

# 2

## Entrepreneur

### STRUCTURE

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### 2.1 INTRODUCTION

It is the entrepreneur who powers the process of economic development. The strength of an economy is in one way the strength of the entrepreneur class in the society. Entrepreneurship must acquire new management skills to succeed because mere mercantile entrepreneurship may not survive in this competitive world.

Entrepreneur density, innovative propensity and managerial ability determine the character, strength and future of economic development. Anyone who wants to become an entrepreneur can become one. All

of economic, social, psychological and demographic trends, plus the experience base for comparison and being comfortable with new technology and changes.

Entrepreneurs can have high status in society as leaders of industry and of the nation. It is necessary to create employment and contribute to the growth of the economic wealth of a country.

## 2.3 DEFINITIONS

1. According to J.B. Say, “An entrepreneur is an economic agent who unites all means of production, land of one, the labour of another and the capital of yet another, and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit”. Thus, an entrepreneur is an organizer who combines various factors of production to produce a socially viable product.
2. According to Joseph Schumpeter, “An entrepreneur in an advanced economy is an individual who introduces something new in the economy—a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, new source of raw material or of new markets and the like”. The functions of an entrepreneurship according to Schumpeter are:
  - a) Introduction of a new product.
  - b) Introduction of methods of production.
  - c) Developing new markets and finding fresh source of raw materials.
  - d) Making changes.
3. According to Cantillon “An entrepreneur is an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future”.
4. According to Peter. F. Drucker, an entrepreneur is “one who always searches for change, responds to it and exploits it as an opportunity”. Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service.
5. According to Francis. A. Walker, “the true entrepreneur is one who is endowed with more than average capacities in the task of organizing and coordinating the various other factors of production”.

To conclude an entrepreneur is the person who bears risk, unites various factors of production, to exploit the perceived opportunities in order to evoke demand, creates employment and contributes to the economic wealth of a country.

## **Entrepreneurism**

The term entrepreneurism can be defined as “the art and science of doing entrepreneurial things”.

### **2.4 IMPORTANCE OF AN ENTREPRENEUR**

1. He acts as the engine of economic growth of a country.
2. He is risk-taker, who takes advantage of opportunities to acquire and use scarce resources in new ways or develop new ways of thinking.
3. He brings in overall changes through innovation for maximum social good.
4. He combines entrepreneurial drive with leadership and innovativeness.
5. He activates the development of backward areas, rural areas and tribal areas.
6. He plays an important role in the creation of employment opportunities, improvement in the standard of living of weaker sections of the society.
7. He is treated as a pillar of industrial strength i.e., people who constantly challenge the existing mode of carrying business operations or gainful activity.
8. He can inspire younger generation (would-be entrepreneurs) because, they are often treated as achievement oriented individuals driven to seek challenges and achieve something new.
9. He is the “economic functions”. He envisages new opportunities, new techniques, new line of production, new products and who muster together effectively the finance management, labour and material management to make the ball roll.

### **2.5 BENEFITS OF BEING AN ENTREPRENEUR**

The following are the benefits of being an entrepreneur :

1. There is scope for innovation and creativity. The entrepreneurship provides an opportunity for self-expression and the realization of one's passion for doing something new and different.
2. He can make his own decisions and act on them.
3. There are numerous opportunities for self-development.
4. Yields immense satisfaction and pleasure for more than what one can set in a job because he works on his own.
5. He can generate employment for others as an employer.
6. Monetary rewards can be more than commensurate with one's capacity and capabilities.
7. He can make significant contribution to the development of the country.
8. He can be an achiever, realize his goals and prove one's achievements to the world.
9. He can be doubly fulfilled. He realizes both goals, that of individual states as well as of contribution to society, benefiting from one's own competence and experience.
10. He can be independent.

## **2.6 PROBLEMS OF BEING AN ENTREPRENEUR**

Dispite the various benefits, an entrepreneur has to face the following problems:

1. He should be prepared to sacrifice his family for his business. Not in the sense that he has to stay away from family, but he has to put his business first for initial 10 years of its existence.
2. He should be prepared to forgo regular income. There may be fluctuation in income or sometime he may incur loss due to competition, government policies, etc.
3. The entrepreneur has to manage the stress in the initial stages of the business. The stress could be individual stress, organisational stress, group stress and environmental stress.
4. Managing time is a crucial factor for an entrepreneur. He cannot enjoy time as enjoyed by employed persons. He has to manage the time effectively.

## **2.7 QUALITIES OF AN ENTREPRENEUR**

The essential qualities of an entrepreneur is not very different from

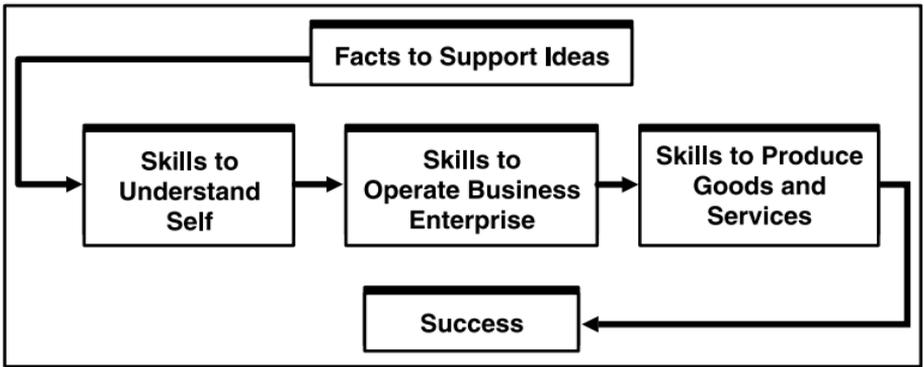
the qualities required to achieve success in everything in this world. There are some, however, that are needed more abundantly if an entrepreneur wants to succeed with his business. They are:

