“INNOVATIVE IDEA BASED ENTREPRENEURSHIP IN FIRST GENERATION ENTREPRENEURS: A STUDY ACROSS SERVICE (INFORMAL EDUCATION) SECTOR AND MANUFACTURING (SPECIALTY CHEMICAL) SECTOR IN MAHARASHTRA”

A SYNOPSIS FOR THESIS
SUBMITTED TO,

VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN MANAGEMENT

BY,
PRADIPNARAYAN P. MANJREKAR

UNDER THE GUIDANCE OF
PROF. DR. VINOD B. PATEL
DEAN
DEPARTMENT OF BUSINESS AND INDUSTRIAL MANAGEMENT
VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT
ACADEMIC YEAR- 2015
1. GENERAL INTRODUCTION

The entrepreneur is widely regarded as an integral player in the business culture of American life, and particularly as an engine for job creation and economic growth. Robert Sobel published The Entrepreneurs: Explorations within the American Business Tradition in 1974. Zoltan Acs and David Audretsch have produced an edited volume surveying Entrepreneurship as an academic field of research, and more than a hundred scholars around the world track entrepreneurial activity, policy and social influences as part of the Global Entrepreneurship Monitor (GEM) and its associated reports.

What makes someone an entrepreneur? Who can become an entrepreneur? There is no one definitive profile. Successful entrepreneurs come in various ages, income levels, gender, and race. They differ in education and experience. But research indicates that most successful entrepreneurs share certain personal attributes, including: creativity, dedication, determination, flexibility, leadership, passion, self-confidence, and smartsness.

- Creativity is the spark that drives the development of new products or services or ways to do business. It is the push for innovation and improvement. It is continuous learning, questioning, and thinking outside of prescribed formulas.
- Dedication is what motivates the entrepreneur to work hard, 12 hours a day or more, even seven days a week, especially in the beginning, to get the endeavor off the ground. Planning and ideas must be joined by hard work to succeed. Dedication makes it happen.
- Determination is the extremely strong desire to achieve success. It includes persistence and the ability to bounce back after rough times. It persuades the entrepreneur to make the 10th phone call, after nine have yielded nothing. For the true entrepreneur, money is not the motivation. Success is the motivator; money is the reward.
- Flexibility is the ability to move quickly in response to changing market needs. It is being true to a dream while also being mindful of market realities. A story is told about an entrepreneur who started a fancy shop selling only French pastries. But
customers wanted to buy muffins as well. Rather than risking the loss of these customers, the entrepreneur modified his vision to accommodate these needs.

Leadership is the ability to create rules and to set goals. It is the capacity to follow through to see that rules are followed and goals are accomplished.

Passion is what gets entrepreneurs started and keeps them there. It gives entrepreneurs the ability to convince others to believe in their vision. It can’t substitute for planning, but it will help them to stay focused and to get others to look at their plans.

Self-confidence comes from thorough planning, which reduces uncertainty and the level of risk. It also comes from expertise. Self-confidence gives the entrepreneur the ability to listen without being easily swayed or intimidated.

Smartness consists of common sense joined with knowledge or experience in a related business or endeavor. The former gives a person good instinct, the latter, expertise. Many people have smartness they don't recognize. A person who successfully keeps a household on a budget has organizational and financial skills. Employment, education, and life experiences all contribute to smartness. Every entrepreneur has these qualities in different degrees. But what if a person lacks one or more? Many skills can be learned. Or, someone can be hired who has strengths that the entrepreneur lacks. The most important strategy is to be aware of strengths and to build on them.

ENTREPRENEUR

Entrepreneur is a person who starts an enterprise. He searches for change and responds to it. A number of definitions have been given of an entrepreneur:

The economists view him as a fourth factor of production along with land labour and capital.

The sociologists feel that certain communities and cultures promote entrepreneurship like for example in India we say that Gujrati's and Sindhi's are very enterprising.

