

Factors affecting Entrepreneurship

Entrepreneurship is a human skill, which can be developed. Due to entrepreneurship development, living standards of society can tend to raise, new opportunities of employment can be created and rapid economic and industrial development become possible. Due to such importance of entrepreneurship, it becomes necessary to study factors affecting development of entrepreneurship. The factors affecting entrepreneurship or motivating entrepreneurs can be presented as below.

1. **Individual:** Entrepreneur is an individual having specific knowledge, skills and efficiency. Any new enterprise is created by an individual or group of individuals. The creativity of an individual encourages him to establish a new enterprise. Creativity consists of innovation, search and research. Such skills are not shown in all individuals. Personality, social conditions, support of society, higher education, training etc. factors play important role for developing such skills. Thus characteristics affecting to an individual like skills, motives, attitudes, social-cultural conditions etc. motivate an individual to become an entrepreneur.
2. **Industrial environment:** More suitable the industrial environment in a nation, more rapid development of entrepreneurship is shown. More favorable industrial environment is one, where transportation, communication, electricity, labor, water, raw materials etc. are easily available. Such industrial environment by and large affect entrepreneur development.
3. **Social environment:** Better and more appropriate the social environment in a nation for entrepreneurship, more rapid development of entrepreneurship is observed. Social system plays vital role in social environment. As an individual is borne and developed in a family and society, social values, ethical standards, family structure, caste and religious, attitudes of social environment affect entrepreneurship development.
4. **Economic environment:** The economy in which enough capital fund is available for establishing an enterprise and market incentives are also available, encourages entrepreneurship development. Banking, education, industrial policy, economic

policy, Exim policy, interest rate etc. factors of economic environment affect entrepreneurship development. Thus economic soundness and free economy motivate entrepreneur development more positively.

5. Technological environment: Technology is an art of converting the natural resources into goods and services more beneficial to society. Higher the technological development, more the entrepreneurship development is universally accepted. Due to technological development, new product, new production process, new raw materials, new researches are encouraged for modernization. So it can be said that the country, in which technological environment is more suitable, affects remarkable to entrepreneur development. Due to this reason, presently rapid entrepreneurship development has been reported in the countries like Japan, America, China.
6. Political environment: Govt. also plays important role in entrepreneurship development. If the existing ruling party frames industrial policy supporting industries, it encourages more and more entrepreneurs. Due to globalization, Indian economy has adopted free industrial policy, restrictions on industries have been minimized and MRTP act has been cancelled, which has motivated many entrepreneurs to establish and to develop industries in Indian economy. Thus political environment, having less interference of state and central govt. and less restrictions on industries, encourage entrepreneurship development.
7. Incentives: Incentives are also one of the important factors affecting entrepreneurship. If motivating plans, policies, organizations are developed, it leads to rapid entrepreneurship development. Entrepreneurship development is definitely shown in the economy where there are planned systems, social institutions are established, people are purchasing newly developed product, development oriented programs are implemented and required facilities and aids are provided to entrepreneurs.
8. Profit making: It is the profit that induces the prospective entrepreneurs to get into the business and start new commercial

activities. Profit, therefore, is a factor which induces the entrepreneurs to organize and utilize the factors of production for development. It does not necessarily mean that the entrepreneur is concerned with profit only. He also satisfies many social needs.

Types of entrepreneurs

The entrepreneurs have been broadly classified according to the types of business, use of professional skills, motivation, growth, stages of development, use of technology, regional area etc. i.e. to say that entrepreneurs can be classified into a number of categories.

According to the type of business, entrepreneurs can be classified as under:

1. Business entrepreneur
2. Trading entrepreneur
3. Industrial entrepreneur
4. Corporate entrepreneur
5. Agricultural entrepreneur
6. Retail entrepreneur
7. Service entrepreneur

According to use of technology, entrepreneurs can be classified as below.

