**KYAMBOGO UNIVERSITY**

**FACULTY OF SCIENCE**

**DEPARTMENT OF COMPUTER SCIENCE**

**BIS-ENTREPRENEURSHIP SKILLS**

**ENTREPRENEURSHIP DEVELOPMENT**

**NATURE OF ENTREPRENEURSHIP**

**DEFINITION OF ENTREPRENEURSHIP**

There are numerous definitions of entrepreneurship as there are writers.

According to Peter Drucker it is the process of searching for and exploiting opportunities to create value with a profit motive.

Opportunities are chances that come out in an environment that can be exploited. And the search is a motivation.

Entrepreneurship is a dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and commitment to provide value for some product or service.

**DEFINITION OF AN ENTREPRENEUR**

The word entrepreneur is used quite a lot when discussing new technology ideas and start-up businesses. But who really is an entrepreneur?

An entrepreneur is an enterprising individual who builds capital through risk and initiative.

Jean Baptiste Say, a French economist defined an entrepreneur as one who undertakes an enterprise especially a contractor acting as intermediary between capital and labour.

An entrepreneur is one who organises and manages a business undertaking assuming the risk for the sake of profit. (Pickle and Abrahamson 1990)

**TYPES OF ENTREPRENEURS**

**Innovative entrepreneurs;**

These have the ability to think newer, better and more economical ideas of business and management. Eg; kiir car by the Makerere University students and Safe boda

**Imitative entrepreneur;**

This is one who simply adopts a successful innovation introduced by other entrepreneurs.

**Fabian entrepreneur;**

The one who is timid and cautious in making bold decisions. Such an entrepreneur adopts innovations in his business only when he fears that not innovating may damage his business.

**Drone entrepreneur;**

A drone entrepreneur is one who refuses to adopt new innovations even at the cost of reduced returns.

**Novice entrepreneurs;**

Those that have just recently started business and have no prior experience.

**Nascent entrepreneurs;**

These are individuals considering establishing a business, those that haven’t started.

**Habitual entrepreneurs;**

These engage in repeated entrepreneurial behaviour and are therefore experienced. They are categorised as; Serial entrepreneurs- these run/own one business over time

Portfolio entrepreneurs- these run multiple businesses at once

**CHARACTERISTICS OF AN ENTREPRENEUR**

There are some characteristics that are considered indispensable or necessary in an entrepreneur, such as;

**Ability to take risks;**

Starting any business involves a considerable amount of risk of failure. As such, the courage and capacity to take a risk are essential in an entrepreneur.

**Innovativeness;**

Innovation means generating a new idea with which you can start a business and achieve a substantial amount of profits. Innovation can be in the form of product i.e. launching a product that no one is selling in the market, for example launching of touch screen phones amid use of keypad cell phones. It can also be in form of a process i.e. doing the same work in a more efficient and economical way, for example capital intensive industries replacing use of manual labour.

**Being visionary;**

Every entrepreneur needs to be visionary. Without a vision for the future of his venture, an entrepreneur would be working aimlessly without reaching any point of success.

**Leadership;**

It takes a lot of resources to turn a vision into reality. One of the resources is the people that the entrepreneur hires to perform various functions like production, supply, marketing, etc. Without proper leadership everybody would be working independently thus not achieving the desired results.

**Open minded;**

Entrepreneurs realise that every event and situation is a business opportunity. They have the ability to look at everything around them and focus it towards their goals. They update their knowledge continuously and seek information from a variety of sources.

**Confidence;**

An entrepreneur doesn’t ask questions about whether they can succeed or are worthy of success. They are confident that they will make their businesses succeed.

**Creativity;**

One aspect of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

**Strong people skills;**

Entrepreneurs have strong communication skills to sell the product and motivate employees. They know how to motivate their employees with some incentives such as bonuses, allowances, etc. so as to grow the business overall.

**Passion;**

This is the most important attribute of successful entrepreneurs. They genuinely love their work, they are willing to put in extra hours to make the business grow because there is joy it gives which goes beyond the money or profit earned.

**FUNCTIONS OF AN ENTREPRENEUR**

**Decision making;**

The primary task of an entrepreneur is to decide the policy of production. An entrepreneur determines what to produce, how much to produce, how to produce, where to produce, how to sell, etc. Decides the scale of production and the proportion in which he combines the different factors he employs. He makes vital decisions relating to the purchase of production factors and to the sell of the finished goods and services.

**Management control;**

Management and control of the business are conducted by the entrepreneur himself. So he/she must possess a high degree of management ability to select the right type of persons to work with. But the importance of this function has declined as businesses these days are managed by more paid managers.

**Division of capital/income;**

The nest major function of the entrepreneur is to make necessary arrangement for the division of total income among the different factors of production employed by him. Even if there is a loss in the business, he or she is to pay rent, interest, wages and other contractual incomes out of the realised sales proceeds.

**Risk taking and uncertainty bearing;**

Risk taking is perhaps the most important function of an entrepreneur. There are two kinds of risk which he has to face, there are insurable risks such fire, theft, loss of goods in transit and non-insurable risks like competitive risks.

**Innovation;**

Another distinguishing function of an entrepreneur as emphasised by Schumpeter is to make frequent inventions. Invention of new products, new techniques and discovering new markets to improve his competitive position and to increase earnings

**Taking initiative;**

Entrepreneurship is a pro-active activity that takes such actions which others cannot even perceive. This unique function provides a wide variety of products, ways of actions, production techniques, etc.

