CHAPTER-1

INTROUCTION TO ENTREPRENEURSHIP

MEANING OF ENTREPRENEUR

- Entrepreneur is an economic agent who unites all means of production-land, labour & capital & thus produces a product. By selling this product in the market he pays rent of land, wages to labour, interest on capital & what remains is his profit.
- Entrepreneur is an innovator who brings economic development through new combinations of factors of production.

Meaning of Entrepreneurship

The process of identifying opportunities in the **motifies** in the resources required to pursue these opportunities & investing the resources to exploit the opportunities for long term gains.

The activity bringing the factors of production togethed for producing goods or services.

Need of Entrepreneurship

- CAPITAL FORMATION
- IMPROVEMENT IN PER CAPITA INCOME
- DEVELOPMENT OF ENTREPRENEURIAL CULTURE
- GENERATION OF EMPLOYEMENT
- SOCIAL DEVELOPMENT
- COMPETITIVE MARKET
- UTILISTION OF LOCAL RESOURCES

Functions of Entrepreneur

- Risk-Taking.
- Building of Organization.
- Decision Making.
- Management Control.
- Innovation.

<u>Characteristics/Qualities/Competencies/</u> Traits of Entrepreneur

- 1. Initiator.
- 2. Opportunity seeker.
- 3. Calculated risk taker.
- 4. Information seeker.
- 5. Proper planner.
- 6. Quality conscious.
- 7. Self-confident.
- 8. Efficient supervisor.

Sole Proprietorship

The sole proprietorship is the simplest business form under which one can operate a business. The sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts.

Example: Sweet shop, Bakery, Confectionery, Automobile repair shop.

Partnership Firm

According to Partnership Act, 1932, partnership is the relation between persons who have agreed to share the profits of a business carried on by all or anyone of them acting for all.

A Partnership Firm is a popular form of business constitution for businesses that are owned, managed and controlled by an Association of People for profit.

Various Institutions Providing Support To Small Entrepreneurs

Financial Institutions:-

- •Industrial Development Bank of India (IDBI)
- Industrial Finance Corporation of India (IFCI)
- Small Industries Development Bank of India (SIDBI)
- National Small Industries Corporation Ltd (NSIC)
- State Small Industries Corporation (SSIC)
- •Regional Rural Banks (RRBs)
- •State Financial Corporations (SFCs)
- •State Industrial Development Corporations (SIDCs)

Institutions for Technical Guidance:-

- •Small Industries Development Organisation (SIDO)
- District Industries Centres (DICs)
- Technical Consultancy Organisations (TCOs)
- Small Industries Service Institutes (SISIs)
- State Small Industries Development Corporations (SSIDCs)
- Industrial Development Corporation (IDC)

<u>CHAPTER-2</u> Market Survey and Opportunity Identification

Scanning of the Business Environment

• Environmental scanning is defined as the study & interpretation of the political, economic, social & technological events & trends which influence a business, an industry or even a total market.

DATA COLLECTION FOR SETTING UP SMALL VENTURES/ MARKET SURVEY

- RAW MATERIALS DATA
- MACHINERY & EQUIPMENTS DATA
- MARKET DATA
- FINANCIAL DATA
- PERSONNEL DATA
- GENERAL DATA

PESTELANALYSIS

- P-POLITICAL FACTORS
- E-ECONOMICAL FACTORS
- S- SOCIO-CULTURAL FACTORS
- T-TECHNOLOGICALFACTORS
- E-ENVIRONMENTAL FACTORS
- L-LEGAL FACTORS

Considerations in Product Selection

- Present Market.
- Scope of Growth of Market.
- Costs.
- Availability of main production factors.
- Risks.

Factors for Sales Forecasting

- Changes in technology.
- Government policies.
- Competition.
- Factors related to the concern itself.

Methods used for Forecasting the Demands

- Survey of Buyer's Intentions.
- Collective Opinion or Sales Force Composite Method.
- Trend Projection.
- Executive Judgment Method.
- Economic Indicators.
- Controlled Experiments.
- Expert's Opinions.

