

# Unit 3

## Entrepreneurship

### Introduction

People's perception about the real meaning of entrepreneurship is sometimes totally wrong. Entrepreneurship has become a buzzword in development today. It has the ability to bring major changes to the economy. Entrepreneurs serve the economy by providing jobs and producing goods and services for customers.

In this unit, we will discuss the difference between entrepreneurship and entrepreneurs, look at the challenges of entrepreneurship and also discuss how an entrepreneur can overcome these entrepreneurial challenges. Remember, that we are starting to work towards a plan on how to start and operate a business successfully. When we come to the other units later on, we will refer back to this and other units.



**Time**


You can spend approximately 12 hours working through this unit. Don't worry if you spend less time on this unit because the number of hours per unit is flexible. You might spend less time on shorter units and more time on the longer units.




**Note it**

Throughout the unit you will find links to the assignment. Click on the highlighted word (question) to access the links.

Before we move on, please take some time to study the objectives for this unit. On successful completion of this unit, you will be able to:

 <b>Outcomes</b>	<ul style="list-style-type: none"> <li>▪ <i>explain</i> and distinguish between the different types of needs an individual needs to survive in life;</li> <li>▪ <i>explain</i> how creativity can help an entrepreneur develop new products or services;</li> <li>▪ <i>distinguish</i> between the terms entrepreneurship and entrepreneur in terms of their definitions;</li> <li>▪ <i>list</i> and <i>explain</i> the challenges and benefits of being an entrepreneur;</li> <li>▪ <i>develop</i> and <i>explain</i> solutions for overcoming entrepreneurial challenges;</li> <li>▪ <i>explain</i> the characteristics one should have to be able to overcome entrepreneurial challenges.</li> </ul>
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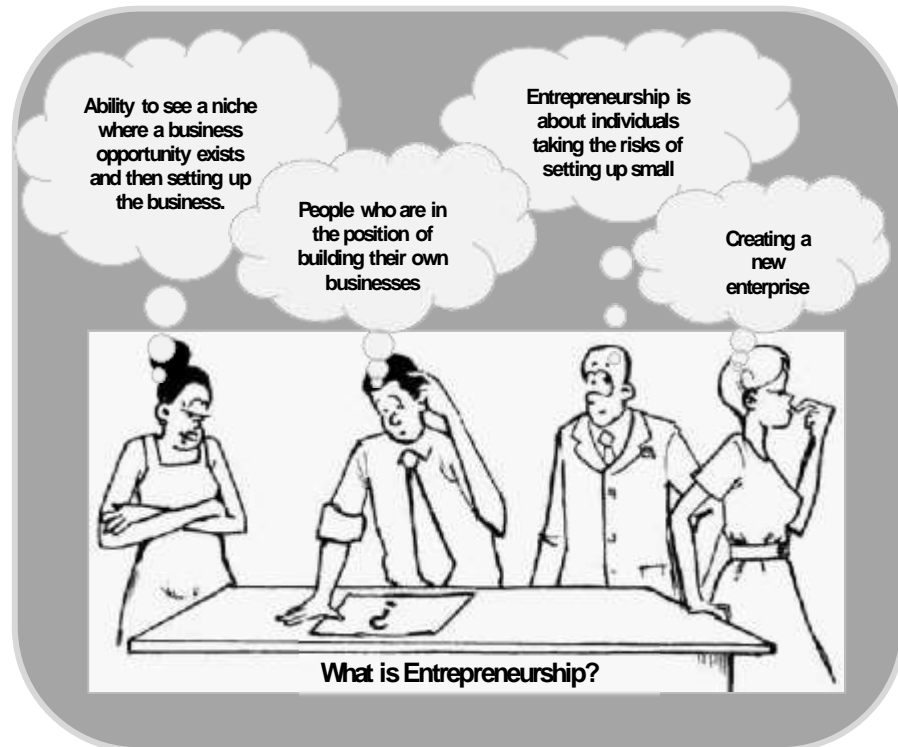
I hope you have carefully studied the outcomes? The outcomes give you an indication of the basic competencies you will gain by working through this unit. The following is a list of key concepts that will be covered in this unit.

 <b>Terminology</b>	<b>Benefits</b>	Refer to positive outcomes and/or advantages
	<b>Creativity</b>	The ability to think of new ideas that will sell and therefore satisfy needs
	<b>Challenges</b>	Any obstacle and/or problem that hampers progress and development.
	<b>Diligence</b>	Belief and trust in yourself and the business / person is hardworking and trustworthy.
	<b>Entrepreneur</b>	Someone who organises a business to create and/or sell a product or provide a service.
	<b>Entrepreneurship</b>	Can be defined as the ability to identify business opportunities, which can be transformed into successful businesses through creative and innovative processes.

