

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

HRD 2104: PRINCIPLES OF INDUSTRIAL MANAGEMENT

ENTREPRENEURSHIP, INDUSTRY, NATIONAL ECONOMY

01.00: LESSON 01: INTRODUCTION

Terminologies:

Entrepreneur	Someone who searches for changes, responds to it and exploits it as an opportunity.
Industry	A group of companies that are related on their primary business activities
Principles	Fundamental truths or propositions that serve as foundation for a system of belief or behavior
Management	The coordination and administration of tasks to achieve a goal
Small Scale Industries	SSI are industries that manufacture, produce, and render services on a small scale basis, in Kenya, they exist as handicrafts. Weaving jua kali
Informal Sector	Part of the sector that is neither taxed nor monitored by any form of the Government
Primary and Tertiary Industries	Industries are divided in three: Raw Material extractions (Primary), Manufacturing (Secondary), Services and distribution and sale of goods.
Private Sector	Refers to the part of the economy that is not controlled by the state, it includes for profit and not for profit run by individuals or companies, charities.
Public Sector	A section of the economy composed of government and Government controlled enterprises.
Social Capital	All development and welfare activities that include health, education, water supply, transport and natural resources such as water forests land, energy welfare schemes and services.
Resources	They are the components that a business needs in order to do business. Resources often include employees, working space, equipment, or capital
Mindset	Specific set of mind either fixed- that one's talents and abilities are fixed and cannot be developed or Growth/flexible, that one's talents and abilities can be developed
Altruism	Works out of selfless concern for the wellbeing of others

Philanthropy	Acquire funds to help others , for the good cause
Impact	The effect on the communities or people that happens as a result of an action or inaction, activity, policy or project e.g. The social dynamic theory “people can both influence and be influenced by other people”
Social Venture	Any social initiative working towards a positive social change
Social safety nets	Programs that protect families from impact of economic shocks
Third Sector	Voluntary sector , community sector , nonprofit sector in contrast to public sector
Start up	A new company or organization
Social Start up	A new company or organization primarily to tackle social challenge
Community	A group of people living in the same place, a condition sharing the same characteristic
Co – Creators	A process in which multiple stakeholders jointly define and solve a social problem by mutually selecting and constructing resources to generate both social and economic values
Community Incubators	A place or situation that permits or encourages the formation and development of new ideas
Social investment	The use of payable finance to help an organization achieve social purpose
Theory of Change	Written diagram, description of strategies, actions, conditions, and resources that facilitate change and achieve outcomes. It explains why you think particular activities or actions will lead to particular outcomes.
Agent of Change	A group of individual or a group of individuals who take initiative and orchestrate changes within an organization.

What is Entrepreneurship?

- The word itself derives from the French word entrepreneur, which literally means “to undertake.”
- It is a mindset and a type of behavior that can manifest itself in several areas, commercial or social
- entrepreneur as an innovator and an agent of change rather than a person who necessarily starts a new business

Entrepreneurship:

- consists in doing things that are not generally done in the ordinary course of business routine;
- It is essentially a phenomenon that comes under the wider aspect of leadership.
- It is a bridge between societies as a whole, especially the non-economic aspects of that society, and the profit-oriented institutions established to take advantage of its economic endowments and to satisfy, as best they can, its economic desires.
- Entrepreneurship, includes: (1) initiative taking, (2) the organizing or reorganizing of social economic mechanisms to turn resources and situations to practical account, and (3) the acceptance of risk of failure.
- Entrepreneurship is the dynamic process of creating incremental wealth.
- This wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources
- Entrepreneurship is a dynamic process of vision, change and creation.
- It requires an application of energy and passion towards the creation and implementation of new value-adding ideas and creative solutions.
- Essential ingredients include the willingness to take calculated risks in terms of time, equity or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; and, finally, the vision to recognize opportunity where others see chaos, contradiction and confusion

Examples of Entrepreneurs in Kenya

Simon Gicharu is an educationalist and founder of [Mount Kenya University](#), which is East and Central Africa's largest private university. He was born in 1964 in Gathiruni village, [Kiambu County](#), Kenya

Mike Maina is the owner of Pelican Signs and Marble Arch hotel off Tom Mboya Street.

David Kuria: an Ashoka Fellow since 2007, launched the social business Ecotact to challenge toilet taboos and make sanitation accessible. Poor sanitation kills millions every year and David's "toilet talk" strategy is saving lives.