CHAPTER-3

PROJECT REPORT PREPARATION

PROJECT REPORT

Document which contains the required details like the personal bio data of the entrepreneur, the product to be manufactured, its design, manufacturing process, raw materials, machines & equipments required, staff needed, the amount of money required, the sources of finance, cost of goods to be produces, market demand of the product & the likely profits anticipated etc.

CONTENTS OF PROJECT REPORT

- Promoter's Profile
- Location
- Land & Building
- Plant & Machinery
- Production Process
- Personnel
- Raw Materials
- Sources of finances etc.....

PRELIMINARY PROJECT REPORT

• **Preliminary Project Report** is a brief summary of a project describing the expected inputs & outputs like finance, manpower, machinery, materials, technology, expenses, production, sales & profits etc. of a project before the project is actually implemented.

DETAILED PROJECT REPORT

Detailed project report is a complete document for investment decision-making, approval, planning. Detailed project report is base document for planning the project and implementing the project.

PROJECT APPRAISAL

• It means the assessment of a project in terms of economical, technical, social & financial viability.

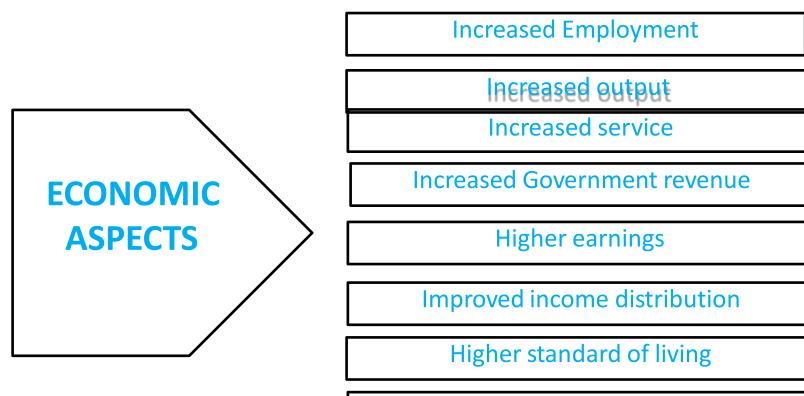
STAGES OF PROJECT APPRAISAL

ECONOMICAL FINANCIAL TECHNICAL ANALYSIS ANALYSIS FEASIBILITY

MANAGERAIL COMPETENCE

COMMERCIAL ANALYSIS

ECONOMICALASPECTS

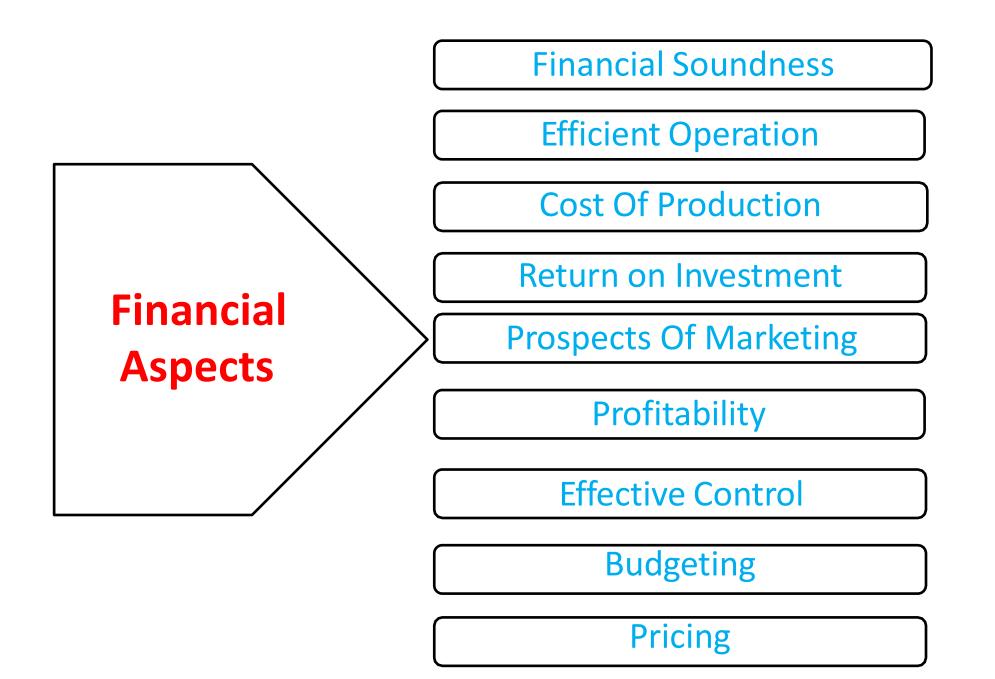


