# **UNIT – I**

# **Meaning, Definition and Concept of Entrepreneur**

The word “**entrepreneur**” is derived from the French verb “**entreprendre**”, which means ‘**to undertake**’. This refers to those who “**undertake**” the risk of new enterprises. An enterprise is created by an entrepreneur. The process of creation is called “**entrepreneurship**”.

### **Meaning**

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise. It is the process of starting a business, a startup company or other organization. The entrepreneur develops a business plan, acquires the human and other required resources, and is fully responsible for its success or failure. Entrepreneurship operates within an entrepreneurship ecosystem.

### **Definitions**

**According to A.H.Cole**, “Entrepreneurship is the purposeful activity of an individual or a group of associated individual, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.”

**According to J.A. Timmons**, “Entrepreneurship is the ability to create and build something from practically nothing.”

**According to Musselman and Jackson**, “Entrepreneurship is the investing and risking of time, money and effort to start a business and make it successful.”

### **Characteristics of Entrepreneurship**

1. **Economic and dynamic activity -** Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilization of scarce resources. Since this value creation activity is performed continuously in the midst of uncertain business environment, therefore, entrepreneurship is regarded as a dynamic force.
2. **Related to Innovation -** Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an individual to continuously evaluate the existing modes of business operations so that more efficient and effective systems can be evolved and adopted. In other words, entrepreneurship is a continuous effort for synergy (optimization of performance) in organizations.
3. **Profit Potential -** “Profit potential is the likely level of return or compensation to the entrepreneur for taking on the risk of developing an idea into an actual business venture.” Without profit potential, the efforts of entrepreneurs would remain only an abstract and a theoretical leisure activity.
4. **Risk Bearing -** The essence of entrepreneurship is the ‘willingness to assume risk’ arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive. An entrepreneur has to have patience to see his efforts bear fruit. In the intervening period (time gap between the conception and implementation of an idea and its results), an entrepreneur has to assume risk. If an entrepreneur does not have the willingness to assume risk, entrepreneurship would never succeed.
5. **Skillful Management -** Entrepreneurship involves skillful management. The basic managerial skill is the most important characteristic feature of entrepreneurship. For effective management of an enterprise, the role of an entrepreneur is to initiate and supervise design of organization improvement projects in relation to upcoming opportunities is very much important.
6. **Accepting Challenges -** Entrepreneurship means accepting challenges amidst risk and uncertainty. While accepting entrepreneurship as a career the entrepreneur accepts the challenges of all odds and puts his efforts to convert the odds into viable business opportunities by pooling together the resources of building and running the enterprise.
7. **Goal-Oriented Activity -** The entrepreneur who creates and operates enterprises seeks to earn profits through satisfaction of needs of consumers; hence, entrepreneurship is a goal-oriented activity. Entrepreneurship emphasizes results, achievements and targets achieved. It is work done not imaginary plans or paper decisions. Hence entrepreneurship is a goal-oriented activity.
8. **Value Creation -** Next, we find that the process of creating value is a characteristic in describing entrepreneurship. Through entrepreneurship, new products, services, transactions, approaches, resources, technologies, and markets are created that contribute some value to a community or marketplace. We can also see value created when, through entrepreneurship; resources are transformed into outputs such as products or services. During this transformation process, value is created because the entrepreneur is fashioning something worthwhile and useful. Drucker says, “Until entrepreneurial act, every plant is a seed and every mineral just another rock.
9. **Dynamic Process -** Entrepreneurship is a dynamic function. Entrepreneur thrives on changes in the environment, which bring useful opportunities for business. An entrepreneur deals proactively with changing markets ­and environment. He looks at the changes as the source of market advantages, not as a problem. Uncertainties are market opportunities for him. He capitalizes on fleeting market anomalies.
10. **Uniqueness -** Other characteristic found in entrepreneurship is that of uniqueness. Entrepreneurship involves new combinations and new approaches with which entrepreneurs are willing to experiment. Through Entrepreneurship unique products are created and unique approaches are tried. Entrepreneurship isn’t merely imitating what others have done. It’s doing something new, something untested and untried – something unique.
11. **Interest and Vision -** The first factor for entrepreneurial success is interest. Since entrepreneurship pays off according to performance rather than time spent on a particular effort, an entrepreneur must work in an area that interests her. Otherwise, she will not be able to maintain a high level of work ethic, and she will most likely fail. This interest must also translate into a vision for the company’s growth. Even if the day-to-day activities of a business are interesting to an entrepreneur, this is not enough for success unless she can turn this interest into a vision of growth and expansion. This vision must be strong enough that she can communicate it to investors and employees.
12. **Risk and Rewards -** Entrepreneurship requires risk. The measurement of this risk equates to the amount of time and money you invest into your business. However, this risk also tends to relate directly to the rewards involved. An entrepreneur who invests in a franchise pays for someone else’s business plan and receives a respectable income, while an entrepreneur who undertakes ground breaking innovations risks everything on an assumption that something revolutionary will work in the market. If such a revolutionary is wrong, she can lose everything. However, if she is right, she can suddenly become extremely wealthy.

# **Entrepreneurship and Entrepreneurship Development**

**Entrepreneurship development** is the process of improving the skills and knowledge of entrepreneurs through various training and classroom programs. The whole point of entrepreneurship development is to increase the number of entrepreneurs.

By doing this, the pace at which new businesses or ventures are made gets better. On a wider level, this makes room for employment and improves the economy of a business or country. The **steps below** will explain how to create an effective entrepreneurship development program and how to go about enhancing it.

### 1. **Outline the objectives of the program and focus on the venture development**

Entrepreneurship development aims at individuals who want to start or possibly expand a business. Entrepreneurship development also focuses a lot on enhancing the ideas and potential of an entrepreneur.

The aims of a program have to be clearly explained otherwise the program will never reach its full potential. The development of a venture also has to be outlined in the program. Without these two, there will be no clear goal.

### 2. **Select educated people who have high entrepreneurial potential**

An entrepreneurship development program requires that various people be selected. However, most programs tend to look for a specific group of educated people rather than target everyone. Ideally, you have to look at the education and traits that you are looking for, in an entrepreneur, and match them with the people who have applied for the program.

Most people say that public funds should be spent on people who need the most help. The resources of an entrepreneurship development program are usually (and unfortunately) limited. It is hence better to choose people who will prove to be really useful and benefit the entire community.

### 3. **Select uneducated people who have high entrepreneurial potential**

A development project on women’s entrepreneurship in Nepal was recently conducted. It was found that women who couldn’t meet the essential needs of their family or themselves were usually more eager to learn about different ways to earn money as compared to women who were better off. However, such women usually face many problems.

Even though such women are not educated, they have great entrepreneurship potential because they have the right motivation. Such people need to be aided by assistance packages where training can be given on entrepreneurship. This will instill confidence and teach them the skills they need in order to provide for their family.

### 4. **Identify the local market and search for people who have potential in it**

Entrepreneurship development programs should first identify the local market and aid potential entrepreneurs who know a lot about it. These people need to be able analyze and then design unique ideas based off the needs of their surroundings.

By concentrating on select local entrepreneurs, the effects of the program can be easily and quickly seen within the community. Later on, programs can help improve their knowledge in their sector. In fact, it is creativity and the thirst for innovation that truly matters rather than the market’s size. In later programs, the introduction of new products and product features can be added. This will add value and increase the size of the market

### 5. **Provide support through private sector-based organizations**

Support should be obtained from private organizations that are both financial and knowledge-based. This helps reduce the cost of the entrepreneurship development program and increases its effectiveness.

Private organizations that could support entrepreneurship development programs include universities, consulting companies and various NGOs. Large enterprises are also encouraged to support entrepreneurship development programs as this their sponsorship that will help reduce unemployment.

### **6. Provide an easy yet detailed methodology that will help entrepreneurs improve in the short and long-run**

Entrepreneurial development programs aim at being simple to understand and teach skills that entrepreneurs can use after the program. It also contains courses that aim at developing their skills and ideas. These are required if entrepreneurs wish to successfully exploit the local market.

They also need to be taught how to gather the required resources in order to meet the goals of their venture. The program also needs to have outlined methods through which entrepreneurs can improve the performance of their business in the long run.

Entrepreneur development training proves to be highly effective when finance, quality assurance, marketing and productivity are linked to the training program. As an example, when development banks are involved earlier in the process of training, an entrepreneur will easily understand credit processes and the also praises the bank’s business plan.

### 7. **Implement special measures to improve the usefulness of trainers and facilitators**

The Success of an entrepreneurship development program also relies on the commitment and quality of the many facilitators and trainers. Any trainer or facilitator in the program needs to understand the culture and lifestyle of the group in order to better integrate themselves and serve the group.

