

**MUNNETRAM CLASS WITH SATISH
ORU KUTTI REVISION
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Commerce

Chapter 23

ELEMENTS OF ENTREPRENEURSHIP

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FREE ONLINE COACHING FOR TAMILNADU
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CA FOUNDATION PROGRAM**



Entrepreneur Vs Intrapreneur



Entrepreneur

FREE THINKER

INDEPENDENT PERSON

MOBILIZE FUNDS

RISK BEARER

OWNER



Intrapreneur

**SCOPE OF BUSINESS ACTIVITIES
UNDERTAKEN BY THE
ENTERPRISE**

**DEPENDENT ON THE
ENTREPRENEUR AS AN EMPLOYEE**

**ACCESS FUNDS MOBILIZED BY THE
ENTREPRENEUR**

**NO SHARE IN PROFITS BUT GETS
PERQUISITES, SALARY, INCENTIVES**

**EMPLOYEE OF THE COMPANY WHO
IS ACCOUNTABLE FOR THE
ACTIVITIES UNDERTAKEN**



Entrepreneur Vs Manager



Entrepreneur

MOTIVE - START A VENTURE

OWNER OF THE ENTITY

RISK BEARER AND UNCERTANITY

REWARDED PROFIT FOR RISK

**CREATIVE TALENT,
INTUITION, INNOVATION**



Manager

**MOTIVE - RENDER SERVICE IN AN
ENTITY SETUP FOR EXECUTION**

SALARIED EMPLOYEE

NO RISK IN THE VENTURE

**REWARD IS SALARY, BONUS,
ALLOWANCES**

**CONCEPTUAL SKILLS AND HUMAN
RELATION SKILLS**



Classify Entrepreneurs



Risk Bearer

RICHARD CANTILLON

Acts as an agent combining all factors of production to produce a product or service
Economic functionary who undertakes risk of uncertainty

Organiser

JEAN BAPTISTE

A person who brings together various factors of production and creates an entity.
Faces many obstacles, misfortunes, mental agony in the process

Innovator

JOSEPH A SCHUMPETER

- Introduces a brand new product in the market
- Institutes new technology to produce a product
- Discovers new source of supply of raw materials
- Discovers new product hitherto untapped
- New forms of organisation establishing monopoly or dismantling existing monopoly



Promotional Functions



1 Discovery of Data

Conceive his own ideas or develop ideas contributed by others

- Keen observation of environment
- Education, Training
- Market Survey
- Environmental Scanning

5 Fulfilment of the formalities

Steps to setup organisation

- Sole Trader formalities minimum
- Partnership - Deed to be registered
- Company - Promoter takes responsibility for registration

2 Determining the business objectives

- Develop business objectives with nature of business, trading and type of organization

6 Preparation of business plan

- Business plan helps achieve various objectives formulated within specified time

3 Detailed investigation

- Investigate commercial feasibility of the product
- Conduct market study
- Probe sources of supply for manufacturing
- Analyze the prices with terms and conditions

7 Mobilisation of funds

- Estimate fixed capital and working capital required for the project
- Initiate steps to build funds from various channels
 - Own funds
 - Borrowing Funds
 - Bank Loans
 - Venture capitalists

4 Choice of form of enterprise

- Forms of enterprise includes - Partnership, Company, Co-operatives
- Selection of organization made after considering various factors

8 Procurement of Machines and Supplies

- Sources of supplies of Machineries
- Select best source of supply

- Nature of product to be produced
- Size of Investments
- Nature of liability of owners
- Retention control
- Degree of Risk

01. Discovery of Idea
02. Determining the business perspectives
03. Detailed Investigation
04. Choice of form of enterprise
05. Fulfilment of the formalities
06. Preparation of business plan
07. Mobilisation of funds
08. Procurement



Managerial Functions



01

Planning

Entrepreneur has to lay down the Objectives, Goals, Vision, Mission, Policies, Procedures, Programmes and Budgets



