

Entrepreneurship Development and Business Ethics

As per new B Com CBCS syllabus 2017 for CU

Abhik Kumar Mukherjee

Assistant Professor

Department of Business Administration

The University of Burdwan

Shaunak Roy

Assistant Professor

Department of Commerce & Business Administration

St Xavier's College (Autonomous), Kolkata

OXFORD
UNIVERSITY PRESS

OXFORD

UNIVERSITY PRESS

Oxford University Press is a department of the University of Oxford. It furthers the University's objective of excellence in research, scholarship, and education by publishing worldwide. Oxford is a registered trade mark of Oxford University Press in the UK and in certain other countries.

Published in India by
Oxford University Press
Ground Floor, 2/11, Ansari Road, Daryaganj, New Delhi 110002, India

© Oxford University Press 2019

The moral rights of the author/s have been asserted.

First published in 2019

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of Oxford University Press, or as expressly permitted by law, by licence, or under terms agreed with the appropriate reprographics rights organization. Enquiries concerning reproduction outside the scope of the above should be sent to the Rights Department, Oxford University Press, at the address above.

You must not circulate this work in any other form
and you must impose this same condition on any acquirer.

ISBN-13: 978-0-19-949446-0

ISBN-10: 0-19-949446-0

Typeset in AGaramondPro-Regular
by Ideal Publishing Solutions, Delhi
Printed in India by Repro India Ltd, Navi Mumbai

Cover image: Vector Goddess / Shutterstock

Third-party website addresses mentioned in this book are provided
by Oxford University Press in good faith and for information only.
Oxford University Press disclaims any responsibility for the material contained therein.

Syllabus

Entrepreneurship Development and Business Ethics

Internal Assessment: 20 marks

Semester-end Examinations: 80 marks

Total: 100 marks

Marks shown against the units indicate marks for Semester-end Examinations

Module I

Entrepreneurship Development

Internal Assessment: 10 marks

Semester-end Examinations: 40 marks

Total: 50 marks

Unit-1: Introduction:

No. of classes: 10 / Marks: 10

Meaning, elements, determinants and importance of entrepreneurship and creative behavior; Entrepreneurship and Micro, Small and Medium Enterprises, Role of family business in India; The contemporary role models in Indian business: their values, business philosophy and behavioural orientations; Conflict in family business and its resolution.

Unit-2:

No. of classes: 10 / Marks: 10

Public and private system of stimulation, support and sustainability of entrepreneurship. Requirement, availability and access to finance, marketing assistance, technology, and industrial accommodation, Role of industries/entrepreneur's associations and self-help groups, The concept, role and functions of business incubators, angel investors, venture capital and private equity fund.

Unit-3:

No. of classes: 10 / Marks: 10

Sources of business ideas and tests of feasibility. Significance of writing the business plan/project proposal; Contents of business plan/ project proposal; Designing business processes, location, layout, operation, planning & control; preparation of project report.

Unit-4:

No. of classes: 10 / Marks: 10

Mobilizing Resources – Mobilizing resources for start-up. Accommodation and utilities; Preliminary contracts with the vendors, suppliers, bankers, principal customers; Basic startup problems.

Module II
Business Ethics
Internal Assessment: 10 marks
Semester-end Examinations: 40 marks
Total: 50 marks

Unit 1: Business Ethics

No. of classes: 8 / Marks: 8

Introduction – Meaning – Scope – Types of Ethics – features – Factors influencing Business Ethics – significance of Business Ethics – Arguments for and against business ethics – Basics of business ethics – Corporate Social Responsibility and Business Ethics

Unit 2: Principles of Business Ethics

No. of classes: 8 / Marks: 8

Introduction – Meaning – Element – Ethics, Morale, Business ethics, Ethical dilemma [basic idea, features and significance of each of element]

Unit 3: Ethics in Management

No. of classes: 8 / Marks: 8

Introduction – Ethics in HRM – Ethics in Marketing – Ethics in Accounting and finance – Work place Ethics – Value and Ethics.

Unit 4: Corporate Culture

No. of classes: 8 / Marks: 8

Meaning – Role – Functions – Impact of Corporate Culture – Globalization and cross culture issues in ethics, Corporate Code of ethics

Unit 5: Ethics & Corporate Governance

No. of classes: 8 / Marks: 8

Concept of Corporate Governance, Scope, Reports on Corporate Governance and its benefits and limitations – Corporate Governance and Business Ethics [Brief Concept]

Preface

Academic and scientific inquiry into the concept of entrepreneurship and business ethics has gained legitimacy in the last decade. This has been the outcome of the multiple ethical dilemmas, which entrepreneurs are exposed to in their ventures, and whose solution directly affects their performance. Over the course of the last decade or so, entrepreneurship has evolved as a sustained medium for generating myriad employment opportunities around the world.

Entrepreneurship education in India is still at its embryonic stage. In this light, the Government of India has undertaken a broad spectrum of initiatives, programmes, as well as policy measures to highlight the liaison between education and entrepreneurship. Entrepreneurship education seeks to equip students with the requisite knowledge, skills, and motivation, which in turn, helps in the inculcation of an entrepreneurial orientation among young minds. Such fresh minds, bubbling with innovative and creative ideas, need to be channelized in the right direction, and at a very early stage itself. Hence, entrepreneurship education is now included as a core course, not only at the high-school level, but also in an array of undergraduate and postgraduate programmes. At the undergraduate level, specifically in the commerce stream and in the business administration course, entrepreneurship education strives to develop a wide understanding of the concepts and rudiments of entrepreneurship, and fathom how a business venture or enterprise needs to be operated in an effective manner.

There has always been and continues to be, a profound interrelationship between business ethics and the economic activity of a country. As economies across the world are persistently engaged in a frantic rat race to become global superpowers, the level of competition has also skyrocketed simultaneously. As a result, major business corporations around the world end up adopting short-cut avenues to achieve success, which in most cases, also happens to be the unethical route. It is in this context, that the unique ethical business infrastructure of such economies should be understood, not just by business houses and corporates, but also by students in particular, at a rudimentary stage, since they are regarded the drivers of business in the future. Indeed, without ethics and integrity, there can be no foundation to build a successful enterprise. In this context, education in ethics is inevitable and highly appropriate in the modern world of business. When studying business ethics at the undergraduate level, it should be looked upon less from a philosophical or theosophical perspective, and more from a strategic corporate perspective. It should consider ethical principles and moral challenges that originate in a business environment.

We deem that it is indeed a challenge as well as a massive opportunity for us to deliberate on such new and practical fields of study for today's young minds. Further, in deciding upon the depth of coverage of the topics addressed in the syllabus, the number of classes/lectures allotted to each of the units in the syllabus has been considered. An effort has been made to ensure that every topic is given its due coverage meant for the students of the Bachelors of Commerce course.

ABOUT THE BOOK

The aim of this book is to help enable students to gain exposure to the world of entrepreneurship and acquire awareness about the ethical facets of business.

This book is primarily intended to cater to the needs of the students of the Bachelor of Commerce course (Honours and General) in different universities, specifically University of Calcutta. It has been developed as per the newly introduced semester-based Choice-based Credit System (CBCS) syllabus (2017) of the University of Calcutta. Moreover, it also guides the students undergoing different professional courses, viz. BBA and MBA.

KEY FEATURES

- A **self-study text book** of Entrepreneurship Development and Business Ethics for students of University of Calcutta
- **Student-friendly approach** in covering all the topics of the syllabus
- Topics covered in **lucid language** and in an innovative **bulleted form**
- Inclusion of **Concept Note** and **Fact Files** for relevant points across all chapters
- Chapter-end **Exercise comprising** around **500 Multiple-choice Questions** and **200 Review Questions** provided for practising the contents discussed in the chapter
- Practice question paper provided to ensure complete preparation of the students under the current examination pattern

CONTENT AND STRUCTURE

This book encompasses the entire syllabus of the newly introduced paper Entrepreneurship Development and Business Ethics over 19 chapters. The paper has two modules—Module I being *Entrepreneurship Development* and Module II being *Business Ethics*. As per the syllabus, there are four units in Module I and five units in Module II. Each of the topics specified in the aforementioned modules have been covered under the following chapters:

Module I: Entrepreneurship Development

- **Unit 1 (Chapters 1 through 4):** The first section of the book provides detailed discussion of various aspects of the process of entrepreneurship as well as the characteristics of the entrepreneur. It also deals with the vital elements of idea formation, innovation, thinking and creativity, and takes care to ensure that its impact is manifested in the micro, small, and medium enterprises (MSME) and family-owned businesses, both of which share a crucial importance in the Indian context.
- **Unit 2 (Chapters 5 and 6):** After acquainting our readers with the fundamental aspects of entrepreneurial behaviour in MSMEs and family-run businesses, it is imperative that we dwell upon the various measures of stimulation, support, and sustainability that are undertaken by various governments, government agencies, public-sector undertakings, as well as several private players. This is followed by a thorough understanding of the various actors, such as industry associations, self-help groups, business incubators, business angels, venture capitalists, and private equity who provide a necessary support to new entrepreneurial ventures.
- **Unit 3 (Chapters 7 and 8):** This unit dwells upon the core technical aspects of entrepreneurship. Chapter 7 discusses the preparation required for entrepreneurial ventures, in terms of generating business ideas, conducting a feasibility study, and developing a business plan as well as a project proposal. Chapter 8 deals with the establishment and operational decisions of a business venture, such as determining

the location of the enterprise, planning an effective layout for the venture, and designing an effective operations plan to ensure smooth operations.

- **Unit 4 (Chapters 9 and 10):** The final unit of this module deals with the concept of mobilization of various business resources or factors of production with special emphasis on start-up ventures. Chapter 9 addresses the rudimentary concepts of business resources as well as the significance and process of resource mobilization for business enterprises, while the last chapter in this module specifically deals with the fundamentals of start-up ventures, their utility requirements, the various challenges faced by them, and the strategic process of resources mobilization to ensure their success.

Module II: Business Ethics

- **Unit 1 (Chapters 11 through 13):** The first unit under the module on *Business Ethics* starts with a preliminary understanding of the basic concepts of ethics, in terms of its features, significance, and versatile dimensions. Chapter 12 introduces readers to the rudiments of business ethics, which is an offshoot of applied ethics. It focusses on the various factors influencing business ethics, its significance, fundamental approaches, and the arguments in favour of and against business ethics. The last chapter in this unit allows readers to understand the interrelationship between ethics and corporate social responsibility (CSR). The chapter discusses CSR in the Indian context, and highlights the arguments in favour of and against CSR.
- **Unit 2 (Chapter 14):** This unit contains a standalone chapter, which deals with the principles involved in business ethics. It explains the basic concept and elements of ethical principles while outlining its relationship with morality, integrity, and law. The chapter moves forward to explain the concept of ethical dilemma and also highlights its features and significance and also mentions the various approaches and systems of resolving ethical dilemmas.
- **Unit 3 (Chapters 15 and 16):** Unit 3 of this module deals with the application of business ethics in various realms of business. Chapter 15 addresses the applications of business ethics in various functional domains of business such as marketing, accounting and finance, human resource management, etc. Chapter 16 takes the readers deeper into the ethical principles and value systems in the workplace, and addresses the concept, features, and types of value-based conflicts, with a view to address and resolve such conflicts, in order to maintain workplace productivity and effectiveness.
- **Unit 4 (Chapters 17 and 18):** This unit addresses the various dimensions of corporate culture, keeping in mind the aspects of globalization and cross-cultural issues in ethics. Chapter 17 deals with the concept, features, and dimensions of corporate culture, and outlines the role and functions of corporate culture in business ethics and its impact on organizational stakeholders. This chapter also highlights the effectiveness of a corporate ethics program and the relevance of developing a corporate code of ethics. Chapter 18 addresses the various ethical issues in business and its impact in a globalized world. It also highlights the various cross-cultural issues and its implications for business ethics.
- **Unit 5 (Chapter 19):** The final unit of the module on *Business Ethics* again comprises a distinctive and standalone chapter, which elaborates on the pertinent issue of corporate governance, its objectives, significance, limitations, and interrelationship with business ethics. The chapter carefully outlines the recommendations of the various committee reports on corporate governance in India as well as across the world. Careful attention has also been devoted to addressing the various corporate governance practices adopted in the present Indian scenario.

While genuine efforts have been taken by us to make this title comprehensive and error-free, there may remain some areas, which require further modification and development. In this regard, we would immensely appreciate and welcome any suggestion, constructive criticism, or improvement from the readers that would help us make necessary enhancements in future. Such proposals can be sent to us directly at mukherjeeandroy@gmail.com.

ACKNOWLEDGEMENTS

The process of writing a book is a tedious one, and during the course of this journey, we have happened upon multiple individuals who have made whole-hearted contributions in helping us realize our endeavour of conceiving this title. We are indeed thankful to all of them from the core of our hearts for their prolonged inspiration, support, and encouragement.

We express our heartfelt gratitude to all our teachers and colleagues from different universities, colleges, business schools, and professional institutes for extending their support and feedback in various forms in different stages of our journey.

We sincerely appreciate the valuable reviews, useful inputs, and assistance received from the reviewers that has facilitated us in giving a final shape to this title.

We convey our earnest respect and love to our family members for bearing with us during this extensive journey.

Last, but surely not the least, we thank the editorial team at Oxford University Press, India, for their continued support during the development of this title.

Abhik Kumar Mukherjee
Shaunak Roy

Note to Students

SUBJECT AWARENESS

The authors would like to make the students aware about the following points regarding this paper:

- **Nature of the paper:** This is a core course paper of the BCom course under the choice-based credit system (CBCS) adopted by the University of Calcutta.
- **Two subjects:** This paper consists of two subjects namely, *Entrepreneurship Development* and *Business Ethics*. These two subjects cover different dimensions of business, from generation of business ideas and establishing a start-up in entrepreneurship to ethical principles and corporate governance in business ethics.
- **New paper:** This is a new paper in the sense that both entrepreneurship development and business ethics were not present in the preceding BCom syllabus. As a result, students who have not been exposed to the *Entrepreneurship Development* subject at their school level, may be required to prepare for the examination from a zero-base. Furthermore, *Business Ethics* is a new subject altogether for a large number of commerce students.
- **Credit hours:** This paper has 6 credit hours implying that it has been given the highest possible weightage.
- **Practical subjects:** These are practical subjects, which address real-world situations, and students can easily connect to the subject, even with little prior knowledge.
- **Multiple-choice questions (MCQs):** The examination pattern under the University of Calcutta for this subject states that students shall be required to answer only objective-type MCQs in the semester examinations.

