CHAPTER II

HISTORICAL PERSPECTIVE

2.1 Introduction

In order to study the phenomenon of entrepreneurship among women in a geographically defined city Mumbai, it is necessary to probe into the origin, history and development of the concept. This is a modest attempt to capture the highlights of Entrepreneurship, which would lead to a better insight in this exploratory study.

"Entrepreneurship is as old as human history. The spirit of enterprise makes man an entrepreneur. Such a spirit transformed him from a nomad to a cattle rearer, to a settled agriculturist, to a trader and then an industrialist. Thus entrepreneurs are persons who initiate, organise, manage and control the affairs of the business unit that combine the factors of production to supply goods and services whether the business pertains to agriculture, industry, trade or profession. Entrepreneur is a central figure of economic activity and propeller of development under free enterprise. Agricultural and industrial development is the reflection of the development or underdevelopment of entrepreneurship in a society". Rao, (1992).

Entrepreneurship plays a crucial role in the economic growth and development of a country. Entrepreneurial resource has been identified as the key determinant of industrial growth. Entrepreneurship is not only a means of livelihood or profession but also a way of life. For centuries-classical growth economists did not acknowledge the role of entrepreneurship in developing the economy. Emphasis was laid on physical resources such as finance, machines, raw materials and not entrepreneurs who effectively managed these to make profits and achieve success. Entrepreneurs identified new avenues and opportunities to build enterprises. It is observed that countries like India, which are rich in natural, human and physical resources, have
lagged behind in development and entrepreneurial talents. On the other hand, countries like Japan and Germany, inspite of inadequate resources, have made rapid strides in economic growth due to their hard working, innovative and enterprising people.

2.2 The Concept

What is an enterprise? The dictionary defines an enterprise as a bold undertaking, a hazardous attempt. This definition assumes that financial stakes and a calculated risk has been involved in setting up the enterprise. It means that the undertaking may make a profit or loss and the entrepreneur is prepared for it. In common parlance, a hazardous attempt is made to climb a peak or to achieve something, which is not easy and laden with failure. An enterprise is a bold undertaking, which implies monetary stakes and risk of losses. A person who has the ability to face the loss of resources such as money, materials and time is called an entrepreneur.

2.3 Definition

The definitions of entrepreneurship are varied depending upon the discipline, context and empirical information available to the researcher. Entrepreneurship is a complex phenomenon, a multi-disciplinary concept that is defined in different ways by different dictionaries. It has been explored and analyzed by economists, thinkers and social scientists of various disciplines through their own perceptions and experiences. However, there is no comprehensive and all pervasive definition, which can be accepted without modifications. Entrepreneurship is dynamic by its very nature and is constantly evolving and changing from time to time and place to place. A study of certain dictionary definitions of Entrepreneurship revealed the following:

The New Encyclopedia Britannica (1979) considers an entrepreneur as an individual who bears the risk of operating a business in the face of uncertainty about future conditions.
The Oxford Dictionary (1933) defines an entrepreneur as "A person who undertakes an enterprise or business with a chance of profit or loss. A contractor acting as an intermediary. The person in effective control of a commercial undertaking".

An entrepreneur is one who makes profitable use of land, labour and capital. He is a catalyst who triggers off the entrepreneurial process by his initiative, drive, risk-bearing and managerial qualities. Since the time the term "Entrepreneur" was coined in the 16th century, where it denoted people engaged in military expeditions to 17th century when it was extended to cover construction and fortification to cover civil engineering activities to 18th century when it became an economic activity till today it has evolved and developed with many new dimensions. The present study attempts to explore the concept from its origin and trace the milestones of its evolution.

2.4 Origin and Growth

The term "Entrepreneur" is derived from the French verb "Entreprendre" which literally means to 'undertake'. It was first used in the 16th century for those who undertook military expeditions. Early economic history was sensitive to the fact that economic activity is human activity and its acting agents were divided into those who lead and those who are led. The entrepreneurial talent has been closely linked with the quality of leadership. In the ancient and medieval period of Western history, the entrepreneur was most likely to be found among the ranks of merchants or military. This qualification had an economic rationale. Wars during this period were triggered off for economic reasons. The military leader who initiated and coordinated the necessary logistics and manoeuvres bore considerable risk and stood to gain substantial monetary benefits if he was successful. However with Capitalism on the rise, business organisations began to spring up. The mantle of entrepreneur soon fell on a new set of agents and merchant adventurers. These merchant adventurers predominantly existed in the ancient and medieval societies and fared better or worse economically depending on the level of success in overcoming risk or constraints. Gopakumar, (1995)
The spirit of entrepreneurship and entrepreneurial capabilities were present in men long before the term was coined in the 16th century. An entrepreneurship spirit implies a commitment to certain ends, adherence to self, vision, progress and means of realising ends.

