

Chapter - 1

Fundamentals of Entrepreneurship

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1.1 Introduction

The center of any economic activity is an entrepreneur. Any new product or service is no doubt motivated by consumer needs but initiated, designed, developed, promoted and placed by an entrepreneur only. It is the thirst of entrepreneur who gives birth to a new product. Sometimes new trends are settled by entrepreneur. So they play a role of a Trend Setter as well. The development, prosperity, lifestyle of any economy is basically brainchild of entrepreneurs belong to the same community.

An entrepreneur is having some specialty that the others don't possess that's why researchers are always interested in finding what motivates a person to become an entrepreneur? What are the special attributes or characteristics an entrepreneur has?

The word 'entrepreneur' is derived from the French verb 'entreprenre. It means "to undertake". This term first appeared in the French Dictionary "Dictionnaire Universal de Commerce" of Jacques des Bruslons published in 1723¹. According to A.P.Ushar function of an entrepreneur is not more than a managerial function.

On studying the history of Indian Mythology in Ancient literature like Manusmriti has provided a clear idea about entrepreneurial class of people during ancient period (pre-Vedic). According to Manusmriti, "people belonging to Vaisya caste were regarded as entrepreneurs who are specialized to maintain livestock, to give charity, perform sacrifices, study scriptures and undertake business and banking." Hence, Vaisyas were the specialized class of people carrying entrepreneurial activities in these days. At that time, the basic sources of the occupations were Agriculture, crafts and handicrafts. The occupational development during this period comprised ownership of land pasture grounds, trees, forests, water reservoirs; mine, etc. with the introduction of entrepreneurship, the towns and cities developed. If the history of western countries is studied, then Marko Polo was one of the oldest entrepreneurs in 13th century and in 19th century Thomas Edison having more than thousand patented products in his basket. To invent something and to encash the invention they both are separate attributes. Invention needs creativity while encashment needs business sense. Edison was having this rare combination. He can be truly considered as an entrepreneur.

1.2 Meaning

In simple terms it can be said as a person who undertakes business activities is termed as an entrepreneur. The classical economists like Adam Smith, Alfred Marshall never made use of the word entrepreneur instead they have used the words like employer, undertaker or merchant. The first person who introduced the term entrepreneur is an Irish economist Richard Cantillon in 18th century.

1) Richard Cantillon :

”An agent who buys factors of production at certain prices in order to combine them into a product with a view to reselling it uncertain price in future.²”

2) Leon Walrus:

” Entrepreneur is the co-coordinator of basic factors of production. It is the fourth factors of production who combines other factors such as land, labour and capital.”

3) Jean Baptise say:

”An entrepreneur is one who combines the land of one, the labour of another and capital of yet another and thus produces a product. By selling the produce in the market, he pays interest on capital, rent on land, wages to labourers and what remain are his profits.”

The above definitions make it clear that an entrepreneur is the fourth factor of production that combines and coordinates the other factors. Pays them reward from the produce of the combination. It is speculative process that involves risk and uncertainty. The definitions which highlight the risk and uncertainty can be explained below.

4) Encyclopedia of Britannica:

“An individual who bears the risk of operating a business in the face of uncertainty about the future conditions.³”

5) F.H.Knight :

“Entrepreneurs are a specialized group of persons who bears risk and uncertainty.”

6) Noah Webster:

“Entrepreneur is one who assumes the responsibility of the risk and management of the business.”

7) Free dictionary.com:

“A person who organizes, operates, and assumes the risk for a business venture.⁴”

8) Linda Pinson:

“An entrepreneur as a person who starts a business to follow a vision, to make money, and to be the master of his/her own soul (both financially and spiritually). Inherent in the venture is the risk of what the future may bring. Therefore, an essential key to success is that the entrepreneur also be an "educated" risk taker.... ”

9) 1961: David McClelland:

“An entrepreneur is a person with a high need for achievement. He is energetic and a moderate risk taker.”

10) 1975: Albert Shapero:

“Entrepreneurs take initiative, accept risk of failure and have an internal locus of control.”

The above definitions of entrepreneur focus on basic attributes of any business man are to manage a business under risk and uncertainty. The basic difference between an employee and an entrepreneur is facing risk and uncertainty.

11) J.A.Schumpeter :

”A person who introduces innovative changes is an entrepreneur and he is an integral part of economic growth.⁵”

12) Frank Young:

”Entrepreneur is a change agent.”

13) Dewing:

”The function of entrepreneur is one that promotes ideas into business.”

14) Peter Drucker:

”Entrepreneur is one who always searches for change, responds to it and exploits as an opportunity. Innovation is a specific tool of entrepreneurs, the means by which they exploit change as an opportunity for different business or services.”

15) 1985: W.B. Gartner:

Entrepreneur is a person who started a new business where there was none before.

16) E.E.Haggen:

“An entrepreneur is an economic man who tries to maximize his profits by innovations. Innovations involve problem-solving and entrepreneur gets satisfaction from using his capabilities in attacking problems.”

The above definitions focus on innovation as one of the essential attributes of an entrepreneur. Inventing something new and giving a new lifestyle to the society is possible by a visionary entrepreneur only.

17) Business Dictionary.com:

“Someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.⁶”

18) Robert Nelson:

“A person who is able to look at the environment identifies opportunities to improve the environment, Marshall Resources and implement action to maximize opportunities.”

19) International Labour Organisations (ILO):

“Entrepreneurs are those people who have the ability to see and evaluate business opportunities, together with the necessary resources to take advantage of them and to initiate appropriate action to ensure success.”

20) Vasant Desai:

“An entrepreneur is described as a capitalist employer seeking profit; a risk taker, a monopolist, a coordinator, an innovator and an organizer of means of production. A person of all these attributes in operation may be termed as entrepreneur.⁷”

The above definitions can be considered as comprehensive definition considering almost all the important aspects of an entrepreneur. It considers him as an opportunity seeker, innovator, organizer, decision maker, capitalist etc.

1.3 Emergence of Entrepreneurial Class

Emergence and development of entrepreneurial class can be divided into two parts....

1.3.1 Development of entrepreneurial class in other developed countries

1.3.2 Development of entrepreneurial class in India

1.3.1 Development of entrepreneurial class in other developed countries

In developed countries like England, Japan, USA, Russia etc., what are the situations which have developed a new class of entrepreneurs? It is interesting to note that in the past these countries considered as developed today, considered as underdeveloped at that time. In Britain in 17th and 18th century Industrial Revolution has taken place. Because of this production at a large scale was possible but what about selling? This has given birth to the new class of entrepreneurs who undertake the risk and sell the product in the market. So in England it can be said that new product development has played very important role in shaping entrepreneurial characteristics. Following the footsteps of industrial revolution in UK, in the other neighbor countries like France and Germany also industrial revolution took place after 1870. And a new class of entrepreneurs developed there also.

While Japan till 1868 was an isolated country, but afterwards in governance of prince Meigie, who was just 16 years old, some revolutionary steps were taken. As private sector was lacking initiative, government started industries at state level just to encourage the private sector entrepreneurs. After establishing them successfully they were handed over to private sectors. An appreciable step was taken by a young and dynamic government thinker. The entrepreneurs benefited a lot. It is a learnable

lesson for any government to inculcate entrepreneurship. Till 1914 it continued and image of Industrial country was established in the world.

Till 1861 there was rule of autocratic in Russia. They exploited all three sectors of economy badly. There was no remarkable progress before this period. Over exploitation by the autocrat Czar compelled him to frame the law of liberty in 1861. This has given opportunities to farmers and industrialist to open their wings and fly freely. During this period industrialists were given financial assistance for export and also tax liberalized policy that motivates industries. Development of a new entrepreneurial class took place. Till First World War it continued.

