

Entrepreneurship

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Meaning & Concept of Entrepreneurship

Entrepreneurship is the basis of industrial, economic and social development. It is only through rational entrepreneurial ideas that the problems of poverty, unemployment, low productivity and economic inequality can be dealt with. Entrepreneurship plays a leading role in this direction.

According to A.N. Whitehead

“A great society is a society in which its men think of and practice entrepreneurship.” Entrepreneurship is not just a means of livelihood but also a technique of skill and personality development. Economic and social development of any nation is the end result of entrepreneurship.

Entrepreneurship is a skill, a view point, a thinking, a technique and a working procedure. Traditionally, on economic front, entrepreneurship means the capability and tendency to bear risks involved in industries and businesses.

Entrepreneurship has been used in various ways and in different senses, and it is difficult to define it precisely. The word entrepreneurship has been derived from the French word which means to undertake. Today, people call it by different names like, adventurism, innovating, risk-taking, thrill-seeking etc.

In modern times an entrepreneur is one who judge new situations in one's environment, evaluates these situations and makes changes in economy according to requirement and needs. One establishes one's organization to achieve one's goal, arranges various factors and functions after due thought and firm decisions. Thus according to modern concept of entrepreneurship, an entrepreneur is one who possesses following characteristics:

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Skills or Characteristics of entrepreneurs:

1. Risk Bearer
2. Innovator
3. Organiser
4. Creative
5. Technically competent
6. Self confidence
7. Social responsibility
8. Optimistic
9. Communication ability
10. Decision maker

Jaffrey A Timmons has summed up the entire concept of entrepreneurship in following words:

“The ability to create and build something from practically nothing. Fundamentally, a human creative activity, it is finding personal energy by initiating, building and achieving an enterprise or organization rather than by just watching, analyzing or describing one. It requires the ability to take calculated risk and to reduce the chance of failure. It is the ability to build a founding team to complete the entrepreneur’s skills and talents. It is the knack for sensing an opportunity where others see chaos, contradiction and confusion. It is the know –how to find, marshall and control resources and to make sure the venture does not run out of money when it is needed most.”

Entrepreneurship thus, can be regarded as a creative and innovative response to the environment and an ability to recognize, initiate and exploit an economic opportunity. It is concerned with performance and coordination of the entrepreneurship function. This also means that entrepreneur precedes entrepreneurship.

Entrepreneurship can be defined by dividing it into it into three categories:

I. Classical View

II. Neo-Classical View

III. Modern View

Classical View: As per thinkers of this view point entrepreneurship is promotion of business and industry, organization and capacity to undertake risk.

(1) According to Higgins, "Entrepreneurship is the function of seeking investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw material, finding site, introducing new techniques and commodities discovering new sources of raw materials and selecting top managers for day – to-day operations of an enterprise."

(2) According to A.H. Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associate individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution, of economic goods or services."

II Neo-Classical View: The thinkers of this category have defined entrepreneurship in reference to managerial skill and innovations.

(1) **According to Peter F. Drucker**, “Maximisation of opportunities is meaningful in business, indeed a precise definition of entrepreneurial job.”

(2) **According to H.W. Johnson**, “Entrepreneurship is a composite of three basic elements-invention, innovation and adoption.”

(3) **According to Joseph Schumpeter**, “Entrepreneurship is an innovation function. It is a leadership rather than an ownership.”

III Modern View: According to modern thinkers, entrepreneurship is defined in practical sense. It has been related to social innovations and dynamic leadership. Entrepreneurship links business, society and environment.

(1) According to Robert Lemb, “Entrepreneurship is that form of social decision-making performed by economic innovators.”

(2) According to Richman and Kappan, “Entrepreneurship implies more creative, external or open system orientation. It involves innovation, risk-bearing and relatively dynamic leadership.”

ELEMENTS / FEATURES OR CHARACTERISTICS OF ENTREPRENEURSHIP

Entrepreneurship is a multi-dimensional concept. Peter F. Drucker, Joseph Schumpeter, Richard Cantillon, Robert Lamb, McLelland, etc., have suggested following features of entrepreneurship:

1. Innovation: Any innovative work is entrepreneurship. New resources, new products, new technology, new utilities new managerial skill, etc., come in the preview of entrepreneurship. Thus, the basic feature of entrepreneurship is innovation. An entrepreneur for sees the potentially profitable opportunity and tries to exploit it. Innovation involves solving of problems and the entrepreneur is a problem-solver. Entrepreneurship role involves doing things in a new and better way. One who believes in traditional way, cannot be an entrepreneur. An entrepreneur has to take decisions under uncertainties. The results of which are also uncertain and unpredictable.

2. Risk-bearing : Entrepreneurship is essentially a risk-bearing task because entrepreneur works and takes decisions in uncertain environment. The future is uncertain and unpredictable and thus entrepreneurship is foreseeing these problems rationally and to bear risks.

3. A High Achievement Function: Achievement orientation is the most important factor for explaining economic behavior 'Doing things in a new and a better way' and 'decision-making under uncertainty' can be regarded as two important features of entrepreneurship. It is evaluation of one's performance in relation to some standard of excellence. Those who have high need for achievements are most likely to become entrepreneurs. McClelland suggests that people with high achievement. Profit is merely a measure of success and competency for people with high achievement need. The level of achievement motivation

4. Organization Building Function: Entrepreneurship is a skill to build an organization. For the development of industries organization building is the most critical and complex task. This skill implies the ability to build oneself by effectively delegating responsibility to other. Thus, entrepreneurship is not just developing new ideas but also developing good leadership and administration. Harbison is of the view that in the absence of organizational skill and abilities all the innovations will fail to stimulate economic development.

