

JHSENIOR ONE ENTREPRENEURSHIP EDUCATION, 2020

TERM ONE WORK

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TOPIC ONE: INTRODUCTION TO ENTREPRENEURSHIP

Entrepreneurship refers to the spirit of taking a risk to set up a business or an enterprise to produce and sell goods or services to meet the customer's needs with the hope of earning profits.

It aims at equipping the learners with skills, knowledge and competences required for starting and operating a successful business.

It should be noted that there is a high rate of unemployment globally, therefore entrepreneurship is seen as the best option to equip the learners with the required skills and knowledge to avert this global problem.

Entrepreneurship will also enable learners to become job makers as they exploit and utilize the abundant available resources in the environment through creativity and innovation

Entrepreneurship education is the process of imparting knowledge, skills and values among students to be able to identify opportunities around them and undertake business activities a view of making profits.

The purpose / why study entrepreneurship

- To provide learners with knowledge and skills needed to succeed in the business environment.
- To enable learners to identify business opportunities in which they can invest capital and operate successfully.
- To enable learners to acquire practical skills which can make them job creators rather than being job seekers.
- To emphasize and help learners develop their imaginative ability and risk taking in business
- To enable instructors teach the elements of entrepreneurship that have been considered unteachable for along time and hence break the myth of entrepreneurs being born and not made.
- To create a sense of creativity and innovativeness among students
- To equip students with necessary skills that can enable them to manage and handle their finances effectively
- To encourage students to use the available resource in their community, this helps to avoid idle resources

An entrepreneur. This is a person who takes up a risk to produce or sell products to meet the customer's needs with the hope of earning profits.

This is a person who produces new or better goods or services with a view of selling them to customers and making profit. An entrepreneur commits his/her resources such as money, time, land, machines and labour to start and operate a business venture.

PERSONAL ENTREPRENEURIAL CHARACTERISTICS

This refers to the qualities/ attributes which an entrepreneur possess in order to be successful in his or her day today business operations.

- **Independent.** This is the ability to make decisions on your own or not depending on others for ideas, solutions and opinions.
- **Time consciousness.** This means keeping time and meeting desired targets on time
- **Competitiveness.** Eager to win.
- **Creativity.** This ability to think and come up with ways of doing things differently.
- **Innovation.** Ability to improve on existing products to make them better
- **Initiative.** This means taking a lead in solving problems and doing things
- **Goal setting** this refers to the ability of an entrepreneur to set clear goals and objectives
- **Information seeking** this is having the rage to look for the required information in order to make informed decisions
- **Systematic planning and monitoring;** this is the ability to develop plans that will be used in implementing, monitoring and evaluating the progress of the business
- **Opportunity seeking;** this is where an entrepreneur sees and acts on new business opportunities even where other people see nothing but problems.
- **Commitment to work contract.** Entrepreneurs should be committed to their work. this is because customers expect them to honor their commitments e.g. a taxi driver has to take his /her passengers to the final destination
- **Persistence.** This is where an entrepreneur is determined to have a job at all costs i.e. not giving up easily.
- **Risk taking;** Entrepreneurs are people who level taking manageable risks, however, before they commit their resources, they assess the risks that are associated with the business opportunity
- **Efficiency and quality;** this is what enables an entrepreneur to do things that meet or go beyond existing standards or improve on performance.
- **Persuasion;** this is the ability to make the public aware of the goods and services produced and also encouraging them to buy. This is to help expand the market for the goods and services.

- **Networking;** this is ability to link convince and influence other individual and agencies in order to maintain business contacts at a high level
- **Self-confidence;** this refers to having a strong belief in oneself and the ability to complete a difficult task to overcome challenges
- **Entrepreneurial self-awareness;** This aims at enabling a person to become aware of his /her weaknesses and strength, achievements, motivation, accentuation, fears and aspirations.

ROLES OF AN ENTREPRENEUR IN DEVELOPMENT.

