

TOURISM ENTREPRENEURSHIP

UNIT II

Entrepreneurial Traits

- Innovation

- *does something new and different, seeking to do something different and unique, try to meet the changing requirements of customers.*

- Risk – Bearing

- *must be able to assume the risk involved in the enterprise, needs to be a risk taker not an avoider, should have ability of risk bearing .*

Entrepreneurial Traits

(Contd..)

- **Passion for the Business**

- *This passion typically stems from the entrepreneur's belief that the business will positively influence people's lives.*

- **Product/Customer Focus**

- *An entrepreneur's keen focus on products and customers typically stems from the fact that most entrepreneurs are, at heart, craftspeople.*

- **Execution Intelligence**

- *The ability to fashion a solid business idea into a viable business is a key characteristic of successful entrepreneurs.*

Entrepreneurial Traits

(Contd..)

- Achievement motivated
- Alert to opportunities
- Creative
- Decisive
- Energetic
- Has a strong work ethic
- Is a networker
- Initiative Taker
- Lengthy attention span
- Optimistic disposition
- Persuasive
- Responsive to criticism
- Self-confident & Self-starter
- Tenacious
- Tolerant of ambiguity
- Visionary

Entrepreneurs v/s Managers

- **Entrepreneur** refers to a person who creates an enterprise, by taking financial risk in order to get profit.
- **Manager** is an individual who takes the responsibility of controlling and administering the organization.

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Focus	Business startup	Ongoing operations
Primary motivation	Achievement	Power
Approach to task	Informal	Formal
Status	Owner	Employee
Reward	Profit	Salary
Decision making	Intuitive	Calculative
Driving force	Creativity and Innovation	Preserving status quo
Risk orientation	Risk taker	Risk averse

Intrapreneurs

- An **Intrapreneur** is someone within a company that takes risks in an effort to solve a given problem and is usually in charge of undertaking innovations in product, service, process etc.
- Organizations want to form:
 - *Product Champions*: people who take ownership of a product from concept to market.
 - *Skunkworks*: a group of intrapreneurs kept separate from the rest of the organization.
 - *New Venture Division*: allows a division to act as its own smaller company.
 - *Rewards for Innovation*: link innovation by workers to valued rewards.

Ethics & Social Responsibility Of Entrepreneurs

What Are Ethics?

- Individual values form the basis of **ethics**, a set of moral principles that govern decisions and actions.
- To act ethically is to behave in ways that are in keeping with certain values.
- **Universal values** are values that are shared by all cultures throughout history.
- **Business ethics** are moral principles applied to business issues and actions.
- Entrepreneurs have considerable influence on their company's business ethics.

Why Practice Business Ethics?

- The main reason for behaving ethically, in business or in any area of life is simply that it's the right thing to do.
- Three practical reasons why you should practice business ethics:
 - *Customers are more confident when buying goods and services from an ethical company.*
 - *An ethical workplace motivates employees.*
 - *Ethical behavior also prevents legal problems.*

Establishing an Ethical Workplace

- **Universal values** establish a strong foundation for society and are also a good basis for running your business.
- To deter unethical behavior, companies try to create **transparency**, or openness and accountability in business decisions and actions.
- To enhance transparency, companies today are using social media, which are interactive electronic forms of communication such as blogs and message boards.

Ethical Issues for Entrepreneurs

- When faced with an ethical decision, it's best to rely on your own strong personal values to help guide your response.
- Intellectual property is artistic and industrial creations of the mind.
 - *Copyright* is the exclusive right to perform, display, copy, or distribute an artistic work.
 - A *patent* is the exclusive right to make, use, or sell a device or process.
 - A *trademark* is a symbol that indicates that the use of a brand or brand name is legally protected and cannot be used by other businesses.
- A conflict of interest exists when personal considerations and professional obligations interfere with each other.
- Confidentiality involves respecting the privacy of others.

