

ENTREPRENEURSHIP DEVELOPMENT

M.Com. Semester-3, Paper-COMCC-10, Unit-2

Topic – Theories of Entrepreneurship

(Part-2)

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THEORIES OF ENTREPRENEURSHIP (5)

PART - II

6. Entrepreneurial Group Theory - This theory was developed by ~~to~~ Frank W. Young. According to Young, expansion at entrepreneurial activities is possible only by entrepreneurial groups. Because they have specialties in the group and capacity to react.
7. Cultural Theory - This theory was propounded by B.F. Hawelin. According to him, industrial entrepreneurial development is possible only that society, where social procedures are unstable, alternatives of employment to persons are widely available and the society which encourages personality of entrepreneur.
8. Systematic Innovation Theory - This theory was presented by Prof. Drucker. According to Drucker, "Systematic Innovation consists in the purposeful and organized search for changes and in the systematic analysis of the opportunities such

charges might alter for economic or social innovation."

~~9. Market~~

9. Personality Theory - This theory was developed by Cochran. According to him, cultural values, role expectations and social sanctions are the key elements that determine the supply of entrepreneurs. An entrepreneur is neither a super normal individual nor a deviant person but represents a society's model personality.

10. Creation Theory - This theory focuses on entrepreneurs and the creation of enterprises. The assumptions of this theory are - ~~(i) Objectives~~ (i) opportunities are subjective in nature (ii) opportunities are not recognised by individuals but created by them (iii) individuals bear uncertainty not risk. According to this theory, opportunities are subjective, individuals are ordinary and entrepreneurs are uncertainty-bearers.

11. Sociological Theory - According to this theory, the sociological factors are the secondary source of entrepreneurship development. ~~The~~ The social factors include social attitudes, values and institutions.

12. Psychological Theory - According to this theory, psychological factors are the primary sources of entrepreneurship development. The entrepreneurship is important to emerge when the society has sufficient supply of individuals possessing particular psychological elements. Few authors like Schumpeter, McClelland, Hagen and John Knudsen are the supporter of this factor or theory.

13. Economic Theory — In the words of J. R. Harris and G. F. Papanek, "The inner drive of a man is associated with economic activities". According to economic theory of entrepreneurship, an entrepreneur executes all activities due to economic incentives. The main aim of this theory is ~~profit~~ ^{profit motive}.

14. Leadership Theory — Leadership theory has developed by Hoselitz. According to him, entrepreneurship is a function of managerial skills and leadership. Hoselitz suggested that entrepreneurship can develop in a society where its culture permits a variety of choices and where social processes are not rigid.

