# COMMERCE

## GRADE XII – Mumbai Board

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# ORGANISATION OF COMMERCE AND MANAGEMENT

# 3

## Entrepreneurship Development


# 3 ENTREPRENEURSHIP DEVELOPMENT

# 3 ENTREPRENEURSHIP DEVELOPMENT

## Important points to learn:

1) Concept and Definition
2) Characteristics of an Entrepreneur
3) Qualities of a Successful Entrepreneur
4) Functions of an Entrepreneur
5) Entrepreneurship Development
6) Recent Initiatives in Entrepreneurship Development
7) Intrapreneur



**Please Note:**
These notes are general guidelines only for reference, for the students of SRK/MBBI Junior College, Dahanu. ***For detailed notes, students should refer only the prescribed textbook of the Maharashtra State Bureau of Textbook Production and Curriculum Research.*** *This study material is for learning purpose during lockdown.*

## INTRODUCTION

### Entrepreneurship

- A full time job which requires dedication and hard work.
- They are Innovators
- They are Owners, Producers, Market Creators, Decision Takers, Risk Takers, etc.
- Referred to as ‘Fourth Factor of Production’, apart from Land, Labour, & Capital.
- They help generate Employment Opportunities.
- They are backbone of nation’s economic progress/development.

## CONCEPT AND DEFINITION

The concept of entrepreneur varies from industry to industry, country to country as well as from time to time.

The word "entrepreneur" comes from the French verb ***entreprendre***, it means *"to undertake"*.

**An entrepreneur is "a person who starts a business and is willing to risk loss in order to make money".**

The common keywords 'businesses' and 'risk' are interrelated. If there is no real business or risk, a person cannot be called as an entrepreneur.

**Webster dictionary gives a definition, "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money."**

## CHARACTERISTICS OF AN ENTREPRENEUR

**1) Intellectual Capabilities:** An entrepreneur is a creative thinker. He has reasonably good intelligence. He has ability to analyze business situations. This ability will help him to take proper decisions.

**2) Future Vision:** The entrepreneur has a good foresight about future market situation. He should also have knowledge about external business environment. This will help him to take proper decisions and timely actions.

**3) Hard Work:** It is more necessary when a new venture is started. He has to work for long hours. Many a times he has to handle the main areas of business independently.

**4) Technical Knowledge:** An entrepreneur has good technical knowledge about his business. The entrepreneur has the ability to update himself with the latest knowledge about the product, process and technology.

**5) Communication Skills**

**6) Highly Optimistic**

**7) Risk bearing Capacity**

**8) Self Confidence**

## QUALITIES OF A SUCCESSFUL ENTREPRENEUR

**1) Disciplined:** These individuals are focused on making their businesses work, and remove any obstructions to their goals. Successful entrepreneur is disciplined enough to take steps every day towards the achievement of his objectives.

**2) Confidence:** The entrepreneur does not ask questions about whether he can succeed or whether he is worthy of success. He is confident with the knowledge that he will make his businesses succeed. He shows that confidence in everything he does.

**3) Open Minded:** Entrepreneur realizes that every event and situation is a 'business opportunity'. Ideas are constantly being generated. He has the ability to look at everything around him and focuses it towards his goals.

**4) Self Starter:** Entrepreneur knows that if something needs to be done he should start it himself. He sets the parameters and makes sure that projects follow that path. He is proactive, not waiting for someone to give him permission.

**5) Competitive**
**6) Creativity**
**7) Determination**
**8) Strong Work Ethics**
**9) Passion**

## FUNCTIONS OF AN ENTREPRENEUR

**1) Innovation:** An entrepreneur is basically an innovator. He introduces new combinations of means of production. He must introduce new products or brings changes in the existing products. Innovation is also necessary to solve problems that arise in the business.

**2) Determination of Objectives:** An entrepreneur has to determine the aims and objectives of the business. There may be difference between primary and secondary objectives of the enterprise, as per the market situations.

**3) New Technology:** Introduction of new technology will always result in growth of business e.g. new machinery, new and scientific methods of production, etc.

**4) Organising Funds:** Entrepreneur needs to find out different financial resources because adequate and continuous finance is always necessary for business.

**5) Taking Decisions:** An entrepreneur has to take wise decisions for his enterprise. Timely and correct decisions are important and necessary.

## ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship is a purposeful activity of an individual or a group of individuals, undertaken to start, maintain and increase profit by production and distribution of economic goods and services.

Entrepreneurship is a process of setting up a new business organization. It is the process where one decides to build a business career by finding the market options and mobilizing the available resources.

## CHARACTERISTICS OF ENTREPRENEURSHIP

1) Innovation
2) Economic Activity
3) Organisation Building
4) Creative Activity
5) Leadership Skills
6) Managerial Skills
7) Risk Bearing

## PROCESS OF ENTREPRENEURSHIP DEVELOPMENT

A) TRAINING
B) ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDP)

### A) TRAINING

The traditional school of thought was that 'entrepreneurs are born and not made' where as the modern observation mentions that some entrepreneurs may be born but a large number of them can be made by education and training.

Training is an integral input of managerial development. It builds necessary skills of new entrepreneurs. It imparts knowledge of marketing of goods, production methods, consumer's education etc.

Training helps in improving overall efficiency of an entrepreneur. The process of training helps an entrepreneur to accept new technology, team spirit, standardization, reduces fatigue, minimizes industrial accidents etc. Some methods of training are lecture method, demonstration method, group instructions, conferences, etc.

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An entrepreneurship development programme has been defined as 'a programme designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role efficiently'.

EDP is a device through which people with hidden entrepreneurial traits are identified, motivated to take up new industrial venture, trained in managing the unit and guided in all aspects of starting a venture/an enterprise.

**The EDP includes following steps:**

1) Arrangement of Infrastructure
2) Selection of potential entrepreneur
3) Identification of enterprise
4) Actual training program
5) Selection of training personnel
6) Selection of method of training
7) Actual training
8) Monitoring and follow-up

## B) ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDP)

**OBJECTIVES of EDP:**

1) To foster entrepreneurial growth in the country
2) Optimum use of available resources
3) Development of backward regions and improving economic status of socially disadvantaged groups
4) Generation of employment opportunities
5) Widening base for small and medium scale industries

## RECENT INITIATIVES IN ENTREPRENEURSHIP DEVELOPMENT

### A) Start-up India

A start-up is defined as an entity having its headquarter in India, which was opened less than 10 years ago and has an annual turnover of less than Rs.100 crores.

One of the objectives of the Indian Government is to make India a nation of Job creators instead of job seekers. Thus, the Government wants to encourage entrepreneurship and to promote innovations. It aims at creating such an ecosystem which will be conducive for the growth of start-ups in India.

### B) Stand-up India

The objective of the Stand-Up India scheme is to facilitate bank loans between Rs.10 lakh and Rs.1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector.

## RECENT INITIATIVES IN ENTREPRENEURSHIP DEVELOPMENT

### C) Agro-Tourism (Rural Tourism): New approach towards Entrepreneurship

Agro tourism offers tourists a chance to reconnect with the land and provides a "hands on experience" with local foods. Agro-tourism activities include picking fruits, tending bees, milking cows and other educational pursuits.

Agro-tourism focuses on travel that is empowering to local communities, both socially and economically. Agro-tourism as a one income option for the long-term sustainability of their farms. Agro-tourism can support agricultural economy when local producers can no longer compete economically.

Besides growing and selling products, there are many other important aspects to managing a farm business. Business planning, finding land, managing employees, recordkeeping, adhering to regulations, insuring crops and preparing for a rainy day and retirement all fall under the heading of "Farm Management.“

**Activities in Agro-tourism:**
Trekking, fishing, hunting, wildlife study, farm stays, guided tours, farming experiences, etc.

## INTRAPRENEURS

An intrapreneur is an employee who has the authority and support of his company/employer to implement his own innovative and creative ideas. His idea or product may or may not earn immediate revenue for the company. Still, the employee keeps receiving his salary.

The main difference between an intrapreneur and an entrepreneur is that, the later takes financial risk while the intrapreneur does not have to invest any capital from his pocket. The company provides the infrastructure.

Employees are encouraged to use their creative abilities. Such an idea or innovative product may fetch great profits for the organisaiton.

Kinetic India, Tata Motors, Infosys Technologies etc. are some of such companies who encourage intrapreneurship.

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