

UNIT1

- Definition of Entrepreneur
- Internal & External Factors
- Functions
- Entrepreneurial Motivation & Barriers
- Classification
- Theories
- Concept
- Development of Entrepreneurship
- Culture
- Stages in entrepreneurial process

What is an Entrepreneur?

One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying and assembling the necessary resources to capitalize on them.

CONCEPT OF ENTREPRENEUR

- RISK BEARER
- ORGANISER
- INNOVATOR

Schumpeter's Definition of Entrepreneur

Reform or revolutionize the pattern of production by exploiting an invention or more generally , an untried technological possibility for producing a new commodity

Drucker's view on Entrepreneur

Innovation is a specific tool of entrepreneurs, this means by which they exploit changes as an opportunity for different business or a different service.



Characteristics of Entrepreneurs

- Desire for responsibility
- Preference for moderate risk
- Confidence in their ability to succeed
- Desire for immediate feedback
- High level of energy
- Future orientation
- Skilled at organizing
- Value achievement over money

Functions of Entrepreneur

- Innovation
- Risk Taking
- Organization Building
- Absorb uncertainty
- Frame the Challenge
- Build Commitment

Entrepreneurs...Traits

- Self-confident and optimistic
- Able to take calculated risk
- Respond positively to changes
- Flexible and able to adapt
- Knowledgeable of markets
- Able to get along well with others
- Independent minded

Entrepreneurs...Traits II

- Energetic and diligent
- Creative, need to achieve
- Dynamic Leader
- Responsive to suggestions
- Take initiatives
- Resourceful and persevering
- Perceptive with foresight

Personal traits and characteristics of entrepreneurs.



Entrepreneurial Motivation

Motivation is an inner spirit that activates and direct our behavior towards our goal.



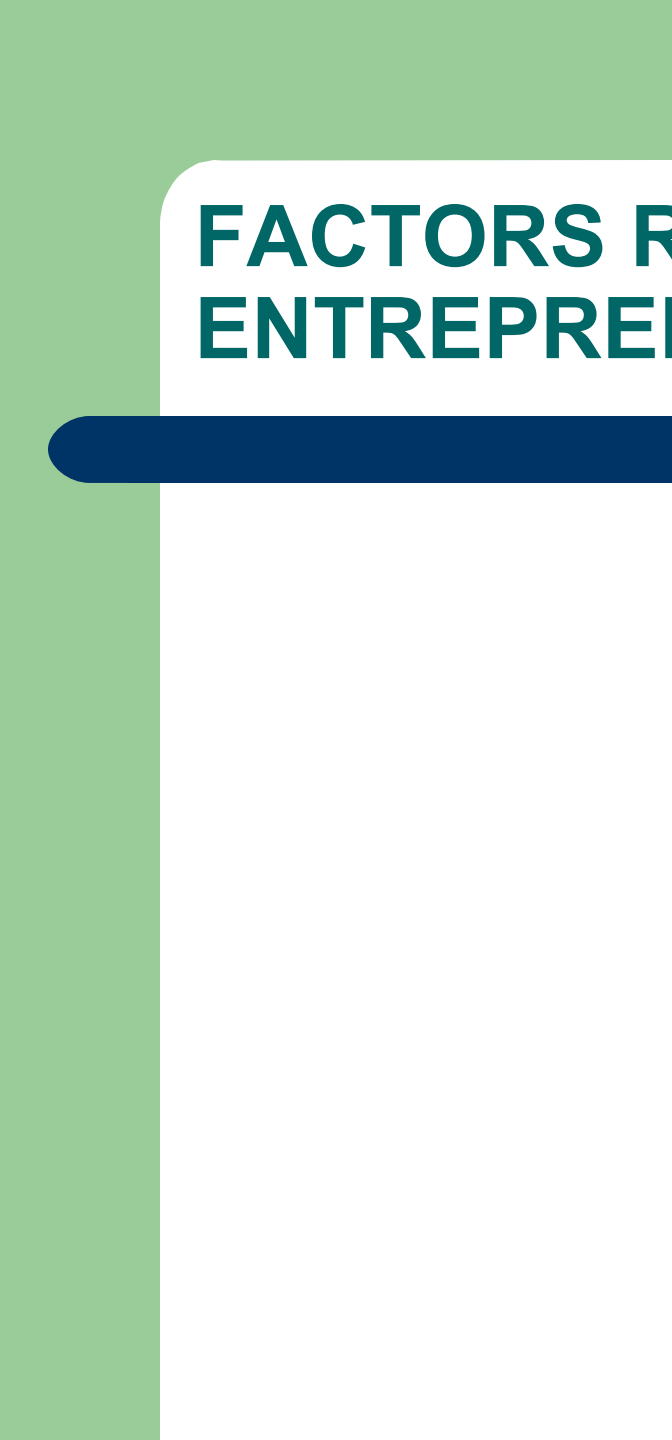
What motivates an individual to behave entrepreneurially is explained by the behavioral scientists?



