficult task of the entrepreneur in today's complex environment. It may be noted that the range of innovation starts from creating a new product and may cover up to the development of a new distribution system or up to the development of a new organisation structure or up to developing new business model like computerised office equipment.

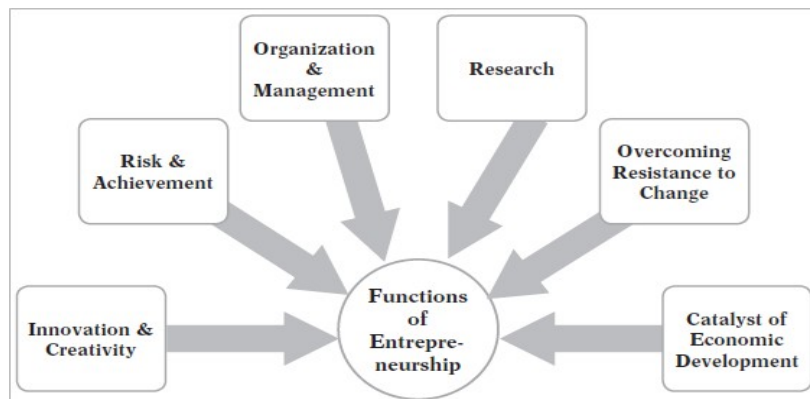
Nature of Entrepreneurship:

- (i) **Entrepreneurship involves decision making**, innovation, implementation, forecasting of the future, independency, and success.
- (ii) **Entrepreneurship is a discipline** with a knowledge base theory and is an outcome of complex **socio-economic, psychological, technological, legal** and other factors.
- (iii) **It is a dynamic** and risky process.
- (iv) It involves a fusion of **capital, technology and human talent**.
- (v) Entrepreneurship is equally **applicable to big and small businesses**, to economic and non-economic activities.
- (vi) Different entrepreneurs might have some **common traits** but all of them will have some different and unique qualities.
- (vii) **Entrepreneurship is a process**. It is not a combination of some stray incidents.
- (viii) It is the **purposeful and organized search for change**, conducted after systematic analysis of opportunities in the environment.
- (ix) **Entrepreneurship is a philosophy** and is the way one thinks, one acts and therefore it can exist in any situation, be it business or government or in the field of education, science & technology.
- (x) Entrepreneurship is a **creative activity**.
- (xi) It is the **ability to create and build something** from practically nothing.
- (xii) It is a **knack of sensing opportunity** where others see chaos and confusion.

- (xiii) Entrepreneurship is the **attitude of mind to seek opportunities**, take calculated risks and derive benefits by setting up a venture.
- (xiv) It is made up of **activities to conceive, create and run** an enterprise.
- (xv) Entrepreneurship is a **dynamic process of vision, change and creation**.

Functions of Entrepreneurship:

The various functions of entrepreneurship are Innovation and creativity, Risk taking and achievement and organization and management, Catalyst of Economic Development, Overcoming Resistance to Change and Research. These have been depicted, at a glance, with the help of the given Figure and are being discussed, in brief, below.



i) Innovation and Creativity –

Innovation generally refers to changing processes or creating more effective processes, products and ideas. For businesses, this could mean implementing new ideas, creating dynamic products or improving your existing services. Creativity is defined as “the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others. Creativity and innovation have always been - recognized as a sure path to success. Entrepreneurs think outside of the box and explore new areas for cost-effective business solutions.

(ii) Risk taking and Achievement –

Entrepreneurship is a process in which the entrepreneur establishes new jobs and firms, new Creative and growing organization which is associated with risk, new opportunities and achievement. It results in introducing a new product or service to society. In general, entrepreneurs accept four types of risks namely Financial Risk, Job Risk, Social & Family Risk & Mental & Health Risk, which are as follows

- **(a) Financial Risk** – Most of entrepreneurs begin by using their own savings and personal effects and if they fail, they have the fear of losing it. They take risk of failure.
- **(b) Job Risk** – Entrepreneurs, not only follows the ideas as working situations, but also considers the current risks of giving up the job & starting a venture. Several entrepreneurs have the history of having a good job, but gave it up, as they thought that they were not cut out for a job.
- **(c) Social and Family Risk** – The beginning of entrepreneurial job needs a high energy which is time consuming. Because of these undertakings, he/she may confront some social and family damages like family and marital problems resulting on account of absence from home and not being able to give adequate time to family.
- **(d) Mental Health Risk** – Perhaps the biggest risk that an entrepreneur takes it is the risk of mental health. The risk of money, home, spouse, child, and friends could be adjusted but

Mental tensions, stress, anxiety and the other mental factors have many destructive influences because of the beginning and continuing of entrepreneurial activity. This can even lead to depression, when faced with failure.

(iii) Organization and Management –

The entrepreneurial organization is a simple organizational form that includes, one large operational unit, with one or a few individuals in top management. Entrepreneurial management means the skills necessary to successfully develop and manage a business enterprise. A small business start-up under an owner-manager is an example of an entrepreneurial organization.

Here, the owner-manager generally maintains strict control over business operations. This includes directing the enterprise's core management functions. According to **Mintzberg**, these include the interpersonal roles, informational roles and decision-making roles. The smaller the organization, the more concentrated these roles are in the hands of the owner-manager. The entrepreneurial organization is generally unstructured.

(iv) Research –

An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his/her ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analysing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he/she applies the ideas in practice. The selection of an idea, thus, involves the application of research methodology.

(v) Overcoming Resistance to Change –

New innovations are generally opposed by people because it makes them change their existing behaviour patterns. An entrepreneur always first tries new ideas at his/her level. It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. His/her will power, enthusiasm and energy help him/her in overcoming the society's resistance to change.

(vi) Catalyst of Economic Development –

An entrepreneur plays an important role in accelerating the pace of economic development of a country, by discovering new uses of available resources and maximizing their utilization. Today, when India is a fast developing economy, the contribution of entrepreneurs has increased multi-fold.

