

This course aims to learn more specialized keyterms & practice reading.
This course prepared & designed by: BOUCHENTOUF N

Lecture2: Entrepreneurs



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 be produced.

Functions of Entrepreneur:

There are several important functions which the entrepreneur performs, of which the following are the chief ones

Conceiving and Initiating:

It is the entrepreneur who conceives the plan of a business. Either alone or with the help of friends he puts it into execution. He thus gives the business a start.

Organizing: Having decided which industry to enter, where to start it, what and how much to produce, and how and where to sell, the entrepreneur must now tackle the practical part of the problem.

First of all he must make the necessary financial arrangements. Then he must buy machinery and get it installed; he must hire labour, and assign them suitable jobs; he must buy the raw materials and organise each process of manufacture; and finally, he must make satisfactory arrangements to market the produce.

Directing and Supervising:

The entrepreneur cannot just stop after organising the business. He has to direct production into the most profitable channels. He has to supervise every little detail so as to ensure maximum production.

Control:

The entrepreneur may have some assistants to help him but he must keep the final control of business in his own hands. Being responsible for the birth of the business; he cannot leave its destiny in the hands of anybody else.

Risk-taking:

The entrepreneur has to take the consequences of his enterprise. He has to pay all the other factors of production in advance. It may be that he is rewarded with a handsome profit, or it may be that he suffers a heavy loss.

Innovation:

To introduce innovations is another important function of an entrepreneur. Innovation by the entrepreneur implies a variety of things. It may mean the introduction of a new method of production or improvement in the old method.

Innovation may refer to the discovery of new materials, fresh sources of old materials, or new uses for materials and final goods.

It also includes the opening of new markets. Innovation may take the form of new techniques in administration, finance, marketing, or human relations inside the business and public relations outside. In short, an entrepreneur initiates, organises, directs and supervises controls and undertakes the risk of the business, and introduces innovations.

Questions: In your opinion what is the Qualities of a Successful Entrepreneur?

We have already said that modern business is a very complicated affair. In order to organize and run it successfully, the entrepreneur must possess qualities of a very high order. The man at the helm of the business must be a really superior person and possess outstanding organizing ability. The entrepreneur must be a successful leader of men. He must win and retain the loyalty of men with whom he has to work. He must inspire confidence in them. He must understand human nature, so that he can make each person do his best.

He must also understand his business. He has to buy machines; he has to buy raw materials. He must be an expert in judging the quality of both, if he is not to be deceived. He must also know the art of marketing. A successful entrepreneur must have general knowledge of the world at large. This is essential not only for the purchase of materials and machinery, but also for the sale of goods and for taking important business decisions.

Another important quality of a successful entrepreneur is that he must be a good innovator. In fact, the amount of profits he earns depends, to a large extent, on his ability to introduce innovations. There are ups and downs in a business. He must have the courage to face them. He must take advantage of the favorable opportunities. He will have, therefore, to take bold decisions sometimes. But he must do so cautiously. A single mistake may spell disaster. 'Prudent boldness' is what is needed.

In short, a successful entrepreneur must be capable and well-informed, a successful leader of men, a keen judge of things, courageous and prudent. Above all, he must be gifted with a large measure of practical commonsense. He is a superman. Few entrepreneurs come up to this standard in real life. There are not many Fords, Microsoft, Samsung in the world.

By : Tushar Seth, ECONOMICS DISCUSSION