

Entrepreneurship Management



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Theories of Entrepreneurship

Following are the different theories of entrepreneurship:

1. Innovation Theory

Joseph A. Schumpeter is the propounder of innovation theory. The assumptions are:

- The entrepreneur is born with the desire to establish his own industry, also
- He desires to do something new.
- Takes pleasure of creativity and earning experiences of skills for doing various tasks.

However, the main objective behind the arms is to earn profits, by way of search of new raw materials, new sources, new machinery, production of new products, new methods of production, new workers and providing consumer satisfaction.

2. Theory of Need of Achievement

The need for achievement theory was propounded by McClelland. His assumption is that the Desire of high achievements obtaining specific achievements, making the best performance, touching the heights of excellence, developed Entrepreneurial tendencies in the individuals.

But, for that, the entrepreneur should have adequate capacity of imaginations, thinking and developing new combinations.

For that, the feelings for achievements are inculcated in him, from the very beginning and thereafter it is especially attempted that he may become a successful entrepreneur.

McClelland has recognized the desire to achieve the major factor in entrepreneurship development.

He has suggested conducting motivational training programmes for development of the entrepreneurs.

3. Theory of Recover The Withdrawal of Status

This theory was propounded by Everet Hegen. His assumption is that creativity of any suffering minority group in the society is the main source of entrepreneurship.

In this regard, he is of the opinion that if any community has to lose its reputation, due to some reasons, that group becomes quite active and strong to regain it.

As a result, many entrepreneurs are born. Hence it may be said that withdrawal of status of any social group is the root cause of its personality development and Entrepreneurial development also.

According to Hagen, withdrawal of status or reputation is caused by the following conditions:

- When a reputed group is forcefully displaced by another group.

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- When a better group changes its views about its subordinate group.
- When a group starts living in some new society. The persons or the group tend to do creativity behavior to regain the status and reputation, after withdrawal of status, etc. Which will result in entrepreneurship development

4. Behaviour Theory

This theory was propounded by John Kunkel. He assumes that the entrepreneurial development of any society depends upon its past and exiting economic social aspirations.

He feels that following four types of compositions are essential for entrepreneurial development:

- The behavior of the individuals may be made entrepreneurial by influencing the major factors of demand composition.
- The behavior of the individual may be made Entrepreneurial by influencing the major factors of demand composition.
- Opportunity competition is decided by various factors, like labour and labour market, production methods, training opportunities, skills, etc.
- Labour composition is operated by various factors, like sources of livelihood, traditional approach, and aspirations of life, etc.

Hence, it may be said that the supply and development of the Entrepreneurs depend upon aforesaid composition methods, assumptions, and their scope.

Hence, The Entrepreneurship depends upon the particular combination of circumstances, whose creation is difficult, but their destruction is easy.

In aforesaid physiological theories of entrepreneurship development, Thomes Beagle and David P. Bayad have stated five dimensions of entrepreneurial development:

Need for high achievement.

The Entrepreneur is controlled by self, rather than by luck.

The entrepreneur always remains ready to take the risk in anticipation of returns and assets.

The entrepreneur also remains ready to take the uncertainties and ambiguities, because he knows that the work which is done for the first time involves some uncertainties and ambiguities.

The behavior of the Entrepreneur may include making hurry in almost all activities and feeling the pressure of time and sometimes getting hyperactive and aggressive.

Related: 21 Role and Importance of Entrepreneur (With Examples).

5. Entrepreneurial Group Theory

This theory was propounded by Frank W. Young. The theory is based on the assumption that expansion of entrepreneurial activities is possible only by entrepreneurial groups.

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Because they have specialties is in the groups, and capacity to react.

However, this reactivity is possible, when three conditions prevail simultaneously in society.

When the group feels of low status.

When the group is not successful in reaching to important social machinery.

When the group has better institutional resources as compared to other groups.

Thus, it is evident that when any subgroup in a big society realizes low status and position, then its capacity to react gives birth to Entrepreneurial behavior.

6. Social Change Theory

This theory of entrepreneurship development has been propounded by Max Weber.

For the first time, he stated that the emergence and development of the entrepreneurs depend upon ethical values system of society.

He is of the view that religion in which a person survives and the religious values and faiths which he accepts, substantially affect his business life, occupation, Entrepreneurial enthusiasm, and energy.

He had linked entrepreneurship development with protestantism (that sect of Christianity who does not accept the total authority of pope) and with various religious communities.

He observes that those religious communities which lay emphasis on capitalism, materialism, and currency rationalization have been successful in the emergence of entrepreneurs, wealth, technology, capital formation, and economic development.

It is evident that the Protestant society has been able to achieve rapid economic progress.

7. Cultural Theory

This theory of entrepreneurial development was propounded by B.F. Hauslin.

He is of view that industrial entrepreneurial development is possible only that society, where social procedures are unstable, alternatives of employment to persons are widely available and the society which encourages personality development of enterprising persons.

He explained that the culturally marginal groups have special importance in encouraging economic development of any Nation, the reason being that the marginal individuals are more capable of Creative adjustments of the conditions of the circumstances and during the process of this adjustment they make efforts to bring about real innovation social behavior.

In addition, he also laid the stress of developing individual qualities for entrepreneurial development.

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8. Cultural Value Theory

Cultural value theory has developed by Kroken. He emphasized cultural values, expected rules, and social approvals have specific importance in entrepreneur development.

different theories of entrepreneurship

different theories of entrepreneurship

So, the Entrepreneur is an ideal personality for The society.

In addition, Kroken also explained that the success of the entrepreneur and his performance are influenced by the following 3 factors:

- Entrepreneurs own inclination towards his work and profession.
- Expectations of acceptance groups regarding the role of the entrepreneur.
- Functional requirements of the work.

Thus, it may be said the Entrepreneurial development is significantly linked with the environment.

9. Socio-Cultural Value Theory

This theory of entrepreneurship development was propounded by Stokes.

He is of the view that during the period of economic transition, socio-cultural values play a very important role.

The physiological factors encourage economic development by stimulating entrepreneurship.

According to him, 'Mental thinking' do create the directions of entrepreneurial development, but group generated value Matrix has significant contribution in attracting the entrepreneurship.

10. Economic Theory

This theory has been propounded by Pepuek and Hassis.

Their assumption is that physiological motivation for economic gains or increase in real income exists in every society.

In addition, he has also stated that economic motivations are sufficient conditions for individual industrial entrepreneurship.

But, if in spite of that, entrepreneurial response lacks in the individuals, it is the result of various types of market imperfections and propositions of policy determination.

This theory is based on the assumption that entrepreneurial development is the result of various economic motivations.

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Hence, the individuals enter into the industrial field with the aim of maximum utilization of economic opportunities available within the economy and the market.

11. Entrepreneurial Disposition Theory

Entrepreneurial disposition theory of entrepreneurship development has been propounded by T.V.S. Rao.

His assumption is courageous Entrepreneurial disposition is very important for entrepreneurial development.

Besides, for entrepreneurial establishments, individual, physical, and orienting factors are also essential.

According to Rao, Entrepreneurial disposition includes factors like dynamic motivation, long-term devotion, individual, social and physical sources and political system.

