CHAPTER 1

INTRODUCTION

1. Introduction

Entrepreneurship is one of the most prominent phenomenon of the 21st century and is attributed as a driving force for the future growth of the world economy. According to World Bank estimate, the world needs 600 million new jobs by 2025 to handle the growing working-age population (The World Bank, 2016). Michael Dell (U.N. Foundations' Global Advocate for entrepreneurship and founder and CEO of Dell), believes that most of the future jobs are expected to come from entrepreneurs and small businesses rather than big corporations. In fact, 70-90% of jobs worldwide are created by entrepreneurs (USA Today, 2015).

Former U.S. president Barrack Obama stated in his opening remark at Global Entrepreneurship Summit in 2015, " Entrepreneurship creates new jobs and new businesses, new ways to deliver basic services, new ways of seeing the world—it's the spark of prosperity" (The World Bank, 2016).

The economies worldwide including the developing and underdeveloped nations are recognizing the importance of entrepreneurship and need for more entrepreneurs. The emphasis on promoting entrepreneurship can be substantiated by the prominence given in United Nations 'Sustainable Development Goals-2015' to develop policies that promote economic growth and full employment, including those policies that support entrepreneurs and the growth of small and medium-size businesses (The United Nations, 2016).

India will have the largest working population in the entire world by 2030, increasing by 9.7 million every year from 2021 to 2031 (Pai, 2011; Tandon, 2019). Hence, the necessity to promote entrepreneurship is much more imminent in India than any other nation across the world.

Although demographic dividend definitely represents a golden opportunity for the country but also poses challenge to provide employment to such humungous numbers in order to employ their potential for the growth of the country. It demands the need to have more 'job creating citizens' than 'job seeking citizens'. Entrepreneurship for India is thus not only an opportunity but a necessity in order to fuel economic growth. Thus the economy needs to develop an ecosystem that promotes entrepreneurship and facilitate more and more people to become entrepreneurs. The factors promoting entrepreneurship in an economy primarily include access to the capital, effective regulatory and legal systems, favorable social norms, supportive government policies, efficient mentoring and opportunities to acquire required skills and knowledge. With the advent of knowledge economy, the complexity and competition has increased manifold, thrusting further

importance on skilled and knowledgeable 'entrepreneur' as the central agent of economic development (Kurotimi, Franklin, Aladei & Helen, 2017).

1.1. Definition and Concept of Entrepreneur and Entrepreneurship

Entrepreneurship is understood in different ways by different people due to lack of consensus in understanding the concept. For years, economists and scholars have been attempting to define entrepreneurship but still there are differences in the way the concept is comprehended by different people and countries. These differences in understanding the term 'Entrepreneurship' can also be attributed to the difference in the cultural, economic and socio-political context in which the term is referred to as well as the varied fields of entrepreneurship research viz. social science, management, anthropology, economics etc. (Ahmad & Seymour, 2008) . Entrepreneurship is considered synonymous to self-employment by some, while others consider it similar to any other business activity. These views are conflicting to those who consider entrepreneurship as meaningless without innovation. The ambiguity in understanding entrepreneurship has further deepened with the introduction of related terminologies like Intrapreneurship, Corporate Entrepreneurship, Venturing, Social Entrepreneurship, Subsistence Entrepreneurship etc. Etymologically, the word "entrepreneur" is derived from the French word '*entreprendre'* which means 'to undertake'. It was first used in 16th century for the Frenchmen leading military expeditions due the nature of risk involved in the job undertaken by them. In the 17th century, architects and contractors of public work were referred to as entrepreneurs based on the uncertainty and risk related to their work (Pahurkar ,2011).18th century marked the beginning of the association of term entrepreneur to the context of business and economics. The following section discusses the evolution of the concept of the entrepreneurship and most prominent definitions proposed by the eminent economists and scholars.

Richard Cantillon (1755): Cantillon introduced the application of the word 'Entrepreneur' to economic activity for the first time. He defined entrepreneur as someone who buys means of production at certain prices, converts them into marketable products and sells at uncertain prices in future. He endorsed 'risk taking' as one of the most important attribute of an entrepreneur. The Cantillon's idea of entrepreneur, even considers beggars, thieves and farmers also as entrepreneur. Cantillon's entrepreneur may work on their own without capital or establish an enterprise with capital (Kalantaridis, 2004; Cherukara & Manalel, 2011; Gündoğdu,2012). In 1766, **Turgot** proposed 'entrepreneur' as an outcome of capitalist decision maker. According to him, capitalist

who decides to buy goods to run a business, instead of just lending his money or buying land; becomes an entrepreneur (Grebel, Pyka & Hanusch; 2003 Cherukara & Manalel, 2011).

Jean Baptise Say (1803): In the 19th century, French economist, J.B.Say's work is considered as seminal in the theoretical understanding of term 'entrepreneur'. He defined entrepreneur as the one who, "shifts economic resources out of an area of lower into an area of higher productivity and greater yield." Say's entrepreneur must *co-ordinate, supervise, organize* and must be perseverant and knowledgeable. He regarded entrepreneur as the main agent of production who provides scarce type of labor and emphasized on his ability to identify the opportunity. According to Say, the decision making ability of the entrepreneur in the scenario of uncertainty of the demand and importance of the product makes his role difficult, unique and rewarding. Say, for the first time differentiated entrepreneur from capitalist, based on their source of earning. Capitalist mainly earn from interest, whereas entrepreneur earns from the scarce labor provided by him specially the coordinating activity. Say's idea of entrepreneur stayed for almost two centuries (Kalantaridis, 2004; Ahmad & Seymour,2008; Cherukara & Manalel, 2011). Another contribution to the understanding of entrepreneur in the 19th century is attributed to **Alfred Marshall**. Marshall associated entrepreneur with the role of bringing four factors of production; land, labor, capital and organization together. He also approved of the risk bearing attitude of entrepreneur as proposed by Cantillon and Say. According to him, entrepreneurs takes risk as they act based on the demand and supply anticipated by them. In addition to risk bearing and managerial skills, Marshall emphasized on the ability of the entrepreneur to minimize the cost of production (Iversen, Jørgensen & Malchow-Møller,2008, Cherukara & Manalel, 2011). His theory is further modified by various economists who replaced 'organization' with 'entrepreneur' as the fourth factor of production.

Frederick Barnard Hawley (1907): In his book 'Enterprise and the productive process', Hawley termed the entrepreneur as enterpriser. He disagreed to the concept of entrepreneur being recognized as one of the factors of productions like land, labor and capital. According to this theory enterpriser is the one who decides on the usage of factors of production like what to produce, how much to produce, which method of production to use etc. The profit earned by the entrepreneur is based on the risk and uncertainty borne by him (Hawley,1907).

Frank Knight (1921): The most important contribution of Knight to the understanding of the term 'entrepreneur' is the distinction drawn by him between risk and uncertainty. He stated that, in

situation of risk, prior probabilities can be used for decision making and risk can even be insured whereas in case of uncertainty no information is available to even predict the probability of future states of nature. The entrepreneur is required to procure the means of production at a given point of time and is able to sell the finished products only in later future. The decision in such scenario is based on the knowledge, judgment, foresight, managerial capability and confidence of the economic agents. These economic agents called entrepreneurs, are believed to have the capability to foresee the uncertain future events and take responsibility by guaranteeing timid and doubtful people of specified income thereby themselves insuring the uncertainty. The profit of an entrepreneur is thus the reward he/she receives for bearing the cost of uncertainty and the specialized ability to provide right direction to economic activities. He also developed a model to understand the entrepreneurial decision making (Knight,1921; Kalantaridis, 2004).

Schumpeter (1949): Schumpeter's contribution to the development of the understanding of the term 'entrepreneur' is considered to be the most significant in 20th century. He intertwined the idea of entrepreneurship with innovation and distinguished entrepreneurs from mere business owners and capitalists. He disregarded the existing notion of considering individuals possessing risk bearing capability and managerial skills as entrepreneur. According to Schumpeter, capitalist and money lenders are risk bearers and not entrepreneurs. In the context of managerial activity, he believed that entrepreneur may perform managerial activity but that should be in addition to the entrepreneurial activity performed by him. To be regarded as an entrepreneur, one should (a) create a new product or service or new quality (b) introduce new method of production (c) explore new markets (d) capture new source of supply; or (e) create new organization/industry (Schumpeter,1982). He also differentiated the task of an innovator from that of an inventor. Schumpeterian entrepreneur need not invent anything, instead identifies the means through which new inventions can be applied to achieve better products or processes. His idea of innovation is rooted in the principle of 'Creative Destruction'. According to Schumpeter, entrepreneur need not necessarily be business owner; any innovative director of large company who breaks the equilibrium of the market can also be regarded as entrepreneur (Kalantaridis, 2004). Schumpeter's view differs from Knight's view on the ground of the main function of the entrepreneur. According to Knight, main role of the entrepreneur is to bear the consequences of the uncertainty whereas Schumpeter argues that the primary role of entrepreneur is to innovate, the uncertainty is to be

borne by banker or capitalist. Schumpeterian entrepreneur moves the economy from static equilibrium through his innovative ways and means (Iversen et al.,2008).

Kirzner(1973): Kirzner, an Austrian economist proposed that entrepreneurs possess the 'alertness' to notice the errors existing in the market exchanges which leads to disequilibrium in the economy. Kirzner entrepreneur plays an equilibrative role by discovering the errors to disequilibrium, identifying opportunities arising out of those errors and pushing the market towards equilibrium (Kirzner, 1973). Schumpeter, on the contrary proposed creative destruction of the existing equilibrium. Kirzner however did not focus on development of new product, processes or technology by the entrepreneur. **Kirzner (1999)** elaborated on the contradiction proposed by the two researchers as the difference in the objective and view point. According to Krizner, Schumpeter focused on the continuously changing and technologically evolving capitalism while he (Kirzner) emphasized on the inside workings of capitalism, thereby proposing co-existence and simultaneous validity of both the views. Though Kirzner (1973) did not mention about the need of creativity for an entrepreneur, it neither denied the importance of creativity, boldness and innovativeness for an entrepreneur. Creativity with imbibed alertness is the key to successful entrepreneurship (Kirzner,2009).

Schultz (1975): Schultz also approved Kirzner's proposition that economic growth creates disequilibria and entrepreneur's ability is to relocate the resources efficiently during the state of disequilibrium. The process of relocation of resources takes time and depends upon the efficiency of the individual and cost-return benefit. The equilibrating process involves risk and uncertainty, ensuing economic reward for the entrepreneur. Also, it is not only the entrepreneur who possess this ability of optimizing the disequilibrium, others like laborers, housewives, students etc. also reallocate the resources to gain equilibrium (Schultz,1975).

Casson (1982): Casson emphasized that the judgmental decision making ability to coordinate scarce resources is the most distinguishing characteristic of an entrepreneur. According to Casson, coordination is a dynamic process, rendering entrepreneur as agent of change, unlike Kriznerian, who considers entrepreneur's role only with allocation of resources and not necessarily improvising on them. Casson proposed that some qualities required for decision making are possessed by everyone but few of them are peculiar to entrepreneurs like imagination and foresight. Entrepreneurs are expected to possess all the qualities required for decision making (Casson, 1982).

Stevenson (1983): Stevenson in his book 'A perspective on entrepreneurship' defines entrepreneurship as "pursuit of opportunity beyond resources currently controlled". He disapproved the adequacy of social and psychological traits like risk bearing, innovation, need for achievement, locus of control etc. as well as mere economic function of 'starting a business' in defining an individual as an entrepreneur. He advocated that examples of various successful entrepreneurs like Raymond Kroc of McDonalds, Howard Schultz of Starbucks, illustrate that entrepreneur need not necessarily be the founder of the business. According to Harvard Business School professor, entrepreneurship is a managerial behavior pattern intertwining the behavior of trustee who is on one extreme of the spectrum and promoter on the other extreme end. Entrepreneurship can be exhibited in new as well as existing organization but as the firm grows administrative behavioral approach becomes more prominent (Stevenson, 1983).