The selection of proper trainers is based on the amount of business experience they have and the how much knowledge they have about their local business environment. Training facilitators can significantly improve their usefulness in tackling the needs of entrepreneurs.

### 8. **The selection of areas for pilot programs must be right**

Entrepreneurship development programs are usually too restricted in terms of where it is done and what people are involved in the program. Selecting pilot target areas will usually depend on the ease at which support institutions are available.

It will also depend on the interest people take in entrepreneurial development programs. These facts can never be the same for any two geographical locations and hence must be considered carefully.

### 9. **Launch pilot ED programs and develop as needed**

Analyzing pilot feasibility is an effective way of launching a major entrepreneurship development program. If the program shows signs of high promise, it can be launched on a national level. By relying on the sponsors for support rather than donor support, the program will be able to expand past local development while maintaining high quality. This is especially important when the support of donors starts to fade.

### 10.**A successful entrepreneurship development program requires government policies**

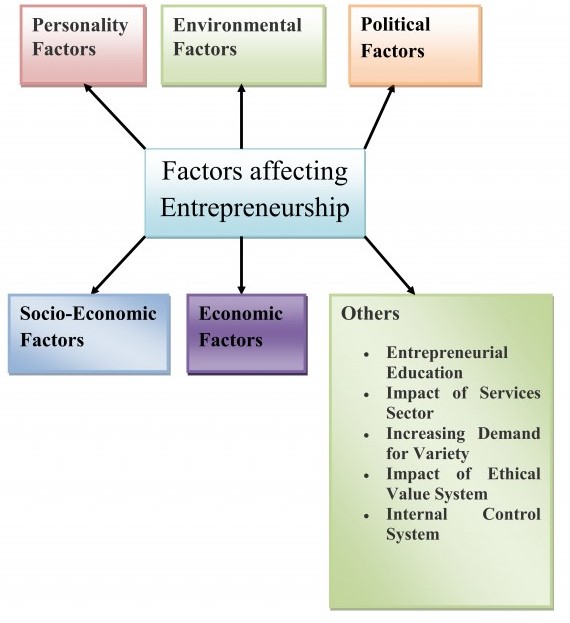
Entrepreneurship helps the economy of a country grow and creates new jobs. Government policies usually have a substantial impact on the number of entrepreneurs in a country.

While there are many governments that say they do support entrepreneurial businesses, they usually do not have many specific policies and programs that effectively support entrepreneurial development.

Creating an effective entrepreneurship development program may not be easy but then again, it is not impossible either. By carefully following the ten points above, you are well on your way to creating an entrepreneurship development program that not only benefits your company in the short run but in the long run as well.

# **Factors Affecting Entrepreneurship**

**Entrepreneurship** is a complex phenomenon influenced by the interplay of a wide variety of factors. The entrepreneurial activity at any time is dependent upon a complex and varying combination of economic, social, political, psychological and other factors. These factors may have been both positive and negative effluences on the emergence of entrepreneurship. Positive influences constitute facilitative and conductive conclusive for the emergence of entrepreneurship whereas negative influences create inhibiting milieu to the emergence of entrepreneurship. Following factors contribute to the success of entrepreneurship:



**1. Personality Factors** - Personality traits such as inner desire for control of their activities, tolerance for risk, high level of tolerance to function in adverse situations and background experiences such as the family environment, level of education, age and work history tolerance for ambiguity are important personal characteristics that affect entrepreneurship. Individuals who are desirous of working independently; willing to work for long hours and assume risk; are self-confident and hard-working are likely to be more successful as entrepreneurs than those who do not posses these qualities

Personal factors, becoming core competencies of entrepreneurs, include:

(a) Initiative (does things before being asked for)

(b) Proactive (identification and utilization of opportunities)

(c) Perseverance (working against all odds to overcome obstacles and never complacent with success)

(d) Problem-solver (conceives new ideas and achieves innovative solutions)

(e) Persuasion (to customers and financiers for patronization of his business and develops & maintains relationships)

(f) Self-confidence (takes and sticks to his decisions)

(g) Self-critical (learning from his mistakes and experiences of others)

(h) A Planner (collects information, prepares a plan, and monitors performance)

(i) Risk-taker (the basic quality).

1. **Environmental factors -** These factors relate to the conditions in which an entrepreneur has to work. If the environment that a individual is working in is unsatisfactory, that is, not conducive to his growth needs, it is likely that the individual will quit his job and start his own business as an entrepreneur. Unsatisfied personal needs for growth and achievement in employment conditions results in successful entrepreneurship.
2. **Political Factors -** Some researchers felt that the growth of entrepreneurship cannot be explained fully unless the political set-up of a country is taken into consideration. Political stability in a country is absolutely essential for smooth economic activity. Frequent political protests, strikes, etc. hinder economic activity and entrepreneurship. Unfair trade practices, irrational monetary and fiscal policies, etc. are a roadblock to the growth of entrepreneurship
3. **Socio-Economic Factors -** The entrepreneurial activity at any time and place is governed by varying combination of socio-economic factors. The empirical studies have identified the following socioeconomic factors:

* Cast/religion
* Family background
* Level of Education
* Level of perception
* Legitimacy of Entrepreneurship
* Migratory character
* Social Mobility
* Social Security
* Investment capacity
* Ambition/motivation

1. **Economic Factor -** Factors such as availability of finance, labor, land, accessibility of customers, suppliers are the factors that stimulate entrepreneurship. Capital is one of the most important prerequisites to establish an enterprise. Availability of sufficient capital affects the introduction, survival and growth of a business enterprise. Capital is regarded as lubricant to the process of production. If we increase in capital investment, capital output ratio also tends to increases. This results in increase in profit, which ultimately goes to capital formation. Due to this capital supply increase, entrepreneurship also increases.

### **Other Factors**

* **Entrepreneurial Education -** More and more people with high academic attainments started joining the ranks of industrialists, especially the professionals holding qualifications in engineering, law, medicine, cost and chartered accounting. The newer entrepreneurs have a larger proportion of their floatation in the traditional sector, but these professionals have by and large preferred to make their investments in modern sector. The technicians in particular among both old and new entrepreneurs have entered industries in the modern sector having a bearing of their academic qualifications. Many universities and institutes are nowadays offering entrepreneurship education. A number of institutes have set up successful entrepreneurship centers, which provide help to budding entrepreneurs by conducting formal training and structured mentoring programs.
* **Impact of Services Sector -**  Increase in per capita income leads to a greater share of the services sector in the national economy. The average size of firms’ m many sections of the services sector are relatively small. This in turn promotes entrepreneurial activity across a number of service sector industries. Even for some developing countries such as India, services account for over half of the total GDP. Growing importance of services in the overall economy has paved the way for entrepreneurial activity. New industries such as software and business process outsourcing have emerged and these have a large number of entrepreneurial firms.
* **Increasing Demand for Variety -** Increased wealth has led to increase in the demand for variety (Jackson 1984). The increasing demand for new products is of advantage to smaller firms. A number of studies have shown the comparative advantage of smaller firms in being innovative and coming up with new products . If the products has unmet demand, it will create a market for itself. The success of entrepreneurship is, therefore, dependent upon the extent to which the product is in demand. Changes in consumer tastes are a major reason for growth of entrepreneur­ship. People are, inclined to products that are specifically designed to meet their special needs. Mass produced homogenous goods do not enjoy as wide an appeal anymore.
* **Impact of Ethical Value System -** Max Weber was first to point out that the entrepreneurial growth was governed by the ethical value system of the society concerned. He said that the spirit of rapid industrial growth depends upon a rationalized technology, acquisition of money and its rational use for productivity and multiplication of money. These elements depend upon a specific value orientation of individuals. Entrepreneurship develops rapidly in those societies where ethical values provided independent capacity of decision-making. No doubt, this view has some truth but it is not accepted universally.
* **Internal Control System -** Entrepreneurship largely depends upon the control system designed for controlling the business activities. If the control system is effective they will result in optimal inventory, good quality products and high profit margins. This will have a positive effect on the success of entrepreneurship.

# **Characteristics and Skills of an Entrepreneur**

### **1. Leadership skills -** Do you possess good leadership skills? Do people like your leadership and does your leadership style inspire change? As a business owner, you must be able to manage your employees and the teams involved.

Businesses that are meeting their goals and aspirations have gotten where they are because of having leaders with the capacity to guide the businesses through the different challenges, but still come out on the other side having achieved what they set out to do. Being a great leader means that your employees work with you, question your moves at other times, and basically communicate well with you just to ensure that your business reaches its goals.

