

III rd semester B.Com

3A12 COM ENTREPRENEURSHIP DEVELOPMENT

syllabus

UNIT 1

Concept of entrepreneurship-meaning-definition-importance-functions-distinction between entrepreneur and manager. Types of entrepreneurs- student entrepreneurship- concept and importance. Role of first generation entrepreneurs. Intrapreneur- practice to entrepreneurship development- concept of women entrepreneurship- problems of women entrepreneurs. Assistance available to women entrepreneurs.

UNIT 2

Factors affecting entrepreneurial growth- motives influencing entrepreneurs. Rural entrepreneurship- role of entrepreneur in economic development. Social entrepreneurship. Factors affecting entrepreneurial growth – rural entrepreneurship- role of entrepreneur in economic development.

UNIT 3

Entrepreneurial motivation – motivating factors- achievement motivation- entrepreneurial competencies developing competencies. Institutional efforts and role of government in developing entrepreneurship- Entrepreneurship Development Programme(EDP) – need- objectives- course content and curriculum of EDP . Phases of EDP. Stories of successful entrepreneurs.

UNIT 4

Launching of new enterprise. Sources of business ideas. Setting up of new business. Micro, small and medium enterprises-MSMED Act 2006- characteristics- objectives- importance- MSMEs as a seed bed of entrepreneurship. Entrepreneurship incubators-problems and prospects of MSMEs- incentives and subsidies- taxation benefits to MSMEs. Institutional finance to entrepreneurs. Project: meaning and features, project analysis and feasibility study. Content of project report- preparation of project for a micro enterprise .

UNIT 5

Support systems for entrepreneurs and MSMEs: Industries Board- state small industries development corporations- MSME institute – DICs – industrial estates- specialised institution- technical consultancy organisations- lead bank schemes loans and advances available for entrepreneurs, schemes of financial institutions (latest data) start-ups, role of universities and colleges in developing entrepreneurship. Role of NGOs – entrepreneurial eco system in Kerala.

Chapter 1

CONCEPT OF ENTREPRENEUR.

The word 'entrepreneur' is derived from the French word 'entreprendre'. It means to 'undertake'. Thus, entrepreneur is the person who undertakes the risk of new enterprise. Entrepreneurs are business people who can detect and sense the availability of business opportunities in any given scenario. They will utilize these opportunities to create new products by employing new production methods in different markets. They will also function in different ways by using various resources which will give them profit. It is important to note that although most entrepreneurial businesses start small, the owners of such businesses need not be small scale owners. They could in fact be big business owners, who first try and test the waters before investing big time in the business. Small business owners dread risk, but successful entrepreneurs are very innovative and know how to operate profitably in a business environment, even if the risk is very high. In fact, innovation is the life blood of any kind of entrepreneurs; this is one of the tools that helps them gain an advantage over established players in the market. Entrepreneurs are, thus, defined as —individuals or groups of individuals who carry out entrepreneurship activities that are based on their innovative approaches to solving real-world problems.

Meaning and definition of entrepreneur.

BBC English dictionary gives simple definition of entrepreneur. According to it, "an entrepreneur is a person who sets up a business."

In the words of J B Say, "an entrepreneur is one who brings together the factors of production and combines them into a product"

Peter Drucker defines an entrepreneur as the one who always searches for changes, responds to it as an opportunity.

Thus different writers have defined entrepreneurs in different ways. Generally, there is no accepted definition or model of what the entrepreneur is or does.

To conclude, an entrepreneur is one who recognizes and seizes opportunities, convert these opportunities into marketable ideas add value through time, efforts, money or skill and realizes the rewards from these efforts.

Difference between Entrepreneur and manager

An entrepreneur alone cannot make the enterprise successful. He needs a number of individuals to run the business. Hence, he recruits managers with required skills and competencies. Entrepreneurs are different from managers.

Entrepreneur	Manager
<ol style="list-style-type: none"> 1. Entrepreneur starts a venture by setting up a new enterprise for his personal gratification. 2. Entrepreneur is the owner of enterprise. He is his own boss. 3. Entrepreneurs bears all risks and uncertainty involved in the enterprises 4. Entrepreneur receives profit which is uncertain and irregular and may be negative. 5. Entrepreneur introduces innovations and new ideas 6. Entrepreneur's responsibility is high. He is responsible for combination of input and production process 7. Entrepreneur is self motivated 	<ol style="list-style-type: none"> 1. The main aim of manager is to render his service in an enterprise already set by some one. 2. Manager is the employee of the entrepreneur. 3. Manager neither shares risks nor bears uncertainty 4. Manager receives salary for his service rendered which is fixed and regular and can never be negative. 5. Manager executes the plans of the entrepreneur and translating the ideas into practice. 6. Manager's responsibility is low. He is responsible for day-to-day office work. 7. Manager is motivated by power.

Characteristics of an entrepreneur/ qualities of a successful entrepreneur/ common entrepreneurial traits.

