



ANIMAL HEALTH CARE SERVICE

Level -I

Learning Guide #64

Unit of Competence: **Develop Understanding of Entrepreneurship**

Module Title: **Developing Understanding of Entrepreneurship**

LG Code: AGR AHC1 M17 LO1 LG64

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LO1- Describe and explain the principles, concepts and scope of entrepreneurship

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This learning guide is developed to equip you with the necessary information regarding the following content coverage and topics –

- Overview of Entrepreneurship
- Identifying forms of enterprise and their classification
- The concept of enterprising , both on personal level and in the context of being enterprising in business
- Functions of entrepreneurship in business and contribution of entrepreneurs in business and economic environment

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Overview of Entrepreneurship
- Identify forms of enterprise and their classification
- The concept of enterprising , both on personal level and in the context of being enterprising in business
- Functions of entrepreneurship in business and contribution of entrepreneurs in business and economic environment

Learning Activities

1. Read the specific objectives of this Learning Guide.
2. Read the information written in the “Information Sheets
3. Accomplish the “Self-check”
4. If you earned a satisfactory evaluation proceed to “Information Sheet”. However, if your rating is unsatisfactory, see your teacher for further instructions or go back to Learning Activity #1.

1. Describe and Explain the Principles, Concepts and Scope of Entrepreneurship

1.1 Defining entrepreneurship and entrepreneurs

Definition of Entrepreneur:

Entrepreneur, just like management, has no single definition. It can be defined from different perspectives. The most important perspectives from which entrepreneur can be defined include the following

- ❖ For an Economist
 - Entrepreneur is one who brings resources and assets into combination that makes their value greater than before and is also one who introduces change and new order while contributing to economic development of a nation.
- ❖ For a Psychologist
 - Entrepreneur is a person that is typically driven by certain internal forces- need to obtain something, experiment and escape authority of others
- ❖ For a Businessman
 - Entrepreneur is either a threat (aggressive competitor) or an ally (source of supply, customer, etc)
- ❖ To a Capitalist Philosopher
 - Entrepreneur is one who creates wealth for others, who produces jobs others are glad to get

Definition of Entrepreneurship:

Entrepreneurship, like an entrepreneur, has no single definition. The main difference between entrepreneur and entrepreneurship is their attachment. Entrepreneur is a person while entrepreneurship is a process. When it is put in other way, entrepreneurship is a process undertaken by entrepreneur to augment his/her business interest. Broadly defined

- Entrepreneurship is a dynamic process undertaken by an entrepreneur to create incremental value and wealth by discovering investment opportunities, organizing an enterprise, undertaking risk and economic uncertainty and there by contributing to economic growth. or

- Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

When the first definition is explained in other words, entrepreneurship is a function of seeing investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labor, arranging for the supply of raw materials and selecting managers for the day to day operation of an enterprise i.e. through the process of entrepreneurship, entrepreneur organizes an enterprise that is committed to undertake the basic activities essential in making and selling entrepreneur’s product.



1.1.1 Different forms of enterprise and their classification

People in a community have many interests and different needs and wants. Enterprising men and women are able to identify these needs and wants and establish specific enterprises to satisfy them. Enterprises can provide satisfying rewards for those who successfully establish them. Terms used to classify enterprises include private, public, formal, informal, individual, community, local, foreign, small, large, business, social, manufacturing, and service, consumer goods or industrial goods. Enterprises that succeed, irrespective of their nature, come up with valued approaches to providing solutions to problems, and satisfying the desired needs and wants. The key difference between all types of enterprise lies in the rewards they provide. Business ventures provide profits as rewards, while non-business ventures provide other types of rewards that could be either physical or psychological. Entrepreneurs engage in enterprises depending on what kind of rewards they expect from them.

Classification of Enterprises

- ✓ Private vs. Public
- ✓ Profit vs. Non-profit
- ✓ Formal vs. Informal
- ✓ Individual vs. Community
- ✓ Local vs. Foreign
- ✓ Business vs. Social (non- business)
- ✓ Small vs. Large
- ✓ Manufacturing vs. Service
- ✓ Consumer vs. Industrial

Enterprises in a community have the potential to benefit from each other. Output from one enterprise normally becomes input for other enterprises, and this helps in money circulation among the enterprises

within the community. The more money circulates in the community, the more prosperous the community becomes. The synergistic nature of all enterprises in a community creates an environment where there are lots of opportunities to be exploited by enterprising men and women. It is up to these men and women to identify the opportunities available and exploit them. Almost all communities have lots of unexploited opportunities that can create more advantages for everyone. Men and women acquire different skills that lead to different careers. They are applied in trade, services, manufacturing, food processing, recreation, information and communication, and other forms of enterprises. The existence of many types of enterprise in your community offers you opportunities to apply the skills you have acquired.

