

## **ENTREPRENEURSHIP**

The term entrepreneur is derived from the **French word ‘entreprendre’** which means to undertake the risk of new business. Revolution during 18<sup>th</sup> century the term entrepreneur was used to refer to such people who exhibited creativity and innovation in business and succeeded in translating their thoughts into viable results. Basically he is a person responsible for setting up of business unit. Basically an entrepreneur is one who initiates and establishes an economic activity, works for himself, set his goals, and works towards them.

Entrepreneur:

“Entrepreneur is the one who searches for a changes, responds to it, and exploits it as an opportunity. Innovation is the specific tool of entrepreneur with which he exploits change as an opportunity.” – **Peter Drucker**

“Entrepreneurship is the process of creating something new and assuming the risk and rewards.” **Robert Hisrich**

## Features of Entrepreneurship

### **What motivates a person to become an entrepreneur?**

**Need for independence / Need for achievements / Capacity to bear risks / Need for change / Livelihood / Rewards / Role models etc.**

### **Features of Entrepreneurship:**

- (1) Vision:** An entrepreneur is dream merchant. He displays vision into planning. He anticipates future opportunities and takes full advantage of it.
- (2) Innovation:** It refers to introducing new process or way of doing things. The pace of innovation differs depending on the nature of work.
- (3) Creativity:** It refers to showing imagination and originality. An entrepreneur does not follow the beaten path.
- (4) Leadership qualities:** An entrepreneur must remain rational but at the same time sympathetic towards his employees. He must be able to influence the activities of his followers.
- (5) Remove shortcomings:** An entrepreneur should identify the weaknesses in his business and take steps to remove them.

## Features of Entrepreneurship

- (6) **Process:** of creating something new, requires managerial activities like planning, organising, directing & controlling etc.
- (7) **Purposeful Activity:** in the form of reduction in wastage, optimum use of resources, motivated & dedicated workforce, higher efficiency etc.
- (8) **Proactiveness:** It gives first mover advantage or competitive edge in the market.
- (9) **Professionalism:** It emphasis on marketing research, R&D, quality control etc.
- (10) **Risks & Rewards:** An entrepreneur needs guts to assume risks & gets glory when there is success.

## **Importance of Entrepreneurship**

- 1 Boost economic activities
- 2 Provides balanced development
- 3 Improves standard of living
- 4 Establishes new enterprises
- 5 Ensure higher investment
- 6 Earns foreign exchange
- 7 Consumer welfare
- 8 Facilitates Competitiveness
- 9 Employment
- 10 Efficiency

## **Factors Contributing Growth of Entrepreneurship**

### **(A) Economic factors:**

- 1) Increase in demand
- 2) Increase in disposable income
- 3) Availability of bank credit
- 4) Competition
- 5) Economic Infrastructure
- 6) Govt. Incentives
- 7) Funded by Venture Capitalists

### **(B) Non-economic factors:**

- 1) Professionalism in business implies systematic operation of business activities.
- 2) Personal factors such as independence, willing to assume risks etc.
- 3) Quality consciousness among customers
- 4) Reduction in Bureaucratic formalities
- 5) Social support for new ventures
- 6) Training facilities

## Challenges Before Indian Entrepreneurs

- 1) Challenges due to globalization/ liberalization
- 2) Challenges in the field of financing
- 3) Challenges in the field of managing managers
- 4) Challenges in the field of technology
- 5) Challenging demographics of workforce
- 6) Challenges in the field of production

**INTRAPRENEUR :** In 1985, Gifford Pinchot introduces the term Intrapreneurship. Intrapreneur is an entrepreneur within an already existing organization. The prime motive of Intrapreneurship is independence and to get rewarded for performance. Intrapreneurial culture focuses on – Creativity & flexibility, Independence, Risk taking & Rewards.

### Goals of Intrapreneurship:

- |   |  |
|---|--|
| 1 To develop vision, goals & action plans | 4 To take responsibilities & ownership         |
| 2 To get rewarded for performance         | 5 To create & develop new products, ideas etc. |

3 To create a supportive environment for innovation & risk taking

## **ELEMENTS OF INTRAPRENEURIAL ENVIRONMENT:**

- 1 Multidisciplinary team approach
- 2 Access to adequate resources
- 3 Support by top management
- 4 Training
- 5 Experimentation
- 6 R & D
- 7 Long term Horizon
- 8 Open Turfs
- 9 Voluntary spirit
- 10 Equity in rewards

