ANNAMACHARYA INSTITUTE OF TECHNOLOGY & SCIENCES::TIRUPATI (AUTONOMOUS)

Year:II **Semester**: III **Branch of Study: MBA**

Subject Code	Subject Name	L	T	P	Credits
22MBA0302	ENTREPRENEURSHIP DEVELOPMENT	4	-	-	4

Course outcomes:
CO1: Understand and learn basic concepts of entrepreneurship.
CO2: Learn various aspects of Idea generation and Financing of projects.
CO3: Familiar with the concept of project Planning and Feasibility Studies.
CO4: Aware of various strategies related to marketing.
CO5: Able to learn women and rural entrepreneurship.

UNIT 1: Nature and Forms of Entrepreneurship: Entrepreneur's features, competencies, attitude, qualities, and functions. Entrepreneurial scenario in India and Abroad. Small Business, Importance in Indian Economy, Types of ownership– corporate entrepreneurship / Intrapreneurship - Role of Government in the promotion of Entrepreneurship, EDPs, MSME.

UNIT2: **Aspects of Promotion and Financial Aspects of the Entrepreneurship**: Idea generation – opportunities - SWOT Analysis - Intellectual Property Rights. Sources of Capital, Debt capital, seed capital, venture capital - Informal Agencies in financing entrepreneurs, Government Grants and Subsidies, Types of Investors and Private Offerings.

UNIT 3: Project Planning and Feasibility Studies: The Concept of Project, Project Life Cycle - Project Planning, Feasibility – Project proposal & report preparation, Business opportunities and Incubators.

UNIT 4: **Entrepreneurial Strategy**: Generation of new entry opportunity, Decisions under Uncertainty, entry strategy, new entry exploitation, environmental instability and First-Mover disadvantages, Risk Reduction strategies, Market scope strategy, Imitation strategies and Managing Newness.

UNIT 5: **Women and Rural Entrepreneurship:** Scope of entrepreneurship among women, promotional efforts supporting women entrepreneurs in India – Successful cases of women entrepreneurs.-Rural entrepreneurship– Role of NGO's in entrepreneurship.

References:

1. Entrepreneurial Development, S. Chand and Company Limited, S.S. Khanka.
2. Fundamentals of Entrepreneurship, H. Nandan, PHI.
3. Entrepreneurship, 6/e, Robert D Hisrich, Michael P Peters, Dean A Shepherd, TMH.
4. The Dynamics of Entrepreneurial Development and Management, Vasanth Desai,Himalaya.
5. Entrepreneurship Management – text and cases, Bholanath Dutta, Excel Bo

Course Title	Course Outcomes COs	Programme outcomes (Pos)				
		PO1	PO2	PO3	PO4	PO5
ENTREPRENEURSHIP DEVELOPMENT	CO1	3				
	CO2		2			
	CO3				2	
	CO4				2	
	CO5				2	

Unit-1

ENTREPRENEURSHIP DEVELOPMENT (22MBA0302)

UNIT I

Meaning of Entrepreneur

The word “entrepreneur” is derived from the French verb Enterprendre, which means 'to undertake'. This refers to those who “undertake” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “entrepreneurship”.

An entrepreneur is an individual who, rather than working as an employee, runs a small business and assumes all the risks and rewards of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes.

Entrepreneurs play a key role in any economy. These are the people who have the skills and initiative necessary to take good new ideas to market and to make the right decisions that lead to profitability. The reward for taking the risk is the potential economic profits the entrepreneur could earn. Entrepreneurs commonly face many obstacles when building a business. Three common obstacles that many of them cite as the most challenging are: overcoming bureaucracy, hiring talent and acquiring financing.

The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes." Entrepreneurs tend to be good at perceiving new business opportunities and they often exhibit positive biases in their perception (i.e., a bias towards finding new possibilities and seeing unmet market needs) and a pro-risk-taking attitude that makes them more likely to exploit the opportunity.

Definitions:

- "Entrepreneur as a person who only provides capital without taking active part is the leading role is the enterprise"

  -Adam Smith
- “A person who is able to look at the environment, identify opportunities to improve the environment, mar shall resources, and implement action to maximize those opportunities”.

  -Prof. Robert Nelson

- According to economist Joseph Alois Schumpeter (1883-1950), entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success.

Entrepreneurship:

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise.

Entrepreneurship has traditionally been defined as the process of designing, launching and running a new business, which typically begins as a small business, such as a startup company, offering a product, process or service for sale or hire, and the people who do so are called 'entrepreneurs'. It has been defined as the "capacity and willingness to develop, organize, and manage a business venture along with any of its risks in order to make a profit."

Definition:

- According to Heggins " Entrepreneurship is meant that function of seeking investment and production opportunity organizing and enterprise to undertake a new production process, raising capital, having labor, arranging the supply of raw materials, finding site and selecting to managers of day-to-day operations.

Concepts of Entrepreneurship:

1. Economic and dynamic activity:

Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilisation of scarce resources. Since this value creation activity is performed continuously in the midst of uncertain business environment, therefore, entrepreneurship is regarded as a dynamic force.

2. Related to innovation:

Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an individual to continuously evaluate the existing modes of business operations so that more efficient and effective systems can be evolved and adopted. In other words, entrepreneurship is a continuous effort for synergy (optimization of performance) in organizations.

3. Profit potential:

"Profit potential is the likely level of return or compensation to the entrepreneur for taking on the risk of developing an idea into an actual business venture." Without profit potential, the efforts of entrepreneurs would remain only an abstract and a theoretical leisure activity.

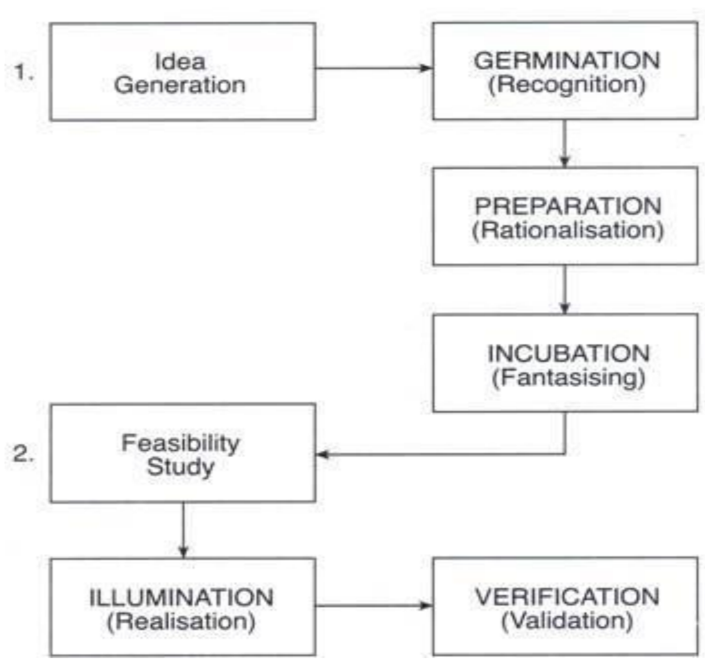
4. Risk bearing:

The essence of entrepreneurship is the 'willingness to assume risk' arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive.

Entrepreneurial Process:

Entrepreneurship is a process, a journey, not the destination; a means, not an end. All the successful entrepreneurs like Bill Gates (Microsoft), Warren Buffet (Hathaway), Gordon Moore (Intel) Steve Jobs (Apple Computers), Jack Welch (GE) GD Birla, Jamshedji Tata and others all went through this process.

To establish and run an enterprise it is divided into three parts – the entrepreneurial job, the promotion, and the operation. Entrepreneurial job is restricted to two steps, i.e., generation of an idea and preparation of feasibility report. In this article, we shall restrict ourselves to only these two aspects of entrepreneurial process.



1. Idea Generation:

To generate an idea, the entrepreneurial process has to pass through three stages:

a. Germination:

This is like seeding process, not like planting seed. It is more like the natural seeding. Most creative ideas can be linked to an individual's interest or curiosity about a specific problem or area of study.

b. Preparation:

Once the seed of interest curiosity has taken the shape of a focused idea, creative people start a search for answers to the problems. Inventors will go on for setting up laboratories; designers will think of engineering new product ideas and marketers will study consumer buying habits.

c. Incubation:

This is a stage where the entrepreneurial process enters the subconscious intellectualization. The sub-conscious mind joins the unrelated ideas so as to find a resolution.

2. Feasibility study:

Feasibility study is done to see if the idea can be commercially viable.

It passes through two steps:

a. Illumination:

After the generation of idea, this is the stage when the idea is thought of as a realistic creation. The stage of idea blossoming is critical because ideas by themselves have no meaning.

b. Verification:

This is the last thing to verify the idea as realistic and useful for application. Verification is concerned about practicality to implement an idea and explore its usefulness to the society and the entrepreneur.

Importance of Entrepreneurship:

1. Development of managerial capabilities:

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.

2. Creation of organizations:

Entrepreneurship results into creation of organizations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.

3. Improving standards of living:

By creating productive organizations, entrepreneurship helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people. Possession of luxury cars, computers, mobile phones, rapid growth of shopping malls, etc. are pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

4. Means of economic development:

Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country.

Entrepreneur Competencies:

There are ten entrepreneurial competencies that an entrepreneur should possess:

1. Organizing ability

An entrepreneur should be wise enough in choosing the people with whom he will work. He must choose people who possess skills that are needed for the improvement and success of the business.

2. Problem-solving ability

An entrepreneur should be rational rather than emotional in handling obstacles. He is also firm enough when making decisions without hurting others.

3. Ability to absorb setbacks and recovery

Analysis in absorbing setbacks and recovery of the business are important competencies of the entrepreneur. Accepting and analyzing the difficulties encountered help in the improvement and success of the business.

4. Human relations ability

Personality factors such as emotional stability, personal relations, sociability, consideration, and tactfulness are important contributors to the entrepreneur manager's success in small business. One of the most important facets of human relations is one's ability to put himself in someone else's place and know how the other person feels. This is the ability to practice empathy.

5. Communications ability

An entrepreneur should have an ability to communicate effectively both orally and in writing. Communication also means that both the sender and the receiver understand and are understood.

6. Ability to make sound decisions and to take full responsibility for decisions made

An entrepreneur is the leader, the boss. All those under him are dependent on the decisions he makes. Thus, he should have a sound judgment which will be fair to all.

7. Persistence and patience to wait until the business really becomes successful

Failure in running a business is not an obstacle for entrepreneurs. It will instead be a challenge to their abilities to handle it. Searching for the best way to succeed is a necessary skill for them.

8. Technical knowledge on how to operate the business

A basic knowledge in handling a business is necessary for entrepreneurs in order to be able to organize and manage a business.

9. Sense of independence and self-confidence

An entrepreneur should have trust in himself and in his work. His sound judgment, self-confidence, and independence in his job will enable him to succeed.

10. Good health and enthusiasm

An entrepreneur who is physically as well as mentally fit would have a good chance of success. He will be able to grapple with the problems in the business.

Competencies for Entrepreneurial Success:

1. Integrity - the entrepreneur has a clear sense of values and beliefs that underpin the creative and business decisions that they make; and that influence the actions they take, particularly when in difficult or challenging circumstances

2. Conceptual Thinking - the entrepreneur is prepared to use fresh approaches; comes up with crazy ideas that may just work, leading to radical change or significant improvements; and takes time to listen to new ideas without pre-judgment

3. Risk taking - the entrepreneur understands that risk taking means trying something new, and possibly better, in the sense of stretching beyond what has been done in the past; and that the constant challenge is to learn how to assess choices responsibly, weighing the possible outcomes against his/her values and responsibilities

4. Networking - the entrepreneur understands that networking is a key business activity which can provide access to information, expertise, collaboration and sales; and that careful planning and preparation helps achieve desired results

5. Strategic Thinking - the entrepreneur understands and values the planning process, thinking and planning over a significant timescale; recognizes external trends and opportunities; and is able to think through any complex implications for the business

6. Commercial Aptitude – the entrepreneur keeps up to date with developments in the sector; seeks out best practice; and identifies and seizes opportunities that are not obvious to others.

7. Decisiveness - the entrepreneur resolves issues as they arise; does not get bogged down in analysis during decision making; and responds flexibly to deal with changing priorities

8. Optimism - the entrepreneur persists in pursuing goals despite obstacles and setbacks; operates from hope of success rather than from fear of failure; and sees setbacks as due to manageable circumstance rather than a personal flaw

9. Customer Sensitivity - the entrepreneur builds trust and long term relationships with customers; generates an expectation of high level of customer service; and regularly exceeds customer expectation

10. People Focus - the entrepreneur creates common purpose with colleagues through shared vision and values; walks the talk; sees and values the best in others; builds the total capability of the immediate and wider team; and always considers the principles of inclusiveness in planning and dealing with others.

Entrepreneur Attitudes:

1. **Have passion for your business.**

   Work should be fun. Entrepreneur passion will help to overcome difficult moments and persuade people to work for you and want to do business with you. Passion can't be taught.

2. **Set an example of trustworthiness.**

People have confidence in trustworthy individuals and want to work for them in a culture of integrity. The same is true for customers.

3. **Be flexible, except with core values.**

It's a given that entrepreneur plans and strategies will change as time goes on. This flexibility for rapid change is an inherent advantage of small over large business. However, no matter the pressure for immediate profits, do not compromise on core values.

4. **Don't let fear of failure hold entrepreneur back.**

Failure is an opportunity to learn. All things being equal, venture capitalists would rather invest money in an individual who tried and failed founding a company than in someone who never tried.

5. **Make timely decisions.**

It's okay to use entrepreneur intuition. Planning and thought are good. But procrastination leads to missed opportunity.

6. **The major company asset is entrepreneur.**

Take care of yourself. Entrepreneur health is more valuable than the most expensive machinery or computer software for the company. You don't have to choose between your family or your company, play or work. Maintain your health for balance and energy, which will, in turn, enhance your mental outlook.

7. **Keep entrepreneur ego under control.**

Don't take profits and spend them on expensive toys to impress others. Build a war chest for unexpected needs or opportunities. This also means hearing out new ideas and suggestions no matter how crazy they sound.

8. **Believe.**
   Entrepreneur needs to believe in yourself, in your company, and that you will be successful. This confidence is contagious with your employees, customers, stakeholders, suppliers and everyone you deal with.

9. **Encourage and accept criticism graciously. Admit your mistakes.**
   Entrepreneur need to constantly work on convincing your employees that it's okay--even necessary--to state their honest opinions even it if conflicts with the boss's opinion. Just stating it once or putting it in a mission statement won't cut it for most people.

10. **Maintain a strong work ethic.**

Employees will follow entrepreneur’s lead. It will also help you beat your competition by outworking them, particularly when your product or service is very similar.

11. **Rebound quickly from setbacks.**

    There surely will be plenty of ups and downs as you build the business. Learn from the setbacks and move on. Entrepreneur can't change the past.

12. **Periodically get out of your comfort zone to pursue something important.**
    Many times entrepreneur will feel uncomfortable in implementing a needed change in

technology, people, mission, competing, etc. For the company an entrepreneur had to grow personally, and sometimes have to step out of their comfort zone.

Entrepreneur Qualities:

1. Not being afraid of delegating tasks.

Entrepreneurs always tend to have a full plate and feel that they can take on any task. In reality, if they keep adding to the already-full plate it is eventually going to collapse and create a mess. Don’t be afraid to delegate tasks to an experienced member of your company that has the ability to get tasks completed.

2. Managing time effectively.

Proper time management is necessary to distinguish between extremely urgent tasks and those that can wait. Use a notebook or whiteboard to prioritize your tasks by writing them down. Focus on one task at a time and don’t let new “to-do’s” disrupt your focus. Knock them out one at a time.

3. Visualizing goals and success.

Entrepreneur need to see the goals and success in your mind first if you plan on making them a reality. Not only do you need to visualize the end result, but you also need to visualize every step that it is going to take to get there.

4. Listening and communicating well.

Entrepreneur must be a good listener and communicator, if not it will result in miscommunications and wasted time, not to mention added work to correct the miscommunications. Time is one thing that all entrepreneurs would like more of.

5. Understanding time is valuable.

While it would be great to be able to give everyone the time that they wanted, it would leave you with little to no time to accomplish the things that you need to get done.

6. Seeking help when you need it.

Don’t be afraid to ask for help when an entrepreneur need it, as it can also help to strengthen the communication within your organization.

7. Getting out of the office.

As an entrepreneur, you have probably spent several 18-hour days behind your computer or worked through the night late at your office until the sun came back up. Take a few breaks throughout the day and walk around the office or take a walk outside to clear your head and give your eyes a break from the computer.

Functions of an Entrepreneur:

1. Innovation:

An entrepreneur is basically an innovator who tries to develop new technology, products, markets, etc. Innovation may involve doing new things or doing existing things differently. An entrepreneur uses his creative faculties to do new things and exploit opportunities in the market. He does not believe in status quo and is always in search of change.

