

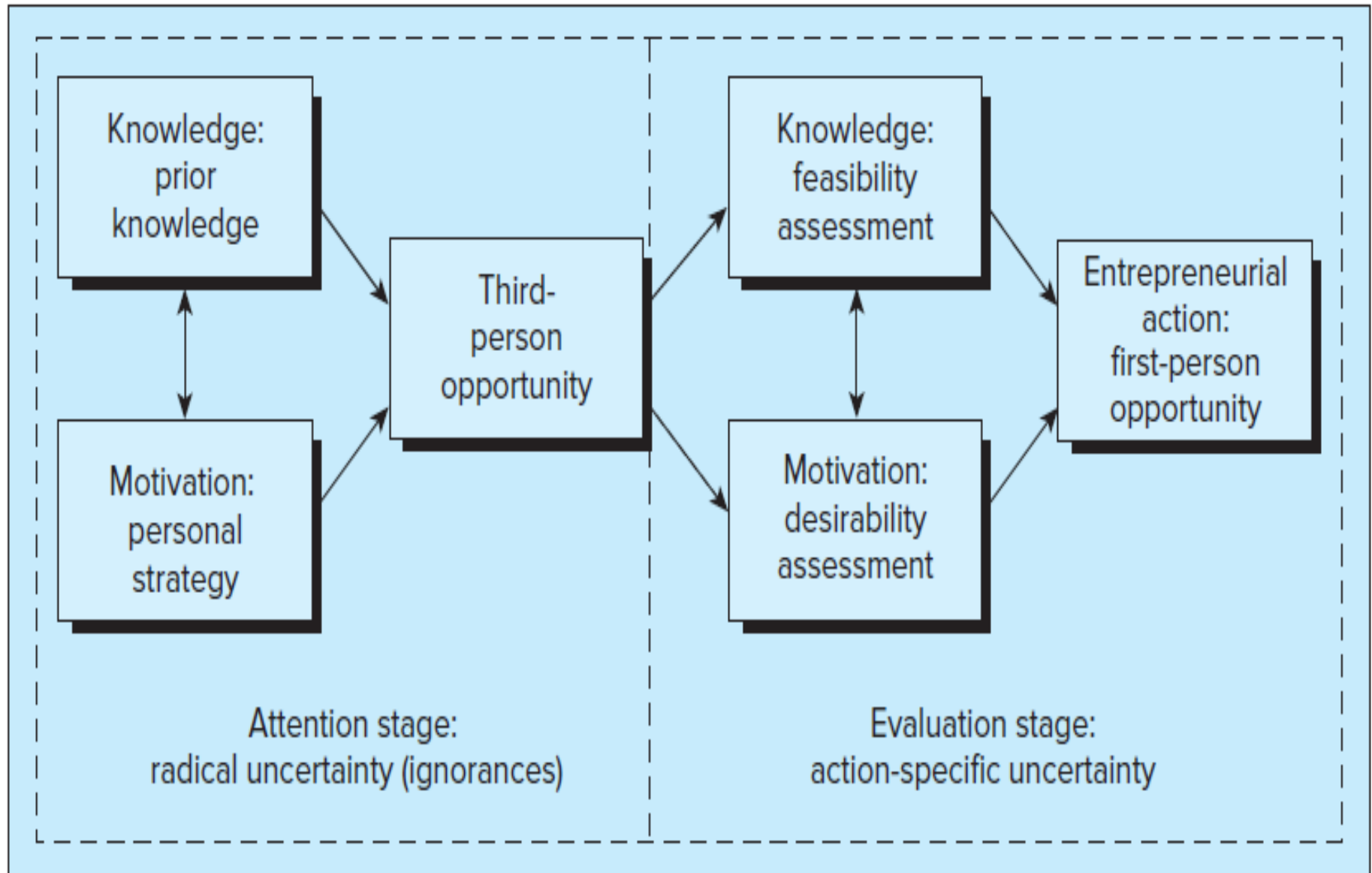
Introduction

What Is an Entrepreneur?