1. **Courage** : An entrepreneur must have courage. In the early stages of every business he runs into a bad patch. It may last a long time. For example, the projected sales are not being met, overheads are running ahead of budget, the spare cash is running out, etc. Therefore, courage is described as ‘grace under pressure’.
2. **Judgement** : An entrepreneur need brains but not as much as people think. More important than conventional brain is ‘judgement’. Judgement about what people want, what they will pay for it, how many will want it, how to reach them to tell them about it, etc.
3. **Determination** : Determination is sometimes described as ‘fixedness of purpose’. Determination is for the optimist, not for the pessimist. For instance, as any doctor can tell you, recovery is part nursing, part determination. So is business, good management (nursing) will get you a long way, if there is determination.
4. **Man of action** : An entrepreneur must be a ‘man of action’ who gets his hands dirty, know an how to delegate, but when necessary, himself does what needs to be done.
5. **Goal oriented** : An entrepreneur must be goal oriented and respond to corporate rewards and recognition.
6. **Highly motivated** : An entrepreneur must be highly self-motivated individual who take risks to achieve goals.
7. **Highly creative** : An entrepreneur must have high degree of creativity, innovation, imagination and integration.
8. **Result oriented** : An entrepreneur must be result oriented. He must work hard in turn for personal and financial rewards.
9. **Responsibility** : An entrepreneur must accept responsibility with enthusiasm and endurance.
10. **Self-confidence** : An entrepreneur must have self-confidence and dedication.
11. **Perseverance** : High on the list of qualities of an entrepreneur is perseverance. The poet Robert Burns said : “whether doing, suffering or forbearing you may do miracles by persevering.”
12. An entrepreneurs must be both thinker and doer, planner and worker.

13. **Attributes and skills :** An entrepreneur must have a number of attributes and skills in order to properly plan his/her enterprise and make it successful during the initial stages of bussiness.

These are :

- a) Knowing about himself, that is, the attributes of entrepreneur
- b) Assessment of business ideas.
- c) Having skill to operate the business
- d) Having the technical skill to produce the goods and provide services that are offered to the customers.



*Fig 2.1: Attributes and skills for an entrepreneur*

14. **Technically competent :** Entrepreneurs must be technically sound and competent to produce the product.
15. **Ability to communicate :** Effective communication is important for a successful entrepreneur for smooth and productive working within the enterprise and outside the enterprise for good image of the business.
16. **Ability to have human relations :** An entrepreneur must have good relationship with employees, customers, suppliers, creditors and the general public with a sense of humour for the success of his business.
17. **Other qualities :** Entrepreneurs must have other personality traits contributing to the success of an enterprise such as emotional stability, consideration, tactfulness, etc.

Thus, there are number of ways in which different people have achieved success. But there is indeed no single full proof formula to be successful. Circumstances and factors leading to success could be quite varying in various cases. The intention of including numerous

qualities which can help in making an entrepreneurial efforts a success is not to emphasize that an entrepreneur must possess all these qualities. In fact, he need not necessarily require all A to Z qualities and personal traits. In other words, the qualities required may differ in different situations. An entrepreneur must therefore try to possess the kind of qualities required for success in the kind of business he operates.

## **2.8 CHARACTERISTICS OR TRAITS OF AN ENTREPRENEUR**

Many studies have investigated the personality, behaviour and life experience of self-employed individuals and their results have shown common characteristics or traits, that are often found in these individuals. Essential characteristics or personal traits of an entrepreneur are as follows:

1. **Success and Achievement** : The entrepreneur is determined to achieve high goals in business. This achievement motive strengthens him to overcome the obstacles, suppress anxieties, and repair misfortunes to run a successful business.
2. **Risk Bearer** : An entrepreneur accepts risk. He selects a moderate risk situation, rather than gambling or avoiding risk. He understands and manages risk.
3. **Opportunity Explorer** : An entrepreneur identifies opportunities. He seizes opportunity and converts them into realistic achievable goals.
4. **Perseverance** : An entrepreneur makes extreme efforts and works hard till the goal is successfully accomplished. They are deterred by uncertainties, risks and difficulties coming in the way of achieving the ultimate goal.
5. **Facing Uncertainty** : Achievement oriented people tend to tackle an unfamiliar but interesting situation. They go ahead with solutions for the problems even without the guidelines.
6. **Feedback** : An entrepreneur likes to have prompt and immediate feedback of his performance.
7. **Independence** : An entrepreneur likes to be his own master and wants to be responsible for his own decision. An entrepreneur is a job giver and not a job seeker.

8. **Flexibility** : An entrepreneur makes decision based on the prevailing situations. Successful entrepreneurs do not hesitate in revising their decision. An entrepreneur is a person with open minds and not rigid.
9. **Planner** : An entrepreneur frames realistic business plans and follows them rigorously to achieve the objectives in a stipulated time limit.
10. **Self-confidence** : An entrepreneur directs his abilities towards the accomplishment of goals with the help of his strengths and weaknesses.
11. **Motivator** : An entrepreneur influences and initiates people and makes them think in his way and act accordingly.
12. **Stress Taker** : An entrepreneur as a focal point will make many right decisions which may involve lot of physical and emotional stress. He keeps cool under a lot of tension while making decisions.
13. **Initiative and Responsive** : An effective entrepreneurs actively seeks and takes initiative. He has been viewed as an independent and highly self-reliant innovator. He willingly puts himself in situations where he is personally responsible for the success or failure of the operation. He likes to take the initiative in solving a problem or filling a vacuum, where no leadership exists. He also likes situations where his personal impact on problems can be measured. This is the action oriented nature of an entrepreneur.
14. **Internal Focus of Control** : An entrepreneur believes that his accomplishments and focus are within his own control. A successful entrepreneur believe in himself.
15. **Integrity and Reliability** : An entrepreneur's integrity and reliability are crucial factors to success. He believes that these two attributes establish good personal and business relationships among investors, partners, customers and creditors.
16. **Creativity and Innovativeness** : Creativity is an exclusively inherited characteristic of an entrepreneur. "Creativity" is the generation of ideas that results in the improved efficiency and effectiveness of a system.
17. **Quick Learners** : An effective entrepreneur is often described as a quick learner. He will have strong desire to know well and improve his performance.