Drucker (1986): Drucker in his book on 'Innovation and Entrepreneurship' introduced the concept of 'systematic entrepreneurship' arising as a result of 'purposeful innovation'. According to him, "Entrepreneur always searches for change, responds to it and exploits it as an opportunity". He argued that entrepreneurship is not as risky as has been proposed and believed since centuries. In fact, it is least risky, if done systematically through purposeful innovation. He also proposed seven sources of innovative opportunity indicating scope of systematic innovation for any entrepreneur. According to him, four of these sources exist within the business or industry, namely; the unexpected success/failure, incongruity between actual reality and assumed reality, process need and market need. Other three factors leading to systematic innovation are external including demographic changes, changes in perception and new knowledge. He also reiterated the concept of entrepreneurship and entrepreneur within an existing business in addition to the commonly accepted notion of new venture creation as synonymous to entrepreneurship (Drucker,1986). This concept of practicing entrepreneurship through constant innovation by large organizations is today widely recognized as 'Intrapreneurship'. His work is instrumental in differentiating entrepreneurship from other businesses, small or big.

Gartner (1989): Gartner was one of the earlier researcher in the domain of entrepreneurship who emphasized on behavioral approach of entrepreneurship rather than focusing on the traits of entrepreneur in his paper titled 'Who is an entrepreneur? Is a wrong question'. He defined entrepreneurship as creation of new organizations and entrepreneur as someone who facilitate the

creation of organization. He proposed that entrepreneurship ceases once the organization is created (Gartner,1989).

Shane and Venkataraman (2000): Shane & Venkataraman argued that entrepreneurship cannot be solely defined by understanding the entrepreneur. They provided a framework for entrepreneurship which did not only include individual entrepreneur but also focused on existence, discovery and exploitation of opportunity. They further attributed the role of societal and population level factors which may encourage some people to behave entrepreneurially in response to a given opportunity while others may not. Previous researchers mainly ascribed entrepreneurial actions to the individual characteristic of an entrepreneur. Moreover, they also approved of entrepreneurship within the existing firm as earlier proposed by Stevenson and Drucker. Entrepreneurship, according to them, is a process involving identifying, evaluating and exploiting opportunities (Shane and Venkataraman, 2000).

Casson (2005): Casson proposed entrepreneurs as market makers, who in addition to bringing markets back to equilibrium (Kirzner,1973; Schultz,1975), recognize the demand for the products and services that do not exist and thus create new markets. Depending on the access to required financial and organizational resources, the entrepreneur may himself implement the idea or through others. Casson also differentiated entrepreneurship from self-employment and small business by reiterating the significance of innovation and technological progress as proposed by Drucker. Other important traits of entrepreneur according to Casson included optimism, self-confidence, social networking, risk taking and good information management (Casson,2005).

Saras Sarawathy (2001): Sarawathy introduced the concept of 'Effectuation' to entrepreneurship. According to her all entrepreneurs have a distinct rational ability that she termed as effectuation which differentiated them from non- entrepreneurs. Effectual reasoning is contrary to the causal reasoning. According to effectual reasoning 'to the extent we can control the future, we do not need to predict it' (Saraswathy,2001).

National Knowledge Commission(NKC) : NKC of India defined Entrepreneurship as **'**Professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise *de novo* or diversifying from an existing one (distinct from seeking self-employment as in a profession or trade), thus to pursue growth while generating wealth, employment and social good' (National Knowledge Commssion, 2008).

Organization for Economic Co-operation and Development (OECD): OECD developed a definition of entrepreneurship taking into consideration all the existing definitions and concepts so as to enlist the parameters that can be measured, aiming to help policy makers in understanding the factors affecting entrepreneurial activity, level of entrepreneurial activity across nation and influence of entrepreneurial activity on the economy (Ahmad & Seymour, 2008). The report also differentiated entrepreneurs from businessmen and business financers. According to OECD, entrepreneur should be engaged in doing something different by identifying new products, processes or markets by creating a new business or within the existing business and should be involved in day to day operations of the venture.

Acs, Braunerhjelm, Audretsch & Carlsson (2009): Acs, Braunerhjelm, Audretsch & Carlsson proposed Knowledge Spillover Theory of Entrepreneur which explained the source of opportunities for entrepreneurs. According to this theory, the knowledge generated by existing firms through research and development is only partially used by them, the remaining part of the knowledge generated by them create opportunities for new entrepreneurs. This intra temporal spill of knowledge which is not used by the incumbent firm itself, leads to radical innovations and breakthrough start-ups. They proposed that if the entire new knowledge created by the firm is used endogenously, it will hamper innovation, entrepreneurship and growth (Acs, Braunerhjelm, Audretsch & Carlsson, 2009).

Tolbert & Coles (2018): Tolbert & Coles recommended that entrepreneurship should be regarded as an institution rather than focusing on the individual characteristics of entrepreneur. This approach explained the gender, geography, ethnicity and other social group based differences in pursuing entrepreneurship as well as encompassed behavior approach towards creating new business as advocated by the earlier researchers. According to them, variation in entrepreneurship across geography and other groups can be attributed to the variation in common social understanding about the value of entrepreneurship of those particular groups. The variation can be in mode of entry, form of organization, mode of financing as well as mode of exit (Tolbert & Coles, 2018).

Bosman & Fernhaber (2018): Bosman & Fernhaber suggested that entrepreneur needs to create value, based on technical feasibility, customer desirability and business vitality. This can be achieved by embracing uncertainty, and moving from unknown to known by continuously experimenting and learning (Bosman & Fernhaber ,2018). They also reinforced that entrepreneur

may start up his/her own venture or exist within large or small organization of any nature as also proposed by Stevenson (1983), Drucker (1986), Shane & Venkataraman (2000) and OECD (Ahmad & Seymour, 2008).

The evolution of the definition of entrepreneur and entrepreneurship suggest that three approaches have been used collectively by different researchers in defining entrepreneurship i.e. trait approach, behavioral approach and opportunity identification approach. In fact, in order to define entrepreneurship, all three approaches need to be applied collectively. Kobia & Sikalieh (2010) aptly quoted "Individual combines both traits and behavior in order to exploit the opportunity". Nevertheless, a robust universally accepted definition of entrepreneurship is yet to emerge. Table 1-1 depicts the evolution of definition of 'entrepreneur' from 16th century to 21st century.

Table 1-1 : Evolution of definition of 'Entrepreneur'

Century	Definition of Entrepreneur
16th Century	Frenchmen leading military expeditions
17th Century	Architects and contractors of public work
18th Century	**Cantillon :** *"Someone who buys means of production at certain prices and combines them into marketable products sells at uncertain prices in future"* **J.B.Say:** *"Someone who shifts economic resources out of an area of lower into an area of higher productivity and greater yield"*
20th Century	**Schumpeter: "***Entrepreneurs are individuals who exploit market opportunity through innovation"* **Peter Drucker :** "*Someone who actually searches for change, responds to it, and exploits change as an opportunity"*
21st Century	**Howard Stevenson:** "*Entrepreneurship is the pursuit of opportunity beyond resources currently controlled"* **National Knowledge Commission**: "*Professional application of knowledge, skills and competencies and monetizing a new idea, by launching an new*

	enterprise or diversifying from an existing one to pursue growth while generating wealth, employment and social good"

Entrepreneurship is an outcome of positive interaction between (a) entrepreneur, (b) entrepreneurial activity and (c) entrepreneurship ecosystem as depicted in *Figure 1-1*. Entrepreneur is an individual who combines the resources in a new way to create a new business or to enhance the value of an existing business. Entrepreneurial activity refers to the set of all activities an entrepreneur has to undertake in creating and sustaining the enterprise including enterprising human activity, opportunity recognition and resource gathering, operating in changing and uncertain environment and creating value (Ahmad & Seymour, 2008). Entrepreneurship ecosystem includes accessible finance, infrastructure support, social and cultural norms, government policies and training and education (National Knowledge Commssion, 2008). Enabling entrepreneurial ecosystem substantially influence the response of the entrepreneur and plays a determining role in encouraging entrepreneurship in any economy. Entrepreneurship, can be defined as creation of new combinations as a result of creative and innovative response of the entrepreneur to the changing environment.

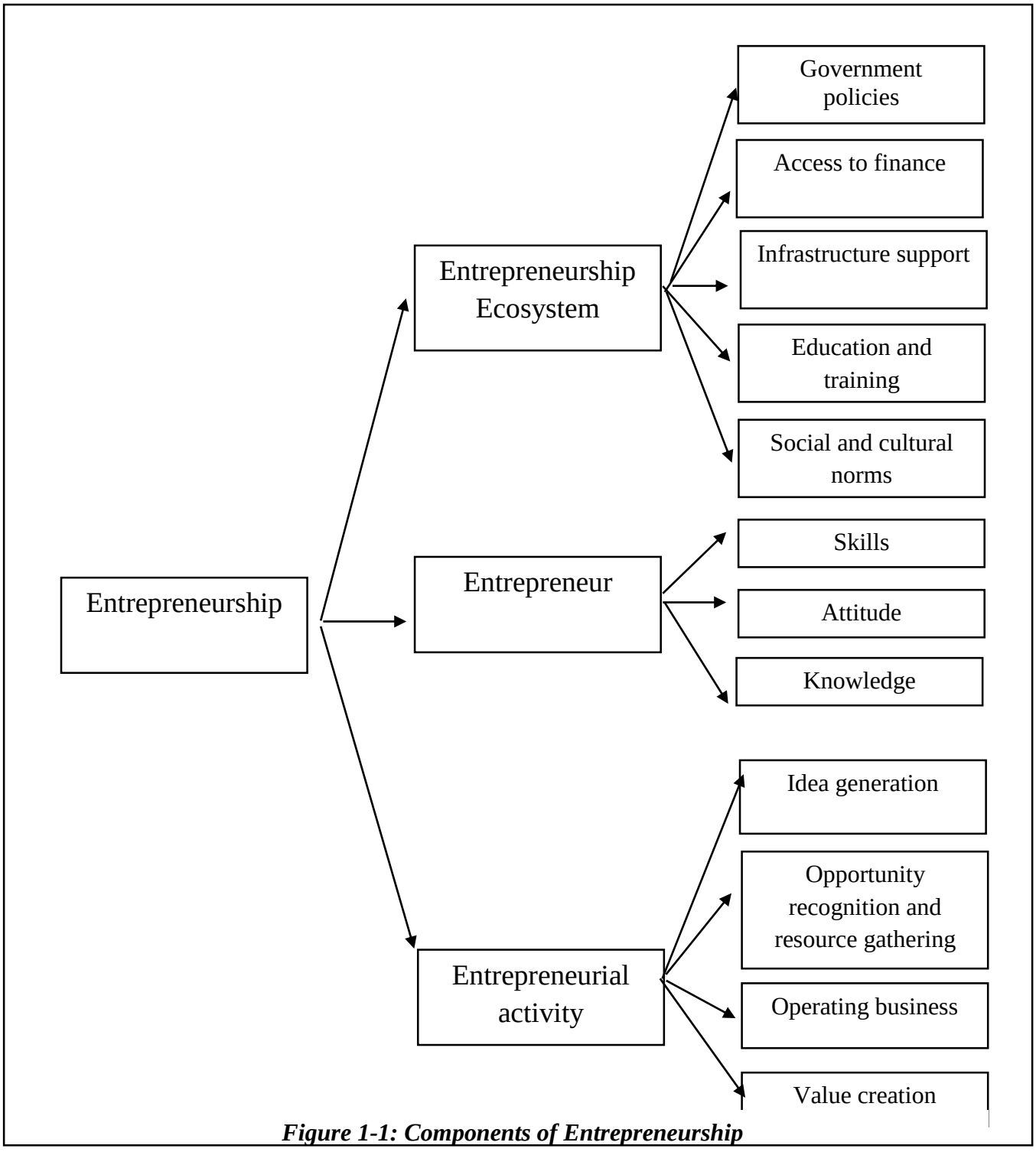

Figure 1-1: Components of Entrepreneurship

Source: Adapted from National Knowledge Commsion Report on Entrepreneurship (2008)

1.2 Evolution of Entrepreneurship in Global Context

The world history of entrepreneurship dates back to 17000 BC, nearly 20,000 years ago in the form of trading obsidian (specific hunting tool) for other tools, skins and food in New Guinea. Entrepreneurship continued in the similar form for thousands of years, before the advent of agricultural revolution. Agricultural revolution in 12000 BC transformed the hunting and gathering culture of human society to more settled occupation of domesticating plants and animals. People slowly started developing specializations in growing food, fishing, cooking, tool-making, shelter-building, clothes-making, pottery, carpentry, masonry etc. as everyone was not required to be involved directly in gathering food for themselves. People started trading their goods and services for specialized goods and services of other people. Cities emerged and people started building their permanent houses. Most of the civilizations developed on the banks of the rivers. As the trade routes started developing, people begin to trade across cities and even countries. Some of the most popular trades of the time were trade of rice from China across Asia, trade of coffee from Arabia to Europe, trade of salt from Africa to Rome etc.(Allis,2018).

