

# Entrepreneurship

Meaning and Definition

# History

- Derived from French verb “Entreprendre
- Means “to undertake” or “to initiate”
- In the early 16<sup>th</sup> century, French men who organised and led military expeditions were called “entrepreneurs”
- In the 18<sup>th</sup> century, it was applied into business by French Economist Richard Cantillon
- According to him, entrepreneurs buy factor services at a certain price and sell as products at an uncertain price
- He considered an entrepreneur as a non-insurable risk bearer.

# Some Definitions

- Adam Smith described an entrepreneur as someone who provides capital without necessarily taking an active part in the leading role in the enterprise
- Peter Drucker: Someone who always searches for change, responds to it and exploits various opportunities that come up. To him, innovation is a specific tool of entrepreneurs.
- Max Weber: Entrepreneurs are a product of particular social condition which they are brought up in and it is the society that shapes individuals as entrepreneurs.

- ILO: Entrepreneurs are people who have the ability to see and evaluate business opportunities, together with the necessary resources to take advantage of them and to initiate appropriate action to ensure success.
- Economists: An entrepreneur is that person who brings resources, labour, material and other assets to produce a socially viable product and also someone who introduces change, innovation and new order.
- Management: Someone with vision and action plan to achieve it.

# Entrepreneurship

Entrepreneurship is an activity of setting up a business or businesses, organizing and managing it taking along financial and other risks in order to make profit. Entrepreneurship is a very important engine in the growth of an economy.

# Who is an Entrepreneur

- That person who starts a business instead of taking a 9-5 job. An entrepreneur takes challenges and wants to work the way he/she wants without taking orders from a boss.
- Entrepreneurs are not just starting a business, but risking personal wealth to establish it in the hope of making a profit or loss (risk factor).
- Prominent entrepreneurs include Bill Gates, Steve Jobs, Mark Zuckerberg, Arthur Zang, Churchill Maambe Nanje, and many others. Read more about Churchill [here](#)

# Who is an Entrepreneur

In an advanced economy, an entrepreneur is one who introduces something new in the economy. An entrepreneur is one who sees a problem in society and finds a solution which he sells to make profit. It could be a new method of production not yet tested, a product that consumers don't know yet, new markets or a new source of raw material.

An entrepreneur is an innovator who introduces something new in the economy. They search for change and exploit opportunities. Innovation is a specific tool for entrepreneurs.

# Characteristics of an Entrepreneur

Entrepreneurs have specific characteristics that they are identified with. Successful entrepreneurs are usually action-oriented. They are able to visualise the steps from an idea to making it actualize. They not only think, but do, they accept risk and understand how to manage it. They overcome mistakes and not avoid. They are job creators and not job-seekers. Below are some characteristics of entrepreneurs:



# Characteristics of an Entrepreneur

- Vision: Ability to visualize market demand, future business ventures and the socio-economic environment.
- Desire to succeed: Has multiple goals and seeks various opportunities to be productive.
- Knowledg: Has a sound knowledge on all the technical aspects of his business.
- Independence: Works and makes decision independently
- Optimism: Can exploit opportunities
- Adds Value: Doesn't follow the conventional rule of thum. They prefer to create, innovate and add value

# Characteristics of an Entrepreneur

- Goal Setting: They set realistic goals
- Problem solving: Very creative in problem solving
- Good leadership skills: Good leader, team builder and motivator
- Communication: Has high communication skills and the ability to persuade others.
- Perseverance: They can stick to a job until the entire project is successfully implemented
- Risk: They take decisions under uncertainty, willing to take risk, yet never gamble with results.

# Characteristics of an Entrepreneur

Successful entrepreneurs follow fully the principles of management as they plan for their business. Through planning, they determine the following:

- Objectives
- Policies & Procedures
- Budget
- Strategies
- Rules
- Programmes

Entrepreneurs are highly achievement-oriented, energetic and enthusiastic

# Entrepreneurial Skills

- **Self-Motivation:** Most often, entrepreneurs have worked in larger organisations enjoyed the amount of control and autonomy that self-employment could give them. They become motivated to setup their own business. Making money is another motivator.
- **Self-Confidence:** You need to have self-confidence to be an entrepreneur. They need to know that their product can truly help people and is charging prices that are both fair to them and clients.

# Entrepreneurial Skills

- Time Management: They stick to their schedule.
- Ethics and Morals
- Sales
- Financial Knowhow
- Communication Skills (Writing Skills, Speaking Skills, Listening Skills)
- Problem-Solving Skills

# Types of Entrepreneurs

- Aggressive or Innovative: uses various combinations of information & factors of production to assemble and start new and innovative products.
- Immitative or adoptive: Starts successful innovations introduced by other entrepreneurs
- Empirical: Doesn't innovate and follows the rule of thumb
- Rational: Is always updated with his business, economic and market conditions and usually brings about revolutionary ideas.
- Cognitive: Seeks advice and services of experts in other to make revolutionary changes that reflects a total shift from the existing structure.

# Types of Entrepreneurs

- Public: Partnering with government to create enterprises that serve the public in innovative ways
- Private: They are profit oriented and wont enter a market with low monetary rewards.
- Large Scale: Mostly in developed countries. They introduce revolutionary ideas and develop new technologies as they possess the financial capacity and resources. They are able to sustain high profits.
- Small scale: Lack the necessary funds and technology for large scale production though they introduce revolutionary ideas.

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