Chris Kirubi is likely the most popular business magnate in Kenya with investment in virtually every sector. His fame has grown over the years because of his successful investments as it seems that everything he touches turns to gold. The entrepreneur grew up in an impoverished home and lost his parents at a young age. This motivated him to start working early, the exposure giving him a great foundation that helped him build a massive business empire.

Peter Munga is the ideal "From poverty to riches stories in Kenya." He is the founder of Equity Bank, one of Kenya's largest commercial banks. Munga hails from a humble background and grew

up struggling a lot. Peter Munga today is one of the most influential personalities in banking and has vast investments in other firms that build his wealth

Tabitha Karanja, the founder of Keroche Breweries, is one of the greatest female entrepreneurs in Kenya. Her entry into the male-dominated industry was certainly a bold move. Tabitha's company has been gradually creating a strong foundation in the market by producing great brands that easily beat the competition.

S.K Macharia is a media industry tycoon that started small. His entrepreneurial drive has seen him create a massive company that has great diversity in Kenya. The business man's first business was a Tissue Paper Making company called Madhupaper that sells in stores as Rossy Tissues. S.K Macharia is the owner of Royal Media Services, which is the biggest media house in Kenya. Additionally, he has investments in agriculture, real estate, banking and many more.

Outside Kenya :

Muhammad Yunus revolutionized economics by founding the Grameen Bank ("village bank") in Bangladesh in 1976 to offer "microloans" to help impoverished people attain economic selfsufficiency through self-employment, a model that has been replicated in 58 countries around the world.

Bill Drayton of Ashoka Foundation was founded in 1981 by Bill Drayton in Washington, DC (now headquartered in Arlington, Virginia). Drayton was one of the early pioneers of social entrepreneurship as a field. Ashoka is a global organization that identifies and invests in leading social entrepreneurs who have innovative and practical ideas for solving challenging social problems (www.ashoka.org).

What is the global environment on industrial Management?

1. across Generations

- Generation Y is the most entrepreneurial generation. Born between late 1980s–early 2000s. Also called millennials. 32% of Gen-Yers consider themselves entrepreneurs.
- Generation X: Born between late 1960s–early 1980s. 41% of Gen-Xers consider themselves entrepreneurs.
- Baby boomers have the most amount of wealth, connections and business experience, all of which are needed to make a business successful. Born between 1946–1964. 45% of Boomers consider themselves entrepreneurs
- Generation Z, those born 1995–2009, who never knew the pre-Internet world
- Generation Alpha, those born after 2010, smartphones have always existed.

1. Globalization,
2. New Technologies
3. Innovative ideas
4. Expansion of knowledge are continuing to transform the world economy,
5. Social structures
6. Country borders
7. Lifestyles, and our
8. Financial well-being
9. The economic and social prosperity nations have enjoyed
10. It is the engine that spurs economic prosperity and one of
11. It is the primary ways for people to become financially successful.
12. Increasingly more people are selecting entrepreneurship as their career choice.
13. The entrepreneurship process covers the entire array of activities, routines, functions, and tasks related to opportunity identification

Industry and the National Economy

The current state of the economy can affect how a company performs. The rate of growth in the economy is a measure of the overall change in demand for goods and services,

Other than economic influences include:-

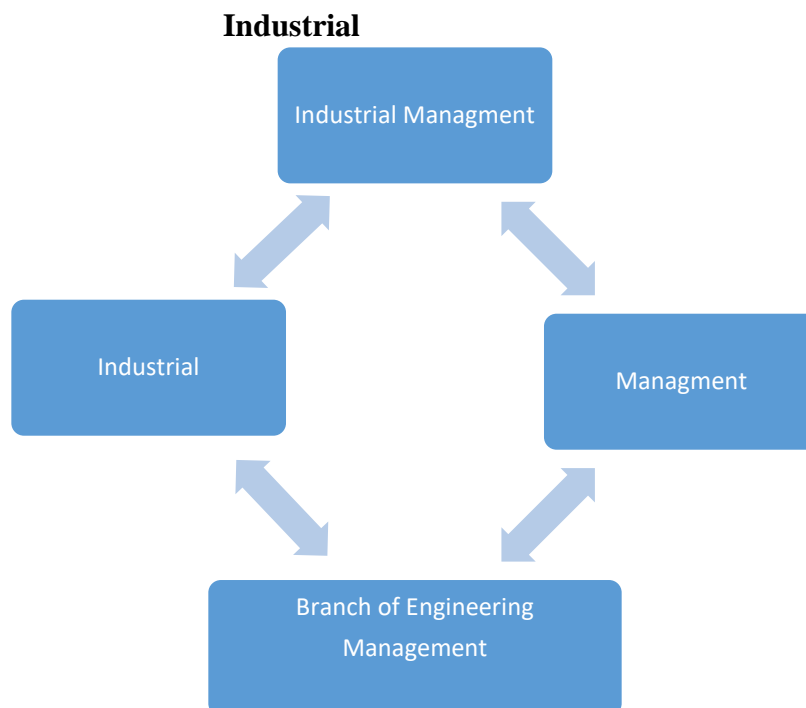
- Taxation levels
- Inflation rate
- Balance of trade and exchange rates
- Level of unemployment interest rates and availability of credit
- Government subsidies,

