BUSS- 221

Meaning, Definition and Concept of Entrepreneur

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The word “**entrepreneur**” is derived from the French verb “**entreprendre**”, which means ‘**to undertake**’. This refers to those who “**undertake**” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “**entrepreneurship**”.

**Meaning**

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise. It is the process of starting a business, a startup company or other organization. The entrepreneur develops a business plan, acquires the human and other required resources, and is fully responsible for its success or failure. Entrepreneurship operates within an entrepreneurship ecosystem.

**Definitions**

**According to A.H.Cole**

Entrepreneurship is the purposeful activity of an individual or a group of associated individual, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.

**According to J.A. Timmons**

Entrepreneurship is the ability to create and build something from practically nothing.

**According to Musselman and Jackson**

“Entrepreneurship is the investing and risking of time, money and effort to start a business and make it successful.

**Characteristics of Entrepreneurship**

1. **Economic and dynamic activity**

Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilization of scarce resources. Since this value creation activity is performed continuously in the midst of uncertain business environment, therefore, entrepreneurship is regarded as a dynamic force.

1. **Related to Innovation**

Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an individual to continuously evaluate the existing modes of business operations so that more efficient and effective systems can be evolved and adopted. In other words, entrepreneurship is a continuous effort for synergy (optimization of performance) in organizations.

1. **Profit Potential**

“Profit potential is the likely level of return or compensation to the entrepreneur for taking on the risk of developing an idea into an actual business venture.” Without profit potential, the efforts of entrepreneurs would remain only an abstract and a theoretical leisure activity.

1. **Risk Bearing**

The essence of entrepreneurship is the ‘willingness to assume risk’ arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive. An entrepreneur has to have patience to see his efforts bear fruit. In the intervening period (time gap between the conception and implementation of an idea and its results), an entrepreneur has to assume risk. If an entrepreneur does not have the willingness to assume risk, entrepreneurship would never succeed.

1. **Skillful Management**

Entrepreneurship involves skillful management. The basic managerial skill is the most important characteristic feature of entrepreneurship. For effective management of an enterprise, the role of an entrepreneur is to initiate and supervise design of organization improvement projects in relation to upcoming opportunities is very much important.

1. **Accepting Challenges**

Entrepreneurship means accepting challenges amidst risk and uncertainty. While accepting entrepreneurship as a career the entrepreneur accepts the challenges of all odds and puts his efforts to convert the odds into viable business opportunities by pooling together the resources of building and running the enterprise.

1. **Goal-Oriented Activity**

The entrepreneur who creates and operates enterprises seeks to earn profits through satisfaction of needs of consumers; hence, entrepreneurship is a goal-oriented activity. Entrepreneurship emphasizes results, achievements and targets achieved. It is work done not imaginary plans or paper decisions. Hence entrepreneurship is a goal-oriented activity.

1. **Value Creation**

Next, we find that the process of creating value is a characteristic in describing entrepreneurship. Through entrepreneurship, new products, services, transactions, approaches, resources, technologies, and markets are created that contribute some value to a community or marketplace. We can also see value created when, through entrepreneurship; resources are transformed into outputs such as products or services. During this transformation process, value is created because the entrepreneur is fashioning something worthwhile and useful. Drucker says, “Until entrepreneurial act, every plant is a seed and every mineral just another rock.

1. **Dynamic Process**

Entrepreneurship is a dynamic function. Entrepreneur thrives on changes in the environment, which bring useful opportunities for business. An entrepreneur deals proactively with changing markets ­and environment. He looks at the changes as the source of market advantages, not as a problem. Uncertainties are market opportunities for him. He capitalizes on fleeting market anomalies.

1. **Uniqueness**

Other characteristic found in entrepreneurship is that of uniqueness. Entrepreneurship involves new combinations and new approaches with which entrepreneurs are willing to experiment. Through Entrepreneurship unique products are created and unique approaches are tried. Entrepreneurship isn’t merely imitating what others have done. It’s doing something new, something untested and untried – something unique.

1. **Interest and Vision**

The first factor for entrepreneurial success is interest. Since entrepreneurship pays off according to performance rather than time spent on a particular effort, an entrepreneur must work in an area that interests her. Otherwise, she will not be able to maintain a high level of work ethic, and she will most likely fail. This interest must also translate into a vision for the company’s growth. Even if the day-to-day activities of a business are interesting to an entrepreneur, this is not enough for success unless she can turn this interest into a vision of growth and expansion. This vision must be strong enough that she can communicate it to investors and employees.

1. **Risk and Rewards**

Entrepreneurship requires risk. The measurement of this risk equates to the amount of time and money you invest into your business. However, this risk also tends to relate directly to the rewards involved. An entrepreneur who invests in a franchise pays for someone else’s business plan and receives a respectable income, while an entrepreneur who undertakes ground breaking innovations risks everything on an assumption that something revolutionary will work in the market. If such a revolutionary is wrong, she can lose everything. However, if she is right, she can suddenly become extremely wealthy.