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## **Lecture : 1**

# **Introduction to Entrepreneurship**



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# • Who is Entrepreneur ?

An **entrepreneur** is an **individual** who starts a business venture and is responsible for its **development**.



An **individual** who bears the risk of operating a business in the face of **uncertainty**.



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□ **"Entrepreneur** is one who assumes risk and management of business”



**Entrepreneur:** An Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals.



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- The word **entrepreneur** originates from the **French** word **entrependre**, which means  
**“to undertake”.**

**One who** organizes, manage and assumes the risk of a business  
or enterprise



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## Entrepreneur -Definition

- **J.A.Schumpeter defined** as “A person who introduces innovative change is an **entrepreneur** and he is an integral part of **economic growth**”





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**Entrepreneurship:** is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc.

**Entrepreneurship** - A purposeful activity to initiate and develop a profit oriented business.

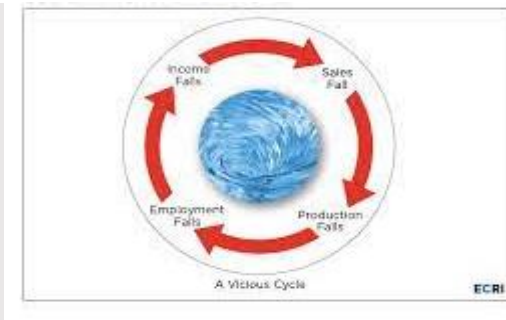
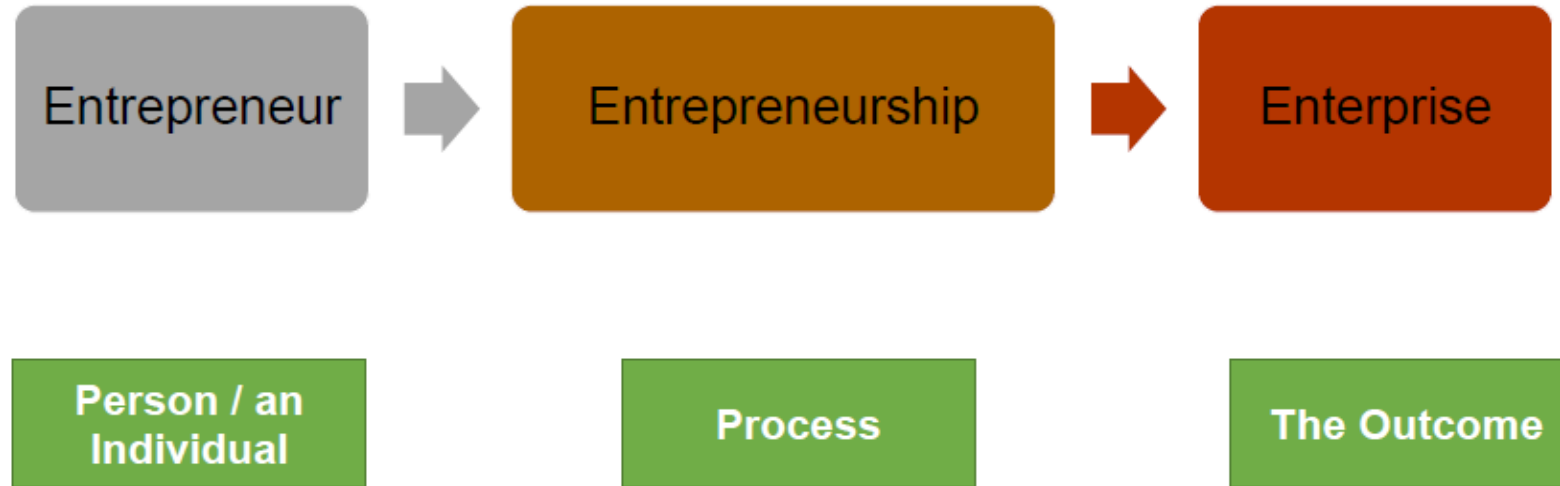


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- **Enterprise:** A project or a business organization, business ventures
- Or
- Willingness to undertake new/risky project and new initiative



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## Distinction between an entrepreneur and a manager

Point for distinction	Entrepreneur	Manager
1.Goal	Starts a venture by setting up <b>a new enterprise</b> for his personal gratification	A manager is to render his service in an enterprise already <b>set up by someone</b>
2. Status	Entrepreneur is the <b>owner of enterprise</b> .	A manager is the <b>servant</b> in the enterprise
3. Risk	Bears <b>all risks and uncertainty</b> involved in the enterprise	<b>Does not bear any risk</b> involved in the enterprise
4. Rewards	Entrepreneur for his risk bearing role he receives profits. It is not only uncertain and irregular but <b>can at times be negative</b> .	<b>Receives salary</b> as reward for service rendered which is fixed and regular can <b>never be negative</b> .
5. Innovation	Who <b>introduces</b> goods and services to meet changing needs of the customer (Innovator)	<b>Executes</b> the plans of the entrepreneur. Manager <b>translates</b> the ideas into practice.



