

Define Entrepreneur. What are the characteristics of entrepreneurs 8M
explain functions of entrepreneur.

Sub : ME & IT (18CS51)

MODULE III

Meaning and definition of an entrepreneur:

Entrepreneur is a person who undertakes an enterprise. The process of creation is called entrepreneurship. An entrepreneur can be considered as a person who bears the risk of operating a business in the face of uncertainty about the future conditions.

Who innovates and introduces something new in the economy.

Who shifts resources out of an area of lower and into an area of productivity and greater yield.

Who plays a critical role in economic development and an integral part of economic transformation.

To conclude an entrepreneur can be considered as an agent who buys the four factors of production at certain prices in order to combine them into product with a view to selling it at uncertain prices in future.

Evolution of the concept:

The word entrepreneur has been derived from the French word which means to undertake.

Was originally meant to designate an organizer of musical or other entertainments.

According to oxford English dictionary in 1897 was defined as the director or manger of public musical institution that gets entertainment in the form of musical performance.

16th century: In 16th century it was applied to those who were engaged in military expeditions.

17th century: In 17th century it was extended to cover civil engineering activities such as construction and fortification.

18th century: In the beginning of the 18th century the word was used for economic aspects.

In the way the evolution of the concept of entrepreneur can be considered to be over more than four centuries.

Characteristics of an entrepreneur:

These are the characteristics which are found prominent in them

1. Hard work:

Willingness to work hard distinguishes a successful entrepreneur from unsuccessful one. Most of the successful entrepreneurs work hard endlessly, especially in the beginning and the same becomes their whole life.

2. Desire for High Achievement:

The entrepreneurs have a strong desire to achieve high goals in business. This high achievement motive strengthened them to surmount the obstacles, suppress anxieties, repair misfortunes and devise expedients and only set up and run a successful business.

3. Highly optimistic:

The successful entrepreneurs are not disturbed by the **present problems** faced by them. They are optimistic for future that the situations will become favorable to them in future so that they their enterprises successfully in future.

4. Independence:

The entrepreneurs do not like to be guided by others and to follow the routine and resist being pigeon hooded and liking to be independent in the maters of their business.

5. Foresight:

The entrepreneurs have a good foresight to know about future business environment. And visualize the likely changes to take place in market, consumer attitude, and technological developments and take actions accordingly.

6. Good organizer:

Different resources required for production are divorced from each other and it is the ability of the entrepreneurs that brings all resources together required to starting up an enterprise and then to produce goods.

7. Innovative:

Keeping in view of the changing taste of customers from time to time, the entrepreneurs are required to initiate research and innovative activities to produce goods to satisfy the customer's demands for products.

Few examples are the innovative activities take by successful entrepreneurs like Tata, Birla, Kirloskar etc
Functions of an entrepreneur:
Performs functions such as planning, organizing, managing, risk bearing and decision making
<p>1. Planning of the project: He is the organizer to conceive the idea of launching the project and to Program to structure of the business</p> <p>2. Management: The entrepreneur is also responsible for the management of business. He tries to have a least cost combination of factors of production.</p> <p>3. To Face Risks: He faces uncertainly and bears risks in his business uncertainly comprising those risks against which it is not possible to insure. He also faces the risk of other producers may enter the market</p> <p>4. Distribution of Rewards: He is responsible of distributing the rewards to all factors of production. He pays the reward in the shape of rent, wage, and interest and bears the risk of profit or loss himself</p> <p>5. Sale of Products: An entrepreneur is also responsible of marketing, advertising. He wants to maximize his profits by selling his product in the market.</p> <p>6. Scale of Production: He decided the scale of business in according with the provision of capital. Then, he takes the decision of what where and how to produce goods.</p> <p>7. Joint stock Organization: In a partnership, the entrepreneurial functions are divided between the partners. But in public limited company, the board of directors takes this responsibility with nationalized enterprise; the entrepreneurial decisions are left to the government or a body to which government has delegated its powers.</p>

Explain the classification/ types of Entrepreneur 8M

Types of entrepreneurs or Types of Entrepreneurships :

The entrepreneurs have been broadly classified according to the type of business, use of professional skills, motivation, growth and stages of development. The various types of entrepreneurs are as described below.

