Chapter-II

Review of Literature
2.1 Introduction

Entrepreneurship is an interdisciplinary concept. It has been studied from the perspective of a variety of disciplines such as economics, psychology, sociology, anthropology, management and finance. Economists have generally viewed entrepreneurship as a dependent variable. They have focused between equilibrium states and desired to produce deterministic calculable models. Other disciplines, particularly psychology and sociology, however acknowledged the importance of non-economic factors in influencing economic behaviour. Each discipline has its own way of viewing and examining entrepreneurship. In this chapter both theoretical and empirical review of literature regarding entrepreneur and entrepreneurship development is discussed.

2.2 Review of Theories

Richard Cantillon an 18th century French economist first introduced the term ‘entrepreneur’ in economic literature. According to him, an entrepreneur is ‘a risk taker’. He defines the entrepreneur as the ‘agent who buys means of production at certain prices in order to combine them’. For him, an entrepreneur undertakes activities and operates within a set of economic markets. He is a pivotal figure. Further, the entrepreneur has foresight to assume uncertainty of entrepreneurial activities and can take appropriate action to make a profit. In the process, he may even incur loss. Cantillon suggests that entrepreneurs react to opportunities of profit, bear uncertainty and continuously serve to bring about a (tentative) balance between supplies and demand in specific markets (Murphy, 1986).
The British classical economist Adam Smith did not make any distinction between the capitalist and the entrepreneur. He viewed the economic progress as something automatic. He, however, used the term “projector” and “undertaker” as the English equivalent of the French word “entrepreneur”; but only as synonyms for business proprietor. The English classical economists could not isolate entrepreneurial function from that of pure ownership of capital. Hence, the term entrepreneur was absent in the writing of David Ricardo and other classical economists.

The neo classical economist Marshall viewed entrepreneurship as synonyms with business management. He suggested that payment for the entrepreneurial function could be seen as rent on ability. Walrus described entrepreneur as a coordinator and arbitrageur. The entrepreneur was one of the four players in the economy, apart from the land-owner, the capitalist and the worker. Without the entrepreneur there is no activity, no change.

Entrepreneurs are responsible for their own actions (Knight, 2006). They can make judgments and prepared to take risk in an uncertain world. Moreover, an entrepreneur may be regarded as a calculated risk taker. There are risks when outcomes are uncertain; but these outcomes can be predicted with some degree of probability. An entrepreneur can avoid such kind of risk by insuring against. But there are certain risks which cannot be predicted, and hence cannot be transferred through insurance. This is uncertainty. An entrepreneur is prepared to accept such kind of risks or uncertainties. The reward for an entrepreneur for bearing uncertainty is profit. Knight suggests that entrepreneurs make judgment surrounding risk and profit. However, if change is perfectly predictable then there will be no opportunity for profit for entrepreneurs. Knight also suggests that entrepreneurs have different skills and competencies from other
individuals. Hence, they can make more informed judgment about business opportunity. Knight, however, appreciates that entrepreneurs require command over resources if they are to back their judgments. He is aware that the entrepreneur operates within a set of technological conditions. According to Knight, participations in entrepreneurship is influenced by factors relating to access to resources and facilities in the local environment and profit.

The role of entrepreneur as the key figure in the process of economic development was first identified by Schumpeter. Schumpeter (1961) was mainly concerned with economic development, instability and change. Schumpeter considered an entrepreneur as an innovator, who brings about change through the introduction of new product, new technology, and new sources of raw material, new market and new form of organization. An entrepreneur is, therefore, regarded as a creator and a catalyst for change. He is a special person who can bring about extraordinary events. He exhibits the joy of creating and getting things done, which may lead to creative destruction of existing combinations of resources due to new combinations (that is, a new product, new technology and so on). New venture of an entrepreneur creates new possibilities that threaten the continued viability of many existing products/processes.

Entrepreneur always searches for change, responds to it and exploits it as an opportunity (Drucker, 1964). Like Schumpeter, Drucker stresses the point that entrepreneur should innovate. Innovation should be market driven.

