

# TRENDS OF ENTREPRENEURSHIP IN DEVELOPING COUNTRIES

Aravind Krishnan<sup>1</sup>

## I. Introduction

The capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with land, labour, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

### Framework of Idea about Entrepreneurship

‘One who undertakes an endeavour’ is the meaning of the French word entrepreneur. It is really all about starting something and making it prosper while offering people the services and products they need. This word was not commonly utilized until the late 19th century to the early 20 century. Before looking at the actual history of this practice, it is vital to really understand what it entails today. It is the process in which entrepreneurs are able to bring different resources and innovations to influence society and interact in the name of business. Those who establish these ventures may start from scratch or may use other ventures and take them to greater heights. Among them was Joseph Schumpeter, Adam Smith and Richard Cantillon and others that have contributed greatly to the development of this idea and indeed the success and boom of it in the present day. These great people were economists that saw the need to highlight the possibilities and opportunities that would later prove to be worthwhile. There were other great economists from Austria who contributed and in the 1940s; it was the blink of a revolution that would see many look this direction. Carl Menger is just an example of an Austrian economist whose work has been followed keenly for playing a part in helping the history of entrepreneurship. Schumpeter is famous for having an excellent definition for an entrepreneur which is as follows. According to him, an entrepreneur is a person willing to convert an idea into

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<sup>1</sup>Entrepreneur

innovations. This is basically what great entrepreneur's of all time have done making their venture pretty profitable. This ancient expert came up with the 'the gale of creative destruction' which according to him was employed by entrepreneurship. This basically means creating new innovations that will take over the old and maybe more inferior models. This insight has been shared throughout the years as one of the biggest breakthroughs that brought to reality the essence of entrepreneurship. It is through this creative destruction that industries were formed to be dynamic and were able to grow and progress. The scholars and experts who helped demystify entrepreneurship seemed to agree on several things. It is through this knowledge that this idea was birthed and has been sustained through different rules of play. They agreed that entrepreneurship was about risk which was defined in different ways. They all seemed to agree on the ambiguity of the ventures. Frank H. Knight is popular with his classifications that centered on risk and uncertainties thereof. There are many other principles that were brought together to create and define entrepreneurship as we know it.

## **II. The 7 Biggest Trends in Entrepreneurship of 2016**

In developed nations, where opportunity abounds, more and more people are choosing the path of entrepreneurship. Rather than the road less travelled, entrepreneurship seems to be something that everyone wants a piece of--to at least "give it a try."

This year is proving to be an eventful one for the ever-changing world of entrepreneurship.

### **1. Everyone is doing it.**

Entrepreneurship certainly has appeal. But beyond the appeal is the action. Quoting Inc., "Better yet, 80 percent of those who plan to start businesses in the next three years are doing something about it, such as leasing space or registering their companies."

### **2. Intrapreneurs are becoming more common.**

*An intrapreneur is someone within a company that takes risks in an effort to solve a given problem.*

The word "intrapreneur" is hard to say and easy to misunderstand, so a lot of companies are simply calling these people "internal entrepreneurs."

### **3. Solopreneurs are making it big time.**

A solopreneur is an entrepreneur who runs their business alone. Traditionally, they don't have employees, although they certainly have contractors. The appeal of a solopreneurship venture is that it keeps things lean, nimble, minimal, and free. The challenge, however, is that it can limit scalability and greater growth.

#### **4. Entrepreneurs are marketers.**

Entrepreneurs can come from any industry, have any background, and are experts at any trade.

Skilled marketers have seen their skills grow a business. They know that virtually any product or service can sell, as long as they unleash their marketing powers upon it.

They can make an impact with a new business. The rise of the marketing class of entrepreneurs is a good thing. Their success, however, was limited in direct proportion to their business ability.

#### **5. Hiring contract workers is the thing to do.**

Increasingly, the common solution is to find these people on contract worker sites. Popular websites provide highly skilled people a place to gain visibility and find gigs. It's a win-win, allowing start-ups to find the talent that they need without having to take on the time and expense of making a new hire.

#### **6. Entrepreneurs are laser-focused on revenue.**

More entrepreneurs are seeing the need to focus on revenue, first and foremost. There was a time when funding was plentiful and an entrepreneur could make a few pitches and gain a few thousand. Today, however, funding is limited. The entrepreneur is forced to gain early viability and near instant revenue.

