

All you have to know about: Entrepreneurship

Definition and introduction

The concept of entrepreneurship has a wide range of meanings. On the one extreme an entrepreneur is a person of very high aptitude who pioneers change, on the other extreme of definitions, anyone who wants to work for himself or herself is considered to be an entrepreneur. The word entrepreneur originates from the French word, *entreprendre*, which means "to undertake." In a business context, it means to start a business. The MerriamWebster Dictionary presents the definition of an entrepreneur as one who organises, manages, and assumes the risks of a business or enterprise.

Entrepreneurship vs. Small Business

Many people use the terms "entrepreneur" and "small business owner" synonymously. While they may have much in common, there are significant differences between the entrepreneurial venture and the small business. Entrepreneurial ventures differ from small businesses in these ways: Amount of wealth creation - rather than simply generating an income stream that replaces traditional employment, a successful entrepreneurial venture creates substantial wealth, typically in excess of several million dollars of profit. Dr. Ch. Ravi Varma Degree 2nd Year Common paper Sanjeev Degree College 2 Speed of wealth creation - while a successful small business can generate several million dollars of profit over a lifetime, entrepreneurial wealth creation often is rapid; for example, within 5 years. Risk - the risk of an entrepreneurial venture must be high; otherwise, with the incentive of sure profits many entrepreneurs would be pursuing the idea and the opportunity no longer would exist.

Innovation

Entrepreneurship often involves substantial innovation beyond what a small business might exhibit. This innovation gives the venture the competitive advantage that results in wealth creation. The innovation may be in the product or service itself, or in the business processes used to deliver it. Entrepreneur A person who is able to identify business opportunities and implement actions to maximize on the opportunities. An entrepreneur initiates enterprise creation, undertakes risks, and manages resources to establish and operate a business enterprise that is capable of self-sustenance.

Definition of Entrepreneur

According to a French economist, J. B. Say, an entrepreneur is a person who shifts economic resources out of an area of lower productivity into an area of higher productivity and greater yield.

Definition of Intrapreneur

This is an employed staff e.g. manager who innovates for the company and takes risks only on behalf of the employer. He is therefore an intra company entrepreneur for whom the term intrapreneur is coined.

Intrapreneurs are, therefore, the main entrepreneurs in large companies who innovate and take risks on behalf of their employer. These are creative people usually working together as teams, who function as entrepreneurs within corporations.

Characteristics of Entrepreneur

1. An eye for opportunity: Many entrepreneurs start by finding a need and quickly satisfying it. They are always alert to opportunities. They are very much quick to see and grab opportunities. They plan intellectually and anticipate carefully how to achieve their goals in realizing an opportunity.

2. Independence: Even though most entrepreneurs know how to work within the framework for the sake of profits, they enjoy being their own boss. They like doing things their own way. The characteristics of independence and the sense of determination are the drives that make an entrepreneur start their own business. In a way, their own business fulfills their need for independence.

3. An appetite for hardwork: Most entrepreneurs start out working long, hard, hours with little play. Entrepreneurs are always at work even when other people have stopped. They are persistent and strongly believe that working hard will help them attain their goals. They hence focus on the end result.

4. Self-confidence: Entrepreneurs must demonstrate extreme self confidence in order to cope with all the risks of operating their own business. Most successful entrepreneurs are confident of achieving realistic and challenging goals. They get into business or industry with a high level of self-confidence. This, coupled with a sense of effectiveness ultimately contribute to the success of the venture.

5. Discipline: Successful entrepreneurs resist the temptation to do what is unimportant or the easiest but have the ability to think through what is the most essential. Entrepreneurs are economically efficient, do not like to waste time and they like to see work completed. They use discipline as a guide to their destination.

6. Judgment: Successful entrepreneurs have the ability to think quickly and make a wise decision. This is possible because they have a plan, they have an economic goal, they know what they want and they know what they can do. Entrepreneurs are unaffected by personal likes and dislikes. They stand beyond these types of prejudices as they are realistic in their approach. At the time of their need they select experts rather than friends and relatives to assist them. They usually avoid emotional and sensitive attitude towards their business or problem.

7. **Ability to accept change:** Change occurs frequently when you own your own business, the entrepreneur thrives on changes and their business grows. An entrepreneur may need to change his/her plans in order to help the business grow. Entrepreneurs look at many solutions to their problems. They realize that other people may know how to do something better. Entrepreneurs can choose the best way to do something, even if it is different from how they want to do it.

8. **Make stress work for them:** On the roller coaster to business success, the entrepreneur often copes by focusing on the end result and not the process of getting there. Entrepreneurs are capable of working for long hours and solving different complexities at the same time. As the captain of an industry or an enterprise, an entrepreneur faces a number of problems and in the right moment he makes the right decisions which may involve physical as well as mental stress.

9. **Need to achieve:** Although they keep an “eye” on profit, this is often secondary to the drive toward personal success. Entrepreneurs have a strong desire to achieve higher goals. Their inner self motivates their behaviour towards high achievement. To an entrepreneur, winning is achievement.

10. **Focus on profits:** Successful entrepreneurs always have the profit margin in sight and know that their business success is measured by profits.

11. **Risk-bearing:** Entrepreneurs are the persons who take decisions under uncertainty and thus they are willing to take risk, but they never gamble with the results. They choose moderate risk rather than play wild gamble. They, therefore, undertake calculated risk which is high enough to be exciting, but with a fairly reasonable chance to win.

12. **Locus of control:** Closely consistent with McClelland’s theory of need for achievement, is the belief in internal locus of control. According to Rotter’s locus of control theory, an individual perceives the outcome of an event as being either within or beyond his personal control. Entrepreneurs believe in their own ability to control the consequences of their endeavour by influencing their socio-economic environment rather than leave everything to luck. They strongly believe that they can govern and shape their own destiny.

13. **Creative and Innovators:** Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new method of production, opening new markets and reorganizing the enterprise. They always try not to be satisfied with conventional and routine way of doing things, but always think of how they can do them in a better way.

14. **Leadership:** Entrepreneurs should possess the quality of leadership. Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goals. Entrepreneurs as leaders should provide the necessary spark of motivation by guiding, inspiring, assisting and directing the members of the group for achievement of unity of action, efforts and purpose. According to George R. Terry:

“Leadership is the activity of influencing people to strive willingly for group objectives”. Thus, entrepreneurs, as the leader of the

group, can ensure high performance by creating a well-to-do environment among others. They must have the capability to arrive at prompt and correct direction and win the confidence of their subordinates. Being the leader of the enterprise, they should possess the following characteristics: a.Existence of followers b.Assumption of responsibility c.Empathy conduct d.Exemplary conduct e.Developing teamwork f.Common objectivity g.Facilitating change h.Building morale i.Maintenance of discipline j.Active participation. Hence, entrepreneurs by their own leadership styles and behaviour reduce the problems with careful listening and proper handling of situations. Good administrative work depends upon effective leadership of the entrepreneur.

15. Ability to mobilize resources: Entrepreneurs must have the ability to marshal all the inputs to obtain the end product. They have to mobilize 6Ms, i.e. Man, Money, Material, Machinery, Market and Method effectively to realize the final product as entrepreneurship is a function of gap filling and input completing. Conclusion: Entrepreneurs have many qualities that help them make their businesses successful. However, an entrepreneur does not have to possess all the qualities. In that case he has either to learn or hire the services of those who possess the qualities he does not have.