

Overview of Industry

At the end of this module student will be able to answer the following:

- What is the Relationship between entrepreneurship, job creation, and the national economy?
- What is the Nature of Entrepreneurship?
- What are the Differences between entrepreneur and technopreneur?

RELATIONSHIP BETWEEN ENTREPRENEURSHIP, JOB CREATION, AND THE NATIONAL ECONOMY

Entrepreneurs often begin a career by launching a small business. In major and developed economies, small business is a significant driver of economic activity. Subsequently, entrepreneurship and economic development go hand-in-hand in many ways. Economic development is somewhat reliant on entrepreneurs because any lack of development for small business has the potential to slow an economy. Meanwhile, new business owners depend on a growing and stable economy to provide employment and generate sales.

Local and national governments devote large sums of money to the expansion of small businesses in a region. Government agencies extend loans and sometimes grants to qualifying entrepreneurs and possibly specific minority groups, including women. This is because of the heightened awareness that government officials share surrounding the fact that entrepreneurship and economic development are linked.

A government may be needed to set the stage for new business by first creating a community that is favorable to commerce. This could be through infrastructure development in addition to any financial incentives or motivations that might be provided. In doing this, policymakers are making it possible for entrepreneurship and economic development to occur. Once the conditions are ripe, new business owners can begin hiring employees, conducting commerce in an area, and supporting the development of a local or national economy.

Private corporations also become involved with supporting entrepreneurship and economic development. Large investment banks maintain lending divisions that are

meant to suit the financing needs of entrepreneurs. In addition to financing, lending institutions may also provide some level of training or support to new business owners to increase the chances for success. The role of venture capitalists is to provide equity to new businesses in exchange for a share of the eventual profits. As a result of private funding, entrepreneurs can develop new technologies and contribute to productivity, which can benefit local, national, or global economies.

Developed countries are not the only nations in which entrepreneurship and economic development are needed. In third-world countries where poverty has taken a hold on communities, the extension of small amounts of funding can help entrepreneurs to begin new businesses. The ramifications of this process, an activity known as microlending, are significant. Not only does facilitating new business in poor parts of the world help the entrepreneur to explore new opportunities, but it also gives poverty-stricken citizens greater access to goods and services. Subsequently, an entrepreneurship inspires economic development and creates better standards of living throughout the region.

THE NATURE AND IMPORTANCE OF ENTREPRENEURSHIP

NATURE AND DEVELOPMENT OF ENTREPRENEURSHIP

The term *entrepreneur* comes from the French and translates "between-taker" or "go-between."

Earliest Period

In this period the money person (forerunner of the capitalist) entered into a contract with the go-between to sell his goods.

Middle Ages

In this age the term **entrepreneur** was used to describe both an actor and a person who managed large production projects.

17th Century

In the 17th century the entrepreneur was a person who entered into a contract with the government to perform a service. Richard Cantillon, a noted economist of the 1700s developed theories of the entrepreneur and is regarded as the founder of the term.

18th Century

In the 18th century the person with capital was differentiated from the one who needed capital. In other words, entrepreneurship was distinguished from the capital provider. Many of the inventions developed during this time as was the case with the inventions of Eli Whitney and Thomas Edison were unable to finance invention themselves.

19th and 20th Centuries

In the late 19th and early 20th centuries, entrepreneurs were viewed mostly from an economic perspective. The entrepreneur "contributes his own initiative, skill and ingenuity in planning, organizing and administering the enterprise, assuming the chance of loss and gain."

In the middle of the 20th century, the notion of an **entrepreneur as an innovator was** established. Innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur.

DEFINITION OF ENTREPRENEUR

The concept of entrepreneurship from a personal perspective has been explored in this century. This exploration is reflected in the following three definitions of an entrepreneur:

In almost all definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes:

1. Initiative taking.
2. The organizing and reorganizing or social/economic mechanisms to turn resources and situations to practical account.
3. The acceptance of risk or failure.

To an economist, an entrepreneur is one who brings resources, labor,

materials, and other assets into combinations that make their value greater than before, and one who introduces changes, innovations, and a new order.

To

a psychologist, such a person is typically driven by certain forces- the need to obtain something, to experiment, to accomplish or perhaps to escape the authority of others.

Entrepreneurship is the dynamic process of creating incremental wealth.

Our definition of entrepreneurship involves four aspects:

1. Entrepreneurship involves the creation process.
2. It requires the devotion of the necessary time and effort.
3. It involves assuming the necessary risks.
4. The rewards of being an entrepreneur are independence, personal satisfaction, and monetary reward.

For the person who actually starts his or her own business there is a high failure rate due to poor sales, intense competition, lack of capital or lack of managerial ability.