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

Entrepreneurs are such individuals who have the potential to grow and do innovative thinking and put them into action. They're the economic change agents with prior knowledge, initiative mindset, and skills to drive trends and workforce, materials, and other related assets for producing a socially viable product - that can bring change, freshness to the society and its consumers.

FIGURE 1.1 Entrepreneurial Action



Purpose and Roles of Entrepreneurs

The significant roles that an entrepreneur takes into action are:

- Introduction of new product or engineering.
- Gathering ideas and resources for introducing new methods of production.
- Identification of opportunities and issues faced by society or consumers of a product.
- Develop new market realms for revenue and job opportunities.

Prime Characteristics of an Entrepreneur

- **Optimism:** An entrepreneur has to have the mindset to explore various opportunities to put his idea into action.
- **Vision:** One has to realize and act according to the market demand and focus on the socio-economic aspects and the future of the business he/she is planning to start.
- **Goal Setting:** An entrepreneur must have some realistic goals to achieve.
- **Knowledge:** An entrepreneur should have sound knowledge and understanding of what he is planning to do as well as have a broader view of business technicalities.
- **Independence:** He/she has to work independently for decision making.
- **Desire to succeed:** One has to plan goals so that he/she can seek productive opportunities.
- **Initiative taker:** An entrepreneur has to take the firm initiative to make a plan work under limited resources (where the resource can be workforce or materials/goods).
- **Problem solver:** One should have a creative mind in solving complex problems for society.
- **Good pitching power:** One sound can pitch his idea in clear words and persuade others.
- **Sound human relation:** An entrepreneur should have to be a good motivator, team-builder, and ultimately a leader.

Entrepreneurship Types

Entrepreneurs are of various types. There are a lot of subcategories and many unknown categories as well. Since innovation has no limit and henceforth, the types might increase. But, to the base, there are some fixed categories of entrepreneurs. These are:

- Entrepreneurs based on Ownership:
 - Public sector Entrepreneurs
 - Private sector Entrepreneurs
- Entrepreneurs based on the mindset:
 - Empirical Entrepreneurs
 - Cognitive Entrepreneurs
 - Rational Entrepreneurs
 - Aggressive Entrepreneurs
 - Adoptive Entrepreneurs

- Entrepreneurs based on enterprise-scale:
 - Large-scale entrepreneurs
 - Small scale Entrepreneurs
- Entrepreneurs based on nature of entrepreneurship:
 - Gap Fillers
 - Risk bearers
 - Radical Innovators

Role of Entrepreneurship in Economic Development

1. Generates Employment-

Unemployment is growing at a rapid rate in developing countries, particularly the unemployment among educated people, is an acute problem of most of the developing countries. Under these circumstances, the Entrepreneurs play a vital role in getting employment for themselves as well as the create a number of jobs for many unemployed people. As time passes, these entrepreneurs grow manifold and provide direct and indirect employment to many more.

Hence. Entrepreneurship is the best solution to solve the social problem of unemployment.

2. Increases National Income-

National Income comprises of goods and services produced in a country in one year. The goods and services are produced to meet the requirements of our country as well as to meet the demand for exports.

3. Increases possibility for Dispersal of Economic Power-

Economic power is the natural outcome of Industrial and business activity. Industrial development normally leads to concentration of economic power in few hands, which leads to Monopoly. The conditions of monopoly in the country shall lead to a number of social and economic evils.

Hence the encouragement given by the Government to new Entrepreneurs to set up a large number of enterprises helps in weakening the harmful effects of monopoly. When the concentration of Economic Power in few hands has been removed and wealth shared by a large number of Entrepreneurs, socialism can be promoted, and the Nation shall become economically wealthy.

4. Leads to Balanced Regional Growth-

The growth of Industry and Business leads to the development of a number of other areas such as transportation, health, education, insurance, warehousing etc. hence a rapid development of Entrepreneurship ensures a balanced regional development.