To quote Kao and Stevenson (1984) in this context, “Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity and through the communicative management skills to mobilize human, financial and material resources to bring project to fruition”.

The entrepreneur and his unique risk bearing function was first identified in the early 18th century by Richard Cantillon, who defined entrepreneur as a person who buys factor services at certain prices with a view to sell its products at uncertain prices in future.

2.5 Evolution of the Concept

The history and evolution of entrepreneurship can be divided into the following:
1) Classical 2) Neo Classical 3) Modern 4) Contemporary

2.5.A Classical Theory

This consists of the theories propounded by Cantillon, Smith, and Say among others. There are other economists and social thinkers who have commented on entrepreneurship however only a few are included in this chapter. Richard Cantillon was the first to deal with the entrepreneur in the economic sense. He portrayed an entrepreneur as discharging the function of direction and speculation. He divided the inhabitants of a country into two classes. Cantillon distinguishes between owner and entrepreneur. He defined entrepreneur as an agent who buys means of production at certain prices, in order to combine them into a product that he is going to sell at prices that are uncertain at the moment at which he commits himself to his cost. He conceived the entrepreneur as a bearer of non-insurable risk. Both Say and Cantillon extended the concept of entrepreneurship in most general terms. Cantillon extended his concept of entrepreneurship to every
Exhibit 3

Evolution of Entrepreneurship

Spirit of Entrepreneurship
Inborn/Pre-historic

"Entreprendre" French verb means to undertake

Theory of Entrepreneurship

Classical
- Cantillon
- Smith
- Say

Neo-Classical
- Walrus
- Marshall
- Mill
- Walker
- Hawley
- Keynes

Modern

Contemporary
- Knight
- Higgins
- Diamond
- Cole
- Weber
- Timmoms
- Myrdal
- Harbinson
- Schumpeter

- Hagen
- Liebenstein
- Kilby
- Cochran
- Kunkel
- Drucker
- Young
- Hoselitz
- McClelland
economic activity and regarded everybody as an important entrepreneur. Gupta and Srinivasan (1992)

According to Adam Smith the entrepreneur is a proprietary capitalist, a supplier of capital and at the same time working as a manager intervening between the labour and the consumer. He did not use the word entrepreneur but used the words employer, merchant and undertaker. He allowed no returns for direction and organization. In the classical age, capitalist and entrepreneur remained inseparable entities due to their small size and closely held firms.

Smith did not assign any significance to entrepreneurial role in economic development in his work "An Enquiry into the Nature and Causes of Wealth of Nations", published in 1776. He extolled the role of capital formation as an important determinant of economic development. The problem of economic development was largely the ability of people to save more and invest more in the country. According to him ability to save is governed by improvement in productive powers of labour. He attributed the increase in productivity to the increase in the dexterity of every worker due to division of labour. Smith regarded every person as the best judge of his own interest who should be left to pursue it to his own advantage. In enhancing his own self-interest he would also further the common interest. Thus, in pursuance of this, an invisible hand led each individual. (Bisht, Mishra and Srivastava. (1989)

Smith wrote before the advent of the factory system and did not distinguish between entrepreneurs and capitalists. He referred to three different orders of people — those who live by rent, those who live by wages and those who live by profits. Accordingly, he attributed the net income of a proprietor to returns for labour and capital (including premium for risk) and did not allow any returns for direction and organization. Murthy. (1989)

Say's entrepreneur is the economic agent who unites all means of production. The labour force of one, capital or land of the others and creates value by employing them. This constitutes the entire capital that he utilizes, the value of
wages, the interest, the rent that he pays as well as profit belonging to himself. Mishra (1990).

Say’s entrepreneur shifts economic resources out of an area of lower productivity to an area of higher productivity and greater yield. Say was the first economist to differentiate the function and remuneration from the entrepreneur from the capitalist. He emphasized coordination and supervision and recognized entrepreneurs the most important agent of production as he brings together other productive factors and provides continuity of management. Gupta and Srinivasan (1992)

According to Jean Baptiste Say, the entrepreneur to be successful has to estimate future demand, determine the appropriate quantity and timing of inputs, judge and calculate probable production costs, selling prices and supervise the entire activity. Since the combination of these qualities is not common, the number of successful entrepreneurs is limited especially in industry Murthy (1989)

After the Classical thinkers, the Neo-Classical school of thought attempted to research the enigmatic phenomenon of entrepreneurship.

2.5.B Neo-Classical Theory

Thinkers like Walrus, Marshall, Mill, Walker, Hawley, and Keynes propounded this theory. No major changes or additions in this concept of entrepreneurship are visible, however it portrays the flow of thinking during that period.