- Helps in creation of employment opportunities through the establishment of business enterprises that need people to work in the different departments e.g. accountants, managers, etc.
- Creation of wealth by mobilizing capital and turning it into business thus adding value to the growth of domestic products.
- They are a source of government revenue by paying taxes.
- They help in the development and provision of infrastructure e.g. good roads, telecommunication services, etc.
- They help in the provision of goods and services through the establishment of industries.
- They help in the promotion of export trade by producing goods and services in large quantities that could not all be consumed locally therefore exporting the surplus.
- They provide linkages between sectors ie using raw materials from the agricultural sector and the agricultural sector providing market to the industrial sector.

REWARDS OF BEING AN ENTREPRENEUR

- Self-actualization or personal fulfillment
- Feeling of freedom and independence
- Creating economic value or product
- Getting financial security
- Working with flexible schedules
- Providing jobs
- Etc

CREATIVITY AND INNOVATION

CREATIVITY: This is the ability to produce something new through imaginative skills, a new solution to a problem, a new method or device or new artistic object

It is the ability to produce work that is unique and appropriate.

IMPORTANCE OF CREATIVITY.

- It is used to upgrade products and services
- It leads to development of new and original ideas
- It enables an entrepreneur to make proper use of limited resources
- It solves every day problems in business.
- It helps the entrepreneur to set a platform for competition

HOW TO BECOME CREATIVE

- Noting down thoughts/ ideas that drop into the mind so that they are not forgotten
- Thinking beyond the invisible frame work that surrounds problems or situations
- Through transferring of technology from one field to another
- Through using one's unconscious mind for example by sleeping on the problem to generate creative solutions.
- Suspending judgement to encourage the creative process and avoiding primitive criticism
- Developing ideas from more than one source for a situation

OBSTACLES OR BARRIERS TO CREATIVITY

- I. Negative thinking of an individual ie failing to see anything good in whatever is being done
- II. Limited research on issues that need possible solution leading to a wrong solution to a problem.
- III. Failure/ fear of an entrepreneur which makes him fail to try out something or a number of solutions in order to get the possible solution
- IV. Limited finance for financing creative activities
- V. Lack of quality time which makes it hard for one to develop creative ideas and solutions for business.

- VI. Applying too much logic to a problem which slows down creativity as the mind gets fixed to one solution
- VII. Extreme delays in decision making i.e. concentrating much on past action to address a problem at hand
- VIII. Poor working conditions that limits the workers to think beyond about the problem and providing possible solution
- IX. Being strict to following of rules and regulations that makes a person not to think beyond the problems at hand.

CHARACTERISTICS OF CREATIVE PEOPLE

- They have a strong sense of independence
- They are deep thinkers
- They are open minded
- They are very ambitious
- They are sensitive
- They always active in whatever they are doing
- They are very curious

Characteristics of non-creative person

1. Not able to think positively about a problem
2. Too busy or stresses to think objectively
3. Very self-critical
4. Timid in putting forward a new idea
5. Prone to apply logic as a first and last resort
6. Unable to think laterally
7. Always goes with what others say

INNOVATION IN BUSINESS

This means to do something in a different or better way

TYPES OF INNOVATION

- Business model innovation
- Product innovation
- Service innovation
- Marketing innovation

(a) Business Modal Innovation: This involves the way businesses are operated in terms of capturing value e.g. telecommunication companies make changes in delivering their services so as to be able to compete with other firms.

- (b) **Product Innovation:** This refers to the innovation that involves the introduction of a good that is new and significantly improved. These new changes may include: improvements in the functional characteristics of the product, technical abilities, easy to use of the item among others.
- (c) **Service Innovation:** This involves the introduction of a new service that is improved.
- (d) **Marketing innovation,** this consists of new or improved techniques used in advertising and sales promotion campaigns.