Invention of money in 2000 BC in Iraq brought an end to the barter system and allowed entrepreneurs to store the value of goods and services sold by them in the form of currency leading to expansion of trade (Allis, 2018). The spurt of population and growing complexity of business led to the development of banking system, guild system and concept of market place. The idea of profits, efficiency and innovation was not appreciated at that time. 16th to 18th century was the era of merchants and explorers who were the entrepreneurs of that time involved in raising capital, taking risk and stimulating economic growth. The economic wealth of the world was considered to be a limited resource and country's wealth was solely based on how much treasure and gold it could obtain. This philosophy of mercantilism was later shunned by the idea of capitalism supported by Adam Smith. It promoted entrepreneurship that propagates innovation and competition fueling self-interest and national wealth. The Industrial revolution in 1880s shifted entrepreneurship from small scale production to mass production and economies of scale using machines and power. It began in Great Britain and Europe and later centered on the United States and Germany (Kelly, 2016).The increasing globalization and other micro economic factors took entrepreneurship to the next level following Second World War. Some of the best entrepreneurial ventures of the world especially in America; like McDonalds, GE, IBM, Ford, Lockheed prospered during that time. The first ever industrial park in the world for start-up clusters was established in US in 1950 (Sorman, 2012). The

modern day entrepreneurship stands on the pillars of creative destruction and innovation. Nations all over the world are promoting entrepreneurship to meet the ever rising demands of the economies and to solve problems in innovative ways. Entrepreneurs are at the vanguard of innovation occupying special place in the society and economy.

1.2.1 History of entrepreneurship in America

Entrepreneurship is said to be deeply rooted in America, as the country itself was founded and settled by the entrepreneurs of The Virginia Company (also known as The London Company) who landed there in search of new opportunities for plantation in 1607. Export of tobacco from Virginia was instrumental in prosperity of Virginia. Other successful business in New England i.e. North-East coast of United states were export of dried cod fish, shipping, lumbering, fishing and rum distilling. In 1641, John Winthrop convinced British capitalist to invest in iron smelting business in America which had abundance of iron-ore and wood. 100 years later America was producing and exporting more iron than any other country. The first ever patent to an American was given for the device that improved manufacturing of edged tools in 1646. This ignited the era of American inventions including bifocal glasses, automated flour mill, high pressure steam engine, oil industry, airplane, Coca-Cola, computer and so on (Gordon, 2014). Perkins (1989) elaborates that large segment of merchants, artisans, farmers, livestock farmers, colonial tenants as well as indentured slaves during the colonial era in America, exhibited entrepreneurial spirit as they did not restrict their activities to mere earning a living income, instead focused on reinvesting their savings to scale their respective businesses. For example; farmers would build fences, construct barns, hire additional laborers to improve their agricultural production. American independence in 1776 imbibed in the principle of life, liberty and pursuit of happiness further encouraged entrepreneurship in America (Blasingame, 2014). After the American Civil War (1861-65), entrepreneurship grew exponentially, with the expansion in agriculture, mining and the growth of transportation and communication. Entrepreneurs were the most admired individuals of the society and pursuing entrepreneurship offered great financial rewards. Gross Domestic Product of United States of America(USA) multiplied more than seven times in half century following the Civil War. The per capita income of the people almost doubled during 1865 to 1920.This was the era of emergence of large scale business in America. The expansion of railroad network was instrumental in expansion, growth and success of existing firms as well as provided opportunity for new kind of business. The government played in an influential role in promoting entrepreneurship by creating the world's largest free trade zone, granting exploitation rights of mineral resources to

public, subsidizing transportation, mapping location of raw materials, facilitating supply of technical knowhow and low cost strong patenting system, during this period (Lamoreaux, 2010). In 1916, the economic output of USA was greater than the entire British empire (Frum, 2014).

In 1929, America's economy suffered a major setback known as Great Depression, whose impact lasted for years to follow leaving nearly 15 million people unemployed. This compelled people to become survivalist entrepreneurs specially in the food industry like grocery stores, bakery, frozen food etc. Many of those entrepreneurs and their descendent businesses boast of billion-dollar fortune today like Jenkins (Publix super market), Galoos (largest wine makers), Simplots (Mc Donald frozen French fries), Hesses (oil tycoon), Boyles (sportswear retailers) etc. (Sorvino, 2014). World War 2 (1939-45) further emphasized on the need of continuous innovation for survival due to rapid scientific and technological changes. Defense production industry like aerospace and electronics became major focus of the business during that period. As America won the war in 1945, the following decade was the period of economic growth and rise of private sector. The major thrust of the economy from 1950 to1970 was on big businesses generating majority employment. The following decades were dominated by innovative small businesses. During 1981-84, business created during last ten years added 7,50,000 new jobs whereas Fortune 500 companies lost 3 million jobs (Drucker,1984). Between 1996 and 2004 average of 550,000 small businesses were started every month. (The Economist, 2009).

Today, United States is beacon of entrepreneurship for the entire world, with the largest base of venture capitalist and highest number of world famous entrepreneurs. People, all over the world admire its ability to produce world-changing entrepreneurs, such as Benjamin Franklin, Andrew Carnegie, Ophrah Winfrey, Walt Disney, Henry Ford, Raymond Kroc, Howard Schultz, Bill Gates, Steve Jobs, Larry Page, Mark Zuckerberg and the list is endless. Not only entrepreneurs, America is also recognized for its wealth-creating universities, such as Harvard and Stanford, and world-beating clusters, such as Silicon Valley. The economic strength of America is rooted in its entrepreneurial culture that promotes risk taking and creative destruction. America's open immigration policy has also led immigrants to contribute significantly to entrepreneurship in America. In 2007, it was noted that nearly 52% of the Silicon Valley ventures were founded by the people of non-American origin (The Economist, 2009). The supportive regulatory policies, stable economic regime and strong academia-industry bond intensifies the entrepreneurial drive of Americans. Unsurprisingly, USA was the first nation in the world to protect intellectual property right, thereby promoting innovation.

However, USA, which has so far been a role model of Entrepreneurship, has seen a decline in the recent decades. In the first decade of 21st century new firms constituted 8% of total firms as compared to 135 in 1980s. A report by National Bureau of Economic Research (NBER) depict sharp decline in entrepreneurial activity from 2005-15 (Denning, 2016). Some of the reasons cited for this downfall include the changes immigration policies; arduous taxes and regulations and economic uncertainty, thereby reinforcing the significance of entrepreneurial ecosystem in facilitating entrepreneurship in any nation (Buchanan, 2015).

1.2.2 History of entrepreneurship in Europe

In Europe, the importance of entrepreneurship was realized much later as compared to USA. For a very long duration, entrepreneurship in Europe was synonymous to small business. Though some of those business survived for more than a century but only 3% were growth oriented which led to the stagnation of economic growth in Europe (Birch, 2002). Only 5% of the companies that originated in Europe since 1980, could feature in the list of the 1,000 biggest European Union companies by market capitalization as compared to 22% of the American companies. The culture, legal and structural issues in Europe also restrained the scope of entrepreneurship there. In 2009, America had 50 times more angel investors as compared to Europe and venture capital industry in Europe was only one fifth as compared to America (The Economist, 2009).

Lisbon Agenda in 2000 emphasized the importance of innovation fueled through entrepreneurship as the growth driver for the economy. Since then, entrepreneurship promotion has been central to all the development policy measures in Europe. In 2003, European Commission also highlighted the importance of entrepreneurship for job creation, growth and competitiveness (Commission of the European Communities, 2003). Entrepreneurship has been identified as one of the eight key competencies for lifelong learning in Europe (European Communities, 2007).

According to Global Entrepreneurship Index (GEI) 2018, the top 10 countries based on the quality of entrepreneurship and the entrepreneurial ecosystem were USA, Switzerland, Canada, United Kingdom, Australia, Denmark, Iceland, Ireland, Sweden and France thereby suggesting considerable growth of entrepreneurship in Europe in the last decade. The GEI (2018) also found Europe depicted maximum strength in technology absorption and internationalization for Europe, whereas opportunity perception and risk acceptance was maximum in North America, product innovation and risk capital was highest in middle east and north Africa, opportunity perception was highest in sub Saharan Africa and product innovation and human

capital was found highest Asia-Pacific region. India's ranking in the same survey was 68 among 137 nations and 14 among the Asia-Pacific region. Though not satisfactory, India depicted 3% increase in the GEI index as compared to 2017 as well as 22% and 11% increase in product innovation and start up skill scores respectively indicating positive growth of entrepreneurship in India (Ács, Szerb & Lloyd, 2018).

1.3 Evolution of Entrepreneurship in Indian Context

1.3.1 Entrepreneurship culture during ancient and medieval period

Business history in India can be dated back to the Vedic Age. Rig Veda is the oldest literature with reference to the usage of sea route by Indians for trading purposes. Historically, entrepreneurship in India has been bound by religion, caste, culture and society. Business was prerogative of only the Vaishyas who had the responsibility of ensuring the prosperity of the society through agriculture, cattle rearing and trading (Deshpande, 2010). Merchants were named based on the nature of business and the amount of capital investment and traders were named based on the commodity traded by them and their geographical reach. By fourth millenary BC, with advent of modern civilizations like Harrapa, Mohenjodaro the trade was no longer restricted to exchange of goods between the tribes. Traders started exporting both through land and sea to Sumer, Egypt and other middle eastern countries. Shells belonging to Indian Ocean are found in tombs of people belonging to Neolithic and Mesolithic period in Germany, Sweden and Britain signifying India' s trade with these countries. Gold, silver, copper, lead and tin were imported from Persia, Afghanistan and Iran. Ornaments, cloths, pottery were exported to Egypt and other countries. Flourishing trade gave rise to many multi-millionaires in India like Sona of Campa, Dhananjaya of Saket, Sreshthiputra of Varanasi, Pavarika of Kausambhi and many more. The increasing commercial prosperity in India fascinated foreign invaders like Alexandar to attack and establish trade centers and develop commercial resources in Indian territory during 326 BC (Prasad,1977).

The trade in India prospered and became more organized during the Maurayan Empire (322-187 BC), with the involvement of the state and emergence of trade regulations. Kautilya, a distinguished economist of Ancient India and a key advisor to Mauryan Empire encouraged foreign trade, introduced mixed economy policy and guided traders with pricing of their goods so as to ensure profits. The guild system originated during Buddhist system also developed during this period. Guild system was instrumental in helping traders and manufacturers to undertake business profitably. Guild referred to the group of people following common trade or business with a guild leader. It performed the function of trade union, court of justice,

technological institution as well as financer (Shah & Agrawal). In addition to agriculture and trade, Mauryan era is also known for its manufacturing expertise in agricultural equipment, chariots, ships, arms, muslin clothes, embroidered dresses and chariots. Silver and glass vessels, wines, pigments, ointments were imported and silk, muslin, spices, perfume, indigo, iron, steel, ivory, pearls were exported. During Gupta empire, the foreign trade through western ports developed significantly in addition to the expansion of existing eastern ports. This extensively amplified Indian trade with China, Arabic and African countries. By the end of 1st century AD, considerable amount of foreign trade was also routed through South India to South east Asia especially due to the rulers of Chola dynasty. They were instrumental in routing large quantities of gold to India through trade with Roman empire (Prasad,1977). The extra-ordinary fertility of Indian land, the peculiar skills of Indian artisan and tireless efforts of Indian merchants, traders, farmers and manufacturers endowed India with supreme wealth and unique commercial position in trade with large number of Asian, African and European countries. The muslin of Dacca, the calicos of Bengal, the sarees of Banaras and other textile fabrics including cotton of Ahmedabad, shawls of Kashmir were famous worldwide. Indians were also experts in smelting of metals such as brass and tin. India was known for artistic industries like marble work, stone-carving, jewellery, brass, copper, woodcarving etc. (Pahurkar, 2009).

