

ENTREPRENEURSHIP – MODULE -1- MATERIAL

1. What is the meaning of entrepreneur? explain characteristics

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a [small business](#). The people who create these businesses are called entrepreneurs. Entrepreneurship is the act of being an [entrepreneur](#), or "the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits". entrepreneur" ([/ˌɒtrəprəˈnɜːr, -nɪjər/](#) ( [listen](#)), UK also [/-prɛ-/](#)) is a [loanword](#) from [French](#).

Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a [profit](#)".^[3] While definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of start-up businesses have to close due to "lack of funding, bad business decisions, an economic crisis, lack of market demand—or a combination of all of these.

A broader definition of the term is sometimes used, especially in the field of [Economics](#). In this usage, an Entrepreneur is an entity which has the ability to find and act upon opportunities to translate inventions or technology into new products: "The entrepreneur is able to recognize the commercial potential of the invention and organize the capital, talent, and other resources that turn an invention into a commercially viable innovation."^[4] In this sense, the term "Entrepreneurship" also captures innovative activities on the part of established firms, in addition to similar activities on the part of new businesses. The entrepreneur is a factor in and the study of entrepreneurship reaches back to the work of [Richard Cantillon](#) and [Adam Smith](#) in the late 17th and early 18th centuries. he

exploitation of entrepreneurial opportunities may include:

- Developing a [business plan](#)
- Hiring the [human resources](#)
- Acquiring financial and material resources
- Providing leadership
- Being responsible for both the venture's success
- Risk aversion

Strategies that entrepreneurs may use include:

- **Innovation** of new products, services or processes
- Continuous process improvement (CPI)
- Exploration of new business models
- Use of technology
- Use of **business intelligence**
- Use of economical strategics
- Development of future products and services
- Optimized talent management

2. Examine entrepreneur characteristics?

Owning a business isn't for everyone. The stress and hard work that come with it makes many people unwilling to dive in.

It takes a special kind of person to be an entrepreneur - to come up with an idea and put that idea into action. But not all ideas work out. In fact, the Bureau of Labor Statistics finds that 50% of small businesses fail within the first four years. Not a big vote of confidence for quitting your job and becoming an entrepreneur.

But entrepreneurs don't see the risk: they see the reward. As an entrepreneur myself, I know how to put the time and effort in to make my dream a reality.

If you want to be an entrepreneur, you need to have the right personality and the right attitude. Here are 10 essential characteristics to be successful as an entrepreneur:

1. Creative

Entrepreneurship starts with an idea. To be successful, you need to always be thinking of new ideas and better ways of doing things.

In an interview in Martyn Lewis's book "Reflections on Success," Virgin Airlines founder Richard Branson said, "I've gone into business, not to make money, but because I think I can do it better than it's been done elsewhere. And, quite often, just out of personal frustration about the way it's been done by other people."

Entrepreneurs are not satisfied with the status quo. They think outside the box and look for opportunities to come up with new solutions.

2. Passionate

Perhaps the most important characteristic for entrepreneurs, passion is essential to any business owner or working professional's success. Without passion, there is no reason for your work and no drive to do it.

Entrepreneurs love what they do and are extremely dedicated to the businesses they create. To be successful, you must be confident in yourself and your business, and you must be proactive with what you do and how you do it.

3. Motivated

In an interview with The Computerworld Smithsonian Awards Program, the late Apple founder Steve Jobs said, "I'm convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance."

Because of their passion for their ideas, entrepreneurs are willing to put in the long hours and hard work required to launch and run a successful new business. Are you self-motivated? Entrepreneurs are their own boss, which means there's no one telling them to do things. You must be in charge of your own time and how you spend it.

4. Optimistic

Do you see the glass half empty or half full? For entrepreneurs, it's always half full. Entrepreneurs always look on the bright side and are constant dreamers. They look at how they can do things better and make the world a better place. They never dwell on the past or the negative. Instead, they focus on moving forward and moving up.

When they're confronted with challenges, entrepreneurs don't see them as problems; they see them as opportunities. Challenges fuel entrepreneurs and make them reach higher and do more.

5. Future-oriented

Because entrepreneurs are focused on moving forward, they are always looking toward the future. Entrepreneurs are very goal-oriented and know exactly what they want. They set their goals and everything they do is aimed at achieving those goals.

Having a strong vision helps propel you toward accomplishment. Consider setting a goal for yourself - a north star that can guide you on your path to success.

6. Persuasive

To be successful in business, you have to know business. If you're a people person and know how to get people to listen to you, you could be a successful entrepreneur.

Especially when first starting out, entrepreneurs need to gain buy-in from those around them on their big idea. If it's an out-of-the-box idea, which it usually is, many people will be skeptical before giving their support or investing any money. That's why entrepreneurs need to use their persuasiveness to sell themselves and their ideas.

7. Flexible

According to professional development coach Ruchira Agrawal in an article for Monster, "As an entrepreneur, you'll typically start out as a 'solopreneur,' meaning you will be on your own for a while. You may not have the luxury of hiring a support staff initially. Therefore, you will end up wearing several different hats, including secretary, bookkeeper and so on."

Entrepreneurs know how to adapt to unfamiliar situations. If their business requires that they learn how to build a website or send an invoice, they'll do it. Whatever it takes, entrepreneurs are ready and willing. They always approach things with an open mind and are willing to change course if they need to.

8. Resourceful

In business, problems aren't a matter of if, but when. Entrepreneurs do not shy away from challenges or conflicts. Instead, they face them head on and come up with a solution. They know how to solve problems effectively.

Entrepreneurs also know how to make the most of what they have. Time, money and effort are never used haphazardly. Everything has a plan and a purpose.

