

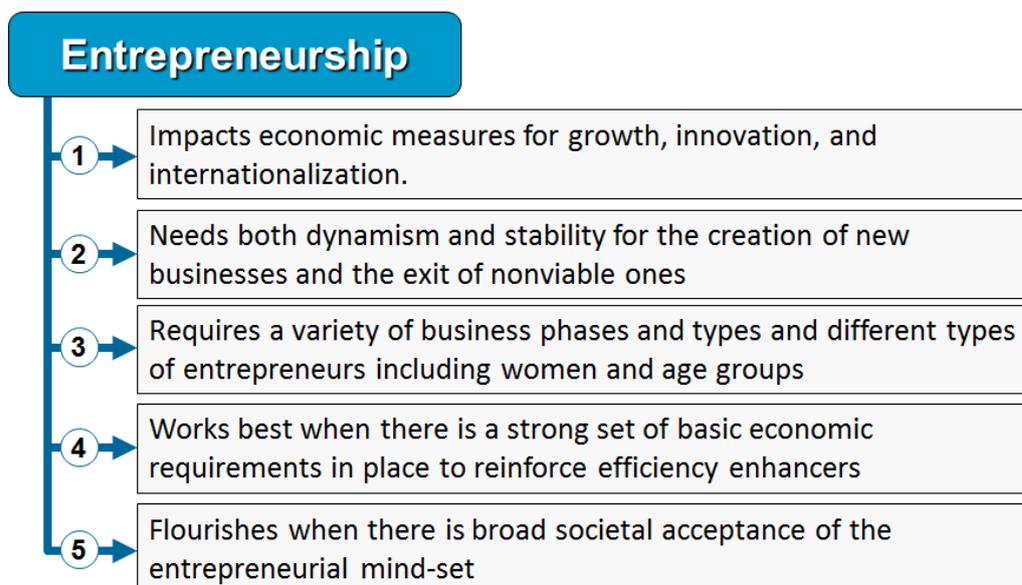
Entrepreneurship and Innovation

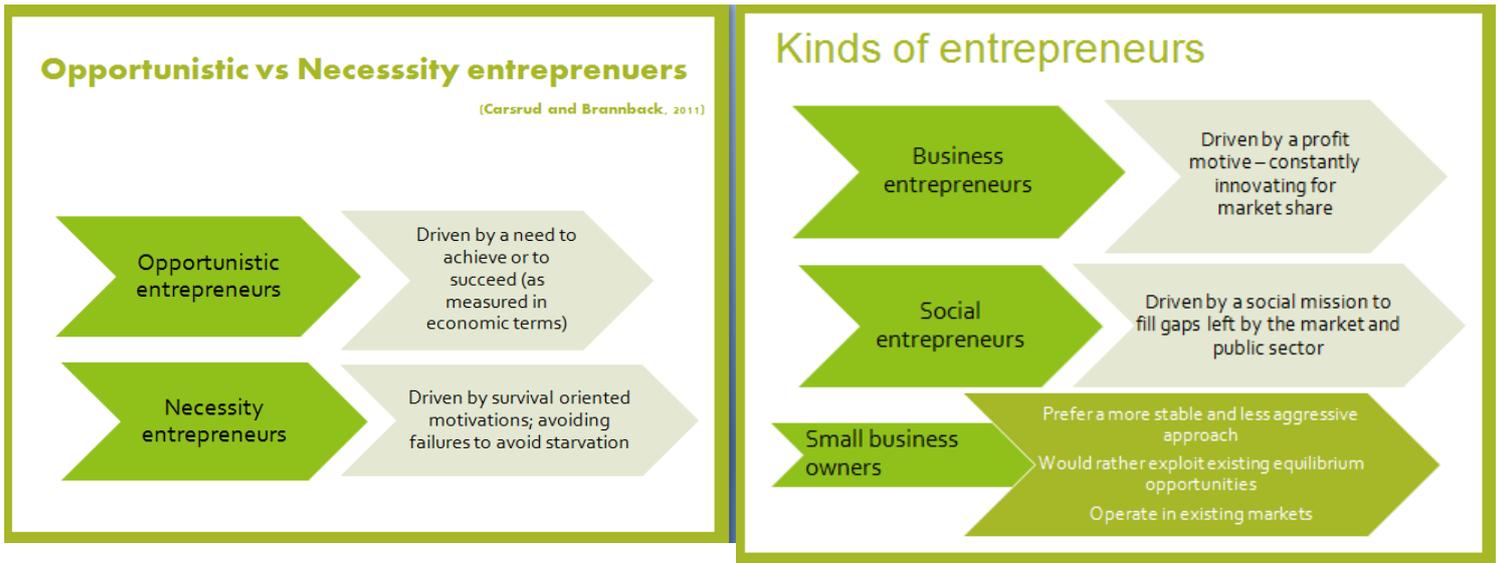
Topic One- Evolution of Entrepreneurship