Subsequently, the trade declined during the early medieval period due to fragmentation of political power in India post Gupta dynasty, fall of Roman empire and dominance of Arabs on the North-west frontiers of India (Sharma,1987). Trade and commerce started reviving again after 900 AD with the expansion of agriculture, development of new urban settlements, growth of textile industry, oil industry, sugar industry, leather industry, arms and weapons manufacturing, metal craftsmanship etc. Indian craftsmen of the time were known for gold and silver embroidery, brass vessels and leather mats. In addition to inland trade of goods between cities, villages to cities and vice-versa, exports to Europe, China, Arabia and Egypt also flourished. The majority of merchant groups during 9^{th} to 13^{th} century was from western India (like Oswals, Palivaals, Shrimalis, Modhas) and southern India (Ayyavole and Manigraman). Multanis, Marwaris, Khatris and Gujarati Hindu banias were the main communities involved in trading in the medieval India (Arha,2014). Major foreign trade was carried out by Arab Muslims and later their share was restrained by Portuguese who overtook Goa in 1510. The major exports of medieval India constituted textiles, food grains, sugar, silk, jewels, pearls, ivory, sandalwood, spices whereas horses, gold and silver were majorly imported (NIILM, 2020).

Delhi Sultanate and later Mughal emperors (1526-1707 AD) endeavored to provide further thrust to business in India. They encouraged structure building and urban craft manufacturing in addition to the existing trade activities. Babur established efficient communication system; Sher Shah and Akhbar improved the road infrastructure to ease transportation of goods and traders; Jahangir liberalized trade by eliminating trade duty, personal travel tax and income tax (Lally, 2009). However, by the end of 17th century the trade started declining under the administration of Aurangzeb due to political disorder and financial bankruptcy resulting from continuous wars in the Deccan(Idris,2007). Also, Dutch and English entered India in 1606 and 1607 to take over the lucrative spice trading business from Portuguese (Lally, 2009) resulting in shift of major trade and business power in India to foreign hands.

1.3.2 Entrepreneurship culture during pre-independence

During the 17th and 18th century India exported handcrafted as well as agricultural products to many European and Asian countries. It is in this context, that Industrial Commission Report (1916-1918) mentioned–"At a time when the West of Europe, the birth place of modern industrial system, was inhabited by uncivilized tribes, India was famous for the wealth of her rulers and for high artistic skill of her craftsmen. And even at a much later period, when the merchant adventures from the West made their first appearance in India, the industrial development of this country was, at any rate, not inferior to that of the more advanced European nations" (Sanghi & Srija, 2016).

The most of the business activities in pre-colonial era were restricted to agriculture, textile handicrafts, artistic goods and trading. The British rule oppressed the entire handicraft industry and commercialized agriculture to focus on the export of raw materials from India and import of finished goods from Europe. It led to deindustrialization in India, which had one of the biggest industry in the world. During 1896-1913, 60% of Indian clothing demand was met through cloth pieces imported from England (Maddison,1971). On the other hand, British contributed significantly towards building telecommunication, ports, railways, roads, irrigation system; to facilitate their own trade, but it boosted agricultural produce as well as industrial output. The later part of 19th century witnessed the rise of some large scale industries in India specially cotton and jute mills. The first cotton mill was established in 1854 in Bombay by Cowasji Nanabhai Davar and first jute mill in 1855 in Calcutta. Another significant textile mill was set up by Ranchodlal Chhotalal in Ahmedabad in 1861. By the end of 19th century, there were 194 cotton mills and 36 jute mills. But most of the enterprises were British run as they received more state support and were more experienced. Indians mostly remained confined to

trade and the dependence on agriculture increased from 55% in 1901 to 72% by 1931 (Pahurkar, 2009). Another budding industry during this period was coal mining, in order to meet the demand of Indian railways. The first steel mill was started by Jamshedji Tata in India in 1911(Maddison,1971). Few Indian communities started entering the factory system and the class of Indian industrialist emerged by the first quarter of 20th century. Predominant communities involved in business included Parsis, Gujaratis and Sindhis in western India, Marwaris migrants in eastern India, Sikhs and Kayastha in north and Naidus and Chettiars in south (Oza, 1988).

The growth of entrepreneurship during this period was contributed by social reforms, swadeshi movement, betterment of education, increasing opportunities arising out of industrial revolution across the world, Indian government 'discriminating' protection policy and shortage of imports due to two world wars. Managing Agency System, introduced in 1936 by Dwarkanath Tagore was also instrumental in encouraging entrepreneurship in India. This system ensured that firm takes the responsibility of managing the business rather than an individual (Bhovi, 2016). This period witnessed the development of Indian textile industry, iron and steel industry, electric power, shipping, engineering, publishing of vernacular newspapers, setting up of vernacular medium educational institutions, financial institutions etc. Some of the most popular businessmen of the Indian history including Walchand Hirachand, Laxmanrao Kirloskar, Jamshedji Tata, Ghansyam Das Birla, Karam Chand Thapar, Mafatlal Gagalbhai, Lala Shri Ram, Pirojsha Godrej, Jamnalal Bajaj etc. emerged during this century.

The political instability and obtrusive economic policies deterred people from venturing into business but the advent of 20th century, slowly brought change in the societal attitude towards entrepreneurship and small businesses started surfacing in India.

1.3.3 Entrepreneurship culture during post-independence

The independence could have been a turning point for the growth of entrepreneurship in India but early decade of independence depicted slow transition from agrarian economy to industrial economy due to prolonged psychological effect of colonial suppression. Also the government policies focused more on the public sector with industrialization been kept under government regulation, thus undermining the role that individual entrepreneurs in economic development. The private businesses were restricted to either small scale or medium scale, most of the big businesses like communication, transportation, education, healthcare, heavy machine tools, heavy electrical, fertilizers, petrochemicals etc. were owned by the state. Entrepreneurship was

given very low priority during the first four five-year plan. In 1970s government accorded emphasis on development of small-scale industries in the country as ancillary units to large government industries. This was the first intensive campaign to promote entrepreneurship among the Indian business community (Bhovi, 2016). During the same period, government promoted export by providing marketing assistance and duty drawback to export oriented units. The Industrial policy of 1977 further promoted small scale industry by increasing the list of products reserved for small scale production from 180 to 500. Large scale industry received attention in the industrial policy of 1980 which liberalized the licensing and set them free from MRTP (Monopolies and Restrictive Trade Practices) and Foreign Exchange Regulation Act (Gholap, 2007).

New Industrial Policy of 1991 – Liberalization, Privatization and Globalization, brought an end to the era of License Raj and provided the much needed thrust to private sector in India. Many second generation entrepreneurs like Ratan Tata, Kumar Manglam Birla, Mukesh Ambani, Anand Mahindra, Rahul Bajaj, Srichand Hinduja as well as first generation entrepreneurs like Sunil Bharti Mittal, Subhash Chandra, Naresh Goyal, Gautam Adani ventured into government dominated industries like telecommunication, automobiles, airlines, entertainment, financial services, power generation etc. after new industrial policy. On the other hand, LPG policy also exposed Indian companies to competition with multinationals. Focus on technology and professionalism became the key for the survival of the business. Though self-employment grew in India over these years, most of the self-employed people in India were own-account workers who work on their own account or with one or more partners sparsely contributing to employment generation. Fifth economic census of India in 2005 reported, 95% of the enterprises employed 5 or fewer people and 98.5% employed 10 or less workers (Sanghi & Srija, 2016).

Report of the 'Task Force on Employment Opportunities' proposed that self-employment generates large part of employment in the nation and but people should be properly trained for various skills to be self-employed (Montek Singh Ahluwalia, 2001). Special Group Report on 'Targeting 10 million Employment Opportunities per year' also recognized the need of entrepreneurship for employment generation and national level Entrepreneurship Development Programs (Gupta, 2002). They propagated on the further need of formal and informal training programmes for the development of skills and entrepreneurial capabilities. Subsequently, MSME (Micro, Small and Medium Enterprises) Act was enforced in 2006 aiming to promote entrepreneurship and employment creation through facilitating setting up and running of micro, small and medium enterprises. Government has also launched scheme for providing support

for “Entrepreneurial and Managerial Development of MSMEs through Incubators” and MSME Technology centers providing technical skill training to enhance the competitiveness of MSMEs. The number of MSMEs has more than tripled since then. In 2015, India boasted of 48 million small business contributing 8% to country’s GDP; 45% to manufacturing output and 40% to country’s export (Arora, 2015). But it was not until 21st century that the entrepreneurial focus shifted to start-up from MSME. Though MSMEs are integral part of the economy, start-ups are the source of exponential growth. Most of the start-ups are driven by data, technology and knowledge. Key entrepreneurs of the current era include Sachin and Binny Bansal(Flipkart), Ritesh Agarwal(Oyo Rooms), Vijay Shekhar Sharma(Paytm), Nandan Reddy(Swiggy), Phanindra Sama(Red Bus), Bhavish Agarwal(Ola Cabs), Bjyu Raveendran(BYJU) etc.

Figure 1-2 represents entrepreneurship pyramid in India as of 2008 comprising of agriculture and related activities at level 1, trading at level 2, traditional sectors as manufacturing, electricity , gas and water supply at level 3 and emerging sectors as IT, finance, business services, construction, community, social & personal services, supply chain, transport, storage, communication etc. at level 4.Though 21st century has witnessed the rise in the technology and knowledge driven entrepreneurship and large number of non-traditional business community entrepreneurs in India (National Knowledge Commssion, 2008). As of 2018, majority of entrepreneurial activity was observed in wholesale and retail trade, agriculture entrepreneurial activity on the other hand had declined drastically (The Economic Times, 2018). Undoubtedly, India has witnessed increasing trajectory of the entrepreneurs and features among the top five nations in the world with around 10,000 start-ups and 4200 tech start-ups, the number is still very low as compared to 83,000 start-ups in US including 47000 tech start-ups (The Economic Times, 2016). Entrepreneurial growth of any nation can be predominantly explained through conduciveness of its entrepreneurship ecosystem among other factors.

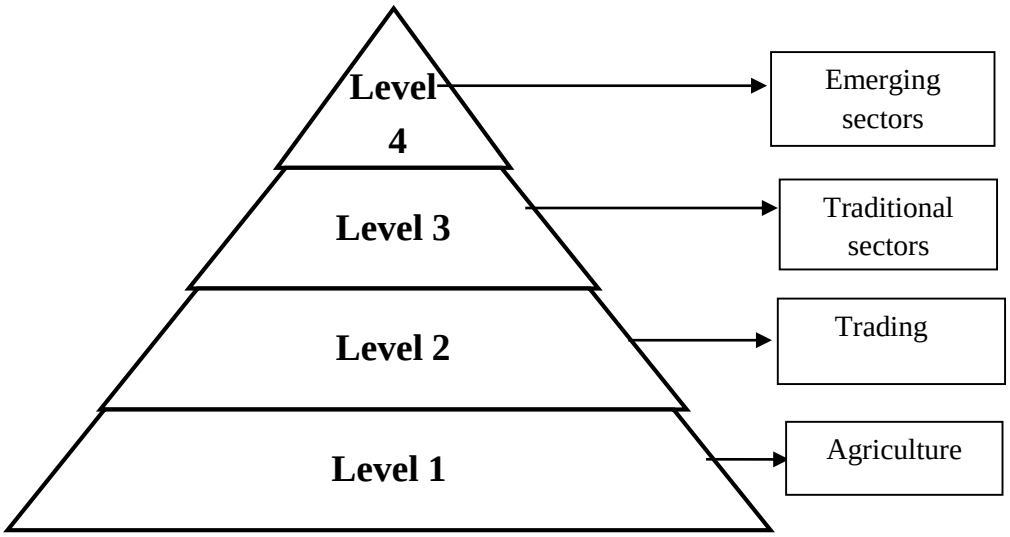

Figure 1-2: Entrepreneurship Pyramid in India

Source: Adapted from National Knowledge Commsion Report on Entrepreneurship (2008)

1.4 Entrepreneurship Ecosystem and Startup Culture in India in Modern Context

Enabling entrepreneurship ecosystem is responsible for the birth, nurture and growth of entrepreneurs and entrepreneurial ventures. The role of entrepreneurship ecosystem in enhancing the entrepreneurial activity in a society is surely indispensable. Recognizing the significance of entrepreneurship for the economy, several measures have been undertaken to make Indian entrepreneurial ecosystem more conducive and encouraging for the entrepreneurs. The following section reveals some insights into the Indian entrepreneurial ecosystem.

