

VUSSC/Content/Entrepreneurship/Starting Up a Business/What is meant by Entrepreneurship?

4. What is meant by Entrepreneurship?

Entrepreneurship is what the entrepreneurs do! And they are present in any field - not only making profits, but also working in the not for profit NGOs, in the field of education, social reforms economic development, polity of the locality, state, country or even the world polity. The entrepreneurs working in the social spheres are called social entrepreneurs and those, who are working in the corporate sector as employees, but do something usually done by entrepreneurs, are called the Intrapreneurs. Now, what do the entrepreneurs do? why do we need them?

The accumulation of factors of production per se – be they knowledge, physical or human capital – cannot alone explain economic development. They are necessary inputs in production, but they are not in themselves sufficient for economic growth to occur.

Human creativity and productive entrepreneurship are needed to combine these inputs in profitable ways, and hence an institutional environment that encourages free entrepreneurship becomes the ultimate determinant of economic growth.

Thus, the entrepreneur and entrepreneurship should take center stage in any effort to explain long-term economic development. The Economic theory, however did not lay proper attention to the entrepreneur and to the entrepreneurship.

A. Define the term Entrepreneurship?

There has been a great deal of attention paid to the subject of entrepreneurship over the past few years, stemming primarily from the discovery by economic analysts that small firms contribute considerably to economic growth and vitality.

Entrepreneurship, can be defined as, the practice of starting new organizations, particularly new businesses generally in response to identified opportunities.

Generally, the new organisations started by Entrepreneurs are Small Businesses. That is why, sometimes small and medium enterprises are referred to as the seedbed of entrepreneurship.

Some experts distinguish between an entrepreneur and a business person. Difference is the innovation in the business activities. Innovation is not the R&D stuff or inventions in the normal sense, but it involves commercial application of an idea. It is not difficult to learn.

B. How do we define Small Business?

A small business is "one that is independently owned and operated and which is not dominant in its field of operation."

Small Businesses are defined using size standards. Different countries have different standards which are used to determine the size of a business. These standards include:

1. Number of Employees
2. Amount of money used to start – Start up investment
3. Rate of turnover - average annual receipts of the business

For example:

- St. Vincent & the Grenadines: A small business is one that employs ten persons or less and has an initial investment of Twenty five (\$EC25,000.00) or less.
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- Belize: A small retail business is one which has annual sales receipts under \$ 2 million.
- European Union: A Small Business has less than 50 employees and a turnover of less than 10 million Euro. The EU also defines a medium sized enterprise as one which employs less than 250 people and has a turnover of less than 50 million Euros and a micro enterprise as one with less than 10 employees and a turnover of less than 2 million Euro

Typical examples of small businesses include: small shops, hairdressers, tradesmen, solicitors, lawyers, accountants, restaurants, guest houses, photographers, small-scale manufacturing etc.

Have you been thinking of your business idea?



Discussion

Join the discussion on creating new business ideas

So You want to be an Entrepreneur?

Running a business is not every bodies cup of tea. In order to succeed, you need many skills, to understand this, You must conduct a 'SWOT anylasis' i.e.evaluate your streangths, weaknesses, opportunities available and the threats.You may also conduct a test of following four things:



Self Assessment

Make a list of all that comes to mind as you try to:

- find your weak points
- find your strong points
- decide how you can improve your weak points
- decide how you can make use of your strong points in order to succeed.

4.1 Who is an Entrepreneur?

Now a days, entrepreneur is defined in a much wider sence, but to start with, we may consider this definition: ***An Entrepreneur is a person who owns and operates a business enterprise. He/she takes all the risks involved in the operation of this enterprise.*** Later on we will see that entrepreneurs do a lot more things and are found in almost every sphere of life, in education, in social development, politics and of course in business.

Entrepreneurs are innovative; and as a result, are always able to see possibilities which would not be normally seen by ordinary persons. They have a strong desire to succeed; and so, it is often quite common for entrepreneurs to fail at several initial enterprises before finally making it big. Also, entrepreneurs have the capacity to work long hours, ensuring that their business ideas are fully developed rather than, take holidays and time off from their businesses.

The table below gives some qualities that help people to better understand themselves. Try the activity.

Characteristics of an Entrepreneur

- Most importantly, it is a mind game, the thought process of high impact entrepreneurs is different from the businessman. It is innovative and looks at the things with a different perspective as compared to others.
 - The Entrepreneurs are known be calculated risk takers, and are not gamblers.
 - The entrepreneur has an enthusiastic vision, the driving force of an entreprise.
 - The entrepreneur's vision is usually supported by an interlocked collection of specific ideas not available to the marketplace.
 - The overall blueprint to realize the vision is clear, however details may be incomplete, flexible, and evolving.
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- The entrepreneur promotes the vision with enthusiastic passion.
- With persistence and determination, the entrepreneur develops strategies to change the vision into reality.
- The entrepreneur takes the initial responsibility to cause a vision to become a success.
- Entrepreneurs take prudent risks. They assess costs, market/customer needs and persuade others to join and help.
- An entrepreneur is usually a positive thinker and a decision maker.



Activity

- Give three characteristics which you have that will make you a good Entrepreneur.
- Name two entrepreneurs in your area/district.

4.2 What is an Enterprise?

Almost any business or organisation can be called an enterprise, possibly led by an entrepreneur

An enterprise is any activity which provides customers with a product (goods/services) with a view to making a profit.



Building Your Business Plan

For a Business Plan you need a Business Idea. What is your Idea? What Business do you want to start? Write this down and as we move along we will build a business plan for that Idea.

How to write your Business Plan | Business Plan Template | Business Plan Sample



Web Resources

No idea yet? Here are some links to view to help you get started: [1]

Where do Great Ideas Come From [2]

See Also

- Social Entrepreneurship

Introduction | Objectives | What is Business Management? | What is meant by Entrepreneurship? | What are the different business types? | How is a business idea developed? | What Factors Influence the Business? | The importance of a business in a country | Summary

References

[1] <http://www.homebusinesssolutions.com>

[2] <http://www.inc.com>

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