

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

The current usage of the word 'entrepreneur' started with Joseph Schumpeter, the Australian economist at Harvard. The word is commonly used to designate somebody who sets up a commercial enterprise to make a profit. By this definition entrepreneurship began with innovations within merchant families.

Women comprise half of the world population. They form an important and productive section of the society at large. They participate in number of economic activities as is true in rural areas, where women equally share burden of working in agriculture field and animal husbandry. It is not an exaggeration to point out that has been regarded backbone of national economy in general as they play multidimensional role in household as well as in allied activities.

At global level, the role of women in economic development received attention around 1970 when the hidden economic and social contributions of women begin to uncover under layers of social mythology. The declaration of the International Women's Year by the United Nation General Assembly in 1975 could be considered a turning point regarding their place, role and position of women in society.

In Indian Society also wherein traditionalism to modernism is taking place, working of women outside home is being gradually encouraged. In

spite of this visible and welcome change, women have to face social problems for engaging herself in gainful employment. Majority of the women are working in rural unorganized sector and employment in this sector is characterized by low wages, longer working hours, low productive, low skill and lack of job security.

Inability of the women to acquire skill and training are responsible for her low employment status and socio-economic conditions. This is attributed to the prevailing social relations between men and women as well as the structure of economy. The social and private costs of women's development through education, training and medical care are still considered to be a very high vis-à-vis the return from them.

Women employment supplements family income and enhances their economic status and places them in higher income group. Among employed women, their better education, employment and improved family income, all the three raise their socio-economic status and place them in upper or upper-middle class from lower or upper-lower class.

In India total female workers (main and marginal) have increased from 57 million in 1961 to 66 million in 1981, 91 million in 1991, 99 million in 2001 and 108 million in 2011 which is very much significant. Working women constitute about 12 percent of the total population and there is an increasing trend towards increasing employment of women in India. Majority of the women workers are employed in the rural areas. According to NSS (National Sample Survey, 2010-11) about 87 percent women are employed in the

agriculture as labourers and cultivators. Amongst women workers in urban areas, 80 percent are employed in unorganized sector like household chores, industries and participation in building construction, etc.

Economic development in any country is characterized by the participation of women in organized sector. In India there has been a steady increase in female work participation rate from about 14 percent in 1971 to 20 percent in 1981, 28.6 percent in 1991, 30.4 percent in 2001 and 36.8 percent in 2011 but majority of the women indicated earlier converge in the unorganized sector, which indicate different access of men and women in organized employment. The employment of women in organized sector (both public and private) was about 7.8 million in 2010-11, which constitute about 15 percent of the total organized sector employment in the country.

Income generation assumes great significance for women especially among poor women in Indian context. Supplementary income improves nutritional status of family, health care, children education and further they take active participation in decision-making about money matters and family expenses and women are able to assert their society. With the recent opinion regarding various family matters, probably as a consequence of women's status as an earner in the family.

Education of women and their entry into employment has brought a change in the social life of women. Participation in economic, domestic, social activities and sharing of work responsibilities with others improves their social status in family as well as their socio-economic status in the

increase in the women employment in the organized sector, is there any evidence of change in socio-economic status of women in the family and community, a study was conducted in Thiruvannamalai District of Tamil Nadu with the recent increase in the Urban Women entrepreneurial activities in the micro-credit business sector of Tamil Nadu.

The concept of entrepreneurship has been around for a very longtime, but its resurgent popularity implies a sudden discovery.<sup>1</sup> Richard Cantillon (2010) is credited with giving the concept of entrepreneurship a central role in Economics. According to him Entrepreneurs consciously make decisions about resource allocations. They would always seek the best opportunities for using resources for the highest commercial yields.<sup>2</sup> Adam Smith (1776) spoke of the enterpriser in his Wealth of Nations as an individual who undertook the formation of an organization for commercial purposes. He has described to the entrepreneur the role of industrialist, but he also viewed entrepreneur as a person with unusual foresight who could recognize potential demand for goods and services.<sup>3</sup> Another economist, Jean Baptiste Say (1832) described an entrepreneur as one who possessed certain arts and skills of creating new economic enterprises, yet a person who had exceptional insight into society's needs and was able to fulfill them.<sup>4</sup>

### **Entrepreneur and His Role**

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Government of India has defined women entrepreneurs as an enterprise

owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women. Like a male entrepreneurs a women entrepreneur has many functions. They should explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business.

A change in the connotation of an entrepreneur from captain of industry to an elusive character, where the entrepreneur is characterized as one who garners profits at the expense of others had distorted the concept of entrepreneurship. The concept of entrepreneurship has been revised by economist, Joseph Schumpeter (1947) who described entrepreneurship as a force in creative destruction, whereby established ways of doing things are distraught by the creation of new and better ways to get things done. Hence Schumpeter described entrepreneurship as a process and entrepreneurs as innovators who use the process to shatter the status quo through new combinations of resources and new methods of commerce.<sup>5</sup> Joseph A. Schumpeter thus writes: "The entrepreneur in an advanced economy is an individual who introduces something new in the economy a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw-material or of new markets and the like". He further states the entrepreneur's function is to 'reform or revolutionise the pattern of production by exploiting an invention or more generally, an untried technological

possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products... Entrepreneurship, as defined, essentially consists in doing things that are not generally done in the ordinary course of business routine".<sup>6</sup>

Peter Drucker (2002) describes entrepreneurial role as one of gathering and using resources. But Drucker's view of entrepreneurship occurs when resources are redirected to progressive opportunities, not used to ensure administrative efficiency. This redirection of resources distinguishes the entrepreneurial role from that of the traditional management role.<sup>7</sup> Some other definitions of entrepreneurs are given by the following authors. Frank Young (2011) describes entrepreneur as a change agent. Noah Webster thinks entrepreneur is one who assumes the responsibility of the risk and management of business.<sup>8</sup> Francis A. Walker (1879) observes that the true entrepreneur is one who is endowed with more than average capacities in the risk of organizing and coordinating the various other factors of production.<sup>9</sup>

Karl Vesper (1987) found that psychologist tend to view entrepreneur in behavioural terms as achievement oriented individuals driven to seek challenges and new accomplishments. Hence he suggests in a market economy entrepreneurs can be viewed as pillars of industrial strength— the movers and the shakers who constructively disturb the status quo.

The term 'entrepreneur' may be properly applied to those who incubate new ideas, and provide added value to society based on their

independent initiative. The person who establishes a fast food franchise chain is called an entrepreneur, but the local restaurant owner is called a small business person. Distinguishing factors are that entrepreneurs have vision for growth, commitment to constructive change, persistence to gather necessary resources and energy to achieve unusual results. The small business person may exhibit these characteristics, but only coincidentally, not as a prerequisite to establishing an enterprise.<sup>10</sup>

The concept of entrepreneurship does not exclude managers in large organization from being entrepreneurs if they combine resources in unusual ways to create innovative new product or services. However, because entrepreneurs take personal investment risks and corporate managers very rarely do, corporate entrepreneurship, some times referred to as entrepreneurship at has to be differentiated from the concept of entrepreneurship proper.