Still others feel that entrepreneurs are innovators who come up with new ideas for products, markets or techniques.
To put it very simply an entrepreneur is someone who perceives opportunity, organizes resources needed for exploiting that opportunity and exploits it. Computers, mobile phones, washing machines, ATMs, Credit Cards, Courier Service, and Ready to eat Foods are all examples of entrepreneurial ideas that got converted into products or services. Some definitions of an entrepreneur are listed below:

- It Stems from the French word 'entreprendre’ meaning one who undertakes or one who is a ‘go-between’.

**CONCEPT OF ENTREPRENEUR**

The word "Entrepreneur" is derived from the French verb 'entrepredre’. It means 'to undertake'. In the early 16th century the Frenchmen who organized and led military expeditions were referred as 'Entrepreneurs'. An entrepreneur can be regarded as a person who has the initiative skill and motivation to set up a business or enterprise of his own and who always looks for high achievements. He is the catalyst for social change and works for the common good. They look for opportunities, identify them and seize them mainly for economic gains. an action oriented entrepreneur is a highly calculative individual who is always willing to undertake risks in order to achieve their goals.

Entrepreneurship is the indivisible process flourishes, when the interlinked dimensions of individual psychological entrepreneurship, entrepreneur traits, social encouragement, business opportunities, Government policies, availability of plenty of resources and opportunities coverage towards the common good, development of the society and economy.

Entrepreneurship is the process of identifying opportunities in the market place, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

According to Cole "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services".

According to Higgins "Entrepreneurship is the function of foreseeing investment and production opportunities, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, finding
site, introducing a new technique, discovering new resources or raw materials and selecting top managers for day to day operations of the enterprise”.

The above definitions highlights risk bearing, innovating and resource organizing aspects and an individual or group of people achieve goal through production or distribution of products or services. To conclude entrepreneurship is set of activities performed by an entrepreneur thus, entrepreneur proceeds entrepreneurship.

**FUNCTIONS OF AN ENTREPRENEUR**

An entrepreneur frequently has to wear many hats. He has to perceive opportunity, plan, organize resources, and oversee production, marketing, and liaison with officials. Most importantly he has to innovate and bear risk. The main functions of an entrepreneur are as follows:

1. **Innovation** : Innovation is one of the most important functions of an entrepreneur according to Schumpeter. An entrepreneur uses information, knowledge and intuition to come up with new products, new methods of reducing costs of a product, improvement in design or function of a product, discovering new markets or new ways of organization of industry. Through innovation, an entrepreneur converts a material into a resource or combines existing resources into new and more productive configurations. It is the creativity of an entrepreneur that results in invention [creation of new knowledge] and innovation [application of knowledge to create new products, services or processes.] Systematic innovation means monitoring the following for innovative opportunity:
   i. The unexpected success or failure or any unexpected outside event, (e. g. when the IT bubble burst the ITES sector started growing.)
   ii. Innovation based on process need [e.g. plate based cameras, film based cameras, digital cameras]
   iii. Changes in industry and market structure [e.g. Video Cassette VCD, DVD,]
   iv. Demographics changes (e.g. increasing number of working women and nuclear families in most metropolitan cities)
   v. New knowledge (e.g. Pentium chip)

2. **Risk and uncertainty bearing** :

   According to Hozelist an entrepreneur performs the function of risk and uncertainty
bearing. Every decision pertaining to development of new products, adapting new technologies, opening up new markets involves risk. Decision-making in an environment of uncertainty requires anticipation of risk. Profit is said to be the reward for anticipating and taking such risks. However it is pertinent to mention that the entrepreneur is not a gambler, he only takes calculated risks. An entrepreneur develops the art of decision-making under conditions of uncertainty as a matter of survival.

3. **Organization building**: An entrepreneur has to organize men, material and other resources. He has to perform the functions of planning, co-ordination and control. He has to use his leadership qualities to build a team, generate resources and solve problems. With his organizational skills an entrepreneur builds an enterprise from scratch, nurtures it and makes it grow. His vision sows the seeds for a sound and vibrant organization and synergies are built in the enterprise.

