

The concept of entrepreneurship



INTRODUCTION

CONCEPT OF ENTREPRENEURSHIP

The importance of the development of entrepreneurial skills by every graduate cannot be over-emphasized because gone are the days when jobs were available everywhere both in the private and public sector of the economy and employers go about looking for potential employees to employ. Indeed, in the past, it is the employers that go round universities in this country to hunt for potential employees. Then there were fewer universities and low university enrolment. But today, things have changed and very drastically too such that many graduates are now sellers of recharge cards and some work as bus conductors. What an economic tragedy and waste! The question of choice of job or employer is gradually being eroded each year. Many graduates are desperate to get any job to keep body and soul going. Indeed there is a paradigm shift in the labour market now. Even the professional disciplines are now fast getting into that problem of unemployment.

Employment prospects for the youths are changing with a lot of increasing competition; the openings are equally limited. Also, employment in the public sector is also decreasing and job prospects are diminishing by the day. Added to this ugly situation are the increasing trend of job outsourcing, casualization of labour in the oil and gas industry and the increasing phenomenon of rightsizing of labour among big firms and corporations in the country. As a side effect, the figure of tertiary graduates who have not been able to secure the first employment since graduation for upward of five years is on the increase and even those with professional qualifications like MBA,

ICAN, COREN, Medicine and Pharmacy are not spared from the ugly phenomenon. Others are paid peanuts if they are lucky to secure paid job. Some now fall back on their lower qualifications like WASC and OND to secure menial jobs.

The recent economic meltdown also has made matters worse. Some companies are as a result operating below expected capacity. The current troubles in the financial sector, particularly the money and the capital markets and their subsequent effects on the economy, particularly on the real sector as well as the remedial efforts of the CBN are very visibly glaring, instructive and challenging.

Nevertheless, entrepreneurship and indeed the need for developing the requisite entrepreneurial skills have been suggested to help redress the aforementioned problems by making people not only to be job creators but wealth creators (Midea, 2004 ; Izedonmi, 2009). According to Small Business Service (2005), “ the possession of entrepreneurial skills to create new knowledge based social enterprises is vital to addressing social and environmental issues effectively”. Our nation cannot afford to toy with it. Our tertiary institutions must respond fast and positively towards entrepreneurship education. However, general business skills and general knowledge are considered insufficient to turn graduates into entrepreneurs (Kisby, 2004). Hence, the need to develop specific entrepreneurship skills cannot be overemphasized . This is because entrepreneurship has been vital to creating employment and therefore a special form of employability (Moreland, 2004). Both the government and the academia have been attracted to it. In particular, universities are re-designing their curricula and

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the ways they operate to create opportunities for the training of their students in practical entrepreneurial skills. Due to the way entrepreneurial programmes have assumed a global proliferation and dimension, it was suggested by Volkmann (2004) that it has become “ the major academic discipline for business education in the 21st century”. I totally agree with him.

Economic Growth And Entrepreneurship

Recent Survey Report in 2008 by the Kauffman Foundation in connection with the relationship between economic growth and entrepreneurship found that all nations with high level of employment activities had above average rate of economic growth. What this translates into is that entrepreneurial deficient economy will have low growth while entrepreneurially good economy tends to enjoy good growth. Hence, Government has come to recognize the importance of entrepreneurship in economic development that entrepreneurial ventures have in-built capacity to promote employment and economic growth.

Literature Review

One of the first courses specifically addressing entrepreneurship was established at the Harvard Business School in 1947. In the U. K, the first courses in entrepreneurship were launched in the 1980s together with the UK’s first initiative for enterprise in higher education (Elton, 1991, Kirby, 1989 & 2005, Volkmann, 2004). Along this line, Fry (1992) remarks that entrepreneurship has been one of the fastest growing disciplines in the U. S. A in the 1990s. By the turn of the 21st century, as many as 1600 universities in the North-America were offering courses in entrepreneurship compared to

merely two dozens in the 1970s (Inegbenebor, 2005). The growth of entrepreneurship education and the subsequent inclusion into the curricula of universities in the United Kingdom has been attributed to the sheer need to serve the innovation need of businesses and to produce graduates with transferable skills for businesses.[i]