18. **Tolerance** : A successful entrepreneur has the ability to face setbacks, surprises and stress. He is not disappointed, discouraged or depressed by a failure.
19. **Vision** : An entrepreneur will have a vision or foresight of what his firm should be after few years.
20. **Team Building** : Even though the entrepreneur desires for independence and autonomy, he prefers to build a strong entrepreneurial team for the venture's growth and development.
21. **High Energy Level** : A successful entrepreneur will have high level of energy to handle the extraordinary workloads and stress. He fine-tunes his energy levels by carefully monitoring his food habits, exercise, routines, etc.

## **2.9 FUNCTIONS OF AN ENTREPRENEUR**

An entrepreneur performs all the necessary functions which are essential from the point of view of management of an enterprise. The functions can be broadly classified into:

1. Primary functions
2. Other functions
3. Functions for developing or underdeveloped countries.

### **I. Primary Function**

The primary function of an entrepreneur is as follows:

#### ***1. Planning***

Planning is an indispensable function of an entrepreneur determining the objectives to be achieved and the course of action to be followed to achieve them. It is the first step in the direction of setting up of an enterprise. Following are the planning processes involved in the setting up of an enterprise.

1. Generation of ideas
2. Scanning the ideas generated.
3. Determination of form of organisation (i.e., sole trading, partnership or company)
4. Capital requirement
5. Selection of capital resources.
6. Selection of location.

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7. Selection of product or product line.
8. Study of labour force availability
9. Analysis of market and adoption of suitable marketing strategy.
10. Study of Government regulations, rules and policies of both centre and state.
11. Fulfilling the requirements of Government rules and regulations.

### **2. Organizing**

Organizing involves identification and grouping two activities to be performed. Organizing can be viewed as a bridge connecting the conceptual ideas developed in creating and planning to the specific means for accomplishing these ideas. Therefore, an entrepreneur organizes the basic requirements like land, labour and capital during the promotion stage and at the performance stage. It all depends on the organisational network employed and monitored by the entrepreneur.

### **3. Decision Making**

According to Aruther H. Cole an entrepreneur has to take the following decisions:

1. Decision on objectives of the enterprise.
2. Decision on procurement of machinery, materials men, money and market.
3. Decision on marketing strategy for the product.
4. Decision on public relations with public authorities and society at large.

### **4. Management**

Management refers to managing the venture at the beginning and also managing the day-to-day operations. For example, managing, raw material, labour, machinery, money, etc.

### **5. Innovation**

Innovation is an exclusively inherited characteristic of an entrepreneur. According to Schumpeter, innovation may occur in any one of the

following forms.

1. Launching of a new product in the market
2. Introduction of a new technology in the production.
3. Creation of new markets.
4. Discovery of new and better source of raw material.
5. Creation of monopoly or breaking up monopoly.

## **6. Risk Taking**

The entrepreneur takes calculated chances in creating and running a venture.

## **II. Other Functions**

Besides the above mentioned functions, the entrepreneur has to perform many other activities at the later stage. They are as follows:

1. Diversification of production.
2. Expansion of the enterprise.
3. Maintaining cordial employer-employee relations.
4. Tackling of labour problems.
5. Coordination with outside agencies.

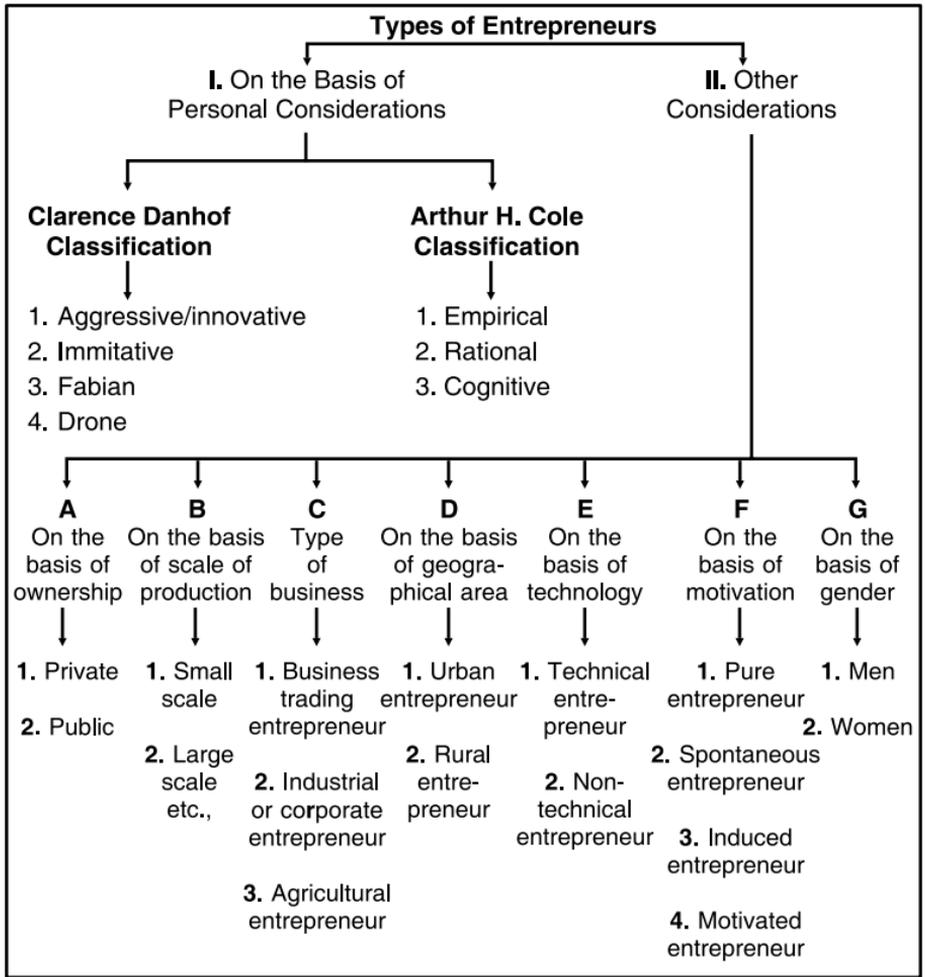
## **III. Functions for Developing or Underdeveloped Countries**