**“The quality of a leader is reflected in the standards they set for themselves.” – Ray Kroc**

### **2. Excellent communication skills -** For you to get the end product you had in mind when starting, you should be able to clearly communicate your goals to all the teams involved in the production and processing process. An entrepreneur needs to understand their employees, know their strengths or weaknesses, then help them use these effectively, making the business and the employee better. This is only possible through communication.

Communication must be two way and you should also listen. Good written and spoken communication skills are important out of the business establishment as well. Communication is integral when looking for funding, when handling complaints from customers, or when negotiating new deals.

### **3. Ambition -** To change the world with your business, you need to have ambitious projects. Ambitious projects are often referred to as the disruptive ventures. To get on top of things and the industry, yours should be the project that will disrupt the society’s status quo.

As an entrepreneur, your ‘holy grail’ is a product or a service that will shake up the industry radically. This includes the ability to change the way people view things, interact or label things.

### **4. Risk taker -** An entrepreneur is the definition of a risk taker. Business growth depends on your ability to dive into the future of uncertainty while embracing all the challenges and the problems that will cross your path. You should be willing to risk your money, time, and other unknown factors. To deal with these risks and the unknown, you should set aside resources, bandwidth, and plans to deal with the unknown.

### **5. Fearlessness -** You cannot run a business when you are afraid of every turn you are about to make. Being a risk taker requires a fearless spirit. There will be scary moments, but your ability to maneuver and win over the fear is the power that will propel you and your business to greater heights.

### **6. Ability to listen to your gut instincts and to trust them -** There isn’t one successful entrepreneur who faults or regrets trusting their instincts. In a normal consumer life as well as the business world, you have to listen to that little voice and step out when your gut says so.

As a result of the impressive results reported by entrepreneurs who always trust their instincts, gut instincts have been dubbed the sixth sense. This sixth sense is very powerful and you should be able and willing to trust and rely on it. It doesn’t matter what the rest of the team thinks.

### **7. Visionary -** You cannot take on the entrepreneurship bull by the head and ride it without falling over or getting it to trample on you if you have a solid vision in mind. Perceptive and creative business visionaries tend to twist normal views, distorting reality and eventually change the way people see the world. To be in the top entrepreneurial league, you should be able to cultivate these visions in your mind so as to make the big breakthroughs, which could never be envisioned by an ordinary person.

**“The key to realizing a dream is to focus not on success but on significance — and then even the small steps and little victories along your path will take on greater meaning.” – Oprah Winfrey**

### **8. Motivation and passion -** The most important trait ingrained in successful entrepreneurs is passion in what one does and the motivation to hit the big business storms every day without giving up. Because of passion, you will stay up late to complete unfinished tasks, wake up earlier for your customers to get their deliveries in time, work endlessly on the same thing without getting bored, willingness to make the business better and stronger, and the ability to be in love with that which you wake up to, every day. Without this and the internal motivation to make things work, you will not succeed in business.

### **9. Tech savviness -** You don’t have to be a pro in all matters tech and programming but in this digital age, you should have the least possible capacity to market your products or services online and to connect to your customers, competitors, or suppliers through social media platforms. Digital marketing is crucial and you should do some basic SEO. You should also use the company’s and your personal social media platforms to build and enhance your business brand.

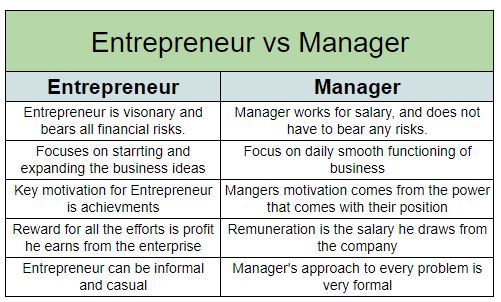
### **10. Good financial management skills -** You need to manage your money. Even when you have a CFO, you still have to control things and help in making business decisions concerning money. Besides financial management, you must have the ability and the capacity to raise funds. To get investors interested in your business, you should be able to show them what you have and what their investment can do for your business.

In conclusion, the success of your business depends on these skills and traits. A rapidly growing business is one that is not only disruptive, but also one that leaves a positive impact in society. Your goal in business shouldn’t just be raising a lot of money, but you should have the vision to change things around to benefit the whole society.

# **Entrepreneur V/S Manager**

The main difference between **Entrepreneur and Manager** is their role in the organization. Entrepreneur is the owner of the company whereas Manager is the employee of the company. Entrepreneur is a risk taker, they take financial risk for their enterprise. Entrepreneur has a vision and focuses on achievements and profit.

The responsibility of the Manager is to run the organization, control it and make sure everything is working smoothly. Manager works for salary and does not take any risks.



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| **BASIS FOR COMPARISON** | **ENTREPRENEUR** | **MANAGER** |
| Meaning | Entrepreneur refers to a person who creates an enterprise, by taking financial risk in order to get profit. | Manager is an individual who takes the responsibility of controlling and administering the organization. |
| Focus | Business startup | Ongoing operations |
| Primary motivation | Achievement | Power |
| Approach to task | Informal | Formal |
| Status | Owner | Employee |
| Reward | Profit | Salary |
| Decision making | Intuitive | Calculative |
| Driving force | Creativity and Innovation | Preserving status quo |
| Risk orientation | Risk taker | Risk averse |

# **Evolution of Entrepreneur, Entrepreneurship**

The majority of wealth in the hands of the ruling class, owning one’s own business was a rare sight. The old-world entrepreneurs mostly consisted of merchants and craftsmen. Plenty of merchants created their own business, but a lot of the time the business and connections were handed down generation to generation. Skilled craftsmanship was another family affair, but anyone with the right connections that was lucky enough to land an apprenticeship and succeed at it we’re able to climb the economic ladder a little higher.

Merchants started to take over be more prominent as the world market grew because of exploration and sailing and shipping became easier. It wasn’t until the industrial age when the big business was back in a central location. Inventors were a large part of the entrepreneurial field. Using new technology, manufacturing, transportation and ingenuity, inventors dominated the industrial age.

The 20th century was the home of the media kings. Radio, television and film blew up creating new industries across the globe. Finally, our current Information Age came upon us in the 80’s. Since then moguls have been materialized from one single good idea worth billions upon billions of dollars.

Entrepreneurs have shaped the face of business and enterprise since the dawn of man. From the first wheel to the advent of the internet, these clever businesspeople evolved for centuries into their most recent incarnation, the social media entrepreneur.

SeWe’re no longer cave-people, but we still have some things in common with our ancestors.

Instead of using the internet as a forum for their business, today’s social media entrepreneurs are reshaping it to fit their businesses. These social media entrepreneurs thrive on connectivity.

### **The Evolution of Entrepreneurship**

The need and the constant necessity for a good leader is one of the many factors that drive the evolution of entrepreneurship. Besides this, there are a few other factors:

* **Trading**: With the improvement in communication between the countries and the advancement in transportation, start the process of trading.
* **Advent of stable specialization and communities**: When more and more individuals start to settle in secure communities, a huge change was noticed in their lifestyles. Each group had a leader who was qualified and specialized in one task and that helped in speeding the kodevelopment of leadership skills and innovation.
* **Need of independent career**: More and more people are looking for a career path that is totally independent. The majority started to take risks by developing their own businesses in order to achieve maximum benefits.

# **Concepts of Intrapreneurship**

An **Intrapreneurship** is the system wherein the principles of entrepreneurship are practiced within the boundaries of the firm. An intrapreneur is a person who takes on the responsibility to innovate new ideas, products and processes or any new invention within the organization.

An **intrapreneur** is the individual who thinks out of the box and possesses the leadership skills and does not fear from risk. Thus, an intrapreneur possesses the same traits as that of an entrepreneur.

The concept of an Intrapreneurship can be well understood in contrast to the entrepreneurship.

1. Intrapreneurship is **restorative**in nature, i.e. an organization encourages the employees to practice the entrepreneurial principles to counter stagnation within the firm or transform the slow growth of the company into a high-growth. Whereas the entrepreneurship is **developmental** in nature, i.e. an individual creates something that has never existed before, such as a new product, process or a new venture itself.
2. In intrapreneurship, the major challenge that individual faces are from the **company’s culture** Sometimes, the corporate relationships and the mindsets of employees acts as a hurdle in the path of an intrapreneur. Whereas, in the case of entrepreneurship, the **market**is the only enemy. An entrepreneur has to scrutinize the market conditions thoroughly to cross the hurdles coming in his way.
3. An intrapreneur has an access to **firm’s resources**such as funds, manufacturing setups, marketing facilities, and other supporting activities to give shape to his dreams. Whereas an entrepreneur has to arrange his **own resources**such as own funds or the borrowed funds, manufacturing facilities, marketing facilities, etc.
4. An intrapreneur does not have the ownership of a new venture and is**not even independent**to take decisions, whereas an entrepreneur is the whole sole owner of the new venture established by him. Also, he**is independent** to take any decisions with respect to his setup.

