# MODULE I

## CHAPTER 1

# Introduction to Entrepreneurship

#### University Prescribed Syllabus w.e.f Academic Year 2021-2022

Concept, meaning and definition of Entrepreneur and Entrepreneurship. Evolution of Entrepreneurship, Role of Entrepreneurship in economic Development; Managerial vs entrepreneurial approach; Classification and types of Entrepreneurs. Characteristics and qualities of successful Entrepreneurs; Women Entrepreneurs; Corporate & Social entrepreneurship.

Self-learning Topics: Factors impacting emergence of entrepreneurship.

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# ES Introduction

- (1) Jehangir Ratanji Dadabhoy Tata (1904 1993): JRD Tata as he is more popularly known descended from Jamsen Tata who founded the TATA group in 1800s and is recognised as India's first Industrialist. JRD was born in Paris and was a trained aviator who went on to become India's first commercial airline pilot. Although, flying was his first passion he was destined to work for his family business, TATA group. However, he set a different path for TATA's by starting an airline which ultimately became Air India. In his career spanning more than five decades JRD lead TATA group on companies forayed into more than 100 different businesses spread across multiple industries. Notable amongst these businesses is TATA Steel (TISCO), TATA Motors (TELCO), Indian Hotels (TAJ Group), TCS (TATA Consultancy Services), etc. From being India's first Steel manufacturing company JRD ensured the diversification of the TATA group.
- (2) Dhirubhai Ambani (1932 2002): Dhirubhai Ambani, unlike JRD, started humbly by selling traditional Indian snacks to religious pilgrims. He had an uncanny ability to sense an opportunity whenever one arose. He started the Reliance Industries which forayed into Textile and Petroleum business. He had an insatiable energy and soon the Reliance Group of Industries expanded and diversified into telecommunication, power generation, information technology, consumer goods and logistics. Today, Reliance Industries is India's largest private company and is listed on the Fortune 500 group of companies.
- (3) Nagavara Ramarao Narayana Murthy: is the co-founder of IT giant Infosys which was started by him with an initial investment of Rs 10000/- in a garage in Pune. Although, Narayan Murthy faced great hurdles in his endeavour he managed to overcome all of them with conviction and self-belief. Today, Infosys is a global IT giant and has a net worth of more than 3 billion dollars. Narayan Murthy was not only the co-founder of Infosys but also its CEO from 1981 to 2002 and then as the chairperson till 2011.
- (4) Shiv Nadar: Shiv Nadar founded HCL Infosystems in the year 1976 with a very low initial investment. He had started his career selling calculators and micro computers but soon forayed into the production of computers with his HCL brand. His ability to spot an opportunity and leverage it to advantage enabled HCL to attain a position of reckoning. Today, Shiv Nadar is one of the top billionaires of India with an estimated net worth of 13 billion dollars.
- (5) Lakshmi Niwas Mittal: Although, he started his career by working in his father's steel business, he soon left the family business to start his own venture in steel manufacturing. The highlight of Lakshmi Mittal's career was the takeover of Arcelor Steel by the Mittal group to form the largest steel manufacturing group in the whole world, namely, Arcelor Mittal Steel.
- (6) Ghanshyam Das Birla (1894 1983) started his first cotton and textile mill in the 1900s and then diversified his business into paper and sugar. Today, the Birla family is recognised as one of the leading industrialists of India with a varied portfolio ranging from textile, paper, telecommunication, information technology, cement, etc.
- (7) Dilip Shangvi as the son of a pharmaceutical distributor, Dilip Shangvi knew the requirements of the pharmaceutical market. With this knowledge at hand, he started Sun Pharmaceuticals with an initial investment of a meagre Rs 10000/-. Today, through gradual investments and acquisitions, Sun Pharmaceuticals has emerged as one of the leading Indian Pharmaceutical company with an annual turnover of trillions of rupees.
- (8) Azim Premji Azim Premji was the founder of Wipro Infotech which is regarded by some as the Microsoft of India. Along with his astute knowledge of business Azim Premji is also recognised for his philanthropic work. He has donated most of earnings to the betterment of the Indian education system.
- (9) Mukesh Jagtiani Although, Jagtiani was born in Mumbai and did his early schooling there he soon left the country and continued his education abroad. Jagtiani had a humble background, he started by driving a taxi, before he formed his own company. Today, based out of Dubai, he owns one of the largest real estate and retail companies, the Landmark group, and has a net worth upwards of 2 billion dollars.