These factors influence the Entrepreneurial development and also promote industrial activities.

12. Process of Stage Theory

Within accepted theory, process or stage theory has been developed by Venkat Rao.

His assumption is that entrepreneurship development a process of five following stages:

(1). Simulation

In this stage, the environment is built for development of entrepreneurs, by way of providing them various simulation.

Various policy announcements are made in the country, specific plans are prepared for development, wide publicity is done, support institutions are established, entrepreneurial development programmes are organized. All these help in stimulating entrepreneurship.

(2). Identification of Entrepreneurial Abilities and Capacities in the Society

At this stage identification of entrepreneur is carried out and advanced systems are adopted.

The entrepreneurs are directed toward constructive activities. The prospective Entrepreneur in various fields is identified.

(3). Development and Expansion of Entrepreneurs

At this stage, various programmes are organized for the development of entrepreneurs, which include vocational guidance programmes, management Training, and Technical training.

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In addition, various policies and programmes are organized for the expansion of industrial activities.

(4). Promotion

At this stage, various support organizations, like Central labour organizations, state-level organizations, and Research, testing and Standards organizations, etc. are established for the expansion of economic activities and entrepreneurial promotion. These organizations provide various types of motivation, assistance, facilities, and services to entrepreneurs.

(5). Follow Up

At the last stage, follow-up of government programmes and policies formulated for entrepreneurial development is undertaken. The system of feedback is introduced for entrepreneurial expansion and development. Thus, now you know the various different theories of entrepreneurship.

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Concepts of Entrepreneurship

The concepts of entrepreneurship are not new. Until 19th-century entrepreneur was regarded as the person taking risks, facing uncertainties and established Enterprises. However, since the very beginning of the 20th century, the entrepreneur was being accepted as an innovator also. Thus, the concepts of entrepreneurs have been changing with time and place. From the modern perspective, entrepreneurship includes the establishment of the enterprise, management control, direction, along with bringing Novelty introduction, making various new improvements and making product changes, etc. In short, the different concepts of entrepreneurship are as follows:

1. Risk Bearing Concept

This is the premier and most popular concept. “entrepreneurship is a function of taking unlimited risks.” This has revealed that the entrepreneur has to bear various types of risks for establishing the new enterprise and operating it. These risks are related to time changes and fluctuations in prices. Entrepreneurship as the concept capacity bear uncertainties. Further, elaborating it they have made a slight differentiation between risk and uncertainty. According to this, “Uncertainty bear risk, which can neither be predicted nor insured. The capacity to bear such risks and providing the guarantee against uncertainty is entrepreneurship.

2. Innovative Concept

According to this concept, entrepreneur is a developed economy is that person whose parents something new in the economy.” Innovation is a specific tool for entrepreneurship. In this concept, entrepreneurship has been regarded as the adaptation of various innovations in industries, new production systems or techniques, new products, new markets, new marketing methods, new qualities of raw materials, new packaging and new mixture on methods are used. Hence, this is regarded as a modern entrepreneurship concept.

3. Managerial Skill Concept

The Scholars supporting this concept have turned entrepreneurship as the ability of managerial skills. Entrepreneurship as the ability for inspections, controls, and direction. Similarly, entrepreneurship as a Managerial skill, along with the capacity to bear the risks.

4. Creative and Leadership Concept

According to this concept, entrepreneurship as a creative activity and it is the function of progressive leadership.” Similarly, Entrepreneurship is the quality of developing resources of the institution, developing human capacity, performing creative activities and coordinating new thoughts. He is of

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the opinion that new thoughts emerge due to creativity, which may be put to economic use, by efficient leadership. Creativity activities also expand due to high-level entrepreneurship.

5. High Achievement Capacity Concept

Entrepreneurship is a high achievement capacity concept, for which the capacity of making innovations and taking the decision during risks is essential. Under the assumption, There is mentioned two characteristics of entrepreneurship:

- Ability to perform work with the latest method.
- Ability to take decisions during uncertainties.

Besides, he has also assumed that inspiration for high-level achievements makes a man an entrepreneur.

6. Professional Concept

Modern management experts accept entrepreneurship as a professional concept. They are of the view that entrepreneurship may be developed through education and training. Being a managerial ability may be learned by education and training, similarly entrepreneurship attitude maybe also be developed by education and training. That is why Governments and private organizations conduct various training programs for entrepreneurial ability development.

7. Organisation and Coordination Concept

Entrepreneurship is that economic component that organizes and coordinates various sources of production. Entrepreneurship, as an “ability to organize Enterprise.

8. Business Oriented Concept

Under this concept, entrepreneurship is expressed as the business-oriented entrepreneurial attitude of the individuals, that inspires them to become entrepreneurs, to do the business thinking, to formulate plans and programs and to establish Enterprises.

9. Result Oriented Concept

According to this concept, entrepreneurship is called result-oriented in the modern age. Now, it is not very important, what efforts have been made for obtaining the goals or how much hard labor has been put, more important is what has been the result? In the business world, only who succeed in achieving the Goals is recognized as an entrepreneur.

10. Personality, Identity or Role Transformation Process Concept

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Entrepreneurship is not only to adopt new works and behavior, but it is also the transformation of personality and to establish a new identity through that. Thus, now you know the different concepts of entrepreneurship.

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Leadership Qualities in an Entrepreneur

Business roles depend upon the qualities of the leadership (entrepreneur), because the aspirations or success of the business may be fulfilled only by effective leadership. The entrepreneur should have various qualities of effective leadership. The entrepreneur has to carry out various functions for successfully adopting the process of change, for executing the changes for satisfying the requirements of the group, for motivating the employees and the subordinates, for making the following dynamic towards the goals and for building up of the organizational environment, by his leadership abilities. Hence, The personality of the leader should be impressive. He should have adequate intelligence, dedication, and skills. Without which, he cannot get success. He should be an honest, truth-speaking, impartial and a good associate and should enjoy the reputation of being a good person so that others should have trust in him. He should have optimism, cheerfulness and the readiness to encourage and assist others. The following characteristics or qualities of effective leadership in entrepreneur:

1. Courage

Courage is the foremost quality of the entrepreneur's need to be a good leader. The entrepreneur should have the moral courage to execute those activities, which he regards proper and he should also have firmness in taking decisions and implementing them. The entrepreneur, as a leader never deviates from the path of truth and his followers cannot take him in their grip by flattery. The followers of such an enterprising leader also perform their activities fearlessly by following their leader.

2. Self Confidence

An entrepreneur should have the quality of self-confidence to become a good leader. This self-confidence should be based on self-understanding and other related knowledge. An entrepreneur (leader) processing self-confidence also gets success in winning the trust of others. Entrepreneur (leader) should have self-confidence for fully winning the trust of the followers. It has been correctly stated that the entrepreneur lacking self-confidence, may not be able to win the trust of others also.

3. Intelligence and Technical Competence

An entrepreneur (leader) should have more Intelligence and technical knowledge than followers. The intelligent entrepreneur, on one side, may present a suitable solution for the problems, by understanding the problems well and on the other hand, may also provide good guidance to the following. He should also be intelligent in performing well in the field of planning, organization, direction, communication, motivation, enforcing controls, etc. The entrepreneur should also have sufficient technical competence and sufficient knowledge of technical, economic, legal and financial affairs.