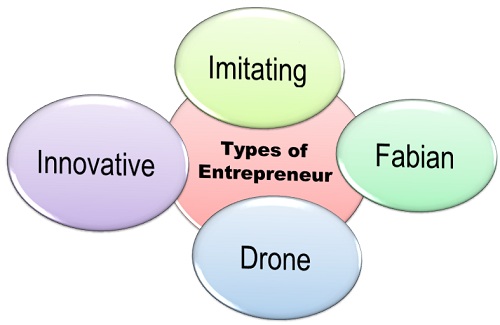
Thus, an Intrapreneurship is a practice of creating the entrepreneurial environment within the organization, thereby enabling the employees to apply their entrepreneurial skills in the job roles; they are assigned to.

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| **Entrepreneur** | **Intrapreneur** |
| An entrepreneur is independent in his operations | An intraprenuer is dependent on the entrepreneur i.e. the owner. |
| An entrepreneur himself raises funds required for the enterprise. | The Intrapreneur does not raise funds. |
| Entrepreneur bears the risk involved in the business. | An intrapreneur does not fully bear the risk involved in the enterprise. |
| An entrepreneur operates from outside. | On the contrary,anintrapreneur operates from within the organization itself. |
| An entrepreneur begins his business with a newly set up enterprise. | An intrapreneur sets up his enterprise after working someone else’s organization. |
| As an entrepreneur establishes new business, so he does not posses any experience over the business. | An intrapreneur establishes his business after gathering experiences through working in the other organization. |
| Entrepreneurs may find it difficult to get resources | Intrapreneurs have their resources readily available to them. |
| Entrepreneurs are found anywhere their vision takes them. | Intrapraneurs work within the confines of an organization. |
| Entrepreneurs know the business on a macro scale. | Intrapreneurs are highly skilled and specialized. |

# **Types of Entrepreneurs**

An **Entrepreneur** is a person who has a role of an industrialist and forms an organization for the commercial use. He is a change agent who transforms the demand into supply by forecasting the needs of the society.

### **Types of Entrepreneurs**



1. **Innovative Entrepreneur:**These are the ones who invent the new ideas, new products, new production methods or processes, discover potential markets and reorganize the company’s structure. These are the industry leaders and contributes significantly towards the economic development of the country.The innovative entrepreneurs have an unusual foresight to recognize the demand for goods and services. They are always ready to take a risk because they enjoy the excitement of a challenge, and every challenge has some risk associated with it. Ratan Tata is said to be an innovative entrepreneur, who launched the Tata Nano car at a considerably low cost.
2. **Imitating Entrepreneurs:**The imitating entrepreneurs are those who immediately copy the new inventions made by the innovative entrepreneurs. These do not make any innovations by themselves; they just imitate the technology, processes, methods pioneered by others.These entrepreneurs are found in the places where there is a lack of resources or industrial base due to which no new innovations could be made. Thus, they are suitable for the underdeveloped regions where they can imitate the combinations of inventions already well established in the developed regions, in order to bring a boom in their industry.
3. **Fabian Entrepreneurs:**These types of entrepreneurs are skeptical about the changes to be made in the organization. They do not initiate any inventions but follow only after they are satisfied with its success rate.They wait for some time before the innovation becomes well tested by others and do not result in a huge loss due to its failure.
4. **Drone Entrepreneurs:**These entrepreneurs are reluctant to change since they are very conservative and do not want to make any changes in the organization. They are happy with their present mode of business and do not want to change even if they are suffering the losses.

Thus, this classification is done on the basis of the willingness of an entrepreneur to create and accept the innovative ideas.

### **Functions of Entrepreneur**

Entrepreneurs are broadly classified into/our categories as mentioned below:

1. Entrepreneurial Functions
2. Managerial Functions
3. Promotional Functions
4. Commercial Functions

### **1. Entrepreneurial Functions:-** The major entrepreneurial functions include risk bearing, organizing, and innovation. Since these are already discussed under the heading 1.2 Evolution of the Concept of Entrepreneur, the same is, therefore, not discussed here again for the sake of repetition.

### **2. Managerial Functions:-** In simple words, management is getting things working with and through others. Different experts have defined term management differently. According to Henri Fayol (1949) who is considered the father of ‘principles of management,’ “management is to forecast, to plan, to organize, to command, to co-ordinate, and to control.”

In the opinion of George Terry (1953), “management is a distinct process consisting of planning, organizing, actuating, and controlling performance to determine and accomplish the objectives by the use of people and resources.”

The significance of management function lies in the fact that enterprises with excellent facilities and quality resources have floundered and fizzled out due to either no management or poor management and enterprises with good management but with poor facilities and resources have flourished and performed exceedingly well. In small-scale enterprises, the entrepreneur who is the owner of the enterprise also, has to perform the management functions as well.

**The management functions performed by entrepreneur are classified into the following five types:**

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

### **3. Promotional Functions:-**

#### **1. Identification and Selection of Business Idea:-** Every intending entrepreneur wants to start the most profitable and rewarding project. The selection of the most suitable business project involves a process. The intending entrepreneur, based on his /her knowledge, experience, and information gathered from friends and relatives, generates some possible business ideas which can be examined and pursued as a business enterprise.

This process is also described as ‘opportunity scanning and identification’. Then, the generated ideas are analysed in terms of costs and benefits associated with them. Having made cost-benefit analysis of all the ideas, the most beneficial idea is finally selected to be pursued as business enterprise.

#### **2. Preparation of Business Plan or Project Report:-** The entrepreneur prepares a statement called ‘business plan’ or ‘project report’ of what he / she proposes to take up. In other words, business plan is a well evolved course of action devised by entrepreneur to achieve the specified objectives within a specified period of time.

In this sense, business plan is just like an operating document. The preparation of business plan is not must, but it is very much useful for the entrepreneur to establish his / her enterprise in an effective and smooth manner. But, it is must for those entrepreneurs who intend to apply for financial assistance from the financial institutions and banks for their enterprises.

It contains information about the intending entrepreneur, location of enterprise, requirement for land and building, plant and machinery, raw material, utilities, transport and communication, manpower, requirement for funds including working capital along with its sources of supply, break-even point and implementation schedule of the project.

1. **Requirement for Finance:-** The entrepreneur prepares requirement for funds with its detailed structure. The financial requirement is also classified into short-term and long-term separately. Then, the sources of supply to acquire the required fund are also mentioned. How much will be the share capital in terms of equity and preference shares and how much will be borrowed capital from different financial institutions and banks are clearly determined.

### **4. Commercial Functions:**

#### **1. Production / Manufacturing:-** Once the enterprise is finally established, it starts producing goods or offering services, whichever be the case. Production function includes decisions relating to the selection of factory site, design and layout, types of products to be produced, research and development, and design of the product.

The ancillary activities include production planning and control, maintenance and repair, purchasing, store-keeping, and material handling. The effective performance of production function, to a large extent, depends on the proper production planning and control.

#### **2. Marketing:-** All production is basically meant for marketing. Marketing is the performance of those business activities that direct the flow of goods and services from producer to consumer or user. Thus, marketing essentially begins and ends with the customers. It is important to note that marketing is not just selling. In fact, marketing includes much more than selling. Selling is the last function in marketing activities.

The examples of marketing activities are market or consumer research, product planning and development, standardization, packaging, pricing, storage, promotional activities, distribution channel, etc. The success of marketing function is linked with an appropriate ‘marketing mix’. Traditionally, marketing mix referred to 4 Ps, namely, product, price, promotion, and physical distribution. Of late, 3 more Ps namely, packaging, people, and process are also added to ‘marketing mix’.

#### **3. Accounting:-** The main objective of any business enterprise is to earn profits and create wealth. Whether the business is fulfilling its objective or not is ascertained through accounting. What is accounting? According to the American Institute of Certified Public Accountants, “Accounting is the art of recording, classifying and summarizing in a significant manner and, in terms of money, transactions and events which are, in part at least, of a financial character and interpreting the results thereof.”

**Thus, accounting involves a process consisting of the following four stages:**

1. Recording the Transactions
2. Classifying the Transactions
3. Summarising the Transactions
4. Preparing the Final Accounts
5. Analysing and Interpreting the Results.

