



ENTREPRENEURIAL DEVELOPMENT

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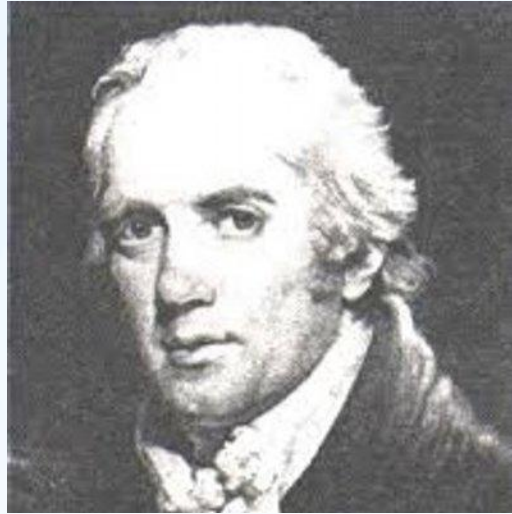
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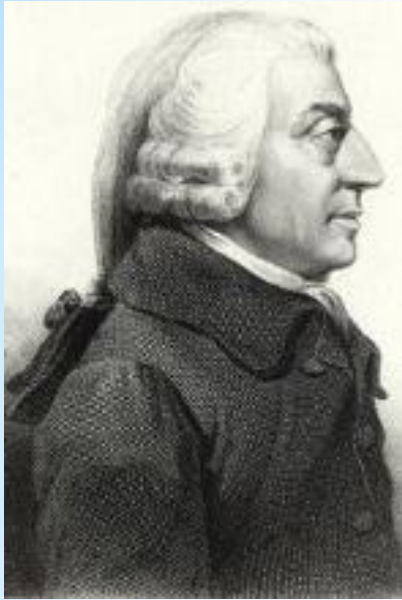
The word "**entrepreneur**" is derived from a French root '**entreprendre**', meaning, "to undertake" and is commonly used to describe an individual who organizes and operates a business or businesses, taking on financial risk to do so.

The term "entrepreneur" seems to have been introduced into economic theory by **Cantillon (1755)**



An entrepreneur is a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise.

-Richard Cantillon



Adam Smith
defined
an **Entrepreneur**
as

An individual, who undertakes the formation of an organization for commercial purposes by recognizing the potential demand for goods and services, and thereby acts as an economic agent and transforms demand into supply.

An entrepreneur is a person who starts an enterprise. He searches for change and responds to it. Entrepreneur is someone who perceives opportunity, organizes resources needed for exploiting that opportunity and exploits it.

Entrepreneurship is an abstraction and entrepreneurs are tangible persons. Well-designed and controlled research studies on entrepreneurship are very few. If we view entrepreneurship as opposed to management, it becomes still more difficult to define Entrepreneurship.

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Entrepreneurship is a role played by or the task performed by the entrepreneur. The central task of the entrepreneur is to take moderate risk and invest money to earn profits by exploiting an opportunity so that he can exploit it well in time. Although an entrepreneurs has to perform diverse function yet he must manifest many qualities in himself to be a good entrepreneur.

Entrepreneurship can be defined as the propensity of mind to take calculated risks with confidence to achieve a pre-determined business or industrial objective. That points out he risk taking ability coupled with decision making.

Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit-oriented business unit for the production or distribution of economic goods and services.

-A.H. Cole

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Entrepreneurship is that form of social decision making which is performed by economic innovations.

- Robert K.Lamb

Concept of Entrepreneurship



TYPES OF ENTREPRENEURS

In the initial stages of economic development entrepreneurs tend to be shy and humble but as the development speed picks up speed, they tend to become more enthusiastic and confident. They help make the business environment healthy and development oriented. Highly enthusiastic and innovative entrepreneurs exist only in developed countries as level of their economic and technological development has, reached a certain level whereas in developing and under-developed countries, imitative entrepreneurs are more successful.

However, the various types of entrepreneur are classified as under :

According to the Type of Business

Business entrepreneur : Business entrepreneurs are those entrepreneurs who conceive the idea of a new product or service and then translate their ideas into reality. An entrepreneur examines the various possibilities of sources of finance, supply of labour, raw materials or finished product as the case may be. A business entrepreneur may be undertaking the trading business or manufacturing business but initially the size of the business is very small. As the entrepreneur flourishes, he tends to expand his business.

Trading entrepreneur : As the very name indicates, a trading entrepreneur is concerned with trading activities and not manufacturing. Trading means buying the finished product from the producer and selling it off to the customer directly or through a retailer. A trading entrepreneur has to be creative enough as he has to identify the market. He has to identify potential markets, create demand through extensive advertisement of his product and has to inspire people to buy his product. For this, it is inevitable for him to find out the desires, tastes and choices of his customer in domestic as well as international markets.

Industrial entrepreneur : As the very name indicates, an industrial entrepreneur is one who sets up an industrial unit. He perceives the opportunity to set up his unit, complies with necessary formalities of getting license, power connection, pollution control clearance (if the need be) arrange initial capital, providing securities and guarantees to the financial institutions, making payment of wages and supply necessary technical know-how. An industrial entrepreneur has the ability to convert economic resources and technology into a considerably profitable venture. Manufacturer of leather products, textiles, electronics, food items and the like are industrial entrepreneurs.