**Organising resources;**

This entails identifying those resources that are required to transform a particular idea into reality. The resources include human and non-human resources. Organising in entrepreneurship increases productivity, promote new venture, distribute and supervise work.

**Identifying opportunities and prospects;**

Entrepreneurship searches those activities of value that have an economic and social contribution. It identifies new opportunities in the socio-economic arena which have got profitable prospects. Entrepreneurs are also called searchers of hope into blind spots.

**Technology transfer and adaptation;**

This function involves identifying appropriate technology with market potentials and adapts it into the local environment. This entrepreneurial function virtually makes the world united in terms of homogeneous technology.

**TYPES OF ENTREPRENEURSHIP**

Not all entrepreneurship is the same, Steve Blank clearly describes four types;

**Small business entrepreneurship;**

Today the overwhelming number of entrepreneurs and start-ups are still small businesses such as grocery stores, hair dressers, carpenters, travel agents, consultants, etc. They hire local employees or family members and are barely profitable. Their definition of success is to feed the family and make a profit not to take over the industry. They fund their businesses on our incomes, friends, family or small business loans.

**Scalable start-up entrepreneurship;**

These start knowing from kick-off that their vision could change the world. They attract investment from other financial investors ie; venture capitalists, they hire the best and the brightest. Their job is to search for a repeatable and scalable business model, when they find it, their focus on scale requires even more venture capital to fuel rapid expansion.

**Large company entrepreneurship;**

Large companies have finite life cycle, most grow through sustainable innovation offering new products that are variants around their core products. Changes in customer tastes, new technologies, legislation, new competitors, etc. can create pressure for more disruptive innovation requiring large companies to create new products in the market. Existing companies do this by either acquiring innovative companies or attempting to build a disruptive product within.

**Social entrepreneurship;**

Social entrepreneurs are innovators who focus on creating products and services that solve social needs and problems. Unlike scalable start-ups their goal is to make the world a better place not to take market share or create wealth for the founder. They maybe non-profit or for profit.

**ENTREPRENEURSHIP PROCESS**

Entrepreneurship is not a one day event but rather a process that goes through some steps as below;

**Idea generation;**

This is the foundation of the process of discovering new sustainable business opportunities. Great business ideas are usually around the prospective entrepreneurs.

**Evaluation;**

A complete evaluation of a business opportunity includes a risk assessment. An appraisal of potential risks inherent in your new business can help you prepare for possible problems and decide whether the risks are worth the investment.

**Business plan development;**

A business plan is a document setting out a business’ objectives and strategies to achieve them. It serves the purpose of the design and development plan section to provide an investor with a description of how the business will be run.

**Resource organisation;**

The resources can be in form of assets or human resources. Most entrepreneurs acquire start-up resources from personal savings, family, friends and business loans. The resources are organised by distributing them among various planned activities in the business.

**Manage the enterprise;**

After various resources such as assets and human resources have been distributed to start up the business, they are managed and supervised to ensure realisation of some profit and sustainability of the enterprise.

**CONCEPTS OF ENTREPRENEURSHIP**

**Interest and Vision;**

The first factor for entrepreneurial success is interest. An entrepreneur must work in an area that interests him or her otherwise will not be able to maintain a high level of work ethics and will most likely fail. This interest must also translate into a vision for the company’s growth and expansion.

**Skill;**

Interest and vision cannot make up for a total lack of applicable skills. An entrepreneur must be able to wear many hats such in a manager, marketer, and do so effectively.

**Investment;**

An entrepreneur must invest in his/her company. The investment may be something less tangible like time, reputation, skills. But it also tends to involve a significant investment of assets with value like cash. An entrepreneur who doesn’t invest in his/her business cannot expect others to do so and expect it to grow.

**Profit;**

Profit is the difference between revenue and expenses. Without profit there is no revenue to invest in future growth of the business.

**Customer focus;**

A business needs customers to buy its products and services. An entrepreneur can develop the most brilliant and innovative business concept but without willing customers to buy the product and therefore generate a profit to keep the business going, the idea will remain only a prototype left sitting on the entrepreneur’s workbench.

**Risk and Rewards;**

Entrepreneurship is defined by risk taking because of the uncertainty involved. The risk equates to the amount of money and time you invest into your business. However this risk also tends to relate directly to the rewards involved.

**Organisation and delegation;**

While many businesses start as a one man show, successful entrepreneurship is characterised by quick and stable growth. This means hiring other people to do specialised jobs. For this reason entrepreneurship requires extensive organisation and delegation of tasks. It is important for entrepreneurs to hire the right people for specific jobs.

**THEORIES OF ENTREPRENEURSHIP**

**Economic theory;**

This theory says that people are entrepreneurial because they want to make money. Its profit oriented.

**Psychological theory;**

This is based on the need to achieve. It focuses on the individual and mental or emotional elements that drive the entrepreneurial individuals.

**Sociological/Anthropological theory;**

It attributes entrepreneurship to a deficiency or problem, thus need to solve the problem. It focuses on social attributes to shape both perception and behaviours of entrepreneurs.

**Resource based theory;**

This theory focuses on the way individuals leverage different types of resources to get entrepreneurial efforts off the ground. Such resources include access to capital, social networks and the information they provide, human resources such as education acquired.

**Opportunity based theory;**

Entrepreneurs excel at seeing and taking advantage of possibilities created by social, technological and cultural changes. For example Jumia taking advantage of online shopping