Leon Walrus considered entrepreneur as a coordinator of factors of production. He treated an entrepreneur as the 4th factor of production who has other factors land, labour and capital. He buys productive services and sells goods. Gupta and Srinivasan (1992)

Alfred Marshall defined entrepreneurship in a comprehensive manner and assigned risk bearing and management as the main function of the entrepreneur. According to him an entrepreneur is an individual who “adventures” or undertakes risks, who brings together the capital and the labour required for the work, who arranges or
engineers its general plan and who superintends its minor details. He stressed on the aspect of co-ordination and organization. Gupta (1987)

John Stuart Mill emphasized the function of direction in production process and he stressed that the function requires "no ordinary skill" He advocated the word in the sense of organizer who was paid for his non-manual type of work. He stressed upon the function of direction in production and this function requires extraordinary skills. Gupta and Srinivasan (1992)

Francis Walker made a distinction between capitalist and entrepreneur calling the latter as engineer of progress and the chief agent of production. According to him, the true entrepreneur is one who is endowed with more than average capacities in the task of organizing and coordinating the various other factors of production. He should be a pioneer and a captain of Industry. The supply of such entrepreneurship is, however quite limited and enterprise in general consists of several grades of organizations, skills and capabilities. The more efficient entrepreneurs receive a surplus reward over and above the managerial wages and this sum constitutes true profit ascribable to superior talent. A spirit of enterprise distinguishes entrepreneurs from managers, capitalists and professionals. Deshpande (1992)

Francis Hawley described risk taking as a distinguishing attributes of the entrepreneurs and ranked this at par with the other factors of production like land, labour and capital Gupta and Srinivasan (1992)

Keynes placed the entrepreneur in the role of decision-maker within the firm. His function is to fix the amount of employment at that level which is expected to maximize the excess of the proceeds over the factory costs. He placed the entrepreneur in the role of decision-maker within the firm. His function is to fix the amount of employment at that level which is expected to maximize the excess of the proceeds over the factor costs. Keynes's entrepreneur is an equity owner who is chiefly responsible for making investment decisions and is an active factor of production. He must face uncertainty, in his ability to forecast "effective demand" Gopakumar (1995)
2.5.C Modern Thinkers

As the concept of entrepreneurship evolved, modern thinkers went on adding their perspectives to the already existing body of knowledge. F.H. Knight propounded the theory that the entrepreneurs are a specialized group of people who bear risks and deal with uncertainty. Gupta and Srinivasan (1992)

Uncertainty is defined as the risk, which cannot be insured against and is incalculable. He, thus, draws a distinction between ordinary risk and uncertainty. The entrepreneur, according to Knight is the economic functionary who undertakes such responsibility of uncertainty, which by its very nature cannot be insured or capitalized or salaried. He also guarantees certain sums to other means in return for assignments made to them. According to him, the supply of entrepreneurship involves three factors-ability, willingness and power to extend such guarantees. Bisht, Mishra and Srivastava (1989)

Knight has identified the psychological, social and economic factors governing the supply of entrepreneurship. In Knight’s view, entrepreneurs bear responsibility and the consequences of making decisions under uncertainties the entrepreneur can make profits, since the lack of knowledge prevents the perfect adjustment of supply by competitors to a non-profit equilibrium. Knight’s explanation has the advantage of making profit a return to the function of entrepreneurship. Murthy, (1989).

According to Higgins, Entrepreneurship is the function of seeking investment and production opportunity. This includes organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, finding site, introducing a new technique and commodities, discovering new sources of raw materials and selecting top managers for day to day operations of the enterprise. Gupta and Srinivasan (1987). Although Higgins’s theory of entrepreneurship visualizes a formalized industrial structure of an enterprise which is not under the scope of this study, it does give a depth to the concept by enlisting the steps involved.
According to Diamond, Entrepreneurship is equivalent to enterprise, which involves the willingness to assume risks in undertaking an economic activity particularly a new one. It may involve an innovation but not necessarily so. It always involves risk taking and decision making, although neither risk taking nor decision making may be of great significance. Gupta and Srinivasan (1992)

According to Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services. Cole (1959). These thinkers see risk, innovation and a combined activity to generate profit by production or distribution of economic goods, which holds relevance to this exploratory study.