Increased National Income

<u>FINANCIAL</u> <u>ANALYSIS</u>

• Financial analysis is the examination of financial information to reach business decisions.

• **Financial analysis** is the process of evaluating businesses, projects, budgets and other **finance**-related entities to determine their performance and suitability.

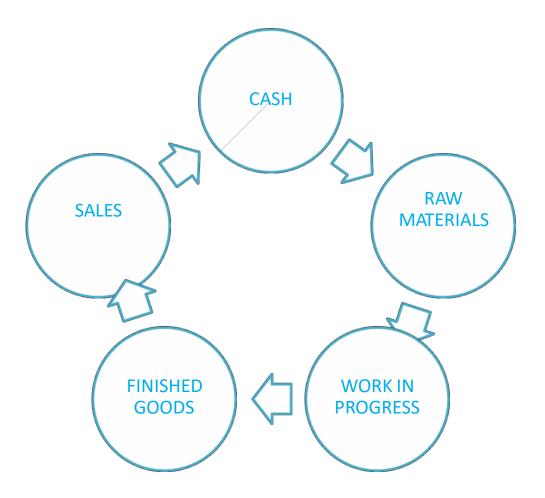


Technical Feasibility

• Technical feasibility is the complete study of the project in terms of input, processes, output, fields, programs and procedures.

• Technical **feasibility** study is used to determine the viability of an idea, such as ensuring a project is legally and technically **feasible** as well as economically justifiable.

BUSSINESS PROCESS CYCLE



CHAPTER-4

INTRODUCTION TO MANAGEMENT

MANAGEMENT

- Management may be defined as the art of getting work done through people with satisfaction for employer, employees & public.
- Management is a distinct process consisting of planning, organizing, actuating & controlling performance to determine & accomplish the objectives by the use of people & resources.

FUNCTIONS OF MANAGEMENT

- PLANNING
- ORGANISING
- STAFFING
- CO-ORDINATING
- DIRECTING
- MOTIVATING
- CONTROLLING

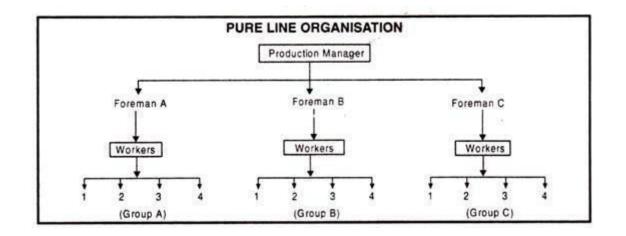
PRINCIPLES OF MANAGEMENT

- DIVISION OF WORK
- AUTHORITY & RESPONSIBILITY
- DISCIPLINE
- UNITY OF COMMAND
- UNITY OF DIRECTION
- SCALAR CHAIN
- REMUNERATION
- STABILITY OF WORKERS
- TEAM SPIRIT

