

## Chapter 4

# Inclusive Entrepreneurship for the Micro, Small, and Medium Enterprises: The Economic Perspective

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### ABSTRACT

*An inclusion of entrepreneurship practices within organization is outcome of its style and culture. The Micro, Small and Medium Enterprises or MSMEs in developing countries are needed to be much innovative by replacing the traditional ways of running their businesses. Knowledge Management in all functional processes is unavoidable insertion for them now days. In this chapter, the focus is thrown on this important aspect. The necessary information is collected from the secondary published data about the MSME sector in India and other Asian countries. This chapter will highlight the essentials of entrepreneurship for the MSME and is attempted to provide suggestions to the selected groups as far their productive development is considered. The MSME sector of India is taken as a study- base for discussion. But the applications are suitable for the MSME in other developing countries also.*

### INTRODUCTION

Economic reformation is a key requirement of the underdeveloped and developing economies. Such a reformation has vital significance every after a decade. These countries are recommended to adopt the entrepreneurship development process if they wish to sustain and grow globally. Entrepreneurship always demands innovation; and innovation concept should not be restricted to developed economies or to some specific groups only. So it is quite essential to include all the eligible beneficiaries under the process of entrepreneurship. When economic reformation is the priority, then the same should not be restricted to materialistic things, but also to the psychology of people also. The concept of inclusive entrepreneurship has come into existence with the same expectation.

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## ***Inclusive Entrepreneurship for the Micro, Small, and Medium Enterprises***

“Inclusive Entrepreneurship is a strategy and process for assisting people with diverse disabilities and/or economic and social disadvantages to become entrepreneurs through business planning training, use of customized business development goal and support planning, and access to financial resources utilizing the resources of diverse public and private partners working within a consensus-driven, collaborative framework”. (Syracuse University, 2011).

The concept itself indicates that the entrepreneurial skills and entrepreneurship policies are designed for all and not for the limited groups.

The Micro, Small and Medium Enterprises or MSMEs have captured sizable proportion of industries of any country. They are the pillar base for the core industries in that country. For them, handy perception of the entrepreneurship concept, entrepreneurial trends and knowledge entrepreneurship are fairly significant aspects. How these countries will work on these issues? As attempt is made to discuss this question and accordingly the objectives of this chapter are stated as follows:

1. To discuss role of MSME in the economic growth of country.
2. To discuss emergence of entrepreneurship and its development in the MSME.
3. To suggest suitable models of inclusive entrepreneurship for the MSME.

The chapter will highlight the essentials of entrepreneurship for the MSME and is attempted to provide suggestions to the selected groups as far their productive development is considered.

## **BACKGROUND**

To become an entrepreneur or to adopt the practices of entrepreneurship within businesses is demand of the globalized economy because of the presence of risk factor in the same. The given definitions of entrepreneurship highlight on the risk factor only.

Merriam-Webster's Directory defines Entrepreneur as, “One who organizes, manages and assumes the risks of a business or enterprise.” (Forbes)

Another definition is given as, “Entrepreneur is a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.” (Forbes)

Both the definitions clearly conclude that the risk factor is prime characteristic of the entrepreneur. His entrepreneurial skills are tested on the basis of his risk bearing tendency; and to manage a risk will be his main task. The entrepreneurs are those individuals who recognize opportunities where others see chaos or confusion. (Kuratko & Hodgetts, 2010, p-18). They are always challenging the unknown and uncertain factors in the economy. The main characteristics of an entrepreneurship are to assume the risk factors, economic and business fluctuations, searching out return opportunities in unusual modes of investment. While talking about the Micro, Small and Medium Enterprises, the risk attached to their functional and sustainable activities will have to be considered at the first place. The span of MSME is always high in all the countries. The majority of industrial output in any country is produced by these types of enterprises. In the developing country like India, the small industries employ about 40% of the total population and contribute 17% in the GDP. (Economic Times, June 2013). The similar situation is in other countries' MSME Employment Rate, viz. Germany 78%, US 53%, South Korea 87.7%. (Global Alliance of SMEs, 2013). But the small industries in growing economies are facing some common problems recently. In broader sense these problems are stated as follows:

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