If the new Entrepreneurs grow at a faster rate in view of increasing completion, the surrounding areas are developed due to the spreading of entrepreneurial activities to other areas. Therefore, setting up enterprises in smaller towns which are away from big cities/towns helps in the development of backward regions also.

5. Provides better Standard of Living-

In any Economy, the people desire to get the goods and services in the required quantities at required places to satisfy their needs and wants.

The Entrepreneurial activities lead to the establishment of a micro, small, medium, and large scale enterprises in all regions of the country. The scarcity of essential commodities is removed with the initiation of entrepreneurial activities.

All the Entrepreneurs leads to improvement in the standard of living of the people. Hence providing goods and services in required quantities at a lower price, improves the purchasing power and standard of living of the people.

6. Role of Entrepreneurship in Economic Development is that it helps in the production of Qualitative Goods-

Entrepreneurial activities contribute much to the development of an economy. The increased Entrepreneurial undertakings ensure newer and qualitative products to the consumers, the Entrepreneurs in order to face the competition of the market and to satisfy the desires of consumers.

7. Increasing Income Levels-

The increased Entrepreneurial activities lead to higher income levels and purchasing power of the people. The Entrepreneur's Industrial activities provide an increase in direct or indirect income levels to many people, the income levels of the people are increased owing to the availability of goods at lower prices, or generation of direct or indirect employment, promotion of comforts, the establishment of infrastructural facilities etc.

8. Helps in Exports-

The increased Entrepreneurial activities not only provide the required goods and services to the people, but it is also for expanding the surplus production of the Nation to other countries. It means that the country shall become self-sufficient and can earn foreign exchange also with exporting of surplus goods and services.

9. Role of Entrepreneurship in Economic Development is that it generates Capital-

Increased Entrepreneurial activities help in generating scarce capital. The Entrepreneur acts as a middleman between investors and enterprise and raises capital from various sources.

The capital raised is used for setting up a new business for creating goods and services to satisfy the consumer needs and wants, the high growth rate of capital formation indicates the Economic development of a Country.

10. It enables effective Utilisation of Natural Resources-

A Country's Economic development always depends on the Utilisation of its Natural Resources.

Availability of natural resources differs from one region to other regions. When available resources such as climate, soil, rainfall, mineral mines, sources of power and gas etc. are effectively used, the economy is assured of rapid growth and development of a country.

11. It helps in the creation of Markets-

Entrepreneurial activities lead to increased production of goods and services. This automatically leads to the creation of new markets and new customers for the new enterprise. Thus, a new enterprise creates a new market for the goods and services and capture a market share in the business.

12. It enhances Per Capita income-

The per capita income of a country is equal to national income divided by its population. The availability of goods and services produced by Entrepreneurs leads to an increase in national income which in turn increases per capita income of the people. The increased per capita income reflects the Economic Growth and Industrialization of an economy.

$$\blacksquare \text{ Per Capita Income} = \frac{\text{National Income}}{\text{Total Population}}$$

The formula for calculation of per capita income

13. It makes the country Self-reliant-

The Entrepreneurial activities of Entrepreneurs enable the country to be self-reliant. It reduces the dependence on imports and increases in exports.

Therefore, our country becomes self-reliant by producing goods and services required by society. The reduced dependence on foreign countries and their produce indicates a strong balance of payments for our country.

14. Is that it leads to Innovations-

Entrepreneurial activities lead to employing resources on new ideas and innovations. The Entrepreneurs locate new ideas and put them into effect in the process of Economic Development. The Entrepreneur is an innovator of new ideas of products and services. They are capable of satisfying the dynamic needs of Society, like generating Employment Opportunities.

- All these above-mentioned points are the main reason as to why Entrepreneurship is important for Economic Development. Entrepreneurship is important for Economic Development.

Managerial Vs Entrepreneurial Approach

Entrepreneur	Manager
<p>The main motive of an entrepreneur is to start a venture by setting up an enterprise.</p> <p>He understands the venture for his personal gratification.</p>	<p>But, the main motive of a manager is to render his services in an enterprise already set up by someone else i.e., entrepreneur.</p>

RISK BEARING

Entrepreneur

An entrepreneur being the owner of the enterprise assumes all risks and uncertainty involved in running the enterprise.

