The word entrepreneur is derived from French verb ‘entreprendre’ which means ‘to undertake’. Historically the term is attributed to people who organized & led military expeditions in France. They found new land through such military operations & hence they were known as entrepreneurs during the 16th century. Subsequently the concept has undergone changes in consonance with the functional role of the entrepreneur.

Entrepreneur in the 17th century was a person bearing risks of profit or loss in a fixed price contract with the Government. Richard Cantillon in 1725 considered a person bearing risks as different from one supplying capital. Beaudeau in 1797 described an entrepreneur as a person bearing risks, planning, supervising, organizing & owning. Further the concept underwent a change during the early part of 19th century. Jhon Baptist in 1803 separated profits of entrepreneur from profits of capital. Francis Walker in 1876 distinguished between those who supplied funds & received interest & those who received profit from managerial capabilities.

The concept of ‘entrepreneurship’ in 20th century has been explained by many writers in terms of ‘innovation’ & ‘risk bearing’. An entrepreneur represents an individual or a group of individuals who conceive, initiate & maintain for a significantly long period of time, asocial institution which produces economic goods1.
goods. Bygrave and Hofer maintain that an entrepreneur is one who perceives a business opportunity and creates an organization to peruse it.

Researchers from a variety of disciplinary background have contributed to the emergence of entrepreneurship as one of the most promising fields in business education and research. The literature on entrepreneurship address three basic questions.

I. The cause of entrepreneurial activities

II. The process of entrepreneurship

III. The outcome of entrepreneurial activities

The first & the second aspects have been discussed by W.J.Baumol & the third aspect has been explained by Aldrich & Zimmer.

Economists view entrepreneurial functions as directed towards achieving the materialistic objective of wealth maximization, the foundation of which may be associated with a high order of spiritual, patriotic, social, psychological & ethnic values. Leibenstein assigns four tasks to an entrepreneur connecting different

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markets, making up market defiance's, completing inputs & creating economic units to transform inputs. Schumpeter's entrepreneur has a single function ‘innovation’ that covers introduction of a new product, a new market, a new method of production, a new source of supplies & a new form of organization. Against this Harbinson enumerates four distinct entrepreneurial functions; the undertaking or of managing of risks & handling of economic uncertainty; planning & innovation; coordinating administration & control; & routine supervision. Tandon emphasizes that an entrepreneur must possess: i. The capacity to assume risks & self confidence ii. technological knowledge, alertness to new opportunities, willingness to accept change & ability to initiate iii. ability to mobilize resources & iv. ability for organization & administration.

Meredith Geoffrey, G Nelson, Robert E & Neck, Philip. A have described entrepreneurs as people who have the ability to see & evaluate business opportunities together with the necessary resources to take advantage of them & to ensure success. Arthur Dewing conceptualized the function of entrepreneur as one that promotes ideas into business.

Entrepreneur brings in over all change through innovation for the maximum social good. Entrepreneur is a visionary with outstanding leadership qualities. He is the key man envisages new opportunities, new techniques, new lines of production, new products & coordinates all other activities. Hence he plays a critical role in the process of socio-economic change. Peter Drucker\textsuperscript{12} has observed that "innovation is the specific tool of entrepreneurs, the means by which they convert changes into opportunities for a different business or a different service. It is capable of being presented as a discipline capable of being learned, capable of being practised. Entrepreneurs need to search purposefully for the sources of innovation, the changes & their symptoms that indicate opportunities for successful innovation. And they need to know & to apply the principle of successful innovation".

Psychologists like McClelland\textsuperscript{13} have tried to explain the concept of entrepreneur by introducing the concept of 'n-achivement ' as a psychological motive and implicitly state that people with high 'n-achivement ' have a tendency to strive for success. High achievement is associated with better performance at tasks which require some imagination & mental manipulation. Sharma\textsuperscript{14} opines that entrepreneurs are those who exhibit qualities of leadership in solving persistent professional problems & demonstrate an eagerness to seize unusual opportunities. Rao & Pareek\textsuperscript{15} describe entrepreneurship as a creative &

\textsuperscript{12} Peter Drucker: Innovation & Entrepreneurship. Harper & Row 1985
\textsuperscript{13} D C McClelland: The Achieving Society- D van Nostrand Co Inc 1961.
\textsuperscript{14} BY KPC L Sharma: Entrepreneurial Performance in Role Perspective- Abhinav Publications New Delhi 1975.
innovative response to environment. They maintain that an entrepreneur must not only have a high capacity for risk taking but also a high capacity for risk sustaining which is a function of high confidence.

