



ENTREPRENEURSHIP DEVELOPMENT

Innovation for Income Generation



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Entrepreneurship: Risks & Rewards

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Abstract

Entrepreneurship is a tough choice but after first struggle its rewards are priceless. Entrepreneurship invariably has a sense of independence culminating into a desire; a desire to achieve in spite of obstacles and constraints, constantly desiring to be successful with which comes a state of mind, which becomes strong with every passing day and this desire will sustain all hardships. Entrepreneurship can be defined as an act of being an entrepreneur who undertakes innovation and finance in an effort to transform innovations into economic goods.

First generation entrepreneurs are those who will have many anxieties, personal dilemmas and conflicting ideas of building or breaking the ideas of business models. All those who have die hard attitude; succeed while some meet untimely ends. The present infrastructure of the country provides a suitable platform to promote the entrepreneurship activities. Indian government supports for the promotion of entrepreneurs/enterprises by offering different forms of incentives like interest free loans, sale tax exemptions, excise concessions and special concessions for import of raw material. This paper focuses on critical review of entrepreneurship and the risks & rewards associated with it. Various related publications and real life examples have been reviewed in the study.

Keywords: Entrepreneurship, Entrepreneur, Enterprise, Innovation, Finance.

Introduction

Entrepreneurship is a tough choice but after first struggle its rewards are priceless. Entrepreneurship invariably has a sense of independence culminating into a desire; a desire to achieve in spite of obstacles and constraints, constantly desiring to be successful with which comes a state of mind, which becomes strong with every passing day. This desire will sustain all hardships. Entrepreneurship is the creation or extraction of economic value. With this definition, entrepreneurship is viewed as change, generally entailing risk beyond what is normally encountered in starting a business, which may include other values than simply economic ones.

More narrow definitions have described entrepreneurship as the process of designing, launching and running a new business, which is often similar to a small business, or as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit." The people who create these businesses are often referred to as entrepreneurs. While definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of start-up businesses have to close due to "lack of funding, bad business decisions, government policies, an economic crisis, lack of market demand, or a combination of all of these."

Entrepreneurship can be defined as an act of being an entrepreneur who undertakes innovation and finance in an effort to transform innovations into economic goods. First generation entrepreneurs are those who will have many anxieties, personal dilemmas and conflicting ideas of building or breaking the ideas of business models. All those who have die hard attitude; succeed while some meet untimely ends. Therefore, according to Musscleman and Jackson, "Entrepreneurship is the investing and risking of time, money and efforts to start a business and make it successful." On the other hand, meaning of Entrepreneur varies from person to person and from period to period. To a layman, an entrepreneur is a person who starts his own business or industry and organises different production and marketing processes for the purpose of earning profits. According to F. H. Knight, "Entrepreneurs are specialised group of persons who bear risks and deal with uncertainty."

Entrepreneurial Risks and Its Types

An entrepreneur, who creates their own path, comes up with an invention to introduce an entirely new product, or they bring innovation to existing ones. There are a number of risks involved in entrepreneurship. One of the most common risks that entrepreneurs take is leaving a stable job to pursue their dream of carrying out a successful business. Therefore, compared to businessmen, entrepreneurs are exposed to different types of entrepreneurial risks. This is the reason why entrepreneurs in general are considered risk-takers.

Types of Entrepreneurial Risks

There are various types of risks faced by entrepreneurs from the beginning of their entrepreneurial journey till their idea finally turns into a successful venture. The following are the different types of entrepreneurial risks:

1. **Financial Risk:** Every entrepreneurial venture requires funds to transform an idea into reality. Therefore, a critical risk faced by entrepreneurs is arranging funds. This may be in the form of loans, capital arranged with the help of family and friends or an entrepreneur's own savings. Adequate financial planning should be done by an entrepreneur so that they don't become bankrupt. Therefore, calculated risks should be taken.
2. **Strategic Risk:** This is another risk involved in Entrepreneurship that deals with framing the right strategies. Each business requires a near flawless business plan. However, even a well-thought-out business plan can sometimes lead to failure. As a result, the strategy becomes ineffective. A company that manages to adapt to a changing environment and new challenges manages to sail through difficult times, whereas others fail.
3. **Market Risk:** Entrepreneurial risks can emerge from market-based factors as well. For instance, when the economy is growing and blooming, customers might get attracted to purchase luxurious goods. This leads to an increase in demand for luxury products. On the other hand, when there's an economic depression, the demand for such products can significantly decline, leading to a severe risk faced by Entrepreneurs. In such

a scenario, tools such as market research, survey and analysis can help entrepreneurs undertake efficient entrepreneur risk management.

