

MPU-3232

ENTREPRENEURSHIP

Topic 1 Entrepreneurship Definition,
Evolution and Personality.

What is Entrepreneurship?

The process brought about by individuals of identifying new opportunities and converting them into marketable products or services.



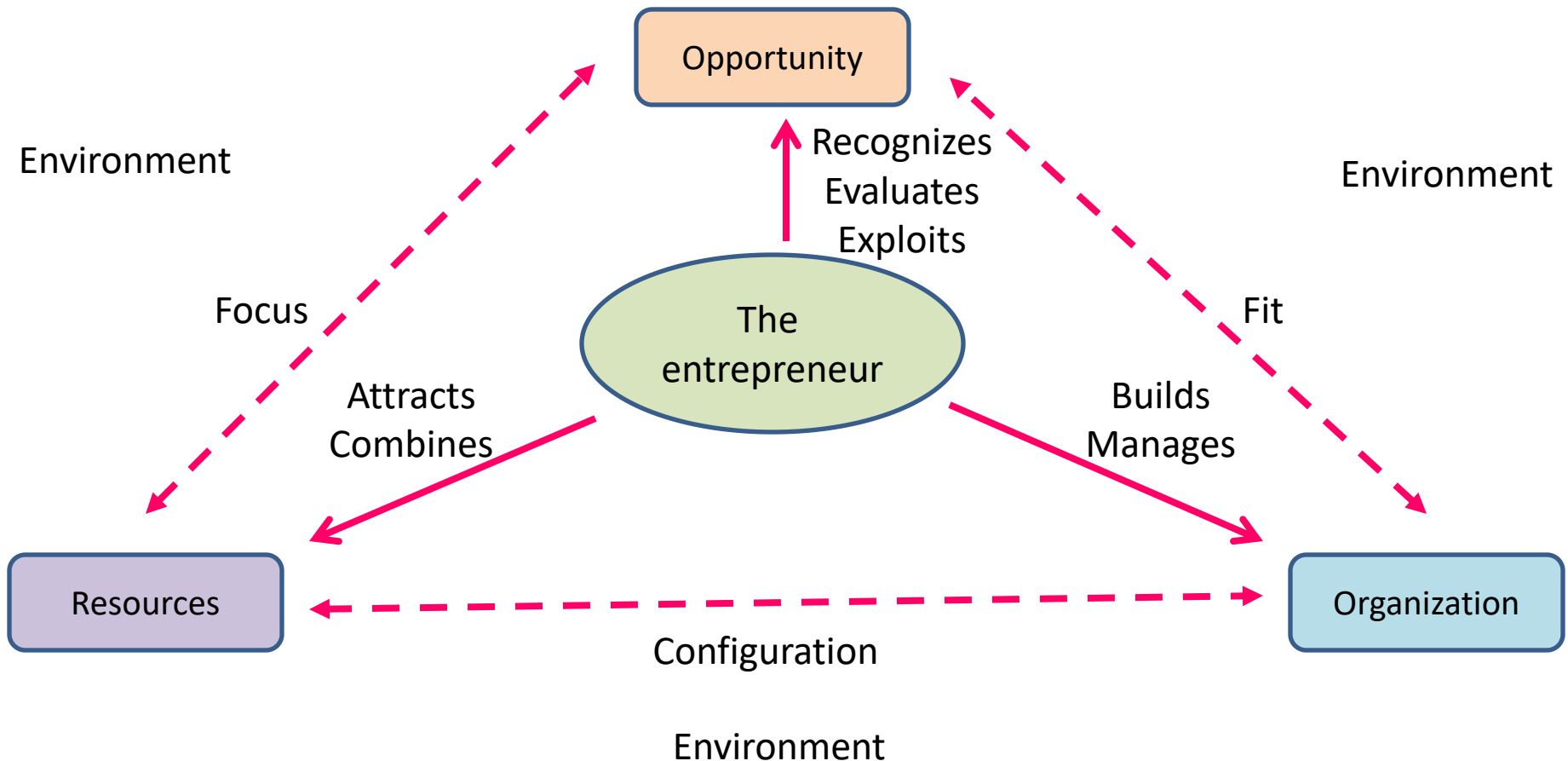
What is an Entrepreneur?



One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalize on them.

