



# ENTREPRENEURSHIP

ENT-01

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# INTRODUCTION TO ENTREPRENEURSHIP



# Introduction to Entrepreneurship

- What is Entrepreneurship?
  - Entrepreneurship is the process of creating something new of value by devoting (giving) the necessary time and effort.
  - By accepting and acknowledging the necessary financial, psychological, and social risks, and
  - Finally receiving the resulting rewards be it monetary and personal satisfaction and freedom to do what you want.

(Robert D.Hisrich, M. Peters & D.A Shepherd)

# Introduction to Entrepreneurship

- Simple Definition
  - Process of creating something new and assuming the risks and rewards.

Robert D.Hisrich, M.P.Peters & D.A.Shepherd



# Introduction to Entrepreneurship

- What is an Entrepreneur?
  - He or she is an individual who actively form or lead their own business and nurture them for growth and prosperity.  
UiTM Entrepreneurship Study Group
  - A person who creates and manages change by the recognition of opportunities (needs, wants, opportunities, problems, and challenges) and develops people and manages resources to take advantage of the resources to take the opportunity and creates a venture (profitable business).

Eston Kimani, MIT

# Introduction to Entrepreneurship

- **What are the different outcomes of engaging in entrepreneurship?**
  - Innovation or newness – product or service.
  - Organizing resources – finance, people, physical and information resource.
  - Creating new product or service.
  - Generating wealth
  - Taking risk in a business venture.
  - Prepared to face uncertainty.
  - Create job opportunity
  - Increase the abundance of wealth generation for the nation.

# Introduction to Entrepreneurship

- **Characteristics or Personal Competency of an Entrepreneur.**

- Initiative
- Sees and Acts on Opportunities
- Persistence
- Information seeking
- Concern for High Quality Work and Output – Increased Productivity.
- Commitment to Work Contract
- Efficiency Orientation
- Systematic and organized planning
- Problem Solving
- Self Confidence
- Assertiveness – Negotiation with suppliers & customers
- Persuasive & Influential – Peers and stakeholders
- Inspirational - employees
- Effective Communicator – external & internal of organization.

# Introduction to Entrepreneurship

- The Role of Entrepreneurship in Economic Growth.
  - In order for Entrepreneurs to thrive in a nation, the Government must play important role in creating the kind of business environment that create the basis for growth, stability and future success of entrepreneurs.



# Introduction to Entrepreneurship

- The Role of Entrepreneurship in Economic Growth.
  - **This primarily involves the:**
    - **Increasing the per capita output and income of the people of the country.**
    - **Initiating and creating change in the structure of business and society. Further growth and increased output arises, thus to enable more wealth to be divided among the various participants ( stakeholders).**
    - **Generation of innovation that leads to the creation of new product and service.**
    - **Improvisation and modification on existing product to better suit market and customers' needs.**
    - **Creation of self employment and to cut back the dependency of potential employment of new workers in government sectors.**

# Introduction to Entrepreneurship

- The Role of Entrepreneurship in Economic Growth.
  - **Streamline of the private sector and encourage the inclusion of new technology that is less labor dependent.**
  - **Increase in the national output which in turn lead to greater and stronger economic growth.**
  - **Laying the seed bed for creating new entrepreneur in various new technologies such as Bio Technology, Bio Technology Medicine, Nano Technology , New Material Technology etc.**

# Introduction to Entrepreneurship

- **The Role of Entrepreneurship in Economic Growth.**
  - **This primarily involves the:**
    - **Acting as a catalyst to nurture intrapreneurs and corporate entrepreneurs in a business organization.**
    - **Providing Government grant and subsidy to existing and would be entrepreneurs to aid their business development.**
    - **Providing Entrepreneurs in the SMI/SME various types of business loans to act as an impetus for business and economic growth in the nation. To facilitate this various business developments of entrepreneurs, Commercial Banks, SME Bank, Bank Pertanian Malaysia, EXIM Bank, and Bank Pembangunan Berhad provide the support.**
    - **Government decision to engage both would be bumiputra and non-bumiputra in various entrepreneurship development schemes.**
    - **Providing knowledge and information through seminars, conferences, exhibitions, various business, small business and entrepreneurial business e-portals.**
    - **Providing of various financial, information resources support from various government agencies and national corporations such MDC, MARDI, FAMA, RISDA, FELDA, MATRADE, TELEKOMS MALAYSIA, TNB, MAS etc.**

# Introduction to Entrepreneurship

- **The Entrepreneurial Process**

- What is the Entrepreneurial Process?

- The process of pursuing (going after) a new venture or business,
    - Whether it is a new product going into an existing market OR
    - Existing product going into a new markets OR
    - The creation of a totally new organization.

# Introduction to Entrepreneurship

- **First Entrepreneurial Process:**
  - Creation Process – creating something new of value.
- **Second Entrepreneurial Process:**
  - Requires the commitment of the necessary time and effort. Appreciate and understand the importance of time and effort devoted to create something new and make it workable.
- **Third Entrepreneurial Process:**
  - Involves the enjoyment of the rewards (Freedom, monetary) after the effort, followed by personal satisfaction.

# Introduction to Entrepreneurship

- The Entrepreneurial Process – Four distinct process:-
  - Identification and evaluation of the opportunity.
  - Development of the Business Plan.
  - Determination of the required resources
  - Management of the resulting enterprise.

