

# Entrepreneurship



# Development

# Entrepreneurship

- Entrepreneurship is the process of creating something new with value of devoting the necessary time and effort, assuming the accompanying financial, psychic and social risk and receiving the resulting rewards of monetary and personal satisfaction and independence.

# Entrepreneur

- The word entrepreneur is derived from the French word 'entreprendre' it means "to undertake" and literally translated means "between-taker" or "go-between".
- Entrepreneur is an individual who takes risk and starts something new.
- Development of entrepreneurship
  - Earliest period.
  - Middle Ages.
  - 17<sup>th</sup> Century.
  - 18<sup>th</sup> Century.
  - 19<sup>th</sup> and 20<sup>th</sup> centuries.

# Functions of Entrepreneur

- Innovation.
  - The unexpected success or failure or any unexpected outside event.
  - Innovation based on process need.
  - Changes in industry and market structure.
  - Demographics changes.
  - New knowledge.
- Risk and uncertainty bearing.
- Organization building.
  - Perception of market opportunities.
  - Gaining command over scarce resources.
  - Purchasing inputs.
  - Marketing the products.
  - Dealing with bureaucrats.
  - Managing human relations within the firm.
  - Managing customer and supplier relations.
  - Managing finance.
  - Managing production.
  - Acquiring and overseeing assembly of the factory.
  - Upgrading process and product.
  - Introducing new production techniques and products.

# Entrepreneur and Entrepreneurship

Entrepreneur	Entrepreneurship
Person	Process
Visualizer	Vision
Organizer	Organization
Decision maker	Decision Making
Innovator	Innovation
Risk bearer	Risk bearing
Motivator	Motivation
Creator	Creation
Leader	Leadership
Manager	Management
Initiator	Initiation
Planner	Planning
Technician	Technology
Communicator	Communication
Administrator	Administration

## **Stages of Entrepreneurial Process**

- Conducting Opportunity Analysis.
- Developing the plan and setting up the company.
- Acquiring financial partners and sources of funding.
- Determining resources required and implementing the plan.
- Scaling and harvesting the venture.

## Role of Entrepreneurs in Economic Development.

- Capital formation.
- Generation of employment.
- Improvement in per capita income.
- Reduces concentration of wealth.
- Balanced regional development.
- Resource mobilization.
- Improvement in standard of living.
- National self-reliance.
- Harnessing natural resources.
- Backward and forward linkages.
- Sense of purpose.

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# Creativity and Innovation

- Creative problem solving.
  - Brainstorming.
  - Reverse brainstorming.
  - synectics.
  - Gordon method.
  - checklist method.
  - Free association.
  - Forced relationship.
  - collective notebook method.
  - Heuristics.
  - scientific method.
  - value analysis.
  - Attribute listing.
  - matrix charting.
  - Big dream approach.
  - Parameter analysis.

# Creativity and Innovation

- Sources of new ideas.
  - consumers.
  - Existing companies.
  - Distribution channels.
  - federal Government.
  - Research and development.
- Methods of generating ideas.
  - Focus Groups.
  - Brainstorming.
  - Problem inventory analysis.