Max Weber in his theory of Economic and Social Organizations analyzed religion and its impact on enterprising culture. According to him, the spirit of Capitalism is a set of attitudes towards the acquisition of money and the activities involved in it. He also distinguished between the spirit of capitalism and adventurous spirit. The former is subjected to strict discipline, which is quite incompatible with giving free reign to impulse. The spirit of capitalism can be generated only when mental attitude in society is favourable to capitalism. According to Weber, the Protestant ethic provides this mental attitude while Hinduism lacks such an attitude. Gupta, Srinivasan (1992)

Jeffrey Timmons defined entrepreneurship as the ability to create and build something from practically nothing. Fundamentally, a human creative activity, it is funding personal energy by initiating building and achieving an enterprise organization rather than by just watching, analyzing or describing one. It requires the ability to take calculated risk and to reduce the chance of failure. It is the ability to building a founding team to complement the entrepreneurs skills and talents. It is the knack of sensing an opportunity where others see chaos, contradiction and confusion. It is the know- how to find, marshall and control resources and to make sure the venture does not reach out of money when it is needed most. Timmons cited in Gupta and Srinivasan (1992)
Gunnar Myrdal also advocated the need for reorientation of the conventional approach to economic development and of evolving a socio-economic approach. A logical outcome of the development was the growing realization on the part of the economists to understand, inter alia, the entrepreneur's role in economic development. Economic development depends, to a large extent, on the active and enthusiastic participation of intelligent entrepreneurs in the economic process. Singh, S. (1985)

Fredrick Harbinson stated that the organization building ability is most critical skill needed for the industrial development. According to him, entrepreneurship means the skill to build an organization. Harbinson maintained that the ability to create an organization facilitates the economic use of other innovation. In the absence of this, innovation fails to stimulate economic development. (Harbinson 1956) Small time entrepreneurs with creative ideas producing consumer durables, arts, and crafts are innovative therefore accelerate economic development as will be observed from this study.

Joseph Schumpeter for the first time put the human agent at the centre of the process of economic development and assigned a critical role to the entrepreneurship in his theory of economic development. He considered economic development as a discrete technological change. Five different types of events can generalize the process of development. Innovation may occur in the following forms:

i) The introduction of a new product with which consumers are not yet familiar or introduction of a new quality of an existing product.

ii) The introduction of a new method of production, that is not yet tested by experience in the branch of manufacture concerned, which need, by no means, be founded upon a discovery scientifically new and can also exist in a way of handling a commodity commercially.

iii) The opening of new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.
iv) The conquest of a new source of supply of raw materials or semi-manufactured goods, irrespective of whether this source already exists or whether it has first to be created.

v) The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position. Schumpeterian innovation is a creative response to a situation.

According to Schumpeter, development is not an automatic or spontaneous process, but it must be deliberately and actively promoted by some agency within the system. Schumpeter called the agent, who initiates the above changes as an ‘entrepreneur’. He is the agent who provides economic leadership that changes the initial conditions of the economy and causes discontinuous dynamic changes. By nature he is neither a technician, nor a financier, but he is considered an innovator. Psychologically, entrepreneurs are not solely motivated by profit. According to Schumpeter, both interest and profit will arise from progress, change and would not exist in the static society. Deshpande (1982)

Entrepreneurs are especially motivated and talented class of people and key figures in development. They foresee the potentially profitable opportunity and try to exploit it. Innovations involve problem solving and the entrepreneur is a problem solver. An entrepreneur gets satisfaction from using his capabilities in attacking problems. Gupta, C. Singh, N (1992)

2.5.D Contemporary Thinkers

After having traced the origin and growth of the concept of entrepreneurship it is necessary to document the developments in the last two or three decades when there have been rapid changes in the Economies of the world.

Hagen challenged the conventional theories of the barriers of economic growth and emphasized the need for socio-psychological approach to economic development. He tried to establish a relationship between social structure and personality traits and thus linked entrepreneurs to the social group to which they
had affiliations. Hagen states that the transition to economic growth has been very gradual and typically occupies a period of several generations. He identifies child-rearing practices as the main elements in personal development. Hagen (1964) This socio-psychological approach is particularly relevant to this study because it deals with women entrepreneurs.

Liebenstein identified gap filling as an important characteristic attributable to entrepreneurship. This gap-filling activity gives rise to the most important entrepreneurial function namely "input completing". He has to marshall all the inputs to realize final products on the supply side of entrepreneurship. Liebenstein states that supply of entrepreneurship is governed by input completing capacity and an adequate motivational state. Liebenstein (1968). Home based women entrepreneurs in this study are performing the gap filling function by providing goods and services to the network of clientele formed by their initiative and resourcefulness.

Peter Kilby says that an entrepreneur himself has to perform the following kinds of activities for the successful operation of his enterprise. Perception of market opportunities, gaining command over scarce resources, purchasing inputs, marketing of products and responding to the competition. Dealing with the public bureaucracy, management of human relations within the firm, management of customer and supplier relations, financial management, production management, acquiring and overseeing assembly of the factory, industrial engineering, upgrading process and product quality and introduction of new production techniques and products. Lakhanpal (1990).