2. Assumption of Risk:

An entrepreneur, by definition, is risk taker and not risk shirker. He is always prepared for assuming losses that may arise on account of new ideas and projects undertaken by him. This willingness to take risks allows an entrepreneur to take initiatives in doing new things and marching ahead in his efforts.

3. Research:

An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analyzing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he applies his ideas in practice. The selection of an idea, thus, involves the application of research methodology by an entrepreneur.

4. Development of Management Skills:

The work of an entrepreneur involves the use of managerial skills which he develops while planning, organizing, staffing, directing, controlling and coordinating the activities of business. His managerial skills get further strengthened when he engages himself in establishing equilibrium between his organization and its environment.

However, when the size of business grows considerably, an entrepreneur can employ professional managers for the effective management of business operations.

5. Overcoming Resistance to Change:

New innovations are generally opposed by people because it makes them change their existing behavior patterns. An entrepreneur always first tries new ideas at his level.

It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. In this manner, an entrepreneur paves the way for the acceptance of his ideas by others. This is a reflection of his will power, enthusiasm and energy which helps him in overcoming the society's resistance to change.

6. Catalyst of Economic Development:

An entrepreneur plays an important role in accelerating the pace of economic development of a country by discovering new uses of available resources and maximizing their utilization.

Types of Entrepreneurs:

Depending upon the level of willingness to create innovative ideas, there can be the following types of entrepreneurs:

1. Innovative entrepreneurs:

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country.

Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common may by Anil Ambani are the works of innovative entrepreneurs.

2. Imitating entrepreneurs:

These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own. Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas.

In our country also, a large number of such entrepreneurs are found in every field of business activity and they fulfill their need for achievement by imitating the ideas introduced by innovative entrepreneurs.

Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers now are the imitating entrepreneurs.

3. Fabian entrepreneurs:

The dictionary meaning of the term ‘fabian’ is ‘a person seeking victory by delay rather than by a decisive battle’. Fabian entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

4. Drone entrepreneurs:

The dictionary meaning of the term ‘drone’ is ‘a person who lives on the labor of others’. Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

5. Social Entrepreneur:

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers’ rights, environment and enterprise development.

Barriers to Entrepreneurship:

1. Environmental Barriers

- Non availability of raw material
- Lack of skilled labour
- Lack of good machinery
- Lack of infrastructure

- Lack of funds

2. Personal Barriers

- Unwillingness to invest money
- Lack of confidence
- Lack of money
- Lack of patience
- Inability to learn

3. Social Barriers

- Law and regulation
- Custom and tradition of people

Entrepreneurial Scenario in India and Abroad:

Risk taking ability, Self-confidence, Decision making ability, Knowledge of cumin growing to harvesting technology, Economic motivation, Market orientation, Risk factors, Soil and firm condition of experiences, Water resources, Water quality and volumes, need to cumin for all technical factors, Ability of co-ordination to cumin related activities, Achievement, Motivation, etc. indicators are behavior of entrepreneurial.

Entrepreneurship has gained greater significance at global level under changing economic scenario. Global economy in general and Indian economy in particular is poised for accelerated growth driven by entrepreneurship. Admits environment of super mall culture we find plenty of scope for entrepreneurship in trading and manufacturing.

Economic structure is very dynamic and extremely competitive due to the rapid creation of new firms and the exit of ‘old’ stagnant and declining firms Redefining entrepreneurship and innovation Succeeding as an entrepreneur and an innovator in today’s world is vastly different from what it was earlier. Organizations will face seven trends in the next decade as they flight to survive, grow and remain competitive.

- Speed and uncertainty will prevail.
- Technology will continue to disrupt and enable.
- Demographics will dictate much of what happens in business.
- Loyalty will erode.

- Work will be done anywhere, anytime.
- Employment as we know it will disappear.

Small Business:

The definition of a small business is an independently owned and operated company that is limited in size and in revenue depending on the industry. A business that employs 10 people is an example of a small business. A manufacturing facility that employees less than 500 people is an example of a small business.

"Small (i.e., micro enterprise) is beautiful" because of its following important essentials, features and characteristics:

1. A small or micro enterprise is generally a one-man show. Even the small units which run by a partnership firm or company, the activities are mainly carried out by one of the partners or directors. In practice, the others are simply as sleeping partners or directors who mainly assist in providing funds.

2. In case of micro enterprises, the owner himself/herself is a manager also. Thus, these units are managed in a personalized fashion. The owner has firsthand knowledge of what is actually going on in the business. He takes effective participation in all matters of business decision taking.

3. Compared to large units, a micro industrial unit has a lesser gestation period, i.e. the period after which the return on investment starts.

4. The scope of operation of micro and small Industrial undertakings is generally localized catering to the local and regional demands.

5. Micro units use indigenous resources and, therefore, can be located anywhere subject to the availability of these resources like raw materials, labour etc.

6. Micro enterprises are fairly labour intensive with comparatively smaller capital investment than the larger units. Let the facts speak. According to P. C. Mahalnobis, small-scale units require very little capital. About six or seven hundred rupees would get an artisan family started. With any given investment, employment possibilities would be ten or fifteen or even twenty times greater in comparison with corresponding factory system.

7. Using local resources, micro enterprises are decentralised and dispersed to rural areas. Thus, the development of micro enterprises in rural areas promotes more balanced regional development, on the one hand, and prevents the influx of job seekers from rural areas to cities and urbanizing centers, on the other.

8. Last but not the least, compared to large-scale units, small-scale units are more change susceptible and highly reactive and receptive to socioeconomic conditions. They are more flexible to adapt changes like introduction of new products, new method of production, new materials, new markets, new forms of organisation, etc..

Types of Ownership:

A small business is a business that is privately owned and operated, with a small number of employees and relatively low volume of sales. Small businesses are normally privately-owned corporations, cooperatives, partnerships, or sole proprietorships.

Private Limited Company (Ltd)

A small to medium-sized business that is often run by the family or the small group who owns it. The owners and managers are only liable for the business up to the amount they have invested in the company, and are not liable for the debts incurred by the company unless they have signed a personal guarantee.

Public Limited Company

A business with limited liability, and a wide variety of shareholders. The owners and managers are only liable for the business up to the amount they have invested in the company, and are not liable for the debts incurred by the company (unless they have signed a personal guarantee, which usually is not the case for a large corporation).

Unlimited Liability

A situation in which owners of a business are liable for all the debts that the business may incur.

Limited Liability

A situation in which the liability of the owners of a business is limited to the full, paid-up value of the share capital. In the United States and some other countries, a limited company is known as either a corporation or a limited liability company (LLC) .

Limited Liability Company (LLC)

A situation in which the liability of the owners of a business is limited to the full, paid-up value of the share capital. In the United States and some other countries, a limited company is known as either a corporation or a limited liability company.

Sole Proprietorship

A business owned by one person. The owner may operate on his own or may employ others. The owner of the business has total and unlimited personal liability of the debts incurred by the business.

Partnership

A partnership is a form of business in which two or more people operate for the common goal of making profit. Each partner has total and unlimited personal liability of the debts incurred by the partnership.

Cooperative Business

Cooperative businesses are often referred to as a co-ops. The cooperative business structure is for-profit, with limited liability, but with members of the co-op sharing decision-making authority. Co-ops normally fall into three types: (1) Consumer co-ops, (2) producer co-ops (common in agriculture) and (3) worker-owned companies.

Intrapreneurship:

Intrapreneurship is a relatively recent concept that focuses on employees of a company that have many of the attributes of entrepreneurs. An intrapreneur is someone within a company that takes risks in an effort to solve a given problem.

An intrapreneur is an employee who is given the authority and support to create a new product without having to be concerned about whether or not the product will actually become a source of revenue for the company. Unlike an entrepreneur, who faces personal risk when a product fails to produce revenue, an intrepreneur will continue to receive a salary even if the product fails to make it to production.

Features of Intrapreneurship:

Entrepreneurship involves innovation, the ability to take risk and creativity. An entrepreneur will be able to look at things in novel ways. He will have the capacity to take calculated risk and to accept failure as a learning point. An intrapreneur thinks like an entrepreneur looking out for opportunities, which profit the organization. Intrapreneurship is a novel way of making organizations more profitable where imaginative employees entertain entrepreneurial thoughts. It is in the interest of an organization to encourage intrapreneurs. Intrapreneurship is a significant method for companies to reinvent themselves and improve performance.

Difference between an entrepreneur and an intrapreneur:

An entrepreneur takes substantial risk in being the owner and operator of a business with expectations of financial profit and other rewards that the business may generate. On the contrary, an intrapreneur is an individual employed by an organization for remuneration, which is based on the financial success of the unit he is responsible for. Intrapreneurs share the same traits as entrepreneurs such as conviction, zeal and insight. As the intrapreneur continues to expresses his ideas vigorously, it will reveal the gap between the philosophy of the organization and the employee. If the organization supports him in pursuing his ideas, he succeeds. If not, he is likely to leave the organization and set up his own business.

Role of Government in promoting Entrepreneur:

Government plays a very important role in developing entrepreneurship. Government develop industries in rural and backward areas by giving various facilities with the objective of balances regional development. The government set programmes to help entrepreneurs in the field of technique, finance, market and entrepreneurial development so that they help to accelerate and adopt the changes in industrial development. Various institutions were set up by the central and state governments in order to fulfill this objective.

1. Small industries development organization (SIDO)

SIDO was established in October 1973 now under Ministry of Trade, Industry and Marketing. SIDO is an apex body at Central level for formulating policy for the development of Small Scale Industries in the country, headed by the Additional Secretary & Development Commissioner(Small Scale Industries)under Ministry of Small Scale Industries Govt. of India. SIDO is playing a very constructive role for strengthening this vital sector, which has proved to be one of the strong pillars of the economy of the country. SIDO also provides extended support through Comprehensive plan for promotion of rural entrepreneurship.

2. Management development Institute(MDI)

MDI is located at Gurgaon (Haryana).It was established in 1973 and is sponsored by Industrial Finance Corporation Of India, with objectives of improving managerial effectiveness in the industry. It conducts management development programs in various fields. In also includes the programmes for the officers of IAS,IES,BHEL,ONGC and many other leading PSU's.

3. Entrepreneurship development institute of India (EDI)

Entrepreneurship Development Institute of India (EDI), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions – the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). EDI has helped set up twelve state-level exclusive entrepreneurship development centres and institutes. One of the satisfying achievements, however, was taking entrepreneurship to a large number of schools, colleges, science and technology institutions and management schools in several states by including entrepreneurship inputs in their curricula. In the international arena, efforts to develop entrepreneurship by way of sharing resources and organizing training programmes, have helped EDI earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies. EDI has also set up Entrepreneurship Development Centre at Cambodia, Lao PDR, Myanmar and Vietnam and is in the process of setting up such centres at Uzbekistan and five African countries.

4. All India Small Scale Industries Board(AISSIB)

The Small Scale Industries Board (SSI Board) is the apex advisory body constituted to render advise to the Government on all issues pertaining to the small scale sector. It determines the policies and programmes for the development of small industries with a Central Government

Minister as its president and the representatives of various organization i.e. Central Government, State Government, National Small Industries Corporations, State Financial Corporation, Reserve Bank of India, State Bank of India, Indian Small Industries Board, Non government members such as Public Service Commission, Trade and Industries Members.

5. National Institution of Entrepreneurship and Small Business Development (NIESBUD),New Delhi

It was established in 1983 by the Government of India. It is an apex body to supervise the activities of various agencies in the entrepreneurial development programmes. It is a society under Government of India Society Act of 1860.

The major activities of institute are:

i) To make effective strategies and methods

ii) To standardize model syllabus for training

iii) To develop training aids, tools and manuals

iv) To conduct workshops, seminars and conferences.

v) To evaluate the benefits of EDPs and promote the process of Entrepreneurial Development.

6. National Institute of Small Industries Extension Training

It was established in 1960 with its headquarters at Hyderabad. The main objectives of national Institute of Small Industries Extension Training are:

i) Directing and coordinating syllabi for training of small entrepreneurs.

ii) Advising managerial and technical aspects.

iii) Organizing seminars for small entrepreneurs and managers.

iv) Providing services regarding research and documentation.

7. National Small Industries Corporation Ltd. (NSIC)

The NSIC was established in 1995 by the Central Government with the objective of assisting the small industries in the Government purchase programmes. The corporation provides a vast-market for the products of small industries through its marketing network. It also assists the small units in exporting their products in foreign countries.

Entrepreneurship Development Programmes:

Meaning: As the term itself denotes, EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise. Thus, the concept of entrepreneurship development programme involves equipping a person with the required skills and knowledge needed for starting and running the enterprise.

The main purpose of such entrepreneurship development programme is to widen the base of entrepreneurship by development achievement motivation and entrepreneurial skills among the less privileged sections of the society."

According to N. P. Singh (1985), "Entrepreneurship Development Programme is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. It is necessary to promote this understanding of motives and their impact on entrepreneurial values and behaviour for this purpose." Now, we can easily define EDP as a planned effort to identify, inculcate, develop, and polish the capabilities and skills as the prerequisites of a person to become and behave as an entrepreneur.

Objectives of EDP:

The major objectives of the Entrepreneurship Development Programmes (EDPs) are to:

1. Develop and strengthen the entrepreneurial quality, i.e. motivation or need for achievement.
2. Analyse environmental set up relating to small industry and small business.
3. Select the product.
4. Formulate proposal for the product.
5. Understand the process and procedure involved in setting up a small enterprise.
6. Know the sources of help and support available for starting a small scale industry.
7. Acquire the necessary managerial skills required to run a small-scale industry.
8. Know the pros and cons in becoming an entrepreneur.
9. Appreciate the needed entrepreneurial discipline.

Need for entrepreneurship development programme (EDP)

1. **Creation of Employment Opportunities**: Unemployment is one of the most important problems confronting developing and underdevelopment countries, EDP's enable prospective entrepreneurs in the setting up of their own units, thus enabling them to get self employment. With the setting up of more and more units by entrepreneurs, both on small and large scale, numerous job opportunities are created for the others.
2. **Capital Formation**: It is not possible to set up an enterprise without adequate funds. Entrepreneur as an organizer of factors of production employs his own as well as borrowed resources for the setting up of his enterpriseVarious development banks like ICICI, IFCI, IDBI; SFCs, SIDCs take initiative in promoting entrepreneurship through assistance to various agencies involved in EDP and by providing financial assistance to new entrepreneurs.
3. **Balanced Regional Development**: Small scale units can be set up in industrially backward and remote areas with limited financial resources. Successful EDP's assist in accelerating the pace of industrialization in the backward areas and reduce the concentration of economic power in the hands of a few.
4. **Use of Local Resources:** In the absence of any initiative local resources are likely to remain unutilized. Proper use of these resources can result in the progress or development of the area and that too at lower cost.
5. **Improvement in per Capital Income:** Entrepreneurs are always on the look out for opportunities. They explore and exploit the opportunities. Entrepreneurs take lead in organising various factors of production by putting them into productive use through the setting up of enterprises.
6. **Improvement in the Standard of Living:** Entrepreneurs by adopting latest innovations help in the production of wide variety of goods & services. By making efficient use of the resources, they start producing more of better quality and that too at lower costs.
7. **Economic Independence:** Entrepreneurs enable a country to produce wide variety of better quality goods & services and that too at competitive prices. They develop substitutes of the goods being imported and thus prevent over-dependence on foreign countries and at the same time help in the saving of precious foreign exchange.
8. **Preventing Industrial Slums:** Industrially developed areas are faced with problem of industrial slums, which result in over burdening of civic amenities and adverse impact on the health of people. This will also help in reducing pollution and overtaxing of civic amenities.

9. **Reducing Social Tension:** Unemployment amongst the young and educated people is emerging as the major cause of social unrest. People are bound to feel frustrated if they fail to get gainful employment after completion of their education.
10. **Facilitating Overall Development:** An entrepreneur acts as a catalytic agent for change which results in chain reaction. With the setting up of an enterprise the process of industrialization is set in motion. This unit will generate demand for various types of inputs required by it and there will be so many other units which will require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units there.

Role of government in organizing EDP:

EDPs are otherwise known as the Human Resource Development Programmes. They deal basically with human motivation, skills, competencies, creativity, social and economic risks and investment of financial and physical resources of the state. Therefore, the role of government in organizing EDPs is considered significant in a country like India. It requires the conversion of surplus labour force into real entrepreneurs to tackle the problems of unemployment and poverty by means of the EDP mechanism. For organizing EDPs on sustained manner, the Union and State governments have undertaken the following activities.

The following specialized EDP organizations have been set up by the Government of India to promote entrepreneurship in the country.

(i) National Institute for Entrepreneurship **and small Business Development (NIESBUD)**

It is an Apex organization for organizing and conducting EDP under the Ministry of Industry, Government of India. It is located at Noida (UP).