### **Entrepreneurship**

Entrepreneurship is a process undertaken by an entrepreneur to augment his business interest. Thus Entrepreneurs do not emerge spontaneously on their own. Entrepreneurs appear to have been motivated by a combination and interaction of various factors. Thus entrepreneurship is influenced by a host of factors and in the recent years entrepreneurship became a fine art as it has evolved as a science of management and a catalytic tool of economic growth and development. Hence entrepreneurship as a process undertaken by an entrepreneur to augment his business

interest involved innovation and creativity that will go towards establishing an enterprise. The qualities of entrepreneurship are his ability to discover and innovate opportunity and to organize an enterprise, thereby contributing to real economic growth. Entrepreneurship is a composite skill, the resultant of a mix of many qualities and traits—these include tangible factors such as imagination, readiness to take risk, ability to bring together and put to use other factors of production such as capital, labour, land, and also intangible factors such as the ability to mobilise scientific and technological advantages. Therefore entrepreneurship is the propensity of mind to take calculated risk with confidence to achieve a predetermined business of industrial objective. In the words of A.H. Cole (2012), entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of economic goods and services.<sup>11</sup>

In other words entrepreneurship means the function of creating something new, organizing and coordinating and undertaking risk and action on economic uncertainty. Higgins (1992) defines the term entrepreneurship as a function of seeing investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging for the supply of raw materials and getting top managers for day to day operation of the enterprise. Thus the entrepreneurship is the complex phenomenon and it is an attitude of mind which calls for calculated risks. Hence the true entrepreneur is one who can see possibility in a given situation where others see none and has the patience to work out the idea

into schemes to which financial support can be provided. Therefore the simulation of entrepreneurship is a function of both internal and external factors.<sup>12</sup>

The small scale industry sector in a country like India is considered as an ideal nursery for the rapid growth and development of entrepreneurship. The man who will set up small industry unit has to come from within the country and community and therefore they have a much greater impact on generating the right climate for successful entrepreneurship. Hence programmes for the development of the entrepreneurship must recognize that alternately the change they see to include his attitude is more than just providing information, land, or money. It is to provide new goals which will ensure for the risk taken a modest income but seeks bigger challenges in setting of and running their own business. The risks are greater but so are the rewards both in monetary sense and psychologically, in the feeling of confidence and pride it generates in a person.<sup>13</sup>

According to Drucker (2002), the entrepreneurial management is the need of the hour that is the society needs innovation and entrepreneurship in a normal, steady and ongoing basis. Entrepreneurship training in most countries of the world is being increasingly tried to promote local entrepreneurship and accelerate the base of small enterprise development. Recent studies conducted in USA suggest the positive link between economic development and entrepreneurship. But the developing economy also suffer from lack of proper consideration of current models of entrepreneurship development.<sup>14</sup>

Plaschka and Welsch (1990) suggest that the development of entrepreneurship is the result of coordination of internal and external components facing the entrepreneurs. Internal components include factors such as individual characteristics of employees, financial resources and firm characteristics such as systems of production, organization and marketing. External components include factors such as government taxes, laws, regulations and free trade policy, location, infrastructure and the existence of enterprise zones; the availability of skilled labour force; the presence of venture capital, government loans and grants and the presence of supporting institutions and systems, public and private partnerships, networking and cooperative support between entrepreneurs. The favourability and unfavourability of internal and external components can influence the entrepreneur's ability to create viable organization.<sup>15</sup>

While the internal and external components that influence entrepreneurship are multifaceted in nature, it has not been thoroughly explored. Many writers could not provide a satisfactory analysis of either the role of entrepreneurship and its supply or the type of Schumpeterian entrepreneur, as pointed out by Baumol, is visually absent from the received theory of firm.

On the basis of the degree of innovative zeal, propensity to introduce change and qualities of leadership displayed, entrepreneurs has been classified by 'Danhot' (1968) into four distinct types. The first one is innovating entrepreneurship which is aggressive in experimentation and always ready for putting attractive possibilities into practice. The second is

imitative entrepreneurship distinguished by the preparedness to adopt successful innovations initiated by innovating entrepreneurs. The third category is Fabian entrepreneurship, characterized by greater caution and skepticism, which introduces changes only when the non-introduction leads to loss. The fourth category is the drone entrepreneurship which is characterized by refusal to try the new methods even at the risks of loss.<sup>16</sup>

Another classification of entrepreneurs from the development angle has been attempted and these have been described briefly.

### **Prime Mover Type**

The entrepreneurs falling in this category are those who set in motion a powerful sequence of development, growing, expanding and diversification oriented.

### **Manager Type**

The entrepreneurs are more keen on keeping the unit running, handle the environment effectively, but do not initiate development.

### **Minor Innovator Type**

The entrepreneurs in this class contribute to economic progress by finding better use of the society's resources although his contribution individually may be negligible.

### **Initiator Type**

These entrepreneurs slowly enter the diffusion process of innovation and slowly development begins.

### **Satellite Type**

The entrepreneurs prefer to be ancillaries to the parent or mother units, thus assuming a supplier role, and in the course of time they may emerge independent.

### **Local Trading Type**

These entrepreneurs are mostly confined to local market, hesitant to try beyond that.

Collins and Moore (1997) have classified entrepreneurs into administrative and independent types. Individual divisions within already existing organisations are included in the category of administrative entrepreneurs. Smith has come up with two ideal types of entrepreneurs and named the Craft Entrepreneurs (CE) and Opportunity Entrepreneurs (OE). According to Smith, the difference between the two classes of entrepreneurs are related to breadth of education and training, higher social awareness, involvement and ability to deal with economic and social environment and time orientation. Gilmore (1999) has reported that OE were found more often among successful entrepreneurs than among CE.<sup>17</sup>

Hundal (2012) has attempted to classify entrepreneurs into distinct types based on the nature of industry they owned as fast progressive

(textile, hosiery) and slow progressive (foundry, steel) industries. Hundal found significant differences among the entrepreneurs belonging to the two types of industries with regard to their individual and behavioural characteristics.<sup>18</sup>

Venkatapathy (1991) proposed that entrepreneurs could possibly be classified as First Generation entrepreneurs and Second Generation entrepreneurs. The classification stems from the results of various investigations carried out to study the psychological characteristics of the said cross-section of entrepreneurs before formulating them as distinct types.<sup>19</sup>

Despite the existence of various types of entrepreneurs, the fact remains that the basic objective in developing entrepreneurship and multiplying these in the society, has been to generate productive human resources, mobilise and sustain in subsequent process of development. The spontaneity and continuity of the process would depend on the kind of people that can be promoted and groomed in entrepreneurial career.<sup>20</sup>

### **Theories of Entrepreneurship**

The entrepreneur in a small industrial sector need neither be a Schumpeterian innovator nor possess highly creative personality suggested by some writers. It is adequate if he can benefit from the experience of his fellow industrialists and can use his ingenuity and judgment to carefully study the economic environment and opportunity to take proper decisions. It should be recognized that supply of entrepreneurship is influenced by

various factors and differs from country to country. Hence it is not possible to make any generalization as regards the influences which act and react on economic activity and on entrepreneurship. But apart from Schumpeter there are others like Weber (1962),<sup>21</sup> Everett, E. Hagen, and Frank Young (2011),<sup>22</sup> John H. Kunkel (1976)<sup>23</sup> and David McClelland (2009)<sup>24</sup> who have given theories of entrepreneurship. In the Weberian system the motivating force for the entrepreneurial activity is provided by Calvinist ethic irrespective of the cultural background, personality type of the individual and the social environment in which he lives. Hence in this system the entrepreneurial energies are generated by following exogenously supplied religious belief that is protestant ethic.

