

LECTURE SESSION THREE

BENEFITS AND DIVERSITY OF ENTREPRENEURSHIP

Lecture Outline

- 1.1 Introduction
- 1.2 Learning Outcomes
- 1.3 Benefits of Entrepreneurship
- 1.4 Drawbacks of Entrepreneurship.
- 1.5 What Drives Entrepreneurs into Business.
- 1.6 The Cultural Diversity of Entrepreneurship.
- 1.7 Summary
- 1.8 Review Activity
- 1.9 References and Further Reading

1.1 Introduction

Welcome to this third lecture in Entrepreneurship skills. In this lecture, we shall look at the Benefits and Drawbacks of Entrepreneurship. We shall also explore what drives entrepreneurs into business. And finally the diverse mix of people who make up the rich fabric of entrepreneurship.



1.2 Learning Outcomes

- i) Describe the benefits of entrepreneurship.
- ii) Explain the Drawbacks of Entrepreneurship.
- iii) Discuss the vast cultural diversity of Entrepreneurship

1.3 Benefits of Entrepreneurship



Puzzle: Depicting Accumulation of Benefits as the Jigsaw puzzle progresses

Let us start our discussion by asking ourselves this question.



In text Question 1: Why embark on Entrepreneurship?

Well done. I believe you have said that one embarks on entrepreneurship to make money. However there a number of benefits which motivate one to venture into business.

1. The benefits of entrepreneurship include:

- a) Opportunity to create your destiny: Owning and creating your destiny: Owning a business provides entrepreneurs the independence and the opportunity to achieve what is important to them.
- b) Opportunity to make a difference: Increasingly, entrepreneurs are starting business because they see an opportunity to make a difference in a cause that is vital to them. Social entrepreneurs are business builders who seek innovative solutions to some of society's most critical problems.
- c) Opportunity to reach your full potential: Those people who find their work boring, unchallenging and unexciting, opt for entrepreneurship to do things on their own.
- d) *Opportunity to reap impressive profits*
- e) *Opportunity to contribute to the society and be recognized for your efforts*
- f) *Opportunity to do what you enjoy and have fun at it.*
- g) *Self-employment*
- h) *Affording high quality goods as a result of competition*
- i) *Use of modern technology.*

1.4 DRAWBACKS OF ENTREPRENEURSHIP



Dead End: Depicting Drawbacks Encountered

The drawbacks of entrepreneurship are constraints or issues that affect entrepreneurship process in the country. These include:

- a) Uncertainty of income

- b) Risk of losing your entire investment through losses
- c) Long hours and hard work

- d) Lower quality of life until the business gets established
- e) High levels of stress
- f) Complete responsibility
- g) Discouragement
- h) Lack of viable concept
- i) Lack of market
- j) Lack of skills
- k) Social stigma
- l) Legal constraints and regulations
- m) Inhibitions due to patents
- n) Infrastructure problems



Take Note

As much as there are BENEFITS of going into business there are also DRAWBACKS. DRAWBACKS are those constraints or issues that affect the entrepreneurship process in the country.

Having looked at the benefits and drawbacks of entrepreneurship, we shall now turn our attention to discuss what is feeding the entrepreneurial fire?

1.5 WHAT IS FEEDING THE ENTREPRENEURIAL FIRE?

- These refer to forces that are driving the entrepreneurial trend in the economy. Specifically, these are factors that have led to the age of entrepreneurship.

1.5.1 Entrepreneurs are heroes. Perception or attitude people have towards

Entrepreneurs. Normally entrepreneurs are raised to the level of the heroes, such as Bill Gates (Microsoft Corporation), Oprah Winfrey (Harpo Productions and Oxygen Media), Jeff Bezos (Amazon.com), Steve Jobs Apple), Kenyatta (Brookside Milk), Vimal Shah (Bidco).

1.5.2 Entrepreneurial education. Higher institutions of learning have discovered that

Entrepreneurship is an extremely popular course of study. Many students

Enroll in these intuitions knowing that they want to initiate their ventures rather than considering entrepreneurship as possibility later in life.

1.5.3 Demographic and economic factors such as population, age, gender etc. Nearly two thirds of entrepreneurs start their business between the ages of 25 and 45 years, which; is the largest in many countries. In addition, the economic growth that spanned most of the last 25 years created a significant amount of wealth among people of this age group and many business opportunities on which they can capitalize.