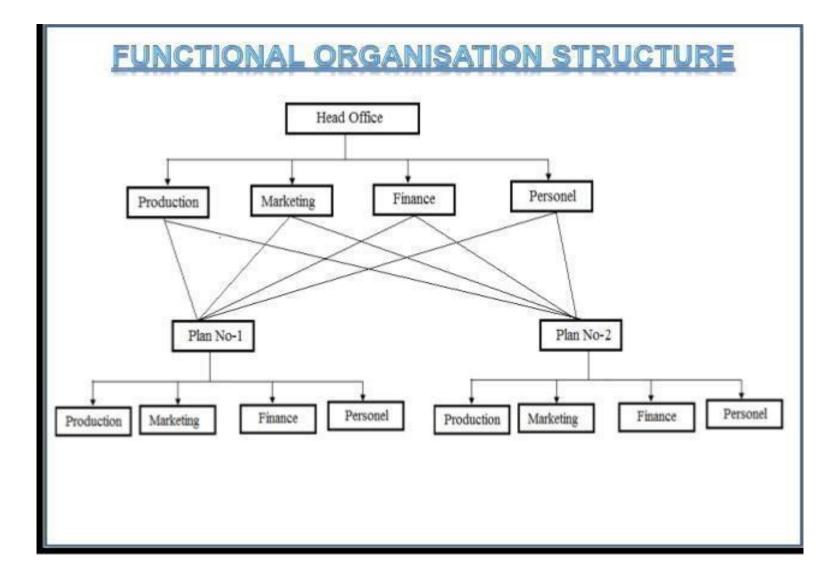
<u>TYPES OF INDUSTRIAL ORGANISATION</u> <u>STRUCTURE</u>

- LINE ORGANISATION
- FUNCTIONAL ORGANISATION
- LINE & STAFF ORGANISATION

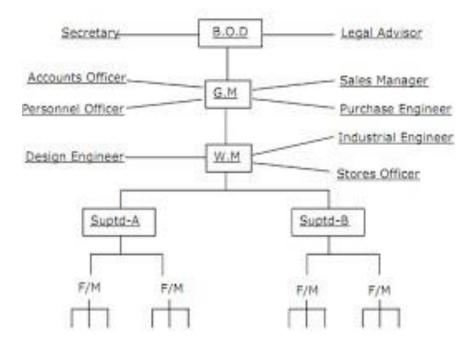
LINE ORGANISATION



FUNCTIONAL ORGANISATION



LINE & STAFF ORGANISATION



<u>CHAPTER-5</u> LEADERSHIP & MOTIVATION

Meaning of Leadership:-

- Leadership is not a person or a position. It is a complex moral relationship between people based on trust, obligation, commitment, emotion and a share vision of the good.
- Leadership is process where by an individual influences a group of individuals to achieve.

Need of Leadership:-

- ► To create confidence among employees.
- ► To motivate the employees.
- To build morale as high morale leads to higher productivity an organizational stability.
- ► To define objectives of organization.
- ► To create team-spirit among employees.
- ► To run the organisation efficiently and economically.
- ► To develop a sense of participation among workers.
- ► To handle difficult situation.

Qualities of a Good Leader:-

- Honesty and Integrity
- Confidence
- Inspire others
- Commitment and Passion
- Good Communicator
- Accountability

- Delegation and Empowerment
- Creativity and Innovation
- Empathy
- Decision Making Capabilities

Functions of Leadership:-

- ▶ 1. Priority on needs
- ► 2. Focus on actions
- ► 3. Motivation
- ► 4. Guidance
- ▶ 5. Result oriented
- ► 6. Flexible leadership role
- ► 7. Clear understanding of individual responsibilities
- ▶ 8. Organizing
- ▶ 9. Controlling
- ▶ 10. Setting an example

Manager vs Leader:-

Manager : A manager is a person who manages the organisation such that he is responsible for planning, organisation, direction, co-ordination and control.

Leader : A leader is a person who influences his followers to achieve a specified goal. He is a man with vision and inspires his followers in such a way that it becomes their vision.