Kirzner (1978) views entrepreneur as one who restores equilibrium. This view is often contrasted to that of Schumpeter, who sees entrepreneur as someone who breaks equilibrium through an
innovation. Kirzner suggests that an entrepreneur is always alert to profitable opportunities for exchanges to take place. He argues that there are information gaps. Entrepreneurs have the ability to obtain knowledge not possessed by others. Hence, they can identify entrepreneurial opportunities and exploit them for their benefit. The entrepreneur is able to act as a creative middleman. He facilitates exchange between suppliers and customers. Profit is the reward for recognizing a market opportunity and undertaking intermediary activity.

Psychologists have also contributed to the understanding of the behaviour of the entrepreneur. Among the psychologists David McClelland (1961) and Everett E. Hagen’s (1962) are most prominent. McClelland has propounded the theory of achievement motivation. According to this theory, people with high need for achievement like to take moderate and calculated risk and want to win. Higher achievers are not motivated by money, per se, but, employ money as a method of keeping sure of their achievement. People with high need for achievement behave in an entrepreneurial way. Need for achievement stimulates the behaviour of a person to be an entrepreneur. Important psychological factors that contribute to entrepreneurial motivation are – need for achievement, keen interest in taking moderate risks, and desire for responsibility, concrete measures of task performance, future orientation and organizational skill. According to McClelland, some societies produce more people with high need for achievement. Entrepreneurship becomes link between need for achievement and economic growth. McClelland experimented his theory with groups of businessmen in America and Mexico and later on, in Kakinada of Andhra Pradesh (McClelland, 1965). In Kakinada, after two years of experiment he observed that those who participated in the experiment except for one, performed
better than those who did not participate. The former made more money, got promoted faster and expanded their business more rapidly.

Hagen (1962) propounded the theory of social change. He argued that historic shifts in the process of social change are brought about by technological progress. Technological progress leads to the emergence of entrepreneurial class from different castes and communities.

Sociologists' approaches suggest that an individual can be constrained in making career choice. Further, choices are limited by the experience and expectation that individuals face in the social world. Individuals are socialised to behave in different ways that meet with the approval of their role set. Also, dominant values of closed associates will translate into expectations that strongly influence individual behaviour. An individual opportunity structure is influenced by education and employment experiences. Moreover, opportunity structures vary from person to person and different structures will lead similar individuals towards the developments of different levels of knowledge, skills and drives. Sociological approaches provide information about the kind of people who become entrepreneur. But these approaches do not conclusively prove the process or processes through which social factors actually influence individual decision making for entrepreneurship.

Besides, there are other approaches to entrepreneurship. There are at least two broad views on entrepreneurship, namely macro views and micro views (Kuratko & Hodgetts, 2001). The macro
view of entrepreneurship presents a broad group of factors that relate to success or failure of entrepreneurial ventures. This group includes external processes that are sometimes beyond the control of the individual entrepreneurs; because they exhibit a strong external locus of control point of view. Macro view of entrepreneurship is represented by three schools of thought, viz., the environmental school of thought, the financial school of thought and the displacement school of thought. The environmental school of thought deals with the external factors that affect a potential entrepreneur’s decision about entrepreneurial career. Positive environment encourages while negative environment discourages potential entrepreneurs to go for entrepreneurial career. The financial school of thought gives emphasis on the availability of finance for entrepreneurial activities. Availability of finance encourages and non-availability discourages a potential entrepreneur to consider entrepreneurial career. The displacement school of thought holds that the group affects or eliminates certain factors that forces individuals into entrepreneurial activities. Political displacement caused by government regulations and policies, may restrict growth of certain industries or in certain places. Cultural displacement caused by discrimination because of caste, creed and religion etc, may prevent individuals from getting employment forcing them to take up entrepreneurial career. Economic displacements caused by recessions, depressions, shortage of capital, job loss or because of bad times also force individuals to take up entrepreneurial activities.

