

## **The study of Small Scale Entrepreneurship in Industry**

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**Introduction** - An entrepreneur is one of the important segments of economic growth. Basically he is a person responsible for setting up a business or an enterprise. In fact he is one who has the initiative, skill for innovation and who looks for high achievements. He is a catalytic agent of change and works for the good of people. He puts up new green field projects that create wealth, open up many employment opportunities and leads to the growth of other sectors.

The term “entrepreneur” was applied to business initially by the French economist, Cantillon, in the 18<sup>th</sup> century; designate a dealer who purchases the means of production for combining them into marketable products. Frenchman J.B. Say expanded Cantillon’s ideas and conceptualized the entrepreneur as an organizer of a business firm, central to its distributive and production functions. Beyond stressing the entrepreneur’s importance to the business, Say did little with his entrepreneurial analysis.

He conceives of an industrial enterprise for the purpose, displays considerable initiative, grit and determination in bringing his project to fruition and in this process, performs one or more of the following.

- Perceives opportunities for profitable investment
- Explores the prospects of starting such a manufacturing enterprise
- Obtains necessary industrial licenses
- Arranges initial capital
- Provides personal guarantees to the financial institutions
- Promises to meet the shortfalls in the capital and
- Supplies technical know-how.

### **Evolution of the concept of Entrepreneurship:**

The real concept of “entrepreneur” and the “entrepreneurship” have gone through various stages before they came to signify the content being put into them now. Various thinkers have defined the term in a variety of ways. In order to understand the phenomenon of entrepreneurship as whole, it is worthwhile to analyze these definitions and views independently. The word “entrepreneur” is derived from the French verb “entreprendre”, means “to undertake”. The word entrepreneur has been in use

since the sixteenth century. Kilby has linked the entrepreneur with a rather large and very important animal called “Heffalump” hunted by many individuals and have variously described him, but wide disagreements still exist among them on his particularities (Peter Kilbly, 1971). The French men who organized and led military expeditions were referred to as “entrepreneurs” (Peterson, 1962). In economic theories, the concept of entrepreneur has been coined in terms of functions. Richard Cantillon, an Irishman living in France, was the first person to introduce the term ‘entrepreneur’, in the early 18<sup>th</sup> Century. He defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future (Kilbly, 1971). Cantillon emphasized the function of ‘risktaking’ and ‘uncertainly bearing’. He illustrates the concept by giving examples of farmers, manufacturers and traders. The risk and uncertainty is inherent in these activities. Schumpeter considered economic development as discrete dynamic change. Such discontinuous dynamic changes are brought about by entrepreneur by instituting new combinations of the factors of production, i.e., ‘innovation’ (Schumpeter, 1939). Innovation may take place in the following forms: • the introduction of a new product in the market. • The instituting of a new production technology which is not yet tested by experience in the branch of manufacturing concerned. • The opening of new market into which the specific product has not been previously introduced.

### **Some key characteristics of a successful entrepreneur are:**

**Motivator:** An entrepreneur must build a team, keep it motivated and provide an environment for individual growth and career development.

**Self confidence:** Entrepreneurs must have belief in themselves and the ability to achieve their goals.

**Long term involvement:** An entrepreneur must be committed to the project with a time horizon of five to seven years. No ninety- day wonders are allowed.

**High energy level:** Success of an entrepreneur demands the ability to work long hours for sustained periods of time.

**Persistent problem solver:** An entrepreneur must have an intense desire to complete a task or solve a problem. Creativity is an essential ingredient.

**Initiative:** An entrepreneur must have initiative accepting personal responsibility for actions and above all make good use of resource.

**Goal setter:** An entrepreneur must be able to set challenging but realistic goals.

**Modern risk taker:** An entrepreneur must be a moderate risk taker and learn from any failures.

These personal traits go a long way in making an entrepreneur a successful man or woman.

### **Entrepreneurial Development Programme (EDP):**

Entrepreneurial development is a process in which persons are injected with motivational drives of achievement and in sight to tackle uncertain and risky situations especially in business undertakings. The process of entrepreneurial development focuses on training, education, reorientation and creation of conducive and healthy environment for the growth of enterprises.

**Meaning:** EDP is an effective human resource development tool. It designed to help a person in strengthening and fulfilling his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively.

### **Objectives of the Programme:**

In line with the national programme for the promotion and development of small and medium industries in the country, the Industrial Service Institute (ISI) under the Department of Industrial Promotion (DIP) launched the EDP to give substance to the government's policies of stimulation of economic growth, dispersing industries to rural areas and promoting the processing of local raw materials. The EDP was considered a part of the industrial development policy which was articulated in the Five Year National Economic and Social Development Plan.

The Programme had sought to develop entrepreneurial activities in the rural areas of marathwada as a vehicle for economic growth with the achievement of the following objectives:

1. To promote the development of small enterprises that would encourage self - employment among potential entrepreneurs.
2. To provide, in the rural areas, special programmer designed to stimulate new ventures and encourage expansion of existing activities of small Scale industry.
3. To develop entrepreneurial opportunities for potential entrepreneurs and upgrade managerial skills for existing entrepreneurs.

