Unit – 1

 Introduction

 Before going through this lesson, ask yourself if you are hard working, smart and creative, willing to take risks and good with people. If the answer is yes, then take heart, stay motivated and be steered by your inherent inner drive. You are on the road to entrepreneurship, the ultimate career in capitalism in which you put your idea to work in a competitive economy. Entrepreneurship does not mean sticking to conventional business. It implies creating new things. Its emphasis is not merely on idea generation but also on the promotion and implementation of a new business environment.

1. Entrepreneurship is **an economic activity done to create, develop and maintain a profit-oriented business**.
2. ii) It begins with identifying an opportunity as a potential to sell and make profit in the market.
3. iii) Entrepreneurship is the best utilization of available resources.

Origin of entrepreneurship

The word “entrepreneur” originates from a thirteenth-century French verb, entreprendre, meaning “to do something” or “to undertake.” By the sixteenth century, the noun form, entrepreneur, was being used to refer to someone who undertakes a business venture.

Meaning

Entrepreneurship is the ability (i.e., knowledge plus skills) of a person to translate ideas of commencing a business unit into reality by setting up a business on ground to serve the needs of society and the nation, in the hope of profits.

Definition

Wennekers and Thurik defines Entrepreneurship as , “An economic process where an idea is generated or an opportunity is created, refined, developed and implemented, while exposed to uncertainty to realize a profit by effective utilization of resources”.

Terms :

 THE ENTERPRISE is some business structure/object that usually carries out some

commercial activity, creates new job positions, gains some profits.

 ENTREPRENEURSHIP is the art of starting a business, basically a start up company

offering creative product, process or service. We can say that it is an activity full of

creativity. An entrepreneur perceives everything as a chance and displays bias in taking

decision to exploit the chance. An entrepreneur creates an enterprise. The process of

creation is called “entrepreneurship

AN ENTREPRENEUR The word “entrepreneur” is derived from the French verb

enterprendre, which means ‘to undertake’. This refers to those who “undertake” the risk of

new enterprises and is a creator or a designer who designs new ideas and business processes

according to the market requirements and his/her own passion. To be a successful

entrepreneur, it is very important to have managerial skill and strong team building abilities.

Leadership attributes are a sign of successful entrepreneurs.

ENTERPRISE ------ ENTREPRENEURSHIP ------ ENTREPRENEUR

(OBJECT) (PROCESS OF ACTION) (PERSON)

Entrepreneurship

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

Concept of Entrepreneurship

In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation’s capacity to succeed in an ever-changing and more competitive global marketplace.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

* **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
* **Innovation-**It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
* **Visionary and Leadership quality-**To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
* **Open-Minded-**In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
* **Flexible-**An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
* **Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

FUNCTIONS OF ENTREPRENEURSHIP:

1. Economic and dynamic activity:

Economic activity because it involves the creation and operation of an enterprise with a view to

creating value or wealth by ensuring optimum utilisation of scarce resources. Since this value

creation activity is performed continuously in the midst of uncertain business environment,

therefore, entrepreneurship is regarded as a dynamic force.

2. Related to innovation:

Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an

individual to continuously evaluate the existing modes of business operations so that more

efficient and effective systems can be evolved and adopted. In other words, entrepreneurship is a

continuous effort for synergy (optimization of performance) in organizations.

3. Profit potential:

“Profit potential is the likely level of return or compensation to the entrepreneur for taking on the

risk of developing an idea into an actual business venture.” Without profit potential, the efforts

of entrepreneurs would remain only an abstract and a theoretical leisure activity.

4. Risk bearing:

The essence of entrepreneurship is the ‘willingness to assume risk’ arising out of the creation and

implementation of new ideas. New ideas are always tentative and their results may not be

instantaneous and positive.

5. Value creation:

Entrepreneurship is a process of creating value for customers by exploiting untapped

opportunities. Through entrepreneurship, new products, services, technologies, resources,

markets are created that contribute value to community.

6. Creative and purposeful activity:

Entrepreneurship is a creative response to the changing environment. Introduction of something

new and creative is the main purpose of entrepreneurship.

