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## Entrepreneurship Development in the SMEs Space

**A**s time changes new things are included in the science and the old things are replaced. Therefore, it is not possible to give any fixed definition about any science and even it is defined, it becomes only transitory. That is why; economist cum social scientist Barbara Adam Wootton stated that, **“Whenever six economists are gathered together, there are seven opinions.”** This statement holds good even today when it comes to the definition of any term.

The term 'Entrepreneurship' is not an exception to this rule because it is indefinable, not easy to define, measure, and therefore, promote. The conception of entrepreneurship may be applied, largely or in a narrow, focussed way depending upon the situation and circumstances. 'Enterprise' and 'Entrepreneurship' can have a range of meanings in different contexts symbolising a frame of mind or type of behaviour in the broadest sense or equated with a small business undertaking in the narrow sense. Entrepreneurship has typically been referred to as an action, process, or activity, in which innovation plays a dominant role.

The Green Paper on Entrepreneurship in Europe by the European Commission (2003b, p.6) defines it as follows: “Entrepreneurship is the mindset and process to create and develop economic activity by building risk-taking, creativity and/or innovation with sound management, within a new or an existing organisation”.

Encyclopaedia Britannica defines entrepreneur as “An individual who bears the risk of operating a business in the face of uncertainty about the future conditions”.

According to ILO, “Entrepreneurs are the people who have the ability to see and evaluate business opportunities; together with the necessary resources to take advantages of them; and to intimate appropriate action to ensure success”.

### Role of Entrepreneurship

Despite the interpretations and differences in definitions, it is universally agreed that entrepreneurship is a driving force behind SMEs. Existing facts suggests that entrepreneurship can add appreciably to achieving key policy objectives. Entrepreneurship is an effective means of achieving certain policy objectives, but not all, and at least in the short term,

there are tradeoffs, which have to be recognised.

Entrepreneurs are the motivating force behind SMEs, and SMEs play an important structural and dynamic role in all economies.

The main areas where increased levels of entrepreneurial activity can contribute significantly to specific policy outcomes are:

- *Create opportunities – Job creation, careers, and new products/services.*
- *Economic growth, productivity improvement, and innovation.*
- *Poverty alleviation and social opportunities.*
- *Create new customers and open up new markets*

Over the last three decades, there has been a change towards nurturing 'social entrepreneurship' as a means of poverty mitigation, increasing employment opportunities, and empowerment of under-privileged and under-represented populace, particularly in rural habitats. Awareness of the potential that entrepreneurship may offer for promoting social inclusion is growing globally. Much of this emphasis placed by the governments is focussed on target groups to start up micro-enterprises, usually by means of the provision of low cost micro-finance. These policies implemented in many developing economies (including India) have been shown to be remarkably effective by some criteria, and are well illustrated by the success of the Grameen Bank. Micro-enterprises are important in their own right, for two closely interrelated reasons:

- In the longer-term, they can provide a seed bed for entrepreneurship, and for the corporate growth and economic renewal needed to maintain global competitiveness. Almost all SMEs start as a micro-enterprise, in that they start as a concept developed by a single individual or a few individuals.
- In the immediate term, they can provide an alternative to unemployment, and they can provide a means of alleviating poverty and social disparities. Most micro-enterprises are non-employing, but they create a job (even if it is only part-time) for the entrepreneur.

### Education and Training in Entrepreneurship

Education and training have been recognised in this context as the single most important means for achieving the purpose of fostering entrepreneurship in societies. Education and training in entrepreneurship can have two types of effects:



- Firstly, they can have considerable impact on the performance of entrepreneurs; principally with regard to assisting entrepreneurs increase their firm's chances of survival, and to a lesser extent, to help make the resulting business more lucrative. Teaching in entrepreneurship increases the chances for start-ups and self-employment and enhances the economic reward and satisfaction of entrepreneurial individuals.
- Secondly, though extremely difficult to measure, education in entrepreneurship is also supposed to have some longer-term impacts on the degree of entrepreneurial spirit and attitudes that are basic for an entrepreneurial population and society.
- Although national governments as well as international forums, such as EU, the APEC, and the OECD, are giving increasing prominence to the importance of education and training in entrepreneurship, and many initiatives have been launched in practically all countries, entrepreneurship education and training are still characterised by a plethora of problems and shortcomings that need to be addressed immediately. These include:
  - Entrepreneurship is not integrated into the curriculum, nor is it part of a coherent framework, but is more likely to be taught as a separate subject, or treated as an extra-curricular activity, resulting in a narrow impact on limited number of students.
  - Dearth of public resources for the academic discipline of entrepreneurship has resulted in limited teaching and research capability on this and related subjects, creating major traffic jam in expanding education in entrepreneurial subjects at all levels of formal education and vocational training, as well as leading to an under-developed academic infrastructure in these subjects.
  - A need to improve coordination among government agencies in designing and implementing policies for promoting entrepreneurship through coordinated actions, and among different government programs and initiatives.
  - Fostering entrepreneurship through training and education is not yet well incorporated as part of national long-term economic strategy and planning.
  - A low degree of acceptance (among all stakeholders) of the broader concept of education for entrepreneurial attitude and spirit as opposed to

education and training for entrepreneurial skills (business skills for SMEs)

- Development of indicators and quantitative data, and evaluation of measures undertaken, is still very limited and undertaken only infrequently.

