Who is an Entrepreneur?

An **entrepreneur** is someone who takes the initiative to create a new business venture. They have a unique ability to see opportunities in the market and have the passion and drive to pursue them. Entrepreneurs are usually risk-takers who are willing to take chances and put in the hard work to make their vision a reality. They typically start their businesses by identifying a gap in the market or a need that is not being met. They develop a business plan and use it to raise funds to start their business. They may also invest their own money or time to get the business up and running. Once the business is established, the entrepreneur is responsible for managing all aspects of the company. They create products or services that meet the needs of their customers, manage their employees, handle finances, and make important decisions about the direction of the company.

What is Entrepreneurship?

Entrepreneurship refers to the process of creating and managing a new business venture to achieve financial success and make a positive impact on society. It involves identifying opportunities in the market, developing a solid business plan, raising capital, creating products or services, managing employees, and overseeing the business's day-to-day operations. This requires a unique blend of skills and qualities, such as innovation, risk-taking, creativity, and resilience. Successful entrepreneurs are known for their ability to adapt to changes in the market, take calculated risks, and persevere through challenges and setbacks.

Entrepreneurship is essential to the economy, as it creates new job opportunities, generates wealth, and fosters innovation. Although entrepreneurship is often associated with small businesses, it can be applied to any size or type of organization.

Difference between Entrepreneur and Entrepreneurship

Basis	Entrepreneur	Entrepreneurship
Meaning	An entrepreneur is someone who takes the initiative to create a new business venture.	Entrepreneurship refers to the process of creating and managing a new business venture to achieve financial success and make a positive impact on society.
Decision-Making	Entrepreneurs make critical decisions about their businesses. The decisions are focused on the initial creation and growth of their business.	Entrepreneurship involves the process of making informed decisions throughout the life of the business. It is mostly ongoing decision-making to ensure the long-term success of the business.
Impact	Entrepreneurs have an impact on the market by creating new products or services. Its impact is focused on the creation of their specific product or service.	Entrepreneurship has an impact on the economy by creating jobs, generating wealth, and driving innovation. It includes the broader impact of creating and managing a successful business on the economy and society.
Growth	Entrepreneurs focus on growing their businesses through innovation and expansion. Their main focus is on the initial growth of their business.	Entrepreneurship involves creating a business that can sustain growth over the long term. It includes the ongoing management and maintenance necessary to ensure that growth is sustainable.
Ownership	Entrepreneurs own and manage their businesses. They have a personal stake in the success of their business.	Entrepreneurship involves the process of starting and managing a business, regardless of who owns it. It is focused on the processes necessary to make a business successful, regardless of who owns it.

Basis	Entrepreneur	Entrepreneurship
Risk-Taking	Entrepreneurs take calculated risks to achieve their goals. There is a willingness to take risks. Risk-taking is an essential element of creating a successful business.	Entrepreneurship involves assessing and managing those risks throughout the process of creating and managing a business. It requires ongoing risk management to ensure the business's long-term success.
Innovation	Entrepreneurs are known for their ability to innovate and develop new products or services. Their primary focus is on developing new ideas and bringing them to market.	Entrepreneurship is focused on creating a business that can sustain that innovation. It includes the processes necessary to support innovation over the long term.
Responsibility	Entrepreneurs bear the responsibility for the success or failure of their businesses. So, they have the ultimate responsibility for their business.	Entrepreneurship involves various processes and activities involved in creating and managing a business. It includes broader responsibilities such as financial management, marketing, strategic planning, and leadership.
Focus	Entrepreneurs focus on identifying business opportunities and turning them into profitable ventures. They have a narrower focus on the initial creation of a business.	Entrepreneurship is focused on creating and managing a successful business. It includes the long-term management and growth of that business.

who is an Entrepreneur?

An entrepreneur is defined as a person who innovates, organizes, operates, and assumes the risk for a new business venture. A venture is a business enterprise involving risk in expectation of gain. The above definition of entrepreneur has four components, which highlight the facets of an entrepreneur. Firstly, an Entrepreneur innovates, i.e. comes up with a new concept, product or service. Secondly, an entrepreneur organizes a new business venture, i.e. initiates or starts a new business enterprise. Thirdly, an entrepreneur operates, i.e. runs a new business venture and strives hard to sustain and grow it. Fourthly, an entrepreneur assumes the risk, i.e. takes the responsibility of the (positive or negative) outcomes of a business enterprise.

"Whatever the type, everyone is an entrepreneur only when he actually carries out new combinations, and loses that character as soon as he has built up his business, when he settles down to running it as other people run their business. In contrast to this view Cantillion described the entrepreneur as a rational decision- maker "who assumed the risk and provided the management of the firm" .Thus, in this view the entrepreneur's role encompasses the activity of managing of the firm after having started it.

Some essential qualities for entrepreneurs are:

1) A strong desire to win. (NEED FOR ACHIEVEMENT): Most people dream of success, but seldom do anything to implement it. In contrast, entrepreneurs have a strong desire to continuously hit new goals and will not rest till they win.

2) An approach of never-say-die. (PERSEVERANCE): Once committed to a goal and a course of action, entrepreneurs never retract. Difficulties do not deter them and they work hard till the entire project is successfully accomplished.

3) Entrepreneurs prefer a middle-of-the-road strategy while handling tricky situations. (MODERATE RISK TAKER): They don't take high risks; they are not gamblers. They prefer a moderate risk to a wild gamble, high enough to be exciting and containing a reasonable winning chance.

4) Alert to opportunities and seizing them to their advantage. (ABILITY TO FIND AND EXPLORE OPPORTUNITY): Entrepreneurs are innovative and can convert crisis into opportunities. But they are realistic enough to ensure that the opportunity suitably dovetails into realizing their goals.