ENTREPRENEURSHIP IN NIGERIA

According to Ekanem (2005), the history and development of entrepreneurship in Nigeria started in the 1960s as supported also by some of the earlier studies such as Schatz and Edokpayi (1962), Harris (1969), Olakanpo (1968) and Akeredolu-Ale (1972). Therefore, the concept of entrepreneurship development in Nigeria is not new. Since the 1970s, several government agencies and institutions in the country have been engaged in different aspects of fostering entrepreneurship in Nigeria, though with short-lived and varied successes. For instance, the Centre for Management Development (CMD), National Directorate of Employment (NDE), former Nigeria Industrial Development Bank (NIDB), Nigerian Bank for Commerce and Industry (NBCI), Nigeria Youth Service Corps (NYSC), among others had programmes for entrepreneurship development in Nigeria. Other entrepreneurial development agencies include government sponsored Entrepreneurial Development Programme (EDP). NGOs, Nigerian Employer's Consultative Association (NECA). The vigor with which it was pursued then is a different issue for our assessment. If the proofs are available even the blind and deaf can feel it. Only fools don't proof.

What Does Entrepreneurship Really Entail?

Basically, what entrepreneurship entails includes:

- The building of skills in negotiation
- Building leadership skill
- New product development
- Creative and innovative thinking and
- Exposure to technological innovation, (Kuratko, 2003).

It shows students and graduates how to believe and behave entrepreneurially. It encourages them to get involved in networking, create and manage businesses of their own and facilitate progress and success in entrepreneurial career.

Entrepreneurship could satisfy status and social needs and leads to self-satisfaction and actualization.

It can also meet the financial needs for the entrepreneurs and their families. In fact, entrepreneurship is a satisfying process even though it can be risky and may even lead to loss of wealth at times (Fry, 1992). Society-wise, entrepreneurship has made substantial impacts throughout history because of numerous inventions, massive job creations made through small and medium scale enterprises (SMES) in both developed and developing countries.

DEFINITIONS OF ENTREPRENEURSHIP

Various definitions have been given for entrepreneurship. For instance Inegbenebor and Igbinomwanhia (2008) say that: “ Entrepreneurship is the process of performing the roles of an entrepreneur. It has been defined as the process of planning, operating and assuming the risk of a business venture. It may also be defined as the process of creating a clique value of

pulling together a unique package of resources to exploit an opportunity. Entrepreneurship encompasses various activities which are carried out to ensure the survival and growth of the business”

Inegbenebor (2006) defines it as: “ it is about bearing the skills needed to assume the risk of establishing a business. It is about developing the winning strategies and executing them with all vigour, persistence and passion needed to win any game”

Ekanem (2005): “ Entrepreneurship is the process of or capacity for organizing, operating and assuming risk for a business venture. It is dynamic risk-taking, creative and growth oriented behavior which involves the use of various resources to create wealth”

Ekwe (1992): observes that, “ Entrepreneurship involves the:

1. ability to perceive profitable business opportunities.
2. willingness to act on what is perceived and
3. necessary organizing skills associated with a projects”

Fry (1992) says that “ Entrepreneurship involves action rather than static events. It involves taking action necessary to analyze opportunities to launch and/or grow business, to finance the venture and possibly even to invest the venture”.

Izedonmi (2009) placed entrepreneurship in a continuum form with economic entrepreneurship at the end of the continuum and social entrepreneurship at

the other end. In between these you will find some varying characteristics of combinations. The process is also dynamic.

In summary, the central issues in entrepreneurship involve uncertainty and risk-taking, innovation, perception and change. For instance, Drucker (1985) posits that innovation is the specification instrument of entrepreneurship. He argued further that the entrepreneurs must always change to respond to it, and exploit it as an opportunity.

CHARACTERISTICS OF A DWINDLING ECONOMY

The characteristics include:

- High unemployment rate
- High inflation rate
- Low average real income
- Low saving ratio or high consumption ratio
- Low levels of technology
- Low levels of productivity
- Low per capita income and downward trend of living
- High poverty rate of a large proportion of the population
- Low economic growth rate
- Poorly developed financial and stock markets
- High level corruption and instability and insecurity of lives and property

Although the above factors and many others can be observed in a dwindling economy, they also provide good basis for entrepreneurial development. In fact, of these factors listed above, some can act as either pull or push

entrepreneurial factors. Very often they provide good windows of opportunities for entrepreneurial-minded individuals.