## TYPES OF ENTREPRENEURS

- 1) **The Visionary Entrepreneur**: These entrepreneurs are driven by a desire to change the world & capacity to imagine how to do so. Steve Jobs - Founder of Apple Incorportations.
- 2) **The Adventurer**: These are the individuals who would like to venture in different business areas. Richard Branson of Virgin Group. The key strength areas include bravery, energy, work hard-play hard culture.
- 3) **The Opportunist**: They spotting gaps between customer expectations & product offerings by existing firms (opportunity) & speed of execution. From market traders to multinationals, plenty of businesses are inspired by seeing an opportunity.
- 4) **The Asset Allocator**: The key strength includes valuation of returns. All successful entrepreneurs thrive because they put existing resources to a more productive use for profit. Warren Buffet, the Chairman of Berkshire Hathaway.
- 5) **The Systemizer**: The key strengths include strategy and logic and attention to details. They are brilliant at process. Henry Ford, (Ford Motors)

## TYPES OF ENTREPRENEURS

- 6) **The Specialist**: Dedication & motivation are the key strengths. Bill Gates, Microsoft.
- 7) **The small business Person**: The key strengths are flexibility, personal relationships & the stamina to work with dedication. Generally, they begin as small entrepreneurs and then make it big. Sachin Bansal & Binny Bansal. Flipcart.com.
- 8) **The free time entrepreneur**: The key strengths are desire, time management, and caution. They undertake part time business activity along with their regular employment.
- 9) **The cash-flow entrepreneur**: They doesn't think of anything except money. But then entrepreneurship is about bottom line (profit) but also about innovation, inspiring your team etc.
- 10) **Social entrepreneur**: These are individuals with innovative solutions to society's most pressing social problems. They are ambitious, persistent in tackling major social issues and offering new ideas for wide scale change. They are change agents for society, seizing the opportunities other miss and improving systems, inventing new approaches etc. Mr. Vinoba Bhave (Leader of Land Gift Movement), Dr. Muhammad Yunus (Noble Peace Prize winner, Grameen Bank of Bangladesh)

## Competencies of Entrepreneur

- 1) **Innovator:** introduction of new product, development of new production technology, entry in new market, creation of new organization structure etc.
- 2) **Decision making skills:** Right decision at right time & implementation of the same efficiently & effectively.
- 3) **Open mindedness:** Free & frank approach in accepting one's errors & making efforts to rectify the same.
- 4) **Locus of Control:** In 1960's Julian Rotter developed the concept. It is an attribute that indicates the sense of control that person has over life. It is an important aspect of personality. The Locus of control can be viewed from two angles  
a) **Internal locus control:** where an individual believes that his behavior is guided by personal decisions and efforts.  
b) **External Locus of control:** where an individual believes that his behavior is influenced by fate or other external factors

## **Competencies of Entrepreneur**

**5) Organizer:** Entrepreneurship activities require a proper blend of physical, capital and manpower resources.

**6) Personality:** It is the combination of 3 main elements: Physical qualities – good health & physique; Mental qualities – IQ & EQ; Social qualities – the abilities to get along with others.

**7) Risk taker**

**8) Technical knowledge**

**9) Patience**

**10) Communication skills**

**11) Other qualities** – Ability to learn from experience, Discipline, Self confidence, Initiative, Leadership qualities etc.

## Entrepreneurship Training Centers:

- 1) **National Institute for Entrepreneurship & Small Business Development (NIESBUD):** Set up in 1983, located at Ahmedabad.
- 2) **Small Industries Development Organization (SIDO):** Established in 1954, as the nodal development agency for small industries.
- 3) **Entrepreneurship Development Institute of India (EDII):** An autonomous body & non-profit institution was set up in 1983. Sponsored by apex financial institutions, namely, IDBI, IFCI, ICICI, SBI. It is committed to entrepreneurship education, training & research.
- 4) **National Small Industries Corporation (NSIC):** An ISO 9001:2000 certified company, established in 1955.
- 5) **Small Industries Service Institutes (SISI's):** These field offices of SIDO set up in 1950s. There is a network of 28 SISI's in all the states to carry out its functions.
- 6) **National Institute of Small Industry Extension Training (NISIET):** In 1980, Central Institute of Small Industry Extension Training (CISIET) came into being at New Delhi. Then after shifted to Hyderabad in 1962
- 7) **Centre for Entrepreneurship Education & Development (CEED):** was launched in December 1995, as an innovation centre that assists govt. organizations & communities in helping people to achieve their potential through entrepreneurship
- 8) **District Industries Centers (DIC's):** The scheme was started on May 8, 1978 with a view to provide integrated administrative framework at the district level for promotion of small scale industries in rural areas

