

Module-4

Entrepreneurship:

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4. Types of Entrepreneurs,
5. Entrepreneurship
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2. Mobility of Entrepreneurs
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Chapter a

Entrepreneurship

4.1 Introduction to Entrepreneurship

- An Entrepreneur in any given economy is an individual who introduces something new in the economy- *Joseph Schumpeter*
- Entrepreneur is a person who undertakes an enterprise. The process of creation is called entrepreneurship.
- 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.
- Entrepreneur as One who always searches for change, responds to it & exploits it as an opportunity.
- Entrepreneur is one
- 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.

Entrepreneur is 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.

4.1.1 Why should you become an Entrepreneurs?

- You are your own boss, boss to other
- Chance to put your ideas into practice
- Make money for yourself
- Chance to work directly with your customer
- Personal satisfaction of creating & running business
- Work in a field of your interest
- Get experienced in various discipline

4.2 Evolution of Concept of Entrepreneurship

- Entrepreneurship is the process of creating something new and assuming the accompanying risks and rewards- *Robert Hisrich*
- Entrepreneurship is a behaviour that includes
 - ✓ Taking Initiative
 - ✓ Organising of social and economic forces to convert resources and situations to practical good
 - ✓ The acceptance of risk or failure.
- **The word entrepreneur' is derived from French word Entrepreneur which was used to designate an organizer of musical or other entertainments. Later in 16th century it was used for army leaders.**
- **An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices.**
- An entrepreneur is a bearer of risk, which is non-insurable. Schumpeter gave a central position to the entrepreneur who believed that an entrepreneur was a dynamic agent of change; that an entrepreneur was a catalyst who transformed increasingly physical, natural and human resources into correspondingly production possibilities. Since then the term entrepreneur is used in various ways and various views.

Entrepreneurship is classified into 3 types:

1. Entrepreneur as an Innovator
2. Entrepreneur as a risk-taker
3. Entrepreneur as an organiser

1. Entrepreneur as an Innovator:

According to Schumpeter, as an innovator, an entrepreneur has the following 5 functions:

- i. Introduction of a new product in the market..
- ii. Introduction of a new method of production which is not yet tested in the branch of manufacture concerned.
- iii. Opening of a new market into which the product has not previously entered.
- iv. The discovery of a new source of supply of raw material
- v. Carrying out a new form of Organisation.

2. Entrepreneur as a risk-taker:

As a risk-taker, an entrepreneur has the following five functions:

- i. An entrepreneur assumes all possible risks of business
- ii. An entrepreneur buys all what is necessary to make finished goods, but is uncertain about their selling prices.
- iii. An entrepreneur has to bear uncertainty which can neither be insured against nor be calculated.
- iv. An entrepreneur tries to reduce risk by combining experience, foresight and professional help
- v. An entrepreneur tries to reduce uncertainties by his initiative, skill and good judgement.

3. Entrepreneur as an organiser:

As an organiser, an entrepreneur has the following 3 functions to perform

- i. An entrepreneur has to raise sufficient capital for the smooth running of the organisation.
- ii. He has to plan, delegate and execute all facets of business. He must have moral qualities, perseverance and a thorough knowledge of business world
- iii. He must manage and distribute his profits wisely.

4.3 Entrepreneurship Today

Entrepreneurship today emphasizes innovation, technology, and societal impact. Modern entrepreneurs focus on identifying opportunities, mobilizing resources, and managing risks to create value. Key characteristics include innovation, risk-taking, adaptability, and a commitment to sustainability and ethics.

