

Factors Influencing on Entrepreneurial Development- A study

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Abstract

Entrepreneurship Development plays a vital role on the economic development of the country. The success of the entrepreneur determined by the environmental factors such as social, economic, legal, political and technological factors. Thus, environmental factors are making a leading and successful entrepreneurship. These factors are the major key factors influencing the procedure of the business and the entrepreneurial activities. Therefore, there is a need to study and their impact in the Entrepreneurship. This paper analyzes the factors which affect on entrepreneurship development.

Key words: - Entrepreneurship Development, Environmental Factors, Socio-economic & Creativity.

INTRODUCTION

Entrepreneurship does not appear and come out impulsively. But, it depends upon factors which affect entrepreneurs' life. There are multi - dimensions factors play in this regards. If these factors are positive, then the growth is more on the contrary less. They may Social Factors, Economic Factors, Legal Factors, Political Factors, Technological Factors, Achieving Factors, Psychological Factors, Facilitating Factors and Competitive Factors and so on.

STATEMENT OF THE PROBLEM

Emergence of entrepreneurship is very important to the development of any nation. Entrepreneurship only will give the substantial growth and development in any countries economy. Thus we can decide that our economy will be sound when we have sound entrepreneurship. Therefore now our country is mostly concentrating on the development of entrepreneurship. For that our leaders created a scheme called "Make in India". So it is the right time to think and discuss about the factors influencing on emergence of entrepreneurship.

ENVIRONMENT FACTORS INFLUENCING ENTREPRENEURSHIP

Entrepreneurial Environment means sum total of external factors within which an enterprise is operated. Entrepreneurs do not appear at their own way. They have to depend

and need to get assistance from the society. Characteristics of Environment are Dynamic. Dynamic in sense they are motivated by themselves. They have such a strong confidence and will power. The second one is Uncontrollable and External which mean it is out of our power and purview of our forces. The entrepreneur can take efforts to tackle but never take any steps to avoid it. It may be taking place of change of taste, preference, time, life style, culture, education, income status, attitude, and so on. The third one is affecting the business growth and development in multi dimensions. Due to modernation, the new one replaces existing one. And also Entrepreneurship Poses threats and offers opportunities for the new development in the new way.

Let's see the factors which influence on the entrepreneurship in the brief manner.

1. Economic Factors

Economic factors include Financial Assistance from Institutional Sources, Accommodation in Industrial Estate, Attitude of the Government, Encouragement from Large Business, Machinery on Hire-Purchase Labour Conditions, Raw Materials, Size and Composition of Market. Economic environment exercises perhaps the most direct and immediate influence on entrepreneurship. The main and major importance problems are listed out as below.

- a) Capital
- b) Labour
- c) Raw Materials
- d) Market
- e) Location

(a) Capital

Capital is must and first requirements to start an enterprise and run it in the smooth manner. With the help of capital, an entrepreneur can bring together four essentials for producing goods i.e. land, machine, man power, and raw material. There is no doubt in that, without capital it is no way to start business. Therefore, capital is regarded as lubricant to the production process. In this economic world, capital is the life blood for any activity happening. If enough capital is available, then people who can materialise their innovative business ideas in this real world. They can give life to their business thoughts, wishes and so

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on. These days there are so many ways possible to collect capital. So many banks, financial institutions, government agency etc, are ready to contribute money to start new entrepreneurship. Thus, capital helps to bring new ideas into reality.

(b) Labour

Due to more no of labours, lots of companies and corporations are started in India, China and African contigent. The natural of availability of labours is another factor which influences coming out of entrepreneurship. Availability of labour makes entrepreneurship easy and quick. If skilled labours are available to our organization, it is a gift to perform our entrepreneurial activities. Because, the cost travelling will be less and they can easily come over to our organization at any time. It is also possible that such skilled labours may not go for any other organization beyond us. Therefore, it is preferred that the new entrepreneurial activities are initiated near areas where labour force is available to carry out business more comfortably and profitably. Easy availability of labour factors also used to maintain the economic condition of the entrepreneurship. There is a study found that because of availability of skilled labour the famous industry are available in that particular area i.e. textiles in Coimbatore and Tiruppur, Cragers in Sivakasi, Match Box in Kovilpatty and so on.

(c) Raw Materials

After getting capital and labour, we need raw materials for establishing industrial activity. Thus, raw materials play on such a vital role on the emergence of entrepreneurship. For the smooth flow of production, we need raw materials without shortage. In the absence of raw materials, no entrepreneurs can run their organization. In some cases technological innovations can compensate for raw material inadequacies. Without raw materials business can't be started, because production isn't possible.

(d) Market

It is huge important having appropriate market for our entrepreneurial emergencies. Market only decides the success of the product. If we have a good market, our product can easily reach the customer. Market plays a vibrant and vital role in emerging entrepreneurial activities. Because, based on the availability of market, the new entrepreneurial idea comes.

The entrepreneurial process will take place without any disturbance where there is a suitable and proper market facility. And also market helps for the proper money circulation. When the product is sold properly, then automatically money circulation will be smooth.

