



SYLLABUS

B.Com I YEAR

Subject - Entrepreneurship Development

UNIT - I	Entrepreneurship Development – Concept and Importance, function of Entrepreneur, Goal determination – Problems Challenges and solutions.



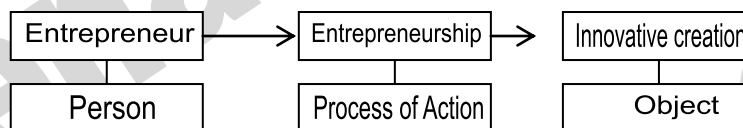
UNIT - I

The concept of Entrepreneurship has assumed prime importance for accelerating economic growth both in developed and developing countries. It is a basis of free enterprise. It promotes capital formation and creates wealth in the country. It is the hope and dream of millions of individuals around the world. It has the thrill of risk, change, challenge and growth. It builds wealth. It is a pathway to prosper. It reduces unemployment and poverty.

MEANING OF ENTREPRENEURSHIP

Entrepreneurship is the process of identifying opportunities in the market place, arranging resources required to exploit the opportunities for long term gains. It is creating wealth by bringing together resources in new ways to start and operate an enterprise. It is the process of planning, organising, operating and assuming the risk of a business venture. It is the ability to take risk independently to make more earnings in the market oriented economy.

It refers to a process of action an entrepreneurship undertakes to establish an enterprise. It is a creative and innovative skill and adapting response to environment. This concept can be seen in



DEFINITIONS OF ENTREPRENEURSHIP

After looking at various definitions of entrepreneurship, we can conclude the entrepreneurship.

- (1) Classical View : This view is expressed by classical economists like Cantillon, Frank Knight, Adam Smith, J.B. Say, J.S. Mill, David Ricardo etc. It involves:
 - a) ability to bear the risks and uncertainties of business.
 - b) ability to organize and co-ordinate productive resources.
 - c) Ability to convert productive resources into a productive entity through superintendence and control.
- (2) Neo-Classical View: This view is expressed by economists like Walters, Alfred Marshall and Joseph Schumpeter, According to this view, entrepreneurship is:
 - a) the ability to direction and control.
 - b) the ability to bring new changes.This view applies to new developing economics.
- (3) Modern View: The new view of entrepreneurship is innovative. It is the ability:
 - a) to create changes to exploit them.
 - b) to explore and to maximise opportunities to obtain results.
 - c) to innovate new things and to create unique or at least distinct in a meaningful area.
 - d) to earn economic results only by leadership, not by mere competence.
 - e) to allocate resources to opportunities rather than problems.
 - f) to create effectiveness rather than efficiency.
 - g) to redirect resources from areas to low or diminishing returns to areas of high or increasing results and to optimize the yield from these resource.
 - h) to create tomorrow.

The concept of entrepreneurship is depicted in

NATURE AND CHARACTERISTICS OF ENTREPRENEURSHIP



The main features of entrepreneurship are described below:

1. Economic
2. Creative and
3. Purposeful Activity
4. Risk bearing Capacity
5. Ability to Innovate
6. Business Oriented Tendency
7. Organising Function
8. Managerial and Leadership Function
9. Knowledge based Practice
10. Not a Personality Trait, but Behaviour
11. Based on Principles, not on Intuition
12. Essential in Every Activity
13. Management is the Vehicle of Entrepreneurship
14. Low Risk
15. It is not a Natural but an 'Achieved' Work

IMPORTANCE AND BENEFITS OF ENTREPRENEURSHIP

The importance of entrepreneurship can be discussed in two ways:

A. Importance to the Entrepreneurs and the Common Man

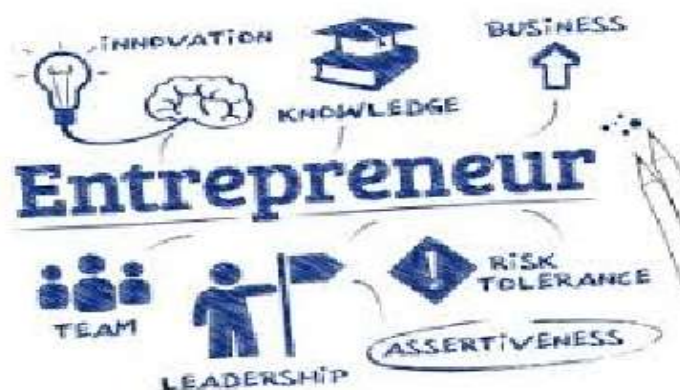
1. Provides Independence
2. Means to Earn a Good Living
3. Realising One's Full Potential
4. Opportunity to Reap High Profits
5. Enjoys Social Status
6. Work as Fun
7. Hero Status
8. Self-Reliant and Self-Sustaining Lifestyle
9. Contributes to Women Liberty
10. Offers Part-Time Job Opportunities
11. Family Support
12. Realising Dreams

B. Importance to the National Economy and Society

Entrepreneurship is basic source of productive economic energy. It fasters economic growth; it increases productivity; it creates new technologies, products, and services; and it changes and rejuvenates market competition. The significance of entrepreneurship to the national economy and society are :

1. Dealing with Uncertainty
2. Innovation
3. Job Creation
4. Managing resources
5. Capital Formation
6. Economic Growth
7. Technological Advancements
8. Marketplace Change
9. Contribution to Large Businesses
10. Provides International Opportunities
11. Social and Ethical Awakening

Entrepreneur





The spirit of enterprise makes man an entrepreneur. An entrepreneur is a person who sets up business of an enterprise. He is one who has the capability of risk-bearing, initiative and skill for innovation. He looks for high achievements. He is a creative thinker; an individual who combines in himself the role of innovator is creative thinker, individual who combines in himself the role of innovator and risk-bearer.

The word “entrepreneur” is derived from the French word entrepreneur. It means “to undertake”. In the early 16th century, the Frenchman who organised and led military expeditions were referred to as ‘entrepreneurs. Till 1800, this concept was used by French economists for adventurers, government contractors, architects, cultivators, trader—those who bought labour and material at uncertain prices and sold the resultant product at contracted prices, and those who risked capital in manufacturing. Later on, entrepreneur was considered as a coordinator who combined all means of production functions, and techniques. Schumpeter emphasized innovative aspect more than managerial aspect. To McClelland (1961) entrepreneur is one who likes to take reasonable risk, and who has high degree of need for achievement motivation.

TYPES OF ENTREPRENEUR

Entrepreneurs are found in every system and in every form of economic activity. They are found amongst artisans, traders, importers, engineers, exporters, bankers, industrialists, farmers, forest workers, tribal’s, professionals and so on. They are also found among politicians, theologians, bureaucrats etc. The nature of entrepreneurs differs according to their functions.

The various types of entrepreneurs are classified on certain bases. Some important classifications are discussed below:

I. On the Basis of Stages of Economic Development

‘Clarence Danhof’ classifies entrepreneur into four types :

1. Innovative: An Innovating entrepreneur is one who introduces new products, new methods of production and new technology.
2. Imitative or Adoptive: Imitative entrepreneur is characterised by readiness to adopt successful innovation initiated by innovating entrepreneurs.
3. Fabian: Fabian entrepreneurs are characterized by very great caution and skepticism in experiment in any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise. Fabian entrepreneurs are lazy and shy. They lack the will to adopt new methods of production.
4. Drone: These are characterized by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns. Drone entrepreneur is one who follows the traditional methods of production.

II. On the Basis of Attitude and Knowledge

Author H. Cole classified entrepreneurs as :

1. Empirical : He hardly introduces anything revolutionary.
2. Rational : He introduces changes which look more revolutionary.
3. Cognitive : He draws upon the advice and services of experts. He introduces changes that reflect complete break from the present situations.

III. On the Basis of type of Business Occupations



We may broadly classify them as follows :

1. Business Entrepreneur : They conceive an idea for a new product or services and then create a business to materialize their idea into reality. They exploit new business opportunity. They set up and promote business units.
2. Trading Entrepreneurs: They undertake buying and selling activities. They are not concerned with the manufacturing work.
3. Industrial Entrepreneur: He is product-oriented man. He makes long-run plans in terms of new products, tomorrow's markets and future growth. He converts resources into economic utilities and values.
4. Corporate Entrepreneur: Such an entrepreneur has vision and imaginative skill to organise and manage a corporate undertaking. He plans, develops and creates a corporate legal entity.
5. Agricultural Entrepreneur: Such entrepreneurs undertake agricultural activities. They raise and market crops, fertilisers and other inputs of agriculture.