5. Entrepreneurship is Group Behavior: Entrepreneurship is not only a personal trait but a group activity. Young has suggested that entrepreneurial characteristics are found in groups which are identified as entrepreneurial groups. In his studies he revealed the tendency to describe the situation as a problem to be solved and the tendency to take the viewpoint of each individual in turn and analyze the situations as he might see it before suggesting an outcome.

Leadership in entrepreneurship transforms from a single individual to an organized group of experts. In modern times the concept of multiple entrepreneur, joint entrepreneur or group entrepreneur is more practical. That's why entrepreneurship is termed as a group activity and the investor, promoter, capitalist, innovator and manager behave in group in the entrepreneurial tendencies.

6. Managerial Skill and Leadership: According to Hoselitz managerial skill and leadership are the most important features of entrepreneurship. An entrepreneur has to be something more than just a drive to earn profits. Financial skill has secondary importance and just a strong desire to make profits is not enough to succeed in entrepreneurship. There has to be ability to lead and manage. If an enterprise has these abilities other skills automatically develop.

7. Knowledge Based Practice: Entrepreneurship is a knowledge-based activity. Entrepreneurial traits develop only on the basis of knowledge and experience. Peter. F. Drucker states that “Entrepreneurship is neither a science nor an art. It is practice-based on knowledge. “ It is based on principles, ideologies and behavior. The knowledge of economics, management, technology, statistics, law, sociology, psychology and practical science is important for the development of entrepreneurship.

8. Creative Activity: The nature of entrepreneurship is creative. Work culture and qualitative improvement are developed only through creative thinking by promoter organization and management. According to Joseph Schumpeter, “Basically entrepreneurship is a creative activity.” Creative thinking always motivates to execute positive fundamental and practical thinking.

9. Essential in all Activities and every Economy: Enterprise is essential in every human activity. Entrepreneurship is essentially required in all activities like education, research, social and political sport, etc. entrepreneurship is not just confined to economic institutions but is a way of life.

10. Business-oriented: Entrepreneurship motivates a person to develop business ideas and business promotion. It is a process of coordinating and establishing material resources and factors of production and to exploit their economic value. It is only through entrepreneurship that new entrepreneur and business activities establish in any social or nation.

11. Environment-oriented Activity: Entrepreneurship is not only an economic activity but an open system related to environment. Entrepreneurial traits develop by keeping in touch with social, political, scientific, technological, economic and physical environment and their changes. According to Schumpeter, "Entrepreneurship is a creative answer to each external condition. Social assumptions and values, education, science, population, administrative and government policies change the viewpoints and thinking which in turn, motivates to develop entrepreneurial traits."

IMPORTANCE OF ENTREPRENEURSHIP

Entrepreneurship plays a great role in development of a nation, particularly in developing countries like India, where there are numerous economic and social problems.

Entrepreneurship plays a great role not only in industrial sector but also in agricultural and service sector.

Ever increasing population, unemployment, poverty, etc., are the problems which can be controlled only by industrial development and to achieve this, entrepreneurship is developing small scale industries and businesses. Only industrial development can solve problems of economic power, regional imbalances, exploitation by monopoly, etc., which is possible only by successful entrepreneurship. Although in India entrepreneurship has not developed fully but is gaining importance very fast. Constant changes and innovation are the need of the enterprises to survive in world's economy. Only through strength entrepreneurship, it is possible to convert day-to-day managerial job into organized enterprise.

Thus, it can be said that entrepreneurship plays a great role in overall development of an economy of a country.

Intrapreneur and Entrepreneur

Meaning of Intrapreneur: Intrapreneur refers to a new class of entrepreneurs which is coming up in large industrial organisations these days. In big organisations, the top executives are encouraged to bring and catch hold of new ideas and convert these ideas into products through research and development within the framework of the organisation.

The word intrapreneur is originated from U.S.A., where some professional administrative officers left their jobs and established their own small scale industries. Due to their innovavtive ideas they became successful and later on they became owners of big enterprise. Big corporations like IBM and General Motors are examples of such enterprises. Thus, intrapreneurs emerge from within the existing enterprise.

Difference between Intrapreneur and Entrepreneur

S. No.	Basis of Differences	Entrepreneur	Intrapreneur
1	Meaning	Entrepreneur refers to a person who set up his own business with a new idea or concept.	Intrapreneur refers to an employee of the organisation who is in charge of undertaking innovations in product, service, process, etc.
2	Ownership	Entrepreneur is the owner of the enterprise.	Intrapreneur is not the owner of the enterprise. They work for it.
3.	Status	An entrepreneur is independent in his operations.	The intrapreneur is dependent upon entrepreneur.
4.	Enterprise	Entrepreneurs set up their new enterprise.	Intrapreneur work for an existing enterprise.

Difference between Intrapreneur and Entrepreneur

S. No.	Basis of Differences	Entrepreneur	Intrapreneur
5	Capital Formation	Entrepreneur himself forms capital.	Intrapreneur work for an existing enterprise.
6	Risk	Risk is borne by the entrepreneur himself.	Risk is taken by the company.
7	Management	Entrepreneurs manage the enterprise from outside.	Intrapreneur himself is a manager, so he manages from within the enterprise.
8.	Professional qualifications	Entrepreneur need not to possess professional qualifications.	Intrapreneur is a professional manager. He must possess professional qualifications.