IMPORTANCE OF ENTREPRENEURSHIP

1. Development of managerial capabilities:

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and

developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem,

identifies its alternatives, compares the alternatives in terms of cost and benefits implications,

and finally chooses the best alternative.

2. Creation of organisations:

Entrepreneurship results into creation of organisations when entrepreneurs assemble and

coordinate physical, human and financial resources and direct them towards achievement of

objectives through managerial skills.

3. Improving standards of living:

By creating productive organisations, entrepreneurship helps in making a wide variety of goods

and services available to the society which results into higher standards of living for the people.

Possession of luxury cars, computers, mobile phones, rapid growth of shopping malls, etc. are

pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

**Types of Entrepreneurship**

**Small Business Entrepreneurship-**

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

**Scalable Startup Entrepreneurship-**

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

**Large Company Entrepreneurship-**

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

**Social Entrepreneurship-**

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

ENTREPRENEUR VS MANAGER



**Benefits of Entrepreneurship**

1. The growth of Managerial Abilities

 One of the biggest and most significant benefits of entrepreneurship is that it helps in the identification and development of managerial talent. A successful entrepreneur has to learn a lot of skills to run his business. One such very important skill is the art of decision making. So an entrepreneur weighs his options, analysis his choices and chooses the best alternative. This is the crux of decision making.

2. Creation of Businesses/Organisation

Entrepreneurship is essentially a business owned entirely by one person. And the majority of these businesses are actually single handly run by the entrepreneurs themselves. So they assemble and coordinate their factors of production. They create their organizations from the ground up. They even learn some managerial skills along the way.

3. Promotes Better Standard of Living

 One very important factor of entrepreneurship is that they help fulfil all the customer needs and luxuries in society. An entrepreneur will launch products and services to meet customer requirements, even if it is not a mainstream good/service. Even niche requirements are fulfilled by entrepreneurs.

4. Economic Development.

 Entrepreneurs play a very important role in the national economy of any country. They are the spark that ignites the flames of economic development in a country. They not only invest their own capital but also attract capital from the market. Entrepreneurs make productive use of these savings; they mobilize them and turn them into a productive resource.

**Role of entrepreneurship in economic development**

**1. Wealth Creation and Sharing:** By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

**2. Create Jobs:**Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *Startup India* to promote and support new startups, and others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates many job opportunities, and is helping in augmenting our standards to a global level.

**3. Balanced Regional Development:**Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

**4. GDP and Per Capita Income:**India’s MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country’s GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

**5. Standard of Living:** Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

**6. Exports:** Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

**7. Community Development:** Economic development does not always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

**Functions of an entrepreneur**

**1. Innovation:**

An entrepreneur is involved in the following innovations-

a. Introducing a new product which the consumers are not aware of or a new quality of product.

b. Discovering and entering new markets.

c. Introducing a new method of production.

d. Finding new sources of supply of raw materials and semi-finished goods.

e. Creating or breaking a monopoly position and carrying out a new business.

2. Managerial Skills:

Along with entrepreneurial skills an entrepreneur should have a good managerial skills of organising, coordinating and controlling. He purchases the land from one person, labour from another, raw-materials from some other, capital from yet another, combines all and produces  a product and earns profits. An entrepreneur is self-confident and has a strong motivation to achieve success.

**3. Decision Maker:**

Right from the beginning of the business till the completion and future developments an entrepreneur takes a decision. An entrepreneur has to take a right decision at a right time so as to gain profits and overcome the hurdles and risks.

a. He always analyses and finds out an industry that provides him best prospects.

b. He decides on the nature and type of goods to be produced.

c. He adopts these methods of production which seems to be the most profitable.

d. He decides the size of the business.

**4. Risk Taker:**

As there is a lot of un-certainties in the business an entrepreneur has to bear a great amount of risk that could be either financial risk or the change in the techniques of production, change in the fashion taste of the customers etc.

An entrepreneur always tries to reduce the risk by analysing, each mode of raising finance at different cost, therefore there should be an optimum mix of both and in case if there is any inappropriate mix, it may disturb, the economic viability. Since most of the fresh entrepreneurs lack the knowledge of appropriate finance mix leading to weak equity resulting into industrial sickness.