5) They have a dispassionate approach to problems. (ANALYTICAL ABILITY): Entrepreneurs will not let personal likes or dislikes come in the way of their taking a business decision based on ground realities. They seek out experts for assistance rather than friends and relatives. Their decisions are objective and not emotional or impulsive.

6) It is important for them to know how they are faring when they work on their goals. (USING FEEDBACK): Entrepreneurs take immediate feedback on performance and prefer prompt and accurate data, irrespective of whether they are favourable or not. Unfavourable news spurs them into making amends to attain their goals.

7) Entrepreneurs do not get deterred by unfamiliar situations but interesting situations. (FACING UNCERTAINTY): Achievement-driven people are optimistic even in unfamiliar situations. Even if they find the odds daunting, they see no reason why they can't succeed with their treasure of abilities. They march undeterred, making the best of the fine opportunities that come their way even without guidelines. They quickly come to grips with the new environment and present a picture of boldness and prudence. They apply their special insight and skill. Applying their special insight and skill, they quickly understand the environment and adjust to it.

8) They dislike working for others. (INDEPENDENCE): Entrepreneurs do not like to work for others and therefore start off on their own. They wish to be their own masters and be responsible for their own decisions.

9) They are flexible. (FLEXIBILITY): Successful entrepreneurs have an open mind and do not hesitate to change their decisions, if after weighing the pros and cons, find that the situation so demands.

10) Entrepreneurs think ahead of others and plan for the future. (PLANNER): Most successful people set goals for themselves and plan to realize them in a time frame.

11) Entrepreneurs can deal with people at all levels. (INTERPERSONAL SKILLS): An entrepreneur comes across all kinds of people. He has to make them work for him and with him to help realize his objectives. He likes working with people and has skills to deal with them.

12) They can influence others. (MOTIVATOR): A successful entrepreneur can influence others and motivate them to think and act in his way.

13) They can work for long hours and simultaneously tackle different problems. (STRESS TAKER): As a key figure in his enterprise, the entrepreneur has to cope with several situations simultaneously and take right decisions, even if it involves physical and emotional stress. This is possible if one has the capacity to work long hours and still keep cool.

14) They know themselves. (POSITIVE SELF-CONCEPT): An achiever channelises his fantasies into worthwhile, achievable goals and sets standards for excellence. He can do this for he knows his strengths and weaknesses, as well as adopts a positive approach. He is seldom negative.

15) Entrepreneurs think ahead. (ORIENTATION FOR FUTURE): They have the ability to look into the future. They won't allow the past to bother them and think only of the present and the future. "Bygones are bygones, what of now?" This is their usual response.

An individual may not have all these qualities, but most will have many. The first step for a person aspiring to become an entrepreneur is to make an inventory of his traits. This selfawareness and analysis will help him define his strengths and overcome weaknesses.

Reasons for becoming entrepreneurs:

The three main reasons that people become entrepreneurs and start their own firms are:

(1) to be their own boss

(2.) to pursue their own ideas, and

(3) to realize financial rewards.

Many entrepreneurs want to be their own boss, because either they have had a long time ambition to own their own firm or they have become frustrated working in traditional jobs. There are also people who want independence, a desire that can be satisfied by owning their own business and being their own boss. If self-help is the best help, then self -employment is the best employment and entrepreneurship, the most exciting level of self-employment. In employment one works for others, one works as others want one to do. There is no scope for doing as you wish, doing what you wish, doing how you wish. But entrepreneurship is the opposite of employment. You work for yourself, achieve a target or a goal set by yourself and reap the satisfaction of having achieved the goal yourself. As an entrepreneur, one is not only employed, but creates employment for others- one is not only realizing the goal in his life but is also a source of livelihood for so many. The pride of being a lord of one's own destiny is coupled with the satisfaction of being the benefactor of so many.

The second reason people start their own firms is to pursue their own ideas. Some people are naturally alert and when they recognize ideas for new products or services they have a desire to see those ideas realized. Because of their passion and commitment, some employees with good innovative ideas chose to leave the firm employing them in order to start their own business as the means to develop their own ideas. Some people, through a hobby, leisure activity or just everyday life recognized the need for a product or service i.e. not available in the market place. If the idea is viable enough to support a business, they commit tremendous time and energy to convert their idea into a part time or full time business.

Finally, people start their own firms to pursue financial rewards. This motivation, however, is typically secondary to the first two and often fails to live up to its hype. Entrepreneurship is not a matter of heritage, it is entirely a manifestation of such potentialities that any individual born in any caste, community and class can have. As such, any person having a certain set of behavioral traits and mental aptitudes in him/her can become an entrepreneur. Besides, there is no need for such a person to be groomed from the very childhood for becoming an entrepreneur. Even if he is grown-up, has worked on a different line, and has developed these traits or aptitudes, he or she can be groomed and developed as an entrepreneur through counseling and motivational measures.

Characteristics of Entrepreneur

Four main characteristics of Successful Entrepreneurs: The following are the four most important characteristics of a successful entrepreneur:

1. Passion for the business

2. Product / customer focus

3. Tenacity despite failure

4. Execution intelligence

1. Passion for the business: The number one characteristic shared by the successful entrepreneurs is a passion for the business, whether it is in the context of a new firm or an existing firm. In this passion stems from the entrepreneur's belief that the business will positively influence people's life. This passion makes the people to life secure jobs and to start their own firm. Passion is important for entrepreneurs because, although rewarding, the process of starting and building a new firm is demanding. Entrepreneurship is not for the person who is only partially committed. Investors carefully watch and try to determine an entrepreneur's passion for his business idea. However it is important to be enthusiastic about a business idea, but it is also important to understand its potential flaws and risks. An entrepreneur must also remain flexible enough to modify the idea when it is necessary to do so.