In US after civil war from 1860 industrial revolution took place. Before that it was known as an agriculture country. Government support in form of patent policy motivated entrepreneurs to innovate and market. From 1929 to 1933, great depression played role of great ruin of any economy. America was also not an exceptional case. Newly appointed president Roosevelt adopted price rise policy of industrial products. The purpose was to increase the profit margin and thereby increasing income and demand of the economy. This has motivated entrepreneurial class to start a new venture.

1.3.2 Development of entrepreneurial class in India

On studying the history of ancient India, it can be seen that India had become victims of foreign attacks in a series. Mohammad Gazani, Mughals, Britishers, French, Dutch etc. have ruled over India. The reason was to acquire wealth and prosperity. Basically the image of Indian economy was of an Industrial Country. It was famous for their art, craft and industrial products. Not only this, but India was the exporter of this products. Dhaka, Ahemedabad, Kashmir were famous for their unique fabric quality in the world. While Hyderabad and Banaras were famous for copper-brass vessels and Rajasthan was famous for sculpture and art. In the time of Kingdom business men, artists were having their special place in the kingdom. Kings were fond of using artistic products so they admire art and culture a lot. That was also one of the reasons for the development of such activity as business activity. So basically India was considered as an Industrial country in the ancient period of time. In the ancient period there used to be 'Varn Vyavastha' in practice. Means according to aptitude

people used to engage in any economic or daily activity. Brahmans were learned men who had assisted the Kshatriyas (rulers) in the administration, Vaishyas have performed trading and industrial productive activities and Shudras engaged in an agricultural occupation⁸. A class called ‘Vaishy’ (Trader) treated as entrepreneur at that time. But later on different castes have jumped in to various types of business and economic activity. Certain castes named Marwadi, Vanik, Khoja, Parsi were famous for their venturesome nature to undertake any business activity. But gradually that rigidity has decreased.

In the time of British rule, it was their policy to ruin Indian economy and to develop British economy. They misused their power like anything, made the Indian artists handicap so that they cannot create any art. India was the biggest supplier in the world has merely remained as consumer. Indian products due to negative tax systems of Britishers’ become costlier than UK products. That has demolished our industries. In these adversities also entrepreneurs from Parsi, Marwadi and Gujarati could sustain and found their way. They could establish their plants in the field textile, iron and steel, cement industry. After independence government has taken certain special steps for the development of entrepreneurship which are discussed in the other part of the same chapter.

1.4 Types of Entrepreneurs

The entrepreneurs can be classified on the basis of various grounds. The basis of their classification can be explained as follows.

1.4.1 A Chart showing Types of Entrepreneurs

1.4.1 Types of Business	1.4.2 Use of technology	1.4.3 Stages of Development :
<ul style="list-style-type: none"> • i) <i>Trading Entrepreneurs</i> • ii) <i>Industrial Entrepreneurs</i> • iii) <i>Service Entrepreneurss</i> • iv) <i>Agriculture Entrepreneurs</i> • v) <i>Others</i> 	<ul style="list-style-type: none"> • i) <i>Technical Entrepreneurs</i> • ii) <i>Non technical Entrepreneurs</i> • iii) <i>Professional Entrepreneurs</i> 	<ul style="list-style-type: none"> • i) <i>Inherited Entrepreneurs</i> • ii) <i>First Generation Entrepreneurs</i>

1.4.4 Area <ul style="list-style-type: none">• i) <i>Rural Entrepreneurs</i>• ii) <i>Urban Entrepreneurs</i>• iii) <i>Local Entrepreneurs</i>• iv) <i>National Entrepreneur</i>• v) <i>Global Entrepreneurs</i>	1.4.5 Form of Organiastion <ul style="list-style-type: none">• i) <i>Individual Entrepreneurs</i>• ii) <i>Group Entrepreneurs</i>• iii) <i>Corporate Entrepreneurs</i>	1.4 .6 According to Gender and Age : <ul style="list-style-type: none">• i) <i>Men Entrepreneurs</i>• i) <i>Women Entrepreneurs</i>
1.4 .7 According to Gender and Age : <ul style="list-style-type: none">• i) <i>Young Entrepreneurs</i>• ii) <i>Old Entrepreneurs</i>• iii) <i>Middle aged Entrepreneurs</i>	1.4.8 According to Growth: <ul style="list-style-type: none">• i) <i>Growth Entrepreneurs</i>• ii) <i>Super Growth Entrepreneurs</i>• iii) <i>Lifestyle Entrepreneurs</i>	1.4.9 According to Motivation: <ul style="list-style-type: none">• i) <i>Pure Entrepreneurs</i>• ii) <i>Induced Entrepreneurs</i>• iii) <i>Motivated Entrepreneurs</i>• iv) <i>Spontaneous Entrepreneurs</i>• v) <i>Accidental Entrepreneurs</i>

The detail can be explained as follows...

1.4.1 Type of Business:

According to types of business Entrepreneurs classified like this....

i) Trading Entrepreneurs: It includes all those entrepreneurs who are engaged in trading activities. Whole sellers, Retailer, Mall Trader, Exporter, Importer, Stock Trader etc.

ii) Industrial Entrepreneurs: It includes entrepreneurs engaged in manufacturing activities. They can be even classified in form of tiny sector, Medium scale and large scale sector.

iii) Service Entrepreneurs: It includes entrepreneurs of service sectors like repairs, engineering, Beauty Parlour etc.

iv) Agriculture Entrepreneurs : Entrepreneurs engaged in different activities related to agriculture say, Plantation, Horticulture, Dairy, Forestry, Floriculture, Animal Husbandry, Poultry, seeds etc.

v) Others: other Entrepreneurs includes Re engineering Entrepreneurs, Health Entrepreneurs etc.

1.4.2 Use of Technology:

According to use of technology made by Entrepreneurs, they can be classified as

i) Technical Entrepreneurs

ii) Non-technical Entrepreneurs

iii) Professional Entrepreneurs

Let us understand them.

i) Technical Entrepreneurs

These are the entrepreneurs who apply technical knowledge and advanced technology in doing their business activities or they are doing business of such high technological products or machinery business. According to intensity of the technology they use they can be classified as

a) High Tech Entrepreneurs b) Low tech Entrepreneurs

ii) Non-technical Entrepreneurs

Where technical skill is not a prime need such types of entrepreneurs may fall in this category. They may be dealing in trading at a large scale level.

iii) Professional Entrepreneurs

These are the entrepreneurs who sell their skill as a professional body and earn. According to selling of their skill set they can be classified as

a) Business Process outsourcing Entrepreneurs b) Knowledge process outsourcing Entrepreneurs c) Legal process outsourcing Entrepreneurs d) IT Entrepreneurs
e) E- Entrepreneurs

1.4.3 Stages of Development:

According to stages of development, Entrepreneurs can be classified as...

i) Inherited Entrepreneurs

ii) First Generation Entrepreneurs

Understanding them in detail.....

i) Inherited Entrepreneurs

The person who starts a new venture belongs to a business class family background can be defined as Inherited entrepreneur. It is believed that he may possess some hereditary attributes of entrepreneurs.

ii) First Generation Entrepreneurs

The person who starts the new venture belongs to other than business background can be defined as a First generation entrepreneur.

1.4.4 According to Area:

According to area in which they are located Entrepreneurs can be classified as..

i) Rural Entrepreneurs ii) Urban Entrepreneurs

iii) Local Entrepreneurs iv) National entrepreneur

v) Global Entrepreneurs

Understanding them in detail.....

i) Rural Entrepreneurs

The person whose business activity is limited in rural area as well as their customers also reside in rural area can be defined as Rural entrepreneur.

ii) Urban Entrepreneurs

A person who starts his business activity from urban area and whose customers also belong to urban area can be defined as Urban entrepreneur.

iii) Local Entrepreneurs

A person whose business activity is limited up to one city or district can be said as a local entrepreneur.

iv) National entrepreneur

A person whose business activity is limited up to national level, may be spread over in more than one states can be said as a National leveled entrepreneur.

v) Global Entrepreneurs

A person whose business activity is not limited up to national level and spread over more than one country can be said as a Global entrepreneur. Such entrepreneur may form their business organization into corporate form.

