



**ENTREPRENEURSHIP**



# The concept of Entrepreneur

The word 'entrepreneur' has its roots in a French word—*entreprendre*—which means “to undertake”. “ i.e. individuals who undertake the risk of a new enterprise. and was first defined by the Irish-French economist Richard Cantillon. He defined an entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at certain prices in future.

An entrepreneur is a person who starts an enterprise and converts a situation into opportunity. A number of definitions have been given of an entrepreneur. The economists view him/her as the fourth factor of production, along with land, labor and capital.

To some economists, the entrepreneur is one who is willing to bear the risk of a new venture if there is a significant chance for profit. Others emphasize the entrepreneur's role as an innovator who markets his innovation. Still other economists say that entrepreneurs develop new goods or processes that the market demands and are not currently being supplied.

# The concept of Entrepreneur

**Richard Cantillon:** As a person, who pays a certain price to a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise.

**Adam Smith:** An individual, who undertakes the formation of an organization for commercial purposes by recognizing the potential demand for goods and services, and there by acts as an economic agent and transforms demand into supply.

**Joseph Schumpeter:** Entrepreneurs are innovators, who use the process of entrepreneurship to shatter the status quo of the existing products and services, to set new products, new services. He describes entrepreneurs as innovators.

**Peter F. Drucker:** An entrepreneur is one who always searches for changes, responds to it and exploits it as an opportunity. (For example, A quick look at changes in communications—from typewriters to personal computers to the Internet—illustrates these ideas).

# The concept of Entrepreneur

An entrepreneur is a person responsible for setting up a business or an enterprise. He has the initiative, skill for innovation and who looks for high achievements. He puts up new green field projects that create wealth, opens up many employment opportunities and leads to growth of other sectors.

Entrepreneur is a person who discovers new ideas and business opportunities, bring together funds to establish a business, organizes and manages its operations in order to provide economic goods and services, for the public.

We can define an **entrepreneur** as: A person who sees an opportunity in the market gathers his/her resources and creates and grows a business venture to meet those needs. This person will bear the risk and will be rewarded with profit if the venture is successful.

In fact, according to reports by the Global Entrepreneurship Monitor, 74.1% of entrepreneurs in the U.S. mentioned that building wealth was their motivation to start a business. However, entrepreneurs also play a far more important and fulfilling role in driving innovation and accelerating economic growth.

## **Entrepreneur is a person who:**

- ☐ Discover a business opportunity.
- ☐ Develops and owns his own enterprise.
- ☐ Manage a business (This means that there must be planning, organization, leadership and control of all the functions)
- ☐ Is a risk taker and works under uncertainty for achieving the goal.
- ☐ Is innovative.
- ☐ Is dissatisfied with routine activities.
- ☐ Exhibits a sense of leadership.
- ☐ Exhibits a sense of competitiveness.

## **Entrepreneur is a person who:**

- ☐ Is oriented towards the future.
- ☐ Invest the necessary funds.
- ☐ Decide what, how, and when to produce and sell.
- ☐ Push the company towards growth and greater profits.
- ☐ Has the ability to move quickly in response to changing market needs (Flexibility)
- ☐ Self-confidence.
- ☐ Takes the initiative to combine land, capital and labor to produce goods and services.
- ☐ Has the ability to organize multiple people and tasks and makes business policy decisions to set the course of the business enterprise.

## **Examples**

There is little dispute that people who have started and developed major companies are entrepreneurs. Examples might include Bill Gates of Microsoft who became arguably the world's wealthiest person, Richard Branson founder of the Virgin Group who started a series of businesses from record companies to airlines, Ted Turner the founder of Turner Broadcasting System including the CNN News company and Henry Ford, the founder of Ford Motors.

**A successful entrepreneur needs to possess certain abilities and qualities. These qualities include:**

- ☐ A clear vision of goals.
- ☐ Motivated to achieve goals, coupled with having a high degree of self-confidence.
- ☐ Prepared to take moderate risks.
- ☐ Having initiative and independence.
- ☐ Possessing leadership and organizational skills.
- ☐ Seeking creative solutions to problems.
- ☐ A positive outlook.
- ☐ Taking responsibility for decisions.
- ☐ A positive attitude to all tasks.
- ☐ Being enterprising (recognizing business opportunities).
- ☐ Operates under uncertain circumstances.
- ☐ Manage a business - This means that there must be planning, organization, leadership and control of all the functions.