**Qualities of an entrepreneur**

**1. Ability to take a risk**

There are certain characteristics of entrepreneurship that will make your ventures successful – and one that is on the top of the list is the ability to take a risk. Starting any business involves a considerable amount of risk of failure. The failure rate of entrepreneurial ventures is high and only the toughest hang on. But, at times, it is absolutely fine to take the “practical” exit route and try something new, instead of continuing to keep your investments sinking in time, money, or energy. Many famous entrepreneurs weren’t successful the first time around. But they had the foresight to know when to cut their losses. Therefore, the courage and capacity to take the said risk are essential for an entrepreneur.

**2. Being Able to Adapt**

As you roll out your business venture, you’ll discover that things you expected to work well may not work at all. You could stumble into things that you did not expect to work that will. You’ll see others in your industry doing things that’ll work well for your organisation and you’ll emulate them. Even if you are one of the lucky ones and your initial ideas work perfectly, the world is constantly changing around you. This is why being able to adept is crucial to many successful entrepreneurs.

To help you become adaptable to changes, try to improve your coping mechanism. Find your best way to accommodate difficult moments and master it. The way you handle setbacks is critical for business success.

**3. Can Sell**

An entrepreneur must be comfortable at selling and this is one of the most important skills of successful entrepreneurs. Even with a sales team, the team lead must be an expert at networking and be able to promote themselves and their business to customers, donors, suppliers and staff. Their business is bound to fail if the entrepreneur does not know how to sell. Even if you have little to no sales skills, be smart enough to partner with someone who excels at it and can show you the ropes.

Another way to improve your sales approach is to learn how to build trust. Trust is the first reason others would buy from you. We also recommend learning from television programmes such as Shark Tank and Dragon Den. Both offer examples of first-rate sales pitches and some very poorly done pitches.

**4. Constant learning**

One of the qualities of an entrepreneur is the ability to adapt the “The more I learn, the more I earn” saying in the entrepreneurial lives. Continuous learning will help you develop your skill set in responding to the ever-changing environment, redefine the way you communicate with people and innovate the way you lead.

**5. Creativity**

A lot of people would usually think that creativity is connected to arts, but that may not be entirely true. Creativity identifies solution or an out-of-the-box approach that could benefit the team or the organisation. The ability to be creative and innovate characterises the success of an entrepreneur, because being observant to changes and always reinventing the way they operate is very important.

Take CC Chang, the co-founder of FunNow, an app that allows users to book entertainment and leisure services at the last minute. Unlike competitors such as Klook, which is aimed predominantly at tourists, FunNow targets locals who want to find something fun to do in their own city. The app gained 600,000 users within three years and tripled its number of user interactions in 2018.

**6. Goal Oriented**

Entrepreneurs are all about setting goals and putting their all into making them real. Leaders must set ambitious targets, translate them into specific metrics and milestones, make them transparent throughout the organisation, and discuss progress frequently. To be goal oriented, entrepreneurs are always planning and organising – dedicating themselves to the discipline of being task oriented.

**7. Motivation & Passion**

If there is one important trait in an entrepreneurship, it would be passion. It is also the drive behind something that you have built and want to continue to improve on. Motivation will inspire you to enjoy what you are doing and want to continue doing it for a very long time. Your demonstration of passion and motivation will determine your success in any entrepreneurial venture.

**8. Self-confident**

Nobody is born with unlimited self-confidence. If someone seems to have incredible self-confidence, it’s because he or she has worked on building it for years. To gain self-confidence, it helps to visualise yourself as what you want to be. Practice visualising a fantastic version of yourself, achieving your goals. Remember, self-confidence is understanding that you trust your own judgement and abilities.

**9. Staying organised**

It’s a rare person among us who doesn’t feel the need to get more organised. Every entrepreneur spends some time to plan and organise the activities he has to do. The secret to being organised is to start with identifying what are your most important tasks for the day and listing out an easy workable task list.

