

Assignment - II

11 Explain in brief the concept of entrepreneur

Entrepreneur as risk bearer: Richard cantillon defined entrepreneur as an agent who ~~by~~ buys factors as production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. He illustrated a farmer who pays contractual incomes which are certain to land owners & laborers, & sells at prices that are 'uncertain'. He includes merchants also who make certain payments in expectation of uncertain receipts. Hence both of them are risk bearing agents of production.

Entrepreneur as an organizer: According to J. Baptist say an entrepreneur is one who combines the land of one the labour of another & capital of yet another. & thus produces a product. By selling the product in the market, he pays interest on capital, rent on land & wages to laborers & what remains is his/her profit. The concept of entrepreneur is associated with the functions of co-ordination, organization & supervision.

Entrepreneur as an innovator: Joseph A. Schumpeter assigned a crucial role of 'innovation' to the entrepreneur. He considered economic development as a dynamic change brought by entrepreneur by instituting new combinations of factors of production. i.e. innovation.

- (*) Introduction of new product in the market.
- (*) Use of new method of production, which is not yet tried.
- (*) Opening of new market.
- (*) Discovery of new source of raw materials.
- (*) Bringing of new form of organization.

Q1 Give various definition of entrepreneur.

- ① Acc. to F.A Walker: "Entrepreneur is one who is endowed with more than average capitals in the task of organizing & co-ordinating the factors of production i.e. land, labour capital & enterprises.
- ② Marx regarded as social parasite.
- ③ Acc. to Gilbraith: "An entrepreneur must accept the challenge & should be willing hard to achieve something"
- ④ Peter. f. Drucker: defines an entrepreneur as one who always searches for change, responds to it & exploit it as an opportunity.
- ⑤ Acc. to Mark Caron: "An entrepreneurs is a person who specializes in taking judgemental decision about the coordination of scarce resources"
- ⑥ Frank Young: defined entrepreneur as a change agent.
- ⑦ Acc. to Max Weber: Entrepreneurs are a product of particular social condition in which they are brought up & it is the society which shapes individuals as entrepreneurs.
- ⑧ International Labour Organization (ILO): Entrepreneur as those people who have the ability to see & evaluate business opportunities together with the necessary resources to take advantage of them & to initiate appropriate action to ensure success.
- ⑨ Akhouri: describes entrepreneur as a character who combines innovativeness readiness to take risk, sensing opportunities identifying & mobilizing potential resources to take risk sensing opportunities concern for excellence & who is persistent in achieving the goal.

3) Enumerate the characteristics of entrepreneur.

- * Initiative: Does things before or forced to by events & acts to extend the business to new areas.
- * Persistence: Takes repeated or diff. actions to overcome obstacles.
- * Efficiency orientation: Finds ways & means to do things faster, better & economically.
- * Planning: Various inter-related jobs are synchronized acc. to plan.
- * Problem Solving: Conceives new ideas & finds innovative solutions.
- * Self Confidence: Makes decisions on his own & sticks to it in spite of initial setbacks.
- * Persuasion: Persuades customers & financiers to patronize his business.
- * Assertiveness: Instructs, disciplines for failing to perform.
- * Monitoring: Develops a reporting system to ensure that work is completed & quality norms.
- * Expansion: Reinvests a greater portion of profits to capital base expand capital of the firm.

4) Distinguish b/w entrepreneur & Manager.

Points	Entrepreneur	Manager
1. Motive	To start a venture for his personal gratification	To render services in an enterprise already set by someone else.
2. Status	Owner	Servant.

③ Rewards

Profits which are highly uncertain & not fixed.

Salary which is certain & fixed.

④ Risk

Assumes risk & uncertainty.

Manager does not bear any risk involved in enterprise.

⑤ Innovation

Entrepreneur himself thinks over what & how to produce goods to meet the changing needs of the customers.

A manager simply executes plans prepared by the entrepreneur.

⑥ Qualification

An entrepreneur needs to possess qualities & qualifications like high achievement, risk bearing etc.

A manager needs to possess distinct qualification in terms of sound knowledge in management theory & practice.

5) Explain in brief the function of entrepreneur.

Idea generation: It implies product selection & product identification. Idea generation is possible through vision, insight, keen observation, education, experience & exposure. This needs scanning of business environment & market survey.

Determination of business objectives: Entrepreneur has to state & lay down the business objectives. The entrepreneur must be clear about the nature & type of business.

Raising of funds: All the business activities of the business depend upon the finance & hence fund raising is an imp. function of an Entrepreneur.

Procurement of machines & materials: Entrepreneur has to identify cheap & regular sources of raw materials & machines. While procuring machines he should specify the technical details & the capacity.