In EY G20 Entrepreneurship Barometer report 2013 report India ranked 11th in access to funding and entrepreneurial culture, 19th in tax and regulation, 20th in education and training and 5th in coordinated support. EY G20 conducts comprehensive quantitative and qualitative assessment of entrepreneurial ecosystems across the G20 countries based on the five parameters of entrepreneurial ecosystem i.e. access to funding, entrepreneurship culture, tax and regulation, education and training and coordinated support. Though the rankings are not very promising on most of the aspects, entrepreneurs seemed to be optimistic about improving entrepreneurship ecosystem. 66% of the Indian entrepreneurs said that access to private equity had improved in the past three years, 69% believed that country encourages entrepreneurship culture and 70% appreciated the support from informal entrepreneurial network. In training and education, where the country ranked the last, pre-university and university education score was near to 1 on the scale of 10, whereas entrepreneurship education and informal education score was above G20 average of 5.5 (EY, 2013).

In an another research conducted by Global Entrepreneurship and Development Institute (GEDI), India ranked 69 out of 137 countries, and 13 out of 24 countries in Asian-Pacific region in Global Entrepreneurship Index in 2017 rankings. GEI annual index measures the health of the entrepreneurship ecosystem of the country. United States ranked first with GEI score of 83.4 as compared to India's score of 25.8 (Cherukara & Manalel, 2011).

Entrepreneurial ecosystem rating by Global Entrepreneurship Monitor (GEM) 2020/21 indicated more than average rating on all of the ecosystem parameters for India depicting improvement in entrepreneurial enablers in the country. *Figure 1-3* gives ranking of India among 45 participating nations on twelve parameters measuring entrepreneurial ecosystem. GEM measures entrepreneurial activity and entrepreneurship ecosystem of around 115 nations across Africa, Asia, Latin America, Europe as well as North American. The parameters are measured on the rating scale 1-9 where 1 indicates highly insufficient and 9 indicate highly sufficient. The figure in bracket denotes rank of India on that parameter out of 45 participating nations. Blue line indicates GEM average and orange line indicates rating for India for various ecosystem parameters. Though India's score is above GEM average score on all parameters, sufficiency scores are lowest for entrepreneurship education among the twelve parameters (GEM, 2021).

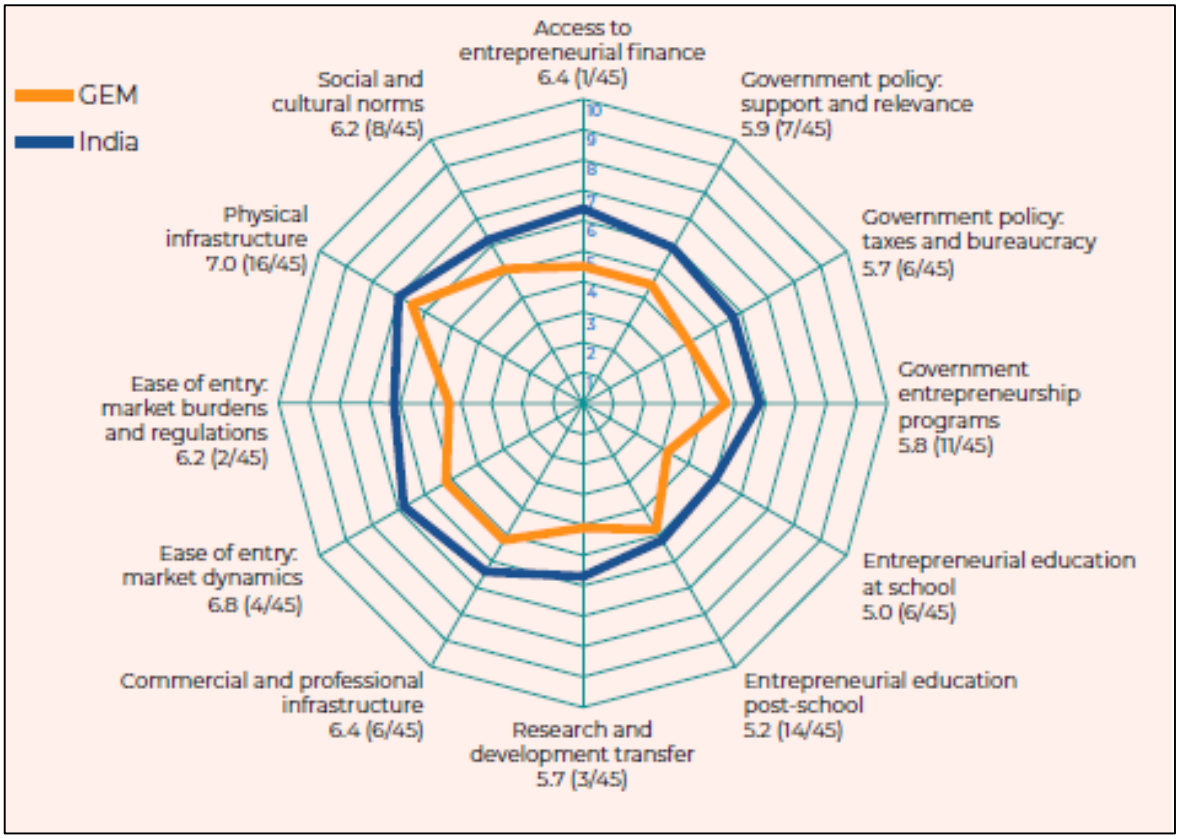

Figure 1-3: GEM rating of Entrepreneurship Framework conditions in India

Source: Global Entrepreneurship Monitor-2020/21 Global Report

Since, 2014, early stage entrepreneurial activities, intention to start business in next three years as well as established business ownership has been constantly increasing in India indicating positive perception of people towards entrepreneurial ecosystem as well as entrepreneurship. Nevertheless, decline in entrepreneurial intention from 33% in 2019 to 20% in 2020 was observed due to Covid pandemic as 86% of people in age group 18-64 years lost their household income due to pandemic and 42% potential entrepreneurs said their decision was largely influenced due to pandemic. Total early stage entrepreneurial activity which was constantly increasing since last five years also declined from 15% in 2019 to 5.3% in 2020 due to pandemic (refer *Figure 1-4*). But, expert's assessment of entrepreneurship ecosystem has not been majorly hampered by pandemic, suggesting a ray of hope towards returning to growth trend of entrepreneurial activity in the nation (refer *Figure 1-5*).

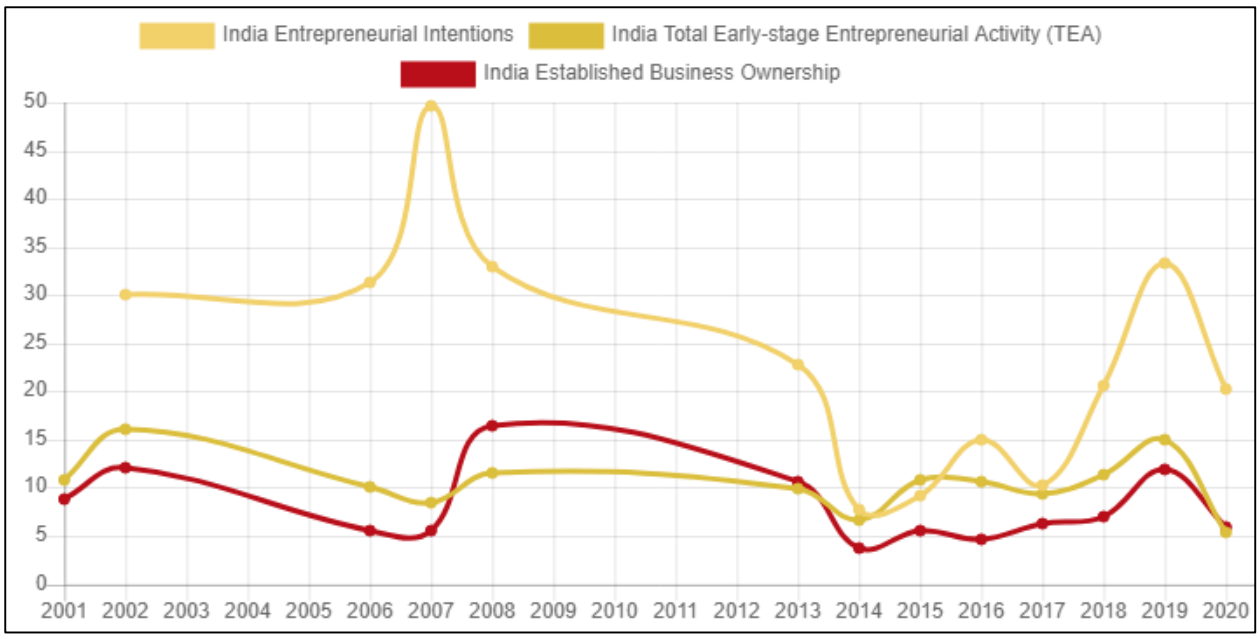

Figure 1-4 : Trend of entrepreneurial behavior and attitude in India over time

Source: https://www.gemconsortium.org/data

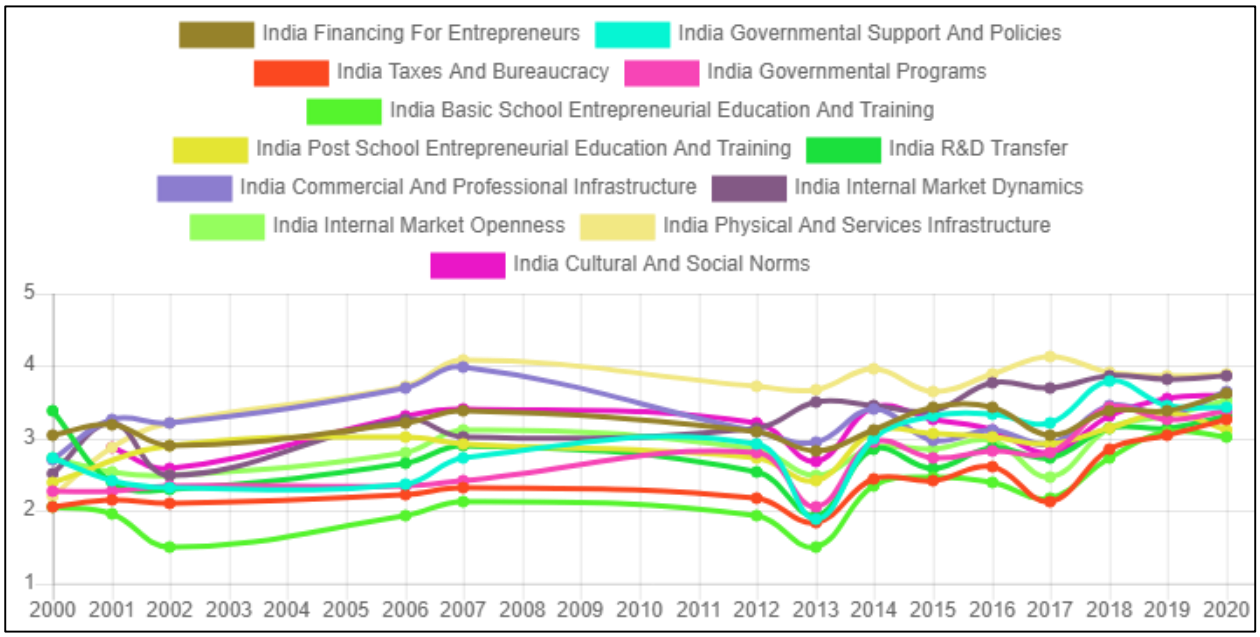

Figure 1-5 : Trend of entrepreneurial framework conditions in time over time

Source: https://www.gemconsortium.org/data

There have been constant attempts by the government to facilitate entrepreneurship in the nation in order to motivate more people to undertake entrepreneurial career. Some recent government initiatives by the government to enhance entrepreneurial ecosystem include setting

up of dedicated Ministry of Skill Development and Entrepreneurship, Make in India policy, Startup India policy, Stand Up India policy, MUDRA Bank, Atal Innovation Mission, Indian Aspiration Fund etc. Startup India Initiative provides various subsidies to entrepreneurs, relaxed norms for starting up businesses, digitalization of various procedures, more incubators/accelerators, access to dedicated funds, legal support, easy patent filing etc. Under the MUDRA bank, 20,000 crore fund was reserved to provide credit to manufacturing units and small business and 1000 crore for start-ups. Atal Innovation Mission provides platforms like Atal Tinkering Labs and Atal Incubation centers equipped with infrastructural facility to generate innovative ideas (NITI Aayog, 2020).