The Key Elements of Entrepreneurship

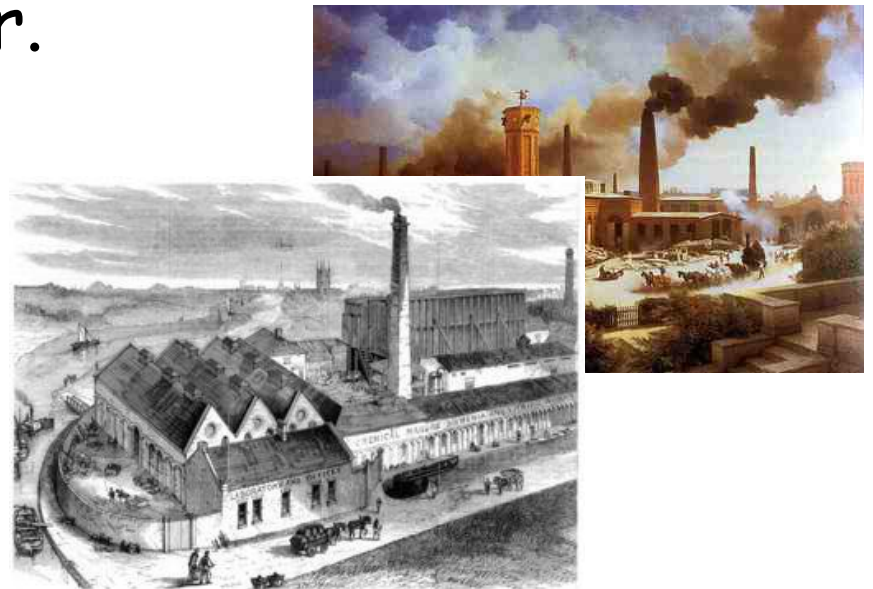
There are **five** generally agreed conditions that are necessary for entrepreneurship to occur:



The Role of Entrepreneurship in Economic Growth and Development

Value

- Entrepreneurship is a process of change.
- A readiness for change or at least willingness to live with it is essential if a society is to get richer.
- Example: China - Industrial Revolution (15th century) and Britain and Europe (18th century).



The Role of Entrepreneurship in Economic Growth and Development (cont.)

Politics

- It provides a framework for entrepreneurship.



- Example: China - closed door economy.

The Role of Entrepreneurship in Economic Growth and Development (cont.)

Economic institutions

- Open economy system that allows fair competition among the companies which led to a spawning of other institutions such as property rights, stock exchanges, banks, courts, law of contract and so on.



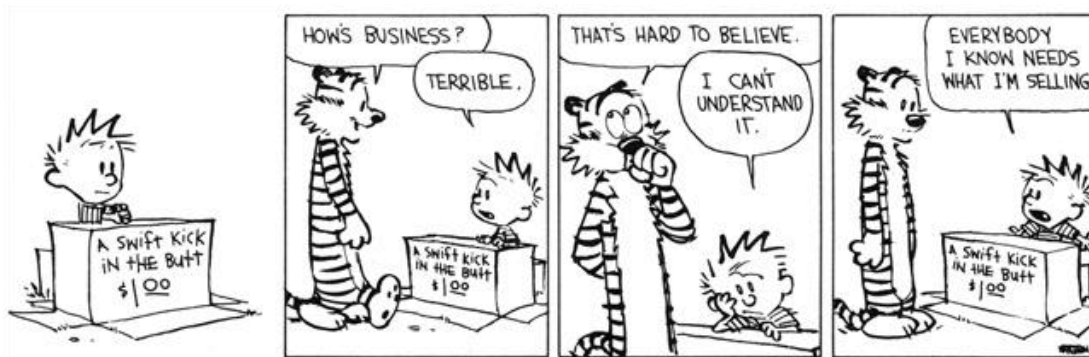
The Relationship between Entrepreneurship and Economic Growth. (cont.)

- ✓ Improve their technology, organization and processes
- ✓ Become more productive and innovative
- ✓ Force other firms out of business.

Individual and Opportunity

The relationship between the individual and the opportunity

- Initially an opportunity is generally recognized by any single individual who may decide to pursue it alone or with others.



"For me, it's not just a job, it's a way of life."

Individual and Opportunity (cont.)

The discovery and evaluation of entrepreneurial opportunities

- Three different categories of opportunity:
 - ✓ Inefficiencies within existing markets.
 - ✓ The emergence of significant changes in social, political, demographics and economic forces.
 - ✓ Inventions and discoveries that produce new knowledge.

Individual and Opportunity (cont.)

The discovery and evaluation of entrepreneurial opportunities

- Psychological characteristics
- Information and knowledge availability
- Creative processing



Individual and Opportunity (cont.)

The decision to exploit entrepreneurial opportunities

Triggers to start-ups

- Material rewards
- Creativity
- Desire autonomy



Individual and Opportunity (cont.)