Type of entrepreneurs or Types of Entrepreneurships :
1)According to the type of business
i)Business entrepreneur ii)trading entrepreneur ii)industrial entrepreneur (a)Large (b)medium (c)small and (d)tiny iv)corporate entrepreneur v)agricultural entrepreneur (a)plantation b)horticulture c)dairy d)forestry vi)Retail entrepreneur vii)service entrepreneur
2)According to the use of technology
i)technical ii)non technical (iii)professional iv)high tech v)low tech
3)According to the motivation
i)pure ii)induced iii)motivated iv)spontaneous
4)According to growth
i)growth ii)super growth
5)According to stages of development
i)modern ii)classical iii)urban
6)According to the area
i)urban ii)rural
7)According to the gender and age
i)men ii)women
8)According to the scale of operation
i)small ii) medium and ii)large
9)Others or unclassified
i) professional ii)non-professional iii)modern iv) traditional v)skilled vi)non-skilled vii)imitating viii)inherited ix)forced x)national international x) bureaucratic xi) Intrapreneur xii) immigrant

List the factors and functions of Women Entrepreneur.

1) Entrepreneurs according to the type of business:

i) Business entrepreneurs: are individuals who conceive an idea for a new product or service and then create a business to materialize their idea into reality. Called small business entrepreneurs when found in small business (printing press, textile processing house, ad agency, readymade garments, confectioneries etc)

ii) Trading partner Trading entrepreneur undertakes trading activities not concerned with manufacturing work. Identifies potential markets, stimulates demand for his product line and creates interest and desire among buyers to go for his product.

iii) Industrial entrepreneur: is essentially a manufacturer who identifies the potential needs of the customers and tailors a product according to the needs of the customers. Starts an industrial unit to make new product. Has the ability to convert economic resources and technology into a profitable venture. ex(electronics industry, textile units etc).

iv)Corporate entrepreneur: Corporate entrepreneur is an individual who demonstrates his innovative skill in organizing and managing a corporate undertaking. Is an individual who plans, develops and manages a corporate body which is form of business organization registered under the trust act.

v) Agricultural entrepreneur: Are those who undertake agricultural activities as raising and marketing of crops, fertilizers and other inputs of agriculture
Raise agriculture through mechanization, irrigation and application of technologies of dry land agricultural products and covers a broad spectrum of agricultural sector.

2) Entrepreneurs in technology classified as

1)Technical:

Concentrates more on production than through sales and marketing through the demonstration of his innovative abilities in matter of production of goods and rendering of services and skills in production techniques.

2) Non-technical:

Not concerned with technical aspects of the product and are concerned only with the alternative distribution and marketing strategies to promote their business.

3) Professional entrepreneur:

3) Entrepreneurs and motivation:

Are those entrepreneurs who use the motivated as a force to achieve their objectives classified as

(i) Pure: Is an individual who is motivated by the cycological and economic rewards. And undertakes an entrepreneurial activity out of personal satisfaction, ego and status.

(ii) Induced: Is one who is induced to take up entrepreneurship task due to the policy measures of the government which provides assistance, incentives, concessions and necessary overhead facilities to star new venture.

(iii) Motivated entrepreneurs: Are motivated by the desire of self fulfillment.
They come into being because of the making and marketing of the new product for the use of customers who is further motivated by the reward in terms of profit.

(iii) Spontaneous entrepreneur: Start their business by their natural talents are the persons who take initiative, are bold confidence and have strong conviction in their inborn ability.

4) Growth and entrepreneurs:

Growth: Are those entrepreneurs who take a high growth industry which has substantial growth prospectus.

Super growth entrepreneurs: Are those who have shown enormous growth of performance in their venture and Identified by liquidity of funds, profitability and gearing.

5) Entrepreneurs and stages of development:

(i)First generation: One who starts an industrial unit by his innovative skill who essentially an innovator who combines different technologies to produce a marketable product or service.

(ii)Modern: Undertaking those ventures which suit to the changing and current demands in the market.

(iii)Classical: Is one who is concerned with the customers an marketing needs through the development of a

self-supporting venture and is a stereotype entrepreneur whose aim is to maximize the his returns at a consistent level with the survival of the firm.