ROLES OF ENTRENEURSHIP IN REVIVING A DWINDLING SOCIETY

Some of the roles include:

- Generating employment
- Increases productivity through innovation
- Facilitates the transfer/ adoption of technology
- Ensures increase resource utilization
- Stimulates growth in the supply market
- Renovates large scale enterprises and public enterprises
- Encourages and sustains economic dynamism that enables an economy to adjust successfully in a rapidly changing global economy.
- Linkage effects of various sections of the economy is facilitated
- Generate income and wealth occur faster
- Encourages training and development
- Ensures rapid development
- Develops indigenous entrepreneurship
- Provides a training ground for indigenous managers and semi-skilled workers
- Reduces rural-urban migration
- Constitutes a vital engine for economic growth development of a nation- increase GDP
- Skyrocketing of the emergence of SMES and
- Promotion of self-reliance and economic sustainability

ELEMENTS OF ENTREPRENEURSHIP

Entrepreneurship may involve the following elements

IDEA GENERATION AND SCREENING

This is actually the starting point of many new entrepreneurial ventures.

Sources of ideas are many and varied. The sources notwithstanding, the would-be entrepreneur must cultivate the habit of documenting those ideas.

It should be packaged in form of feasibility report, no matter what.

STARTING A BUSINESS

This could involve:

- a. Buying an existing business
- b. Starting from the scratch or start-up business
- c. Through Franchise
- d. By Inheritance

CREATIVITY AND INNOVATION

Innovation is the development and introduction of a new product, a new process, or a new service to a market. Creativity is the link between pure imagination and the introduction of an innovative product, process or service.

Both are necessary ingredients for entrepreneurship. However, creativity is behind innovation. Creativity alone, does not define entrepreneurship.

Creativity without innovation does not produce results. And innovation without effective management does not produce marketable products,

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processes or services. Although creativity and innovation are necessary ingredients, they are not sufficient of themselves to establish successful entrepreneurship (Fry, 1992, Izedonmi, 2009). There must be effective and efficient administrative structure on the ground and a healthy dose of management as well.

3. SEEKING FINANCING

Financing could either be debt or equity financing, traditional or venture, internal or external capital. The would-be venture must consider financing the venture. Availability, cost and timeliness must be balanced. Starting small attracts small capital input. However, not all entrepreneurial ventures require start-up capital or equal amount either

Creative financing is a basic tenet of entrepreneurship.

A growth-oriented venture uses multiple sources of financing. You must be prepared to make your personal sacrifice in this respect. Too often, the banks will request to see your personal inputs in terms of financial commitment.

Finance institutions only lend to ventures that have proven records, and history, and those ventures that are also promising economically.

4. ASSUMING RISK

Every entrepreneur must assume one risk or the other. However, entrepreneurship is not necessarily risk-taking but risk-assuming.

Corporate management deals in risk minimization, entrepreneurship deals in risk management.

Corporate management too often generally tends to be risk-averse. They want to reduce risk to a minimum during production so as to be profitable. Entrepreneurship manages risk since it cannot be reduced significantly in entrepreneurial situations whether new or existing ventures.

However, entrepreneurs are calculated risk-takers.

Risk management involves the acknowledgement that risk exists and the actions that are taken to shift as much risk as possible to others and then control the remainder.

Some risk Management ventures include

- Renting rather than owning equipment and facilities
- Using multiple sources of financing.
- Building an entrepreneurial team with distinctive skills.
- Undertaking multiple ventures simultaneously with varied degrees of risk.
- Committing a portion of the total resources to any one project.
- Assigning a team member the responsibility of monitoring short-term performance with the anticipation of cutting losses if early performance indicates unfavorable results.

THE PULL AND PUSH ENTREPRENEURSHIP FACTORS

There are various factors (negative or positive) which tend to provide the needed motivation in getting into entrepreneurship or becoming an entrepreneur. While the negative factors are called push factors; the positive factors are pull factors. Both factors provide the fundamental attraction

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either by necessity or by desire and opportunity into the entrepreneurial world.

