
Entrepreneurship management

Lecture 5

Upon completing this course, students should be able to :

1. explain clearly the concept of entrepreneurship, business ownership and procedures in setting up a business in case study given. (C2)
2. work cooperatively in group to complete the assigned project based on entrepreneurial skills. (P2)
3. present business plan creatively prepared using knowledge gained via group. (A2)

Topic outlines

- ▶ explain entrepreneurship
- ▶ discuss personal traits / behaviour associated with successful entrepreneur performance
- ▶ discuss on Malaysian successful entrepreneurs
- ▶ understand e business

A society that has entrepreneurs is considered to be a successful society. This is because entrepreneurs are individuals who are creative, dynamic and innovative. They are willing to take risks and face unpredictable and uncertain challenges by using their creativity and will power.

Entrepreneurs would develop and penetrate new business areas in order to stay competitive in the industry. Then, more products or services being offered to the society, which would enhance the society's economic development.

- The term has been given various definitions by management scholars and practitioners.
- It is derived from the French word *entreprendre* which means 'to undertake or to try'. (Richard Cantillon, 1775).
- It also refers to a person who undertakes and operates a new enterprise or venture, and assumes accountability for the inherent risks.

- An entrepreneur refers to an individual who establishes a business and manages it to obtain profit and to be successful (Carland).
- (Kuratko & Hodgetts), an entrepreneur is an individual who organizes, manages, and assumes the risks of a business.
- An entrepreneur is an individual who creates a new business in the face of uncertainty for the purpose of achieving profit and growth by identifying and capitalizing opportunities and assembling the necessary resources to capitalize on the identified opportunities (Zimmerer and Scarborough).

1.1.1 Define The Concept of Entrepreneur

- The dictionary defines an entrepreneur as an individual who manufactures industrial products or conducts a business on a big scale.
- Webster's dictionary, an entrepreneur is an individual who manages an economic activity, specifically in sponsoring, owning, managing, and bearing the risks of a business.
- The Encyclopedia Americana defines an entrepreneur as a businessman who takes risks to combine the factors of production such as capital, labour, and raw materials and accepts the rewards through the profits made by the market value of his products.

- ▶ In 1970s, after the New Economic Policy (NEP), then entrepreneur was widely used in Malaysia.
- ▶ Common definition, “someone who establishes a new entity to offer a new or existing product/service into a new or existing market, whether it is for a profitable or a non-profitable outcome. An entrepreneur is an individual who is able to perceive an opportunity for a business and create an organization to develop and manage that business successfully. He is able to identify and seize the opportunity and bring in the necessary resources such as finance, workforce, and raw materials to develop and market the products or services. He takes proper action that is imaginative, creative, and innovative”.

- ▶ Entrepreneurship is the process of seeking businesses opportunities under conditions of risk.
- ▶ “Entrepreneurship also refers to the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, physical, and social risks, and receiving the resulting rewards of monetary, personal satisfaction, and independence”.

- According to Yep Putih, entrepreneurship is the ability, capability, and tendency to perform the following activities:
 - i. Identify business opportunities.
 - ii. Manage a business effort which brings profit to the entrepreneur and the public.
 - iii. Obtain success and richness by fulfilling the society's needs.
 - iv. Take calculated risks.
 - v. Manage and utilize the factors of production to bring economical development and enhance social welfare.
 - vi. Work hard and be prepared to make new changes that can increase production quantity and quality from time to time.

- An individual's preparedness to grab opportunities without considering the resources at hand (Stevenson, Roberts and Grousbeck).
- (Dollinger) defined entrepreneurship as the establishment of an economical firm that is innovative, profit oriented, willing to take risks, and face uncertainties in the environment.
- As a conclusion, entrepreneurship benefits the entrepreneur, the economy and the society. It is a process that creates and manages a business to achieve the entrepreneur's desired goals.

Lets Think.....

Entrepreneurs have to have objectives and targets but these are subservient to the ultimate objective of acquiring the blessings of Allah s.w.t. In Islam, to indulge in business is to perform an obligatory duty (*fardhu kifayah*); unless & until there is an entrepreneur in a community, the entire community is deemed to be sinful!

That's how seriously Islam perceives & encourages entrepreneurship. Profits are merely incidental in the fulfillment of the *fardhu kifayah*. But that does not imply weakened profit motivation among practitioners.

Profits are encouraged in order to prosper the community through donations, taxes, tithes & the like. With *ubudiah* (state of servitude before God) & *tauhid* (oneness of God), risk taking becomes a guided endeavour; regardless of the outcome the entrepreneurial Muslim will always be humble & *redha* (contented with what God has given).

In contrast to the Western concept of the Islamic Man.

(Adnan et al., 1992, pp. 32-36)

Attitude, Skills and Knowledge Required by Entrepreneurs

ATTITUDE	SKILLS	KNOWLEDGE
Motivation	Decision making	Law
Confidence	Problem solving	Management
Initiative	Negotiation	Economics
Responsibility	Communication	Accounting
Risk-taker	Creativity	Values
Diligence	Team work	Business
Mental & physical fitness	Management	Culture
Information-seeker	Technical	Project management

- ▶ An entrepreneur is an individual who seeks profitable opportunities and takes the necessary risks to establish and operate a business.
- ▶ A businessman main desire is to grow his business.
- ▶ A manager is responsible for using the organization's resources to accomplish the organization's goals.
- ▶ So... all entrepreneurs are businessmen BUT not all businessmen are entrepreneurs.

Entrepreneur Vs Businessman

CHARACTERISTICS	ENTREPRENEUR	BUSINESSMAN
Time	Unlimited	Limited
Nature of job	Flexible	Rigid in adapting to changes
Decision making	Makes own decision	Follows decision made by others
Effort and commitment	Continuous	Low
Risk taker	Moderate	Low
Goal	Maximize self potential by utilizing available opportunities	Solely for profit maximization