- (10) Ardeshir Godrej (1868-1936) Ardeshir and his brother had many failed ventures before they succeeded in Locksmithing business. They went on to form the Godrej group, a diversified conglomerate with interests in security, household appliances, consumer products, industrial tools and real estate. The revenue of the Godrej Group is more than 5 billion dollars today.
- All the people mentioned above have been successful in their own chosen fields, have established their own business
  houses that are toast of the nation and represent the entrepreneurial spirit of the country. Starting and operating a new
  business venture involves considerable risk, effort, sacrifice and agony. However, the satisfaction that one derives from
  creating and growing a new venture is worth the risk and responsibility.
- The study of entrepreneurship is assuming greater importance because of the contributions that they make towards nation building. Despite the high failure rate that is associated with a new venture there are more and more people who are interested in starting their own venture. So, who are these people who are willing to accept all these risks and put in the effort necessary to start a new venture? It may be a man or a woman, someone from the upper class or from lower class, a highly educated or an uneducated person. Whosoever he or she maybe they should possess the ability to balance work, family, civic and social responsibility along with the payroll of their employees.
- The idea behind the inclusion of this subject in the college curriculum is to provide an understanding of the spirit of
  entrepreneurship, the person behind the enterprise and the process of creating and governing a new venture.

# M 1.1 CONCEPT, DEFINITION AND MEANING OF ENTREPRENEUR AND ENTREPRENEURSHIP

- GQ. Define entrepreneurship and explain its concept.
- GQ. Who is an entrepreneur and how is he different from an average manager of an organization.
- GQ. Why is entrepreneurship essential for a developing country such as ours.

# 2 1.1.1 Concept of Entrepreneur and Entrepreneurship

- (1) The word entrepreneurship' has been derived from the French word 'entrepreneur' and is usually translated as 'adventurer'. The word now has picked up various connotations such as 'undertake', 'innovating' or 'risk taking'. Various view points on entrepreneurship are available, some of them are;
- (2) Entrepreneurship is the identification of inefficient utilization of resources and capital and moving them to more productive higher yield areas.
- (3) Entrepreneurship is the ability to create something from practically nothing.
- (4) Entrepreneurship is usually associated with seeking opportunities for profit and in doing so creating new markets and newer opportunities.
- (5) Entrepreneurship is doing new things and decision making under uncertainty.
- (6) Entrepreneurship is associated with the ability to take risk, communicate and mobilize human, financial, and material resources necessary to run a business successfully.
- (7) Entrepreneurship is a dynamic and risky process that involves the infusion of capital, technology, and human effort.
- (8) Entrepreneurship represents a creative and innovative response to the environment.
- (9) Entrepreneurship represents the ability to recognize, initiate, and exploit an economic opportunity.
- (10) Entrepreneurship has been defined as the willingness and capacity of individuals or groups to develop, organize, and manage a business venture along with all its risks in order to make a profit or a meaningful contribution.
- (11) The individuals or groups that undertake such ventures are known as entrepreneurs. )

Although both the terms are used synonymously, they are conceptually different. An entrepreneur is a person who ventures out, prefers change as a means of growth and in the process is prepared to take a calculated risk, while taking risks the is aware of the other hand entrepreneurshin. he is aware of the possibilities, success as well as the consequence of failure. On the other hand, entrepreneurship is the process of an individual becoming an entrepreneur.

- Entrepreneurs play a vital role in the economic development of their country as key contributors to technological innovations and job creation.
- National development is the ability of the country to improve the social welfare of its people by providing social amenities like quality education, potable water, medical care, transportation, etc.
- Entrepreneurs help build communities and lead national development.
- Entrepreneurs are responsible for creating job opportunities, conducting business locally, investing in community projects, and contributing to local charity.
- Global development is entering a phase where entrepreneurship will increasingly play a more important role. There are at least three reasons for this, each particular to certain types of countries.
  - (1) Firstly, in the developed economies, characterized by reliance on big business and mass production, has given way to a so-called entrepreneurial economy. Here knowledge-driven goods and services are now more flexibly provided by smaller firms, and the emergence of a creative class requires a less interfering but more facilitating
  - (2) Secondly, in the developing countries, such as India and China, impressive growth has been driven by entrepreneurial revolution. The need in these countries is to sustain growth through access to resources, knowledge, and markets thus putting a premium on innovative entrepreneurship.
  - (3) Finally, in the least developed countries, where aid dependency is high, donors have been shifting the emphasis in development cooperation towards private sector development. In many of these countries, including resource-poor developing countries such as India, populations consist of many young people who see little prospects of gaining employment with decent wages.
- Promoting entrepreneurship here has become a vital policy objective of many development organizations and donors.
- It is expected that entrepreneurship will contribute to growth and employment creation in advanced, developing and least developed countries alike. In this chapter we shall be studying the concept of entrepreneurship and the impact that have on economic development of the country.

