

## **Entrepreneurship, Innovation and Sustainable Development in India**

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### **Abstract:**

This paper focuses on elaborating the importance of entrepreneurship, innovation and sustainable development in the India. Every nation has its own strengths and weakness, similarly India is a fast growing Nation, What is meant by entrepreneurship, innovation and sustainable development is often not clear or very idiosyncratic. This paper starts with a discussion of the nature of entrepreneurship and its relation to innovation. The second section provides an overview of theory and empirical research on the relation between entrepreneurship, innovation and sustainable development. Entrepreneurship in India is a long term debate. Since many decades, researchers have been arguing and looking for the best entrepreneurship activities that can be implemented in India. But just like every economy has its own flavour, it is very difficult to blindly follow what other countries are following in Era of Entrepreneurship, as entrepreneurship goes hand in hands with Innovation. Innovative business ideas have contributed manifolds in the area entrepreneurship. In this paper we focus on the literature review, a few suggestions have been quoted for the young minds of the nation who are looking forward to step into entrepreneurship in the near future.

**Keywords:** Entrepreneurship, Innovation, Entrepreneur, Self ownership, sustainable development and Indian Business scenario.

## **Introduction**

Entrepreneurship defined what is meant with entrepreneurship and how does this relate to innovation? Entrepreneurship and innovation are concepts that have been given multiple meanings. Innovation and entrepreneurship are often regarded as overlapping concepts. This can be traced back to probably the most well known definition of entrepreneurship, by Schumpeter (1934: 74), who defines entrepreneurs as individuals that carry out new combinations (i.e. innovations). Schumpeter distinguishes four roles in the process of innovation: the inventor, who invents a new idea; the entrepreneur who commercializes this new idea; the capitalist, who provides the financial resources to the entrepreneur (and bears the risk of the innovation project); the manager, who takes care of the routine day-to-day corporate management. These roles are most often executed by different persons (see for example Kenney 1986). The literature on entrepreneurship recognizes a variety of entrepreneurial roles in economic change, such as: 1. the person who bears uncertainty (Knight 1921); 2. an innovator (Schumpeter 1934); 3. a decision maker (Casson 2003); 4. an industrial leader (Schumpeter 1934); 5. an organizer and coordinator of economic resources (Marshall 1890); Jena Economic Research Papers 2008-006 6. an arbitrageur, alert to opportunities (Kirzner 1973; 1997); 7. an allocator of resources among alternative uses (Schultz 1975). These roles all implicitly carry an economically positive connotation with them. However, if entrepreneurs are defined to be persons who are ingenious and creative in finding ways that add to their own wealth, power, and prestige (Baumol 1990), then it is to be expected that not all of their activities will deliver a productive contribution to society (cf. Murphy et al. 1991). For other reasons, many entrepreneurs do not directly contribute to an increase in for example national income: some entrepreneurship is more adequately characterized as a non-profit-seeking activity (cf. Benz 2006). Greater independence and selffulfilment are more often mentioned as important motivations to become selfemployed than increasing earning power (EOS Gallup 2004). Empirical studies have even shown that (on average) entry into self-employment has a negative effect on the monetary income of individuals (Hamilton 2000; Parker 2004). Being an entrepreneur may be rewarding because it entails substantial nonmonetary benefits, like greater autonomy, broader skill utilization, and the possibility to pursue one's own ideas; i.e. more freedom (cf. Sen 1999). These wide ranging effects of entrepreneurship are reflected in entrepreneurship policy.

In simple words, we define an entrepreneur as “an individual who establishes and manages a business for profit and growth.” Entrepreneurs do entrepreneurship. Entrepreneurship is more than mere creation of business. It is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Entrepreneurs are people who turn dreams to reality. They supply goods and services, which increase the standard of living of the entire population substantially. They are wealth creators. This self-created wealth insulates the economy from recession and helps strengthen local economy. Global downturns will not affect the economy, as much as it would have in other circumstances. According to ‘Special Report: A Global Perspective on Entrepreneurship Education and Training’, GEM, 2008, Entrepreneurship education is defined in broad terms as the building of knowledge and skills for the purpose of entrepreneurship generally, as part of recognized education programs at primary, secondary or tertiary-level educational institutions.

An environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others needs to be ensured. Education needs to address the development of skills required to generate an entrepreneurial mind-set and to prepare future leaders for solving more complex, interlinked and fast-changing problems. Education needs to come back to the top of the priorities of governments and the private sector and be seen as the fundamental mechanism for attaining sustainable economic development and societal progress.

### **Innovation:**

When Peter Drucker wrote about innovation and entrepreneurship in the mid 1980s (Innovation and Entrepreneurship Principles and Practices, 1985), America employed 10 million more people than had been predicted, and its dynamic economy was headed toward a primarily entrepreneurially inspired, innovative business culture. There was an abundance of young risk-takers who were willing to endure the ruthlessly long hours required by entrepreneurial opportunities, especially because of the potential success they offered. At the same time, big business dominated the corporate world and benefitted from a highly loyal workforce. Incorporating innovative ideas in business quickly became a highly esteemed management goal worthy of great effort. Corporate executives required their people to learn the disciplines of innovation and entrepreneurship, and Peter Drucker became their teacher.

Right in the thick of the decade's advances, Drucker's 1985 book on innovation and entrepreneurship championed "specifically entrepreneurial" strategies that Drucker described as important, distinct and different. They were aimed at breaking down the barriers to change that 7 often discouraged CEOs. Resistance to change was a company's worst enemy in the 1980s, yet change was becoming increasingly unavoidable. While each of Drucker's strategies is only briefly described, they are important to note.

**1. Being Fastest with the Moistest.** Here the aim from the start is to eventually land a leadership position being the first with the most. The entrepreneur aims at leadership if not at dominance of a new market or industry. Blackberry provides a good example. With the undeniably compelling nature of mobile e-mail, it was no big surprise that the (RIM) Blackberry unit became popular so fast. Being first-to-market, its premium pricing didn't seem as expensive as it does in today's much more competitive landscape. But, now the company is being squeezed and needs to redefine its marketing strategy.

**2. Hit Them Where They Aint.** In this strategy the innovator doesn't create a major new product or service. Instead it takes something just created by somebody else and improves upon it. Drucker called it "creative imitation" because the innovator reworks the product or service, coming up with a slightly more desirable option. Take the iPhone for example. Apple entered the market of mobile phones at a time when it was mature and saturated. But, the difference was found in the iPhone's revolutionary product design. As a cross between a mobile phone and a lap top computer, the iPhone took the market standard and turned it on its head.

**3. Entrepreneurial Judo.** In this case, the strategy's success feeds on what is unfortunately highly common among American companies: complacency. It takes what the market leader considers its strengths and turns those strengths into the very weaknesses that defeat it. In Drucker's *Innovation and Entrepreneurship, Entrepreneurial Strategies* (Corpedia Online Program), he gives this example: When the Japanese became the leaders in numerous U.S. markets (e.g., copiers, machine tools, consumer electronics, automobiles, etc.) they always used the same strategy. If, for example, an American company saw its high profitability as its greatest strength, then it probably meant the firm focused on the high end of the market, leaving the mass market undersupplied and underserved. The Japanese moved in with low-cost products that had minimum features and the American companies didn't even put up a fight. However, because the Japanese had taken over the mass market, they soon had the cash

flow to then move in on the highend market, too. It didn't take long before they dominated both.