For a sound training programme for entrepreneurship development in India , the expert group constituted by the NIESBUD accepted that it must be able to help selected entrepreneurs to:

1. Develop and strengthen their entrepreneurial quality / motivation.
2. Analyze environment related to small industry and small business.
3. Select project / product.
4. Formulate projects.
5. Understand the process and procedure of setting up of small enterprise.
6. Know and influence the source of help / support needed for launching the enterprise
7. Acquire the basic management skills
8. Know the pros and cons of being an entrepreneur and
9. Acquaint and appreciate the needed social responsibility / entrepreneurial disciplines.

### **Problems in Entrepreneurship**

The many complexities involved in the starting on an entrepreneurial career and the problems faced by the existing entrepreneurs demotivate and discourage the unemployed from taking up an entrepreneurial career. They would rather prefer wage/salary employment to entrepreneurship. There is a common belief that all business is risky, and there is much truth in it. Because the entrepreneur has to take countless decisions from among several possible alternatives in performing his task successfully. If his planning or estimation about the future were to go wrong, he will surely land in trouble. In developing entrepreneurship, we are faced with several problems, which are of individual, group, and institutional nature. However, ultimately it rests on the individual because it is he who has to take the initiative to take a decision to start and manage his enterprise. However, he also needs the approval and support of his kin, group or community. Some of the problems he is likely to encounter are lack of motivation, shyness and inhibition on

his part, lack of finance for initial investment, lack of support from his family and community, lack of confidence in ones own abilities, ignorance of opportunities that he can avail himself of, lack of requisites, managerial and technical skills to start and manage his enterprise. Understandably, he is scared of the cumbersome and time-consuming process in establishing an enterprise. And even if he starts off on his enterprise, he is not sure of sustained support from the agencies mentioned above. Similarly, he may have to face some problems from the group to which he belongs such as, preference for traditional occupations and professions, lack of awareness or ignorance of his own potential, managerial and human, ignorance of alternative avocations; lack of freedom to choose on account of the influence of the local elite or the dominant caste. Besides, the group is likely to be tradition-bound, and its values are likely to continue with its institutionalized familiar occupations.

#### **Small Scale Enterprise:**

To appreciate small scale entrepreneurship in India, a basic understanding of the definition and scope of the terminology “small enterprise” is very necessary. The definition of a small enterprise varies across countries, industries, agencies and authors. The terminology “small enterprise” itself is used by different countries by different nomenclatures such as small business, small firm and small industries and so on. Throughout this study the terms small enterprise, small firm and small business are used interchangeably. Vepa (1988) has listed the various terminologies used in some countries (see Table 1). Atkins and Lowe (1997) noted that as many as 40 different definitions of small firms have been reported in the literature, and generally there appears to be very little consistency in criteria used to define small 177 K. Lavanya Latha / SJM 3 (2) (2008) 171 - 187 Table 1. Terminologies and scope of Small Industry in select countries enterprises. The criteria are many, such as number of employees, annual sales revenue, value of fixed assets/plant and machinery and the management structure. In India, the small industry is defined in terms of investment ceiling. Also the small industry sector enjoys a special reservation policy in terms of items of manufacture. The investment limit ceiling was revised by the central government from time to time, depending on the industrial and economic development and needs of entrepreneurs.

#### **Overview of Small Scale Entrepreneurship in India:**

Entrepreneurship is regarded as one closely associated with economic history of India. The evolution of the Indian entrepreneurship can be traced back to even as early as Rig-Veda, when metal handicrafts existed in the society (Rao, 1969). This would bring the point home that handicrafts

entrepreneurship in India was as old as the human civilization itself and was nurtured by the craftsmen as a part of their duty towards the society. Before India came into contact with the west, people were organized in a particular type of economic and social system of the village community. The Indian towns were mostly religious and the elaborated caste based diversion of workers consisted of farmers, artisans and religious priests (the Brahmins). The majority of the artisans were treated as village servants. Such compact system of village community, effectively protecting village artisans from the onslaughts of external competition, was one of the important contributing factors to the absence of localization of industry in ancient India.

#### **CONCLUSION:-**

The study concerns about small Scale entrepreneurship sectors, special programme designed need to stimulate new ventures and encourage expansion of existing activities of small Scale industries with help of the training, the entrepreneurs can Generate self employment opportunities and to create potential in entrepreneurs and upgrade managerial skills for existing entrepreneurs.

Only a few men with growth perspective would come forward for changing the stationary inertia and creating preconditions for development since they are motivated for higher achievements rather than financial gains. It is impossible to imagine any development process without an entrepreneurial form, not only in capitalistic economy but even under the situation of state capitalism. The process of development can be visualized with two different types of entrepreneurial activities. The entrepreneurship can emerge either as a result of individual efforts or collective and cooperative efforts. The first type of entrepreneurship is the potent source of development. The experience of India has shown that the public or cooperative techno structures established in a backward region have initiated actively leading to the development of townships but have failed to initiate the process of development in the real terms. In such regions, since the public and cooperative techno structure has its own limitations, it is the local entrepreneurship that must get it involved in the process of development. The development would not gather momentum if much reliance is placed on the factors beyond local control. Therefore, it is absolutely necessary to break the vicious circle and initiate the process of development.

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