1.4.5 According to Form of Organisation:

According to form of organization Entrepreneurs can be classified as...

i) Individual Entrepreneurs:

Mostly engaged in sole proprietorship form of business.

ii) Group Entrepreneurs:

Mostly engaged in partnership form of business.

iii) Corporate Entrepreneurs:

Mostly engaged in any Private Limited or Public limited company or even in cooperative sectors.

1.4 .6 According to Gender:

According to gender they can be classified as

i) Men Entrepreneurs:

If male gender begins the business venture can be defined as Men entrepreneurs.

ii) Women Entrepreneurs

If female entrepreneurs initiates the business activities can be said as Women entrepreneurs.

1.4 .7 According to Age:

According to Age they can be classified as

i) Young Entrepreneurs ii) Middle aged Entrepreneurs iii) Old aged Entrepreneurs

Understanding them in detail.....

i) Young Entrepreneurs

If a person begins or joins a business at a very young age like in his twenties or early thirties can be said as a young entrepreneur. Mostly such persons belong to business background.

ii) Middle aged entrepreneurs

A person begins his business activities in his late thirties or forties can be said as a middle aged entrepreneur. Generally such persons are first generation or situational.

iii) Old aged Entrepreneurs

If a person starts his business in fifties can be said as an old entrepreneur. Generally such persons are also first generation or situational.

1.4.8 According to Growth:

According to growth achieved by an Entrepreneur can be classified as..

i) Growth Entrepreneurs ii) Super Growth Entrepreneurs

iii) Lifestyle Entrepreneurs

Understanding them in detail.....

i) Growth Entrepreneurs

Those who are able to develop their business at normal expected growth rate can be said as Growth entrepreneurs.

ii) Super Growth Entrepreneurs

Those who are able to develop their business at a more than normal expected growth rate can be said as Super Growth entrepreneurs.

iii) Lifestyle Entrepreneurs

Those who are developing their business at much higher than the expected rate and setting a land mark for the others will be said as lifestyle entrepreneurs. Such entrepreneurs can be counted on the fingertips who can be a source of motivation for decades.

1.4.9 According to Motivation:

What motivates a person to become an Entrepreneur or from the point of view of source of motivation they can be classified as...

i) Pure Entrepreneurs ii) Induced Entrepreneurs iii) Motivated Entrepreneurs

iv) Spontaneous Entrepreneurs v) Accidental Entrepreneurs

Understanding them in detail.....

i) Pure Entrepreneurs

A person undertakes business activity in the anticipation of psychological rewards like ego satisfaction or work satisfaction and economical reward can be said as pure entrepreneur.

ii) Induced Entrepreneurs

Induced entrepreneur is one who is induced to take up an entrepreneurial task due to the policy measures of the government that provides assistance, Incentives, concessions and necessary overhead, facilities to start a venture⁹.

iii) Motivated Entrepreneurs

These entrepreneurs are motivated to give something new to customers. They are doing the business because they find possibilities to develop something new.

iv) Spontaneous Entrepreneurs

These entrepreneurs are with strong will power, dedication and confidence in their god gifted abilities. They are bold enough and always ready to take some initiative.

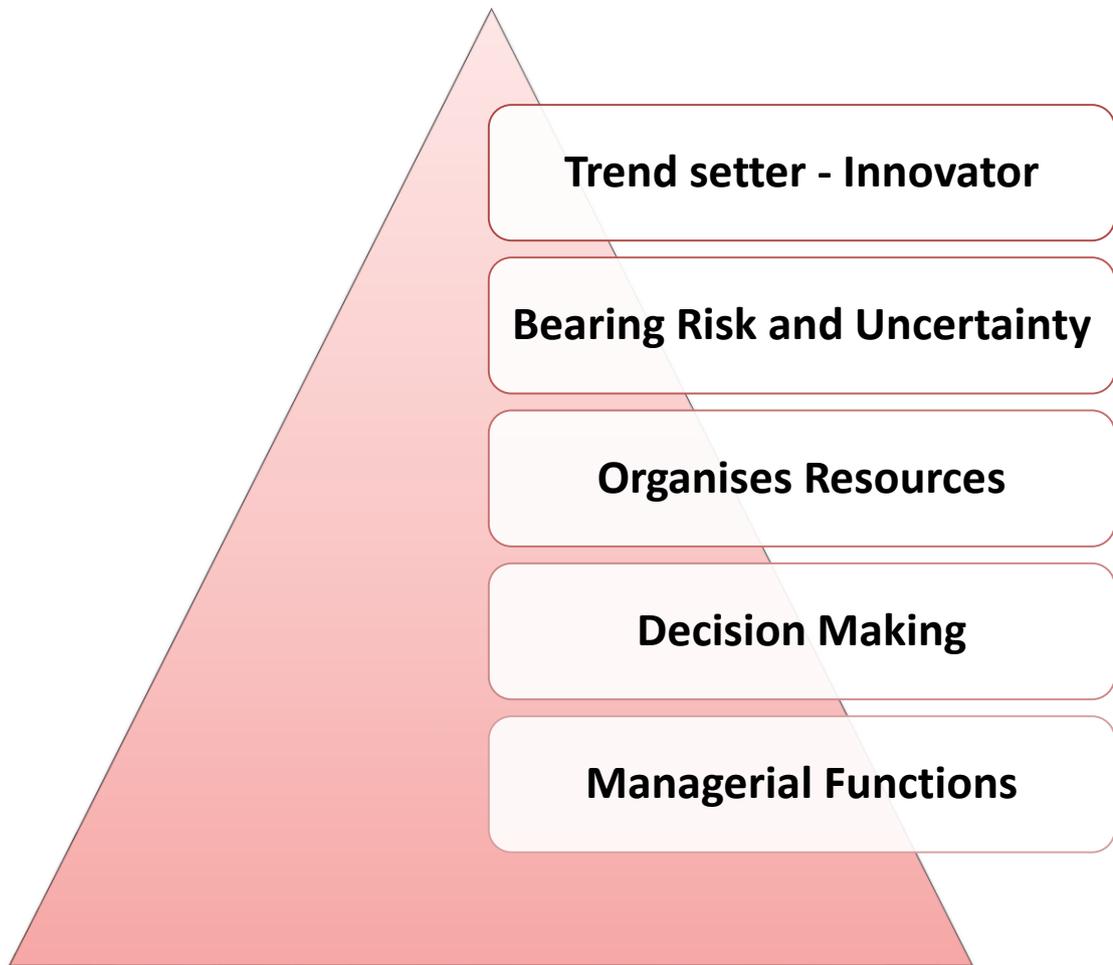
v) Accidental Entrepreneurs

Sometimes situation makes an entrepreneur. Those who didn't plan to start any new venture but accidentally came across with some opportunity and without any prior plan they begin with it. They may have been engaged with some other forms of activities and situation has pulled out entrepreneurship.

1.5 Entrepreneurial Functions

An entrepreneur is playing more than one roles. So his functions are not static. They keep on changing. The main functions performed by him can be explained as follows.

1.5.1 A Chart showing Entrepreneurial Functions



1.5.1 Trend setter - Innovator

An entrepreneur is playing a role of Innovator – trend setter. Any product, area, service, method of selling, marketing is ultimately brainchild of an entrepreneurial efforts. He is the person who studies the present market, finds the gap and introduces that product or service which has not been even thought. Introduction of a new product or service may result in a new series of inventions or a land mark for the other early adaptors. Sometimes the change of societal lifestyle and revolutionary change in the mindset is just because of innovative entrepreneurial efforts. The new products in the hands are not only the results of Laboratory efforts but a careful execution of all required efforts right from production to consumption and never the

less follow up that leads to further change. So getting busy in always finding something new is the basic function of an entrepreneur.