(ii) Small Industries Service Institutes (SISIs)

It is set up by Government of India. It is having its network of branches in many states in India.

(iii) National Institute for Small Industry Extension and Training (NISIET)

NISIET is established in 1960, under Ministry of Small Scale Industries, Government of India. It is located at Yousufguda, Hyderabad. The Institute strives to achieve its objectives through a gamut of operations ranging from training, consultancy, research and education, to extension and information services.

(iv) Entrepreneurship Development Institute of India (EDI)

The Entrepreneurship Development Institute of India (EDI), an autonomous body and not-for-profit institution, set up in 1983, is sponsored by apex financial institutions, namely the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI) and State Bank of India (SBI).

(v) National Science and Technology Entrepreneurship Development Board (NSTEDB)

In order to focus on special target groups like science and technology personnel, the Union Government has established the NSTEDB, operating under the Department of Science and Technology, Government of India.

(vi) IEDs and CEDs in different states of India

Various IEDs and CEDs have been set up in different parts of India. The objective of these specialized institutions is to equip the ordinary person with basics of entrepreneurial and managerial skills in order to enable him to be an effective entrepreneur.

(vii) The Indian Institute of Entrepreneurship **(IIE)**

The Indian Institute of Entrepreneurship (IIE) was established in 1993 by the Ministry of Industry, Government of India with its headquarters at Guwahati to undertake training, research and consultancy activities in the field of small industry and entrepreneurship.

Problems of EDPs:

EDPs suffer on many counts. The problems and lacunae are on the part of all those who are involved in the process, be it the trainers and the trainees, the ED organisations, the supporting organizations, and the state governments.

The important problems EDPs face are but not confined to the following only:

a. Trainer-motivations are not found upto the mark in motivating the trainees to start their own enterprises.

b. ED organisations lack in commitment and sincerity in conducting the EDPs. In some cases, EDPs are used as means to generate surplus (income) for the ED organisations.

c. Non-conducive environment and constraints make the trainer-motivators' role ineffective.

d. The antithetic attitude of the supporting agencies like banks and financial institutions serves as stumbling block in the success of EDPs.

Evaluation of Entrepreneurship Development Programmes:

Developing entrepreneurship has become a movement in India in the recent years. EDPs have been considered as an effective instrument for developing entrepreneurship in the countryside. Hundreds of EDPs are conducted by some 686 organizations to impart entrepreneurial training to participants in thousands.

The main objective of EDPs is to make the EDP trainee an enterprise creator. Hence, it seems necessary to see whether, the objectives of EDPs is fulfilled or not. In simple words, there is a need to have a retrospective look into how many participants have actually started their own enterprises after completing the training. This calls for the evaluation of EDPs.

The effectiveness of the EDPs is around 26 per cent. In other words, one out of every four trainees actually started his / her enterprise after undergoing entrepreneurial training. However, the expected start-up rate is slightly higher around 32 per cent.

About 10 per cent trainees are found blocked due to various reasons at various stages in the process of setting up their enterprises. It also suggests that if not helped effectively, they may join the category of those 29 per cent trainees who have already given up the idea of launching their ventures.

Out of 430 trainees who could not be contacted personally during the field survey, according to the secondary sources, viz., family, friends, and neighbours, 17 per cent of them have already given up the idea of venture launching as they are engaged in some other activities.

The effectiveness of EDPs cannot be considered as impressive because about 07 out of every 10 trainees did not start enterprises after undergoing the EDP training. It means there are some problems or lapses here and there in conducting the EDPs'. Therefore, there lies the need for looking at the problems and constraints of EDPs.

One way of evaluating the EDPs is to assess their effectiveness in developing 'need for achievement' among the entrepreneurs. This is also called the 'qualitative evaluation of EDPs.

MSME

In India, MSMEs contribute nearly 8% of the country's GDP, around 45% of the manufacturing output, and approximately 40% of the country's exports. It won't be wrong to refer them as the 'Backbone of the country.'

The Government of India has introduced **MSME or Micro, Small, and Medium Enterprises** in agreement with Micro, Small and Medium Enterprises Development (MSMED) Act of 2006. These enterprises primarily engaged in the production, manufacturing, processing, or preservation of goods and commodities.

MSMEs are an important sector for the Indian economy and have contributed immensely to the country's socio-economic development. It not only generates employment opportunities but also works hand-in-hand towards the development of the nation's backward and rural areas. According to the annual report by the Government (2018-19), there are around 6,08,41,245 MSMEs in India.

MSME – Merged Criteria: Investment (Plant & Machinery or Equipment) and Annual Turnover			
Sector/Enterprise Type	**Micro-Enterprise**	**Small Enterprise**	**Medium Enterprise**
Manufacturing &	Investment less than	Investment less	Investment is less

Services Sector, Both	Rs. 1 crore Turnover less than Rs. 5 crore	than Rs. 10 crore Turnover up to Rs. 50 crore	than Rs. 50 crore Turnover up to Rs. 250 crore

Features of MSMEs

Following are some of the essential elements of MSMEs –

1. MSMEs work for the welfare of the workers and artisans. They help them by giving employment and by providing loans and other services.
2. MSMEs provide credit limit or funding support to banks.
3. They promote the development of entrepreneurship as well as up-gradation of skills by launching specialized training centers for the same.
4. They support the up-grading of developmental technology, infrastructure development, and the modernization of the sector as a whole
5. MSMEs are known to provide reasonable assistance for improved access to the domestic as well as export markets.
6. They also offer modern testing facilities and quality certification services.
7. Following the recent trends, MSMEs now support product development, design innovation, intervention, and packaging.

Role of MSMEs in Indian Economy

Since its formation, the MSME segment has proven to be a highly dynamic Indian economy sector. MSMEs produce and manufacture a variety of products for both domestic as well as international markets. They have helped promote the growth and development of khadi, village, and coir industries. They have collaborated and worked with the concerned ministries, state governments, and stakeholders towards the upbringing of rural areas.

MSMEs have played an essential role in providing employment opportunities in rural areas. They have helped in the industrialization of these areas with a low capital cost compared to the large industries. Acting as a complementary unit to large sectors, the MSME sector has enormously contributed to its socio-economic development.

MSMEs also contribute and play an essential role in the country's development in different areas like the requirement of low investment, flexibility in operations, mobility through the locations, low rate of imports, and a high contribution to domestic production.

With the capability and capacity to develop appropriate local technology, provide fierce competition in domestic and international markets, technology-savvy industries, a contribution towards creating defense materials, and generating new entrepreneurs by providing knowledge, training, and skill up-gradation through specialized training centers.

The below-mentioned data, represented in a tabular format, is by the Central Statistics Office (CSO) and Ministry of Statistics & Program Implementation.

Importance of MSMEs for the Indian Economy

Across the globe, MSMEs are accepted as a means of economic growth and for promoting equitable development. They are known to generate the highest rate of growth in the economy. MSMEs have driven India to new heights through requirements of low investment, flexible operations, and the capacity to develop appropriate native technology.

1. MSMEs employ around 120 million persons, becoming the second-largest employment generating sector after agriculture.

2. With approximately 45 lac units throughout the country, it contributes about 6.11% of GDP from manufacturing and 24.63% of the GDP from service activities.

3. MSME ministry targets to increase its contribution towards GDP by up to 50% by 2025 as India moves ahead to become a $5 trillion economy

4. Contributing around 45% of overall Indian exports

5. MSMEs promote all-inclusive growth by providing employment opportunities, especially to people belonging to weaker sections of the society in rural areas.

6. MSMEs in tier-2 and tier-3 cities help in creating opportunities for people to use banking services and products, which can amount to the final inclusion of the contribution of MSMEs for the economy.

7. MSMEs promote innovation by providing an opportunity to budding entrepreneurs to help them build creative products hey and thereby boost competition in business and fuel the growth.

The Indian MSME sector provides silent support to the national economy and acts as a defense against global economic shock and adversities. Hence, we can say that India is propelling towards a robust global economy through a silent revolution powered by MSMEs.

UNIT- 2

ENTREPRENEURSHIP DEVELOPMENT (22MBA0302)

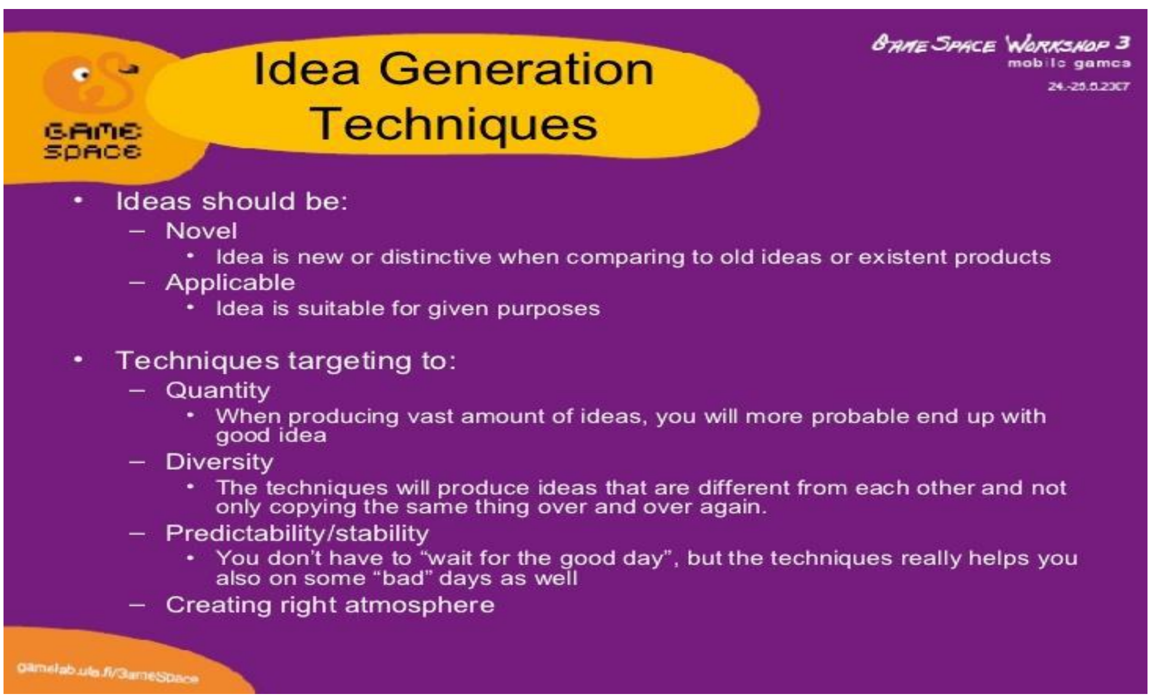
UNIT 2

Idea Generation

Idea generation is the creative process or procedure that a company uses in order to figure out solutions to any number of difficult challenges. It involves coming up with many ideas in a group discussion, selecting the best idea or ideas, working to create a plan to implement the idea, and then actually taking that idea and putting it into practice. The idea can be tangible, something you can touch or see, or intangible, something symbolic or cultural.

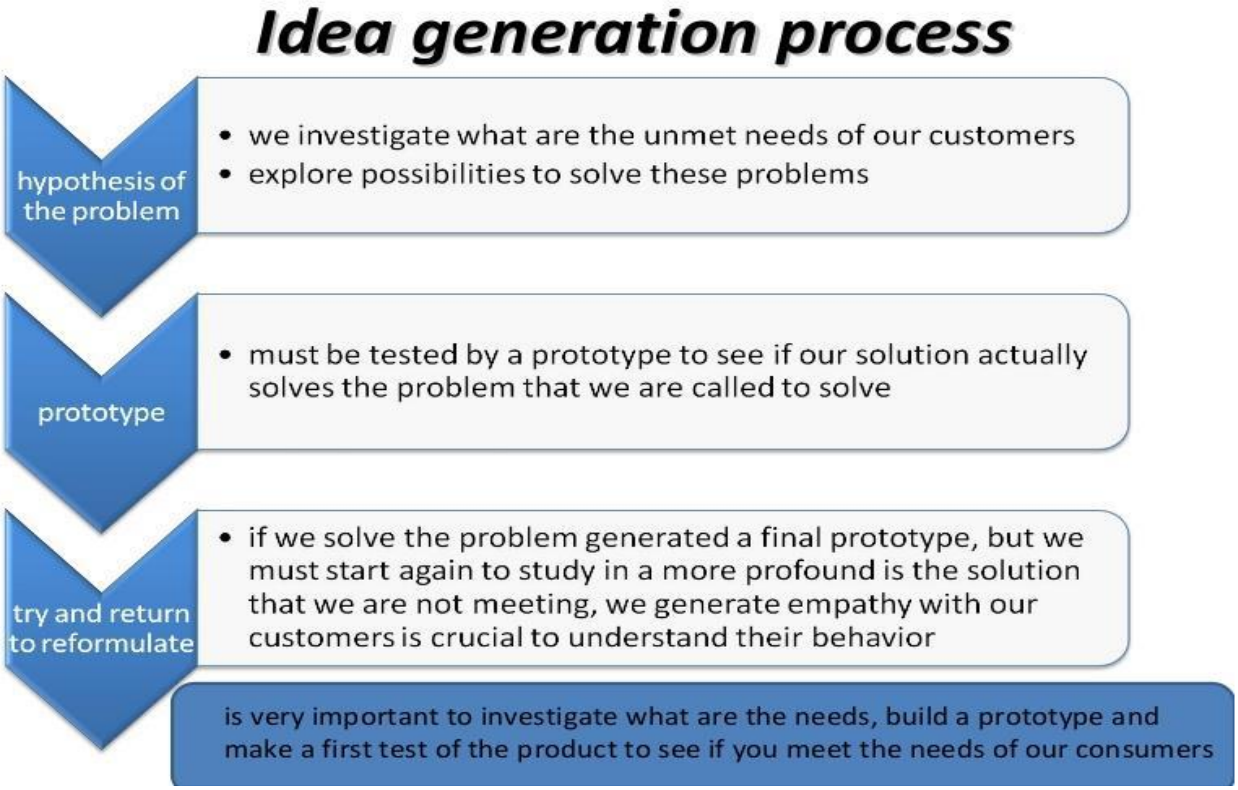
Idea Generation Techniques

	Intuitive	Systematic
Free Association	Brianstorming Brainwriting Checklists	Attribute listing
Forced Relationships	Analogies Random Stimuli	Morphological Matrix Morpological Analysis



Idea Generation Process:

Idea generation. The process of creating, developing, and communicating ideas which are abstract, concrete, or visual. The process includes the process of constructing through the idea, innovating the concept, developing the process, and bringing the concept to reality.



Steps to follow from idea generation to implementation.

1. **Idea selection**: coming up with an idea that fits person's strengths, professional aspirations,related experience and resources to make it happen.At this stage, the idea is just a hypothesis and might be altered or changed later.
2. **Scrutiny of all aspects:** analytical evaluation of the opportunity from an investor's standpoint. Key aspects of this assessment are: target audience, size of the opportunity, a calculated risk or not, economic viability, etc. A brief business plan clarifies the covered points.
3. **Feedback:** obtaining opinions from people aware of the market, competitors, business model and similar business experience. Their practical expertise, and that of target customers, will help predict the likelihood of idea success. The real test is when the product is launched but this preliminary research gives a hint.

4. **Feedback reaction:** making necessary changes to product, strategy and business plan according to results from the meaningful feedback. Anticipating the needed capital; to reach set targets. Designing an implementation plan with the main objectives in the short term and who will execute them.
5. **A basic product**: rather than a complete product with a full set of features, a bare minimum offering shows target customers what the product basically is and how it works. A good idea is to build the basic product as quickly as possible and make it inexpensive.
6. **On the market:** Getting to the market a core product quickly and start examining customers` reactions. While one manufacturer waits and refines their product to make it ideal for the customers, a competitor sells successfully an acceptable similar product.
7. **Test drive:** testing elements like pricing, branding, customer experience and features gives a practical demonstration of how the product matches customers` needs. Marketing messages, sales pitches and promotions are also areas that can be tested.
8. **Corrections:** having an idea which aspects of the product and marketing are imperfect, fixing them enables the manufacturer to continuously improve their product and marketing strategies, used to market it.
9. **Growing plans:** updates on the product, business plan, marketing and financial strategies enable expansion. If it really proves to be a winning pitch, this is also a good time to gather resources and raise capital.
10. **Time to expand:** having a proven business strategy and the necessary resources, an ambitious expansion plan seems suitable. If the team shares common beliefs and understands company`s goals and core values, success is likely.

SWOT Analysis:

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential.

A SWOT analysis is designed to facilitate a realistic, fact-based, data-driven look at the strengths and weaknesses of an organization, its initiatives, or an industry. The organization needs to keep the analysis accurate by avoiding pre-conceived beliefs or gray areas and instead focusing on real-life contexts. Companies should use it as a guide and not necessarily as a prescription.