## 3 1.1.2 Definition of Entrepreneurship

- A.H. Cole has defined Entrepreneurship as; "the purposeful activity of an individual or a group of individuals, undertaken to initiate, maintain, or aggrandize profit by production or distribution of economic goods and services."
- Peter Drucker, "Entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity."
- Schumpeter, "Entrepreneurship is based on purposeful and systematic innovation."
- McClelland, "Entrepreneurship involves doing things in a new and better way. It calls for decision-making under uncertainty. If there is no significant uncertainty and the action involves applying known and predictable results, then entrepreneurship is not at all involved."
- David McCelland emphasized the importance of achievement motivation as the basis of entrepreneurial personality and a cause of economic and social development through entrepreneurship by fulfilling the following needs such as:1)

## 1.2 EVOLUTION OF ENTREPRENEURSHIP

- GQ. Briefly trace the evolution of entrepreneurship.
- 6Q. Discuss the similarities between an entrepreneur and an innovator.
- Entrepreneurial spirit has existed since time immemorial, hence it is truly difficult to trace the evolution of entrepreneurship. However, going by the definition of an entrepreneur as a go-between or middleman, Marco Polo could be identified as the first known entrepreneur. As a go-between, Marco Polo would enter into a contract with a money lender to finance his journey to trade his goods in far of lands and return with goods required in his home place.

  The financer would provide a loan to Marco Polo for some percentage including insurance.
- Thus, the financer would play a passive role while Marco Polo would play the active role in the entire contract. On the successful return of Marco Polo from his journey he would have to pay the financer the entire amount loaned along with interest and whatever remained after paying the financer would be his profit from the business trip)
- This arrangement is similar to what we get to experience in modern day entrepreneurship wherein the financer is the capitalist and the risk taker is the entrepreneur.
- Later in the 17<sup>th</sup> century there were entrepreneurs who entered into a contractual arrangement with the government or the king to perform some service or provide stipulated goods. Since the price of the goods or services were fixed at the time of the contract with the authority whatever profits or losses that emanated from the contract were for the entrepreneur.
- There were many entrepreneurs, during that time, who provided various services and products to the government. Notable amongst all those entrepreneurs was the French entrepreneur John Law who was allowed to establish a bank by the French government. Later the bank evolved into a trading company namely the Mississippi Company. However, the control of the French government on trade lead to the downfall of the trading company formed by John Law.
- During this period the seeds for entrepreneurship were sown by many entrepreneurs. These entrepreneurs were the subject of fascination for many and one such person was Richard Cantillon an economist and author. He studied many entrepreneurs, how they performed their trade and the mistakes they made. Based on his study he developed early theories and also coined the term entrepreneurship. He associated risk with entrepreneurship as he observed that the entrepreneur was taking risk buying at a certain price without the knowledge of the price he would have to sell.
- The entrepreneurial bug thus caught on and the need to differentiate between the person who needed capital, the
  entrepreneur, and the capital provider was felt. The rapid pace with which industrialization was taking place throughout
  the world prompted the need for differentiation between the two classes, the capital provider and the risk taker.
- Also, 18<sup>th</sup> century was the period when many inventions took place and this was one more reason for the rise in the
  entrepreneurial spirit amongst people. Notable amongst these inventors were Thomas Edison and Eli Whitney who
  developed new technologies but were unable to finance them on their own and sought finance for their inventions. Both
  Edison and Whitney were entrepreneurs and capital seekers.)
- Thus, entrepreneurs in the 18<sup>th</sup> century were inventors who believed in their inventions and were ready to take the risk but lacked capital. Remember this was the period of industrialization and the spirit of entrepreneurship was in the air.
- In the 19<sup>th</sup> and 20<sup>th</sup> century the entrepreneur was mostly viewed from an economic perspective, as a person who organizes and operates an enterprise for profits. He uses his skill and initiative to organize, plan and manage resources such as land, labor and capital. He also assumes the probability of loss or profit and unforeseen circumstances that are associated with any business.
- The net residue of the receipts and the costs incurred are retained by the entrepreneur. Thus, the role of an entrepreneur
  in this century was that of a manager rather than an inventor as it was in the 18<sup>th</sup> century.