## **INCENTIVES TO ENTREPRENEURS IN INDIA**

- 1 Composite Credit Scheme
- 2 Credit Linked Capital Subsidy Scheme
- 3 Priorities in Govt. Purchases
- 4 Package for Promotion
- 5 Testing laboratories
- 6 Tax holidays
- 7 Industrial Estates
- 8 Seed capital scheme
- 9 Integrated Infrastructure Development Scheme
- 10 Marketing Development Assistance
- 11 Excise exemptions, electricity duty for small units
- 12 Incentives to exporters such as Duty drawback, Octroi, VAT, Excise exemptions etc.

# **WOMEN      ENTREPRENEURS**

## **Problems of women entrepreneurs**

### **A) Business related problems:**

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1 Problem of finance        | 2 Marketing problem               |
| 3 Problem of raw material   | 4 Problem of technology           |
| 5 Problem of infrastructure | 6 Poor quality control            |
| 7 Low labour productivity   | 8 Lack of professional management |

### **B) Gender related problems:**

- |                                  |                                     |
|----------------------------------|-------------------------------------|
| 1 Problem of dual responsibility | 2 Limited mobility                  |
| 3 Problem of education           | 4 Male dominated business community |
| 5 Low risk bearing ability       | 6 Problem of managing male workers  |

## Promotion of Women Entrepreneurs

**1 Entrepreneurship Development Programs:** Such programs encourage potential women entrepreneurs to set up small enterprises. Some training & development institutions include: NIESBUD, SIDO, EDII, NISIET

**2 Special Awards:** Many organizations including NGOs provide special awards to women entrepreneurs. SIDO has initiated a special award 'Outstanding Women Entrepreneur of the Year' to recognize contributions of women entrepreneurs in the in the field of business development.

**3 Women cell:** The office of the Development Commissioner, SSI has set up a Women cell. This cell provides assistance to women entrepreneurs specific problems.

**4 Schemes by SIDBI:** Mahila Udyam Nidhi – to providing equity to women entrepreneurs. Mahila Vikas Nidhi – to provide development assistance such as training & extension services. SIDBI also provides training for credit utilization and credit delivery skills for the executives of voluntary organizations working for womens.

## **Promotion of Women Entrepreneurs**

**5 Income Generating Schemes:** The Development of Women & Child Development implements this scheme. It provides assistance for setting up training –cum-income generating activities for needy women to make them economically independent.

**6 Scheme of Bank of India:** ‘Priyadarshan Yojana for the benefit of women entrepreneurs. Under this scheme, the bank has appointed Entrepreneurial Development Counsellor at every zonal office to provide financial assistance to women entrepreneurs.

**7 State Bank of India scheme:** Under this scheme, loans are provided upto Rs. 25000 to women entrepreneur to set up business units. To qualify this scheme, women entrepreneur has to manage the business by herself & should have at least 51% of the financial stake in the business.

**8 District Industrial Census:** The concept of DICs was proposed in 1977 industrial policy. The DICs provide special assistance to women entrepreneur of SSI units in respect of training, research & marketing assistance

## Promotion of Women Entrepreneurs

**9 Schemes of SFCs/SIDCs:** Women entrepreneurs can obtain direct finance from SFCs/SIDCs for setting up enterprise. The SFCs in turn can obtain refinance from SIDBI.

**10 Production Grant:** Women entrepreneurs can obtain a grant for setting up a production unit from Central Social Welfare Board. This is grant is available under Socio-Economic Program of the Board. The Board also provides training and extension services to women entrepreneurs.

**11 Schemes of KVIC** (The Khadi Village Industries Commission): the scheme provides financial & non financial assistance to women entrepreneurs to set up small business units or cottage industries in rural and semi-urban areas.

**12 Women Industries Fund Scheme:** Under this scheme women entrepreneurs get 15% seed capital of the total cost of the project. The seed capital is subject to a maximum amount of Rs. 1 lakh & the cost of the project not to exceed Rs. 10 lakhs. The scheme is operated through nationalized banks or SFCs.

**13 Schemes on Trade Related Entrepreneurship Assistance & Development (TREAD) for Women:** The GOI launched this scheme during the 9<sup>th</sup> plan period. The scheme aims at economic empowerment of women through trade related training, information & counseling. The scheme provided for marketing development & financial loans through NGO's. The assistance is provided for self-employment ventures by women.