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4. Ability to Communicate

An important function of the entrepreneur (leader) is also to communicate information, orders, Idea, etc. to his subordinates other persons. He should have the ability to give directions to his followers and of providing necessary information to the common public. For an entrepreneur, it is essential to ensure that the direction provided by him to the subordinates should be well complied with. Hence, the communication ability of the entrepreneur includes both, giving the directions and ensuring their compliance also.

5. Vitality and Endurance

Vitality and endurance in the entrepreneur are his important leadership qualities. Hear vitality means awakening and alertness, whereas endurance implies working with patients in emergent conditions. Hence, an Entrepreneur should always be alert for future circumstances and should not lose patience even during times of difficulties and problems. Only the alert entrepreneur having patience can give consistent and concerted thought to the problems and solve them and also provide proper guidance to the followers.

6. Mental Capacity

An entrepreneur should essentially have mental capacities. Today, economic and social changes are taking place speedily in all countries in the world. Hence, an entrepreneur should be flexible and Competent enough, so as to adapt himself to changes. Only the Mentally developed entrepreneur with open ideas may be successful in taking commonly acceptable decisions, without any envy, according to the changed circumstances.

7. Ability to Inspire

An entrepreneur (leader) should also have the ability to inspire his followers towards doing work. The capable and experienced entrepreneur may provide inspiration to his followers for doing hard work, by studying their interests, ideas, feelings, requirements and proper guidance. Thus, only that entrepreneur has effective control over his followers, who has the ability to inspire followers.

8. Ability to Deal with Human Aspects

The entrepreneur having leadership ability should have also the ability of good behavior with the human element, besides other qualities. He should have complete knowledge about the taste, feelings, objectives, potentialities, and weakness of his followers. Only then, he can establish good relations with them.

9. Sense of Responsibility

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A successful entrepreneur (leader) should also have the feeling of fulfilling the responsibilities. Otherwise, he will misuse his powers. He should always feel the responsibility, so that timely and necessary orders or directions may be given to the followers.

10. Capacity to Make Decisions

The entrepreneur should have the capacity of making firm decisions, like an effective leader. But, this capacity is acquired only by self-confidence and self-control. An entrepreneur is required to select the best solution for a problem, out of several solutions. The selection (decision) is to be made by him, by viewing both the present and future circumstances. The entrepreneur takes the decisions, only by his own foresightedness and decision-making capacity.

11. Knowledge of Environment

Just as the leading figure gives Orders and directions to his followers and members of the organization, by taking the internal and external environment of the organization into consideration, the entrepreneur should also have complete knowledge of the environment. Only then, he will succeed in the establishment and operation of the business.

12 Constructive is Creative Thinking

The leaders may do two types of tasks: constructive and destructive. Destructive works should be altogether avoided. Thinking should always be constructive and creative. In this regard, it may be said that mental power should always be utilized only for creative and productive activities. Thus, now you know the qualities of effective leadership in entrepreneur.

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Role and Importance of Entrepreneur

The entrepreneur has an important role in the development of any country, the reason being that an entrepreneur is that person or group of persons that make the maximum utilization of resources of production possible available in that country. Thus, modern economists are of the strong opinion that the entrepreneur is not only the independent and important factor of production, rather he is the 'creator of development'. He is the central point of an initiator of total economic activities. He adds to the economic social well being of the countrymen and provides a significant contribution in raising their living standards. The role and importance of entrepreneur may be explained, as follows:

1. Basis of Business

Businesses either of small scale or large scale, all have various types of disc risks and uncertainties persisting at each step. Hence, it is said that business is the game of risk and business is full of risk. Till a person is not ready to bear them, the question of starting a business does not rise. The efficient and capable entrepreneur alone may start the business by bearing the risk. Hence, the entrepreneur is regarded as the basis of business and prophet of business.

2. Organizer of the Society's Productive Resources

An entrepreneur is the organizer of society's productive resources. He is the person who assembles the unused natural, physical and human resources of the society, combines them properly, establishes effective coordination between them, makes the economic activities dynamic, makes possible the optimum use of sources, makes efforts for the best and maximum production at minimum cost, controls their misuse and wastages and also creates their new utilities and work for development of new areas and dimensions. Not only that, he discovers various new uses of raw materials and semi-finished products and also gives material shape to the new inventions.

3. Creation of Industrial Environment

The entrepreneurs are also helpful in the creation of an industrial environment. The industrial entrepreneurs always remain in search of industrial opportunities and create such an environment, which inspires others also to establish the industries by themselves establishing industrial ventures by arranging the necessary sources, by bearing uncertainties and by performing innovations. Thus, Industrial entrepreneurs create industrial awakening and industrial environments in the country, with the help of their various activities.

4. Captain of Industry

The entrepreneur is the captain of modern industries. The entrepreneur has some important place in industries, as the captain has in the games, the general in the army and the prime minister in the cabinet. The entrepreneur is the captain of the industries because he only bears the risks and

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uncertainties, but he is also the manager, predictor, inventor of new production methods and the builder of economic structure to maximize profits on one side. He keeps a complete watch on internal management of the industry, and on the other hand, he also keeps a complete watch on the activities of his competitors.

5. Removal of Poverty

The people remain in the grip of a vicious circle of poverty if adequate Industrial Development lacks in any country. But, the entrepreneur increases employment opportunities by establishing new industries, also increase per capita income and rate of capital investment, utilize innovations in various fields, establish effective coordination between sources and manage the economic affairs with efficiency. All these activities prove highly helpful in bringing the people of the country, out of the vicious circle of poverty. Thus, the entrepreneur contributes to the removal of poverty.

6. Helpful in Capital Formation

The entrepreneur is helpful in capital formation also. We know that the increase in the rate of capital formation is quite essential for the economic development of any country. Those nations which are not able to increase the rate of capital formation or do it nominally, remain backward from industrial development's point of view. However, the entrepreneur increases the rate of capital formation in his activities. Hence, In developing countries, the entrepreneur alone may assume an important role in Breaking the unbreakable fort of capital and may provide stimulation to economic forces in capital formation.

7. Assists in Removing Regional Disparities

Regional disparities weaken the country and are an obstacle in the overall industrial development. However, the entrepreneur plays important role in the removal of these regional imbalances, reason being that he establishes new industries in the backward areas of the country and also makes their development and expansion, through the governments of the country also provide special rebates, concessions, and subsides for establishment of industries in undeveloped and backward areas.

8. Increases in Employment Opportunities

The Entrepreneur creates maximum employment opportunities in the society, by way of establishing new industries, developing and expanding the existing industries, and undertaking innovative activities. As a result, unemployed persons in society get opportunities for employment. Accepting it, "The entrepreneur makes available employment opportunities in development-oriented countries."

9. Encouragement to Investigation and Research

Since the main function of the entrepreneur in the developed Nations is to carry out innovations, the entrepreneur encourages new techniques of production, takes risks in using new machinery and

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equipment, develops the scientific approach and develops new markets also. As a result, investigations, and Research get encouragement, which ultimately benefits society.

