

## TOPIC 1: WHO IS AN ENTREPRENEUR?

**Entrepreneur** has various definitions.

An entrepreneur is an individual who creates a new business, bears most of the risks and enjoys rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, new goods, new services, and new business/or new procedures.

Entrepreneurs play crucial role in any economy, using the skills and initiative necessary to anticipate needs and bring new goods and new

ideas to market. Entrepreneurs who prove to be successful in taking on the risks of a startup are rewarded with profits, fame, and continued growth opportunities. Those who fail, suffer losses and become less dominant in the markets.

## **NOTABLE STATEMENTS**

**A person** who undertakes the risk of starting a new business venture is called an entrepreneur.

**An entrepreneur** creates a firm, which aggregates capital and labor in order to produce goods or services for profit.

**An entrepreneur** is a person who is action oriented, highly motivated, takes risks to achieve goals

**An entrepreneur** is a person who establishes his own business with the intention of making profits

**An entrepreneur** in case of partnership, is a person who only provides capital without taking active part in the leading role in an enterprise.

**An entrepreneur** is one who innovates, raises money, assembles input, choose managers and set the organization growing.

# **KEY ELEMENTS OF ENTREPRENEURS**

**Vision** (identifying emerging opportunities)

**Innovation** (creating new business or new ways of doing something)

**Risk bearing** (taking risk & facing uncertainty)

**Organizing** (collection and coordination of the necessary resources)

## **ENTREPRENEURSHIP**

While there are several definitions of entrepreneurship, the central ideas of the concept incorporates uncertainty and risk taking,

innovation, perception and change (Herbert and Link, 1989).

Entrepreneurs and entrepreneurship are more often associated with small and medium scale enterprises. This is because the vast majority of enterprises in which the entrepreneur plays a visible role are small and medium scale enterprises.

## **ENTREPRENEURSHIP**

**Entrepreneurship**, like an entrepreneur, has no single definition.

**Entrepreneurship** is a process undertaken by an entrepreneur to create incremental value and wealth by discovering investment opportunities, organizing enterprises, undertaking risks and economic uncertainty and thereby contributing to economic growth.

**Entrepreneurship** is an important driver of economic growth and innovation.

**Entrepreneurship** involves high-risk, but also can be highly rewarding as it serves to generate economic wealth, growth, and innovation.

# **HISTORICAL PERSPECTIVE**

During the ancient period the word entrepreneur was used to refer to a person managing large commercial projects through the resources provided to him.

In the 17<sup>th</sup> Century a person who has signed a contractual agreement with the government to provide stipulated products or to perform service was considered as entrepreneur.

In the 18<sup>th</sup> Century the first theory of entrepreneur was developed by Richard Cantillon. He said that

an entrepreneur is a risk taker. If we consider the merchant, farmers and /or the professionals they all operate at risk. For example, the merchants buy products at a known price and sell it at unknown price and this shows that they are operating at risk.

The other development during the 18<sup>th</sup> Century is the differentiation of the entrepreneurial role from capital providing role. The later role is the base for today's venture capitalist.



In the late 19<sup>th</sup> and early 20<sup>th</sup> Century an entrepreneur was viewed from economic perspectives. The entrepreneur organizes and operates an enterprise for personal gain.

In the middle of the 20<sup>th</sup> and early 21<sup>th</sup> Century the notion of an entrepreneur as an inventor was established.