Process/Steps involved in Entrepreneurship:

Entrepreneurship is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. The most obvious form of entrepreneurship is that of starting new businesses. In more recent times, the term entrepreneurship has been extended to include elements not necessarily related to business formation activity, but it also includes specific forms of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship.

Following are the steps involved in the entrepreneurial process.

This entrepreneurial process is to be followed, again and again, whenever any new venture is taken up by an entrepreneur, therefore, it is an ever ending process.

(i) Search for a new Idea – (Idea Discovery)

An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities before him/her.

(ii) Preliminary assessment of Idea –(Opportunity Recognition)

The identification and the evaluation of opportunities is a difficult task, therefore, an entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity. Once the opportunity is decided, the next step is to evaluate it.

(iii) Detailed analysis of promising Idea – (Opportunity Evaluation& Analysis)

An entrepreneur can evaluate the efficiency of an opportunity by continuously asking certain questions such as, whether the opportunity is worthy of investing, its attractiveness, proposed solutions feasibility, chances of competitive advantage & various risks associated with it etc. Above all, an entrepreneur must analyse his/her personal skills & capabilities to ensure realisation of entrepreneurial Goals.

(iv) Selection of the most promising Idea – (Idea Selection)

Once the analysis is done at both macro & micro level, then the entrepreneur selects the best possible option amongst the chosen few, on the basis of the key factors identified by him/her before idea generation.

(v) Assembling the Resource and Personnel – (Sourcing)

The next step in the process is resourcing, wherein; the entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.

(vi) Determining size of unit –

On the basis of the ability to manage resources, the entrepreneur determines the initial size of the business and the possibilities of expansion.

(vii) Deciding location of Business & Planning Layout –

This is a significant decision. Entrepreneur should ideally decide the location where there are Tax holidays & cheap labour & material are available in abundance.

(viii) Sound Financial Planning –

Once the funds are raised and the employees are hired, business location and layout have been finalised, then efforts are made to do sound financial planning with the available financial resource in order to put it to optimum use.

(ix) Launching the Enterprise –

Launching the enterprise by an entrepreneur can be a daunting adventure as the entrepreneur needs to stay focused and should always be open to suggestions. If he/she is mission-driven entrepreneur, it must be remembered that building a truly great company is a marathon, not a sprint.

(x) Managing the Company –

Once the funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. First of all, an entrepreneur must decide the management structure or the hierarchy, which is required to solve the operational problems, as and when they arise.

(xi) Harvesting –

The final step in the entrepreneurial process is harvesting, wherein, an entrepreneur decides on the future prospects of the business, such as its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations are taken.

Importance of Entrepreneurship:

- Growth of Entrepreneurship.
- Creation of job opportunities.
- Innovation.
- Impact on community development.
- The consequence of business failure.
- Political and economic integration of outsiders.
- Enhances the standard of living.
- Promotes research and development.

I. Growth of Entrepreneurship

Entrepreneurship the advent of new venture particularly small ventures to materialize the innovative ideas of the entrepreneurs. Thus, the growth or establishment of small enterprises is the specific contribution of entrepreneurship in every economy of the world. The statistics reveal that in USA economy nearly half a million small enterprise is established every year. Our country is not an exception in this regard.

II. Creation of job opportunities.

Entrepreneurship firms contributed a large share of new jobs. It provides entry-level jobs so necessary for training or gaining experience for unskilled workers. The small enterprises are the only

sector that generates a large portion of total employment every year. Moreover, entrepreneurial ventures prepare and supply experienced labour to large industries.

III. Innovation.

Entrepreneurship is the incubator of innovation. Innovation creates disequilibria in the present state of order. It goes beyond discovery and does implementation and commercialization, of innovations. “Leapfrog” innovation, research, and development are being contributed by entrepreneurship. Thus, entrepreneurship nurses innovation that provides new ventures, products, technology, market, quality of good, etc. to the economy that increases Gross Domestic Products and standard of living of the people.

IV. Impact on community development

A community is better off if its employment base is diversified among many small entrepreneurial firms. It promotes abundant retail facilities, a higher level of homeownership, fewer slums, better, sanitation standards and higher expenditure on education, recreation, and religious activities. Thus, entrepreneurship leads to more stability and a higher quality of community life.

V. The consequence of business failure.

The collapse of the large industry almost has irresistible damage to the development of the state and the state of the economy and the financial condition of the relevant persons. The incumbents lost their jobs: suppliers and financial institutions face a crisis of recovery. Customers are deprived of goods, services, and government losses taxes. This could not happen in the case of failure of entrepreneurship. There shall be no measurable effect upon the economy and no political repercussions too.

VI. Political and economic integration of outsiders.

Entrepreneurship is the most effective way of integrating those who feel disposed of and alienated into the economy. Minorities, migrants, and women are safely -integrated into entrepreneurship that will help to develop a well-composed plural society.

VII. Enhances the standard of living.

The standard of living is a concept built on an increase in the amount of consumption of a variety of goods and services over a particular period by a household. So it depends on the availability of diversified products in the market. Entrepreneurship provides enormous kinds of a product of various natures by their innovation. Besides, it increases the income of the people who are employed in entrepreneurial enterprises. That also capable employed person to consume more goods and services. In effect, entrepreneurship enhances the standard of living of the people of a country.