According to Kilby in a developing country even the imitator entrepreneurs are very important and the entrepreneurial role encompasses the following:

i. Perception of market opportunities

ii. Gaining command over scarce resources

iii. Purchasing inputs

iv. Marketing the products

v. Dealing with bureaucrats

vi. Managing human relations within the firm

vii. Managing customer and supplier relations

viii. Managing finance

ix. Managing production

x. Acquiring and overseeing assembly of the factory

xi. Industrial engineering

xii. Upgrading process and product

xiii. Introducing new production techniques and products

**THE CHARACTERISTICS OF A UNIQUE ENTREPRENEUR ARE:**

- Need for achievement
- High need for power
Entrepreneurship - A journey full of challenges:

"Entrepreneurship is the recognition and pursuit of opportunity without regard to the resources you currently control, with confidence that you can succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks". An entrepreneur is a person who starts a business to follow a vision, to make money and to be the master of his/her own soul (both financially and spiritually). Inherent in the venture is the risk of what the future may bring. Therefore, an essential key to success is that the entrepreneur also be an educated risk taker.

According to Muthu Kumar & Ayyapan (2003) - “There is no such thing as a good time or bad time to start companies, all times are equally challenging. Opportunities always exist, what is important is the attitude which one takes to entrepreneurship. Nothing in the past that one has done can prepare one for "chucking it all up" and becoming an entrepreneur. No management education or theory can provide answers to the right way to build a company from scratch. Many of the best of management thinkers have been found wanting, when it came to running their own company".

SERVICE SECTOR - AN OVERVIEW

The service industries (More formally termed: 'tertiary sector of industry' by economists) involve the provision of services to businesses as well as final consumers. Such services, therefore, include accounting, tradesman ship (like mechanic or plumber services), computer services, restaurants, tourism, etc. Hence, a service Industry is one where no goods are produced whereas primary industries
are those that extract minerals, oil etc. from the ground and secondary industries are those that manufacture products, including builders, but not remodeling contractors. The service sector consists of the "soft" parts of the economy, i.e. activities where people offer their knowledge and time to improve productivity, performance, potential, and sustainability, what is termed affective labor. The basic characteristic of this sector is the production of services instead of end products. Services (also known as "intangible goods") include attention, advice, access, experience, and discussion.

INFORMAL EDUCATION
Informal education is a general term for education outside of a standard school setting. It can refer to various forms of alternative education, such as:

- Unschooling or Homeschooling
- Auto didacticism (Self-teaching)
- Youth Work

So what is informal education?
In the examples above, one can see that whether one are parents or specialist educators, they teach. When one is engaged in learning projects one teach oneself. In all of these roles one is also likely to talk and join in activities with others (children, young people and adults). Some of the time one works with a clear objective in mind - perhaps linked to some broader plan e.g. around the development of reading.
At other times one may go with the flow - adding to the conversation when it seems right or picking up on an interest.

MANUFACTURING SECTOR - AN OVERVIEW
The industrial sector of India with its future opportunities and high employment potential embraces the path to the economic development of the country. India has attained a realistically sufficient level of self-sufficiency in manufacturing a range of basic and capital goods. Progress in the manufacturing sector has the prospective to the standard of living of the general public of India above poverty line. In order to do this, it is very important to avert bulk of the workforce out of low-wage agriculture sector. This will in turn create a steady and flourishing economy and, in turn, invite more business opportunities. India’s well on its way to becoming the foremost manufacturing location for companies around the world.
Liberalization, Privatization and Globalization are the major promoters that have been the cause of the transition in the Indian economy and the manufacturing sector. The last decade following the liberalization has seen revolutionary changes in the scenario of manufacturing in India. This fresh spurt in progress is pushed by fundamental restructurings such as the elimination of limitations on foreign investment and industrial de-licensing. Modifying the Export and Import Policy (EXIM) policy to endorse exports and supporting the import duties to meet WTO commitments further contributed to this development. Further favored by efficient business policy environment, tax deductions, and reduced interest rates have assisted in the growth of the manufacturing sector in India.

