

UNIT-1

Entrepreneurial
Development
Perspective

Entrepreneur

Risk bearer

Organizer

Innovator

Definition ① Richard Cantillon, first introduced the term 'entrepreneur' as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. called them as 'risk bearing' agents of production.

②. Entrepreneur as Organizer or Co-ordinator - Jean Baptiste Say
An entrepreneur is one who combines the land of one, the labour of another & the capital of yet another - & thus produces a product. By selling the produce in the market he pays interest on capital, rent on land, wages to labour & what remains is his profit.

③. Entrepreneur as Innovator - Joseph A. Schumpeter considered economic development as a discrete dynamic change brought by entrepreneur by combining new factors of production which he called innovation.

→ Introduction of a new product

→ Introduction of a new method of production

→ Opening of a new market

→ Discovery of a new source of supply of raw materials &

→ Carrying out of new form of organization of any industry

An inventor is one who discovers new methods & new materials.

An innovator utilises inventions & discoveries in order to make new combinations.

Inventor produces ideas & innovator gets that idea converted into reality.

Characteristics of Successful Entrepreneurs

1) Hard work - Most of the successful entrepreneurs work hard endlessly, there is no substitute for hard work. If one waits for ideal situation, time will never come. Willingness to work hard distinguishes a successful entrepreneur from unsuccessful one.

2) Desire for high achievement - The entrepreneurs have a strong desire for achieving high goals in business. This high achievement motive strengthens them to overcome obstacles, suppress anxiety, set up & run a successful business.

3) Highly Optimistic - The successful entrepreneurs have a positive approach towards things. They do not get disturbed by present problems faced by them. They become optimistic for future that the situations will become favourable.

4) Independence - One of the common qualities of the successful entrepreneurs has been that they do not like to be guided by others & to follow their rules. They like to be independent in the matters of their business.

5) Foresight - Entrepreneur must have foresight or capacity to look far into the future. An entrepreneur with foresight succeeds in proper estimation of future trends.

6) Adaptation - Adaptation means to adjust oneself according to the changing environment. It is an important quality for a successful entrepreneur.

Entrepreneur & Intrapreneur

→ Entrepreneur is the person who establishes his own business with his innovative ideas. He works for himself & profits. Intrapreneur, on the other hand, is the sub-ordinate of entrepreneur, who works for entrepreneur.

Entrepreneur

- ①. He is the owner of the business
- ②. He is independent
- ③. He introduces capital business
- ④. He guarantees money to suppliers
- ⑤. He bears all risks of his business

Intrapreneur

- He works for the business
- He is semi-independent
- He does not introduce any capital
- No such guarantee is required to be given by intrapreneurs
- Does not bear any risk of business

Intrapreneurs are usually employees within a company who are assigned special ideas or special projects. They have the resources and capabilities of the firm at their disposal. They are entrusted with the job of turning that special idea or project into a profitable venture for the company.

In America, big corporations like International Business Machines (IBM) & General Motors (GM) Dupont are promoting Intrapreneurs.

Entrepreneur

- ①. The main motive of an entrepreneur is to start a venture by setting up an enterprise
- ②. An entrepreneur is the owner of the enterprise
- ③. He bears all the risks & uncertainty in business
- ④. The reward of an entrepreneur is his profits which is not fixed & uncertain

Manager

The main motive of manager is to render his services in an enterprise already set up by entrepreneur

He is a servant in the enterprise owned by the entrepreneur.

He does not bear any risk in the business

Manager gets a salary which is fixed & certain

<p>⑤. Entrepreneur acts as an innovator also known as 'change agent'</p>	<p>Manager is not an innovator because he does what entrepreneur asks him to do.</p>
<p>⑥. He raises funds on his own through his skills like risk bearing, thinking, foresight & many other abilities.</p>	<p>He does not raise funds & also does not bear any risks of the firm.</p>

Social Entrepreneur - is a person who recognizes a social problem & uses the entrepreneurial principles to solve the social problem to create positive impact on the society.

Social entrepreneur plays the role of a change agent in society by -

- a) Adopting a mission to create & sustain social value;
- b) Searching for & pursuing new opportunities to serve that mission;
- c) Continually innovating, adapting, & learning in pursuit of that mission;
- d) Acting boldly without consideration of resources in hand;
- e) Being accountable for outcomes of activities.

