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Entrepreneurship – A Key to Success

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Abstract:

As per the latest survey conducted by Labour Bureau and Ministry of Labour and Employment, more than five lacs people were rendered jobless during recession. It has been accepted by one and all that small entrepreneurs must be assigned a top priority in any programme of economic development, especially in a developing country like India. India is a large country with a large population. On one hand, we have abundant unskilled labour, extensive underemployment while on other hand we suffer from scarcities of technical and skilled labour and scarcities of enterprising and experienced entrepreneurs and managerial talents. The case for promoting small enterprises in our country rests primarily on the desire to honor the consecrated commitment to build up a democratic society ensuring social justice, equality of opportunities and decentralization of economic wealth and power. The present paper is devoted to highlight the functions of entrepreneurship to generate job openings that ultimate lead to economic development.

Keywords: economic development, entrepreneurship

1. Introduction

It has been accepted by one and all that small entrepreneurs must be assigned a top priority in any programme of economic development, especially, in a developing country like India. India is a large country with a large population. Although we are rich in material and manpower resources, we have yet to exploit them fully. On one hand, we have abundant unskilled labour, extensive underemployment and on the other hand, we suffer from scarcities of technical and skilled labour and from scarcities of enterprising and experienced entrepreneurs and managerial talents. Our predominantly agricultural economy has made us neither self-sufficient on the food front, nor provided our agriculturists with adequate incomes ensuring them a respectable and reasonable standard of life. Our internal market potential is very high but it is bogged down by a very low per capita income. The case for promoting small enterprises in our country rests primarily on the desire to honour this consecrated commitment to build up a democratic society ensuring social justice, equality of opportunities and decentralization of economic wealth and power.

2. Definition of Entrepreneurship

The term entrepreneurship comes from the French verb “entreprendre” and German word “entrenchment. Entrepreneurship process involves all the activities, functions and actions associated with perceiving of opportunities and creation of organizations to pursue them. Joseph Schumpeter introduced the modern definition of entrepreneurship in 1934. According to him “the carrying out of new combinations we call “enterprise” and “the individuals whose function it is to carry them out we call “entrepreneurs”, and the combination of these two is called entrepreneurship.

Entrepreneurship is combination of five basic factors namely “introduction of new product, introduction of a new method of production, opening of a new market, the conquest of a new source of supply and carrying out a new organization of industry. Entrepreneurship is a practice begins with action and creation of new organization. When any individuals create a new organization then they entered in a new paradigm of entrepreneurship.

3. Types of Entrepreneurship

Basically there are two types of entrepreneurship. It may be defined as follows.

1. Opportunities based entrepreneurship – An entrepreneur perceives a business opportunity and chooses to pursue this as an active career choice.
2. Necessity based entrepreneurship – An entrepreneur is left with no other viable option to earn a living. It is not the choice but compulsion, which makes him choose entrepreneurship as a career.

4. Entrepreneurship and Economic Development

During the days of independence, India was not afraid of any sort of economy associated with small enterprise development. Though there was a conflicting views on the role and scope of small enterprise development it was accepted by our national leaders that traditional type of enterprise have very specific role in economic development. The fact is that 35% of total manufacturing output, employment of 95 lakh persons, and about 30% of the total exports points the importance of this factor in economic development.

As per the results of the National Sample Survey Conducted (NSSC) in 1999-2000, total work force as on 1/1/2000 was of 406 million in India. Out of this 7% work force was employed in organized sector like public sector and remaining 93% work force was employed in unorganized sector. About 369 million people are placed today in unorganized sector. This will show the importance of entrepreneurship in the economic development of Less Developed Country (LDC) like India.

A recent report reveals that India needs at least 8000 new business to achieve its target of building 87 billion IT sectors by 2008. Similarly, in the next 10 years, 110-130 million Indian citizens will be searching for jobs, including 80-100 million looking for their first jobs. This does not include disguised unemployment of over 50% among the 230 million employed in rural India. Traditional large employers including the government and the old economy player find it difficult to sustain this level of employment in future; it is entrepreneurs who will create these new jobs and opportunities. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is important to get committed to creating the right environment to develop successful entrepreneurs.

Entrepreneurship have played vital role in the development of the economy of any country by providing.

1. High employment opportunities at comparatively lower capital investment.
2. Scope for achieving regionally balanced economic growth.
3. Geographical distribution of trade, industry and commerce.
4. Effective utilization of local resources, skills and entrepreneurship.
5. Opportunities for development of the attitudes of professional businessmen with a sense of dedication to society.
6. Decentralization of economic wealth and power.

The following chart will show that how entrepreneurship development will drive the economic growth of the country.

