

Entrepreneurship Development and Business Communication

Course code: ASEE3103

Credit: 2(1+1)



Centurion
UNIVERSITY

2. Entrepreneurship

CONCEPT OF ENTREPRENEURSHIP

The term 'entrepreneurship' is often used synonymously with the term 'Entrepreneur' though, they are two sides of the same coin, conceptually they are different. Entrepreneurship is the indivisible process flourishes, when the interlinked dimensions of individual psychological entrepreneurship, entrepreneur traits, social encouragement, business opportunities, Government policies, availability of plenty of resources and opportunities coverage towards the common good, development of the society and economy.

MEANING AND DEFINATION

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner.

Entrepreneurship is the process of identifying opportunities in the market place, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

Defination: According to Cole "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services".

Innovation and Risk-Bearing are regarded as two basic elements involved in entrepreneurship. *Innovation, i.e.,* doing something new or something different is a necessary condition to be called as an entrepreneur. The entrepreneurs are constantly on the look out to do something different and unique to meet the changing requirement of the customers. They may not be inventors of new products or new methods of production, but they possess the ability to foresee the possibility of making use of the inventions for their enterprises. E.g. tetra package of fruit juice, so consumer can carry and store for longer time, small package/ sachets of different essential items for the rural consumer etc.

Risk-Bearing: " *Fall seven times, stand up eight* "

The enterprise may earn profits or incur losses because of various factors like increasing competition, changing consumer preferences, shortage of raw materials and so on. Therefore,

an entrepreneur needs to be bold enough to assume the risk involved in the enterprise. In fact, he needs to be a risk taker not risk avoider.

GROWTH OF ENTREPRENEURSHIP IN INDIA

The growth of entrepreneurship in India divided into two eras:

Entrepreneurship during Pre-Independence:

- ✓ The evidence of entrepreneurship found since the ages of *Rigveda*, as metal handicraft entrepreneurship and this craftsmanship nurture as their duty for the society
- ✓ By introducing caste system in village society divided into different categories and among the artisans were treated as village servants comes under the lower most category
- ✓ In around 1600 A.D., India established its trade relationship with Roman Empire
- ✓ Few townships emerged around Indian river basins (means of transportation) like Banaras, Allahabad, Gaya, Puri, Mirzapur. With the support of Royal Patronage artisan industries flourished over the period, many workshops as *Kharkhanas* established, many evidences we can found in the history like, Bengal was famous for *corah*, Lucknow for *chintzes*, Ahmedabad for *dhotis* and *dupattas*, Nagpur for *silk-bordered cloths*, Kashmir for *shawls* and Banaras for *metal wares*.

India enjoyed this prestigious status of the queen of the international trade with the help of handicrafts basically small and cottage sector till the eighteenth century. After that there was decline was seen may be as;

1. Disappearance of Indian royal courts, who patronized the crafts earlier
 2. The lukewarm attitude of British colonial government towards Indian crafts
 3. Imposition of heavy duties on the imports of the Indian goods in England
 4. Low-priced British made goods produced on large scale
 5. Development of transport in India facilitating the easy access of British made products even in the remote areas.
 6. Change in taste and habits of Indians, developing craziness of foreign products
 7. Unwillingness of the Indian craftsmen to adopt to the changing tastes and needs of the people
- ✓ Manufacturing entrepreneurship in India emerged as the latent and manifest consequence of East India company's advent in India
 - ✓ In 1673, East- India Company established its first ship-building industry in Surat, from where onwards Persis (well-known for their business orientation able to set rapport with the company) built vessels for the company.
 - ✓ In 1677, Manjee Dhanjee was given a contract for building the first large gun-powder-mill in Bombay for the East India company.
 - ✓ In 1847, Ranchodlal Chotalal, a Nagar Brahman, was the first Indian taken an initiative to set up a textile manufacturing unit but failed in his first attempt and finally succeed to set a unit at Ahmedabad in 1861.
 - ✓ In 1852, a Parsi foreman of a gun factory belonging to the company established a steel industry in Bombay

- ✓ In 1854, Cowasjee Nanabhoy Davar a Parsi man set up first cotton textile manufacturing unit in Bombay.
- ✓ In 1880, Nawrosjee Wadia opened another textile mill in Bombay.
- ✓ In 1911, Jamshedjee Tata, the first Parsi entrepreneur established first steel industry in Jamshedpur by his own.
- ✓ Till 1915, there was 96 textile mills were set up out of which 41 belongs Parsis, 23 by Hindus, 10 by Muslims and 22 by British citizens.

In the first wave of entrepreneurial growth in India started with Parsi entrepreneurs followed by Jains and Vaishyas of Ahmedabad and Boroda in the 19th century, but lagged behind mainly improvement of business climate in the country side areas and the conservative attitude restrict to change from commercial to industrial entrepreneurship.