Learning Objectives

1. Define entrepreneurship and contrast between social and business; and necessity vs opportunistic entrepreneurs

- a. Entrepreneurship is linked to free enterprise and capitalism.
- b. The definition has broadened beyond financial or business value to creating social value.
- c. The dynamic process of vision, change and creation. Requires an application of **energy and passion** towards the creation and implementation of **new ideas and creative solutions**
- d. **Essential ingredients include:**
 - i. The vision to recognize opportunity where others see chaos, contradiction, and confusion..
 - ii. The willingness to take calculated risks—in terms of time, equity, or career.
 - iii. The ability to formulate an effective venture team; the creative skill to marshal needed resources.
 - iv. combining of **novel ways to create something of value** in a **new way**.
 - v. Live with failures
- e. **Role of Entrepreneurs**
 - i. In crisis entrepreneurs recognise opportunities
 - ii. In crisis entrepreneurs are aggressive catalysts for change in the marketplace
 - iii. In crisis entrepreneurs generate economic growth and job creation
 - iv. In crisis entrepreneurs challenge the unknown and continuously create our future





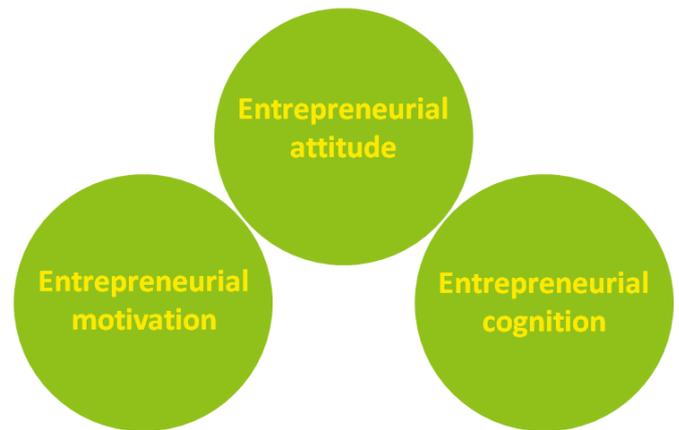
2. Interpret entrepreneurial psychology, and the personal qualities and traits of successful entrepreneurs

a. Entrepreneurship: A Mind Set

i. Entrepreneurship is more than the mere creation of business:

1. Seeking opportunities
2. Taking risks
3. Having the tenacity to push an idea through to reality

ii. Entrepreneurial orientation includes the basic dimensions of **risk taking, innovativeness, and proactiveness** (Nummela et al., 2004; Aldrich and Waldinger, 1990)



3. Top 10 Characteristics attributed to Entrepreneurs

1. Confidence
2. Perservance,determination
3. Energy, diligence
4. Resourcefulness
5. Ability to take calculated risks
6. Dynamism, leadership
7. Optimisim
8. Need to achieve

9.Versatility, knowledge of products, market, machinery, technology

10.Creativity

4. Explain the major schools of entrepreneurial thought and

Macro View

- *Focused on events 'from the outside looking in' at the entrepreneur's behaviour*
- *Includes external factors that can lead to success or failure*
- *Factors include education, physical infrastructure, culture and financing*

- **Macro Schools of thought**

1. **Social and cultural school of thought**

- a. focus on external factors and conditions shaping the entrepreneur.

2. **Financial/capital school of thought**

- a. focus on how to seek seed capital and growth funds.

3. **Displacement school of thought**

- a. Factors that prevent a person from doing other activities due to group membership

4. **Ecological school of thought**

- a. Focus on natural systems and constraints and includes 'green economics'

Micro View

- *Assumes that the entrepreneur has the freedom to direct or adjust the impact of a range of major influences*
- *Focused on the entrepreneur's behaviour 'from the inside looking out' at external events and forces*

- **Micro Schools of thought**

- **Entrepreneurial trait school of thought**

- b. Traits common to successful entrepreneurs
- c. For example, self-efficacy, proactive personality, tenacity, need for achievement and stress tolerance

- **Venture opportunity school of thought**

- d. Right idea/right time/right market niche
- e. The importance of preparation and awareness

Theory: schools of thought



Source: Frederick et al, 2014

- **Strategic formulation school of thought**
 - f. The importance of planning to successful enterprise
 - g. Leveraging unique, identifiable elements to form a venture

7. Demonstrate an understanding of the dark side of entrepreneurship

- a. Entrepreneurial risks
 - i. Financial: Exposure to bankruptcy
 - ii. Career: Ability to go back
 - iii. Family and social: Missing out
 - iv. Psychic: Psychological impact of failure
- b. Entrepreneurs and Stress
 - i. Loneliness- Long hours and distraction
 - ii. Immersion in business- failing to take time off
 - iii. People problems- others fail to be sufficiently capable and motivated
 - iv. Need to achieve- huge ambition
- c. Entrepreneurial ego
 - i. **Exhibition of 'anti-social' behaviours**
 - 1. An overbearing need for control
 - 2. Sense of distrust
 - 3. Overriding desire for success
 - 4. Unrealistic optimism
 - ii. **At its extreme, a fantasy state of mind**

Summary

- An entrepreneur:
 - recognises and seizes opportunities and converts them into marketable ideas
 - adds value through time, effort, money and skills
 - assumes risks in a competitive marketplace.
 - Social & environmental entrepreneurs different to business entrepreneurs
- Entrepreneurs are different, especially in terms of their mindset
- The entrepreneurial mind-set
 - Desire for independence and wealth
 - Intense commitment and determined perseverance