2. Product/Customer Focus: A second defining characteristic of successful entrepreneurs is a product/customer focus. The two most important elements in any business are – products and customers. While it's important to think about the management, marketing, finance and the like, none of these functions makes any difference, if a firm doesn't have good products with the capacity to satisfy the customers. Most successful entrepreneurs are passionate in making products that meet their customer's needs. Michael Dell wrote that "We introduced technology that meets the needs of our customers, rather than introducing technology for its own sake". Successful entrepreneurs create products that meet unfilled needs of the customers.

3. Tenacity despite failure: Because entrepreneurs are typically trying something new, the failure rate associate with their effort is naturally high. Further, the process of developing a new business is somewhat similar to what a scientist experiences in the laboratory. Developing a new business idea requires certain degree of experimentation before success is attained.

Setbacks and failures inevitably occur during this process. The litmus test for entrepreneurs is their ability to persevere through setbacks and failures.

4. Execution intelligence: The ability to convert a solid business idea into a viable business is a key characteristic of successful entrepreneurs and is called "Execution Intelligence". In many cases execution intelligence is the major factor to determine whether a start-up is a successful or failure one. A famous Chinese saying says "To open a business is very easy; but to keep it open is very difficult". The ability to execute a business idea means developing a business model, creating a new venture team, raising money, establishing partnerships, managing finances, leading and motivating employees and making arrangements for marketing the product or service and so on. It also demands the ability to translate thought, creativity and imagination into action and measurable results. Ideas are easy but execution is very hard.

1.5: Entrepreneur Vs Manager

Many people are of the view that the terms entrepreneur and manager means the same. It is wrong notion since one can find a lot of differences between these two as given below:

Entrepreneur	Manager
1. **Owner:** An entrepreneur is the owner of the enterprise which he establishes himself.	1. **Servant:** A manager is acting in the capacity of a servant in the enterprise.
2. **Profit:** The reward for an entrepreneur is profit which is highly uncertain.	2. **Salary:** The reward for a manager is salary and his salary is certain and fixed.
3. **Full risk bearing:** As a owner, the entrepreneur has to bear all risks and uncertainties involved in running the business.	3. **No risk bearing:** As a servant, the manager need not bear any risk involved in the enterprise.
4. **All functions:** An entrepreneur has to perform many functions in order to run the enterprise successfully.	4. **Managerial functions only:** A manager renders only the managerial services in an enterprise.
5. **Innovator:** An entrepreneur mainly acts as an innovator and prepares plans for execution.	5. **Executor:** A manager mainly acts as an executor of plans prepared by the entrepreneur.

1.6: Entrepreneur Vs Intrapreneur

In recent times, a new brand of corporate entrepreneurs called "intrapreneurs" has come into picture. Since they emerge within the frontiers of an existing enterprise, they are called intrapreneurs. "In" refers to "within." In big organisations, the top executives with entrepreneurial talents are encouraged to generate new ideas and then covert them into products through research and development carried out within the organization itself. If the talent inside an organisation is regarded, the entrepreneur could avoid stagnation and decline in his enterprise.

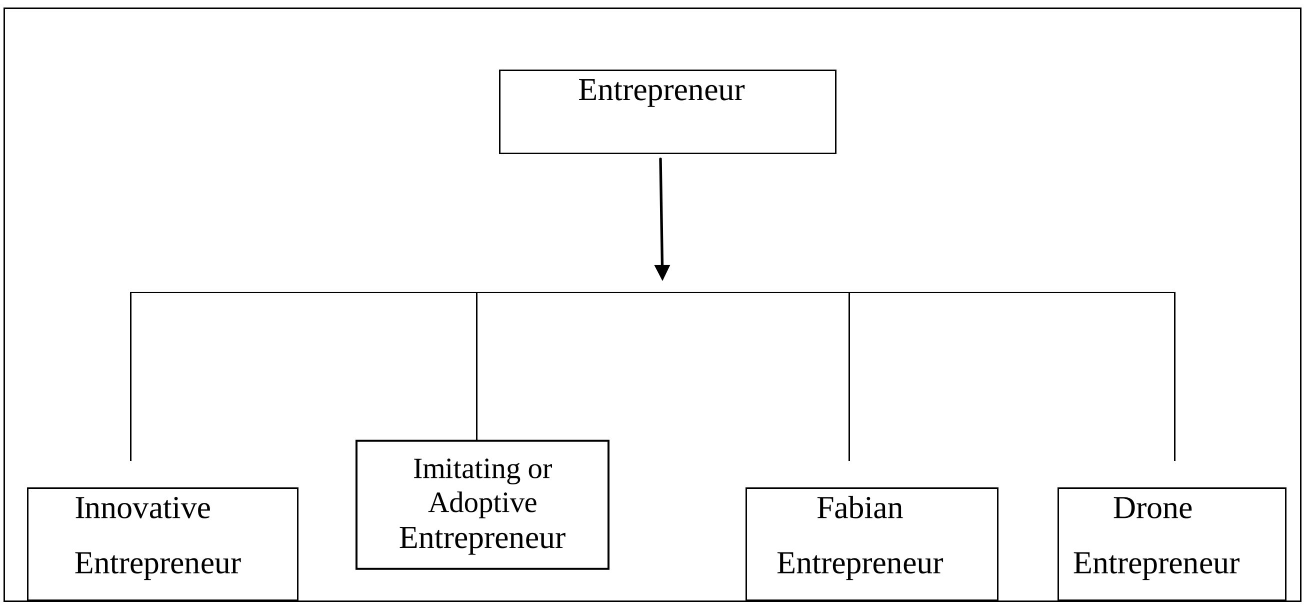
The differences that exist between these two types of business leaders are given below:

Entrepreneur	Intrapreneur
1. **Independent:** An entrepreneur is an independent person in his business operations.	1. **Dependent:** On the other hand, an intrapreneur is completely depending on the entrepreneur for everything in the organisation. He cannot take any decision by himself.
2. **Need not be highly educated:** It is not necessary that an entrepreneur should have a high education. He can learn everything by experience provided he has the basic qualities of a successful entrepreneur.	2. **Highly educated:** An intrapreneur enters into an existing organisation with a high education and qualification. He is indeed a business specialist in the chosen field.
3. **Fund raising:** An entrepreneur himself raises funds necessary for starting and establishing his enterprise.	3. **No fund raising:** An intrapreneur is completely free from the botheration of raising funds.
4. **Risk bearing:** An entrepreneur has to bear all the risks involved in the business by himself.	4. **No risk bearing:** An intrapreneur need not bear any risk involved in the business.
5. **Routine work:** An entrepreneur is more concerned with doing routine work and sometimes he may not know the important details of his own business.	5. **Specialist:** An intrapreneur acts as a specialist in his chosen field and serves as an outside professional.

6. Operation from outside: An entrepreneur always operates from outside. The owner is different and the enterprise he owns is different.	**6. Operation from inside:** But, an intrepreneur operates from within the organisation itself. He is a part and parcel of the organisation.
7. Strong authoritarian: Generally, an entrepreneur operates with a strong authoritarian backup.	**7. Less authoritarian:** On the contrary, intrapreneur is less authoritarian. He is more "adaptable" in the organisation.

1.7: Classification of Entrepreneurs

Entrepreneurs are classified under four major heads as shown in



1.7.1: Innovative Entrepreneurs As per Schumpeter, only the innovating persons are designated as entrepreneurs. The ordinary producers repeat the same production for years whereas innovators produce new goods in new ways and enter into new markets by undertaking new methods of organisation.

An innovative entrepreneur is one who always looks at providing an opportunity for introducing a new technique of production process or a new commodity or a new market or arranges reorganisation. *Schumpeter's* concept of entrepreneur was of this type.

Peter F. Drucker opines that the innovation has the following principles.

- Systematic and objective analysis of various opportunities, to explore the possibilities of project ideas.
- For effective innovation, it has to be simple and easy. Otherwise, decisions would be difficult.
- Complete, comprehensive trail of opportunities for better choice.
- Invention should be based on certain concepts.
- Innovation emerges from the deep and wide insight to problems.
- Innovation should result in a bundle of knowledge, a purposeful activity creating profitability of the market.

1.7.2: Adoptive or Imitating Entrepreneurs: What these persons do is to just imitate the successful entrepreneurs in techniques, technology innovated by others. Due to lack of funds, technology and technical skills, the entrepreneurs in developing nations would find it most convenient to imitate rather than to innovate and hence these persons imitate the successful innovators of developed nations. Further, Innovation takes more time.

1.7.3: Fabian Entrepreneurs: These are traditionally bounded entrepreneurs who would always be cautious and they neither introduce new changes nor adopt new methods innovated by the most enterprising entrepreneurs. They are lazy, follow old customs, traditions, sentiments etc. Hence they are totally uninterested in taking risk and imitating successful entrepreneurs.

1.7.4: Drone Entrepreneurs: These entrepreneurs never allow any change in their production and the style of functioning. They never explore opportunities nor are prepared to take any risk. They may even meet losses due to obsolete methods of production but do not change their production methods and continue to adopt traditional ways in the production process. Also called as 'Laggards', who would be pushed out of the market when the product losses its marketability.

1.7.5: Other Types of Classifications of Entrepreneurs

This can be on the following basis:

- According to the type of business handled
- According to the use of technology
- According to the motivation

- According to the growth
- According to the stage of development
- According to the area
- According to the sex and age
- Miscellaneous

Classifications of Entrepreneurs

Type	Classification	
Business	• Business Entrepreneur • Trading Entrepreneur • Industrial Entrepreneur - Large-Small - Medium-Tiny	• Corporate Entrepreneur • Agricultural Entrepreneur Plantation-Dairy- Horticultural- Forestry • Retail Entrepreneur • Service Entrepreneur
Technology	• Technical Entrepreneur • Non-technical Entrepreneur • Professional Entrepreneur • High tech Entrepreneur	• Low tech Entrepreneur
Motivation	• Pure Entrepreneur • Induced Entrepreneur	• Motivated Entrepreneur • Spontaneous Entrepreneur
Growth	• Growth Entrepreneur	• Super Growth Entrepreneur
Stage of Development	• First generation Entrepreneur • Modern Entrepreneur	• Classical Entrepreneur
Area	• Urban Entrepreneur	• Rural Entrepreneur
Sex and Age	• Men Entrepreneur -young, old, middle aged	• Women Entrepreneur -young, old, middle aged
Miscellaneous	• Professional Entrepreneurs • Non – professional Entrepreneurs • Modern Entrepreneurs • Traditional Entrepreneurs	• Inherited Entrepreneurs • Forced Entrepreneurs • National Entrepreneurs • International Entrepreneurs • Bureaucratic Entrepreneurs

	• Skilled Entrepreneurs • Non- skilled Entrepreneurs • Imitating Entrepreneurs	• Intrapreneur Entrepreneurs • Immigrant Entrepreneurs

Classifications on the Basis of Type of Business

On the basis of type of business, the entrepreneurs can be classified as follows:

1. **Trading Entrepreneur:** An entrepreneur who undertakes trading activities only is called trading entrepreneur. He identifies potential markets, and creates demand for his chosen product line.
2. **Industrial Entrepreneur:** An entrepreneur is a product-oriented person who starts his industrial unit for manufacturing some new products.
3. **Business Entrepreneur:** The business entrepreneur conceives idea for a new product and create a business to materialize his idea into reality. He engages in both production and marketing activities.
4. **Corporate Entrepreneur:** An entrepreneur who demonstrates his skills in organising and managing a corporate undertaking is known as corporate entrepreneur.
5. **Agricultural Entrepreneur:** These entrepreneurs undertake agricultural activities. They raise the productivity of agriculture through modernisation and application of modern technology.