Social entrepreneur comes up with new solutions to social problems & then implement them on a larger-scale for the benefit of the society.

Below are few examples of social entrepreneurs who have made significant social contributions -

1) Bunker Roy - He created 'Barefoot College' in rural parts of India to train illiterate men & women, whose lack of educational qualifications keeps them mired in poverty. Today Barefoot College graduates include teachers, health workers, & architects who are improving communities across India, including 450 "barefoot" engineers who have installed & maintained solar electrification systems in 547 villages that reach nearly 100,000 people.

2) Muhammad Yunus of Bangladesh - who revolutionized economics by founding the 'Grameen Bank' or 'village bank' in 1976 to offer micro loans to help poor people to attain self-sufficiency through self-employment. By now, Yunus's micro-finance model has been replicated in 58 countries around the world.

Thus, social entrepreneurs identify sustainable social solutions to most pressing social problems that fundamentally change society & humanity to a great extent.

Entrepreneurship is the attempt to create value through recognition of business opportunity, management of risk-taking, through communicative & management skills to mobilise human, financial & material resources.

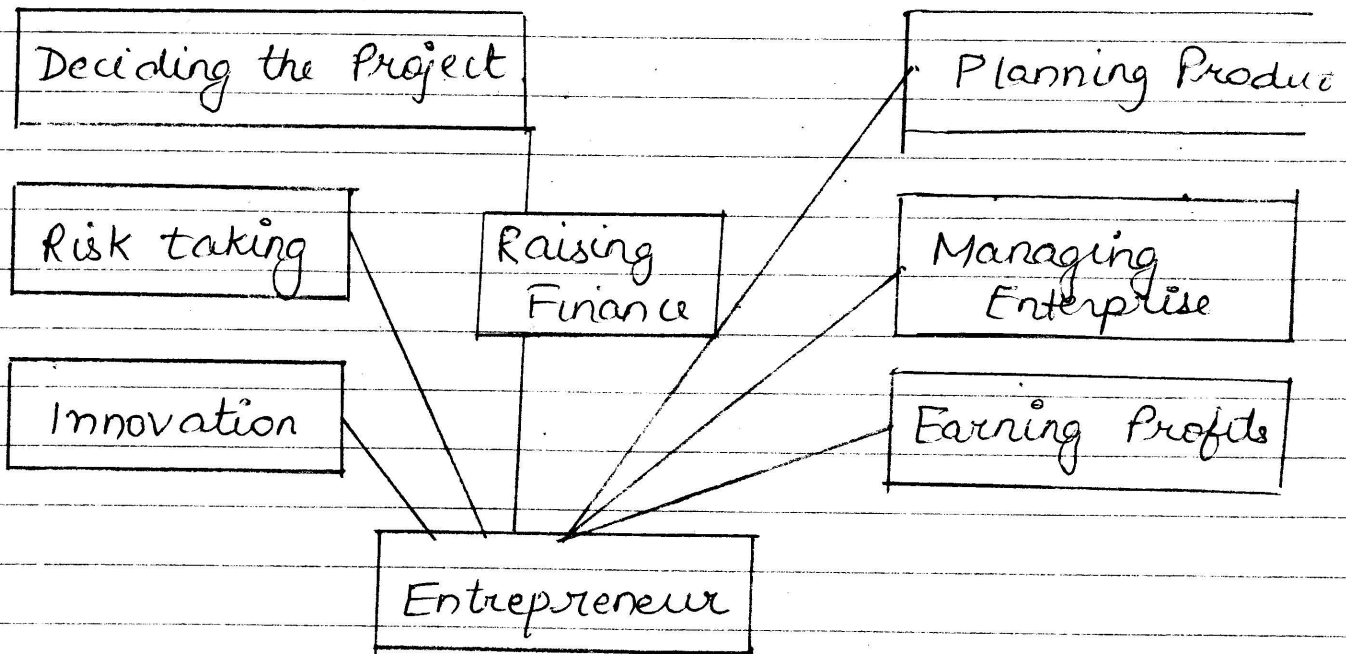
- A.H. Cole - 'Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or profit by production or distribution of economic goods & services.'
- Joseph A. Schumpeter - 'Entrepreneurship is based on purposeful & systematic innovation. It includes not only the independent businessman but also company directors & managers who actually carry out innovative functions.'

