Definition and concept of entrepreneur

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 labour 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".

In the 20th century the theorist **Arthur H. Cole** defined an entrepreneur as an **'organization builder'.**

The term entrepreneur is a French word, and is derived from the French word "**entreprendre".** It means **"to undertake"**. It is commonly used to describe an individual who organizes and operates a business or businesses, taking on financial risk to do so. In many countries, the term entrepreneur is often associated with a person who starts his/her own new business.

An entrepreneur is someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides **what, how, and how much** of a good or service will be produced. An entrepreneur supplies risk capital as a risk taker, and monitors and controls the business activities. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture. If one desires to be an entrepreneur, the given equation is what describes what an entrepreneur actually is

Entrepreneur + Capital = Products + Customers = Business.

Qualities of Entrepreneur	Skills of Entrepreneur	Functions of Entrepreneur
Willingness to assume risk	Conceptual skills	Innovations
Leadership	Technical skills	Planning the project
Decisiveness	Human relation skills	Organising
Creative thinking	Communication skills	Risk taking and uncertainty bearing
Flexibility	Diagnostic skills	Procuring and mobilising resources
Business acumen	Decision making skills	Taking business decisions
Confidence in project	Managerial skills	Perception of marketing opportunities
Technological knowledge	Marketing skills	Financial management
Ability to marshal resources	Project development skills	Upgrading process and product quality
Honest		Fulfilling social obligations
Perseverance		Developing social atmosphere

A non-technical entrepreneur concentrates more on marketing activities. He tries to find out new strategies for marketing goods. He also promotes his business by employing various marketing methods.

3. PROFESSIONAL ENTREPRENEUR

Professional entrepreneur is a person who applies innovative ideas in setting up of a business. He is interested in establishing the enterprises rather than managing it. Once the business is established. the entrepreneur will sell the business to someone else.

Classification According to motivation

1. PURE ENTREPRENEUR

A pure entrepreneur is a person who is motivated by psychological and economic factors. Entrepreneurial task is undertaken by them due to certain reasons. Ability to handle risk, desire to enjoy better status, desire to get recognition in the society, thirst for making money motivates a person to take up entrepreneurial activities.

2. INDUCED ENTREPRENEUR

Induced entrepreneur are those who takes up entrepreneurial task due to the incentives and subsides granted by the government. Financial and technical assistance provided by the government motivates a person to start new ventures.

3. MOTIVATED ENTREPRENEUR

They are motivated by the desire far their self-fulfillment. They emerge because of the possibility of producing and, selling new products. They are also motivated by economic factors.

4. SPONTANEOUS ENTREPRENEUR

A person, turns out to be an entrepreneur, because of the natural talent vested in him. These entrepreneurs have self confidence and emerge as challengers. They take up entrepreneurial activity in order to tap their talents. They have great self confidence in their talent and are highly resourceful.

Classification According to growth

1. GROWTH ENTREPRENEURS

Take up ventures which have high growth prospects. They are risk takers who don't give up easily.

2. SUPER GROWTH ENTREPRENEURS

Show enormous growth in their performance. The growth performance is visible through their liquidity of funds, profitability, and gearing.

Classification According to stages of development

1. FIRST GENERATION ENTREPRENEUR

A first generation entrepreneur is one who sets up an enterprise by his innovative skill. He combines various factors of production and provides marketable product or services by adopting innovative ideas. He is the first person to start an enterprise on his own. Though such a person may have the family background of some business, such entrepreneurs may also establish a certain business which may be unrelated to their family business.

2. MODERN ENTREPRENEURS OR INNOVATIVE ENTREPRENEURS