- There are many entrepreneurs who fit the above definition of an entrepreneur as a manager of an organizer. J R D Tata and Dhirubhai Ambani invented nothing but adapted and developed technology in the creation of products to achieve economic benefits. Most of these entrepreneurs had humble beginnings but through their sheer skills, passion and competitiveness there were able to achieve economic goals. These entrepreneurs were not inventors or creators such as those seen in the previous century but were able to build enterprises by employing available technology by putting it to optimal use.
- In the 20th century the role of an entrepreneur as an innovator was established. The entrepreneur reformed the production process by exploiting an invention or untried technology for producing new products or old products in a new way. His role was also that of an organizer, organizing for new sources of supply of material or opening of new markets or channels of distribution.
- Although, the entrepreneur was no longer viewed as an inventor his role as an innovator and adaptor was established.
   Innovation is the act of introducing something new and can only be achieved by conceptualizing the production process. These innovations are as difficult as the technological innovations.
- Thus, earliest known entrepreneurs were middlemen or go-between, in the later period entrepreneurs were inventors who started their own enterprises based on their inventions and backed by capitalists to the current lot of entrepreneurs who are innovators and organizers. The process of evolution of entrepreneurship has been gradual and an interesting study.

# 1.3 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

- GQ. Discuss the role of an entrepreneur in the economic development of a country.
- GQ. "Entrepreneurs play a critical role in the economic development of a country." Explain.
- (1) According to A Schumpeter "Entrepreneurship is essentially a creative activity or an innovative function".
- (2) Entrepreneurship is an essential function and is highly responsible for the development of a region or country.
- (3) Entrepreneurship will optimize the use of unexploited resources, generate self-employment, and a self-sufficient economy.
- (4) Entrepreneurship contributes to the national income and wealth in the economy.
- (5) Entrepreneurship facilitates growth at the grass root level.
- (6) Industrial development in any region is the outcome of purposeful human activity and entrepreneurial thrust.
- (7) Entrepreneurship enables the society to generate productive human resource, mobilize and sustain the same in subsequent process of development.
- (8) Entrepreneurship helps eradicate backwardness and eliminate regional imbalances.
- (9) Entrepreneurship helps utilize natural resources and better channelize human potential.
- (10) Not only does entrepreneurship provide self-employment it is also one of the biggest employment provider in developing economies.

## 🔼 1.3.1 Role of an Entrepreneur

Entrepreneurship and economic development of a nation or region go hand-in-hand. Following are roles played by the entrepreneur that bring about economic development:

## 1. Coordinating Role:

As a coordinator, the entrepreneur has to select the right factors of production, employ each factor in the right quantity and select the best technology to utilize the resources. He has to ensure that the best possible combination is being used in the production process. The role of an entrepreneur as a coordinator of resources is the most important as absence of

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coordination would lead to resources being mis-utilized or remain idle. Thus, entrepreneurs enhance sconomic growth by coordinating and integrating the resources available in the country.

#### 2. Innovation Role |

Innovation leads to entrepreneurship. As an innovator the entrepreneur develops new products, processes, or services. All these lead to economic development and provide employment.

#### 3. Agent's Role :

Entrepreneur's are always on the lookout for change. They seize opportunities and put them into action.

#### Risk Role :

Risk is a part and parcel of entrepreneurship. Every venture involves risk and profit is the fruit of that risk. The quantum of profit depends on the quantum of risk. Profit generation leads to capital formation which leads to economic development.

#### 5. Imitating Role:

Entrepreneurs in developing countries copy the innovations of the developed countries. They adopt the technology or organization and alter it to suit the local conditions. Imitating entrepreneurs from developed countries is the best way out for entrépreneurs from developing countries as it reduces the risk involved in the venture. The product, process or service is tried and tested and the chances of failure are hence minimized, This helps reduce the chances of already scarce resources going waste on account of failure.

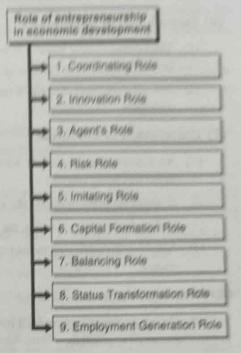


Fig. 1.3.1: Role of entrepreneurship in economic development

### 6. Capital Formation Role:

Entrepreneurs promote capital formation by mobilizing the idle savings of the public. Also, the profits gained by them are again utilized as capital which leads to more development.

#### 7. Balancing Role:

Entrepreneurs play a major role in reducing regional disparities in growth. They play a pivotal role in achieving regional development and ensuring growth of that region. These industries provide employment opportunities to people from that area.

#### 8. Status Transformation Role:

Through their activities entrepreneurs create wealth, generate employment and provide livelihood to others. This leads to an overall growth in the standard of living which stimulates economic development,

#### 9. Employment Generation Role:

Entrepreneurial ventures create employment opportunities and help reduce unemployment problem in the region. Thus, entrepreneurs provide stimulus to growth in a region and lead to economic development.

### MANAGERIAL V/S ENTREPRENEURIAL APPROACH

GQ. Differentiate between managerial and entrepreneurial approach to managing an organization.

The difference between the entrepreneurial style and the managerial approach involves five business dimensions

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## (A) Strategic Orientation

- (1) The entrepreneur's strategic orientation depends on his or her perception of the opportunity. (2) When the use of planning systems is the strategic orientation, the administrative domain is operant.