1.5.2 Bearing Risk and Uncertainty

The more challenging task after innovating a new product is to manufacture it and selling to customers. It is all based on anticipation that it will be sold out in future, he takes risk and produces in a bulk. But future is uncertain. His judgments may not be proven right. So he is taking some calculated risk. He has to make consistent efforts to convince his merchandise. Sometimes this may take a decade to prove oneself. It is his hope, stick ability, consistent efforts against all odds makes his product, brand a unique, acceptable and necessary. This is risky. If situations are not favourable, calculations proven wrong then he may be ruined. Insurance is possible but there are certain risks which cannot be insured and entrepreneurial extra ordinary reward is the result of taking uninsurable risk. According to Knight, "The entrepreneur is the economic functionary who undertakes such responsibility of uncertainty which by its very nature cannot be insured nor capitalised nor salaried too."

1.5.3 Organises Resources

Any innovated product can be placed in the market through organized utilisation of factors of production. According to Richard Cantillon, "An entrepreneur is that businessman who produces goods by organizing production factors that he has purchased at a certain price and sells it to a decided price." Any economic activity is only possible through combination of basic factors of production i.e. Capital, Land and Labour. An entrepreneur is the person who combines all these resources, undertaking business activity which has a risk of return. In anticipation of better utilization, he organizes them and distributes the income generated in form of Interest, Rent and Wage respectively. The remaining is his profit. According to J.B. Say, "An entrepreneur is that person who transfers economic resources from lower level of productivity and returns to the fields of higher level." Here the aim of an entrepreneur is to make the resources better rewarding. So without the organisation of resources it is not possible to produce anything.

1.5.4 Decision Making

Decision making is the identity of an entrepreneur. He is always busy with taking decision. Right from the beginning and even before beginning the business he has to decide the objectives of the business activity. In accordance the objectives, he has to make provision of resources. So the question of deciding resources arises. It includes Men, Machines and Material based decisions. After running the business successfully, according to time one must be ready to change according to time. Introduction of new technology, methods and even new generation are very important decisions. Sometimes existence of business depends upon the timeliness of such decisions. So decision making is one the major role to be played by an entrepreneur.

1.5.5 Managerial Functions

Managerial functions include basic functions of management - planning, organising, staffing, directing, coordinating, controlling, budgeting etc. These are routine and day to day functions of a manager. At initial stage of a business such functions are performed by entrepreneur only. In the later part a manager can be appointed for the same. The functional areas of management also can be studied e.g. Finance, Marketing, Personnel, Production. The above mentioned functions of management will be applied in these functional areas of management. Management is essential because, mere collection of resources will not fetch any remarkable output. It is only possible through effective utilization of the resources. That is only possible through application of principles of management. Knowingly or unknowingly any group efforts have been undertaken by application of these principles only. In the last century worldwide efforts have been taken to discover the principles of management. Professionalism towards the application of these principles has developed. Entrepreneurs have started taking help of management professionals and getting busy with the development of the business. This has fastened the economic growth and as a result a new class of 'Intrapreneur' has developed.

1.6 Entrepreneurship

If any other factor of production is compared with Entrepreneur then very important difference noticed surety of reward. All the other factors like land gets rent, capital is rewarded by interest and laborers' are paid wages. They are pre decided and fixed in nature, while reward of an Entrepreneur is Profit. This is uncertain by amount, by

time, by form. The person who enjoys this uncertainty and resulting risk can be said as an entrepreneur. That's why Risk and Uncertainty becomes prime attributes of an entrepreneur. So in simple terms, a person in which if these two characteristics are found can be said that having Entrepreneurship. The following definitions will throw light on the same.

1) www.businessdictionary.com

“The *capacity* and willingness to *develop*, organize and *manage* a *business venture* along with any of *its risks* in order to *make a profit*.¹¹”

2) www.thefreedictionary.com

“The state, quality or condition of being an entrepreneur, an organizer or promoter of business ventures. The duration of a person's function as an entrepreneur.¹²”

The above definitions focus on risk and uncertainty. Addition to risk and uncertainty one more important attribute of an entrepreneur can be said i.e. Innovation. This is magnified in the following definitions.

3) lexicon.ft.com

“Entrepreneurship involves creating or discovering new ideas or opportunities for the purpose of creating value, whether economic, social, or even political – and forming a new organisation to do so. An entrepreneur is a person who practices entrepreneurship.¹³”

4) Peter Drucker

"Entrepreneurship centers on innovation. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation, and they need to know and to apply the principles of successful innovation."

5) Joseph Schumpeter:

“Entrepreneurship is innovation. It is not the work of ownership but of leadership.”

6) H. W. Johnson

“Entrepreneurship is a composite of three basic elements - invention, innovation and adaption.”

7) J. E. Stepanek

“Entrepreneurship means strength for risk bearing, capacity for managing and desire for introducing diversity and innovation.”

In short entrepreneurship means a person practicing with characteristics of an entrepreneur such as risk, uncertainty, innovation, passions, dynamism, stick ability etc.

1.7 Process of Entrepreneurship

The process of entrepreneurship involves the step by step establishment of a new business venture. When a person starts thinking about jumping into a business of a new product, the process of entrepreneurship begins. Right from idea generation to a pre-firm stage, and pre-firm to establishing a firm and from establishment of firm to running it smoothly, it’s all entrepreneurship, reflected through characteristics that move it on path to success. Through entrepreneurial process, unutilized resources of an economy can be utilized in a positive direction, resulting into development and progress. So among all the other factors of production, Entrepreneur is vital. Entrepreneurship is transformation that taking place within but reflected outside. The process of entrepreneurship can be explained as follows.

1.7.1 A Chart showing Process of Entrepreneurship



Understanding them in detail...

1.7.1 Idea generation

The process of entrepreneurship begins with idea generation. It is possible through close observations. A person really wants to introduce something new will always focus on complains of the people using current product. e.g. a person can observe buying behavior and pattern of utilization of cellular phones users. The lacking areas in current products or expected feature in any product will compel him to introduce something new. It may be anything. If a person wants to manufacture a cell phone then he may focus on Low battery life of any Android phone, size of screen or weight of cell phone. These all will become base for some introduction in current product or development of new product.

1.7.2 Identifying opportunities from ideas

Any idea will provide base to think concretely keeping in mind business. For this one has to evaluate idea on the grounds of reality. Feasibility of the product must be checked. Up to what extent it's really going to satisfy the needs or wants of the people? Their readiness to pay should also be checked with the help of some experimental research at small scale which are normally taking place informally. At primary stage if it seems fruitful then it should be further considered otherwise develop a new opportunity.

1.7.3 Plan the product and business

If the opportunity seems fruitful primarily, then one should plan the product in context to business. This includes availability of resources; pricing of raw material, processes and labour; execution of strategies in the market; raising funds; market research; potentiality of the market etc. Planning will be helpful in execution of the business activity. One can have a better picture of the future in planning. Some times at this stage a person comes to know about strengths and weaknesses of the business and may need to take hard step of withdrawal of the product. Sometimes planning reveals that the opportunity which seems fruitful apparently may not be that much fruitful if it is being put into actual planning.

1.7.4 Evaluation

It includes evaluation on the basis of feasibility, availability of resources, profitability, and return on investment, level of risk and uncertainty, availability of the alternate product or form, potential competition etc. Considering all these related matters the

new business is evaluated and if it seems profitable and applicable from all the angles then a decision of starting a business is taken.

1.7.5 Starting the business

Its actual implementation according to plan. Here right from the procurement of fund till the utilisation of resources everything is done. Here in this process entrepreneur has to change many hats. He has to play various roles. Like businessman, leader, innovator, manager etc.