India is the third largest start-up ecosystem in the world after USA and China with 41,061 government recognized startups generating more than 4,70,000 jobs as per Economic Survey 2020-21 (Ministry of Finance, 2020) and 51 unicorns as of September 2021 according Hurun Research Institute (Business Standard, 2021).Undoubtedly, India's start-up ecosystem space is booming but with 12 million graduates entering job market every year, the number of new entrepreneurs is still far from adequate. Moreover, the success rate of start-ups is as low as 10% after five years of inception as per the study by IBM (McGrath & Muneer, 2021). Hence, though the overall entrepreneurial scenario looks promising, India still has miles to go to become a prominent entrepreneurial nation and all the measures to boost entrepreneurship should be prioritized. Among the various facilitators of entrepreneurial ecosystem, promotion and dissemination of entrepreneurship education and training has been identified as one of the key focus areas all over the world. 90% of the entrepreneurs in India and 84% of all G20 participants believe students need access to specific training to become entrepreneurs (EY, 2013). Moreover, India's score on this parameter in 2020-21 is lowest among the twelve GEM facilitators discussed in the previous section. Entrepreneurship education is also expected to contribute in bringing down the high failure rate of entrepreneurs by training them to face the challenges of entrepreneurship as well as to facilitate greater innovation in business ideas.

1.5. Entrepreneurship Education– History and Concepts

In the existing literature, the two terms used interchangeably in this context are: enterprise education and entrepreneurship education. Enterprise education is primarily found in UK and Australian literature and entrepreneurship education is used more commonly in Canada and United States (Mahieu, 2006). Enterprise education is expected to be a broader concept encompassing development of entrepreneurial skills, mindset and ability whereas entrepreneurship education primarily focuses on self-employment and requirements for

starting up a new business (Erkkilä, 2000; Mahieu, 2006; Moberg, et al., 2014). In order to avoid the conflict of the terminology, Erkkilä (2000) proposed 'entrepreneurial education' as a unifying term including both enterprise and entrepreneurship education but both the terms are equally well accepted individually. In the Indian context, entrepreneurship education is widely accepted terminology and hence considered for the present study.

Until 1980s, confusion also existed between entrepreneurship education and small business education. But, in the current context, small business education refers to training primarily focusing on managing and operating already established business whereas entrepreneurship education refers to training individuals in developing new business (Alberti, Sciascia, & Poli, 2004).

World Bank defines entrepreneurship education and training as "academic education or formal training interventions that share the broad objectives of providing individuals with the entrepreneurial mindsets and skills to support participation and performance in range of entrepreneurial activities". *Figure 1-6* provides the classification of Entrepreneurship education and training programs (Valerio, Parton, & Robb, 2014)

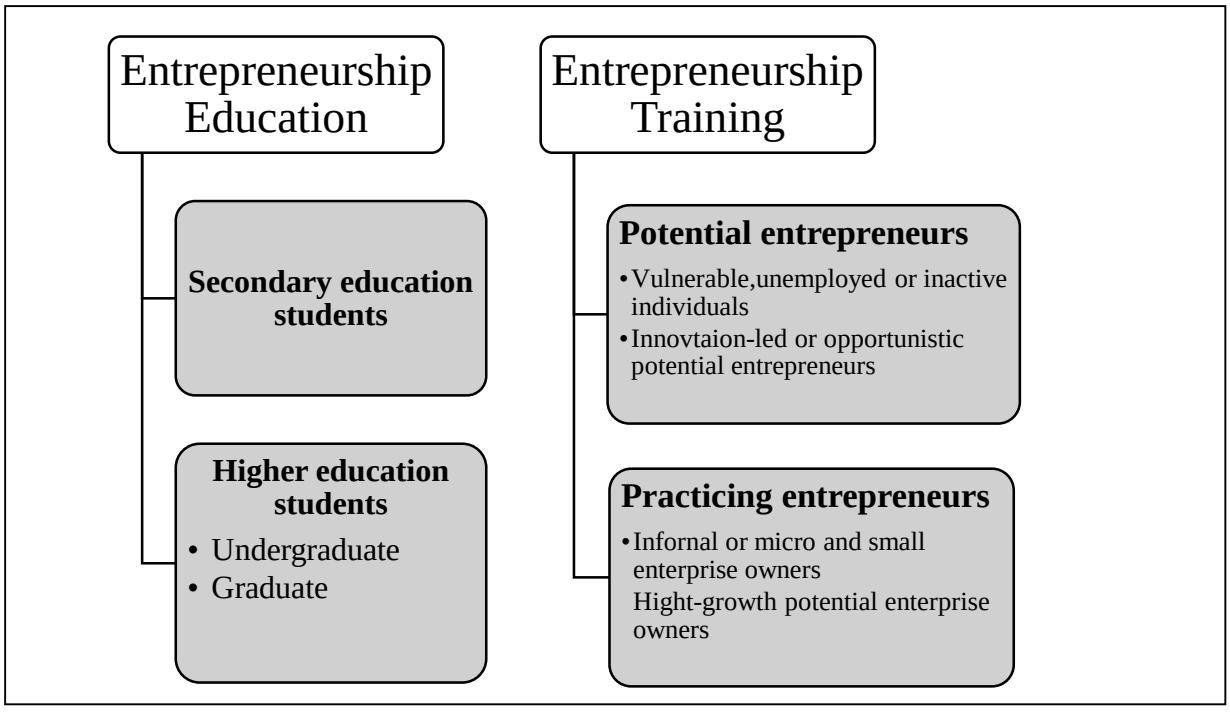

Figure 1-6: Classification of Entrepreneurship Education and Entrepreneurship Training

Source: World Bank report on Entrepreneurship education and training programs around the world (Valerio et al., 2014)

UNESCO inter-regional seminar on promoting entrepreneurship education (2008) stated "Entrepreneurship education is made up of all kinds of experiences that give students the ability and vision of how to access and transform opportunities of different kinds. It goes beyond business creation. It is about increasing students' ability to anticipate and respond to societal changes." It also distinguished entrepreneurship education in developed and developing countries with former focusing on creativity and innovation and the later one attempting to develop the positive attitude towards entrepreneurship (UNESCO, 2008).

European Commission definition of entrepreneurship education focus more on the development of skills, knowledge, and attitudes helping people in achieving their goals (European Commission, 2017).

Liñán (2004) stated "the whole set of education and training activities (within the educational system or not) that try to develop in the participants the intention to perform entrepreneurial behaviors, or some of the elements that affect that intention, such as entrepreneurial knowledge, desirability of the entrepreneurial activity, or its feasibility" constitutes entrepreneurship education. This comprise of knowledge, attitude as well as capacity development

Another significant definition of entrepreneurship education by Danish Foundation for Entrepreneurship proposes "Entrepreneurship education relates to content, methods and activities supporting the creation and development of knowledge, competencies and experiences that make it desirable and feasible for students to initiate and participate in entrepreneurial value creating processes" (Moberg, et al., 2014). It proposes the framework (depicted in *Figure 1-7)* illustrating the various dimensions to be included in entrepreneurship education initiatives.

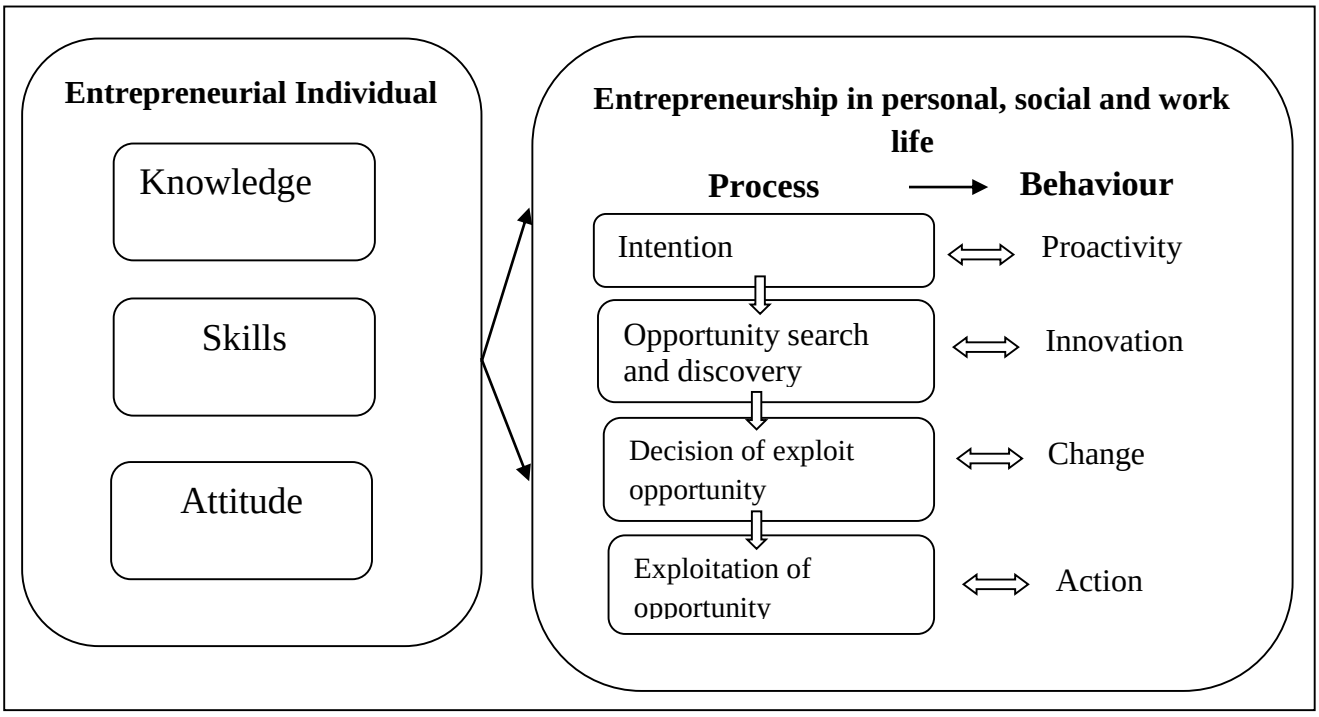

Figure 1-7: Dimensions of Entrepreneurship Education

Source: A report of ASTEE project (Assessment Tools and Indicators for Entrepreneurship Education) by The Danish Foundation (Moberg, et al., 2014)

The Consortium for Entrepreneurship Education (CEE) proposes entrepreneurship education as a lifelong process. They have shortlisted 403 important performance indicators of entrepreneurship education organized into 15 standards and proposed five stage model consisting of basics, competency awareness, creative application, start-up and growth. According to CEE, basics should be delivered during the school level; competency awareness, creative application and start up knowledge can be delivered through vocational and college education and help on the growth aspect can be provided through continuing education programs (National Consortium for Entrepreneurship Education , 2010). The five phases are represented in *Figure 1-8*.

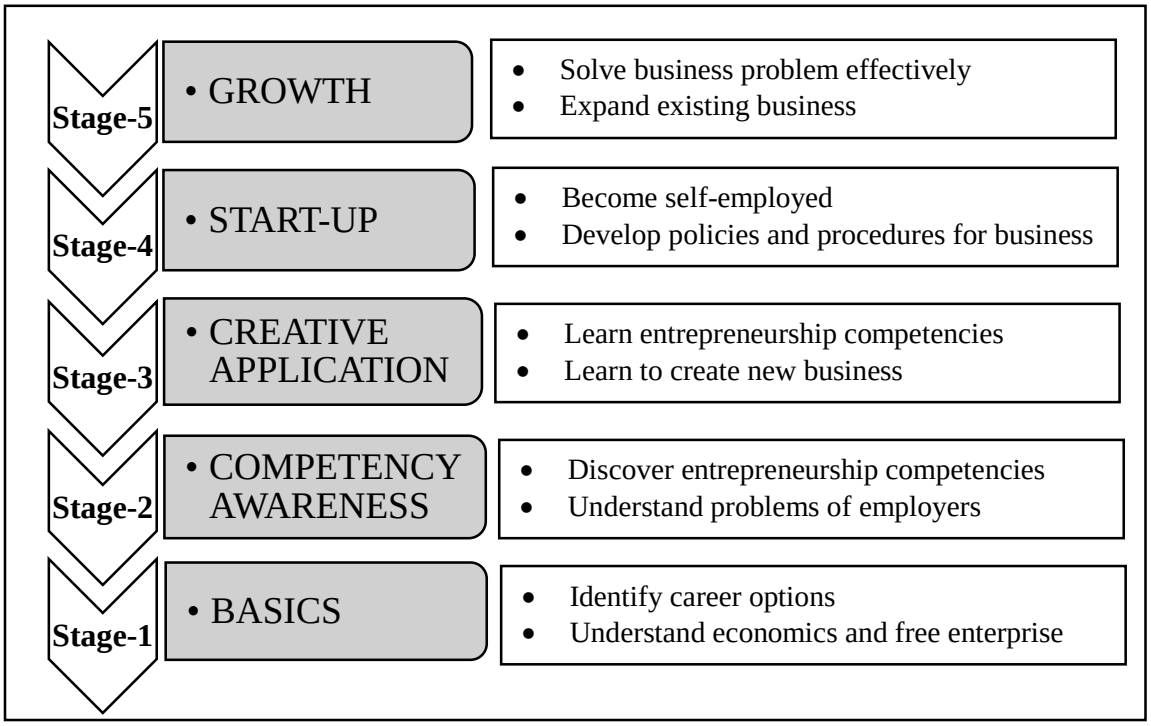

Figure 1-8 : Stages of Entrepreneurship Education

Source : National Consortium for Entrepreneurship Education (2010)

Thus entrepreneurship education focusses on the development of skills and knowledge relevant for idea generation, innovation, starting up, analysis of business situations, synthesis of action plans and managing growth. But the role of entrepreneurship education

is not only limited to the start-up skills and knowledge, it extends to the development of entrepreneurial mindset and behavior in the participants helping them to be entrepreneurial in their lives and developing entrepreneurial culture in the society (Alberti et al., 2004; UNCTAD, 2013; Moberg, et al., 2014).