The Profit & Loss Account is prepared for ascertaining whether the business earned profit or incurred loss during a particular period of time also called ‘accounting year’. The Balance Sheet is prepared to know the financial position of business during the accounting period. Hence, the Balance Sheet is also called ‘Position Statement.’

# **Advantages of Becoming an Entrepreneur**

### **1-You set your principles -** You have all the rights. One of the greatest issues you had with getting a “genuine” employment was being overseen. It made you unbelievably anxious knowing somebody was always studying your work, investigating your shoulder and letting you know what to do and when to do it.

### **2-Can work any place -** It is the reality you can work from anyplace it’s up to you. You don’t have to sit in a boring, white painted cabin and feel like your life is over. No! You have the capacity to move around and pick your own office. You can paint it any color and you can even decide the décor on your own. So basically, you are the king of your workplace as you can work from any place.

### **3-Never be exhausted-** As a business person, each and every day of your life will be distinctive. Presently, this can be either an agreeable or frightening experience, contingent upon the person. If you like to experience, rivalry and the thrill of gambling it all, you’ll like owning your own business.

You won’t get tired of it or won’t get a feeling of exhaustion. You won’t feel like you are done with your life and those entire negative emotions won’t swipe in and out too often. Yes, an entrepreneur also gets tired but they know how to pause and refresh their mind rather than to put a halt to the journey in all.

### **4-Can pick individuals you like -** Amongst all the other wonderful advantages, this one is too important. Sometimes we hate people we are working with so being an entrepreneur, you can simply change that. You are free to work with people you like.

Life is too short to be worried by having customers that drive you nuts and to contract representatives that don’t get along with you. so you are free to choose it all; isn’t that fun?

### **5-Make your own destiny -** You can make your own particular open doors by doing things like attending conventions, organizing with similarly invested individuals on the web and substantially more by picking the people you work with and join forces with, as your own particular manager. In doing this, you shape nearly cut out your own destiny.

### **6-Go to bat for What You Believe In -** Being a business person additionally allows you to defend what you have confidence in, and spread the news. You have the chance to speak up and say what you feel. You haven’t bossed around because you are the one who bosses people around.

So whatever you believe in is what you perform at! Unlikely to those employed people who have to do what their bosses tell them. You are the boss of your own world.

### **7- Work Your Own Schedule -** In any case, being able to manage when you work, when you’ll be ‘in the workplace’, accessible for gatherings, and so on… is an opportunity that you essentially never need to relinquish. If you need to take the evening off to play with your most kids, then you can. You can’t do that working for another person.

**Entrepreneurial Decision-Process**

The difference between the entrepreneurial style and the managerial style (administrative domain) involves five business dimensions.

**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 commitment.
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 or 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.

### **Challenges Faced By Entrepreneurs**

An entrepreneur is one who plays significant role in the economic development of a country. Basically an entrepreneur can be regarded as a person who has the initiative, skill and motivation to set up a business or an enterprise of his own and who always looks for high achievement. Entrepreneurs have to face numerous challenges on the road to success, in particular with regard to access to finance. All entrepreneurs will at some point feel overwhelmed with the many responsibilities that fall on their shoulders. The common challenges faced by entrepreneurs are Overestimating Success, Misplaced Purpose, Negative Mindset, Poor Organization, Jack of All Trades, Employee Motivation, Lack of Support.

1. **Finance -** Entrepreneurship means having access to capital, understanding business finance and building successful relationship with lenders. When starting a venture, however, an unprepared entrepreneur may encounter cash flow problems when he doesn’t have a network of dependable lenders or investors. Any successful entrepreneur needs a list of people in and out of the business world to depend on. An entrepreneur must understand business finance, or risk overpricing offered services. Overpricing your product causes insufficient sales and cash.
2. **Business Management -** About one-quarter of entrepreneurs cited management problems as another challenge with entrepreneurship, explains Researching Small Business and Entrepreneurship. A successful entrepreneur needs passion to get a business started and make it stable. Thus, personal problems, such as not setting goals, measuring performance and controlling your time can prohibit your from managing your business properly. In addition, an entrepreneur must have access to useful business information. Starting a business venture involves learning as much about your business and product as you can before securing capital. Managing a business also mean finding and retaining qualified employees.
3. **Marketing the Business -** Whether an entrepreneur plans to sell products like computers or services like repairing computers, she needs to market the business. Entrepreneurship problems can arise when an effective marketing plan doesn’t exist or you don’t have the ability to actually sell the products or services. Another problem involves using effective advertising. In a society where placing flyers on street poles may not gain a customer’s attention, you need an effective and thorough marketing plan to inform people about your business.
4. **Finding the Right Business -**  Location finding a good business location at the right place is definitely not easy. An efficient location that has a rapidly growing population, good road network and other amenities at a good place
5. **Unforeseen Business Challenges and Expenses -**  Just as a sailor prepares for unexpected storm, just as a pilot is always on the watch for unpredictable bad weather and thunderstorms, so must an entrepreneur prepared for whatever comes in the form of:

* Unexpected lawsuits
* Inconsistent government policy
* Not being able to make payroll
* Unpaid bills and taxes
* Unexpected resignation of staff from sensitive office
* Bad debts from customers
* Loss of market share
* Dwindling working capital
* Inadequate stock or inventory.

1. **Finding Good Customers -**  The sixth challenge an entrepreneur will face in the process of starting a small business from scratch is finding good customers. In the process of building a business, an entrepreneur will come to find out that there are good customers as well as bad customers.. Good customers are really hard to find. A good customer will be loyal to the company and will be willing to forgive if the business make a mistake and apologize. A good customer will try to do the right thing that will benefit both him and company mutually.
2. **Keeping Up With Industrial Changes and Trends -** Change in trends is a challenge an entrepreneur must be prepared for when starting a small business. Trends have made and broken lot of businesses. Profitable businesses that have been wiped out by slight industrial changes and trends. A typical example is the Dot com trend, where many established industrial based businesses were wiped out by new web based dot com companies. Seasoned entrepreneurs know that trend is a friend and are always willing to swiftly adjust their business to the current trend.
3. **Focus -** One of the biggest mistakes entrepreneurs make in their early days is trying to be all things to all people. They attempt to sell their product or service to too wide of a market. Entrepreneurs also face another challenge in this area. They focus on the wrong things. They spend too much time building their product without validating that the marketplace wants needs and will actually pay for it.
4. **Finding Good Employees -** Most writers and managers crank up the process of finding good employees as an easy task. They define the process of finding an employee as simply presenting the job description and the right employee will surface. Business owners know how difficult it is to find a hardworking, trustworthy employee. Most employees want to work less and get paid more. Finding a good employee who will be passionate about delivering his or her services is quite difficult. Finding good employees is a minor task compared to the business challenge of forging the hired employees into a team.
5. **Assembling a Business Team -** The third business challenge that an entrepreneur will face in the course of starting a small business from scratch is assembling the right business management team. The process of building a business team starts even before the issue of raising initial start-up capital arises. Most brilliant ideas and products never get funded because the entrepreneur is trying to raise capital as an individual. A business team is a vital, yet often ignored key to raising venture capital successfully.

# **Common Mistakes in Entrepreneurship, Changing Role of Entrepreneur**

Everyone makes mistakes, and it’s no different for entrepreneurs launching a new business. Getting a little tripped up here and there is natural, but for a startup, even little errors can become costly down the line.

Luckily, countless entrepreneurs have blazed the startup trail before, and many of them have committed common mistakes the rest of us can learn from. With a little bit of planning and the wisdom to learn from the advice of others, you can avoid some typical stumbling blocks.