Now, its time to work through the following sections, which will help to explain the above-mentioned concepts and enable you to achieve the basic competencies given in the outcomes provided above.

## Section 1 What Is Entrepreneurship?

Take a couple of minutes and reflect on what you understand by the term Entrepreneurship?



You might have the same understanding as the people above, which is similar to the understanding of many others in region and other parts of the world. The most general response that you will normally hear is that entrepreneurship is about business and especially about buying and selling of products or providing a service.

### How Do We Define Entrepreneurship?

Entrepreneurship can be defined as the ability to identify business opportunities, which can be transformed into successful businesses through creative and innovative processes.



Successful entrepreneurship requires that you put effort into deciding what you would like to do and the accompanying planning of the process. Many success stories are based on brilliant ideas that were original and creative.

When identifying a business opportunity, you have to consider consumer demand as well as the immediate business environment. Services that are not rendered or things that are needed by consumers, but are unavailable create important opportunities to act on and develop creative and innovative solutions.

Let's look at the environment in which small and medium enterprises (SMEs) normally operate.

## Entrepreneurship Environment

Entrepreneurship is not only about business. It involves other role players that also have an influence on the way we do business. Entrepreneurship focuses on management tasks and functions (which we will discuss in Unit 8), but adds the dimension of a person and the environment to make a complete picture.

 <p><b>Discussion 1</b></p>	<p>Do businesses exist alone or do they interact with people or institutions in a community? What is your opinion? Spend about 20-30 minutes and discuss this with people around you.</p>
 <p><b>Tip</b></p>	<p>You might want to discuss the responses you've received and comment on the ones that you thought were the most logical and practical, using social web sites such as Facebook and Twitter.</p> <p><i>Look at the small and medium sized businesses around you or in your community.</i></p>

If you have identified other parties, and not only the business, you are perfectly correct. Just as an individual cannot survive on his or her own, in the same way, a business cannot survive on its own.

Who are these other parties (stakeholders) that will interact with a business or play a role in its activities?

1. **The owner:** For our purposes, we will call the owner the entrepreneur and deal with him or her in more detail in the next unit. The person who manages the business is of vital importance and we have to look at various issues regarding him or her.
2. **The external environment:** The community, customers, other businesses and various other stakeholders form the external environment of the business. No business can survive without taking the environment into consideration.

A business needs the support of the community who will become customers and buy goods and/or services. The business relies on banks for credit and on suppliers for stock or materials.

Because the environment plays a very important role in the success of the business, it should be carefully scanned for opportunities continually, always keeping an eye on competitors and new developments.

In reviewing the above-mentioned points, it is clear that we should have a person with entrepreneurial abilities working in an environment conducive to business in order to achieve success.

A prospective entrepreneur needs to come up with a good idea, which will then serve as the foundation of a new venture. Let's now take a look at some aspects regarding the development of ideas.

### Development of Ideas

Remember, entrepreneurial success is more than just having a good idea. Experience has shown that a good business idea is not necessarily a good entrepreneurial opportunity. A prospective entrepreneur has the difficult task of turning a business idea into a business opportunity, either by starting a new business or by injecting new life into an existing one.

To help him along each step of the journey — from finding the idea in the first place through its planning and implementation — the entrepreneur must consider different aspects, such as the needs of the community and creativity.

#### Needs of the Community

Businesses depend on the community to become consumers of their products. The needs of the community are important when we form our ideas of a product or service. We can distinguish between two types of needs:

##### **Basic Needs:**

These are needs for things that we need to survive. For example, we need a house to live in to protect us against weather problems like extreme heat or cold.

##### **Other needs (wants):**

These are called the non-essential needs. We can survive without them but want it to make our lives more comfortable, such as luxury cars, Plasma screen TV's, etc.

Can you think of more examples of basic and other needs?

Looking at the needs of people will help a potential entrepreneur to identify possible entrepreneurial opportunities. We will discuss identifying customers' needs in more detail in Unit 6 when we discuss market research. What is important is that the entrepreneur needs to be original, innovative and creative to be able to develop a product or a service that people really need but is not available.

**Take time and answer [questions 1 to 3](#) of the assignment to test your understanding of the work done so far.**  
**I hope you did well. Now compare your answers to mine at the end of the unit.**

Considering the needs of the community is not the only way to come up with a good business idea. You also need to be creative in developing your business idea. What is meant by creativity?