9. Adventurous

In an interview with Y Combinator president Sam Altman, Facebook founder Mark Zuckerberg said, "In a world that's changing so quickly, the biggest risk you can take is not taking any risk."

Entrepreneurs know that to be successful, they must be willing to take risks. While they don't mind walking on the wild side, they don't take risks lightly. They know how to plan for the unknown and make a calculated decision that is best for them and their business.

10. Decisive Resourceful

There is no room for procrastination in business. Entrepreneurs know what needs to be done and don't hesitate to make the decisions that will lead them to success. They don't let opportunities pass them by; instead, they seize the day and get the job done.

3. Explain Types of Entrepreneurs:

Depending upon the level of willingness to create innovative ideas, there can be the following types of entrepreneurs:

1. Innovative entrepreneurs:

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country.

Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.

2. Imitating entrepreneurs:

These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own.

Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas.

In our country also, a large number of such entrepreneurs are found in every field of business activity and they fulfill their need for achievement by imitating the ideas introduced by innovative entrepreneurs.

Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers now are the imitating entrepreneurs.

3. Fabian entrepreneurs:

The dictionary meaning of the term 'fabian' is 'a person seeking victory by delay rather than by a decisive battle'. Fabian entrepreneurs are those individuals who do not show initiative in visualising and

implementing new ideas and innovations wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

4. Drone entrepreneurs:

The dictionary meaning of the term 'drone' is 'a person who lives on the labor of others'. Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

5. Social Entrepreneur:

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development.

They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. Dr Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.

4.Explain Functions of an Entrepreneur:

The important functions performed by an entrepreneur are listed below:

1. Innovation:

An entrepreneur is basically an innovator who tries to develop new technology, products, markets, etc. Innovation may involve doing new

things or doing existing things differently. An entrepreneur uses his creative faculties to do new things and exploit opportunities in the market. He does not believe in status quo and is always in search of change.

2. Assumption of Risk:

An entrepreneur, by definition, is risk taker and not risk shirker. He is always prepared for assuming losses that may arise on account of new ideas and projects undertaken by him. This willingness to take risks allows an entrepreneur to take initiatives in doing new things and marching ahead in his efforts.

3. Research:

An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analyzing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he applies his ideas in practice. The selection of an idea, thus, involves the application of research methodology by an entrepreneur.

4. Development of Management Skills:

The work of an entrepreneur involves the use of managerial skills which he develops while planning, organizing, staffing, directing, controlling and coordinating the activities of business. His managerial skills get further strengthened when he engages himself in establishing equilibrium between his organization and its environment.

However, when the size of business grows considerably, an entrepreneur can employ professional managers for the effective management of business operations.

5. Overcoming Resistance to Change:

New innovations are generally opposed by people because it makes them change their existing behavior patterns. An entrepreneur always first tries new ideas at his level.

It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. In this manner, an entrepreneur paves the way for the acceptance of his ideas by others. This is a reflection of his will power, enthusiasm and energy which helps him in overcoming the society's resistance to change.

6. Catalyst of Economic Development:

An entrepreneur plays an important role in accelerating the pace of economic development of a country by discovering new uses of available resources and maximizing their utilization.

To better appreciate the concept of an entrepreneur, it is desirable to distinguish him from an entrepreneur and promoter. Table 4.1 outlines the distinction between an entrepreneur and entrepreneurs, and Table 4.2 portrays basic points of distinction between an entrepreneur and promoter.

Basis	Entrepreneur	Promoter
<ul style="list-style-type: none"> • Stage of business • Owing business • Nature of job 	<ul style="list-style-type: none"> – From conception to continuation– Owns the enterprise– Includes everything – Any business 	<ul style="list-style-type: none"> – To bring a business into existence– May or may not own– Highly specialised – A consultant or a chartered account and offering services
<ul style="list-style-type: none"> • Example 		

Table 4.1: Distinction between Entrepreneur and Intrapreneur:

Basis	Entrepreneur	Intrapreneur
<ul style="list-style-type: none"> • Capacity • Status • Decisions 	<ul style="list-style-type: none"> – Owner– Own boss– Takes own decisions 	<ul style="list-style-type: none"> – An manager– Salaried employee– decisions with the concurrence of owner
<ul style="list-style-type: none"> • Reward 	<ul style="list-style-type: none"> – Uncertain and unlimited 	<ul style="list-style-type: none"> – Fixed rewards and salary

Table 4.2: Distinction between Entrepreneur and Promoter:

Some Myths about Entrepreneurship:

Over the years, a few myths about entrepreneurship have developed. These are as under:

(i) Entrepreneurs, like leaders, are born, not made:

The fact does not hold true for the simple reason that entrepreneurship is a discipline comprising of models, processes and case studies.

One can learn about entrepreneurship by studying the discipline.

(ii) Entrepreneurs are academic and socially misfits:

Dhirubai Ambani had no formal education. Bill Gates has been a School drop-out. Therefore, this description does not apply to everyone. Education makes an entrepreneur a true entrepreneur. Mr Anand Mahindra, Mr Kumar Mangalam Birla, for example, is educated entrepreneurs and that is why they are heroes.

(iii) To be an entrepreneur, one needs money only:

Finance is the life-blood of an enterprise to survive and grow. But for a good idea whose time has come, money is not a problem.

(iv) To be an entrepreneur, a great idea is the only ingredient:

A good or great idea shall remain an idea unless there is proper combination of all the resources including management.

(v) One wants to be an entrepreneur as having no boss is great fun:

It is not only the boss who is demanding; even an entrepreneur faces demanding vendors, investors, bankers and above all customers.

An entrepreneur's life will be much simpler, since he works for himself. The truth is working for others are simpler than working for oneself. One thinks 24 hours a day to make his venture successful and thus, there would be a punishing schedule.