According to micro view potential entrepreneurs are capable of adjusting the outcome of any major influence. Micro views are represented by three major theories, viz., the entrepreneurial trait theory, the venture opportunity theory and the strategic formulation theory. The entrepreneurial trait theory holds the view that successful people tend to exhibit similar
characteristics, such as achievement, creativity, determination and technical knowledge. Those who can emulate these characteristics are likely to be successful. The venture opportunity theory focuses on the opportunity aspect of venture development. The search for idea sources, the development of concepts and the implementation of venture opportunities are the important interest areas of this school. The strategic formulation theory emphasizes the planning process in successful venture development. This school of thought encompasses a breed of managerial capabilities that require an interdisciplinary approach.

In addition to these three theories, there are other approaches or theories which are included in the micro approach. These are the great person school, the psychological school, the classical school, the management school, the leadership school, the Intrapreneurship school (Cunningham & Lischeron, 1991). The Great Person School of thought believes that entrepreneurs are born and not made. They are ‘Great Person’ because they possess those qualities which are not present in case of general people. They intuitively recognize the opportunities and act accordingly to start a business venture. The psychological School focuses on personality factors. It believes that entrepreneurs have unique values and attitudes towards work and life. These along with some dominant need drive the individual to behave in certain way. The Classical School focuses on innovation, creativity and discovery as the key factors. Here entrepreneurship refers to creating an opportunity and entrepreneur is to be a creative dreamer. He or she is able to realize where he or she will be in 5, 10 or 15 years later. According to the management school, an entrepreneur is an individual who organizes or manages a business venture, assumes risk for the sake of profit and also performs the function of supervision and control and provides direction to the enterprise. The leadership school
suggests that successful entrepreneurs must be able to manage people. He/she must be an effective leader or mentor who plays a major role in motivating, directing and leading people. The *Intrapreneurship school* assumes that innovation is possible even in existing organization by encouraging people to work as an entrepreneur.

Most of these theories are relevant to developed countries only. It is difficult to apply the concepts of entrepreneurship propounded by these theories in developing countries directly. In developing countries, entrepreneurs are mostly imitators and not innovators because they rarely produce brand new products. This process of imitation is called 'creative imitation' (Drucker, 1985). Creative imitation takes place when the imitators understand how an imitation can be applied to produce and sell the commodity in their own country. Thus, the innovation process in underdeveloped countries is often that of imitation and adaptation. In general, entrepreneurs are risk bearers, coordinators, organizers, gap fillers, leaders and innovators or creative imitators. By encouraging these qualities and abilities, government of the developing countries can increase the supply of domestic entrepreneurship.

**Factors in the Emergence of Entrepreneurship**

There are several factors that motivate and sustain an individual in his/her entrepreneurial career. Researchers are, however, yet to agree on the common factors in the emergence of entrepreneurship.
Promotions of entrepreneurship involve five stages, namely, stimulatory, identification, development, promotion and follow up (Rao, 1975). Stimulation stage includes creation of industrial atmosphere, role of small industry, and wide publicity of industrial development programme, formation of special schemes and creation of support institutions. Identification is important to identify the prospective entrepreneurs. Development stage would include organization of motivation and managerial training programme along with advice of technology, formulation of bankable project location etc. Promotion of entrepreneurs is the job of supporting institutions to provide developmental facilities, service and incentives. Follow up stage includes reviewing the policies and programmes of the government and seeking of new ways with a view to make it more effectives.

A slightly different approach was developed by Akhouri (1978). According to this approach, entrepreneurship development follows a cyclic process involving three groups of activities, namely, stimulatory, support and sustaining. Stimulatory activities stimulate an individual to become an entrepreneur. These activities include entrepreneurial education, systematic publicity, identification and selection of entrepreneurs, motivational training, help and guidance of entrepreneurs in selecting products and preparing project reports, etc. Support activities help an entrepreneur to set up his/her enterprise and run it till the break even stage. This group of activities includes registration of the enterprise, arranging finance, providing land, shed, power, and water, granting incentives and facilities and offering management consultation. Sustaining activities are those which help an enterprise in its modernization, diversification and expansion, additional financing for capacity utilization, etc. These three groups of activities are to be performed in a balanced manner for the emergence of entrepreneurship in any society.
However, greater emphasis on one group of activities at the cost of another will result in imbalances. For example, if more emphasis is given on stimulatory activities and no emphasis on support activities then there may be de-motivation. If greater emphasis is given on support activities and less emphasis on stimulatory activities, then outside entrepreneurs will take the advantages at the cost of indigenous entrepreneurs. Promotion of entrepreneurship is for indigenous entrepreneurs and not for encouraging outside entrepreneurs to give the facilities at the cost of indigenous entrepreneurs (Akhouri, 1977). At present, it is observed that every state in the country wants outside entrepreneurs for industrial growth and development.