10. Search of New markets and Development of Existing Markets

The entrepreneur does not feel satisfied with the existing market products but continuously goes on searching for new markets for sale promotion and also develops the markets. Besides, an entrepreneur is also regularly occupied in developing and expanding the existing markets. For all these, he uses various techniques and methods, like market research, motivation research, buying habits survey, consumer satisfaction, advertisements and sales promotions, product diversifications, incentives to intermediaries and sellers, etc.

11. Development of New Production Techniques

The entrepreneur does not feel contented only with the existing techniques of production. Hence, he carries out various experiments for saving time, labor and capital in the production, as also to improve the variety and quality of the product and service. He also arranges research and uses methods like management by changes, etc. As a result, consumers regularly get good quality products and low prices. I cause improvements and a rise in the living standards of the consumers.

12. Development of Suitable Raw Materials

The Entrepreneurs also work for the search for new sources of raw materials and semi-finished products, and for the development of their alternative substance. By it, not only economic savings may be obtained, but the economy may also be saved from different types of crises, by getting a suitable alternative for scarce, Limited and importable raw materials.

13. Helpful in Changing the Social Structure

Since the entrepreneur remains attempting in executing innovations in each area and activity and at all levels, inclination towards the scientific approach, logic, changes, and inventions develops in the society and hence people easily get ready to accept the changes in unfair traditions, customs, superstitions, and social evils, etc. Hence, the entrepreneur has an important role in changing the social structures and the changes become easy also.

14. Contribution to the Execution of Government Policies

The entrepreneurs provide an important contribution in implementing government policies and achieving the national goals. The entrepreneurs cooperate with the government for implementations of development plans of the country, for establishing a balance between imports and exports and for encouraging balanced development. Thus, the entrepreneurs widen the path of development by joining hands with the government.

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15. Establishment of New Business Enterprises

The entrepreneur does not get satisfied only by the establishment of a business enterprise but goes on making efforts by the establishment of several new business enterprises. In this regard, the entrepreneur after establishing the enterprise hands over in the hands of the efficient managers, and they themselves get occupied in the establishment of another new business enterprise. Thus, the entrepreneurs go on establishing the business enterprises, one after the other.

16. Production and Distribution of New Products and Services

The entrepreneur tries to work out the possibilities of production and distribution of new products and services through innovations, inventions, and experiments and thereafter presents such products and services in the markets. The entrepreneurs are always attentive towards the possibilities of new commodities and services and in this Direction, they are always occupied in Research and studies, etc.

17. Minimizes Socio-economic Problems

The entrepreneurs increase the incomes, Savings and capital formation by establishing business enterprises and encouraging industrial ventures. It reduces various social problems, like poverty, illiteracy, low living standards, dowry system, social offenses, atrocities on women, and exploitation of child labor, etc. In addition, the entrepreneurs also help in reducing the problems prevailing in the towns and cities, like polluted environment, overcrowding, slum areas, and conflicts, etc. by reducing the economic imbalances and disparities prevailing in various areas. Thus, entrepreneurs have an important role in reducing socioeconomic problems.

18. Optimum Utilisation of Resources

The entrepreneur makes optimum utilization of natural and human resources available in the country. Like natural wealth, raw materials, Minerals, and human skills, etc. Not only that, but the entrepreneurs also enhance national productivity by efficient utilization of unused resources, with their managerial skills. The entrepreneur shifts the economic resources from low productivity areas to high productivity areas.

19. Establishing Self Sufficient Society

The entrepreneur has a significant role in building up of self-sufficient society. The entrepreneur may bring a revolution in productivity. The entrepreneurs may increase the exports of the country, along with fulfilling the national requirements. Similarly, entrepreneurs alone may be helpful in increasing capital, wealth, assets, employment, income, etc.

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20. Role in Social Responsibilities

The industries are being established, due to assuming responsibility by entrepreneurs. The regional imbalance is also improving. New avenues of employment are opening, various new commodities and services are being produced and distributed and the consumers are getting these at the lowest possible cost and the economic social problems are continuously decreasing. Thus, The entrepreneur is fulfilling responsibilities towards all sectors of society.

21. Contribution to Rapid and Balanced Economic Growth

The entrepreneur is not only the basis of business but is also the basis of rapid and balanced economic growth because the entrepreneurs search for industrial opportunities and establish various new industries to utilize those opportunities, which result in the rapid economic development of the country. Besides, the entrepreneurs also provide an important contribution to the balanced economic development of the country, by removing provincial and regional disparities through the establishment of industries and business and economically backward areas also.

“The entrepreneurs widen the way of Balanced economic development.”

Conclusion

Entrepreneurs are at the root of the present-day economic development of countries like America, Britain, France, and Japan. In India, the level of economic development is very low, mainly due to the reason that in India, entrepreneurs are lacking. So, we may say that the entrepreneur alone transforms the unused sources of production into the production, removes economic stagnation and brings a country in the category of developed nations by providing self-sufficiency to the nation. Thus, now you know the role and importance of an entrepreneur.

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Entrepreneurship in Modern Economy

Entrepreneurship is an essential part of economic development. It is quite logical, An entrepreneur pulls ahead of the process of economic development through maximum efficient utilization of unutilized natural resources, human resources, labour, and capital. The pace of economic development and industrial progress is the reflection of the economy. Hence, entrepreneurship has been accepted as the fundamental basis of industrialization and economic development. In all types of economies, undeveloped, developing, and developed, the role of the entrepreneur is significant. In the modern economy, the role of entrepreneurship and its importance may be explained as follows:

1. Pivot of Economic Development

Entrepreneurs are Wheels of economic development of the country. They provide a valuable contribution to the development of the national economy. They also materialize available opportunities for the working population of the country and their contribution to increasing national income is quite significant, as they are the person who functionally coordinates various sources of production.

2. Basics of Business

Every business involves various types of risks. The business cannot be successful until someone is ready to bear the possible risk. Hence, entrepreneurs have been reckoned as the basis of the business.

3. Organizer of Associate is Productive Resources

The entertainer is the organizer of society's productive resources. He invests the unused resources of the society for productive purposes and makes their optimum utilization, so that the best products may be made available to the society at the lowest costs.

4. Contribution in Production of New Products

An entrepreneur explores the possibilities of new products, on the basis of new methods and inventions, for which the Resorts to research and development programs and make new products available in the market.

5. Development of New Production Techniques

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The entrepreneur always remains occupied in searching for new techniques of production. He also includes and develops the techniques and executes the improved and changed techniques.

6. Help in Removing Regional Disparities

The entrepreneurs have played an important role in removing regional disparities and economic backwardness. The government also attracts the private entrepreneur to establish industries in backward areas. Backward areas are developed by making land and capital available to them.

7. Helpful in Capital Formation

In developing countries, entrepreneurship alone may have an important role in Breaking the unbreakable fort of capital and provide Momentum to economic forces in capital formation. Some countries, Capital is obtained from the public and is invested for productive purposes. The increasing demand for shares and debentures symbolizes this fact.

8. Development of New Market

The entrepreneur continuous efforts to maintain the regular supply of his products in the existing market. Along with that, he also works for searching new markets and development of the existing market, which facilitates the expansion of the markets.