02

Organising

- Suitable Organizational structure
- Type of Organisation
- Set up human resources department
- Delegating authority
- Distributing responsibility



03

Directing

- Motivate, Lead, Guide and communicate -Subordinates
- Issue orders, Guiding and counselling employees
- Supervising employees



04

Controlling

- Evaluate performance of employees
- Fixing Performance standards
- Measuring actual performance
- Comparing Actual performance with standards
- Control techniques - Accounting, Auditing, Management Information system



05

Coordination

- Diverse functions performed by various departments
- Direct teams to achieve established goals



01. Planning
02. Organising
03. Directing
04. Controlling
05. Co-ordination



Commercial Functions



01

Production or Manufacturing

- Selection of Factory site, design and layout
- Type of products to be manufactured
- Product design
- Production Planning and Control



02

Marketing

- Consumer Research
- Product Planning and Development
- Standardisation
- Packaging and Warehousing
- Select Appropriate Marketing Mix



03

Accounting

- Prepare Financial accounts
- Balance sheet to know financial status
- Cash flow and Funds flow to know adequacy of funds
- Cash position to meet working capital needs



04

Finance

- Choose right type of finance
- Dividend Policy
- Acquiring Funds
- Manage Fixed and Current Assets
- Maximize shareholders wealth
- Investing fund efficiently and effectively



05

Human Resource Management

- Estimate manpower needs of business
- Manage Recruitment
- Induction and Training
- Compensation Structure
- Incentives
- Design Motivation Programmes
- Career Advancement



01. Production / Manufacturing
02. Marketing
03. Accounting
04. Finance
05. Human Resource Management



Characteristics of Entrepreneur



1

Spirit of enterprise

- Be bold to encounter risk in the venture
- Do not get discouraged by Setbacks or frustrations.

2

Self Confidence

- Confidence required for achieving high goals
- Negativities should not weaken once resolve

3

Flexibility

- Should not be rigid in sticking to decisions
- Be Flexible in ever-changing business environment

4

Innovation

- Introduce new product
- New method of production or distribution
- New territory for business

5

Resource Mobilisation

- Tangible inputs - Manpower, Money, Technology, Market
- Intangible Inputs - Motivation, Morale and Innovativeness

6

Hardwork

- Put in strenuous efforts and have courage to face uncertainties, risks and constraints

7

Leadership

- Influence team members by showing sympathy and empathy
- Lead from the front, Walk the talk, Effectively take the

8

Foresight

- Visualize business environment
- Foresee changes likely to take place in the market, consumer attitude and technological developments

9

Analytical Ability

- Objectively analyse the situation and act accordingly
- Abstain from emotional or hasty decisions
- Should take rational decisions

10

Decision Making

- Timely and Correct decisions
- Rationally examine various factors influencing the decision
- Due weightage should be given to all risks



Challenges faced by Women Entrepreneurs



01

Finance

Financial institutions do not consider women creditworthy
Impose stringent conditions
Limited Funds

02

Limited Mobility

Not move out freely to do meetings in connections with business activities

03

Lack of Education

Illiterate and semi-literate women face lot of challenges in the entrepreneurial journey
Impacts efficiency of business operations

04

Lack of Network Support

Lack of psychological support and wiser counselling during challenges
Network support required from Family, friends, relatives and neighbours

05

Stiff Competition

Face competition from organised sectors
Not able to spend due to financial constraints

06

Sensitivity

- Sympathy and Empathy for others
- Leads to not objective decisions
- Weak emotions help them to tolerate failures.

07

Lack of information

- Not aware of information about subsidies and incentives available
- Information about government schemes not understood well due to lack of knowledge or limited knowledge

08

Dependent culture

- In India women are dependent on family at various phases of life cycle
- Women seek permission from their support groups to engage in gainful activity
- Cultural barrier does not allow them to start and manage their ventures according to their free will.