The push factors are:

- Unemployment / loss of job.
- Dissatisfaction with pay and job situation.
- Discrimination and victimization by boss in work place.
- Middle-age crises.
- Divorce / widowhood.
- Relocation.

The positive pull factors are:

- Desire for independence.
- Desire for increase in wealth.
- Increased social status and prestige.
- Spouse support and motivation.
- Provision of market opportunity.
- Franchise.
- Provision of licenses by parent company.
- Favorable government policies etc.

THE ENTREPRENEURSHIP DECISION

The entrepreneurial motivation to launch a venture has been grouped into three variables (Fry, 1992) as:

- Antecedent variables.
- Triggering variables.

- Enabling variables.

The antecedent factors

They cause the individual to begin to consider the possibilities of entrepreneurship either consciously or unconsciously. This could take into consideration the variables listed below

- Creativity.
- Background.
- Personality.
- Past experience.
- Education.
- Current job.

Triggering factors:

These are the events or situations that specifically trigger the entrepreneurial act. They are salient life events may be quite personal , professional or for instance, financial changes in an entrepreneur's life that are perceived as very important to entrepreneurial decision may set off the alarm to take step. They involve:

- Loss of Job
- Invention or Idea
- Offer from partner

Entrepreneurial motivation or willingness to start a venture (M) = Antecedent Variables (A) X Triggering Variables (T).

The enabling factors

These factors make the actual launching of the venture possible. They include opportunity and resources which are very critical to the successful launch of the venture. The likelihood of a venture launch is made up of these three factors combined. Our youths look outside instead of looking inward. Those who look inward first tend to travel faster on the outside. Several entrepreneurial opportunities exist in the environment. They need to look well to discover some opportunities. Our youths must be ready to start small, learn the ropes and grow up. Hard work, patience and deep commitment are necessary.

ENTREPRENEURSHIP OPPORTUNITIES

Entrepreneurship tends to be opportunity-driven rather than resource-driven. This is because that once opportunities are identified and properly evaluated resources are deployed to capture them. Opportunity creates or generates its kind of resources.

There are thousands of opportunities available to would-be entrepreneurs who present high potential for wealth, growth, self-employment, independence, social status, and prestige. The would-be entrepreneur must conduct a thorough scanning and survey of the environment strategically. But if you do not have any readily available opportunity, you can creatively and innovatively come up with one. However, some of the sources of these opportunities could include:

1. Self-discovery
2. Improvement in the quality of existing product/ service.

3. Use of an existing product/service in an untapped market
4. Invention
5. Consultancy
6. Trade magazines, Journal and Business Newspapers
7. Societal needs
8. Survey of natural resources
9. Government Agencies
10. Research Institutes, Universities, e. t. c
11. Spin-off
12. Work experience
13. Hobby and Vocation

ENTREPRENEURIAL SKILLS REQUIRED TO TRANSFORM CHALLENGES INTO OPPORTUNITIES

GENERAL BUSINESS SKILLS

Entrepreneurial skills of successful entrepreneurs include:

- Sales and Marketing skills
- Financial Know-how skills
- Self-motivation skill
- Time management skill
- Administrative skill

Sales and marketing skills

- To get the right customers and subsequently make target revenues and profits
- Include communication skills

Financial know-how skills

- To know how to handle money well. After all, not everybody can effectively manage money.
- Source and manage funds and cash flows

Self-motivation skills

- Internal locus of control
- Self-starter with a clear desired goal in mind
- Confidence in yourself and in your ideas
- Diligent and hardworking
- Extra drive and commitment to set goals

Time management skills

- Time is money
- Time is life
- Entrepreneurship opportunity has time-limit
- Time management is very important for business success
- Self-management is very critical for effective time management

TYPES OF BUSINESSES AND TIME MANAGEMENT TECHNIQUES

Have a time table, schedule of activities to be done

Employ delegation freely without fear

Determine priorities into urgent and important activities as:

- Urgent activities demand immediate attention
- Urgent but not important activities
- Not urgent but important activities

- Not urgent; not important

Give priority to (i) and (iii) because by performing them, time is reduced for activities (ii) and (iii)

Manage meetings and relationship with others

Administrative skills

Organizing, coordinating, directing, planning and general management, etc.

