

# INTRODUCTION TO ENTREPRENEURSHIP

# Objectives

- Definition of Entrepreneur
- Entrepreneurial Traits
- Entrepreneur vs. Manager
- Entrepreneur vs. Intrapreneur
- The Entrepreneurial decision process
- Role of Entrepreneurship in Economic Development

What Is An Entrepreneur ?

# Concept of Entrepreneurship

- Various views about an 'Entrepreneur':
  - *as a risk bearer*
  - *as an organizer*
  - *as an innovator*
- Entrepreneurship is related to:
  - *coordination, innovation and performance of the entrepreneur.*
  - *a system of creating new business.*
  - *referred to the various activities, done for the establishment and operation of an enterprise.*

# Definition of Entrepreneurship

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

- A. H. Cole

- *“Entrepreneurship is based on purposeful and systematic innovation. It included not only the independent businessman but also company directors and managers who actually carry out innovative functions.”*

- Joseph A. Schumpeter

# Definition of Entrepreneurship

- *“**Entrepreneurs** are people who have the abilities to see and evaluate business opportunities , together with the necessary resources to take advantage of them, and to ensure appropriate action to ensure success.”*

- International Labour Organization

- *“An **entrepreneur** is a person who starts a new venture, taking the initiative and risk associated with it and does so by creating something new to provide value to customers.”*

- David Holt

# Other Definitions of Entrepreneurship

- *“**Entrepreneurship** is the process by which individuals pursue opportunities without regard to resources they currently control.”*  
- Stevenson & Jarillo
- *“**Entrepreneurship** is the art of turning an idea into a business.”*  
- Fred Wilson

# Entrepreneurial Traits

- Innovation

- *does something new and different, seeking to do something different and unique, try to meet the changing requirements of customers.*

- Risk – Bearing

- *must be able to assume the risk involved in the enterprise, needs to be a risk taker not an avoider, should have ability of risk bearing .*



# Entrepreneurial Traits

(Contd..)

- Passion for the Business

- *This passion typically stems from the entrepreneur's belief that the business will positively influence people's lives.*

- Product/Customer Focus

- *An entrepreneur's keen focus on products and customers typically stems from the fact that most entrepreneurs are, at heart, craftspeople.*

- Execution Intelligence

- *The ability to fashion a solid business idea into a viable business is a key characteristic of successful entrepreneurs.*

# Entrepreneurial Traits

(Contd..)

- Achievement motivated
- Alert to opportunities
- Creative
- Decisive
- Energetic
- Has a strong work ethic
- Is a networker
- Initiative Taker
- Lengthy attention span
- Optimistic disposition
- Persuasive
- Responsive to criticism
- Self-confident & Self-starter
- Tenacious
- Tolerant of ambiguity
- Visionary

# Entrepreneurs v/s Managers

- **Entrepreneur** refers to a person who creates an enterprise, by taking financial risk in order to get profit.
- **Manager** is an individual who takes the responsibility of controlling and administering the organization.

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Focus	Business startup	Ongoing operations
Primary motivation	Achievement	Power
Approach to task	Informal	Formal
Status	Owner	Employee
Reward	Profit	Salary
Decision making	Intuitive	Calculative
Driving force	Creativity and Innovation	Preserving status quo
Risk orientation	Risk taker	Risk averse

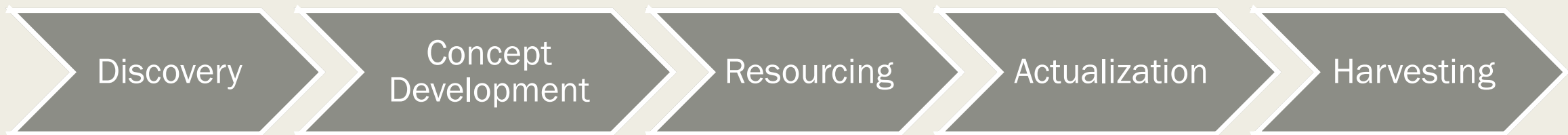
# The Entrepreneurial Decision Process

- Entrepreneurial decision process -
  - *Entails a movement from something to something.*
  - *Movement from a present lifestyle to forming a new enterprise .*



# Steps in the Entrepreneurial Process

- Once the decision to become an entrepreneur is taken, the entrepreneurial process begins.
- The 5 stages of entrepreneurial process are –
  1. *Discovery*
  2. *Concept Development*
  3. *Resourcing*
  4. *Actualization*
  5. *Harvesting*



# Steps in the Entrepreneurial Process (Contd..)

1. **Discovery**: *The stage in which the entrepreneur generates ideas, recognizes opportunities, and studies the market.*
2. **Concept Development**: *Develop a business plan: a detailed proposal describing the business idea.*
3. **Resourcing**: *The stage in which the entrepreneur identifies and acquires the financial, human, and capital resources needed for the venture startup, etc.*
4. **Actualization**: *The stage in which the entrepreneur operates the business and utilizes resources to achieve its goals/objectives.*
5. **Harvesting**: *The stage in which the entrepreneur decides on business's future growth/ development, or demise.*

# Role Of Entrepreneurship In Economic Development

- **Entrepreneurship** is one of the most important input in the economic development of a country.
- The **entrepreneur** acts as a trigger head to give spark to economic activities by his entrepreneurial decisions.
- The **entrepreneur** plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector.
- The crucial role played by the entrepreneurs in the development of the Western countries has made the people of underdeveloped countries too much conscious of the significance of entrepreneurship for economic development.

# Role Of Entrepreneurship In Economic Development

1. Promotes Capital Formation
2. Creates Large-Scale Employment Opportunities
3. Promotes Balanced Regional Development
4. Reduces Concentration of Economic Power
5. Wealth Creation and Distribution
6. Increasing Gross National Product and Per Capita Income
7. Improvement in the Standard of Living
8. Promotes Country's Export Trade
9. Induces Backward and Forward Linkages
10. Facilitates Overall Development



# Role Of Entrepreneurship In Economic Development

- 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.*

- Creates Large-Scale Employment Opportunities

- *Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations.*

# Role Of Entrepreneurship In Economic Development

- 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.*

- Reduces Concentration of Economic Power

- *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.*

# Role Of Entrepreneurship In Economic Development

- **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.*

- **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.*

# Role Of Entrepreneurship In Economic Development

- Improvement in the Standard of Living

- *Increase in the standard of living of the people is a characteristic feature of economic development of the country.*
- *Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost.*

- Promotes Country's Export Trade

- *Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development.*

# Role Of Entrepreneurship In Economic Development

- 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.*

- Facilitates Overall Development

- *Entrepreneurs act as catalytic agent for change which results in chain reaction by multiplying their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area*