1.7.6 Acceptance of reward

After implementation of the business successively an entrepreneur accepts the reward of his hard work. Normally he enjoys fruits of his hard work or else if predictions proven wrong then he has to suffer a loss also. But if proper hard work is done in the right direction then there are less chances of failure. The positive reward is not only in form of profit but also in forms of sometimes monopoly, pioneer, trendsetter, unique identity, innovator etc. Healthy reward will be again distributed among the employees and also the society.

So it can be concluded that entrepreneurship is a process through which a new product is developed and placed in the economy. Entrepreneurs identify opportunities, create ideas, and decide on their actions on the basis of mixture of creativity, rational analysis and intuitions. Creativity and rational analysis both are important.

1.8 Theories of Entrepreneurship

The entrepreneurial behavior is the result of different factors that affect entrepreneurship. Entrepreneur is inspired by different factors which motivate him to become an entrepreneur. These factors may be from sociological, psychological or economic environment. Based on these, different entrepreneurial theories have been developed. These theories are nothing but the observation of different authors which proves that entrepreneurship is a product of this particular factor.

1.8.1 A Chart showing Theories of Entrepreneurship



Understanding them in detail.....

1.8.1 Economic theory of Mark Casson :

The theory given by Mark Casson is named as Economic Theory. He wrote a book named The Entrepreneur: An Economic Theory. In this book he explained a very basic reason for emergence of an entrepreneur. The development of any economy is based on dissatisfaction of present level. The hunger to know something

new will give birth to introduce a change in the society. An entrepreneur is playing an important role in this process. He has capacity to introduce change in society. So to change the societal lifestyle entrepreneurs are needed, but it's not easy to generate entrepreneurs. The supply of entrepreneurs is limited compare to demand. Mark Casson has explained for the limited availability of entrepreneurs. According to him "An entrepreneur is someone who specializes in taking judgmental decisions about the coordination of scarce resources."¹⁰ Entrepreneur possess some innate qualities like power of imagination, leadership, professional insight, skill etc. These qualities are not found easily. And if they are available it's difficult to find them.

1.8.2 Leibeinstein's X-efficiency theory

The measurement of one's efficiency of making utilization of resources can be made with the help of a model. An entrepreneur is a person who utilizes the resources in a productive manner. X-efficiency is the theory developed to measure the degree of utilization of the resources applied. Up to what extent the firm is successively able to utilize the resources available and what is degree of waste fall can be measured. The firm should be able to use available resources optimally. That proves the efficiency of entrepreneur. The level of production should be that where average expenses are minimum. Normally it is difficult to find such firm in real life as some sort of inefficiency is natural. Two reasons are responsible behind, first is improper utilisation of the resources and second can be unnecessary waste of resources.

1.8.3 Schumpeter's Innovation Theory:

The development of any economy can be measured in terms of the utilization of new products made by the society. And that is the result of innovative thinking and initiative role played by an entrepreneur. Only entrepreneur can change the face of the economy. Austrian Economist Joseph Schumpeter identified innovation as the critical dimension of economic change. According to him innovation is the prime identity of an entrepreneur. The word innovation should be used in a broader sense. It includes introduction of a new product, new method of production, finding a new market, introducing new source of raw material etc. These innovations should be followed by practical efforts to introduce the product in market and make it available for consumers. That completes the meaning of an entrepreneur. Innovation will create

temporary monopoly. Entrepreneurs will enjoy monopolized position in form of skimming the profit. This will motivate the others to innovate and introduce a new product.

One important insight arising from Schumpeter ideas, though, is that innovation can be seen as “creative destruction” waves that restructure the whole market in favor of those who grasp discontinuities faster. In his own words “the problem that is usually visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them”

1.8.4 Harvard School Theory

According to Harvard School Theory entrepreneurial activity is divided into two parts managing inside as well as understanding outside. According to changes taking place in socio, eco and political environment entrepreneur has to be alert, adapting changes and converting them into opportunity. He is also taking care as a manager of the firm. Coordinating business activity and taking decisions in time. Thus Harvard is having traditional ideology but still they never challenged the equilibrium process of firm which is a traditional economic theory. It is being challenged by Neo Austrian School. They discovered that imbalance is more realistic than balance in a firm. This kind of uncertainty bearing situation makes an entrepreneur more engaged and aware regarding innovation. So that he can maintain as well as increase the profit.

1.8.5 Theory of high achievement

David McClelland one of the remarkable contributor in the area of psychology, has given this theory. The theory explains that every human being is having keen desire to achieve something. The intensity for achievement may vary from person to person. But everyone is eager to and ever interested in achieving something extraordinarily great and outstanding. Any common man is having such desire. The intense desired people can become entrepreneur. It is also found in research conducted by Christopher and others that achievement motivation was significantly correlated with both choice of an entrepreneurial career and entrepreneurial performance¹⁴. This is not the sole characteristic needed but this is one of the major characteristics. Certain factors that provide motivation to become entrepreneurs are....

- 1) To reach excellence in business
- 2) Creativity and power of imagination
- 3) Zeal for innovation and working continuously for business
- 4) Desire to become a leader and pioneer in particular area of economy

These are the factors that put him into a position to become an entrepreneur. The cultivation of entrepreneurship is possible right from childhood. According to him the growth of entrepreneurship is not an instantaneous process or one night development. From the childhood only such environment can be created. Less control of parents, freedom to take any decision, liberty to follow any tradition or religion, fewer restrictions, more self-reliance etc. will build up his confidence and courage which are very useful to become an entrepreneur. Freedom of doing anything will be helpful in developing creativity and innovation thru which development of new product is possible. Feeling of uniqueness is important to awaken entrepreneurship within. This is possible by parents as well as surroundings. This is all in total with natural desire of achievement will become a bundle of characteristics to become an entrepreneur. The childhood conditioning of individuality and freelance way of thinking will motivate him to achieve something extraordinary. Higher the level of freedom will result in higher level of achievement motivation.

Measuring Achievement Motivation

It is difficult measure achievement motivation, though a questionnaire is prepared by McClelland which includes following questions.

- 1) The person must be optimistic for his future, is he?
- 2) In his field does he possess tendency to introduce something new?
- 3) Is he ready to shoulder professional responsibility?
- 4) Is he dynamic?
- 5) Does he believe in science and technology?
- 6) Is he ready to accept new ideas and methods?
- 7) Does he possess' capacity to resist in adverse situation?

8) Does he believe in better life style?

By asking above questions one can easily get the information about achievement objective. Weights should be assigned to get objective oriented information and also to derive better conclusions.

1.8.6 Profit Theory

It is given by Frank H. Knight. An entrepreneur is getting reward of risk and uncertainty, according to him. Knight clarifies the difference between risk and uncertainty¹⁵. In any business there are two types of risks insurable and non-insurable risk. The risk which can be compensated by insurance company like loss due to theft, fire or any natural calamity can be compensated by insurance company, but certain risks like competition, reduction in demand, change in government policy etc. are non-insurable risk. According to Knight these are uncertainty. Because of such non-insurable factors uncertainty takes place in the business. Entrepreneur has to prove his ability to overcome these risks. He is rewarded by profit for bearing such risks. This part of uncertainty can be reduced by consolidation. In any industry number of entrepreneurs and level of profit depends upon self-confidence of entrepreneur.

1.8.7 Economic incentive theory

The theory is gifted by G.F.Papanek and J.R.Harris. In this theory it is explained that development of entrepreneurship and economic development take place in availability of most convenient factors and environment. The main reason to become an entrepreneur is to earn high profit - greater economic incentive. Compare to any factor of productions, entrepreneurship is the highest rewarding. So getting higher incentive is one of the major factors of becoming an entrepreneur. The purpose of doing any economic activity is to grab the opportunity in form of better utilisation of resources and to earn the expected profit. In every society there are resources available for the development. Market imperfections will motivate to become an entrepreneur, though a person may not possess tendency or ability to become an entrepreneur. Sometimes due to improper government policies, development of entrepreneurship is not up to the mark. So it is suggested by this theory that government should frame and implement such economic policy that motivates entrepreneurship. Even steps should be taken to remove market imperfections. After 1991 due to new government policy

i.e. privatization, liberalization and globalization, the scenario has quiet change. But still it needs better government role.