**4. Changing Economic Characteristics.** Under all of the other strategies presented by Drucker, the innovator has to create an innovative product or service. In this one, the strategy itself is the innovation. Using this strategy, the company actually converts an existing product or service into something new by changing its utility, its value and its economic characteristics. Post conversion, there is new economic value and new customers, but no new product or service. It's a commonly used strategy in the high-tech industry. Pricing is one of the most successful ways to change the economic characteristics of a product or service. Drucker used the example of Yahoo's situation a few years back. With the internet designed as an information network, most providers charged access for it, (e.g. hosting an e-mail address). But, Yahoo, among others, gave away internet access because it was paid for by advertisers who ran ads the customers would see when they went online. Yahoo asked, "Who is the customer?" The answer was that the customer is the supplier who wants access to a potential customer. This changed the characteristics of the industry.

**5. Ecological Niche.** This strategy aims at control. It obtains a practical monopoly in a small area. In the most successful of the ecological niche strategies, the whole point is to be so inconspicuous that despite the product's being essential to a process; no one will likely try to compete, making them virtually immune to competition. Three distinct niche strategies fall under this category. One of these is called the "toll-gate" strategy. Being in a toll-gate position means once the product is developed and patented, it is in such high demand no one will do without it. An example comes from Givun Imaging, an Israeli company that developed the first ingestible video camera at a size so small it fits inside a pill. The device enables doctors to view the small intestine from the inside, helping medical professionals to diagnose cancer and digestive disorders. Used across the world, doctors couldn't do without it. More importantly, price was not an issue. Givun Imaging was the first, putting itself in one of the most desirable positions a company could occupy.

### **Entrepreneurship in Indian Context:**

The world has started accepting India as a major player in global economics. Analyst and Industry veterans prophesize India to be a major power of the future. This is still a distant dream because India has a humungous youth population of 300 million with just 100 million jobs in her pocket. The million dollar question is that which industry has got the nerves to absorb a workforce of this scale. The only rational answer to this problem is entrepreneurship which in itself comes with a new set of challenges.

### **DO WE HAVE INNOVATION AND ENTREPRENEURSHIP IN OUR BLOOD?**

Globally India is conceived as a country with aversion to innovation and entrepreneurship. The condition aggravates with the fact that we traditionally have had a miniscule amount of investments in our R&D facilities. In the year 2007-08, we had only 0.93% of GNP being spent on R&D with the lion's share going into strategic (military) development. This can be further substantiated by the fact that on one hand the R&D expenditure of all Indian industries taken together is less than that of a Single Japanese company - Sony while on the other hand, 12% of the world's total R&D expenditure in 2005 was done by China. A comforting fact is that Indians have a tendency of self-employment which was revealed in the 62nd round of NSSO's report on employment showing a national average of 254 per 1000. A quick glance at history enforces the thought that even Indians are adept entrepreneurs. Karsanbhai's Nirma, Munjal's hero, Iyengar's TVS group, Dhirubhai's reliance, Kiran Shaw's Biocon, Bharti's Airtel are few examples out of the inexhaustible list of Indians who have carved a niche in the golden temple of fame. UNLEASHING THE LATENT POTENTIAL Opportunities Galore Advantage India: The Demographic Dividend Way This colossal population of over 1.15 billion not only poses huge challenges for the country but at the same time opens the golden door of opportunity. A third of India's population was below 15 years of age in 2000 and close to 20 per cent was in the 15-24 age group. It is expected that in 2020, the average Indian will be only 29 years old, compared with 37 in China and the US and 48 in Japan. This ensures that India in no way can fall short of manpower in the next few decades and this can sustain India's growth story in the long run. Unsaturated Indian Markets World over companies are eyeing Indian markets because of high domestic demand and a robust growth supplementing it. This gives an opportunity to entrepreneurs for exploring the latent needs of the Indian customers. Launch of Kinetic scooters at the time when no Indian would have ever imagined a non-steel, self-start, gearless scooter, companies