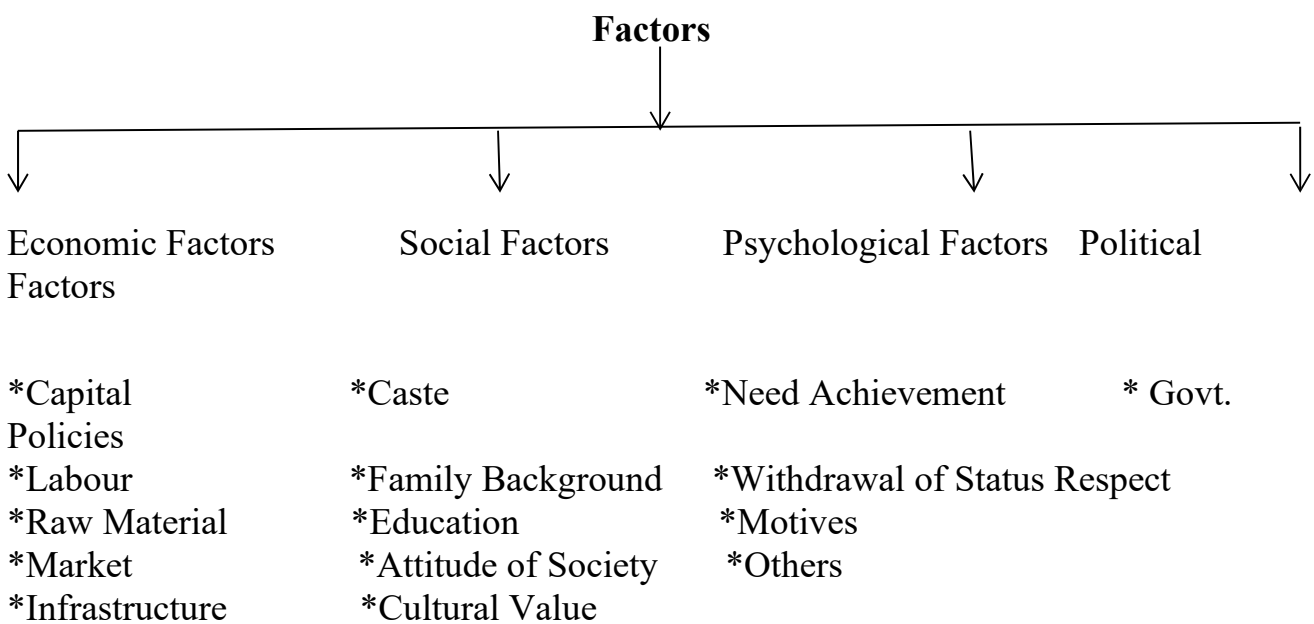
VIII. Promotes research and development.

Entrepreneurship is innovation and hence the innovated ideas of goods and services have to be tested by experimentation. Therefore, entrepreneurship provides funds for research and development with universities and research institutions. This promotes the general development, research, and development in the economy. Entrepreneurship is the pioneering zeal that provides

events in our civilization. We are indebted to it for having prosperity in every arena of human life-economic, technological and cultural.

Factors influencing Entrepreneurship:

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.



(A) 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. Labour:

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

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

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 them but becomes influential depending upon other opportunity conditions. The more favourable 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.

(B) 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 behaviour, 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 Brahmins (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 Shudra to move to a higher caste. Thus, commercial activities were the monopoly of the Vaishyas. Members of the three other Hindu Varna's 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 Zamindari 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 labour 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 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 making 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.

(C) 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 1960s 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 behaviour is the loss of status by a group. He postulates that four types of events can produce status withdrawal:

- i. The group may be displaced by force;
- ii. It may have its valued symbols denigrated;
- iii. It may drift into a situation of status inconsistency; and
- 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.

Some of other Factors Influencing Entrepreneurship:

The following factors influence the growth of entrepreneurship.

1. Traditional Ideology:

Traditions prevalent in the society affect the personal life of the people as well as the businesses. Traditional societies do not allow ventures, entrepreneurship creativity or innovation. These societies crushes the progressive and development aptitude in people and so the entrepreneurial spirit.

2. Lack of Entrepreneurial Spirit:

The country whose youth lacks business aptitude, poor capacity to take risks, absence of creative thinking, and a sentiment to establish businesses, would never be able to develop entrepreneurship. Even the countries or societies have inclination towards jobs or fine arts cannot create wealth or form capital.

3. Uneconomic Culture:

Countries have unmaterialistic and uneconomic culture doing not have interest in collection of wealth, asset and capital formation, personal profits, economic activities and production functions. Unmaterialistic societies emphasizes upon having limited wants and leading simple lifestyle. Therefore, entrepreneurship remains undeveloped these countries.

4. Education System:

The education system prevalent in the country leaves great impact on the development and mobility of the entrepreneurs. Countries in which science, technology and engineering are ignored and literature, religion, philosophy, painting, music and fine arts are emphasized upon, are not fortunate enough to get a fair number of entrepreneurs. Development of entrepreneurship faces hurdles in these types of countries.

5. Social System:

Entrepreneurship tendencies get crushed in the societies in which co-conservatism, religious superstition or casteism is prevalent. The societies having the people interested in their ancestral jobs does not have much of the entrepreneurs since new enterprises are seldom established because people does not get freedom to choose job or work according to their interests and talents. They only follow and continue the family businesses.

6. Resistance against Innovations and Changes:

The development of entrepreneurship is curtailed in the societies in which innovation is ignored, research and investigation is lacked behind and changes are protested. The lack of scientific and logical approach towards problems does also discourage entrepreneurial tendencies.

7. Unproductive Investment:

The business is starved of capital in the societies in which investment are made mainly in jewellery, leisure buildings or other unproductive assets. Unnecessary show off, extravagance and speeding on status symbols regresses the prospects of entrepreneurial development.

(D) Political Factors:

1. Govt. Policies

Governments establish many regulations and policies that guide businesses. Some rules, like minimum wage, are mandatory, while other policies may influence your business indirectly. Businesses need to be flexible enough to respond to changing rules and policies. This is true not only at the national level but more locally as well, as states and municipalities have their own sets of rules. Indeed, there are also international treaties that can influence the way companies do business.

Types of Entrepreneurship

1. Imitative Entrepreneurship:

This type of entrepreneurship is imitative in nature. It presents the existing product in an innovative manner, takes advantage ideas of other firms' and simply brings to bear the weight of corporate muscle to control markets.

For instance the Japanese have studied American products, found ways to improve on those products and produced them at lower costs and exported them to American markets. This type is very often called espionage.