Another approach regarding factors influencing entrepreneurship development was developed by Pareek and Nadkarni (1978). To them, Entrepreneurship is a function of at least four factors, namely, the self-sphere system, the socio-sphere system, the resource system and the support system. Self-sphere system relates to knowledge, skill and motivation of an individual to take up entrepreneurial career. Knowledge and skill themselves will, however, not be operative unless an individual has motivation for entrepreneurship. The self-sphere system is influenced by the socio-sphere system, which includes family expectation, value orientation to independence, work initiative or innovativeness etc. An individual having motivation for entrepreneurship may not take up an entrepreneurial career, if parents do not encourage. Both the self-sphere and socio-sphere system are further influenced for entrepreneurship by the resource system, that is, the technology and technical manpower, existing industries and enterprises, transport and communication facilities, power, raw materials, market, etc. All the three systems are further influenced by the support system, that is, the organizations that support entrepreneurship, including banks and financial organizations, their policy and
programmes and the organizational climate to help or hinder in the growth of entrepreneurship in a society. Entrepreneurship has been the outcome of the total interaction between these four systems.

There may be different factors to induce an individual to take up entrepreneurial career, but he/she must go through four stages, namely, the dreaming, the planning, the implementation and the survival and growth stage (Mali, 2002). Each stage is very important for an entrepreneur. Everybody dreams a dream of a career; and the dream depends on the environment under which he or she grows, environment in the family, educational institutions in which he or she studies, family and friends with which he or she interacts and the environment in the society at large. Dreaming stage is important for an individual to become an entrepreneur. Planning stage follows the dreaming stage. Proper planning is important to achieve the dream and also to avoid costly risks at later stage. Implementation follows the planning stage. Like planning, implementation stage is also important for an entrepreneur. Growth is the last stage. An entrepreneur can consider growth expansion and diversification only if he or she survives the competitive environment. Thus, there are number of factors which may help in the growth of entrepreneurship in any society. The environment in the family, the educational institution and the support organizations, and the society has its impact on the growth of entrepreneurship. A positive environment encourages entrepreneurship growth, while a negative environment discourages it.
Sustaining Entrepreneurial venture

A number of studies have examined venture continuance. The studies examined it from two perspectives: (i) identifying the factors, which lead to success or failure of individual venture, and (ii) identifying the incidence of venture birth and death based on larger sample studies. It is found that poor management is one of the major causes of the failure of enterprise (Voorhis and Kenneth, 1980). Besides, poor management, poor business planning, cash management, sales generation and inventory management, are the other problems leading to entrepreneurial failure. Vesper (1980) has pointed out six factors viz., (i) choice of business; (ii) education and experience; (iii) collaboration; (iv) location; (v) startup capital and (vi) external forces, which contribute directly to venture success or failure.

2.3 Empirical Review

A number of studies have been carried out on different aspects of entrepreneurship development.

Social origin of entrepreneurs

Study on social origin of entrepreneurs found that entrepreneurs belong to the forward community. But entrepreneurs can emerge from any family background. Caste and tradition do not play an important role in the emergence of enterprises (Berna, 1960). Hold of caste structure on occupations in India is getting loosened throwing the door of entrepreneurial opportunities wide open to people who are willing to take risks (Narasimha Murthy, 1989).
Regarding motivating factors of entrepreneurs, “to do independent job” is found to be the most important internal motivating factor for taking up entrepreneurship. Among external motivating factors, incentives from the governments played an important role (Mittal, 2003). Another factor motivating entrepreneurs to take up entrepreneurship is “to earn money” and economic gain (SIET, 1974, Kumar, 1995). Entrepreneurs’ family background also played an important role in the selection of their entrepreneurial activity (Mittal, 2003).