Others

i) **Innovative:** Are those who exhibit their cleverness in putting attractive possibilities into practice. Are often involved in changing the utility, value, economic characteristics of old established products into something new, attractive and utility and Are commonly found in developed countries

ii) **Imitative:** Are those characterized by the readiness to adopt successful innovations by entrepreneurs who imitate techniques and technology innovated by others, and is more adoptive and flexible. Are also revolutionary and important who exploit possibilities and are often involved in subjective innovation which means the ability to do the things which have not been done by a particular industrialist before.

Differentiate between Entrepreneur, intraprenur and manager 4M

Intraprenuer:

Is an emerging class found in large industrial organizations who emerge from within the confines of the large industrial organizations

In big organizations top executives are encouraged to catch hold of new ideas and convert them into products through research and development activities within the framework of the organization.

Very popular in developed countries like America.

Many Intrapreneurs are found leaving their jobs in big organizations and starting their own enterprises and have become exceedingly successful in their ventures.

Are causing threat to the organizations they leave who inaugurate new products.

Describe the steps/ stages involved in entrepreneurial process 8M

Five stages in the development of the entrepreneurial process:

Stage 1: perceiving ,identifying and evaluating opportunity

Stage 2: drawing up a business plan

Stage 3: marshalling resources

Stage 4: creating the enterprise

Stage 5: consolidation and management

Identifying and evaluating an opportunity is a difficult task and one has to be watchful for opportunities, Ideas can from various sources and one has to be careful in evaluating the opportunities carefully. Once the identifying the opportunity and identifying a suitable project, the next step is to develop a plan for the venture. After assessing the resource position and the enterprise is established, a further step is to assess the resource position and once the enterprise is established, an entrepreneur should always look forward to indefinite future, growth, development and continuation.

Explain the role of Entrepreneurs in economic development in India 8M

Role of entrepreneurship economic development:

Summary of the important role played by an entrepreneur in the economic development of a country

Entrepreneurship

1. Promotes capital formation by mobilizing the idle saving of the public.
2. Provides immediate large scale employment thereby reducing the unemployment problem in the country.
3. Promotes balanced regional development.
4. Helps reduce the concentration of the economic power.
5. Stimulates equitable redistribution of wealth, income and even political power in the interests of the country.
6. Encourages effective resource mobilization of capital & skill which otherwise would remain unutilized & idle.
7. Also induces backward and forward linkages which stimulate the process of economic development in the country.
8. Promotes export trade which is an important ingredient for economic development

Classification of the evolution of entrepreneurship in India

Evolution of entrepreneurship can be classified as

(i)Early period (ii)Middle ages (iii)17th century (iv)18th and 19th century (v)20th century

Explain in detail Entrepreneurship in India 6M

(i)Early period
Witnessed the pattern of capitalist and the merchant adventurer. The capitalist was the risk bearer and the merchant adventurer took the role of trading and bearing all the physical and other risks and after successful business profits were shared between capitalist and the merchant
(ii)Middle ages
In the middle ages the term entrepreneur was referred to a person who managed large projects by using the resources provided without taking any risks
(iii)17th century
In the 17 th century the entrepreneur had to take certain risk in which he had to enter into a contractual agreement with the with the government with a fixed price to perform some service or supply goods and the loss or profit had to be borne by the entrepreneur
18th and 19th century
During 18 th century many of the technical innovative entrepreneurs did not have money to turn their inventions into products and hence had to be financed by the capitalists
(v)20th century
Entrepreneurs were not distinguished from managers and were viewed from economy point of view. The entrepreneur is an organizer, manager, risk bearer, initiator, contributor, skilled person who leads the enterprise and is responsible for the loss or gain of an enterprise