Peter Kilby (1971) envisaged that entrepreneurship in an underdeveloped economy, involves a wide range of activities which include, inter alia, perception of market opportunities combining and managing the factors of production and introduction of production techniques and products. Visualizing the diversity in views about the concept of entrepreneurs, Peter Kilby has very aptly made a quip by linking the entrepreneur with an animal called "Heffalump" hunted by many individuals but
unable to capture him. All claim to have seen him and have variously described him but wide disagreements still exist among them on his particularities. Kilby's concept of 'Heffalump' holds good even today and is more or less universal. We all see a burst of entrepreneurship activity around us but are unable to define it.

Thomas Cochran says that entrepreneurship and economic development depend to a substantial degree on personality and cultural factors. According to him the patterns of child rearing and family life determine the cultural personality patterns. Cochran (1960)

John Kunkel states that the Industrial entrepreneurship depends upon 4 structures. They are limitation structure, demand structure, opportunity structure and labour structure, usually found within a society or community. According to Kunkel, the supply of entrepreneurs depends on the existence and extent to which these four factors are found in a society or community. Entrepreneurship depends on a combination of circumstances that are difficult to create and easy to destroy. Kunkel (1970)

Peter Drucker defines an entrepreneur as one, who always searches for change, responds to it and exploits it as an opportunity. Entrepreneurs innovate. Peter Drucker has aptly observed that "Innovation is a specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or different service. It is capable of being presented to a discipline, capable of being learned, capable of being practiced. 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 apply the principles of successful innovation". According to Drucker, entrepreneurship is not confined to big business and economic institutions. It is also equally important to small business and non-economic institutions.

Systematic innovation according to Drucker consists in the purposeful and organized search for changes and in the systematic analysis of the opportunities such change might offer scope for economic and social innovation. Drucker (1985)
According to Frank Young the entrepreneurial characteristics are found in clusters which may qualify themselves as entrepreneurial grounds. Young individually has not come out with a new definition of entrepreneurship. Young maintains that entrepreneurial activity is generated by the particular family backgrounds experiences as a member of certain kind of groups. Young (1971).

Bert Hoselitz stated that a person who is to become an industrial entrepreneur must have additional personality traits to those resulting from a drive to amass wealth, in addition to being motivated by expectations of profit. He must also have some managerial abilities and more important he must have ability to lead. Hoselitz identifies three types of business leaderships in the analysis of economic development of developing countries. They are merchants, moneylenders, the managers and entrepreneurs.

Hoselitz suggests that only a strong desire to make profit is not enough to succeed in becoming an industrial entrepreneur. He added another characteristic of entrepreneurship which is absent in money lending type, namely liquidity of wealth. The commodity with which a moneylender deals is acceptable to everyone, but an industrial entrepreneur creates his own commodity and its acceptability is uncertain. Therefore, the entrepreneur assumes more risk than those in trading and lending professions. Here Hoselitz further suggests that entrepreneurship can develop in a society where its culture permits a variety of choices and where social processes are not rigid and in situation which encourages the development of personalities interested in enterprise. Some important characteristics of entrepreneurs surface in Hoselitz's theory such as drive to amass wealth, ability to lead and face uncertainties. His observation on the democratic social structure that affords numerous choices is also very significant. Hoselitz (1960).

David McClelland identified two characteristics of entrepreneurship, namely doing things in a new and better way and decision making under uncertainty. He stressed the need for achievement or achievement orientation as the most directly relevant factor for explaining economic behaviour. This motive is defined as the
tendency to strive for success in situations involving an evaluation of one's performance in relation to some standard of excellence. People who have high need for achievement are most likely to succeed as entrepreneurs. McClelland explains the entrepreneur's interest in profits in terms of a need for achievement. People with high achievement (N-Ach) are not influenced by money rewards as compared to people with low achievement. The latter type are prepared to work harder for money or such other external incentives. On the contrary, profit is merely a measure of success and competency for people with high achievement need.

The achievement motive is, by assumption, a relatively stable enduring characteristic of an individual. Hence, one does not expect later events to change the achievement motive and behaviour. However, achievement orientation courses have shown significant improvement in many aspects of entrepreneurial performance. Therefore achievement motive can be increased considerably by deliberate efforts.