IV. On the Basis of Use of Technology

1. Technical: Such entrepreneur possesses technical expertise and know-how.
2. Non-Technical: He simply deals with developing alternative marketing and distribution strategies to promote his business.
3. Professional: Such entrepreneur is interested in establishing a business. He takes no interest in managing or operating it once it is established.

V. On the Basis of Ownership

1. Private: Private entrepreneur is motivated by profit. He never enters those sectors of economy in which prospects of earning profit are discouraging.
2. Public: In the underdeveloped countries the government acts as entrepreneur and undertakes economic activities with the object of public welfare and prosperity. The government runs the enterprises to promote development of the country.
3. Joint: Joint enterprises is a partnership or an association of persons who have voluntarily joined together to achieve common economic ends. Its main object is rendering services to its members. Members make equitable contributions to the capital required.
4. Co-operative: Co-operative entrepreneurship is an association of persons who have voluntarily joined together to achieve common economic ends. Its main object is rendering services to its members. Members make equitable contribution to the capital required.

VI On the Basis of the Scale of Entrepreneurs

1. Small Scale Resources: this entrepreneur is found in the underdeveloped countries. He does not possess the necessary abilities and resources to initiate large scale production. He is not able to introduce revolutionary technological changes.
2. Large Scale : Large scale enterprises are established in the developed countries. Big entrepreneurs possess huge capital resources, necessary technical and skill to introduce new production changes.

VII. Other Types of Entrepreneurs



1. Pure Entrepreneur : He is motivated by psychological and economic rewards. He starts activities for his personal satisfaction is work, ago or status.
2. Induced Entrepreneur : Such entrepreneur is induced to take up an entrepreneurial task due to the policy measures of the government.
3. Motivated Entrepreneur : Such an entrepreneur is motivated by the desire for self-fulfilment. He is also motivated by the desire for innovations and profit.
4. Growth Entrepreneur : These entrepreneurs choose an industry which has high growth prospects.
5. Super-Growth Entrepreneur : He is an individual who has shown enormous growth performance in has venture.
6. First-Growth Entrepreneur : He is one who starts an industrial unit by means of an innovative skill.
7. Modern Entrepreneur : He is one who undertakes those ventures which go well along with the changing demand in the market. He cares for the current marketing needs.
8. Intrapreneurs : It is the practice of beginning and developing new business ventures within the structure of an existing organisation. Intrapreneurs found their management not receptive to new ideas. Hence they left their parent organisation and started ventures of their own.
9. Copreneurs : It is related to the married couples working together in a business. When a married couple shares ownership, commitment and responsibility for a business, they are called 'copreneurs'.
10. Young Entrepreneurs : Today young people are choosing entrepreneurship as their primary career path. They are setting the pace in starting businesses.
11. Part-Time Entrepreneurs : Starting a part-time business is a popular gateway to entrepreneurship. Part-time entrepreneurs can easily enter into business without sacrificing their service benefits. They have lower risk in case the venture flops. Many part-timers can test their "entrepreneurial skill" to see whether their business ideas will work or not.

FUNCTIONS OF AN ENTREPRENEUR :-

An entrepreneur performs all the necessary functions which are essential from the point of view of operation and expansion of the enterprise. The main functions of entrepreneur are as follows :

1. Idea generation and scanning of the best suitable idea.
2. Determination of the business objectives.
3. Product analysis and market research.
4. Determination of form of ownership/organisation
5. Completion of promotional formalities.
6. Raising necessary funds.
7. Procuring machine and material.
8. Undertaking the business operations.