LITERATURE REVIEW

REVIEW OF LITERATURE ON INNOVATIVE IDEA BASED ENTREPRENEURSHIP
Hornsby J. S. et. al. (1993), in their study "An Interactive Model of the Corporate Entrepreneurship Process" mentioned that there has been a growing interest in the use of corporate entrepreneurship as a means for corporations to enhance the innovative abilities of their employees and, at the same time, increase corporate success through the creation of new corporate ventures (Miller & Friesen, 1985; Pinchott, 1985; Kuratko & Montagno, 1989). However, the creation of corporate entrepreneurship activity is difficult since it creates a newer and potentially more complex set of challenges on both a practical and theoretical level. On a practical level, organizations need guidelines to direct or redirect resources toward establishing effective intrapreneuring strategies. On a theoretical level, researchers need to continually reassess the components or dimensions that predict, explain, and shape the environment in which corporate entrepreneuring flourishes. While there have been a number of studies focusing on various factors contributing to or enhancing the establishment of corporate venturing, the said paper develops an interactive model that both researchers and practitioners can utilize.

Gartner (1988) suggested that in entrepreneurship research, the research questions should focus on the process of entrepreneurship instead of who is the entrepreneur. His implication is that entrepreneurship is a multidimensional process and that
entrepreneurial traits constitute just one component of that process. Gartner (1989) called for studies that build on the previous literature and develop theories for the study of the entrepreneurship process. A direct parallel can be drawn from Gartner's (1989) conclusions to research concerning the corporate entrepreneurial process. It is critical to understand that intrapreneurship is a multidimensional process with many forces acting in concert that lead to the implementation of an innovative idea. Garavan T. N. & O'Cinneide B. (1994), Reviewed literature and highlighted a number of problems associated with entrepreneurship education and training programmes. The major problem relates to balance: too much of an emphasis on knowledge and not enough on competence; too much emphasis on information transfer learning methods and not enough on individual small group learning methods such as project teams, peer exchange, individual counseling and workshops. There is very little evaluation of the effectiveness of such program. There is a lack of evidence on how learning strategies influence the development of entrepreneurial competences and how these competences transfer into new project/venture formation. There is also a lack of comparative research to identify commonalities, and differences in terms of design and structure.

Hynes B. (1996) concluded in his study that Entrepreneurs or the move towards self-employment is, and will continue to become, an increasingly important element of economic growth and development. It is now recognized that small firms in Ireland are "net creators of jobs while the large firm sector is a net shedder of jobs". To ensure that a sustained increase in self-employment continues, it is critical that the correct infrastructure is in place to facilitate this development. One critical aspect of this infrastructure is the creation of an enterprise culture which will encourage and entice individuals to take the risk of starting a business. Also, the core components of an enterprise culture, is education.

Mintrom M. (1997) mentioned that in the literature on policy innovation diffusion, political scientists have paid little attention to how ideas for innovation gain prominence on government agendas. By considering the actions of policy entrepreneurs--political actors who promote policy ideas--one can gain important insights into the process of policy innovation and innovation diffusion. Policy entrepreneurs constitute an identifiable class of political actors. Their presence and
actions can significantly raise the probability of legislative consideration and approval of policy innovations. Event history analyses of the determinants of legislative consideration and approval of an idea for education reform—school choice—in the United States from 1987 through 1992. The data set consists of unique information collected in a mail survey of members of the education policy elite in each state, augmented with published statistics. Policy entrepreneurs were identified as advocates of school choice. While controlling for rival hypotheses, the presence and actions of policy entrepreneurs were found to raise significantly the probability of legislative consideration and approval of school choice as a policy innovation. These results suggest policy entrepreneurs should be given more attention in the literature on policy innovation diffusion.

Wiklund J. & Shepherd D. (2003) suggested that management has discretion in manipulating resources in order to build competitive advantage, resource-based research has focused on the characteristics of resources, paying less attention to the relationship between those resources and the way firms are organized. In explaining performance, entrepreneurship scholars have focused on a firm's entrepreneurial “strategic orientation” (EO), leaving its interrelationship with internal characteristics aside. They argue that EO captures an important aspect of the way a firm is organized. Their findings suggest that knowledge-based resources (applicable to discovery and exploitation of opportunities) are positively related to firm performance and that EO enhances this relationship.

