



UNIT IX

ENTREPRENEURSHIP DEVELOPMENT



24

CHAPTER

TYPES OF ENTREPRENEURS

ஒவ்வ தறிவது அறிந்ததன் கண்தங்கிச்
செல்வார்க்குச் செல்லாதது இல்.

—குறள் 472

COUPLET

There is nothing which may not be accomplished by those who, before they attack (an enemy), make themselves acquainted with their own ability, and with whatever else is (needful) to be known, and apply themselves wholly to their object.



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Learning Objectives

To enable the students to understand the

- Based on Function - Innovating, Imitative, Fabian, Drone
- Based on Type of Business - Business, Trading, Industrial, Corporate, Agricultural, Retail, Service
- Based on Technology - Technical, Non-technical, Professional
- Based on Motivation - Pure, Induced, Motivated, Spontaneous
- Based on Development - First Generation, Modern, Classical
- Based on Area - Urban, Rural
- Based on Ownership - Private, State, Joint

Entrepreneurs in business are different according to the type of activity undertaken by him/her. Though the word entrepreneur is a general term, they are called by different names depending upon the function they perform; business they engaged in; technology they

Chapter Synopsis

24.01 Types of Entrepreneurs

24.02 Classification According to Function

24.03 Classification According to Type Of Business

24.04 Classification Based on Technology Adopted

24.05 Classification in terms of Motivation

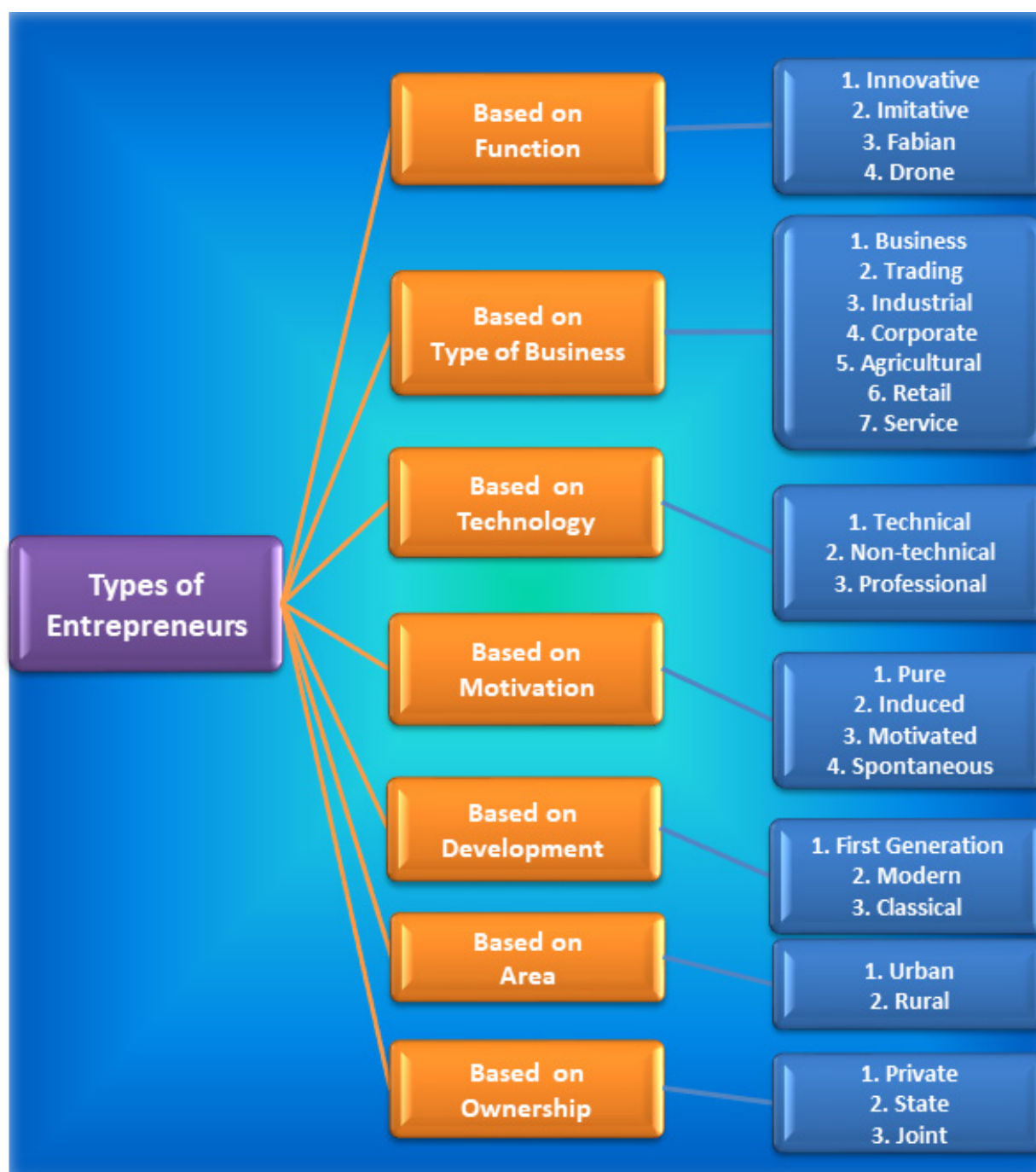
24.06 Classification Based on Development Stage