1.8: Role of Entrepreneurs in Economic Development

Entrepreneurs play an important role in the economic development of a region. From the fall of Rome (AD 476) to the eighteenth century, there was virtually no increase in per capita wealth generation in the West. With the advent of Entrepreneurship, however, per capita wealth generation and income in the West grew exponentially by 20 percent in the 1700s, 200 percent in the 1800s, and 740 percent in the 1900s (Drayton, 2004). The Figure shows the various ways in which the Entrepreneurial activity results in economic development and growth.

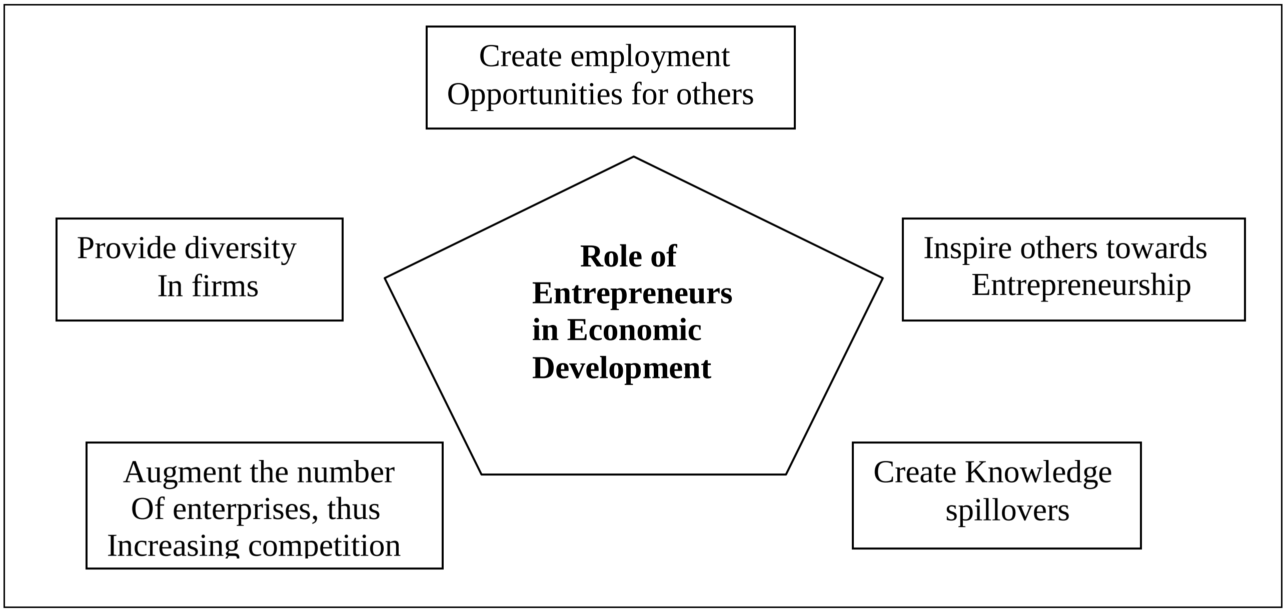


Figure: Role of Entrepreneurs in Economic Development

1.8.1: Create employment opportunities

By creating a new venture, entrepreneurs generate employment opportunities for others. Unemployment is a major issue, especially in the context of developing economies like India. Educated youth often are unable to get a suitable employment for themselves. Thus, entrepreneurs do a Yeoman's service by not only employing themselves into their Entrepreneurial ventures, but also by employing others. Within the last 15 years, Fortune 500 companies and large corporations have endured major retrenchment and eliminated millions of jobs, whereas discoveries in the Entrepreneurial sector have yielded new incorporations and generated millions of job opportunities.

1.8.2: Inspire others towards entrepreneurship

The team created by an entrepreneur for his new venture often provides the opportunity for the employees-cum-teammates to have a first-hand experience of getting involved in an entrepreneurial venture. This often leads eventually for these employees to become entrepreneurs themselves after being inspired by their earlier experience of working for an entrepreneur. Thus, this process helps in forming a chain reaction of entrepreneurial activity which directly contributes to the health of the economy.

1.8.3: Create knowledge spillovers

When a scientist, an engineer, or a knowledge worker (i.e. an economic agent with endowments of new economic knowledge) leaves an organization to create a new firm, he will bring the expertise and experience from the old firm and spreads knowledge to his new firm. Hence, entrepreneurship serves as a mechanism by which knowledge spills over to a new firm in which it is commercialized. Naturally, the new firm gets benefited by the experience and knowledge gained by founder in his/her erstwhile organization.

1.8. 4: Augment the number of enterprises

When new firms are created by entrepreneurs, the number of enterprises based upon new ideas/ concepts/ products in a region (say, a city, state, or country) increases. Not only does an increase in the number of firms enhance the competition for new ideas, but greater competition across firms also facilitates the entry of new firms specializing in a particular new product niche.

Provide diversity in firms: Entrepreneurial activity in a region often results into creation of a variety of firms in a region. These firms operate into diverse activities and it has been found that it is this diversity in firms which fosters economic development and growth rather than homogeneity. According to Jacobs (1969), it is the exchange of complementary knowledge across diverse firms and economic agents that yields as important return on new economic knowledge.

Importance of Entrepreneurship: Entrepreneurship's importance to the economy and society was first expressed by Joseph Schumpeter in his book "The Theory of Economic Development". He argued that entrepreneurs develop new products and technologies that over time make current products and technologies absolute. Schumpeter calls this process *creative destruction*. Because new products and technologies are typically better than those they replace and these improved products and technologies increase consumer demand and simulates economic activity. The new products and technologies may also increase the productivity of all elements of the society. Small firms that practice this art are called "*innovators*" or "*agents of change*".