Hagen (2000) takes up the forces that will bring about social change and technological forces. By studying a number of countries in which there has occurred a transition from a traditional state to a modern state of continuing economic development, he draws an inference that an important factor initiating a change was some historic shift which caused some group or groups of leading elite who previously had a respected and valued place in the social hierarchy, to feel that they no longer were respected and valued. Hagen quotes the case of Japan where the Samurai were deprived of their traditional function and it was the lesser Samurai who played the innovators' role in Japan's industrial revolution. To put it in another way it is the social group that experienced withdrawal of status that turned to vigorous entrepreneurial activity. They are a group of individuals, creative, alienated from traditional values, driven by a burning drive to prove

themselves, seeking for an area in which to do preferably an area in which they can gain power, and preferably, also in which in some symbolic way they can vent their rage at the elites who caused their troubles. The fact that the disparaging group cited above was traditional is one of the reasons why the disparaging group rejected traditional values and turned to innovation.<sup>25</sup>

Sociological theory of entrepreneurial supply was developed by Thomas Cochran (1973). He starts with the premise that fundamental problems of economic development are noneconomic and hence he emphasized cultural values, role expectations and social sanctions as the key elements that determine the supply of entrepreneurs. According to him an entrepreneur is neither a super normal individual nor a deviant person but represents a society's modal personality. Hence the individual's performance as an entrepreneur will be influenced by their own attitude towards their occupation, the whole expectations held by sanctioning groups and the operational requirements of the job. The former two elements are determined largely by the society's values while the last element will be influenced by changes over time in such exogenous variable as population, technology, consumer demand or merely cumulative institutional drift.<sup>26</sup>

According to the State of the Microcredit Summit Campaign Report (2001), 14.2 million of the world's poorest<sup>1</sup> women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest

people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women.<sup>27</sup>

According to USAID's annual Microenterprise Results Report (2000), approximately 70 percent of USAID-supported MFIs' clients were women. Considerable variation among the regions was seen, however, with percentages of women clients ranging from 27 percent in the Near East to 87 percent in Asia. In Eastern Europe, where USAID has traditionally supported individual-lending programs, the percentage of women clients dropped as low as 48 percent in 1999 before rising to 54 percent in 2000, when USAID began to support more group-lending programs offering smaller loans.<sup>28</sup> Although the UNCDF study found that larger programs tended to have lower percentages of women clients, data collected by the Microcredit Summit Campaign found no statistically significant correlation between the number of very poor clients served by each institution and the percentage of those clients who were women.

UNDP-Human Development Report (1995), reviewed that women are disproportionately represented among the world's poorest people. This report stated that 70 percent of the 1.3 billion people living on less than \$1 per day are women.<sup>29</sup> According to the World Bank's gender statistics (2001) database, women have a higher unemployment rate than men in virtually

every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.<sup>30</sup>

Maria Otero (2002), elucidated that potential clients is an important part of ensuring the products and services are empowering for the women micro credit entrepreneurs. She pointed out that "a sustainable institution that empowers women can do so by first paying attention to the following: 1) understand the characteristics of women's economic activity: (for example, smaller businesses than men, smaller cash flow, more likely reaches a smaller market); 2) Know the skill and time constraints of women (less literacy, fewer marketable skills, domestic and child care responsibilities)."<sup>31</sup>

Microfinance India – State of the Sector Report (2011), mentioned that the microfinance sector has been changing both from the demand side and supply side. Customers seem to gravitate more towards institutions, methods and products that save their time, transaction costs and convenience. The supply side has been looking to improve the commercial viability and cost efficiency in a quest to scale up without grants and subsidies. While the sector is deeply engaged in the tasks of running the business, the diverse strands along which the Sector has been growing in the last couple of years, the multitude of stakeholders that are becoming associated with the sector.

The growth of the microfinance sector in India in its entirety, offers in-depth, well-researched and thoroughly analyzed evidence on how the sector has made an impact at various levels of the economy and society. The report provides most recent statistical data relating to the sector's growth and expansion across models. It highlights perspectives on current issues and documents new interests, new investments and innovations in the sector. The report collects information from authoritative sources, studies and reports on the sector and field studies on specific developments of interests. It also brings perspectives from key policy makers through exclusive interviews. Highlighting on more topical themes, this year's report begins with an overview of the microfinance sector, which faced significant problems during 2010–11.<sup>32</sup> It then evaluates the performances of the SHG and MFI models and discusses thematic issues such as social performance management and financial inclusion.

Gordon (2012), Over the last ten years, it has been recognized that small and medium enterprises have been the major force in job creation, innovation and economic development.<sup>33</sup> It may be good to emphasize that out of these SMEs, a good proportion of them are women-owned or operated and women do not only form majority of the work force in certain sectors of the economy, but their businesses have also influenced in one way or another the structure of all our economies. Self-employment and women in entrepreneurship has also been growing in less developed economies, as a means for women to survive themselves and oftentimes to help support their families. Hence it can be seen that women

entrepreneurship is a growing phenomena and has had a significant economic impact in all economies. However, women-owned enterprises have their fair share of challenges and constraints that need to be addressed and specific needs that have to be identified to help them perform at par, if not better, than their male counterparts.

Gordon (2012), Lee-Gosselin and Grise (1990) as cited in Maysami et. al. (1999), Key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information, and access to networks. In Korea, women business owners experience financing and the effort to balance work and family as their most difficult tasks. Indonesian women entrepreneurs on the other hand, have difficulties in exporting their product overseas and in increasing the volume of production, both of which are of importance for their competition in the global market found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners' abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase.<sup>34</sup>

In an earlier study, Stoner, Hartman, and Arora (1990) as cited in Maysami et. al. (1999), found that the work-home conflict – the tension caused by the dual responsibility of managing a business and maintaining a family to be the main stumbling block for female business owners.<sup>35</sup> In a study by Barwa (2003) on women entrepreneurs in Vietnam, the author found that women face additional handicaps due to the prevailing social and

cultural gender-based inequalities and biases. For instance, the barriers that women entrepreneurs face in accessing credit from formal institutions is magnified in view of their limited access to formal education, ownership of property, and social mobility. Other aspects of unequal access to opportunities and markets include business experiences, limited knowledge of marketing strategies, weak business associations, lack of networking facilities, and poor access to education and training programmes.<sup>36</sup>

In a study by Karim (2001) on women entrepreneurs in Bangladesh, financial problems were the most common problems faced by their women entrepreneurs. Inadequate financing was ranked first, particularly so in rural areas and among small economic units (fewer than 5 workers), all the more so with those located in the household and unregistered sectors. Competition, obtaining quality raw materials, and balancing time between the enterprise and the family were ranked as major start-up problems.<sup>37</sup>

In Uganda (UNIDO Document, 2003), women entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. In Uganda, where more than 70 percent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered by a lack of managerial and technical skills, weak infrastructure, difficulties in accessing loans, and complicated company registration processes. In Rwanda, a post-conflict

area, women entrepreneurs' immediate needs for sustaining the family mount tremendously when the supply of goods and services ceases and traditional community help schemes collapse due to the restricted mobility and security. It was necessary to restore women's self-help initiatives and increase their business potential, especially in small food processing. Women entrepreneurs in Morocco faced a lack of operational and managerial skills resulting in low productivity and competitiveness. Cultural constraints are an additional obstacle that inhibits the efficient conduct of business for women. Inefficient production mechanisms and a lack of managerial skills resulted in a loss of productivity and income for the women entrepreneurs. In Kenya, women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of technical skills, confidence, strong individual involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses.<sup>38</sup>