Differences between Business Enterprises and Non-Business Types of Enterprise

Business enterprises	Non-Business types of enterprises
<ul style="list-style-type: none"> ▪ Profits are a primary motive 	<ul style="list-style-type: none"> ▪ Various types of human needs are catered for
<ul style="list-style-type: none"> ▪ Products/services must be demanded 	<ul style="list-style-type: none"> ▪ Products/services people may want
<ul style="list-style-type: none"> ▪ Products/services are sold in a market 	<ul style="list-style-type: none"> ▪ Market situation need not be present
<ul style="list-style-type: none"> ▪ Products/services must be paid in full 	<ul style="list-style-type: none"> ▪ Products/services may not necessarily be paid in full

1.2 Meaning and Scope of Enterprising

On a personal level, enterprising can be any identified idea that a person can translate into a planned and satisfactorily implemented activity. In the business sense, enterprising refers to the implementation of a business venture or undertaking. Practically all undertakings can be referred to as enterprising, i.e. idea identification, planning, implementation, successful completion of an activity and receiving the rewards. You are enterprising if you follow the above process whenever you are involved with issues in your life. By understanding the enterprising concept, you can appreciate that all people have the potential to be enterprising. Some people are enterprising when they own a business. Enterprising men and women are able to deal positively with the challenges and problems they face in their daily lives. Being enterprising can bring benefits to you and also help you to become a valued member of your family, community, place

of work and society. By adopting an enterprising approach to your activities, you will know what to do in whatever circumstances you find yourself in. This kind of approach will enable you to appreciate the challenges of life because you will be able to translate challenges into positive results. Enterprising people exhibit the following characteristics:

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1.3 Principles & Function of entrepreneurship

By adopting the entrepreneurial approach in thinking and managing activities, both individuals and society are able to accelerate their progress towards a better life because entrepreneurship is the engine of economic development.

Much of the economic activity of a country is based on decisions made in the private sector of the economy. There is a **circular flow** of money spent by CONSUMERS and BUSINESS FIRMS in one direction (output market), and a corresponding flow of goods and services from RESOURCES OWNERS, and BUSINESS FIRMS (input market) in the opposite direction. The above flows show how the INPUT MARKET and the OUTPUT MARKET are joined together to coordinate and determine how resources are used in a basically private enterprise economy. They also show the position of government, which is normally the custodian of the regulations and also referee. Wealth is made available to all when resources are processed into goods and services and successfully sold in the markets.

It is now generally accepted that the private sector is more cost-effective and efficient in performing certain basic economic functions than the public sector. Entrepreneurs play a key role in business and the private sector. Most of the wealth in a society or nation is created by business activity.

1.4 Entrepreneurial motivation

1. Observing the environment.
2. Identifying something one can do and get benefits from.
3. Gathering the necessary physical and psychological tools needed to accomplish the activity.
4. Implementing the activity when ready
5. Receiving rewards.

✓ *Entrepreneur initiates the business activity-He has to start the business activity by preparing a proper plan. The plan should deal with the type of goods or service to be produced, sources of raw material and credit, type of technology to be used, the markets where the products can be sold, etc. The plan should be detailed one covering all the aspects of the business.*

➤ **The entrepreneur is the prime mover in the business enterprise.**

✓ Without the entrepreneur there would be no business in the first place.

- ✓ He/she is the one who identifies gaps in the market and then turns these gaps into business opportunities. One of the functions of the entrepreneur is, therefore, to initiate the business.
- ✓ It is the entrepreneur who finances the business. After identifying a business opportunity, the entrepreneur raises and mobilizes the necessary resources to exploit the opportunity.
- ✓ **By so doing the entrepreneur becomes the financier of the enterprise.** The entrepreneur does not of course have to finance the business from personal savings alone.
 - ✓ The necessary finances and other resources could be borrowed. It is therefore a function of the entrepreneur to **finance the business**.
- Another function of the entrepreneur is to **manage the business**.
 - ✓ This is also a function that he/she can easily delegate to other people. But, even where other people are employed to manage the business, the ultimate responsibility for management remains with the entrepreneur.
 - ✓ Management functions involve a wide range of activities such as :
Organizing, coordinating, leading, recruiting, rewarding, evaluating, etc

1.5 Setting entrepreneurial goals

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 - ✓ This is also a function that he/she can easily delegate to other people. But, even where other people are employed to manage the business, the ultimate responsibility for management remains with the entrepreneur.
 - ✓ Management functions involve a wide range of activities such as :
 - ✓ Organizing, coordinating, leading, recruiting, rewarding, evaluating, etc.
 - ✓ The entrepreneur does not only manage production, but also marketing, personnel and all other aspects of the business.
- **The entrepreneur also has the function of bearing the uncertainties** of the risks of the business. This arises because it is the entrepreneur who provides the finances of the business. This is so even where other people may have lent the necessary finances, as is the case when one borrows from financial institutions.
- **Through the entrepreneurial function, many jobs are created in the economy.** In addition, wealth is made available to the individual, the community and society in general through the actions of entrepreneurs.
- *Entrepreneurs also encourage competition, which is critical in sustaining free enterprise, and support a market economy system which has proved to be ideal for economic growth, social progress and the spread of prosperity among a country's population.*³ *Entrepreneur is a decision maker*
- **Business involves variety of decisions to be taken.** The entrepreneur has to decide about the nature of product, technology, price policy, advertisement strategy, employment of labour, etc. A proper strategy has to be adopted by him to take the right decision.
- *Entrepreneur co-ordinate things effectively business firm consists of a number of departments. He has to co-ordinate various units effectively by having proper communication channels and supervision.*

Self-Check	Written Test
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Name: _____

Date: _____

Directions: Answer all the questions listed below.

1. Define the term *entrepreneur* and *entrepreneurship*?

Note: Satisfactory rating – 10 points Unsatisfactory - below 10 points

You can ask you teacher for the copy of the correct answers.