

# UNIT 2

## 4 Introduction to enterprise and entrepreneurship

### Learning objectives

In this chapter you will learn about:

- 1 The concept of enterprise
- 2 The role, characteristics and skills of the entrepreneur
- 3 Examples of enterprise in action in different areas of life

### What is enterprise?

Enterprise can be defined as the **efforts** people make to achieve **something new**. People have the initiative to start projects, to face the **challenges** involved and to take **risks** in order to achieve their **goals**. This enterprise is important in all parts of a society.

### The role of the entrepreneur

The entrepreneur brings together the four factors of production required for the production of a good or service: **enterprise, land, labour and capital**.

### Characteristics of entrepreneurs

- Good communicators
- Confident
- Decisive
- Energetic

- Flexible
- Future-focused
- Innovative/creative
- Leaders
- Motivated
- Realistic
- Resilient
- Risk-takers

### Skills of entrepreneurs

Entrepreneurs need the following skills:

- Decision-making
- Human relations
- Identifying opportunities
- Inner control/self-management
- Innovation
- Planning
- Realistic risk assessment
- Timing

### Enterprise in action

#### Enterprise in the home

- A family growing organic vegetables in their garden to provide their own food and ensure a healthy diet
- The children in a family creating a rota of household jobs to be done so that everyone shares the workload

#### Enterprise in schools

- A group of Transition Year students organising a basketball blitz for the new First Year students to help them get to know one another
- A teacher setting up a drama group after school so that pupils can write and perform their own plays

#### Enterprise in the local community

- Setting up a group who visit and read to older people living alone in the area
- Fundraising by the people in an area to build a community centre that is needed

#### Enterprise in personal life

- A person doing a computer training course at night to improve their chances of getting a better job
- An electrician volunteering to work abroad for a year with an aid agency

#### Enterprise in business

- A city-centre launderette owner starting a new service collecting bags of laundry from people at their offices early in the morning and returning them cleaned and ironed before the end of the working day

- Two design graduates starting a new business producing insulated cloth bags to keep cold drinks cool

#### Enterprise at work (intrapreneurship)

This is where an employee comes up with a new idea for a product or to improve a product, a process or ways to cut costs in the business. Firms try to encourage intrapreneurship because it can bring great benefits to a business. For example:

- A machinery salesman notices that customers have high levels of wastage of materials and suggests a way of improving his company's machines to reduce wastage for customers. This change boosts the company's sales and gives them an advantage over their competitors.
- A designer in the marketing department suggests a change from plastic to paper packaging for the company's products. This improves the presentation of the product, makes the packaging cheaper and allows the packaging to be recycled by the consumer. The business benefits in a number of ways.



## Enterprise in the public sector

The public sector includes all the organisations that are owned or funded by the government. It includes government departments, state-owned companies and all local authorities.

- The government's setting up of the International Financial Services

Centre (IFSC) in Dublin as a low-tax centre for international banks succeeded in attracting many companies and jobs to Ireland.

- The corporations' and county councils' running of concerts and other cultural events in their parks around the country in recent years is a good example of enterprise by local authorities.

## Exam question

1 Read the information supplied and answer the question that follows.

*Colm has decided to form a tidy towns committee in his local village and enter the 'tidiest village' category of the National Tidy Towns competition.*

Discuss four entrepreneurial skills that Colm will require in developing this local community initiative. (2011, Section 3 Question 4(A), 20 marks)

## Sample answer

Colm works in an entrepreneurial manner but for a public or social benefit rather than to make money/profit. His aim is to make a difference rather than make a profit.

### 1 Communication/feedback

Speaking, listening and writing – to enable him to liaise with volunteers, sponsors, etc.

Colm needs good communication skills and interpersonal skills to convince businesses to contribute money to his tidy towns committee.

Colm will need good communication skills to help motivate his team and encourage people to volunteer.

Colm will have to be an effective communicator when he speaks on local radio and when he writes articles for local newspapers.

### 2 Leadership/delegation/human relations

Leadership involves directing and assisting people in order to ensure work is done effectively so that objectives can be met.

Colm will need to positively influence his team of volunteers so that they contribute voluntarily to achieving the group goals.

Colm will need to encourage shared solutions to problems, i.e. delegate.

Colm will need to encourage volunteers to put forward suggestions/promote an intrapreneurial culture.

### 3 Innovation/creativity

Colm will have to come up with new ideas to make his local community initiative work. He will have to come up with a unique selling point (USP) to differentiate his local village from others to give it an edge in the competition. He will have to be creative in terms of identifying opportunities.

### 4 Decision-making/decisive

Colm will have to be good at assessing situations, identifying options, weighing up the pros and cons and then deciding on the best option.

Colm will have to make decisions on budget allocation, aesthetic priorities (cycle ways, town park development, etc.), personnel in his team and leadership style.

### 5 Planning and goal setting/problem solving/time management

Colm may have to carry out a SWOT analysis of his village (a kind of environmental audit) to see how things are.

Colm may have a long-term strategic plan for not just entering the tidy town competition, but winning the competition after five years. Focus may be on the long-term benefits rather than short-term financial gain.

Colm may achieve his strategic plan by engaging in shorter tactical plans such as:

- Fundraising events over the year
- Saturday morning clean-ups over a six-month period
- Floral displays, signage, etc.

Colm will need to be a problem solver and become solution-focused. For example, finding solutions to personality clashes within his team and operating within a limited budget. He needs to plan the use of available resources effectively.

### Marking scheme

- Four enterprise skills: 4 x 5 marks (5 = 2 + 2 + 1)
  - 2 marks for naming skill
  - 2 marks for linking it to tidy town project
  - 1 mark for relevant example/illustration/development

## Questions

### Higher Level long questions

1 'Being decisive, creative and being prepared to take risks are personal characteristics often associated with entrepreneurs.'

Discuss these characteristics and support your answer with examples.

(2008, 15 marks)

2 (a) Distinguish between a characteristic and a skill of an entrepreneur.

(b) Evaluate the importance of any three enterprise skills.



- 3 (a) Distinguish between entrepreneurship and intrapreneurship.  
(b) Discuss the benefits that intrapreneurship can bring to (i) a business and (ii) a school. Use examples to illustrate your answer.
- 4 Using examples, analyse the importance of four different enterprising skills and relate two to business and two to the community. (2006, 20 marks)
- 5 Describe three enterprise skills required of an entrepreneur. (2007, 15 marks)

### Key-points!

- Characteristics of entrepreneurs
- Skills of entrepreneurs
- Examples of enterprise in action

### Key-definitions!

**intrapreneurship:** When employees within an organisation are enterprising and come up with new ideas.

**proactive:** A businessperson is proactive if they anticipate things that may affect them in the future and act straight away rather than waiting and losing an advantage.