



MYTH OF ENTREPRENEURSHIP

Rakesh Munjal

Research Scholar, GBD University

In the 20th century, economist Joseph Schumpeter (1883-1950) focused on how the entrepreneur's drive for innovation and improvement creates upheaval and change. Schumpeter viewed entrepreneurship as a force of "creative destruction." The entrepreneur carries out "new combinations," thereby helping render old industries obsolete. Established ways of doing businesses are destroyed by the creation of new and better ways to do them.

Business expert Peter Drucker (1909-2005) took this idea further, describing the entrepreneur as someone who actually searches for change, responds to it, and exploits change as an opportunity. A quick look at changes in communications from typewriters to personal computers to the Internet illustrates these ideas.

Most economists today agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. In the developing world, successful small businesses are the primary engines of job creation, income growth, and poverty reduction. Therefore, government support for entrepreneurship is a crucial strategy for economic development.

As the Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development (OECD) said in 2003, "Policies to foster entrepreneurship are essential to job creation and economic growth." Government officials can provide incentives that encourage entrepreneurs to risk attempting new ventures. Among these are laws to enforce property rights and to encourage a competitive market system.

The culture of a community also may influence how much entrepreneurship there is within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding personally. A community that accords the highest status to those at the top of hierarchical organizations or those with professional expertise may discourage entrepreneurship. A culture or policy that accords high status to the "self-made" individual is more likely to encourage entrepreneurship.

WHO CAN BECOME AN ENTREPRENEUR?

There is no one definitive profile. Successful entrepreneurs come in various ages, income levels, gender, and race. They differ in education and experience. But research indicates that most

successful entrepreneurs share certain personal attributes, including: creativity, dedication, determination, flexibility, leadership, passion, self-confidence, and “smarts.”

- ⊕ **CREATIVITY** is the spark that drives the development of new products or services or ways to do business. It is the push for innovation and improvement. It is continuous learning, questioning, and thinking outside of prescribed formulas.
- ⊕ **DEDICATION** is what motivates the entrepreneur to work hard, 12 hours a day or more, even seven days a week, especially in the beginning, to get the endeavour off the ground. Planning and ideas must be joined by hard work to succeed. Dedication makes it happen.
- ⊕ **DETERMINATION** is the extremely strong desire to achieve success. It includes persistence and the ability to bounce back after rough times. It persuades the entrepreneur to make the 10th phone call, after nine have yielded nothing. For the true entrepreneur, money is not the motivation. Success is the motivator; money is the reward.
- ⊕ **FLEXIBILITY** is the ability to move quickly in response to changing market needs. It is being true to a dream while also being mindful of market realities. A story is told about an entrepreneur who started a fancy shop selling only French pastries. But customers wanted to buy muffins as well. Rather than risking the loss of these customers, the entrepreneur modified her vision to accommodate these needs.
- ⊕ **LEADERSHIP** is the ability to create rules and to set goals. It is the capacity to follow through to see that rules are followed and goals are accomplished.
- ⊕ **PASSION** is what gets entrepreneurs started and keeps them there. It gives entrepreneurs the ability to convince others to believe in their vision. It can't substitute for planning, but it will help them to stay focused and to get others to look at their plans.
- ⊕ **SELF-CONFIDENCE** comes from thorough planning, which reduces uncertainty and the level of risk. It also comes from expertise. Self-confidence gives the entrepreneur the ability to listen without being easily swayed or intimidated.
- ⊕ **“SMARTS”** consists of common sense joined with knowledge or experience in a related business or endeavour. The former gives a person good instinct, the latter, expertise. Many people have smarts they don't recognize. A person who successfully keeps a household on a budget has organizational and financial skills. Employment, education, and life experiences all contribute to smarts.

Every entrepreneur has these qualities in different degrees. But what if a person lacks one or more? Many skills can be learned. Or, someone can be hired who has strengths that the entrepreneur lacks. The most important strategy is to be aware of strengths and to build on them.

WHAT LEADS A PERSON TO STRIKE OUT ON HIS OWN AND START A BUSINESS?