TIPS FOR PREPARING FOR EXAMINATION

- **Coverage of entire syllabus:** Students are advised to cover every topic of the syllabus, as the examination for this paper shall comprise only MCQs, which can assess their conceptual clarity of the topics.
- **Understanding of ideas and concepts:** The fact that the examination shall be conducted in the MCQ-pattern requires conceptual clarity and understanding by students, and not mere memorizing or rote learning.
- **Memorize only catchwords and catchphrases:** When preparing for their examinations, students may consider memorizing only the major catchwords and catchphrases, while carefully understanding the various concepts along with its corresponding examples.
- **Adequate preparation time:** These subjects (i.e., *Entrepreneurship Development* and *Business Ethics*) being new to many students, requires adequate preparation time from every student. Moreover, since some students would be exposed to the concepts covered in this paper for the first time, it might take some time to sink in. As such, it is advisable that students study the topics for this paper in parts, well ahead of the examinations, and not resort to last minute preparation.

- **Regular revision:** The concepts, being new, would require regular revision for being acquainted with. The students will be better advised to revise the chapters a couple of times before appearing for the semester examination.
- **Awareness regarding different types of MCQs:** The MCQs in the paper have been categorized into 1-mark MCQs and 2-mark MCQs, each having four options and no negative marking.
 - o *1-mark MCQs* are meant to test the basic understanding level of students for the concepts mentioned in the two subjects, and they could typically include the following patterns of questions:
 - a. **Fill-in-the-blank questions:** Such questions are easy and usually require the student to understand the concept(s) thoroughly to answer the questions.
 - b. **Selection questions:** Similar to fill-in-the-blank type questions, these are relatively easy to answer and require the student to select the option(s) which best address the given question.
Tip: Sometimes there may be confusion between two options, i.e., ‘Only option A’ and ‘Both option A and option B’. The student must carefully determine if the second option is relevant to the question, and hence choose to accept/reject it.
 - c. **True/False statements:** These types of questions may appear easy, but are often confusing. Hence, the student should use his/her understanding of the subject concept to eliminate two options at least in the first reading. Then, the student should attempt to eliminate the next improbable option from the option set.
Tip: Sometimes, the fourth option in such questions is ‘All of these’ or ‘All of the above’. The student should carefully understand the context of the question, instead of selecting ‘All of the above’, which may be included deliberately to confuse students.
 - o *2-mark MCQs*, on the other hand, require more application and thinking on the part of the student. They can include the following types:
 - a. **Fill-in-the-blank(s) questions:** Such questions are relatively easy, and usually contain two blanks. Again, this requires thorough conceptual understanding to answer such questions.
 - b. **Selection questions:** Similar to 1-mark questions, the level of understanding required is greater on the part of the student.
 - c. **True/ False statements:** Again, like in 1-mark questions, the student must determine if only one option or multiple options are true/ false.
Tip: Sometimes the question might ask, “Which of these statements are least likely to be true (regarding a specific concept)?” It implies that the four options are designed in a pattern similar to “absolutely true—somewhat true—partially true—absolutely false”. The student must carefully identify the absolutely false statement(s) from the four options. If all statements are true (i.e., there is no false statement), the student should select the option ‘None of these’.
 - d. **Assertion–Reasoning questions:** The word ‘Assertion’ (represented in the question as ‘A’) refers to a confident and convincing statement of fact or opinion. In such questions, the student is provided with a statement, which presents an opinion, a fact, or a comment. The other statement is the ‘Reasoning’ (represented in the question as ‘R’), which attempts to explain whether the ‘Assertion’ statement is defended by it or is its cause. In other words, the student should seek to determine if the reasoning statement is sufficient to answer the assertion question. The four options for an assertion-reasoning type question are typically:
 - Option (a):* Both (A) and (R) are true, and (R) is the right explanation,
 - Option (b):* Both (A) and (R) are true, but (R) is not the correct explanation,

Option (c): (A) is true, but (R) is false, and

Option (d): (A) is false, but (R) is true.

The first option implies that by itself, both the statements are correct and the 'Reasoning' statement (i.e., R) satisfactorily defends the 'Assertion' statement (i.e., A). In the second case, both statements are correct by themselves, but there is no logical connection between the two statements, i.e. the 'Reasoning' statement does not satisfactorily defend the 'Assertion'. In the third and fourth statements, either one of the statements (i.e., either the 'Assertion' or the 'Reasoning') is false or the other is true.

Tip: To solve these questions, the student must first carefully read both the sentences to check if they are correct or incorrect by themselves. If the student is able to find an incorrect statement, then the problem has been almost cracked automatically and the answer is either option 3 or option 4. On the other hand, if the student finds that both the statements are correct, the confusing part arises, i.e., option (a) and option (b) comes into consideration. A simple way to solve it is to think in the following format:

The 'assertion statement (i.e., A)' is true because, the 'reason statement (i.e., R)'.

If the combined sentence makes sense to the student, based on the conceptual understanding and clarity, then option (a) is correct else, it becomes option (b).

- e. **Truth of multiple statements:** This is an advanced form of True/ False question, but is relatively easy to answer. In this case, two statements are provided to students and come with four options:

Option (a): S_1 is true, while S_2 is false.

Option (b): S_1 is false, while S_2 is true.

Option (c): Both S_1 and S_2 are false.

Option (d): Both S_1 and S_2 are true.

In the first and second options, either statement 1 (i.e., S_1) or statement 2 (i.e., S_2) is correct/true.

In the third and fourth options, both S_1 and S_2 are correct/true or incorrect/false.

- f. **Match the following questions:** This is relatively easy to answer and the student must simply match the items in the left column (i.e., List-1) with the items in the right column (i.e., List-2). Finally, the student must check for the corresponding option, which mentions the correctly matched pair.

Tip: Students should not look at the answer choices first and should attempt to match the items on their own first. Then, they must match their pairs with the given answer choices.

- **Review questions:** Each chapter also contains several review questions, which aim to test the conceptual clarity and understanding of the student, and are subjective/theoretical in nature.

NB: This type of question is not applicable for the students undergoing Bachelors of Commerce under the new CBCS syllabus of the University of Calcutta.

Features of

1.6 IMPORTANCE OF ENTREPRENEURSHIP

Entrepreneurship is an instrumental force in triggering broad-based transformations in various realms of the society, while fostering inclusive growth and development. It continually aims to empower individuals who seek opportunities for value creation. The importance of entrepreneurship can be understood from the role it plays in an economy, which are discussed here:

- **Economic development:** It is a well-established fact that entrepreneurship is a significant force in initiating and sustaining the economic development of an economy.
- **Promotes capital formation:** Entrepreneurs promote capital formation by mobilizing the idle savings of the public. They employ their own as well as borrowed resources for setting up their enterprises, which lead to value addition and creation of wealth.
- **Wealth creation and distribution:** Entrepreneurial activities provide a multiplier effect in the economy by stimulating equitable redistribution of wealth and income to more people and geographic areas, thus benefiting larger sections of the society.
- **Generates employment:** Entrepreneurs provide immediate large-scale employment to the unemployed, through the establishment of business units, especially in underdeveloped economies. Thus, entrepreneurs play a key role in reducing the problem of unemployment in the country.

Unique Bulleted Format

The concepts of each chapter have been vividly discussed using unique bulleted format for easy visibility of the topics and sub-topics.

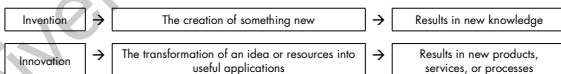


Concept Notes

Each chapter contains concept notes on relevant points for enhancing the conceptual clarity of the readers.

Concept Note: Innovation vis-à-vis Invention

In its purest sense, an **invention** is referred to as the creation of a product or introduction of a process for the first time. For instance, the first practical telephone was invented in 1876 by Scottish-born Alexander Graham Bell. **Innovation**, on the other hand, occurs if an individual improves on or makes a significant contribution to an existing product, process or service. For instance, the first iPhone is one of the classic examples of innovation. By harnessing new technology, Apple was able to bring a fundamentally new product to the market, thus creating new demand.



For instance, microprocessors were first invented by Ted Hoff, along with his visionary colleagues at Intel. A microprocessor is an advanced product component, which has minimal use on its own, as it is nothing more than a piece on a circuit board. It is actually, what is done with that piece of the microprocessor (i.e. thousands of products, processes and services that have evolved from the invention), which required innovation.



FACT FILE

- Hoshi Ryokan in Japan, founded in the year 717, is one of the oldest hotels across the world and has been run by the Hoshi family for 46 generations.
- In India, one of the oldest family-run businesses is the Wadia Group, which was founded in 1736 by Sir Lajji Nusserwanjee Wadia.

GLOBAL CASES: LEGENDARY FAMILY

Gucci

This Italy-based global luxury brand of fashion and leather goods has generated enough drama for the plot of a best-selling crime novel. The story includes boardroom clashes, executives hurling thousand-dollar handbags at each other, boatyard exorcisms, high-speed motorcycle escapes across the Swiss border, a socially go-getting wife, a hitman who leaves two witnesses to his crime and Guccio Gucci, the founder getting arrested for committing fraud over £650 thousand. The conflict and disagreement was originally triggered by a discrepancy with estate planning. The firm was split into two and certain family members made an objection, since another family member was a movie star and had not contributed to the firm's success. To balance the perceived injustice, a perfume division was created and the aggrieved family members reserved one-eighth of the profits. This ignited one of the most infamous family feuds in business history, ending in a prison sentence for a notorious contract killing. Patrizia Gucci hired a hitman to kill her estranged husband, Maurizio, over fears of loss of her income and status. The family firm was eventually sold.

Fact Files and Cases

Interesting facts, quotes, and cases from real life situations have been incorporated at relevant places to make it interesting for the readers.

QUOTE

Business has to take account of its responsibilities to society in coming to its decisions, but society has to accept its responsibilities for setting the standards against which those decisions are made.
—Sir George Adrian Hayhurst Cadbury, Chairman of Cadbury Schweppes PLC

the Book

Graded Multiple-choice Questions

In the chapter-end exercises, multiple-choice questions (MCQs) have been split into 1-mark MCQs and 2-mark MCQs in order to give the students a proper scope for preparing for the examination.

Multiple-choice Questions

(1 mark)

Select the correct answer from among the options provided against each question:

- When the members belonging to a single family join hands and contribute towards the formation and/ or running of a business, such form of business is referred to as _____.
 (a) proprietorship business (c) family-owned business
 (b) co-operative business (d) partnership business
Answer: (c)
- In a family-owned business, the _____ member usually occupies the highest decision-making post and channelizes the firm's policies in the mutual interest of the family and business.
 (a) senior-most (b) junior-most (c) most capable (d) most educated
Answer: (a)

Multiple-choice Questions

(2 marks)

- Which of the following is least likely to be true with respect to family-owned business?
 (a) Involvement of number of generations (c) Emotional bonding between members
 (b) Complex organizational structure (d) Flexible size of business
Answer: (b)
- Which of the following is/are true with respect to family-owned business?
 (a) Traditionally, most of the family run businesses have been dominated by the male members of the family.
 (b) In family run businesses, employees are treated as extended family members.
 (c) A major portion of the daily operational decisions of a family-owned business usually happen over informal platforms.
 (d) All of these
Answer: (d)



Review Questions

- What do you mean by family-owned business? Discuss the salient features of this form of business organization.
- 'Family-owned enterprises, as a typical form of business, face certain unique issues in the course of their operations.'—In light of the given statement, discuss the issues and the corresponding challenges faced by family-owned business firms.
- What do you mean by conflicts? Discuss the various types of conflicts that arise in a family-owned business.
- Explain the three-dimensional developmental model of family-owned business.
- Discuss, in detail, the different that causes of conflicts in a family business.
- Give an overview of some of the common techniques adopted for resolving the conflicts arising in a family business setting.
- Elucidate, in detail, the role played by family-owned businesses in the Indian economy.

Review Questions

Chapter-end exercises also contain theoretical review questions covering the topics of the syllabus to help enable the readers revise the concepts learnt.



Practice Question Paper

A practice question paper has been provided as appendix to ensure complete preparation of the students under the current examination pattern.

Appendix

Practice Question Paper

ENTREPRENEURSHIP DEVELOPMENT AND BUSINESS ETHICS

Time: 2 Hours

Full Marks: 80

Module I: ENTREPRENEURSHIP DEVELOPMENT [Marks: 40]

Brief Contents

Syllabus iii

Preface v

Note to Students ix

Features of the Book xii

Detailed Contents xvi

Roadmap xxi

Module I: Entrepreneurship Development

1. Introduction to Entrepreneurship and Entrepreneur	3
2. Entrepreneurship and Creative Behaviour	28
3. Entrepreneurship and Micro, Small, and Medium Enterprises	40
4. Entrepreneurship and Family-owned Business	53
5. Stimulation, Support, and Sustainability in Entrepreneurship	66
6. Actors of Entrepreneurship Support System	91
7. Preparation for Entrepreneurial Ventures	118
8. Establishment and Operations of Business Ventures	152
9. Mobilization of Resources	176
10. Entrepreneurship and Start-up Ventures	186

Module II: Business Ethics

11. Fundamental Concepts of Ethics	203
12. Introduction to Business Ethics	210
13. Ethics and Corporate Social Responsibility	224
14. Principles of Business Ethics	236
15. Ethical Applications in Functional Areas of Business	249
16. Values and Ethics in the Workplace	263
17. Ethics and Corporate Culture	273
18. Globalization and Cross Culture Issues in Ethics	288
19. Ethics and Corporate Governance	296