The functions of an entrepreneur with reference to underdeveloped countries has been provided by Kilby is as follows:

1. Management of scarce resources.
2. Dealing with public bureaucracy (concession, licences, taxes).
3. Acquiring and overseeing assembly of the factory.
4. Industrial designing and engineering.
5. Marketing of product and responding to competition.
6. Perception of market opportunities (novel or initiatives).
7. Financial and production management.
8. Management of customers and supplies relations.

## **2.10 TYPES OF ENTREPRENEURS**

Following is the classification of entrepreneurs on the basis of personal and other considerations:



**Fig. 2.2. Types of Entrepreneurs**

**I. On the Basis of Personal Considerations**

**A. Clarence Danhof Classification**

Clarence Danhof classifies entrepreneurs into four types:

1. **Innovative** : An innovative entrepreneur is one who assembles, synthesizes information and introduces new combination of factors of production.
2. **Imitative** : Imitative entrepreneur is also known as adoptive entrepreneur. He simply adopts successful innovation introduced by other innovators.
3. **Fabian** : The Fabian entrepreneur is timid and cautious. He imitates other innovations only if he is certain that failure to do so may damage his business.

4. **Drone** : His entrepreneurial activity may be restricted to just one or two innovations. He refuses to adopt changes in production even at the risk of reduces returns.

### ***B. Arthur H. Cole Classification***

Arthur H.Cole classifies entrepreneurs as

1. **Empirical** : He is an entrepreneur who hardly introduces anything revolutionary and follows the principle of rule of thumb.
2. **Rational** : The rational entrepreneur is well informed about the general economic conditions and introduces changes which look more revolutionary.
3. **Cognitive** : Cognitive entrepreneur is well informed, draws upon the advice and services of experts and introduces changes that reflect complete break from the existing scheme of enterprise.

## **II. Other Considerations**

### ***A. Classification on the basis of ownership***

1. **Private**: Private entrepreneur is motivated by profit and it would not enter those sectors of economy in which prospects of monetary rewards are not very bright.
2. **Public**: In the underdeveloped countries Government will take the initiative to share enterprises.

### ***B. Classification Based on the Scale of Production***

1. **Small-scale** : This classification is specially popular in the underdeveloped countries. Small entrepreneurs does not possess the necessary talents and resources to initiate large-scale production and introduce revolutionary technological changes.
2. **Large-scale** : In the developed countries most entrepreneurs deal with large-scale enterprises. They possess the financial and necessary enterprise to initiate and introduce new technical changes. The result is the developed countries are able to sustain and develop a high-level of technical progress.

### ***C. Classification on the Basis of Type of Business***

1. **Trading entrepreneur** : A trading entrepreneur is one who

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undertakes buying and selling activity or trading activity in the channel of distribution process. He is not concerned with manufacturing activity. Trading entrepreneur could be a retailer, a wholeseller or a distributor.

2. **Industrial entrepreneur** : An industrial entrepreneur is one who undertakes manufacturing activity i.e., converting raw materials into finished goods.
3. **Agricultural entrepreneur** : An agricultural entrepreneur is one who undertakes agricultural activities like raising and marketing of agricultural produce and other agriculture related activities.
4. **Services entrepreneur** : A service entrepreneur is one who engage himself in service activities like tourism and travel, hotel, hospital, consultancy service, accounting and taxation, etc.

#### *D. Classification on the Basis of Geographical Area*

1. **Urban entrepreneurs**: An urban entrepreneur is one who establishes his business in urban areas (i.e., in cities). He could be in trading a industrial or service entrepreneur of any age and gender.
2. **Rural entrepreneur**: A rural entrepreneur is one who undertakes business activity in the rural area (i.e., villages).

#### *E. Classification on the Basis of Technology*

1. **Technical entrepreneur**: A technical entrepreneur is one who has technical knowledge or expertise, craftsmanship, technical know-how, and who can develop a new or improved quality product. Example: Automobile production, biotechnology products, and so on.
2. **Non-technical Entrepreneur**: A non-technical entrepreneur is one who is not specialized in technical aspects of the product. He is concerned with other business activities like marketing and distribution.

#### *F. Classification on the Basis of Motivation*

1. **Pure Entrepreneurs**: A pure entrepreneur is one who undertakes an entrepreneurial activity for his personal satisfaction and status to gain economic rewards.