The decision to exploit entrepreneurial opportunities

Barriers to start-ups

- Lack of resources
- Compliance costs
- Hard reality



Understanding the Profile of An Entrepreneur

- Calculated risk taker
- Arbitrageur
- Innovator
- Coordinator of scarce resources
- The need of achievement
- Internal locus of control



Job creation



Social good

Entrepreneurship's Importance

Personal growth



The Risks of a Career in Entrepreneurship

- Financial risks



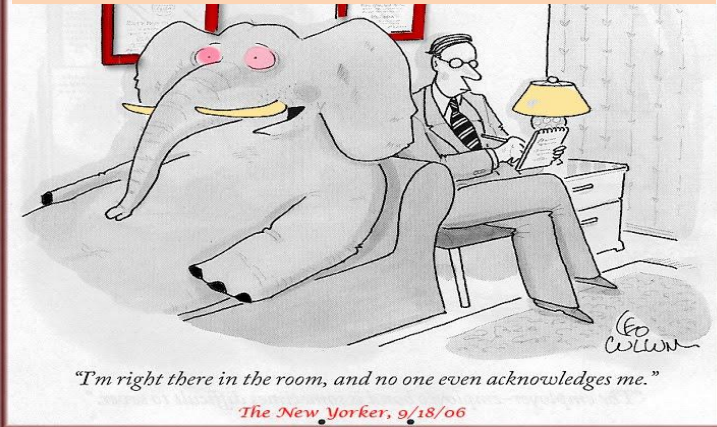
- Career risks



- Social risks



- Health risks

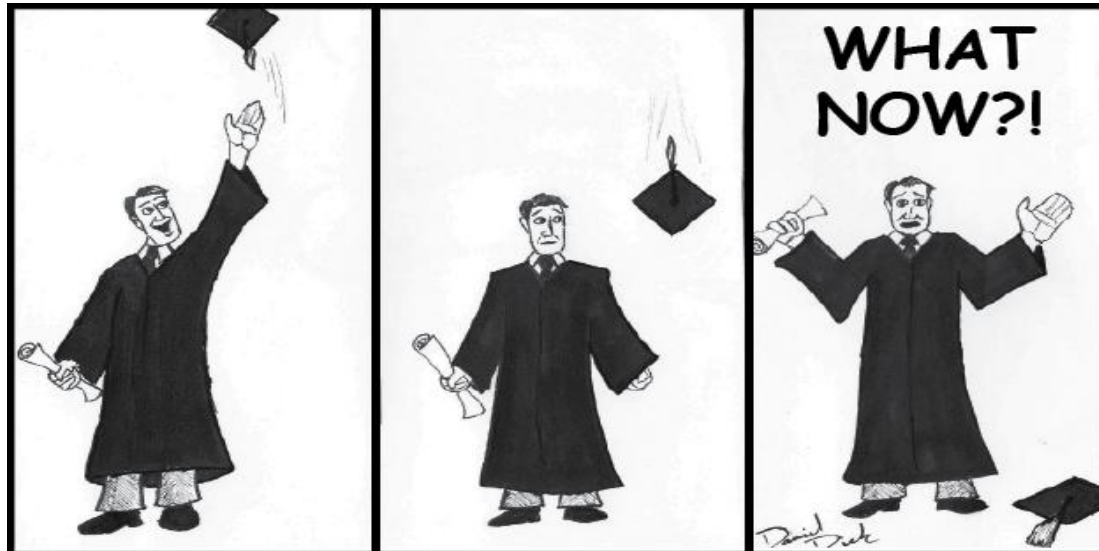


Entrepreneurs in a Social Context.

Stage of life and entrepreneurial activity

Starting a
job?

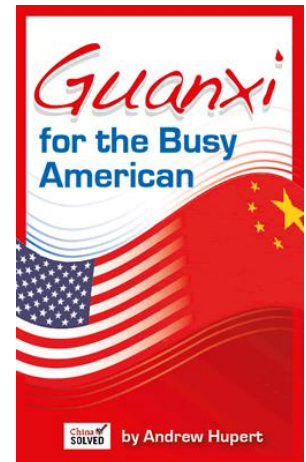
Become an
entrepreneur?



Entrepreneurs in a Social Context. (cont.)

Social networks and entrepreneurial activity

- The sum of relationships that a person maintains with other people as a result of social activity.
- Networks have to be carefully constructed through relatively high-stakes activities that bring the entrepreneur into contact with a diverse group of people.
- Example: they are central to Eastern cultures and particularly to the Chinese (quanxi).





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