SWOT analysis is a technique for assessing the performance, competition, risk, and potential of a business, as well as part of a business such as a product line or division, an industry, or other entity.

Using internal and external data, the technique can guide businesses toward strategies more likely to be successful, and away from those in which they have been, or are likely to be, less successful. An independent SWOT analysis analysts, investors or competitors can also guide them on whether a company, product line or industry might be strong or weak and why.

- **Strengths** describe what an organization excels at and what separates it from the competition: a strong brand, loyal customer base, a strong balance sheet, unique technology, and so on. For example, a hedge fund may have developed a proprietary trading strategy that returns market-beating results. It must then decide how to use those results to attract new investors.
- **Weaknesses** stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive: a weak brand, higher-than-average turnover, high levels of debt, an inadequate supply chain, or lack of capital.

- **Opportunities** refer to favorable external factors that could give an organization a competitive advantage. For example, if a country cuts tariffs, a car manufacturer can export its cars into a new market, increasing sales and market share.
- **Threats** refer to factors that have the potential to harm an organization. For example, a drought is a threat to a wheat-producing company, as it may destroy or reduce the crop yield. Other common threats include things like rising costs for materials, increasing competition, tight labor supply and so on.

Advantages of SWOT Analysis

A SWOT analysis is a great way to guide business-strategy meetings. It's powerful to have everyone in the room to discuss the company's core strengths and weaknesses and then move from there to define the opportunities and threats, and finally to brainstorming ideas. Oftentimes, the SWOT analysis you envision before the session changes throughout to reflect factors you were unaware of and would never have captured if not for the group's input.

A company can use a SWOT for overall business strategy sessions or for a specific segment such as marketing, production or sales. This way, you can see how the overall strategy developed from the SWOT analysis will filter down to the segments below before committing to it. You can also work in reverse with a segment-specific SWOT analysis that feeds into an overall SWOT analysis.

Intellectual Property Rights:

Intellectual property refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Intellectual property is divided into two categories: Industrial Property includes patents for inventions, trademarks, industrial designs and geographical indications. Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.

Intellectual Property (IP) refers to the protection of creations of the mind, which have both a moral and a commercial value. IP law typically grants the author of intellectual creation exclusive rights for exploiting and benefiting from their creation. However, these rights, also called monopoly right of exploitation, are limited in scope, duration and geographical extent.

IP protection is intended to stimulate the creativity of the human mind for the benefit of all by ensuring that the advantages derived from exploiting a creation benefit the creator. This will encourage creative activity and allow investors in research and development a fair return on their investment.

IP confers on individuals, enterprises or other entities the right to exclude others from the use of their creations. Consequently, intellectual property rights (IPRs) may have a direct and substantial impact on industry and trade as the owner of an IPR may - through the enforcement of such a right - prevent the manufacture, use or sale of a product which incorporates the IPR.

Types of intellectual property

Entrepreneurs and business owners need to understand the basics of intellectual property law to best protect their hard-earned creations and ideas from unfair competition. Here are four main types of intellectual property that you can use to protect your business.

1. Copyrights

Copyrights protect original works of authorship, such as literature, music, artistic works, and computer software. As the holder of a copyright, you have the exclusive right to reproduce, adapt, and distribute the work. A copyright exists from the moment the work is created, so registration is voluntary.

However, registered works may be eligible for statutory damages and attorneys fees in a copyright infringement suit, so it is recommended that you register at the U.S. Copyright Office. You can register your copyright online by completing an application, submitting a non-refundable fee of $35, and sending in a non-returnable copy of your work.

The average processing time for e-filed and paper applications is 2.5 months and 5.6 months, respectively. The duration of the copyright depends on several factors, but generally for works created after Jan. 1, 1978, the copyright lasts for the life of the author plus an additional 70 years and is non-renewable. You can visit the U.S. Copyright Office for more information.

2. Patents

A patent grants property rights on inventions, allowing the patent holder to exclude others from making, selling or using the invention. You obtain a patent by filing an application with the U.S. Patent and Trademark Office (USPTO).

There are 3 types of patents: utility, design and plant. A utility patent is the most common type, and it covers any process, machine, article of manufacture, or composition of matter, or any new and useful improvements thereof.

A design patent covers any new, original, and ornamental design for an article of manufacture, while a plant patent covers any new variety of asexually-produced plant. A design patent lasts 14 years, and a utility or plant patent lasts 20 years.

The patent application process is complicated and could cost thousands of dollars, so the USPTO recommends that you hire a qualified patent attorney or agent to file your patent. To maintain the force of the patent, you must pay fees due at 3.5, 7.5 and 11.5 years after the patent grant. The total amount of maintenance fees for a small entity (such as an independent inventor) is $4,430, while for others the total is $8,860.

3. Trademarks

A trademark is a word, phrase, symbol, or design that distinguishes the source of the goods of one business from its competitors.

Although rights in trademarks are acquired by use, registration with the USPTO makes it easier to enforce those rights. Before registering your trademark, you should conduct a search of federal and state databases to ensure a similar trademark doesn't already exist.

To apply, you must have a clear representation of the mark, as well as an identification of the class of goods or services to which the mark will apply. You can submit an online application, and filing fees vary according to several factors, including the form type and the number of classes of goods or services. Filing an application is complicated, so most applicants hire an attorney who specializes in trademarks.

4. Trade Secrets

A trade secret is a formula, process, device, or other business information that companies keep secret to give them an advantage over their competitors.

Examples of trade secrets are: soda formulas, customer lists, survey results, and computer algorithms. Unlike the other types of intellectual property, you can't obtain protection by registering your trade secret. Instead, protection lasts only as long as you take the necessary steps to control disclosure and use of the information.

Sources of capital

- Long term - usually above 7 years. Share Capital. Mortgage loan. Retained Profit. Venture capital. Debenture. Project Finance.
- Medium term - usually between 2 and 7 years. Term Loans. Leasing. Hire Purchase.
- Short term - usually under 2 years. Bank Overdraft. Trade Credit. Deferred Expenses. Factoring.

Sources of capital for entrepreneur:

- **Bootstrapping.** Bootstrapping really means launching and growing a startup with resources that you already have, and pulling yourself up with a little grit and sweat equity. ...
- **Friends and Family.**
- **Crowdfunding.** (crowdfunding has evolved to funding some of the most notable new startups and technological developments, and has been used by some of the world's best-known brands, like Hard Rock.)
- **Angel Investors and Super Angels**. (High net-worth individuals make up the bulk of the ranks of startup investors. These individuals are often referred to as "angel investors" and Super Angels and angel groups clearly often have much more capacity. And the reduced risk they enjoy as they pool money theoretically aids startups in negotiating terms.)
- **Family Offices.** (Family offices often go unnoticed or unrecognized by many entrepreneurs and startups. But they are a very significant force in the investment world and capital markets,)
- **Venture Capital**.
- **Debt Capital.**

Venture Capital

Venture capital is financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. For startups without access to capital markets, venture capital is an essential source of money. Risk is typically high for investors, but the downside for the startup is that these venture capitalists usually get a say in company decisions.

Venture capital generally comes from well-off investors, investment banks and any other financial institutions that pool similar partnerships or investments. Though providing venture capital can be risky for the investors who put up the funds, the potential for above-average returns is an attractive payoff. Venture capital does not always take a monetary form; it can be provided in the form of technical or managerial expertise. For new companies or startup ventures that have a limited operating history, venture capital funding is increasingly becoming a popular capital raising source, as funding through loans or other debt instruments is not readily available.

The Venture Capital Process

The first step for any business looking for venture capital is to submit a business plan, either to a venture capital firm, or to an angel investor. If interested in the proposal, the firm or the investor must then perform due diligence, which includes a thorough investigation of the business model, products, management and operating history, among other things. Once due diligence has been completed, the firm or the investor will pledge an investment in exchange for equity in the company. The firm or investor then takes an active role in the funded company. Because capital is typically provided in rounds, the firm or investor actively ensures the venture is meeting certain milestones before receiving another round of capital. The investor then exits the company after a period of time, typically 4 to 6 years after the initial investment, through a merger, acquisition or initial public offering (IPO).

Venture capitalist

A venture capitalist is an investor who either provides capital to startup ventures or supports small companies that wish to expand but do not have access to equities markets. Venture capitalists are willing to invest in such companies because they can earn a massive return on their investments if these companies are a success.

Venture capitalists also experience major losses when their picks fail, but these investors are typically wealthy enough that they can afford to take the risks associated with funding young, unproven companies that appear to have a great idea and a great management team.

Debt Capital

Debt capital is the capital that a business raises by taking out a loan. It is a loan made to a company that is normally repaid at some future date. This means that legally, the interest on debt capital must be repaid in full before any dividends are paid to any suppliers of equity.

It is the is funds supplied by lenders that is part of a firm's capital structure. Debt capital usually refers to long-term capital, specifically bonds, rather than short-term loans to be paid off within one year. If the short-term debt is continually rolled over, however, it can be considered relatively permanent and thus debt capital. Debt capital has advantages and disadvantages over equity, the other component of a company's capital structure. The regular interest payments for debt capital represent a cost of doing business and, unlike dividends, are tax deductible.

Debt capital also enables the firm to expand its profits indefinitely, provided it can make a greater return on the debt capital than the costs of servicing it. However, unlike dividends, interest payments to bondholders must be met on time and in full. Furthermore, as debt becomes a greater part of the firm's capital structure, a downturn in business threatens the company's survival, as the costs of servicing debt capital mount. Financial analysts thus spend much effort trying to determine the best proportion of debt capital in a company's capital structure.

Seed capital:

Seed capital, also known as seed funding or seed money, is the initial funding that a startup or entrepreneur raises to develop an idea for a new business or product. Typically, it is used to cover the costs of creating a proposal and getting a business off the ground.

Seed capital differs from other forms of funding, such as venture capital or angel investing, in that it is typically provided at an earlier stage of business development and involves smaller amounts of funding.

Government Grants and Subsidies:

Grants are sums that usually do not have to be repaid but are to be used for defined purposes. Subsidies, on the other hand, refer to direct contributions, tax breaks and other special assistance that governments provide businesses to offset operating costs over a lengthy time period.

What's the Difference Between a Grant & Subsidy?

Although the terms are often used interchangeably, grants and subsidies are two different types of funding. Grants are sums that usually do not have to be repaid but are to be used for defined purposes. Subsidies, on the other hand, refer to direct contributions, tax breaks and other special assistance that governments provide businesses to offset operating costs over a lengthy time period. The practice is controversial since large corporations -- not small businesses -- tend to receive most subsidies.

What Is a Grant?

Unlike loans, grants are funds that the recipient does not have to pay back. Such assistance is most commonly associated with people furthering their education, in the form of fellowships, funding for special research or scholarships from foundations and nonprofit organizations.

What Is a Subsidy?

Subsidies cover many forms of funding, including direct payments, loan guarantees and special tax breaks, and businesses can use the money to offset operating and management costs. The main rationale for granting subsidies is to stimulate investment that would otherwise prove too costly for companies to pursue.

Grants and Subsidies provided by India for Entrepreneurs

India is a country which is setting its roots in the world of entrepreneurship. Even though the history and stories of entrepreneurship go back to the time of *Vedas* but after the colonization period, the situation of entrepreneurs dropped to its lowest point. The government of India provides different subsidies and incentives so that the vibrant world of the business can spread its wings and fly higher, providing more job opportunities to the local population. Managing a business or putting your ideas into action is not an easy task. It involves money, and if you know about various that you can get from the Indian government, then the burden can be profoundly lessened. If you also wish to be an entrepreneur then here lies a list of different subsidies and incentives which are must know for each and every entrepreneur:

1. **Credit Linked Capital Subsidy Scheme (CLCSS):** It has been noted that most of the small scale companies, still uses old technologies and machinery to manufacture goods and products. These outdated technologies adversely affect their business. The outdated

technologies are still in use because of lack of knowledge and information. The small scale business people lack awareness about the capital access, various advanced and modernized technologies and benchmark set on the goods qualities. Nonetheless, it won't be wrong to say that the modernization and globalization of the world have made it a necessity that the technologies and machinery should be upgraded if they wish to survive in this competitive world. By the ministry of small scale industries, it was taken as a responsibility by them to facilitate the up gradation of the technology. The department has developed a scheme known as Credit Linked Capital Subsidy Scheme (CLCSS). This project provides 15% subsidy on the capital for SSI units on the functional finances availed for the good establishment and upgraded technology in various sub-sectors and different products approved under the plan for a credit of up to Rs. 1 crore.

2. **Subsidy for establishing cold chain:** A robust and vigorous food processor plays an important role to protect the perishable food items, agricultural products and enhance the income of the farmers and saving the surplus amount for export. To help the farmers and entrepreneurs, the government of India provides a subsidy for the cold chains. This scheme provides fiscal support for the cold chain and preservation of perishable items.
3. **Technology Upgradation Fund Scheme (TUFS):** This subsidy is availed in the sector of textiles. In our country textile industry is the second largest industry that provides employment. The ministry of textile under its flagship program named as Technology Upgradation Fund Scheme (TUFS), helps the industry to achieve new heights and improve its technologies so that it can compete with the world standards. A 5% of interest reimbursement is given, on the interest charged by various banks and financial institutions. This scheme also provides a marginal amount and subsidies for investing in different equipment and technologies.
4. **Support for acquiring quality management system:** With the high level of competition in the global market, is has become essential and vital for the MSME units to maintain the quality benchmarks. This reference is essential for the survival, successful competition and enhances profitability in this cut-throat competitive world. The Government of India provides a subsidy so that it becomes easy for the entrepreneurs to obtain an ISO certificate like ISO 9001 and ISO 14001, overall, fulfilling the motive of increasing the adoption of enhanced quality standards.
5. **Interest subsidy for MSME Units in Gujarat:** The state government of Gujarat, provides interest subsidies for the MSME units in Gujarat so that the industrialization can

be boosted and more people invest in various business sectors. The backbone of any economy is said to be MSME units, and this subsidy helps in enhancing this area highly in Gujarat. This plan provides 7% interest subsidy to micro enterprises and 5% interest subsidy in medium and small sectors.

6. **Capital subsidy for solar lighting and small capacity PV systems:** Jawaharlal Nehru National Solar Mission (JNNSM) was initiated by the Indian government to promote the sustainable energy sources and help solve the growing need for the power of the country. The JNNSM provides soft loans and various subsidies to promote the usage and establishment of solar power generating plants in the country. JNNSM provides a subsidy of approximately 40% on the approved cost for the various system used for solar lighting and small photovoltaic units.
7. **Support for International Patent protection in Electronics and IT:** The department of information Technology, MCIT, GOI initiated a scheme that provides financial support to all the SMEs and various other technical start-ups for the international patent filing so that vivid innovations can be encouraged, their true potential and values can be realized. This subsidy is also important because it enhances the capabilities of the inventions globally and captures various growth opportunities for the innovations and researches in the world of information technology and electronics. Through this grant, all the cost including the fees of the attorney, fees for filing the patent, examination fees and all other additional costs up to the level of acceptance of patent if subsidized. This plan provides a subsidy of up to 50% as reimbursement of the overall patent fee. The support is compared to Rs. 15 Lacs or 50% of the overall fee, whichever is less.

Types of Investors

Investors are unique players in the growth process of a business. The level and quality of their involvement can ultimately help determine a company’s success or failure. It is imperative for budding entrepreneurs to take the time to learn about the types of investors available and how to use best practices when approaching them for funds.

Investors can be called upon during almost any stage in the life of a startup. Below are five of the most common types of investors, as well as recommendations for when they should be considered.

Banks

Banks are a classic source for business loans, Inc. explains. Loan-seekers will usually be required to produce proof of collateral or a revenue stream before their loan application is approved. Because of this, banks are often a better option for more established businesses.

Angel investors

Angel investors are individuals with an earned income that exceeds $200,000 or who have a net worth of more than $1 million. They are found across all industries and are useful for entrepreneurs who are beyond the seed stages of financing but are not yet ready to seek out venture capital.

Peer-to-peer lenders

Peer-to-peer lenders are individuals or groups that offer funding to small business owners, Time reports. To work with these investors, entrepreneurs must apply with companies that specialize in peer-to-peer lending, such as Prosper or Lending Club. Once their application is approved, lenders can then determine the businesses they wish to support.

Venture capitalists

Venture capitalists are used only after a business begins to show a significant amount of revenue. These investors are notable, as they usually invest a substantial amount of money (often around $10 million). They gain most of their returns through “carried interest,” or a percentage received as compensation from the profits of a hedge fund or private equity.

Personal investors

Business owners often rely on family, friends or close acquaintances to invest in their companies, particularly in the beginning. However, there is a limit to how many of these individuals can invest in startups because of legal limitations, Legal Zoom explains. While it may be easy to convince loved ones to help, thorough documentation is highly recommended.