**10. Strong communication skills**

One of the most important traits of an entrepreneur learns is how to communicate with others fluently; Even when transmitting new ideas to your team you should sound credible, compelling and easy to understand. For an example Shirley Kao, Chairman of Uni-President, the food-and-beverage conglomerate in Taiwan, realised very early that communicating with people you work with, to keep motivating the workers to provide quality services

**Types of an Entrepreneur**

BASED ON THE TYPE OF BUSINESS:

1. Trading Entrepreneur:

As the name itself suggests, the trading entrepreneur undertake the trading activities. They

procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufacture products. They identify the needs of the

customers and, then, explore the resources and technology to be used to manufacture the

products to satisfy the customers’ needs. In other words, the manufacturing entrepreneurs

convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural,produce, irrigation, mechanization, and technology.

BASED ON THE USE OF TECHNOLOGY:

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called

‘technical entrepreneurs.’ Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are nontechnical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution

strategies to make their business survive and thrive in the competitive market.

 BASED ON OWNERSHIP:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she it’s the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called‘state entrepreneur.’

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called

‘joint entrepreneurs.’

BASED ON GENDER:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called ‘men

entrepreneurs.’

2. Women Entrepreneurs:

Women entrepreneurs are defined as the enterprises owned and controlled by a woman or

women having a minimum financial interest of 51 per cent of the capital and giving at least 51per cent of employment generated in the enterprises to women.

 BASED ON THE SIZE OF ENTERPRISE:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called‘small-scale entrepreneur.’

2. Medium-Scale Entrepreneur:

The entrepreneur who has made investment in plant and machinery above Rs.1crore but below 5crore is called medium scale enterprise.

3. Large scale enterprise:

The entrepreneur who has made investment in plant and machinery more than 5 crore is known as large scale enterprise.

Based on Attitude

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of

production, discover new market and reorganise the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved, and people look forward to change and improvement.

2. Imitative Entrepreneurs:

These are characterized by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:

Fabian entrepreneurs are characterized by very great caution and skepticism in experimenting

any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterized by a refusal to adopt opportunities to make changes in production

formulae even at the cost of severely reduced returns relative to other like producers. Such

entrepreneurs may even suffer from losses but they are not ready to make changes in their

existing production methods.

CHARACTERISTICS FOR THE ENTREPRENEUR :

1. Entrepreneur is an agent

An entrepreneur is perceived as an economic agent who assembles materials for producing goods

at a cost that ensures profits and re-accumulation of capital. He is also understood as a change agent who brings about changes in the structure and formation of the organization, market and the arena of goods and services.

2. Entrepreneur is a risk-taker

A risk-taking ability is essential for an entrepreneur. Without the will to explore the unknown,

one cannot discover something unique. And this uniqueness might make all the difference.

Entrepreneurs have a differentiated approach towards risks. Good entrepreneurs are always ready

to invest their time and money. But, they always have a backup for every risk they take.

3. Entrepreneur is a profit maker

An entrepreneur is an individual who establishes and manages the business for the principle

purpose of profit and growth.

4. Entrepreneur is an achievement motivator

David C. McClelland has initiated this concept of the entrepreneur by calling him “as per sun

with a strong desire for achievement.” Later on, Meredith and others have expressed the same

concept while they termed “entrepreneurs are action-oriented, highly’ motivated

individuals.”Therefore, entrepreneurs have to have a deep-rooted need for achieving their goals.

5. Passion:

Your work should be your passion. Therefore, when you work, you enjoy what you’re doing and stay

highly motivated. Passion acts as a driving force, with which, you are motivated to strive for

better. It also allows you the ability to put in those extra hours in the office which can or may make a

difference. At the beginning of every entrepreneurial venture or any venture, there are hurdles

but your passion ensures that you are able to overcome these roadblocks and forge ahead towards

your goal.

6. Creativity:

Creativity gives birth to something new. For without creativity, there is no innovation possible.

Entrepreneurs usually have the knack to pin down a lot of ideas and act on them. Not necessarily

every idea might be a hit. But the experience obtained is gold.

Creativity helps in coming up with new solutions for the problems at hand and allows one to

think of solutions that are out of the box. It also gives an entrepreneur the ability to devise new

products for similar markets to the ones he’s currently playing in.