Entrepreneurial firms are the firms that bring new products and services to market by creating opportunities. Entrepreneurial firms stress innovations which have had a dramatic impact on society. New products and services helped in making our lives easier, improved our productivity, improved our health, develop better communication and entertain people in new ways. Entrepreneurial firms contribute towards innovation, job creation and globalization.

Relationship between Entrepreneurship and Economic Development

The relationship between entrepreneurship and economic development can be highlighted with the help of the following functions performed by entrepreneurs.

- Contribution to GDP
- Capital Formation
- Generating Employment
- Generation of Business Linkages
- Increased Efficiency
- Increasing the Range of Economic Activities

What is Family Business?

- A business that is owned, operated and handled by two or more members of a family.
- These members should be blood-related, related by marriage or adoption.

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Qualities of Family Business

- A sole family has to own the majority percentage of the ownership
- Has to have control over the voting system.
- Possess power in strategic decision-making.
- Multiple generations of that single-family have to be involved in that business.
- The same family has to draw the senior management of that firm.

Examples of Family Business

Company	Country	Industry	Family Name
Walmart	USA	Retail	Walton
Tata Group	India	Conglomerate	Tata
Reliance Industries	India	Conglomerate	Ambani
Berkshire Hathaway	USA	Conglomerate	Buffet
Ford	USA	Automotive	Ford
Dell Technologies	USA	Computer Hardware	Dell

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Examples of Family Business

Company	Country	Industry	Family Name
BMW Group	Germany	Automotive	Quandt
Toyota Group	Japan	Automotive	Toyota
Samsung Group	South Korea	Conglomerate	Lee
LG	South Korea	Consumer Electronics	Koo
Hyundai	South Korea	Automotive	Chung

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Family Business Characteristics

- **Members:** Family business management is conducted by a group of individuals who are also the members of a single family is the owner and runs the enterprise.
- **Position of members:** The role and position of the family members in the business enterprise depend upon the relationship between the members.
- **Control:** The family exercises control over the enterprise since the family is the major shareholder in the company.

Family Business Characteristics

- **Mutual Interest:** The family members who hold key positions in the business are supposed to influence the business policies as determined by the mutual interest of the firm and the family.
- **Involving Multiple Generations:** The family looks after the business management and operations, and thus the rein is passed from one generation to the next.
- **Mutual Trust:** All family members must have mutual trust in every involved member since they have a mutual origin, the same values, business orientation and ethics.
- **Integrity and Transparency:** These characteristics are built by strong moral principles and determination toward business goals and honesty in transparency in business.

Types of Family Business

1. **Family Owned Business:** This kind of business refers to the one which controls the size of the significant and controlling ownership stake. This stake is controlled and owned by the family members.
2. **Family Managed and owned Business:** In these businesses, a single family or an individual member of the family owns the controlling stake of the business. The major owner allows the family to create and decide upon the objectives, policies and methods.
3. **Family Led and Owned Business:** In this kind of business, while the owner can belong to the family or a member of the family, at least another family member should be a member of the company’s board of directors. The family member can therefore influence major strategies, direction and plans.

Types of Entrepreneurship Contribution to Family Business

1. ## First Generation Entrepreneurs

   They are the ones who invest money and take risks and uncertainties of setting up a new business. They create wealth and is the pioneer of the business. They innovate and come up with new ideas to create a successful business.

2. ## Second Generation Entrepreneurs

   The Second Generation Entrepreneur controls and runs the previously established business of their parents and grandparents. However, their decisions and activities will be under examination. They involve in the business as middle and top-level management, and after they showcase their potential in handling business craftily, they are handed over the reign of the business.

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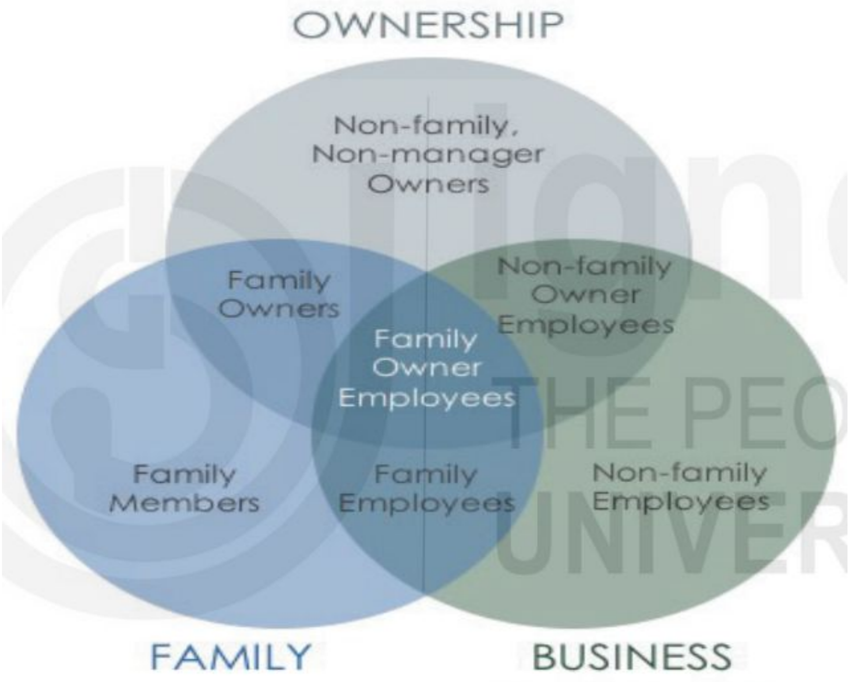
Structure of A Family Business (Three Circle Model)

Developed in 1978 by Professor Renato Tagiuri and John Davis at Harvard Business School but was first published in 1982



Structure of A Family Business (Three Circle Model)

- **Non-family non-manager owners:** These kinds of owners are external investors who own a particular proportion of the entity but do not work.
- **Family owners:** These set of groups consist of family members who own a certain portion of the business yet do not participate in its operations.
- **Family owner-employees:** This kind of ownership involves owning and working as an employee in the company, mostly as a top managerial position-holder.
- **Non-family owners employees:** This is a group of individuals who are not family members, yet they are working employees in the firm and own a specific portion of share capital.
- **Family members:** This group consists of all family members who work for the company but do not have any share in the company's capital.
- **Non-family employees:** These employees of the business firm work under the employment contract, and they are not members of the family and do not own shares in the firm.