Characteristics of Innovator

1. An innovator has a compelling vision, innovative people believe that they are part of something better to come and that their willingness to contribute to the vision will make it happen. Or he/she is able to forecast or see ahead to have changes that may occur or affect the business.
2. An innovator is opportunity oriented i.e. he/she believes that there can be a new way of solving any problem that might affect the business.
3. An innovator is self-disciplined he/she uses self-discipline to achieve results by putting priority of using time well.
4. He/ She is surrounded by positive thinkers i.e. people who have positive attitude towards creating something new.
5. An innovator is extra ordinarily persistent; he or she is able to keep going while fighting all obstacles on the way that may try to hinder him or her from creating something new as per the set goals.
6. An innovator is inner directed i.e. he/she has a vision to achieve which motivates him/her to do something it takes to reach the vision.
7. An innovator is a good learner i.e. he/she has the ability to learn faster and better concepts that help him or her to create something new.

Advantages of innovation

1. It reduces raw material wastage e.g. innovation of new machines that are more efficient.
2. **It** leads to production of new products which increases variety for customers to make choice.
3. It assists in packaging and repositioning of products for global distribution e.g. marketing innovation.
4. It increases the market for the enterprises` products and services e.g. use of internet marketing.
5. It provides a new way Seeking financing, e.g. joint venture partnership in business.

6. Product innovation increases sales and profits of an enterprise, as more customers are attracted
7. It gives an entrepreneur an opportunity to integrate the business for global economy through alliance.
8. Helps to attract new customers to the business. e.g. innovations in promotion and advertising new products
9. It helps a business to achieve efficiency in production, e.g. innovation in techniques of production; this increases output and sales of the enterprise.
10. It helps to improve on the quality of products and services through process innovation.
11. It helps in the minimization of operating expenses by coming up with new and effective administrative and marketing structures.

WAYS OF ENCOURAGING INNOVATION IN SMALL BUSINESSES

1. Expecting change at all times: This helps the entrepreneur to always be ready to come up with new things that ensures that businesses cope up with change.
2. Developing innovative strategies: e.g. trying out new technology through research.
3. Implementing new rules: i.e. an entrepreneur needs to learn to go beyond the existing indicators of competition in the business environment by looking for new ways of doing things.
4. Thinking globally: this enables an entrepreneur to look for new market for its products abroad, look for new technology abroad among others.
5. Avoiding barriers that limit innovators: i.e. entrepreneurs need to put in place measures that ensure good internal co-operation among departments to promote good relations with each other and other outside parties so as to create a good environment for innovations.
6. Acting fast to take advantage of any new business opportunity: i.e. by coming up with new things that utilize the identified opportunity.
7. Being always a learner: through listening to other people.
8. Measuring performance indicator: the entrepreneur needs to concentrate on key strategic and profitable indicators by focusing energies on new things that drive the future success of the business.
9. Doing things well for others: for example, for customers, suppliers etc. this helps small business to stay ahead of competitors.

RISKS IN BUSINESS

A risk; this is a situation where one is required to make a choice between two or more alternatives which may result in deferring rewards for success or penalties for failure. Or this is a situation where a person takes on an activity with uncertain outcome.

Business risk refers to the factors that may have a negative impact on the profitability or success of a business.

TYPES OF RISKS

1. Low risks; these are risks that yield low profits or small losses to the business.
2. Moderate risks; these involve moderate gains or losses. They are risks that can be forecast, calculated and managed by the entrepreneur. It is possible to ensure that such risks do not take place e.g. machine breakdown, burglary etc.
3. High risks; these are risks whose chances of happening are very high and yet the entrepreneur has very little or no control over them. If such risks occur, they may cause a heavy damage to the business. They involve high gains or losses.

EXAMPLES OF RISKS

- Accidents occurring from transporting delicate products such as eggs, pots and glasses
- Unexpected fall in prices of goods
- Failure to attract enough customers for business products
- Change in customer's tastes and prices
- Wrong decision making that may cause loss to the business
- Outbreak of fire that may destroy the business.
- Unexpected harsh climatic changes for farmers.
- Theft of cash or property
- Machinery breakdown

ASSESSING RISKS.