In the light of the above, issues in the area of education, training, and entrepreneurship that required special government attention might include:

- Integration of entrepreneurial subjects in the formal education systems, in a coherent and systematic way, not only for teaching entrepreneurial skills, but also for fostering an entrepreneurial population, throughout all levels of education, and an entrepreneurial society broadly.
- Promoting various forms of public and private entrepreneurship, from internship arrangements to private financing, between public educational and research institutions and the private sector, especially SMEs.
- Increasing public funding devoted to education and research in entrepreneurship, especially for improving capacity and teacher training, and for developing curricula and programmes in entrepreneurship.
- Improving coordination between different government bodies involved in promoting entrepreneurship through education and training and through other initiatives.
- Developing indicators, compiling quantitative data and evaluating the measures undertaken.

### Factors Affecting Entrepreneurship

Various factors that affect entrepreneurship are shown in the table below:

Factor	Examples, Evidence
<b>Culture</b>	Attitude to wealth, elders, youth, experimentation, risk, work, professions, achievers, success, etc. Family extended Family, collective ownership vs. Individual, treatment of women, castes, classes, minorities, etc. Religion and ethical attitudes to business.
<b>Infrastructure</b>	Tangible, Intangible, telecommunications, transport, distribution, health, public safety, law and courts, education system, etc.
<b>Social</b>	Demographic profile (e.g., ageing population reduces entrepreneurship and start-up rates). Immigration and migration patterns, Caste and class rigidities, Social homogeneity.
<b>Economic</b>	Growth opportunities, domestically and across borders. Cyclical opportunities and threats, Taxation treatment of capital gains, start-up expenses, intangible asset expenditure, stock options, etc.

Factor	Examples, Evidence
<b>Legal and Regulatory</b>	Administrative burden imposed on smaller firms and start-ups. Regulatory barriers (licences, etc). Property rights (tangible and intangible) can be protected and marketed. Right to incorporate and costs of incorporation. Costs of defending or enforcing agreements or rights. Penalties imposed for failure, treatments of bankrupts. Specific regulations and laws relating to special markets or activities.
<b>Information</b>	Easy access to information about opportunities, technology, partners, laws and regulations, etc. Freedom of press and ability to advertise or disseminate information (e.g. about new products). Accessibility of information in different languages.
<b>Finance</b>	Discrimination in finance (e.g. age, gender, class discrimination). Sophistication and development of markets (e.g. micro-finance, start-up and seed finance, equity, angles, religion (e.g. Muslim finance). Venture capital, second board and OTC markets. Continuity in finance markets (i.e. are the gaps in the markets, or can an entrepreneur expand smoothly from seed to IPO). Competition in financial markets (e.g. competitive finance markets reduce the margin above cost of finance to lenders, and increase range of services). Ability to use property rights as security.
<b>Regulatory</b>	
<b>Technology</b>	Access to large firms or universities and research labs for technology transfer, supply chains, and incubators and technological support.
<b>Education Human Resources</b>	Levels of literacy, numeracy, computer and ICT literacy – specific education in entrepreneurship at school, university – access to training programs, mentoring, advice, etc.
<b>Market Structure</b>	Monopolistic behaviour, predatory pricing by large firms networks, clusters. Flexibility in labour markets. Industry or market specific incentives and subsidies.
<b>Individual</b>	Individual personality and motivation traits e.g. locus of control, risk-taking, innovativeness, individual experience and knowledge

## Major Entrepreneurial Competencies

Earlier there was a fable that those persons hailing from business families could only become successful entrepreneurs. Later people started believing that individuals need technical expertise, as a major requirement for being successful in launching all industrial ventures. To comprehend what actually is required to be a successful entrepreneur; EDI conducted a research and found out that the following major competencies are required to be a successful entrepreneur