(e) Location

Entrepreneurs must search the prompt place for their entrepreneurial activities. They have to choose the better opportunities. The following factors may influence the entrepreneurial to choose a particular place for entrepreneurial activities. They are availability of raw materials, skilled labours, availability of market, nature of enterprise, proper transport facilities, good environments, health and growth opportunities, availability of school, college, hospital, and so for the employees' family. As entrepreneurial starts their activities in convenient place, there is strong regional imbalances in industrial development. These problems should be addressed by government and other social care institutions. For that purpose, Government will give tax reduction, concession and so on to entrepreneurs those who start their entrepreneurship in that backward area.

2. Social Factors

As entrepreneurship is taking place in the society, social factors also influence the development of entrepreneurship. Social environment must be observed by the entrepreneurs for smooth moving of their business activities. Thus, it is also important that social factors should be considered by entrepreneurs before going to start the entrepreneurial activities. The following social factors may influence the development of entrepreneurship in a society.

(a) Social Norms and Values

Social norms and values mean the behaviour and habits of the people who live in the society. As entrepreneurship is the part of the society, the social norms and values may influence more on entrepreneurial activities.

(b) Role Models

In our society, there is custom that when the entrepreneurs achieve in their entrepreneurial activities, then all people will praise him and think to be considered them as a

role model to others. As societies celebrate entrepreneurship and felicitate successful entrepreneurs, it will motivate and induce many future generations to take up entrepreneurial activities. Thus, the successful entrepreneurs can become role models for the society at large. It is witnessed in the following states Gujarat, Maharashtra and to some extent Tamil Nadu and Haryana, where they have experienced better industrial development as a result of higher concentration of entrepreneurs. It is poor in the following states such as Orissa, Chattisgarh, Madhya Pradesh and other North-eastern states.

(c) Social Pressure

Social restrictions are used to create entrepreneurship in the society. If a society has lots of traditional methods in its industrial activities, then it will be very backward in its economic growth and development. Then, people who are at the receiving end are likely to react strongly and go for change. Due this low and negative growth, more number of people would like to become entrepreneurs as a means of improving their status. And some time, some community people may purposely want to become entrepreneurs to prove that they are high standard people in the social order. And educated people also want to choose entrepreneurship to show their abilities and earn more money.

(d) Security

As Entrepreneurship is his/her own concern, they may feel security than other business process and also as entrepreneurship is risk taking process, they will not worry about the insecurity. Thus security has become an important facilitator of entrepreneurial behavior. Insecurity will result in different kinds of entrepreneurship, based on their attitude of entrepreneurs.

(e) Genuineness and Receptiveness

As entrepreneurship is legitimacy one, the society will give more receptiveness to the entrepreneurs. More amounts of geniuses may create more social values. Thus they are motivated to start new business.

3. Political Factor

There is a close connection between political factors and entrepreneurship. Based on political values & policies, economic growth and development of a country can be in an upward move or vice versa. The political factors are discussed as follows:-

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(a). Political Stability

Political stability means ruling the country for the entire political period given. It may be 5 years or more or less than 5 years. If any Government is not stable, then there may not be feasible to emerge entrepreneurship in that country. Due to war, domestic fight, some country could not get proper growth in entrepreneurship, even though they have enough amounts of sources.

(b). Policies and Principles of Government

As all know, the principles and policies of Government significantly influence on development of entrepreneurship. If these favourable towards particular sector or industry, then there will be huge amount of creativity available in that sectors. For example, now our Indian Government lots of preference to IT sector. As a result, lots of new plans are implemented. It will create more entrepreneurship in that field.

(c). Nature of Government

It means ideology of the Government. Sometimes, Government may give importance to some aspects only. For example some time, the government may enforce our people only can do business in our country. If so, then existing and new entrepreneur will not come there.

4. Psychological Factor

In management there is a concept that entrepreneurs are born. That is true. Many entrepreneurial theorists accepted this theory. They become spontaneously due to some psychological factors. These factors are following:

- a) Need for Achievement
- b) Awareness & Inspiration
- c) Knowledge & Individuality
- d) Social Respect

(a) Need for Achievement

Need for achievement motivate to the people to emerge entrepreneurship among people by themselves. Because of that, they are ready to face any new risk and task. It gives more powers to start new ventures for leading their life in a new track.

(b) Awareness & Inspiration

Nowadays, due to science and education development, many people have idea to achieve in business by starting innovative business process. And many successful entrepreneurs attract young generation people to start new methods of business.

(c) Knowledge & Individuality

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Today many of universities give more importance on this kind of self oriented employment. So teach the clear cut idea about the entrepreneurship. Thus people learn the technique and carry out in their business. The professional courses bring more idea to increase business efficiency. As today, everyone wants to show their talent and look for reorganization; people start to think of entrepreneurship. Normally the innovator/ creator want to be entrepreneurs.

(d) Social Respect

As many of the entrepreneurs are richest man in the society, they will be respected by people more. So for the prestige sake, people are interested to be entrepreneurs.

