



Module: English

Branch: Finance and International Trade

Level: Master One

Lecture 05: Entrepreneurship

After reading this lesson the student would be able to:

- Identify the concept, meaning and features of Entrepreneurship;
- Outline the different types of entrepreneurship
- Diagnose traits of the successful entrepreneur

1-Definitions of Entrepreneurship:

Entrepreneurship is the ability (i.e., knowledge plus skills) of a person to translate ideas of commencing a business unit into reality by setting up a business on ground to serve the needs of society and the nation, in the hope of profits.

Entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations), and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions

2- Characteristics of Entrepreneurship

- i) Entrepreneurship is an economic activity done to create, develop and maintain a profit-oriented business.
- ii) It begins with identifying an opportunity as a potential to sell and make profit in the market.
- iii) It is the best utilization of available resources.
- iv) It is the ability of an enterprise and an entrepreneur to take risk.

3- Types of Entrepreneurship

3.1- Based on Risk

(a) Innovative Entrepreneurship Entrepreneur comes up with new ideas and turns them into viable business and find new ways to market the products that make their business stand out from the crowd and sometimes create a new crowd. Example Bill Gates.

(b) Imitative Entrepreneurship implements current techniques from which they copy certain business ideas and improve upon them as to gain an upper hand in the market. Imitative entrepreneurship is characterized by the adoption of exogenously changing technologies. Examples are development of small shopping complexes and small car manufacturers.

(c) Fabian Entrepreneurship is concerned with such business organizations in which the individual owner does not take initiative in visualizing and implementing new ideas and innovation. Dealings are determined by customs, religion, trading and past practices. They are not too interested in taking risks or changes and they try to follow the beaten track created by their predecessors.

(d) Drone Entrepreneurship is concerned with such businesses in which owners are satisfied with the existing mode and

speed of business activity and show no inclination in gaining market leadership. They refuse to make any modification in the existing production methods in spite of incurring recurring losses.

3.2- Based on type of Business

(a) Agricultural Entrepreneurship covers a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization and agricultural technology.

(b) Manufacturing Entrepreneurship identifies needs of customers and then explores the resources and technology to be used to manufacture the products to satisfy those needs by converting raw materials into finished products.

(c) Trading Entrepreneurship procures finished products from manufacturers and sells these to customers either directly or through middlemen such as wholesalers, dealers, and retailers. These middlemen act as a link between the manufacturer and customer.

3.3- Based on use of Technology

(a) Technical Entrepreneurship deals with establishing and running industry based on science and technology. They use innovative methods of production.

(b) Non-Technical Entrepreneurship is concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in a competitive market.

3.4- Based on Ownership

(a) Corporate entrepreneurship was pioneered by Burgelman. Corporate ownership is where an individual through innovation and skill organises, manages and controls a corporate undertaking efficiently.

(b) Private Entrepreneurship is where an individual sets up a business as a sole owner of the business and bears the entire risk involved in it.

(c) State Entrepreneurship is where trading or industrial venture is undertaken by the State or the Government.

(d) Joint Entrepreneurship implies a joint business endeavor between a private entrepreneur and the Government.

3.5- Based on size of Enterprise

1. **Micro Enterprises:** Any business with a turnover of up to Rupees five crore.

2. **Small-Scale Entrepreneurship:** A small enterprise has an annual turnover of more than Rupees five crore but not more than Rs 75 crore.

3. **Medium-Scale Entrepreneurship:** A business with a turnover over Rs 75 crore and upto Rs 250 crore

4. **Large-Scale Entrepreneurship:** Business with turnover over Rs 250 crore.

3.6- Based on Gender

Women Entrepreneurship

The Government of India defines women entrepreneurship as, “a business enterprise which is owned, managed and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.” Schumpeter defines women entrepreneurship as, “based on women’s participation in equity and employment of a business enterprise.”

3.7- Based on Social Problems

Social Entrepreneurship

The concept of social entrepreneurship came around the 1960s but the establishment of Grameen Bank by Muhammad Yunus in Bangladesh was the first instance where it was thoroughly used. Social entrepreneurship focuses on social problems and environmental problems aiming at bringing about transformation. This obligation of contribution to social well-being is primary and in a way, profit takes a back seat or is more or less secondary but essential to the survival.

4- traits of the successful entrepreneur

. **Disciplined** Successful entrepreneurs are disciplined enough to take steps everyday toward the achievement of their objectives

. **Confidence** They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

. **Open Minded** Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

- . **Self Starter** They are proactive, not waiting for someone to give them permission
- . **Competitive** An entrepreneur will highlight their own company's track record of success.
- . **Creativity** One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.
- . **Determination** They are determined to make all of their endeavours succeed, so will try and try again until it does.
- . **Strong people skills** Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.
- . **Strong work ethic** The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.