Types of entrepreneurship today include:

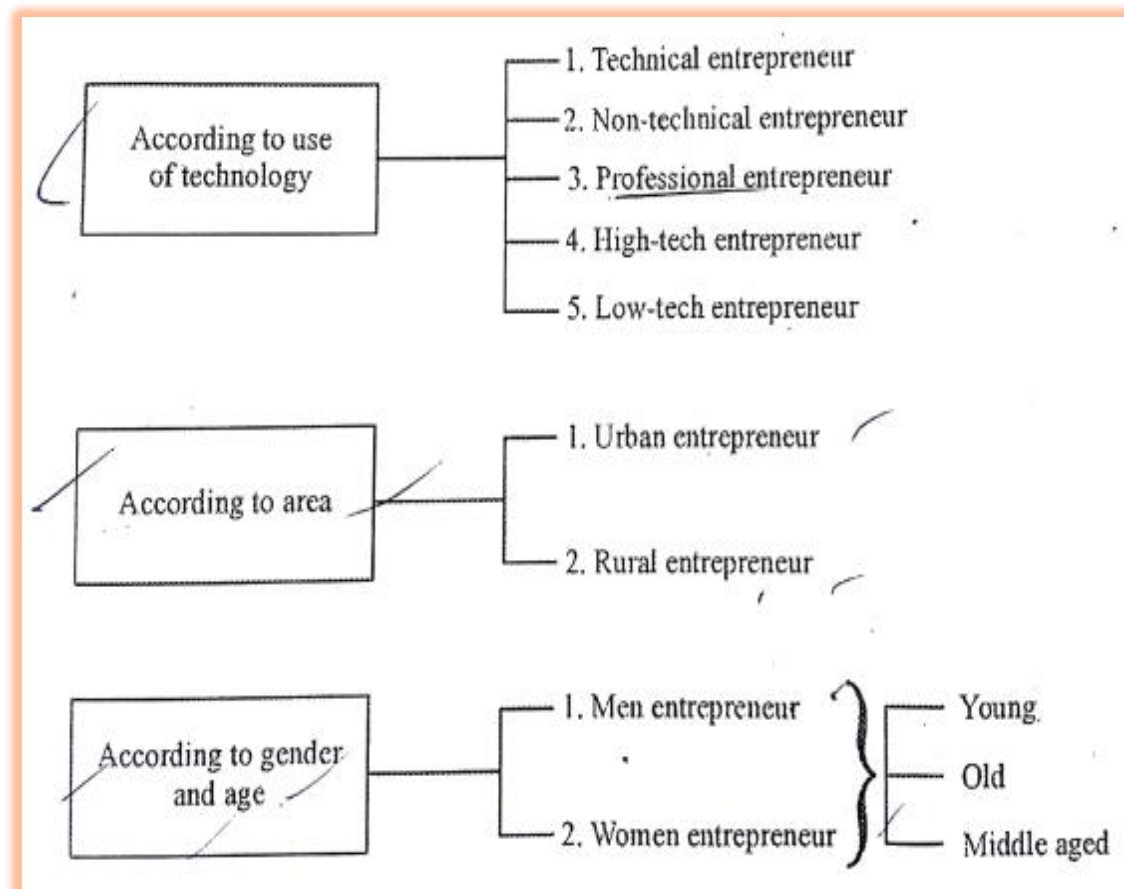
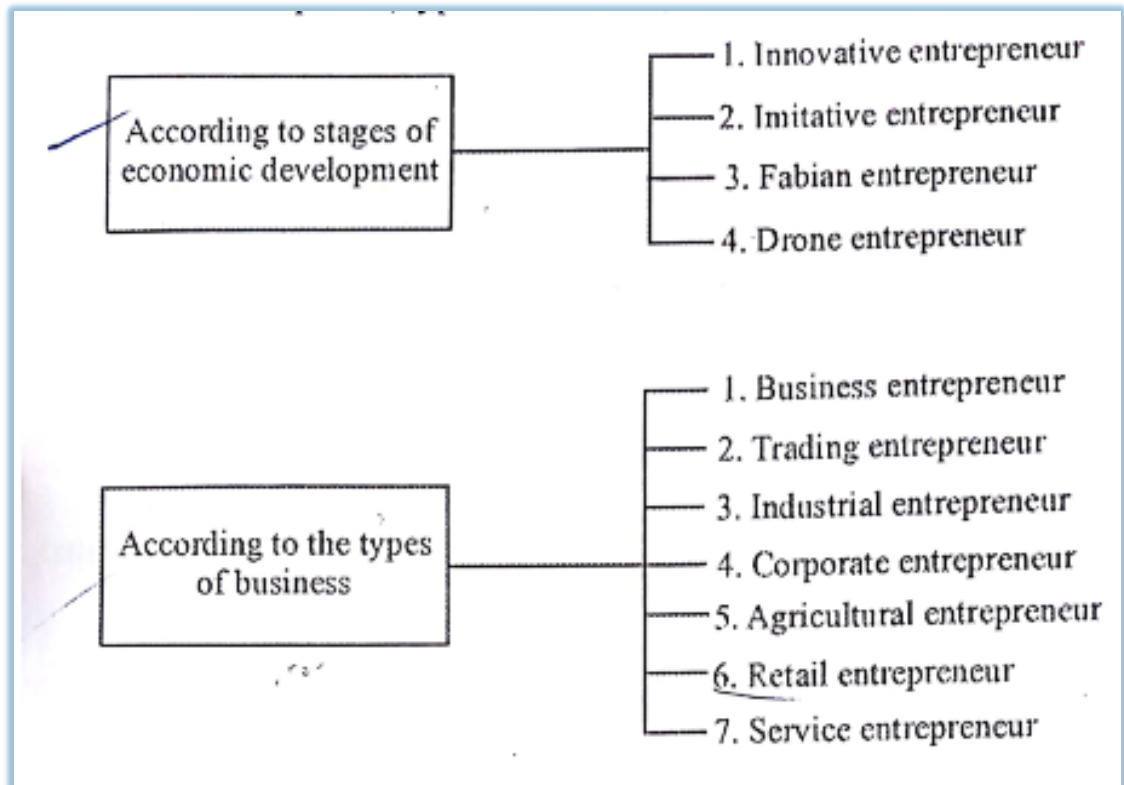
1. **Business Entrepreneurship:** Creating profit-driven businesses.
2. **Social Entrepreneurship:** Addressing societal issues innovatively.
3. **Technological Entrepreneurship:** Leveraging technology to innovate.
4. **Green Entrepreneurship:** Promoting eco-friendly solutions.