This refers to the process of analyzing the potential success or potential loss of the business. This is because the outcome of taking a risk is normally not known but must be evaluated. It involves potential success and potential loss.

Entrepreneurs should not risk more than they can afford to lose. Success is easier to achieve if one is willing to and able to take the necessary and calculated risks.

It should be noted that the greater the possible loss, the greater the risk involved.

FACTORS THAT AFFECT RISK ASSESSMENT

Risks can be assessed basing on the following factors;

1. Experience and abilities of the person/ persons involved in the business

If these persons are highly experienced, potential success will be high but if they are inexperienced then there will be a high potential loss

2. The political climate; A favorable political climate leads to high potential success for the business, while unfavorable political climate leads to a high potential loss.

3. The viability of the business idea; viable /profitable businesses have a high potential success while unprofitable businesses have a high potential loss.

4. Availability of market; businesses whose market is readily available have a high potential success and those with limited market have a high potential loss.

5. The pricing polices and strategies; favorable prices and pricing strategies will lead to high potential success, while unfavorable pricing policies and strategies will lead to high potential loss for the business.

6. Cash flow and capital requirements of the business; when prices and pricing strategies will lead to high potential success, while unfavorable pricing policies and strategies will lead to high potential loss for the business.

7. Flexibility of the business; if the business is flexible the potential success will be high, however potential loss will also be high if the business is not flexible

8. Honesty and reliability of the business owners and employees. when they are honest and reliable, potential success will be high however unreliable employees increase the potential loss of the business

MANAGING RISKS

Business is all about risk taking and management and therefore one should not fear taking it, but should rather assess and weigh the kind of risk to take

Risks can be managed in the following ways

- **Risks avoidance.** These are measures that can help to prevent the risk from occurring e.g. driver should not drink and drive
- **Risk reduction;** this involves taking measures to minimize the likely loss or chances of the risk from occurring e.g. putting in place fire extinguisher, having a standby generator etc.
- **Risk anticipation.** This is forecasting the likely risk that could happen in the business e.g. putting in place burglar proofs, employing security guards, regular servicing of machines etc.
- **Risk transfer;** this is when the burden of taking responsibility of risk is shifted to another party e.g. taking an insurance policy against fire, accident theft etc.

TECHNOLOGY AND BUSINESS

Technology is the application of scientific knowledge for practical purposes especially in industry.

Business is any activity that is carried out with the view of making profits.

MEANING OF E-BUSINESS

This is the type of business carried out using modern technology.

Examples of e-business include the following;

- Online banking
- Online marketing
- Mobile money transfer
- E- tax
- Visa cards
- Online shopping
- Flexible work operations
- Online data storage
- Global communication.

BENEFITS/ADVANTAGES OF E-BUSINESS TO THE ENTREPRENEUR.

- It enables the entrepreneur save transport costs while transacting business

- It is convenient since entrepreneurs do not have to move with large sums of money to transact business and this saves him the dangers of robbery
- It offers a very fast method of effecting payments irrespective of the geographical location of the receiver and the sender.
- The entrepreneur can easily advertise his/her products across the world using online marketing
- The entrepreneur can easily order for raw materials or purchase goods from foreign countries without going there physically.
- It allows the entrepreneur some freedom in form of location, working hours, etc.
- There is less restrictive hours where by one no longer waits for stores to open.
- It is cheaper in terms of marketing since it is done online.

CHALLENGES OF USING E-BUSINESS

- A challenge of poor network. In areas where the network is poor or nonexistent, e-business may not take place
- Limited knowledge on how to use e-business services. If an entrepreneur does not know how to use e-business, it becomes a big challenge to him/her to transact business.
- Limited access to the mobile phones, laptops/ computers to effect online transactions makes e-business complicated
- High level of fraud by conmen which leads to financial losses to the entrepreneur.
- High costs for effecting the online transactions e.g. withdrawal charges, operation charges, taxes, etc.
- Inadequate power supply especially in rural areas that makes using e-business difficult.