2 Review of Literature

The present study is a study of entrepreneurs with reference to Latur MIDC of Maharashtra state. The study encompasses wide range of issues related with entrepreneur’s development.

No doubt, earlier several studies have been conducted from rural level to worldwide. These studies explored different parameters of entrepreneur’s growth and development. The researcher senses it suitable to present a review conducted in a summarised form. This list can be increased but for the sake of briefness, the researcher has identified some of the major dimensions with which the present research is concerned. This chapter describes review of research works related with the present study.

2.1 List of Research Paper referred

1) In search for mix all aspects that differentiate developed enterprises from developing enterprises; the study of Barringer et al (2005) identifies different features that must be conveyed. Barringer et al investigated features of the founder, with firm’s qualities, corporate and HRM practices are essential in facilitating a firm achieve fast development. The results of their study drew particular attention to the consequences of HRM practices in facilitating fast growth as a number of variables not considered in the growth literature appear from their analysis.

2) Dr. Brinda Kalyani and Dr. Dilip Kumar M. (2011), put forward that for the few years entrepreneurship development is considered as the priority sector in the development policy in many countries, especially in India. The entrepreneurial undertakings are offering of more business opportunities for women. Authors conducted a study to analyse, what exactly inspire women entrepreneurs to get into entrepreneurial ventures. It is assumed in this study that the identification of motivational factors among women may support educational institutions to strength their entrepreneurial program with suitable pedagogy and approach.

3) Kulveen Kaur and Manjusmita Dash (2012), in their paper identified that in recent times importance to youth entrepreneurship has been stimulated because of joblessness among youth to address social exclusion. Based on interviews of the young entrepreneurs, the researchers have made effort to study the issues caused to the encouragement of youngsters to commence their own enterprise, to discover limitations that slow down and
forecasts that inspires the youth in launching an enterprise and to evaluate performance of the young entrepreneurs.

4) Okezie A. Ihugba, Alex Odii and Asoluka C. Njoku (2013), noted that the success of making profits for rural and urban individuals with no formal paid employment very much rest on entrepreneurship. The study exposed such initiatives by government unsuccessful because of over bearing bureaucracies, corruption, and insufficient infrastructural amenities. Entrepreneurship is a process of job creation; innovation and diversity but entrepreneurs are so far from it so authors recommended to government (policy makers) that they should identify the spirit of entrepreneurship and make available sufficient infra-structural amenities (water, electricity, road network, communications etc.)

5) Nishant Kumar (2012), explored how businesses entering into early internationalisation combine diverse resources to ascertain global market openings. They suggested the difference in the extent of resources available stimulates the initial phase of the internationalisation process and pace of learning in the foreign markets. Moreover, this study suggests that the effects of combination of resources vary across different ventures. A strong combination can increase internationalisation and reduce the threats of failure in new worldwide ventures.

6) Balram Choubey, Taniya Sinha and J K Pattanayak (2013), considered Entrepreneurship as a tool for financial growth, poverty lessening and employment generation. Further they tried to decide the skill related issues in Indian entrepreneurs due to its deprived entrepreneurial performance regardless of being a resourceful country. A set of five factors that is, leadership talents, communication abilities, human relation skills, technical assistances and inborn aptitude, is recognised from this study and entrepreneurial success is recognised.

7) K Nigama and P David Jawahar (2011), in their article investigated opportunity recognition are of fundamental in field of entrepreneurship. Entrepreneurs hits with many decision-making conditions in the course of creating new ventures. This study believes the influence of entrepreneur’s social capital and his perception of risk in the opportunity recognition process. The researchers have analysed all the sub-processes of opportunity recognition and shown that creative dimension of social capital is the most important factor that impacts the risk perception of an entrepreneur.
8) Dr. Karmjeet Singh and M. Saeed (2011), found that India lives in villages and 80% of rural population is earning its livelihood from agriculture. The land cannot take in this much stress for long period. Furthermore authors explored rural entrepreneurship more needed for resolution of various problems like unemployment, lack of alertness in rural youth etc. Even though the government is taking encouraging measures to develop village industries but due to various problems like infrastructural problems, non-supportive attitude of financial institutions, use of obsolete technology etc. rural industries are lagging behind. Unless measures are taken to modify the rural industry, it will be no more sooner due to increasing competition from the urban industries.

9) Majumar Sumit K. and Chhibber Pradeep K. (1997), studied relationship between firms’ age and growth for firms, using modern data. Firms are categorized as being started in either the period earlier to 1956, or the period between 1956 and 1980, when command and control industrial policy rule, known as the 'license raj,' operated, and the period after 1980. The study shown no relationship between age and growth of firms started earlier to 1956, while a negative relationship is found for firms incorporated between 1956 and 1980, the years the license raj was in operation. The age and growth link is found to be positive for firms launched after 1980 due to market forces being stimulated; therefore meaning that entrepreneurship is very much alive in India.

10) Edwin Knox and Chinyere Emmanuel Egbe (2014), noted the relationship between Market Orientation (MO) and Entrepreneurial Firm Creation (FC) of Nascent Entrepreneurs. Existing research on Market Orientation (MO) and its use by Nascent Entrepreneurs (NE) have mainly concentrated on managers in existing firms and individuals who are employees of other businesses. So authors identified individuals who take important step to create a firm and he/she will attempt to discover whether individual budding entrepreneurs who engage in market intelligence gathering are more likely to complete the firm creation process by setting up a business and scrutinizes the role of social capital in the relationship between market intelligence gathering and firm creation.

11) Prof. Ajay K Garg and Mr. Nelson Phayane (2014), concludes that there are three key points that discovers the degree of entrepreneurialism amongst immigrants: the middleman minority, the cultural market niche and the ethnic closed society. They revealed that immigrant entrepreneurs tend to target markets that are unrestricted by local entrepreneurs and large chain stores. The aim of this study was to examine the influence of small
businesses possess by immigrant entrepreneurs on the local community. This impact was analysed using three variables namely employment generation, revenue to the municipality and investment in real estate. Key findings explored that, very few individuals were employed by a small business owned by migrant entrepreneur and majority of migrant entrepreneurs rent the business premises at municipal level, migrant entrepreneurs contribute positively to the local economy.

12) Alexander Ardichvilia, Richard Cardozob and Sourav Rayc (2003), built a structure to suggest an idea of the opportunity recognition process. It identifies entrepreneur’s personality qualities, social arrangement, and previous knowledge as history of entrepreneurial awareness to business opportunity. Entrepreneurial awareness, go round, is a needed condition for the success of the opportunity identification, recognition, development of business.

13) Peter J. Boettke and Christopher J. Coyne (2008) analysed that entrepreneurship is a widespread feature of human activity; it cannot also be the reason of economic development. To a certain extent, for economic development, certain organisations should be there to grow entrepreneurial aspect of human being. Further developing this theoretical insight, deep analysis of the entrepreneurial institutions is required.