Role of financial institutions

Generally entrepreneurs require financial assistance to set up enterprise and also for expansion and diversification. Financial institutions mainly commercial banks seem to be unwilling to invest in new enterprises, until the enterprise have been established successfully (Pennings, 1982, Anitha 2003). Again, mere provisioning of timely finance to small and tiny units is not sufficient. They should join hands with financial institutions to organize awareness and entrepreneurial development programmes (EDP) and guides the entrepreneurs in the right directions. However, commercial banks should not be blamed alone. The entrepreneurs are also equally responsible for not getting timely finance because of non repayment of loan in time. Therefore, banks and entrepreneurs should fully co-operate with each other (Anitha 2003). However, in some cases, financial institutions are found to play important role in promoting entrepreneurship development (Laxmisha, 2004).
Problems faced by the entrepreneurs

Lack of capital, lack of management skill and technical knowledge, raw materials, marketing and finance are considered to be the problems faced by the entrepreneurs (Gaikwad and Tripathi, 1970, Sharma & Singh, 1980). Shortage of capital and red tapism in government departments are the most discouraging factors affecting entrepreneurship development (SIET, 1974). Entrepreneurs in the SSI units faced the production problem due to shortage of raw materials, power supply and machinery breakdown. Management deficiency and financial inadequacy were found to be important reasons leading to sickness of small scale industrial units (Mittal, 2003). Lack of demand for product, infrastructural bottlenecks, improper project planning, and corrupt bureaucracy, and shortage of working capital are considered to be the problems of entrepreneurs in the small scale industrial sector (Prasain and Singh, 2007).

There are a large number of studies on entrepreneurship development in industrial estates. The studies are mainly related to evaluation of the industrial estate programme, cost-benefit analysis, and comparative performance of entrepreneurs within the industrial estates and outside the estates. Falk (1978) in his study stressed the need of proper industrial premises for SSI units. Importance of economies of scale accruing to small entrepreneurs in an industrial estate enjoys economies of scale because of conglomeration of SSI units. They enjoy the advantage of common facilities in the form of overheads and take the character of a single firm. Industrial estate also generates external economies, which provide a good industrial environment within which the small firms can function more efficiently (Florence, 1948).
Except a very few, many studies concluded that the performance of SSI units in industrial estates was no way significantly better that the units located outside the estates. Rao (1986) in his study on SSI entrepreneurs in Andhra Pradesh focused on the performances of the units in the industrial estates and that of the units outside the industrial estates. The study takes the indicators like value added, profits, profit rate, labour productivity, raw material productivity and gross value of the output. The study found that value added varied considerably among different enterprises. It had also found that the performance in terms of selected indicators was better with non-industrial estates than industrial estate units. Chattopadhyaya (1978) analysed the performance of industrial estates in West Bengal. The study found that inefficiency of the industrial estate units was partly associated with mismanagement. Hence, he suggested that promotional agencies should provide professional management training to the entrepreneur. Sandesara (1988) also found better performance of SSI units outside the industrial estates compared with the units in the industrial estates. Rao (1986), however, found positive impact of industrial estates. He was of the view that, with the advent of industrial estates, a sense of awareness about the virtue of self employment had been created among the entrepreneurs. Dhar and Lydall (1961) found that the industrial estates in India performed well when they are located in the heart of the cities and large urban centres than they are on the outskirts of urban centres.