## SKILLS OF Entrepreneur

### 1. Technical Skills:

- (i) Writing
- (iii) Monitoring environment
- (v) Technology
- (vii) Listening
- (ix) Network building
- (xi) Coaching
- (ii) Oral communication
- (iv) Technical business management
- (vi) Interpersonal
- (viii) Ability to organize
- (x) Management Style

### 2. Business Management Skills:

- (i) Being a team player
- (iii) Decision-making
- (v) Marketing
- (vii) Accounting Management
- (ix) Venture launch
- (ii) Planning and goal setting
- (iv) Human Relations
- (vi) Finance
- (viii) Negotiation
- (x) Managing growth

### 3. Personal Entrepreneur Skills:

- (i) Inner control/disciplined
- (iii) Innovative
- (ii) Risk taker
- (iv) Change oriented

(v) Persistent

(vi) Visionary leader

(vii) Ability to manage change.



## FUNCTIONS OF AN ENTREPRENEUR

1. **Assumption of Risk** The entrepreneur assumes all possible risks of business. A business risk is also involves the risk due to the possibility of changes in the tastes of consumers, techniques of production and new inventions.
2. **Business Decision** He has to decide the nature and the type of goods to be produced. He enters the particular industry which offers him the best prospects and produces whatever commodities he think will pay him most and employs those methods of production which seem to him the most profitable.
3. **Managerial Functions** He performs managerial functions through they are different for entrepreneur. He formulates production and financial plans, purchases raw materials, provides production facilities, organizes sales and assumes the task of personnel management. In a large establishment, these management functions are delegated to the paid management personnel.
4. **Function of Innovation** : An important function of entrepreneur is ‘innovation’. Innovation is an ongoing function .
5. **Raising Necessary Funds** an Entrepreneur after having an explicit image of the idea, he needs to put this innovated idea into practice for which he requires funds.

## Entrepreneur versus Entrepreneurship

The term Entrepreneur is often used interchangeably with 'entrepreneurship. but, conceptually, they are different, yet they are just like the two sides of a coin. Both the terms are co-related.

An **Entrepreneur** is a person who starts an enterprise (is the actor), while **entrepreneurship** represents the **dynamic** process to set up and run a business.(is the act).

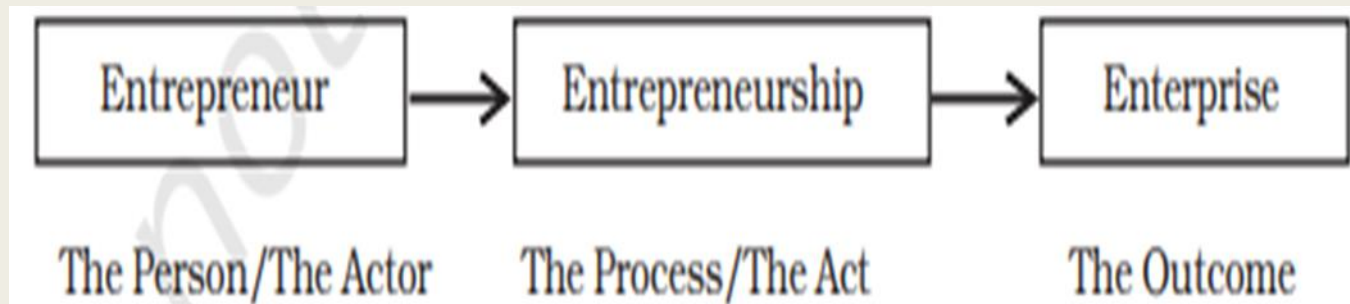
An **entrepreneur** is a person who bears the risks, unites various factors of production and carries out creative innovations. He/she is an individual or one of a group of individuals who try to create something new or unique.

On the contrary, **entrepreneurship** is the set of activities performed by an entrepreneur. It is process of identifying opportunities in the market place and marshalling the resources required to pursue these opportunities for long term gains.