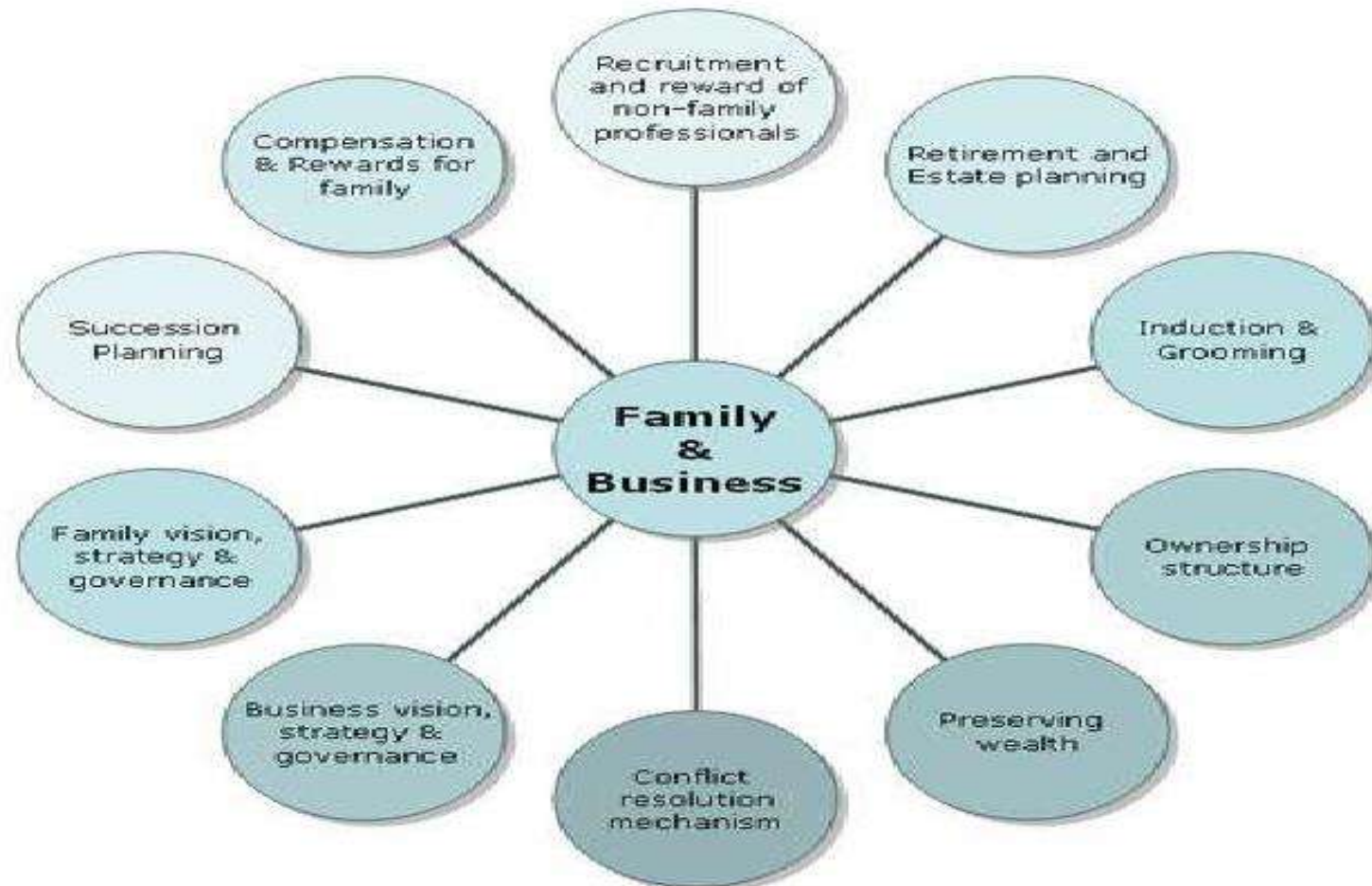
# Entrepreneurship and Micro, small and medium medium Enterprises

Enterprise category	Manufacturing sector	Services sector
	Investment in plant and machinery	Investment in equipment
Micro enterprises	Does not exceed ₹25 lakh	Does not exceed ₹10 lakh
Small enterprises	More than ₹25 lakh but does not exceed ₹5 crore	More than ₹10 lakh but does not exceed ₹2 crore
Medium enterprises	More than ₹5 crores but does not exceed ₹10 crore	More than ₹2 crores but does not exceed ₹5 crore

# FAMILY BUSSINESS

## DEFINITIONS

- ❖ Family business is a corporation that is entirely owned and managed by members of a single family.
- ❖ Family firm is a corporation that is entirely owned by members of single family. It is also known as company owned, controlled and operated by members of one or several families.
- ❖ Family business is one in which one or more members of one or more families have ownership, interest and significant commitment towards business.



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### **CHARACTERISTICS OF FAMILY BUSINESS**

- ❖ Family business are ideal in nature as they are loyal to the principles of the founder and thus ensure uniformity in their operations.
- ❖ Succession is one important decision which determines future effectiveness in terms of company operation.
- ❖ family business comprises of family members in business operations ensuring effective utilization of in house talent in family.
- ❖ Single minded dedication of family members ensures survival of family business through toughest times.