**Women entrepreneurship**

Many scholars have contributed on women entrepreneurship. It is found that men and women do not differ significantly with regard to innovative trade and internal locus of control. They
also found that women are in no way inferior to men in terms of intelligence, foresight, curiosity and handy sense of self. Achievement motivation which is a potent factor on entrepreneurship, women in typical careers have same achievement motivation as men in the same careers. Women who belong to traditionally feminine professions scored low on achievement motivation (Mathur & Anamika 1987, Archana and Rehana, 1985). An exploratory study by Singh and Sengupta (1986), on potential women entrepreneurs in Delhi found that the belief or myth that women lack entrepreneurship and entrepreneurial motivation is not true. They do not lack innate will and inclination or motivation; but they lack the supportive climate to materialize their vision. They are of the view that if potentials of women can be tapped towards entrepreneurial pursuit and effort is given for converting their vision into reality, it would change entire socio economic scene of the country. They carried out another study on 60 successful entrepreneurs in and around Delhi and its satellite towns of Faridabad, Gurgaon, Ghaziabad and Noida. The study revealed that the usually accepted definition of entrepreneurship with focus on risk-taking, high motive for achievement has to undergo change, as far as evaluation of entrepreneurial qualities of women entrepreneurs are concerned. Although initially their motivation may be low, they become high achievers once they are involved with the business. Singh (1992) made an attempt to diagnose the women entrepreneurial profile, entrepreneurial traits and performance of women entrepreneurs in the state of Haryana. She studied a sample of 64 entrepreneurs running manufacturing, trading and servicing type of business and 102 managerial, and field level personnel of different agencies. The study found that majority of the women entrepreneurs opted for trading type of enterprise. Most of the entrepreneurs possessed high level of confidence, decision making ability, managerial skills and independent. Achievement motivation played a significantly high role in
establishing the enterprise. Kumar (2007) studied the growth and profile of women entrepreneurs in the states of northern India. This study revealed that ‘to earn money’ and ‘desire to be independent’ were the main factors motivating the women to take up entrepreneurial activities.

Entrepreneurship helps women in improving not only their family condition; but also the social environment where people treat them with respect. In fact, the best non-controversial way to empower women, rich or poor is to inculcate in them the spirit of entrepreneurship. Entrepreneurial development among women will result in their control over assets and liabilities and freedom to take decisions, because a women as an entrepreneur is more powerful than as a mere worker (Vinze & Medha 1987, Singh & Singh, 2007, Vijayalakshmi & Prajeetha 2008). Entrepreneurial awareness camp at the school level should be organized in order to motivate women to enter in entrepreneurial activities (Vijayalakshmi & Prajeetha, 2008).

Training on entrepreneurship

Entrepreneurial training helps an individual in strengthening his/her entrepreneurial motive and in acquiring skill and capabilities necessary for playing his entrepreneurial role effectively. It is necessary to promote his understanding of motives and their impact on entrepreneurial values and behavior for this purpose. In the training, the participants are exposed to a general knowledge of entrepreneurship such as factors affecting MSEs, the role of entrepreneur in
economic development, entrepreneurial behavior and the facilities available for establishing micro and small enterprises. This type of training aims at inducing and increasing the need for achievement among the participants. Need for achievement stimulates the behaviour of a person to be an entrepreneur (McClelland, 1961). This is in fact, a crucial input of entrepreneurship training. Efforts are made to inject confidence and positive attitude and behaviors among the participants towards business. It ultimately tries to make the participants to start their own business enterprise after the completion of the training programme.

A number of studies have been carried out on training intervention for the development of entrepreneurship. Training is considered to be one of the major interventions for entrepreneurship development (Balaraju, 1993). Training aims at developing the motivation of individual, his/her capability to perceive the environment as well as his/her ability to solve the problems, which an entrepreneur is likely to face. In order to encourage entrepreneurial tendencies organizing entrepreneurial awareness programme is necessary (Rathore and Chhabra 1991, Anitha 2003). Training on specific line of activity increases success status of the entrepreneurs (Bhanusali, 1987).

**Government role and entrepreneurship**

Studies on entrepreneurial environment in different countries revealed that countries that keep rules and regulation at a minimum, offer tax and other incentives and provide training facilities
and counseling services to new entrepreneurs, increases likelihood of more new venture creation (Dana, 1987). Again factors such as availability of financial resources, large size of urban areas and presence of universities for training and research are also found to be very important for new venture creation (Penning, 1982).