Modern business is very complicated affair. In order to organise and run it successfully, the entrepreneur must possess some characteristics or qualities or traits. They are

1. Passion for business
2. Creativity
3. Willingness to make sacrifice and assume risks.
4. Hard work.
5. Desire for high achievement
6. Optimism
7. Foresight
8. Self confidence
9. Innovative ability
10. Communication skill
11. Technical knowledge and willingness to change.
12. Determination and courage
13. Leadership
14. Team spirit

Entrepreneurs are goal-oriented

Entrepreneurs are all about setting goals and putting their all into achieving them; they're determined to make their business succeed and will remove any encumbrances that may stand in their way. They also tend to be strategic in their game plans and always have a clear idea in mind of exactly *what* they want to achieve and *how* they plan to achieve it.

Entrepreneurs are committed to their business

Entrepreneurs are not easily defeated; they view failure as an opportunity for future success, and if they don't succeed the first time, they'll stay committed to their business and will continue to try and try again until it does succeed. A true entrepreneur doesn't take 'no' for an answer.

Passion

Successful entrepreneurs are passionate. They feel deeply about their product or service or mission. Passion is what will help you find motivation when you are discouraged and it will drive you forward. Passion is fuel for successful entrepreneurship. If you find yourself losing your passion, that might be the clue that it's time to move on to something else (that stokes your passion). There are many serial entrepreneurs that create successful businesses, sell them, and then create something else.

Self-Motivation

One of the most important characteristics of entrepreneurs is self-motivation. When you want to succeed, you need to be able to push yourself. You need to be dedicated to your plan and keep moving forward — even if you aren't receiving an immediate paycheck

Skills required for an entrepreneur

Business is a game of skill and each player cannot hope to succeed. A successful entrepreneur must have knowledge and skill. Knowledge means collection and retention of information in mind. It can be acquired by reading and interaction with the environment. But mere knowledge is not enough to perform a task successfully. ie. Both knowledge and skill are required to perform a task. Skill is the ability to translate the knowledge into action /practice.

In order to become successful in business, an entrepreneur should have the following skills.

1. **Conceptual skills** : It refers to the ability to conceive new ideas and products. This is the ability to think analytically. It lies at the very root of creativity. He should have the skill to exploit the environment for identifying project opportunities.

2. **Technical skill** : It refers to the technical knowledge of work and ability to apply the knowledge in the practical work. This is the ability to use technique , procedures and tools of a specific field. An entrepreneur should have the capacity to collect information about technology and process.
3. **Human relation skill** : this refers to handle people and influence their behaviour. This is the ability to work well in co- operation with other people. This is the age of relationship. There is a need to understand human behaviour more deeply and to learn how to get people to act in a manner that yields desired results. It is through human relation skill an entrepreneur can collect information about financing and support system and facilities.
4. **Communication skill** : an entrepreneur has to deal with many peoples, he must listen to others and receive information from them . Further, he has to motivate his men in the organisation and establish interpersonal relationships. For all these he must have communication skill. Both written and oral communication skill are necessary for the entrepreneurs for running the enterprise effectively.
5. **Diagnostic skill** : this is one of the most important skill required by an entrepreneur. Diagnostic skill refers to the ability to understand problems from the visible symptoms.
6. **Decision-making skill** : An entrepreneur has to make so many decisions from time to time. Entrepreneur must possess the ability to make correct and clear decisions on the merits of a case.
7. **Marketing skills** : marketing skills in the very growth stage of a new venture are critical. As the company grows , it will need to develop new products and services and its marketing. It is an ongoing process based on information regarding customer needs and competitive strategies. This

information can be obtained by surveys or focus groups, or informally by direct contact with customers by the entrepreneur or his or her sales force.

8. **Project development skill** : An entrepreneur plans to establish an enterprise . In order to be effective, he should know how to conceive the project, the stages through which he should go to establish it ,the information he may have to collect etc.
9. **Management skill**: Once an enterprise is started its proper management which is crucial to its survival and growth has to be ensured. Management skills related to accounting and financing, marketing , production planning and inventory control and to manage the people who work in the enterprise.
10. **Other skills** : Other skills required by an entrepreneur include search skill, for sight computation skill ,delegation skill, organisational skill etc.

Types of entrepreneurs.

Entrepreneurs are of different types. They may be classified in a number of ways.

A On the basis of business

1. Business entrepreneurs
2. Trading entrepreneurs
3. Industrial entrepreneur
4. Corporate entrepreneur
5. Agricultural entrepreneur

B On the basis of use of technology

1. Technical entrepreneur
2. Non-technical entrepreneur

3. Professional entrepreneur

C. On the basis of motivation

1. Pure entrepreneur
2. Induced entrepreneur
3. Motivated entrepreneur
4. Spontaneous entrepreneur

D. On the basis of stages of development

1. First generation entrepreneur
2. Modern entrepreneur
3. Classical entrepreneur

E. Classification by Clarence Danhof

1. Innovative entrepreneur
2. Adoptive or imitative entrepreneur
3. Fabian entrepreneur
4. Drone entrepreneur

F. Commercial entrepreneurs

G. Social entrepreneur.

On the basis of types of business Entrepreneurs are classified into 5 types. They are –

1. Business entrepreneur: He is an individual who discovers an idea to start a business and then builds a business to give birth to his idea.
2. Trading entrepreneur : he is an entrepreneur who undertakes trading activity. i.e; buying and selling manufactured goods . he does not undertake manufacturing activity.
3. Industrial activity : he is the entrepreneur who undertakes manufacturing activity.
4. Corporate entrepreneur: he is a person who demonstrate his innovative skill in organising and managing a corporate undertaking.
5. Agricultural entrepreneur : They are entrepreneurs who undertake agricultural activities such as raising and marketing of crops , fertilizers and other inputs of agriculture. They are called agripreneurs.