UNIT- 3

ENTREPRENEURSHIP DEVELOPMENT (22MBA0302)

Unit 3

Concept of Project

Project refers to the series of tasks that need to carried out in order to reach specific goal. It is an activity that leads in creation of a unique good, service or a result. Project is a temporary endeavor with a starting and ending deadline that is made for creating some kind of tangible or intangible results.

Many interrelated tasks are included in project that are pre planned and performed periodically under certain conditions related to cost, quality and performance level.

These are the activities which are performed for some specific purpose and cannot be performed for an indefinite time period. It is distinct from normal course of activities performed within the business organization.

Characteristics of Project

1. **Timeline:** Every project is carried out for a definite period of time but not for indefinite time period. It has a starting date which tells when a project is initiated and a closing date that shows when it will be completed fulfilling desired outcomes.
2. **Resources:** Project is provided with a limited amount of resources in terms of capital and manpower. It is the duty of project manager to ensure that all resources are efficiently utilized so that they can easily fulfill the requirements of project.
3. **Unique Deliverable:** Every projects finally results in a unique deliverable that may be either a product, service or other form of result. Proper analysis of problem is must before commencing a project so that its deliverables efficiently address the problem.
4. **Tools:** There are various tool which are employed by manager while performing tasks related to a project. Network planning techniques such as Critical Path Method (CPM) and Program Evaluation and Review Technique (PERT), Gantt Charts are some of the tools used.
5. **Progressive Elaboration:** As the project work progresses, investigation and improvement is available on a continuous basis that leads to more comprehensive plans. This repetitive planning process on the basis of investigations performed from time to time leads to better control of project activities and ensure timely result.

Objectives of Project

1. **Function or performance**: Primary objective of every project is to fulfill the needs for which it was carried out. Project should perform as per the expectation satisfying the wants of end user. It should function properly without any errors and defects. For example, a project taken by company to develop a racing bike, then the bike must deliver better performance while driving, should have safety features, standard quality and reliability.
2. **Expenditure should remain within budget**: Another main objective is that project expenses should remain within the pre-allotted budget. All activities should be performed efficiently and time-to-time monitoring should be done. For example, if expenses of racing bike developed by company exceeds the budget allotted by it, then company will raise its selling price to recover cost that would increase its price in relation to rival products.
3. **Time Scale**: Projects must be completed within right period of time decided at the time of developing its plan. All phases of project should complete periodically that will ensure its timely delivery to customer thereby providing better satisfaction.

Scope of Project

Project scope defines the activities that needs to be performed for achieving the expected objectives. It is a broad term that comprises of detecting and documenting specific goals and objectives of project, tasks, expenses and timeline. The scope sets project boundaries, divides responsibilities of every member in team and defines how work will be completed, verified and approved.

1. **Identify project needs:** Clear identification of needs and requirements of a specific project is must for its successful completion. It should be properly known that what resources and tasks need to be performed for accomplishing the desired purpose.
2. **Confirm project goals and objectives:** Project scope confirms that what all goals and objectives are to be achieved by carrying out a project. These goals should be specific, measureable, achievable, realistic and should have a time frame.

3. **Describes project scope:** It tells what are the features and functions of a product or service that will be developed through a project completion. Expectations and accepted level of key stakeholders should also be considered by team leader.
4. **Identify constraints:** Proper detection of all constraints that may come in way of project completion should be considered. All possible limitations should be recognized and attempts should be made to reduce them. These constraints are caused by dynamic environment, lack of resources and technological glitches.
5. **Identify necessary changes:** It identify the required changes to be brought for keeping the project on track. Perspectives of stakeholders, employees and customers is taken into consideration for adjusting the needed changes as per the situations.

Importance of Project

1. **Clearly define plan before initiating:** Planning has an efficient role in success of an overall project. Project management focuses on creating a well-defined plan from starting to end for avoiding any chaos. Planning provides a path for carrying out a project for attaining desired goals.
2. **Establishes a schedule and process:** Project schedule ensure that all activities are performed timely and final delivery is made to user on right time. In absence of schedule, project may get delayed which may even overrun the expenses.
3. **Encourages teamwork:** Various people come together to work as a team for completion of a project. They share their ideas, knowledge and skills with each other that lead to successful collaboration of team members leading to success of project.
4. **Maximizes resources:** Every resource be it a financial or a human resource, all are quite expensive and need to be used efficiently. By employing techniques of risk management and project tracking, project management ensures all resources are economically used.
5. **Control cost and quality:** Project management keep an eye on all expenses of project and quality of deliverables. It prepares a right budget for all performing all task and ensures that all expenses remain within the budget limit. Quality of deliverables is also checked whether it meet the established standards or not.
6. **Provide opportunity for learning:** Project management gives an opportunity to learn out of failures which come in way of carrying out a project. Every past experience and mistakes in past enhance the overall knowledge of members which assists them in avoiding such mistakes in future.

Types of Project

1. **Manufacturing Projects:** Manufacturing projects are the one that are carried on with the motive of manufacturing products such as car, train, airplane, machinery and many more.
2. **Construction Projects:** Construction projects are related to erection of buildings, tunnels, roads, bridges etc. and also comprise of petro-chemical and mining projects.
3. **Research Projects:** Research projects are carried on by scientists and researcher for developing a new concept or an idea. Objectives of such projects are difficult to establish and also results are unpredictable.
4. **Management Projects:** These projects involve management and monitoring of activities. It may be organization or re-origination of activities that do not necessarily yield a tangible result.

Project Life Cycle

The project manager and project team have one shared goal: to carry out the work of the project for the purpose of meeting the project's objectives. Every project has a beginning, a middle period during which activities move the project toward completion, and an ending (either successful or unsuccessful). A standard project typically has the following four major phases (each with its own agenda of tasks and issues): initiation, planning, implementation, and closure. Taken together, these phases represent the path a project takes from the beginning to its end and are generally referred to as the project "life cycle."

Initiation Phase

During the first of these phases, the initiation phase, the project objective or need is identified; this can be a business problem or opportunity. An appropriate response to the need is documented in a business case with recommended solution options. A feasibility study is conducted to investigate whether each option addresses the project objective and a final recommended solution is determined. Issues of feasibility ("can we do the project?") and justification ("should we do the project?") are addressed.

Once the recommended solution is approved, a project is initiated to deliver the approved solution and a project manager is appointed. The major deliverable and the participating work groups are identified, and the project team begins to take shape. Approval is then sought by the project manager to move onto the detailed planning phase.

Planning Phase

The next phase, the planning phase, is where the project solution is further developed in as much detail as possible and the steps necessary to meet the project's objective are planned. In this step, the team identifies all of the work to be done. The project's tasks and resource requirements are identified, along with the strategy for producing them. This is also referred to as "scope management." A project plan is created outlining the activities, tasks, dependencies, and time frames. The project manager coordinates the preparation of a project budget by providing cost estimates for the labor, equipment, and materials costs. The budget is used to monitor and control cost expenditures during project implementation.

Once the project team has identified the work, prepared the schedule, and estimated the costs, the three fundamental components of the planning process are complete. This is an excellent time to identify and try to deal with anything that might pose a threat to the successful completion of the project. This is called risk management. In risk management, "high-threat" potential problems are identified along with the action that is to be taken on each high-threat potential problem, either to reduce the probability that the problem will occur or to reduce the impact on the project if it does occur. This is also a good time to identify all project stakeholders and establish a communication plan describing the information needed and the delivery method to be used to keep the stakeholders informed.

Finally, you will want to document a quality plan, providing quality targets, assurance, and control measures, along with an acceptance plan, listing the criteria to be met to gain customer acceptance. At this point, the project would have been planned in detail and is ready to be executed.

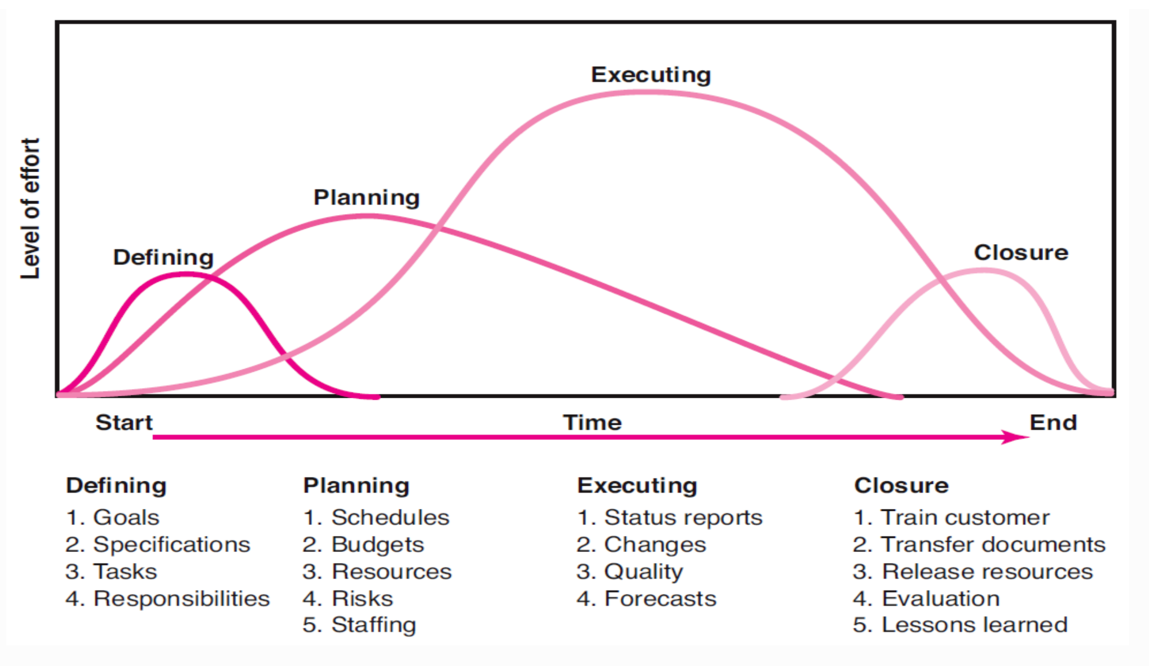
Implementation (Execution) Phase

During the third phase, the implementation phase, the project plan is put into motion and the work of the project is performed. It is important to maintain control and communicate as needed during implementation. Progress is continuously monitored and appropriate adjustments are made and recorded as variances from the original plan. In any project, a project manager spends most of the time in this step. During project implementation, people are carrying out the tasks, and progress information is being reported through regular team meetings. The project manager uses this information to maintain control over the direction of the project by comparing the progress reports with the project plan to measure the performance of the project activities and take corrective action as needed. The first course of action should always be to bring the project back on course (i.e., to return it to the original plan). If that cannot happen, the team should record variations from the original plan and record and publish modifications to the plan. Throughout this step, project sponsors and other key stakeholders should be kept informed of the project's status according to the agreed-on frequency and format of communication. The plan should be updated and published on a regular basis.

Status reports should always emphasize the anticipated end point in terms of cost, schedule, and quality of deliverable. Each project deliverable produced should be reviewed for quality and measured against the acceptance criteria. Once all of the deliverable have been produced and the customer has accepted the final solution, the project is ready for closure.

Closing Phase

During the final closure, or completion phase, the emphasis is on releasing the final deliverable to the customer, handing over project documentation to the business, terminating supplier contracts, releasing project resources, and communicating the closure of the project to all stakeholders. The last remaining step is to conduct lessons-learned studies to examine what went well and what didn't. Through this type of analysis, the wisdom of experience is transferred back to the project organization, which will help future project teams.



Feasibility Study

An assessment of the practicality of a proposed plan or method. As the name implies, a feasibility study is an analysis of the viability of an idea. The feasibility study focuses on helping answer the essential question of "should we proceed with the proposed project idea?"

Feasibility studies can be used in many ways but primarily focus on proposed business ventures. Entrepreneurs with a business idea should conduct a feasibility study to determine the viability of their idea before proceeding with the development of a business. Determining early that a business idea will not work saves time and money.

A feasible business venture is one where the business will generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the goals of the founders. The venture can be either a start-up business, the purchase of an existing business, an expansion of current business operations or a new enterprise for an existing business. A feasibility study is only one step in the business idea assessment and business development process.

Definition of Feasibility Studies: A feasibility study looks at the viability of an idea with an emphasis on identifying potential problems and attempts to answer one main question: Will the idea work and should you proceed with it?

Before beginning, write the business plan, you need to identify how, where, and to whom you intend to sell a service or product.

Need to assess the competition and figure out how much money you need to start your business and keep it running until it is established.

Feasibility studies address things like where and how the business will operate. They provide in-depth details about the business to determine if and how it can succeed, and serve as a valuable tool for developing a winning business plan.

Reasons to Do a Feasibility Study

Conducting a feasibility study is a good business practice. If you examine successful businesses, you will find that they did not go into a new business venture without first thoroughly examining all of the issues and assessing the probability of business success.

Below are other reasons to conduct a feasibility study.

- Gives focus to the project and outline alternatives.
- Narrows business alternatives
- Identifies new opportunities through the investigative process.
- Identifies reasons not to proceed.
- Enhances the probability of success by addressing and mitigating factors early on that could affect the project.
- Provides quality information for decision making.
- Provides documentation that the business venture was thoroughly investigated.
- Helps in securing funding from lending institutions and other monetary sources.

Go/No-Go Decision

The go/no-go decision is one of the most critical in business development. It is the point of no return. Once you have definitely decided to pursue a business scenario, there is usually no turning back. The feasibility study will be a major information source in making this decision.

Why Are Feasibility Studies so Important?

The information you gather and present in your feasibility study will help you:

- List in detail all the things you need to make the business work;
- Identify logistical and other business-related problems and solutions;
- Develop marketing strategies to convince a bank or investor that your business is worth considering as an investment; and
- Serve as a solid foundation for developing your business plan.

Components of a Feasibility Study

- Description of the Business: The product or services to be offered and how they will be delivered.
- Market Feasibility: Includes a description of the industry, current market, anticipated future market potential, competition, sales projections, potential buyers, etc.
- Technical Feasibility: Details how you will deliver a product or service (i.e., materials, labor, transportation, where your business will be located, technology needed, etc.).
- Financial Feasibility: Projects how much start-up capital is needed, sources of capital, returns on investment, etc.
- Organizational Feasibility: Defines the legal and corporate structure of the business (may also include professional background information about the founders and what skills they can contribute to the business).

Project proposal

A project proposal is a type of business proposal that delineates the objection of a proposed endeavor together with the steps necessary to accomplish the objective. In addition to identifying an objective and tactics to accomplish the goal, a project proposal sets forth the benefits of pursuing the endeavor.

A project proposal contains milestones at which certain aspects of the project are to be completed. In addition, a comprehensive project proposal includes a list of the key participants in the endeavor, together with a summary of relevant biographical data. Finally, a project proposal contains a detailed budget that includes a summation of anticipated costs and a time frame for specific expenditure.

project proposal writing (converting the plan into a project document). Project design is a result of both project planning and the project proposal. Both steps are essential to forming a solid project design.

Steps in project proposal:

- Study the Request for Proposal (RFP) carefully.
- Investigate the client's needs.
- Use a formal title page.
- Introduce the problem that you are addressing.
- Put your proposal in context.
- Include definitions for key terms.
- Propose a detailed solution.
- Explain why your solution is the best
- Present your proposed task schedule.
- Provide a budget.
- Include key contract terms.(agreement between client and owner)
- Outline your relevant experience
- Identify others who will be working on the project.
- Provide references.

Preparing the Proposal: Stages

A. Define the project (establish a working title).

B. Identify the agency and obtain guidelines and deadlines.

C. Write preliminary material (preproposal).

D. Conduct literature search.

E. Write first draft of full proposal.

Consider the following parts:

1. Introduction (Research history, pilot project, literature review, the institution — boiler plate) Max. 10%of full proposal.

2. Problem Statement

3. Objectives Min. 50%of full proposal

4. Methodology

5. Evaluation (Max. 10%, if required)

6. Dissemination (eg. where material might be submitted for publication)

7. Future Funding (if required by project)

8. Budget

9. Appendices

Report Writing:

A report is written for a clear purpose and to a particular audience. Specific information and evidence are presented, analysed and applied to a particular problem or issue. The information is presented in a clearly structured format making use of sections and headings so that the information is easy to locate and follow.

Definitions:

1. A document containing information organized in a narrative, graphic, or tabular form, prepared on ad hoc, periodic, recurring, regular, or as required basis. Reports may refer to specific periods, events, occurrences, or subjects, and may be communicated or presented in oral or written form.

2. To provide information.

3. It is creating an account or statement that describes in detail an event, situation or occurrence, usually as the result of observation or inquiry. The two most common forms of report writing are news report writing and academic report writing. Report writing is different from other forms of writing because it only includes facts, not the opinion or judgement of the writer.