24.07 Classification According to Area

24.08 Classification According to Ownership

adopt; the area they start the venture; the level of development they achieve in the venture; type of ownership held and motivation given to them. Besides each of the above type is sub classified as shown in the chart.

24.01 Types of Entrepreneurs



24.02 Classification According to Function

1. Innovating Entrepreneur

Innovative entrepreneur is one who is always focussed on introducing a new project or introducing something new in the venture already started. They constantly observe the environment around them; collect information and analyse

them in order to contribute something a new in the venture. Their innovation may take the form of brand new product, upgraded product, discovering untapped market, new method of production, reengineering of existing product, new method of distribution of product, simplification of complex process, adoption of a distinct process and so on.

2. Imitative Entrepreneur

Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advanced countries. A simply reengineer or redesign the products developed in advanced countries and produce a version suited to their local conditions. For example, many electronic products invented in advanced countries are simply reengineered in developing countries. Similarly expensive medicines developed in advanced countries are simply reengineered by changing the composition of elements or changing the process of production.

3. Fabian Entrepreneur



These entrepreneurs are said to be conservatives and sceptical about plasticising any change in their organisation. They are of risk-averse type. They do not simply change to the changes happening in the environment. But they adapt themselves to the changes only as a last resort when they fear that non adaptability to changes will inevitably lead to loss or collapse of the enterprise. Their dealings are governed by customs, religion, tradition and past practices handed down to them by their ancestors. They would like to follow in the footsteps of predecessors. Example; Nursus coffee

4. Drone Entrepreneur

Drone entrepreneurs are those who are totally opposed to changes unfolding in the environment. They used to operate in the niche market. They are similar to fabian entrepreneur in doggedly pursuing their conventional practices. The main difference between fabian entrepreneur and drone entrepreneur lies in the fact that while fabian entrepreneur adapts to changes eventually as a last resort, drone entrepreneur never adapts himself or herself to change, Example; Gopal Tooth powder



24.03 Classification According to Type of Business

1. Business Entrepreneur

Business entrepreneur is called solo entrepreneur. He/she is the one who conceives an idea for a new product/service and establishes a business enterprise to translate his idea into reality. He/she may establish small or large enterprise to commercially exploit his/he idea. He/she takes up production, operations and pursues marketing activities.

2. Trading Entrepreneur

Trading entrepreneurs are those who restrict themselves to buying and selling finished goods. They may be engaged in domestic and international trade. Their core strength lies in distribution and marketing. They get their income by way of commission and marketing.

3. Industrial Entrepreneur

These are entrepreneurs who manufacture products to cater to the needs of consuming public after identifying the need left unfulfilled by the manufacturer hitherto. They may be small, medium and large entrepreneurs. Industrial entrepreneurs mobilise the resources of various types and create an entity to manufacture the products or service. They add utility to products rolled out by them which is termed as value addition.

4. Corporate Entrepreneur

Corporate entrepreneur is called promoter. He/she takes initiative necessary to start an entity under corporate format. He/she arranges to fulfil the formalities to start a corporate entity under Company law. Corporate entrepreneur assembles all the resources and put in place organisation to run the business on a day-to-day basis. In corporate form of organisation, ownership and management are separated. Corporate entities are registered under the Companies Act or under the Trust Act. Corporate entrepreneurs install a team of experts to manage the entity on a day to day basis.

5. Agricultural Entrepreneur

Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them. They use the various inputs like labour, fertilizer, insecticide, water technology etc. to raise the products and market their products either directly or through co-operative entities or through brokers or through tie up with large retailers. Those who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flower, silk, fruits, prawn etc., are called agricultural entrepreneur. In short these entrepreneurs pursue their venture in agriculture and allied sector.

6. Retail Entrepreneurs

Retail entrepreneurs are those who enter into venture of distributing the end-product to

final consumer while wholesale entrepreneurs take up the venture of distributing the product to retailer. They used to buy the goods in small quantities from numerous wholesalers and make it available different products of different brands under one roof to end consumer.

