

Entrepreneurship

Meaning and Definition

History

Derived from French verb "Entreprendre

Means "to undertake" or "to initiate"

In the early 16th century, French men who organised and led military expeditions were called "entrepreneurs". In the 18th 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 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.

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:

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.

Knowledge: 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 thumb. They prefer to create, innovate and add value

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.

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.

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

Entrepreneurs can be classified into how they think, do things, size of their business and the sector in which they carry out their activities. Below are some types of entrepreneurs.

Aggressive or Innovative: uses various combinations of information & factors of production to assemble and start new and innovative products.

Imitative 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 order to make revolutionary changes that reflect a total shift from the existing structure.

Public: Partnering with government to create enterprises that serve the public in innovative ways

Private: They are profit oriented and won't 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.

An Entrepreneur In The World Of Wealth Creation And Employment

The strong economies in the world have been built by entrepreneurs. Entrepreneurs don't only create jobs for themselves but for others. If there are no jobs, no innovation, no problem-solving techniques, education and many others, then the economies will remain weak.

Entrepreneurs therefore have a very big role in wealth creation in a country. Our economy (Cameroon) has been dependent on the government and few companies for jobs for so long. The government or these few corporations or companies cannot employ everybody. The only solution to such a problem is for us to acquire skills that will make us become self-employed.

Entrepreneur & Problem-solving Skills

An entrepreneur is someone who uses his skills or talents to solve community problems. They see the problems faced by the community as an opportunity to make money by looking for solutions. When such problems are identified, they look for solutions, put in financial and other resources together (be it from them or investors) and sell their solutions to earn profits.

The economy of Cameroon has been in crisis for way too long and one of the solutions to this is by encouraging the youths to be entrepreneurial. In spite of all the natural resources that Cameroon has, the level of poverty and underdevelopment of both human and economic resources is really high.

For a country to generate wealth, there is the need to develop highly skilled entrepreneurs. This can be done by opening up avenues where entrepreneurs can strive. In order to establish a business, entrepreneurs put in their own resources or get capital from investors, lenders and the public. With such

resources mobilized, the community can then benefit from the success of the entrepreneurs and their business. What role then do entrepreneurs play in generating wealth in the country? Below are some of the roles:

1. Employment creation

Unemployment is one of the most prominent problems entrepreneurs solve directly or indirectly by starting up a venture. Most business ventures need extra hands for it to function well. Once an entrepreneur, the economy gets one less job seeker. Once you employ others, many more job seekers are taken off the street. Imagine then what will happen when we have more entrepreneurs in the economy. So entrepreneurs help create jobs and augment the standard of living of the people. The government of Cameroon has [provided some tax exemptions to promote youth employment in Cameroon](#).

2. Redistribution of wealth and balanced development

When new businesses are created by entrepreneurs, wealth changes hands. The investors as well as the entrepreneur get a percentage of what has been made as profit. One positive thing is the money remains within the economy. Imagine the entrepreneur had to import the product or service to resell. That will mean our currency will go out of the country.

Most of these entrepreneurs will prefer to set up their businesses away from where there aren't existing competitors. Once growth is realized especially in less developed areas, they may see a lot of infrastructural changes coming in. The government of Cameroon for instance has provided some tax incentives to small businesses that are relocated in areas to where infrastructural developments are lacking. Any new business that is located in less developed

area comes in with direct and indirect jobs for the locals. This helps a lot in increasing the standard of living of the people.

3. Training and education

With limited resources, most entrepreneurs find it difficult to employ skilled hands. So this brings the need for training unskilled individuals to carry out what the skill workers would have done. Training unskilled labor to skilled labor will help increase the number of skilled workers in the country who can carry out projects.

Once an entrepreneur sets up in a place, the inhabitants of the community see the need to educate themselves to benefit from the activities of the business. Many people will learn skills that maybe necessary to work in such businesses. Others will learn skills to provide services that such businesses may need. You can see the multiplier effect of what a single entrepreneur starting a business can do. From the problems they face, other smart entrepreneurs can look for a solution and sell their products or services.

4. Community development

It is common to see people leave rural areas for urban areas in search of jobs. Once entrepreneurs create a business in an area, this will reduce the number of those moving out for a better life. This will reduce the population pressure on cities that we all know bring housing problems and pressure on social amenities. With the activities of entrepreneurs, both skilled and unskilled labor may want to remain bringing about more development in the community.

Secondly, if the business depends on local raw materials, the locals therefore have a market for their products. The rural areas in Cameroon usually depend

on agriculture for their livelihood. Most of the time, the lack of farm to market roads make it impossible for them to sell their products. This tends out to force the population to leave the locality for greener pastures. With such an entrepreneurial activity going on, there will be a market available, hence pushing those who may have left to stay and benefit from it.

In creating wealth within a community, the entrepreneur has therefore

- Created a business that brings in wealth to both investors and the entrepreneur
- Employed skilled and/or unskilled labor improving their standard of living
- Trained unskilled labor if skilled labor is not available
- Created more wealth by serving as a buyer for local raw materials
- Reduced over-population in urban areas
- Created wealth in the community where it is located thereby automatic wealth creation in the country
- Helped in the creation of other entrepreneurial activities that may depend on the business or the business may depend on and many other positive things