2. **Spontaneous Entrepreneur** : A entrepreneur who establishes the business out of his natural talent with strong conviction and confidence in their ability.
3. **Induced Entrepreneur** : Entrepreneur who starts an enterprise to avail some benefits from the government, like financial, non-financial and technical assistance and concessions.
4. **Motivated Entrepreneur** : Motivated entrepreneur is one who is motivated through an entrepreneurial motivation training. He is trained to achieve, improve self-confidence, communicate and success in business.

### ***G. Classification on the Basis of Gender***

1. **Men entrepreneur** : Majority of the entrepreneurs are men. They have the natural ability to start and sustain the business.
2. **Women entrepreneur** : An entrepreneur who initiates, organizes, and operates a business entrepreneur as a woman. Woman takes the lead and organizes the business or industry and provides employment to others.

## **2.11 WOMEN ENTREPRENEURS**

### **Introduction**

Women entrepreneurship in India is still at nascent stage. Women are often heavily discriminated against in many countries including India. In some situations this may actually encourage women to start their own ventures because they may not secure employment or rise in pay and leadership within their current employment. In other situations, certain crafts may not be socially acceptable for women. There is a great struggle for equality in many countries which is usually test identified as the equal opportunity for the job skill a position and the same pay.

Education and awareness programmes have encouraged women entrepreneurs. Women have set up establishments to manufacture solar cookers in Gujarat, small foundries in Maharashtra and TV capacitors in Orissa. These are non-traditional industrial units. Women also engage themselves in the traditional sectors of embroidery, lace, toys, doll making, mat-weaving and the production of fancy-cum-utility

They could be early drifters who end up self-employed, because of lack of suitable opportunities in the workplace. They are most likely to persist in business until they reach the success-disengage stage given their low-commitment to entrepreneurial ideals. They either choose to spend more time on family and home related activities, keeping their businesses small and stable, or opt out and join the formal workforce if that offers a better equilibrium in terms of their personal, financial, family and community related goals. Lack of resources at the start-up stage often locks them into low potential ventures and firms that would typically exhibit a low growth potential.

### **3. Family-Driven Entrepreneurs**

For these entrepreneurs, business choices and decisions are substantially influenced by family considerations. Business comes after family and is run more like a hobby for self-fulfilment. Given a strong relational support structure, entrepreneurs in this group would typically start ventures in the 35-40 age group when work-home conflicts have tapered off. Once again, a low commitment to entrepreneurial ideals would see the enterprise being run as hobby by largely home-based women entrepreneurs and the business would rest at a success-disengage level. In certain cases, especially where the women come from family business backgrounds and if the relational support base can provide enough finance and personnel to support growth, the firm may move further up the stages of growth. However, this would depend on the synergy possible with the mainline family business, and at this stage the woman is likely to be aided substantially by others in the network.

### **4. Financial Need/Additional Income-Driven Entrepreneurs**

For these women, entrepreneurship is a necessity, not a choice. They could be resource-poor because they are from low income group or because they have experienced a trauma—the death of husband or a divorce, which reduces their monetary status. Given the high importance of conventionally defined gender roles in this segment, women who start their business in their middle age would carry high levels of work-home conflict through the initial subsistence and survival stages of their business. Given also their resource-poor status,

low relational support base and their general unpreparedness of entrepreneurship, the likelihood of their being locked into low potential ventures would be great. Once their firms achieve success, these entrepreneurs would most likely disengage and opt for small and stable business. Their financial need levels may also make them more risk averse and these entrepreneurs would be more likely to keep the enterprise running so as to provide for their needs or at best to keep the enterprise alive until the next generation can take over.

### **2.13 DEVELOPMENT OF WOMEN ENTREPRENEURS IN INDIA**

As per the 1981 census, women constitute forty eight per cent of the total population. The women workforce constitutes only the twenty-eight per cent of the female population. Out of the total number of self-employed persons women account for only five percent. The majority of the self-employed women are engaged in the unorganized sector like handicrafts, handloom, cottage industries and agriculture.

The Seventh Five-Year Plan has covered the integration of women in economic development. In this regard the plan document has suggested the following:

1. To consider women as specific target groups in developmental programmes.
2. To diversify vocational training facilities for women to suit their varied needs and skills
3. To encourage appropriate technologies, equipment and practices for reducing their drudgery and increasing their efficiency and productivity.
4. To provide marketing assistance at the state level.
5. To increase women's participation in decision making.

The Eighth Five-Year Plan gave due importance to the development of the small sector. The number of small-scale units were expected to increase from one and half million to two and half million during 1992 to 1997. It is estimated among the small-scale entrepreneurs, nearly nine per cent would be women. If this trend is maintained women's participation is likely to increase to twenty percent of the total small-scale sector units.

The new industrial policy has stressed the importance of entrepreneurship among women. The policy has the strategy for the

holistic development of women. This will help to develop their personality and to improve their economic and social conditions. This policy has redefined “women units” as units in which they had a majority share holding and management control.

The New Industrial Policy has also stressed the need for conducting special entrepreneurship development programmes for women with a view to develop entrepreneurship among women. The policy has given the following recommendations :

1. Conduct product and process-oriented courses to enable women to start small-scale industries.
2. The objective of small courses should be to give representation to women in the small industry for their upliftment of their economic and social states.

Thus, development of women entrepreneurship should form an integral part of socioeconomic developmental efforts.

## **2.14 PROBLEMS OF WOMEN ENTREPRENEURS**

In the man dominated society, the greatest deterrent to women entrepreneurs is that they are women. The problems faced specially by the women entrepreneurs are as follows.

### **1. Lack of Encouragement from Financial Institutions**

Financial institutions are sometimes doubtful of women entrepreneurs' entrepreneurial abilities. The bankers consider women loaners are higher risk than men loaners.