Importance of Report Writing:

1. Report gives consolidated & updated information

A report provides consolidated, factual and an up-to-date information about a particular matter or subject. Information in the report is well organized and can be used for future planning and decision making.

2. Report as a means of internal communication

A report acts as an effective means of communication within the organization. It provides feedback to employees. It is prepared for the information and guidance of others connected with the matter / problem.

3. Report facilitates decision making and planning

Report provide reliable data which can be used in the planning and decision making process. It acts as a treasure house of reliable information for long term planning and decision making.

4. Report discloses unknown information

Reports provide information, which may not be known previously. The committee members collect data, draw conclusions and provide information which will be new to all concerned parties. Even new business opportunities are visible through unknown information available in the reports.

5. Report gives Information to employees

Reports are available to managers and departments for internal use. They are widely used by the departments for guidance. Report provide a feedback to employees and are useful for their self-improvement.

6. Report gives reliable permanent information

The information provided by a report is a permanent addition to the information available to the office. We have census reports (prepared since last 100 years) which are used even today for reference purpose.

7. Report facilitates framing of personnel policies

Certain reports relating to employees are useful while preparing personnel policies such as promotion policy, training policy and welfare facilities to employees.

8. Report gives information to shareholders

Some company reports are prepared every year for the benefit of shareholders. Annual report for example, is prepared and sent to all shareholders before the AGM. It gives information about the progress of the company.

9. Report gives information to the Registrar

Annual report and annual accounts are sent to the Registrar every year for information. Such reports enable the government to keep supervision on the companies.

10. Report solves current problems

Reports are useful to managers while dealing with current problems faced by the company. They provide guidance while dealing with complicated problems.

11. Report helps directors to take prompt decisions

Company reports relate to internal working of the company and are extremely useful to directors in decision making and policy framing. Reports give reliable, updated and useful information in a compact form.

Steps in Report Preparation:

All reports need to be clear, concise and well structured. The key to writing an effective report is to allocate time for planning and preparation. With careful planning, the writing of a report will be made much easier. The essential stages of successful report writing are described below. Consider how long each stage is likely to take and divide the time before the deadline between the different stages. Be sure to leave time for final proof reading and checking.

Stage One: Understanding the report brief

This first stage is the most important. You need to be confident that you understand the purpose of your report as described in your report brief or instructions. Consider who the report is for and why it is being written. Check that you understand all the instructions or requirements, and ask your tutor if anything is unclear.

Stage Two: Gathering and selecting information

Once you are clear about the purpose of your report, you need to begin to gather relevant information. Your information may come from a variety of sources, but how much information you will need will depend on how much detail is required in the report. You may want to begin by reading relevant literature to widen your understanding of the topic or issue before you go on to look at other forms of information such as questionnaires, surveys etc. As you read and gather information you need to assess its relevance to your report and select accordingly. Keep referring to your report brief to help you decide what is relevant information.

Stage Three: Organizing your material

Once you have gathered information you need to decide what will be included and in what sequence it should be presented. Begin by grouping together points that are related. These may form sections or chapters. Remember to keep referring to the report brief and be prepared to cut any information that is not directly relevant to the report. Choose an order for your material that is logical and easy to follow.

Stage Four: Analyzing your material

Before you begin to write your first draft of the report, take time to consider and make notes on the points you will make using the facts and evidence you have gathered. What conclusions can be drawn from the material? What are the limitations or flaws in the evidence? Do certain pieces of evidence conflict with one another? It is not enough to simply present the information you have gathered; you must relate it to the problem or issue described in the report brief.

Stage Five: Writing the report

Having organised your material into appropriate sections and headings you can begin to write the first draft of your report. You may find it easier to write the summary and contents page at the end when you know exactly what will be included. Aim for a writing style that is direct and precise. Avoid waffle and make your points clearly and concisely. Chapters, sections and even individual paragraphs should be written with a clear structure. The structure described below can be adapted and applied to chapters, sections and even paragraphs.

- Introduce the main idea of the chapter/section/paragraph
- Explain and expand the idea, defining any key terms.
- Present relevant evidence to support your point(s).
- Comment on each piece of evidence showing how it relates to your point(s).
- Conclude your chapter/section/paragraph by either showing its significance to the report as a whole or making a link to the next chapter/section/paragraph.

Stage Six: Reviewing and redrafting

Ideally, you should leave time to take a break before you review your first draft. Be prepared to rearrange or rewrite sections in the light of your review. Try to read the draft from the perspective of the reader. Is it easy to follow with a clear structure that makes sense? Are the points concisely but clearly explained and supported by relevant evidence? Writing on a word processor makes it easier to rewrite and rearrange sections or paragraphs in your first draft. If you write your first draft by hand, try writing each section on a separate piece of paper to make redrafting easier.

Stage Seven: Presentation

Once you are satisfied with the content and structure of your redrafted report, you can turn your attention to the presentation. Check that the wording of each chapter/section/subheading is clear and accurate. Check that you have adhered to the instructions in your report brief regarding format and presentation. Check for consistency in numbering of chapters, sections and appendices. Make sure that all your sources are acknowledged and correctly referenced. You will need to proof read your report for errors of spelling or grammar. If time allows, proof read more than once. Errors in presentation or expression create a poor impression and can make the report difficult to read.

Report Writing: Formatting the Report Elements

Here are the main sections of the standard report writing format:

- **Title Section -** If the report is short, the front cover can include any information that you feel is necessary including the author(s) and the date prepared. In a longer report, you may want to include a table of contents and a definitions of terms.
- **Summary -** There needs to be a summary of the major points, conclusions, and recommendations. It needs to be short as it is a general overview of the report. Some people will read the summary and only skim the report, so make sure you include all the relevant information. It would be best to write this last so you will include everything, even the points that might be added at the last minute.
- **Introduction -** The first page of the report needs to have an introduction. You will explain the problem and show the reader why the report is being made. You need to give a definition of terms if you did not include these in the title section, and explain how the details of the report are arranged.
- **Body -** This is the main section of the report. The previous sections needed to be written in plain English, but this section can include jargon from your industry. There needs to be several sections, with each having a subtitle. Information is usually arranged in order of

importance with the most important information coming first. If you wish, a “Discussion” section can be included at the end of the Body to go over your findings and their significance.

- **Conclusion -** This is where everything comes together. Keep this section free of jargon as most people will read the Summary and Conclusion.
- **Recommendations -** This is what needs to be done. In plain English, explain your recommendations, putting them in order of priority.
- **Appendices -** This includes information that the experts in the field will read. It has all the technical details that support your conclusions.

Tips for Good Writing

Here are a few tips for good writing.

- Keep it simple. Do not try to impress, rather try to communicate. Keep the sentences short and to the point. Do not go into a lot of details unless it is needed. Make sure every word needs to be there, that it contributes to the purpose of the report.
- Use an active voice rather than passive. Active voice makes the writing move smoothly and easily. It also uses fewer words than the passive voice and gives impact to the writing by emphasizing the person or thing responsible for an action. Here is an example: Bad customer service decreases repeat business.

- Good grammar and punctuation is important. Having someone proofread is a good idea. Remember that the computer cannot catch all the mistakes, especially with words like “red, read” or “there, their.”

Business Incubators:

A business incubator is a company that helps new and startup companies to develop by providing services such as management training or office space. This is also Facility established to nurture young (startup) firms during their early months or years. It usually provides affordable space, shared offices and services, hand-on management training, marketing support and, often, access to some form of financing.

Incubation Services:

- They help with business basics
- They provide Networking activities
- They provide Marketing assistance
- Incubators help in Market Research
- Incubators Help with accounting/financial management
- They help in providing Access to bank loans, loan funds and guarantee programs
- Incubators help with presentation skills
- They link to strategic partners
- They provide Access to angel investors or venture capital
- They organize Comprehensive business training programs
- They act as Advisory boards and mentors
- They provide Technology commercialization assistance
- They provide Intellectual property management

UNIT-4

ENTREPRENEURSHIP DEVELOPMENT (22MBA0302)

UNIT - 4

Entrepreneurial Strategy:

Strategy is the primary building block of competitive distinctiveness and advantage. As an organizational process, this encompasses a range of activities in which firms engage to establish and sustain a competitive advantage. Compared to established firms, entrepreneurial firms may face many challenges that diminish their likelihood of success and survival, thus, research on entrepreneurial strategy largely focuses on the particular challenges of entrepreneurs.

Strategy is a primary building block of competitive distinctiveness and advantage. **(Casadesus-Masanell and Ricart 2011).** Classical arguments characterize strategy formulation as an organizational-level process that encompasses a range of activities firms engage in to establish and sustain a competitive advantage.

Concept of Entrepreneurial strategy:

Entrepreneurial strategy is characterized as strategy involving widespread and more-or-less simultaneous change in the pattern of decisions taken by an organization. The concept is distinguished from others which use ‘entrepreneurial’ to characterize a long-term pattern of strategic behaviour. Entrepreneurial strategy will be enacted with some greater or lesser frequency by all firms, whether their long-term behaviour is conservative or innovative. It is hypothesized that such strategy will be observed occurring in cycles at the single business-unit level in response to both environmental and organizational stimuli and that it will reflect choice from a limited repertoire of basic strategic moves.

Entrepreneurial strategy is the means through which an organization establishes and re-establishes its fundamental set of relationships with its environment. It is strategy characterized by widespread and more-or-less simultaneous change in the pattern of decisions taken by an organization.

Ten strategies for Entrepreneur Success:

- Stay Focused
- Build the Right Team
- Don’t Be Afraid of Change.
- Ensure Proper Funding
- Believe in Yourself
- Hire People You Trust & Delegate Strategically
- Be Careful with Raising Money
- Market Penetration & Development
- Seek Strategic Partnerships & Acquisitions
- Don’t Get Comfortable

Entrepreneurial strategy: Generating and Exploiting New Business

New Entry Refers to:

- Offering a new product to an established or new market
- Offering an established product to a new market
- Creating a new organization

Generation of new entry Opportunity:

1. Resources as source of Competitive Advantage

Men, machine, material and money with organization culture it enhances communication, team work and innovativeness.

- **Valuable:** Pursue opportunities, neutralizt threats
- **Rare:** Possessed by few, any potential competitors
- **Inimitable:** Replication of resources is difficult

2. Assessing the attractiveness of a new entry oppourtunity
3. Information on a new entry

One important effort in entrepreneurship are new ventures, new businesses include:

1. Offers all new products to market;

2. Offer an existing product;

3.Menciptakan a new organisasai regardless of whether the product is new to competition or consumers.

Creation of a New Business Opportunities

Resources as a source of competitive advantage, when a company starting a new business, these resources can be combined to provide the capacity for firms to achieve superior performance yng, that resource becomes the basis of superior performance over its competitors, resources must be valuable, rare and can not be imitated. To make a note of the growing business market and technological knowledge, and assess the benefits from new business opportunities.

Strategy for the Exploitation of New Business

Source of competitive advantage is to be the first in introducing new products or creating new business for the new venture could allow a profit that could improve performance. Hi this include:

1. Develop an early mover advantage means the cost to be the first to sell a product on the market
2. Early mover competitive competition, the first few customers continues to grow and will eventually disappear
3. Early mover in the use of distribution channels, since the beginning have the opportunity to choose and develop strong relationships with suppliers and distribution channels of the most important.
4. Early mover in consumer satisfaction with goods dihasillkan taste, according to market share target
5. Early movers gain the skills learned through participation in existing products, to monitor changes in the market that it becomes difficult, building a network.

Figure 3.1 - Entrepreneurial Strategy: The Generation and Exploitation of New Entry Opportunities

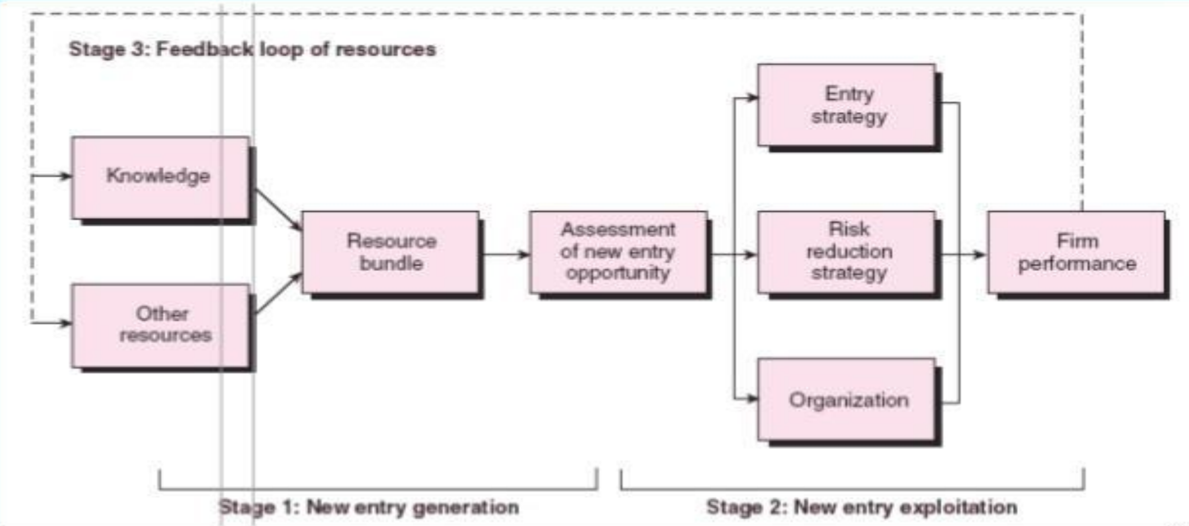
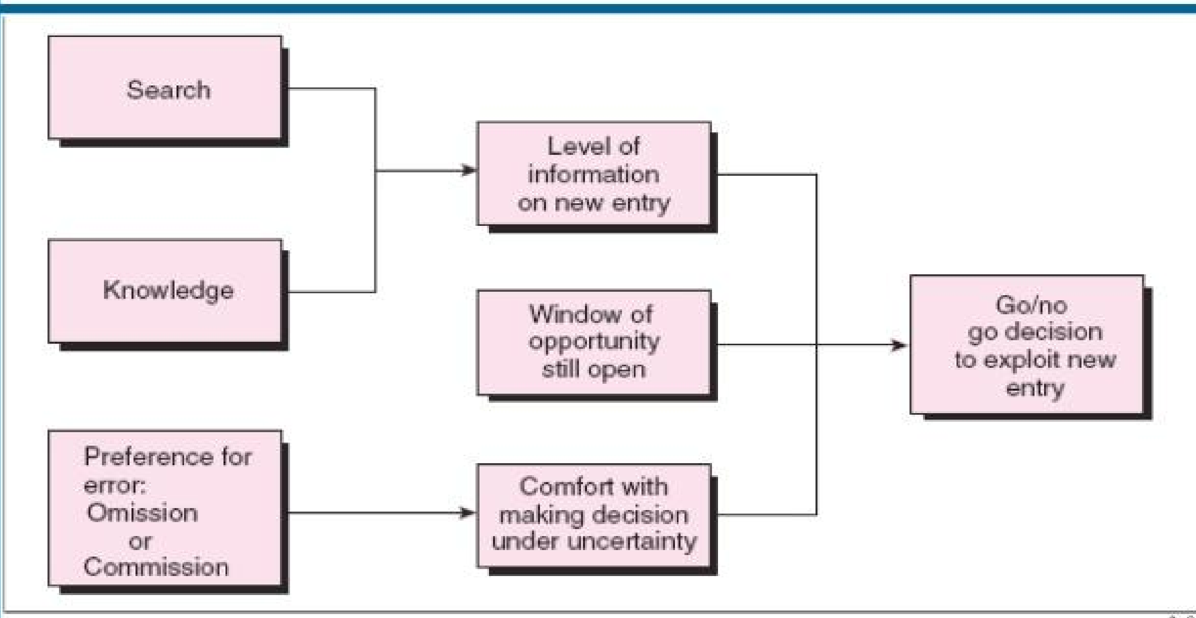


Figure 3.2 - The Decision to Exploit or Not to Exploit the New Entry Opportunity



Decisions under uncertainty:

Decision-making under conditions of risk should seek to identify, quantify, and absorb risk whenever possible. The quantity of risk is equal to the sum of the probabilities of a risky outcome (or various outcomes) multiplied by the anticipated loss as a result of the outcome. Many important problems involve decision making under uncertainty—that is, choosing actions based on often imperfect observations, with unknown outcomes.

Uncertainty is a state of having limited knowledge of current conditions or future outcomes. It is a major component of risk, which involves the likelihood and scale of negative consequences. Managers often deal with uncertainty in their work; to minimize the risk that their decisions will lead to undesired outcomes, they must develop the skills and judgment necessary for reducing this uncertainty. Managing uncertainty and risk also involves mitigating or even removing things that inhibit effective decision-making or adversely effect performance.