Rasmussen E. A. & Sorheim R. (2006) mentioned in their study that innovativeness through the creation of new companies and new business areas are seen as key factors to achieve economic goals at the firm, the regional and the national level. A restricting factor is the availability of competent individuals to manage projects and become entrepreneurs. Universities can address this need by increasing the motivation and competence of their graduates to become key persons in innovative and entrepreneurial activity. Entrepreneurship education has traditionally focused on teaching individuals, but many initiatives are increasingly becoming more actionoriented, emphasizing learning by doing. The study presents a number of actionbased activities at five Swedish universities. The cases show that entrepreneurship education focuses less on teaching individuals in a classroom.
setting and more on learning-by-doing activities in a group setting and a network context.

REVIEW OF LITERATURE ON INFORMAL EDUCATION SECTOR

Hynes B. (1996) stated that entrepreneurs or the move towards self-employment is, and will continue to become, an increasingly important element of economic growth and development. It is now recognized that small firms in Ireland are "net creators of jobs while the large firm sector is a net shedder of jobs". To ensure that a sustained increase in self-employment continues, it is critical that the correct infrastructure is in place to facilitate this development. One critical aspect of this infrastructure is the creation of an enterprise culture which will encourage and entice individuals to take the risk of starting a business. Examines one of the core components of an enterprise culture, which is education, and how the various educational programmes can incorporate entrepreneurship as a subject area which will foster the interest in enterprise. Focuses on how a process model for enterprise education can be used to target various student groups in an interdisciplinary manner, and emphasizes the need to teach entrepreneurship to non-business students, who in many instances are the originators of ideas, but unfortunately do not have the business knowledge to develop the idea further.

Morris M.H. et. al. (1997), in "The Informal Sector, Entrepreneurship and Economic Development" - said that The role of entrepreneurship in economic development has been extensively studied in the richer Western (i.e. first world) countries, but it could be argued that entrepreneurship is even more vital in developing countries. The informal sector in developing countries not only makes a significant contribution towards gross domestic product, but is a major potential source of entrepreneurship. This study explores the emerging nature of the informal sector, and attempts to distinguish entrepreneurial from non-entrepreneurial business activity within this sector. Results are reported of a series of in-depth interviews with tavern owners within South African Black townships. Significant relationships are identified between measures of the entrepreneur's background, the operational sophistication of his/ her enterprise, and company outlook.

Samoff J. (1999), stated that numerous and voluminous, studies were undertaken in the Africa education sector during the early 1990s that turn out to be strikingly similar.
With few exceptions, they have a common framework, approach, and methodology. African education is in crisis, they report. Governments cannot cope. Quality has deteriorated. Funds are misallocated. Management is poor and administration inefficient. Notwithstanding the diversity of the countries studied, the recommendations too are similar. Education sector analysis is potentially a very powerful tool for supporting and improving education policy and programmes in Africa. Generally undertaken within the context of the aid relationship, it is also an important vehicle for international partnership and development cooperation. To date, however, that cooperation has been accompanied by general frustration with the sector analysis process. Far too often, that process has remained driven by the agendas and procedures of the funding and technical assistance agencies, with constrained national participation, limited national control, and very little sense of national ownership. To shift its center of gravity toward Africa, the process itself requires major restructuring and reorientation, from conception through completion. Most important, what is required is genuine dialogue among partners who not only talk but also listen and hear.

REVIEW OF LITERATURE ON SPECIALTY CHEMICALS SECTOR
Achilladelis B., Schwarzkopf A. & Cines M. (1990), examined the mechanisms and dynamics of the process of innovation in companies and sectors of the chemical industry. It is based on analysis of science and technology output indicators, namely patents and innovations evaluated in terms of originality and, in the case of innovations, in terms of market success as well. Radical innovation (RI) is identified as the kingpin for the evolution of technologies in both the micro- and macroeconomic context, not only because it provides a model for imitation, but also because it turns out to be more profitable for the innovating companies than incremental innovation. At the micro-economic level, this study examined the significance of diverse driving forces which lead a company to the launching of projects aiming at RI, measures the length of commitment to such projects, and describes the dynamic effects generated by the introduction of a successful RI, and how they affect the company's subsequent R&D and market orientation. At the macro-economic level, this paper, examined the distribution of RI and market successful innovations in specialty chemicals sector and describes the influence of market demand and capital investment on technological
advance, and compares the development of specialty chemicals chemical industries. The paper concluded with an account of the dynamics of technological innovation in the specialty chemical industry over the period 1930-1985.