Influencing factors include globalization, technological advancements (AI, IoT), government support for startups, and changing consumer preferences. Despite challenges like competition and capital access, entrepreneurship drives economic growth, creates jobs, and fosters innovation, making it a cornerstone of modern economies.

Factors Influencing Entrepreneurship Today:

- **Globalization:** Access to international markets and resources.
- **Technological Advancements:** Use of AI, IoT, and automation to innovate.
- **Government Support:** Startup incubators, subsidies, and ease of doing business.
- **Changing Consumer Preferences:** Demand for customized, sustainable, and high-tech solutions.

4.4 Types of Entrepreneurs



4.4.1 According to Danhof, an American, Types of Entrepreneur includes the following:

1. *Innovative entrepreneur:*

- This type of Entrepreneur, sense the opportunities for introduction of new ideas, new technology, discovering of new markets and creating new organizations.
- Such Entrepreneur are very much helpful for their country because they bring about a transformation in life style.
- They are generally aggressive in experimentation and seize opportunities.
- Innovative entrepreneur are more commonly found in developed countries. This is because such entrepreneurs can work only when a certain level of development is already reached.

2. *Adoptive or imitative entrepreneur:*

- Such entrepreneurs imitate the existing entrepreneur and set their enterprise in the same manner.
- Instead of innovation, may just adopt the technology and methods innovated by others.
- Such types of entrepreneur are particularly suitable for under-developed countries for imitating the new combination of production already available in developed countries.