One cause of uncertainty is proximity: things that are about to happen are easier to estimate than those further out in the future. One approach to dealing with uncertainty is to put off decisions until data become more accessible and reliable. Of course, delaying some decisions can bring its own set of risks, especially when the potential negative consequences of waiting are great.

Identifying Risks

Managing uncertainty in decision-making relies on identifying, quantifying, and analyzing the factors that can affect outcomes. This enables managers to identify likely risks and their potential impact. Types of risk include:

1. ***Strategic risks:*** These are risks that arise from the investments an organization makes to pursue its mission and objectives. They are often associated with competition and can include *macroeconomic risks* (the alignment of buyers and sellers consistent with the principles of supply and demand), *transaction risks* (the operational risks from merger and acquisition activity, divestitures, or partnerships), and *investor relations risk* (the

risks associated with communicating effectively or ineffectively with the investment community).

2. ***Financial risks:*** These relate to potential economic losses that can result from poor allocation of resources, changes in interest rates, shifts in tax policy, increases or decreases in the price of commodities, or fluctuations in the value of currency.
3. ***Operational risks:*** These risks can arise due to choices about design and use of processes to create and deliver goods and services. They can include production errors, substandard raw materials, and technology malfunctions.
4. ***Legal risks:*** These risks stem from the threat of litigation or ambiguity in applicable laws and regulations (including whether they are likely to change); these threats create uncertainty in the steps an organization should take to address its obligations to customers, employees, suppliers, stockholders, communities, and governments.
5. ***Other risks:*** Risks are very commonly associated with *force majeure*, or events beyond the control of the organization. These can include weather disasters, floods, earthquakes, and war or other hostilities.

Here are a few basic categories that decisions fall into.

There are decisions where:

1. **Outcomes are known**. *In this case the range of outcomes is known and the individual outcome is also known.* This is the easiest way to make decisions. If I hold out my hand and drop a ball, it will fall to the ground. I know this with near certainly.
2. **Outcomes are unknown, but probabilities are known**.In this case the range of outcomes are known but the individual outcome is unknown. This is risk. Think of this as going to Vegas and gambling. Before you set foot at the table, all of the outcomes are known as are the probabilities of each. No outcome surprises an objective third party.
3. **Outcomes are unknown and probabilities are unknown**. *In this case the distribution of outcomes are unknown and the individual outcomes are necessarily unknown.* This is uncertainty.

Entry strategy

A market entry strategy is the method in which an organization enters a new marke t. A market entry strategy is the planned method of delivering goods or services to a new target market and distributing them there. When importing or exporting services, it refers to establishing and managing contracts in a foreign country.

A first point of consideration is whether or not the organization is expanding domestically or internationally. Expansion within the same market will have different requirements than expansion into the global market. Among other factors that may impact how the company integrates into the new market, Busy Tech finds that when selecting a method of expansion they must consider:

- Type of industry (i.e., manufacturing, food, commodities)
- Agility of the products
- Culture of the new market
- Costs associated with entering a new market
- Local and international laws of importation and exportation

Some of the risks incurred when entering a new market include:

- Weather risk
- Systematic risk
- Foreign exchange risk
- Liquidity risk
- Cultural risk

Market Entry Strategies

Direct Exporting

Direct exporting is selling directly into the market you have chosen using in the first instance you own resources. Many companies, once they have established a sales program turn to agents and/or distributors to represent them further in that market. Agents and distributors work closely with you in representing your interests. They become the face of your company and thus it is important that your choice of agents and distributors is handled in much the same way you would hire a key staff person.

Licensing

Licensing is a relatively sophisticated arrangement where a firm transfers the rights to the use of a product or service to another firm. It is a particularly useful strategy if the purchaser of the license has a relatively large market share in the market you want to enter. Licenses can be for marketing or production. licensing).

Franchising

Franchising is a typical North American process for rapid market expansion but it is gaining traction in other parts of the world. Franchising works well for firms that have a repeatable business model (eg. food outlets) that can be easily transferred into other markets. Two caveats are required when considering using the franchise model. The first is that your business model should either be very unique or have strong brand recognition that can be utilized internationally and secondly you may be creating your future competition in your franchisee.

Partnering

Partnering is almost a necessity when entering foreign markets and in some parts of the world (e.g. Asia) it may be required. Partnering can take a variety of forms from a simple co-marketing arrangement to a sophisticated strategic alliance for manufacturing. Partnering is a particularly useful strategy in those markets where the culture, both business and social, is substantively different than your own as local partners bring local market knowledge, contacts and if chosen wisely customers.

Joint Ventures

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. It is the 1+1=3 process. Two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally. The best example of a joint venture is Sony/Ericsson Cell Phone.

Buying a Company

In some markets buying an existing local company may be the most appropriate entry strategy. This may be because the company has substantial market share, are a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is certainly the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the plus side this entry strategy will immediately provide you the status of being a local company and you will receive the benefits of local market knowledge, an established customer base and be treated by the local government as a local firm.

Piggybacking

Piggybacking is a particularly unique way of entering the international arena. If you have a particularly interesting and unique product or service that you sell to large domestic firms that are currently involved in foreign markets you may want to approach them to see if your product or service can be included in their inventory for international markets. This reduces your risk and costs because you are essentially selling domestically and the larger firm is marketing your product or service for you internationally.

Turnkey Projects

Turnkey projects are particular to companies that provide services such as environmental consulting, architecture, construction and engineering. A turnkey project is where the facility is built from the ground up and turned over to the client ready to go – turn the key and the plant is operational. This is a very good way to enter foreign markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank so the risk of not being paid is eliminated.

Greenfield Investments

Greenfield investments require the greatest involvement in international business. A greenfield investment is where you buy the land, build the facility and operate the business on an ongoing basis in a foreign market. It is certainly the most costly and holds the highest risk but some markets may require you to undertake the cost and risk due to government regulations, transportation costs, and the ability to access technology or skilled labour.

Environmental Uncertainty/ Instability:

The concept of uncertainty has been a central construct in many research initiatives that focused on the features of the association between a firm and its surroundings (for example, Smircich and Stubbard 1985). With the continuing rise in environmental dynamism and complexity, the environment in which businesses operate will also become increasingly uncertain. The management of uncertainty, therefore, will continue to be the main task of management involving the development of mechanisms to reduce, absorb, counter, or avoid it completely (Jauch and Kraft 1986).

Definition of Uncertainty

A review of the uncertainty literature reveals a variety of definitions of the concept. Uncertainty is seen as lack of information for, and knowledge in decision making (Duncan 1972; Lawrence and Lorsch 1967). It is also postulated as resulting from the indistinct and convoluted causal configuration underlying the internal operations of the firm, its environment, and the complex relationship between the firm and the environment (Collis 1992). Uncertainty is equally viewed as a product of unpredictability (Cyert and March 1963), environmental turbulence (Emery and Trist 1965), and the complexity of influential variables (Galbraith 1973). Further, uncertainty is also perceived as a tangible facet of the external environment, and as an illumination of the perceptual method through which managers interpret their decision situation (Milliken 1987).

The complexity, interrelatedness, and interconnectedness of influential variables in the environment call for segmenting the environment for the purpose of analysis (Fahey and Narayanan 1986). The dimensions of uncertainty include the following:

- Macro-environmental uncertainty: This is uncertainty in the organization's general environment, including political, regulatory, statutory, and economic conditions. This uncertainty has the capacity to reduce an organization's capability for mapping out and pursuing strategic choices (Miller and Friesen 1984).
- Competitive uncertainty: This is the inability to establish the intensity of competition in the industry in the future, the relative powers of competitors, their future courses of action, and strategies.
- Market (and demand) uncertainty: This uncertainty stems from lack of clarity in the dynamics of the market and their effects on the organization's operations, and demand and supply conditions in the industry.
- Technology uncertainty: This is uncertainty pertaining to change in the industry's technological resources and capabilities. Technological uncertainty has the potential to undermine an organization's competitive base (Anderson and Tushman 1990).

These dimensions are considered relevant for the purpose of this study. Frequently, organizations are internally oriented in quality planning by looking inward for ascertaining obstacles to quality in outputs (Srinidhi 1998). Although it is useful to seek solutions for quality problems within the organization, limiting the search to the organization alone is practically ineffective. Attention must also be accorded to external elements (such as customers, suppliers, competitors, and technology, which are traditionally considered by management in planning and decision making for the organization) in dealing with quality issues. Thus, the nature, source, and extent of environmental uncertainty will impact quality objectives of firms and quality management. It is hence necessary to bring uncertainty into focus. This study proposes appropriate quality measures given a particular uncertainty construct. To accomplish this, the authors established different levels of the extent of environmental uncertainty as follows.

Extent of Uncertainty

The extent of environmental uncertainty here is viewed as a function of the level of increase in environmental dynamism and complexity (Johnson and Scholes 1999). Thus, the more dynamic and complex environmental conditions are, the greater the intensity of uncertainty in the environment. The pace of change in environmental variables determines the level of environmental dynamism. Thus, a dynamic environment is typified by change in environmental variables constituting the uncertainty dimensions (such as technology, customer needs and tastes, demand and supply conditions, and competition). These changes generate uncertainty for the firm. Environmental complexity, on the other hand, is summed up by the amount and diversity of variables influencing the uncertainty dimensions in the environment.

Uncertainty may be viewed in a binary way. It is either that the environment is certain and therefore can be easily predicted, or it is uncertain and therefore extremely difficult to predict. But this view clearly underestimates uncertainty. There is a lot in between uncertainty and certainty. Following is a framework for determining the extent of uncertainty for adapting the management of quality under varying levels of uncertainty. This is represented by a continuum ranging from low uncertainty to high uncertainty.

- **Low uncertainty**: In this situation, changes in the environment affecting the uncertainty factors are low (that is, low environmental dynamism). Also, there are few elements influencing the uncertainty factors (low level of complexity). In this situation, for instance, changes in consumer tastes are low, possibly due to there being few factors influencing demand (an uncertainty dimension). Typically, because of the low level of uncertainty, predicting the future is easy in this circumstance. And, the management team is aware of the possible states of occurrences and can encode probabilities in each of the states.

- **Moderate uncertainty**: This situation combines high complexity and low dynamism or low complexity and high dynamism.
- **High uncertainty**: In this situation the environment is highly complex and dynamic and the interconnections between the components of the environment and the organization are unclear. This high level of uncertainty makes decision making difficult. The telecommunications industry, for instance, is facing several uncertainties relating to technology, demand, government regulations, and a host of other macroenvironmental variables. All these uncertainties interrelate in capricious ways making it virtually impossible to predict the environment and develop plausible strategic decisions.

'First Mover'

First mover is a term that describes a certain competitive advantage a business obtains by virtue of being the first to bring a specific product or service to market. Among other things, being first typically enables a company to establish strong brand recognition and customer loyalty before other entrants to the market arise. Another advantage is the additional time a first mover business has to perfect or improve its product or service.

Examples of successful first movers include:

- eBay - the first online auction service
- Kleenex -- the first facial tissues
- Amazon -- the first major online bookstore

Advantages

There are some advantages to being a first mover. Here are some of them:

- First movers have the potential to make a lasting impression on customers, which can lead to brand recognition and brand loyalty.
- First movers have more time to refine their processes and to perfect their products or services.
- First movers may have an advantage in controlling resources, such as a strategic location or an exclusive contract with key suppliers or talented employees.
- First movers may have a sustainable advantage when there is a high cost involved for customers to switch brands at a later date.

Disadvantages

There are also some disadvantages to being a first mover, such as:

- First movers bear the economic burden of developing a new market that followers into the market can exploit.

- Followers into the market can learn from the mistakes of the first movers, allowing them to reduce their risk and avoid making costly mistakes.
- Followers may be able to examine the processes of the first movers and modify them for greater efficiency and cost reduction.
- Followers can utilize newer technologies that become available, while first movers may be heavily invested in older technologies.
- First movers sometimes rigidly adhere to their original path, even when it isn't working, which opens the door for followers to move in with a revised version of the product that better serves the market's needs.
- First movers may be driven by a fear of missed opportunities, leading them to launch a new product or service before the market is ready

Breaking down 'first mover'

- Examples of businesses that obtained a first mover advantage include innovators such as Amazon.com and eBay. Amazon.com created the first online bookstore and was immensely successful. By the time other retailers established an online bookstore presence, Amazon.com had already achieved significant brand name recognition, and parlayed its first mover advantage into marketing a range of other products besides books. eBay established the first major online auction site in 1995. Other auction websites have followed, but none have anything close to the brand recognition of eBay.
- First movers in an industry are almost always followed by competitors that attempt to capitalize on the first mover's success and gain a share of the market for themselves. However, it is often the case that the first mover has established sufficient market share, customer loyalty and other advantages to enable it to maintain the lion's share of the market.

Elements of First Mover Advantage

- The first mover advantage is not usually a single advantage but rather a set of advantages that a company obtains by being first to develop and market a product.

- Brand name recognition is one of the main first mover advantages. Examples of extremely strong brand name recognition established by first movers can be seen in the history of companies such as The Coca-Cola Company, auto-additive giant STP and boxed-cereal producer Kellogg's. Brand name recognition not only engenders loyalty among existing customers but also draws new customers to a company's product even after other companies have entered the market.
- Economies of scale represent another first mover advantage. This is particularly true in regard to manufacturing or technology-based products. The first mover in an industry has a longer learning curve that frequently enables it to establish more cost-efficient means of producing or delivering a product.
- Switching costs is another common first mover advantage. Once the first mover sells its product to a customer, the costs of switching to a rival product may be considered prohibitive by the customer. For example, a large company that uses computers with the Windows operating system is unlikely to change over to another operating system because of the cost required to retrain its employees in using the new system.
- Being first enables a company to obtain a number of prime advantages that strengthen its position in the marketplace. A first mover often has the opportunity to lock in relationships with suppliers, leaving few necessary resources for potential rivals. First movers also have first choice in things such as location, website names and key personnel.

Risk Reduction Strategies For New Entry Exploitation:

A. New entry involves considerable risk for the entrepreneur.

- Risk refers to the probability and magnitude of downside loss.
- The risk comes from uncertainty over market demand, technological development, and the actions of competitors.

B. Market Scope Strategy.

- It is a choice by the entrepreneur about which customer groups to serve and how to serve them.

C. Narrow-scope strategy: It offers a small product range to a small number of customer groups.

- The narrow scope can reduce the risk that the firm will face competition with larger firms. A narrow scope strategy focuses the firm on producing customised products, localised business operations, and high levels of craftsmanship.
- By focusing on a specific group of customers, the entrepreneur can build up specialised expertise and knowledge.
- The high end of the market is usually a highly profitable niche well suited to firms that produce customised products, localised business operations.

D. Broad-scope strategy: It can be thought of as taking a portfolio- approach to dealing with uncertainties.

- By offering a range of products the entrepreneur gains an understanding of the whole market through a process of trial and error.
- A narrow scope strategy requires the entrepreneur to be certain about the market.
- A broad scope strategy is opening the firm up to many different fronts- of competition.
- A narrow scope strategy reduces some competition related risks but increases the risks associated with market uncertainties.
- A broad scope strategy reduces risks from market uncertainties, but increases exposure to competition

Imitative strategy

Imitative strategy is the strategy adopted by companies to imitate or copy an existing model of a company and implement its services, business ideas, revenue model etc. Imitative strategy helps a company save money on research and development, new product development etc, and just introduce a similar product with a different brand name, marketing strategy etc. Imitation is following someone or implementing model of someone else.

If company is following innovation strategy a lot of money is spent on research and development for producing a new product altogether. Innovation strategy has also lot of risk involved in it as product developed may become a failure in market since its inception leading to huge loses to company following it. These disadvantages can be eliminated if company is following imitative strategy. Most of the famous companies today are following imitative strategy as they have excelled in the existing market of product and initial innovator is far behind in terms of competition and innovation in imitative strategy. So generally an imitative firm observes an innovator's product and its success rate in market. If they see potential in innovators product and have a look at market leader and competition in the market. Then firm employing imitative strategy makes an entry into that market thus mitigating the risk of failure.

Imitative firm generally follow re-engineering process and employ funds in research and development of re-engineering of innovative product. Also imitative firm generally employ innovation in that product during re-engineering process thus creating differentiating factor from existing competitors and gaining market share from existing customer base. Also sometimes imitative firm follow marketing strategy of market leader and try to create some differentiation in it. Employing imitative strategy gives fixed goals for research and development team and they don't have to think from scratch. Also point of entry in market by imitative firm varies from small time period like 1 year to large time period as 5 years. Imitative strategies are commonly followed by fashion products and electronics products like mobile phones, tablets etc.