In my opinion, this is a great development. It can be easy for an entrepreneur to become comfortable with limited growth, depending on the deep pockets and future rounds of investment.

#### **7. Few entrepreneurs are starting big companies.**

The ideal entrepreneurial venture happens with a Mac book and a vision. An entrepreneur starting, say, a manufacturing plant, or a worldwide transportation company is not a popular pursuit.

Elon Musk stands in stark contrast to the minimalist trend. His entrepreneurial pursuits include starting a rocket transport company, an auto manufacturer, and a solar company.

### **III. The Dynamic New Trends Of Entrepreneurship**

Entrepreneurship is fast emerging as a transformational megatrend of the 21st century given its capacity to reshape economies and industries throughout the world. As key drivers of economic growth, entrepreneurs are the lifeblood of any expanding economy, generating jobs, introducing new products and services, and promoting greater upstream and downstream value-chain activities.

In recent years, the global entrepreneurial landscape has witnessed a paradigm shift in terms of trends, with SMEs playing a pivotal role in social and economic advancement.

#### **1. Opportunity Versus Necessity**

The factors spurring entrepreneurship differ between mature and rapid-growth markets, with the former being out of opportunity and the latter being out of necessity. Due to the prevalence of robust entrepreneurial structures offering access to capital and effective legislative and tax frameworks, mature markets commonly house progressive and impactful start-ups that have the power to disrupt existing industries and create entirely new ones, or at least new segments. Google, Facebook, Twitter and Virgin Airlines are among some of the examples that come to mind.

#### **2. The Face of Entrepreneurship Today**

High youth unemployment rates in many countries including Jordan, paired with changing work and lifestyle preferences, are creating a new class of young entrepreneurs. According to the 2013 Global Entrepreneurship Monitor, nearly 50% of the world's entrepreneurs are between the ages of 25 and 44, with 25 to 34 year-olds showing the highest rates of entrepreneurial activity.

Moreover, women across the world are launching and operating new enterprises at a faster pace than ever, positioning entrepreneurial ventures spearheaded by females as an increasingly important source for new jobs. Today, roughly 126 million women are establishing or leading brand new businesses in 67 economies around the world, and at least 48 million female entrepreneurs and 64 million female business owners currently employ one or more people. Led by ambitious expansion strategies that rival their male counterparts, an estimated 7 million

female entrepreneurs and 5 million female business owners worldwide plan to grow their businesses by at least six employees over the next five years, according to the Global Entrepreneurship Monitor.

### **3. Developing Supportive Environments to Underpin Entrepreneurial Growth**

Supportive environments are increasingly essential to successful entrepreneurship and are steadily evolving throughout the world. The ideal entrepreneurial environment comprises five pillars: Access to funding; entrepreneurial culture; supportive regulatory and tax regimes; educational systems that support entrepreneurial mindsets; and a coordinated approach that links the public, private and voluntary sectors.

## **IV Specialized Financing Options**

While the venture capital industry continues to globalize, governments and markets are exploring a range of financing strategies to provide capital to entrepreneurs, including micro financing, crowd funding and credit guarantee schemes.

Along with failure to be profitable, lack of funding is cited as the primary reason for business discontinuance around the world. As entrepreneurial businesses grow and develop, the sources of finance they rely on change. As such, smart governments are creating a range of mechanisms and institutions to extend to entrepreneurs financing options that meet these changing requirements. They are establishing targeted venture capital funds and encouraging private sector investors to focus more on start-ups through improved tax incentives. Furthermore, alternative funding platforms, such as crowd funding and microfinance, are gaining traction for seed and early-stage companies, but require regulatory support to achieve scale.

The global microfinance market also has the potential to help small enterprises become tax-paying members of the formal economy. In many countries, Credit Guarantee Schemes (CGS) is used by banks, often with public sector support, to ease the constraints SMEs face in accessing finance. Government start-up programs have become some of the most valuable sources of help. Public money is a powerful catalyst, particularly when delivered in partnership with private

sector funds. Corporate venturing also continues to grow, with almost 1,000 units worldwide and becoming more widespread in rapid-growth markets.