14) According to Murray et al (2009), who assessed the Finnish Innovation plan, initially, owner-managers of high-growth entrepreneurial units are probably not have sufficient skill sets (in tested and proven form), and will fundamentally need to have entrée to human capital and further levels of expert guidance reliable with increasing necessities of businesses.

15) C. Mirjam van Praag and Peter H. Versloot (2007) examined to what extent modern practical facts unitedly can verify the claim that entrepreneurship has significant monetary value. Authors studied the comparative involvement of entrepreneurs to the economy on four measures. Hence, the question: What is the contribution of entrepreneurs to employment generation, innovation, productivity and development. Entrepreneurs are more satisfied than employees. Moreover entrepreneurial firm balances regional trade and employment.

16) Draft National Entrepreneurship Policy by Entrepreneurship Development Institute of India Ahmadabad, Gujarat (2012) suggested Entrepreneurship Policy. MSME policy centres on existing enterprises but entrepreneurship policy concentrates on individuals
ready to move towards entrepreneurship. It focuses on inspiration, opportunity and skills with the main aim of promoting people to venture out. Entrepreneurship policy exercises ‘soft’ policy measures such as awareness, motivation, skill development and networking and tries to change the attitude of target group. Briefly, it aims at making entrepreneurship a movement.

17) Roy Thurik (2009) noted Entrepreneurship has come out major part in formation of economies. This occurrence did not happen instantaneously in all advanced nations. Transformations in progressions are normally attributed to differences in the rapidity of nation’s entrepreneurial energy. This promotes governmental expert to encourage private enterprise. According to author, entrepreneurship, its drivers and its consequences can be best understood with entrepreneurial study.

18) A report by the Global Business School Network June (2013), analysed that employment has forever been a fundamental subject in growth. Occupations signify the way by which people realise a sense of perseverance. So authors suggest it contributes to the efficiency of domestic and global economies. Employments can signify financial autonomy for women as well for youth.

19) Anyadike Nkechi, Emeh Ikechukwu EJ and Ukah Finian Okechukwu (2012), investigated that government must make entrepreneurship sellable to the people. It can be done by initiating educational sector and re-framed structure to train youths. Necessity for entrepreneurship development particularly on a realistic manner moreover generates facilitating surroundings for entrepreneurship to flourish by certifying societal safety and plenty infrastructural amenities.

20) Maria Minniti and Moren Levesque (2008) stated that since the start of the 18th century, economics has accepted the significance of entrepreneurship at both the microeconomic and macroeconomic levels. So authors reviewed latest improvements in the economics of entrepreneurship, examines ideologies behind the appearance of a new deviation in economics, and how these new ethics supply prolific foundation to recognize entrepreneurial performance.

21) Peter Nijkamp (2009), in his study described entrepreneurship has been a relevant issue in the business administration, but in the past decade a wave of awareness is observed on the role of entrepreneurship in the financial progress. Further he pointed out the different contributions to the entrepreneurship literature from the viewpoint of regional
economic development. After a broad outline, particular notice is given to the regional action plan of entrepreneurs together with societal and spatial network association.

22) Sameeksha Desai (2009), in her article accessed the complications related with determining entrepreneurship in emerging nations. Three imperative dichotomies in the exploration on entrepreneurship were conferred: formal-informal, legal-illegal, and necessity-opportunity. Some common magnitudes of entrepreneurship are summarized together with prominence to rising countries, including self-employment, Global Entrepreneurship Monitor data, World Bank Group Entrepreneurship Survey data and OECD data. The propositions of modern understanding of entrepreneurship are conversed with relation to organizations and economic progress.

23) David Lingelbach and Lynda de la Viña (2008) felt that Entrepreneurship in rising countries is different from developed countries. Enhanced consideration of these peculiarities is significant to private sector expansion in developing countries. Moreover authors distinguished between growth-oriented entrepreneurs in developing and developed countries were rooted in the inadequacy of markets in many developing countries, but the reply of entrepreneurs to these inadequacies is always unexpected and counterintuitive. Study shown while noting the probable lack of relationship between business atmosphere and levels of growth-oriented entrepreneurship, one focus on three key distinctions: opportunity, financial resources and human resources.

24) M.A. Carreaa and A.R. Thurika (2002) concluded Entrepreneurship is vague, multidimensional concept. The obstacles in defining and measuring the extent of entrepreneurial activities make troubles to assess their effect on economic performance, understanding their role in the process of growth needs a structure because there are different transitional variables or linkages to elaborate how entrepreneurship impacts economic growth. According to authors these intermediate variables are innovation, diversity of supply, entry and exit of firms (competition), particular efforts and energy of entrepreneurs, etc. These conditions contain personal qualities that lie at the origin of entrepreneurship.

25) Rui Baptista, Murat Caraz and Joana Mendonça (2007), in their work examined whether founders’ backgrounds influence new firm survival in early years after start-up. Authors linked founders’ back-grounds to pre-entry capabilities associated with entrepreneurial human capital and highlighted the cases of development. The subject
matter of unemployment-driven entrepreneurship is also explored. Particular human capital more recurrently found in spin-off founders haves a chief function in enhancing survival chances, even as more general forms of human capital aid inexperienced entrepreneurs overcome the obstruction posed by important early years after start-up.

26) Anupama Gupta and Dr. Nidhi Srivastava (2013), in their research study defined Intrapreneurship as entrepreneurial activities inside existing organizations and it is a process in which employees proactively do something to implement innovative and creative ideas which develop the processes, products or services of the company. Intrapreneurship has an upbeat effect on firm’s growth, profitability and wealth. Moreover authors explores and deliberates on those factors which encourage Intrapreneurship in an institution. This study also helps to realize that rewards are not the noteworthy factor in inspiring employees for taking risk and innovation.

27) Nidhi Srivastava and Anand Agrawal (2010), in their work explored the factors supporting corporate entrepreneurship as perceived by the employees. Study advocates four dimensions holding corporate entrepreneurship - organisational system, team spirit, leaders support and empowerment. The firms need not to exaggerate rewards and autonomy to employee, rather try hard to make a supportive organisational structure in conjunction with a collaborative work environment and uphold from leaders in the entrepreneurial initiatives.

28) Michaels Ounsbury and Marya Glynn (2001), in their article defined cultural entrepreneurship the process of storytelling that intervenes between existing supply of entrepreneurial resources and consequent capital acquisition and wealth formation. Authors suggested a structure that focuses how entrepreneurial stories make possible the knowledge of a new venture identity that serve as a benchmark upon which faithfulness may be given by investors, competitors, and clients, opening up admittance to new capital and market openings. Stories help to generate competitive advantage for entrepreneurs through central content shaped by two main forms of entrepreneurial capital: firm-particular resource capital and industry-level institutional capital.