such as Hi Design rubbing shoulders with global majors like Gucci and Prada are few examples to learn from. World Is Equally Flat For "Everyone" Over and over again the issue of dumping by foreign companies comes up, but crying wolf is not the solution. With umpteen bilateral and multilateral agreements in place, along with the opening up of economies, it is a shot in the arm for entrepreneurs' world over. Indian "Baniya" Is Alive And Kicking According to a McKinsey report, Indian families are already saving too much to support small businesses directly. Comparing India with South Korea in 2005, both had an almost identical national-savings-to-GDP ratio of about 33 percent. Yet, in Korea's case, households accounted for just a fifth of the overall rate, compared with 69 percent in India. Gross domestic savings in the year ending March 31, 2008 were almost 35 percent of GDP. That is almost 10 percentage points higher than in 2003. Add a small amount of capital absorbed through a current-account deficit, estimated to be less than 2 percent of GDP, and India has enough fuel for an economic growth of 8-9 percent. With more productive use of capital, even 10 percent is feasible. These savings under expert guidance and mentorship can work wonders for aspiring and budding entrepreneurs. Global Downturn: Not For India – Time To Explore New Avenues India is making headlines due to its partial immunity from the global meltdown. It is true that although there is slowdown in a few sectors, majority of the industries have shown a promising profit which is remarkable. Layoffs and cost cutting is a global phenomenon but India is largely unaffected. A report by Hewitt states that over 60% of the companies are still hiring and 9 out of 10 companies are still promoting. There is a silver lining to every cloud, is as true as ever. Globally Indians are being sent back due to lack of employment opportunities but the catch is that these Indians are flushed with funds and have valuable experience. This is a perfect mix to start new ventures. There is an abundance of skilled and experienced employees in the market which can be a great asset for any new company. "Recession can lead to Indian progression", is the verdict. Challenges Await the Entrepreneurship Bandwagon: Blueprint for Achieving Excellence The Indian Curse Of "Babudom" The world "Doing business report 2009" published by World Bank and International Finance Corporation ranks India at 122nd out of 181 countries whereas even countries like Pakistan stand at 77th. The sorry story of bureaucracy and red-tapism still haunt the Indian businessmen. "Single Window Clearance" can act as a booster for novice entrepreneurs. Implementing such process in itself is a herculean task for the government as this practice has been nurtured by the bureaucrats for decades. However, this is the only way out if we want to progress. Credit Crunch Coming Home: Promoting Alternate Sources Of Finance The global downturn has led to drying up of funds through stock market and

International sources. The situation is further aggravated by the dollar outflow and vigorous efforts by the Reserve Bank of India to defend the rupee by buying out dollars (Forex reserves fell by approximately \$5.8 billion in just two weeks of early September). We have few organizations that have come to the rescue such as Indian Venture capital association (partnering with Thompson, Tie, Indian Angel network etc.), NEXUS India, Sequoia India etc. Government has to participate actively in the initiative by promoting cooperatives and banks for providing credits. Vicious Organizational Inefficiencies: What About Corporate Mentoring? Indian firms are well known for their inefficient processes. Upgrading to advanced technology to compete in the global arena is imperative. An eye opener can be the Indian cement industry which is outmoded and highly inefficient as India's per capita production of 115 kilograms per year lags the world average of over 250 kilograms and China's production of more than 450 kilograms per person. A viable but unconventional way could be mentoring by successful corporate and MNC's who have already proved their mettle in the global arena. They are people who have proved their business acumen and they would definitely look for their benefit in this also. Giving redeemable Corporate Credits by the Indian government can be the way out. Companies would also benefit by promoting their brands through such initiatives. Labor, Labor Everywhere, Not A Skill To Employ There are more than 5000 Industrial Training Institutes (ITI) in India. However, the quality of training is rather uneven. These ITIs produce 700,000 technicians each year. Improving their skill level would be a very powerful channel of advancing India's technical/manufacturing capabilities. India is unable to compete against countries like China in manufacturing world class products because of shortage of skilled technicians. The institutes have bottlenecks like poor infrastructure, outdated curriculum, less qualified instructors and limited interaction with the industry. Skilled labor can be a huge advantage for entrepreneurs to be competitive. These entrepreneurs are generally not in a position to train employees and then use them as it is a huge cost and a deterrent for their growth. We have world class educational institutions such as the IIM's, IIT's etc. The question is that can we progress with a weak foundation? There are companies that train their own workforce and if these companies join hands, with government's support and guidance from successful educational institutions, they can reach new acme of success. Infrastructure, The Gordian Knot India's incessant infrastructural woes are yet another roadblock on the path to success. Overstressed power grids, erratic power supply, shoddy roads acute water shortage etc has severely impaired the growth of our country. We can at least simulate if not emulate various other nations who have world class infrastructure. We bemoan about paucity of resources but even some elementary mathematics