Sociologists like Hagen argue that entrepreneurship is not only about conceiving of business idea but also about designing & maintaining the organization for carrying out business. "Environmental variables matter only for providing opportunities to exploit the imperfect markets as implied in the economist's approach, but also in creating a conducive environment for entrepreneurial activities to flourish" Derossi associates the entrepreneur with the task of coordination at every stage of the organization- i.e. inception, maintenance & expansion. She opines that the entrepreneur should have an optimistic outlook & readiness to seize upon new problems as opportunities for testing one's own capabilities.

Entrepreneurship

Entrepreneurship is a process of action while entrepreneur is a person. Houselitz in the context of underdeveloped countries perceives managerial skills & leadership as the most important facets of entrepreneurship while financial skills have only a secondary consideration.

Entrepreneurship refers to a process of action an entrepreneur undertakes to establish his enterprise. It is a creative & innovative response to the environment. Entrepreneurship is a cycle of actions to further the interests of the entrepreneur. It involves taking of risks & making the necessary investments under conditions of uncertainty & innovating planning & taking decisions with a view to increase production in business & industry. It is a composite skill the resultant of a combination of many qualities & traits.

Entrepreneurship is the propensity of mind to take calculated risks with confidence to achieve a pre-determined business objective. The dominant characteristic of modern entrepreneurship relates to the capacity to take risk independency & individually with a view to making profits & seizing an opportunity to make more earnings in the market oriented economy.

Entrepreneurship development is one of the most elusive, complicated & perplexing issues in the promotion of small enterprises, Higgins 20 observes that entrepreneurship relates to the function of seeing investment & production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour arranging for the supply of materials & selecting top managers for the day to day operation of the enterprise.

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Peter Drucker \(^{21}\) observes that entrepreneurship is neither a science nor an art. It has knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed what constitutes knowledge in practice is largely defined by the ends, that is by practice. Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of economic goods & services\(^ {22}\). Entrepreneurship means the function of creating something new, organizing & co-ordinating & undertaking risk & handling economic uncertainty.

McClelland\(^ {23}\) has identified two characteristics of entrepreneurship.

\(^{21}\) Peter Drucker: op cit
\(^{22}\) Cole, A. H: op cit
\(^{23}\) McClelland: op cit
First he refers to doing things in a “new & better way”. This is identical with the innovative characteristic propounded by Schumpeter. The second characteristic relates to the decision making under uncertainty which is similar to risk as identified by Cantillon. Entrepreneurship means the function of creating something new, organizing & co-ordinating & undertaking risk & handling economic uncertainty.

"Innovation & Entrepreneurship are not root & branch * but one step at a time", a product here, a policy there, a public service yonder because they are not planned but focussed on this opportunity & that need; because they are tentative & will disappear if they do not produce the expected & needed results; because in other words, they are pragmatic rather than dogmatic & modest rather than grandiose- that they promise to keep any society, economy, industry, public service or business flexible self renewing.

Phases of Entrepreneurship Development

Entrepreneurship development is identified with there phases.

First phase of the entrepreneurship relates to the creation of awareness about the entrepreneurial opportunities basing on a survey. This is initial phase.

The second phase of the entrepreneurial development relates to the implementation of training programmer to develop motivation & management skill. This is the development phase.

The third phase of entrepreneurial development relates to the infrastructural support of counseling-assisting to establish a new enterprise and to develop existing units. This is the support phase.

Entrepreneurship development has been identified with 6 different schools of thought by Cunningham J Barton & Lischeron Joe.25

i. Great Person School: According to this school of thought an entrepreneur is born with an intuitive ability of a sixth sense & this sense helps him instant upstage.

ii. Psychological Characteristic school. This school of thought explains that entrepreneurs have unique values attitudes & needs which drive them & help them in the early stage.

iii. Classical school of thought: This school maintains that the central characteristic of entrepreneurial behavior is innovation which helps the entrepreneur in the early growth of the unit.

iv. Management School: This school considers entrepreneurs as organizers of economic venture & they organize, own manage & assume risk. Such functional orientation helps them in the early growth & maturity.

v. Leadership School: This school maintains that entrepreneurs are leaders of the people & they have the ability to adapt their style to the needs of the people. This personality suits them both at early stage & at maturity stage.

