

Entrepreneurship

Who is an Entrepreneur ?

- An **entrepreneur** is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome.
- An entrepreneur is an individual who accepts financial risks and undertakes new financial ventures.
- An entrepreneur is a person who is responsible for setting up a business.
- An Entrepreneur is a person who *organizes and manages a business* undertaking, assuming the risk for the sake of profit. Any person (any age) who starts and operates a business is an entrepreneur.
- Person who undertakes the 'risk' of a new venture
- Derived from French words,
 - *Entre* meaning 'between'
 - *Prendre* meaning 'to take'
 - Originally used to describe people who 'take on the risk' between buyers and sellers or who 'undertake' a task such as starting a new venture

Entrepreneur

- Person who is ingenious and creative in finding ways that add to their own wealth, power and prestige (*Bauman's 1990*)
- Person conducting own business (*Webster*)
- Person who sets up business deals in order to make profits (*Collins Cobuild*)
- Organizer of an economic venture, one who owns, organizes, manages, and assumes the risks of the business (*Chandrashekhar*)

Who is an Entrepreneur ? (1)

- **E:** examine needs, wants, and problems to see how they can improve the way needs and wants are met and problems overcome.
- **N:** narrow the possible opportunities to one specific "best" opportunity.
- **T:** think of innovative ideas and narrow them to the "best" idea.
- **R:** research the opportunity and idea thoroughly.
- **E:** enlist the best sources of advice and assistance that they can find.
- **P:** plan their ventures (Project) and look for possible problems that might arise.

Who is an Entrepreneur ? (2)

- **R:** Rank the risks and the possible rewards.
- **E:** Evaluate the risks and possible rewards and make their decision to act or not to act.
- **N:** Never hang on to an idea, no matter how much they may love it, if research shows it won't work.
- **E:** Employ the resources necessary for the venture to succeed.
- **U:** Understand that they will have to work long and hard to make their venture succeed.
- **R:** Realize a sense of satisfaction from their successful ventures and learn from their failures

Must haves for Any Entrepreneur

- Great idea
- Leadership skills
- Strong Vision
- Good team spirit
- Determination to succeed
- A good mentor (Teacher)
- Accept failure as the stepping stone to success
- Belief in oneself
- Passion and commitment
- Self-confident and self-reliant
- Goal-oriented
- Hardworking and energetic

Entrepreneurship Defined

- **Entrepreneurship** is the act of being an entrepreneur.
- **Capacity and willingness** to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward.
- In economics, entrepreneurship is regarded as a **factor of production together with land, labor, natural resources, and capital.**
- *The definition of entrepreneurship is a process through which individuals identify opportunities, allocate resources, and create value.*

Importance and Contribution of Entrepreneurship

(1) Promotes Capital Formation:

Entrepreneurs promote capital formation by mobilizing the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

(2) Creates Large-Scale Employment Opportunities:

Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations. With the setting up of more and more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

(3) Promotes Balanced Regional Development:

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc. Setting up of more industries lead to more development of backward regions and thereby promotes balanced regional development.

(4) Reduces Concentration of Economic Power:

Economic power is the natural outcome of industrial and business activity. Industrial development normally lead to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

(5) Wealth Creation and Distribution:

It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. Entrepreneurial activities also generate more activities and give a multiplier effect in the economy.

(6) Increasing Gross National Product and Per Capita Income:

Entrepreneurs are always on the look out for opportunities. They explore and exploit opportunities,, encourage effective resource mobilization of capital and skill, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.

(7) Promotes Country's Export Trade:

Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development.

(8) Induces Backward and Forward Linkages:

Entrepreneurs like to work in an environment of change and try to maximize profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

(9) Facilitates Overall Development:

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units. In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area.