



Chapter 1

Introduction to Entrepreneurship

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Chapter Objectives

1. Describe entrepreneurs, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
2. Discuss three main reasons people decide to become entrepreneurs.
3. Identify four main characteristics of successful entrepreneurs.
4. Explain five common myths regarding entrepreneurship.
5. Describe three types of start-up firms.
6. Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.

A person wearing a dark suit, white shirt, and light-colored tie, standing with their arms crossed. The image is in black and white, with the person's face not visible.

ENTREPRENEURSHIP

**IS LIVING A FEW YEARS OF YOUR
LIFE LIKE MOST PEOPLE WON'T,
SO THAT YOU CAN SPEND THE
REST OF YOUR LIFE LIKE
MOST PEOPLE CAN'T.**

Entrepreneurs



- Recognize opportunities where others see chaos or confusion
- Are aggressive catalysts for change within the marketplace
- Challenge the unknown and continuously create the future

What is Entrepreneurship? Who are the Entrepreneurs?

- Academic Definition (Stevenson & Jarillo)
 - Entrepreneurship is the process by which individuals aim for opportunities without regard to resources they currently control.
- Venture Capitalist (Fred Wilson)
 - Entrepreneurship is the art of turning an idea into a business.
- Entrepreneurs:
 - People who take risk and put useful ideas into practice.



What Is

ENTREPRENEURSHIP ??



ENTREPRENEURSHIP

- Entrepreneurship is the act of being an entrepreneur, who starts any economic activity for being self-employed.
- Entrepreneurship is the "process of the entrepreneur". It is an attempt to create value through recognition of business opportunity. It is basically communicative and management functions to mobilize financial and material resources.
- The entrepreneurial activity is governed by varying combination of socio-economic, psychological, cultural and other factors: Caste/religion, Family background, Level of education, Level of perception, Occupational background, Migratory character, Entry into entrepreneurship, Nature of enterprise, Investment capacity and Ambition/moderation.



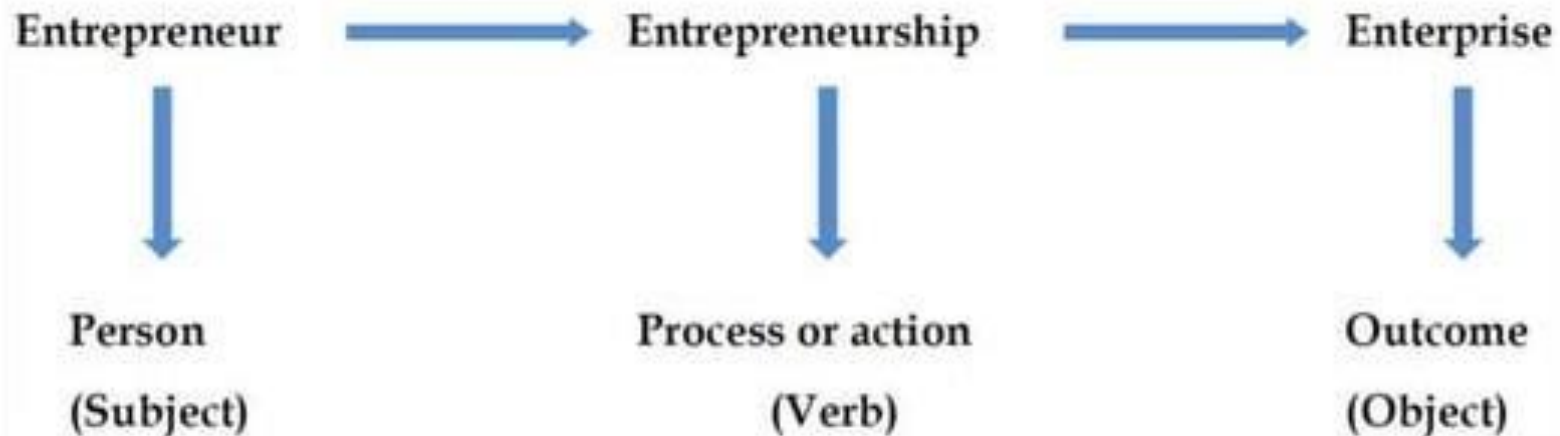
ENTREPRENEURSHIP

- The pursuit of opportunity through innovation, creativity and hard work without regard for the resources currently controlled.
- *Entrepreneurship*: a way of thinking, reasoning, and acting that is:
 - ✓ opportunity obsessed
 - ✓ holistic in approach
 - ✓ leadership balanced



CONCEPT OF ENTREPRENEURSHIP

The Concept of Entrepreneurship





CONCEPT OF ENTREPRENEURSHIP

ENTREPRENEUR is a person who:

- ☐ Develops and owns his own enterprise.
- ☐ Is a moderate risk taker and works under uncertainty for achieving the goal.
- ☐ Is innovative.



