

ENTREPRENEURSHIP

Chapter 1: ENTREPRENEURSHIP CONCEPT AND FUNCTIONS



CONCEPT AND FUNCTIONS

FACTS THAT MATTER -

- ❖ Mansukhbhai Prajapati, originally from Morbi village in Rajkot, South Gujarat, a tenth standard dropout with his remarkably innovative idea, produced the Mitticool refrigerator which he launched in 2002, which is made of mud/clay and works without electricity. Further innovative zeal led him to develop the Mitticool water filter, tavdi or tawa (frying pan) from clay.
- ❖ Entrepreneurship may be defined as a systematic innovation which consists of the purposeful and organised search for changes, and a systematic analysis of the opportunities that such change might offer for economic and social transformation.
- ❖ Entrepreneur is a person who develops and owns his own enterprise, is a moderate risk taker and works under uncertainty for achieving the goal.
 - Is innovative and a persuader of deviant pursuits.
 - Reflects a strong urge to be independent.
 - Persistently tries to do something better.
 - Is dissatisfied with routine activities.
 - Is prepared to withstand the hard life.
 - Is determined but patient. Exhibits sense of leadership.
 - Exhibits sense of competitiveness.
 - Takes personal responsibility.
 - Is oriented towards the future.
 - Tends to persist in the face of adversity
- ❖ **Functions of an entrepreneur:**
 - a. Entrepreneurial Functions
 - b. Promotional Functions,
 - c. Managerial Functions,
 - d. Commercial Functions.
- ❖ Entrepreneurial functions: Innovations, Risk-taking, Organisation building.
- ❖ Promotional functions: Investigation of ideas, Detailed investigation, Assembling requirement, financing the proposition.

- ❖ **Managerial Function:** Planning, Organizing, Staffing, Directing, Leadership, Communication, Motivation, Supervision, Co-ordination, Controlling.
- ❖ **Commercial Functions:** Production, Finance, Marketing, Personnel, Accounting.
- ❖ **Need for Entrepreneurship on our economy:** Life-line of a nation,
 - Provides Innovation, Change of Growth/Inclusive Growth
 - Increased Profits, Employment Opportunities, Social Benefits.
- ❖ **Entrepreneurial Myths:** Starting a business is easy.

Takes a lot of money to finance a new business. Start-ups can't be financed with debt. Banks don't lend money to start-ups. Start businesses in mostly attractive industries. Growth of start-up depends more on entrepreneurial talent. Success is assured financially.
- ❖ **Advantages:** Excitement, Originality, Independence, Rational Salary, Freedom.
- ❖ **Disadvantages:** Salary, Benefits, Work Schedule, Administration, Incompetent staff.
- ❖ **Process of Entrepreneurship:** Self-Discovery, Identifying Opportunities, Generating and Evaluating Ideas, Planning, Rising Start-up Capital, Start up, Growth, Harvest.

WORDS THAT MATTER -

- ❖ **Entrepreneur:** The word "entrepreneur" is derived from the French word "entreprendre" which means "to undertake" i.e. individuals who undertake the risk of a new enterprise. The word "entrepreneur", therefore, first appeared in the French language in the beginning of the sixteenth century. The word was coined by Richard Cantillon, an Irishman, living in France.
- ❖ **Entrepreneurship:** Entrepreneurship can be described as a process of action an entrepreneur undertakes to establish his enterprise.
- ❖ **Enterprise:** It is the fourth factor of production, it assembles, coordinates and manages the other factors namely land, labour, capital to start a new business.
- ❖ **Opportunity:** A chance of doing something new.
- ❖ **Economic Agent:** An economic agent is a person, company, organization who unites all means of production land, produces a product, give certain value to a product and sell it in the market.