Growth of entrepreneurship in India
Started with cotton mill in Mumbai as a family business around 1850 by the virtue and efforts of great people as professionals and from then grown in all directions from cotton mill to manufacture, electronic goods, health care, exports, imports, information technology, education, transport, services, space technology etc. In the past business community was mostly involved in trade and commerce and the following are the points with respect to entrepreneurship in the past. Before 1940s the Indian business was dominated by British companies except for well established companies like Tata Steel, Birla group, Wadias, etc After second world war(after 1945) more business opportunities were projected like cement, steel and other sectors and it was only after independence in 1947 industry began to expand in the core sector
Past:
(i)manufacture and supply of the products were based on demand (ii)all the members of the family were involved in the business right from planning, manufacturing to sales (iii) Industrial activity was controlled by caste system. For example, weavers used to weave clothes, goldsmith used to produce gold ornaments (iv)the skill was inherited from ancestors (v)trade activity was dependent on caste system
Present
Has witnessed tremendous growth of industries and services from past 50-60 years in various sectors like banking, automobiles, software development, petrochemicals, cement and steel, communication etc with a lot of innovations with some of the highly talented and noteworthy entrepreneurs like G D Birla, J R D Tata, Aditya Birla, Godrej group, Jaaal Bajaj, Hindujas, Ajim Premji of Wipro, Narayan Murthy of Infosys, Dhiru Bhai Ambani of Reliance, Karsan Bhai Patel of Nirma

What are the barriers of entrepreneurs? OR List some of the most commonly attributed reasons for the lack of entrepreneurship in India 12M

Barriers of entrepreneurship
It was difficult take up entrepreneurship due to the following barriers
(i)lack of capital (ii)lack of technical knowledge (iii)non availability of raw materials and resources (iv)economic business cycles (v)government rules, regulations and policies (vi)obsolescence of technology or idea (vii)unstable and unpredictable markets and governments (viii)globalization and entry of foreign goods which give stiff competition to Indian made goods and products by the cost some times and quality and standard of make some other times

Identification of business opportunities
Business opportunities can be obtained from magazines, trade journals, financial institutions, government, commercial organizations, friends, relatives, competitors etc. Choosing of best opportunities from the information collected requires ingenuity and foresight of an entrepreneur as the entrepreneur has to select identify and select the most rewarding opportunity from the available and known ones. For this one has to evaluate the areas where the opportunities are available and understand the gap between the demand and supply
(i)study of government rules and regulations regarding different business opportunities (ii)extensive and in-depth study of promising investment opportunities (iii)SWOT analysis of business opportunities (iv)Market feasibility study (v)Technical feasibility study (vi)Financial feasibility study and (vii)Social feasibility study (viii)Managerial competence
1) Economic feasibility study
Economic analysis of appraisal is the fundamental one Some aspects highlighted include requirements for raw material, level of capacity utilization, anticipated sales, anticipated expenses and the probable profits. A business is always said to have volume of profit governed under other economic variables like sales, purchases, and expenses alike. The location of the enterprise needs to be mentioned in the project and the government policies in this regard should be taken into consideration. It should be ascertained whether the proposed enterprise comes under the category where in the government offers specific incentives and concessions for setting up industries in remote backward areas.
3)Market feasibility study
The entrepreneur is required to make a thorough analysis of (1) Marketing of the product, possible customers for his product and time and place of the product to be sold. (2)proof all production lies in the marketing/consumption (3)potential market by means of demand forecasting and also use opinion polling method (4)also other methods commonly used like (a)opinion polling method (b) complete enumeration survey (c)sample survey d)sales experience method: and (d) Vicarious method
4)Technical feasibility study
While making the project appraisal the technical feasibility of the project also needs to be taken into consideration. Technical feasibility implies to mean the adequacy of the proposed plant and equipment to produce the product within the prescribed norms. Also denotes the availability of the fund of knowledge to manage the proposed plant and machinery. If the project requires foreign technical collaboration, the terms and conditions of the collaboration should also be spelt out carefully and comprehensively, legal provisions in force from time to time specifying the list of products should also be considered.
5)Financial feasibility study
is one of the most important prerequisites to establish an enterprise and the finance is that component which brings together the labour of one the machine of the other and the raw material of yet another to combine them to produce goods. To know the financial viability of the project, the following aspects are required to be carefully analyzed. Assessment of both the fixed and the working capital is required to be made.
6)Social feasibility study
Social feasibility study is important in the social environment The location of the should in such a place where it should not have objection from the neighbors The enterprise should not create any nuisance to the public. There should not any sort of noise or other pollution objectionable to the society. Suitable measures should

be taken for controlling the pollution and any other problem related to people and society are to be studied.