

Chapter 19 : Role of an entrepreneur

1. Creating and setting up a business

Entrepreneurs are people who have a business idea and want to make money working for themselves. They are the owners.

1.1) The roles of entrepreneurs

- Entrepreneurs are innovators because they try to make money from business idea. • Entrepreneurs are responsible for organizing FOP.
- Entrepreneurs are the owners they have make key decision.
- Entrepreneurs are risk takers and gain profit as a reward.

1.2) Risk and rewards for entrepreneurs

- Entrepreneurs face high risk if businesses fail.
- Entrepreneurs have opportunity cost (salary gained from working for a company.)

1.3) Entrepreneurs and business ideas

There are many ways that entrepreneurs can find business idea such as business such as

- business experience : from their existing jobs)
- personal experience : experience outside of work
- skills
- lifestyle choices : some business areas attract people who want to make a lifestyle change eg. Yoga teacher, invest a seaside hotel.

1.4) Stages in setting up a business.

- The future success of a business might depend on the quality of work undertaken during the setting up process. One approach to set up business.

- 1.) Idea : A business comes up with ideas
- 2.) Research : Carry out market research and analyze whether the idea is likely to work. 3.) Planning : Doing business plan.CH23
- 4.) Financing : How much finance they will need and which source?
- 5.) Location : The location depends on the nature of business eg. restaurant, website.
- 6.) Resources : resources used to set up business such as furniture, equipment.
- 7.) Launch : entrepreneurs organize an opening event to launch products and create PR.

2. Running and expanding/developing a business

After the launch, entrepreneurs become engaged in day-to-day running of the business including production or delivering a service.

As business expands and develops, entrepreneurs need to attend these functional business activities.

- 1.) Financial management** : finding fund to run business, creating cash flow forecast, arranging loan and overdraft, making payment, chasing debt, monitor cash move in and out.
- 2.) Administration** : accurate record keeping about cost, revenue, profit, tax liabilities, stock.
- 3.) Marketing** : advertising, sales promotion, market research, developing relationship with customers, retaining market share, launch new products and penetrate new market.
- 4.) Purchasing** : Buying commercial service such as cleaning, accountancy, find lowest cost, explore new supply chain, entrepreneur developing negotiating skills to reduce cost.
- 5.) Managing people** : recruitment, selection, training, motivating.
- 6.) Production** : entrepreneur needs to consider safety, production levels to match orders.

3. Intrapreneurship

- Intrapreneurs are employees in large business who use entrepreneurial skills to find and develop initiatives that will have financial benefits to company such as new product or service or systems.
- Intrapreneurs carry no financial risk. (different from entrepreneur)
- Such company believe that entrepreneurial spirit helps a company to grow and evolve.

The advantages of employing intrapreneurially staff.

- 1.) Intrapreneurs can drive innovation in business and create new commercial opportunities to increase profit of company.
- 2.) It is a means of satisfying self-actualization needs of employees.(reaching full potential)
- 3.) A number of awards can be won by businesses if they develop unique products.
- 4.) Individuals benefits by getting experience and be creative without having to meet cost of failure. It also improves skills.

4. Barriers to entrepreneurship

Barriers discourage many people who aspire to be entrepreneurs.

- 1.) Lack of finance
- 2.) Lack of entrepreneurial capacity : necessary entrepreneurial skills and characters.
- 3.) Becoming an employer : Employing a person have many responsibility to employees(paying wage, sick payment, training, safety) which discourages employment and development.
- 4.) Legal barriers(red tape) : it discourages to start up business eg. Legislation relating to employment, environment, consumer, tax.
- 5.) Lack of ideas :
- 6.) Fear of failure :
- 7.) Aversion to risk : Risk taking is not their personality.
- 8.) corrupt and unsupportive environment : political instability, property law, bribery.