Thomas S. M., DiCosimo R. & Nagarajan V. (2002), concluded that the specialty chemical industry is exploring the use of renewable feed stocks to improve sustainability, promoting the exploration of bioprocesses for the production of chemicals. Attractive features of biological systems include versatility, substrate selectivity, regioselectivity, chemo selectivity, enantioselectivity and catalysis at ambient temperatures and pressures. However, a challenge facing bioprocesses is cost competitiveness with chemical processes because capital assets associated with existing commercial processes are high. The specialty chemical industry will probably use biotechnology with existing feed stocks and processes to extract higher values from feed stocks, process by-products and waste streams. In this decade, bioprocesses that offer either a process or a product advantage over traditional specialty chemical routes will become more widely used.

Vanhaverbeke W. & Kirschbaum (2003) focused on the question how companies can build new capabilities or competencies based on discontinuous technological innovations? In particular, they analyzed how corporate ventures are set up to develop and commercialize these radical innovations can play a crucial role in the process of building new competencies (not only technological capabilities). New competencies are in turn the basis to create a range of new businesses. Building and deploying competencies are intrinsically related to new business development or other forms of corporate venturing and both co-evolve over time. The paper furthermore analysed what it takes to promote new business development (NBD) or corporate venturing (CV) as a trigger of corporate renewal. They argued that new competencies can only be built through a sequence of CV-initiatives and that both competence building and NBD can only fully be understood in relation to corporate strategy making. On the one hand, existing competencies and corporate strategy (vision or strategic intent) serve to direct and select these NBD – efforts through which the firm can enter new but attractive businesses and build new competencies (required to operate successfully in these businesses). A corporate vision should stretch the company beyond its existing resources and knowledge base; it leads to a
fruitful misfit between what the company is and what it intends to become. On the other hand, new competence building also drives and refines the cognition of corporate strategy. New competence building and NBD based on radical innovations also demands to think differently about the organizational context and the role of top and middle managers.

**RESEARCH METHODOLOGY**

**Research Problem**

Studies suggest that innovative idea based entrepreneurship in first generation entrepreneurs across various sectors requires high level of precision in work. Thus it requires courage and different set of business skills for entrepreneurs to enter in this business. There has been phenomenal growth in the number of enterprises in various sectors last few years. However the fact that Specialty Chemical Sector has not grown as compared to the Informal education sector, gives rise to the questions like; What are the factors effecting the growth of Informal education sector and specialty chemical sector in India ? Why entrepreneurs are not finding it attractive enough to venture into innovative idea based entrepreneurship in specialty chemical sector and informal education sector in India? What are the challenges faced by entrepreneurs in entering into specialty chemical and informal education business in India?

Thus the research problems could be summarized as;

- What are the advantages and disadvantages of being first generation entrepreneurs?
- What are the motivational factors for entrepreneurs to engage themselves in these two business activities?
- What are the entry barriers in these two sectors?
- What are the challenges faced by entrepreneurs in these sectors?
- What are the Factors effecting their development?
- What are the rewards for accepting such challenges?

**Primary Objectives**

1) To know the overwhelming importance of innovative ideas for the success of business enterprise in services.
2) To determine at least two motivating factors that lead individual's entrepreneurial growth.

3) To understand the role and influence of family members in the transformation of ideas from seed stage to successful business models.

4) To find out relationship between entrepreneurship and job satisfaction.

5) To understand the relation between education level and risk appetite.

6) To understand the role of banks/specialized financial institutions in entrepreneurship development.

7) To get to know Entrepreneur choice to go alone (sole-proprietorship) rather than partnership basis.

8) To get to know about Entrepreneur social obligation/commitment.

9) To understand the factors contributing to customer loyalty and the USP of each entrepreneur.

10) To add to the existing body of knowledge of entrepreneurship based on innovative business ideas.