Corporate entrepreneur : Corporate entrepreneur is the one who plans, develops and manages a corporate body. He is a promoter, an essential part of board of directors, an owner as well as an entrepreneur. He gets his corporate body registered under the requisite Act which gives his company the status of separate legal entity.

Agricultural entrepreneur : Agricultural entrepreneur is the one who is engaged in the agricultural activities. He uses latest technology to increase the productivity of agriculture and also adopts mechanization.

(2) According to Motivation

(i) Pure entrepreneur : Pure entrepreneur is one who may or may not possess an aptitude for entrepreneurship but is tempted by the monetary rewards or profits to be earned from the business venture. He is status-conscious and wants recognition.

(ii) Induced entrepreneur : Induced entrepreneur is attracted by the various incentives, subsidies and facilities offered by the government. 'An entrepreneur is not born' – this is no doubt true as every person can be trained to become a good entrepreneur. Most of the entrepreneurs who enter into business are induced entrepreneur as various kinds of financial, technical and managerial facilities are provided by the government to promote entrepreneurship. An entrepreneur can develop himself much more by attending EDPs and they can make a stand in the market. Import restrictions, allocation of production quotas to SSIs, reservation of products for small industry etc. have forced many young people to set up a small industry.

Non-Resident Indians (NRIs) and educated unemployed seeking self-employment or newly married bridegrooms by taking financial support of their in-laws may be described as induced entrepreneur. This class of entrepreneur accounts for maximum number of failures because there is no proper screening of misfits.

(3) According to the Use of Technology

(i) Technical entrepreneur : The strength of a technical entrepreneur is in his skill in production techniques. He concentrates more on production than on marketing. He possesses craftsman skill in himself which he applies to develop and to improve the technical aspect of the product.

(ii) Non-technical entrepreneur : Unlike technical entrepreneur, non-technical entrepreneur is not concerned with the technical aspect of the product rather he spends more time in developing alternative strategies of the marketing and distribution to promote his business. His target is not to change the production technique but how to increase the demand of the product in which he is dealing.

(iii) Professional entrepreneur : Professional entrepreneur means an entrepreneur who is interested in floating a business but does not want to manage or operate it . Once the business is established, he sells it out and catches on to float a new business.

(5) Classification Given by Danhof

(i) Innovating entrepreneur : Innovative entrepreneurs are generally aggressive and possess the art of cleverly putting the attractive possibilities into practice. An innovating entrepreneur is one who introduces new good,. inaugurates new methods of production, discovers new market and re-organize, the enterprise. He arranges money, launches an enterprise, assembles the various factors, chooses the competent managers and sets his enterprise go.

Schumpeter's entrepreneur is of this type. His entrepreneur belongs to that nation which has wide industrial base, modern banking facilities, rich infrastructure, up to date technology and the like. Innovative entrepreneurs do not exist in developing economies where lack of capital, technological know-how. block the path of innovativeness. In developed countries, people are highly developed and consistently look forward for change. They want to consume such products which do not commonly exist in the world. They want progress as they have achieved high level of development. Innovating entrepreneur played a key role in the rise of modern capitalism, through their enterprising spirit, hope of making money, and ability to recognize and exploit opportunities.

(II) Imitative entrepreneurs : Imitative entrepreneurs are characterized by readiness to adopt successful innovations inaugurated by successful innovating entrepreneurs. Imitative entrepreneurs do not imitate the changes themselves, they only imitate techniques and technologies innovated by others. Such entrepreneurs are significant for under-developed economies because they put such economies on high rate of economic development. Entrepreneurs prefer to imitate the technology already existing somewhere in the world.

However, the talent of imitative entrepreneurs should not be under-estimated. Even imitative entrepreneurs are revolutionary and agents of change. They have ability to do things which have not been done before even though, unknown to them, the problem may have been solved in the same way by others.

Innovative entrepreneur is creative, while imitative entrepreneur is adoptive.

(iii) Fabian entrepreneur: Fabian entrepreneurs are cautious and skeptical in experimenting change in their enterprises. Such entrepreneurs are shy, lazy and lethargic. They are imitative by nature but are not determined and also lack power. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position of the enterprise.

(iv) Drone entrepreneur: Drone entrepreneurs are characterized by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns. They can suffer loss but are not ready to make changes in their existing production methods. When competition increases, they are pushed out of the market as it becomes uneconomical for them to exist and operate in a competitive market.

(6) According to Capital Ownership

- (i) **Private entrepreneur** : When an individual or a group of individuals set up an enterprise, arrange finance, bear the risk and adopt the latest techniques in the business with the intention to earn profits, he or the group is called as private entrepreneur/entrepreneurs.
- (ii) **State entrepreneur** : As the name indicates, state entrepreneur means the trading or industrial venture undertaken by the state or the government itself.
- (iii) **Joint entrepreneur** : Joint entrepreneur means the combination of private entrepreneur and state entrepreneur who join hands.

(7) According to Gender and Age

- (i) Man entrepreneur
- (ii) Woman entrepreneur
- (iii) Young entrepreneur
- (iv) Old entrepreneur
- (v) Middle-aged entrepreneur

(8) According to Area

- (i) Urban entrepreneur
- (ii) Rural entrepreneur

(9) According to Scale

- (i) Large scale industry entrepreneur
- (ii) Medium scale industry entrepreneur
- (iii) Small scale industry entrepreneur
- (iv) Tiny industry entrepreneur.

Thank you