**1. Don’t be afraid to fail -** “The biggest mistake you can make is to be afraid of failure. Failure is key to your success, and jumping into your fear is very positive for your future business. How you pick up after failure and learn from your mistakes is the key to great success.” – Audrey Darrow, president, Righteously Raw

**2. Get organized -** “Being organized is key. Running a small business is like being a circus ringmaster. It’s normal to have dozens of things happening at once. So, I have a daily task list, things that I need to do. And I list them by their priority. It sounds simple, but it works, and makes me far more productive.” – Tara Langdale-Schmidt, founder, VuVatech

**3. Don’t misinterpret your market -** “The biggest mistake a business owner can make when launching a startup is misinterpreting the market. Whether it is underestimating [or] overestimating costs, appealing to the wrong target demographic, or poorly gauging the demand, misinterpreting your market can end your business before it even starts.” – NabeelMushtaq, COO and co-founder, AskforTask

**4. Learn how to delegate and avoid micromanaging -** “As a startup, there is sometimes a lack of self-awareness. Founders in the early stage are not great at delegating work to their team members. They try to do everything that they possibly can to cut costs, but really, in the long run, they should have delegated the things that they are not good at and focused on their strengths. If you are aiming for multiple targets at once, you are very unlikely to hit one.” – Matt Pyke, founder and CEO, Fly High Media

### **5. Don’t hire too soon -** “By far, the biggest mistake a startup can make is hiring employees too soon, such as hiring full-timers when a part-timer might make more sense, or hiring an employee when a subcontractor could have done the same job/function. It is very easy to run a small business with part-timers, subcontractors and the services of other professionals.” – Joseph C. Kunz Jr., CEO and president, Dickson Keanaghan

### **6. Don’t get tunnel vision when raising money -** “[It’s a mistake] focusing on raising money instead of customers and product-market fit. Once companies have a product, many focus on raising money. But they should focus on customers and product-market fit, making sure their value proposition and offering resonates with a market and will get traction.” – BJ Lackland, CEO, Lighter Capital

### **7. Don’t avoid contracts -** “One of the biggest mistakes a business owner/entrepreneur can make when starting a business is the failure to implement contracts. No matter how good relationships may be, they can come to a screeching halt when systems and agreements are not put in place.” – Michelle Colon-Johnson, founder, 2 Dream Productions

### **8. Don’t give yourself the wrong salary -** “Paying yourself too little or too much [is a mistake]. It’s often easier to determine the salary for a new hire than determining an owner or partner’s pay. Consider paying yourself a percentage of revenue. Whatever you choose, make figuring out your pay and that of your partners a practice and foundation to healthy expectation of management.” – Diana Santaguida, co-founder and creative director, SEOcial

### **9. Don’t move too slowly -** “Having been a first-time founder who made many mistakes, I realize in hindsight that I never made decisions fast enough. I was slow to recognize that a relationship with a business partner wasn’t working out, that my customer wasn’t willing to pay enough money to sustain our business, that investors weren’t interested in funding my business no matter how much they liked me, etc.” – Sam Rosen, CEO and founder, MakeSpace

### **10. Grow at the right pace -** “I have had a lot of people who want to invest in my company. One of the biggest mistakes you can do is partner with someone just because of the money. The investor is more important than the money. You need to pick someone that shares your vision and morals. It is OK to be picky when it comes to an investor.” – Tara Langdale-Schmidt, founder, VuVatech

### **Changing Role of Entrepreneur**

Entrepreneurs occupy a central position in a market economy. For it’s the entrepreneurs who serve as the spark plug in the economy’s engine, activating and stimulating all economic activity. The economic success of nations worldwide is the result of encouraging and rewarding the entrepreneurial instinct.  
A society is prosperous only to the degree to which it rewards and encourages entrepreneurial activity because it is the entrepreneurs and their activities that are the critical determinant of the level of success, prosperity, growth and opportunity in any economy. The most dynamic societies in the world are the ones that have the most entrepreneurs, plus the economic and legal structure to encourage and motivate entrepreneurs to greater activities.  
For years, economists viewed entrepreneurship as a small part of economic activity. But in the 1800s, the Austrian School of Economics was the first to recognize the entrepreneur as the person having the central role in all economic activity. Why is that?  
Because it’s entrepreneurial energy, creativity and motivation that trigger the production and sale of new products and services. It is the entrepreneur who undertakes the risk of the enterprise in search of profit and who seeks opportunities to profit by satisfying as yet unsatisfied needs.  
Entrepreneurs seek disequilibrium–a gap between the wants and needs of customers and the products and services that are currently available. The entrepreneur then brings together the factors of production necessary to produce, offer and sell desired products and services. They invest and risk their money–and other people’s money–to produce a product or service that can be sold at a profit.  
More than any other member of our society, entrepreneurs are unique because they’re capable of bringing together the money, raw materials, manufacturing facilities, skilled labor and land or buildings required to produce a product or service. And they’re capable of arranging the marketing, sales and distribution of that product or service.

Entrepreneurs are optimistic and future oriented; they believe that success is possible and are willing to risk their resources in the pursuit of profit. They’re fast moving, willing to try many different strategies to achieve their goals of profits. And they’re flexible, willing to change quickly when they get new information.  
Entrepreneurs are skilled at selling against the competition by creating perceptions of difference and uniqueness in their products and services. They continually seek out customer needs that the competition is not satisfying and find ways to offer their products and services in such a way that what they’re offering is more attractive than anything else available.

Entrepreneurs are a national treasure, and should be protected, nourished, encouraged and rewarded as much as possible. They create all wealth, all jobs, all opportunities, and all prosperity in the nation. They’re the most important people in a market economy–and there are never enough of them.  
As an entrepreneur, you are extremely important to your world. Your success is vital to the success of the nation. To help you develop a better business, one that contributes to the health of the economy, I’m going to suggest that you take some time to sit down, answer the following questions, and implement the following actions:  
What opportunities exist today for you to create or bring new products or services to your market that people want, need and are willing to pay for? What are your three best opportunities?

* Identify the steps you could take immediately to operate your business more efficiently, especially regarding internal operating systems.
* Tell yourself continually “Failure is not an option.” Be willing to move out of your comfort zone, to take risks if necessary to build your business.
* Use your creativity rather than your money to find new, better, cheaper ways to sell your products or reduce your costs of operation. What could you do immediately in one or both of these areas?
* Imagine starting over. Is there anything you’re doing today that, knowing what you now know, you wouldn’t get into or start up again?
* Imagine reinventing your business. If your business burned to the ground today, and you had to start over.

# **Women Enterprises**

**Women Entrepreneurs** may be defined as the women or a group of women who initiate, organize and operate a business enterprise.

Government of India has defined women entrepreneurs as an enterprise owned and controlled by a women having a minimum financial interest of 1% of the capital and giving at least 51% of employment generated in the enterprise to women.

**Problems of Women Entrepreneurs in India/Challenges faced by Women Entrepreneurs**

Women in India have faced many problems to get ahead their life in business. Women entrepreneurs face a series of problems right from the beginning till the enterprise functions. The problems of Indian women pertains to her responsibility towards family, society and work.

The traditions, customs, socio cultural values, ethics, motherhood, physically weak, feeling of insecurity etc. are some peculiar problems that the Indian women are coming across while they jump into entrepreneurship.

Women in rural areas have to suffer still further. They face tough resistance from men. They are considered as helpers. The attitude of society towards her and constraints in which she has to live and work are not very conducive.

Besides the above basic problems the other problems faced by women entrepreneurs are as follows:

1. **Family ties -** Women in India are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are over burden with family responsibilities like extra attention to husband, children and in laws, which take away a lots of their time and energy. In such situation, it will be very difficult to concentrate and run the enterprise successfully.
2. **Male dominated society -** Even though our constitution speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry to business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All these put a break in the growth of women entrepreneurs.
3. **Lack of education -** Women in India are lagging far behind in the field of education. Most of the women (around sixty per cent of total women) are illiterate. Those who are educated are provided either less or inadequate education than their male counterpart partly due to early marriage, partly due to son’s higher education and partly due to poverty. Due to lack of proper education, women entrepreneurs remain in dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.
4. **Social barriers -** The traditions and customs prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper. Castes and religions dominate with one another and hinders women entrepreneurs too. In rural areas, they face more social barriers. They are always seen with suspicious eyes.
5. **Shortage of raw materials -** Neither the scarcity of raw materials nor availability of proper and adequate raw materials sounds the death-knell of the enterprises run by women entrepreneurs. Women entrepreneurs really face a tough task in getting the required raw material and other necessary inputs for the enterprises when the prices are very high.
6. **Problem of finance -** Women entrepreneurs have  to struggle a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of business failure. They also face financial problem due to blockage of funds in raw materials, work-in-progress finished goods and non-receipt of payment from customers in time.
7. **Tough competition -** Usually women entrepreneurs employ low technology in the process of production. In a market where the competition is too high, they have to fight hard to survive in the market against the organized sector and their male counterpart who have vast experience and capacity to adopt advanced technology in managing enterprises
8. **High cost of production -** Several factors including inefficient management contribute to the high cost of production, which stands as a stumbling block before women entrepreneurs. Women entrepreneurs face technology obsolescence due to non-adoption or slow adoption to changing technology, which is a major factor of high cost of production.
9. **Low risk-bearing capacity -** Women in India are by nature weak, shy and mild. They cannot bear the amount risk which is essential for running an enterprise. Lack of education, training and financial support from outsides also reduce their ability to bear the risk involved in an enterprises.
10. **Limited mobility -** Women mobility in India is highly limited and has become a problem due to traditional values and inability to drive vehicles. Moving alone and asking for a room to stay out in the night for business purposes are still looked upon with suspicious eyes. Sometimes, younger women feel uncomfortable in dealing with men who show extra interest in them than work related aspects.
11. **Lack of entrepreneurial aptitude -** Lack of entrepreneurial aptitude is a matter of concern for women entrepreneurs. They have no entrepreneurial bent of mind. Even after attending various training programmes on entrepreneur ship women entrepreneurs fail to tide over the risks and troubles that may come up in an organizational working.
12. **Limited managerial ability -** Management has become a specializedjob which only efficient managers perform. Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, staffing, directing, motivating etc. of an enterprise. Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.
13. **Legal formalities -** Fulfilling the legal formalities required for running an enterprise becomes an upheaval task on the part of an women entrepreneur because of the prevalence of corrupt practices in government offices and procedural delays for various licenses, electricity, water and shed allotments. In such situations women entrepreneurs find it hard to concentrate on the smooth working of the enterprise.
14. **Exploitation by middle men -** Since women cannot run around for marketing, distribution and money collection, they have to depend on middlemen for the above activities. Middlemen tend to exploit them in the guise of helping. They add their own profit margin, which result in less sales and lesser profit.
15. **Lack of self-confidence -** Women entrepreneurs because of their inherent nature, lack of self-confidence, which is essentially a motivating factor in running an enterprise successfully. They have to strive hard to strike a balance between managing a family and managing an enterprise. Sometimes she has to sacrifice her entrepreneurial urge in order to strike a balance between the two.