can answer this. According to a conservative estimate about Rs 1.23 crore a day to run Parliament and during the Budget session, 47 hours were lost in the Lok Sabha. Another 40 hours were lost in the Rajya Sabha which adds up to about Rs 17.61 crore down the drain. This amount is good enough to finance 4-5 small businesses and who knows if they would have turned into another Reliance which contributes approximately 3% to India's GDP. The crux lies in optimization of resources. Fear Is In The Air, Instilling Confidence Is The Key With industrial goliaths being wiped out due to the global turmoil, an aura of fear has crept in. People are worried due to uncertainty in the markets. It is time when the government should give a fillip to the plans of aspiring entrepreneurs by incentivizing their plans, giving better insurance schemes and cheaper credit. The Cardinal Rule: Promoting New Ventures While Fostering Our SME's A small seed is tomorrow's big tree. Even companies like Infosys, Reliance, Oberoi Hotels etc had a modest start. It's a well accepted fact that SME play a vital role in any country's growth. The contribution of SMEs to GDP in 2003 ranged from 60.0 percent in China, 57.0 percent in Germany and 55.3 percent in Japan whereas, as per Assocham's report India is still slogging around 17% and trying to reach 25% by 2012. Continuous support for technological upgradation, credit availability and export promotion by the government can be a great support. IIMs and IITs have started the concept of incubation where new companies are promoted within their premises (Silicon Valley, similarly, promoted by Stanford University). This idea could be implemented on a larger scale along with Industrial associations. Developing of self-help groups (Cluster development) by NGO's like SEWA, BASIX etc has initiated a mass movement of self employment through microfinance. There are organizations like Shri Mahila Grah Udyog which started off with a borrowed sum of Rs. 80 and has a turnover of Rs. 470 Crores which includes Rs. 24 Crores of Exports. This showcases the potential of microfinance. Glorifying The Corporate Tycoons Indians have succumbed to the Nehruvian ideologies that profits are bad and entrepreneurs can't be leaders. For decades students have been taught of politicians and freedom fighters as leaders but why can't entrepreneurs like M S Oberoi, Ambani, Narayanmurthy or for that matter Steve Jobs and Warren Buffett serve as ideals for juveniles. FINALLY, WE HAVE MILES TO GO BEFORE WE SLEEP... It is apparent that India has a long way to go before making a mark on the world map as a developed and prosperous nation. The dream can be realized by improving the quality of life of its masses which can only be done by generating employment for them. The seemingly insatiable demand for jobs can only be met by promoting entrepreneurial activities by giving the right platform to entrepreneurs with the help of organizations such as NEN, The Indus Entrepreneurs etc. It is

pretty evident that Indians have launched new ventures with flair in the past and they still possess the fire. Opportunities are in abundance and the country is plush with resources. The formidable challenge lies in optimizing resources and overcoming the hurdles to not only join the league of successful and developed nations but rather set an example for other developing nations.

### **Entrepreneurship, innovation and sustainable development**

How can we explain the relation between entrepreneurship and sustainable development? Several mechanisms may be at work here, which explain why new and small firms in combination with large organisations may drive innovation and ultimately economic growth. These mechanisms are knowledge spill over's, decentralization, experimentation, and competition. We will first discuss these mechanisms. Next, we will provide an overview of empirical studies that have tested the effect of (different types of) entrepreneurship on (different types of) economic growth.