A study by Richardson, Howarth and Finnegan (2004) on women entrepreneurs in Africa reveals that many women entrepreneurs in Africa feel they lack abilities, skills and expertise in certain business matters. Many of the issues mentioned appear to relate to women's relative lack of exposure to the world of business. In addition to this lack of exposure, women's business networks are poorly developed as social assets. This in turn impacts on a range of factors that adversely affect the women entrepreneurs at all levels. It is grounded in women's gendered experiences

of education and work and, due to the demands of their reproductive and household roles, their lack of key dedicated “time” to be able to explore and nurture their own resources. Their access to the essential abilities, skills and experiences for business is also adversely affected by various constraints on their mobility, often due to their dual (household) and triple (community) roles and responsibilities. In a more general way, society’s views are largely negative about women entrepreneurs who associate and network with others in business. Women entrepreneurs of Africa also face constraints and barriers to obtaining money to start and grow their own business. Women’s inexperience of negotiating with the banks and their lack of financial confidence to argue for what they are entitled to, are some of the problems they face in obtaining loans.<sup>39</sup>

Hookingsing and Essoo (2003) identified four main obstacles faced by women entrepreneurs in Mauritius: a) the hassle of getting permits; ii) the lack of market; iii) the ability to raise capital; iv) not being taken as seriously as men. Several national and international reports have pointed out that enterprise creation is hampered by a number of administrative procedures in Mauritius.<sup>25</sup> A study by Soyeon Shim and Eastlick (1998) on Hispanic female business owners identified 10 business problem areas: sales and profit forecasting; obtaining lines of credit; capital management; working capital management; pricing strategies; customer database management; short-term business planning; labour cost analysis; managing debt; and gender problems. Whilst many of these problems seem to be synonymous across

the Asian and African countries in the study, there are some problems which are significantly prevalent only in certain countries.<sup>40</sup>

According to Frank Young (2011) the individual level entrepreneurial characteristics are interpreted as “under side” of a group level pattern. Instead of looking at individual, according to Young, one must find clusters; ethnic communities, occupational groups or politically oriented factions. The chief aspect of this group definition of entrepreneurship is that the entrepreneur typically does not work single handed. He is simply the most visible member from an economic point of view of what is typically the cluster of families whose activities are mutually reinforcing and coordinated by a coherent outlook on the world.<sup>41</sup>

Ramaswamy (1985), made an attempt to study the factors influencing industrial entrepreneurship in North Arcot District in Tamil Nadu. His study revealed that need for achievement, education and technical know-how and business experience and individual personal modernity are the factors which are associated with entrepreneurial performance.<sup>42</sup>

Another study conducted by Sethi (1987) on, “Generating sustainable income for women’s problems and prospects”. He found out that, majority of women have a strong desire and ambition to venture into business. The study also indicates that women have displayed confidence in starting manufacturing enterprise to enhance their economic prospects. This study is based on an experience generated during a pilot project for initiating income generating activity through entrepreneurship for urban poor women in Delhi.

The study revealed that the level of literacy and low economic strata cannot be the bottle necks whereas adequate training can develop individuals/group to enterprise creation.<sup>43</sup>

A study was conducted by Tinan (1990) on “Women entrepreneurs in Ahmedabad”. She found out that Women have selected non-traditional enterprises such as electronics, engineering items, plastics, chemicals, food and allied products, rubber, pharmaceutical, machinery and equipment, energy, fuel and run the trade successfully.<sup>44</sup>

It is depicted that risk involved in the micro-enterprises are minimal, but can be guarded by careful management and consultations. Also, the women entrepreneurs should have a good internal and external support service both in the family and in the work place. Micro enterprises or economic enterprises are the means by which to women empower themselves. The women entrepreneurs started enterprises such as Handloom, weaving unit, Batik unit, Tile making unit, Farm efficiently manage the units. The women entrepreneurs expressed that the increase in income directly related to the improvement in their status, the level of living.

Chakraborty (1994) had undertaken a study on “Whether self-employment for rural youth, is an ideal Indian perspective”. The study revealed that self-employments surely help the youth to achieve economic independence and improve the quality of life. And also, the study highlighted that adequate training help the youth to develop managerial and

entrepreneurial capabilities, and motivating the entrepreneur and providing the required follow-up support to help him/her in establishing the venture.<sup>45</sup>

Seethalakshmi and Shanthi (1995) had undertaken a study on “Women and business: Entrepreneurial Performance”. They made an attempt to evaluate the entrepreneurial performance of fifty one individual women entrepreneurs hailing from Tamil Nadu. This study revealed that Education, Experience, knowledge, Entrepreneurial traits, Financial Assistance, Entrepreneurial training Profit Re-investment pattern are the factors which help the women entrepreneurs in performing the entrepreneurial activity effectively and successfully. Women are found to have entered conventional as well as non-conventional business lines. They are equally spread on manufacturing and service sectors. Women are found to be radical, shining very well in the male dominated business ventures. This study proves that women if given an opportunity will prove to be equal competitors and even excel men in certain lines.<sup>46</sup>

John H. Kunkel’s (1976) behavioural model starts with the premise that man’s internal state is beyond the scope of presently available means of measurements and objective analyses, and knowledge of it is largely unnecessary for the explanation and prediction of the behavior. Hence the model is concerned instead with the overtly expressed activities of individual and their relations to the previously and presently surrounding social structure and physical conditions. According to this behavioural model change means activities that need not be concerned with altering values;

one need to change only certain elements of the operant conditioning context of which all men at all times are an integral part.<sup>47</sup>

David C. McClelland (1971) wanted to find the internal factors, that is human values and motives that lead men to exploit opportunities, or what he called need for achievement that is a desire to do well, not so much for the sake of social recognitions of prestige but for the same of an inner feeling of personal accomplishment. It is this motive of n-achievement that guides the actions of entrepreneur, people with high n-achievements behave in an entrepreneurial way. According to him the entrepreneurs display the following characteristics:

- i. They do not work harder at routine works
- ii. They avoid gambling situations because in such cases winning will only be due to luck and such winning does not give any sense of personal accomplishment; they want the outcome of their activities to depend on their own skill.
- iii. They show interest in finding out results of their decisions. For instant growth in sales, output or profit margin and such other economic indicators can be used to judge the effectiveness of entrepreneurial decisions.
- iv. They prefer to work hard at tasks that involve a real challenge which imply only a moderate risk.<sup>48</sup>

The n-achievement approach suggests promotion of achievement oriented ways of thinking to foster economic development in developing countries.

Harbinson (1996) also makes certain observations on entrepreneurship as a factor in economic development. He found identification of entrepreneur with an individual person in the context of modern industry as unreasonable. He categorises the functions of modern entrepreneurial organization in the following way:

- i. The undertaking or managing of risk and the handling of economic uncertainty;
- ii. Planning and innovation;
- iii. Coordination, admission and control; and
- iv. Routine supervision

In a small enterprise these different functions will be performed by the same individual. Harbinson characterizes all the persons who perform entrepreneurial functioning in a large organization as managerial resources. For him organization is more than a summation of particular abilities of certain individuals. Organization connotes a constellation of functions in a common undertaking.