3. *Fabian entrepreneurs:*

- Fabian entrepreneurs are those who are very cautious and are doubtful about any changes (doubt as to the truth of something).
- They have neither the will to introduce any new changes nor the desire to adopt new methods innovated by others, unless pushed to the wall.
- Such entrepreneurs are shy, lazy and lethargic. They bring changes only when it is a question of survival.
- Example: **Kodak**, a company that happened to be the market leaders in producing analog cameras but they did not realize the change and the introduction of the Digicam.

4. *Drone entrepreneurs:*

- Such entrepreneurs are conservative or orthodox in outlook. They always feel comfortable with their old fashioned technology of production even though technologies have changed.
- They are highly resistant to changes.
- They chose to sink rather than imitate or bring in changes.
- Example: Ideal Jawa, a motorbike company based in Mysore.

4.4.2 Classification Based on the Scale of Enterprise

- *Small scale*
- *Large scale.*

4.4.2 Other Classification

Following are some more types of entrepreneurs listed by behavior scientists.

- ***Solo operators:*** These are the entrepreneurs who essentially work alone
- ***Active partners:*** Such entrepreneurs jointly put their efforts and resources.
- ***Inventors:*** Such entrepreneurs are creative in character and feel happy in inventing new products, technologies and methods of production.
- ***Challenge:*** When one challenge seems to be met, they begin to look for new challenges.
- ***Buyers:*** They simply purchase the existing one and by using their experience and expertise try to run the enterprise successfully.
- ***Life timers:*** Such entrepreneurs take business as an integral point of their life.
- ***Industrial entrepreneurs:*** Such entrepreneurs engage in manufacturing and selling products.
- ***Service entrepreneurs:*** Such entrepreneurs engage in service activities like repair, consultancy, beauty parlor etc where entrepreneurs provide service to people.
- ***Business entrepreneurs:*** They are also called as trading entrepreneurs which buy and sell goods.
- ***Agricultural entrepreneurs:*** They engage themselves in agricultural activities like horticulture, floriculture, animal husbandry, poultry etc.
- ***Corporate entrepreneurs:*** Corporate entrepreneurs undertake their business activities under legally registered company or trust.
- ***Rural entrepreneurs:*** Entrepreneur's selecting rural-based industrial opportunity in either khadi or village industries sector or in farm entrepreneurship are regarded as rural entrepreneurs.
- ***Women entrepreneurs:*** Women entrepreneurs play an important role in economy especially in rural areas.

4.5 Entrepreneur and Entrepreneurship

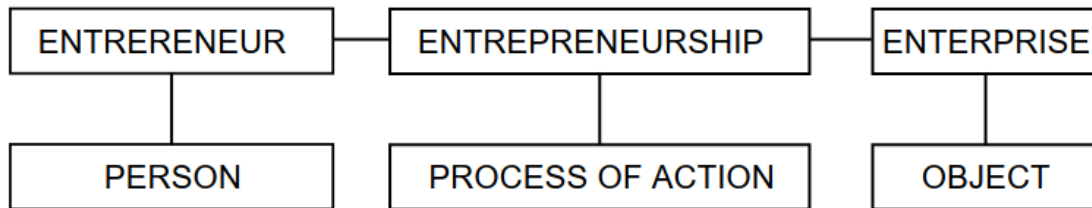


Fig. 5.1: Concept of entrepreneurship

Table 5.4: Relationships between entrepreneur and entrepreneurship

Entrepreneur	Entrepreneurship
Person Organizer Innovator Risk-bearer Motivator Creator Visualizes Leader Imitator	Process Organization Innovation Risk-bearing Motivation Creation Vision Leading Imitation

4.5.1 Myths of Entrepreneurship

Entrepreneurs are born not made.

