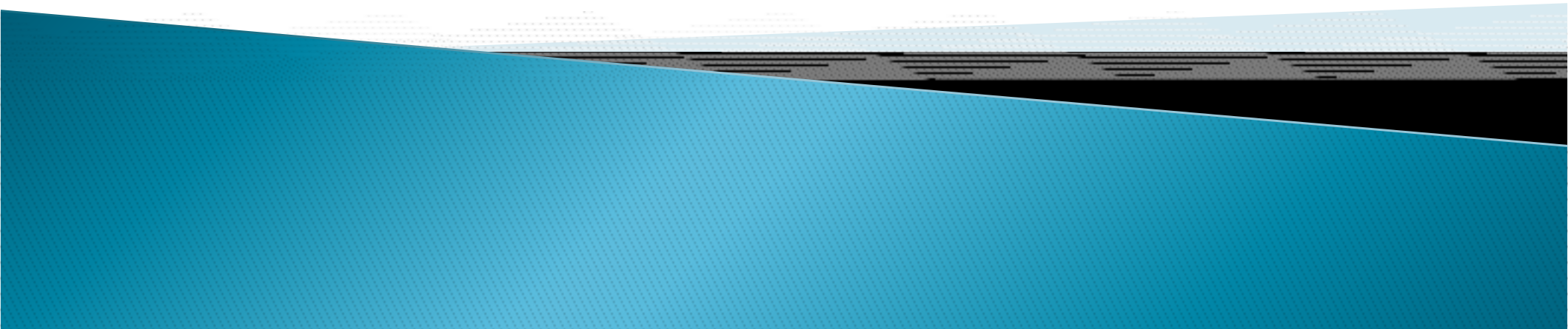



Entrepreneurship

BS-English Semester III

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What is Entrepreneurship?

- ⌘ The word *entrepreneur* derives from the French words *entre*, meaning “between,” and *prendre*, meaning “to take.” The word was 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. Inventors and entrepreneurs differ from each other. An inventor creates something new. An entrepreneur assembles and then integrates all the resources needed—the money, the people, the business model, the strategy, and the risk-bearing ability—to transform the invention into a viable business.
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Entrepreneurship is defined as the process by which individuals pursue opportunities without regard to resources they currently control for the purpose of exploiting future goods and services.

In other words, it more simply, seeing entrepreneurship as the art of turning an idea into a business. In essence, an entrepreneur's behavior finds him or her trying to identify opportunities and putting useful ideas into practice.

For example, Google is widely recognized as a firm in which entrepreneurial behaviors are clearly evident.




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In the United States, for instance, the entrepreneur is often defined as one who starts *his own, new and small business*. But not every new small business is entrepreneurial or represents entrepreneurship.




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McDonald's, however, was entrepreneurship. It did not invent anything, to be sure. Its final product was what any decent American restaurant had produced years ago. But by applying management concepts and management techniques (asking, What is "value" to the customer?), standardizing the "product," designing process and tools, and by basing training on the analysis of the work to be done and then setting the standards it required, McDonald's both drastically upgraded the yield from resources, and created a new market and a new customer. This is entrepreneurship.



Why do people Become Entrepreneur? (Importance of Entrepreneurship)


- ⊠ The three primary reasons that people become entrepreneurs and start their own firms are:
 - ⊠ to be their own boss,
 - ⊠ pursue their own ideas, and
 - ⊠ realize financial rewards
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Importance of Entrepreneurship

1. Be Their Own Boss

The first of these reasons—being one's own boss—is given most commonly. This doesn't mean, however, that entrepreneurs are difficult to work with or that they

have trouble accepting authority. Instead, many entrepreneurs want to be their own boss because either they have had a long-time ambition to own their own firm or because they have become frustrated working in traditional jobs.



Importance of Entrepreneurship


2. Pursue Their Own Ideas

The second reason people start their own firms is to pursue their own ideas. Some people are naturally alert, and when they recognize ideas for new products or services, they have a desire to see those ideas realized.

Importance of Entrepreneurship

3. Pursue Financial Rewards

Finally, people start their own firms to pursue financial rewards. This motivation, however, is typically secondary to the first two. The average entrepreneur does not make more money than someone with a similar amount of responsibility in a traditional job.



The Economist View of Entrepreneurship

- ✧ *The Shorter Oxford English Dictionary* defines an entrepreneur as 'a contractor acting as intermediary between capital and labour'. The French economist Cantillon was the first person to introduce the term; he said that the entrepreneur was 'the agent who purchased the means of production for combination into marketable products'. Early English classical economists such as Adam Smith, saw the entrepreneur as having a rather minor role in overall economic activity; they thought that he provided real capital, but did not play a leading or directing part. For such economists, one person, or indeed a group of persons, did not count much in the scheme of things: it was the broad pattern of supply and demand which effected change and only macroeconomics mattered.

Factors of Production

⌘ Economists divide the factors of production into four categories:

1. Land
 2. Labor
 3. capital, and
 4. Organization (Entrepreneurship)
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