Entrepreneurship: Sources of Supply & Motivation

Author	Entrepreneurial Phenomenon	Source of Entrepreneurial Supply	Motive Force
Schumpeter	Individual	Extraordinary individuals	Innate urge to achieve success
Weber	Status Groups	Extraordinary individuals	Religious beliefs
McClelland	Religious & Social Groups	Individuals with high n-achievement creative	Child rearing practices & climate
Hagen	Subordinated Groups	Individuals in the society driven by a duty to achieve	Status withdrawal & relative social blockage

FACTORS RESPONSIBLE FOR ENTREPRENEURS



INTERNAL FACTORS

- Desire to do something new
- Educational Background
- Experience

EXTERNAL FACORS

- Govt. assistance and support
- Availability of labor and raw material
- Encouragement from big business houses
- Promising demand for the product

TYPES OF ENTREPRENEUR

- According to the type of business
- According to the use of technology
- According to the motivation
- According to the growth
- According to the area
- According to the gender & age
- According to the sale of operation

Type of Business

- **Business Entrepreneur**(individuals who conceive an idea for a new product or service & then create a business to materialize their idea.)
- **Trading Entrepreneur** (Is one who undertakes trading activities & is not concerned with the manufacturing work)
- **Industrial Entrepreneur** (a manufacturer who identifies the potential needs of customers & tailors a product to meet the marketing needs)
- **Corporate Entrepreneur** (Is a person who demonstrates his innovative skill in organizing & managing corporate undertaking)
- **Agricultural Entrepreneur** (Is one who undertake agricultural activities as raising & marketing of crops, fertilizers & other input.)
- **Retail Entrepreneur**
- **Service Entrepreneur**

Use of Technology

- **Technical Entrepreneur** (he demonstrates his innovative capabilities in matter of production of goods & rendering services)
- **Non- Technical Entrepreneur** (concerned only with developing alternatives marketing & distribution strategies to promote their business)
- **Professional Entrepreneur** (a person who is interested in establishing the business but does not have interest in managing it once)

According to Motivation

- **Pure Entrepreneur** (an individual who is motivated by psychological & economic rewards)
- **Induced Entrepreneur** (is one who induced to take up entrepreneurial task due to the policy measures of the Govt.)
- **Motivated Entrepreneur** (they are motivated by the desire of self fulfillment)
- **Spontaneous Entrepreneur** (those who start their business their by natural talents (inborn abilities))

According to area

- Urban Entrepreneur
- Rural Entrepreneur

According to gender & age

- Men Entrepreneur
- Women Entrepreneur

According to sale of operation

- Small scale Entrepreneur
- Large scale Entrepreneur

Classification of Entrepreneurs

- Innovating Entrepreneurs
- Imitative Entrepreneurs
- Fabian Entrepreneurs
- Drone Entrepreneurs