Appendix 321

Detailed Contents

Syllabus iii

Preface v

Note to Students ix

Features of the Book xii

Brief Contents xv

Roadmap xxi

Module I: Entrepreneurship Development

1. Introduction to Entrepreneurship and Entrepreneur	3	3. Entrepreneurship and Micro, Small, and Medium Enterprises	40
1.1 Introduction	3	3.1 Introduction	40
1.2 Concept of Entrepreneurship	4	3.2 Concept of MSME	40
1.3 Evolution of Entrepreneurship	5	3.3 Features of MSMEs	43
1.4 Elements of Entrepreneurship	6	3.4 MSMEs in India: An Overview	43
1.5 Determinants of Entrepreneurship	7	3.5 Significance of MSMEs in the Indian Economy	44
1.6 Importance of Entrepreneurship	9	3.6 Entrepreneurship in the Indian MSME Scenario	46
1.7 Concept of Entrepreneur	9	3.6.1 <i>Strategies Adopted by Government of India for MSMEs</i>	47
1.8 Classification of Entrepreneurs	11	3.6.2 <i>Challenges Faced by MSME Entrepreneurs in India</i>	48
1.9 Qualities/Traits of Successful Entrepreneurs	15		
1.10 Contemporary Role Models in Indian Business	17		
1.11 Values, Business Philosophy, and Behavioural Orientations of Successful Indian Business Role Models	23		
2. Entrepreneurship and Creative Behaviour	28	4. Entrepreneurship and Family-owned Business	53
2.1 Introduction	28	4.1 Introduction	53
2.2 Concept of Innovation	28	4.2 Concept of Family-owned Business	53
2.3 Characteristics of Innovation	29	4.3 Features of Family-owned Business	54
2.4 Types of Innovation	30	4.4 Challenges of Family-owned Business	55
2.5 Relationship between Entrepreneurship and Innovation	31	4.5 Conflicts in Family-owned Business	56
2.6 Concept of Creativity	31	4.5.1 <i>Types of Conflicts in Family-owned Business</i>	56
2.7 Characteristics of Creativity	32	4.5.2 <i>Reasons for Conflicts in Family-owned Business</i>	57
2.8 Creativity vis-à-vis Intelligence, Innovation and Thinking	32	4.5.3 <i>Resolution of Conflicts Arising in Family-owned Business</i>	59
2.8.1 <i>Creativity vis-à-vis Intelligence</i>	32	4.6 Role of Family-owned Business in Indian Economy	61
2.8.2 <i>Creativity vis-à-vis Innovation</i>	33		
2.8.3 <i>Creativity vis-à-vis Thinking</i>	33		
2.9 Relationship Between Entrepreneurship and Creative Behaviour	34	5. Stimulation, Support, and Sustainability in Entrepreneurship	66
2.10 The Process of Creativity	34	5.1 Introduction	66
2.11 Barriers to Creativity	35	5.2 Concept of Stimulation, Support, and Sustainability in Entrepreneurship	67

5.2.1	<i>Stimulation</i>	67	6.6	Angel Investors	101
5.2.2	<i>Support</i>	67	6.6.1	<i>Concept</i>	101
5.2.3	<i>Sustainability</i>	67	6.6.2	<i>Features</i>	102
5.3	Activities Relating to Entrepreneurship Stimulation, Support, and Sustainability	67	6.6.3	<i>Functions</i>	102
5.4	Public System of Stimulation, Support, and Sustainability	68	6.6.4	<i>Role in Fostering Entrepreneurship</i>	103
5.4.1	<i>Objectives of the Public System</i>	69	6.7	Venture Capitalist	103
5.4.2	<i>Approaches of Providing Stimulation, Support, and Sustainability in Public System</i>	69	6.7.1	<i>Concept of Venture Capital</i>	104
5.4.3	<i>Public Institutions Providing Stimulation, Support, and Sustainability</i>	70	6.7.2	<i>Features of Venture Capital</i>	104
5.5	Private System of Stimulation, Support, and Sustainability	75	6.7.3	<i>Functions of Venture Capitalist</i>	105
5.5.1	<i>Objectives of Private System</i>	75	6.7.4	<i>Role in Fostering Entrepreneurship</i>	106
5.5.2	<i>Approaches of Providing Stimulation, Support, and Sustainability in Private System</i>	75	6.8	Private Equity Fund	108
5.6	Dimensions of Support to Ventures	76	6.8.1	<i>Concept</i>	108
5.7	Financial Requirement, Availability, and Access	76	6.8.2	<i>Features</i>	108
5.7.1	<i>Requirement of Finance</i>	77	6.8.3	<i>Functions</i>	109
5.7.2	<i>Availability and Access to Finance</i>	79	6.8.4	<i>Role in Fostering Entrepreneurship</i>	109
5.8	Marketing Assistance and Support	81	6.9	Difference between Angel Funds, Venture Capital, and Private Equity	111
5.9	Technical and Technology Assistance and Support	82	7.	Preparation for Entrepreneurial Ventures	118
5.10	Industrial Accommodation	83	7.1	Introduction	118
5.10.1	<i>Concept of Industrial Accommodation</i>	83	7.2	Business Ideas	119
5.10.2	<i>Different Forms of Industrial Accommodations</i>	83	7.2.1	<i>Concept of Business Ideas</i>	119
6.	Actors of Entrepreneurship Support System	91	7.2.2	<i>Characteristics of a Promising Business Idea</i>	119
6.1	Introduction	91	7.2.3	<i>Sources of Business Ideas</i>	120
6.2	Actors of Entrepreneurship Support System	91	7.2.4	<i>Techniques of Generating Business Ideas</i>	122
6.3	Industry Association/Entrepreneurs' Association	92	7.3	Feasibility Study	124
6.3.1	<i>Concept</i>	92	7.3.1	<i>Concept of Feasibility Study</i>	124
6.3.2	<i>Features</i>	93	7.3.2	<i>Timing of Conducting Feasibility Study</i>	125
6.3.3	<i>Functions</i>	93	7.3.3	<i>Purpose of Conducting Feasibility Study</i>	126
6.3.4	<i>Role in Fostering Entrepreneurship</i>	94	7.3.4	<i>Dimensions of Feasibility Study</i>	126
6.4	Self-help Groups	95	7.3.5	<i>Structure and Contents of a Typical Feasibility Study Report</i>	127
6.4.1	<i>Concept</i>	95	7.4	Business Plan	129
6.4.2	<i>Features</i>	95	7.4.1	<i>Concept of Business Plan</i>	129
6.4.3	<i>Functions</i>	96	7.4.2	<i>Features of a Business Plan</i>	130
6.4.4	<i>Role in Fostering Entrepreneurship</i>	96	7.4.3	<i>Rationale for Developing a Business Plan</i>	131
6.5	Business Incubators	97	7.4.4	<i>Stakeholders in a Business Plan</i>	133
6.5.1	<i>Concept</i>	98	7.4.5	<i>Types of Business Plan</i>	134
6.5.2	<i>Features</i>	98	7.4.6	<i>Structure and Contents of a Typical Business Plan</i>	135
6.5.3	<i>Functions</i>	99	7.5	Project Report	139
6.5.4	<i>Role in Fostering Entrepreneurship</i>	100	7.5.1	<i>Concept of Project Report</i>	139
			7.5.2	<i>Features of a Project Report</i>	140

7.5.3	<i>Rationale for Developing a Project Report</i>	141	8.5.4	<i>Benefits of Operations Planning and Control</i>	170
7.5.4	<i>Components of a Typical Project Report</i>	142	8.5.5	<i>Designing an Operations Plan</i>	170
7.6	Project Proposal	143	9. Mobilization of Resources		176
7.6.1	<i>Concept of Project Proposal</i>	143	9.1	Introduction	176
7.6.2	<i>Types of Project Proposal</i>	144	9.2	Concept of Resources	176
7.6.3	<i>Rationale for Developing a Project Proposal</i>	145	9.3	Concept of Business Resources	177
7.6.4	<i>Typical Format of a Project Proposal</i>	145	9.4	Types of Business Resources	177
Summary		147	9.5	Concept of Resource Mobilization	178
Exercises		147	9.6	Elements of Resources Mobilization	178
Review Questions		151	9.7	Objectives of Resources Mobilization	179
8. Establishment and Operations of Business Ventures		152	9.8	Significance of Resources Mobilization	179
8.1	Introduction	152	9.9	Phases of Resource Mobilization	180
8.2	Location	152	9.9.1	<i>Phase I: Planning</i>	180
8.2.1	<i>Types of Premises and their Location</i>	153	9.9.2	<i>Phase II: Implementation</i>	181
8.2.2	<i>Steps in Location Decision Process</i>	154	9.9.3	<i>Phase III: Evaluation</i>	182
8.2.3	<i>Factors Considered for Location Decision</i>	155	10. Entrepreneurship and Start-up Ventures		186
8.3	Layout	156	10.1	Introduction	186
8.3.1	<i>Types of Layout</i>	156	10.2	Concept of Start-ups	186
8.3.2	<i>Factors Considered for Designing Effective Layout</i>	162	10.3	Features of Start-ups	187
8.3.3	<i>Elements of Effective Layout</i>	163	10.4	Mobilizing Resources for Start-ups	188
8.3.4	<i>Benefits of Effective Layout</i>	164	10.4.1	<i>Types of Resources to be Mobilized for Start-ups</i>	188
8.3.5	<i>Designing an Effective Layout</i>	164	10.5	Accommodation and Utilities Required for Start-ups	189
8.4	Business Processes	165	10.5.1	<i>Accommodations Required for Start-ups</i>	190
8.4.1	<i>Types of Business Processes</i>	166	10.5.2	<i>Utilities Required For Start-ups</i>	190
8.4.2	<i>Benefits of Business Processes</i>	166	10.6	Preliminary Contracts Entered into by Start-ups	191
8.4.3	<i>Designing a Business Process</i>	166	10.6.1	<i>Contracts with Primary Stakeholders</i>	191
8.5	Operations Planning and Control	167	10.6.2	<i>Contract Problems of Start-ups</i>	193
8.5.1	<i>Types of Operation Plans</i>	168	10.6.3	<i>Sustainability of Contracts</i>	193
8.5.2	<i>Elements of Operations Planning</i>	168	10.7	Problems and Challenges Faced by Start-ups	194
8.5.3	<i>Operations Control</i>	169			

Module II: Business Ethics

11. Introduction to Ethics		203	12.3	Features of Business Ethics	211
11.1	Introduction	203	12.4	Scope of Business Ethics	211
11.2	Concept of Ethics	203	12.5	Evolution of Business Ethics	213
11.3	Scope of Ethics	204	12.5.1	<i>Evolution of Business Ethics across the World</i>	213
11.4	Branches of Ethics	205	12.5.2	<i>Evolution of Business Ethics in India</i>	214
11.5	Important Ethical Issues in the 21st Century	206	12.6	Factors affecting Business Ethics	215
12. Introduction to Business Ethics		210	12.7	Significance of Business Ethics	216
12.1	Introduction	210	12.8	Myths about Business Ethics	216
12.2	Concept of Business Ethics	210			

12.9	Arguments for and against Business Ethics	217	15.3	Ethical Issues in Human Resource Management (HRM)	252
12.9.1	<i>Arguments in Favour of Business Ethics</i>	218	15.3.1	<i>Concept of Human Resource Management</i>	253
12.9.2	<i>Arguments against Business Ethics</i>	218	15.3.2	<i>Ethical Issues in Human Resource Management</i>	253
12.10	Basic Approaches in Business Ethics	219	15.3.3	<i>Resolution of Ethical Issues in Human Resource Management</i>	255
13.	Ethics and Corporate Social Responsibility	224	15.3	Ethical Issues in Accounting and Finance	256
13.1	Introduction	224	15.3.1	<i>Concept of Accounting and Finance</i>	256
13.2	Concept of Corporate Social Responsibility (CSR)	224	15.3.2	<i>Ethical Issues in Accounting</i>	257
13.3	Features of CSR	226	15.3.3	<i>Resolution of Ethical Issues in Accounting and Finance</i>	258
13.4	Dimensions of CSR	226	16.	Values and Ethics in the Workplace	263
13.5	Arguments for and against CSR	228	16.1	Introduction	263
13.5.1	<i>Arguments in Favour of CSR</i>	228	16.2	Concept of Values	263
13.5.2	<i>Arguments against CSR</i>	229	16.3	Values vis-à-vis Ethics	264
13.6	Business Ethics and CSR	230	16.4	Difference between Values and Ethics in Business	264
13.7	CSR in the Indian Context	231	16.5	Types of Value Systems	265
14.	Principles of Business Ethics	236	16.6	Value-Based Conflicts	266
14.1	Introduction	236	16.6.1	<i>Concept of Value-Based Conflicts</i>	266
14.2	Concept of Ethical Principles	236	16.6.2	<i>Features of Value-Based Conflicts</i>	267
14.3	Elements of Ethical Principles in Business	237	16.6.3	<i>Types of Value-Based Conflicts</i>	268
14.4	Ethics vis-à-vis Morality, Integrity and Law	237	16.6.4	<i>Resolution of Value-based Conflicts</i>	269
14.4.1	<i>Ethics and Morality</i>	237	17.	Ethics and Corporate Culture	273
14.4.2	<i>Ethics and Integrity</i>	238	17.1	Introduction	273
14.4.3	<i>Ethics and Law</i>	238	17.2	Concept of Corporate Culture	273
14.5	Concept of Ethical Dilemma	238	17.3	Features of Corporate Culture	274
14.6	Conditions for the Origination of Ethical Dilemma	239	17.4	Elements of Corporate Culture	275
14.7	Features of Ethical Dilemma	240	17.5	Dimensions/Forms of Corporate Culture	276
14.8	Types of Ethical Dilemma	241	17.6	Factors Affecting Corporate Culture	276
14.9	Significance of Elements of Ethical Dilemma	241	17.7	Functions of Corporate Culture	277
14.10	Significance of Ethical Dilemma	242	17.8	Role of Top Management in Shaping Ethical Corporate Culture	278
14.11	Resolving Ethical Dilemma and Conflict	242	17.9	Role/Significance of Corporate Culture in Making Ethical Decisions	278
14.11.1	<i>Approaches in Resolving Ethical Dilemmas</i>	242	17.10	Impact of Corporate Culture on Organizational Stakeholders	279
14.11.2	<i>Stages of Resolving Ethical Dilemmas</i>	243	17.11	Implementing Effective Corporate Ethics Programs	281
15.	Ethical Applications in Functional Areas of Business	249	17.12	Corporate Code of Ethics	282
15.1	Introduction	249	17.12.1	<i>Features of Corporate Code of Ethics</i>	282
15.2	Ethical Issues in Marketing	249	17.12.2	<i>Benefits of Corporate Code of Ethics</i>	282
15.2.1	<i>Concept of Marketing</i>	250	17.12.3	<i>Guidelines for Developing Corporate Code of Ethics</i>	283
15.2.2	<i>Ethical Issues in Marketing</i>	250			
15.2.3	<i>Resolution of Ethical Issues in Marketing</i>	251			

