



JAGATPUR P.G COLLEGE
AFFILIATED TO MAHATMA GANDHI KASHI VIDYAPITH, VARANASI



Subject: Entrepreneurship & Small Business

Class: B.Com 3rd year/M.Com 3rd sem.

Topic: Entrepreneurship: Concept, Functions, Importance & Barriers.

e-content creator: Dr. Vijay Kumar Rai.

Department/Faculty: Department of Commerce

e-mail: raivijay1969@gmail.com

Mobile number: 9450545572

- **DECLARATION:**
- **The content is exclusively meant for academic purposes and for enhancing teaching teaching and learning. Any other use for economic / commercial purposes is strictly prohibited. The users of the content shall not distribute disseminate or share it with anyone else & its use is restricted to advancement of individual knowledge. The information provided in this e content is authentic & best as per knowledge.**

Dr. Vijay Kumar Rai

(Assistant Professor)

Entrepreneurship: Introduction

Entrepreneurship is the propensity of mind to take calculated risks with confidence to achieve a pre-determined business or industrial objective. Its an important factor of industrial development of a country as it plays critical role in growth of economy. Besides being the vehicle of industrial development, entrepreneurship can solve acute problems like unemployment, concentration of economic power in the hands of few, destructive activities etc. It us the ability to identify an investment opportunity and to contribute the economic growth of the country. It is the function of handling economic activit, undertaking risk, creating something new and organising and co-ordinating resources that why it largely depends on personal qualities of accepting the challenges.

According to Higgins-“Enterpreneurship is meant as the functions of seeking investment and production opportunity, organising an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials and selecting top managers of day operations of the enterprise”.

• Concept of Entrepreneurship:

1. Economic Approach :Peter F.Drucker in his work INNOVATION AND ENTREPRENEURSHIP-1985 observed that “entrepreneurship occurs when resources are redirected to progressive opportunities not used to ensure administrative efficiency”.This redirection of resources distinguishes the entrepreneurial role from that of the traditional management role.
2. Sociological Approach: According to Peter Marris ,”Entrepreneurship requires to assemble or reassemble form what is available very concrete kind of imagination to see what others have missed, sensitivity to business and social environment rest in industrial development and entrepreneurial vourage.These are important factors that make an entrepreneur.
3. Psychological Approach :E.E Hagen also in his study on the theory of social change-“How economic growth Begins” .-1964 deals about the withdrawal of status respect as the trigger mechanism for changes in personality formation.Status withdrawal is the perception on the part of members of social group l the society whom they respect and whose esteem they value.

• Functions of Entrepreneurship

- 1. Innovation: Entrepreneur does things in new and better ways .This makes an entrepreneur to innovate new things,new methods and look for new makets.**
- 2. Decision making: Doing things in a better way leads to better results.Taking decisions in uncertainty is a vital part of entrepreneurship as motive can be achieved through deliberate efforts.**
- 3. Building the organisation:For building organization it implies skills and one can build an organisation effectively by deligating responsibility to others.**
- 4. Accepting Challenges: Entrepreneur deals with challenges which are faced by the entrepreneur in his behaviour.As they face tremendous challenge that brings uncertainty as the biggest challenge is to exploit the available opportunity in instable fo.But instead they are required to deal with it in an innovative way.The entrepreneur is required to innovate for which he is an innovator.**

• Importance of Entrepreneurship

1. Economic Growth: Entrepreneurship helps in creating entrepreneurial spirit & development of constructive tendencies for the Achievement vision.
2. Promoting Innovation: Entrepreneurship promotes innovation, conceptualisation and creativity in business. It develops & employs new management techniques for the progress.
3. Utilisation of Resources: Entrepreneurship leads to usage of resources to its most optimum way which results in less wastage of resources that are already in the way of scarcity.
4. Promotes Capital Formation: Finance is a vital part of activities regarding entrepreneurship. It gathers all the savings and gives it the form of capital, increases capital through investment in productive functions and takes adequate returns to the Capital formation also contribute in eliminating the major problems of the country.

• Barriers to Entrepreneurship

1. Finances: Financial investment or funding can be one of the biggest barriers as many banks, private investors & organizations finds it difficult to finance as result of risk failure and losing money.
2. Lack of proper planning: This is a huge barrier as it leads to failing of the start up, lack of strategy is a common problem for business as out of hobby without any short of vision regarding the work.
3. Human Resource Issues: Entrepreneurship can't be handled alone as it requires support of human resource with required knowledge and experience in the business process to increase the level of productivity.
4. Competition Policy: Existing entrepreneurs might have interest to surpress competition among themselves in order to raise prices. In this context it would be necessary to exact competition law do that no difficulty could occur lately.
- 5- Defective Tax Structure: Higher level of tax doses tend to distort economic activity and reduces profit

margin to entrepreneurs. Higher level of tax lead to suboptimal use of resources and less efficient.

- Questions:

Short questions:

1 -Define entrepreneurship?

2- Discuss the barriers of entrepreneurship?

Long questions:

1-Explain clearly the functions of entrepreneurship?

2-Discuss the concepts & importance of entrepreneurship?

- Reference:

- R.C.Agrawal & Dr B.K Mehta
(Entrepreneurship and Small Business)
(SBPD PUBLISHING HOUSE)

- www.wikipedia.com • SlideShare.com

Thank you