

FACULTY OF JURIDICAL SCIENCES

Lecture-10



ENTREPRENEURSHIP

Entrepreneurship is the process of designing and running a **new business venture** for earning profits. It is a process that brings innovation that is new ideas, products, and services in the market. Entrepreneurship is the **ability to create, manage and operate** a new business and bears all of its risk with a view to earn profits. A person who develops new business and undertakes all risks and challenges associated with it is termed as Entrepreneur.

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

- A person who undertakes the risk of starting a new business venture is called an entrepreneur.
- An entrepreneur creates a firm to realize their idea, known as entrepreneurship, which aggregates capital and labor in order to produce goods or services for profit.
- Entrepreneurship is highly risky but also can be highly rewarding, as it serves to generate economic wealth, growth, and innovation.
- Ensuring funding is key for entrepreneurs: Financing resources include SBA loans and crowd funding.
- The way entrepreneurs file and pay taxes will depend on how the business is set up in terms of structure.

Entrepreneurship is defined as an act of looking for an investment and production opportunity, then creating and managing a business venture for earning profits. It involves arranging for materials, labor, land and capital, bringing new techniques and product and recognizing new sources for enterprises. The risk associated with entrepreneurship is high but at the same, it may also provide high rewards to a person starting a venture.

Entrepreneurship results in creativity, innovation, employment opportunities and leads to the overall economic development of the country. Entrepreneurship is of the following kinds: – Small Business Entrepreneurship, Large Company Entrepreneurship, Scalable Startup Entrepreneurship, and Social Entrepreneurship.

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

According to Oxford Dictionary an entrepreneur is “A person who sets up a business or businesses, taking on financial risks in the hope of profit”.

According to the International Encyclopedia, an entrepreneur is “An individual who bears the risk of operating a business in the face of uncertainty about the future conditions”.

Schumpeter’s Definition – The entrepreneur, in an advanced economy is an individual who introduces something new in the economy – a method of production not yet tested by experience in the branch of manufacturing, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like”.

Adam Smith’s definition – “The entrepreneur is an individual, who forms an organization for commercial purpose. She/he is proprietary capitalist, a supplier of capital and at the same time a manager who intervenes between the labor and the consumer. **“Entrepreneur is an employer, master, merchant but explicitly considered as a capitalist”.**

Peter F. Drucker’s Views on Entrepreneur – “An entrepreneur is the one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or different service”.

Concept of entrepreneurship can be understood as under:-

Entrepreneurship involves decision making, innovation, implementation, forecasting of the future, independency, and success.

Entrepreneurship is a discipline with a knowledge base theory and is an outcome of complex **socio-economic, psychological, technological, legal** and other factors.

It is a dynamic and risky process.

It involves a fusion of **capital, technology and human talent**

Entrepreneurship is equally **applicable to big and small businesses**, to economic and non-economic activities.

Characteristics of Entrepreneurship

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
- **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, PayPal recognized the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilized the situation and expanded massively during this time.
- **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
- **Know your Product-** A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.