⑤ Market research: It is the systematic collection of data regarding the product which the entrepreneur wants to manufacture. Entrepreneur has to undertake market research persistently to know the details of the intending product.

⑥ Determining form of enterprise: Entrepreneur has to determine form of enterprise depending upon the nature of the product vol. of investment etc.

⑦ Recruitment of manpower:

- * Estimating manpower requirement for short term & long term.
- * Laying down the selection procedure.
- * Designing scheme of compensation.
- * Laying down the service rules.
- * Designing mechanism for training & development.

⑧ Implementation of the project: Entrepreneur has to develop schedule & action plan for the implementation of the project. The project must be implemented in a time bound manner.

67 Explain in brief classification of entrepreneur.

Ans: of classify Entrepreneur into four types.

① Innovative entrepreneur: It is characterized by smell of innovativeness. seek the opportunities for introduction of new organizations, new ideas, new technology.

② Adoptive or imitative Entrepreneur: Imitates the existing entrepreneurs & set their enterprise in the same manner.

③ Cautious Entrepreneur: They are characterized by great caution & skepticism in experimenting any change in their enterprises.

④ Drone Entrepreneurs: Such entrepreneurs are conservative or orthodox in outlook. They always feel comfortable with their old fashioned technology of production even though technologies have changed.

Classification based on the scale of Enterprise.

Small scale: These entrepreneurs do not possess the necessary talents & resources to initiate large-scale production & to introduce revolutionary technological changes.

Large scale: They possess the necessary financial & other resources to initiate & introduce new technological changes.

Other classifications:

Solo operators: These are the entrepreneurs who essentially work alone, introduce their own capital & if essential very few employees.

Active partners: Such entrepreneurs jointly put their efforts & resources. They actively participate in managing the daily routine.

Inventors: Inventors are creative in character & feel happy in inventing new products.

Challenge: Acc. to such entrepreneurs, if there is no challenge in life there is no charm in life.

7) Distinguish b/w Entrepreneur & Intrapreneur.

	<u>Entrepreneurs</u>	<u>Intrapreneurs</u>
Dependency.	He is independent in his operation	He is dependent on the entrepreneurs i.e. owner.
Raising of funds	He himself raises funds required for the organization	He does not raise funds for the organization.
Risk	Bears the risk involved in the business	He does not fully bear the risk involved in the organization.

Operation	An Entrepreneur operates from outside. Converts the ideas into opportunities Takes the profit of the business.	An Intrapreneur operates from inside. Takes the responsibility of creating innovation. Provided with a variety of perquisite for his innovation.
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Q) Explain in brief the role of entrepreneurship in economic development.

Economic development essentially means a process of upward change whereby the real per capita income of a country increases for a long period of time.

- * Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
- * It provides immediate large-scale employment. Thus it helps to reduce the unemployment in country.
- * It provides balanced regional development.
- * It helps reduce the concentration of economic power.
- * It stimulates the equitable redistribution of wealth, incomes & even political power in the interest of country.
- * It encourages effective resource mobilization of capital & skill which might otherwise remain utilized & idle.
- * It promotes country's export trade. i.e. an employment is an imp. ingredient for economic development.

Q) Explain in brief the stages in Entrepreneurial process.

Entrepreneurship is a process of comprising several distinct stages. The 1st stage is change in the real world. For example, a war may destroy a country's manufacturing facilities but spare its trained work force that has happened in West Germany during Second World war. Such a change leads to every aspect of life in the country. It creates need for new goods & services. The destruction of Japan's industry during the second world war allowed the country to rebuild its industry from scratch.

The second stage in the entrepreneurial development is the 'idea' for example, microprocessor the brain of personal computer had been in the American market since the early 1970's. A company called 'Altair' had put out a computer that was so personal that one had to put it together oneself. But it was Apple computer which perceived that computer market was potentially very big.

One may become an entrepreneur in various ways. He may start a new enterprise. Alternatively he may acquire a franchise.

10) Write a note on barriers of entrepreneurship.

A large no. of entrepreneurs particularly in the small enterprises fail due to several problems & barriers.

The greatest barrier to entrepreneurship is the failure of success.

Karl. H. Vesper has identified the following entrepreneurship barriers.

- 1) Lack of a viable concept.
- 2) Lack of market knowledge.
- 3) Lack of technical skills.
- 4) Lack of seed capital.
- 5) Lack of business know how.
- 6) Complacency - lack of motivation.
- 7) Social stigma.
- 8) Time pressure & distraction.
- 9) Legal constraints & regulations.
- 10) Monopoly & protectionism.
- 11) Inhibitions due to patents.