4. **Reputational Risk:** A major risk involved in entrepreneurship is related to a company's reputation. If a company's reputation gets damaged, a steep decline in revenue follows. The goodwill of the company declines among customers, which further tarnishes its image. Additionally, the company is unable to find talented employees who are reluctant to work in a place that has no reputation.
5. **Operational Risk:** This entrepreneurial risk arises when a company is unable to carry out routine business activities efficiently. As a result, overall productivity of an enterprise declines. This could be due to people failure or process failure as well. External events like natural disasters can also impact the operational efficiency of a company.
6. **Competitive Risk:** To become a successful entrepreneur, it's crucial to be aware of competitors. If there aren't enough competitors in an industry, it may imply that the demand for the concerned product is not enough. Moreover, entrepreneurs should be able to make prompt moves to get an Innovative idea or product patented before their competitors can take advantage of it.
7. **Lack of Infrastructure:** Lack of infrastructure causes risk of losses due to failures of basic services, organisational structures and facilities. By definition, infrastructures are core services upon which other services and business functions operate. As a result, the risks of infrastructure failures are often judged to have significant potential impact on entrepreneurship.
8. **Lack of Skilled Labour:** Lack of skilled labour leads to failure of entrepreneurs as prevalence of unskilled labour will always create obstacles in uplifting good entrepreneurs and thus result in failure of new ventures before they start.
9. **Lack of Proper Knowledge or Motivation:** Improper education, development, training, entrepreneurial skills, and technical know-how constitute major risks to entrepreneurship. Having a strong educational background is just not enough to pursue

business as it requires proper knowledge and motivation to stay relevant amidst the various market cycles however many entrepreneurs lack this ability.

Entrepreneurial Rewards and Its Types

As an entrepreneur, you can pursue your passion and also make money, while being your own boss. Once the starting period of pitfalls and hurdles is over, you can start reaping the benefits of your hard work and sacrifice. Entrepreneurship provides you with the freedom to control and shape your professional life.

Types of Entrepreneurial Rewards

- **Economic Reward:** Entrepreneurship is primarily an economic activity because it involves the creation and operation of an enterprise. Therefore, economic reward or the profit earned is obviously the major reward that an entrepreneur can receive through his hard work, dedication and motivation in entrepreneurship.
- **You can do what you enjoy:** When you're an entrepreneur, you have full discretion over what type of career you'd like to pursue. By choosing to do what you love, work can feel less like a grind and more like an adventure.
- **You can be your own boss:** All too often, subordinate-boss relationships are strenuous at best. By pursuing your entrepreneurial dreams, you will be your own boss, allowing you to avoid such encounters – that is unless you become the boss of others by expanding your business and hiring staff.
- **You can set your own schedule:** When working for yourself, fixed working hours become a thing of the past. In many cases, you can start late or take off early, without any repercussions. Flexible working hours can be very useful when you have appointments to keep or family obligations to fulfil.
- **You may be able to work from anywhere:** While not every entrepreneur will be able to work from anywhere, many do have the freedom to choose where they work. In some cases, this may mean working from home, while in other cases, this may mean working in a public space like a relaxing park or a lively coffee shop.

- **It fosters independence, responsibility, and creativity:** As an entrepreneur, most or all job-related responsibilities will be up to you – especially when you’re just starting. It will likely take a little creativity and a lot of determination to successfully manage your responsibilities and solve any new challenges that come your way.
- **Success brings a personal sense of pride and satisfaction:** Because workplace achievements will be directly related to your efforts, any successes that occur will likely become great sources of personal pride and satisfaction. It can be very rewarding to see your hard work paying off first-hand.
- **Better Standard of Living:** Entrepreneurship is an urge of an entrepreneur to act in a different way for achieving the success. Entrepreneur plays a vital role in achieving a higher rate of economic growth. He is able to provide the goods at lower cost and supply quality goods at lower price to the community. In this way, he/she contributes in increasing the standard of living of the people.
- **Higher Productivity:** Productivity is the ability to produce more goods and services with less labour and other inputs. Entrepreneurship is the quality of an entrepreneur to use the resources in an efficient and effective way. High productivity is mainly a matter of improving production techniques and this task of the entrepreneur is function of par excellence.