7. Professionalism:

Professionalism is a quality, which all good entrepreneurs must possess. An entrepreneur

mannerisms and behaviour with their employees and clientele goes a long way in developing the

culture of the organization. Along with professionalism comes reliability and discipline. Self discipline

enables an entrepreneur to achieve their targets, be organized and set an example for everyone.

**Intrapreneurship**

Intrapreneurship is a system and a process that allows its employees to develop their entrepreneurial skill & mindset and act like an entrepreneur by working within the company.

Intrapreneurship is very close to [entrepreneurship](https://www.marketingtutor.net/what-is-entrepreneurship/) where people can learn and polish their skills by working within the company, and then they can start their own business later. Intrapreneurs are usually proactive and self-motivated individuals who have the skill and the mindset to become the leader.

**Benefits of Intrapreneurship for Businesses**

Intrapreneurship is necessary for large organizations to keep the growth and productivity intact. Some of the advantages of Intrapreneurship for businesses are as follows;

**Increase productivity**

Intrapreneur is the person with leadership skill and he’s working on the tight deadline to deliver results. He will keep his team motivated so that they remain excited to meet their targets. In the process of doing it, the productivity of the company keeps on increasing.

**Problem Solver**

Intrapreneurs are usually assigned to certain tasks of the company to improve different processes. If the output of the company has slowed down, then they investigate the cause of the problem and find creative ways to solve the issue in hand. If they see the gap in performance, then they will evaluate different functions of the company to minimize the gap or to finish it.

**Innovator**

Intrapreneurs adopt creative and innovative ways to keep things changing in the company. Keep imagining and visualizing different scenarios innovative ways to increase the growth level of the company.

**Love to take Risk**

Intrapreneurs are risk-takers and they are not afraid to fail. Lack of fear has a different level of confidence because people usually make mistakes when they are under pressure. They take calculated risks and their chances of failure are very low; because they know that the failure would also teach a unique lesson of what to avoid in the future under what circumstances.

**Importance of Intrapreneurship**

* **Boosts Employee Morale and Productivity:**

The more engaged the employees are, the less likely they are to leave the organisation. Intrapreneurship allows its workers to fully engage in the business and take charge of the work. Thus, providing autonomy makes the working of employees more meaningful and improves their productivity.

* **Increased Revenue and Growth**:

Facilitating innovation improves ways of creating new products and services. Hence, the organisation can find new opportunities in the existing and new markets and grab them quickly.

* **Making the Most of In-House Talent:**

In an intrapreneurship, the employees get a chance to outperform their key responsibility areas. They can bring unique knowledge to the table through their own experiences, and they will make recommendations based on their idea about the industry and competition.

* **Better Retention of Employees:**

Employees who are passionate about their work have fewer chances of leaving the organisation. Intrapreneurship keeps them engaged in those areas of work that they enjoy the most. It adds more meaning to their jobs.

* **Providing a Competitive Edge**:

Intrapreneurship consists of a highly efficient and expert workforce. They have excellent skills in resolving issues and taking the organisation towards new opportunities, giving a competitive edge to the company they are working for.

* **Identifying the Potential of an Employee**:

An organisation can explore employees' abilities and bring out an intrapreneur within them. Thus, a company grows because of its valuable human resource.

**Characteristics of Intrapreneurship**

A true intrapreneur is comfortable being out of his comfort zone. They keep testing their knowledge and ideas to achieve their desired results. Thinking outside of the box is a skill they must have to stay ahead in the competition. The following is a list of all the essential features of an Intrapreneurship:

* **Innovative Approach**: Intrapreneurship is a creative initiative that allows problem-solving and seeing challenges as opportunities.
* **Zero investment by the intrapreneur:** A failure does not have a personal cost for the intrapreneur. The organisation bears the losses arising out of it. Hence, he need not spend even a penny on the project even though he is the brain behind the idea.
* **Mutual Benefit**: Employers should allow an intrapreneurship since it is critical for the organisation. It helps employees grow while keeping them involved. On the other hand, it achieves higher financial returns and profitability for the organisation.
* **Leadership**: Only a person with strong and effective leadership traits can become an entrepreneur. Motivating the team to work towards the same goal is highly critical, and it requires emotional intelligence on the part of the entrepreneur.
* **Risk-taker**: Intrapreneurs risks losing their career if their initiatives fail. However, they are still willing to take this risk and provide solutions to the problems through their ideas. Bringing an innovative change in the business organisation is their ultimate goal.
* **Diversification**: In an intrapreneurship, people of different age groups, gender, fields, and culture work together as a team. Thus, it aims to promote diversification in the work environment.