### **2. Lack of Financial Resources**

Women entrepreneurs suffer from inadequate financial resources both long-term and working capital. Due to negative attitude of financial institutions and male members, about the capabilities of women, they are forced to rely on their own savings and loaners from family friends. This leads to failure of enterprise due to insufficient financial resources.

### **3. Low Mobility**

Women entrepreneurs generally face the problem to travel from one place to another for business purposes.

## **10. Lack of Raw Materials**

The majority of the women are engaged in the unorganized sector like handicrafts, handloom and cottage-based industries. For these sectors there is inadequate availability of raw materials.

## **11. Stiff Competition**

Women entrepreneurs in the unorganized sector face intense competition from organized sector and male entrepreneurs in terms of quality and price of the product.

## **12. Lack of Training**

A woman entrepreneur from middle class starts her first entrepreneurial venture in her late thirties or early forties due to her commitments towards children. Therefore, her biggest problem is the lack of sufficient business training and this weakness is all the more glaring in the case of rural entrepreneurs who are uneducated.

Thus, in addition to the above, the women entrepreneurs also face other problems faced by small-scale sector.

Due to social structure which is often culturally driven, women have different training needs when it comes to entrepreneurship and self-employment that helps to gain confidence.

## **13. Marketing Problems**

Access to market is more difficult than access to finance. Access to market pose a very big challenge to entrepreneurs. Women entrepreneurs with adequate experience continue to face the problem of marketing their products.

## **14. High Cost of Production**

The profitability, development and expansion depends on the cost of production.

High cost of production due to problem of material, labour, infrastructure, human resource, etc. hinders the efficiency, development and expansion of an enterprise. Women entrepreneurs also face the same problem.

## **15. Lack of Information**

Women entrepreneurs sometimes are not aware of technological developments and other information on subsidies and concessions available to them in respect of getting loan or getting industrial sheds, or raw materials, etc.

## **16. Lack of Self-confidence**

The element of risk is very high in business. The women entrepreneurs hesitate to take risk. The risk bearing ability is comparatively lower than men.

## **2.15 PROMOTION OF WOMEN ENTREPRENEURS**

The future of small-scale industry depends very much on the entry of women and their participation. So, promotion of women entrepreneurs should become an integral part for the women development as well as economic growth.

### **Steps for Promotion**

Following steps to be taken to promote women entrepreneurs in India.

1. An environment should be prepared to enable their participation.
2. Women should be motivated to come out of their traditional occupation for accepting more challenging and economic activities.
3. Funding agencies to be sympathetic towards women entrepreneurs.
4. Banks and other financial institutions must provide credit to women entrepreneurs on both priority basis and concessional terms.
5. Simplify the procedure of licensing and Government regulations to start a new business enterprise for women entrepreneurs.
6. Motivate new women entrepreneurs into this field through audio-visual media.
7. The promotional and regulatory agencies should also be motivated to be considerate, understanding and helpful towards women entrepreneurs.

## 2.17 AN ENTREPRENEUR AND AN INTRAPRENEUR: A COMPARISON

<b>Point of Distinction</b>	<b>Entrepreneur</b>	<b>Intrapreneur</b>
1. Qualities	An innovative, risk taker, high achiever etc.	Person having all the qualities and characters of an entrepreneur
2. Goal Management	An entrepreneur starts a venture by setting up a new enterprise for his personal gratification	But the main aim of a intrapreneur is to render his service in an enterprise already set up by someone
3. Status	An entrepreneur is the owner of enterprise.	Works for others as a paid employee
4. Risk	An entrepreneur bears all risks and uncertainty involved in the enterprise.	Does not bear all the risk involved in the enterprise (moderate risk taker)
5. Rewards	Entrepreneur for his risk bearing role he receives profits. It is only uncertain and irregular but can at times be negative	Which is fixed and regular income can never be negative.
6. Innovation	As an innovator he is called change agent who introduces goods and services to meet changing needs of the customer.	An intrapreneur executes the plans of the entrepreneur. Thus, intrapreneur translates the ideas into practice.

After the successful execution of this project, Murthy did not take the next flight back home. He donated most of his earnings, keeping only \$ 450 with him and spent almost a year on the road from Western Europe to Eastern Europe to Kabul in Afghanistan. Kabul to Amritsar was the only route on which he took a plane before coming over to Pune in 1974 to join his mentor, Professor Krishnayya.

A little later, Murthy took up a job in Patni Computer Systems (PCS) a Mumbai-based firm, after some time he was somewhat frustrated with the work at SRI (getting the usual bureaucratic treatment of seldom implementing sincere suggestions).

At PCS he was head of the software group and it was here that he met some of his would-be founder-partners of Infosys. He quit the job and started his software service firm along with his partners. This was the firm which was to become the giant that Infosys is today. Out of his six founder-partners, three were rookies—PCS was the first job for Nandan M. Nilekani, S. Gopalakrishnan and Ashok Arora. Only K. Dinesh (NGEF, Bangalore), N.S. Raghavan (Union Carbide) and S.D. Shibulal (BEST, Mumbai) had some prior experience elsewhere. Not that all these had any money. They were all from middle class backgrounds and pooled in Rs. 10,000 capital borrowed from their better-halves. Infosys Consultants was born in July 1981 in one bedroom of a two-bedroom apartment in Pune.

The incidents surrounding the life of this unusual 'middle class' businessman do not end here. The first ten years after 1981 were quite tough for Murthy and his team. 'It tooks us one year to get a telephone; it tooks us two years to get a licence to import a computer; ... stupidity was the order of the day then'. Says Murthy. Murthy stuck it out through thick and thin. In 1990, his partners thought of selling the company. But, Murthy differed and even offered to buy his partners out. Murthy always tooks risks and it always seems to have paid off.