- Entrepreneurs are academic and social misfits
- Entrepreneurs fit an ideal profile.
- All you need is money to be an Entrepreneur.
- All you need is luck to be an Entrepreneur.
- A great idea is the only ingredient in a recipe for business.
- My best friend will be great business partner.
- Having no boss is great fun.
- I can make lots of money
- I will definitely become successful
- Life will be much simpler if I work for myself.

4.5.2 Entrepreneurial Development models

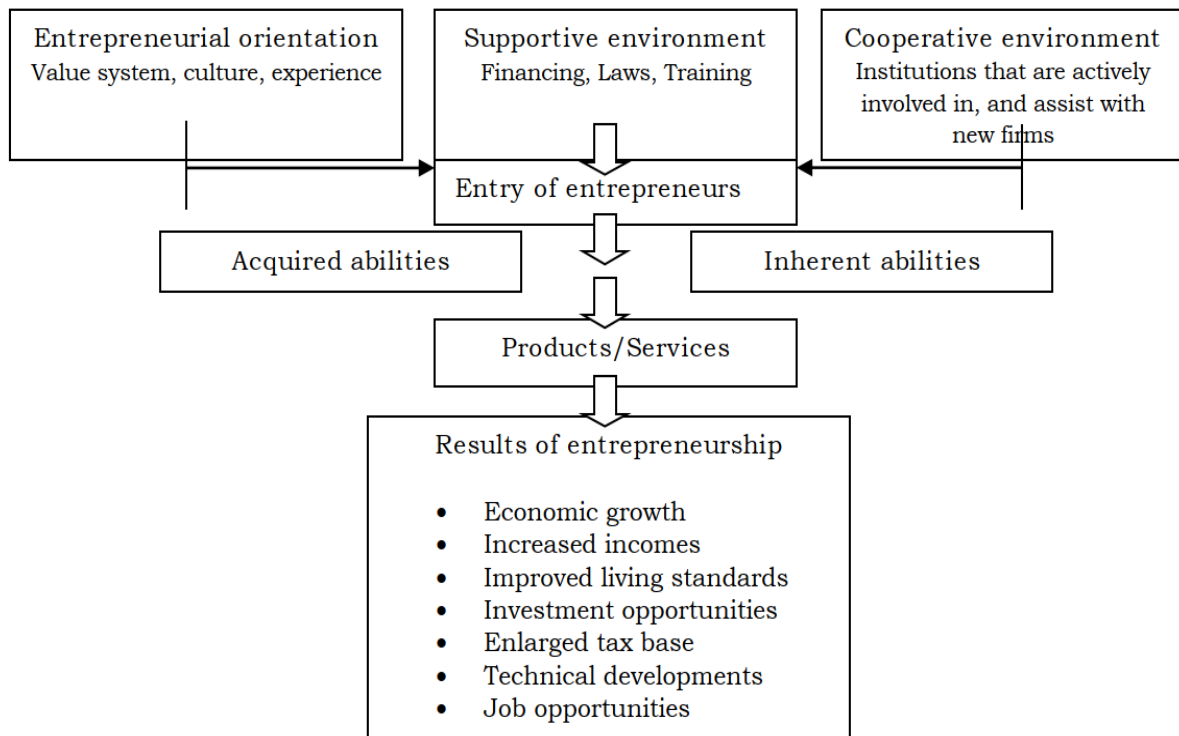


Figure 1. Entrepreneurship development model. Source: Nieman, 2003.

Four models of corporate entrepreneurship

- ✓ **Opportunist**
- ✓ **Enabler**
- ✓ **Advocate**
- ✓ **producer**

1. **The Opportunist**-the opportunist model works well only in **trusting corporate cultures** that are open to experimentation and that have diverse social networks behind the official hierarchy.
2. The **enabler model** -is not only about allocating capital for corporate entrepreneurship. It is also about **personal development and executive engagement**.
3. **The Advocate model**- a company assigns organisational ownership for driving the creation of new businesses to a designated corporate-level group, but it intentionally provides the group with only a modest budget.
Advocate organisations act as **evangelists and innovation experts**, facilitating corporate entrepreneurship in conjunction with business units, which must demonstrate their commitment to new business development by paying most of the bills, as the authors note.
4. **The Producer**- the producer, with focused ownership and dedicated resources, aims to **protect** emerging projects from turf battles, to **encourage** cross-unit collaboration, to **build** potentially disruptive businesses, and to create pathways for executives to pursue careers outside their business units.