Hence Harbinson derives a few tentative hypotheses on the basis of his experience over two years with approximately 75 enterprises in England, France, Germany, Italy, Belgium, Holland, Egypt, Saudi Arabia, Peru and USA. The propositions are as stated below:

- i. Large expenditure for equipment and machinery are likely to be unproductive unless there is a corresponding investment in organization.
- ii. Organization is probably a principal factor determining the productivity of labour, assuming that capital and natural resources are constant;
- iii. Because of non-economic factors which determine in part the behavior of human beings as managerial resources, all organisations are probably inefficient in affecting the optimum combination of economic resources which is theoretically possible.<sup>49</sup>

An economic model of entrepreneurship had been propounded by Peter Kilby (1971). Using output as proxy for entrepreneurship and rate of return on investments as surrogate for entrepreneur's wage, Kilby shows the various possible shifts in supply and demand functions pertaining to entrepreneurship. The supply schedule is a function of socio-psychological variables and to some extent the past amount of entrepreneurial training. The derived demand for entrepreneurial services at any point in time is a function of the price of all cooperating factors of production, the stock of known or transferable technology, the level of managerial organization and consumer's income. Given a favourable economic setting, the main function of enterprise is to make decisions under uncertainty. The model neglects the supply side of entrepreneurship and focuses on the demand side.

This model explains the lack of vigorous entrepreneurship in terms of various product and factor markets imperfections and inappropriate government policies, abrupt political changes etc. Thus diagnosis of a poor entrepreneurial performance makes economist suggest remedies like appropriate monetary, fiscal and trade policies, removal of market imperfections provision of inputs and technical assistance to industry.<sup>50</sup>

Kilby's model only highlights the environmental economic variables present on the demand side of the market for entrepreneurship. But the main drawback of Kilby's formulation is that it virtually assumes away, the supply side. The problem of entrepreneurship in developing economies like India is one of supply of entrepreneurship rather than demand for it. For this economists have to draw from socio-psychological theory. Also in view of the inter-disciplinary nature of the subject of entrepreneurship, the search for purely economic formulation is neither possible nor desirable. But it is necessary to identify as far as possible in a given context the major variables which influence entrepreneurial supply and its performance. Further an economic analysis of entrepreneurial performance would provide insights about entrepreneurial attitudes and motivation.<sup>51</sup>

Lagan (2005) views entrepreneurship from a different angle. In his own words "Entrepreneurship is the process whereby people, money, market, production facility and knowledge are brought together to create a commercial enterprise which did not exist before". This is Weberian tradition, according to which the entrepreneur is the ultimate source of authority in an organization. However the contribution of these to the understanding of the

concept of entrepreneurship is not substantial, because they have not tried to focus on the critical function of the entrepreneur, so the concept remains elusive. It is generally felt that entrepreneurship research has been staved by the lack of agreed definition of the context. There is no commonly accepted paradigm, and hence large sample studies across industries, locations and types of enterprise are not forthcoming. These problems are further complicated by the multitude of patterns identified in successful entrepreneurship leading to a clear need once again to begin from the first principles of classification.<sup>52</sup>

If we group all the theories of entrepreneurship, the role of the entrepreneur has been stressed to a higher degree by the psychological theories, followed by cultural theories, sociological theories and economic theories. If the role of environment is considered in the theories of entrepreneurship, there is a reversal of the above order. Hence there are in this group various intergroup relations that are complex and transgress the artificial boundaries unopposed. For instance economic theories, as adumbrated above, hold that entrepreneurship springs from the disequilibrium between demand and supply. Entrepreneur in the process is minimal. However, if the disequilibrium is assumed to be caused by innovations made by the entrepreneur, then the strategic choice role is far greater than that of the environment. It is also paradoxical that the psychological theories which are placed at the other end of the continuum speak their explanation in sociological and cultural events, on which the individual has very little control. McClelland, for instance proposes that achievement motive is the crucial cause of entrepreneurial behavior, and

stresses the origin of the motive to child-rearing practices based on religious ideology characterized by the protestant ethics. On the other hand the sociological theory proposed by Lagan does not dispense with the entrepreneurial individual; it states that such individuals emerge in community that have in the past experienced 'status drawl' or displacement. Each of these models seems to be relevant in its own way; environmental determination may explain the macro level differences between individuals within an economic system. Ideally the researcher should adopt a multifactor approach and recognize the constellation of forces acting upon the entrepreneur, rather than search only for a factor that could account for entrepreneurial behavior. But at a particular point in time, it is the individual action that is the strategic choice that would seem determine entrepreneurship. For this reason the focus of many studies for entrepreneurship has been the individual and his traits.<sup>53</sup>

Entrepreneurship research has often been criticized for not having a research Paradigm one Paradigm is the strategic choice model, while the other model is called as the population-ecology model or environmental determination model. The strategic choice model of organizational birth and deaths holds that entrepreneurial success depends primarily on the appropriateness of the individual's strategies rather than on the favourableness of the environment. The individual is capable of identifying opportunities, assembling resources and of developing appropriate strategies for ensuring the survival and growth of his venture. It is a process of constant adaptation to, and sometimes of manipulation and control of the environment through strategic choices. The population ecology model, on

the other hand, minimizes the role of entrepreneur and holds that the survival of the organizations depends on the degree to which they are compatible with the environment.

Hannan and Freeman (1977) who first proposed this model felt that management theories generally over-emphasized the organization's capacity to adopt changes in their environment. They argued that the most dominant characteristic of organisations is inertia and so the basic process of organisations relationship with the environment is selection, not adaptation. This implies that organizational forms that happen to be compatible with the changed environment survive and grow and the non-compatible ones are selected out. The major features of the two models can be shown in the table given below.<sup>54</sup>

**Table 2.1: A comparison between the major features of – strategic choice model and population ecology model**

<b>Strategic Choice Model Population Ecology Model</b>			
1	Acts of the entrepreneur are primarily volitional	1	Acts of the entrepreneur are primarily deterministic
2	The entrepreneur makes strategic choices to secure the best transactions with the environment	2	The entrepreneur's choices are predicted and moulded by the environment
3	The environment is a pool of resources which the entrepreneur selects and acquires to establish his ventures	3	The environment is a set of influences which selectively permit some ventures to survive
4	The entrepreneur masters fate and makes strategic choices to minimize threats and exploit opportunities	4	The entrepreneur is a creature of the environment and an instrument of economic development

**Source:** N.K.A Entrepreneurship Development – 2001, National Social Science Documentation Centre (ICSIR), New Delhi, p.21.

Much of entrepreneurship research has implicitly assumed a strategic adaptation perspective and studies which focus on the role of the entrepreneurial individual in new venture creation subscribe to the often unstated assumptions of the strategic choice model. It is observed that entrepreneurs perform often in spite of the environment and are even capable of manipulating the environment some times and or converting the environmental constraints into opportunities.<sup>55</sup>

Proponents of Environmental determinism have their logic and some empirical evidence to suggest that organizations are trapped into their own inertia and get selected out by the environment. Another important reason for the apparent neglect of environment in entrepreneurship studies seems to be the fact that the impact of environmental factors depends partly on the individual's perceptions of the environment rather than on the objective reality. In the organizational context it was argued by some writers that it is the perceptions of uncertainty rather than the actual uncertainty that affect decision making and strategy formulation. It had also been pointed out that the ordinary organisations are unable to find a niche for themselves and hence blamed the environment, the innovative ones are able to gainfully exploit the limited opportunities provided by the environment. Thus perceptual differences make innovations possible even in environments that appear to be constraining and unfavourable to the general population. There are several cases of innovative entrepreneurs who have converted constraints into opportunities. For example, one of the largest and the most successful textile companies in India had its start-up during a period when

the textile industry in the country was facing a particularly unfavourable environment. Such cases on the theories of perception seems to support the position that innovation is more a function of the individual strategic choices than that of environmental influences.