29) Jens Mueller, Vicki West, Norela Nuruddin and Ren Min (2008), reported on an initiatives between global firms and universities globally to empower university students to educate moral and sustainable business ideology in their communities. The program is allowed for Students in Free Enterprise, normally known as SIFE. Authors conclude that
the SIFE empowerment program can be effectual in highly developed modern nations such as Germany, the United States, South Korea and Australia, as well as in developing countries such as China, Malaysia, and India.

30) Dr. Vilas M. Kadrolkar (2014), put forward that Poverty and unemployment are two sides of the same coin when we are going to resolve one problem in the society, second will be generated with that. Rural unemployment has been more severe than urban unemployment in India. For the solution of rural unemployment, India has a long history of Government programmes for poverty eradication. A centrally sponsored scheme, TRYSEM was initiated by the Government of India to offer training facilities and to generate self-employment amongst rural unemployed youths.

31) Mizan Rahman and Nafeez Fatima (2011) identified three major magnitudes of entrepreneurship. First, for entrepreneurial studies on economic development, cities are considered to be appropriate economic units relatively than states or countries. Second, there are many definitions and dimensions of entrepreneurship available in the literature. Therefore, practical models and their results may differ depending on the model specification. Third, the correlation between employment growth and innovative activity is vibrant in nature. Study concludes there exists a statistically significant and positive relationship between entrepreneurship and growth in cities.

32) Hansen, Erik G., Schaltegger and Stefan (2013), examines the sustainability related alterations of businesses from view of sustainable entrepreneurship. The authors found co-evolution connecting initiator launching more sustainable helps and market leaders with their reactions. Whereas sustainability initiates new products in niche markets, then go forward into the mass market, collectively enables modernizations of businesses, markets and consumer behaviours. This is contradicting to innate; as theory proposes that officials only take on practices with notably lower sustainability norms than companies in the closed markets.

33) Chamu Sundaramurthy, Martina Musteen and Amy E. Randel (2013), have analysed that Social entrepreneurship is upcoming field of study in business disciplines. The rationale of this study is to create a deeper understanding of how social value is generated in India. Moreover authors discovered different types of social entrepreneurship conducts in India and recognise interesting conceptual themes across types. These visions have
shown how social entrepreneurs lucratively merge together social and economic prerequisites of social entrepreneurship.

34) Anjula Gurtoo (2009) highlighted the existence of a hidden enterprise culture in the Indian informal economy and describes a developmental structure to connect micro-enterprise owners. Policy research has classically taken a good move towards learning the informal sector in the developing countries. For that reason, the outline has been to create encouraging surroundings for continued existence instead of nurturing entrepreneurship and facilitate their growth. On the contrary, author discovers a planned direction for the informal sector. The suggested scaffold poises entrepreneurial courage of the individuals, market dynamics of economy, and socio-economic requisites of a developing nation.

35) Susmita Ghosh, Bhaskar Bhowmick, and Kalyan Kumar Guin (2014), concluded that in an entrepreneurship atmosphere, considering uncertainty is significant to start-ups as it is directly related to the perspective of decision making. In rising country such as India, uncertainties are major due to the enormously nature of the emerging country, which is observed by an underdeveloped institutional setup, deficiency of legal rights, undersized factor markets, and high transaction expenses. This research recognises a gap in the uncertainty measurement that is relevant to rising economies.

36) Rana Basu and Dhrubes Biswas (2013), in their research work explored different start-ups services being offered to potential entrepreneurs. Concerned information is received from Indian higher educational institute (HEI) based business start-up centres. Intention for this research is to essentially examine support services and to prioritize service proportions offered by the business start-up centres. The study implied that HEI supported business start-ups centres are rendering services to upcoming economies by pulling talent. Study devised both entrepreneurial and managerial propositions for decision makers in universities and industry.

37) Colin C. Williams and Sara Nadin (2010) assessed that in latest decades, the area of entrepreneurship studies has developed into more and more involved relationship between entrepreneurship and the informal economy. In this study, authors ascertained how entrepreneurs do not always perform their business dealings totally by the rulebook. Therefore, legitimizing this unseen enterprise culture could be essential way of upholding enterprise and economic development in developing countries.
38) Roberto Gallardo and Roseanne Scammahorn (2011) stated that Entrepreneurship is appropriate fetching for economic development of communities across the nation. This research identifies difference between innovative and non-innovative entrepreneurs as well as traditional entrepreneurs. Three sets of forecaster variables were used to enhance understanding of the dimensions of these entrepreneurs: demographic/location, infrastructure, and socio-economic. Results shown innovative entrepreneurs are more aware to brainstorming while non-innovative are more responsive to educational attainment.

39) Thor Sigfusson and Simon Harris (2012) have analysed entrepreneurs’ dealings and their impact on firm development. Little is known about other virtues of international entrepreneurs (IEs’) relationships and the paths followed in their development. Authors adopted a multi-grounded imaginative theory-building move towards many types of paths of relationship formation. This multidimensional link gainfully expands conceptual foundations international entrepreneurship situation.

40) Ganesh S. Hegde and N. S.Narahari (2009) examined entrepreneurial succession in India depends on mentoring, family business skill set, and exploration of technological improvement. The knowledge of skills, learned and refined over generations, directs to sustained development then transformed into technology. Inheritance is one feature that plays a key role in skill development. Conversion of skill into a technological component leads to successful entrepreneurship. This needs transformation of customary skills through technical upgradation in changing societal drifts.

41) Sahi and Shalini Kalra (2013), analysed the outcome of demographic and socioeconomic aspects on the financial satisfaction of the individual investors in India, who fit into the urban socio-economic classification segment-A. The study showed features such as age, marital status, occupation, work-experience, income, saving rate, and investment tenure, impact the individual's financial satisfaction levels. The reason of financial advisory services is to identify with clients' requirements and guide on the different parameters of financial planning and wealth management. Even if, demographic and socio-economic factors relates with financial satisfaction that have been studied in the literature, there has been insufficient useful research on the Indian financial customer.

42) Dhesi and Autar S. (2010) focused on consequences of social entrepreneurial activity for community development and tried to recognize features of social entrepreneurs and
charity donors. Generous donors are explained by the fact that they only invest money, whereas social entrepreneurs endow their activities as well. Study resulted that there exist considerable factors, such as early socialization, practice in community work, education which distinguish social entrepreneurs and charity donors. In addition, it makes an essential difference between role of charity donor and social entrepreneur in community development.

43) Bhardwaj B. R., Sushil and Momaya K. (2011), studied the variety of systems, processes, tools and mechanisms correlated to vision, team management, and reward for promoting entrepreneurial conduct in the organization. Authors’ analysed motives why the company adopted corporate entrepreneurship (CE), depending on diverse systems and methods the company approved to devise vision, team management, and remuneration structures to encourage entrepreneurship within the organization. It explained ideas that have helped the organization to attain its goals in innovation and new business creation and be competitive. Authors ascertained the current major challenges company tackled in planning vision and course of actions, systems to maintain proper communication and interaction between departments.