25 Cunningham J Barton & Lischeron Joe: Entrepreneurship Development—Programmes and practicals: pp15
vi. Intrapreneurship School: This school maintains that it is the act of developing independent units to create market & expand services within the organization. This is required at maturity & at point of change.

The following chart provides basis of an entrepreneur.

Fig. 2  Basis of an Entrepreneur
Characteristics of an Entrepreneur

Some general characteristics are associated with an 'entrepreneur'. The following chart provides a list of characteristics identified in an entrepreneur.

Fig. 3. Qualities of an entrepreneur

An entrepreneur must possess six important qualities viz self confidence, task oriented opportunity & risk taking, leadership, originality & future oriented outlook.
When an entrepreneur is self confident he will be confident in his venture & its future. He possesses the qualities of independence, individuality & extends optimum.

A task oriented outlook of an entrepreneur is compelled to realize the need for achievement & also profit oriented. He is naturally persistent in his efforts & is determined to achieve his set goals with perseverance. He has to be hard working with drive, energy & interaction.

Entrepreneur assuming risk in his venture is ready to take risks & accept challenges.

An important quality of an entrepreneur is leadership. He gets along well with others. He is responsive to suggestions & criticisms.

An entrepreneur must have the quality of originality. This will enable him to become innovative, creative, flexible (openness of mind). He is also resourceful versatile and knowledgeable.

Future oriented outlook of an entrepreneur has a foresight & is perceptive. The above qualities or traits of an entrepreneur are vital in achieving a high degree of success in his entrepreneurial activities. In fact many of the above traits are highly inter-related. One may not need all these traits but the more one has the greater the chance of becoming a successful entrepreneur.

Functions of an Entrepreneur

An entrepreneur carries out the whole set of activities of the business. He recognizes the commercial potential of a product or service, designs operating policies in marketing, production, product development & organizational structure. Some writers suggest that the functions of an entrepreneur cover co-ordination of
business management of enterprise, risk taking controlling, innovation for change, motivation & other related activities. The following chart provides a board list of functions of an entrepreneur.

Fig: 4. Functions of an Entrepreneur

Factors Influencing Entrepreneurship

Several factors influence the development of entrepreneurship. The four important factors are explained here

Fig: 5. Factors Influencing Entrepreneurship
Individual: Individuals generate entrepreneurship in a society. It is the individual who initiates, establishes, maintains & expands new enterprises.

Environment: The socio political & economic policies of the government & the financial institutions create an environment influencing the entrepreneurship. The entrepreneur must know the opportunities available to society as a result of such policies.

Socio-Cultural Factors: Traditions of families & societies where entrepreneurs grow internalize certain values & norms. These socio-cultural factors influence the individuals and in turn the entrepreneurship.

Support System: Support systems help the development of entrepreneurs. They include financial & commercial institutions, research, training, extension & consultancy services as also large industrial units interested in developing ancillary industries.

Individual: The individual, the environment & the support systems directly influence entrepreneurship. The socio-cultural milieu contribute through the individual & the support systems. Support systems & socio cultural factors also constitute the environment. Hence personal characteristics of the individual & the environment influence the development of entrepreneurship.

Entrepreneurship behavior of an individual is affected by three main factors

i. his motivational factors

ii. factors concerning various skills that entrepreneur possesses &
iii. factors relating to his knowledge of several relevant aspects that are likely to contribute to success of entrepreneurial roles.

**Environment:** Entrepreneur's knowledge about the economic and political environment is very important. His knowledge of economic policies of the government & the financial as well as commercial institutions is very relevant in making his venture a success. The entrepreneur has to be conversant with taxation policies regarding sales tax, income tax, excise duties which affect his area of operation. He must be well informed about the infrastructure facilities & market. He must know about the financial facilities available from banks and other organizations.

**Socio-Cultural Factors**

Entrepreneurial development is greatly influenced by socio-cultural factors like the family background & the norms & values of an individual are a function of the socio-cultural milieu. The development of the normative behavior in the individual is influenced by this milieu. Behaviors which reflect inclinations towards initiative & risk-taking dependent or independent working with one's own hands on tasks requiring manual handling etc are the result of the socialization process in the family, the school & society. Behavior rewarded through appreciation, encouragement & other extrinsic as well as intrinsic devices gets reinforced & related values & norms develop. Thus training through socialization is important.

**Support System:** Efficient & effective operation of the supportive system enhances the possibility of the success of an entrepreneur. Several agencies &
organizations operate to help & support the entrepreneur. They include 26

i. Corporations specially set up to develop entrepreneurship & small industries in a region.

ii. Financing institutions including banks

iii. Extension services of the department of industries (including SISIs)

iv. Development administration in the district &

v. Large industrial establishments interested in developing ancillary industries there by helping small units to grow & develop.