Consumers are very much benefited, due to the cheap availability of existing costly products or services. Thus, products become commercially viable because of improvement in quality at lower price. **Fast food companies and multinational conglomerate companies** are the best examples of enterprises running on imitative entrepreneurship.

2. Incubative Entrepreneurship:

In this type, new ideas materialise. For instance new venture development unit that is often provided seed capital and corporate resources and functions almost independently and is semi-autonomous in implementation of responsibility from inception to commercialisation.

3. Opportunistic Entrepreneurship:

In this type the managers are given the responsibilities and they do not report through existing management hierarchies but enjoy a semi-autonomous work environment. This gives scope for innovation.

4. Administrative Entrepreneurship:

Researchers are supported while providing them with corporate resources for making their ideas commercial realities. Thus, inventions are enthusiastically led by a champion and the organisation encourages the development of the new product.

5. Acquisitive Entrepreneurship:

This type is a step further from traditional method of growth and development. Here, we find alternative growth strategies through mergers, acquisitions, joint ventures, etc.

Recent Trends in Entrepreneurship:

Entrepreneurship in Indian Society

In India, there is a peculiar Joint Family Structure, which has been a source of success of many Indian businesses. But that success has been possible due to economic liberalization in India. That success will continue, only if the reforms continue and if the risks that could derail the growth due to terrorism, political corruption, stalled reforms and growth that focuses only on the urban rich, are tackled well by the Government.

(i) The pre 1990 period – For the old business houses, success had come from the close-knit joint family structure that fosters family values, teamwork, tenacity and continuity. Under this structure, generations lived and worked together under one roof. Wealth from the businesses supported the joint family by providing a social safety net for members. In the structure, businesses and families were intertwined though they were also distinct entities with separate rules. Hence, survival of the family became synonymous with the survival of the business. Prior to the decade of 90s, Indian business success was a function of ambition, licenses, government contacts, and an understanding of the bureaucratic system. Decisions were based on connections, rather than the market or competition. During this era, entrepreneurship was subdued, capital was limited and India had very few success stories.

(ii) The post 1990 period – In 1991, the Indian government liberalized the economy, thus changing the competitive landscape. Family businesses, which dominated Indian markets, then faced competition from multinationals, which boasted of superior technology, financial strength and deeper managerial resources. Thus, Indian businesses had to change.

According to The State of Indian Start-up Ecosystem Report 2021, India has over 5,694 active investors and 38K start-ups. Hence, the trend of entrepreneurship and start-up boom is increasing. However, running a business successfully or starting a new business makes sense when you stay updated about the entrepreneurship trends and develop business acumen.

Executive Management Programme in Entrepreneurship Development (EMPED) is a perfect learning programme for entrepreneurs and those who wish to become one. It tells you much

more than “What is entrepreneurship development?” It imparts the candidates all the skills they need to implement their idea successfully and take their venture to new heights.

Let us see the Current Trends in Entrepreneurship Development

- Launch of Start-up India
- Increasing spend on social media and digital marketing
- Growth in new technology
- Micro-influencers are helping drive sales
- Growth of Entrepreneur Communities

These trends will help one become aware of the business world’s changes that help make the right business decisions.

(i) Launch of Start-up India:

The start-up ecosystem in India is changing, and SME’s or Small and Medium Enterprises are privileged today compared to what it was a decade back. The government has taken various initiatives to establish a favourable Indian Start-up ecosystem, and they have launched a new portal, **Start-up India**, to promote the growth of Indian Start-ups. With the latest technology, customer-friendly approach, new taxation policy, and **relaxation in GST**, ease of business registration, the start-ups in India have become a significant player in the Indian economy. New innovative businesses are coming up frequently, increasing the need for entrepreneurship knowledge.

Start-ups with more significant potential will be adopted faster, and big investors fund small start-ups and entrepreneurs. Earlier, such investments in start-ups were considered fancy investments. However, today Unicorns start-ups (private start-ups with an investment of over \$1 billion) can step toward the mid-level business within six months. Premium institutes like IIT Delhi have emphasized that those who wish to become their own bosses and succeed must also know about Entrepreneurial Ecosystem and Venture Creation, Entrepreneurial Operations and Decisions, Entrepreneurial Finance, Growing and Scaling up Entrepreneurial Ventures, Entrepreneurial Failure Management and much more. Their Certificate Programme in Entrepreneurship will help you put your best foot forward.


(ii) Increasing spend on social media and digital marketing:

Social media users in India are **78 million**, which is 21% more between 2020 and 2021. (Data re-portal) As per **Statista.com**, Social Media Ad spending in -India is expected to reach **US\$863m** in 2021. If we have to pick one of the critical drivers for the start-up boom in India, then social media and digital marketing have an essential role in this. Digitization has paved the way for a new set of opportunities for entrepreneurs.

Companies are spending more on social and digital media marketing because they can optimize their ads and marketing strategy on social media according to consumer behaviour. Moreover, social media platforms such as **Facebook, Twitter, and Instagram** can provide real-time statistics of their users, and they will show your ads on their user’s profile who are interested in a similar type of products and services that you offer. So, you can easily reach your potential customers through these digital marketing platforms, and you can reduce your marketing cost by promoting your brand and products on social media platforms.

(iii) Growth in new technology:

Technology has proven to be a boon for entrepreneurs; they can now use it to create applications and websites to establish their names and generate brand awareness. **Indian App Market** is also going strong and is predicted to get stronger in the coming years. India’s app market is leading the world with over **28,000** Indian app publishers on **Google Play Store**. Looking at the current trends,



entrepreneurs are also vying to have their app on the Play Store for branding. Further, spend on mobile ads is projected to increase from 45% to 65% in 2022.

Apart from social media entrepreneurs for business networking and attracting customers, some have built their careers on Social media alone. **Youtubers** and **Bloggers** are a good example. Social media is popular because its reach is impressive.

As per **IBEF.org**, e-Commerce sales increased by 36% in the last quarter of 2020. Also, with the increasing digital literacy and smartphone users, there is a rise in e-Commerce investments, with several small and big new players all set for their digital presence. Ecommerce sales are expected to get a further boom in the coming years. As per the Indian e-Commerce industry report, The Indian E-commerce market is most likely to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017.