We also classified all the entrepreneurial functions into three broad categories:

(1) Risk bearing functions



(2) Organisational functions

(3) Innovative functions

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Considerable research has been dedicated to the task of identifying the traits and characteristics of the typical entrepreneur. According to John Hornaday the characteristics of successful entrepreneurs are as follows:

- Self-confidence
- Energy, diligence
- Ability to take calculated risk
- Creativity
- Flexibility
- Positive Response to Challenges
- Dynamism, Leadership
- Ability to get along with people
- Responsiveness to suggestions
- Responsiveness to criticism
- Knowledge of market
- Perseverance, determination
- Resourcefulness
- Need to achieve
- Initiative
- Independence
- Foresight
- Profit orientation
- Perceptiveness
- Optimism
- Versatility
- Knowledge of product and technology

Motivational Factors of entrepreneurship

Motivation of entrepreneurs leads to the motivation of entrepreneurs. Main motivational factors of entrepreneurship are -

1. Internal Factors – The internal factors of motivation constitute the personality of the entrepreneur and thereby create an inclination to adopt entrepreneurship. internal factors which motivate the entrepreneurship are –
 - a. Educational background
 - b. Occupational experience
 - c. Willingness to do something new.
 - d. Willingness to work for betterness of hometown or nation.
 - e. Willingness to be technically and economically independent
 - f. family background
2. External Factors – Though presence of internal motivation factors is helpful in development of entrepreneurship in any country yet presence of internal factors can fruityfy with the presence of external factors of motivation. The main external factors are -
 - a. Assistance from financial institutions
 - b. Assistance from state government and Central government
 - c. Availability of raw materials
 - d. Availability of trained and untrained labour
 - e. Availability of consultancy
 - f. Encouragement from public
 - g. Cooperation of heavy industries
 - h. Heavy demand for the product
 - i. Support of friends, relatives and other close persons.
 - j. Compelling conditions to adopt entrepreneurship.
 - k. Availability of sick industrial units at low prices.



The role of external motivation factors in development of entrepreneurship is more effective than the role of the internal motivation factors.

Women as an Entrepreneur

Women Entrepreneurs may be defined as a women are group of owmen who initiate, organize and run a business enterprise.

Function & Role of Women Entrepreneurs :- Like a male Entrepreneurs, a women entrepreneur must perform five functions :

1. Explore the prospects of starting new enterprises.
2. Undertaking of risks and the handling of economic uncertainties.
3. Introduction of innovations.
4. Coordination, administration and control.
5. Routine supervision.

Problems of women entrepreneurs :-

1. Problem of Finance
2. Scarcity of Raw Material
3. Shift Competition
4. Limited Mobility
5. Family Ties
6. Lack of Education
7. Male dominated society
8. Low Risk bearing ability

Development of Women Entrepreneurs

1. All National government should promote women's involvement in social and economic development programme; provide necessary infrastructural support, training and marketing facilities; enact legislation to remove constraints in their way; arrange for transfer of relevant technology and financial assistance.
2. The international agencies like UNCTAD, UNDP, ILO and the national government should adopt appropriate measures to encourage free flow of trade of products manufactured by women Entrepreneurs and provide fiscal and expert assistance to the government and other agencies engaged in promotion of Entrepreneurship among women.
3. In international and national trade fairs, the products manufactured by women Entrepreneurs should be widely displayed.
4. UNESCO and the education ministries in different countries should provide necessary literature, course books and publication for the benefit of women students.
5. In India the Federation of India Chambers of Commerce and Industry (FICCI), FICCI Ladies Organisation (FLO), National Alliance of Young Entrepreneurs (NAYE) and other voluntary assist women Entrepreneurs.

Role of women Entrepreneurs Associations :-

These associations seek to achieve the following objectives :

- (i) To provide a meeting ground for women Entrepreneurs;
- (ii) To promote and develop feeling of unity and brotherhood among the Entrepreneurs;
- (iii) To dvelop self- confidence and hope among female entrepreneurs;



- (iv) To present the problems of women Entrepreneurs before the concerned authorities for consideration and redressl ;
- (v) To secure various concessions, subsidies and assistance for women Entrepreneurs;
- (vi) To conduct entrepreneurial development program for women;
- (vii) To organize seminars and conferences on entrepreneurship with the help of other national and international bodies;
- (viii) To secure wider dispersal of entrepreneurship among women;

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