Manager

A manager as a servant does not bear any risk involved in the enterprise.

STATUS

Entrepreneur

An entrepreneur is the owner of the enterprise.

Manager

A manager is the servant in the enterprise owned by the entrepreneur.

REWARDS

Entrepreneur	Manager
<p>The reward an entrepreneur gets for bearing risks involved in the enterprise is profit which is highly uncertain.</p>	<p>A manager gets salary as reward for the services rendered by him in the enterprise. Salary of a manager is certain and fixed.</p>

QUALIFICATION

Entrepreneur

An entrepreneur needs to possess qualities and qualifications like high achievement motive, originality in thinking, foresight, risk -bearing ability and so on.

Manager

On the contrary, a manager needs to possess distinct qualifications in terms of sound knowledge in management theory and practice

INNOVATION

Entrepreneur

Entrepreneur himself thinks over what and how to produce goods to meet the changing demands of the customers. Hence, he acts as an innovator also called a 'change agent'

Manager

But, what a manager does is simply to execute the plans prepared by the entrepreneur. Thus, a manager simply translates the entrepreneur's ideas into practice.

Classification and types of Entrepreneurs

Classification

- According to:
 - ❖ Business
 - ❖ Technology
 - ❖ Motivation
 - ❖ Danhof
 - ❖ Capital ownership
 - ❖ Development
 - ❖ Area
 - ❖ Gender & Age
 - ❖ Others

Business

- **Business entrepreneur:**
Business entrepreneurs are those entrepreneurs who conceive the idea of a new product or service and then translate their ideas into reality.
- **Trading entrepreneur:**
As the very name indicates trading entrepreneur is concerned with trading activities and not manufacturing.
- **Industrial entrepreneur:**
As the very name indicates, an industrial entrepreneur is one who sets up an industrial unit.
- **Corporate entrepreneur:**
Corporate entrepreneur is the one who plans, develops and manages a corporate body.
- **Agricultural entrepreneur:**
Agricultural entrepreneur is the one who is engaged in the agricultural activities.

Motivation

- **Pure entrepreneur:**

Pure entrepreneur is one who may or may not possess an aptitude for entrepreneurship but is tempted by the monetary rewards or profits to be earned from the business venture.

- **Induced entrepreneur:**

Induced entrepreneur is attracted by the various incentives, subsidies and facilities offered by the government.

Technology

- **Technical entrepreneur:**
The strength of a technical entrepreneur is in his skill in production techniques. He concentrates more on production than on marketing.
- **Non-technical entrepreneur:**
Unlike technical entrepreneur, non-technical entrepreneur is not concerned with the technical aspect of the product rather he spends more time in developing alternative strategies of the marketing and distribution to promote his business.
- **Professional entrepreneur:**
Professional entrepreneur means an entrepreneur who is interested in floating a business but does not want to manage or operate it.

Development

- **First generation entrepreneur:**
First generation entrepreneur are those entrepreneur who do not possess any entrepreneurial background.
- **Second generation entrepreneur:**
Second generation entrepreneur are those entrepreneurs who inherit the family business firms and pass it from one generation to another.
- **Classical entrepreneur:**
A classical entrepreneur is a stereotype entrepreneur whose aim is to maximize his economic returns at a level consistent with the survival of the unit but with or without an element of growth.

Given by Danhof

- **Innovating entrepreneur:**
Innovative entrepreneurs are generally aggressive and possess the art of cleverly putting the attractive possibilities into practice.
- **Imitative entrepreneurs:**
Imitative entrepreneurs are characterized by readiness to adopt successful innovations inaugurated by successful innovating entrepreneurs.
- **Fabian entrepreneur:**
Fabian entrepreneurs are cautious and skeptical in experimenting change in their enterprises. Such entrepreneurs are shy, lazy and lethargic.
- **Drone entrepreneur:**
Drone entrepreneurs are characterised by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns.