1.8.8 Frank Young's Theory

According to this theory, entrepreneurship is not an individual development but it is developed by the group of entrepreneurs, as the groups have better capacity to face challenge. Any new industrial enterprise is a group efforts and not individual venture is the basic belief behind this theory. It is theory of social change. It is a process of societal support to the responsive sub-group for the purpose for societal development. The emergence of responsive group depends upon the following events.

- 1) Feeling of law status in the society by a group.
- 2) Failure to reach important social level or position.
- 3) A group is having better institutional resources than other groups in the society.

If all the above mentioned events happen together, their response capacity will give birth to entrepreneurship. The role of assisting institutes is very important in the development of entrepreneurship. So for the development of entrepreneurship such supportive institutes should be established more and more.

1.8.9 Max Weber's theory

In the theory of Max Webber, the impact of religious and cultural background on entrepreneurship is highlighted. Every person is highly under influence of his religious background. Any activity done by him will be motivated by his religious belief. Selection of activity will be also under the shadow of sects. If any activity which is opposite to his religious belief, may be rejected. Under his study connection between entrepreneurship development and Protestant sect of Christianity is made. The study revealed that the religion in which materialism and capitalism is weighted were leaders in the area of wealth creation, technological development and entrepreneurship. It is also proven by study undertaken by David and others that caste system and religion influences the propensity to become an entrepreneur.¹⁶ The theory also explains that how and why Jains, Hindu etc religions play important role in the development of entrepreneurship. The religious background in which a person is born

and brought up builds his belief, ideology, mentality, and way of thinking. This will play important role in selection of the business activity or professional activity. The reason why Protestant society has developed is Christianity has remained extremely materialistic. In the development of entrepreneurship this belief has played important role.

1.8.10 B.F.Hozelitz's Theory

In this theory it is explained that development of entrepreneurship is only in changing societal situations. Changeable societal factors should be supported and cultivated because they give birth to entrepreneurship. Marginal group available in the society play very important role in the process of change. Marginal individuals develop and adopt creative activity which is appropriate as per changing situations. They introduce innovation in the field of business and industry. It is also concluded by some researchers that socio economic factors such educational background; religion, family type etc. have significant impact on the behavior of an entrepreneur¹⁷.

The development of entrepreneurial class in different countries belongs to special socio economic class.

1.8.11 Social change theory

Everett Hagen has presented this theory. Inferior position in a society gives birth to feeling of dissatisfaction and hatred. To regain the status one wishes to prove himself. This is one of the important causes of innovation, creativity and new product development. Entrepreneurs are having a very high status in our society. Economic development and freedom are possible thru this only. To uplift the community and regain their social position more and more persons will try to become entrepreneur from the same community. So according to this theory the community which has lost their social reputation will try to reestablish with the help of entrepreneurship and personality development. Hagen's principal theme is that such creative personalities or groups emerge when the members of some social group experience, what he calls, "the withdrawal of status respect".¹⁸ Hegan explained his theory with the example of Samurai community of Japan. The circumstances in which diminution of social position and reputation takes place are as follows:

- 1) When the dominating community changes its behaviour towards comparatively lower status community and starts torturing.
- 2) When there is displacement by force by one community to another.
- 3) When there is a development of new community in a new area. Their status is not accepted by the established people. May offer them inferior position minority group.
- 4) Values of such minority community considered as low standard.

So among any of the circumstances, when a community loses its reputation or status, the people of the same community begin to innovate, generate new ideas, that will give birth to a new product with the help of entrepreneurship. In this way social change becomes a pathway for entrepreneurship development.

1.8.12 Behavioural Principle of Kunkel

Entrepreneurial behaviour is highly influenced by socio-economic development of the society. It has been explained by John. H. Kunkel. His article was published in the year 1956 heading, “Values and Behaviour in Economic Development”, in which he explained relationship between past and present societal structure and entrepreneurship development. According to him 4 types of structures are essential for entrepreneurial development.

1. Limitations of caste structure:

In our society, the development of entrepreneurship is mostly limited to a specific caste structure. People of certain caste always jump into a business and some can never. This becomes deviation in the development of entrepreneurship. The overall societal or communal support plays important role in cultivating entrepreneurial thinking. It becomes challenge for a person to become an entrepreneur, who doesn't have any past societal structure. On the other hand it's a smooth road for the persons belong to entrepreneurial caste and family. In a way caste structure limits the development of entrepreneurship.

2. Demand structure:

Structure of demand is economic while enterprising structure is more sort of combination of socio, cultural and eco background. The demand structure may change

according to change in economic and government policy. If factors affecting demand can be changed, then entrepreneurial behaviour can be motivated. So change in demand structure can motivate entrepreneurial development.

3. Business related opportunity structure:

For the development of entrepreneurship related facilities needed. Like provision of fund, management skill, availability of labour, market structure, availability of training programs, infrastructural facilities available for establishment of business unit etc. All these build the structure of opportunities that helps to develop entrepreneurship.

4. Structure related to labour:

In any under developing and developed countries, labour related environment and facilities will create the structure of labour. Availability of proper labour will encourage industrial development. Factors related to labours are means of livelihood, their attitude towards life etc. Entrepreneurship development is highly dependent upon labour force. So structure of labour development plays important role in entrepreneurship development.

1.8.13 Cultural Value Theory

Thomas Cochran has given this theory. As per the theory, for the development of entrepreneurship, social values, social consent, role expectations play vital role. According to this theory, three main factors are considered important which can be explained as follows:

1. Personal interest of entrepreneur for the development of his business.
2. Expectations of the supporting surroundings of an entrepreneur, which gives consent for his entrepreneurial role.
3. Needs of entrepreneur for fulfillment of his work.

As it can be seen that the factors determine emergence and development of entrepreneurship are governed by social values. So development of entrepreneurship is dependent upon societal environment which is made up of social values.

1.8.14 Stocke's Theory

According to Stocke, cultural and social values are playing an important role in the development of entrepreneurship. Socio-cultural values channel economic action¹⁹ especially when a country is passing through a transition period, the social and cultural values are important in choosing and developing business. Stocke believes that personal interest and social opportunities create the situation of entrepreneurship development. An entrepreneur is more motivated by social values.

1.9 Social Responsibility of Entrepreneur

An entrepreneur receives resources from the society, utilises in a productive manner and gives some productive output to the society and earns profit. He cannot do anything without the help of society. On the other hand, society is also getting benefits from entrepreneurs. Development of a new product, improvement in life style is only possible through active efforts undertaken by an entrepreneur. So, there is give and take between entrepreneurs and society. He is a debtor as well as a creditor of the society. On studying his behavior, it is found that he receives from different classes of the society so his responsibility towards society can be understood as follows.

1.9.1 A Chart showing Social Responsibility of Entrepreneur



Understanding them in detail...

1.9.1 Responsibility for Consumers:

In this world of consumerism it is rightly said that consumer is King. Each and every economic activity is performed to satisfy consumer needs. Responsibility towards consumers can be better explained with help of following points:

- * Pricing of the product should be reasonable. Reasonability can be decided on the basis of consumer's standard of living, lifestyle, income etc. In short it should be genuine.
- * An entrepreneur should have properly studied market, income, taste of consumers and accordingly should produce and promote the product.
- * According to change in the preferences, taste, need etc. entrepreneur should introduce modification in the product to satisfy their needs.
- * For the smooth sailing in the market, entrepreneurs should consult consumer forum, consumer protection committees and according to their suggestions one should decide the quality and price of the product.
- * An entrepreneur should maintain business ethics in quality, quantity, design, price of the product. He should provide best qualitative product at reasonable price.
- * Once the name and fame is established, entrepreneur should not create artificial scarcity of the product to gain abnormal profit. Not only should this but he have keen observation over retailer to regulate the same.
- * Entrepreneur is also playing role of a trend setter for consumers. He should undertake research and development for the modification in the prevailing product as well creating a new product.
- * When any innovative product is introduced by entrepreneur, he has right to monopolies benefits with the help of patent and copyright. It is also in favour of consumer as they will be protected against low quality pirated products.