Corporate Social Responsibility

- Corporate social responsibility means that businesses act in ways that balance profit and growth with the good of society.
- Corporate social responsibility often translates into profits. This advantage for business is sometimes described as “doing well by doing good.”
- One type of socially-responsible corporate behavior is ethical sourcing, which means buying from suppliers who provide safe working conditions and respect workers’ rights

Responsibility To The Individuals

- Corporate social responsibility affects employees, customers, investors, and creditors.
- Entrepreneurs have legal obligations to provide a safe workplace and fair employment policies.
- Business owners are bound by law to treat customers fairly.
- Acting responsibly toward suppliers or vendors results in making the best choices of materials and using them wisely.
- Investors and creditors provide the money to start and run a business. They must believe in both the idea behind the business and the entrepreneur.

Responsibility To The Environment

- **Sustainable Design** - Sustainable products meet the planet's current needs while preserving resources for future generations.
- **Alternative Energy** - Researchers are working to make fossil-fuel alternatives such as solar, wind, and hydrogen power more efficient.
- **Organics** - Organic produce, grains, and meats make up a small but steadily growing segment of the food market.
- **Fair Trade** - This is a way of doing business based on principles of social and environmental responsibility and promoting sustainable growth.

The Energy-Efficient Workplace

- Creating an energy-efficient workplace saves money and can draw customers.
- Five ways that a business can lower its expenses, while also helping the environment include:
 - Getting into the recycling loop.
 - Doing business electronically.
 - Buying supplies in bulk.
 - Replacing incandescent light bulbs with fluorescent ones.
 - Using environmentally friendly transportation.

Responsibility to the Community

- Businesses support disadvantaged and needy people, either for financial gain or because "It's the right thing to do."
- **Cause-related marketing** is a partnership between a business and a nonprofit group for the benefit of both. It increases sales for the business and raises money and awareness for the nonprofit group.
- **Sponsorship** is when a business sponsors a community event or service in exchange for advertising.
- With **facilitated giving**, a business makes it easier for customers to contribute to a cause.
- **Philanthropy** occurs when business leaders donate money and other resources for socially beneficial causes.

Opportunities for Entrepreneurs

- There is tremendous interest in entrepreneurship all around the world.
- India is at a threshold of startup boom, as we are world's third fastest growing startup eco-system.
- With 3,100 startups, India is closely behind UK with 4,000 startups and catching up to US which has 41,500 startups.
- E-commerce, in the past few years, has been the flag bearer for entrepreneurship in India with Flipkart, Snapdeal, Zomato, bookmyshow etc. becoming giants in the field within a few years of formation.