4.5.3 Stages in Entrepreneurial Process

Stage-1: Identification and evaluation of the business opportunity

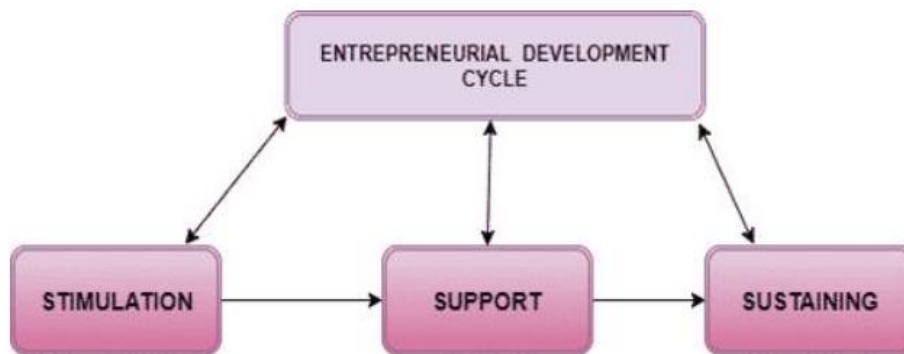
Stage-2: Development of the business plan

Stage-3: Determination of the resources required

Stage-4: Creation of actual management of the enterprise

There are basically three types of assistance for the entrepreneurs:

1. **Stimulating assistance** – To rouse to action or increased activity; excite a policy that stimulated people to protest; incentives to stimulate consumer spending.
2. **Supportive assistance** – To be supportive is to give help or assistance, or to hold something or someone up.
3. **Sustaining assistance** – Practices that enable or aid self-sustainability include autonomous building, sustainable agriculture, and renewable energy.



4.6 Entrepreneurial Competencies

Entrepreneurial competencies refer to the essential knowledge, skills, and behaviors that an entrepreneur must possess to successfully run and grow a business. These competencies are crucial for identifying opportunities, managing resources, and overcoming challenges.

1. **Initiative:** Entrepreneurs take proactive steps to begin new projects, seize opportunities, and stay ahead of the competition.
2. **Creativity and Innovation:** Ability to generate new ideas and develop unique solutions to problems. Entrepreneurs innovate in products, processes, and business strategies.
3. **Risk-Taking:** Willingness to take calculated risks and face uncertainties to achieve goals.
4. **Problem-Solving:** Competency to analyze problems, identify solutions, and implement effective decisions.
5. **Leadership:** Entrepreneurs motivate and guide their teams, inspiring confidence and achieving collective goals.
6. **Decision-Making:** Entrepreneurs must make timely and effective decisions under pressure, often with incomplete information.

7. **Persistence:** Consistency in efforts despite challenges, failures, or obstacles, ensuring long-term success.
8. **Goal-Setting:** Ability to set clear, realistic, and measurable goals, along with strategic planning to achieve them.
9. **Networking:** Building strong relationships with customers, investors, suppliers, and stakeholders to grow the business.
10. **Quality Consciousness:** Ensuring high-quality standards in products and services to gain customer trust and loyalty.

4.7 Capacity Building for Entrepreneurs

Capacity building refers to the process of developing skills, knowledge, and abilities among entrepreneurs to enable them to manage and grow their businesses efficiently. It focuses on empowering individuals and organizations to innovate, solve problems, and achieve sustainability in the business environment.