(iv) Micro-influencers are helping drive sales:

Influencers are the people who have a good number of followers on their social media profiles. It can be a celebrity, music star, or tutor. According to various surveys, consumers trust word-of-mouth recommendation from friends and family, which is how micro-influencers work. Micro-influencers are not celebrities, and they are ordinary people who can create specific content about a topic or theme. They have a small number of followers, a high engagement rate, and can interact with their followers. If you have a limited budget for your marketing, you can hire a micro-influencer because they can help you establish your brand through a word-of-mouth marketing campaign.

(v) Growth of Entrepreneur Communities:

Entrepreneur communities are forums where like-minded people from the same industry can interact with each other. There are many benefits of joining a -professional community for entrepreneurs like knowledge sharing, getting valuable tips, staying updated about the latest trends, solving business issues, learning from mistakes, learning new skills, getting more business, getting good ideas, and business networking. Due to so many advantages, there is a rise in entrepreneurs and business communities.

(vi) Digitisation:

The most dominant trend is the acceleration in digitisation supported by increasing consumer acceptance and adoption of digital services and products. This digital reset has propelled the use of contactless digital technology for financial transactions, opened up new markets and spurred a hiring spree among digitally-enabled start-ups.


It is supporting the growth of digitally-enabled hyper-local business models such as **Meesho** and **PayNearby**, as well as the rise of vernacular language voice technology start-ups such as **Vernacular.ai**.

There has been a rise in the adoption of emerging technologies for solving education and healthcare challenges too. **TutAR** began developing augmented reality education tools to make classrooms more engaging. **Qure.ai's** AI-algorithm based interpretation of radiology images helped with COVID-19 assessment, making healthcare accessible and affordable. Digitisation enables remote working, rebalancing the workforce away from metropolitan cities towards new job opportunities in non-urban centres.

(vii) Localisation:

The focus of the Indian government's support package for the MSME sector during the pandemic was **Atma-Nirbhar Bharat** (self-reliant India). It provided incentives and policies to facilitate the localisation of specific industries such as electronics manufacturing and toy manufacturing.

The pandemic also gave further impetus to the **National Policy on Electronics**, which envisions making India a \$400 billion hub of **Electronics System Design and Manufacturing (ESDM)** by 2025. Recent initiatives such as the ESDM incubation centre in Hubli and the Super Fab-



Lab in Kochi support the localisation of the electronics supply chain through developing hardware start-ups.

Global multinationals are also supporting this localisation trend by setting up new manufacturing clusters and platforms for Indian small business. Such initiatives could help to create more reliable supply chains, boost local employment and reduce the carbon footprint related to transporting goods and reduce India's electronic imports, which currently account for 13% of all of India's imports.

Entrepreneur:

The word entrepreneur has an interesting definitional history and it stems from the French word *entreprendre* which refers to 'undertake' i.e., individual who undertake the risk of new enterprise. Richard Cantillon of France used the word entrepreneur, in 1725 A.D.

The entrepreneur as an individual, who forms an organization for commercial purpose— who is a capitalist.

—Adam Smith (1776)

The word "entrepreneur" has its origin in the French word *Entreprendre*, which means "to undertake". The early Frenchmen who led military expeditions were called entrepreneurs; it was Cantillon, the French Economist, who first applied the term in the eighteenth century to a merchant who purchased the means of production to combine them effectively into saleable products. Accordingly, innovation and entrepreneurship in the initial stages of the development of a business activity is very crucial to the economic development of a country.

The entrepreneur is understood as a person who owns the business which he has started (often a small), bears risks involved in the process of starting it and in running it, innovates and provides leadership to the venture he runs. He is so attached to the business venture that the progress of the business is intricately linked with his own personal development.

Modern Concept of Entrepreneur:


An entrepreneur may be defined as an individual who intends to add value to the economy by creating a new business venture through effective use of his knowledge, passion, dreams and desires.

An entrepreneur is a person who evaluates the new situation in the environment and directs the making of such adjustments or alternations in the economic or manufacturing systems as he thinks necessary for achieving desired results.

Definitions of Entrepreneur:

Different authors have given different definitions of entrepreneur. Some of the main definitions are given below:

- (1) **American Heritage Dictionary**, defines entrepreneur as a person who organises, operates and assumes the risk for a business venture."
- (2) **Richard Cantillon** described the entrepreneur an agent buying and selling goods at uncertain prices."
- (3) **J.B. Say**, defined an entrepreneur as the economic agent who unites all means of production, the labour, the capital or land and earns profit. He has compared entrepreneur with a farmer."
- (4) According to **Peter F. Drucker**, "Entrepreneurship is neither an art nor a science, it is a process. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed what constitutes knowledge in practice is largely defined by the ends that are by the practice."
- (5) **A.H. Cole**, described, entrepreneurship as the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organise a profit-oriented business unit for the production or distribution of economic goods and services."



When an entrepreneur starts a new business, he is filled with enthusiasm, uncertainty, frustration, anxiety and fear of events of the future. There is a very high failure probability of the enterprise due to low sales rate, cut throat competition, insufficient financial resources, poor planning and forecasting by the entrepreneur, lack of the knowledge of management and its functions etc. It will be a very difficult decision for a person to go for entrepreneurship in the time of 'efficient in all respects' Multi-National Corporations or MNCs, since small-scale enterprise can't face tough competition with the MNCs.

Characteristics of an Entrepreneur:

1) An Individual or Group Individuals:

Entrepreneur may be an individual or a group of many individuals. Present age belongs to large business houses and mass level of production. To commence an enterprise on a very large basis, the capital or skills of a single individual is not sufficient. A group of individuals gathers contributes their share of capital and resources and starts a business enterprise.

(2) Need for achievement:

It is the prime psychological drive that motivates the entrepreneur. His desire to excel in his venture and to achieve desired goal. As a high achiever, he competes with his rivals in the venture field as well as with his own previous performance.