5. Legal Factor & Regulations

It indicates the legal and law of a country. If the law and order is strong, then the entrepreneurs can carry their business without any legal and regulation issues. There are so much of important legal factors may influence in the positive or negative ways. There are

- VAT
- Exercise Tax
- Custom Tax
- Income Tax Law
- Business and Industry Law
- Labour Law
- Wage Law

a)Industrial Policy

It means a policy which is used to develop and motivate the industrial efforts and activities in the right and proper manner. It includes rules, incentives, Government policies & plans, company's regulations, redressal procedures etc. As industrial policy is more convenient to the entrepreneurial, they may start more organization in the purview of the particular government. Sometimes some government may give lots of privileges to the entrepreneurs to motivate them to initiate their business in that place. Thus, industrial policy also may be favour or unfavour to entrepreneurs. For example, now Telung Government is giving lots of privileges to the entrepreneurs to start their business in that state. Sometimes some government may frame policy like that our citizen only can do business in our country. If so, entrepreneurs may not come to that country for starting their business. At present, our

Indian Government is motivating the foreigners to start their business operation in India in the name of Make in India. Thus, industrial policy may motivate the entrepreneurs.

(b) Fiscal Policy

It is also considered as a Government Policy which is also used to control the industrial activities in a country. It includes tax, vat, customs, exercise duty, sales tax, services tax, and some other taxes relates with business dealings. Fiscal policy also plays a vital and significant role like industrial policy. If fiscal policy is favourable to the entrepreneurs, then they will start their activities without any hesitation.

6. Possible & Promotional Factors

These factors will help to entrepreneurs to do their business activities in the convenient way. They cover Research and Developments, Experienced People, Training Centres, Educational Qualification, Financial Sources, Good Environments and support of society.

7. Competitive Factors

Competitive attitude induce us to make more new and innovative things to be leader in the market. According to Porter's Five Forces Model, Potential entrance of rivalry makes the existing company to think of new product to competitive and retain our market positions. We want to retain the market leader position; we work hard and try to introduce more and more innovative products. We will take lots of initiatives, when we have competition. Huge competition will help to bring high standard product or service.

Suggestion for Entrepreneurial Success

Let's see the way for getting success in entrepreneurship. All entrepreneurs will not get success but all try to get. Some of the entrepreneurs may lack in somewhere else. So they could not achieve it. They are we have found them. Now based on our findings, we can give some suggestions for the betterment of entrepreneurship.

1. Creativity

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As no idea is chilly idea in the creativity point of view, the entrepreneurs have to formulate more ideas. After that they have to choose the correct idea for demonstrating it. Then the entrepreneur himself has to find out the suitable idea. That idea will give lots of creativity to the entrepreneurs. Thus, the entrepreneur is able to bring a new product to the world. After the customer usage and feedback, we can finalise the idea is going to be continued or not.

2. Risk Taking

Risk will give rewards. Sometimes, by luck we can get something but it will not be continued for ever. Whenever we take risk or efforts it will give results to us. There is a proverb that more risk; more profit and no pain; no gain. If we try to take risk and try to tolerate the risk, then the entrepreneur can enjoy profit. Generally entrepreneur means risk taking. If they take high risk in the suitable manner then the entrepreneur can be the no in their fields. For taking risk, the entrepreneurs first of all have a positive attitude and self sufficiency. Then they can face any risk and all.

3. Responsibility

Responsibility is another important one which takes care of our business activities. Opportunity will come at all. It will not knock the door always. With the help of IT, today the information reaches anybody faster, cheaper. So anybody can know the information quickly. Each and every entrepreneur must have the ability to respond to changes in the market and customer preference, taste and expectation. If any failure has happened in their business, the entrepreneur genuinely takes responsibility. Always the entrepreneurs must have positive outlook and take it any thing for the betterment of their growth and development.

4. Learning Entrepreneurship

With the help of education we must know the techniques and tactics of modern business activities to become a successful entrepreneur. Nowadays all the activities are based on education. The systematic study will give proper idea to materialize in the proper channel. Then there can be possible situation to become an entrepreneur.

5. Leadership

It is taking efforts to lead our ideas to come for final result. It is an opportunity to become an entrepreneur. There are different types of leadership styles. We must follow the possible leadership style where we can create the entrepreneurship.

6. Protecting Our Rights

It is important to register all our creations and findings. Then only we can retain our rights and possessions. If not we register then anyone can use it our products or innovations. Then our uniqueness will be spoiled then we cannot have such monopoly on the particular field or product. The entrepreneur must have proper registration for their every product.

Conclusion

As today's world belongs to creativity and innovation, the concept of entrepreneurship has very important and vital role in today's business world. Due to advanced studies, today innovate and creativity will be developed and materialised in a lot of ways. Thus, the entrepreneurship concept has come up into the practical world. Emergence of entrepreneurship is very important to the development of any country. Thus we can conclude that our economic will be sound when we have sound entrepreneurship. Likewise now our country is mostly concentrating about the development of entrepreneurship in the name of "Make in India". So it is the right time to think entrepreneurship.

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