### **Knowledge spill over's**

First, as has been mentioned before, new scientific and technological knowledge is an important source of entrepreneurial opportunities. Organisations investing in research or technology development often end up facilitating other agents' innovation efforts, either unintentionally, as when inventions can be imitated, or intentionally as where scientists report on their research. Economists have termed these knowledge spillovers: "any original, valuable knowledge generated somewhere that becomes accessible to external agents, 5 In addition, a risk adverse firm is unlikely to offer return options for the entrepreneur if the new venture fails. 6 This is in line with a study by Wennekers et al. (2007) which shows that uncertainty avoidance is positively correlated with the prevalence of business ownership: a restrictive climate of large organizations in high uncertainty avoidance countries pushes individuals striving for autonomy towards self-employment. Jena Economic Research Papers 2008-006 whether it be knowledge fully characterizing an innovation or knowledge of a more intermediate sort. This knowledge is absorbed by an individual or group other than the originator" (Foray 2004: 91). There has been much empirical research showing that firms located near knowledge sources introduce innovations at a faster rate than rival firms located elsewhere (Audretsch et al. 2006). These can be incumbent firms, but more likely involve

firms that have been set-up by prior employees of the knowledge producing organisations. They are the Schumpeterian entrepreneurs that commercialise inventions. Many major inventions have been reshaped, speeded, and expanded by (individuals and their) new firms with different objectives, interests, and ideas from those of the original inventor (cf. Shane 2000) or originating organisation. These innovative new firms are started because their innovations would have been turned down or severely delayed in the organizations in which the initial idea was developed.

Empirical evidence on the relationship between entrepreneurship and sustainable development

Already at the start of the 20th century the economist Schumpeter made a plea for the entrepreneur as the person who brings new ideas to the market and in that way causes economic renewal and progress. A necessary condition is that these innovations have to offer more (or the same for a lower price) than the pre-existing supply. If this condition is fulfilled there might even be creative destruction: innovations that make the 'old economy' superfluous. A recent example in the Dutch economy is the success of the digital Tom Tom route planner that has substituted a large part of the production of roadmaps. An indirect effect of the introduction of these innovations by new firms is that incumbents are triggered to upgrade their product offerings in order to remain competitive. How and to what extent does entrepreneurship lead to innovation and economic growth? Why should entrepreneurs start with an uncertain innovation process at all? A recent study (CBS 2006: 153) shows that entrepreneurs innovate because they want to improve the quality of goods and services (cf. Aghion and Howitt 1992), to offer a broader range of goods and services (cf. Romer 1990), and in the end they want to access new markets or a larger market share. A recent review of empirical studies by Van Praag and Versloot (2007) shows mixed evidence on the assumption of the relatively high innovativeness of small and new firms. They conclude that "entrepreneurs and their counterparts [large incumbent firms] contribute equally importantly to the innovativeness of societies. However, they serve different goals in terms of quality, quantity and efficiency, as well as in terms of producing (and adopting) more radical (and higher cost) innovations" (Van Praag and Versloot 2007: 18). They show that new and small firms have relatively high levels of innovative sales, and are relatively less likely to adopt high cost innovations. Jena Economic Research Papers 2008-006 A key question is whether and how entrepreneurship causes economic growth. Before we can answer this question with empirical research, we have to choose empirical indicators for entrepreneurship and