(3) Independence or autonomy:

Although there are various motivations for venturing out alone, the most frequent reason for becoming an entrepreneur is the desire for independence or autonomy—not wanting to work for anyone else. This desire to be one's own boss ignites a fire in the heart of an entrepreneur to accept all social, psychological, financial, and technological risks and to work hard.

(4) Risk Bearer:

Entrepreneur has the risk bearing capacity. In fact it is the characteristics of risk bearing that distinguishes an entrepreneur from a manager. An entrepreneur is a manager but he has the distinction of performing risk bearing function. A manager also does more or less the same thing but he does not take risks.

(5) Innovation:

An entrepreneur is basically an innovator by nature. He is always in search of new ideas and new opportunities. He tries to outshine others by taking initiative in doing new things i.e., exploring new products, new markets, new raw materials, new methods of production, etc.

(6) Goal Oriented:

Entrepreneur is goal oriented. He gets happiness by setting and striving for goals one by one. Reaching one goal set by entrepreneur will lead to setting up of another goal.

(7) Decision-making:

An entrepreneur is a rational decision maker. He has to take several decisions to put his business idea into a reality. He recognises an idea i.e., a product, service or market. He has several alternatives before him. He has to make a choice between them. This involves decision-making as to choose the best alternative which may suit him and give maximum profit. For example, he has to decide what is to be produced, how is to be produced, where to be produced and when to be produced etc.



(8) Self-confidence:

An entrepreneur has high degree of self confidence in achieving his goals. He has the capacity to face extraordinary and unforeseen circumstances as and when they arise.

(9) Initiative:

An entrepreneur always takes initiative. He spends a large portion of their time in thinking over finding out new or novel ways of doing things differently—finding out a new raw material, a new product, a new method of production, a new style of advertisement, a new style of packaging, and so forth. While taking such initiative, entrepreneurs duly keep in mind the needs and requirements of the customers, changing tastes and fashions, changing life-styles and attitudes, etc.

(10) Motivator:

An entrepreneur is a motivator. He motivates his workers by giving them incentives and creation of team work in order to get their whole-hearted cooperation. He is able to influence people in the new business unit in the way that they will strive willingly and enthusiastically toward the achievement of unit's goals.

Essentials of a Successful Entrepreneur:

1. Imaginative:

Creative thinking and imagination are important entrepreneurial qualities since innovation comes with these qualities. An imaginative entrepreneur is always in search for new ideas and is a competent reader of the future events which are uncertain and poses the maximum risk before the enterprise. Entrepreneur plans to profit and to avoid or mitigate risks using his imaginative capabilities and execute these plans for realisation of the profit, sales budget etc. Imaginative entrepreneur can smell the future problems and make plans in advance to tackle those problems.

2. Sharp Memory:

Successful entrepreneurs always have a memory sharper than people in general. Every event of the recent past should be in his mind when he/she is making any important decision as regards the organisation. He/she has to meet several people, take numerous decisions and keep a score of plans, reference etc. in his mind, which are necessary for accurate decision-making and success of the organisation.


3. Self-confident:

Entrepreneur should be confident that what he/she is doing or whatever he is going to do in future is right, but he/she should keep a place reserved too, i.e., he/she should be very confident but his actions should not fall prey to over confidence. Emerson has said, "Self-confidence is the secret of success."

5. Foresighted:

The entrepreneur can evaluate the events even before they are occurred with the help of his foresight. He can analyse the results of the present action and plans. Foresighted entrepreneur is future—oriented, which enables the enterprise to avoid problems which it may face in near future.

6. Dynamic Ideas:



The success of the entrepreneur and the enterprise depends on the ideas or thinking of the entrepreneur also. Conservative approach or traditional ideology proves to be hurdle in the success of the enterprise. Entrepreneur should be a man of dynamic ideas and only then he would be interested in using modern management techniques, latest machineries, plans, and process etc. for his enterprise's success. Dynamic thinking paves the way for innovation and modernisation in the organisation.

7. Willingness of challenges:

An entrepreneur should have the tendency of accepting new challenges. He should prefer challenging jobs. "Entrepreneur should have the spirit of enterprise -(venture)." "One who chooses challenges between security and challenge is the true entrepreneur."

9. Ambition:

The ambition to do something and get ahead of others must be there. If it's not there in entrepreneur, he can't succeed. David McClelland has called it an 'urge to Achieve'. Andrew Carnegie says "A person who does not hold desire for success and achievement, can't get to the higher goals in his life." Whether a sportsperson, an artist, a politician or a scientist, all have an urge or desire to achieve, and so they become popular for the field or working area they are in. They can-not get ahead of their competitors, if they does not possess desire to do so. It is the same for entrepreneur also. First he should have the desire and then he should work to march past others.

Types of Entrepreneurs:

(a) Based on the Type of Business:

1. Trading Entrepreneur:

As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufactures products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.

(b) Based on the Use of Technology:

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the -entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

(c) Based on Ownership:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she is the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called 'state entrepreneur.'

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called 'joint entrepreneurs.'

(d) Based on Gender:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called 'men entrepreneurs.'

2. Women Entrepreneurs:


Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

(e) Based on the Size of Enterprise:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called 'small-scale entrepreneur.'

2. Medium-Scale Entrepreneur:



The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore but below Rs 5.00 crore is called ‘medium-scale entrepreneur.’

3. Large-Scale entrepreneur:

The entrepreneur who has made investment in plant and machinery more than Rs 5.00 crore is called ‘large-scale entrepreneur.’

(f) Based on Clarence Danhof Classification:

Clarence Danhof (1949), on the basis of his study of the American Agriculture, classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds, they become more innovating and enthusiastic.

Based on this, he classified entrepreneurs into four types:

These are discussed in seriatim:

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganise 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 are characterised by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:


Fabian entrepreneurs are characterised by very great caution and scepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterised by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers. Such entrepreneurs may even suffer from losses but they are not ready to make changes in their existing production methods.