Despite the perceptual difference there seems to be some kind of an agreement on the issue of what constitutes a favourable or conducive environment for entrepreneurial activities. A conducive environment is often understood as one in which resources are easily available, competition especially from abroad is restricted and political administration is benign with regard to infrastructure development, licencing, taxation, grants and subsidies, facilities for cheap credit, marketing facilities, training and extension services and nursing and rehabilitation of sick units. The emphasis is on the task environment and not on the general environment. The task environment consists of factors that have a specific impact on business activities such as:

- a. Customers including both distributors and users;
- b. Suppliers of materials, labour, capital and work space;
- c. Competitors for markets and resources and;
- d. Regulatory groups including governmental agencies, unions and inter-firm associations, whereas the general environment consists of the economic, legal-political, socio-cultural and educational aspects. It has been observed that changes in the task environment affect only the entry of the innovative person

into a particular field. They do not help the making of the innovative person; rather they provide or withdraw the opportunity for him to exercise his innovativeness in a particular domain of activity.<sup>56</sup>

### **Entrepreneurship development programmes**

While the favourableness of the task environment is more an incentive to the imitator than to the innovator, changes in the general, especially the educational, environment are likely to influence the supply. It is in this context one has to understand the entrepreneurial development programmes. The entrepreneurship development is a key to achieve overall economic development through higher level of industrial activity. Entrepreneurship development programme is designed to help a person in strengthening and fulfilling his entrepreneurial motive and in acquiring skills and capabilities necessary for playing with entrepreneurial role effectively. Towards this end it is necessary to promote his understanding of motives, motivation pattern, their impact on behavior and entrepreneurial value. A programme which seeks to do this can quality to be called as a programmer. A number of programmes which aim at providing informational or managerial inputs or focus on invitation of a project. But even through all the inputs are required by a new entrepreneurial, the programme not touching entrepreneur motivation and behavior cannot be called an EDP though EDP has been recognized as an effective human resource development tool. Many a times there are very many expectations from a single programme,

like removing unemployment, enhancing industrial development, promoting small scale industries, developing industrially underdeveloped regions.

EDP is primarily meant for developing those first generation entrepreneurs who on their own cannot become successful entrepreneurs. It covers three major variables: location, target group and enterprise. Any of these can become the focus or starting point for initiating and implementing an EDP. The remaining two then will follow by making proper synthesis with the first. As for example, if the objective is to promote women entrepreneurs, suitable location and proper entrepreneurial activities must match or if the objective, is to develop North East region. Methodology for selection of the prospective entrepreneurs as well as support services after the training have a significant impact on the success of the entrepreneur development programme.<sup>57</sup>

These programmes broadly envisage a three tiered approach, developing achievement motivation and sharpening of entrepreneurial traits and behavior, project planning and development and guidance on industrial opportunities, incentives and facilities and rules and regulations, and developing managerial and operational capabilities. Various techniques and approaches have been developed and adopted to achieve these objectives keeping in view the target groups and or to target areas.

Past experience has shown that industrial promotion by provision of facilities, technical assistance, management training, consultancy, industrial information and other services alone are not sufficient to develop

entrepreneur. Hence the EDP package was launched over the years, the EDPs have become a vital strategy for harnessing the vast untapped human skills, to channelize them into accelerating industrialization in general and growth of the small scale sector in particular.<sup>58</sup>

In line with the national programme for the promotion and development of small and medium industries in the countryside, the Industrial Service Institute (ISI) under the Department of Industrial Promotion (DIP) launched the EDP to give substance to the government's policies of stimulation of economic growth, dispersing industries to rural areas and promoting the processing of local raw materials. The EDP was considered a part of the industrial development policy which was articulated in the Five Year national economic and social development plan.

Entrepreneurship Development Programme (EDP) in India has many objectives.<sup>59</sup>

- 1) Develop and strengthen their entrepreneurial quality/motivation;
- 2) Analyse environment related to small industry and small business;
- 3) Select project/product;
- 4) Formulate projects;
- 5) Understand the process and procedure of setting up small enterprise;
- 6) Know and influence the source of help/support needed for launching the enterprise;

- 7) Acquire the basic management skills;
- 8) Know the pros and cons of being an entrepreneur; and
- 9) Acquaint and appreciate the needed social responsibility / entrepreneurial disciplines.

Further some of the other important objectives of entrepreneurial training are:

- i) To let the entrepreneur set or reset the objectives of his business and work individually and along with his group for their realization,
- ii) To prepare him for accepting totally unforeseen risks of business after such training,
- iii) To enable him to take strategic decisions,
- iv) To enable him to build an integrated team to fulfill the demands of tomorrow,
- v) To communicate fast, clearly and effectively,
- vi) To develop a broad vision to see the business as a whole and to integrate his function with it,
- vii) To enable him to relate his product and industry to the total environment, to find what is significant in it and to take it into account in his decisions and actions,
- viii) To enable him to cope with and coordinate all relevant paper work, most of which is statutorily obligatory,

- ix) To make him accept industrial democracy, that is, accepting workers as partners in enterprise; and
- x) To strengthen his integrity, honesty and compliance with law, the key to success in the long run.

The basic features of Entrepreneurship Development Programme have gone through several modifications overtime as:

- a) Identification and careful selection of entrepreneurs for training;
- b) Developing the entrepreneurial capabilities of the trainee;
- c) Equipping the trainee with the basic managerial understanding and strategies;
- d) Ensuring a viable industrial project for each potential entrepreneur;
- e) Helping him to secure the necessary financial, infrastructural and related assistance; and
- f) Training cost is highly subsidized and only token fee is charged. A deposit is, however, taken to ensure commitment of participants.<sup>60</sup>

With the opening up of the Indian economy by virtue of global changes and also globalization of markets entrepreneurship development needs a fresh outlook. It has been recognized that entrepreneurship development, particularly for micro, tiny and small industries had taken a deep root as a movement in all over country and the country has

considerable expertise to share for the benefit for not only our own citizen but even for other developing countries of world. Hence a fresh look is needed at the strategies for gearing up our youth for entrepreneurial career, especially regarding the methodology of developing entrepreneurs is in our country.

The future entrepreneur of this new millennium has to face considerable challenges, severe competition not only from the national angle but also from the global angle. This is more so in the case of such areas like consumer products which till now had some protection. The future entrepreneur, hence has to be prepared through training and exposure for planning and launching an enterprise keeping in mind the following:<sup>61</sup>

- a. Technology and scope for modernization
- b. Quality including ISO- 90,00 requirements
- c. Consumer satisfaction / customer service
- d. Energy conservation
- e. Pollution / environmental aspects
- f. Cost of production
- g. Competition from both national and international angles.