### Creativity

Who are the people in our communities who are creative? I bet you're immediately thinking about 'artists'. One does not have to be an artist to come up with innovative ideas — all you have to do is look around and determine what products are not available or come up with ideas to improve the quality of existing products.

Creativity can happen at any time. Entrepreneurs need to dream, to see opportunities where others see only failure. They need to think of innovative ways to use or provide products and services that people want.

The following is an example of a problem experienced by community members that offers a business opportunity for a prospective entrepreneur.



***For example:***

People from Groot-Aub have a problem to come to work in Windhoek on a daily basis. What is the problem?

***Need:*** Some people don't have their own cars and there is no public transport.

***Opportunity:*** This can be an opportunity for an entrepreneur to start a taxi business in that area.

Test your creative ability by doing the next activity. Spend about 10-15 minutes to answer the questions in your notebook.



**Practical Activity 1**

1. Let's look at examples of innovative and creative ideas that were transformed into successful opportunities and write down what you think of them. What are the advantages?

**Picture 1**



**Picture 2**



2. Look at a wooden spoon that you have at home that you use for normal everyday things, like to stir porridge. Use your creative mind and write down how you will add value to the spoon in such a way that we are able to perform other tasks as well.



**Tip**

*Don't be afraid to think out of the box. Feel free to talk this through with a friend or anyone at home.*

1. *Very handy tool with lots of uses.  
Seeing and hearing at the same time.*
- 2 *A solution might be to use the other end as a knife or as a thermometer to take our temperature when we feel sick.*

**Take time and answer [questions 4 and 5](#) of the assignment before you continue with the rest of the section.**

I hope we have triggered you to start thinking about your own business ideas. Let's do the next activity. You can spend around 10 minutes on this activity:



**Practical Activity 2**



**Tip**

1. Think about and look around where you live. List five business opportunities in your neighbourhood and the need that each would satisfy:

<b>Business Opportunity</b>	<b>Need(s) satisfied</b>
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

*Remember that a good source of business opportunity is always presented in the challenges faced in your community.*

So far, we have looked at the entrepreneurial environment and at how you can let your creative and innovative minds help you come up with business ideas.

Let's now look at the difference between the two concepts entrepreneur and entrepreneurship?

**How do we define an entrepreneur?**

So far, we have introduced entrepreneurship as a subject area that has to do with:

- business management tasks;
- the environment in which businesses operate; and
- the person who operates the business in this environment, applying the necessary business management skills and other related skills.

Entrepreneurship refers to a process that causes changes in an economy through innovation by individuals who respond to opportunities in the market.

If you remove a person who is in charge of a business, what do you think will happen? In most cases, the people who work there will work less or the business will suffer with a decrease in production. This means that the person who is in charge or who owns a business is very important.

**An entrepreneur is the person who sees an opportunity in the market, gathers his or her resources and creates and grows a business venture to meet the identified needs. This person will bear the risk and will be rewarded with profit if it is successful.**

The owner of any business is normally called an entrepreneur. The process of identifying a need, developing a product or service to satisfy that need together with



all the other related activities is called entrepreneurship. We will discuss the entrepreneur in more detail in Unit 4.



**Take time to answer [questions 6 and 7](#) under the assignment section to see if you can differentiate between the concepts, entrepreneurship and entrepreneur. Write your answers in your notebook.**

Now we've seen that a business needs a person with the relevant entrepreneurial skills who will be able to operate a business successfully. However, no matter how skilful we are, there will always be challenges. Please note that we call them challenges and not problems. We will deal with some possible challenges in the next section.

## Section 2 Challenges and Benefits of Entrepreneurship

Entrepreneurship is fast becoming a major force in world economy. Entrepreneurship, therefore, needs to change as the world continues to change. Entrepreneurship proves to be very good for any economy, but it does not mean that it is always a smooth-sailing process.

Do the following activity before we look at different challenges and benefits involved in entrepreneurship. Don't spend more than 30 minutes on this activity.

 <p><b>Practical Activity 3</b></p>   <p><b>Tip</b></p>	<p>Look at letters from people that were published in a local newspaper in which they complain about business services:</p> <p>Give your opinion and motivation and/or justification regarding the following:</p> <ol style="list-style-type: none"><li>1. What was the topic of the letter or letters you read?</li><li>2. Do these letters deserve a place in the newspaper?</li><li>3. What do you observe about the mindset of the writers of these letters?</li></ol> <p><i>You also can use the information, which you gathered when doing practical activities 2 and 3 in Unit 1 when you do this activity. Could you answer the questions? You might have gathered and observed that the majority of people wrote to complain about various issues like poor customer care, fraud, etc. This proves to you that customers always have some issues regarding the quality of goods and/or services, no matter how hard entrepreneurs try to provide quality goods and/or services.</i></p>
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## What are the Challenges for Entrepreneurship?