economic growth. Traditionally, economic growth has been referred to as the growth of employment or national income, while recently productivity growth is seen as a more relevant indicator. The two dominant empirical definitions of entrepreneurship are the creation of new organisations (a new legal entity; including both independent start-ups and spin-offs) and self-employment (performing work for personal profit rather than for wages paid by others). Some studies also take into account people with a preference for entrepreneurship ('latent entrepreneurship'), or people that take steps to start a new business ('nascent entrepreneurship'). The latter two indicators can be seen as potential entrepreneurship. Corporate entrepreneurship is not easily identified, and is unfortunately largely an invisible aspect of entrepreneurship in empirical research. In addition to these operational definitions of entrepreneurship, there are several measures of performance, like survival, growth, profitability and realising an initial public offering (IPO) of the business. These performance measures are indicators of entrepreneurship to a lesser or greater degree. Take for example survival: new firms that survive on a long term but remain relatively small often become more conservative (i.e. less innovative) while new firms that grow into substantial corporations often revolutionize the economic structure (cf. Schumpeter 1942: 83). In addition, there are habitual entrepreneurs that 'specialize' in setting up new firms and often leave the newly created firms (either successfully, for example via an IPO, or less successful with a liquidation) to set up other ones. Empirical research shows an ambiguous relation of entrepreneurship with employment growth: the relation is often positive (Audretsch and Thurik 2001a; Audretsch and Fritsch 2002; Bosma et al. 2006; Acs and Mueller 2007; Acs and Armington 2004; Carree and Thurik 2007; Van Stel and Suddle 2007; Thurik et al. 2008)<sup>11</sup>, sometimes non-existing (Audretsch and Fritsch 2002; Acs and <sup>11</sup> Even when controlled for recent macro-economic growth and time lags of the effect on economic growth. Prior economic growth has positive and negative relations with entrepreneurship rates: positive because of growth opportunities ("prosperity-pull"), and negative because unemployed workers are encouraged to become self-employed because the opportunity costs of self-employment has decreased ("recession-push") (see Thurik et al. 2008). Jena Economic Research Papers 2008-006 Mueller 2007) <sup>12</sup> or even negative (Van Stel and Storey 2004; Mueller et al. 2008). Growth in national income is unambiguously related to high levels of new firm formation and high-growth start-ups (Stam et al. 2006; Wong et al. 2005). Research on the effects of entrepreneurship on productivity growth is less abundant, and only shows an ambiguous positive effect of new firm formation (Callejon and Segarra 1999; Audretsch and Keilbach 2004; 2005<sup>13</sup>; Bosma et al. 2006; ) or no effect of changes in self-employment

(Carree and Thurik 2007). The review of recent research on entrepreneurship and economic growth reveals that high levels of new growing firms are strongly related with economic growth. There is no consistently positive relation of new firms in general or the level of self-employment with economic growth (see Table 1). The latter outcome is not that remarkable: many new firms are a continuation of the activities that were done as an employee before – so these involve no new economic activities (for example the construction worker who becomes an independent handyman, and the graphic designer who is made redundant with a round of restructurings, but still supplies the same services to her prior employer). The decision to enter self-employment is hardly driven by innovation, and relatively often by lifestyle reasons, like the combination of labour and care tasks and a focus on a particular craft (Dirks et al. 2003).

### **Conclusion:-**

Finally it is found that entrepreneurship has a definite impact on economy both in its ability to create jobs and to create source of income for government. There exists an immense scope for growth. Various Networks and Entrepreneurship Unions have now come up to provide assistance, advice and informations and make WES to raise their profile and expand their business.

Now a day a country like India a developing country have a significant role to play in the growth of India as a nation because they are the breeding grounds for future entrepreneurs. They have the potential to develop not only winning personal qualities but also provide an opportunity to create employment for self and for others. Entrepreneurship, self-employment and enterprise creation provide a solution to the crises of both unemployment and under-employment. The entrepreneurship and innovation help in increasing knowledge base, by identifying opportunities, and by pointing out ways to overcome barriers imposed by ones environment. They have a definite role in enhancing entrepreneurship by enlarging the pool of entrepreneurs in society. Therefore, the Indian government should take appropriate measures to promote and develop entrepreneurial education in India.

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