UNIT-5

ENTREPRENEURSHIP DEVELOPMENT (22MBA0302)

UNIT 5

Women entrepreneurship

Women entrepreneurship is the function of establishing enterprises by the women as entrepreneurs. In the modern liberalized world, women entrepreneurs play a very significant role in business development. In the olden days women were famous for kitchen, kids, kitting but now they are in different world as such as papad making, pickle making and politics. They have become highly skilled and professional.

Women entrepreneurship is based on purposeful and systematic innovation. It included not only the independent women entrepreneur but also company directors and managers who actually carry out innovative functions. In general, women entrepreneurship is the process of promoting new venture by the women. Approximately $1/3^{rd}$ of the entrepreneurs in the world are women entrepreneurs.

Definition: “Women who innovate initiate or adopt business actively are called women entrepreneurs” J. Schumpeter Women entrepreneurship is based on women participation in equity and employment of a business enterprise.”

Characteristics of women entrepreneurs:

¬Enterprising women have further ability to work hard. The imaginative ideas have to come to fair play. Hard work is needed to build up an enterprise.

- Women entrepreneurs must have an intention to fulfil their dreams. They have to make a dream translated into an enterprise.
- Most of the successful women entrepreneurs measure the pros and cons of a decision and tend to change if the situation demands. They never feel reluctant to revise their decisions.
- Successful entrepreneurs always tend to think ahead. They have got telescopic abilities which make them think for the future.

Concept of Women Entrepreneurs

Women entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called “women entrepreneurs”.

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as “a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life.”

The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, the Government of India (GOI2006) has defined women entrepreneur as “an enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women.” However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

Functions of Women Entrepreneurs:

Women entrepreneur performs all the functions an entrepreneur performs while establishing an enterprise which are already discussed under the heading functions of an entrepreneur. However, Federick Harbison has enumerated five entrepreneurial function of women entrepreneur as follows:

1. Creating New Venture: Women entrepreneurs identify the opportunities, evaluate them and select the best opportunity. They convert the opportunity into new venture. Women entrepreneurs are imaginative in nature and they can develop ideas about the new venture.

2. Risk Bearing

Every business includes some portion of risk. But women entrepreneurs have risk taking capacity. They calculate different types of risks such as financial risk, social risk, psychological risk etc. They handle risks by gathering information.

3. Innovation

This is another major function of women entrepreneurs. They convert their ideas into innovations to meet market demands by the help of research and development facilities.

4. Management

Women entrepreneurs believe in hard work. They directly engage in the management. They take part in planning, coordinating and controlling. They motivate and provide leadership to the employees

5. Organization building:

Organization and management of the enterprise is the main function of a woman entrepreneur. It refers to bring together the various factors of production. She alone decides the lines of business to expand and capita to employ.

6. Exploration of the prospects of starting a new business enterprise,

7. Undertaking of risks and handling of economic uncertainties involved in the business.

8. Introduction of innovations or imitation of innovations.

9. Co-ordination, administration and control.

10. Supervision and leadership.

Steps taken By Government to Develop Women Entrepreneurs in India

The growth and development of women entrepreneurs required to be accelerated because entrepreneurial development is not possible without the participation of women. Therefore, a congenial environment is needed to be created to enable women to participate actively in the entrepreneurial activities. There is a need of Government, non-Government, promotional and regulatory agencies to come forward and play the supportive role in promoting the women entrepreneur in India.

The Government of India has also formulated various training and development cum employment generations programs for the women to start their ventures. These programmes are as follows:

1. Steps taken in Seventh Five-Year Plan:

In the seventh five-year plan, a special chapter on the "Integration of women in development" was introduced by Government with following suggestion:

(i) Specific target group:

It was suggested to treat women as a specific target groups in all major development programs of the country.

(ii) Arranging training facilities:

It is also suggested in the chapter to devise and diversify vocational training facilities for women to suit their changing needs and skills.

(iii) Developing new equipments:

Efforts should be made to increase their efficiency and productivity through appropriate technologies, equipments and practices.

(iv) Marketing assistance:

It was suggested to provide the required assistance for marketing the products produced by women entrepreneurs.

(v) Decision-making process:

It was also suggested to involve the women in decision-making process.

2. Steps taken by Government during Eight Five-Year Plan:

The Government of India devised special programs to increases employment and income-generating activities for women in rural areas. The following plans are lunched during the Eight-Five Year Plan:

(i) Prime Minister Rojgar Yojana and EDPs were introduced to develop entrepreneurial qualities among rural women.

(ii) 'Women in agriculture' scheme was introduced to train women farmers having small and marginal holdings in agriculture and allied activities.

(iii) To generate more employment opportunities for women KVIC took special measures in remote areas.

(iv) Women co-operatives schemes were formed to help women in agro-based industries like dairy farming, poultry, animal husbandry, horticulture etc. with full financial support from the Government.

(v) Several other schemes like integrated Rural Development Programs (IRDP), Training of Rural youth for Self employment (TRYSEM) etc. were started to alleviated poverty.30-40% reservation is provided to women under these schemes.

3. Steps taken by Government during Ninth Five-Year Plan:

Economic development and growth is not achieved fully without the development of women entrepreneurs. The Government of India has introduced the following schemes for promoting women entrepreneurship because the future of small scale industries depends upon the women-entrepreneurs:

(a) Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was lunched by Ministry of Small Industries to develop women entrepreneurs in rural, semi-urban and urban areas by developing entrepreneurial qualities.

(b) Women Comkp0onent Plant, a special strategy adop0ted by Government to provide assistance to women entrepreneurs.

(c) Swarna Jayanti Gram Swarozgar Yojana and Swaran Jayanti Sekhari Rozgar Yojana were introduced by government to provide reservations for women and encouraging them to start their ventures.

(d) New schemes named Women Development Corporations were introduced by government to help women entrepreneurs in arranging credit and marketing facilities.

(e) State Industrial and Development Bank of India (SIDBI) has introduced following schemes to assist the women entrepreneurs. These schemes are:

(i) Mahila Udyam Nidhi

(ii) Micro Cordite Scheme for Women

(iii) Mahila Vikas Nidhi

(iv) Women Entrepreneurial Development Programmes

(v) Marketing Development Fund for Women

4. **Consortium of Women entrepreneurs of India:** It provides a platform to assist the women entrepreneurs to develop new, creative and innovative techniques of production, finance and marketing.

There are different bodies such as NGOs, voluntary organizations, Self-help groups, institutions and individual enterprises from rural and urban areas which collectively help the women entrepreneurs in their activities.

5. Training programmes:

The following training schemes specially for the self employment of women are introduced by government:

(i) Support for Training and Employment Programme of Women (STEP).

(ii) Development of Women and Children in Rural Areas (DWCRA).

(iii) Small Industry Service Institutes (SISIs)

(iv) State Financial Corporations

(v) National Small Industries Corporations

(vi) District Industrial Centres (DICs)

6. Mahila Vikas Nidhi:

SIDBI has developed this fund for the entrepreneurial development of women especially in rural areas. Under Mahila Vikas Nidhi grants loan to women are given to start their venture in the field like spinning, weaving, knitting, embroidery products, block printing, handlooms handicrafts, bamboo products etc.

7. Rashtriya Mahila Kosh:

In 1993, Rashtriya Mahila Kosh was set up to grant micro credit to pore women at reasonable rates of interest with very low transaction costs and simple procedures.

Promotional Efforts Supporting Women Entrepreneurs in India:

1. Self-Help Groups (SHGs): This is an association of small group of self-employed rural or urban women entrepreneurs who join together to take care of group welfare. This is a voluntary association each member contributes small amount to cover seed money.

2. Federation of Indian Women Entrepreneurs (FIWE): It is an outcome of the resolution passed in 4th International Conference Women Enterprises held at Hyderabad. It is mainly interacts with various women associations of the country through a network to facilitate the members in diversified activities.

3. Women's India Trust: This trust was established in 1968. Aims were to give educational programs and training to women in various fields. Also aimed at giving computer training to women.

4. Small Industries Development Bank of India (SIDBI): It is an institution established at national level to provide facilities to small-scale industries. It has two programs in the name Mahila Udyam Nidhi and Mahila Vikas Nidhi to support and promote women entrepreneurs

5. Central and State Government Schemes: It includes DWACRA- Development of women and children in Rural Areas.

6. National Bank for Agriculture and Rural Development (NABARD): It is an autonomous financial institution at the national level established on the lines of Reserve Bank of India. It provides various types of agricultural credits to agriculturalists of the country. It is also provides liberal credits to rural women.

7. Indira Mahila Yojana (IMY): IMY was develop to help women to achieve economic strength through micro-level income generating activities and to establish convergence of various services such as literacy, health, non-formal education, rural development, water supply, entrepreneurship etc.

8. Swayamsidha: Swayamsidha was evaluated by an external agency in 2005. The evaluation report indicated that women in Swayamsidha Blocks have strengthened their social standing in society. Awareness of social evils alcoholism, dowry and female feticide is visible.

9. Swa-Shakti: Another similar project implemented by this Ministry from 1999 with funding from World Bank, International fund for Agricultural Development (IFAD) and Government of India on experimental basis was Swa-Shakti. This project was implemented through

State women’s development corporation (WDCs) at State level and NGOs (Non-Governmental Organizations) at field level. Swa-Shakti showed good progress as it achieved most of its physical targets and has been graded most of the World Bank as satisfactory.

10. Support to Training and Employment Programme (STEP) for Women: The scheme aims at providing an integrated package of the services to women like up gradation of skills through training, better and sustainable employment opportunities, facilitation of organization of women and support services with the coverage of health check-ups, referral services, mobile crèches and education facilities.

Problems Faced by Women Entrepreneurs in India

1. Problem of Finance:

Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts.

Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited.

2. Scarcity of Raw Material:

Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other. The failure of many women co-operatives in 1971 engaged in basket-making is an example how the scarcity of raw material sounds the death-knell of enterprises run by women (Gupta and Srinivasan 2009).

3. Stiff Competition:

Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.

4. Limited Mobility:

Unlike men, women mobility in India is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion. Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.

5. Family Ties:

In India, it is mainly a women's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business.

6. Lack of Education:

In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates one type or other problems for women in the setting up and running of business enterprises.

7. Male-Dominated Society:

Male chauvinism is still the order of the day in India. The Constitution of India speaks of equality between sexes. But, in practice, women are looked upon as abla, i.e. weak in all respects. Women suffer from male reservations about a women's role, ability and capacity and are treated accordingly. In nutshell, in the male-dominated Indian society, women are not treated equal to men. This, in turn, serves as a barrier to women entry into business.

8. Low Risk-Bearing Ability:

Women in India lead a protected life. They are less educated and economically not self-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.

Remedies for Women Entrepreneurship

Right efforts on from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

1. Consider women as specific target group for all developmental programmes.

2. Better educational facilities and schemes should be extended to women folk from government part.

3. Adequate training programme on management skills to be provided to women community.

4. Encourage women's participation in decision-making.

5. Vocational training to be extended to women community that enables them to understand the production process and production management.

6. Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.

7. Training on professional competence and leadership skill to be extended to women entrepreneurs.

8. Training and counselling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.

9. Counselling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.

10. Continuous monitoring and improvement of training programmes.

Rural Entrepreneurship:

Meaning:

Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Or, say, rural entrepreneurship implies rural industrialisation. Thus, we can say, entrepreneurship precedes industrialization.

Definition:

Rural industries and business organisations in rural areas generally associated with agriculture and allied activities to agriculture. According to KVIC (Khadi and Village Industry

Commission), "village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees".

The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry."

Types of Rural Industries:

All the village industries come under the following broad categories :

- **Agro Based Industries:** like sugar industries, jaggery, oil processing from oil seeds, pickles, fruit juice, spices, diary products etc.
- **Forest Based Industries:** like wood products, bamboo products, honey, coir industry, making eating plates from leaves.
- **Mineral based industry:** like stone crushing, cement industries, red oxide making, wall coating powders etc.
- **Textile Industry:** like spinning, weaving, colouring, bleaching.
- **Engineering and Services:** like agriculture equipments, tractors and pumpsets repairs.

Role and importance of rural entrepreneurs in India:

The development of rural entrepreneurs is a complex problem which can be tackled by the social, political and economic institutions. The sooner they are established the better it would be for the entrepreneurial development in the rural sector and the economic growth of the country.

1. Provide employment opportunities:

Rural entrepreneurship is labor intensive and provide a clear solution to the growing problem of unemployment. Development of industrial units in rural areas through rural entrepreneurship has high potential for employment generation and income creation.

2. Check on migration of rural population:

Rural entrepreneurship can fill the big gap and disparities in income rural and urban people. Rural entrepreneurship will bring in or develop infrastructural facilities like power, roads, bridges etc. It can help to check the migration of people from rural to urban areas in search of jobs.

3. Balanced regional growth:

Rural entrepreneurship can dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.

4. Promotion of artistic activities:

The age-old rich heritage of rural India is preserved by protecting and promoting art and handicrafts through rural entrepreneurship.

5. Check on social evils:

The growth of rural entrepreneurship can reduce the social evils like poverty, growth of slums, pollution in cities etc.

6. Awaken the rural youth:

Rural entrepreneurship can awaken the rural youth and expose them to various avenues to adopt entrepreneurship and promote it as a career.

7. Improved standard of living:

Rural entrepreneurship will also increase the literacy rate of rural population. Their education and self-employment will prosper the community, thus increasing their standard of living.

Need of Rural Industries:

The need for and growth of rural industries has become essential in a country like India because of the following reasons:

1. Rural industries generate large-scale employment opportunities in the rural sector as most of the rural industries are labor intensive.
2. Rural industries are capable of checking rural urban migration by developing more and more rural industries.
3. Rural industries/entrepreneurship help to improve the per capital income of rural people thereby reduces the gaps and disparities in income of rural and urban people.
4. Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy.
5. Rural entrepreneurship facilitates the development of roads, street lighting, drinking water etc. in the rural sector due to their accessibility to the main market.
6. Rural entrepreneurship can reduce poverty, growth of slums, pollution in cities and ignorance of inhabitants.
7. Rural entrepreneurship creates an avenue for rural educated youth to promote it as a career.

Rural Industrialization:

The rural industries principally depend on rural production for their raw material and on the rural population for marketing their products. The process has certain essential conditions. The scope of rural industrialization is considered basically a question of properly utilizing the rich but unexploited national resources in the rural areas. It is a process concerned with the involvement of industries in the development of an area and also participation by rural entrepreneurs in the growth of industries best suited to that specific area. The process of rural industrialization, however, is distinguished from the situation under which certain industries are transplanted in a specific rural area.

Approach to Rural Industrialization

1. The rural industries provide immediate large scale employment and they also offer a method of ensuring a more equitable distribution of national income.
2. They facilitate an effective mobilization of resources, capital and skills which might otherwise remain unutilized
3. Some of the problems that unplanned urbanization tends to create will be avoided by the establishment of small centres of industrial production all over the country.

Non-governmental organization (NGO)

A non-governmental organization (NGO) is a not-for-profit organization that is independent from states and international governmental organizations. They are usually funded by donations but some avoid formal funding altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be registered for tax exemption based on recognition of social purposes. Others may be fronts for political, religious, or other interests.

Role of NGOs

1. **Development and Operation of Infrastructure:**

   Community-based organizations and cooperatives can acquire, subdivide and develop land, construct housing, provide infrastructure and operate and maintain infrastructure such as wells or public toilets and solid waste collection services. They can also develop building material supply centres and other community-based economic enterprises. In many cases, they will need technical assistance or advice from governmental agencies or higher-level NGOs.

2. **Supporting Innovation, Demonstration and Pilot Projects:**

   NGO have the advantage of selecting particular places for innovative projects and specify in advance the length of time which they will be supporting the project - overcoming some of the shortcomings that governments face in this respect. NGOs can also be pilots for larger government projects by virtue of their ability to act more quickly than the government bureaucracy.

3. **Facilitating Communication:**

   NGOs use interpersonal methods of communication, and study the right entry points whereby they gain the trust of the community they seek to benefit. They would also have a good idea of the feasibility of the projects they take up. The significance of this role to the government is that NGOs can communicate to the policy-making levels of government, information bout the lives, capabilities, attitudes and cultural characteristics of people at the local level.

4. **Technical Assistance and Training:**

Training institutions and NGOs can develop a technical assistance and training capacity and use this to assist both CBOs and governments.

5. **Research, Monitoring and Evaluation:**

Innovative activities need to be carefully documented and shared - effective participatory monitoring would permit the sharing of results with the people themselves as well as with the project staff.

6. **Advocacy for and with the Poor:**

In some cases, NGOs become spokespersons or ombudsmen for the poor and attempt to influence government policies and programmes on their behalf. This may be done through a variety of means ranging from demonstration and pilot projects to participation in public forums and the formulation of government policy and plans, to publicizing research results and case studies of the poor. Thus NGOs play roles from advocates for the poor to implementers of government programmes; from agitators and critics to partners and advisors; from sponsors of pilot projects to mediators.