## (B) Commitment to Opportunity

- (1) The entrepreneurial domain is pressured by the need for action and has a short time span in terms of opportunity
- (2) The administrative domain is not only slow to act on an opportunity, but the commitment is usually for a longer time span.

#### (C) Commitment of Resources

- (1) An entrepreneur is used to having resources committed at periodic intervals, often based on certain tasks of objectives being reached.
- (2) In acquiring these resources the entrepreneur is forced to maximize resource use.
- (3) In the administrative domain, the commitment of resources is for the total amount needed.
- (4) Administrative-oriented individuals receive personal rewards by effectively administering the resources under their control.

### (D) Control of Resources

- (1) The administrator is rewarded by effective resource administration and has a drive to own or accumulate as many resources as possible.
- (2) The entrepreneur, under pressure of limited resources, strives to rent resources on an as-needed basis.

## (E) Managerial Structure

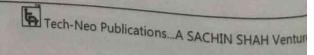
- (1) In the administrative domain, the organizational structure is formalized and hierarchical in nature.
- (2) The entrepreneur employs a flat organizational structure with informal networks.

#### ₩ 1.5 CLASSIFICATION AND TYPES OF ENTREPRENEURS

## GQ. Discuss the different types of entrepreneurs.

- All through the previous sections of this chapter we have seen that entrepreneurs are passionate about their work and bold enough to take the risk to bring their plans to reality.
- Entrepreneurs create jobs and contribute to the economy especially in a developing economy such as ours wherein it is not possible for the government to provide employment to all nor do we have a well-developed industrial base that can accommodate all those who are looking for employment.
- We traced the evolution of entrepreneurship and briefly identified the different types of entrepreneurs; in this section we shall be studying the different types of entrepreneurs.
- Although, each of these different types of entrepreneurs has their own path to success in their endeavour, they have to go through very similar struggles in terms of finance, marketing, human resource and general management. They may also have to remould themselves to undertake tasks that are not comfortable for them under normal circumstances.

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#### 1.5.1 Types of Entrepreneurs

#### 1.5.1 (A) Middlemen or Go-between

- In the section on evolution of entrepreneurship we had seen how the famous trader Marco Polo used to get finance for his trade journey from capitalist on interest and return the money on coming back from his journey. These were the first type of entrepreneurs.
- They were neither inventors nor innovators they only traded in commodities that were available. They bought these commodities at a fixed price and sold them at a price that was not known to them at the time of purchasing these commodities
- The difference in the purchase and sale price was their profit or loss. These entrepreneurs had good knowledge of the needs of the market and the sources of supply and used this knowledge in their business.

#### Advantages and Disadvantages Middlemen

Advantages of Middlemen		Disadvantages of Middlemen	
(i) (ii)	They are a critical link between manufacturers and end-users.  As they are neither inventors nor innovators and hence	however the sale price is not known and hence the	
	the risk involved is relatively less.	(ii) Margin of profit is less.	
		(iii) Demands may change which may lead to decrease in demand for such goods.	

#### 1.5.1 (B) Inventors:

- The next type of entrepreneurs are those who invent something that can be put to commercial use. Inventors such as Thomas Edison, Eli Whitney are entrepreneurs who invented new technology and put it to commercial use.
- They too needed capital for their inventions and hence ran the risk of losing money in their business. Inventors are entrepreneurs and capital seekers.

Advantages of Inventors			Disadvantages of Inventors		
(i)	As the invention is new to the world the entrepreneur can demand a premium price.	(i)	The probability of the inventor succeeding with the invention are low and hence the risk associated is high.		
(ii)	The inventor can file for a patent and be assured of returns till the period of patent.	(ii)	The new invention may not do well in the market and hence the inventor may lose his money.		
		(iii)	Difficulty in the finding investors for something that has yet not been invented or tested for its feasibility in the market.		

## 3. 1.5.1 (C) Imitating Entrepreneurs:

- These types of entrepreneurs are referred to as "the copy cats" as they tend to observe and replicate a successful venture. They may either adopt all the practices and techniques of the successful venture or may make alterations to it based on their ideas.
- They are usually a part of the successful venture and after having observed and gained first-hand experience they tend to imitate a similar business venture on their own.

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- They improve on a prevailing product production process, technology and through their creative vision create something similar in the creative vision create the control of the creative vision create the create the creative vision create the create
- This type of entrepreneurship is mostly observed in underdeveloped and developing nations such as ours. There are many examples of imitating entrepreneurship within out country.

## Advantages of Imitators

- (i) As they copy a successful business venture model the chances of failure are reduced.
- (ii) This type of entrepreneurship is essential for underdeveloped and developing countries.