1.5.4 Shift to a service economy. A sharp rise in the service-based industries because of their relatively low startup costs, they have become very popular among entrepreneurs. The booming service sector continues to provide many business opportunities, from health care and computer maintenance to Mpesa shops and mobile phone repairers.

1.5.5 Technology advancements. With the help of modern business machines such as Laptop computers, personal computers, copiers, colour printers, answering machines and voice mails, even one person working at home can look like a big business.

1.5.6 *Independent lifestyle.* Many people want the freedom to choose where they live, hours to work, and what they want to do.

1.5.7 E-Commerce and the World Wide Web. The proliferation of the World Wide Web (www), the vast network that links computers around the globe via the Internet and opens up oceans of information to its users, has spawned thousands of entrepreneurial ventures since its commencement in 1993. Online retail sales have grown rapidly.

1.5.8 International opportunities. The shift to a global economy has opened the door to tremendous business opportunities for entrepreneurs willing to reach across the globe. The emergence of potential markets across the globe and crumbling barriers to international business because of trade agreements have opened the world to entrepreneurs who are looking for new customers.

We have discussed the impetus making people go into business. We shall now shift our attention and ask ourselves the following question

**Activity**

Many small business startups fail within the first THREE years of operation. Discuss?

Well done. Could these be related to drawbacks of entrepreneurship we just studied?
This leads us to our last subsection in this lecture on The Cultural diversity of entrepreneurship.

1.6 The Cultural Diversity of Entrepreneurship.



People of Different Origins Living Together as One: Cultural Diversity

This refers to the diverse mix of people who make up the rich fabric of entrepreneurship.

- a) Young entrepreneurs (Millennial generation or generation Y) who are in their early 20's.
- b) Women entrepreneurs
- c) Minority enterprises (Minority owned enterprises that include those owned by Asians, Arabs, Somalis in Kenya)
- d) Immigrant entrepreneurs
- e) Part-time entrepreneurs
- f) Home based entrepreneurs
- g) Family businesses
- h) Ecopreneurs

- i) Social entrepreneurs
- j) Intrapreneurs
- k) Corporate entrepreneurs

Other scholars have diversified entrepreneurship further as follows:

a) Lessern (1986) suggests various types of entrepreneur resulting from how the various personality traits combine. He identifies 7 entrepreneurial types.

Table 1.1: Types of Entrepreneurs

S/No.	Entrepreneurship Type	Personality Type	Attributes
1	Innovator (Sir Terance Convan)	Imagination	<ul style="list-style-type: none"> – Originality – Inspiration – Love – Transformation
2	New Designer/Enabler (Mary Quant)	Intuition	<ul style="list-style-type: none"> – Evaluation – Development – Symbiosis – Connection
3	Leader (Sir John Harvey Jones)	Authority	<ul style="list-style-type: none"> – Direction – Responsibility – Structure – Control

4	New Entrepreneur (Jack Danyoor)	Will	<ul style="list-style-type: none"> – Achievement – Opportunity – Risk taking – Power
5	Animator (Nell Eichner)	Sociability	<ul style="list-style-type: none"> – Informality – Shared values – Community – Culture
6	Adventurer (Anita Roddick)	Energy	<ul style="list-style-type: none"> – Movement – Work – Health – Activity
7	Change Agent (Stere Shrley)	Flexibility	<ul style="list-style-type: none"> – Adaptability – Curiosity – Intelligence

b) Clarence Danhof in his study classified entrepreneurs as follows:

- i) Innovating entrepreneurs – introduces new goods, new methods of production, new markets, new organizations.
- ii) And new channels of distribution
- iii) Imitating entrepreneurs – adopt successful innovation by innovating entrepreneurs
- iv) Fabian entrepreneurs – entrepreneurs who imitate when it is necessary.
- v) Drone entrepreneurs – entrepreneurs who refuse to adopt opportunities to make changes in production techniques even with reduction of cost.

c) Developing countries have diversified entrepreneurs as follows:

- vi) Micro
- vii) Small
- viii) Medium
- ix) Large



1.6 Summary

We have come to the end of lecture one. This lecture laid the background for this unit course by looking at the benefits of entrepreneurship, Drawbacks of Entrepreneurship and The cultural Diversity of Entrepreneurship. What is propelling entrepreneurship and the constraints? And the varied people involved in making it happen.



1.7 Review Activity

1. Explain how you would go about overcoming the Constraints of Entrepreneurship?
2. Distinguish between micro, small and medium enterprises?



1.8 References and Further Reading

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