

Lecture 3

CLASSIFICATION OF ENTREPRENEURS

I. According to the Type of Business

Entrepreneurs are found in various types of business corporations of varying size. We may broadly classify them as follows:

Business Entrepreneur:

Business entrepreneurs are individuals who conceive an idea for a new product or service and then create a business to materialize their idea into reality. They tap both production and marketing resources in their search to develop a new business opportunity. They may set up a big establishment or a small business unit. They are called small business entrepreneurs when found in small business units such as printing press, textile processing house, advertising agency; readymade garments, or confectionery. In a majority of cases, entrepreneurs are found in small trading and manufacturing business and entrepreneurship flourishes when the size of the business is small.

Trading Entrepreneur:

Trading entrepreneur is one who undertakes trading activities and is not concerned with the manufacturing work. He identifies potential markets, stimulates demand for his product line and creates a desire and interest among buyers to go in for his product. He is engaged in both domestic and overseas trade. Britain, due to geographical limitations, has developed trade through trading entrepreneurs. These entrepreneurs demonstrate their ability in pushing many ideas ahead to promote their business.

Industrial Entrepreneur:

Industrial entrepreneur is essentially a manufacturer, who identifies the potential needs of customers and tailors a product or service to meet the marketing needs. He is a product-oriented man who starts in an industrial unit because of the possibility of making some new product. The entrepreneur has the ability to convert economic resources and technology into a considerably profitable venture. He is found in industrial units as the electronic industry, textile units, machine tools or videocassette tape factory and the like.

Corporate Entrepreneur:

Corporate entrepreneur is a person who demonstrates his innovative skill in organizing and managing corporate undertaking. A corporate undertaking is a form of business' organization, which is registered under some statute or Act, which gives it a separate legal entity. A trust registered under the Trust Act, or companies registered under the Companies Act are example of corporate undertakings. A corporate entrepreneur is thus an individual who plans, develops and manages a corporate body.

Agricultural Entrepreneur:

Agricultural entrepreneurs are those entrepreneurs who undertake agricultural activities as raising and marketing of crops, fertilisers and other inputs of agriculture. They are motivated to raise agriculture through mechanization, irrigation and application of technologies for dry land agriculture products. They cover a broad spectrum of the agricultural sector and include its allied occupations.

II. According to the Technology use

The application of new technology in various succors of the national economy is essential for the future growth of business. We may broadly classify these. entrepreneurs on the basis of the use of technology as follows:

Technical Entrepreneur:

A technical entrepreneur is essentially compared to a "craftsman." He develops improved quality of goods because of his craftsmanship. He concentrates more on production than marketing. On not much sales generation by and does not do various sales promotional techniques. He demonstrates his innovative capabilities in matter of production of goods and rendering of services. The greatest strength, which the technical entrepreneur has, is his skill in production techniques.

Non-technical Entrepreneur:

Non-technical entrepreneurs are those who are not concerned with the technical aspects of the product in which they deal. They are concerned only with developing alternative marketing and distribution strategies to promote their business.

Professional Entrepreneur:

Professional entrepreneur is a person who is interested in establishing a business, but does not have interest in managing or operating it once it is established. A professional

entrepreneur sells out the running business and starts another venture with the sales proceeds. Such an entrepreneur is dynamic and he conceives new ideas to develop alternative projects.

III. According to the Entrepreneur and Motivation

Motivation is the force that influences the efforts of the entrepreneur to achieve his objectives. An entrepreneur is motivated to achieve or prove his excellence in job performance. He is also motivated to influence others by demonstrating his business acumen.

Pure Entrepreneur

A pure entrepreneur is an individual who is motivated by psychological and economic rewards. He undertakes an entrepreneurial activity for his personal satisfaction in work, ego or status.

Induced Entrepreneur

Induced entrepreneur is one who is induced to take up an entrepreneurial task due to the policy measures of the government that provides assistance, Incentives, concessions and necessary overhead, facilities to start a venture. Most of the induced entrepreneurs enter business due to financial, technical and several other facilities provided to them by the state agencies to promote entrepreneurship. A person with a sound project is provided package assistance to his project. Today, import restriction and allocation to production quotas to small units have induced many people to start a small-scale industry.

Motivated Entrepreneur

New entrepreneurs are motivated by the desire for self-fulfillment. They come into being because of the possibility of making and marketing some new product for the use of consumers. If the product is developed to a saleable stage, the entrepreneur is further motivated by reward in terms of profit.

Spontaneous Entrepreneur

These entrepreneurs start their business their by Entrepreneur. They are persons with initiative, boldness and confidence in their_ ability, which activate, them, underage entrepreneurial activity. Such entrepreneurs have a strong conviction and confidence in their inborn ability.

IV. According to the Growth and Entrepreneurs

The development of a new venture has a greater chance of success. The entrepreneurs a new and open field of business. The customer's approval to the new product gives them

psychological satisfaction and enormous profit. The industrial units are identified as units of high growth, medium growth and low growth industries and as such we have “Growth Entrepreneur” and “Super-Growth Entrepreneur.”

Growth Entrepreneur:

Growth entrepreneurs are those who necessarily take up a high growth industry, which has substantial growth prospects.

Super-Growth Entrepreneur:

Super-growth entrepreneurs are those who have shown enormous growth of performance in their venture. The growth performance is identified by the liquidity of funds, profitability and gearing.

V. According to the Entrepreneur and Stages of Development

Entrepreneurs may also be classified as the first generation entrepreneur, modern entrepreneur and classical entrepreneur depending upon the stage of development.

They are explained below:

First-Generation Entrepreneur:

A first-generation entrepreneur is one who starts an industrial unit by innovative skill. He is essentially an innovator, combining different technologies to produce a marketable product or service. .

Modern Entrepreneur:

A modern entrepreneur is one who undertakes those ventures, which go well along with the changing demand in the market. They undertake those ventures, which suit the current marketing needs.

Classical Entrepreneur:

A classical entrepreneur is one who is concerned with the customers and marketing needs through the development of a self-supporting venture. He is a stereotype entrepreneur whose aim is to maximise his economic returns at a level consistent with the survival of the firm with or without an element of growth.

VI. Others

Innovating entrepreneurship is characterized by aggressive assemblage in information and analysis of results, deriving from a novel combination of factors. Men / women in this group

are generally aggressive in experimentation who exhibit cleverness in putting attractive possibilities into practice. One need not invent but convert even old established products or services by changing their utility, their value, and their economic characteristics into something new, attractive and utilitarian. Therein lies the key to their phenomenal success. Such an entrepreneur is one who sees the opportunity for introducing a new technique of production process or a new commodity or a new market or a new service or even the reorganization of an existing enterprise.