One should also look at international economic issues:-

- The extent of protectionist measures.
- Comparative rates of growth, inflation, wages and taxation
- Freedom of capital movement
- Economic agreement in various trading blocs such as the EU, COMESA.
- Relative exchange rates.
- A downturn in the economy can lead to corporate failures across a number of sectors.

- The worst hit are suppliers of goods with high income elasticity demand e.g. house builders like Housing Finance.
- Deflationary government fiscal policy (low government spending, high taxation and a planned budget surplus) and central bank monetary policy.
- High interest rates, restrictions on money supply expansion and revaluation of currency can adversely affect a business. This is because they influence demand for goods both domestically and internationally, cost of capital and the level of profitability which in turn affects dividends and retained earnings level.

Industrial Management



Industry includes:

- Applications to Productions
- Economic Good and Service
- Quality and Quantity
- Trade
- Business
- Education
- Government
- Religious

Management includes:

A process to accomplish the organizational goals

- Planning
- Organizing
- Coordination
- Controlling
- Motivation
- Directing
- Forecast and planning
- Formation of policy
- Executing policy
- Design organization
- Employment

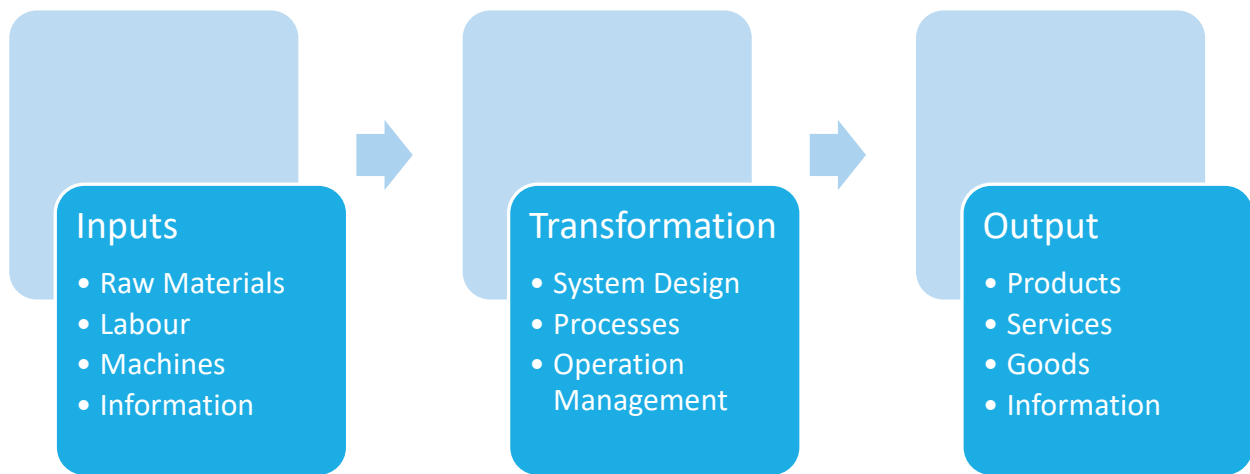
Industrial management –

- The branch of engineering that deals with the creation and management of systems that integrate people and materials and energy in productive ways.

The concepts include:

- Strategic Planning
- Setting obligations
- Managing resources
- Developing Human Resorce
- Measure Results
- Manufacturing
- Operations
- Management Planning
- Directing
- Planning
- Administrative
- Control
- Cooperatives

Management System Theory



Human Resource, Finance and Marketing are key to this process

References:

1. Management Theory and Practise By G.A. Cole
2. Essentials of Management by Koontz, H & O Donnee 7th Edition

Study Questions:

- 1. How would you define the term management? Describe its key characteristics.***
- 2. Describe management in terms of its functions.***
- 3. Is management an art or science? Explain***