44) Javalgi Rajshekhar and Todd Patricia R. (2011), in their paper explored that small and medium sized enterprises (SMEs) made substantial contributions to economic success of nations. Study dealt with relationships concerning the internationalization of SMEs in India and entrepreneurial activities, firm resources, and commitment to internationalization. Furthermore authors stated research regarding the internationalization of SMEs is exist in developed economies but less is found in dealing with the entrepreneurial behaviour and international growth of SMEs in upcoming markets such as India.

45) Nery de Figueiredo, Maria Auxiliadora and Figueiredo, Paulo (2008), in their article concluded that in recent years there has been enhanced attention by governments, companies and academics in the role of entrepreneurship in innovation and economic growth. Authors examined functioning of educational practices related to the initial formation of entrepreneurial mind-sets. Thus, authors found that if companies and countries want to protect their sources of radical ideas and continuous innovation, they must have a long-standing commitment to expand their future knowledge bases.
Particularly a complete, long-term, and socially inclusive viewpoint on entrepreneurship education, from primary school levels in underdeveloped areas, is needed to improve.

46) Shree Ram Bhagwan and Selvaraj M. (2012), tried to inspect the effect of computer based online entrepreneurship distance education in India. Entrepreneurs, bureaucrats and technocrats are thinking that in today’s knowledge-based economy how entrepreneurship distance education can be available online through computer and information technology (CIT). Only in urban areas it is conducted and not in rural areas. Moreover study shown CITs are helping to entree of entrepreneurship distance education. It makes stronger entrepreneurial educational quality.

47) Zacca Robert, Dayan Mumin and Ahrens Thomas (2015), measured effect of network capability (NC) on enterprise performance via knowledge creation, and two determinants of entrepreneurial orientation (EO): competitive success and innovativeness. Authors revealed that NC is positively related to knowledge creation. And competitive success and innovativeness are key intermediaries between knowledge creation and firm performance.

48) Markatou Maria and Stournaras Yannis (2013) put forward research on the conception of new firms and its dimensions. Its origin has identified either on industry-level aspects, such as market composition and technology system, or on individual-level features, such as the work experience of entrepreneurs. Authors conclude that association between new technology and new firm creation resulted with possible propositions to entrepreneurship, technological growth and regional planning.

49) Scales and Timothy (2014) identified the opportunities, confronts and achievements of entrepreneurs and small business leaders. Authors recognised educational and economic support to organizations results in the advancement of entrepreneurship process. Study analysed concepts which are universal across national boundaries, and recognise key value of skill sets for entrepreneurs.

50) Loras Joaquin and Vizcaino Jose (2013) stated that entrepreneurial start-ups recognised the world more than just a driver of economic and social development. In today's society, human resource decides quality of life develops or declines, as well as the competitiveness of productive systems. The study insisted to complete the entrepreneurial training to identify mind-sets and beliefs amongst engineers for business start-ups. Furthermore study evaluated desirability, viability and purpose to create a new firm, along with perception of technocrats to form business.
51) Welsh Dianne H.B., Munoz J. Mark, Deng Shengliang and Raven Peter V. (2013), examined performance of micro-enterprises placed in a micro-enterprise zone (MEZO) in China. Authors aimed to initiate the concept of MEZOs for governments to build up microenterprise activity. The study explored that major management exercises, marketing ability, and technical capacity of microenterprises in MEZOs do have a positive effect on performance sales, net profit, and growth. Moreover study explored new methods to set free the economic power of microenterprises. MEZOs must be identified as one solution for micro-enterprise development to reduce poverty level by creating jobs, and encourage economic activity.

52) Javalgi Rajshekhar, Todd Patricia, Johnston Wesley and Granot Elad (2012), concluded that improvements in internet technology were facilitated Indian entrepreneurs to entrepreneurial activities and innovations by means of new business models. It enables to attain scale and scope to compete in a worldwide marketplace. Authors contributed the understanding of entrepreneurship in SMEs in potential markets such as India.

53) Dr. Natasha Ramkissoon-Babwah, Mr. Arnold Babwah (2013), proposes Entrepreneurship Policy approaches for the developing countries to recognise significance of entrepreneurship in creating economic growth and minimising poverty. Scope of entrepreneurship policies are described by targeting women, creating entrepreneurial teams, executing entrepreneurship education programmes that help business eco-system. Further, effect of entrepreneurial policies is also determined for entrepreneurship development.

54) Khanka S.S. (2010), focused on entrepreneurial origins of entrepreneur and shown that family background does not impact much on entrepreneurial pursuits. Study identified there is no typical entrepreneur as such; he/she may be any person with any educational, occupational background, age, with or without work experience. He/she can be male/female and belongs to any race and religion. So entrepreneurs can emerge from very diverse backgrounds.

55) Abu Ikponmwosa Noruwa and Ezike John Emeka (2012) examined the role of Microfinance by banks in development of entrepreneurship. The study identified that because of high rate of loan resulted in failure to pay among the SMEs, which creates severe consequences for microfinance banks. Furthermore authors explored that banks should promote the formation of cooperatives so that entrepreneurs can collectively enjoy their
services and hence a decrease in operating cost as well as borrowers to non-payment.

There is also the need to launch more microfinance banks particularly in rural areas so as to hasten economic growth.

56) Shepherd Dhliwayo (2008), presented appropriate entrepreneurship training model based on practical learning which can facilitate to create entrepreneurs. Study analysed the current approaches in use, recognising gaps need to be filled. It has shown that proper experiential training can be implemented into entrepreneurship education. Experiential learning can convert experience into entrepreneurial knowledge. So a new approach required to establish entrepreneurship education and training if it is certainly producing entrepreneurs. And one should start business as early as possible for better entrepreneurial effect.

57) Balbir B. Bhasin and Sivakumar Venkatramanay (2010) evaluated existing development policies which have been found unsure and incompatible. Study revealed that newly started programs must be modifying to allow setting up of an encouraging and non-discriminative investment environment. Policies should be market oriented, demand driven and not dominated by government agencies which, earlier, have unsuccessful to satisfy practical requirements of SMEs. The importance should be given to unite assorted SMEs under planned structure and assimilate their operations into major global firms.

58) Dr. M. Ramzan and Asad Ejaz Sh. (2012) shown how social entrepreneurship and micro-finance work as a collective instrument to decrease poverty and strengthen individuals for long-term progress. Interest free microfinance is a dissimilar approach to lessen poverty. So, combination of microfinance and entrepreneurship is valuable tool for development used to alleviate poverty and strengthen individuals speedily.

59) Kelum Jayasinghe, Dennis Thomas and Danture Wickramasinghe (2007), argued that entrepreneurship research has been characterised by an over passionate with logical rationalism, methodological functionalism, and ignores major political, social and cultural factors. In neoclassical economics emotional side of the relations between structure and people has been neglected. The ignorance to beliefs, ethics, and cultures resulted in satisfying of an economistic approach for entrepreneur. Authors argued that gap between the orthodox burdens and social realities of entrepreneurship must be fetched by strength of bounded emotionality.
Mizan Rahman and Nafeez Fatima (2011), investigated different aspects of entrepreneurship to elucidate correlation between entrepreneurship and growth in urban areas. Entrepreneurial activities are improved in cities where human capital is more available. The spatial aspects in entrepreneurship suggest that economic growth is restricted to geographical location where it starts. The growth impact reduces as move away from urban areas. Moreover authors concluded entrepreneurship at national and international level comprises significant means by which knowledge spillovers take place in society.