Following are some more types of entrepreneurs listed by some other behavioural scientists:

1. 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.

2. Active Partners:

Active partners are those entrepreneurs who start/ carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business. Entrepreneurs who only contribute funds to the enterprise but do not actively participate in business activity are called simply 'partners'.

3. Inventors:

Such entrepreneurs with their competence and inventiveness invent new products. Their basic interest lies in research and innovative activities.

4. Challengers:

These are the entrepreneurs who plunge into industry because of the challenges it presents. When one challenge seems to be met, they begin to look for new challenges.

5. Buyers:


These are those entrepreneurs who do not like to bear much risk. Hence, in order to reduce risk involved in setting up a new enterprise, they like to buy the ongoing one.

6. Life-Timers:

These entrepreneurs take business as an integral part to their life. Usually, the family enterprise and businesses which mainly depend on exercise of personal skill fall in this type/category of entrepreneurs.

Functions Of Entrepreneur:

1. Taking Initiative
2. Organizing Resources
3. Identifying Opportunities and Prospects
4. Risk-Taking
5. Decision Making
6. Technology Transfer and Adaptation
7. Innovation
8. Fostering Autonomy
9. Social Responsibility
10. Public Relations



11. Experience Sharing

1. Taking Initiative:

Entrepreneurship is a pro-active activity that takes such actions, which others can't even perceive. This unique function of entrepreneurship provides our civilization with a wide variety of products, ways of actions, production techniques, etc. Therefore, taking initiative with such end and qualification is the prime function of entrepreneurship in every economy.

2. Organizing Resources:

Organizing entails identifying those resources that are required to transform a particular idea into reality. The resources include human and nonhuman resources. Organizing in entrepreneurship will increase productivity, promote new ventures, distribute and supervise work and responsibility, and will remove barriers to work. Entrepreneurship, thus, is the taping tool for assuming indigenous skills and resources for the productive purpose.

3. Identifying Opportunities and Prospects:

Entrepreneurship searches those activities of value that have an economic and social contribution. It identifies new opportunities in the socio-economic arena which have got profitable prospects therefore, entrepreneurs are called searchers of hopes into blind spots and this function enormously indebted our society to entrepreneurship.

4. Risk-Taking:

Entrepreneurship takes the risk for the new venture. For innovative actions in the field of production technology for new products in a volatile market and new raw materials used in production. Moreover, it also takes the risk for theft, robbery, snatching market fall and hooliganism that may be involved with new entrepreneurship. This is a major function of entrepreneurship in developing countries.


5. Decision Making:

Entrepreneurship is a new initiative therefore; it has to decide multivariate issues that affect new ventures. Entrepreneurship has to decide upon equipment to be used quality, price and its variation, deficiency, capital structure, the feasibility of the project, organizational structure, philosophy of management, etc. that will guide, run and prosper the new venture or distinct attempt for entrepreneurship.

6. Technology Transfer and Adaptation:

Entrepreneurship throughout the world brings invented technology from different corners of the world and makes it appropriate by making required adjustments for local conditions. This function of entrepreneurship involves identifying appropriate technology with market potentials and adapts it into the local environment. Sometimes, the technology uses indigenous materials that reduce cost and wastage of resources. This entrepreneurial function virtually makes the world united in terms of homogeneous technology.

7. Innovation:



Entrepreneurship innovates a new production process or technology, market, sources of new materials, management, strategy or technique, investment opportunity, etc. that Schumpeter (1934) calls as the fundamental characteristics of entrepreneurship. Under the context of the changing environment, the entrepreneur locates the most feasible opportunity for the venture as well as improved or distinct technology that gives competitive advantages or a new opportunity to prosperity.

Innovation is a creative means to add new utilities to existing situations or products. Entrepreneurship through innovation creates innovative products or operations for human society.

8. Fostering Autonomy:

Entrepreneurship is an exposure of creative faculty that provides personal satisfaction and independence. The unique freedom to think differently is the impetus for entrepreneurship. Thus, entrepreneurship Fosters autonomy to advent something new of value by the application of devoted efforts and time.

9. Social Responsibility

Entrepreneurship with its innovative technology somehow promotes human efforts. It restarts closed industries with innovative managerial strategies and techniques. It also motivates new entrepreneurs and attracts them to engage into an entrepreneurial venture. Entrepreneurship provides new products or ideas that give momentum and diversity into society. Therefore, entrepreneurship performs social responsibility that protects the welfare, benefit and economic gain of the society. It also promotes the community standard by providing jobs and amenities.

10. Public Relations

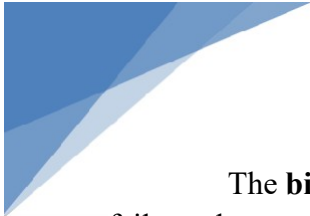
Entrepreneurship is a new venture that requires social acceptance by the regulatory bodies and the public at large. The government, as well as the persons' who will be subject to entrepreneurship, would be convinced through public relations to accept and to allow the entrepreneur to execute an entrepreneurial venture. History tells that many entrepreneurs were disregarded, coerced and even eliminated for their entrepreneurial activities. Failure is costly and therefore, public relation is a significant function of entrepreneurship.

Entrepreneurial Mind Set & Personality

Entrepreneurial mind-set: a way of thinking that enables you to overcome challenges, be decisive, and accept responsibility for your outcomes. It is a constant need to improve your skills, learn from your mistakes, and take continuous action on your ideas. Anyone willing to do the work can develop an entrepreneurial mind-set.

How to develop an entrepreneurial mind-set?

Anyone can learn how to act like an entrepreneur, build the habits, and learn some business hacks to fearlessly create a business or start a side hustle. You can work towards starting a business and earning passive income without quitting your job, without knowing how to code, and without a million-dollar idea. Having a proven online business model helps, too.



The **biggest killer** of the entrepreneurial mind-set is not what you would expect. It's not failure, the economy, or bad ideas. It's **doubt** – in ourselves, our surroundings, and our abilities. Self-doubt kills many dreams, long before any external factors can come into play.

