

Meaning of entrepreneur

Characteristics of entrepreneurs

Classification and types of entrepreneurs

Entrepreneur

Entrepreneur is a person who creates an enterprise. The process of creation is called entrepreneurship. The word entrepreneur has been taken from French word 'Entreprendre'. The meaning of word is "Undertake".

Meaning and Definition of Entrepreneur

An entrepreneur can be considered as a person who bears the risk of operating a business in the face of uncertainty about the future conditions. Who innovates and introduces something new in the economy who shifts resources out of an area of lower and into an area of productivity and greater yield. Who plays a critical role in economic development and an integral part of economic transformation. *To conclude an entrepreneur can be considered as an agent who buys the four factors of production at certain prices in order to combine them into product with a view to selling it at uncertain prices in future*

An entrepreneur can be defined as a person who tries to create something new, organizes production and undertakes risks and handles economic uncertainty involved in enterprise.

E.E.Hagen: —"An entrepreneur is an economic man who tries to maximize his profits by innovation, involve problem solving and gets satisfaction from using his capabilities on attacking problems"

According to **Gilbraith:** "An entrepreneur must accept the challenge and should be willing to hard achieve something".

According to **F.A Walker** : "entrepreneur is one who is endowed with more than average capacities in the task of organizing and coordinating the factors of production , i.e., land , labour , capital , and enterprises."

Mark Casson: —An entrepreneur is a person who specializes in taking judgmental decision about the coordination of scarce resource.

Concept of Entrepreneur

The process of creating something new and assuming the accompanying risks and rewards.

It includes:

1. Initiative taking.
2. Organizing of social and economic forces to convert resources and situations to practical goods.
3. The acceptance of risk and failure.
4. Innovator.

- a. Introduction of new product in the market.
- b. Use of new method of production, which is not yet tested.
- c. Opening of new market.
- d. Discovery of new source of raw materials.
- e. Bringing out of new form of organisation.

Manager v/s Entrepreneur:

Parameters	Entrepreneur	Manager
Motive	To start a business to earn profit and to also to achieve personal satisfaction.	To provide services to an enterprise in order to earn salary and also to achieve growth in company.

Status	Owner of the enterprise.	Employer of the enterprise.
Risk – bearing	Assumes all risks and uncertainty in running the enterprise.	Does not bear any risk in running of the enterprise.
Rewards	Driven by profit and self-satisfaction.	Driven by salary and probable growth.
Innovation	Tries to innovate to meet the changing demands of customers. <i>“Change-agent”</i>	Simply works and executes the plan.
Qualification	No formal qualification needed.	Formal qualification preferred.
Intellectual	Highly motivated, originality in thinking, foresight, risk bearing ability	Good experience, sound knowledge in theory and practice, commitment.

Characteristics of entrepreneurs

1. **Initiative:** Does things before asked for or forced by events and acts to extend the business to new areas, products or services.
2. **Innovator:** Identifies business opportunities and mobilizes necessary resources to make a good opportunity.
3. **Persistence:** Takes repeated or different action to overcome obstacles.
4. **Information gathering:** Consults experts for business and technical advice. Seeks information of client or supplier’s need. Personally undertakes market research and make use of personal contacts or information networks to obtain useful information.
5. **Concern for quality work:** States desire to produce a better quality product or service. Compares his performance favourably with others.
6. **Commitment to contractual obligations:** Makes a personal sacrifice or expands extraordinary effort to complete a job. , accepts full responsibility in completing a job contract on schedule.
7. **Efficiency orientation:** Find ways and means to do things faster, better and economically.
8. **Planning:** Various interrelated are synchronized according to plan.
9. **Problem solving :**Conceives new ideas and finds innovative solution.
10. **Self confidence:** Make decisions on own and set to it in spite of initial setbacks.
11. **Experience:** Posses technical expertise in areas of business , marketing , finance etc..
12. **Self-critical:**

Aware of personal limitations but tries to improve upon by learning from his past mistakes and experience of other and is never complacent with success.

- 13. Persuasion:** Persuade customers and financiers to persuade his business.
- 14. Use of influence strategy:** Develop business contact, retains influential people as agents and restrict dissemination of information in his possession.
- 15. Assertiveness:** Instructs, reprimands and disciplines for failure to perform.
- 16. Monitoring:** Develops a reporting system to ensure that work is completed in quality norms.
- 17. Credibility:** Demonstrate honesty in dealing with employees , supplier's , customer's even if it means loss of business
- 18. Concern for employee welfare:** Expresses concern for employees by responding promptly to their grievances.
- 19. Impersonal relationship:** Places long term goodwill over short term business relationship.
- 20. Expansion of capital:** Reinvest major portion of capital for expansion of the firm.
- 21. Building product image:** Concerned about them image of his product among the customers and does everything possible to establish a niche for his product in the market.