2.2 Theories of Entrepreneurship

The concept of entrepreneurship evolved over more than two centuries had experienced major modifications. As the concept of entrepreneurship is complex in nature, it is prejudiced by not only economic aspects, but also by sociological, political, psychological, moral, religious and cultural values. The concept also put up with authentication to courage, creativity, determination, networking, hardworking etc. Over the years social scientists have understood the fact of entrepreneurship differently in accord with their perception and economic environment. Important theories of entrepreneurship put forward by social thinkers during last two centuries are described below.

2.2.1 Introduction

Entrepreneurship is developed phenomena. With improvement of science and technology, it has experienced transformation and contributing significantly for socio-economic development. Numerous writers have developed different theories on entrepreneurship and promoted conception with common people. It is widespread fact that entrepreneurship is an imperative issue in economic development. An Entrepreneur is risk bearer and works under uncertainty. But no efforts were made by economists for creating systematic theory of entrepreneurship. The traditional model treats the entrepreneurial function like a managerial function.

The distinguishing aspects of entrepreneurship over the years are:

1. Innovation
2. A purpose of high attainment,
3. Organization building,
4. Group level activities,
5. Managerial skills and leadership
6. Gap filling,
Theories of Entrepreneurship are generally classified into economic, psychological, sociological and cultural. The observed fact of entrepreneurship development has been viewed, explained and understood in a different way by social scientists. Psychological aspects of entrepreneurial success are described by Joseph Schumpeter, McClelland, Hagen and Kunkal. Entrepreneurship is repressed by the social system, which refuses opportunities for innovative ideas. The forces of tradition, inflexibility of position unite to create an unfavorable condition for innovation. Briefly, the concepts of entrepreneur and entrepreneurship have been examined from economic, social, political, culture and managerial points.

2.2.2 Definition term ‘Entrepreneur’:

The word entrepreneur is comes from the French word ‘Entreprendre’ which means to undertake i.e. person who assumes the risks of new enterprise. The word entrepreneur hence first appeared in French language at the beginning of 16th century. The word was also used to leaders of military expedition but it was Richard Cantilon, an Irishman, living in France who first used the term entrepreneur to refer to economic activities. The entrepreneur is an important input, a catalyst of development; with whom we prosper, without whom we are poor. The entrepreneurs of the world are clever minds who leave a permanent mark in the history. They make it possible through action and not through the words, by doing things in a completely new way. They think beyond obvious, go deeper and think from various perspectives and angles.

Entrepreneurs are persons who understand requirement gap and therefore take advantage of on the same. An entrepreneur seizes such fresh ideas, builds up on it and pursues its achievement persistently with tenacious essence. Thus, entrepreneurs are initiators and achievers who build up and manage business. On the contrary, we cannot label an entrepreneur an opportunist because it is not only selfish interest that obliges him but he also meets the need of people.

4th BC Kautilya:

Most successful enterprises are obliged to entrepreneurs’ capability to work in team work to reach various goals in spite of ups and downs.
Capable men, thus, will finally transfer the whole idea into ‘miraculous balance sheet.’ The final jump may come in any manner - a big order, a turnaround client or a big financial investor. But one needs to carry on these paths - a hundred times.

**16th Century:**

In early 16th century, the French recognized this term to people who organized and/or led military tour. All those people who were responsible to find new land were also called "entrepreneurs."

**17th Century:**

Person bearing risks of profit (loss) in a fixed price contract with government.

**1725: Richard Cantillon:**

Person bearing risks is different from one supplying capital.

**1776: Adam Smith:**

Entrepreneur is an individual who undertook creation of an organization for commercial purposes. He is a person with extraordinary insight who could identify potential demand for goods and services.

**1803: Jean Baptista Say:**

The entrepreneur is one who acquired definite skills and arts of creating new economic enterprises, so far a person who had outstanding vision into society's needs and was able to fulfill them.

**1848: John Stuart Mills:**

Fluctuated on necessity of entrepreneurship in private enterprise, the term entrepreneur subsequently became common as a description of business founders and the ‘fourth factor’ of economic endeavor in economic literature.

**1871: Carl Menger: (1840-1921)**

The entrepreneur is change agent who transforms resources into useful goods and services that lead to industrial growth.
1921: Frank H. Knight:

The man who earns profits by taking risks in an uncertain future and sells output is an entrepreneur.

1934: Joseph Alois Schumpeter: (1883-1950)

Entrepreneurship is often a delicate force, challenging order of society through marginally small changes. It is a process of creativity and innovation.

1952: Hoselitz Bert F.:

Uncertainty bearing...coordination of productive resources...introduction of innovation and provision of capital.

1958: Everett E. Hessen:

An economic man who tries to make the most of his profits by innovations

1959: Cole Arthur H.:

Focused activity to initiate, maintain or organize a profit oriented business of economic goods and services.

1961 David C McClelland:

Entrepreneur is an energetic reasonable risk taker.

1964: Peter Drucker: (1908-2005)

Entrepreneur maximizes opportunities through systematic innovations. Entrepreneurship is a practice.

1975: Albert Shapero:

Entrepreneur takes initiative, organizes some social-economic mechanisms, and accepts risk of failure.

1980: Karl H. Vesper:

Entrepreneur seeks differently by economists, psychologists, business persons, and politicians.
1982: Mark Casson:

Decisions and judgments about coordination of inadequate resources are called as Entrepreneurship.

1983: Gifford Pinchot:

Intrapreneur is an entrepreneur within an already established organization.

1984: Robert C. Ronstadt:

A dynamic process of creating incremental wealth by assuming major risks in terms of equity, time and commitment of providing value for products.

1985: Robert D. Hisrich:

Entrepreneur is a process of creating something different with value by devoting necessary time and effort, assuming the additional financial, psychological, and social risks and receiving the results — rewards of monetary and personal satisfaction.

1985: Gartner, W.:

Creation of new organizations is called as Entrepreneurship.

1989: Stevenson H., Roberts, M. and H. Grousbeck:

The search of opportunity without regard to resources currently controlled, but forced by the founders previous choices and industry related experience.

1990: Vasant Desai:

The entrepreneur is a visionary and an integrated man with outstanding leadership qualities. With a desire to do well, an entrepreneur gives top priority to Research and Development. He always works for well-being of the society. More importantly, an entrepreneurial activity contains all fields/sectors and fosters a spirit of enterprise for welfare of mankind.