7. Service Entrepreneurs

Service entrepreneurs enter into the venture of supplying service products to end consumers. Hoteliers, airlines, banking, insurance and financial service providers, repair service organisation, bus operators, train service, advisory organisation, advertising firms, manpower supplier etc., come under service entrepreneur's category.

24.04 Classification based on Technology Adopted

1. Technical Entrepreneur

Technical entrepreneurs are such of those craftsmen like welder, fitter, moulder, draughtsman, turner, carpenter, goldsmith, tailor, photographer, repairer, weaver, sculptor, potter, wiremen or so on who start small ventures. They turn out products/service of high quality. They simply focus on production rather than on marketing. This type of entrepreneur demonstrates their creative talents by producing innovative products. Their strength lies in skill or knowledge of producing specialised product.

2. Non-technical Entrepreneur

Non-technical Entrepreneurs are those who do not possess any technical competence to produce the goods or service but have special talents to market the products successfully or expertise to distribute the products produced by technical entrepreneur effectively to channel members and end consumers.

3. Professional Entrepreneur

Professional entrepreneur is one who is having a rich expertise in starting a venture

but lack interest in continuing the venture as a manager or as a owner. He/she simply sells out the venture started by him to someone else after its successful take-off. They keep on conceiving new ideas to develop alternative projects. In short, these entrepreneurs have got professional expertise in starting the venture and exiting it after the establishment.

24.05 Classification in Terms of Motivation

1. Pure Entrepreneur

Pure entrepreneurs are individuals who are propelled to enter into venture by psychological and economic motives. Their egos do not permit them to work for somebody else. They nurture desire of starting a particular venture and earning high profit there from and thus attaining a social status. They apply their knowledge, skill and insight in making the venture a great success in order to earn maximum profit out of the venture. Example Dhirubai Ambani, Jamshadji Tata, T.V. Sundaram Iyengar, Seshadriji, Birla, Narayanamurthi, Aziz Premji and so on.

2. Induced Entrepreneur

An induced entrepreneur is one who is inspired to take up entrepreneurial activity thanks to entrepreneurship friendly policies put in place by the Government. In other words, concessions, incentives and soaps provided by the government drive them to enter into venture. Government provides a great deal of support in the form of loans, subsidies, nominal rate of interest, tax breaks, tax holidays, training, import of technology from abroad, concessions for export oriented item, allotment of sheds, and lands at subsidised price etc. impel the potential entrepreneurs to start the venture.

3. Motivated Entrepreneur

Motivated entrepreneurs are those motivated to take up venture by the desire for self fulfilment. They are motivated to produce and market product or service by sheer prospect of

making huge profit. They are further motivated to develop the venture to a saleable stage so that he/she can sell the venture at a super profit to certain entrepreneurs(buyers) who do not like to take risks in setting up a new venture but desire to buy well developed venture promising great profit prospects.

4. Spontaneous Entrepreneur

These entrepreneurs have natural inclination to start venture. They are supposed to be bold, optimistic and enterprising persons. They have passion for meeting the challenges. Their inner urge and inborn traits drive them to commence their ventures.

24.06 Classification Based on Development Stage

1. First Generation Entrepreneur

First generation entrepreneur is one who starts venture by virtue of his knowledge, skill, talent and competence. He/she innovates a product/service by technical expertise possessed by him/her. These entrepreneurs do not have any family background or prior exposure to the venture initiated by them. They are self made entrepreneurs.

2. Modern Entrepreneur

Modern entrepreneur is one who keenly observes the dynamics of the market with eagle eye and identify the unfilled gaps, if any in product/service marketed. He/she takes initiative in starting the venture to cater to the unmet needs of the market.

3. Classical Entrepreneur

Classical entrepreneur is one who starts his own venture as a family business. They are called life timers. They engage in business as a matter of routine. Their prior exposure to business environment impels them to commence venture of their own. Entrepreneurs from the business families are called classical entrepreneurs. For instance where son of provision merchant start his own provision shops, the former is called classical entrepreneur.

24.07 Classification According to Area

1. Urban Entrepreneur

Entrepreneur who commences his entrepreneurial activity in urban areas like State Capital, District Headquarters, Towns, Municipalities etc., They may be industrial entrepreneur or corporate entrepreneur or retail entrepreneur.

2. Rural Entrepreneur

These are people who start venture in rural locations. They are provided a lot of economic and fiscal incentives to start their venture in rural and semi urban areas in order to check the exodus of rural people to urban centres in pursuit of employment opportunity. Thanks to their immediate access to material, labour or other facilities at low cost. As a result the cost of operation of rural ventures tends to be low. Agricultural and trading entrepreneurs prefer to set up their venture in rural areas.