Capital ownership

- **Private entrepreneur:**
When an individual or a group of individuals set up an enterprise, arrange finance, bear the risk and adopt the latest techniques in the business with the intention to earn profits, he or the group is called as private entrepreneur/entrepreneurs.
- **State entrepreneur:**
As the name indicates, state entrepreneur means the trading or industrial venture undertaken by the state or the government itself.
- **Joint entrepreneur:**
Joint entrepreneur means the combination of private entrepreneur and state entrepreneur who join hands.

Gender & age

- Man entrepreneur
- Woman entrepreneur
- Young entrepreneur
- Old entrepreneur
- Middle-aged entrepreneur

Area

- Urban entrepreneur
- Rural entrepreneur

Scale

- Large scale industry entrepreneur
- Medium scale industry entrepreneur
- Small scale industry entrepreneur
- Tiny industry entrepreneur

Other

- Solo operators
- Active Partners
- Simply partners
- Inventors
- Buyers
- Life timers

Characteristics and qualities of successful Entrepreneurs

What are entrepreneur characteristics?

Entrepreneur characteristics are qualities that help entrepreneurs achieve their goals. An entrepreneur is someone who creates, organizes and runs their own business. Examples of entrepreneurs include:

- **Online business owners:** Online entrepreneurs include bloggers, e-commerce or any business owner who performs commercial activities mostly online.
- **Home-based business owners:** Home-based entrepreneurs run their business from their home as opposed to offices.
- **Inventors:** Inventors are entrepreneurs who build their idea and sell it on the market.
- **Small business owners**:** Small businesses employ less than 500 employees.

Entrepreneur characteristics you can develop

Here are 15 characteristics you can improve to become a successful entrepreneur:

1. Creativity
2. Passion
3. Motivation
4. Product or service knowledge
5. Ability to network
6. Self-confidence
7. Optimism
8. Vision
9. Goal mindset
10. Risk-taking
11. Persuasiveness
12. Decision-making
13. Tenacity
14. Money management
15. Adaptability

1. Creativity

Becoming an entrepreneur starts with an idea. You need to see opportunities, find innovative ways to do things and bring solutions to the public.

To improve your creativity, develop habits that support the creative system. Think about what makes you feel creative, such as music, meeting people, reading or some other activity. Dedicate a specific part of your day to find inspiration for new solutions. During this part of the day, start by doing what inspires you, then let your mind flow. You can make a list of ideas and select some to pursue.

2. Passion

Passion is what drives entrepreneurs. They usually love what they do, and this helps them invest their time in their projects.

To become a more passionate entrepreneur, focus on the meaning of your work. Remember that you contribute to finding solutions that will help many people. Knowing that your commitment makes an impact may give you the drive you need to continue when doubt settles in or when the business gets difficult. Passion is what keeps you focused on your objective.

3. Motivation

Motivation is the will to accomplish certain things. Entrepreneurs are driven to make their business a success and push themselves.

To increase motivation, you can start by setting small goals. Small goals can help you reach larger ones and encourage you to aim higher. Recognize the work already accomplished and celebrate your results, even minor ones. Also, keep a positive mindset. Turn your mind away from negativity and daily obstacles to focus on what you want to achieve and the positive aspects of your life.

4. Product or service knowledge

Entrepreneurs know what they have to offer and to whom they can sell it. Clearly define the category of products or services you sell and how they provide value to consumers. Also, study your target clients to make sure you answer their needs. This will allow you to improve your offer continuously so you can stay on top of industry trends.

To increase the positive impact of this knowledge, you should continually learn about your market, understand what people need and know the features that differentiate you from competitors. Talk with your clients and use their feedback. With this information, you can adjust your position when necessary.

5. Ability to network

The ability to connect with people and to recognize opportunities for partnership is crucial to successful entrepreneurship. Meeting new people might facilitate access to resources or knowledge that your business needs. It allows you to learn from the success of others, promote your services or goods and meet new clients.