Comparison Chart:-

| Basis | Leader | Manager |
|----------------|----------------------|-----------------------------------|
| 1.Approach | Sets direction | Plans details |
| 2.Subordinates | Followers | Employees |
| 3.Decision | Facilitates decision | Makes decision |
| 4.Focus | People | Process and procedure |
| 5.People | Aligns people | Organizes people |
| 6.Aim | Growth & development | Attainment of the required result |

Types of Leadership:-

- 1. Autocratic or Authoritarian Leadership: An autocratic leader centralizes power and decision making in himself. He gives order, assigns tasks and duties without consulting the employees. The leader takes full authority and assumes full responsibilities.
 - 2. **Democratic or Participative Leadership**: It is decentralize authority. It is characterized by consulting with subordinates and their participation in the formulation of plans and policies. He encourages participation in decision making.
- 3. Laissez-faire or Free-rein Leadership: It avoid power and responsibilities. This type of leader passes on the responsibilities for decision making to his subordinates. He gives no direction and allows the group to establish its own goals and work out its own problems.



Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals.

Motivation is the reason for people's actions, desires, and needs. Motivation is also one's direction to behaviour, or what causes a person to want to repeat a behaviour.

CHARACTERISTICS OF MOTIVATION:-

- Motivation is a Psychological Concept.
- Motivation affects the Whole Individual, not part of Him /Her.
- Motivation is an Unending Process.
- Motivation is a complex phenomenon.
- Motivation is different from Satisfaction, Inspiration, and Manipulation.
- Motivation is different from mental strength.

IMPORTANCE OF MOTIVATION :-

- Improves Performance Level.
- Helps to Change Negative or Indifferent Attitudes of Employees.
- Reduction in Employee Turnover.
- Helps to Reduce Absenteeism in the Organisation.
- Reduction in Resistance to Change.

FACTOR AFFECTING MOTIVATION :-

- Achievement
- Advancement
- Growth
- Recognition
- Work itself
- Job security
- Salary
- Technical supervision

THEORIES OF MOTIVATION :-

- Maslow need hierarchy theory
- Herzberg's theory of motivation
- McGregor's X and Y theory

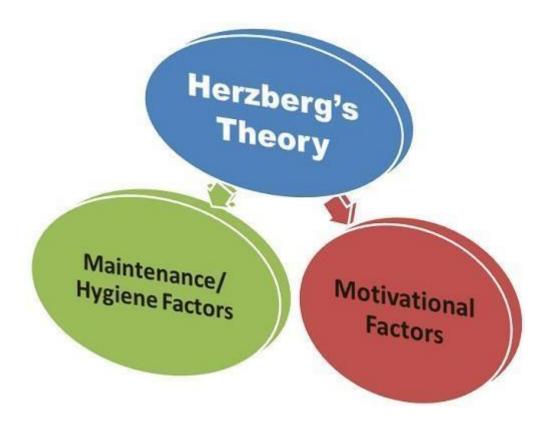
MASLOW NEED HIERARCHY THEORY :-

 The Maslow's Need Hierarchy is given by Abraham Maslow, who has explained the strength of certain needs at the different point of time. Maslow has given a framework that helps to understand the strength of needs and how a person moves from one need to the other. These needs are arranged in the hierarchical form as shown below:



HE RZ BERG'S THEORY OF MOTIVATION :

 In this context, the study was conducted wherein the experiences and feelings of 200 engineers and accountants were analysed. They were asked to share their previous job experiences in which they felt "exceptionally good" or "exceptionally bad." Through this study, Herzberg concluded that there are two job conditions independent of each other that affect the behaviour differently. The first set of job conditions has been referred to as maintenance or hygiene factor. The second set of job conditions is referred to as motivational factors.



McGregor's X and Y theory :-

• Theory X and Theory Y are theories of human motivation and management. These two theories describe contrasting models of workforce motivation applied by managers in human resource management, organizational behaviour, organizational communication and organizational development.

<u>X and Y theory:-</u> <u>X - THEORY</u> <u>Y - THEORY</u>

- Dislike their work.
- Avoid responsibility and need constant direction.
- Have to be controlled, forced Self-r and threatened to deliver work. tasks
- Need to be supervised at every step.

- Happy to work on their own initiative.
- More involved in decision making.
 - Self-motivated to complete their tasks
 - Enjoy taking ownership of their work.