2006: N.R. Narayana Murthy:

Entrepreneurship is an instrument of change. Entrepreneurship built and sustained on the true set of value system is ready for marathon race in the global economy. Innovation productivity, fairness, frankness, ethics, conscience and transparency are core values of entrepreneurship.
2.2.3 Economist’s Viewpoint

Entrepreneur and entrepreneurship have been a point of attention to economics as early as 1755. The term entrepreneur appears to have been introduced by Cantillon. It was variously translated into English as 'merchant', 'adventurer' and 'employer', though the exact meaning is 'the undertaker of a project.'

Development of Entrepreneurship Theory

2.2.4 Psychological Theories

The observable fact of entrepreneurship development has been noticed, described and inferred differently by social scientists. For psychological aspects Joseph Schumpeter, McClelland, Hagen and Kunkal contributed successfully. According to economists entrepreneurship progress will occur in specific economic environments. Economic incentives are significant for entrepreneurial undertakings. They consider that glowing market and proficient economic policies encourage entrepreneurship. According to Psychologists, entrepreneurship is purely depending upon psychological characteristics of people. The main characteristics are:

1. An urge to do something;

2. Visionary attitude to fulfill a dream;

3. Self-confidence and Motivation level;

4. The capacity to tolerate social opposition; and

5. The high need for achievement.

These characteristics motivate and force people towards entrepreneurial activities.

2.2.5 Sociological Theories

Entrepreneurship is repressed by social system. Due to inflexibility of mind-sets, forces of tradition, ritual-racial-ethical binding and morale values, one cannot innovate ideas or implement their intellectual interest. With this concern Weber and Cochran theories are imperative and worth mention. Sociologists discuss that entrepreneurship rises under a particular social culture. Social approvals and cultural values are liable for development of entrepreneurship. Social-cultural values direct economic action that enables entrepreneurship.
2.2.6 Theory of Cultural Values

The main features of Thomas Cochran's theory are cultural values, role expectations and social approvals. He described for economic development, societal aspects are vital viz. childhood living, family background and schooling education given in that particular culture. The performance of an entrepreneur generally influenced by three factors: (1) his own mind-set towards his occupation; (2) role expectations held by the sanctioning groups; and (3) operational needs of job. The causes for first two factors are societal values. Population, technology, and institutional drift vary role expectations to satisfy operational requirements.

Entrepreneurship is not restricted to individuals who are gifted with certain qualities at birth. It can also be developed. Every theorist has viewed entrepreneurship according to his perception. No view is right or wrong, or more or less; actually, several factors are necessary and not additive. They are interconnecting, mutually dependent and usually supporting in nature. Different thinkers have evolved different theories of entrepreneurship. Therefore, some of the important theories of entrepreneurship are explained below.

2.2.7 Innovation Theory by Schumpeter and Replication

Schumpeter's theory of entrepreneurship is a revolutionary effort of economic growth. Development means execution of new combinations for an innovative activity. Innovation contains problem solving and an entrepreneur is a problem-solver. In his views, innovation comprises of following five features:

1) **New Goods:** The introduction of new goods which consumers are not seen earlier before, of a new quality.

2) **New Method of Production:** The introduction of new method of production, created rationally which minimizes procedures and operations.

3) **New Market:** The opening of a new market in which an entrepreneur has not previously entered i.e. in another region/country, etc.

4) **New Source of Supply of a Raw Material:** The captures of a new source of a raw material which can provide it in abundance with lessen cost.
5) **New Organization**: To break monopolistic market an entrepreneur must carry out of new organization, of any industry like the formation of monopoly position through breaking-up of a monopoly situation.

The execution of the above mentioned combinations, Schumpeter calls enterprise and the individual who holds them out he calls entrepreneur. With respect to above, Schumpeterian theory of entrepreneurship has subsequent features:

1) Difference between Invention and Innovation

2) Highlighting of Entrepreneurial Function

Entrepreneurs forced into innovative activity to which they are new. According to Schumpeter, while he swims with the river in the circular flow which is well-known to him, he swims in opposition to river if he wishes to change its channel. What was in the past a help became obstacle. What was familiar datum becomes an unknown. Where the boundaries of routine stop, many people are capable to go no more and the rest can only do so in an extremely unpredictable manner. This is why implementation of new combinations is a thing of special kind of function.

4) Characteristics purpose of the Entrepreneurial Conduct: In his Theory, Schumpeter deals with the question of characteristic motives of entrepreneurial conduct. Even if he tries to point out the psychology of entrepreneur, he consider that none of the results to which our study is intended to led stands or falls with psychology of entrepreneur or could be vitiated by any errors in it.

5) Entrepreneurial determination to establish an enterprise: Entrepreneurial motives are run by the will power to establish an enterprise. The motives of creating things and adapting into practice stimulate innovation. According to Schumpeter, dream and willpower to establish an enterprise and delight of creating and getting things done are motives that encourage entrepreneurs to accept innovation.

### 2.2.8 Critical Evaluation of Innovation Theory

Schumpeter's theory of entrepreneurship is criticized on the following grounds:

1) **Lacks Innovation**: The theory considered only individual person. It may be businessman or director and manager of company who actually executes new
combinations known as innovative functions. It is considered narrow because individuals although run successful business enterprise but lacks innovation.

2) **Ignores Risk and Organizational Aspects:** Schumpeterian theory of entrepreneurship gives excessively importance on innovation. It ignores the risk taking and organizing aspects of entrepreneurship which are similarly significant for enterprise building.

4) **Lack of uninspired Entrepreneurs in Under-developed Countries:** Schumpeter's entrepreneurs are large scale businessmen who introduce new technology, methods of production, etc. But in under-developed nations entrepreneurs who initiate their business generally do not have a large scale business enterprise in the beginning and preferred to operate on traditional technology. These countries actually need more copied entrepreneurs than innovating entrepreneurs because of structural imperfections. That is why under-developed countries compel the entrepreneurs to start small scale-enterprises which are already tested.

5) **Unrealistic Combinations:** According to Schumpeter an individual is an entrepreneur only when he tries new combinations to produce new things and to innovate. He stops to be an entrepreneur the moment he found himself in running the business, effectively. This view of Schumpeter is quite unrealistic and questionable.

In spite of above criticism, Schumpeterian theory is considered as noteworthy in the history of entrepreneurial development.

### 2.2.9 Replication

This success of an innovative firm stimulates other organizations to go with in a competitive game of replication. Replication of successful innovation is not focused so far. Replication of innovation results in high economic growth. Mostly replication is done by businessmen, firms and not by original innovators themselves. Schumpeter model laid emphasis on innovating entrepreneur than replicators in the growth process. Replication involves copying ideas and procedures from innovative other firms. Entrepreneurs may just find it easier to replicate the practices of a successful firm than to go through the process of a systematic and expensive search. It enables entrepreneurs to improve skills required for business. Replication is a means of gaining position and esteem. Customers feel more comfortable doing business with firms. This is predominantly case for service firms. For example, a new consulting firm will require going out of its way to look like an
established firm, even if some of its trappings (e.g. a prime location office, leather chairs, and a well-tailored suit) put a strain on resources and are only subsidiary to the quality of the service.