**How to Develop Women Entrepreneurs?**

Right efforts on all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities.  Following efforts can be taken into account for effective development of women entrepreneurs.

1. Consider women as specific target group for all developmental programmes.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training programmes on management skills to be provided to women community.
4. Encourage women’s participation in decision-making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.
6. Skill development to be done in women’s polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.
7. Training on professional competence and leadership skill to be extended to women entrepreneurs.
8. Training and counselling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.
9. Counselling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.

* Continuous monitoring and improvement of training programmes.
* Activities in which women are trained should focus on their marketability and profitability.
* Making provision of marketing and sales assistance from government part.
* To encourage more passive women entrepreneurs the Women training programmes should be organized that taught to recognize her own psychological needs and express them.
* State finance corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.
* Women’s development corporations have to gain access to open-ended financing.
* The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.
* Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.
* Repeated gender sensitization programmes should be held to train financiers to treat women with dignity and respect as persons in their own right.
* Infrastructure, in the form of industrial plots and sheds, to set up industries is to be provided by state run agencies.
* Industrial estates could also provide marketing outlets for the display and sale of products made by women.
* A Women Entrepreneur’s Guidance Cell set up to handle the various problems of women entrepreneurs all over the state.
* District Industries Centers and Single Window Agencies should make use of assisting women in their trade and business guidance.
* Programmes for encouraging entrepreneurship among women are to be extended at local level.
* Training in entrepreneurial attitudes should start at the high school level through well-designed courses, which build confidence through behavioural games.
* More governmental schemes to motivate women entrepreneurs to engage in small scale and large-scale business ventures.
* Involvement of Non Governmental Organizations in women entrepreneurial training programmes and counselling.

# **Social Entrepreneurship**

**Social entrepreneurship** is the attempt to draw upon business techniques to find solutions to social problems. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs.

The social entrepreneur is a mission-driven individual who uses a set of entrepreneurial behaviours to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable.

### **Characteristics of Social Entrepreneur**

* The usual ideologies and principals do not holdback social Entrepreneurs. They are always looking at breaking them.
* Social Entrepreneurs are impatient. They do not go well with the bureaucracy around them.
* Social Entrepreneurs have the patience, energy and enthusiasm to teach others.
* Social Entrepreneurs combine Innovation, Resources and Opportunity to derive solutions to Social problems.
* This should be first in the list, Social Entrepreneurs DO NOT loose their FOCUS anytime.
* Social Entrepreneurs always jump in before having their resources in place. They are not traditional.
* Social Entrepreneurs ALWAYS believe that every one can Perform and have the capacity to do so.
* Social Entrepreneurs ALWAYS display DETERMINATION
* Social Entrepreneurs can ALWAYS measure and monitor their results.

### **Types of social entrepreneurship**

**1. The Leveraged Non-Profit:**

This business model leverages resources in order to respond to social needs. Leveraged non-profits make innovative use of available funds, in order to impact a need. These leveraged non-profits are more traditional ways of dealing with issues, though are distinguished by their innovative approaches.

The entrepreneur sets up a non-profit organization to drive the adoption of an innovation that addresses a market or government failure. In doing so, the entrepreneur engages a cross section of society, including private and public organizations, to drive forward the innovation through a multiplier effect. Leveraged non-profit ventures continuously depend on outside philanthropic funding, but their longer-term sustainability is often enhanced given that the partners have a vested interest in the continuation of the venture.

**2. The Hybrid Non-Profit:**

This organizational structure can take on a variety of forms, but is distinctive because the hybrid non-profit is willing to use profit to sustain its operations. Hybrid non-profits are often created to deal with government or market failures, as they generate revenue to sustain the operation outside of loans, grants, and other forms of traditional funding.

The entrepreneur sets up a non-profit organization but the model includes some degree of cost-recovery through the sale of goods and services to a cross section of institutions, public and private, as well as to target population groups. Often, the entrepreneur sets up several legal entities to accommodate the earning of an income and the charitable expenditures in an optimal structure. To be able to sustain the transformation activities in full and address the needs of clients, who are often poor or marginalized from society, the entrepreneur must mobilize other sources of funding from the public and/or philanthropic sectors. Such funds can be in the form of grants or loans, and even quasi-equity.

**3. The Social Business Venture:**

These models are set up as businesses designed to create change through social means. Social business ventures evolved through a lack of funding—social entrepreneurs in this situation were forced to become for-profit ventures.

The entrepreneur sets up a for-profit entity or business to provide a social or ecological product or service. While profits are ideally generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need. Wealth accumulation is not a priority and profits are reinvested in the enterprise to fund expansion. The entrepreneur of a social business venture seeks investors who are interested in combining financial and social returns on their investments.

### **Examples of Social Enterprises**

### **1. Aravind Eye Hospital &Aurolab**

Social Entrepreneur: Dr.GovindappaVenkataswamy (Dr. V) & David Green

Type of Organization: Trust

Location: Madurai, India

Website: [http://www.aravind.org](http://www.aravind.org/)

Mission: Making medical technology and health care services accessible, affordable and financially self-sustaining

Founded in 1976 by Dr. G. Venkataswamy, Aravind Eye Care System today is the largest and most productive eye care facility in the world. From April 2007 to March 2008, about 2.4 million persons have received outpatient eye care and over 285,000 have undergone eye surgeries at the Aravind Eye Hospitals at Madurai, Theni, Tirunelveli, Coimbatore and Puducherry. Blending traditional hospitality with state-of-the-art ophthalmic care, Aravind offers comprehensive eye care in the most systematic way attracting patients from all around the world.

### **SKS India**

Social Entrepreneur: VikramAkula

Type of Organization: For-profit

Website: [http://www.sksindia.com](http://www.sksindia.com/)

Mission: Empowering the poor to become self-reliant through affordable loans

SKS believes that access to basic financial services can significantly increase economic opportunities for poor families and in turn help improve their lives. Since inception, SKS has delivered a full portfolio of microfinance to the poor in India and we are proud of our current outreach. As a leader in technological innovation and operational excellence, SKS is excited about setting the course for the industry over the next five years and is striving to reach our goal of 15 million members by 2012.

### **AMUL (Anand Milk Union Limited)**

Social Entrepreneur: Dr.VergheseKurien

Type of Organization: Co-operative

Website: [http://www.amul.com](http://www.amul.com/)

Amul has been a sterling example of a co-operative organization’s success in the long term. It is one of the best examples of co-operative achievement in the developing economy. The Amul Pattern has established itself as a uniquely appropriate model for rural development. Amul has spurred the White Revolution of India, which has made India the largest producer of milk and milk products in the world.

### **Grameen Bank**

Social Entrepreneur: Muhammad Yunus

Type of Organization: Body Corporate

Website: [http://www.grameen-info.org](http://www.grameen-info.org/)

Grameen Bank (GB) has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the over all development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable. Professor Muhammad Yunus, the founder of “Grameen Bank” and its Managing Director, reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, “these millions of small people with their millions of small pursuits can add up to create the biggest development wonder.”

As of May 2009, it has 7.86 million borrowers, 97 percent of whom are women. With 2,556 branches, GB provides services in 84,388 villages, covering more than 100 percent of the total villages in Bangladesh.