4.7.1 Key Elements of Capacity Building

1. Skill Development

- Entrepreneurs need technical, managerial, and leadership skills.
- Training programs, workshops, and seminars help improve business planning, financial management, and decision-making skills.

2. Knowledge Enhancement

- Entrepreneurs must stay updated on market trends, technology, and government policies.
- Knowledge about legal compliance, taxation, and competition is essential for running businesses successfully.

3. Resource Mobilization

- Capacity building includes learning how to acquire and effectively utilize financial, human, and material resources.
- Access to loans, grants, and funding through financial institutions or government support plays a key role.

4. Innovation and Technology Adoption

- Entrepreneurs are trained to adopt modern technologies, digital tools, and innovative practices to remain competitive.
- Capacity building focuses on enhancing creativity and problem-solving abilities.

5. Networking and Collaboration

- Building networks with mentors, stakeholders, suppliers, and investors helps entrepreneurs grow and sustain their businesses.
- Participation in entrepreneurial ecosystems, incubators, and accelerators facilitates knowledge sharing.

6. Risk Management

- Entrepreneurs are taught to identify, analyze, and manage risks in uncertain business environments.
- Capacity building includes strategies for overcoming failures and crises.

7. Sustainability and Ethics

- Capacity building focuses on promoting sustainable business practices and ethical decision-making.
- Entrepreneurs are encouraged to balance profitability with social and environmental responsibilities.

8. Access to Markets

- Entrepreneurs are trained to identify new markets, improve product positioning, and enhance marketing strategies.
- Understanding customer needs and global market demands is crucial for expansion.

4.7.2 Importance of Capacity Building

- Empowers entrepreneurs to handle challenges and competition effectively.
- Enhances productivity, efficiency, and innovation.
- Promotes economic development and job creation.
- Helps entrepreneurs adapt to changing technologies and market conditions.
- Builds resilience to face risks and achieve long-term sustainability.

Chapter-b

Identification of Business Opportunities

1. Introduction

Business opportunity identification is the process of recognizing potential areas where a product, service, or idea can be introduced to fulfill market demands. Entrepreneurs, by observing changes in the economy, technological developments, and consumer preferences, identify gaps and turn them into business opportunities.

Entrepreneurship is driven by the ability to identify opportunities and translate them into viable businesses. Identifying opportunities involves analyzing markets, understanding competitors, recognizing customer needs, and evaluating available resources.

The process of opportunity identification requires:

- Awareness of current market trends.
- Technological advancements and innovations.
- Analysis of the target market and consumer behavior.
- Recognizing unmet needs and gaps in products or services.

Entrepreneurs play a crucial role in identifying opportunities and adding value to society by creating employment and improving the economy.

2. Mobility of Entrepreneurs

Mobility of entrepreneurs refers to their ability to shift across locations, industries, and markets based on opportunities available. Entrepreneurial mobility can be classified into three major types:

1. **Geographical Mobility:** Entrepreneurs move from one location to another in search of better business opportunities. Factors influencing geographical mobility include

infrastructure facilities, government policies, availability of raw materials, and market access.

2. **Occupational Mobility:** Entrepreneurs may shift from one occupation or industry to another based on demand and growth prospects. For example, an entrepreneur in agriculture might move into agro-based industries or IT sectors.
3. **Social Mobility:** Entrepreneurs can rise socially based on their achievements, hard work, and business success. Through their entrepreneurial efforts, they gain recognition and social status, moving upward in society.

Factors influencing entrepreneurial mobility:

- **Economic Factors:** Profit margins, growth opportunities, and availability of capital.
- **Technological Advancements:** Emerging technologies create new avenues for business.
- **Government Policies:** Incentives and support for industries encourage movement to new sectors.
- **Market Conditions:** Demand fluctuations, competition, and consumer preferences influence mobility.

Entrepreneurial mobility promotes economic development, reduces regional imbalances, and leads to innovation across industries.