Factor	Examples, Evidence
<b>Initiative</b>	<b>All entrepreneurs take action that go beyond job requirements or the demands of the situation.</b> 1. Does things before being asked or forced by the events. 2. Acts to extend the business into new areas, products or services.
<b>Sees and acts on requirements</b>	<b>Looks for and takes action on opportunities</b> 1. Sees and acts on opportunities (business, educational or personal growth). 2. Seizes unusual opportunities to obtain financing, equipment, land, workspace or assistance
<b>Persistence</b>	<b>Takes repeated action or overcome obstacle that get in the way of reaching goals.</b> 1. Takes repeated or different actions to overcome obstacle. 2. Takes action in the face of a significant obstacle.
<b>Information</b>	<b>Takes action on own to get information to help reach objectives or clarify problems.</b> 1. Does personal research on how to provide a service or product. 2. Consults experts for business or technical advice.
<b>Seeking</b>	<b>Seeks information or asks questions to clarify what is wanted or needed.</b> 4. Personally undertakes research, analysis and investigation. 5. Uses contacts or information networks to obtain useful information.
<b>Concern for High Quality of Work</b>	<b>Acts to do things that meet or beat existing standards of excellence.</b> 1. States a desire to produce work of high quality 2. Compares own work or own company's work favourably to that of others.
<b>Commitment to Work Contract</b>	<b>Places the highest priority on getting a job completed.</b> 1. Makes a personal sacrifice or expends extraordinary effort to complete a job. 2. Accepts full responsibility for problems in completing a job for others. 3. Pitches in with workers or works in their place to the job done. 4. Expresses a concern for satisfying the customer
<b>Efficiency Orientation</b>	<b>Finds ways to do things faster or with fewer resources or at a lower cost.</b> 1. Looks for or finds ways to do things faster at lower cost. 2. Uses information or business tools in improving efficiency. 3. Expresses concern about costs vs. Benefits of some improvement change, or course of action.



Factor	Examples, Evidence
<b>Systematic Planning</b>	<b>Develops and uses logical, step-by-step plans to reach goals.</b> 1. Plans by breaking large tasks down into sub-tasks. 2. Develops plans that anticipate obstacles. Evaluates alternatives. 3. Takes a logical and methodical approach to activities
<b>Problem Solving</b>	<b>Identifies new and potentially unique ideas to reach goals.</b> 1. Switches to an alternative strategy to reach a goal. 2. Generates new ideas or innovative solutions.
<b>Self-Confidence</b>	<b>Has a strong belief in self and own abilities.</b> 1. Expresses confidence in own ability to complete a task or meet a challenge. 2. Sticks with own judgement in the face of opposition or early lack of success. 3. Does something that he says is risky.
<b>Assertiveness</b>	<b>Confronts problems and issues with others directly.</b> 1. Confronts problems with others directly. 2. Tells others what they have to do. 3. Reprimands or disciplines those failing to perform as expected.
<b>Persuasion</b>	<b>Successfully persuades others.</b> 1. Encourages someone to buy a product or service. 2. Persuades someone to provide financing. 3. Influences someone to do something else that he would like that person to do. 4. Asserts own competence, reliability, or other personal or company qualities 5. Assets strong confidence in own company's or organisation's products or services.
<b>Uses Influence Strategies</b>	<b>Uses variety of strategies to affect others.</b> 1. Acts to develop business contacts. 2. Uses influential people as agents to accomplish own objectives. 3. Selectively limits the information given to others.
<b>Monitoring</b>	<b>Monitors every activity to meet the standards.</b> 1. Develops or uses procedures to ensure that work is completed or that work gets completed as per standards or quality. 2. Personally supervises all aspects of a project.
<b>Concern for Employee Welfare</b>	<b>Knows human capital is more precious than other forms of capitals to care for</b> 1. Takes action to improve welfare of employees. 2. Takes positive action in response to employees' concerns. Expresses always concern about the welfare of employees.

## Institutional support for entrepreneurship and development

Generally, bankers and government agencies believe that the borrower must possess requisite entrepreneurial qualities. Fact is that this subject is never seriously included in any school/college syllabus. That is why we notice almost all the graduates (including engineering graduates) running to search a job after completion of their course and hesitate to start an enterprise. In fact, not only new entrepreneurs but also existing entrepreneurs need continuous education/training to enhancing their entrepreneurial competencies and skills. Identifying this need, for example, the Central and several State Governments in India have set up various training institutes which are engaged in providing entrepreneurship development training, in addition to technical training and rendering other services. The banks in particular should make all efforts to ensure that their borrowers are aware of these facilities and get training from time to time.

### Given below a list of such institutes:

- Indo-German Tool Room at Ahmadabad, Aurangabad and Indore.
- Indo-Danish Tool Room at Jamshedpur.
- Hand Tool Design, Development and Training Centre at Nagore, Rajasthan.
- Central Manufacturing Technology Institute at Bangalore, Karnataka.
- Central Institute of Plastics Engineering and Tools at Chennai and Ahmadabad.
- National Institute of Foundry and Forge Technology at Ranchi, Jharkhand.
- DICs at District level Small Industries Development Corporations set up by various State Governments.

Besides the above, the GOI has also established institutions, namely, (1) National Institute for Entrepreneurship and Small Business Development (NIESBUD) at Noida, Delhi (2) National Institute of Small Industry Extension and Training (NISIET) at Hyderabad, Telangana (3) Indian Institute of Entrepreneurship (IIE) at Guwahati, Assam (4) Entrepreneurship Development Institute of India (EDII) at Ahmadabad, Gujarat and (4) The Institute of Small Enterprises and Development (ISED) at Kochi, Kerala, to name a few. These institutes are engaged in imparting complete training to both new and existing entrepreneurs.