1.9.2 Responsibility for Employees:

Employees are the life blood of the organisation. Without them an entrepreneur cannot achieve the organisational goal as it's a group effort. Satisfied employees are

the assets of the business. That results into better performance. Lot of families in form of employees are dependent upon the firm. So it is social responsibility of entrepreneur to satisfy their employees as well as families. Thru following ways an entrepreneur can satisfy their employees.

- * Healthy remuneration should be paid. According to their position, qualification and experience they should be paid. Entrepreneur should avoid exploitation and pay genuine and healthy wages.

- * To motivate the skilled and efficient employees, motivating incentive scheme should be introduced. This will maintain the level of enthusiasm among potential employees and also to attract new employees. Periodic promotions will increase their level of job satisfaction.

- * Proper work environment should be provided. The working place should be neat and clean with proper ventilation. Proper light and air circulation creates enthusiasm for the work. For the refreshment, there should be facilities for canteen, rest, sanitation etc.

- * If possible an entrepreneur should adopt a contract system for appointment of employees so that they can have feeling of security which will result in peace of mind and better output.

- * Entrepreneur should provide employees family welfare approach in which the family members are provided certain facilities like expenses of fees of their kids, medical allowance etc. This will create positivity towards the entrepreneur and his job.

- * Facilities like pension, provident fund, gratuity, sick leave etc. should be provided. So that they will work without any feeling of insecurity of future.

- * Employees should be provided free insurance facility especially when they are engaged in any risky task. Free medication and life time family maintenance should be provided if he loses any of his organ or his life at the work place.

- * Employee's participation in management, decision making, profit sharing can be applied. Their creative suggestions should be admired with the help of prize or any other motivating mode. This will satisfy their self-actualization need.

* An entrepreneur should recognize the labour unions. They should be given right for their proper representations if any injustice has taken place. Entrepreneur should be cooperative with the labour unions and try to find amicable solution for the problem. There should be enough room for discussions and bargaining to avoid strike and lockout.

In this way entrepreneur can fulfill his social responsibility towards employees.

1.9.3 Responsibility for Investors:

A firm can do the business on individual capital but for the purpose of expansion sole capital may not work. Borrowings have certain limitations so at corporate level different sources of funds are developed say equity shares, preference shares, debentures etc. When the fund is collected from variety of sources, responsibility towards the interest of different investors also arises.

* The prime responsibility is to give the return on their investments. If it is equity or preference shares then dividend, for debentures interest. Investors expect fair returns so basic responsibility is to reward the handsome return on their investments.

* It is duty of entrepreneur to give detail about the progress of the company periodically. Especially when company is in trouble and not able to give the expected or projected returns, they should inform the investors about the real situation. It is also his duty to win the faith of the investors in negative situations too.

* Equity share holders have right to participate in annual general meeting. Not only can this but in any strategic decision investors be invited for the purpose of their valuable suggestions. It increases the trust among the investors and creates intimacy between both.

* Variety of forms of investments should be introduced to attract the variety of investors. Those who want stable income can choose debenture and those who are interested in high returns can go for proprietary source i.e. Equity shares.

* Investors investing money with faith so it is the duty of entrepreneur to protect their funds and to utilize it properly that fetch better returns. So protecting investor's funds is an important task to be done by the entrepreneur.

* When an entrepreneur plans to expand the business, he should give priority to the present investors as they are proven. They have paid all the installments of investment in time so they should be given again chance to reinvest in form of Right Issue. This is the way that entrepreneur can recollect the fund easily and also builds permanent good relations with him and firm.

1.9.4 Responsibility for related Professional institutes

An entrepreneur is also connected with different organizations, institutes like chamber of commerce, labour union, mercantile federation, social welfare institute etc. Entrepreneur should fulfill his responsibility towards these organizations as follows.

* Entrepreneur is getting benefits from such associations as they are taking care of his interest. So entrepreneur should accept the membership of such associations.

* For the development of the industry and interests of members, such institutes organizes various activities like conferences, seminar etc. Entrepreneur should provide finance for such activities which are helpful for the society. Not only this but he should also present his ideas, research papers for the development of the society.

* Such institutes provide important information like market trends, new productions technology, new product development, new source of raw material etc. which are important for the entrepreneur to develop his business. So should be ready to help such institutes as a part of social responsibility.

1.9.5 Responsibility for Local Public

Industrial unit is established in the society. So it becomes responsibility of the entrepreneur to take care of residing people living nearby. The interest and lifestyle of the surrounding locality should not be adversely affected. His responsibility towards local community can be explained as follows.

* To run the business unit, an entrepreneur needs manpower. The entrepreneur should put local people for employment in first priority. This will increase positivity for the industry among local people.

* The local means of production should be used for the development of local industry. An entrepreneur should be helpful and cooperative for the development of related local industries.

- * If entrepreneur wants to grow further, he should undertake survey with the help of local people to know further possibilities of development. With the help of local possibility structure, an entrepreneur can better develop his industry as well as better contribute the society thru new opportunity creation.
- * The natural beauty of the surroundings should not be spoiled due to presence of the industry. If it is polluting, necessary steps should be taken by the entrepreneur to overcome it.
- * Entrepreneur should help local economically backward, widows, unemployed youth. He should arrange special programme for the upliftment and development of orphans and orphanage.
- * To satisfy the basic requirements of the local mass, an entrepreneur should support to develop organisation like school, hospital. He should also undertake efforts to develop public garden, play area etc. to enrich the life of local people.
- * Entrepreneur should provide guidance for emerging young entrepreneurs. He can arrange special programmes in association with any organisation for those who poses some entrepreneurial skill. He can give guidelines for establishment of any small scale firm or industry.
- * In any natural calamity like earthquake, flood, drought, heavy rain; entrepreneur should provide help in form of resource provision to the effected families. Charity is possible in form of food packets, medicines, clothes, cash donations etc.

1.9.6 Responsibility for the nation

An entrepreneur undertakes his business activities in the boundaries of any nation. So it becomes his duty to follow the law and order of any particular region or nation. He can fulfill his responsibility as follows.

- * The prime duty towards the government is to follow the law and order of that city, state or nation in which it is situated. The law and order are defined in context to betterment of the society.
- * The income of government is tax. Government collects taxes in various forms. It is the duty of entrepreneur to pay the genuine tax intima. So that government can better use it for the development of undeveloped locality.

- * The development of any nation is based on the development of basic industries only. So it is social responsibility of the entrepreneur to jump into the basic industries of the nation. Government also supports such industries as based on that other industries can be developed.
- * Innovation and inventions are the identity of an entrepreneur. For the development of the society and nation, new product development is needed. It is the duty of entrepreneur to undertake the research and development. This is the way that an entrepreneur can uplift the lifestyle of the nation.
- * According to change in time, government policy also changes. For the development of new industries as well as new entrepreneurs such policies are framed or modified. It is the duty of the entrepreneur to come forward and accept the changes and support the nation for the development.
- * The development of any country depends upon the development of the foreign market. Especially export. That's why government frames such policies that motivate exports. Entrepreneur should grab this opportunity and try to explore the overseas market.
- * Government frames entrepreneurship development programmes. It is for the development of new entrepreneurship as well for the benefits of the current entrepreneurs. Entrepreneurs should take the benefits of such programmes and utilize the latest information and training for the development of his business.
- * For planned development of the country, government organises different programmes and sets the targets in five year programmes. An entrepreneur should take benefits of such programmes and help the government for the development of the nations.
- * An entrepreneur should be aware regarding optimum utilisation of the resources. He should always try to convert his surplus plant capacity into full utilisation. If he is not doing so that means he is not aware regarding his social responsibility towards the nation.
- * Some times for the development of personal organisations, entrepreneurs adopt wrong tactics like bribe, corruption to the government employees. This may result

into imbalance growth of the nation. Some times at the cost of actually needy class of the entrepreneurs, developed entrepreneurs are getting benefits.