# Introduction to Entrepreneurship

- The Benefits of Entrepreneurship:
  - Opportunity to create your own destiny
    - Owning a business provides an entrepreneurs the independence and the opportunity to achieve what is important to them.
    - Entrepreneurs want to decide what they want in their lives, and they use their businesses to make their desire a reality (come true).

# Introduction to Entrepreneurship

- The Benefits of Entrepreneurship:
  - Opportunity to make a Difference
    - More and more entrepreneurs are starting businesses because they see this as an opportunity to make a difference in a route or way that is personally important to them.
  - Opportunity to reach your full potential.
    - Many people find their work not challenging and not exciting.
    - For entrepreneurs there is little difference between work and play.
    - Entrepreneurs see their business as a vehicle of self expression of personal desire and eventual self actualization of their personal goals – the pinnacle of their career success.



# Introduction to Entrepreneurship

- The Benefits of Entrepreneurship
- Opportunity to reap extraordinary (luar biasa) profits.
  - The profit earned by an entrepreneur are an important motivation and indication factor for further increased performance. Thus these could spur them to greater achievement and success.

# Introduction to Entrepreneurship

- **Benefits of Entrepreneurship.**
  - **Societal Responsibility and Recognition.**
    - Small business owners are among the most admired, respected and trusted individuals of society.
    - Customers have shown their trust and faithfulness over their years for their business.
    - Help to contribute employment, business opportunity in a particular locality or area.

# Introduction to Entrepreneurship

- Benefits of Entrepreneurship.
- Opportunity to engage in work of their choice
  - Small business owners tend to engage in business that gives them personal satisfaction.
  - Though they may work long hours and engage in very industrious work that is beneficial to their organization and themselves.
  - Most of all the work they engage in helps to benefit the community, society and the nation.

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- The Drawbacks of Entrepreneurship:
  - Uncertainty of Income
    - Opening and a running a business provides no guarantee that an entrepreneur will earn enough money and survive.
    - Engaging in the wrong business and not able gain an advantage in the short run and eventually in the long run can be disastrous.
    - Great effort and proper and effective management need to used in beginning to ensure the organization success.

# Introduction to Entrepreneurship

- The Drawbacks of Entrepreneurship
- Risk of losing your entire Investment
  - Small business have a high failure rate.
  - Though is successful initially it faces financial difficulty within the next five years.
  - Entrepreneurs must be prepared to face the consequence of failure.
  - Entrepreneurs must have acute sense of observation and be able to detect the early signs of failure.
  - If a business fails the entrepreneur must have a contingency plan to overcome a bankruptcy or personal failure.

# Introduction to Entrepreneurship

- Drawbacks of Entrepreneurship
  - Long Hours and Hard Work
    - Entrepreneurs tend to be generally workaholic, and under tremendous pressure to produce the result they expect.
    - Entrepreneurs seldom find time to be away from the business but tend to pour all their effort and resources to achieve their personal entrepreneurial objective.
    - Some even go to extent of making big sacrifice and deprive themselves of a personal life, wife and children and social and family associates.

# Introduction to Entrepreneurship

- Drawbacks of Entrepreneurship
  - Lower Quality of Life until the business get established.
    - In order for the business to be successful the entrepreneur must engage himself to produce the kind of result he expects.
    - He cannot rest on his laurels (take it easy) until and certain the business has stabilized and established.

# Introduction to Entrepreneurship

- Drawbacks of Entrepreneurship
  - High level of stress
    - Starting the business can be very rewarding experience, but it can be stressful.
    - An entrepreneur have left the comfort and security of secured job to venture into their own business.
    - Failure can bring about tremendous personal failure, and in turn creates intense levels of anxiety and stress.
    - Financial burden may increase and the entrepreneur may face difficulty sustaining the business or may decide to call it for day and wind up the business for good.



# Introduction to Entrepreneurship

- Drawbacks of Entrepreneurship
  - Complete Responsibility
    - Must be prepared to make decision that are unfavorable (swallow the bitter pill).
    - Must make decision in areas that the entrepreneur is not familiar at all.
    - Fear of making decision that can have a devastating effect on the business and its people.
    - Tremendous pressure to perform as the entrepreneur is too deeply engaged in the business

# Introduction to Entrepreneurship

- Drawbacks of Entrepreneurship
  - Discouragement
  - To undertake a business requires a lot of dedication, discipline and tenacity.
  - During running the business they will face many difficulties, obstacles which may difficult to overcome.
  - Further difficulties, discouragement and disillusionment are common emotions.
  - Successful entrepreneurs escape through rough times or difficult times through sheer hard work, self confidence and full of optimisms.

# Introduction to Entrepreneurship

- Ten Deadly Mistakes of Entrepreneurship:
  - Business entrepreneurship fail because:-
    - Management Mistakes
    - Lack of Experience
    - Poor financial control
    - Weak marketing efforts
    - Failure to develop a strategic and effective plan
    - Uncontrolled Growth
    - Poor location
    - Improper inventory control
    - Incorrect or unsuitable pricing
    - The inability of to move into entrepreneurial thinking mindset from the previous secured permanent managerial position held.

# Introduction to Entrepreneurship

- How to avoid failure in a Entrepreneurial business.
  - Know your business in depth.
  - Develop a good, effective and solid Business Plan.
  - Manage your financial resources effectively.
  - Have a thorough and complete financial statement.
  - Learn hire and manage people effectively.
  - Keep physically fit, consume healthy foods, and avoid addictive consumption cigarettes and alcohol.



# THE END