18. Globalization and Cross Culture Issues in Ethics	288	19.6 Limitations of Corporate Governance	301
18.1 Introduction	288	19.7 Committee Reports on Corporate Governance	302
18.2 Concept of Globalization	288	19.7.1 <i>Corporate Governance Reports and Acts Outside India</i>	303
18.3 Globalization and Ethical Issues in Business	289	19.7.2 <i>Committee Reports on Corporate Governance in India</i>	304
18.4 Cross-Cultural Issues in Business Ethics	290	19.8 Corporate Governance in India	308
18.4.1 <i>Concept of Cross Culture</i>	290	19.8.1 <i>Features of Corporate Governance Practices in India</i>	308
18.4.2 <i>Cross-Cultural Issues and Implications for Business Ethics</i>	291	19.8.2 <i>Framework of Corporate Governance in India</i>	309
19. Ethics and Corporate Governance	296	19.9 Corporate Governance and Business Ethics	309
19.1 Introduction	296	19.9.1 <i>Legal Duties of Board Members</i>	310
19.2 Concept of Corporate Governance	297	19.9.2 <i>Principles of Ethical Corporate Governance</i>	310
19.3 Features of Corporate Governance	298	19.9.3 <i>Role of Ethics in Corporate Governance</i>	311
19.4 Objectives of Corporate Governance	299		
19.5 Significance of Corporate Governance	300		
19.5.1 <i>To Companies</i>	300		
19.5.2 <i>To Shareholders</i>	300		
19.5.3 <i>To the Economy</i>	301		

Appendix 321

Roadmap

ENTREPRENEURSHIP DEVELOPMENT AND BUSINESS ETHICS

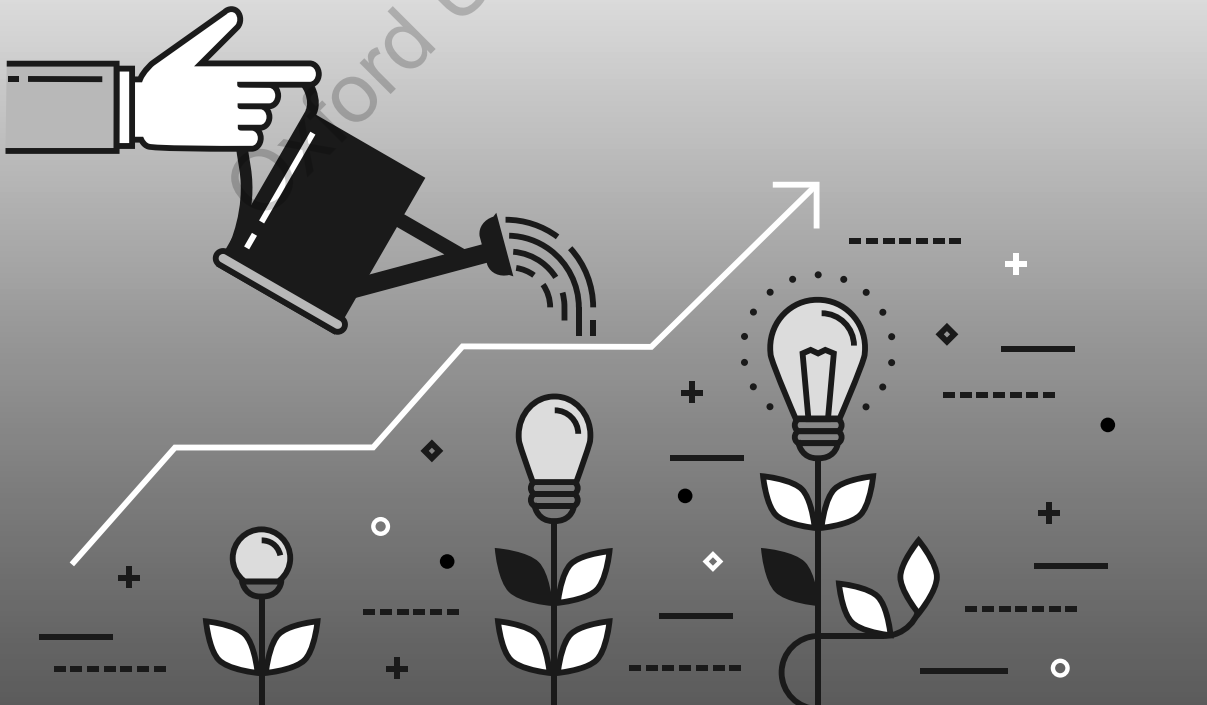
Unit No.	Chapter No.	Chapter Title	Marks Allotted
Module I: Entrepreneurship Development			
1	1	Introduction to Entrepreneurship and Entrepreneur	10
	2	Entrepreneurship and Creative Behaviour	
	3	Entrepreneurship and Micro, Small, and Medium Enterprises	
	4	Entrepreneurship and Family-owned Business	
2	5	Stimulation, Support, and Sustainability of Entrepreneurship	10
	6	Actors of Entrepreneurship Support System	
3	7	Preparation for Entrepreneurial Ventures	10
	8	Establishment and Operations of Business Ventures	
4	9	Mobilization of Resources	10
	10	Entrepreneurship and Start-up Ventures	
Module II: Business Ethics			
1	11	Introduction to Ethics	8
	12	Introduction to Business Ethics	
	13	Ethics and Corporate Social Responsibility	
2	14	Principles of Business Ethics	8
3	15	Ethical Applications in Functional Areas of Business	8
	16	Values and Ethics in the Workplace	
4	17	Ethics and Corporate Culture	8
	18	Globalization and Cross Culture Issues in Ethics	
5	19	Ethics and Corporate Governance	8

Oxford University Press

Module I

Entrepreneurship Development

1. Introduction to Entrepreneurship and Entrepreneur
2. Entrepreneurship and Creative Behaviour
3. Entrepreneurship and Micro, Small, and Medium Enterprises
4. Entrepreneurship and Family-owned Business
5. Stimulation, Support, and Sustainability in Entrepreneurship
6. Actors of Entrepreneurship Support System
7. Preparation for Entrepreneurial Ventures
8. Establishment and Operations of Business Ventures
9. Mobilization of Resources
10. Entrepreneurship and Start-up Ventures



Introduction to Entrepreneurship and Entrepreneur

LEARNING OBJECTIVES

After studying this chapter, readers will be able to comprehend the following:

- Concept of entrepreneurship
- Evolution of entrepreneurship
- Elements of entrepreneurship
- Determinants of entrepreneurship
- Importance of entrepreneurship
- Concept of entrepreneur
- Types of entrepreneurs
- Qualities/Traits of successful entrepreneurs
- Contemporary role models in Indian business, their values business philosophies, and behavioural orientations

1.1 INTRODUCTION

- Since the early days of civilization, human beings have been known to observe opportunities and use their competencies and skills to meet their own objectives. With the passage of time, humans have used the available resources (primarily land and labour) for their survival and development.
- As cultivation, trade, and commerce evolved over time, various innovations were put to use by the people to meet their own objective. This practice of innovating new ideas to suit their purpose gave birth to the concept, which over time, has been referred to as entrepreneurship.
- Entrepreneurship is considered by the economists to be one of the four factors of production (other three factors being land, labour, and capital).

Instances of Early Innovations

- Early man used his own innovation to develop *weapons* such as spears, hand axes, and choppers for his self-defence as well as the defence of his family members.
- Farmers developed *farming tools* such as ploughs, levellers, and yokes to speed up the cultivation of a wide variety of crops and fruits, and earn profits on their agricultural produce faster.
- Invention of *wheel* ensured speedy and comfortable movement from one place to another.
- Merchant traders built *carts and ships* and identified potentially lucrative land and sea routes for trade, to transport goods from one place to another in the most efficient manner.

1.2 CONCEPT OF ENTREPRENEURSHIP

- The term *entrepreneurship* is derived from the French words *entre* meaning ‘between’ and *prendre* meaning ‘to take’. The words were originally used to describe people who ‘take on the risk between buyers and sellers’ or who ‘undertake a task’ such as starting a new venture.¹
- An Irish–French economist named Richard Cantillon (1680–1734) is known to have used the term entrepreneurship for the first time in business literature. It first appeared in 1723, in the French dictionary *Dictionnaire Universel de Commerce*.
- Entrepreneurship is a process through which new and innovative ventures are created, thereby contributing significantly to the health and vitality of an economy.
- Entrepreneurship is a process by which either an individual (or a group of individuals)
 - identifies an opportunity,
 - acquires and deploys the necessary resources
 - for exploiting the said opportunity and attaining a specific objective.

NB: It is to be noted that such an objective may be either to create a commercial venture for earning profit (by establishing a business venture) or even to create a social venture (viz. establishing an orphan house, NGO, etc.) for social value creation.

- There is no universally accepted common definition of the term *entrepreneurship*, and over the years, it has been described in multiple ways by academicians, researchers, and practitioners. The term *entrepreneurship* as conceptualized by some of the experts are presented here:
 - French economist and businessman **Jean Baptiste Say** (1767–1832) provided a broad definition of entrepreneurship. In his words, entrepreneurship *shifts economic resources out of an area of lower and into an area of higher productivity and greater yield*.
 - **Joseph Schumpeter** (1942), one of the greatest economists of the 20th century had defined entrepreneurship as a *process of creative destruction*, whereby established ways of doing things are destroyed by the creation of new and better ways of getting things done. In other words, entrepreneurship does new things (or even old things in new ways) and in the process replaces (i.e., destroys) the old and established things or ways of doing things.
 - **Benjamin Higgins** (1961), a leading economist and a Professor of Economics at the University of Melbourne considered entrepreneurship to be the *function of seeking investment and production opportunities, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging for a supply of raw materials, and combining these factors of production into a going concern*. He also spoke about the importance of introducing new techniques and commodities, discovering new sources of natural resources and selecting top managers for the everyday operations of the enterprise.
 - **Jeffrey A. Timmons** (1971), an American professor of entrepreneurship at the Babson College in Massachusetts, is credited as the first researcher who had used the word ‘entrepreneurial’ in his doctoral dissertation from Harvard Business School. According to Timmons, entrepreneurship is *a manner of thinking, reasoning, and acting that is obsessed with opportunities, while being holistic in approach, and leadership, which is balanced for the purpose of value creation*.
 - **Albert Shapero** (1980) approached the concept of entrepreneurship from a socio-cultural perspective. He observed a significant correlation between economically displaced individuals and

¹ Hitt, Michael A., et al. ‘Strategic Entrepreneurship: Creating Value for Individuals, Organizations, and Society’, *Academy of Management Perspectives* 25.2 (2011), pp. 57–75.

starting of a new venture, and concluded that individuals often become entrepreneurs when they are displaced from their mundane lives due to war, natural calamities, poverty, unemployment or forced immigration.

- **Peter Drucker** (1985), one of the biggest known American management gurus, observed that entrepreneurship is a systematic process of innovation for bringing about socio-economic innovation in an economy. It comprises the purposeful and organized search for changes, and a systematic analysis of the opportunities involved thereunder.
- Thus, it can be stated that the concept of ‘entrepreneurship’ has been observed in business literatures from different perspectives. From the narrower perspective, entrepreneurship refers to the process leading to the creation and running of new enterprises, while as per the broader perspective entrepreneurship is essentially looked upon as the process, which is concerned with developing a new idea, product, service, or process that may finally translate to the formation of a new venture.
- The individuals, who would support these activities by managing various aspects of their own enterprises, are hailed as *entrepreneurs*, and the overall process was called *entrepreneurship*.

1.3 EVOLUTION OF ENTREPRENEURSHIP

- The studies on the discipline of entrepreneurship may be relatively new, but the concept has been in existence since time immemorial.
- The first known origins of entrepreneurial pursuits has been traced back to around 17,000 BCE, when the locals of New Guinea would exchange obsidian (a hard, glass-like naturally occurring volcanic rock used in making hunting tools) for other essential commodities such as tools, skins, and food.
- This early form of entrepreneurship persisted for millennia, and today, entrepreneurship is an instrumental force in triggering transformations in various realms of society.
- There are several schools of thought, which outline the evolution of entrepreneurship, but we can summarize its origin under the broad perspectives proposed by four experts, as stated in Table 1.1.

Table 1.1 Perspectives on entrepreneurship

Cantillon's perspective	Richard Cantillon (1730) used the term ‘entrepreneur’ for the first time in economics, during the 17th century and associated it with the function of ‘risk-bearing’.
Say's perspective	Jean Baptise Say (1827) associated the definition of entrepreneurship with the function of coordination, and defined an entrepreneur as an agent with special personal qualities, who would combine all the factors of production (namely, land, labour, capital etc.).
Menger's perspective	Carl Menger (1871) emphasized that entrepreneurs bear uncertainty and take purposeful, decisive action according to the knowledge they possess.
Schumpeter's perspective	Schumpeter (1965) noted that entrepreneurs could perform the function of innovation by exploiting an innovation or untried technological possibility for producing a new commodity or producing an old one in a new way, while unfolding a new source of materials or by reorganizing the industry.

- In order to gain valued insights into the importance of the various functions played by entrepreneurs, it is important to understand how some of the major contributors to entrepreneurship research have defined it. It is outlined in Table 1.2.

Table 1.2 Definitions of entrepreneurship functions

Contributor	Risk-taker	Arbitrageur	Capitalist	Manager	Innovator
Cantillon (1680–1734)	Core Aspect ¹	Explicitly Included	Implicitly Included	Not Included	Not Included
Say (1767–1832)	Explicitly Included ²	Not Included ⁶	Explicitly Excluded	Core Aspect	Explicitly Included
Marshall (1842–1924)	Implicitly Included ³	Explicitly Included	Core Aspect	Core Aspect	Not Included
Menger (1840–1921)	Completely Excluded ⁴	Implicitly Included	Explicitly Excluded	Explicitly Included	Not Included
Knight (1885–1972)	Core Aspect	Not Included	Explicitly Excluded	Explicitly Excluded	Implicitly Included
Schumpeter (1883–1950)	Explicitly Excluded ⁵	Implicitly Included	Explicitly Excluded	Explicitly Excluded	Core Aspect
Kirzner (1930–)	Explicitly Excluded	Core Aspect	Explicitly Excluded	Not Included	Not Included

¹ **Core Aspect:** This aspect is the primary essence of the theory
² **Explicitly Included:** This is not a core aspect, but is a key part of the definition/ concept
³ **Implicitly Included:** This term is not directly mentioned, but is still a part of the concept
⁴ **Completely Excluded:** This term and its associated concepts has been categorically removed by the author in his definition
⁵ **Explicitly Excluded:** This term in particular has been removed by the author, but the associated concepts have still been included
⁶ **Not Included:** This term has not been considered by the author in his definition at all

1.4 ELEMENTS OF ENTREPRENEURSHIP

This discipline of entrepreneurship stands on certain pillars, which are commonly referred to as its ‘elements’. The various elements of entrepreneurship are discussed here:

- **Opportunity:** Identification of opportunity happens to be a key element of entrepreneurship. It is through the process of entrepreneurship, that people tap unutilized opportunities with the objective of earning profit or some other form of value addition.
- **Idea:** Idea refers to a thought that leads to a possible course of action. Entrepreneurship stands on this pillar of generation of ideas regarding the development of new products, services or processes.
- **Innovation:** Innovation, which is the process of doing something new or different, is a critical element of entrepreneurship. It is the implementation of new ideas, and involves a continuous effort.
- **Risk and uncertainty:** Entrepreneurship is the propensity of mind to take calculated risks with confidence in an uncertain field/ area to achieve a predetermined commercial objective (i.e., earning returns) or social objective (i.e., value addition).
- **Economic activity:** Entrepreneurship is considered an economic activity due to its ability to create an enterprise and manage the same with the aim of continuously generating wealth by ensuring optimum utilization of scarce resources in the midst of an uncertain business environment.
- **Dynamic activity:** Entrepreneurship is recognized as a dynamic activity as its objective is not only to generate new ideas, but also to exploit these ideas for various commercial or social purposes.