9. Establishment of New Industrial Enterprises

The business and industrial entrepreneurs do not feel contented only be establishing Enterprises, but they establish new Enterprises, to make the country self-reliant. For example in India, Tata, Birla, Dalmia, Mufatlal, Singhanian, Bajaj and Ambanis are among several entrepreneurs, who have established various Enterprises, one after another to develop the national economy.

10. Help in Bringing Changes in Social Framework

Entrepreneurs are helpful in social changes that are acceptable to society. The superstitions and traditional systems are losing their Grounds and the society now accepts scientific attitude. Hence, the entrepreneur leads society towards progress, by adopting new techniques, producing new commodities, by establishing new industrial ventures, by generating new employment opportunities, and by Building New and progressive environment.

11. Contribution to the Formation of Industrial Climate

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The entrepreneurs motivate other entrepreneurs, by planning and establishing new industries. As a result, the industrialization and economic development get the speed and conducive industrial climate is created.

12. Contribution to rising the Standard of Living

The entrepreneurs have given birth to materialization by new techniques, new products, and inventions which have helped in raising the living standards of people. Besides, the working efficiency of people has also gone up.

13. Encouragement to Investigation and Research

Since the main function of the entrepreneurs is to adopt innovations, Hence it encourages the development of scientific attitude in the economy and Research, investigations and inventions. That way, the interests of the whole society are promoted.

14. Contribution to Generate Employment Opportunities

The unemployed persons of the society get maximum employment opportunities, directly and indirectly by the development of new products, new Enterprises, and market expansion, which is also helpful in the eradication of poverty in the country. The entrepreneurs widen the path to balance economic development, which liberates the country from a vicious circle of poverty. “In developing countries, the entrepreneur is the provider of employment opportunities.”

15. Contribution in Development and Expansion of Existing Enterprises

Entrepreneurship assumes an important role in the development, innovations, and expansion of the business. Entrepreneurs make regular efforts for increasing the number of products by their existing Enterprises, modernizations of the existing production process, producing new commodities, developing their Markets and increasing the clientele. Thus, These are the Importance of Entrepreneurship in the Modern Economy.

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Entrepreneur vs Manager

The owner of capital, manager, and entrepreneur is the same person, because the production activities were not as complicated, as these are at present.

Difference between Entrepreneur and Manager

However, modern economists, have recognized entrepreneurs and managers as two different sources of production and the present-day complex abilities of the business world have also created the difference between them. Hence, there is a difference between entrepreneur and Manager, which may be explained as follows:

1. Meaning

An entrepreneur is a person or group of persons, who carry out activities relating to the establishment of industry, and innovations. The manager is the person who himself works for achieving the common objectives and also gets the work done from others.

2. Status

The entrepreneur is in the status of the owner. The manager or organizer is the status of the employee.

3. Functions

The main function of the entrepreneur is to undertake the risks in the establishment of new industries and activities related to innovations. The main function of the manager is to manage various sources of production and to establish coordination between them.

4. Rewards

Profit is the reward for the entrepreneur, but he may have to incur losses also. Salary is the reward of the manager and there are no possibilities of losses to him.

5. Responsibilities

The responsibility of the entrepreneur is much more because policies are determined by him and he is also the owner of the industry or business. The responsibility of the manager is much lesser than that of an entrepreneur because his function is to implement the policies formulated by the entrepreneur and that too in the capacity of an employee.

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6. Concern with Time

The entrepreneur is associated with the present and future, both, because he has to keep both in view, during the operation of the industry. The manager is more concerned with the present because he has to keep the management and control of the industry, in view.

7. Control

The final control of various activities of the industry is of the entrepreneur. Control of the managers is on activities related to management, provided powers have been delegated properly. But, the final control is of an entrepreneur.

8. Conclusion

Entrepreneurs are the owners, whereas managers are the employees. The function of the entrepreneur is to undertake risks and uncertainties, and take risks in the innovations, whereas the functions of the manager are to manage and coordinate various sources of work production. Profit or loss is the reward of the entrepreneurs, whereas salary is the reward of the manager. There some similarities between managers and entrepreneurs.

Entrepreneur is different from Capitalist and Manager

The entrepreneur is different from the capitalist and manager, due to various reasons. The main function of the entrepreneur is to take risks, whereas the function of the capitalist is to make capital available. The Entrepreneur earns the profit in return for his service and risks, whereas the capitalist gets interested in capital invested by him. Besides, the income (profit) of the entrepreneur is quite uncertain, whereas the income (interest) of the capitalist is certain. Hence, the entrepreneur is different from the capitalist and manager.

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Functions of an Entrepreneur

There are so many concepts about the functions of an entrepreneur, due to the Complex role. His functions may vary, according to time, place, circumvention, level of economic development, sources and size, etc. Following are the different important functions of an entrepreneur in business:

1. Promotional Functions of an Entrepreneur

The foremost functions of an entrepreneur are to promote and establish an enterprise, after testing the business opportunities. “To know the opportunities and to establish an industrial unit on the basis of this knowledge are the two functions of the entrepreneur.”

Following are the functions, related to the promotion of the Enterprise:

- To conceive business thoughts and ideas.
- To collect the required facts and information related to the idea and to test the viability and profitability of the idea.
- To forecast the economic analysis.
- To select suitable ownership (leadership, partnership, company, and joint ownership, organizations, etc.).
- Determination of the size of the Enterprise.
- To determine the objectives of the Enterprise.
- To determine the location of the Enterprise.
- To prepare plant layout.
- To make financial planning by estimating the requirements of capital.
- Registration and completion of other legal formalities.
- To arrange the required resources and infrastructural facilities.
- To take a decision regarding the internal organizational structure.
- Selection of equipment and production production process.
- To carry out market research.
- To start business activities.

2. Risk Bearing Functions

Other main work of an entrepreneur are to bear risks. In all types of businesses small or large, risks are quite inherent. Without bearing risk, the operation of the business cannot be even imagined. The risk is related to capital. In modern business, various types of risks and uncertainties always persist. Among these, some risks are such from which one can feel secured by getting insurance against these, like fire accidents, thefts, dacoity, earthquakes, labour accidents, floods, storms, tsunamis, etc.

However, some unknown risks are such which may neither be predicted nor may be insured and are to be borne only by the entrepreneur, like:

- The risk relating to fluctuations in demand and changes.
- Risks arising due to competition (changes in tastes, fashion, and demand).

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- Risks of changes in the prices and various resources.
- Risks of changes in government policies.
- Risks arising from trade cycles.
- Risks arising from large changes in the business environment.
- Risks of large changes in technology.
- Risks of human relations and inefficiency.

An entrepreneur is required to take various types of decisions, on the basis of predictions and foresightedness. If any decision or prediction of the entrepreneur goes wrong, then he may have to bear excessive losses. Hence, we may say that “The functions of an entrepreneur are to be safe against the known risk and to be the unknown risky wisely.”

3. Contributing to Social Development

The entrepreneur should also contribute towards the composition of battery society, should make efficient use of social resources, should create more employment and should also fulfill his social responsibilities towards various sections of the society.