Perhaps a person has been laid off once or more. Sometimes a person is frustrated with his or her current job and doesn't see any better career prospects on the horizon. Sometimes a person realizes that his or her job is in jeopardy. A firm may be contemplating cutbacks that could end a job or limit career or salary prospects. Perhaps a person already has been passed over for promotion. Perhaps a person sees no opportunities in existing businesses for someone with his or her interests and skills. Some people are actually repulsed by the idea of working for someone else. They object to a system where reward is often based on seniority rather than accomplishment, or where they have to conform to a corporate culture.

Other people decide to become entrepreneurs because they are disillusioned by the bureaucracy or politics involved in getting ahead in an established business or profession. Some are tired of trying to promote a product, service, or way of doing business that is outside the mainstream operations of a large company.

In contrast, some people are attracted to entrepreneurship by the advantages of starting a business. These include:

Entrepreneurs are their own bosses. They make the decisions. They choose whom to do business with and what work they will do. They decide what hours to work, as well as what to pay and whether to take vacations.

Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else.

It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response.

It offers the prestige of being the person in charge.

It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

Entrepreneurship creates an opportunity for a person to make a contribution. Most new entrepreneurs help the local economy. A few through their innovations contribute to society as a whole. One example is entrepreneur Steve Jobs, who co-founded Apple in 1976, and the subsequent revolution in desktop computers.

Some people evaluate the possibilities for jobs and careers where they live and make a conscious decision to pursue entrepreneurship.

No one reason is more valid than another; none guarantee success. However, a strong desire to start a business, combined with a good idea, careful planning, and hard work, can lead to a very engaging and profitable endeavour.

MYTH OF ENTREPRENEURSHIP:

There are many misconceptions about starting a small business. We've all heard stories about overnight successes, horrible failures and just plain lucky.

It's difficult to know what to believe about self-employment. Tell anyone you're considering starting your own small business and you'll receive plenty of conflicting advice and differing opinions.

To help you decide whether or not entrepreneurship is your next career move, it's important to challenge some common myth

⊕ ENTREPRENEURS ARE BORN AND NOT MADE

Many people, Rye says, believe that entrepreneurs possess innate, genetic talents. However, experts generally agree that most entrepreneurs were not born; they learned to become entrepreneurs.

⊕ ENTREPRENEURS GIVE LITTLE ATTENTION TO THEIR PERSONAL LIFE

All successful entrepreneurs Rye says work long hours, which cuts into their personal life. However, long working hours are not unique to entrepreneurs. Many corporate managers and Executives works well beyond the average 40 -hours work week. The primary difference between the entrepreneur and his or her corporate counterpart is schedule control.

⊕ ENTREPRENEURS MAKE A LOT OF MONEY (ENTREPRENEURS ARE MAINLY MOTIVATED TO GET RICH)

During the first few years of your new small business, you may earn less than employed friends. However, you'll enjoy much larger income potential. Any successful entrepreneur, argues Rye, will tell you that starting a business is not a get-rich-quick alternative. New businesses usually take from one to three years to turn a profit.

⊕ YOU NEED A BUSINESS DEGREE TO RUN A SMALL BUSINESS

While a formal business education can help, you may actually trip over that MBA while running your small enterprise. Practical, real world and hands-on tactical skills will help most, easily obtained through part-time courses or work experience.

⊕ A BUSINESS IDEA MUST BE KEPT A SECRET

The more people you tell about it, the better. You'll receive valuable feedback, attract people who will help you develop it, and reinforce your personal commitment to actually starting your small business.



⊕ A GREAT INVENTION MAKES ENTREPRENEURS RICH

It's not what your small business does, but how it does it. Successful companies simply brand, market and serve clients better or differently than their competition. Look for opportunities to improve on an existing product or service rather than invent something completely new.

⊕ IT TAKES PLENTY OF MONEY TO START A SMALL BUSINESS

Some very successful businesses are launched with just a few hundred dollars. Others may cost millions and still fail. Your skills as an entrepreneur make the difference. Start small, think big, seek advice and be patient.

⊕ YOU CAN LOSE EVERYTHING (ENTREPRENEURS ARE HIGH RISK TAKERS)

Entrepreneurship does carry financial and emotional risks. However, smart small business owners protect themselves by separating their personal and business assets, spending less than what they earn and by listening to the advice of an accountant and a lawyer.

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