## Disadvantages of Imitators

- (i) As they imitate an existing business model they add very little value to the system.
- (ii) Added competition tends to reduce the profit margins which puts the business in a fragile position.

These are predominantly the main three types of entrepreneurs that we get to observe. As students you should observe different entrepreneurs within your locality and identify their types.

# CHARACTERISTICS AND QUALITIES OF SUCCESSFUL ENTREPRENEURS

- GQ. Enumerate the different characteristics of entrepreneurship.
- GQ. State the qualities of an entrepreneur.

## 1.6.1 Characteristics of Entrepreneurship

- Entrepreneurship is a creative process which involves doing new things or old things in a new way.
- Entrepreneurs are known to have a passion for their work. They are committed to what they are doing and deeply care for it. They are more concerned about what they are doing rather than the money they are making from it. However, this does not mean that money is not a consideration, but it is not an important factor in any decision.
- 3. Another key quality or characteristics is self-confidence or self-belief. Entrepreneurs are known to have confidence in their abilities and possess the ability to overcome all problems.
- Entrepreneurs are self reliant. They do not wait for others to tell them what needs to be done. They are self starters and feel confident making decisions.
- Entrepreneurship is associated with decision making under conditions of uncertainty. 5.
- Entrepreneurship involves risk taking and actions with unpredictable results.
- Entrepreneurship is the ability to identify an opportunity and taking actions to exploit it. 7.
- Entrepreneurship is associated with the need to achieve something higher than the regular. People with such need are more likely to succeed as an entrepreneur.
- Entrepreneurship is the fusion of capital, technology and human effort.
- 10. In addition to the above mentioned characteristics, entrepreneurs must possess; drive, perseverance, ability to complete tasks, willingness to work hard and take risks.

# 2 1.6.2 Qualities of an Entrepreneur

- (1) Innovation: an entrepreneur is never happy with status quo. He is always on the lookout for an innovative way of doing things. He is always on the search for introducing something new in the economy.
- (2) Risk taking: though an entrepreneur is not a gambler, he undertakes calculated risks and faces uncertainty.

- (3) Managerial Skills: along with innovation an entrepreneur has to possess managerial skills. He has to assemble resources and put them to proper use.
- (4) Achievement: though profit is an essential component of business the entrepreneur is not driven by profit but by the
- (5) Tenacity: an entrepreneur is not deterred by problems. On the other hand he is a creative problem solver. He understands that failure is purely a part of the game and he is ready to take it in his stride.
- (6) Alert to new opportunities: an entrepreneur is always alert to new opportunities that may come his way.
- In addition to the attitude and characteristics an entrepreneur should also possess the knowledge and skills that are required to succeed. However, unlike personal characteristics and attitude that a person must be born with, knowledge and skills can be acquired if the person is willing to do so.
- In some cases it has been observed that entrepreneurs rather than acquiring the required skills and knowledge for the job hire people who possess the same.
- Either way the skills required to succeed in business are :

#### 1. Ability to Plan :

Planning is the key to success in business and is recognized as a key skill for entrepreneurs. Entrepreneurs must be able to develop effective plans to meet the goals set. The areas for which plans need to be set are finance, marketing, production, sales and personnel.

#### 2. Communication Skills:

Entrepreneurs should be able to interact effectively with everyone. They should be able to discuss, explain, negotiate, sell and market their products. The ability to express oneself clearly both verbally and in writing is a strong asset in business. Entrepreneurs should have strong reading comprehension skills to understand contracts and other written business communication,

Marketing Skills: Marketing skills are essential for the success on business. Business success hinges on the ability of the entrepreneur to reach out to potential customers. Good marketing skills, which results in people buying goods, are critical for entrepreneurial success.

#### 4. Interpersonal Skills:

Although interpersonal skills could be mistaken to be part of communication skills, they are different. Entrepreneurs are required to interact with a whole lot

of people which includes customers, employees, bankers, lawyers, government officials, etc. The ability to establish and maintain positive relationship with one and all is critical to the success of the business venture.

### 5. Basic Management Skills:

The entrepreneur must understand all the nitty gritties of business. Entrepreneurs must ensure that they possess all the resources required to successfully run the business and that all these resources are being optimally used. Even if the entrepreneur appoints a manager to look into the affairs of the business they should understand all the processes of management.

#### 6. Personal Effectiveness:

In addition to managing their business effectively entrepreneurs must be able to take care of personal effectiveness. Personal effectiveness includes personal appearance, communication and interpersonal skills, and overall approach to the work. Entrepreneurs should be aware of their strengths and weaknesses and strive to overcome their weaknesses.