It is important to study the nature and character of the enterprise to make the environment congenial and favourable to the enterprise (Tandon, 1975). Role of public policy for entrepreneurship development is focused by many scholars. Vesper (1983) and Westhead (1990) suggested several public policy like provision for venture capital funds, tax based incentives, protection of proprietary ideas and innovations, investment in education and research and support for entrepreneurship agencies by government is important. A favourable attitude toward entrepreneurship and a widespread public support are needed to motivate people to start a new business. In fact, social factors are equally important as availability of loans, technical assistance, physical facilities and information (Gyanwali and Fogel, 1994). Again, Mokry (1988) suggests that local communities can play an important role in developing an entrepreneurial environment.

Government's role on the development of entrepreneurship in the micro and small sector has increased considerably due to the role played by them. Birch (1979) discovered that over 80 percent of new jobs were generated in small enterprises rather than in the large US firms. In fact, new, young firms were the engines of growth in the US economy. Research in other countries also confirmed the job creating contribution of small firms. Considering the role played by the small enterprises Government in many countries have implemented industrial
policy to encourage entrepreneurs in the small enterprise sector. (Stevenson & Lundström, online: Accessed on 17th July, 2011). Government can influence the market mechanism and make them function efficiently by removing conditions that create market imperfections and administrative rigidities. They can also create an “enterprise culture” that enables firms to take reasonable risks and seek profits (Gnyanali & Fogel, 1994).

Entrepreneurs may be discouraged to start a business if they have to follow many rules and procedural formalities, report many institutions, and spend more time and money in fulfilling procedural requirements (Dana, 1987). A study conducted by KPMG and TiE (2009) in six states of India found that there is lack of strong government policy support for entrepreneurship. They cited bureaucracy and corruption, poor implementation of existing policies and inadequate support mechanisms as part of the limiting factors to entrepreneurship. Deshpande (1982) also in his study in the Marathwada region of Maharashtra found that governmental efforts had little impact on the growth of entrepreneurship. The research on women entrepreneurs showed that policies that give preferential treatment to women are positively correlated to the degree of entrepreneurship.

2.4 Empirical Review from the North East India including Assam

The studies mentioned above provide a perspective of the type of research carried out in the area of entrepreneurship and the existing literature. However, there are very few studies done in
the field of entrepreneurship in Assam and other states of North East India. Perhaps the study on the Impact of Entrepreneurial Motivation Training Centre (EMTC) done by the Planning and Development Department, Government of Assam (1978) was the first study on entrepreneurship development in the state. This study found that 34 percent of the entrepreneurs trained could set up enterprise. Sharma & Akhouri (1978) carried out a study on entrepreneurial and managerial needs of North Eastern region. This study looked at three aspects of entrepreneurship development in the region. First, it analyzed the pattern of supply of entrepreneurs, Secondly, it dealt with the efforts and impact of organizations performing the task of entrepreneurship development. Thirdly, it analyzed the profile of entrepreneurs of the region. The study covered all registered SSI units in the states of the region. It used simple statistical tools such as percentages, correlation and average and a number of psychological tests to analyze the field data. The study recommended several measures to promote entrepreneurship for all the individual states and for the region as a whole. Hazarika and Yein (2000) studied the EMTCs and their performance. The study revealed that over a period of 24 years, the EMTCs trained 30445 prospective entrepreneurs. Out of them 4767 (15.6%) could get seed money to start their enterprise.

NEC (1990) carried out a study on the Effectiveness of Entrepreneurship Development Programmes (EDP) in the region. This study covered 141 general and 11 women EDPs organized by North Eastern Industrial and Technical Consultancy Organization (NEITCO), National Institute of Small Industry Extension Training (NISIET) and Entrepreneurship Development Institute of India (EDII) during the period April, 1985 to March, 1990. This study
revealed that rate of success of EDPs organized by different agencies was on an average 20.9 percent. Goswami (1995) made a study on 'Entrepreneurship Development Programmes” organized by IIE/NISIET, NEITCO and NSIC in and around Guwahati during 1990-96. The study tested IIE’s observations about three types of EDP trainees, viz., the doers- who will take up entrepreneurship; but need some initial guidance; the fence-sitters- who require constant help and guidance to take up entrepreneurship; and the escapists- who set up enterprises, but always remain in search of an alternative to escape. Goswami found four types of trainees, namely, doers, dreamers, dawdlers and the duds; but no escapist.