Here are some of the characteristics of entrepreneurship:

Decisiveness	Determination	Focus
Confidence	Drive	Creativity
Resilience	Humility	Flexibility
Self-Efficiency	Future Orientation	Opportunity Recognition
Intrinsic Motivation	Comfort with Risk	a Thirst for Knowledge etc

1. Decisiveness: To succeed as an entrepreneur, you must gain the ability to look at a problem or situation, digest all available data (at that point in time), and make a confident decision to move forward. Your ability as a decision-maker will make or break your future successes. In fact, at the opposite end, indecision is one of the greatest causes of business failure. When you can't decide what to do, you delay taking action. In other words, you do nothing. Think about how many dreams (and businesses) failing to take action has killed.

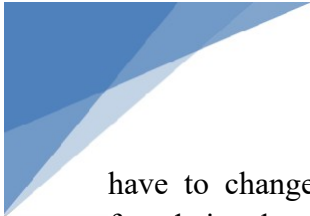
2. Confidence: There are many skills you will need to learn to accomplish everything you want in life. But how do you act confidently when you don't know what you are doing? Confidence, the second characteristic of the entrepreneurial mind-set and one of the most important qualities of an entrepreneur. It is essential that you get used to the uncomfortable feeling of knowing that you don't know what you're doing. Whether it's getting on stage to speak, launching your product, or learning how to start a blog and publishing your ideas to the world, we tend to see others doing it and incorrectly assume they've always been good at it. They weren't born knowing how to speak confidently, launch successful products, or write excellent books. They also weren't born knowing how to become entrepreneurs.

3. Accountability: The entrepreneurial mind-set comes from taking responsibility for your actions and outcomes. You need to internalize and accept that:

- Everything that happens at work – YOU are responsible for.
- Everything that happens to your business – YOU are responsible for.
- Whether you succeed or fail, it is YOUR responsibility.

From this moment forward, you must accept responsibility for everything in your life and hold yourself accountable to it. The entrepreneurial mind-set requires you to take complete control and hold yourself accountable to your outcomes – both good and bad. As James Altucher said on the podcast, life is a sentence of failures punctuated with brief successes.

4. Resilience: As an entrepreneur, you will need to learn to deal with making mistakes and failing. They are inevitable and a part of your growth. If every misstep plummets you into self-doubt, you



have to change the way you look at being wrong. This mind-set shift takes resilience and is foundational to the entrepreneurial mind-set. Success rarely happens in a straight line. Taking wrong turns and making mistakes is something that happens to everyone.

5. Humility: Humility is freedom from pride or arrogance, and it ties all of the characteristics of entrepreneurship. From decisiveness to confidence, humility will keep you focused and cantered. From accountability to resilience, you will continue to move forward through failure, mistakes, and upsets. If you want to accomplish big things in life, you need to be willing to learn from others and nourish a growth mind-set. To do big things, you need to grow. To grow, you need to learn. No matter what you are trying to accomplish, someone already has done it before you.

Difference Between Entrepreneur Vs. Intrapreneur (Manager)

*An Intrapreneur is an employee who thinks and acts like an entrepreneur within a business. They apply problem-solving, creativity, communication skills and critical thinking to deal with ambiguity and to become agents of change and growth for their employer.

While an entrepreneur aims to increase their individual wealth and ownership by creating a new business, Intrapreneurs are rewarded to leverage existing resources and networks within a company to launch transformative innovations and initiatives.

*An Intrapreneur is able to take the peculiar human capability of connecting the dots and mobilising momentum and energy to take ideas to the next level, to help future-proof the organisations they work for, and future-proof themselves too from a professional point of view. They deeply understand customers and stakeholders, see their frustrations, use insights to identify opportunities, creatively devise effective solutions and finally mobilise resources to make their vision a reality.

While entrepreneurship is commonly understood and accepted, depicted in the media frequently in all forms — from rags-to-riches visionaries to capitalist moguls, and generous geniuses to philanthropic plutocrats — Intrapreneurs have largely remained unsung heroes, mostly mentioned as successful executives who may have risen to the top of corporate pecking orders.

Intrapreneurs are entrepreneurially-talented individuals within organisations who use creative problem-solving skills to capture value-generating opportunities — developing ambitious ideas into scalable solutions or market propositions that drive progress for their organisations and society. Intrapreneurs can be tasked to work on anything from incremental innovation projects to more experimental ideas. Internal innovation helps companies thrive in an ever-more competitive and dynamic market.

What are the skills that make an Intrapreneur?

We have seen that they always display a combination of the following:

- Problem-solving & critical-thinking
- Creativity
- Dealing with ambiguity
- Resilient growth mind-set

- Strong communication
- Networking and Stakeholder management

Comparison Chart

Basis of Comparison	Entrepreneur	Intrapreneur
Meaning	Entrepreneur refers to a person who set up his own business by taking financial risk with a new idea or concept to get profit	Intrapreneur refers to an employee of the organization who takes responsibility of controlling and administrating innovations in product and service in an organization
Work for	Entrepreneur works for creating a leading position in the market	Intrapreneur works for bring change and renew the existing organizational system and culture
Focus	The focus of entrepreneurs are business start-ups	Intrapreneurs focus on on-going operations
Risk orientation	Entrepreneurs are risk takers	Intrapreneur are risk averse, and it is taken by the company
Reward	Entrepreneurs are rewarded by profits	Intrapreneurs are rewarded by increment in salaries
Resources	In case of entrepreneur, they use own resources	In case of Intrapreneurs, the resources are provided by the company to use
Status	Entrepreneurs are the owner of the business	Intrapreneurs are the employee of the business organization
Approach	The approach of entrepreneurs is intuitive	The approach of Intrapreneurs is restorative
Capital	Entrepreneurs raised capital by themselves	In case of Intrapreneur the capital is financed by the company
Dependency	Entrepreneurs are independent	Intrapreneurs are dependent on organization
Enterprise	Newly established	An existing one