**The Three Types of Intrapreneurs**

Intrapreneurship is not a solo game but involves working as a team to deliver the best results. Three types of intrapreneurs make up a great team together:

* The Creator:

This person is a programmer or an engineer that gives life to your idea and creates a solution. He is in an internally facing role. For example, the Creator might be a chef if you work in the hotel and food industry.

* The Advocate:

They play the role (say) of a designer or a business analyst. Shaping the problem to be solved and defining the attributes of the customers are their leading tasks. Since the organisation keeps coming up with new ideas, they are often easy to spot in the company. The advocate is a customer-facing role.

* The Change Maker:

They are external business-facing people that make things happen. Such people are great networkers that bring finance, funding, sales, and partnerships.

The process of an intrapreneurship involves the following steps:

* **Step 1:** Encourage the employees to bring their ideas to the table by familiarising them with the higher authority they are conveying.
* **Step 2**: Checking the compatibility of the employees’ ideas with the goals and objectives of the organisation.
* **Step 3:** Analysing the Ideas from different aspects to identify any scope for betterment.
* **Step 4:** Approval of the Idea by the team and associates.
* **Step 5:** Conduct the SWOT(Strengths, Weaknesses, Opportunities and Threats) analysis for the final feasibility test of the new project. SWOT refers to strengths, weaknesses, opportunities, and threats.
* **Step 6:**Making an Idea workable by modifying and crafting it. The organisation takes this step after testing it for compatibility and feasibility.

**Hurdles in Intrapreneurship**

An Idea of an intrapreneurship is still not very well understood, even though it has been around for decades. The improper execution of an intrapreneurship can be a disaster for the company and the employees involved. Hence, an intrapreneurship is not an easy journey. The most common hurdles in an intrapreneurship today are:

* **Leadership Conflicts:**

There are always multiple CEOs in an intrapreneurship, shifting strategy and priorities over time. The team members could get frustrated and confused under inconsistent leadership, and it, in turn, hinders progress.

* **Strategy Conflicts:**

The first step intrapreneurs take to locate previously ignored opportunities, and they then pool their resources to seize them. Here, the intrapreneur and the organisation's strategy alignment is natural. Traditional business owners, however, rarely succeed in bringing their intended products to market.

* **Resource Conflicts:**

Funding an intrapreneurship is great when times are good. But, it also introduces uncertainty outside the intrapreneur’s control.

* **Hiring Issues:**

 It is challenging for the organisation to identify an intrapreneur within an employee. Hence, the [human resource](https://khatabook.com/blog/human-resource-planning-process/) department should be careful when acquiring the most talented employees.

* **Cultural Issues:**

 Though some employees are passionate about their work, many do not take Intrapreneurship seriously. Keeping themselves away might raise a problem within the organisation, leading to cultural issues between them.

**Key Differences between Entrepreneur and Intrapreneur**

|  |  |  |
| --- | --- | --- |
| **Basis of comparison** | **Entrepreneur** | **Intrapreneurs** |
| Definition | Create and expand their own businesses | Use their abilities to help other companies develop and launch new ventures |
| Workplace position | Owner  | Employee |
| Vision  | To bring something innovative in the market  | To increase the brand value of the company in the market |
| Dependency  | Independent to make decisions  | Seek approval from their superiors |
| Risks | Bears all the failure and financial losses | Taken by the owner of the company   |
| Resources  | Gather by them  | Given by company |
| Funds  | Raised by them | Provided by company  |
| Benefits  | Received by them  | Received by company  |
| Working hours  | Flexible as per convenience  | Scheduled by company  |
| Approach | Intuitive | Restorative |