- ❖ **Idea:** A thought, an opinion or mental impression.
- ❖ **Idea centric:** The ability of the individual to use unique and divergent patterns of thought to generate products.
- ❖ **Factor of Production:** Land, Labour, Capital, Entrepreneur and Enterprise.
- ❖ **Innovation:** Doing something new and something different.
- ❖ **Product:** A substance produced for sale it again.
- ❖ **Services:** The performance of any duties or work for another and getting remuneration.
- ❖ **Catalytic Agent:** The catalyst agents are people who brings about drastic changes in an economy.
- ❖ **Risk:** Uncertainty concerning a loss.
- ❖ **Communication:** A giving, receiving, or exchange information.
- ❖ **Planning:** Step involves mapping out exactly how to achieve a particular goal and deciding in advance.
- ❖ **Organizing:** After a plan, a manager needs to organize his/her team and materials, Assigning work and granting, making optimum use of the resources required to enable the successful carrying out of plans.
- ❖ **Motivation:** Motivation is also a kind of basic function of management, because without motivation, employees cannot work effectively. If motivation does not take place in an organization, then employees may not contribute to the other functions (which are usually set by top-level management).
- ❖ **Controlling:** It includes establishing standards of performance – measuring actual performance, comparing standard performance with actual performance then find variation and taking corrective measures.
- ❖ **Leadership:** Ability to influence others to perform task.
- ❖ **Staffing:** Job analysis, recruitment training and hiring for appropriate jobs.
- ❖ **Finance:** The word finance was originally a French word. In the 18th century, it was adapted by English speaking communities to mean “The management of money.”
- ❖ **Marketing:** It is concerned with the movement of goods and services from producers

to consumers, i.e, making people aware of a company's products and their satisfaction.

- ❖ **Personnel:** People employed in an organization.
- ❖ **Accounting:** The art of recording, classifying and summarizing, in a significant manner and in terms of money, transaction and events which are, in part at least, of financial character, and interpreting the result thereof.
- ❖ **Profit:** The return received on a business undertaking after all operating expenses have been met.
- ❖ **Salary:** A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract.

SOME FAMOUS ENTREPRENEURS -

- ❖ Narayana Murthy is an Indian IT industrialist and the co-founder of Infosys, a multinational corporation providing business consulting and technology.
- ❖ Sir Richard Charles Nicholas Branson (born 18 July, 1950) is an English business magnate and investor. He is best known as the founder of Virgin Group of more than 400 companies. His first business venture was a magazine called Student at the age of 16 in 1970.
- ❖ Haathi Chaap was founded in Delhi by entrepreneur Mahima Mehra and her business partner Vijendra Shekhawat in 2003. For the first four years, they exported their paper to Germany. In 2007, it was launched in India.
- ❖ Karsanbhai born in a farmer family in north Gujarat, finished his B.Sc. in Chemistry at age 21 and worked as a lab technician, first in the New Cotton Mills, Ahmedabad, of the Lalbhai group and then at the Geology and Mining Department of the state Government. In 1980, Karsanbhai set up Nirma, (after daughter Nirupama) selling detergent powder.
- ❖ Dhirajlal Hirachand Ambani Popularly known as 'Dhirubhai Ambani' Indian business tycoon who founded Reliance Industries in Mumbai with his cousin. Dhirubhai has figured in the Sunday Times list of top 50 businessmen in Asia.
- ❖ The sociologists feel that certain communities and cultures promote entrepreneurship like for example in India we say that Gujaratis and Sindhis are very enterprising.

CHRONOLOGICAL LIST OF DEFINITIONS -

- ❖ **1734:** Richard Cantillon: Entrepreneurs are non-fixed income earners who pay known costs of production but earn uncertain incomes.
- ❖ **1803:** Jean-Baptiste Say: An entrepreneur is an economic agent who unites all means of production-land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.
- ❖ **1934:** Schumpeter: Entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services.
- ❖ **1961:** David McClelland: An entrepreneur is a person with a high need for achievement [N-Ach]. He is energetic and a moderate risk taker.
- ❖ **1964:** Peter Drucker: An entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into, a resource.