McClelland suggests that in order to raise the level of achievement motivation, parents should set high standards for their children. Various studies on the psychological roots of entrepreneurship reveal the presence of a high achievement orientation among successful entrepreneurs. Such individuals believe that they can control their own lives as distinguished from a belief in luck. They are willing to take calculated risks and have a high tolerance for ambiguity. They engage in incessant struggle to achieve more and more. Gupta and Srinivasan (1992)

Economists, both in capitalist and communist countries, assumed for many years that these men were activated primarily by the profit motive. Recent studies, however, show that many entrepreneurs are not interested in making money for its own sake but because it provides a ready quantitative index of how much they have achieved by their own effort. David McClelland's investigations reveal that one of the determining characteristics of an entrepreneur is taking moderate risk, often through innovation. A person who adds up a column of figure is not an
entrepreneur. Rather an example of an entrepreneur is a man who decides to add a new line in his business, though he cannot know, in advance, whether his decision would be correct. Entrepreneurs seek out and work harder on tasks that involve a real challenge. They take moderate risk but avoid gambling, because in the latter situation, even if they win, they get no sense of personal achievement since the winning in gambling is the result of hunch and not skill.

The entrepreneurial behaviour, according to McClelland is exhibited by people who are high in their desire to take personal responsibility for decisions, preference for decisions involving a moderate degree of risk and interest in concrete knowledge of the results of decisions. The routine tasks and situations of high risk may be of little interest to the entrepreneurs.

McClelland, like Hagen, attributes the inculcation of the achievement orientation to child-rearing practices, which stress standards of excellence, maternal warmth, self-reliance training and low father dominance. Lakhanpal (1990)

The achievement motive is, by assumption, a relatively stable enduring characteristic of an individual. Hence, one does not expect later events to change the achievement motive and behaviour. But the Kakinada experiment shows that achievement orientation courses have shown significant improvement in many aspects of entrepreneurial performance. Therefore, an achievement motive can be increased considerably by deliberate efforts. Deshpande (1982)

2.6 Analysis

The concept of entrepreneurship has been evolving over four centuries the world over. The definition concept, qualities, functions and characteristics of entrepreneurs were debated and researched in developed as well as developing countries. Economists, sociologists, psychologists, political thinkers and researchers gave their own analysis on what they saw into the concept of entrepreneurship. Economists consider an entrepreneur as harbingers of growth. Sociologists consider him as a sensitive energizer, psychologists consider his motivation conducive to development. Political Scientists treat him as a leader. The
perceptions differed widely and certain characteristics of entrepreneurship were stressed more than others depending upon the economic development and environmental factors prevalent during the period.

All these thoughts have made the study of entrepreneurship multidisciplinary. Although this material has contributed to an increased understanding of an entrepreneur and his activities in different areas, no single conceptual framework or no one unifying theme has emerged. Entrepreneur as a human being living in an ever-changing society pursuing simultaneously economic, social and psychological goals.

The various definitions of the entrepreneur came from academicians of developed nations when they did not visualize the problems of the Third World. The theoreticians took a narrow view of entrepreneurship and perceived it as a static phenomenon. Modern scholars have adopted a practical approach in understanding the concept of entrepreneurship.

The discussion on the theory and concept of Entrepreneurship would be incomplete without studying some characteristics and typologies of entrepreneurs.

2.7 Characteristics of Entrepreneurs:

The factor that has been extensively researched in relation to entrepreneurship is known as motivation. McClelland (1961) and Winter (1969) have established this achievement motivation is a potent factor for entrepreneurship. Indian studies have also established the fact that achievement motivation contributes to a great extent in helping the people to become entrepreneurs (Rao and others 1975).

Those people can be termed as entrepreneurs who have a high drive and high activity level, constantly struggling to achieve which they could call as their own accomplishment. They may easily be differentiated with others on the ground that they strive to accomplish those that are not otherwise very easy to achieve. However, they do not try to achieve something that is rather practically impossible. Highly surcharged with achievement motivation, they work for quite long hours. It has also been found that highly motivated entrepreneurs have acquired an
awareness of their own strengths and weaknesses, at the same time they have knowledge of the facilitating factors and constraints prevailing in the environment.

Singh, K. (1992)

Being entrepreneurial means combining personal characteristics, financial means and resources within your environment. Each entrepreneur has unique characteristics. Being entrepreneurial is having the ability to find and evaluate opportunities gather the necessary resources and implement action to take advantage of these opportunities. Entrepreneurs are leaders and they must exhibit leadership qualities in conducting most of their activities. They take calculated risks and enjoy challenges that involve moderate risks. Entrepreneurs strongly believe in themselves and in their ability to make good decisions. It is this decision-making ability that is distinguishing mark of entrepreneurs.

Entrepreneurs are calculated risk-takers. They enjoy the excitement of a challenge, but they don’t gamble. Entrepreneurs avoid low-risk situations because there is a lack of challenge and avoid high-risk situations because they want to succeed. They like achievable challenges. Entrepreneurs like to take realistic risks because they want to be successful that is, they take great satisfaction in accomplishing difficult but realistic tasks by applying their own skills.