1. Technical entrepreneur
2. Non-technical entrepreneur
3. Professional entrepreneur

According to area, entrepreneurs can be classified as –

1. Urban entrepreneur
2. Rural entrepreneur

According to gender, entrepreneurs can be classified as –

1. Man entrepreneur
2. Woman entrepreneur

According to age, entrepreneurs can be classified as –

1. Young entrepreneur
2. Middle-entrepreneur
3. Old entrepreneur

According to stage of development, entrepreneurs can be classified as –

1. First generation entrepreneur
2. Modern entrepreneur
3. Classical entrepreneur

The list of classification of entrepreneurs is very long. i.e. above list of classification of entrepreneurs is not exhaustive. So far as our Fundamentals of Entrepreneurship subject is concerned, important types of entrepreneurs can be presented as below:

1. Innovative entrepreneur: Innovative entrepreneur is one who responds the opportunity of introducing a new technique of production process or a new market or a new commodity or a new service. Such entrepreneur always searches for a change, responds to it and takes its benefits as an opportunity. Innovative entrepreneurs are generally in developed countries.
2. Imitative entrepreneur: Imitative entrepreneur is one who is showing readiness to adopt successful innovations of innovative entrepreneurs. They imitate techniques and technology innovated by others. They are more flexible. Imitative entrepreneurs are very common in underdeveloped countries.
3. Educated and uneducated entrepreneurs: Educated entrepreneur is one, who is educated up to graduate or higher level. The level of education may be arts, commerce or technological. The greatest strength which the educated entrepreneur has is skill in management and production side.

Uneducated entrepreneur is one who is not educated or having only primary education. The level of literacy in such entrepreneur is very low. He may have informal education. But from management and technological view point, it is useless.

4. **Rich and poor entrepreneur:** The entrepreneur who has enough financial resources to establish and develop an enterprise is termed as rich entrepreneur. Some entrepreneurs are rich from birth as they get wealth by succession. Some entrepreneurs establish enterprises by using govt. loans and subsidies and become rich by sound managing the enterprises.

The entrepreneur who has not enough financial resources to establish an enterprise is termed as poor entrepreneur. He may have innovative and creative thinking, best technique of production, best opportunities. But due to lack of capital funds, he can not start or develop an enterprise. Though such an entrepreneur may become rich by establishing an enterprise with govt. and other loans and using his intelligence and mental ability.

5. **Urban and rural entrepreneur:** An urban entrepreneur is one who belongs to urban area. Due to location benefits he establishes an enterprise in the urban areas. Generally urban entrepreneur is either industrial entrepreneur or corporate entrepreneur.

A rural entrepreneur is one who belongs to rural area. Due to location benefits in rural area, he establishes an enterprise in rural area. Govt. provides more financial assistance and other additional benefits in rural area to entrepreneurs in order to develop rural areas along with urban areas. Generally rural entrepreneur is either agricultural or trading entrepreneur.

6. **Man and woman entrepreneur:** Since origin of human beings, our society has been accepted as man dominated. Man is prime source of money earning in his family. If a man starts an enterprise, he is called man entrepreneur. A man entrepreneur is easily adjustable to any type of environment.

In the present era, woman is considered equivalent to man. She has also become a source of income earning in her family. If a woman establishes an enterprise, she is called woman entrepreneur. But as social restrictions on a woman are more in our society, woman entrepreneur may not be easily adjustable to the environment, like man entrepreneur.

7. **Indian and foreign entrepreneur:** Indian entrepreneur is one who is **born in India** and establishes his business unit in India. Such

entrepreneur is either born in entrepreneur family or made entrepreneur by entrepreneurship training. Indian entrepreneur plays vital role in economic and industrial development of India.

Foreign entrepreneur is one who is citizen of the country other than India and establishes his business unit in India. Such entrepreneur may collaborate with Indian entrepreneurs in the industrial unit. Due to restrictions on foreign entrepreneurs, development of foreign entrepreneurs is less than Indian entrepreneurs in India.

8. **Born and made entrepreneur:** An individual who is borne in entrepreneur family is called born entrepreneur. He has skills of entrepreneurship since his birth. He knows who to get things done through and by other people. He does not need specific entrepreneurship training.

An individual who has not borne in entrepreneur family but is made entrepreneur by entrepreneurship development training is called made entrepreneur. Such an individual learns entrepreneurship education, completes practical training and uses such knowledge in establishing and managing his enterprise.

Qualities of an entrepreneur

Qualities of an entrepreneur can be divided into two parts.

- (I) Main qualities and (II) Other qualities

- (I) **Main Qualities:** Main qualities of an entrepreneur can be presented as below.

1. **High intelligence:** An entrepreneur should be highly intelligent. He should be intelligent in analyzing a problem and finding its solution.
2. **Creative thinking:** Entrepreneur should have creative thinking of converting an idea of establishing an enterprise into its implementation.
3. **Leadership qualities:** An entrepreneur must have leadership qualities for encouraging and directing his followers.
4. **Managerial efficiency:** An entrepreneur is also considered a manager of his enterprise. So he must have managerial efficiency.