4. Function Relating to Management, Organisation, and Control

An entrepreneur has to perform various functions relating to management, organization, and control, along with the functions of the promotion of the enterprise. The efficient operation of the undertaking, in sole ownership, business, the entrepreneur is often, both the owner and the manager. Hence, he has to perform various managerial functions. But, in other patterns of business ownership, like Company, State Enterprises, and joint Sector Enterprises, etc., ownership and management are separate. Hence, the entrepreneur has to take the services of professional managers for managerial functions. Although in the modern age, functions of Management, organizational responsibility, and control of total activities are in the hands of professional managers, termed as technostucture, in spite of it, the entrepreneurs are regarded as the ultimate controller of these activities.

This is the reason that he has to perform various important functions of an entrepreneur, as follows:

- To decide the objectives, goals, and policies of the Enterprise.
- To prepare plans and sub-plans for each department and at each level.
- Selection of suitable pattern of the organization, according to the nature and size of the undertaking.
- To entrust the right work to the right person and to distribute all related work to various specialists and groups of persons.
- To determine the relationship between various persons working within that department and outside.
- To establish coordination between the functions and activities of various departments and sub-departments to maintain uniformity formality in the working of all departments.

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- To awaken the feelings of owning towards work, among the employees working in the organization.
- To provide situations for the development of the employees.
- To improve the communication between the employees and the officers and to perform the function of leadership and directions.
- To develop a suitable control system to ensure that the work performed is in accordance with the plans.

5. Financial Functions

The Fourth main work of the entrepreneur is to manage the required finances for the undertaking, according to the nature and size of the undertaking. Although all the factors of production have their own importance, what among this capital is the most important source, because if the capital is insufficient, then the arrangements for various other factors also become futile. Hence, the entrepreneur should perform the following role of an entrepreneur:

- To do rational financial planning.
- To determine the financial sources to raise the funds in desired Quantum, according to financial planning.
- To arrange fixed capital and working capital, by keeping in view the short term and long term financial requirements of the undertaking.
- To determine the suitable sources of finances, like shares, and debenture, bank loans, and loans from other Financial Institutions, etc. by keeping financial requirements in view.
- To select the most economical financial resources by making a comparative study of various financial resources. Presently, the government also provides subsidies and loans with easy terms for the establishment of enterprises. Hence, the entrepreneur should keep this fact also, in view.

6. Functions Relating Innovations

In the context of a developed economy, by the term entrepreneur, we mean 'innovator'. Innovations are major functions of an entrepreneur innovation that means enforcing new methods in the business. For business, it is not as necessary to grow, as to becoming continuously new.

- Innovations can be made in only of the following spheres:
 - Discovering new commodities.
 - Producing new commodities.
 - Making use of new methods, techniques, implements, and machinery in production.
 - Bringing improvements in quality, size, color, designs, and packaging, etc.
 - Searching for new uses of commodities.
 - Searching for the new markets.
 - Improving existing products.
 - Locating new sources of raw materials and semi-finished goods.
 - Developing innovations and adapt them to improve the position in the competition, to improve customer services, quality and economy in various fields.

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- Introducing product diversification in high stages of economic development.
- Implementing new ideas in the field of Human Resource Management.

7. Functions Relating to Distribution

An entrepreneur is the owner of the business. He deploys various factors of production (land, labour, capital, and Organisation, etc.) in the business. Hence, the Entrepreneur provides a suitable reward to the landowners, workers, capitalists, and managers, in return for their services, under his function relating to distribution. Thereafter whatever remains with the entrepreneur is his share, as profit. Thus, this is the important function of the entrepreneur, which relates to the distribution of income from the industry between various sources of production.

8. Functions Relating to Efficient Marketing

In a present-day competitive economy, similar commodities and services are being manufactured by several producers, who are also distributing them. Competition is on an international basis.

The fact is that today competition has become the base of Business. In such a business environment, management of effective marketing of commodities and services has also become an important role of an entrepreneur, which is as follows:

- To make advance estimations of the demand and sale of various commodities and Services.
- Selection of the best suitable medium by studying all existing distribution sources in the markets.
- To create demand for commodities and services and to keep it maintained.
- To manage an effective sales force.
- To use advertisements to stimulate the intermediate and to make use of sale promotion sources to increase the demand for commodities and services.
- Thus, an entrepreneur should undertake aforesaid and other functions also for efficient marketing.

But, all should not be left only in the hands of the manager and employees of the marketing division.

9. Searching for New Opportunities

Establishment and operating is not the only role of the entrepreneur. He should go on continuously searching for new opportunities for profit so that while functioning as producer or distributor, he feel the newness and my work with greater interest. This is the most essential function of the entrepreneur.

10. Participating and Development Programmes

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One of the functions of an entrepreneur is also to participate in entrepreneurial development programs, organized by the government or Non-Government organizations. Though such participation, the entrepreneurs will gain important knowledge about various new opportunities for development.

11. Functions Relating to Project

The entrepreneur should prepare project reports and feasibility reports and should also review them, so that these may be quickly approved.

12. To Make Future of the Business

The entrepreneur should also ensure the bright future of his undertaking, by way of the successful operation of the business through rational and untiring efforts. The specific functions of the entrepreneur in any business undertaking are to make today's business so competent that it may create Tomorrow.

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Types of Entrepreneurs

To facilitate study, the types of entrepreneurs can be stated as follows, on the basis of different activities:

1. Innovative Entrepreneurs

Innovating entrepreneurs are those persons who take an interest in innovative activities. In other words, when an entrepreneur propounds or uses any new commodity, a new method of production, a new organizational system, and a new market, etc. Then he is called the innovator. Innovating entrepreneur introduces the improvement in the method of production or works for bringing a revolution in that, by executing some new invention. Such an entrepreneur formulates new combinations enthusiastically, collects the necessary information and new facts, remains highly enthusiastic to carry out experiments and implement the conclusions of research and inventions and enforces the creative changes with full efficiency.

If the entrepreneur performs any of the following functions, he is regarded as an innovating entrepreneur:

- To produce any new commodity.
- To use the new method of production.
- To develop new markets.
- To identify new resources of raw materials, semi-finished products, and energy.
- To direct the new Organisation in any industry.
- To do any other likewise activities of innovation.

The innovative entrepreneurs are mostly in prosperous and developed Nations because sufficient opportunities of research and inventions remain available in these Nations, pressure for changes and innovations persists, intensity of competition, consistent availability of sufficient capital and other resources for introducing innovations, and the consumers also have no shortage of purchasing power for purchasing new commodities. Therefore, in such a country, the development of an innovative entrepreneur is encouraged as there is sufficient availability of sources of production.

2. Imitative Entrepreneur

Imitative entrepreneurs are those who run their enterprises by imitating the successful innovations applied by innovative entrepreneurs. In other words, they do not have an interest in innovative activities, the same as that innovative entrepreneurs. Rather, they copy the successful innovations of innovative entrepreneurs, like products, raw material, and technique, etc. Hence, they also called copying entrepreneurs.

Following are the characteristic or imitative or copying entrepreneurs:

- They have no major orientation towards unsuccessful innovations.
- They imitate the successful works of the innovative entrepreneur in their activities.

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- Due to limited resources, they themselves do not carry or spend money on research, inventions, and experiments. They make efforts to gain profit by imitating the successes of others.
- These entrepreneurs take relatively lower risks.