Basically, an entrepreneur should be one who can bear risks, make innovations and organize the business. According to McCrory, (1956) all good entrepreneurs possess the following qualities. They are highly skilled themselves or employ skilled personnel. They are quality-conscious, able to make improvements in technique on their own, quick to learn from others. Most are as sensitive to new demands and market changes as their information and their circumstances permit. The following are certain characteristics of an entrepreneur.

i) He is an enterprising individual, energetic, resourceful, and alert to new opportunities, able to adjust to changing conditions and willing to assume risks involved in change.
iii) He is interested in expanding the scale of his operations and he reinvests earnings to this end. (He includes she)

These are the basic criteria, which must be used in evaluating entrepreneurs' performance in a developing country. They sum up spirit of enterprise. It is difficult to conceive of a first rate industrial entrepreneur who is not adaptable to change, anxious to grow larger and improve technologically.

2.8 Kinds of Entrepreneurs:

Among the various typologies and classifications of entrepreneurs the broad classification by Clarence Donhof seems relevant to this study. He has classified entrepreneurs in the following four categories. Gupta (1986)

i) Innovating entrepreneurs

ii) Imitating entrepreneurs

iii) Fabian entrepreneurs

iv) Drone entrepreneurs

Innovating Entrepreneurs

Innovating entrepreneur is one who introduces something new into the economy which may be a product with which consumers are not yet tested in the branch of manufacturing concerned, opens a new market, exploits a new source of raw material and above all re-organizes the whole enterprise. Innovating entrepreneurs are generally aggressive in experimenting than implementing the unconventional methods and innovated techniques into production processes. They are always alert to find out ways and means that may increase the economies of the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved and people look forward to change and improvement.
Imitating Entrepreneurs

Imitating entrepreneurs are the persons who intensively watch the result of innovations by innovating entrepreneurs and readily implement the successful innovations in their own enterprises. They have readiness to imitate and adopt the suitable changes made by innovating entrepreneurs. They are revolutionary entrepreneurs with a difference because they do not innovate the change themselves. They imitate techniques and technology innovated by others. Imitating entrepreneurs too play a significant role in economic development of a country.

Fabian Entrepreneurs

Fabian entrepreneurs are very cautious and skeptical in adopting and implementing any change. Such entrepreneurs are lazy and shy. They have neither will to introduce new things nor desire to adopt new methods or techniques innovated by innovating entrepreneurs; their dealings are determined by customs, religion, traditions and past practices. They are least interested in taking risk and try to follow the footsteps of their predecessors. Fabian entrepreneurs imitate and implement change only when it becomes clear that they would not survive without doing so. Thus, they follow innovations and imitations but very slowly and reluctantly.

Drone Entrepreneurs

Drone entrepreneurs are very inert and traditional. They refuse to adopt any new change in their production methods. They are prepared even to suffer losses but do not make changes. Instead of playing any constructive role in developing the economy, they prove to be hurdles in the way of development. Drone entrepreneur struggle but to exist, not to grow.

Entrepreneurs by Inheritance

Inheritance of family business has been, and will continue to be for many years to come, the most important reason for accepting entrepreneurship as a vocation. With the decline of the joint family business, the technologists aspiring to profit on his invention and the neo-rich and the educated unemployed seeking self-employment turning to business is slowly and surely gaining momentum.
Technologist *Entrepreneurs*

A man of science and technology turning to business is something of recent origin, which is slowly picking up in India with the increased scientific and technical educational institutions. Usually technology stands as the only or main asset of this class that enters business without being aware of the financial, legal, accounting, procedural marketing, organizing and administrative requirements of business.

These typologies appear inadequate to encompass the different kinds of entrepreneurs that are operating in a globally competitive, fast changing business environment. Among entrepreneurs, women are a special segment who have their own reasons to establish enterprises, develop their own strategies to balance their home roles and business roles; they also carry their own perceptions and ideas about the size of the enterprise and its growth and diversification plans. The following classification by J. Friendmann would be relevant to this study. Singh, N. (1985)