Advantages of a Family-owned Business

1. **Stability:** Since there is longevity in the leadership position, there is stability in a family-owned business. In these businesses, a leader stays in the position for years with different life events like retirement, illness or death triggering the change at the top.
2. **Commitment:** Family businesses have a greater inclination toward commitment and accountability than non-family firms due to their need for business as well as the family. These characteristics foster benefits like understanding the industry, organisation and job, effective marketing and stronger customer relationships.
3. **Flexibility:** While non-family businesses have delineated responsibilities for individual roles, the members of family businesses can take on tasks outside of their pre-determined roles.
4. **Long-term Outlook:** Non-family firms have to draw goals for the coming quarter, while family firms can think of the goals decades ahead. This long-term perspective can foster clear decision-making culture throughout the business.

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Disadvantages of a Family-owned Business

1. **Lack of Family Interest:** Sometimes, future generations are not interested in participating in the business. This might result in unenthusiastic, apathetic and disengaged workforce management.
2. **Conflicts Between Family Members:** The relationship between family members, family history and the almost blurred boundary between work life and family life can be conflicting. Family connections make these issues more complex.
3. **Lack of Structure:** Since family businesses depend on trust and loyalty, they may lack proper internal rules as well as external corporate law.
4. **Nepotism:** Some family businesses promote the family members for senior managerial positions, even though these members lack the education, skills and potential to embrace those responsibilities. This is a drawback that negatively impacts the company's success.
5. **Succession Planning:** Many family-run businesses lack clearly defined succession plans. In the case of an emergency need to appoint a successor due to a scandal, illness or death, it might become hard for the business to decide upon the successor.

Role of educational institutions in promoting entrepreneurship culture

Equipping with Skills: Educational institutions can provide students with the knowledge and skills necessary to be successful entrepreneurs. This includes courses in business planning, marketing, finance, and accounting. But it goes beyond traditional subjects. Entrepreneurial education often emphasizes critical thinking, problem-solving, creativity, innovation, and risk management.

Shifting Mindsets: Educational institutions can help students develop the mindsets and attitudes essential for entrepreneurs. This includes fostering a sense of self-belief, resilience in the face of failure, and a willingness to take calculated risks. By introducing entrepreneurship education early on, they can break down traditional ideas of career paths and encourage students to see themselves as future business owners.

Role of educational institutions in promoting entrepreneurship culture

Providing Resources: Many educational institutions are setting up business incubators and accelerators. These provide budding entrepreneurs with crucial resources like co-working spaces, mentorship programs, access to funding, and connections with potential investors. These resources can be invaluable in helping students turn their ideas into viable businesses.

Curriculum Development: Educational institutions can design and integrate entrepreneurship courses and programs into their curriculum at various levels, from primary education to higher education. These programs can cover topics such as business planning, financial management, marketing, and leadership skills, providing students with a solid foundation in entrepreneurship.

Role of educational institutions in promoting entrepreneurship culture

Experiential Learning Opportunities: Offering hands-on learning experiences such as internships, co-op programs, and entrepreneurship competitions allows students to apply theoretical knowledge in real-world settings. These experiences help students develop practical skills, build networks, and gain confidence in their entrepreneurial abilities.

Access to Resources and Support: Educational institutions can provide access to resources and support services tailored to aspiring entrepreneurs, including mentorship programs, business incubators, accelerators, and funding opportunities. These resources can help students navigate the complexities of starting and growing a business and increase their chances of success.

Role of educational institutions in promoting entrepreneurship culture

Networking Opportunities: By organizing events, workshops, seminars, and networking sessions with successful entrepreneurs, investors, and industry experts, educational institutions facilitate connections and collaboration within the entrepreneurial ecosystem. These networking opportunities enable students to learn from experienced professionals, seek advice, and find potential partners and investors for their ventures.

Promotion of Innovation and Research: Educational institutions can encourage innovation and research by supporting interdisciplinary collaboration, funding research projects, and providing access to state-of-the-art facilities and technologies. By fostering a culture of innovation, educational institutions inspire students to think creatively, identify market opportunities, and develop innovative solutions to address societal challenges.

Role of educational institutions in promoting entrepreneurship culture

Cultural Shift: Through education and exposure to entrepreneurial role models and success stories, educational institutions can help shift societal attitudes towards entrepreneurship. By promoting an entrepreneurial mindset characterized by resilience, adaptability, and a willingness to take calculated risks, educational institutions empower students to pursue entrepreneurial ventures and contribute to economic growth and job creation.

Community Engagement and Outreach: Educational institutions can actively engage with the local community, industry partners, government agencies, and nonprofit organizations to promote entrepreneurship and support economic development initiatives. By fostering collaboration and partnerships, educational institutions can leverage their resources and expertise to create a thriving entrepreneurial ecosystem that benefits society as a whole.