Most of the entrepreneurs of developing nations have the tendency to imitate the successful innovations of the entrepreneurs of the advanced countries. However, the role of imitative entrepreneurs is also important in the development of these countries. “Not only the innovators but also the imitative entrepreneur plays an important role.”

3. Fabian Entrepreneurs

Fabian Entrepreneurs are those who do imitate the successful innovations, but with required caution. In other words, when an entrepreneur copies the successful innovation also with great caution or has the tendency to avoid the experiment of imitations, he is called a Fabian entrepreneur. The Fabian entrepreneur is also known as ‘waiting for the opportunity’, entrepreneur because such an entrepreneur is also imitative, but he waits for favorable opportunities to implement them and he does not implement the innovations, till he is sure that there is no disadvantage in applying innovations.

Thus, the following characteristics may be observed in Fabian entrepreneurs:

- As far as possible search entrepreneurs like to work with old methods only.
- He does not want to take any type of risk by adopting new things.
- Such an entrepreneur takes advantage of imitating successful investors when he is assured that the use of innovations and new techniques will be really profitable.
- Such an entrepreneur is always in the position of skepticism.
- He remains in the position of skepticism regarding his activities, schemes, and programs till the last moment and normally takes decisions in the last moments.

4. Drone Entrepreneurs

A drone entrepreneur is who does not want to accept any type of innovation or change. In other words, when the entrepreneur becomes indifferent towards innovations and wants to lead a comfortable living alone, then he is called a drone or inactive entrepreneur.

Following characteristics may be visualized in drone entrepreneurs:

- He remains indifferent to bring down the costs of production through innovations and adopting new methods of production.
- He operates his industry or business only in a traditional and routine way.
- In the course of time, he starts feeling tired in entrepreneurial activities.
- Such entrepreneurs are interested only to continue their business anyway.
- He remains away from innovations, although it may be much advantageous to him.
- In the long run, such entrepreneurs face business failures.

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- He does not like to take any risks and to take any challenging work in the operation of his business.

5. Sole Self Employed Entrepreneurs

The sole self-employed entrepreneur is that who is self-employed by his efforts, abilities, skills, knowledge, training, and art also provides employment to others and works independently. For example, Doctors, Engineers, Architects, Drama, Artists, etc.

6. WorkForce Builder Entrepreneurs

Workforce builders entrepreneurs are those who independently build operate workshops, computer service centers, and Engineering Service firms, etc.

7. Product Innovators

Product innovators undertake new works for products and commodities, like the production of a new commodity, use of new methods of production, development of New Markets, searching new sources of raw material or semi-finished products, etc. By doing so, the competitive ability of entrepreneurs become strong.

8. Economy Scale of Entrepreneurs

The economic scale of an entrepreneur means an entrepreneur, who undertakes the function of increasing the purchasing power of the consumers for enhancing their satisfaction, by maximizing production in his organization, at the minimum costs. This category includes small depots, courier services, and postal business.

9. Pattern Multipliers Entrepreneurs

This types of entrepreneurs increase the patterns of various types of the product by using various formulas and sources of production. For this purpose, companies provide special rights to the entrepreneurs for making use of the sources.

10. Unutilized Resources Exploiters

He is such an entrepreneur who makes available the materials or commodities for production activities by making exploitations of these natural resources, which have not been used until now for production. Such an entrepreneur undertakes risky activities and for that, he has to have sufficient courage.

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11. Take Over Entrepreneurs

Takeover entrepreneur means an entrepreneur who manages and operates various small firms by taking over them. Besides, the search entrepreneur operates business also by completely merging these units with his business.

12. Capital Aggregators Entrepreneurs

Capital aggregators are those entrepreneurs who perform two important functions: 1. capital aggregation and 2. active Association in setting up banks and companies like insurance companies, etc.

13. Private Entrepreneurs

These entrepreneurs undertake entrepreneurial activities and take risks with the objective of earning profits and making private assets in the private sector known as private entrepreneurs.

14. Government Entrepreneurs

When the government establishes Industries, business units, with public capital with the objective of public welfare is called government entrepreneurs. Such entrepreneurs include government or government organization, that operates and manages the industries in public sectors.

15. Joint Sector Entrepreneurs

Joint sector entrepreneurs are those, who establish and operate any particular industry in the mutual partnership of Government and private sectors.

16. Cooperative Entrepreneurs

Cooperative entrepreneur implies an entrepreneur who establishes and operates the enterprise with the object to safeguard the economic interest of the members of cooperative organizations and others, for promoting mature welfare. Such types of entrepreneurs work on the principles of cooperation, and feelings of 'one for all and all for one'.

17. Small Entrepreneurs

Small entrepreneurs are those who establish and operate a business on a small scale, by making use of local sources. In the business of such entrepreneurs, the levels of capital, techniques, labor, raw material and skills are quite moderate.

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18. Medium Entrepreneurs

There are some medium category entrepreneurs that are not small or big. Also called developing entrepreneurs.

19. Large Scale Entrepreneurs

Large-scale entrepreneurs are those who have a higher capacity to bear risks, and make use of capital, technology, techniques and management skills, on large scale and also perform the function of innovations.

20. Exploitative Entrepreneurs

Exploitative entrepreneurs are those who neglect the interest and needs of society. They are indifferent towards social responsibilities, works for their own interests and do not give any importance to social-economic activities, with the only objective of earning maximum profits. Thus, the entrepreneurs who are engaged in exploiting the consumers, by hook and Crook are known as exploitative entrepreneurs.

21. Ideal Entrepreneurs

The ideal Entrepreneur is one who performs the following functions, keeping various things in view:

- Full feeling of social goals through these industrial activities.
- To operate and manage his industry for social interest and advantages.
- To pay special attention to innovations, research, expansion of industrial product diversification, etc.
- To remain attentive for employment, income, high living standards and utility creation in the society.

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Entrepreneur as Innovator

Innovator entrepreneur who continuous to make some new changes or creations in his business, like production of a new commodity, new technologies of production, new machinery, and equipment, the new raw material for searching of new resources of semi-finished commodities, new management system, new organizational setup new markets, etc.

Innovating entrepreneurs bring about Revolution or improve the methods of production by executing new inventions. An innovating entrepreneur is a person who searches new products, new raw materials, new markets and adopts new changes and improvements in the new ventures. The entrepreneur is a promoter and innovator both. He is the agent of changes in society. The entrepreneur is an agent of economic growth. The role of the entrepreneur as an innovator is highly important in simulating economic stability, industrial awakening and social innovations.

A brief description of the role of the entrepreneur as the innovator is as follows:

1. To Create Novelty in Society

The basic function of the entrepreneur is to create something new. He develops new products, brings out product diversifications, carries out of business technical innovations by Research and studies. As a result, Industrial Development takes place.

2. Production of Commodities and Services

Since the entrepreneur is an innovator also, he is not only carrying out new inventions in his business activities but also makes the production of the products and services according to the needs of society. He perceives changes in economic and social life and takes initiations required in the changed atmosphere, by perceiving various economic, social circumstances. As a result, the wheel of economic progress goes on moving consistently.