CONCEPT OF ENTREPRENEURSHIP

ENTREPRENEUR is a person who:

- ☐ Is a persuader of deviant pursuits.
- ☐ Reflects a strong urge to be independent.
- ☐ Persistently tries to do something better.



CONCEPT OF ENTREPRENEURSHIP

ENTREPRENEUR is a person who:

- ☐ Is dissatisfied with routine activities.
- ☐ Is prepared to withstand the hard life.
- ☐ Is determined, but patient.
- ☐ Is oriented towards the future.



CONCEPT OF ENTREPRENEURSHIP

ENTREPRENEUR is a person who:

- ☐ Exhibits a sense of leadership.
- ☐ Exhibits a sense of competitiveness.
- ☐ Takes personal responsibility.
- ☐ Tends to persist in the face of adversity



CONCEPT OF ENTREPRENEURSHIP

ENTREPRENEUR

✓ **Richard Cantillon:** As a person, who pays a certain price to a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise.

✓ **Adam Smith:** An individual, who undertakes the formation of an organization for commercial purposes by recognizing the potential demand for goods and services, and there by acts as an economic agent and transforms demand into supply.



CONCEPT OF ENTREPRENEURSHIP

Enterprise

- An entrepreneur is a person who starts an enterprise.
- The process of creation is called entrepreneurship.
- The entrepreneur is the actor and entrepreneurship is the act.
- The outcome of the actor and the act, is called the enterprise.
- An enterprise is the business organization that is formed and which provides goods and services, creates jobs, contributes to national income, exports and contributes to the overall economic development.



CONCEPT OF ENTREPRENEURSHIP

Entrepreneur versus Entrepreneurship

❖ The term "entrepreneur" is often used interchangeably with "entrepreneurship" but, conceptually, they are different, yet they are just like the two sides of a coin. Both the terms are co-related.

❖ An entrepreneur is a person who bears the risks, unites various factors of production and carries out creative innovations. He/she is an individual or one of a group of individuals who try to create something new. He/she always attempting to bring about change in terms of factor proportions, which is known as innovation.

❖ On the contrary, entrepreneurship is the set of activities performed by an entrepreneur. It is process of identifying opportunities in the market place and marshalling the resources required to pursue these opportunities for long term gains. It is the attempt to create value.

WHY WE *NEED* ENTREPRENEURSHIP

We need money to survive in this world and for money we *WORK*



Why Become an Entrepreneur?

The three primary reasons that people become entrepreneurs and start their own firms



Desire to be their own boss

Desire to pursue their
own ideas

Financial rewards

WHY WE *NEED* ENTREPRENEURSHIP

- **Life-line of a nation:** No country can progress without the development of entrepreneurship. Every country is trying to promote its trade so that it is able to share the benefits of development. Therefore, entrepreneurship is the yardstick to measure the level of development of a country.
- **Provides innovation:** Entrepreneurship provides new ideas, imagination and vision to the enterprise. An entrepreneur is an innovator as he tries to find new technology, products and markets. He increases the productivity of various resources. The entrepreneur stands at the center of the whole process of economic development. He conceives business ideas and puts them into effect, to enhance the process of economic development.
- **Change of growth/Inclusive growth:** An enterprise operates in a changing environment. The entrepreneur moulds the enterprise in such a changing environment. The latter moulds not only the enterprise, but also alters the environment itself, to ensure the success of the enterprise. In order to meet the challenge of automation and the complexities of advanced technology, there is a need for the development of entrepreneurship.
- **Increased profits:** Profits can be increased in any enterprise, either by increasing the sales revenue or reducing cost. To increase the sales revenue is beyond the control of an enterprise. Entrepreneurship, by reducing costs, increases its profits and provides opportunities for future growth and development.
- **Employment opportunities:** Entrepreneurship and its activities provide the maximum employment potential. Large numbers of persons are employed in entrepreneurial activities in the country. The growths in these activities bring more and more employment opportunities.
- **Social Benefits:** It is not only beneficial to the business enterprise, but to the society at large. It raises the standard of living by providing good quality products and services at the lowest possible cost. It also makes the optimum use of scarce resources and promotes peace and prosperity in the society.



WHY WE *NEED* ENTREPRENEURSHIP

- Increases national production
- Balanced area development
- Dispersal of economic power
- Reinvestment of profit for the welfare of the area of profit generation
- Development is a function of motivation and human resource
- Entrepreneurial awareness