Entrepreneurship education is expected to enhance the entrepreneurial intention of the participants by enhancing their confidence to succeed in an entrepreneurial career, to launch a new venture as well as and their expectations of strong positive outcomes resulting from an entrepreneurial career (Segal, Borgia, & Schoenfeld, 2002; Alberti et al., 2004; Zhao, Seibert, & Hills, 2005).

1.6 Evolution of Entrepreneurship Education

The world history of formal entrepreneurship education dates back to early 20thcentury when the first formal course in entrepreneurship is believed to have been offered at University of Michigan in 1927 (Entrepreneur India, 2014). Many literatures also recognize Shigeru Fij, II as the pioneer in teaching entrepreneurship at Kobe University, Japan in 1938 (Edirisinghe & Nimeshi, 2016; Keat, Selvarajah, & Meyer, 2011; Alberti et al., 2004). Another significant early course in entrepreneurship was offered by Myles Mace in MBA program at Harvard University in 1947. The course was opted for by one third of the total students. Jerome (2003) in his comprehensive work on the evolution of entrepreneurship education in USA reflected on the courses related to entrepreneurship since 1876. However, he accredits University of South California(USC) MBA concentration in entrepreneurship in 1971 and undergraduate concentration in 1972 for the endorsement of entrepreneurship education by higher education institutes. The real emergence of entrepreneurship education took place in 1980s. By 2005, more than 2200 entrepreneurship courses were offered across 1600 schools in US (Kuratko, 2005).

Today entrepreneurship courses are taught at nearly every business school and at large number of technical education colleges across US. The seeds of the entrepreneurship education in UK were sown in 1970s and 1980s, driven by the consequences of economic crisis, employment pressure and the philosophy of then Prime Minister Margaret Thatcher (1979) who advocated private enterprise and celebrated individual responsibility. But entrepreneurship significantly entered the European curriculum in late 1990s. Also majority of entrepreneurship education in Europe focused on small business rather than growth oriented entrepreneurship (Wilson, 2008). Schumacher, in his work, Small is Beautiful, proposed that, with training, education and

support, individuals can regain their dignity, work towards self-employment and become active members of the national economy (World Economic Forum, 2009). UK developed the world's first national-level guidelines on quality assurance in entrepreneurship education. Nearly 70% of the universities in UK were members of 'Enterprise Educators UK' by 2016 (CBBC, 2016).

1.7 Evolution of Entrepreneurship Education in India

The roots of entrepreneurship education in India can be traced back to late 1950s and 1960s when India realized the importance of small scale industries for the economic development of nation. Small Industries Development organization (SIDO), the primary institution engaged in the development of small industries in the country, was established in 1954.

The second industrial policy resolution (1956) emphasized on the role of financial help and incentives, infrastructural facilities, and technical and managerial guidance by various supporting organizations of the central, state and local levels for promoting and supporting small scale industries. The first institute to provide training to the budding entrepreneurs, Central Industrial Extension Training Institute (CIETI), was established in New Delhi in 1960 and later shifted to Hyderabad in 1962 as Small Industry Extension and Training Institute (SIET). It was conferred the status of national institute by government of India in 1984 and became National Institute of Small Industry Extension Training (NISIET). In 2007, the institute broadened its objective and was re-christened as National Institute for Micro, Small and Medium Enterprises (NIMSME). It is an organization under Ministry of Micro, Small and Medium Enterprises, Government of India. SIET got the opportunity to get assistance from Prof. David C. McClelland of Harvard University for conducting training and research programs for entrepreneurs. He conducted 'Kakinada Experiment' in 1964 to demonstrate the impact of training on the motivation of the participants to take up new entrepreneurial goals. It is believed that the positive findings of this experiment regarding significant influence of achievement motivation on the entrepreneurs through training was the real trigger that ignited the need and relevance of entrepreneurship training in India (Mohan & Revathi, 2012).

At the state level, Gujarat pioneered in conducting entrepreneurship development program (EDP) for training new entrepreneurs. In 1970, the first three-month EDP was conducted by Gujarat Industrial Investment Corporation (GIIC) on establishment and management of small scale industries. Following this, the other states also started taking initiatives. North Eastern Industrial and Technical Consultancy Organization (NEITCO) and six Entrepreneurial Motivation Training Centers (EMTCs) were established in Assam in 1973 to impart training on entrepreneurship development for the economic upliftment of the region. SIET provided

two to three weeks training to the officers for monitoring EMTCs. Later, SIET and Small Industry Development Organization (SIDO) through Small Industry Services Institute (SISl), Industrial Development Bank of India (IDBI) and Technical Consultancy Organizations (TCOs) started organizing EDPs. The first ever Centre for Entrepreneurship Development (CED) was established in Ahmedabad in 1979. The other states started approaching CED for conducting EDPs. The success of CED created the need for the national entrepreneurship development organization to promote the concept of entrepreneurship across the country. As a result, Entrepreneurship Development Institute of India (EDII), Ahmedabad was established in 1983 with the support of government of Gujarat, IDBI Bank Ltd, IFCI Ltd. ICICI Ltd and State Bank of India. EDII provides entrepreneurship education and training through several programs and courses at its own campus as well as promote the entrepreneurial education by helping in setting up of other entrepreneurship development centers and institutes (EDII, 2016). By now, most of the states have established CEDs or Institute of Entrepreneurship Development (lED) to promote entrepreneurship and deliver entrepreneurship training. At district level, District Industries Centres (DICs) are involved in promoting entrepreneurial activities.

The 1980s saw the entry of entrepreneurship education into technology and management institutions but it gained momentum much later. Most of the government training efforts were limited to self-employment rather than entrepreneurship. It was in 1982, that government established The National Science & Technology Entrepreneurship Development Board (NSTEDB) to promote innovative entrepreneurship. NSTEDB initiated STEP (Science and Technology Entrepreneurship Park) in 1984 to provide training, innovation support, technical support, business facilitation, database and documentation services, quality assurance services, common utility services, financial help and to foster inter linkage between academics and industry. Nearly 15 STEPs have been established so far in government and private academic institutes (NSTEDB, 2021). In 1986, NSTEDB introduced the scheme for the establishment of Entrepreneurship Development Cell (EDC) in academic institutes to create entrepreneurial culture in science and technology academic institutes to develop technocrat entrepreneurs by organizing Entrepreneurship Awareness Camps, Entrepreneurship Development Programs, Faculty Development Programs, Skill development programs, business plan competitions etc. EDCs create facilitation of entrepreneurship club and mentorship scheme for student entrepreneurs. EDCs were rechristened to IEDC (Innovation and Entrepreneurship Development Cell) in 2009. Amongst 620 universities and over 33,000 colleges in India, about 200 have Entrepreneurship Development Cells (Ilayaraja & Ganesh, 2016). More than 640

agencies are involved nation-wide for conducting innovation and entrepreneurship training programs (NSTEDB, 2021).

In 1983, Ministry of Industry [now Ministry of Micro, Small & Medium Enterprises (MSMEs)] established National Institute for Entrepreneurship and Small Business Development (NIESBUD) as an apex organization involved in training, consultancy, research and publication, in order to promote entrepreneurship. It provides standardized training aid material, faculty, standardized procedure for the selection of potential entrepreneurs and all other required guidance for creation as well as capacity building of EDP institutions. It trains the trainers, promoters and consultants in various areas of entrepreneurship through its training programs as well as national and international seminars/ workshops aimed at developing entrepreneurship culture. NIESBUD has provided training to 12,37,307 individuals as of December, 2021 through 46,837 different training programmes since inception (NIESBUD, 2021).

In 1993, MSME established Indian Institute of Entrepreneurship (IIE) Guwahati to provide training, research and consultancy activities to small and micro enterprises. IIE, NI-MSME and NIESBUD are the three major national-level Entrepreneurship Development Institutes.

The most widespread entrepreneurship training program across the nation is Entrepreneurship Development Program(EDP). EDPs are two-week training programs conducted by more than 600 state and national level institutes like ITIs, polytechnics and others under aegis of ministry of MSME through MSME Development Institutes. There are 32 MSME-DIs and 28 Branch MSME involved in conducting EDPs and other entrepreneurship related training programs like Industrial Motivation Campaign(IMCs), Entrepreneurship Skill Development Programmes (ESDPs) and Management Development Programmes (DCMSME, 2021).

EDPs are classified into:

- Target Specific EDPs
- Product/Process Oriented EDPs

Target specific EDPs are conducted in general or specifically for women, school dropouts, science and technology graduates, SC/OBC, ex-servicemen and self-employed. Product/Process oriented EDPs deal with industries like leather, food, plastics, chemicals, sports goods, ready-made garments, electronics, information technology etc.

Some institutes that conduct EDPs regularly, include Indian Institute of Entrepreneurship, Guwahati; The National Institute for Entrepreneurship and Small Business Development,

Noida; Kerela Institute of Entrepreneurship Development; Entrepreneurship Development Institute of India, Gandhinagar; Xavier Institute of Management & Entrepreneurship (XIME), Bangalore; Xavier Institute of Social Service(XISS), Ranchi and many more.

In the recent years, development of incubator infrastructure is also undertaken to encourage entrepreneurship. Business incubators help emerging businesses by providing various support services, such as assistance in developing business and marketing plans, building management teams, obtaining capital, and access to a range of more specialized professional services. They also provide flexible space, shared equipment, and administrative services (Sherman & Chappell, 1998). In 2000, NSTDEB launched Technology Business Incubator in India to facilitate creation, survival and growth of technology and knowledge driven enterprises as well as other ventures. They are different from STEPs as they nurture the firm until it attains certain level of maturity (Dhaliwal, 2013).

World history of incubators can be traced to 1942, when the first incubator, Student Agencies Inc. (SAI) originated in United States of America incubating the student companies in Cornell University. In 1946, after Second World War, American Research Development (ARD) started providing private capital as well as management and technical assistance to entrepreneurs attempting to start a business. In 1959, Charles Mancuso and his family bought an inactive factory warehouse in Batavia Industrial Center (BIC) in New York State and used it to rent space and nurture new business until they mature. This is regarded as the first business incubator in the truest sense. Few more incubators developed in 1960s, but the growth of incubators accelerated in 1970s and 1980s to promote the recovery of regions which suffered severe job loss in 1970s. In Europe, the first incubator, British Steel (Industry) Ltd. started in 1975 in UK in response to the job loss caused by restructuring and privatization of British steel industry (Carvalho, 2015).The boom in the IT industry in 1990s gave birth to the internet incubators and accelerators.

According to NBIA(National Business Incubation Association) there are about 7000 business incubation centres worldwide with over 1250 incubators in United States (InBIA, 2012). India has around 326 incubators and the number has increased 15 times between 2020 and 2021. Most of these incubators are run by academic institutes and remaining are part of corporates, research agencies, government supported or independent. Geographically, south zone has the highest number of incubators with Tamil Nadu having maximum incubators followed by Maharashtra and Karnataka (Chinchwadkar, 2021). Some of the most prominent incubators in India include The Centre for Innovation, Incubation and Entrepreneurship (CIIE) at IIM-A, Society for Innovation and Entrepreneurship (SINE), IIT Mumbai, N.S.Raghvan Centre for

Entrepreneurial Learning (NSRCEL), IIM Bangalore, TBI,IIT Delhi, Techno park TBI, Kerela, TBI,BITS Pilani, Indian Angel Network(IAN) Incubator, I-Create etc. (Sareen, 2014).