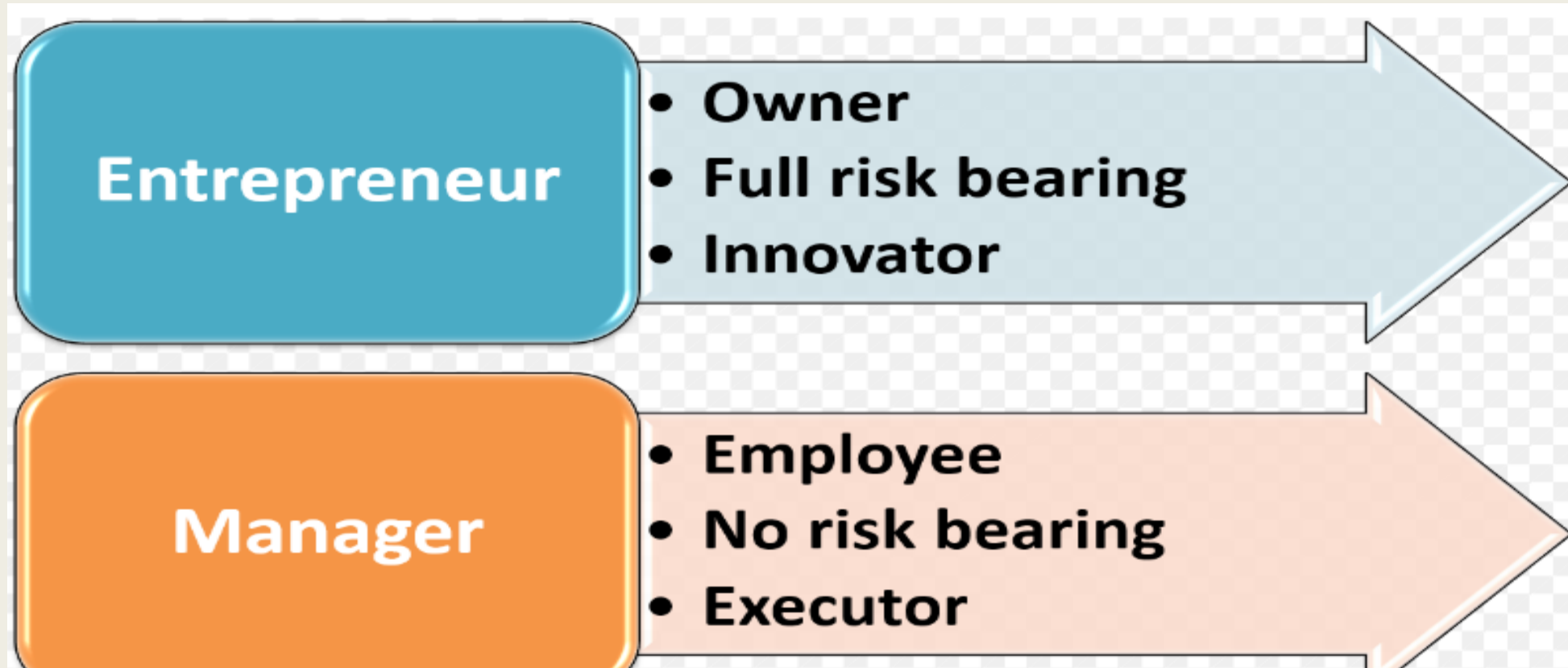
**Entrepreneurship:** Entrepreneurship is the process or an action taken by the **entrepreneur**. Entrepreneurship is also the process of creating something new and assuming the risks and rewards.

## Entrepreneur versus Entrepreneurship

**Entrepreneurship** is a process of starting a new business, generally there also needs to be someone who undertakes such a process? That is the entrepreneur. The output of the process, that is, the business unit is called an **enterprise**. An enterprise is the business organization that is formed and which provides goods and services, creates jobs, contributes to national income, exports and contributes to the overall economic development. **Enterprise** is the starting point of an entrepreneur.



## DIFFERENCE BETWEEN AN ENTREPRENEUR AND A MANAGER



## What Is Intrapreneurship?

Internal entrepreneurs, or “intrapreneurs,” apply the principles of entrepreneurship to projects within an existing company or organization. One important distinction between entrepreneurs and intrapreneurs is the latter’s lack of personal investment, which reduces the impact of potential failure on any individual.

The term intrapreneurship refers to a system that allows an employee to act like an entrepreneur within a company or other organization. typically one they don't own, to foster entrepreneurial ideas and innovation. Intrapreneurship can be another source of economic growth.

An intrapreneur is someone an existing company hires to fulfill the role of an entrepreneur within the organization’s boundaries. In particular, intrapreneurs drive innovation in products, services, processes, etc., to enhance the company’s future.

When companies give employees the freedom to experiment and grow within an organization, they can benefit from the success of their employees’ internal projects. However, firms that fail to personally recognize the work of intrapreneurs risk seeing them leave to become true independent entrepreneurs.

Intrapreneurs are self-motivated, proactive, innovative, action-oriented (people who have leadership skills), think outside the box, they discover a new business opportunity and implement it for their companies.

## What Is Intrapreneurship?

An intrapreneurship creates an entrepreneurial environment by allowing employees to use their entrepreneurial skills for the benefit of both the company and the employee. It gives employees the freedom to experiment, as well as the potential for growth within an organization.

It's important for employers to recognize these employees. By not promoting intrapreneurship or recognizing employees who demonstrate an intrapreneurial spirit can be detrimental to a brand or company. Employers who encourage intrapreneurship stand to benefit because it leads to the success of the department or the company as a whole. Keeping these employees can help lead to innovation and growth.