Sample Design
Sample design covers all aspects of how the samples in our surveys are specified and selected. Topics include sample frames, which list the businesses and household addresses one might select for a survey; types of sampling (for example, stratified, clustered - covering how group businesses and households when sampling), and specification of sample sizes, with implications for costs and quality. Finally, there is the selection mechanism used for choosing, randomly, the specific units that will make up any given survey sample. Estimation is the method by which one produces aggregate estimates about characteristics of the population at large, from the responses received from those people and businesses selected in the survey samples. There are many different ways of producing estimates (through weighting, for example), and one has to ensure the methods used produce good quality estimates, and that these represent the whole population without bias.
RESEARCH QUESTIONS
The above objectives give raise to the following questions:
i) How important is an innovative idea for the success of entrepreneurial ventures in services sector?
ii) What are the two motivating factors that drive people to take to entrepreneurship in services?
iii) How important is the support of parent/spouse in the seed stage?
iv) What is the role of banks/specialized institutions in promoting entrepreneurship?
v) Why do the entrepreneurs hesitate to take partners?
vi) Do the successful entrepreneurs have any social commitment?
vii) Is there any relation between job satisfaction/dissatisfaction on entrepreneurship?
viii) What is the relation between education and attitude towards undertaking risk?
ix) How useful this study can be for young entrepreneurs sitting on the edge?

HYPOTHESIS
To pursue this study, the following hypotheses are framed and their validity tested through research techniques:
H₀₁ : Family background did not play any role in motivating an entrepreneur to venture into informal education and specialty chemical business.
H₁₁ : Family background did play any role in motivating an entrepreneur to venture into informal education and specialty chemical business.
H₀₂ : High profit margin is not a major motivating factor for entrepreneurs to enter in informal education and specialty chemical business.
H₁₂ : High profit margin is a major motivating factor for entrepreneurs to enter in informal education and specialty chemical business.
H₀₃ : Proportion of respondents who agrees (positive) and disagree (Negative) that evolution of entrepreneur was industry need based is almost equal to 50%.
H₁₃ : Proportion of respondents who agrees (positive) that Evolution of entrepreneur was industry need based is more than 50%.
H04 : Proportion of respondents who agrees (positive) and disagree (Negative) that evolution of entrepreneur was opportunity need based is almost equal to 50%.

H14 : Proportion of respondents who agrees (positive) that Evolution of entrepreneur was opportunity need based is more than 50%.

H05 : Proportion of respondents who agrees (positive) and disagree (Negative) that evolution of entrepreneur was innovative idea need based is almost equal to 50%.

H15 : Proportion of respondents who agrees (positive) that Evolution of entrepreneur was innovative idea need based is more than 50%.

Further hypotheses will be developed for final dissertation.

Data Analysis

Age at which one becomes entrepreneur

<table>
<thead>
<tr>
<th>Age</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30 years</td>
<td>135</td>
<td>36.7%</td>
</tr>
<tr>
<td>30 to 50 years</td>
<td>155</td>
<td>42.1%</td>
</tr>
<tr>
<td>More than 50 years</td>
<td>78</td>
<td>21.2%</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Family background:

<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>192</td>
<td>52.2%</td>
</tr>
<tr>
<td>Business</td>
<td>154</td>
<td>41.8%</td>
</tr>
<tr>
<td>Farming</td>
<td>22</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Personnel background of entrepreneur

<table>
<thead>
<tr>
<th>Job to entrepreneur</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job to entrepreneur</td>
<td>240</td>
<td>65.2%</td>
</tr>
<tr>
<td>Direct entrepreneur</td>
<td>128</td>
<td>34.8%</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Breakeven period:

<table>
<thead>
<tr>
<th>Breakeven period</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 year</td>
<td>18</td>
<td>4.5%</td>
</tr>
<tr>
<td>1 to 3 years</td>
<td>181</td>
<td>45.2%</td>
</tr>
<tr>
<td>more than 3 years</td>
<td>201</td>
<td>50.2%</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Current financial conditions:

<table>
<thead>
<tr>
<th>Current financial conditions</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good profit</td>
<td>100</td>
<td>25.0%</td>
</tr>
<tr>
<td>------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>Average profit</td>
<td>184</td>
<td>46.0%</td>
</tr>
<tr>
<td>Loss</td>
<td>116</td>
<td>29.0%</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Major findings:**
- There are 14 motivational variables and the variables are strongly related to each other.
- Since there are 14 motivational variables, hypothesis is independently tested by comparing the significance of association between Family background and responses of the respondents. Response of respondent is considered to be dependent on the family background. Chi-square test was used for the analysis at 5% level of significance.
- There is no association between motivation factors and family background hence it is concluded that responses of the respondents do not differ significantly as with their family background.
- The proportion in each category is different from 50%. The observed proportion for agree + strongly agree is 64% is more than that of other category. Hence it can be concluded that Evolution is industry based.

**EVLUTION OF ENTREPRENEUR WAS INNOVATIVE IDEA NEED BASED**
The proportion in each category is different from 50%. The observed proportion for agree + strongly agree is 72% is more than that of other category. Hence it can be concluded that Evolution is innovative idea based.

**THE FINDINGS OF THIS RESEARCH COULD BE LISTED BELOW:**
The primary purpose of the study was to understand the development of first generation entrepreneurs in Service (Informal Education) and Manufacturing (Specialty Chemical) sectors, to study the factors which had positive or negative correlation in the development and on the basis of those factors study the further growth of entrepreneurs in these two sectors. To do so, first parameters which affected the development process, were studied using literature on this subject.
Since there was not much literature available on this subject, magazines and industry journals were extensively searched to gather as much information as possible.

Available literature did not indicate any trend or pattern of development of first generation entrepreneurs in these two sectors. Then attempt was made to determine the factors that influenced the entrepreneurs to enter into these areas. A multi attribute model was also used to understand the growth of Service and Manufacturing industries in India. Using this information the profiles of entrepreneurs were segregated and their motivational factors studied. The analysis of data collected through primary and secondary surveys show that family background and source of funding did not had much significance on the motivation level of entrepreneurs.

Motivation was the main factor to affect the capability of entrepreneurs in overcoming entry barriers and sustain in their business. Testing of the hypothesis indicates similar trend and source of funding did not have much significance on motivation of entrepreneurs. Motivation was the main criterion of entrepreneurs to affect their risk taking capacity. Level of motivation had a direct impact on their aggressiveness and thus capacity to overcome the entry barriers with less effort.

The findings of this research brings out an interesting fact that entrepreneurs were found to be of a different breed and had the maneuvering skills to handle their business in different situations. Both Service (Informal Education) and Manufacturing (Specialty Chemical) businesses being in their nascent stage, require special skills to keep afloat, move over when these two sectors are capital intensive. Entrepreneurs interviewed during the survey were found to be highly motivated and visionary to think ahead of time. This quality of these entrepreneurs helped them in evolving despite all the challenges.
CHAPTER STRUCTURES

Chapter 1: Introduction
General Introduction will be given, this will cover Innovative Ideas and Entrepreneurship And detail about Service Sector - An Overview Further it also covers Manufacturing Sector - An Overview

Chapter 2: Literature Review
Review Of Literature On Innovative Based Entrepreneurship, Literature related to Innovative Idea-Based, Entrepreneurship in First Generation Entrepreneurs, Literature related to Informal Education Sector, Literature related to Specialty Chemical Sector will be covered.

Chapter 3: Research Methodology
Research methodology adopted for this research work will be described in this chapter.

Chapter 4: Data Analysis & Hypothesis Testing
Data analysis will be presented in this chapter.

Chapter 5: Findings And Conclusion
The findings of this research will be listed down in this chapter.

Chapter 6: Recommendations And Suggestions
Based on finding, recommendations and suggestions will be given in this chapter.

CHAPTER 7: BIBLIOGRAPHY

ANNEXURE:
References

- Birch, D (1987) 'Job creation in America: how our smaller companies put the most people to work', Task Force on Small Business, Dublin, Stationary Office, Pg. 41.


❖ Smith, N. (1967), "The Entrepreneur and His Firm: The Relationship between Type of Man and Type of Company", East Lansing, MI., Publisher: Michigan State University Press.