### **Shri MahilaGrihaUdyogLijjatPapad**

Type of Organization: Society

Website: [http://www.lijjat.com](http://www.lijjat.com/)

Shri MahilaGrihaUdyogLijjatPapad is a Women’s organization manufacturing various products from Papad, Khakhra, Appalam, Masala, Vadi, Gehu Atta, Bakery Products, Chapati, SASA Detergent Powder, SASA Detergent Cake (Tikia), SASA Nilam Detergent Powder, SASA Liquid Detergent. The organization is wide-spread, with it’s Central Office at Mumbai and it’s 67 Branches and 35 Divisions in different states all over India.

The organization started of with a paltry sum of Rs.80 and has achieved sales of over Rs.300 crores with exports itself exceeding Rs.12 crores. Membership has also expanded from an initial number of 7 sisters from one building to over 40,000 sisters throughout India. The success of the organization stems from the efforts of it’s member sisters who have withstood several hardships with unshakable belief in ‘the strength of a woman’.

Especially since Muhammad Yunus, founder of the Grameen Bank and a renowned example of a social enterprise, won the Nobel Peace Price in 2006 there is increasing interest in social entrepreneurship for development yet the current academic literature does not provide is a sufficient link between social entrepreneurship and economic development policies. How important are social entrepreneurs for economic development? What value is created by social entrepreneurship?

The social entrepreneur sector is increasingly important for economic (and social) development because it creates social and economic values:

### **Employment Development**

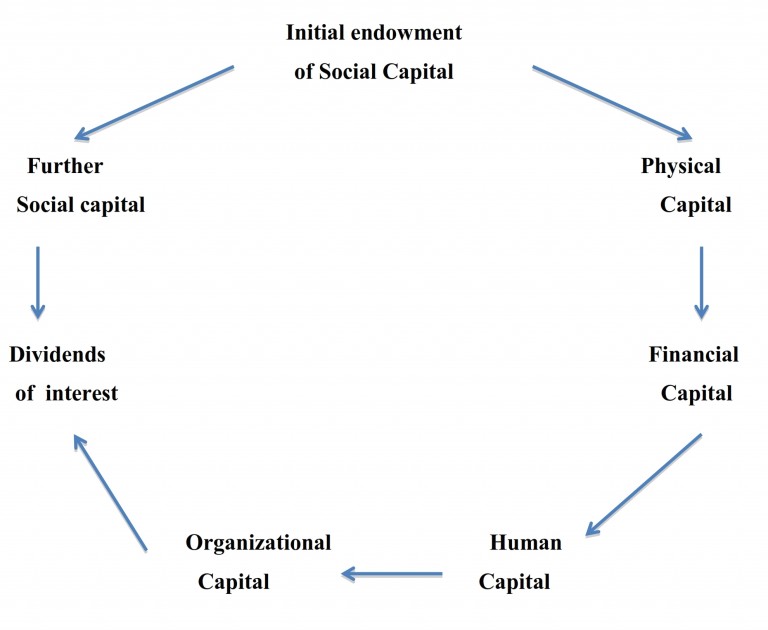
The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation. Estimates ranges from one to seven percent of people employed in the social entrepreneurship sector. Secondly, social enterprises provide employment opportunities and job training to segments of society at an employment disadvantage (long-term unemployed, disabled, homeless, at-risk youth and gender-discriminated women). In the case of Grameen the economic situation of six million disadvantaged women micro-entrepreneurs were improved.

### **Innovation/ New Goods and Services**

Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly, are confronted in innovative ways. An example showing that these new approaches in some cases are transferable to the public sector is the Brazilian social entrepreneur Veronica Khosa, who developed a home-based care model for AIDS patients which later changed government health policy.

### **Social Capital**

Next to economic capital one of the most important values created by social entrepreneurship is social capital (usually understood as “the resources which are linked to possession of a durable network of … relationships of mutual acquaintance and recognition”). Examples are the success of the German and Japanese economies, which have their roots in long-term relationships and the ethics of cooperation, in both essential innovation and industrial development. The World Bank also sees social capital as critical for poverty alleviation and sustainable human and economic development. Investments in social capital can start a virtuous cycle.



**(1) Endowment**

The first job of social entrepreneur is to take whatever endowment of social capital he is given and to use these relationships to create more social capital,by getting more people and organizations involved with the project,by building a wider web of trust and cooperation around the project.

**(2) Physical capital**

The initial endowment of social capital often brings access to physical capital,usually in the form of rather run-down buildings.Getting access to a physical base is vital. It provides a focus, a base for new services and a tangible sign that the project is achieving something.

**(3) Financial Capital**

The initial network of supporters and helpers is vital to bring access to funds, through fundraising, donations and corporate giving. The more diverse and richer the network, the easier it will  be to raise the funds.

**(4) Human Capital**

The project has to recruit and pull in more key people to help it move from start-up into growth,creating products and services.

**(5) Organisational capital**

As the project grows,becomes larger and more complex,its management will need to become more organized.It will need stronger financial systems and legal help.With more staff involved,people management may become more complicated.So the project needs to develop organizational capital,a more formalized management structure,financial systems and a stronger set of relationships with partners.

**(6) Paying dividends**

In the first phase of project,the social entrepreneur inherits and creates social capital.Then he starts to accumulate more capital in the form of buildings and finance.Then the capital is invested in creating new services and products.In the final phase,if the investment has been successful the project starts to pay dividends in several different forms.Perhaps  the most valuable dividend is yet more social capital,in the form of stronger bonds of trust and cooperation,within the community and outside partners and funders.

**(7) Equity Promotion**

Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization. In Yunus’s example, the Grameen Bank supports disadvantaged women. Another case is the American social entrepreneur J.B. Schramm who has helped thousands of low-income high-school students to get into tertiary education.

To sum up, social enterprises should be seen as a positive force, as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroot level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial stress.

# **Rural Entrepreneurship**

Entrepreneurs are people who create and develop enterprises and likewise “**entrepreneurship**” is the process through which enterprises are set up. It also charts their growth and progress. But, the growth and development of rural entrepreneurs are complex issues, which can be tackled by social, political and economic institutions. The sooner they are established, the better it would be for the commercial development in the rural sector and the subsequent economic growth of our country.

In the micro-finance industry, we consider rural areas as places of opportunities for new entrepreneurs. Despite all the inadequacies in rural areas, we should assess and make good use of their strengths and strengthen them to make rural areas as ‘places of opportunities’. In a country like India, there is much to do with the way we see the reality of the rural areas. Rural psychology is attuned to promoting new ideas and innovation, more so because job opportunities are limited there. We should encourage entrepreneurs to think positively, creatively and with an entrepreneurship- building mindset to promote their growth. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of thriving rural entrepreneurship.

Rural entrepreneurship will augur well for our country in a number of ways.

**First**, it will provide employment opportunities. Rural entrepreneurship is labour intensive and provides a clear solution to the growing problem of unemployment. Development of industrial units in the rural areas through rural entrepreneurship has high potential for employment generation and income creation.

**Secondly**, it can help check the migration of people from rural to urban areas in search of jobs. Rural entrepreneurship can plug the big gap and disparities in income between rural and urban people. It will usher in modern infrastructural facilities.

On the other hand PM’s ‘Make in India’ project has induced major initiatives, policy changes and a slew of reforms that put India on the global industrial map as one of the fastest growing economies and one of the most attractive investment destinations in the world. So we must think seriously to promote entrepreneurship in a large scale, reaching out to the every corner of our country. Micro Units Development and Refinance Agency (MUDRA) was created to refinance micro business under the scheme titled Pradhan Mantri MUDRA Yojana. It can also create a balanced regional growth, dispel the concentration of industrial units in urban areas and promote regional development in a balanced way.

**Rural entrepreneurship** has the potential to promote artistic activities.A large section of thebearers of traditional heritage and culture lives inrural areas**.**They create artistically brilliant handicraft pieces and are equally good in the performing arts sectors.The age-old rich heritage of rural India can be preserved by protecting and promoting art and handicrafts through rural entrepreneurship. Recently**,**on the occasion of theInternational Women’s Day we had felicitated 17 successful women entrepreneurs from different areas of our country, they are mainly from rural or semi-urban areas.

In a country like India, where people are still fighting on the issue of unemployment with 83.3 crore out of the total 121 crore Indians living in rural areas, rural entrepreneurship can awaken the youth there and expose them to various avenues to adopt entrepreneurship and promote it as a career option. It will bring in an overall change in the quality of lives of people and address social ills like illiteracy, child marriage, migration and women empowerment among many others.