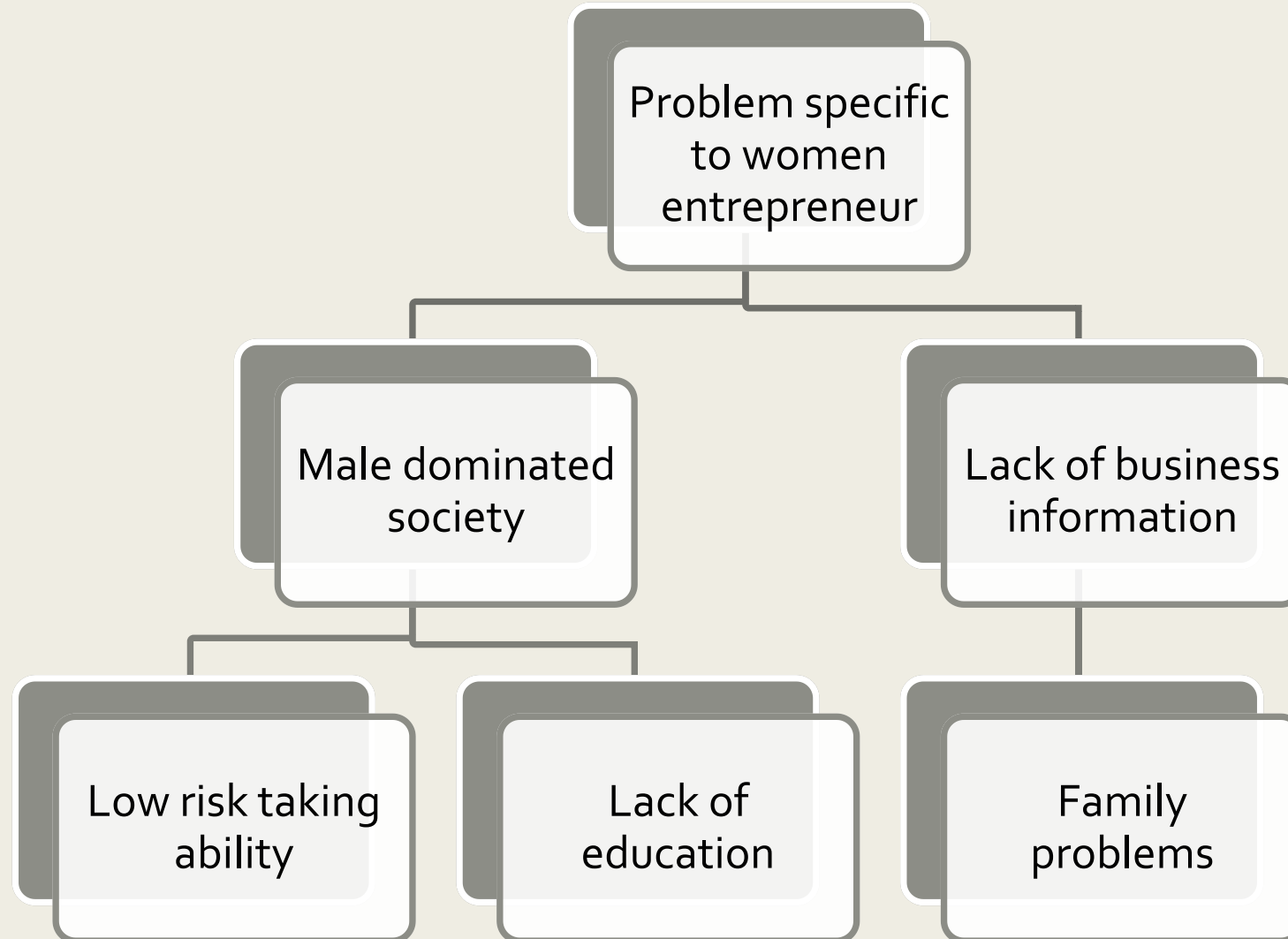
Opportunities for Entrepreneurs

- A lot of big venture capitalist firms have shown interest in making investments in India.
- Sequoia Capital, the most active venture capital firm of this quarter in the Asia Pacific region has made 13 of its 32 investments in India.
- Another global venture capital firm, Tiger Global, has made 9 of its 20 investments in India.
- Major initiatives taken by the government regarding improving the entrepreneurial scenario in the manufacturing sector of the country has helped immensely.

Woman as Entrepreneur

- A **Woman Entrepreneur** is a woman or group of women who initiate, organize and run a business enterprise.
- Government of India has defined women entrepreneurs as owning and controlling an enterprise with a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women.
- “Women entrepreneurship is based on women participation in equity and employment of a business enterprise.”

PROBLEMS OF WOMEN ENTREPRENEURS



Growth Of Women Entrepreneur's In India

- As per 1991 census, only 1,85,900 women were recorded out of 41,31,112 self employed persons in the country.
- Majority of them are engaged in the unorganized sector like agriculture, agro based industries, handicrafts, handlooms, and cottage based industries.
- In 1995-96, there were 2,95,680 women entrepreneurs claiming 11.2% of the total 26,40,000 entrepreneurs in India.
- As per recent reports, there are 80,50,000 women entrepreneurs out of the total 5,85,00,000 entrepreneurs in India (Roughly approx. 14%).

Growth Of Women Entrepreneur's

- 21st century is the century of telecom, IT and financial institutions and women's expertise in all these industries has made them emerge as a force to reckon with.
- Many of these industries are headed and guided by women as pioneers and mavericks and have built successful enterprises.
- But still in relation to the women population the trend has not been spectacular.
- While the Indian startup scene is currently tilted towards the men, Indian women have the potential and passion to catch up to them and transform entrepreneurship into a level playing field in India.

CHARACTERISTICS OF AN ENTREPRENEUR



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INTRODUCTION

Entrepreneurial development today has become very significant; in view of its being a key to economic development. The objectives of industrial development, regional growth, and employment generation depend upon entrepreneurial development.