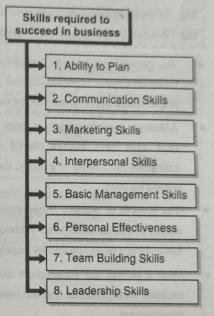


Fig. C1.1: Skills required to succeed in business

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Management gurus recognise the business team as the most critical element in the success of any business venture as such it is as such it is very important that the entrepreneur assembles a team that comprises of people who possess the exper required to undertake the job. Entrepreneurs should strive to effectively develop and manage the team

## 8. Leadership Skills:

On his part the entrepreneur should have the ability to lead a highly effective team. The ability to have a vision for venture and inspire the team to work towards it is critical for success.

In addition to the above mentioned skills that are required of an entrepreneur he should possess or take help of experiences and the should possess or take help of experiences and the should possess or take help of experiences and the should possess or take help of experiences and the should possess or take help of experiences and the should possess or take help of experiences and the should possess or take help of experiences are taken as the should possess or take help of experiences are taken as the should possess or taken as the should possess of taken as the should possess or taken as the should possess of taken as the should possess or taken as the should possess of taken as the should possess or taken as the should possess of t in areas such as accounting, legal matters, financial matters, strategic planning, etc.

## M 1.7 WOMEN ENTREPRENEURS

- GQ. Write a short note on women entrepreneurs and their role in national development.
- GQ. Differentiate between male and female entrepreneurs.
- GQ. Women entrepreneurs play a pivotal role in the development of economy of a country." Discuss.
- The government of India has defined enterprises owned by women as, 'an enterprise where at least 51 percent of the financial capital is possessed and regulated by a woman or a group of women, who are able to generate and provid employment opportunities to the tune of 51 percent in the enterprise exclusively to women.
- Although, women constitute more than half of the total population and contribute to almost 50 percent of the world's GDP they have always played second fiddle to men when it comes to establishing and operating one own's enterprise. According to a study, the enterprises owned by women were around 20 percent and the rest 80 percent were owned by men.
- The growth of women entrepreneurs in India has been hampered by the mindset of a few who always doubted their ability to run an enterprise. Although, women possess al the abilities and qualities required from an entrepreneur they have always been ignored by policy makers as entrepreneurship has always been considered to be a male bastion.
- Over a period, the government and a few reformers have awoken to the role and position of women in society and realized their potential and the need to utilize this potential in nation building by way of enterprises that could provide employment.
- In our country, there are many women-owned enterprises that provide employment and make a meaningful contribution to the society. However, the largest concentration of enterprises owned by women in India has been in the micro sector, followed by small and then lastly medium enterprises.
- Women entrepreneurs in India have to deal a multitude of issues prominent amongst those are; difficulty in procuring finance, easy access to markets and other resources, labour laws and land reforms. These issues have compelled women entrepreneurs to limit their entrepreneurial spirit to the micro-units.
- This is all about to change as policy makers have realized the potential women entrepreneurs possess and the need of the hour is to create a more equal, better, and conducive environment that would enable the women entrepreneurs to pursue their entrepreneurial ventures seamlessly.
- Despite the challenges and difficulties faced there have been many successful women entrepreneurs who have braved all odds, overcome barriers, and emerged successful in their endeavour.
- The need of the hour is to recognize the potential of women and to provide appropriate guidance, support and stimulus thereby ensuring that these women feel motivated and ready to face challenges in their chosen fields.

(MU-New Syllabus w.e.f academic year 2021-22) (M5-80)

Entrepreneurship and E- business (MU - Sem 5 - IT) (Introduction to Entrepreneurship) ... Page to (1-13) Perhaps the biggest motivator for a woman, is her own family and close circle of friends followed by assessions who provide the requisite training and guidance in establishing successful enterprises.

# 28. 1.7.1 Characteristics of Women Entrepreneurs

- One of the primary reasons why men start their own venture is that they send to disagree with their boss or dending a feeling that they could run the business better while women venture out on their own when they seel that they are being allowed to perform and grow in their current organization. This brings us to the most question.
- Do women entrepreneurs have different characteristics from their male counterparts in terms of motivation, business
- On a broader term the characteristics of both male and female entrepreneurs are the same when it comes to business skills and occupational background. However, they tend to differ in areas such as support system, financial sources and problem handling. The table below will enable you to understand and differentiate the characteristics better.