Mali and Dutta (2000) studied the effectiveness of EDPs organized by NISIET, NEITCO NECON, NSIC and IIE during April 1990 to March 1996. During this period these organizations organized 212 EDPs all over the North East in which 5375 participants participated. The study covered 3713 (69%) participants out of which 935 (25.2%) succeeded in setting up enterprises. The study also revealed that the success of EDPs could be substantially improved, provided post training monitoring and follow-up were organized systematically.

Sinha (2002) conducted a study on problems and prospects of women entrepreneurship in the North East. The study revealed that though there were several factors for the emergence of women entrepreneurship in the North East such as family background, motivation and facilitating factors, ambitions, attitude of family/society etc., and training played a significant positive role in promoting women entrepreneur in this part of the country. The study also found
that the performances of trained entrepreneurs were better than untrained women entrepreneurs. IIE (2006) conducted another study on entrepreneurship development efforts and training need in the North East. The study revealed that there had been a marked improvement in the success rate of the EDP conducted by different organizations. Goswami (2006) however found that EDPs desired motivational role in the development of entrepreneurship in Assam was not up to the expectation. Goswami studied the relative influence of economic and non-economic factors on entrepreneurial success. The study revealed that society's attitude towards entrepreneurship is changing. Now people have resorted to entrepreneurship by choice and not by compulsion. The family of the entrepreneur has been found to play a decisive role regarding the success of entrepreneurs. Need for achievement is found to be very high. The study also found that external assistance to the entrepreneurs in the form of institutional finance; training programmes or government policies have no association with entrepreneurial success. Economic and non-economic factors are important in explaining entrepreneurship development in Assam, but non-economic factors are found to be more significant than the economic factors. In order to obtain an answer to the research question “whether economic or non-economic factors are more important in explaining entrepreneurial success in Assam,” the researcher used a multiple regression model. Again by using chi square tests a secondary analysis of explaining entrepreneurial success in terms of economic factors was carried out.

Das (2009) studied factors in the emergence of women entrepreneurship in Kamrup district of Assam. The study found that in urban areas women take up entrepreneurial activity to utilize their leisure time in gainful activities and to empower themselves. However, in rural areas,
economic compulsion and knowledge of the product and services are major factors to take up entrepreneurship. The study found that growth orientation of rural women entrepreneurs are less than urban women entrepreneurs. The study also found that lacks of management skill, lack of confidence, lack of family support, finance are the major problems faced by the women entrepreneurs.

Khanka’s (2009) study represents the findings of a study on entrepreneurial motivation based on a sample of 243 first generation entrepreneurs in Assam. A Five Point Likert type scale was used in the study. The study found that entrepreneurs were primarily motivated by the need for economic achievement, personal growth, autonomy and recognition. The desire to contribute to the community was not found to be an important reason to become entrepreneur. No significant difference was found in the motivations of men and women entrepreneurs. The study also found that entrepreneurial motivation changes in the light of entrepreneurial experience. As the enterprises grew entrepreneur role changes from doers to implementers.

Sarma (2010) examines various factors towards growth and development of entrepreneurship in Tinsukia district of Assam. The study found that ready market and locational advantage are the major economic factor and inspiration from parents/ family members and experience in the same line of activity are the major non economic factors to stimulate entrepreneurship. Regarding support from promotional organizations, the study found wide interstate variations in services rendered by them. The study found that majority of the sample entrepreneurs have negative attitude towards implementing agencies. The study also contends that the
Government supports and incentives are not helpful in improving entrepreneurial performance.

2.5 Conclusion

Most of the theories reviewed in this chapter are developed in the context of developed countries and so, these theories are not directly applicable to the developed countries. In the Indian context, a number of scholars have given their views on emergence of entrepreneurship. The integrated approach is one of the commonly sighted approaches for entrepreneurship development, especially in Assam. The researches done on entrepreneurship in Assam and other states of North Eastern Region have mostly focused only a particular district and particular area of entrepreneurship. There is no comprehensive study on entrepreneurship which has been brought out in the review of literature.