24.08 Classification According to Ownership

1. Private Entrepreneur

Ventures started by individual either singly or collectively at their own risk after mobilising various resources in order to earn profit are called private entrepreneurship.

2. State Entrepreneurship

Trading/industrial ventures started by Government under various formats like company, corporation, departments, board denotes state entrepreneurship.

3. Joint Entrepreneurship

Ventures started and owned by both private individuals and government denote joint ownership.

Key Words

Entrepreneur Spontaneous Innovative
Induced Imitative Motivate
Fabian Drone



Case kits

- Consider yourself as a young aspiring entrepreneur to create an enterprise that manufactures chocolates. Make a detailed analysis for the success of your enterprise after considering the leading competitors in the market in terms of pricing, variety and quality.
- A started and running a textile showroom business in your area for the past one year. He was not very successful and not in a position to have customers. Design him an appropriate strategy to attract new customers of various age groups.
- Your friend wants to start a business with Rs. 10 lakhs from his ancestral property. Make an analysis for your friend to suggest him suitable business in your locality.
- Identify products which are exclusively utilised by kids under the age group of 1-5 years, 5-10 years, 10-15 years.
- Critically examine an industry of your choice based on its current demand and supply of products.
- Imagine yourself as a successful entrepreneur in Chennai city. You have decided to enter into foreign markets. What are all the factors to be considered before entering the international market?
- As an entrepreneur, you have developed an APP for games with the latest technology. Answer the following questions:
 - (i) List down the prospective customers for this APP.
 - (ii) How will you get more information from your prospective customers?
 - (iii) How you will update your app when the technology transforms?
 - (iv) Discuss about the pricing and marketing strategy for the APP?



Case Study - 2

Sri Krishna Integrated Farm

Founder:

Mr. R. Govindaraj,
Sri Krishna Integrated Farm,
Neppathur Village,
Sirkazhi T.K. Nagapattinam.

Products:

Supply of produced items like Cattle Farm, Fish Farm, Rabbit Breeder, Country chicken, Organic Paddy, Organic Fertiliser, Organic Vegetables, Eggs, Milk, Livestock Feed and organic grass seeds, Vellimasal, Hedgelucem and Concentrating maggots for fish and poultry.

Achievements:

- i. Giving training to SHG
- ii. Supply of Farm Products to Star Hotels and many traders for Breeding Purpose
- iii. Supply to other states like Andhrapradesh, Karnataka and Kerala
- iv. Above 15 lakhs Turnover
- v. Size of Employment
- vi. Training to unemployed Youth
- vii. To reduce migration

A glimpse of Sri Krishna Integrated Farm





Exercise



I. Choose the Correct Answers:

1. Choose the type of entrepreneur that isn't based on function:

- a. Innovative b. Classical
c. Fabian d. Drone

2. Choose the type of Entrepreneur that is not based on Motivation:

- a. Pure b.. Corporate
c. Spontaneous d. Induced

3. Which of the following is the Activity of a Business Entrepreneur?

- a. Production b. Marketing
c. Operation d. All of the above

4. Find the odd one out in context of Trading Entrepreneur.

- a. Selling b.. Commission
c. Buying d. Manufacturing

5. Corporate Entrepreneur is also called as _____

- a. Intrapreneur b. Promoter
c. Manager d. Shareholder

6. Poultry, Flowers, Fruits etc are called allied Products of _____ entrepreneur.

- a. Corporate b. Retail
c. Trading d. Agricultural

7. _____ Entrepreneur Supply Services Unlike.

- a. Hoteliers b. Banking
c. Airlines d. Livestock

8. Motive of a Pure Entrepreneur is

- a. Rendering service b. Earning profit
c. Attaining status d. Both b & c

9. Which of these is based on Technology?

- a. Modern b. Professional
c. Corporate d. Industrial

10. Which of the below is not a Characteristic of a Fabian Entrepreneur?

- a. Conservative b. Risk averse
c. Sceptical d. Adaptive

Answers:

1	b	2	b	3	d	4	d	5	b
6	d	7	d	8	d	9	b	10	d

II. Very Short Answer Questions:

- What is the other name of business entrepreneur?
- Mention the other name for corporate entrepreneur.
- Who are agricultural entrepreneur?
- State the name of the following ventures:
 - Started by individuals for profit motive
 - Started by Government
 - Started by individuals and Government together
 - Started as a family business
- Give some examples of pure entrepreneurs.

III. Short Answer Questions:

- Who is a private entrepreneur?
- How does a professional entrepreneur operate?
- Explain about the imitative entrepreneur.
- Write about Fabian entrepreneur.

IV. Long Answer Questions:

- Explain in detail on classification according to the type of business
- Discuss the nature of functional entrepreneurs.