Identifying intrapreneurs can sometimes be difficult. These employees are generally self-starters who are both ambitious and goal oriented. They are often able to solve problems on their own, and come up with ideas that lead to process improvements.

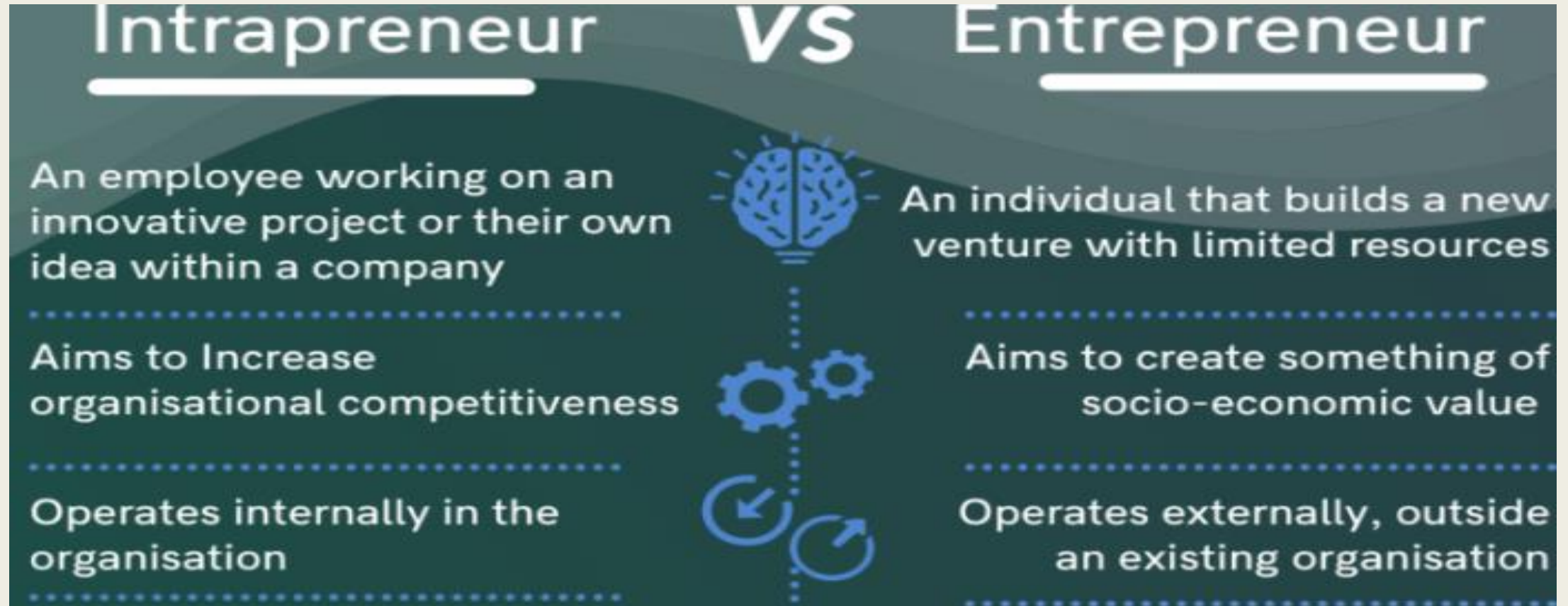
Intrapreneurs are able to resolve specific issues such as increasing productivity or cutting costs. This requires a high level of skill—namely leadership skills and thinking outside the box—directly applicable to the assignment. An intrapreneur also takes risks and drives innovation within a business to better serve the market through increased goods and services.

## Example of Intrapreneurship

Ramzi Haidamus, the president of Nokia Technologies, is often considered an intrapreneur because of his initiatives with the company. He decided to do away with individual offices within three months of starting his job in 2014. He believed an open office led to more sharing of ideas and added greater value to the organization. Haidamus interviewed more than 100 engineers individually to determine which technologies had the greatest chance of being successful in the marketplace at the time.

## Difference Between Entrepreneur and Intrapreneur

Although both entrepreneur and intrapreneur are correlated, they have several differences. The main difference between an entrepreneur vs. intrapreneur is that an entrepreneur starts their own company, whereas an intrapreneur works at a company that someone else founded.





# Intrapreneur

# VS

# Entrepreneur

Motivated by freedom to innovate, company backing & incentives

Get leadership support from their own company

Limited risk

Requires collaborative decision making

They serve their organisation & themselves



Motivated by passion, independence and financial gains

Get support from several venture capital firms

Vulnerable to all types of risk

Can have independent decision-making

They primarily serve customers

# Thanks