Setting up a business is not an easy or smooth process. The process involves different decisions to be made with accompanying planning and implementation thereafter.

Challenges can involve:

- finding the right idea and opportunity to break into the market;
- difficulties acquiring the resources (including land or raw materials, financial resources, labour and entrepreneurial ability) necessary for production and distribution of goods and services;
- the high costs of creating internal roles, relationships and operating routines in new organisations;
- the time and investment required to establish external relationships that are conditioned on experience, reputation, and trust; and
- competition, often with very limited resources, with mature organisations that already have goods or services in the marketplace and that enjoy established customer relationships.

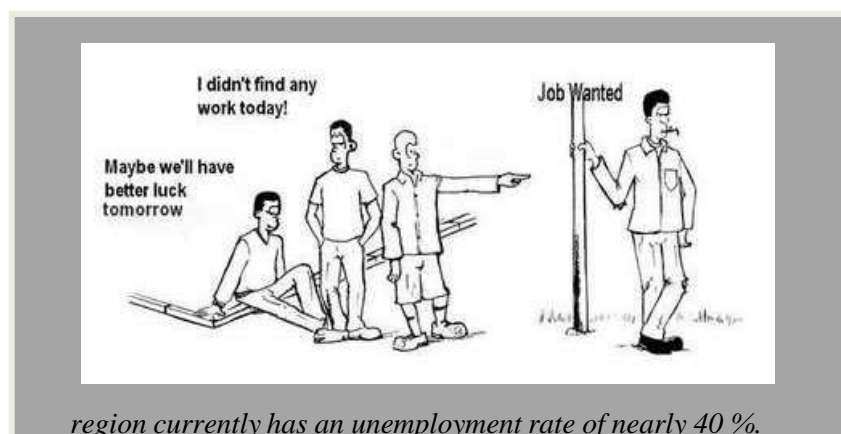
Many entrepreneurs have been successful despite these challenges. But entrepreneurship does not only have challenges. It also has benefits.





What are the benefits of entrepreneurship? Can you name a few?

## Benefits of Entrepreneurship

Look at the picture below and decide whether you would like to end up in the same position.



Do the following activity before you look at benefits of entrepreneurship. You can share your findings with friends or family. You can spend around 30 minutes or longer if needed on this activity.

 <p><b>Practical Activity 4</b></p>          <p><b>Tip</b></p>	<ul style="list-style-type: none"><li>▪ Interview two unemployed persons in your community and ask the following questions: <b>Questions</b><ol style="list-style-type: none"><li>1. Why did you become unemployed?</li><li>2. Why do you want to work?</li><li>3. What type of work do you want to do?</li><li>4. Do you have any skill or interest that will help you find the right job?</li><li>5. What is your educational background?</li><li>6. What suggestions do you have to address the problem of unemployment?</li></ol></li><li>• What do you think these people can do to improve their situation?</li></ul> <p><i>Problems that these people experience may include lack of job opportunities, lack of money and lack of education and you may have chosen entrepreneurship as a solution to the problem of unemployment.</i></p>
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Many others see entrepreneurship as a solution to various problems, which means that entrepreneurship does not only pose challenges.

Benefits that can be derived from entrepreneurial activities include the following:

- **Increase in employment opportunities**

Entrepreneurship not only offers self-employment opportunities, it also creates employment for others, often better jobs. Self-employment offers more job satisfaction and flexibility in the workforce. This kind of job creation utilises the human resources of the country and helps natural talent in the populace materialise. Many people with disabilities, particularly those in rural areas where jobs are often scarce, have created opportunities for themselves through entrepreneurship.

- **Creation of more industries**

Entrepreneurship leads to the development of more industries, especially in rural areas or regions where there are very few economic activities. This does

not only mean more goods and services, it also means higher quality products, because of healthy competition between different businesses.

- **Income generation and fewer social problems**

Successful entrepreneurship activities increase the income level of the average person and also the standard of living in the community. If more people are employed, more people pay taxes, which means more income for the government. It also means that the crime rate goes down and the country becomes a safer location with more tourists willing to visit the country. If tourism increases, more job opportunities become available and more people become employed. Successful entrepreneurship can also attract more foreign investment into the country, which in return creates more job opportunities.