Look at the more recent development. Most Indian companies, throughout these 50 plus years of Independence have shown a tremendous resistance to set up shop abroad. There has always been this foreign-phobia for which there are many reasons. Most reasons do look genuine as usual. In such a milieu, Murthy did the unthinkable. If Dhirubhai Ambani went to the Indian people with his famous equity issues, Narayans Murthy went to the USA itself and listed his company on the NASDAQ National Market. Some others later, followed suit.

## CASE 2

### **Kiran Mazumdar-Shaw**

Kiran Mazumdar-Shaw at 47 is the Chairman and Managing Director of India's biggest biotechnology venture. The Biocon India Group. For the past 20-odd years she has been leading in the biotech industry.

Kiran was brought up in Bangalore where she studied Science with an eye on a career in medicine. When she could not procure a seat in a medical college. She studied for her bachelor's degree in biological sciences and topped the batch in Bangalore University.

Accomplishing the most unusual is another of her characteristic. Kiran completed a postgraduate course in brewery technology from Australia and became a brew master. During her search for a job, she stumbled upon the opportunity to start an enzyme manufacturing unit for an Irish company. The 'explorer' within her took charge and she did all that she could to excel in the business. The results are there for all of us to see the Biocon group of industries that started in a garage is today the largest biotech company in India. It is not the size that matters in this case. There may be so many other soap, toiletries and cosmetics companies that are much bigger. It is the leadership of Biocon Group in the new and very promising area of biotechnology that is extremely significant. It has the potential to give a totally new direction to Indian industry, economy and to the world's industry at large. This truly is creative work in setting up a steel industry in India, Kiran Mazumdar-Shaw's contribution to Indian industry is similarly heroic.

Kiran has chosen to do business in virgin field, leading the biotech revolution in India from the forefront. Until recently and the dawn of the new millennium, very few in India and even in the world were aware of the potential of biotechnology. It was like a dark tunnel. However, Kiran recognized the inherent potential and worked relentlessly with a dedicated band of people whom she selected and developed. Talking about the Biocon Group's achievement in terms of its growth rate, turnover, the number of scientists working for the group and its total manpower would only divert attention from her singular task of pioneering leadership in an area hitherto unexplored by Indian business.

Kiran has that ability to spot an opportunity miles away, a kind of telescopic vision. So far, it was infotech that India saw its vast potential,

now it is biotech. With the advent of the human genome project, it now appears that biotech will soon match Infotech as one of the two most promising industries in India. Much of this is now possible, thanks to the foundation laid by Kiran.

She is such an exemplary leader and has achieved such heights of success in her endeavours that to draw attention to the fact that she is a woman in a largely male-dominated business and industry may risk one speaking about things that are insignificant.

To sum it up, Kiran Mazumdar-Shaw can be rightly called a great entrepreneur of our times. A creative mind par excellence, combined with a keen organizing capacity, she has given this country an entirely new area to develop and scope to compete in the international arena. India has the capacity to produce hundreds of thousands of researchers in biology, geneticists, biochemical engineers, agricultural and food scientists and environmentalists.

Thanks to the vision and leadership of Kiran Mazumdar-Shaw, Karnataka, from where the Biocon Group operates, has now formed a Biotechnology Vision Group with Kiran as its Chairperson. There is also a Biotechnology Development Council, with Kiran as one of its members. The Council will develop norms to set up biotech companies, represent trade and interact with government departments. Kiran Mazumdar-Shaw will advise the government on policy initiatives. A Centre for Human Genetics is being set up in Bangalore with leading scientists and policymakers on its governing board. An institute of agro-biotechnology is to be set up in Dharwad. The spark set off 20 years ago by an electric Kiran has now become a fire to augment the engine of growth in India.

Yes, today if some starry-eyed entrepreneurial aspirant were to ask for heroes and role models, Kiran Mazumdar-Shaw should definitely figure at the top of the list.

## **QUESTION**

Examine the true qualities in Kiran Mazumadar-Shaw—a successful Entrepreneur.

one-third of the nation's marketable surplus milk. This is a tremendous achievement even in simple 'milk' terms.

Tremendous, because it directly touches the lives of more than 10 million Indians everyday, every morning and evening. Indirectly, it would touch at least as many families, which means about 50 million Indians. The total impacts much more than this. One commodity, milk, making a difference to the lives of such a large section of our population is indeed remarkable. This population is the segment where the difference matters most, the segment of marginal farmers and that of rural women. When this is taken into consideration, Verghese Kurien's achievement has received international acclaim. The World Bank made an evaluation of operation flood and in its report published in 1998, it said, 'The overall expansion of dairy industry from the early 1970s has been comparable to the more widely recognized Green Revolution crops of wheat and rice'. Operation Flood is unusual. In that it is a single-commodity 'integrated development project'. For those landless people who already own a milch animal or who have been able to purchase one, it has been a boon. In the villages of Gujarat they now say, 'Jene ghar kalli, tene ghar roj Deewali' (one who has a black animal (a buffalo) at home, has Deewali festival celebrations in his house everyday).

Also, in collaboration with NGOs, more than 10,000 women's dairy cooperative societies have been established in India. The social impact of such societies has been dramatic since they are exclusively managed by women and empower the rural womenfolk. These have given rise to an army of self-confident and talented leaders. As women earn a higher income and achieve a financial freedom never known before and as they understand the world around them, they encourage better education for their children, ask for better healthcare and avail family planning facilities. 'If a female buffalo can have good health, why can't we'—it is a simple logical extension. The understanding of a buffalo's reproductive cycle, which is essential for AI (Artificial Insemination), provides them with a compulsory tutorial on the possibilities of family planning. Preventive vaccination of cattle has led to a greater acceptance of vaccination in mothers and children. The World Bank reports that 'with more than 6,000 women's cooperative societies and upwards of 3,00,000 active members Operation Flood provides an example of a large-scale programme redesign to address gender issues'.