The word entrepreneur is derived from the French word “entreprendre” meaning to undertake. In fact in 16th century, the Frenchmen Who undertook military expeditions were referred to as “entrepreneurs.” Later on in the 18th century, this term got associated with persons who started their own Enterprises. Richard Cantillon, an Irish man living in France was the first economist who introduced the term “entrepreneur” referring to the risk taking function of establishing a new venture.

MEANING

Entrepreneur refers to a person who establishes his/her own business or industrial undertaking with a view to making profit. An entrepreneur is considered to be an alternator of a business winter he/she takes the role of an organiser in the process of production

DEFINITION

- ▶ According to J.A.Schumpeter “A person who introduces innovative changes is an entrepreneur and he is an integral part of economic growth”
- ▶ According to Walker “True entrepreneur is one who is endowed with more than average capacities in the risk of organising and co-ordinating various factors of production”

CHARACTERISTICS OF AN ENTREPRENEUR

1. Hard Work

A successful entrepreneur is one who is willing to work hard from the very beginning of future enterprise. An entrepreneur with his tenacity and hard work and pervasive perseverance can revive his business even from on the verge of collapse.

2. Business Acumen And Sincerity

Business acumen stands for shrewdness and ability. Again, the success of an enterprise depends upon the sincerity of the people behind enterprise. If a person is sincere about his venture, he will move heaven and earth to make it a success.

3. Prudence

A successful entrepreneur must be prudent in all his dealings. He should have the Ability to work out the details of the venture from all angles, assess the favourable factors and pitfalls and take suitable measures to overcome the pitfalls.

4. Achievement Motivation

The achievement motivation is the most important characteristic of an entrepreneur since all other characteristics emanates from this motivation. He must have a strong desire to achieve high goals in business. In fact, this achievement motivation helps him to surmount the obstacles, suppress anxieties, repair misfortunes and device plans for success.

5. Self-Reliance And Independence

A successful entrepreneur want to follow his own routine policies and procedures and he does not like to guide by others. He is found to be self - reliant by acting as his own master and making him responsible for all his decisions. He does not like to work for others.

6. Highly Optimistic

Successful entrepreneur is always optimistic about his future and he is never disturbed by the present problems. He always expects the favourable situation for his business and hence, he is able to run his business successfully in the midst of temporary hurdles. He does not allow the past to obsess him.

7. Keen Foresight

An entrepreneur must have keen foresight to predict the future business environment. He has the capacity to visualise the likely changes to take place in the market, customer's attitude, technological developments, government's policy etc., and take timely actions accordingly.

8. Planning And Organising Ability

An entrepreneur is a firm believer in Planning and systematic work. Above all he must have the ability to bring together all scattered resources required for starting up a new venture.

9. Innovativeness

When all is said and done, innovation becomes a different task. One should be always innovative to satisfy the varying demands of customers. For this purpose, the entrepreneur should initiate Research and innovative activities to produce new goods and services. It is a never ending process.

10. Risk-Taking

An entrepreneur is not a gambler and hence, he should not assume high risk. However he must love a moderate risk situation, high enough to be exciting but with a fairly reasonable chance to win.

11. Secrecy Maintenance

A successful entrepreneur must be capable of maintaining and guarding all his business secrets. Leakage of business secrets to trade competitors will definitely lead to the downfall of his business .hence, he should be very careful in selecting his subordinates.

12. Maintenance Of Public Relations

The extent of maintenance of public relations or human relations has a vital role to play on the success or failure of an entrepreneur. A successful entrepreneur must have cordial relations with his customers to gain their continued patronage and support. He must also maintain good relations with his employees with a view to motivating them to higher levels of efficiency. Similarly, he must maintain good relations with his suppliers, creditors and the community at large so that he may succeed in his ventures.

13. Communication Skills

Communication skill is the secret of the success of most entrepreneurs. Good communication skills enables them to put their points across effectively and with clarity and thereby, helps them to win customers.

14. Leadership

Entrepreneurs not only lead themselves, but they are also skilled at leading others. They know the importance of teamwork, and they understand the need to appreciate others, support them, and reward them accordingly.

15. Passionate About Learning

Entrepreneurs are often autodidactic learners, which means that much of what they know they learned outside of a formal classroom setting. Autodidactic learners seek out information, ask questions and do personal reading and research to gain knowledge. They also are quick to learn from their own mistakes, which mean they are less prone to repeating them.



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