The EDP models will therefore have to be developed taking these aspects into consideration. Unlike the past, today the openings are many to talented youth who can take certain amount of risk in planning entrepreneurship as a career either through manufacturing / processing industry or through servicing or business enterprises which support these

activities. For instance some new opportunities are emerging in processing industries like mushroom processing or through demands. Other areas are floriculture or software export or sweet meats exports which have no relevance a decade ago. With the emphasis now given to clean environment and clean technology, there will be many more opportune futures which entrepreneurship development need.

During the 8<sup>th</sup> Plan Period (1997-2002) the Government of India has taken some initiatives for the entrepreneurship development through the department of small industry. For the first time separate policy measures for the growth and development of village and small scale industries was announced during August 1991. These policy measures have spelt out clearly many issues related to HRD for SSI sector including entrepreneurship development.<sup>62</sup>

### **Dimensions of Entrepreneurial Inadequacies**

Review of literature on problems of industrial units has already revealed that lack of entrepreneurial, managerial and technical skills on the part of promoters is major cause of unsatisfactory performance of small scale sector. Most of the small units are one man show and are hardly in a position to employ any other employee with requisite expertise. Therefore, it has been considered worthwhile to review the literature pertaining to ideal entrepreneurial traits, existing profiles and major problems in this area.

## **Ideal Entrepreneurial Traits**

According to Manfred (1987), entrepreneur should be basically achievement oriented with high degree of creativity, perseverance, and imaginative faculties along with risk taking capacity. These basic traits enable them to convert an idea into a project.<sup>63</sup> Taneja (1992) identifies urge to control others, self confidence, sense of urgency, superior conceptual abilities, emotional stability, risk taking ability and objective approach as the basic traits along with secondary requirements such as good health and comprehensive awareness about his business. Duncan emphasizes problem solving and analytical skills.<sup>64</sup> However, Hosmer (1982), Cooper and Vesper (1980) say that essential functions of entrepreneur is to recognize commercial potential of an idea, create structures and systems to realize it and then manage it.<sup>65</sup> Mishra (1987) quotes a number of studies which have identified the basic traits such as need for achievement (Johnscande 1983), need for power (Stall 1983), leadership styles (Sinha 1980), control orientation (Venkatapathy 1983) work value (Dayal 1980), risk taking capacity (Deivasanpapathy 1980) and high level of aspiration (Kalanidhi & Deivasenpathy 1981). Ritch advocates team management for success. Kalpana (1993) says that entrepreneur should also have managerial skills for effective management of their units. Saxena says that innovative style is necessary in fast changing environment. Gray identifies 44 basic traits along with secondary trait such as educational, professional and family background.<sup>66</sup>

Therefore, it can be concluded that Entrepreneurship means high achievement orientation, creativity, perseverance, high imaginative faculties, risk taking ability, emotional stability, analytical and problem solving skills, ability to recognize commercial potential of ideas, leadership, managerial skills, work values, high level of aspirations, team spirit, innovative skills along with good educational / professional and family background, good health and comprehensive awareness about his business. In other words managerial skills coupled with risk taking capability and sense of ownership are needed in an entrepreneur to succeed. Therefore, anybody trying to start any enterprise with significant public funds must be screened to ensure that he possesses such attributes.<sup>67</sup>

### **Existing entrepreneurial Profile**

The studies conducted by B.N.Singh (2010), Ashok Shukla (1988), and D.N.Tiwari (1986) have been reviewed and the results are as under:

B.N.Singh who studied units of Kaval towns of U.P., concludes that trading communities were main sources of entrepreneurship and most of them were not technical. Shukla who studied the units of Varanasi found that 80 percent of the entrepreneurs were below 40 years of age at the times of establishment of their units. However, he also confirms dominance of Vaishya community.<sup>68</sup> He further confirms that most of them were well educated (graduates and above). However, he has found that Brahmins and Khatriya have done better than Vaisyhas due to entrepreneurial and risk taking abilities. Tiwari confirms the finding of Shukla with regard to age and

education and finds that only 25 percent of them had exposure to nay management programme. Most of them were from well to do, families with monthly income above Rs.3000. Further most of them were autocratic and money making was their basic motive.<sup>69</sup> K.V.R.Chowdhary and B.V.K.Reddy (1983) highlight the lack of effective training and orientation to entrepreneurs. Deshpande (1998) who studied 90 units of three cities of Maharashtra, found that 60 per cent of the entrepreneurs were local, mostly from trading and other higher castes. Most were young (Average age 32 years) and 80 percent started units with the help of family. He says that similar pattern is also visible is U.S.A. and other countries in respect of small business. He has further reported that local entrepreneurs were mostly engaged in traditional lines, had profit motives, mostly sole proprietorship concerns, thin seed capital / margin money and 72 percent produced consumer goods. He has also reported that average implementation period was 13 months and better educational background hardly helped in quick implementation and hardly any tangible help from any government agency was visible. He found that 72 percent of the units were operating below optimal level.<sup>70</sup> P.K.Panda and R.K.Mehar (1983) found that most of the entrepreneurs were from middle/high class from urban areas, majority being graduate and above. 82 percent of the firms proprietorships and most of them lacking managerial and technical skills and integrity.<sup>66</sup> M.K.Mishra (1987) concludes that entrepreneurs of successful units and participative and had faith in ability of their employees.<sup>71</sup> Taub and Lamb (1987) interviewed 200 units of Punjab, Orissa and Tamilnadu to find inter regional

differences and found that in Punjab entrepreneurs were mostly skills based, in Orissa traditional and the Tamilians were educated unemployed but all had profit motives.<sup>72</sup> S.V.S.Sharma (1991) also supports the money motives when he says that castes/class with high monetary values such as Jews, Marwaries and Chettiyars have done better than others. He also supports Deshpande about better performance of migrants.<sup>73</sup>

Dixit (1999) who studied 101 units of Bellary district of Karnataka, also found that majority of the entrepreneurs come from trading community and lack managerial and technical skills. They also lack integrity and commitment. Thus, it is clear that most of the studies have confined themselves to the background of the entrepreneurs rather than analysis of their basic psychological traits mentioned in the preceding para.<sup>74</sup> However, it can be concluded that majority of them lack technical and managerial skills and few also lacked integrity and commitment.

### **Personality Problems of Entrepreneurs**

Researcher has reviewed the studied conducted by Vries (1987)<sup>75</sup>, D.E.Gumpert and P.P.Boyd (1981)<sup>76</sup>, Taneja (1992)<sup>77</sup>, Neil C.Churchill and Verginia L.Levis (1989)<sup>78</sup>, Duncun (1994)<sup>79</sup>, Desponde (1998)<sup>80</sup>, Saxena and Dixit (1999)<sup>81</sup> and the results are as under.

Vries finds those entrepreneurs are normally egoist and dislike routine, do not want to be told and as such should be handled with care. Grumpert and Boyd says that entrepreneurs are always under tension due to loneliness and are not in a position to ease out their tension due to non

existence of friends with whom they could share their problems. They can share them with their advisors. Taneja says that they should learn to manage, trust and delegate and should control their ego. Pankaz Sharma (1985) says that brain storming can help in taking good decision. Deshpande finds that financial constraints with small entrepreneurs do not permit them to hire full time management experts as such they should engage management persons on part time basis.<sup>82</sup> Mishra (1993) says that low level of achievement motives, power needs, risk taking ability, aspirations along with autocratic styles, negative work values, old age and lack of managerial and technical skills lead to failures.<sup>83</sup> Radha Krishnan.R (2000) blames government for allowing entry of incompetent entrepreneurs to set up units with public funds. He further says that these units are not able to adapt to fast changing environments and become sick.<sup>84</sup> Dixit also emphasizes lack of integrity and commitment.