ENTREPRENEURS VS. TECHNOPRENEURS (DIFFERENCES)

Reference: Mohamed Dahlan Ibrahim, Ph.D

Entrepreneur

- Likes to compete
- Is a self-starter
- Is able to do many things at once
- Is creative, and has dreams and goals
- Likes to work for him or herself and be in control
- Is motivated by a strong desire to achieve and attain financial success
- Focuses his/her attention on the chances of success rather than the possibility of failure

Technopreneur

- Likes to innovate
- Is part of a team
- Is able to do many things at once, but chooses to delegate
- Is innovative and has a greater vision
- Likes to be the one to control innovation and be part of an evolution
- Is motivated by a strong vision and his passion to innovate
- Takes failure in stride and knows it will lead to success if correction can be made

Technological Entrepreneurship

Entrepreneurship in a technology - intensive context.

Process of merging technology process and entrepreneurial talent and skills.

Who is Technopreneur?

- A person who destroy the existing economic order (creative destruction) by introducing new products and services, by creating new forms of organizations and by exploiting new raw materials (Schumpeter, 1934)
- Someone who perceives an opportunity and creates an organization to pursue it.
- Person who undertake risks (by creating an enterprise or business) that has a chance of profit or success technopreneurship distinguishes themselves through their ability to accumulate and manage knowledge as well as their ability to mobilize resources to achieve a specified business or social goal (Kuemmerle, 2002)
- A bold, imaginative, deviator from established business methods who constantly seeks the opportunity to commercialize new products, technologies processes and arrangements (Baumol, 2002)
- Distinguishes logic from tradition, common tradition from prejudice, prejudice from common sense and common sense from non sense while integrating variety of ideas from diverse groups and discipline (Manuel cereijo, 2002)
- Skilled in applied creativity thrive in response to challenge and lack for unconventional solutions. They experience challenges , creative visions solutions, build stories that explains their visions for and then act to the part of the solutions. They forge new paths and risk failure, but persistently seek success (Dorf and Byers, 2005)

What is Entrepreneurship?

- A way of thinking and acting that is opportunity obsessed, holistic in approach and leadership balanced for the purpose of the wealth creation (Babson's Definition)
- Creative destruction, dynamic disequilibrium brought on by the innovating entrepreneur rather than equilibrium and optimization is the norm of a healthy economy and the central reality of economic theory and practice (Schumpeter, 1934)-
- Entrepreneur searches for charges responds to it, exploits it is an opportunity, innovation is the specific tool of entrepreneurs the means by which the exploit change as an opportunity for a different business or a different service (Drucker, 1985)
- Pursuit of opportunity without regard to the resources currently under one's control (Stevenson)

What is Technopreneurship?

"Creating the NEW and destroying the OLD"

- new knowledge
- new products
- new processes

- new services
- new market
- new business

Entrepreneurial Process vs

Opportunity Analysis
Business planning
Gathering Resources
Implementation
Scaling and Harvesting
Everything starts on idea

Technopreneurial Process

Idea Generation
Idea Screening
Concept Testing
Business Analysis
Prototyping
Commercialization
Monitoring and Evaluation

Everything starts on an opportunity

Technopreneur and the Economy

Technopreneurs as agents of economic growth

Natural Capital ---> Economy <--Beneficial Outputs(maximized)

Entrepreneurs as an

Financial Capital ---> agents of progress <--- Undecided Waste Output(minimized)

Intellectual Capital ---> <--- Increase Safety

3 Elements of Intellectual Capital

Human Capital - skills, capabilities and knowledge of the firms people

Organizational Capital - patents, technologies, processes, database and networks

Social Capital - quality of the relationships with customers, suppliers and partners.

4 Types of Entrepreneurship

Incremental - routine business, modest industry.

Example: new coffee shop

Imitating - limitation of a venture, same business model and template.

Example: new regional branch and franchise operation

Rent seeking - business that utilizes standards, regulation and laws to show on value of an enterprise.

Example: licensing of patented ideas, products or trade secrets.

Innovating - business type based on innovation.

Example: new cure for infectious disease, new DVD format, new memory chip, new ICT enhance home appliance

Technopreneurship

High-tech ventures in ICT, electronics, internet, life sciences and BIOTECH.

Example: CISCO, Nano Tech

Service firm where technology is critical to their mission, business that provides services.

Delivery or design of high-tech products like computer hardware or devices.

Use of technology in the delivery or conduct of normal business activities.

Successful Technopreneurship is equal to HELF

Human Resources Environmental Techno Ventures Laws & Policies

Financial Resources

Human Resources Components

- Research
- Thinker
- Idea Generator
- Innovator

Development

- Implementation
- Technical People
- Marketing People
- Financers

Environmental Components

- Science Parks
- Incubation Center
- Academic Institution
- Research Development Center
- Internet access and communication and other support services
- Geographic Accessibility

Laws and Policy Components

- Intellectual property rights
- Technology licensing office
- Legal Services

Financial Components

- Investors
- Financial Services
- Business Sectors
- Funding Agencies

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