- **Profit potential:** Simply put, profit potential is the expected level of return to the entrepreneur for assuming the risk of nurturing an idea into an actual business venture.
- **Value maximization:** Entrepreneurship ventures that have a specific social dimension aim to maximize the purpose of its formation. For example, schools set-up in economically backward districts of a state have the primary objective of maximizing value by educating most number of students as compared to earning revenue therefrom.
- **Time:** Any form of entrepreneurship involves a time gap between the conception and implementation of an idea and its results. An entrepreneur is expected to have patience to see his efforts bear fruit
- **Strategy-formulation:** Entrepreneurship requires the development of strategy with respect to facing future uncertainties or challenges posed by competitors or promoting the interests of the venture.

Thus, entrepreneurship is considered a dynamic process of creating incremental wealth, by such individuals who are willing to assume significant risks in terms of equity, time, as well as career commitment in order to provide value for some product or service.

1.5 DETERMINANTS OF ENTREPRENEURSHIP

- Entrepreneurship is a dynamic process through which new and innovative ventures are created that make significant contributions to the health and vitality of an economy.
- The growth and evolution of entrepreneurship in an economy is dependent on certain factors that help the participants in generating new ideas, taking advantage of the available opportunities and thus establishing new ventures. These factors are considered as the determinants of entrepreneurship environment in an economy.
- The important determinants of entrepreneurship are classified under the three broad categories:
 - **Personal-level factors:** These are the personal and psychological characteristics of the individuals that have an effect in the entrepreneurship environment of an economy;
 - **Social-level factors:** These are the various aspects and perspectives of the society that influence entrepreneurial culture; and
 - **Economy-level factors:** These are the various macro-economic factors that play a vital role in development of entrepreneurship in an economy.

These factors are detailed in Table 1.3.

Table 1.3 Classification of determinants of entrepreneurship

Personal-level factors	<ul style="list-style-type: none"> • Willingness to take risks: Entrepreneurs who take moderate risks are seen to earn higher returns on their assets as opposed to those who take no risks at all or who take extravagant risks. • Motives/Goals: Besides wealth, entrepreneurs also seek power, prestige, security, and service to society. Non-monetary aspects such as independence, persons' self-esteem, power, and regard of the society also serve as motives, which determine the success of entrepreneurs. • Achievement needs: Entrepreneurs are known to pursue activities in a new and innovative manner and make decisions under uncertainty. They are characterized by a high achievement orientation, which drives them to excel and grow. • 'Type A' personality: Entrepreneurs tend to exhibit 'Type A' behaviour, which is a chronic, incessant struggle to achieve more in less amount of time.
-------------------------------	---

	<ul style="list-style-type: none"> • Locus of control: Locus of control implies that entrepreneurs tend to subscribe to the idea that they can control their own lives and are not influenced by factors such as luck and fate. • Withdrawal of status respect: It implies that when members of a certain social group perceive that they are not respected by the dominant groups, there arises a personality change (e.g., creativity), which stimulates entrepreneurial behaviour.
Social-level factors	<ul style="list-style-type: none"> • Family background: This factor includes family size, type of family, and economic status of family. For instance, the background of a family in manufacturing provided a source of industrial entrepreneurship. Occupational and social status of the family influenced mobility. • Educational system: Education enables an individual to comprehend the outside world and equip him/her with the fundamental knowledge and skills to deal with everyday problems. In any society, the system of education has a significant role to play in inculcating entrepreneurial values. • Societal attitudes: Certain societies are known to encourage innovations and novelties, and thus approve entrepreneurs' actions and rewards such as profits. Certain others do not tolerate changes and in such circumstances, entrepreneurship finds it difficult to shape and develop. • Cultural values: The strength of entrepreneurial motives are dependent upon the culture of a society. If the culture is economically oriented, entrepreneurship would be appreciated and commended and wealth accumulation as a way of life would be appreciated. In the less developed countries, since people do not tend to be economically motivated, monetary incentives are relatively less attractive. • Sub-cultural values: There are certain cultural practices and values in every society, which have evolved over thousands of years, and that influence the actions of individuals. Dominance of certain ethnical groups in entrepreneurship is a global phenomenon.
Economy-level factors	<ul style="list-style-type: none"> • Availability of raw materials: This is one of the basic ingredients required for production. Shortage of raw material can adversely affect the entrepreneurial environment. Without adequate supply of raw materials, no industry can function properly and entrepreneurial development is adversely affected. • Availability of labour: Easy availability of right type of labour is a strong determinant of entrepreneurship. The quality rather than quantity of labour influences the emergence and growth of entrepreneurship. Most less developed countries are labour rich nations owing to excessive population rates. Nevertheless, entrepreneurship is encouraged if there is a mobile and flexible labour force. • Capital investment: Increase in capital investment in viable projects results in an increase in profits. This, in turn, helps in accelerating the process of capital formation. Capital is regarded as a catalyst to the process of production. • Financial market: Existence of a well-regulated financial market with specific financial institutions, instruments and participants goes a long way in supporting entrepreneurship in an economy. • Market conditions: The role and importance of market and marketing is critical for the growth of entrepreneurship. In fact, the proof of all production lies in the strength of its marketing activities. The size and composition of the market both influence entrepreneurship significantly. • Infrastructure growth: Expansion of entrepreneurship presupposes properly developed communication and transportation facilities. It not only helps to enlarge the market, but expand the horizons of business as well.

1.6 IMPORTANCE OF ENTREPRENEURSHIP

Entrepreneurship is an instrumental force in triggering broad-based transformations in various realms of the society, while fostering inclusive growth and development. It continually aims to empower individuals who seek opportunities for value creation. The importance of entrepreneurship can be understood from the role it plays in an economy, which are discussed here:

- **Economic development:** It is a well-established fact that entrepreneurship is a significant force in initiating and sustaining the economic development of an economy.
- **Promotes capital formation:** Entrepreneurs promote capital formation by mobilizing the idle savings of the public. They employ their own as well as borrowed resources for setting up their enterprises, which lead to value addition and creation of wealth.
- **Wealth creation and distribution:** Entrepreneurial activities provide a multiplier effect in the economy by stimulating equitable redistribution of wealth and income to more people and geographic areas, thus benefiting larger sections of the society.
- **Generates employment:** Entrepreneurs provide immediate large-scale employment to the unemployed, through the establishment of business units, especially in underdeveloped economies. Thus, entrepreneurs play a key role in reducing the problem of unemployment in the country.
- **Eliminates regional disparities:** Entrepreneurs help to remove regional disparities through the establishment of industries in less developed and backward areas, which in turn offer several public benefits like road transport, health, education, entertainment, etc.
- **Reduces concentration of economic power:** Development of a large pool of entrepreneurs in an economy shall help reduce the concentration of economic power among few hands of the population.
- **Boosts national income:** Entrepreneurs continually explore and exploit opportunities and bring in new products and services and develops markets for growth of the economy. Thus, they help increasing the gross national product as well as per capita income of the people in a country.
- **Improvement in living standards:** Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost.
- **Promotes export of the nation:** Entrepreneurs help in promoting a country's export trade, through the large-scale production of goods and services in order to earn huge amounts of foreign exchange from export in order to combat the import dues requirement. Hence, import substitution and export promotion ensures economic independence and development.
- **Creating social change:** Through their unique offerings of new products and services, entrepreneurs break away from tradition and indirectly support freedom by reducing dependence on obsolete systems and technologies.
- **Encourages personal growth:** Entrepreneurial pursuits call for creativity and collaboration, leading to personal development. Not bound by the hierarchy of large corporations, young entrepreneurs can take on greater responsibility, work flexible schedules and use creative solutions to solve problems.

1.7 CONCEPT OF ENTREPRENEUR

- An *entrepreneur* is an individual who, rather than working as an employee, runs his own enterprise, and assumes all its associated risks and rewards of the venture.

- The entrepreneurial initiative encompasses the concepts of creation, risk-taking, renewal or innovation either within or external to an organization. It requires the entrepreneur to continually search, explore, and innovate, as opposed to the traditional role of managers, where they seek to exploit business opportunities pertaining to managers. Thus, an entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures, and happen to play a key role in any economy.
- Simply put, the entrepreneur is an individual who seeks to reform or revolutionize the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products.

Concept Note: Entrepreneur, Intrapreneur, and Manager

Intrapreneur is a person who happens to be an employee of a large organization and remaining within that organization uses his/her entrepreneurial skills to develop new products, services, processes, and systems for such an organization. Such a person is given adequate freedom and resources to initiate new products, services, processes, and systems. Thus, an intrapreneur is considered to be an 'inside entrepreneur'.

Difference between Entrepreneur and Intrapreneur:

Basis	Entrepreneur	Intrapreneur
Capacity	Owner	Employee/Manager
Status	Own boss	Salaried employee
Decision	Takes own decisions	Executes decisions in concurrence with the owner/Board of Directors
Risk	Bears the risk	Does not bear the risks associated with these activities
Reward	Uncertain and unlimited income	Fixed salary and rewards (proportionate to contribution made)

A *manager* is a person who is responsible for running (either a part or whole of) an organization. He has the responsibility of administering or controlling the various tasks and resources of an organization.

Difference between Entrepreneur and Manager:

Basis	Entrepreneur	Manager
Status	Owner	Employee
Motive	Start a venture by setting up an enterprise	Render services to an entrepreneur
Innovation	Acts as the innovator and change agent	May not always plan an innovator's role
Risk	Assumes all risk and uncertainty	Usually does not share any risk involved
Reward	Profit	Salary

1.8 CLASSIFICATION OF ENTREPRENEURS

Studies on entrepreneurial behaviour indicate that there exist several types of entrepreneurs who can be classified on different bases. Entrepreneurs may be broadly classified as highlighted in Fig. 1.1.

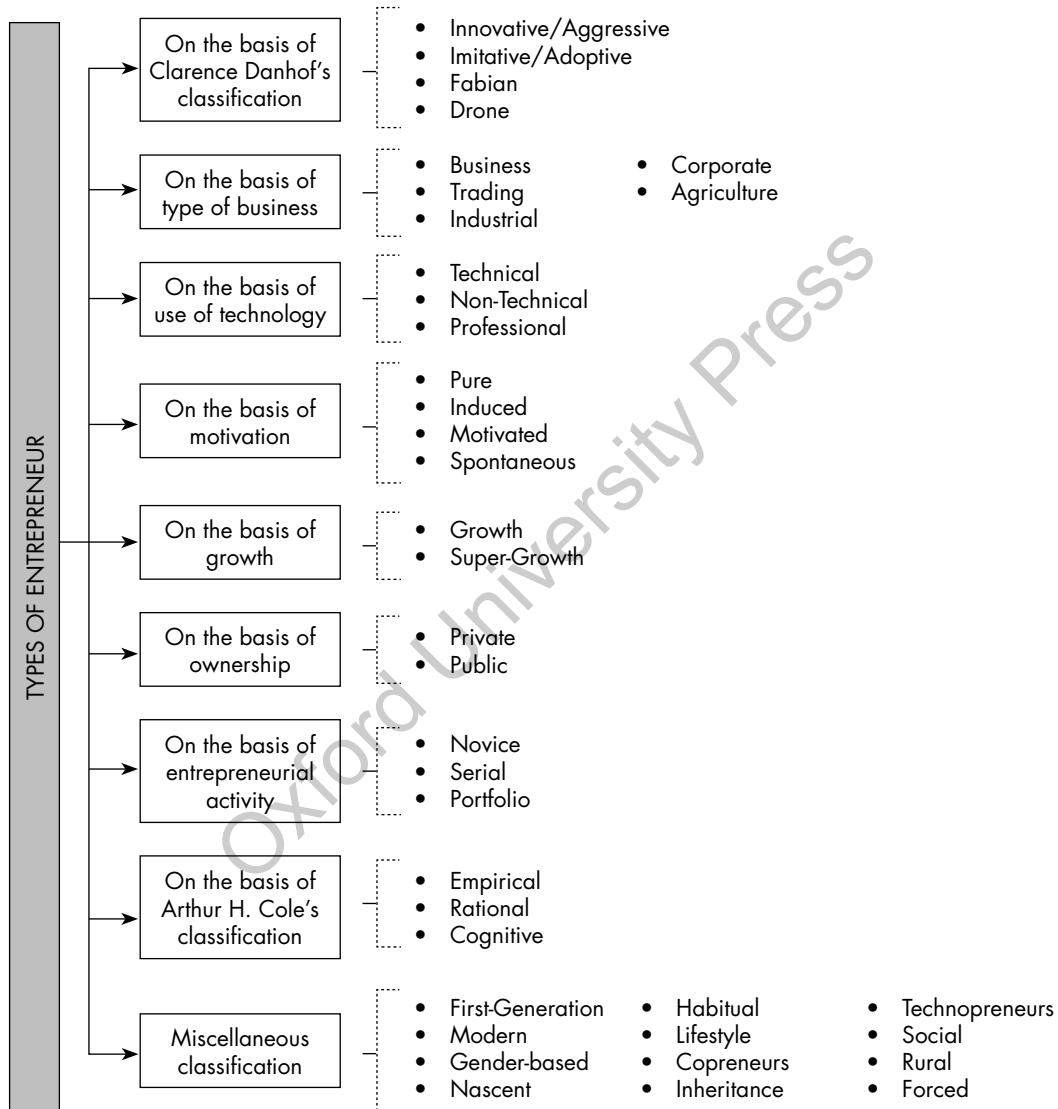


Fig. 1.1 Classification of entrepreneurs

- **On the basis of economic development (Clarence Danhof's classification):** Clarence Danhof classified entrepreneurs into the following four groups based on economic development:
 - **Innovative/Aggressive entrepreneurs:** They assemble and synthesize information and introduce new blends of factors of production, i.e., land, labour, capital etc.