To improve your networking skills, you must try to build genuine relationships. You likely have a business goal in mind, but approach people with the objective of a human connection, just like making new friends. If you meet someone who could benefit another person in your network, connect them. Not only will you help someone, but they will probably remember you and want to return the favor.

6. Self-confidence

Entrepreneurs believe they can achieve their goals. They may have doubt, but they persevere through it. They are ready to invest the necessary work because they are confident they can create something better than what already exists.

Self-confidence is essential because it allows you to feel better and makes it easier to overcome challenges, take risks and be persistent. Therefore, it contributes to your success overall.

To [improve your self-confidence](#), you can use the technique of visualization. Visualize yourself as the person you want to be and visualize your business at a stage you would be proud of. You can also practice affirmation by saying uplifting statements about your accomplishments. These techniques can help to change the way you see yourself positively.

7. Optimism

Entrepreneurs are dreamers with a plan in place: They see the positive side of the situation and always move forward. Optimism supports creativity, so it helps business leaders finding new ideas for their products or services and increases their chances of success.

To develop your optimism, you can consider challenges as opportunities to grow instead of problems that could stop you. Keep the end goal in mind, and don't dwell on past issues.

8. Vision

Entrepreneurs have vision. They see a big picture they wish to accomplish, which fuels their efforts and pushes them to do more. Moreover, vision is what defines the culture and identity of an organization. Not only does it keep entrepreneurs energized, but it allows them to motivate others and keep them working towards the company's success.

To improve your entrepreneurship vision, you can implement a daily action plan. Prioritizing your tasks can keep you from feeling overwhelmed and help you stick to your vision. Also, listen to or read uplifting content to fortify your mind and stay focused on your purpose.

9. Goal mindset

Entrepreneurs are goal oriented. They know what they want to achieve, set a goal and work toward that objective. Determination is vital to overcome possible challenges, and it also inspires trust from the people who work with you.

To become more goal-oriented, you can start by identifying what you want to accomplish and clarifying your vision of the future. Then, set a goal with a timeline to guide your actions. This will allow you to witness your progression and help keep you committed to your goal.

10. Risk-taking

Entrepreneurs are ready to take risks. They plan for the unknown so they can make calculated decisions that are profitable for them and their business.

To increase your risk-taking abilities, you can start considering your journey as a learning process, including the possible failures. You must keep your goal in mind and commit to persevering.

It is essential to take some risks to differentiate from your competition and allow your business to succeed. Once you know how you can manage risk and grow from disappointments, you may become more comfortable with challenging yourself.

11. Persuasiveness

Entrepreneurs know their business and how to talk about it to people. They need to persuade others to believe in their idea.

To improve your persuasion skills, learn about your listeners and adapt to their personality. You can share a story to reach them on an emotional level and show your passion. If people can relate to your story, it creates a connection that can grow into loyalty, which is essential for your business success. Another tip is to share your accomplishments and rely on facts to support your arguments and convince people.

12. Decision-making

Entrepreneurs need to make quick decisions and take action for the success of their business.

To improve your decision-making skills, you can inform yourself to understand better the problems you try to solve. Assess the impact of the decision you need to make, and allow a corresponding amount of time to decide. You can also narrow your options to ease the process of making a decision.

13. Tenacity

Entrepreneurs overcome challenges. They persevere through difficulties and hold on to their goals and dreams.

To improve your tenacity, you can write down your goals and read them every day. You can choose role models and remember great figures of history who had to persevere through failure before they achieved success.

14. Money management

Entrepreneurs need to understand the financial situation of their business. Even if they hire a specialist like an accountant, they are the decision-maker and must know their situation to run the business successfully.

You can improve your basic money management skills by preparing a budget and committing to it and investing available funds rather than spending them. You can also acquire more financial knowledge by taking classes or training programs.

15. Adaptability

When they start a business, entrepreneurs often need to multitask. Flexibility in your schedule, as well as in your thinking, is crucial to continue growing in challenging situations.

To increase your adaptability, you can approach all activities with an open mind and stay ready to change your ways if necessary. Try new methods and welcome new trends to foster your ability to adapt.