2.2.10 Theory of High Achievement by McClelland

McClelland argues that people are learning from events that they experience particularly in early life find some needs from the culture of a society. This proclamation from McClelland is well-known as achievement motivation theory. The needs that people may learn are:

1) **Need for Achievement (nAch):** A person desires to achieve challenging goals, be successful in competitive situations, and show need for clear-cut feedback about performance is called as person’s need for achievement.

2) **Need for Power (nPow):** The (nPow) is described, there is need to control surroundings conditions to influence others performance, and to make answerable them.

3) **Need for Affiliation (nAff):** In a society, people always tend to live in community that leads to attachment and want to create harmonious affiliations with each other.

David C. McClelland, Harvard psychologist done an extensive research on above three aspects and revealed, a set of personality characteristics is responsible for high need Achievement. "Need Achievement" is a social motive to do extremely well, that tends to distinguish successful entrepreneurs. Achievement motivated persons are strengths of most of the successful organizations. Organizational atmosphere should be supportive for high achievements. Managers should stimulate achievements need level of subordinates by delegation of authorities, autonomy of decision and make the assignment challenging. Team members, colleagues should fix goals and take accountability for its achievement.

2.2.11 Relationship between Achievement Motivation and Entrepreneurship

The achievement motivation is linked to entrepreneurship, make longer not only to those who found businesses but to other managers in whose jobs the entrepreneurial role be in the majority. In addition, entrepreneurs who have high intensity of achievement, motivation be likely to head firms that grow more speedily in terms of such indexes as sales volume, number of employees, and total investment in the business than do companies started by entrepreneurs with lesser achievement needs.
The links between achievement motivation and entrepreneurship appear to take the following form:

1) Individuals have different perspectives about achievement is a major source of satisfaction.

2) Highly achievement motivated people have definite characteristics:
   i) They are more concerned with achieving success than avoiding failure and therefore do not think their energies on warding-off difficulty.
   ii) They tend to give close attention to the practical probabilities for success related with different alternatives.
   iii) They are strongly future-oriented and are willing to wait for rewards.
   iv) They favor situations in which there is a clear condition of whether they are succeeding.
   v) They prefer personal liability so that success can be attributed to their own efforts.

3) These characteristics are inbuilt in the entrepreneurial job and thus people with high achievement motivation will be fascinated to this type of work and for that reason they fit its requirement and more possibility to achieve success (business growth). It is expected that people high in nAch will be more probable to hunt entrepreneurial careers than other types of roles.

2.2.12 Criticism of Achievement Motivation Theory

This theory has major inference for managers. If organization can identify the need, it can motivate individuals by teaching training. The model had the following limitations:

1) High achievement seekers anticipate similar results from others and cannot be successful managers.

2) Achievement motivation training is prolonged so it consumes more time.

3) The a variety of needs do not motivate workers.

2.2.13 X-Efficiency Theory by Leibenstein

Harvey Leibenstein put forwarded the theory of X-efficiency which is popularly called Gap filling theory. This theory, in the beginning evolved for other purposes and then
applied by him to analyses role of entrepreneurs. Basically, X-efficiency is amount of unproductive consumption of resources in a firm. It identifies enterprise’s capacity to utilize resources. X-efficiency arises either because the firm's resources are utilized in wrong way, or they are wasted, i.e., they are not used at all.

**Features of X-Efficiency Theory by Leibenstein**

The theory has got the following features which are as follows:

1) **Routine Entrepreneurship:** In a well settled firm all procedures and operation are functioning well because everything is established. Production function and input-output operation is executed efficiently. This is called routine entrepreneurship.

2) **New Entrepreneurship:** In this, Production function and input-output operation is not properly established as enterprise newly started. This is called new entrepreneurship.

3) **Twin Roles of Entrepreneur:** Harvey Leibenstein pointed out all the time some deficiencies exist in the production function or input-output relationship. These deficiencies or gaps exist because all the inputs in production function cannot be marketed. So Leibenstein highlighted twin functions of entrepreneur, namely:

   i) **Gap Filling:** If market deficiencies exist then an entrepreneur has to fill the gaps in the market. Therefore, the more imperfect markets, greater entrepreneurial skills are necessary.

   ii) **Input Completing:** Economic development needs a large supply of gap-filling entrepreneurial skills and small supply of input completing skills. In under developed nations innovative entrepreneurs are required to start new firm or reorganize existing enterprises, which minimizes level of X inefficiency. Gap-filling and input-completing capacities decide supply of such entrepreneurship.

4) **Efficiency Factor:** X-efficiency is degree of inefficiency in the use of resources within the firm; it measures extent to which the firm fails to realize its productive potential.

Leibenstein identifies following differences between X-efficiency theory and neoclassical theory.

1) In employment contracts, employee is not permanent in job. So in contractual job, according to Leibenstein effort taken by employee is flexible. Employees are forced to do work and not by their own.
2) X-efficiency theory also declares effort is required in order to change the allocation of resources. It is unpleasant to break old habits, and it takes time to reconcile with a new routine. This creates a psychological disinterest which discourages the individual from adjusting from one state to another. Inertia, like limitation, is a personality characteristic. Therefore, Leibenstein leaves from simple neoclassical theory.

3) Finally, Leibenstein go away from neoclassical theory in concerning no unity between different individuals in an organization about objectives. The employer (or the shareholders, in the case of a joint-stock company) may be fascinated in maximising profits, but the agents - who are the actual decision makers - are not. The agents follow their own objectives, which are mismatched with maximum effort. The role of the organization is to exert pressure on the agents to keep up or increase their effort. The pressure is internal to the firm but external to the individual agent. The pressure raises the individual's constraint concern, raises his effort, and thereby shifts firm towards its neoclassical production front line.

Leibenstein views entrepreneurship as an innovative response to X-efficiency. Due to effortless people resulting inadequacy of organizations that hire them, create opportunities for entrepreneurs. Entrepreneurial activities cause a competitive ineffective organization. This is converted into pressure on agents which encourages them to maintain an adequate degree of limitation concern.

2.2.14 Criticisms of X-Efficiency Theory by Leibenstein

Criticism of X-efficiency theory comes in practical confirmation of motivational slack in competitive businesses. The main dispute is that X-efficiency theory is not well-suited with Neo-classical Microeconomic Theory. Leibenstein's idea of non-maximizes clashes with principles of economics. It is not rational or perhaps impracticable to have an economic system based on non-maximising individuals.

2.2.15 Theory of Profit by Knight

F.H. Knight proposed uncertainty-bearing theory in 1921. In words of Knight "The most basic fact in organization is meeting of uncertainty". Hence according to Knight, profit is return for uncertainty bearing rather than risk-taking. Profit is paid for non-insurable risks and not for insurable risks.