3. To Use National Resources for Productive Activities

As an innovator, the entrepreneur has an important contribution to the economic progress of the nation by the establishment of new industries and the generation of employment and use of national resources for productive activities to satisfy social and economic needs of the country.

4. Establishment of Successful Units

The innovating entrepreneurs symbolize and creative awakening. They believe to go ahead on the new path, rather than move on the absolute path. Hence, they provide vitality to their business units. As a result, they run their business in a successful manner.

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5. Organizing and Coordinating the Resources of Production

As an innovator, the entrepreneur organizes and coordinates the resources of production, to maximize output, at the minimum cost. Entrepreneurs also contribute to increasing National Productivity, by their managerial capabilities and efficient utilization of unutilized resources.

6. Base of Industrial Development

The innovating entrepreneurs have the leadership quality to develop the resources of the enterprise, human capabilities, and generation of new ideas. New ideas emerge due to creativity but due to lack of leadership abilities, these do not become the base of industrial progress. The entrepreneur can build up the enterprising organization only by leadership, administrative capacities, and creativity.

7. Expansion of Organizations

The entrepreneurs incur substantial expenditure on research and studies to encourage innovations. As a result, scientific and business ideas are encouraged among people and their technical know-how is upgraded. Innovations emerge as a result of such research activities and creative ideas. The adoption of new techniques of production, in place of obsolete techniques, also become easier and production of new products and diversification is introduced to expand the small organization.

8. Accomplishment of Business Activities

In a small business, the liability, innovations, and risks of a single person. But large scale business at National and International levels total risks born by a group of persons, not by any individual. Hence, business activities are accomplished by the group of persons, by organizing in the form of establishment of companies, partnership firms are co-operative societies, etc.

9. Consumption of New Products and Services to Society

The entrepreneur is the creator and the innovator, so he introduces the new products, new ideas, new markets and new production techniques to the society and living standard is raised, but also execute the research and development activities, for that. As the outcome of all these, society gets the opportunity to consume a series of new commodities and services and consequently, the standards of living of the society rise substantially.

10. Economic Prosperity of the Nation

Innovative entrepreneurs start new enterprises to go ahead by removing the hurdles and disturbances arising in their ventures. Besides, they also accept the challenges and as well as

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improve their own performance by introducing innovations. They also contribute to the overall prosperity of the nation. The innovator entrepreneur has significant importance in the industrial progress of the nation.

11. To Make the Economic System Highly Dynamic

The innovator entrepreneurs make the economic system of the country highly dynamic since they use new raw materials, new techniques, and machinery in production. They provide new products and services, adopt new internal and external Strategies and also used new distribution strategies. So, the economic system becomes dynamic.

12. Existence of Business

In the modern business world, innovator entrepreneurs are making new experiment and improvements in production techniques, machinery, equipment, technology, finance, and Technical inputs. As a result, not only various complexities have emerged in the business, but it has also become essential that the firm continues to maintain the capacity to compete. The existence of the modern business is impossible without attaining entrepreneurial abilities, in this age of fast changes and innovations.

13. Dynamic Leadership to the Business

A good entrepreneur possesses two main qualities. The capacity to bear risks and to sponsor new units. But, in the modern age, the innovator entrepreneurs link the business with society and the environment. Hence, they establish new industries within their business, search the new opportunities and take decisions in the context of social values. So, the business gets the dynamic leadership of entrepreneurs.

14. Catalyst Elements

Wealth in the society is generated by the entrepreneurs and poverty gets reduced. Besides, the optimum utilization of resources and development of the self-sufficient society also becomes possible.

15. Social Responsibility and Satisfaction

The entrepreneur as an innovator may perform social obligations and may provide satisfaction to the society by creating new values, activities, and utilities also.

Types of Entrepreneurs as Innovators

Following are the different types of entrepreneurs as innovators:

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1. Initiator Innovators

Initiator innovators are those entrepreneurs who themselves do not perceive the innovations, but he enters the process of expansion of new innovations and participates in the diffusion process of development of the use of the innovations.

2. Prime Mover Innovators

Prime mover innovators are those entrepreneurs who create something new with some differences, like the production of new products, new methods of production, and new machinery and implements, new raw materials and search of the new market, etc. Such entrepreneurs engaged constantly to search for new improvements in their business. They are creators of new values.

3. Minor Innovators

Such entrepreneurs who slightly act as innovators do not take innovations at a large scale but ensure the best use of the resources of the society to uplift the society.

4. Satellite Innovators

Satellite innovators are such entrepreneurs who act as the supplier or the intermediary, but gradually start the business or the subsidiary industries independently.

5. Local Trading Innovators

The local trading innovator is the person who keeps his business activities (Trade, commerce, industries, and direct Services) Limited to a particular area. He has no courage to move to another place.

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Entrepreneurs Challenges

Following are the major challenges in the way of social responsibilities of entrepreneurs:

1. Administrative Challenges

- Administrative and legal delays
- Corruptions and complications of government departments.
- Multiplicity and complications of laws, rules, acts, regulations and their violations.
- Lack of administrative efficiency, intelligence, dedication and willpower and dominance of partisan attitudes.
- Obstacles in the fulfillment of responsibilities due to frequent changes in commercial policies, licensing policies, export-import policies, pricing policies, permit policies, etc.

2. Organizational Challenges

- Lack of experiments for scientific, technical and research innovations, required for the expansion of business activities and improvements in marketing.
- Mutually opposing activities by organizations having different objectives and concepts. Similarly, the existence of several business associations and chambers of commerce with conflicting objectives also poses hurdles.
- Groups among owners, shareholders, and partners. Allegation and counter-allegations on each other by each group, on the emergence of class war-like situations in establishments, like companies, etc.
- Due to the mutual rivalry between management and workers, they try to get the victory on each other. As a result, they do not have a cordial mutual relationship.
- Mutual Dialogue does not take place between the management and the workers, and hence the entrepreneurs are not able to know, what facilities are actually required by the workers.

3. Economic Challenges

- obstacles in Way of Social Responsibilities of Entrepreneurs
- Social Responsibilities of Entrepreneurs
- Reliable data are not available for production and consumption.
- Frequent changes in commercial policies, by the government.
- Lack of good relations between the private and public sector, due to the formulation of impractical plans.
- The existence of a monopoly in business.
- Rehabilitation of business due to rapid technological changes in the country.
- Diversion towards scientific management, modernization, and automation.

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4. Political Challenges

- Lack of consensus between the government and associations of industries and commerce.
- Political partialities in the determination of economic targets, policies, systems, and laws.
- Unnecessary interference by political parties in trade unions and their activities.
- Deliberate the creation of an anti-business atmosphere to vitiate social and law and order situations.
- Instigation of workers by political parties for indulgence destructive activities.

Bonus: Responsibility of Entrepreneur towards Suppliers, Creditors, and Depositor.

5. Emotional Challenges

- The tendency of an entrepreneur to earn maximum profits.
- Lack of education and training among managers and workers.
- Feelings of casteism, bilingualism, and regionalism among entrepreneurs.
- the tendency of entrepreneurs to keep secrecy on several issues.
- Low feelings of social responsibility among entrepreneurs.

Thus, Now you know the obstacles in the way of assuming social responsibilities by the entrepreneur.

End