Qualities and Functions of Entrepreneurs

The entrepreneurial qualities are to some extent innate. But not all of them are entirely innate. Some can be enhanced by training or by experience. For example :- analytical ability & computational skill can be enhanced at school & college; while practical knowledge & foresight skills can be enhanced by the general experience of everyday life.

Imagination & foresight are the scarce qualities which are difficult to analyse & quantify. Delegation skill & organisational skill are highly desirable for decision-making in organisation.

Entrepreneurial Functions



①. Assumption of Risk :- The entrepreneur assume all possible risks of business. He tries to reduce the uncertainties by his initiative, skill and good judgement.

②. Business Decisions :- The entrepreneur has to decide nature & type of goods to be produced. He enters the particular industry which offers him the best prospects & produces whatever commodities he thinks will give him maximum profits.

③. Managerial Function :- He formulates production plans, arranges finance/funds, purchases raw materials, provides production function/facilitates, organises sales & assumes the task of personal mgt.

④. Function of Innovation :- An important function of entrepreneur is "innovation". He conceives the idea of improvement in the quality of production line. He considers economic viability & technological feasibility. He undertakes a venture, assumes risk & earns profit. He is the man having strong motivation to achieve success. He is self-confident in his entrepreneurial abilities.

Women Entrepreneurs

Women are no longer confined to the hearth & home. The entrepreneurial capacity of women has made a mark in many areas & women have entered the industrial segment too. It is time to foster & harness the entrepreneurship of women in a big way.

Women are now more cognizant about their existence, roles & rights. They are those who explore new paths of economic involvement & contribution. They have made their mark in business for the following reasons :-

- a). They want new challenges & opportunities for self-fulfilment.
- b). They want to prove their mettle in innovative & competitive jobs.
- c). They want to charge to control the balance between their family responsibilities & their business lives.

Women of Substance - Examples

- 1). Sudha Murthy
- 2). Nita Ambani
- 3). Parmesh Godrej
- 4). Anita Kaul Basu
- 5). Priya Paul
- 6). Malvika Singhvi

Women entrepreneurs have been on the Indian business for quite some time now & have achieved remarkable success. Realising the great untapped potential, the Govt. has been making concerted efforts to channelise the skills & talent of women towards economic & business gener-ating activities.

Women are also transforming their social role from being passive to active participants in the economic mainstream. Ela Bhat's SEWA, AWAKE (Association of Women Entrepreneurs of Karnataka) & others are helping to instill an entre-preneurial psyche amongst a wide cross section of women. First generation entrepreneurs have set the stage for huge entrepreneurial opportunities in the technology segment & have created unprecedented wealth which has enabled India to earn global respect. These new entrepreneurs have created over a million jobs over the last few years & have set the tone for an entrepreneurial revolution.

Role of Entrepreneurship in Economic Development

- ①. Raises standard of living :- A significant role of entrepreneurship in economic development is that it can greatly enhance the standard of living for individuals & communities by setting up industries & creating wealth & new positions. Entrepreneurship not only provides large scale employment & ways to generate income, it also has the potential to improve the quality of individual life by developing products & services that are affordable, safe to use & add value to their lives.
- ②. Creating Innovation :- Development of new enterprises plays an important role in introducing goods & services to the economy.
- ③. Fuelling Economic Growth :- Development of small business is the best way to ensure economic growth, preserve competition, prevent monopolistic control of industrial giants & assure competitive prices for quality products. Besides, small scale business also create job opportunities for others.
- ④. Identifying ownership opportunities :- Entrepreneurship helps people in identifying an option to the traditional job seeking path. Now prospective entrepreneurs try to develop their own business enterprises by

identifying viable innovative opportunities. Entrepreneurship offers people ownership opportunities where prospective entrepreneurs are supposed to work as job providers in place of job seekers.

⑤. Productivity :- Productivity, the ability to produce more goods & services with less labour & other inputs, are increased by entrepreneurship. One reason for this greater interest in entrepreneurship has been on account of the growing recognition of its use in raising productivity.

⑥. New Technologies, products & services :- Another consequence of the association between entrepreneurship & change, is the role that entrepreneurs play in promoting innovative technologies, product & services. Many people who have developed new technologies, products & services were employees of large corporations that refused to use their ideas, forcing the inventors to become entrepreneurs.

Entrepreneur is one of the most important inputs in the economic development of a country.

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