- ❖ Effectiveness and existence of family business is determined depending on understanding persisting within the family.
- ❖ Family business may be comprised of one or more than one family in business operations.
- ❖ Family members who are not contributing or not involved in business are part of business.
- ❖ Family business values are reflection of values possessed and followed by family members.
- ❖ Members of family have legal control over business.

## IMPORTANCE OF FAMILY BUSINESS

- ❖ **Contributing to economic development** : family business play crucial role in economic development of most of the countries. Retail sector, small scale industry, and service sector are owned by family business.
- ❖ **Spirit of entrepreneurship** : family business as contributes towards development and has been successful in country like India it paves way to various families to initiate and bring up new ventures in country.
- ❖ **Philanthropy** : family business in India along with their development have also concentrated towards welfare of general public by investing on hospitals, educational institutions, construction of roads etc.

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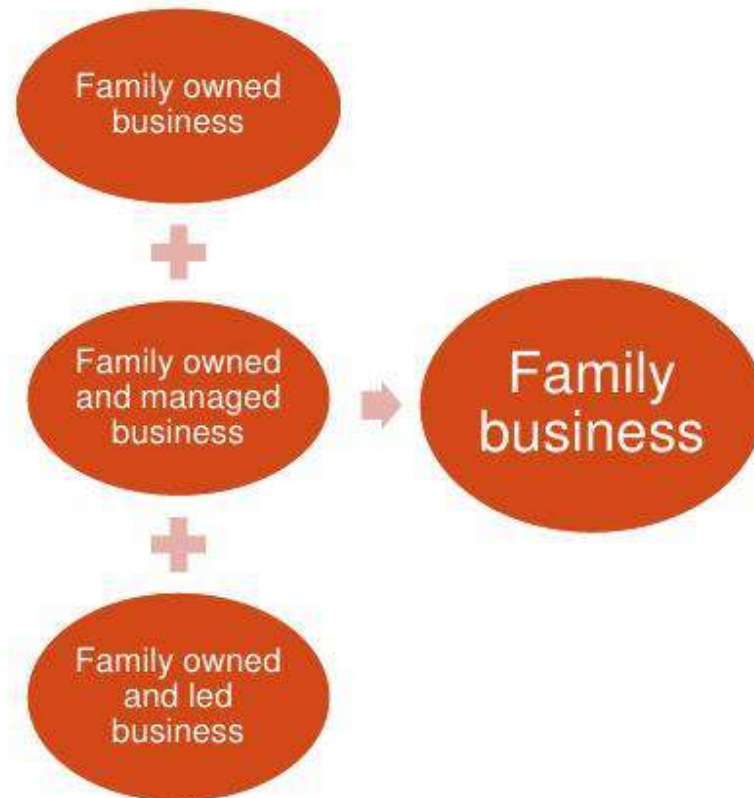
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- ❖ **Trust Lowers transaction cost** : partnership and other forms of business involving outsiders usually leads to conflict in long run. In case of family business as all the parties in family are affected by loss incurred in company do not involve any sought of conflict and difference in point of view arises they try and solve it internally in the family ensuring business is not affected by the same.
- ❖ **Small, nimble and quick to react** : as managing team size in family business is small compare to other form of business decision making process involves less period of time which helps to take timely decision.
- ❖ **Information as source of advantage** : as family business is private firm it is not required to take decision in accordance with pressure from other sources and strategies of business need not be revealed to outsiders of business.

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## TYPES OF FAMILY BUSINESS



### TYPES OF FAMILY BUSINESS

- ❖ **Family owned business** : is a profit organization where number of voting shares, but not necessarily majority of shares are owned by members of single extended family but significantly influenced by other members of family.
- ❖ **Family owned and managed business** : is a profit organization where number of voting shares, but not necessarily majority of shares are owned by members of single extended family but significantly influenced by other members of family. In this business has active participation by one family member in the top management of company so that one or more family members have ultimate management control.

❖ **Family owned and led company** : is a profit organization where number of voting shares, but not necessarily majority of shares are owned by members of single extended family but significantly influenced by other members of family. In this business has active participation by one family member in the top management of company so that one or more family members have ultimate management control. But in this method one member has major influence on business activities who is in charge of regulating activities of business and members of family business.