Nation is the base on which an entrepreneur is developed. So he should always try to increase the wealth and prosperity of the nation without the support of national resources, the development would have not taken place. The contribution of government and national wealth should not be overlooked by an entrepreneur. So he should always try to increase the wealth of the nation.

1.9.7 Responsibility at international level

In the modern time, India has also opened the doors for the foreign countries. On the other hand our entrepreneurs have also the chances to take benefits of overseas market. It's time for global competition. So entrepreneur has to provide global quality standard to sustain in the market. His responsibility can be explained as follows.

* The entrepreneur has to produce the product keeping in mind the global standard. As competition is not limited up to domestic level. Competitors are worldwide. So entrepreneur should be aware with global standards. The biggest benefit of this situation is improvement in quality of the domestic product.

* To face the competition with global companies, domestic entrepreneur has to introduce new technology. For this either he may undertake research and development or he can have a tie up with any foreign concern having better technological standard. So technological collaborations will be necessity for the domestic entrepreneurs.

* Due to globalisation, it is possible to invite the foreign investors to invest in our country. Because of foreign direct investment inflow of exchange has increased. An entrepreneur can get benefit of huge investment thru FDI. It is even beneficial for underdeveloped or undeveloped country to develop. An entrepreneur of such a country can grab the opportunity in development of the business.

* International trade increases the prosperity, wealth of the nation. China could be developed on this basis. Domestic resources are engaged in satisfying needs of other countries will result in increase in national income of the country. That will result in increase in wealth of the country.

* Because of globalisation better business relations can be developed with friendly countries. Inter dependences will be increased due to this. Exchange of resources will be easier in this case and benefits specialisation and division of labour can be achieved.

* To develop the business at international level an entrepreneur should follow the international standard of business ethics. Code of conduct of different countries should be followed. Violation of this may result in collapse of global image. So it is the duty of entrepreneur to take care of global business standard.

* Being part of global business, an entrepreneur should become a part of international union. Such multinational union organises fairs, exhibition etc. for the development of the business. So entrepreneur should be alert and grab the opportunity to become member of such multinational union and thru which he can knock the doors of the other countries as well.

1.10 Development of Entrepreneurial class after Independence in India

After the independence, for the economic development of India, development of entrepreneurial class was needed. A lot of reasons were there. Due to rule of Britishers', most of the industries were ruined. Primary sector was also quiet traditional. Very less number of industries was developed. And they were also limited up to consumer goods. For the rapid development of industries, there should be independence of basic industries. For developing these, development of entrepreneurship was needed. Some more reasons for the development can be explained as, imbalanced growth of different states, poverty and economic inequality, incomplete utilisation of natural and human resources, creating opportunities for self-employment, to improve the lifestyle and standard of living of the people.

Actions for the development of Entrepreneurship

After the independence, for the balanced growth of the country it was decided to adopt Mixed Economy as a policy matter. Where huge investment is essential and the sectors are keys for the development of overall economy, the government will step up and invest. The sectors in which competition is not harmful should be kept open for the private sectors so that entrepreneurship can be developed. Government will

play role of a friend and guide for the private sectors. For the development of private sector, new industrial policy was developed and periodically reviewed. The major decisions taken by government for the development of entrepreneurship during this period can be explained as simplification of license process, to establish and develop district industrial centers, motivations to the local industries, modernization of the industry, encourage and attract foreign investment, motivating joint ventures etc. Addition to all these government has formed various committees to study difficulties faced by different entrepreneur and also to measure potentiality for the development of entrepreneurship.

In order to create the supportive environment for the entrepreneurs, government has taken certain steps which can be explained as follows.

- * The identity of an entrepreneur is innovation, research and development. That's why government motivates research programmes. Government spends some amount for the motivation of research and development.

- * To support the entrepreneurship development, some literature is published. The literature includes information regarding recent development in the economy as well as survey conclusions. Different district industrial centers publish books, leaflets to help them out.

- * There are agencies established for the development of entrepreneurship. One at state level CED (Centre for Entrepreneurship Development) and at central level EDP (Entrepreneurship Development Programme). These agencies organise entrepreneurship development programs. Different financial institutes like Indian Industrial Development Bank, Indian Industrial Finance Corporation etc. also support these programmes for the development of entrepreneurship.

- * To motivate export, government provides certain special facilities. Full freedom is given to those units who exports everything what they produce. In productions and related matters also they don't face any interventions.

- * Western countries are highly developed. To get the benefits of the same industrial development in India, government invites foreign investors in form of tie ups with domestic entrepreneurs. In this way government can better solve the problem of foreign exchange as well as slow pace of economic development.

- * In association with IFC (Industrial Finance Corporation), unemployed youth is provided loans for the self-employment by the government. To motivate the entrepreneurship, government gives benefit of subsidy.
- * To smoothen the development of entrepreneurship, district industrial centers have been developed. They are given authority to grant permission for the project. They do serve in form of technical a financial support. This will help in the development of new entrepreneurship easily.
- * For the better development of entrepreneurship, training is need. One may possess entrepreneurial qualities but may not possess the ability to execute them. So training is needed. Certain organisation and institutes have been established by the government to develop entrepreneurship. Like Small scale Industrial Development Organisation etc. They organise training programmes to develop entrepreneurship.
- * For better development of industries, industrial zones and colonies have been developed. In such industrial zone, all the important facilities have been provided at subsidised rate like water, electricity, roads, bank etc. To develop under developing zones and to motivate entrepreneurs from even backward area, such facilities have been provided by government.
- * For the balanced growth and development of the country, tax benefit schemes have been introduced by the government. To develop undeveloped or backward areas of the country, some tax rebate schemes have been introduced. Some special rebates are also announced for import substitution products.
- * To encourage woman empowerment, special facilities are given by district industrial center. This develops entrepreneurship within a woman. Now a days women have started to participate in business and profession. So development of entrepreneurship in women plays very important role in the development of our country. A professional touch can be given to any activity which they normally operate from home. So cottage industry can be converted into a huge corporate thru entrepreneurship development programme.

1.11 Intrapreneur

To motivate the key positioned employees in the organization, they are given liberty up to some extent to work freely. They are also given freedom to take organizational decision as if it's his own unit. Such development released by the top management to satisfy entrepreneurial attributes among employees is known as Intrapreneurship. According to different authors the definitions can be given as follows.

Pinchot

“Intrapreneurs are ‘dreamers who do’; those who take hands-on responsibility for creating innovation of any kind within an organization; they may be the creators or inventors but are always the dreamers who figure out how to turn an idea into a profitable reality”.²⁰

The free dictionary.com

“A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation.”²¹

Dictionary.reference.com

“An employee of a large corporation who is given freedom and financial support to create new products, services, systems, etc., and does not have to follow the corporation's usual routines or protocols.”²²

Antoncic and Hisrich :

Intrapreneurship refers to “emergent behavioural intentions and behaviours that are related to departures from the customary ways of doing business in existing organizations”.²³

As per the above definitions, it can be seen that in huge organizations, where a team is working, it is not possible by the top management to take care of all minor activities. So it becomes necessary to delegate some authority to the immediate level. In certain cases where employees have reached the stage of self-actualization, it becomes necessary to satisfy them. Lack of such freedom may lead to give up the job. And if entrepreneur is not ready to lose efficient employee, he may choose to allow more freedom at some risk. Sometimes it is strategically applied to avoid potential competition.

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