Related Studies

Rajalakshmi (2014) conducted a research on “Entrepreneurial Role of Women in the Development of Indian Economy”. The paper focuses on the role of women entrepreneurs in the development of India economy. The study concludes that the position of women in the Indian society is clearly in the process of transformation and has an important impact of future social development. Women’s entrepreneurship is both about women’s position in society and about the role of entrepreneurship in the same society. Indian women play an important role in initiating socio-economic progress of the country. The hand that rocks the cradle rules the world. Women should be empowered so that they can lead India to glory. Women in urban and rural areas should be given access to good opportunities so that they

Summary & Conclusion

Entrepreneurship is a tough choice but after first struggle its rewards are priceless. Entrepreneurship invariably has a sense of independence culminating into a desire; a desire to achieve in spite of obstacles and constraints, constantly desiring to be successful with which comes a state of mind, which becomes strong with every passing day. More narrow definitions have described entrepreneurship as the process of designing, launching and running a new business, which is often similar to a small business, or as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit." The people who create these businesses are often referred to as entrepreneurs. First generation entrepreneurs are those who will have many anxieties, personal dilemmas and conflicting ideas of building or breaking the ideas of business models. All those who have die hard attitude, succeed while some meet untimely ends. Different Risks and Rewards associated with entrepreneurship were also discussed in details so that one could be made aware of all those difficult situations and be made prepared to face them patiently. Rewards received in the end are source of energy for the beginner entrepreneurs to face all risks efficiently.

Different related studies were also reviewed and it was found that Entrepreneurship development is the key factor to fight against unemployment, poverty and to prepare ourselves for globalization in order to achieve overall Indian economic progress. Entrepreneurship has and still is an integral part of our economy. When an entrepreneur plans to start a new business, most important aspect is that he has adequate knowledge and skill required for the enterprise. There are some factors which play key role in affecting entrepreneurship i.e., technological knowledge, knowledge of marketing research, some personal skills, knowledge regarding customers' preferences, innovative mind-set of the individual etc. Entrepreneurs in terms of technological developments must think globally to succeed.

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ABOUT THE BOOK

Entrepreneurship is the ability and readiness not only to develop, organize and run a business enterprise, but along with that tackling any of its uncertainties in order to gain profit out of it. The well-known example of entrepreneurship is the starting of any new business. The entrepreneurial vision of any project can be defined by its uniqueness, suitability, discovery and risk-taking. It is an inseparable part of any nation's capacity to succeed and develop according to the ever-changing and enormous competitive global marketplace. Characteristics of any entrepreneurship start-up have few things in common such as, ability to take a risk, innovation, visionary and leadership quality, open-minded and flexibility to meet out the changing market scenario. Importance of entrepreneurial ideas includes creation of employment; hub of innovation that keeps providing new product ventures; increases the standard of living of people; society and community development because it brings about changes in society and promotes facilities like higher expenditure on education, housing, health facilities, better sanitation facilities and reduced poverty. In this manner entrepreneurship assists more stable and high quality of community life, increased standard of living, supports research and development. By keeping in view above key factors, theme of this book was decided to promote entrepreneurial enthusiasm among students, innovators, home-makers, entrepreneurs, research scholars and other vulnerable sections of the society in order to make them self-reliant. This book provides information regarding new start up ideas from various disciplines whether it is in textile, jewelry designing, nutrition, agriculture or counseling sector. Additionally, it guides newbie how to start their own business ventures and become monetarily independent.

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Dr. Abha Khetarpal is retired Officiating Principal and Associate Professor of DAV College for Girls, Yamuna Nagar affiliated to Kurukshetra University, Kurukshetra. With education background of Food & Nutrition, for last 36 years, she has contributed to the field of imparting education. She has published 6 books and 73 papers in various journals of national & international value. She has presented more than 62 presentations on different educational platforms, along with that she has attended 91 conferences/seminars. She has successfully completed 8 FDPs. She has chaired as a resource person in 15 conferences. With key interest in research, she has enthusiastically completed and submitted one major and one minor project sanctioned by UGC. Dr. Khetarpal is an academic persona, who has been awarded 7 different awards and she also has 3 associateships.



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