Example: Elon Musk is an innovative entrepreneur, given his aggressive innovations starting from Tesla Motors, SpaceX, Hyperloop, PayPal etc.

- **Imitative/Adoptive entrepreneurs:** They adopt successful innovations by other innovators, because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own.

Example: Sachin Bansal & Binny Bansal, the founder of Indian e-commerce giant Flipkart, adopted the business model of American e-commerce firm, Amazon (founded by Jeff Bezos).

- **Fabian entrepreneurs:** A 'fabian' is an individual seeking victory by delay rather than by a decisive battle. These entrepreneurs are the second generation entrepreneurs who happen to be very cautious and sceptical in taking decisions and take only calculative steps. They imitate other innovations only if they are certain that failure to do so might damage their enterprise. They do not initiate any innovation but follow only after they are satisfied with its success rate. They wait for some time before the innovation becomes well tested by others and do not result in a huge loss due to its failure.

Example: A young businessperson runs the business passed on to him by his father using traditional management techniques and does not adopt to any new idea or technology.

- **Drone entrepreneurs:** Conservative and orthodox, they are reluctant to get rid of their traditional styles of doing business. These entrepreneurs are reluctant to change. They remain happy with their present mode of business and do not want to change even if they are suffering the losses.

Example: A 'beedi' (a cheap cigarette made of unprocessed tobacco wrapped in tendu leaves) making company uses traditional human processes to prepare the tobacco.

- **On the basis of type of business:** Entrepreneurs may be found in various types of business occupations of varying size. They may be classified as follows:

- **Business entrepreneurs:** They conceive an idea for a new product or service and hence create either a big enterprise or a small-scale business to materialize their idea into reality, by effectively utilizing the factors of production.

Example: Usually such entrepreneurs are found in small trading and manufacturing business and may range from printing presses, textile-processing units, advertising agencies or confectioneries.

- **Trading entrepreneur:** They undertake trading activities and do not concern themselves with manufacturing activities. They identify the prospects of their products in domestic and global markets and stimulate demand for their product line among buyers.

Example: They could be traders of marble and granite or even fruits and vegetables.

- **Industrial entrepreneur:** They are usually product-oriented in that they create and market products or services by identifying the needs of customers.

Example: They create industrial units to create products such as electronics, textiles, tools etc.

- **Corporate entrepreneur:** They demonstrate their innovative skills in organizing and managing a corporate undertaking, which acts as a separate legal entity.

Example: Sundar Pichai of Google is a classic example of a corporate entrepreneur.

- **Agricultural entrepreneur:** They address a broad spectrum of the agricultural sector and include its allied occupations, through mechanization, irrigation and application of technologies to produce crops.

Example: Sanjay Nayak is an Odisha-based agricultural entrepreneur who has exhibited exemplary efforts in scientific farming in horticulture.

- **On the basis of use of technology:** The application of new technology in multiple sectors of the economy is essential for the future growth of the business and the entrepreneur. They may be classified as under:
 - **Technical entrepreneur:** They develop improved quality of goods because of their artisanship, and focus more on their production techniques rather than on marketing activities and sales generation.
 - **Non-technical entrepreneur:** They are not concerned with the technical aspects of the product they market, but focus on developing alternative marketing and distribution strategies to promote their venture.
 - **Professional entrepreneur:** They are interested in establishing their business, but do not show any interest in managing its operation upon its establishment. Such entrepreneurs are dynamic and conceive new ideas to develop alternative projects.
- **On the basis of motivation:** Entrepreneurs are motivated to accomplish or prove their excellence in their ventures. They may be classified as under:
 - **Pure entrepreneur:** They usually undertake entrepreneurial activities for their personal satisfaction in work, ego or status, and are motivated by psychological and economic rewards.
 - **Induced entrepreneur:** They are induced to pursue entrepreneurial activities due to various governmental policies in terms of assistance measures, incentive schemes, concessions and other necessary facilities to start a venture.
 - **Motivated entrepreneur:** They undertake new ventures for the possibility of creating and marketing new products for the benefit of consumers. With the growth in product sales, they are further motivated by profits.
 - **Spontaneous entrepreneur:** These individuals are born with initiative and self-assurance in their entrepreneurial abilities, which encourage their young entrepreneurial pursuits.
- **On the basis of growth:** The development of an entrepreneur's venture has a greater chance of success and profits when it has the backing of its customers. Such entrepreneurs may be classified as under:
 - **Growth entrepreneur:** They essentially go in for a high growth industry, which offers substantial prospects for growth.
 - **Super-growth entrepreneur:** They usually tend to exhibit massive performance growth in their venture, as marked by its liquidity of funds, profitability and gearing.
- **On the basis of ownership:** Entrepreneurs may either seek autonomy by creating a privately-run venture or innovate in a governmental enterprise. Such entrepreneurs may be classified as under:
 - **Private sector entrepreneurs:** Such entrepreneurs are associated with private sector business activities and are motivated by profits independently.
 - **Public sector entrepreneurs:** Such entrepreneurs are known for introducing innovation and generating as well as implementing new ideas in the public sector, such as infrastructure, public transit systems, public education, health care etc.
- **On the basis of entrepreneurial activity:** Entrepreneurs may also be classified on the basis of their stages of entrepreneurial pursuit. They may be classified as under:
 - **Novice entrepreneur:** They are individuals who do not possess any prior ownership experience as a business founder, inheritor of a business, or a manager of a business.
Example: Ritesh Agarwal, the founder of OYO Rooms, had no prior ownership practice and relied on his travelling experience to conclude that the budget hospitality sector lacked predictability.
 - **Serial entrepreneur:** Such entrepreneurs are excited by the mere prospect of starting a venture. Once their business is established, they may lose interest and decide to sell it and move on to another venture.

Example: Naveen Jain, a serial entrepreneur is the founder of three successful enterprises, Florida-based Moon Express, Washington-based Intelius and Infospace (now Blucora).

- **Portfolio entrepreneur:** They are individuals who retain an original business and build a portfolio of additional businesses through its inheritance or acquisition. The entrepreneur may be motivated by multiple opportunities in the industry or may simply look to spread the risk.

Example: K. B. Chandrasekhar may be regarded as a portfolio entrepreneur, who is credited as the founder of companies such as Jamcracker, Fouress, Exodus Communications and Akshaya.

- **On the basis of entrepreneurial thought process (Arthur H. Cole's classification):** Arthur H. Cole classified entrepreneurs on the basis of their entrepreneurial thought process as follows:
 - **Empirical entrepreneur:** Such entrepreneurs barely introduce any new or radical innovation and merely follow the rule of thumb, that is, they pursue their business through rough and approximate estimations rather than basing it on exact measurement.
 - **Rational entrepreneur:** Such entrepreneurs are well informed about the macro conditions prevailing in the economy and strive to bring about radical changes, based on reason and logic.
 - **Cognitive entrepreneur:** Such entrepreneurs are sophisticated and well informed and often utilize technological insights and expert advice they receive from other societal members.
- **Miscellaneous classifications:** Since entrepreneurship is a growing discipline, which draws from the general business environment, there are several classifications which may be attributed to entrepreneurs, as discussed here:
 - **First-generation entrepreneur:** Such entrepreneurs come from families, which have not been in business and have been in salaried service. They are essentially innovators who combine various technologies to start an industrial unit and produce marketable products or services.

Example: Vijay Shekhar Sharma, the founder of Paytm, is a first-generation entrepreneur. His father, Sulom Prakash Sharma was a schoolteacher, and mother, Asha Sharma, a homemaker.
 - **Modern entrepreneur:** They undertake those businesses, which appear to be profitable in the changing market scenario and are built in accordance with the current marketing trends and needs.

Example: Saurabh Kumar and Albinder Dhindsa, the founders of Grofers, an on-demand delivery service in India that connects consumers with local stores, are modern entrepreneurs.
 - **Gender-based classification of entrepreneurs:** Based on gender, entrepreneurs may be categorized as male and female entrepreneurs. Due to the rigid and orthodox social norms and customs of India, entrepreneurship has typically been a male-dominant affair. However, due to progressive laws and other incentives, the presence of women in the domain of entrepreneurship has increased significantly.

Example: Examples of male entrepreneurs are plenty. For instance, Bhavish Agarwal, the founder of Ola Cabs or Naveen Tewari, the founder of InMobi, are male entrepreneurs. Radhika Ghai Aggarwal is an Internet entrepreneur who co-founded ShopClues, an online marketplace and is India's first woman entrepreneur to enter the Unicorn Club.
 - **Nascent entrepreneur:** They are individuals who are involved in the process of starting a new business, or are expecting to be the owner or part owner of a new firm.
 - **Habitual entrepreneur:** They have prior business ownership experience. In fact, nascent entrepreneurs can be either novice or habitual entrepreneurs.

- **Lifestyle entrepreneur:** They seek to create enterprises that matches their individual statuses and lifestyles. Their principal aim is to generate earnings for themselves as well as their families.
Example: Tim Ferris, the New York Times bestselling author of 'The 4-Hour Workweek' is the 'poster boy' for the lifestyle entrepreneur movement.
- **Copreneur:** Copreneurs refer to married couples who work together in a business enterprise. Such couples represent the dynamic interaction and balance between their personal lives and work.
Example: Chumbak, a Bengaluru-based design-driven lifestyle brand for apparels, home and accessories was founded by Shubhra Chadha and her husband, Vivek Prabhakar.
- **Inheritance-based entrepreneur:** Often, individuals may become entrepreneurs when they inherit their family business. In such cases, ownership is passed from one generation to the next.
Example: Pirojsha Godrej is the Executive Chairman of Godrej Properties Limited, of which Adi Godrej, his father, is the Chairman.
- **Technopreneur:** They are ambitious and innovative individuals who utilize their acquired creativity and technological prowess to develop a new business platform, oriented with computers or similar technology, to carve a niche for themselves in a competitive business world.
Example: Divyank Turakhia, one of India's largest technopreneurs, is the founder of Media.net, which was sold in 2016 to a Chinese consortium for \$900 million, the third largest ad-tech deal.
- **Netpreneur:** They are entrepreneurs who have started a business on the internet. These entrepreneurs do their activities in online mode with no virtual office, but only with an e-presence, blogs, and web site.
Example: Mark Zuckerberg founded the social networking site Facebook to connect friends over the internet.
- **Social entrepreneur:** Social entrepreneurs create new ventures or manage existing enterprises in an innovative manner, to discover and exploit opportunities for enhancing social wealth.
Example: Sanjit 'Bunker' Roy is one of India's most prominent social entrepreneurs, known for founding the Barefoot College in Tilonia, which is a voluntary organization using solar power in the realms of education, health, drinking water etc. to empower rural women.
- **Rural entrepreneur:** They carry out entrepreneurial activities by establishing business units and industries in the rural sector of an economy.
Example: Mansukhbhai Jagani, a Gujarat-based farmer, is a prominent rural entrepreneur, who invented the 'Bullet Santi', a modified motorcycle transformed into a multi-purpose cultivator that helps marginal farmers get rid of hiring expensive tractors or oxen.
- **Forced entrepreneur:** These are entrepreneurs (usually young individuals) who are forced to start their ventures for earning their living. These people actually become entrepreneurs not voluntarily, but due to their failure to get regular jobs.
Example: A young computer science engineer starting a computer assembly and repairs business upon his failure to get placed.

1.9 QUALITIES/TRAITS OF SUCCESSFUL ENTREPRENEURS

- An entrepreneur is an individual who happens to be an innovator, a source of new ideas, goods, services and business/or procedures, and thus plays a key role in any economy.

- It is to be noted that there exists no ‘ideal’ set of entrepreneurial qualities or traits for successful entrepreneurs. Rather, it has been observed that most of the entrepreneurs tend to share some standard distinctive qualities that would enhance their chances of success. The following are some of these important qualities:
 - **Innovative:** Entrepreneurship goes hand-in-hand with innovation, which is the ability to produce new ideas, provide better solutions and pioneer new products.
 - **Initiative:** The successful entrepreneur takes the first move towards setting up of an enterprise, and aim to pursue something different in order to accelerate the process of economic development.
 - **Clear vision:** Successful entrepreneurs have the ability to see the results of goals while working to achieve them and are firmly dedicated to making their vision a reality.
 - **Passion:** All successful entrepreneurs must have a passion that drives them forward. It is a core belief that keeps them going, even though others do not necessarily share the same vision.
 - **Integrity:** When entrepreneurs lack integrity, their team members can easily lose focus from their core business goals. As a result, productivity can become hindered and conflicts might erupt as the team members may try to decipher their purpose.
 - **Information seeker:** Entrepreneurs always keep their eyes and ears to open to all the changes and opportunities in the environment, and are ready to exploit them for the success of their venture.
 - **Self-confidence:** Top entrepreneurs have immense belief in their own competencies, knowledge, skills and abilities, and are never apprehensive about future uncertainties or challenges.
 - **Assertive:** Successful entrepreneurs believe in their own abilities and ensure that their peers agree with their line of thought, which is built around the promotion of venture’s interests.
 - **Teamwork:** In entrepreneurship, effective teamwork is the key to growth and success. To be an effective team member, entrepreneurs must display the ability perform both as an individual as well in a collective capacity with their partners, co-founders or first employees.
 - **Leadership:** Leadership among entrepreneurs revolves around organizing and motivating their team to achieve a common objective through innovation, risk optimization, taking advantage of opportunities, and managing the dynamic organizational environment.
 - **Quality-conscious:** Managing quality in business ventures (such as product quality) is one of major factors affecting the success of entrepreneurs, and, ultimately sustainable development of such firms, industries and economies.
 - **Customer focus:** Customer focus is a pivotal quality that entrepreneurs must possess in order to achieve success. They must clearly understand the needs and wants of their customers and thereby produce and develop products and services that satisfy their customers’ needs and wants.
 - **Flexibility:** Entrepreneurs must be willing to change as needed by their business and the industry in which they operate. They must be ready to adopt changes in their processes, products or services as well as in their thought process in order to find unique and effective solutions to complex issues.
 - **Persuasive:** Entrepreneurs must use sound intellectual arguments as well as logical reasoning to convince others to pursue the activities in the manner he envisions them.
 - **Resilience:** Resilience is the virtue that enables entrepreneurs to move through hardship and become better. No successful entrepreneur can escape failure, yet, if entrepreneurs acquire the virtue of resilience, they can become successful by learning from their previous failures.