B). TECHNICAL, ANALYTICAL AND HUMAN RELATION SKILLS

Entrepreneurs are expected ordinarily to be sound by training normally technically skilled. They must also develop and possess conceptual, analytical and human relation skills to be successful.

Others are business planning, idea creation, negotiation, risk analysis and management skills etc.

C). ICT SKILLS

They must also have computer and information Technology (C&IT) skills because of the era we are and the environment they will have to operate.

ENTREPRENEURSHIP OPPORTUNITY AND SKILLS

S/N

ENTREPRENEURSHIP OPPORTUNITY

SKILLS AND ATTITUDES

1.

Business/consultancy in area of professional specialization or working as a contractor

General Business skills such as marketing, time management e. t. c

Confidence enthusiasm, hardworking

2.

Sonet Entrepreneurship

Idea development, leadership, negotiation, planning, organizing, self belief, confidence

General business skill

3.

Intrapreneurship

Idea development recognizing opportunities for improvements

Alliance building, confidence, leadership

4.

Non-traditional specialist business

General Business

Idea development, creativity, confidence

Willingness to work hard

5.

General Business Ventures

Ideas development, creativity, confidence, willingness to work hard

General Business skill

Source: Andrea: Developing Entrepreneurship skills in the context of higher education. <http://cfiweb.cf.uk/news/past.events/bee/files/Andea.on> on 16/3/2010

DEVELOPMENT OF ENTREPRENEURIAL SKILLS

These could be through:

- Attending Entrepreneurial training classes, development programme, seminars, workshops, etc.
- Universities
- Job rotation
- Special (intensive) training
- Article ship or apprenticeship
- Organizational learning
- R & D Institution
- Consultants
- National and international agencies and bodies
- NGOs
- Professional bodies

ENTREPRENEURIAL SUCCESS FACTORS

Successful entrepreneuring depends on four (4) major factors namely:

1. Knowledge
2. Hard work
3. Skills
4. Attitude(character/ integrity)

“ Lifematics” Question Created by (Izedonmi, 2010)

Now let us work out this “ lifematics” question together. There are basically four (4) attributes or factors that can enhance our success in life viz: Skills, Knowledge, Hard work and character (Attitude). They are all essential to ingredients of entrepreneurial success. How much does each contribute? Which of these is superior and why? For easy understanding, let us replace character with attitude.

Solution

Our current roman alphabets are made up of

A B C D E F G H I J K L M

1 2 3 4 5 6 7 8 9 10 11 12 13

N O P Q R S T U V W X Y Z

14 15 16 17 18 19 20 21 22 23 24 25 26

The alphabets together with their numerical values are stated above.

Let us take each attribute one after the other and link up the corresponding numerical value. Start with skill, then knowledge follow this with hard work and finally character but remember to substitute attitude for character.

Let us replace numeric value to each alphabet and see their results as indicated below:

(i)

S K I L L S

$$19 + 11 + 9 + 12 + 12 + 19 = 82\%$$

(ii)

K N O W L E D G E

$$11 + 14 + 15 + 23 + 12 + 5 + 4 + 7 + 5 = 96 \%$$

(iii)

H A R D W O R K

$$8 + 1 + 18 + 4 + 23 + 15 + 18 + 11 = 98 \%$$

(iv)

A T T I T U D E

$$1 + 20 + 20 + 9 + 20 + 21 + 4 + 5 = 100 \%$$

Solution

Skills secure only 82 %, Knowledge 96 %, hard work 98 % and Attitude 100 % in that order. Only Attitude which I equate to character for this purpose secures 100 % success in the race of high profile entrepreneurship.

Conclusion

I must admit that professional certification is good but character is a lot better. Character is the true collateral security of our values, learning and entrepreneurial success. It keeps the society and system going. It prevents a nation from decaying and checkmates unnecessary crisis and even civil war. Therefore in all our entrepreneurial pursuit, character development should be given a prominent place.

When character breaks down everything breaks down. True certification in life is only evidenced by character and not papers called certificates or entrepreneurial success alone or quantity of wealth.