The second wave of entrepreneurial growth in India began after the First World War with the Swadeshi movement in the 20th century. In this decade, Gujaratis and Marwari Vaishyas gained importance than Parsis and start controlling India's Entrepreneurial Activities.

- ✓ In 1936, Carr, Tagore & Co. started management of Calcutta Steam Tug Association. This was happened with the influence of Dwarkanath Tagore form joint stock companies and invent a distinct management method managed by a 'firm' rather than 'individual'.

Entrepreneurship during Post-Independence:

- ✓ In 1948, Indian independent government came forward with first industrial policy which was revised from time to time.

Government took three important measures in industrial resolutions:

- i. To maintain a proper distribution of economic power between private and public sector
 - ii. To encourage the tempo of industrialization by spreading entrepreneurship from the existing centres to other cities, towns and villages,
 - iii. To disseminate the entrepreneurship acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata.
- ✓ Since, 3rd five-year plan govt. started giving incentives and concessions in the form of capital, technical know-how, markets and land to the potential entrepreneurs
 - ✓ Several institutions like Directorate of Industries, Financial Corporations, Small-Scale Industries Corporations and Small Industries Service Institute were set up to support new entrepreneurs.
 - ✓ As a result, there was tremendous growth was observed over the period from 1966 with 121,619 number of registered entrepreneurs to 190,727 in 1970.
 - ✓ The family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar, and other grew as large-scale business entrepreneurs.

SCOPE OF ENTREPRENEURSHIP DEVELOPMENT

I. To Identify Entrepreneurial Activities

The entrepreneurial activities and opportunities could be identified by the planner of the Government. The Government through various economic policies and programmes like 'Globalisation', 'Privatisation', 'Liberalisation', 'Free Export and Import of Goods and Services' inviting NRI's capital introduction of innovation in the stock market activities, and the establishment of SSI identifies entrepreneurship opportunities.

II. Imparting Training to Develop Entrepreneurial Talents

Entrepreneurs can be made by means of allowing them to undergo rigorous training. The level of entrepreneurship development especially in all underdeveloped countries depends upon the extent with which the aspiring men are given training. Through training, they can be able to improve their power of achievement and power of affiliation.

III. To Develop Infrastructural Facilities

Entrepreneurship development could be possible through the setting up of both social and economic infrastructural facilities for the aspiring entrepreneurs. The infrastructural facilities like, impart entrepreneurship education at the school and university level to develop the entrepreneurial traits among students, conduct the 'Entrepreneurship Development Programmer's through the setting up of Entrepreneurship Training Institutions at the taluk/block level in all parts of the country, financial institutions especially the commercial banks situated in rural areas shall take utmost care in identifying the aspiring entrepreneurs and offer not only the required financial assistance but also the required managerial techniques so as to enable them to establish new business and withstand in the market, etc.

IV. Ascertain the demand and Supply of Entrepreneurs

It is true that the economic growth depends upon the existence of the technical progress. The level of technical progress in turn depends upon the existence of the entrepreneurs. Disequilibrium between demand & supply affects the economic growth. Excess supply of entrepreneurs over demand leads to exploitation of natural resources beyond the required level of course it leads to 'super development'. The supply of entrepreneurs could be enhanced through motivation. As propounded by Mc Clelland, any society with generally high level of achievement will produce more real entrepreneurs who can accelerate the growth of the economy. Max Weber suggested that entrepreneurship is the outcome of the existing social conditions of the society.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

"Economic development is the effect for which entrepreneurship is a cause"

Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a period of time. Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of the country.

1. *Employment Generation*: It provides immediate large-scale employment. Thus, it helps reduce the unemployment problem in the country, i.e., the root of all socio-economic problems.
2. *National Income*: An increasing number of entrepreneurs are required to meet the increasing domestic as well as export demand for goods and services. Thus, entrepreneurship increases the national income.
3. *Balanced Regional Development*: The growth of Industry and business leads to a lot of Public benefits like transport facilities, health, education, entertainment etc. Industries are concentrated in selected cities; development gets limited to these cities. But with set up enterprises in the smaller towns helps in the development of backward regions.
4. Dispersal of economic power: It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.
5. Entrepreneurship not only create employment but also provide *better standards of living* of many unemployed people, rural folks and slows a ray of hope.
6. It mainly focused on *creating innovation* which encourages entrepreneurs come up with new ideas, products and technologies.
7. Entrepreneurship promotes *capital formation* by mobilizing the idle saving of the public
8. It encourages *resource mobilization* of capital and skill which might otherwise remain unutilized and idle.
9. Backward and forward linkages to stimulate the process of economic development in the country
10. Promotes country's export trade i.e., an important ingredient to economic development