1.8 Relevance and growth of entrepreneurship education in Modern Context

Entrepreneurship education is considered as an intervention that may stimulate participant's decision to take up entrepreneurial career and succeed in it. European Commission proposed that education and training may contribute to encouraging entrepreneurship, by fostering the right mind-set and creating awareness of entrepreneurship as a career option (Commission of the European Communities, 2003). Action Plan for Entrepreneurship (2004) identified five strategic policy areas for boosting entrepreneurial dynamism, i.e. fuelling entrepreneurial mind-sets, encouraging more people to become entrepreneurs, gearing entrepreneurs for growth and competitiveness, improving the flow of finance and creating a more SME-friendly regulatory and administrative framework (European Communities Commission, 2004). It proposed that focus should be on entrepreneurship education and training in order to fulfil the objective of fuelling entrepreneurial mind-sets. It is recommended that entrepreneurship should be taught to all faculties/disciplines at every level and appropriate incentives should be provided to increase the number of entrepreneurship educators. The promotion of entrepreneurship education and emphasis on promoting entrepreneurship as a successful career path were also identified as two of the three key pillars of Entrepreneurship 2020 Action Plan (European Commission, 2013).

The recent government policies in India are laying additional emphasis on training and skill development of entrepreneurs. The Science, Technology and Innovation Policy 2013 promoted investment in young innovators and entrepreneurs through education, training, and mentoring (Abhyankar, 2014). National Policy for Skill Development and Entrepreneurship 2015 is India's first integrated program to develop skill and promote entrepreneurship simultaneously. In the past couple of decades, entrepreneurship education has grown dramatically throughout the world which is reflected through induction of new entrepreneurship curricula and programs, numerous international intercollegiate business plans competitions and endowed professorships in entrepreneurship. It has become accepted part of higher education curriculum in various countries across the world. Approaches to entrepreneurship education vary across colleges and universities from offering single entrepreneurship related courses like new venture creation, business plans development etc. integrated in regular curricula to offering elective or majors in entrepreneurship at undergraduate and post graduate programs in management, engineering, medicine and other technical fields. Some universities and colleges also offer six

months to two yearlong dedicated courses in entrepreneurship. By 2016, more than 100 different departments at universities across India were offering courses in entrepreneurship at the undergraduate and postgraduate levels and out of 620 universities and over 33,000 colleges in India, about 200 have Entrepreneurship Development Cells (Ilayaraja & Ganesh, 2016). Although, majority of MBA programs offer entrepreneurship as an elective course, the average percentage of students opting for this course is approximately 15% (Basu, 2014). Moreover, in the recent past, various renowned institutes across India have started offering one-year and two-year full-time post-graduate diploma/degree courses in entrepreneurship, family business, venture creation, and innovation with EDII as the torchbearer and pioneer. In 2019, AICTE (All India Council for Technical Education) has introduced two years' full-time PGDM / MBA program in Innovation, Entrepreneurship, and Venture Development (IEV) and fifteen colleges across Indian have been approved the same (AICTE, 2020). The New National Education Policy (NEP) 2020, also focuses on reforms in planning and delivering contemporary education with more flexibility to students in terms of choice of courses and years of entry and exit. NEP also emphasis promoting industry-relevant vocational education at the school level along with interaction with local eminent entrepreneurs and incorporating critical thinking and design thinking courses in the curriculum (MHRD, 2020). *Figure 1-9* and *Figure 1-10* represents the growth in entrepreneurial education and training at school level and post school level from 2000 to 2020. It can be seen that entrepreneurship education at post school level is more mature as compared to school level but both need further thrust and growth to spur entrepreneurship in India.

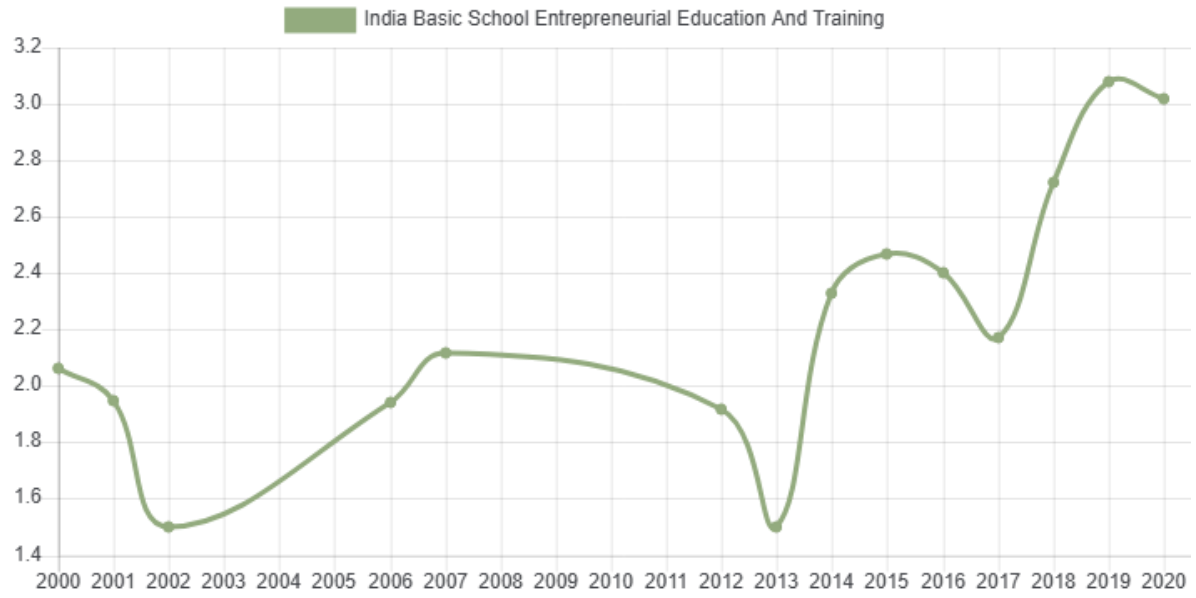

Figure 1-9: Indian Basic school Entrepreneurship Education and Training

Source: Global Entrepreneurship Monitor (https://www.gemconsortium.org/data)

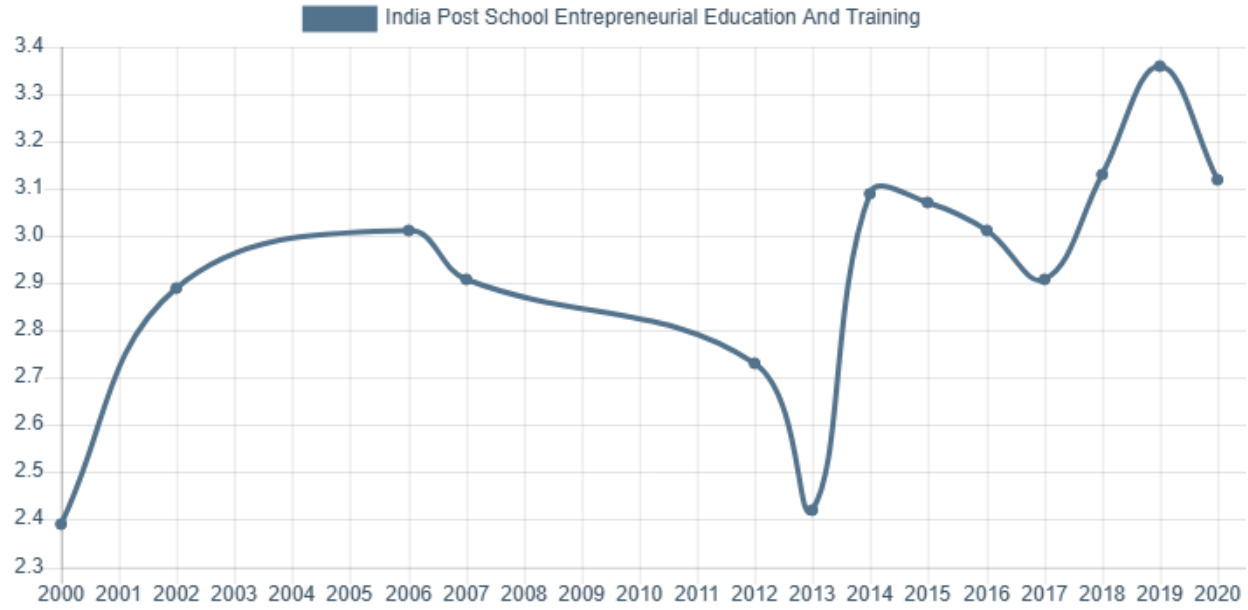

Figure 1-10: Indian post school Entrepreneurship Education and Training

Source: Global Entrepreneurship Monitor (https://www.gemconsortium.org/data)

Though entrepreneurship education is gaining grounds and there is increasing pressure on policymakers to lay emphasis on education and training for budding entrepreneurs, the question is will increase in the number of educational institutes offering entrepreneurial studies, increase

the number of entrepreneurs in the country? Does a course on Entrepreneurship makes participants more entrepreneurial? Moreover, do entrepreneurs need education? 'Whether Entrepreneurship can be taught or not' has always been an issue to debate. Many argue that number of most successful entrepreneurs of the world are college drop-outs including Bill Gates and Paul Allen of Microsoft, Mark Zuckerberg of Facebook, Steve Jobs of Apple, Michael Dell of Dell, Travis Kalanick of Uber, Evan Williams and Jack Dorsey of Twitter etc. Nevertheless, academic interest in the area of Entrepreneurship has been growing tremendously over the years across the globe. Peter Drucker, one of the most renowned management thinker stated Entrepreneurship is "not magic, is not mysterious, and it has nothing to do with genes. It is a discipline. And, like any discipline, it can be learned" (Drucker, 2011). European commission on entrepreneurship education stated, "Entrepreneurship education and training are the two driving forces behind the phenomenon of entrepreneurship that generates the relevant entrepreneurial attitude, competencies and skills". With regard to the college drop-out becoming billionaires, Johansson (2020) reported that only 44 out Forbes 400 richest billionaires, only 44 were college drop-outs indicating that 84% of richest people had completed their higher education emphasizing the relevance of education. Moreover, only minuscule percentage of millions of college drop-outs every year are able to make fortune for themselves and hence lack of education or being college drop-out cannot be considered as a norm for entrepreneurs.

The participants of entrepreneurship education are expected to develop interest in entrepreneurship, gain knowledge about starting and running a venture and pursue it as a career. But the knowledge about the impact of entrepreneurship programs remains thin particularly in the Indian context. Not much has been researched to understand the impression of entrepreneurship education on the intention of the participants to take up entrepreneurial career. The study on entrepreneurial intention would also be only indicative of future entrepreneurial actions of individuals. Hence, longitudinal studies are better to understand the impact of the entrepreneurship education on entrepreneurial behaviour but are suited only for short term entrepreneurship training programs considering the time and cost constraint. Hence, study on impact of entrepreneurship education on the determinants of entrepreneurship intention is accepted as a proxy to measure the future entrepreneurial behaviour of the participants and to understand the effectiveness of entrepreneurship education. Some previous researches have proposed different entrepreneurship intention models which are explored in the next chapter to understand the different predecessors of entrepreneurial intention and identify the appropriate construct for measuring the impact the entrepreneurship education.

The above discussion on evolution of entrepreneurship, entrepreneurship ecosystem and entrepreneurship education suggests that research in the domain of entreprenurship education may aim at finding the answers to some of the following questions.

- *How entrepreneurship education influences the choice of pursuing entrepreneurial career?*
- *How entrepreneurship education programs make participants more entrepreneurial?*
- *How entrepreneurship education and training programs are different from each other?*
- *Is entrepreneurship education available in the right form/structure in our country?*
- *How entrepreneurship education influences entrepreneurial intention of the participants?*
- *How entrepreneurship education influences the antecedents of entrepreneurial intention of participants?*
- *How the influence of entrepreneurship education is different from the influence education in other streams?*
- *How entrepreneurship education makes the participants better prepared for entrepreneurial challenges?*
- *How entrepreneurship education influences the success of budding entrepreneurs?*
- *How can we measure the impact of entrepreneurship education?*

How is entrepreneurship education influencing entrepreneurial behaviour in the states like Gujarat which is considered as the pioneer of entrepreneurship education in India?