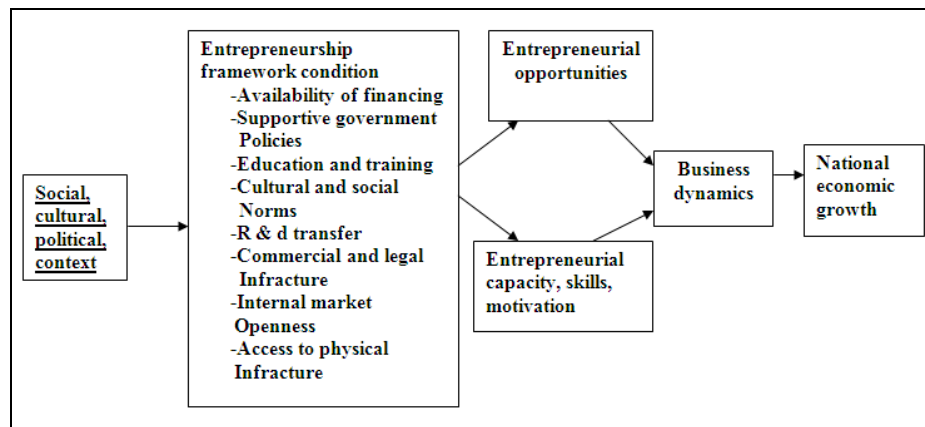


Figure 1: The Gem Conceptual Model (Gem)

Source: Reynolds, Paul D., Michael Hay, William D. Bygrave, S. Michael Camp, and Erko Autio, 2000. *Global Entrepreneurship Monitor: 2000 Executive Report* (Kansas City, Kauffman Center for Entrepreneurial Leadership), p. 6. *Asia-Pacific Development Journal* Vol. 12, No. 2, December 2005

The GEM (Global Entrepreneurship Monitor) Conceptual Model suggests that the social-cultural-political context within a country must foster certain “General National Framework Conditions,” which can generate not only the opportunities for entrepreneurship but also the capacity for entrepreneurship. The entrepreneurship opportunities, skills and motivation that lead to business dynamics and yield creative destruction, a process in which new firms are created and less efficient firms are destroyed. The overall result for a country is economic growth. The GEM model highlights the availability of financing for new entrepreneurs, the need for government policies which are supportive of entrepreneurial efforts, and the opportunities for education and training in entrepreneurship.

5. To Achieve this India Must Focus on Four Areas

1. Create the right environment for success: - entrepreneurs should find it easy to start business. Capital for business should be easily available from institutional sources. A major challenge for India is to create a handful of areas of excellence for example Gurgaon and Hyderabad for remote services and Bangalore for IT. One way of strengthening these ways is to consider the role of universities and educational institutions where excellence typically thrives.
2. Ensure that entrepreneurs have access the right skill: - a survey conducted by Mckinsey and company last year revealed that most Indian start-up business face two problems. One is how to manage business risks, build a team, identify funding and another is product development, know-how, marketing skills. Etc.
3. Ensure that entrepreneurs have access to “Smart Capital”:- India has only a few investors who support the idea in the early stages before entrepreneur becomes involved. While some associations are seeking for a way to fill gap by creating supportive activities. This is India’s third challenge creating a global support network to young business.
4. Exchange of Information: - entrepreneurs learn from experience from others. The rapid pace of globalization and fast growth of Asian Economies present tremendous opportunities and challenges for India. Through planning and focus, India can aspire to create a pool of entrepreneurs who can be the future of tomorrow.

Basically there are four factors of production land, labour, capital and organization. Organization is the coordinating factor, which brings the other factors together and entrepreneurship is driving element behind organization. By creatively organizing, entrepreneurs create new commodities or improve the plan of producing an old commodity. For this entrepreneurs must have ability to foresee changes in supply and demand and be willing to act on such risky forecasts in the absence of complete information.

The role of entrepreneur is that of a risk-bearer in the face of uncertainty and imperfect information. Entrepreneurship should be able to bear the risk of a new venture if he believes that there is a significant chance of profits. In order to develop model of entrepreneurship it is necessary to look at some of the other characteristics that help to explain why some people are entrepreneurs.

The role of entrepreneur should be of an innovator. The characteristics of entrepreneurs are alertness, recognizing opportunities etc.. An entrepreneur should have special skills that enable them to participate in the process of innovation. They should be gap fillers. Ex. they have an ability to perceive where the market fails and to develop new goods or processes that the market demands. He should have ability to connect different markets.

6. Future of entrepreneurship

The central government and state governments are taking increased interest in promoting the growth of entrepreneurship. Individuals are being encouraged to form new businesses and are being provided such government support as tax incentives, buildings, roads, and a communication system to facilitate this creation process. The encouragement by the central and state governments should continue in future as more lawmakers are realizing that new enterprises create jobs and increase the economy output of the region. Every state government should develop its own innovative industrial strategies for forcing entrepreneurial activity and timely development of the technology of the area. The states should have their own state sponsored venture funds, where a percentage of the funds have to invest in the ventures in the states.

Society's support of entrepreneurship should also continue. This support is critical in providing both motivation and public support. A major factor in the development of this societal approval is the media. The media should play a powerful and constructive role by reporting on the general entrepreneurial spirit in the country highlighting specific success cases.

7. Conclusion

There are number opportunities in small enterprises in India and such opportunities will lead India in coming future. For that there needs to be support both at the governmental and society level. For the government it is important to realize that the goal of small business owners will be to remain self-employed. Such people may not need financial assistance but they will need marketing and legal assistance in order to sustain themselves. Practical and cost effective programs need to be developed to address their needs because self-employed people will represent an important segment in economic revitalization. Entrepreneurship development is the key factor to fight against unemployment, poverty and to prepare ourselves for globalization in order to achieve overall Indian economic progress

The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place. Although government gives great support to basic and applied research, it has great success in translating the technological innovations to products or services. The study of entrepreneurship and education of potential entrepreneurs are essential parts of any attempt to strengthen this link so essential to a country's economic well-being.

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