


**Concept need and process in
entrepreneurship development
and
Role of enterprise in National
and global economy**



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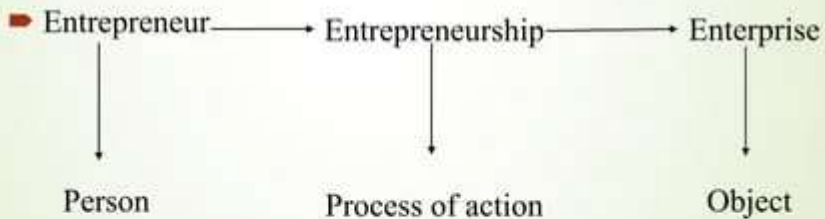




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Entrepreneurship


- Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs.



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- ▶ The concept of entrepreneurship is not new, Till 19th-century entrepreneur was regarded as the person taking risks, facing uncertainties and establishing Enterprises.
 - ▶ However, since the very beginning of the 20th century, the entrepreneur was being accepted as innovator also. Thus, the concepts of entrepreneurs have been changing with time and place.



Concepts

- **Risk Bearing Concept.**
 - **Innovative Concept.**
 - **Managerial Skill Concept.**
 - **Creative and Leadership Concept.**
 - **High Achievement Capacity Concept.**
 - **Professional Concept.**
 - **Organisation and Coordination Concept.**
 - **Business Oriented Concept.**
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1. Risk Bearing Concept

- This is the most popular concept. It was propounded by Richard Kantian, the French economist according to him, “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.



2. Innovative Concept

- ▶ Peter F. Drucker assumption the person who parents something new in economy. Then he turned this concept as “innovation is a specific tool of entrepreneurship.”
- ▶ In this concept, entrepreneurship has been regarded as the adaptation of various innovations in industries, new production system or techniques, new products, new markets, new marketing methods, new qualities of raw materials, new packaging and new mixture on methods are used.



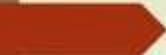
3. Managerial Skill Concept

- The Scholars supporting this concept have turned entrepreneurship as the ability of managerial skills. J.S. Mill has viewed entrepreneurship as the ability for inspections, controls, and direction.
- Similarly, The noted economist, Marshal has regarded Entrepreneurship as Managerial skill, along with the capacity to bear the risks.



4. Creative and Leadership Concept

- According to Schumpeter and Scherer entrepreneurship is a creative activity and it is function of progressive leadership, Fredric Harbinson is of the view that “entrepreneurship is the quality of developing resources of the institution, developing human capacity, performing creative activities and coordinating new thoughts.”
- He is of the opinion that new thoughts comes out 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

- McClelland is among the important scholars to accept this theory. He is of the view that “entrepreneurship is high achievement capacity concept, for which capacity of making innovations and taking the decision during risks is essential.” Under the assumption, he has mentioned two characteristics of entrepreneurship:
 1. Ability to perform work with the latest method.
 2. Ability to take decisions during uncertainties.



6. Professional Concept

- Modern management experts accept entrepreneurship as a professional concept. They are of the view that the entrepreneurship may be developed through the education and training.

7. Organisation and Coordination Concept

- According to J.B. Say, who is the strong supporter of this scheme, “entrepreneurship is that economic component which organizes and coordinates various sources of production.” J.E. Specnek has treated entrepreneurship, as an “ability to organize Enterprise.”



8. Business Oriented Concept

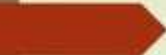

- Under this concept, entrepreneurship is expressed as the business-oriented entrepreneurial attitude of the individuals, that inspires them to become entrepreneurs, to do the business thinking, to formulate plans and programmes and to establish Enterprises.





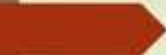


Process of entrepreneurship development


- **Discovery:** An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities. The identification and the evaluation of opportunities is a difficult task; an entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity.
- **Developing a Business Plan:** Once the opportunity is identified, an entrepreneur needs to create a comprehensive business plan. A business plan is critical to the success of any new venture since it acts as a benchmark and the evaluation criteria to see if the organization is moving towards its set goals.

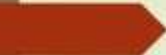

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- **Resourcing:** The third step in the entrepreneurial process is resourcing, wherein the entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.
 - **Managing the company:** Once the funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. First of all, an entrepreneur must decide the management structure or Management people that is required to solve the operational problems when they arise.

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- ▶ **Harvesting:** The final step in the entrepreneurial process is harvesting wherein, an entrepreneur decides on the future prospects of the business, i.e. its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur.
 - ▶ The entrepreneurial process is to be followed, again and again, whenever any new venture is taken up by an entrepreneur, therefore, its an ever ending process.





Role of Enterprise in National and global economy

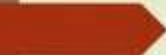

- **1. Wealth Creation and Sharing:** By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.
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- **2. Create Jobs:** When you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. Of India has launched initiatives such as

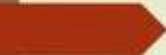

Start up India to promote and support new startups.

Make in India to creates jods in India.

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- **3. Balanced Regional Development:** Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services.

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- ▶ **4. GDP and Per Capita Income:** India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

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- **5. Standard of Living:** Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

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- **6. Exports:** Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.



Reference

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