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## Distinction between an entrepreneur and a businessman

Point for distinction	Entrepreneur	Businessman
1.Goal	Who sets up <b>new enterprise</b> with an new idea	Who sets up a business with an <b>existing idea/old idea</b>
2.Market position	Market <b>leader</b>	Market <b>player</b>
3. Nature	Real to the situation	Calculative
4. Market	Create <b>new market</b>	<b>Existing</b> market
5. Risk factor	High	Low
6.Methods applied for doing things	Modern methods	Traditional methods



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- **Real entrepreneurs**

## Azim Premji

➤ *Chairman of Wipro Technologies (one of the largest software company in India)*



## Steve Jobs



➤ *Founder of Apple Computer*



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- ***Real entrepreneurs***

**Kiran Mazumdar-Shaw** is an Indian billionaire entrepreneur. She is the executive chairperson and founder of Biocon Limited (biopharmaceutical company)



***Real Businessman***



**Anil Ambani** is an Indian businessman. He is the chairman of Reliance Group.



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# Narayana Murthi

- **Founder of Infosys Technologies Limited**



Centurion University of Technology and Management, Odisha, India



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- *Concept of Entrepreneurship*

**The process of innovation may be in the form of**

**Introduction of a New Product**

**Use of a New Method of production**

**Opening of a New Market**



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- **Management**
- The term management stems from, the word manage which in turn, is derived from the **French** word *ménage* meaning 'housekeeping'.
- In general usage, the word management identifies a special group of people whose job is to direct the effort and activities of other people toward common objectives.
- Knootz and Weihrich (1988), Conceptualized management as the process of designing and maintaining an environment in which individuals.





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# Management

- Management in all business and organizational activities is the **act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.**
- “Management is the **art of getting things done through others.**” –  
Mary Parker Follet.
- “Management is **knowing exactly what you want to do and then seeing that they do it the best and cheapest ways.**” - F W Taylor.
- Management is defined as the **creation and maintenance of internal environment in an enterprise where individuals, working together in groups, can perform efficiently and effectively towards the attainment of group goals.**” - Koontz and O'Donnel.





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## Fayol outlined fourteen Principles of Management:

**1. Division of work:** Work specialization results in improving efficiency of operations.

The concept of division of work can be applied to both managerial and technical functions.

**2. Authority and responsibility:** Authority is defined as “the right to give orders and the power to exact obedience.” Authority can be formal or personal. Formal authority is derived from one’s **official position** and personal authority is derived from factors like **intelligence and experience**. Authority and responsibility go hand – in – hand.

When a manager exercises authority, he should be held responsible for getting the work done in the desired manner.



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- **3. Discipline:** Discipline is vital for running on organization smoothly. It involves obedience to authority, adherence to rules, respect for superiors and dedication to ones job.
- **4. Unity of command:** Each employee should receive orders or instruction from superiors only.
- **5. Unity of direction :** Activity should be organized in such a way that they all come under plane and are supervised from one person.



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- 6. Subordination from the individual interest to the general interest:** Individual interest should not take precedence over the goals of the [organization](#).
- 7. Remuneration:** The compensation paid to employees should be based on the ability of the firm to pay.
- 8. Centralization:** depending on the situation an [organization](#) should adopt be centralized approach to make optimum use of its personal.



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- **9. Scalar chain :** The reference to the chain of authority that extends from the top to the bottom organization. The scalar chain defines communication path in an organization.
- **10. Order :** This refers to both **material** and **social** order in organization. Material order indicated that everything is kept in the right place to facilitate smooth coordination of work activities. Similarly social order that the **right person is placed in the right job**.



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- **11. Equality** : All employ should be treated fairly. A manager should treat all employ in the same manner without prejudice.
- **12. Stability of tenure personnel** : A high labour turn over should be prevented and managers should motivate they are employees to do better job.
- **13. Initiative** : employee should be encourage to give suggestion and develop new work and better to practices.
- **14. Esprit de corps** : This means “a sense of union”. management must a team spirit in its employees.



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# *Functions of Management (POSDCORB)*

- **Luthen Gullick** denoted the functional elements by letter POSDCORB:

1. **Planning**
2. **Organizing**
3. **Staffing**
4. **Directing**
5. **Coordinating**
6. **Reporting**
7. **Budgeting**





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1. **Planning** : It involves setting goals and objectives for the organization and developing work maps showing how these goals and objectives are to be accomplished.
- 2. **Organizing**: It involves **bringing together** resources – the **people, capital and equipment** – in the most effective way to accomplish the goals.
- 3. **Staffing**: Purpose is to manage activities and adequate personnel to **fulfil the organization**.
- 4. **Directing**: Directing process is a **continues and interrelated** task of leadership and **supervision** of personnel towards organizational objectives.



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- **5. Coordinating:** It is the act of **synchronising** peoples and activities so that they function smoothly in the attainment of organisation objectives.
- **6. Reporting:** A report **summarizes** the services of the person, personnel and of the agency, Report written usually daily, weekly, monthly or yearly.
- **7. Budgeting:** It is expressed in financial term and based on expected income and expenditure. Budget is the **heart of administration management**.
- **Communication :** Communication system should be efficient so as to avoid confusion & misunderstanding.