Table 1.7.1 Comparison of characteristics of men and women entrepreneurs

Characteristics	Male Entrepreneurs	Vernole Veter
Motivation	The primary motivating factor for men is that they want personal independence and status that entrepreneurship provides. Men also want to be in-control of things rather than being controlled.	Women too strive for independence and a sense of achievement which is made possible through entrepreneurship.
Reason for resorting to entrepreneurship  1. Dissatisfaction with present job.  2. No chance of progress in present employment.  3. Layoff  4. Opportunity to make improvements based on the experiences gained in present employment.		Dissatisfaction with present job.     Changes in personal life.     Recognition of opportunity.
Sources of Funds	Bank Finance, Loans and borrowings from family and friends, own savings.	Own savings and personal loans.
Professional Expertise	Experience gained from employment.     Expertise in managing various business functions.	Experience gained from employment.     May lack expertise in managing multiple business functions and tend to rely or others to manage them.
Personal characteristics	<ol> <li>Persuasive and resilient</li> <li>Goal oriented</li> <li>Confident</li> <li>Innovative</li> <li>Opinionated</li> <li>Enthusiastic</li> <li>Independent</li> </ol>	Creative     Plexible     Tolerant     Goal Oriented     Open minded     Balanced     Medium confidence

(MU-New Syllabus w.e.f academic year 2021-22) (M5-80)

Entrepreneurship and E	- business (MU - Sem 5 - IT)	Female Entrepreneurs	
Characteristics	Male Entrepreneurs	1. Average age for turning entrepreneur for	
Personal Background	Average age of turning entrepreneur is 32.     Educated mostly with technical background	women is 36.	
Support Group	Friends     Professional Acquaintances     Business Associates     Spouse	<ol> <li>Spouse</li> <li>Family</li> <li>Friends</li> <li>Business Associates</li> </ol>	
Type of Enterprise	Mostly technical or service industry	Mostly service related to finance or travel	

## 3 1.7.2 Schemes instituted for Women Entrepreneurs in India

The potential of women in setting up their own enterprises has been recognised by the policy makers and thus schemes to encourage them has gained momentum in recent years. Some of the schemes developed by the policy makers are discussed in the table below.

**Table 1.7.2** 

Policy Period	Policy Policy
1990	Khadi and Village Industries (KVI's), District Industries Centers (DIC's), Women Development Corporations (WDC's).
1992	The National Commission for Women (NCW).  30% representation for women in local self- government bodies.
2000	Self Help Groups (SHG's) were formed to provide vocational training.  National Policy for Empowerment of Women.
2005	Ministry of Women and Child Development was established.  Under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 programs were initiated to empower women.
2008	National Council on Skill Development was instituted.
2014	Make in India  Micro Unit Development and Refinance Agency (MUDRA) was started with the objective of funding those who would otherwise have no source of funds.  Pradhan Mantri Kaushal Vikas Yojana (PMKVY)scheme was also launched.
018	"Udyam shakti" program was launched by the Ministry of MSME's to provide assistance to women entrepreneurs.
020	Atmanirbhar Bharat Abhiyaan Economic package to help MSME to survive Covid-19 was launched by the government.

(MU-New Syllabus w.e.f academic year 2021-22) (M5-80)

## 1.8 CORPORATE AND SOCIAL RESPONSIBILITY

# GQ. Corporate Social Responsibility and the entrepreneur. Write short note.

- Corporate social responsibility is a self-regulating business model helps a company to be socially accountable to itself, its stakeholders and the public at large. By undertaking such responsibility companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social and environmental.
- By engaging in CSR activities a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.
- An entrepreneur is always faced with a dilemma when it comes to corporate and social responsibilities on one hand and
  his new venture on the other. The entrepreneur is taking risks with the capital that he has been able to raise for his
  venture and the energy that he is expending in establishing it.
- Also, the entrepreneur is faced with situations, on a daily basis, that will require him to establish a balance between
  ethics, economics and social responsibility. Unlike, a manager of an establishment the entrepreneur has no precedent to
  follow when it comes to maintaining balance between ethical, corporate and social responsibility.
- The attitude of a manager of an organization concerning corporate responsibilities are in balance with the laws and
  professional codes established over the years. However, for an entrepreneur that are no laws and professional codes to
  follow as his enterprise is new and hence his attitude is developed on his internal code.
- Entrepreneurs tend to depend on their own personal value systems rather than following an established course of action
  that a typical manager follows. Although, most of their approach towards corporate and social responsibility stems from
  their own value system they tend to be particularly sensitive to peer pressure, social norms of the society as well as
  pressures from their competitors.
- Entrepreneurs from different countries and communities have different approaches towards corporate and social
  responsibilities and ethical code of conduct and is formed from the general norms and values of the country and
  community at large. Also, the approach varies for metropolitan and non-metropolitan enterprises existing in the same
  country and community.
- It becomes all the more interesting when it comes business that have an international orientation. Entrepreneurs
  operating internationally oriented businesses have to deal with different attitudes and practices from different countries.

Chapter Ends...

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