On the basis of use of technology entrepreneurs are the following types.

1. Technical entrepreneurs: They are extremely task oriented. They are of craftsman type. They develop new and improved quality goods because of their craftsmanship. They concentrate more on production than on marketing.
2. Non-Technical entrepreneur: These entrepreneurs are not concerned with the technical aspects of the product. They develop marketing techniques and distribution strategies to promote their business. Thus they concentrate more on marketing aspects.
3. Professional entrepreneurs: He is an entrepreneur who starts a business for long period; He sells out the running business and starts another venture.

On the basis of motivation entrepreneurs are classified as –

1. **Pure entrepreneur:** Pure entrepreneurs believe in their own performance while undertaking business activity. They try hard to prove their excellence in ventures. They undertake business for their personal satisfaction, status and ego. They are guided by the motive of profit.
2. **Induced entrepreneur:** he is an entrepreneur who is induced to take up an entrepreneurial activity with a view to avail some benefits from government. The benefits are in the form of assistance, incentives, subsidies, concessions and infrastructures. Presently, venture funds are inducing the successful IT professionals to become entrepreneurs.
3. **Motivated entrepreneurs:** These entrepreneurs are motivated by their desire to make use of their technical and professional expertise and skills. They are motivated by the desire of self fulfilment. They are highly ambitious.
4. **Spontaneous entrepreneur:** these entrepreneurs are motivated by their desire for self employment and to achieve or prove their excellence in job performance. They start their business out of their natural talents.

On the basis of stages of development entrepreneurs are of -

1. **First generation entrepreneur:** He is one who starts an industrial unit by means of his own innovative ideas and skills. He is essentially an innovator. He applies technology and produces a product or service. He is also called new entrepreneur.
2. **Modern entrepreneur:** He is an entrepreneur who undertakes those ventures which suit the modern marketing needs.
3. **Classical entrepreneurs:** he is one who develops a self supporting venture for the satisfaction of customers needs. He does not undertake any innovation. He is a stereo type or traditional entrepreneur.

Clarence Danhof on the basis of his study of American agriculture, classified entrepreneur in the following categories:

1. **Innovative entrepreneurs:** these type of entrepreneurs are highly innovative. They show a high tendency of undertaking risks. They generally aggressive on experimentation and cleverly put attractive possibilities into practice. An innovative entrepreneur , introduces new goods, new method of production, discovers new markets etc. They bring about a transformation in life style. In short, innovative entrepreneurs are always interested in introducing innovations. Innovative entrepreneurs are generally found in developed countries.
2. **Adoptive or imitative entrepreneurs:** these entrepreneurs are ready to adopt successful innovation created by innovative entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technologies innovated by others. They copy and learn from others. Imitative entrepreneurs are more suitable for under developed countries because in these countries people prefer to imitate technology, knowledge and skill already available in the developed countries.
3. **Fabian entrepreneurs:** These entrepreneurs are traditional in nature. They neither introduce new changes nor adopt new methods innovated by other entrepreneurs. They are shy and lazy. They are not much interested in risks. They try to follow the footsteps of their predecessors. They follow old customs, traditions, etc. They take up new projects only when it is necessary to do so.
4. **Drone entrepreneurs:** Drone entrepreneurs are those who refuse to adopt and use opportunities to make changes in production. They would not change the method of production already introduced. They follow traditional method of production. They may even suffer losses but they are not ready to make changes in their existing method of production

when their products loses its marketability and their operations become uneconomical they are thrown out of market. They are conventional because they stick on to the conventional methods. They are called laggards because they continue to operate in their traditional way and resist changes.

Commercial entrepreneurs: these are those entrepreneurs who start business enterprise for their personal gain. They undertake business ventures for the purpose of generating sales and profits. Most of the entrepreneurs belongs to this category.

Social entrepreneurs: social entrepreneurs are those who identify , evaluate and exploit opportunities that create social values and not personal wealth. Social value refers to the basic long standing needs of society such as providing water, food and shelter to those individuals in need. They focus on the disadvantaged section of the society. They play the role of change agents in the society. In short, social entrepreneurs are those who start ventures not for making profit but for providing social welfare

Eg. Muhammed Yunus. (A social entrepreneur and an economist in Bangladesh) He was awarded The Nobel Prize for peace, in 2006 for the organisation he started, "Grameen Bank" in 1976. It specialises in providing small , micro loans to poor entrepreneurs in Bangladesh.

Copreneurs:

Copreneurs are entrepreneurial couples who work together as co- owners of their business. They are creating a division of labour that is based on expertise as opposed to gender. Studies shows that companies co-owned by spouses represent one of the fastest growing business sectors.