Minister was impressed. A simple-looking village cooperative; but, how effective it had been in levelling caste differences !

No one would be happier than Kurien that the saplings he planted and nurtured have taken such a beautiful shape. But, he doesn't take credit for it. 'It was Tribhuvandas Patel, a freedom fighter who had been jailed many times in our struggle for Independence, a leader of men, a man of wisdom, unrelenting, stern and puritanical integrity, who made Amul, not I. I only helped him. I owe a great deal to Shri Tribhuvandas, our nation and our farmers. He was my guru, he says in all humility. 'the farmer is my boss. I have 10 million bosses. I have to satisfy them or I will be fired, he adds.

Kurien is also very quick to acknowledge that this was an accident, a happy accident, because in 1949 when he came to Anand, he got the release orders from his job at the Government Creamery in Anand, he was all set and eager to pack off to Mumbai. But Tribhuvandas Patel, the then Chairman of Kaira District Cooperative Milk Producers' Union, a freedom fighter and an associate of Sardar Vallabhbhai Patel, with whom Kurien had developed neighbourly friendship, requested him to stay on in Anand for some more time and help him put his cooperative society's dairy equipment together. Kurien decided to stay back for a few more days, stayed there forever and the rest that happened is now history. He initially thought that he was only helping a friend set up. A small dairy, but slowly he imbibed the spirit behind the dairy and the cooperative society that his guru Tribhuvandas had started. From an engineer he bloomed into a fighter for a larger cause, the cause of poor farmer.

Despite the huge success that his projects and programmes achieved, for Kurien, the task is far from complete. Nothing for him is 'enough'. What is the definition of "enough"? he asks and adds, "Today we produce "enough" cereals in India, we produce "enough" milk and "enough" fruits and vegetables. What it means is because 40 per cent of our population cannot afford to buy most of the commodities that they need, there is enough to go around between those who can afford to buy what is available. And that is not enough!"

It is an imperative for Kurien's programmes to be educational. His basic belief is that true development is the development of man. Kurien the educationist, it's the Founder-Chairman of the Institute of Rural Management (IRMA) and has been on he board of Indian Institutes of Management at Ahmedabad and Bangalore. He is very

fond of telling students and teachers from these premier institutions that ‘the richness of life comes, not from a fat pay slip, but from placing one’s talents at the service of those who genuinely need them. ‘Kurien’s life is in itself a book that one could learn from.

## **QUESTIONS**

1. List the major entrepreneurial competency you find in Dr Verghese Kurien
2. Go through the case and bring out the factors making Amul a success story.

computer set-ups Azim and his genre of business leaders have given India's young generation new hope and a new vision, and the 'fourth eye'. Front-stage in the band of visionary leaders who charted unknown and hostile territory, Azim is showing the route to a new world of opportunities.

There is an air of informality in the Wipro offices where every person is equally important. Unlike the traditional Indian business houses and offices in American or West European companies (where an uncomfortable tinge of superiority pervades the atmosphere) Wipro is different. A company that has 65 per cent of its revenue coming from sales to the developed world, particularly the USA, it seems to truly believe in the dignity of labour. For instance, Azim Premji's secretary appears quite friendly a lady living next-door. Azim's motto is efficiency which does not need to be proclaimed from the rooftops—it will be proved in your results. This is Wipro's fundamental belief shared by one and all in the organization.

Azim Premji and synonymously, Wipro has placed enormous faith in 'efficiency'. 'Value for money' is an important commitment from Wipro. Its promise to the customer is:

‘With utmost respect to **Human values**,  
We promise to serve our  
**Customer with Integrity**,  
Through a variety of **Innovative**,  
**Value for Money**, products and services,  
By **Applying Thought**, day after day.

Value for money is the bottom line, the base of enduring success in business, which few businessmen truly understand. Constantly improve or even to maintain the same level of value for money for the customer. Azim Premji's success in any branch of business can be understood in the light of this 'mantra'. From 1966 to 1975 his main business was that of hydrogenated vegetable oil, 'vanaspati'; he made good in that line of business despite the fact that he had to face major giants such as Hindustan Lever and Godrej by applying thought. He departed from the prevalent business norms and approached the consumers directly. He did this by providing 'vanaspati' in smaller packages convenient for the consumer and by developing brand recognition. Since, he now sold directly to the retailers instead of the

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15. Who is a “pure entrepreneur”?
16. Who is a “spontaneous entrepreneur”?
17. Who is an “induced entrepreneur”?
18. Who is a “motivated entrepreneur”?
19. Who is an “intrapreneur”?
20. Mention the Intrapreneurial leadership characteristics.

### **Section B**

21. What are the benefits of being an entrepreneur?
22. Distinguish an entrepreneur and an intrapreneur.
23. What steps are taken to solve the problems of women entrepreneurs?

### **Section C**

24. Discuss the problems of being an entrepreneur.
25. Discuss the qualities of an entrepreneur.
26. Explain the characteristics of an entrepreneur.
27. Explain the functions of an entrepreneurs.
28. Explain different types of entrepreneurs
29. Discuss the problems of women entrepreneurs.

## **SKILL DEVELOPMENT / PRACTICAL EXERCISES**

1. Conduct an interview of a successful entrepreneur in your city. Find out the qualities, benefits of being an entrepreneur, problems faced by him and his functions to become a successful entrepreneur.
2. Prepare a brief report based on the observations made during the interview.
3. Collect the profiles of successful entrepreneurs and analyse the reasons for success.