1.10 CONTEMPORARY ROLE MODELS IN INDIAN BUSINESS

- India has always been the land of blessed sons and daughters. Since the ancient times, many great personalities have been born in this great nation, who have shown their colours and achieved unprecedented success in different fields.
- The field of business has also not been an exception. Since historical times, Indian merchants, traders, and businessmen have crossed mountains and oceans to trade in distant foreign lands.
- The birth of the modern day business entrepreneurs in India happened during the first half of the twentieth century and it included stalwarts such as Jamshetji Tata, Ardishir Godrej, Walchand Hirachand Doshi, Ghanshyam Das Birla, Kailash Chandra Mahindra, and Jehangir Ratanji Dadabhoy Tata to name a few.
- The present times also have many such successful entrepreneurs who have made major contributions to the Indian business scenario, and as such, have become role models for aspiring entrepreneurs. The following section highlights the business endeavours of some of the selected personalities, identified from different industries, who have become role models for the future generations.

J.R.D. Tata (Tata Group)

- Jehangir Ratanji Dadabhoy Tata, an Indian business magnet, was born in July 1904 into a Parsi family. His father was the first cousin of Jamsetji Tata, a pioneer industrialist in India.
- In 1932, Tata established the Tata Air Mail, a courier service. He rebranded his airmail service as Tata Airlines, making it India's first domestic carrier, and in 1946, he changed the rapidly growing company's name to Air India.
- He oversaw the dramatic expansion of the Tata Group, India's largest industrial empire. Over the next five decades, he managed to strengthen the existing businesses such as steel, power, hotels, and drove the group to diversify its interests to include chemicals, automobiles, pharmaceuticals, financial services, and information technology.
- Under his guidance, several institutions were established to promote scientific, medical, and artistic endeavours in India.

Dhirubhai Ambani (Reliance Industries)

- Dhirajlal Hirachand Ambani was the founder of Reliance Industries—a petrochemicals, communications, power, and textiles conglomerate.
- He started his career as a dispatch clerk at A. Besse & Co., a transcontinental trading firm; In 1958 he returned to Bombay and became a commodities and textiles trader. Dhirubhai started his first textile mill at Naroda, near Ahmedabad in 1966 and started the brand 'Vimal', gradually earning for himself the title 'Prince of Polyester'.
- With the passage of time, Dhirubhai diversified into petrochemicals and sectors such as telecommunications, information technology, energy, power, retail, infrastructure services, capital markets, and logistics.
- Dhirubhai Ambani is credited with having started the equity cult in India. In 1977, Ambani took Reliance public after nationalized banks refused to finance him. He was posthumously bestowed with the Padma Vibhushan for his contributions towards the field of trade and industry.

QUOTE

If you don't build your dreams, someone else will hire you to help them build theirs.
– Dhirubhai Ambani

Verghese Kurien (Amul)

- Dr Verghese Kurien was born in a Syrian Christian family in Calicut in November 1921. He had his first tryst with milk production in Anand, upon his return from the US after completing a Masters in Mechanical Engineering in the year 1949.
- In Anand, he was appalled by the struggle of the farmers to survive and mesmerized by the personality of their leader, Tribhuvandas Patel, who was trying to unite the farmers and form a co-operative movement against the exploitation. These forced Dr Kurien to quit his government job and he joined forces with Patel and the farmers to start the Milk Cooperative movement in the region registered under the name of Kaira District Cooperative Milk Producers Union Ltd (KDCMPUL), which was later renamed to the now popular 'Amul'.
- In 1970, he launched Operation Flood, which culminated in making our country self-sufficient with regard to dairy production, thus bringing in the White Revolution.
- His vision and ambition of producing billion-litre milk—*Operation Flood*—made dairy farming India's largest self-sustaining industry and the largest rural employment provider, thus earning him the title of 'Father of the White Revolution' in India.

QUOTE

True development is not the development of land, or of cows; it is the development of men and women.
– Dr Verghese Kurien

Aditya Vikram Birla (Birla Group)

- Aditya Vikram Birla was a renowned Indian industrialist, who was born in 1944 into the formidable business family of the Birlas.
- At the age of 22, he took over the responsibility of the entire Birla group, and soon with his dynamic leadership skills, the organization was expanded in its core sectors. His organizations were involved in the manufacturing of textiles, chemicals, engineering goods, fertilizers, and palm oil.
- He was one of the first Indian industrialists to expand abroad, setting up plants in different countries of South-east Asia and Egypt.
- Aditya Birla's determination and innovative theories carved a niche for India, putting her on the world map amongst the world's largest companies. He would always be remembered for creating India's first global corporation.

Mukesh Ambani (Reliance Industries Limited)

- Mukesh D. Ambani, born in 1957, is an Indian business tycoon and the largest shareholder of Reliance Industries Ltd.
- He inherited a business empire from his industrialist father, Dhirubhai Ambani, but his credit as an entrepreneur lies in the fact that he has successfully managed to increase the scale of operations of the existing businesses and also diversify to emerging fields.
- He initiated Reliance's backward integration journey—from textiles to polyester fibres and further into petrochemicals and petroleum refining, and going upstream into oil and gas exploration and production. He created multiple new world-class manufacturing facilities involving diverse technologies that have raised Reliance's petrochemical manufacturing capacities from less than a million tonnes to about 21 million tonnes per year.

- He also led Reliance's development of infrastructure facilities and implementation of a pan-India organized retail network spanning multiple formats and supply chain infrastructure. Presently, Reliance Retail is the largest organized retail player in India.
- He is also credited for creating global records in customer acquisition for Jio, Reliance's digital services initiative. He led and established one of the world's most expansive 4G broadband wireless networks offering end-to-end solutions.

Brijmohan Lal Munjal (Hero Group)

- Brijmohan Lal Munjal is founder of Hero Group, whose HeroMotoCorp, has been India's largest motorcycle-maker.
- Born in a rather nondescript part of undivided Punjab, the Munjal brothers always looked at life beyond their traditional business of vegetable trading. Brijmohan Lal had barely stepped out of his teens when his older brothers decided to set up their new business—trading in bicycle components.
- He travelled across the world to explore new opportunities and integrate them in their business in India. In the year 1984, the Hero Group started a joint venture with Honda Motors to manufacture motor cycles and thus Hero Honda was formed. By 2002, it had sold 8.6 million bicycles, and was producing 16,000 motorcycles a day.
- The joint venture broke up in August 2011, and this split made an opportunity for Hero to expand its market globally with the name Hero MotoCorp. In August 2013, the company reached a milestone of producing 50 million bikes that has never been achieved by any Indian two-wheeler manufacturer.

Vandana Luthra (VLCC)

- Vandana Luthra is the founder of VLCC Health Care Ltd, a beauty and wellness brand.
- Luthra started VLCC in the year 1989, as a beauty and slimming services centre in Safdarjung Development Area, New Delhi. She started her business venture in the times when women in India were not encouraged to go out of the house, let alone even think of doing a professional activity, that too of a start-up which envisioned an idea decades ahead of its time. Moreover, she focused on this domain at a time when people did not care much about fitness, food, nutrition, or appearances.
- In the early days, Vandana just wanted to promote health and fitness in India, but it was her passion to give attractive hairstyles to people and the experimentation with all the facials on her mother's face, which further led to such a revolution in the health and beauty industry in India.
- She has been felicitated with a Padma Shri and is presently engaged in providing training to youngsters under the 'Skill India' mission

QUOTE

Set your goals and work towards it. There is no stopping anyone from reaching the pinnacle of success if there were firm commitment and dedication.

– Vandana Luthra

Kishore Biyani (Future Group)

- Kishore Biyani is considered to be the true czar of Indian retail. Born on 9 August, 1961 into a small trading family, Biyani began working in the family fabric-trading business, Bansi Silk Mills, but became frustrated with the conservative practices adopted by his family members.
- In November 1983, he made his first venture into business on his own account, by commissioning the manufacture of fashionable fabrics for sale to garment manufacturers in Mumbai. He thereafter

progressed to selling his own brand of clothing fabric and then to manufacturing trousers using that fabric, which in turn led to the launch of his Manz Wear garment manufacturing business in 1987. The business, which supplied a few retail outlets, adopted the brand name of *Pantaloon* and soon expanded to retailing itself using a franchise model.

- Popularly known as KB, he is the man who triggered the concept of retail supermarkets in India such as Big Bazaar, Pantaloon, Mega Mart, and Bangalore Central. With his sheer 'guts and instincts' he created Future Group and spearheaded the emergence of Pantaloon Retail as the leading retailer in the country.
- In the near future, Future Group has plans to launch experiential retail stores—the kind Biyani has seen in US—where customers can walk in, look and feel products, place their orders, and get goods delivered at their doorstep in 24 hours.

QUOTE

*India cannot grow without its entrepreneurs.
They are the ones who will create the jobs.*
– Kishore Biyani

Sunil Bharti Mittal (Airtel)

- Sunil Mittal was ambitious and business minded from a young age. Before becoming a telecom tycoon, he began importing scraps and bicycle parts when he was just 19 and went on to build a small-scale project to manufacture stainless steel sheets. Thereafter, he started a business of export–import and also a business of generator dealership.
- He first came across a push-button phone while in Taiwan and in 1984 he started assembling push-button phones in India. He launched Bharti Telecom Limited and by the early 1990s he was manufacturing fax machines, cordless phones, and other telecom gear.
- With the advent of mobile telephony in India, he was successful in bidding for one of the four mobile phone network licenses auctioned by the Government of India.
- In 1995, he launched services in Delhi when Bharti Cellular Limited (BCL) was formed to offer cellular services under the brand name AirTel. Presently, Bharti Airtel is one of India's largest mobile phone operators

N.R. Narayana Murthy (Infosys)

- N.R. Narayana Murthy is the legendary co-founder and retired chairman of the Indian tech giant Infosys, one of India's largest IT services company with offices all across the globe.
- He had always dreamed of becoming an entrepreneur and hoped to form a big company which would create job opportunities for the country's youngsters.
- Under his leadership, Infosys became the first Indian company to be listed on the NASDAQ. It also became the first listed Indian company with a revenue of \$1 billion a year.
- His company's contribution to the growth of the IT sector in India has been immense and the 'Time' magazine described him as the 'Father of Indian IT Sector'.

Capt. G.R. Gopinath (Air Deccan)

- A successful Indian army soldier, an entrepreneur, and the founder of India's first low-cost airline—Air Deccan—Capt. G. R. Gopinath was born in a remote village in Karnataka's Hassan district. He successfully cleared the NDA entrance exams and eventually earned the rank of Captain in the Indian Army.

- In 1995, when the Indian government started a regulatory reforms process to encourage entrepreneurship, Gopinath partnered with ex-army man Captain K.J. Samuel and established Deccan Aviation, a charter helicopter service.
- Inspired by the success of low-cost airline models in the US and Europe, Deccan Aviation launched India's first low-cost airline, Air Deccan in 2003. However, it was later taken over by Kingfisher Airlines in 2007 and by 2009 he sold most of his stake in the airline company.
- Capt. Gopinath has made a comeback when he made a fresh start by relaunching Air Deccan in 2017. The airline received a license from the regulator, under the UDAAN scheme for regional connectivity, to start scheduled commuter operator service.

Sanjeev Bikhchandani (Naukri.com)

- Sanjeev Bikhchandani is the founder of Info Edge which runs portals like Naukri.com, India's leading job site.
- He left a well-paid marketing job in 1990 and went on to set up two companies namely, Indmark and Info Edge, along with a partner. In 1993, he and his partner decided to go separate ways. Both partners got one company each; Sanjeev got Info Edge.
- In 1997, Bikhchandani set up the online jobs portal, Naukri.com, on a server in the United States and later Quadrangle, an offline executive search business. In 2005, Naukri.com was reported as being India's largest web-based employment site.
- In October 1998, Sanjeev started the matrimonial website, Jeevansathi.com. Along time he also started other specialized online portals catering to different needs such as 99acres.com, Brijj.com, Allcheckdeals.com, Naukrigulf.com, Shiksha.com, and Firstnaukri.com.

Sachin Bansal and Binny Bansal (Flipkart)

- The Bansals are the co-founders of the Indian e-commerce company Flipkart. It was founded in 2007 by Sachin Bansal and Binny Bansal who were senior and junior at IIT-Delhi, and later colleagues at Amazon India.
- The Bansals, who are not related to each other, both hail from Chandigarh. Direct e-commerce was never their first idea. They originally intended to launch a price comparison site. However, market research led them to the idea of an e-commerce site and thus Flipkart was born in October 2007.
- Flipkart initially focused on sale of books, before expanding into other product categories like consumer electronics, appliances, fashion, lifestyle products etc.
- In August 2018, they sold their stakes to Walmart, the American multinational retail firm.

Deep Kalra (MakeMyTrip.com)

- Deep Kalra is the founder India's leading online travel company, MakeMyTrip.com.
- Kalra's introduction to the internet happened in 1999, while working for GE Money. This is when he identified the opportunity that the internet could provide. He launched MakeMyTrip.com in April 2000, after realizing the possibilities of the internet while trying to sell his wife's car online (fetching ₹20,000 more than the prevailing market offering). Again, while booking a holiday to Thailand, he realized that the internet could offer more competitive prices (saving around \$100) by cutting out the middleman.
- MakeMyTrip offered the convenience of online transactions coupled with great value prices, thus revolutionizing the way Indians research and purchase travel services.

- Over the years, MakeMyTrip has become an end-to-end tour and travel solutions provider, and provides services including booking air, rail, or bus tickets—both international as well as domestic—to hotel reservations and holiday packages. Under his stewardship, MakeMyTrip became the largest e-commerce business in the country and the largest travel company in India and listed its shares on NASDAQ in August 2010.