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<th>Type</th>
<th>Description</th>
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<tr>
<td>i) Prime Mover Type</td>
<td>Sets in motion a powerful sequence of development, growing, expanding and diversification oriented.</td>
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<td>ii) Manager Type</td>
<td>Keeps the unit running, handles the environment effectively, does not initiate development.</td>
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<td>iii) Minor Innovator Type</td>
<td>Contributes to economic progress by finding better use of the society's resources although his contribution individually may be small.</td>
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<td>iv) Initiator Type</td>
<td>Enters in the diffusion process of innovation and slowly development begins.</td>
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<td>v) Satellite Type</td>
<td>Ancillary types, assume a supplier role slowly moving towards independent runner.</td>
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<td>vi) Local Trading Type</td>
<td>Outlook limited to local market, hesitant to try beyond that.</td>
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There are some classifications of entrepreneurs formulated by thinkers in the past, prominent among them are Clarence Donhof, and Goffee and Scace. The latter have specifically classified women entrepreneurs as:

- **Conventional**: Wanting to succeed as wives, mothers as well as entrepreneurs
- **Innovative**: More interested in succeeding as entrepreneurs than in traditional roles
- **Domestic**: Entrepreneurs giving high priority to their families less attention to business. Thus they prefer home based business
- **Radical**: Start business to champion women's issues

This typology points out that entrepreneurs values regarding family shape the direction of career and provide the structure for careers of entrepreneurial women. However, this classification is too broad and general. By and large women are more conscious of their family duties and want to succeed in home roles and work roles. Setting watertight priorities becomes a bit difficult and they like to solve problems as they come while maintaining the balance of all the roles.

Entrepreneurs, it is believed, are not born but made. However, considering the nature of multiple and complex characteristics and qualities for success in entrepreneurship, it is observed that certain inborn instinct has to be present which could be harnessed. In other words, the making of a successful entrepreneur needs some basic inborn characteristics, which grow and develop through environment and training. Several studies have suggested that entrepreneurial qualities can be acquired and developed in individuals through proper training Rao-(1975), Vinze (1986) Singh(1986)

While tracing the historical development of entrepreneurship its relevance to this study needs to be examined. The role of women in productive activities in India has been increasing over the years; however, the total number of enterprises run by them is insignificantly small. Dr. Sarala Gopalan in her country paper for the Beijing World Conference 1995 has stated that women's employment in the
organized sector has revealed significant increase from 1.9 million in 1971 to 4.0 million in 1993, constituting 14.6% of the total employment of 27.18 million. Of these 2.47 million women, 1.6 million i.e. 38% were employed in the private sector. Of the total employment of women, the organized sector employment forms only 4% which means the unorganised sector consisting of occupations like agriculture, agro-based industries, handicrafts, handlooms, cottage based industries and construction work has majority of the female work force. In these occupations employment is often seasonal.

Appropriate education, training in skills of entrepreneurship and financial support are necessary for women. Enterprises started by women are no longer confined to conventional fields like embroidery, knitting and tailoring. They are venturing in the fields of computers, engineering and electronics. They have shown courage, will power, farsightedness, vision and tenacity in holding their business ventures. Women entrepreneurs in unorganised sector such as tiny, cottage and home based enterprises are scattered in several types of businesses but accurate estimations of their numbers are not available:

Realizing the potential strength of women in the economic development, the Human Resource Development Ministry, (HRD) Government of India initiated policies and schemes to lure women into entrepreneurship from 1989.

'Women entrepreneurs' were defined as a woman or a group of women who initiate, organize and operate a business enterprise. According to the Government of India (HRD Ministry), a woman entrepreneur is defined as one who owns and controls an enterprise and has a minimum financial interest of 51 per cent of the capital.

In the Indian context, entrepreneur is more an adapter and initiator than a true innovator. She is more the Marshall’s gainer of productive factors than Schumpeter's creative disturber.
2.9 Growth of Women Entrepreneurship:

In business, the entry of women is a relatively new phenomenon. Breaking up of the joint family system and pressure to maintain the standard of living in the face of rising inflation women began to enter the competitive world of business. A woman may start her own home based business due to several reasons. She may not be able to find a job in the market place due to lack of education or the requisite skills or she may not like to work outside her house.

In India, women entrepreneurs constitute a negligible proportion of the total entrepreneurs. Attitudinal constraints, social traditions and kinship system inhibit the emergence of women entrepreneurs. In India women have contributed mainly in household industries due to the less technical know-how required and little competition from men in these industries.

2.10 Concluding Observations:

From the historical perspective and the conceptual analysis of entrepreneurship, it is observed that little research has been done on women entrepreneurs particularly in India. Although women constitute half the global resource, their contribution to the economy goes unrecorded and unrecognized. The growth of women entrepreneurs in India is relatively recent phenomenon that can be traced in metropolitan cities and smaller towns but rarely in villages.

The city of Mumbai which is known to be commercial capital of the country has seen a growth in the number of entrepreneurs in small scale industries, tiny industries, home based industries and other income generating activities. The focus of this study will therefore be the effectiveness of women entrepreneurs in home-based Industries in and around Mumbai.