3. Business Opportunities in India

India, with its growing economy, large population, and rapidly advancing technology, provides abundant business opportunities across various sectors. Entrepreneurs can explore several industries for starting and expanding businesses.

Key areas of business opportunities in India:

1. **Agriculture and Agri-Business:**
 - India being an agrarian economy, opportunities exist in agro-based industries, organic farming, food processing, and export of agricultural products.
2. **Information Technology (IT) and Digital Services:**
 - IT-enabled services, software development, mobile applications, and AI-based technologies provide significant opportunities. Startups in fintech, ed-tech, and e-commerce have seen rapid growth.
3. **Healthcare and Pharmaceuticals:**
 - Increasing demand for healthcare services, medical equipment, telemedicine, and pharmaceutical production offers large-scale opportunities.
4. **Manufacturing Sector:**
 - With government initiatives like *Make in India*, opportunities have increased in electronics, automobile manufacturing, textiles, and consumer goods.
5. **Renewable Energy:**
 - Solar, wind, and other renewable energy sources offer growth opportunities for entrepreneurs, focusing on sustainable energy solutions.
6. **Tourism and Hospitality:**
 - India's cultural heritage, natural landscapes, and diverse food industries attract domestic and international tourism. Entrepreneurs can invest in hotels, resorts, travel agencies, and adventure tourism.
7. **E-Commerce and Retail:**

- The rise in internet usage and digital transformation has boosted opportunities in e-commerce platforms, online retail, and logistics.

8. Startups and Innovation:

- Government support for startups (Startup India initiative) and access to funding have encouraged entrepreneurs to innovate in areas like IoT, robotics, AI, and big data.

India's business environment is driven by favorable government policies, access to large consumer markets, and increasing urbanization. Entrepreneurs can tap into these opportunities to build sustainable businesses.

4. Models for Opportunity Evaluation

Models for opportunity evaluation help entrepreneurs assess the feasibility and profitability of business ideas. These models ensure that the identified opportunity is realistic, viable, and can succeed in the market.

1. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats):

- A widely used model to evaluate business opportunities.
- **Strengths:** Internal capabilities or advantages of the business idea.
- **Weaknesses:** Limitations and challenges within the business.
- **Opportunities:** Market gaps or trends that favor the business.
- **Threats:** External factors like competition, regulations, or changing customer demands.

Example: A food startup identifies strengths (unique recipes), weaknesses (high cost), opportunities (demand for healthy food), and threats (market competition).

2. PESTEL Analysis:

- This model evaluates external factors that affect business opportunities:
 - **Political:** Government policies, trade regulations, tax benefits.
 - **Economic:** Interest rates, inflation, economic growth.
 - **Social:** Changing consumer behavior, cultural preferences.
 - **Technological:** Innovations, automation, and digital tools.
 - **Environmental:** Sustainability, climate concerns.
 - **Legal:** Labor laws, licenses, and business compliance.

Example: Evaluating a renewable energy opportunity based on government subsidies, environmental policies, and technological advancements.

3. Feasibility Study:

- Entrepreneurs analyze the technical, financial, and operational viability of the business opportunity.
- **Market Feasibility:** Demand and competition analysis.
- **Technical Feasibility:** Availability of technology and skilled workforce.
- **Financial Feasibility:** Cost analysis, funding sources, and ROI.

4. Porter's Five Forces Model:

- Used to analyze competitive forces in the industry to assess opportunities:
 - **Threat of New Entrants:** Level of competition from new businesses.
 - **Bargaining Power of Suppliers:** Dependence on suppliers for raw materials.
 - **Bargaining Power of Customers:** Influence of buyers in pricing decisions.
 - **Threat of Substitutes:** Availability of alternative products/services.
 - **Industry Rivalry:** Intensity of competition in the market.

5. Business Model Canvas (BMC):

- A structured approach to evaluate business opportunities by identifying:
 - Key partners, key activities, value proposition, customer segments, revenue streams, and cost structures.