**V. Why India Is the Land of Rising Entrepreneurship**

Today, India currently has more than 48 million small businesses, double the number of the small companies here in the U.S. (23 million). According to a report by Business Today (India). Breakdowns among the top industries are as follows.

Retail (except motor vehicles):	40%
Clothing manufacturing:	8.75%
Food & Beverage:	7%
Services:	6.2%
Auto (sales, maintenance, repairs):	3.6%
Furniture:	3.2%

- According to Indian government data, Micro, Small and Medium Enterprises (MSME) contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output, and 40 percent of the country's total exports. Small businesses in India create 1.3 million jobs every year and provide the largest share of employment after agriculture. They play a significant role in the country's GDP.
- About 15,000 small business owners have registered with eBay India to export their products globally, and these exporters now comprise a third of sellers on the platform. It is estimated that a product listed by an Indian seller is sold in the international market through eBay India every 10 seconds.
- President Obama became the first U.S. President to visit India twice while in office when he flew to Delhi to attend the annual January 26th celebration of India's constitution. He has now met several times with Prime Minister Narendra Modi, one of the few world leaders with whom he seems to have a cordial relationship.

- Mr. Modi is a big proponent of small business growth. He has encouraged entrepreneurs to improve the quality of their products in order to better compete in the global e-commerce marketplace.

However, a growing entrepreneurship culture, a supportive new proactive government, and growing availability of financing, India, the world's biggest democracy, is poised for robust economic times. Biz2Credit has seen growing interest in the small business lending sector in recent months and optimism is growing, thanks to a new, pro-business government.

## **VI. Need and importance of Entrepreneurship**

Entrepreneurship facilitates the rate of development of a country by significantly contributing to the following factors.

- By increasing the rate of growth in GDP of a country
- Increasing productivity.
- Growing employment opportunity.
- Increasing economic diversification.
- Optimum use of local resources
- Continued innovation in techno – managerial practices
- Improving in international competitiveness.

## **The Top Three Reasons Why Entrepreneurship Is Important**

### **1. Entrepreneurship creates job opportunities**

When an entrepreneur starts a business using his financial assets, he must need some time to share his work load. For this purpose, he hires people to work with him. As the time passes, the entrepreneur gets satisfied that he is investing his money in the right place. So he starts a huge business, hence creating more job opportunities for people.

### **2. Entrepreneurship cause economic growth**

By creating job opportunities for people, an entrepreneur provides wealth to the people. They tend to start a new business with innovation like providing the best quality product within low

price so that people can save their money and get the best product. This strengthens the economy of a country. For this purpose Government also welcomes entrepreneurs to start their business.

### **3. Entrepreneurship provides strength to small business**

Most of the time, entrepreneurs prefer to invest their money in small businesses. Such activities of the entrepreneurs provide strength to the small business. So the niche markets flourish providing strength to the economy of the country.

So entrepreneurship can be categorized as investment and it is very important for a country to flourish its economy. For this purpose, governments of many countries support entrepreneurs.

## **VII. Entrepreneurship Necessary In developing countries.**

The developing countries usually have a limited national wealth. However, they need to spend this wealth to import goods and services. Also, to trade with other countries, they need foreign exchange. Entrepreneurship helps in conserving the outflow of the national wealth in the following ways.

- As entrepreneurship is a low-cost strategy of economic development, job creation and technical innovation. Thus they enable the production locally and reduce the need of import.
- Entrepreneurs also bear the costs and risk of launching a new venture, developing a new product, commercializing an invention, adopting a technology and enveloping a new market. They will even help in generation of foreign exchange, thus conserving the outflow of national wealth.

### **Conclusion**

The economy is composed of enterprises and businesses. Our economy has survived because the industry leaders had been able to adapt to the changing times and supplied mostly the communities' needs. Any small business is integral to the economy. Without it, our economy would not survive. But a business must also sustain itself, be able to constantly evolve to fulfil the demands of the community and the people. In every business, it is imperative to be industrious, innovative and resourceful.



Entrepreneurship produces financial gain and keeps the economy afloat, which gives rise to the importance of innovation in entrepreneurship. Entrepreneurs are innovators of the economy.