Knight's theory has the following features:
1) **Pure Profit:** Knight acknowledged that pure profit refers to reward for bearing cost of uncertainty.

2) **Unexpected Uncertainty:** Knight explored, uncertainty comes suddenly or unexpectedly where alternative solutions cannot be determined either by a prior reasoning or by statistical conclusion.

3) **Risk-Bearing Capability:** Risk bearing involves assuming the responsibilities of loss or gain that may occur due to unexpected possibilities of future. Knight explained, an entrepreneur executes activities which are neither insured nor salaried.

4) **Guarantee of Specified Sum:** While undertaking responsibility of business enterprise, entrepreneur guarantees interest to lender, wages to employees and rent to landlord. Thus, specified sums of money are guaranteed by an entrepreneur for task made to them. However, supply of entrepreneurship depends upon the following three factors as per his opinion:
   i) Capability of an entrepreneur,
   ii) Readiness of an entrepreneur, and
   iii) The power to widen guarantees to others.

5) **Identification of Socio-Economic and Psychological Factors:**
Knight identified social, economic and psychological factors influence supply of entrepreneur to promote entrepreneurship.

6) **Use of Consolidation Technique to Reduce Business Uncertainty:** Knight's entrepreneurs particularly commit their capital and bear resultant risk and uncertainty. He argued that business insecurity can be reduced using technique of consolidation to increase profit. Through the help of consolidation in which individual instances are pooled, total uncertainty can be minimized.

7) **Self-Confidence:** It is most vital factor necessary for entrepreneur to undertake risk and to determine level of profit. However, Knight felt that every unsure condition is distinctive and depended on a number of uncertainties in market place. Situational self-confidence is required to fight against situation.
Knight differentiates between risk and uncertainty. According to him, risks inbuilt in any business are of two kinds:

1) **Insurable Risk:** These risks can be calculated statistically and thus insured with an insurance company.

These in turn are of two types:

i) Risk of loss of property, resulting from natural factors like fire, flood.

ii) Risk of theft, robbery, etc. By paying insurance premium these risks can be taken care of by an entrepreneur.

2) **Non-Insurable Risks:** Certain risks which have to be bear by entrepreneur himself as these cannot be insured against. These non-insurable risks are:

i) **Competition Risks:** These risks come from policy changes of rivals, which incorporate things like changes in price, product line, advertisement expenditure, etc. For example, Change in prices of coke per bottle made Pepsi also to change their prices.

ii) **Risks of Market Condition:** Sometimes an economy may come in a phase of recession or a boom, thus effecting firm adversely or favorably. Like India business sector was hit by recession in 2008.

iii) **Risks of Technological Changes:** This is also called risk of obsolescence which rises with improvement of an economy. These risks arise from opportunity of newly installed machinery becoming outdated with the discovery of new and more economical processes of production.

iv) **Risk of Public Policy:** Government policy concerning business undergoes a change-over time, some of which cannot be guessed precisely. These policies changes results in price control, foreign trade policy, and corporate taxation.

2.2.16 Criticisms of Theory of Profit

The theory is a step up of risk theory. But it is not a satisfactory clarification of profits because of following reasons:

1) **Duties of an Entrepreneur:** Uncertainty-bearing is only a part of duties of an entrepreneur. He has other duties also, e.g., organization and bargaining.
2) **Psychological Concept:** Uncertainty-bearing is a psychological concept and it can be regard as a part of real cost of production. The supply of a factor of production does not depend on actual costs but on opportunity costs. Hence, uncertainty-bearing does not decide supply price of business capability.

3) **Imperfections of Competition:** A part of profit arises from imperfections of competition. Thus, if there are hurdles in opening of new firms, existing firms will make additional incomes. Such incomes are not due to uncertainty. Monopoly profits appear within this category.

4) **Measurement of Uncertainty:** It has not been possible to measure uncertainty in actual terms. Therefore, uncertainty bearing theory cannot give details the quantum of profits not including in a vague and general way.

### 2.2.17 Theory of Social Change by Everett Hagen

Everett Hagen's theory of social change lays highlighting on "creative personality" as a connecting link in entrepreneurial behavior and "status withdrawal" as the determiner of creative personality.

Everett E. Hagen, proposed how a normal society transforms with technological improvement. The theory insists following features and believes an entrepreneur's creativity is important aspect of societal change and economic progression.

1) **Presentation of General Model of the Society:** The theory explored a general model of society which thinks about interrelationship between physical atmosphere, social structure, personality and culture.

2) **Social and Political Transformations by Economic Progression:** Hagen argued that most of the economic theories of under-development are inadequate.

3) **Refusal of Replication and Emphasis on Creativity:** Hagen refused that economic progress lies in copying western technology. So replication tendency of entrepreneurs is discouraged and more emphasis lay on entrepreneurs own creativity.

4) **Social Change by Technological Improvement:** Hagen in his book, "How Economic Growth Begins", describes social transformation can be done by technological improvement irrespective of religion and races of entrepreneurs.
Therefore, Hagen's creative personality is combination of Schumpeter's innovation and McClelland's high need for achievement. But Hagen's study fails to explore strategies for under developed nations like India.

2.3 Gap identified in review of Literature

While reviewing literature researcher identified that in several research papers under the concept of entrepreneurship development many authors laid emphasis on industrial development. Finance, plot acquisition, labor supply, these aspects of enterprise particularly comes under industrial development. These aspects needs to be managed by an entrepreneur and for managing such aspects, an entrepreneur’s capacity, qualities, skills and characteristics should be develop. Thus entrepreneurial features are related to personal development and that needs to study. To start a business unit or an enterprise, fundamental requirement is human being (not only human being but qualitative or skilled human being that we can call as an ‘entrepreneur’.) So for transformation person into an entrepreneur requires to develop qualities and skills within person. If that entrepreneurial attitude, skills developed then industrial development done automatically. So for development of entrepreneurial attitude in individuals rather than concentration of physical or tangible things, certain entrepreneurial features need to study or quantify viz. risk taking attitude, persistence, self-confidence level, ambition-motivation level. If these intangible, non-measurable entrepreneurial characteristics are developed then entrepreneurial attitude gets develop which results into industrial development, employment generation. To get succeed in business money, labor, land, machines are secondary things but individual persons (entrepreneurs) will power or perspective is essential. So researcher recognised need to study these qualitative, intangible parameters related to entrepreneurs.

In books, entrepreneurship development parameters, information about entrepreneurship organization, institutional structure is highlighted. While actual development in rural or sub-urban areas how many entrepreneurs are referring books or getting training? This needs to be measured or accessed. Along with that theories of entrepreneurship are ideal and correct but its implementation by entrepreneurs or its effect on entrepreneurship development again topic of debate. Therefore all these issues concerning to entrepreneurship development need to study. Finally, in case of Latur MIDC no research executed for entrepreneurship development. Hence comparative analysis of entrepreneurs’ demands and process of entrepreneurship development needs to study especially concern to Latur MIDC area.