QUOTE

Every time I did anything on the internet, it was five times more convenient than the offline model—be it dealing with my travel agent or my stockbroker
– Deep Kalra

Bhavish Agarwal (OLA Cabs)

- Bhavish Aggarwal started his career with Microsoft as a Research Intern. Sensing the need to change the way transportation is consumed in India and create a choice of reliable personal transportation options in a country that's as unique as India, Bhavish quit his job in August 2010 to start Ola!
- Ola was co-founded in 2011 by Bhavish Aggarwal and Ankit Bhati, his IITian friend from Jodhpur. First they started a tech platform Olatrips.com to book cabs for outstation trips.
- Within 3 years, Ola was India's largest network of personal transportation options and also the most popular app amongst customers and users in over 22 cities of its operations.
- Dedicated to the core and determined to ensure growth and sustainability of their company, Bhavish Aggarwal obsessively tracks the strategies and tactics that had been deployed by Travis Kalanick, the co-founder of Uber (a US-based transportation network company) and is also aware of the developments regarding the acquisitions and mergers happening of the new start-ups in India.
- In the year 2015, Aggarwal and Bhati were the youngest to be included in that year's list of richest Indians.

Vijay Shekhar Sharma (Paytm)

- Vijay Shekhar Sharma is the founder of Paytm—an Indian e-commerce payment system and digital wallet company. Vijay built his first company—XS Communications—a startup that created Content Management Systems, while in college.
- In 2005, he had raised a hefty amount of ₹8 lakh through his venture that turned out to be unsuccessful. But Sharma was not a man to give up so easily. Things took to a better turn when he began One97, the parent company of Paytm.
- He started experimenting with the three basics of internet—content, advertising, and commerce. But the big eureka moment came in 2011 when he first pitched the idea of entering the payment ecosystem. The mobile wallet, Paytm, was founded in 2011 with an initial investment of \$2 million. Thereafter he also successfully created Paytm Mall, an e-commerce business and the Paytm Payments Bank.
- In 2017, Paytm became India's first payment app to cross over 100 million app downloads. In the same year, Sharma appeared in Forbes' World Billionaire's List, the youngest Indian on the list.

Ritesh Agarwal (OYO Hotels)

- Ritesh Agarwal is the founder of OYO Rooms, commonly known as OYO Hotels—India's largest hospitality company. Hailing from Rayagada district of Orissa he launched Oravel Stays, a website designed to enable listing and booking of budget accommodation in the year 2012.

- Ritesh started his entrepreneurial journey when he was 17 years old. He dropped out of college and launched his first start-up.
- Being an avid traveler, he soon realized that in India, the budget hospitality sector lacked predictability. Therefore, he launched OYO Rooms in 2013 with the key proposition of offering affordable and standardized accommodation.

QUOTE

We want to convert broken, unbranded assets around the globe into better-quality living spaces.
– Ritesh Agarwal.

Byju Ravindran (BYJU's – The Learning App)

- Byju Raveendran is the founder of Byju's Classes, the Education Technology firm. It was launched in the year 2011 at Bengaluru.
- The BYJU'S story was born out of the need for high quality, engaging, and accessible education.
- BYJU's Learning App makes use of original content, watch-and-learn videos, rich animations and interactive simulations that, as opposed to rote memorization, make learning contextual and visual, and not just theoretical. Its core philosophy is to inspire a lifelong love of learning.
- Presently, BYJU's has become India's largest education technology (learning) company, which is reinventing how students learn, through its learning app.

1.11 VALUES, BUSINESS PHILOSOPHY, AND BEHAVIOURAL ORIENTATIONS OF SUCCESSFUL INDIAN BUSINESS ROLE MODELS

The following are the values, business philosophies, and behavioural orientations that can be identified and can be said to have been common amongst most of the successful business personalities highlighted here:

Values:

- Ethical
- Futuristic vision
- Positive minded
- Bravery and fortitude
- Respect for self and stakeholders
- Transparency and accountability
- Honesty and generosity

Business Philosophies:

- Identification of wants and needs of the Indian population
- Taking advantage of the contemporary technology
- Providing value for money to the customers
- Studying the businesses existing in the western world and modelling them to suit Indian business environment
- Adding Indian touch to the product and services offerings
- Value addition for the public at large
- Aware of the developments in the Indian business environment

Behavioural Orientations:

- High level of ambition and an astute sense of business
- Relentless spirit to hard work
- Go getter and not giving up so easily

- Indomitable spirit to start afresh after failure
- Confidence, determination, and strong will
- Past life and background is not an excuse
- Capability to identify an existing problem that affects the masses
- Open to absorb new ideas, technologies, etc.
- Being proactive rather than reactive
- Finding the positive way out in a challenging situation
- Make the most out of the available resources of the time
- Thinking just ahead of time
- Recent technological developments can be used to my advantage
- Converting challenges to opportunities
- Stop complaining, start delivering
- Capability to mould a product/service existing in the West to its Indian mould

SUMMARY

- Entrepreneurship is a process by which either an individual (or a group of individuals) identifies an opportunity, acquires and deploys the necessary resources for exploiting the said opportunity and attaining a specific objective. It is a dynamic process through which new, innovative and profitable ventures are created through their propensity to take risks.
- The discipline of entrepreneurship may be a relatively new, but the concept has been in existence since times immemorial, and there have been several schools of entrepreneurial thought, which outline the evolution of entrepreneurship.
- This discipline of entrepreneurship stands on certain pillars, which are commonly referred to as its 'elements'. The various elements of entrepreneurship are opportunity, idea, innovation, risk and uncertainty, economic and dynamic activity, profit potential, value maximization, time and strategy formulation.
- The determinants of entrepreneurship may be broadly divided into three categories – personal-level factors, social-level factors and economy-level factors.
- The importance of entrepreneurship can be understood from the role it plays in an economy by ensuring economic development, promoting capital formation, creation and distribution of wealth, employment generation, creating social change etc.
- An entrepreneur is an individual who, rather than working as an employee, runs his own enterprise, and assumes all its associated risks and rewards of the venture. He/ she happens to be an innovator, a source of new ideas, goods, services and business/ or procedures, and thus play a key role in any economy.
- Studies on entrepreneurial behaviour indicate that there exist several types of entrepreneurs. The entrepreneurs can be classified on different basis viz. on the basis of economic development (Danhof's classification), on the basis of use of technology, on the basis of motivation, on the basis of growth, on the basis of ownership etc.
- Entrepreneurs, the world over, share similar qualities/traits that earn them success. Interestingly, all such qualities can be learned, and entrepreneurs must carefully examine their core strengths and dedicate themselves to learning. Some of the important traits of successful entrepreneurs are innovative, initiative, passion, integrity, customer focus, persuasive etc.

EXERCISES

Multiple-choice Questions

(1 mark)

Select the correct answer from among the options provided against each question:

1. The term 'entrepreneurship' is derived the _____ words *entre* and *prendre*.

- (a) Latin (b) Greek (c) French (d) Austrian

Answer: (c)

2. The term 'entrepreneurship' is derived the French words *entre* and *prendre* which mean
 (a) to happen (b) to undertake (c) to go (d) to get done
Answer: (b)
3. In the modern context, the term 'entrepreneurship' is supposed to have been used for the first time by _____.
 (a) Adam Smith (c) Joseph Schumpeter
 (b) Richard Cantillon (d) Jean Baptiste Say
Answer: (b)
4. The term 'entrepreneurship' first appeared in the year _____.
 (a) 1723 (b) 1752 (c) 1872 (d) 1952
Answer: (a)
5. Which renowned economist defined entrepreneurship as a process of 'creative destruction'?
 (a) Adam Smith (c) John M. Keynes
 (b) Richard Cantillon (d) Joseph Schumpeter
Answer: (d)
6. Which of the following is/are element(s) of entrepreneurship?
 (a) Opportunity (c) Dynamic and economic activity
 (b) Innovation (d) All of these
Answer: (d)
7. Which of the following is not an element of entrepreneurship?
 (a) Opportunity (c) Innovation
 (b) Family background (d) None of these
Answer: (b)
8. Which of the following is/are considered to be the personal-level determinants of entrepreneurship?
 (a) Achievement need (c) Type A personality
 (b) Locus of control (d) All of the above
Answer: (d)
9. Which of the following is not a personal-level determinant of entrepreneurship?
 (a) Achievement need (c) Type A personality
 (b) Family background (d) Locus of control
Answer: (b)
10. Which of the following is/are considered to be the social determinants of entrepreneurship?
 (a) Educational system (c) Infrastructure growth
 (b) Market condition (d) All of these
Answer: (a)
11. _____ are individuals who do not possess any prior ownership experience as a business founder, inheritor of a business, or a manager of a business.
 (a) Serial entrepreneurs (c) Drone entrepreneurs
 (b) Novice entrepreneurs (d) Portfolio entrepreneurs
Answer: (b)
12. Mark Zuckerberg, founder of the social networking site Facebook is a _____.
 (a) social entrepreneur (c) netpreneur
 (b) imitative entrepreneur (d) none of these
Answer: (c)
13. Entrepreneurs have been classified into Innovative, Imitative, Fabian, and Drone entrepreneurs by _____.
 (a) Arthur H. Cole (c) Clarence Danhof
 (b) Joseph Schumpeter (d) Richard Cantillon
Answer: (c)
14. Which of the following happen to be classification of entrepreneurs based on entrepreneurial activity?
 (a) Aggressive entrepreneur, adoptive entrepreneur, Fabian entrepreneur
 (b) Agricultural entrepreneur, trading entrepreneur, industrial entrepreneur

- (c) Pure entrepreneur, induced entrepreneur, spontaneous entrepreneur
- (d) Novice entrepreneur, serial entrepreneur, portfolio entrepreneur

Answer: (d)

15. Which of the following are traits of successful entrepreneurs?

- (a) Innovation
- (b) Passion
- (c) Customer focus
- (d) All of these

Answer: (d)

Multiple-choice Questions**(2 marks)**

16. Find the correct matching of the items of List I with the items of List II given below:

List – I

- (A) Joseph Schumpeter
- (B) Benjamin Higgins
- (C) Peter Drucker

List – II

- (i) Systematic process of innovation
- (ii) Creative destruction
- (iii) Function of investment and production opportunities

- Codes:**
- | | | |
|-------|------|-------|
| (i) | (ii) | (iii) |
| (a) A | B | C |
| (b) C | A | B |
| (c) C | B | A |
| (d) A | C | B |

Answer: (b)

17. Which of the following option gives the correct chronological order of evolution of entrepreneurship?

- (a) Cantillon's Perspective, Say's Perspective, Menger's Perspective, Schumpeter's Perspective
- (b) Schumpeter's Perspective, Cantillon's Perspective, Say's Perspective, Menger's Perspective
- (c) Cantillon's Perspective, Schumpeter's Perspective, Say's Perspective, Menger's Perspective
- (d) Say's Perspective, Cantillon's Perspective, Menger's Perspective, Schumpeter's Perspective

Answer: (a)

18. Find the correct matching of the items of List I with the items of List II given below:

List – I

- (A) Cantillon's Perspective
- (B) Say's Perspective
- (C) Schumpeter's Perspective

List – II

- (i) Associated entrepreneurship with the function of 'risk-bearing'
- (ii) Entrepreneurs could perform the function of innovation
- (iii) Considered entrepreneur as an agent with special personal qualities

- Codes:**
- | | | |
|-------|------|-------|
| (i) | (ii) | (iii) |
| (a) A | C | B |
| (b) C | A | B |
| (c) C | B | A |
| (d) A | B | C |

Answer: (a)

19. Which of the following is/are true regarding entrepreneurship?

- (a) Identification of opportunity happens to be a key element of entrepreneurship
- (b) Entrepreneurship is determined by personal, social and economy level factors
- (c) Entrepreneurship is considered a dynamic and economic activity.
- (d) All of these

Answer: (d)

20. Pure entrepreneur is a person who _____.

- (a) barely introduce any new or radical innovation and merely follow the rule of thumb
- (b) undertake entrepreneurial activities for their personal satisfaction in work, ego, or status
- (c) are born with initiative and self-assurance in their entrepreneurial abilities
- (d) are induced to pursue entrepreneurial activities due to various governmental policies

Answer: (b)

21. Which of the following is/are true regarding an intrapreneur?

- (a) An intrapreneur is his/her own boss.

- (b) Intrapreneur happens to be the owner of the business.
- (c) Intrapreneur is a person who happens to be an employee of a large organization.
- (d) None of the above

Answer: (c)

22. Which of the following is/are true with respect to entrepreneur?

- (a) An entrepreneur assumes all risks and rewards associated with a venture.
- (b) Drone entrepreneurs are conservative and orthodox by nature.
- (c) Induced entrepreneurs pursue entrepreneurial activities due to various governmental policies in terms of assistance measures, incentive schemes, concessions and other necessary facilities to start a venture.
- (d) All of these

Answer: (d)

23. **Assertion (A):** Locus of control is a social determinant of entrepreneurship.

Reasoning (R): Locus of control implies that entrepreneurs tend to subscribe to the idea that they can control their own lives and are not influenced by factors like luck, fate etc.

- (a) Both (A) and (R) are true, and (R) is the right explanation.
- (b) Both (A) and (R) are true, but (R) is not the correct explanation.
- (c) (A) is true, but (R) is false.
- (d) (A) is false, but (R) is true.

Answer: (b)

24. **Assertion (A):** Entrepreneurship is recognised as a dynamic activity.

Reasoning (R): It has the ability to create an enterprise and manage the same with the aim of continuously generating wealth by ensuring optimum utilisation of scarce resources in the midst of an uncertain business environment.

- (a) Both (A) and (R) are true, and (R) is the right explanation.
- (b) Both (A) and (R) are true, but (R) is not the correct explanation.
- (c) (A) is true, but (R) is false.
- (d) (A) is false, but (R) is true.

Answer: (b)

25. **Assertion (A):** Entrepreneurship is recognised as an economic activity.

Reasoning (R): It has the ability to create an enterprise and manage the same with the aim of continuously generating wealth by ensuring optimum utilization of scarce resources in the midst of an uncertain business environment.

- (a) Both (A) and (R) are true, and (R) is the right explanation.
- (b) Both (A) and (R) are true, but (R) is not the correct explanation.
- (c) (A) is true, but (R) is false.
- (d) (A) is false, but (R) is true.

Answer: (a)

Review Questions

1. What do you mean by entrepreneurship?
2. Discuss, in brief, the evolution of entrepreneurship.
3. Discuss the different elements of entrepreneurship.
4. Discuss, in detail, the different factors that affect entrepreneurship.
5. Explain the role played by entrepreneurship in an economy.
6. Who is an intrapreneur? Distinguish between entrepreneur and intrapreneur.
7. Who is an entrepreneur? How is he different from a manager?
8. How are entrepreneurs classified on the basis of Clarence Danhof's classification?
9. How are entrepreneurs classified on the basis of Arther H. Cole's classification?
10. Discuss, in detail, the various traits of a successful entrepreneur.