INNOVATING ENTREPRENEURS

Is one who introduces a new goods,inaugrates new method of production, discovers new market & reorganizes the enterprise



IMITATIVE ENTREPRENEURS

These are characterized by
readiness to adopt
successful innovations
inaugurated by innovating
entrepreneurs



FABIAN ENTREPRENEURS

These are characterized by a great caution & skepticism in experimenting any changes in their enterprises



DRONE ENTREPRENEURS

These are characterized by a refusal to adopt opportunities to make changes in the production formulae even at the cost of severely reduced returns relative to the other like producers.

THEORIES OF ENTREPRENEURSHIP

- Economic
- Psychological
- Sociological

ECONOMIC THEORY

Economic incentives are the main drive for the entrepreneurial activities. The persons inner drives have always been associated with economic gains .Thus these incentives are regarded as sufficient conditions for the emergence of industrial entrepreneurship.

SOCIOLOGICAL THEORY

Sociologists argue that entrepreneurship is most likely to emerge under a specific social culture. Social values are the most important determinant of the attitudes & role expectations.



PSYCHOLOGICAL THEORY

This theory, entrepreneurship is most likely to emerge when a society has sufficient supply of individuals possessing particular characteristics. Schumpeter believes that entrepreneurs are primarily motivated by will of conquer. Mc Clelland asserts that it is high need for achievement that motivates people towards entrepreneurial activities.

Barriers to Entrepreneurship

- Lack of viable concept
- Lack of market knowledge
- Lack of technical skills
- Lack of capital
- Lack of business know how
- Time presences and distractions
- Legal constraints and regulations

Culture

- The sum total of social behavior that includes at least three elements namely, knowledge and beliefs, ideals and preferences.
- Entrepreneurial culture implies vision, values, norms and traits that are conducive for the development of the economy.
- The emerging market environment and globalization is challenging every organization & every person in the organization to consider, evaluate and bring out the changes in thinking, vision and action.

Nature of Culture

- Basic beliefs and assumptions about the company
- Emotional aspect
- Reflect history
- Inherently symbolic
- Substance and Form

Components of Culture

- Values
- Rules of Conduct
- Vocabulary
- Methodology
- Rituals
- Myths and Stories

Elements of an Entrepreneurial Culture

- People and empowerment focused
- Value creation through innovation and change
- Attention to the basics
- Hands-on management
- Doing the right thing
- Freedom to grow and to fail
- Commitment and personal responsibility
- Emphasis on the future and a sense of urgency

Individualism vs Collectivism

- Individualism
 - Self-orientation
 - Emphasis on self-efficiency and control
 - Pursuit of individual goals
 - Value system driven by pride in their own accomplishments
- Collectivism
 - Group-orientation
 - Subordination of personal interests and goals
 - Emphasis on sharing
 - Concern for group welfare
- Entrepreneurial Intensity is achieved by balance between individualism and collectivism

Steps in the Entrepreneurial Process

1. **Discovery**
2. **Concept Development**
3. **Resourcing**
4. **Actualization**
5. **Harvesting**

Steps in the Entrepreneurial Process

1. **Discovery:** The stage in which the entrepreneur generates ideas, recognizes opportunities, and studies the market

Steps in the Entrepreneurial Process



2. Concept Development:

- Develop a **business plan**: a detailed proposal describing the business idea

Concept Development

- Choose business **location**
- Will a patent or trademark be required?

Steps in the Entrepreneurial Process

3. **Resourcing:** The stage in which the entrepreneur identifies and acquires the **financial, human, and capital** resources needed for the venture startup, etc

Steps in the Entrepreneurial Process

- 4. Actualization:** The stage in which the entrepreneur operates the business and utilizes resources to achieve its goals/objectives.

Steps in the Entrepreneurial Process

- 5. Harvesting:** The stage in which the entrepreneur decides on venture's future **growth, development, or demise.**