A review of ideal traits, existing profiles and personality problems indicates that though most of the small entrepreneurs are well educated, well to do and young but they lack basic entrepreneurial, managerial and technical skills required for successful conception, implementation and operation of small scale enterprises on their own.

### **Studies on Entrepreneurship and EDP**

A review of the studies on entrepreneurship and EDP highlight the traits among entrepreneurs as well as a social pattern. The main conclusion of some of the earlier studies on entrepreneurship is summarized here:

1. The studies by Gadgil and Medhora (1994)<sup>85</sup> come to the conclusion that the caste system and its obligations tend to reduce occupational mobility, technical change, and innovation, which go against the social and religious prescriptions. It is necessary to mention in this connection that the studies are related to an earlier period of the industrialization of the country.
2. Hazlehurst (1987)<sup>86</sup> in his study notes that refugee entrepreneurs tend to be more innovative than local entrepreneurs.
3. On the basis of the social origins (caste or social community to which entrepreneurs belong) of the sample entrepreneurs, Berna (1997)<sup>87</sup> concludes that in explaining entrepreneurial activity economic factors such as access to capital, possession of business experience and technical knowledge are more important than sociological factors such as caste, attachment to traditional activities, and approval or disapproval of the social group to which a potential entrepreneur belongs.
4. Hazlehurst's study reveals that in many cases the extended family is the limit of entrepreneurship, supplying managerial and financial resources needed for business and industrial operations.
5. Singh's study discloses that the public enterprises are characterized by low profit and savings rates which may be partly due to lack of entrepreneurial skills in the public sector.

6. In Berna's sample of entrepreneurs, 12 out of 52 were graduate engineers which may be taken as indicative of the fact that technocrats may constitute a major source of entrepreneurial supply.
7. The political and socio-economic changes that are taking place in the country during the post-independence period might have reduced the rigidity of the caste system and has helped occupational mobility.

In the earlier period prior to 1980 a number of studies were conducted on entrepreneurship but after 1980 the number of studies proliferated on different aspects of entrepreneurship. Among the researchers who conducted field studies, one study of 54 manufacturing units conducted by Nasziger (1994) in the Visakhapatnam city of Andhra Pradesh shows that the economic status of the father was closely related to entrepreneurial success.

V.Lakshmana Rao (1991) studied 51 entrepreneurs in two coastal districts of Andhra Pradesh and found that a majority of entrepreneurs were natives and belonged to upper castes having previous experience in the same field. However their level of education and economic status were low.<sup>88</sup>

B.E.V.V.N.Murthy (2001) studied the socio-economic profiles, ambitions, influencing factors of entrepreneurs in two selected towns of Andhra Pradesh and observed the loosening of the hold of caste on

occupations. As a result, enterprising farmers and artisans were turning to occupations other than caste occupations. The facilitating factors are encouragement by friends/relatives/family members, contacts with business people, and success stories of entrepreneurs, previous experience and property inherited/acquired.<sup>89</sup>

N.P.Singh and Rita Sengupta (1987) in their survey of 45 potential women entrepreneurs observed that 1. Married women were more attracted towards entrepreneurship due to getting male help and support; 2. The need for achievement was moderate; and 3. Majority of them were from middle income group.<sup>90</sup>

Pannalal (2001) studied a sample of industrial estates in Andhra Pradesh. His inferences were that entrepreneurs were mostly middle aged that is they are in the age group of 31-40 years. Secondly parents' background had a catalytic role, especially among those whose parents belonged to industry, trade and contract works. Thirdly the organizational set up was mostly single proprietorships, which was not only popular but also successful and the other common form was partnership. As regards the industries that were more successful, engineering industries were thriving in industrial estates consumer 62 percent of the sample.<sup>91</sup>

K.Madhu Murthy (2002) conducted a study of 80 entrepreneurs from Warangal, Visakhpatnam and Hyderabad. He found that entrepreneurs supply is mostly from those who belong to agricultural and business. They are safely young that is in between 25-30 years and graduates. Among

these graduates, engineering graduates had some earlier experience before they had set up their establishments. The motivational factors for choosing entrepreneurial career are desire for independent life, personal fame innovation and encouragement by several agencies.<sup>92</sup>

Some studies have highlighted the effectiveness of EDPs. P.N.Singh provided an overview of Entrepreneurship development in India, focusing on factors considered to be important for nurturing entrepreneurship. P.Asthana (2001) reviewed the experiences of EDPs in India and abroad. The author, while suggesting a model programme raised some important issues regarding (a) Structure and composition of EDPs, (b) Areas of operations (c) Fixing of priorities, (d) Follow-up (e) Spatial dispersal of EDPs (f) Training of trainers and (g) Pattern and financing new ventures.<sup>93</sup>

V.G.Patel (2002) under a World Bank research project studied the three Gujarat innovations, (i) The Technicians and New Entrepreneurs Scheme of Finance (TSNES) (ii) entrepreneurship Development Programme (EDP) & (iii) The sheds construction programme for industrial infrastructure, to assess the effectiveness of such innovative policies and programmes in new entrepreneurship formation. The conclusions of the study are (i) programmes are effective and accelerating the development of small scale industries; (ii) potential industrial entrepreneurship is lying latent in a variety of castes, communities and occupational groups, (iii) success in the ventures is the result of enterprise and competence rather than financial position of the entrepreneur; and (iv) EDPs can address those with inadequate

entrepreneurial and managerial capacities and industrial information and self-confidence.<sup>94</sup>

Ravi K.Zutshi (2003) discussed the need to mould entrepreneurs who are better equipped to create hi-tech enterprises. In order to nurture entrepreneurship among persons with science and technical education, the author suggested a programme package consisting of entrepreneurial awareness, skill development, prototype design and project work and confidence building.<sup>95</sup>

Nagendra P.Singh (2004) attempted at redefining the interrelated facets of EDP and explained the methodology of entrepreneurship development, process and design. The author reviewed the Indian experiences and examined several alternatives for initiating EDP for different target groups.<sup>96</sup>

Some of the problems faced by entrepreneurs have been discussed by some authors. Ajit Kanitkar (1999) advocated the adoption of extension approach by the support systems. He found that the low success rate of entrepreneurship training programme was to be attributed to the unsympathetic and often hostile response of the support system. Based on the experience of organizing two extension motivation programmes in the North Eastern states of India, he concluded that human component of the support system had to be sensitized to influence the external environment.<sup>97</sup> V.G.Patel (2002) found that poor involvement of the institutions as also of the trainers, and the faulty selection of the geographical area and target

group had contributed largely to the failures of EDPs.<sup>98</sup> Desingu Setty (1998) had discussed the problems and prospects of promoting entrepreneurship in small industry and the author suggested suitable support systems for each class of problem.<sup>99</sup> M.M.P.Akhouri (2000) after examining the policies, programmes and progress made by SSI in ten Asian countries, highlighted the concept of integrated entrepreneurship development and its close linkages to the SSI development with the help of empirical evidence. He also highlighted the policy implementation gaps in Entrepreneurship development.<sup>100</sup>

The above research studies are related to the experiences of entrepreneurs organizing mostly SSI units in different parts of the country.

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