These support systems have profound influence on the entrepreneurs through reinforcing behavior & adopting norms of internal working which are in harmony with them 27.

27 Singh P.N Ibid p 51
Classification of Entrepreneurs

Entrepreneurs are broadly classified according to the types of business, use of professional skill, motivation, growth & stages of development. The following chart provides a broad classification of entrepreneurs.

1. Business Entrepreneur
2. Trading Entrepreneur
3. Industrial Entrepreneur
   Large, Medium, Small & tiny
4. Corporate Entrepreneur
5. Agricultural Entrepreneur
   Plantation, Horticulture, Dairy Forestry
6. Retail Entrepreneur
7. Service Entrepreneur

According to types of business

1. Technical Entrepreneur
2. Non Technical Entrepreneur
3. Professional Entrepreneur
4. High Tech Entrepreneur
5. Low tech Entrepreneur

According to the use of technology

1. Pure Entrepreneur
2. Indeed Entrepreneur
3. Motivated Entrepreneur
4. Spontaneous Entrepreneur

According to the Motivation

1. Growth Entrepreneur
2. Super Growth Entrepreneur

According to the Growth

1. First Generation Entrepreneur
2. Modern Entrepreneur
3. Classical Entrepreneur

According to the stage of Development
According to Area
1. Urban Entrepreneur
2. Rural Entrepreneur

According to Gender & Age
1. Men Entrepreneur
2. Women Entrepreneur
   1. Young Entrepreneur
   2. Old Entrepreneur
   3. Middleaged Entrepreneur

Others or Unclassified
1. Professional Entrepreneur
2. Non Professional Entrepreneur
3. Modern Entrepreneur
4. Traditional Entrepreneur
5. Skilled Entrepreneur
6. Non Skilled Entrepreneur
7. Imitating Entrepreneur
8. Inherited Entrepreneur
9. Forced Entrepreneur
10. National Entrepreneur
11. International Entrepreneur
12. Bureaucratic Entrepreneur
13. Entrepreneur's Entrepreneur
14. Immigrant Entrepreneur

Fig: 6. Classification of Entrepreneurs
Entrepreneurship According to Type of Business

Business entrepreneurs conceive an idea of a new product or service & subsequently create a business & bring it into reality. They venture both into production as well as marketing. Their venture may be a small or a big unit. Entrepreneurs generally enter in to small business trading or manufacturing.

Trading entrepreneurs under take trading activities by identifying potential markets & stimulating demand for their product or service. Trading manufactures are found both in domestic trade as well as in international trade.

Industrial entrepreneur is essentially a manufacturer. He identifies the need of potential customers & tailors product or service to meet the market needs. He is product oriented & he has the ability to convert economic resources & technology into a considerably profitable venture.

Corporate entrepreneur is an individual who demonstrates his innovative skill in organizing & managing a corporate undertaking. Corporate undertaking is a form of business organization registered under some statute or Act & becomes a legal entity.

Agricultural entrepreneurs undertake agricultural activities like raising & marketing of crops. They cover a broad spectrum of agriculture sector like plantation, dairy & forestry etc.

Entrepreneurs According to the use of Technology

A technical entrepreneur develops new & improved quality of goods because of his craftsmanship. He too is production oriented. He demonstrates his innovative capabilities in matters of production of goods & providing services. His main Strength lies in his skill and in his production technique.
Non technical entrepreneurs are not concerned with technical aspects of production. They are concerned developing alternative marketing & distribution strategies to promote their business.

Professional entrepreneurs are interested in establishing a business but do not have interest in managing or operating it once it is established. They sell the business & start another one. Such entrepreneurs are dynamic & they conceive new ideas to develop alternative projects.

**Entrepreneurs According to Motivation**

The efforts of an entrepreneur to achieve his objective are the results of motivation. An entrepreneur is motivated to achieve or prove his excellence in job performance.

A pure entrepreneur is an individual who is motivated by psychological & economic rewards. His object is the personal satisfaction in work, satisfying his ego or attaining a status in the society.

Induced entrepreneur is one who is induced to take up an entrepreneurial task. He is induced by the government policy measures that provide assistance, incentives, concessions & necessary over head facilities to start a venture. A small industry is started due to financial & fiscal facilities provided by the government such enterprises are examples of induced entrepreneurship.