<u>Role of Government, Promotional Agencies, and Institutions in Entrepreneurship Development</u>

1. Introduction

Entrepreneurship is a key driver of economic growth, innovation, and job creation. However, entrepreneurs often face challenges like lack of funding, inadequate training, and limited access to markets. To overcome these, the **government and various institutions** play a crucial role in fostering entrepreneurship.

2. Role of the Government in Entrepreneurship Development

The government creates an ecosystem that encourages and supports entrepreneurial activities through:

a) Policy Formulation

- Implementation of startup-friendly policies (e.g., Startup India)
- Tax benefits, subsidies, and exemptions for new businesses

b) Infrastructure Development

- Establishment of industrial parks, SEZs (Special Economic Zones)
- Support for digital infrastructure (like Digital India)

c) Financial Support

- Loans at low interest rates through schemes like **MUDRA Yojana**, **SIDBI funding**, etc.
- Grants and seed funding for startups

d) Skill Development

- Programs like **Skill India** to train entrepreneurs in modern business practices

e) Ease of Doing Business

- Simplifying business registration, licensing, and compliance procedures

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3. Role of Promotional Agencies

Promotional agencies provide direct support to entrepreneurs. Key agencies include:

a) MSME (Ministry of Micro, Small & Medium Enterprises): MSME is Micro, Small, and Medium Enterprises. It refers to a category of businesses that are classified based on their investment and turnover. These enterprises play a significant role in the Indian economy, contributing to employment, GDP, and industrial development.

- Provides training, credit, and market access
- Operates schemes like Credit Guarantee Fund Scheme

b) NSIC (National Small Industries Corporation)

- Offers raw material assistance, marketing support, and credit facilitation

c) SIDBI (Small Industries Development Bank of India)

- Specializes in funding small-scale industries and startups

d) Startup India Hub

- A platform for networking and knowledge-sharing among startups and investors

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4. Role of Institutions in Entrepreneurship Development

These institutions focus on training, mentoring, and research:

a) EDII (Entrepreneurship Development Institute of India)

- Offers training programs, research, and consultancy

b) NIESBUD (National Institute for Entrepreneurship and Small Business Development)

- Conducts training for entrepreneurs and trainers

c) IIMs and Other Business Schools

- Offer entrepreneurship courses and incubation centers

d) Incubators and Accelerators

- Provide mentorship, funding, office space, and access to investor networks

Incubators and accelerators are both support systems for startups, but they target different stages of development. Incubators focus on early-stage ventures, often providing space, resources, and guidance to help them develop a viable business model. Accelerators, on the other hand, are more focused on accelerating the growth of established startups by providing intensive training, mentorship, and access to funding, often in exchange for equity.

Incubators:

- **Focus:** Early-stage startups, even those at the idea stage.
- **Services:** Provide space, resources, and mentorship to help startups develop their business model, test their product, and find their customer base.
- **Duration:** Longer-term, often several months to a couple of years.
- **Funding:** May offer some funding, but primarily focus on providing resources and mentorship.

Accelerators:

- **Focus:** More established startups that have a minimum viable product (MVP) and are looking to scale rapidly.
- **Services:** Offer intensive training, mentorship, and connections to investors, often in exchange for equity.
- **Duration:** Shorter-term, typically a few months.
- **Funding:** Provide funding, often in exchange for a share of the company's equity.

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5. Conclusion

The collective effort of the government, promotional agencies, and institutions creates a supportive environment for entrepreneurs. By addressing funding, training, and regulatory challenges, these entities play a vital role in transforming business ideas into successful enterprises, thereby contributing to national development.

Challenges faced by government agencies in promoting entrepreneurship.

- Bureaucratic Hurdles and Red Tape
- Lack of Coordination and Collaboration
- Limited Funding and Resources
- Skill Gaps and Capacity Building
- Policy Inconsistencies and Regulatory Barriers
- Access to Finance and Investment
- Inadequate Infrastructure and Support Ecosystem
- Monitoring and Evaluation

Strategies for enhancing their effectiveness in promoting entrepreneurship.

- Streamline Regulatory Processes
- Enhance Coordination and Collaboration
- Increase Funding and Resources
- Build Capacity and Expertise
- Strengthen Policy Frameworks
- Facilitate Access to Finance
- Improve Infrastructure and Support Ecosystem
- Promote Entrepreneurial Education and Culture
- Harness Technology and Innovation
- Promote Inclusive and Sustainable Entrepreneurship

Financial schemes and incentives available for entrepreneurs in India

- Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE)
- Pradhan Mantri Mudra Yojana (PMMY)
- Startup India Seed Fund Scheme (SISFS)
- Standup India Scheme
- Technology Business Incubator (TBI) Scheme
- Cluster Development Programme for MSMEs
- Export Promotion Capital Goods (EPCG) Scheme
- Tax Incentives and Exemptions

Financial/Loan schemes available for entrepreneurs

- Pradhan Mantri Mudra Yojana (PMMY)
- Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE)
- Startup India Seed Fund Scheme (SISFS)
- Standup India Scheme
- Technology Business Incubator (TBI) Scheme
- Cluster Development Programme (CDP) for MSMEs
- Export Promotion Capital Goods (EPCG) Scheme
- National Scheduled Caste Scheduled Tribe Hub (NSSH)
- SIDBI Make in India Soft Loan Fund for Micro, Small and Medium Enterprises (SMILE)
- National Minority Development Finance Corporation (NMDFC) Scheme

Loan schemes offered by banks

- Business Loans
- Term Loans
- Overdraft Facility
- Working Capital Loans
- Equipment Financing
- Export Finance

Challenges faced by entrepreneurs in securing loans from banks.

- Limited Credit History
- Lack of Collateral
- High Interest Rates
- Stringent Documentation Requirements
- Lengthy Approval Process
- Risk Aversion by Banks
- Sectoral Restrictions and Eligibility Criteria
- Preference for Established Businesses