Entrepreneurs who are motivated by the desire for self fulfillment are motivated entrepreneurs. They are motivated to bring in products & market them. If they succeed in their venture they are further motivated by reward in terms of profit.
Spontaneous entrepreneurs start their business out of their natural talents. They are individuals with initiative, boldness & confidence in their ability which motivates them to undertake entrepreneurial ability.

**Entrepreneurs According to Growth**

Growth entrepreneur & super growth entrepreneur are individuals associated with industrial units identified as high growth, medium growth & low growth industries. Growth entrepreneurs are those who necessarily take up a high growth industry. These industries have substantial growth prospects. Super growth entrepreneurs are those who have shown enormous growth performance in their venture. Growth performance is identified by the liquidity of funds, profitability & gearing.

**Entrepreneurs According to Stages of Development**

Entrepreneurs are known as first generation, modern & classical entrepreneurs depending upon the stage of development.

First generation entrepreneur is one who starts an industrial unit by means of an innovative skill. He is an innovator combining different technologies to produce a marketable product or service. Modern entrepreneur is one who undertakes those ventures which go well along with the changing demand in the market. Classical entrepreneurs are concerned with the customers & marketing needs through the development of self supporting venture. He is Stereo type entrepreneur who tries to maximize his economic returns at a level consistent with the survival of the firm with or without an element of growth.
Entrepreneurs According to Area

Entrepreneurs are also known by the location factor. Those located at urban centers are known as urban entrepreneurs while those operating in rural areas are rural entrepreneurs.

Entrepreneurs According to Gender & Age

Men & women entrepreneurs are known on the basis of their gender. Young, old & middle aged entrepreneurs are known on the basis of their age.

Other Type of Entrepreneurs

A large number of other type of entrepreneurs are found in the field of business & industry. The classification is based on, profession, skill, inheritance, national or international modern or traditional etc.

Constraints to Entrepreneurship Development

Obstacles & constraints to the development of entrepreneurship in developing countries in general & in India in particular arise due to some socio-economic maladies. Some of the major constraints to entrepreneurship development are mentioned here:

- an unwillingness to devote organizational abilities to business purposes
- restrictive effect of customs & traditions
- lack of response to monetary incentives
- low status of businessman
- high risks involved in new enterprise
- absence of vertical mobility in the social structure
- market imperfections which deny potential entrepreneurs the resources they need for organizing new production units and
arbitrary changes in the administration of laws of government.

Motives, abilities & congenial environment which promote entrepreneurship are lacking in India. If the motives & abilities are weak then it becomes all the more essential to have a more congenial environment. Entrepreneurs appear to have been motivated by a combination & interaction of the following factors of environment.

1. Socio-economic environment
2. Family background
3. Standard of education & technical knowledge
4. Financial Stability
5. Political stability & government Policy
6. Caste & religious affiliation
7. Availability of supporting facilities
8. Achievement motivation &
9. Personality & personal skill

The need for a broad-based entrepreneurial class in India arises from the need to speed up the process of activating the factors of production leading to a higher rate of economic growth, dispersal of economic activities, development of backward and tribal areas, creation of employment opportunities, improvement in the standard of living of the weaker sections of the society and involvement of all sections of the society in the process of growth.

28 Vasant Desai- opp cit – p310
29 Vasant Desai- opp cit – p347
Management of Entrepreneurship

Entrepreneurship and innovation have to be achieved through efforts, and necessary policies & practices are required for entrepreneurial management. Policies & practices required for entrepreneurial management relate to the following major areas.

i. The organizations must adopt policies and practices to create an entrepreneurial climate. They must be receptive to innovation and willing to perceive change as an opportunity rather than as a threat.

ii. An appraisal of a company’s performance as entrepreneur and innovator should be made mandatory.

iii. Specific practices pertaining to organizational structure, to staffing and managing, and to compensation, incentives and rewards are needed for entrepreneurial management.

iv. Organizations should not mix up managerial units and entrepreneurial units. Innovation should not be identified with diversification.

Business organization that wants to be able to innovate, wants to have a chance to succeed and prosper in a time of rapid change has to build entrepreneurial management into its own system.

Small industry sector is an ideal nursery for the rapid growth and development of entrepreneurship. Programmes for developing entrepreneurship must recognize that the change they seek to induce is attitudinal. It is to provide new goals so that a motivated young person is no longer content to take up secure job which will assure him a modest income but seeks bigger challenges in setting up and running his own business.