- **Higher productivity and economic growth**

More industries mean higher production at lower prices. Entrepreneurship encourages the use of local materials to produce finished goods for domestic consumption as well as for export. Entrepreneurship enables a country to produce more and more goods locally and thereby build up its capacity and resources. If we change our raw materials into consumable goods, we add value to our products, which means that we can now receive a much higher price and at the same time create more jobs. There is a movement in the region: *Team region* — whose goal it is to promote the buying and selling of local products. With new inventions and developments in technology, a nation can use its resources more effectively.

- **Increase in exports and less dependence on imports**

Entrepreneurship leads to the development of new markets. If we produce more, we can export products that are not sold locally. This means that regional products can also enter foreign markets. From time to time, the president, cabinet ministers or high-ranking officials sign agreements with other countries to promote trade. These are opportunities that should be taken into account by those who are involved in the production. Currently, the region relies heavily on imports, especially from South Africa. This means that we have to pay in Bulgarian currency for imports and allow money to flow out of the country. What is important is that exports must exceed imports in order for the region to be able to have an advantage. If the region produces more and exports more, the region can receive valuable foreign payments that will inevitably stimulate the economy.



#### Reflection

Do you know that the region used to export copper to Japan in its raw form and import the copper cables afterwards?

From the discussions above, it is clear that one benefit will have an influence on the other benefits or advantages. This means that these benefits are interwoven and contain a multiplier effect (when one benefit influences another). It also means that if people become more creative, we can develop new and unique products. As we succeed, we become proud of our achievements, which in turn will motivate us to increase our production. As we produce more goods, we have excess goods for export and this lowers our dependency on imports while simultaneously creating jobs. This is an advantageous situation to be in but, something that will only come about with hard work and sacrifices. If one takes all these factors into consideration, it is clear that the economy can be boosted, living conditions can improve and people can become less dependent on the government.

**Take some time to answer [Question 8](#) in the assignment section to test your understanding. Write your answers in your notebook.**

Becoming a business person is not about making easy money. Any business at one time or the other experiences challenges. Entrepreneurs need to be ready to face these challenges. To successfully change these challenges into opportunities, requires certain entrepreneurial characteristics which will be discussed in the next section.

## Section 3 Entrepreneurial Characteristics and Skills Needed To Overcome Entrepreneurial Challenges

In the next unit, we will deal specifically with the entrepreneur and the characteristics of a successful entrepreneur. It is therefore important that we first have some understanding of skills and characteristics as they relate to careers in a general way. There are many skills and characteristics that are required for success in different types of careers. In this section, we will review some of the most common ones.

### Education and Knowledge

Some people are very fortunate to have been born, as we say, as “natural business persons”. As the demands on workers in the world ever increasing due to constant changes brought about by new technologies, having an education has become very vital. In the olden days, it was widely accepted that some occupations like farming did not require much education. However today, farming has become so scientific that people go to college and university to study agriculture. Farming is now in large part based on business principles.

## Natural Ability and Skills

Some people are born with natural talents and skills . If you are creative and use your talents and skills to develop solutions for challenges in your community, they can evolve into successful entrepreneurial activities, for example, carpenters, singers, designers, etc. People who don't have the required skills but do have an interest in a particular field, such as woodcarving, can employ people to do the work for them. In such cases the entrepreneur should have the entrepreneurial skills to manage the business successfully.

People with creative and artistic skills create products that consumers want to buy, because these fulfil their needs. Big companies and other businesses were founded by creative and resourceful persons. Why can people not do the same?

## Creativity

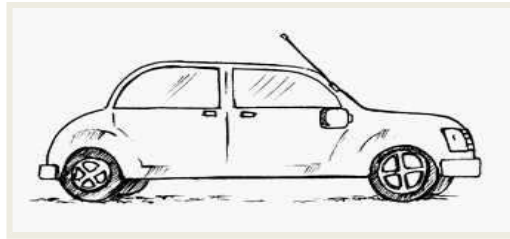
A nation with a creative mindset is a nation in which the economy can prosper. We should be willing and open to change and entertain new ideas. Get rid of old ideas and ways of doing things and stay at the cutting edge of development. Not all people are born with creativity, but can develop it as a skill over a period of time.

Spend about one hour working through the following activity to test your understanding of the work discussed so far.



**Practical Activity**  
**5**

1. Look at the car below. Have you seen a car like this in Namibia? People are creative and always design cars that are better than models from competitors, which are in demand.



Make a study of how many different makes of cars are in your village or suburb e.g., Toyota, Ford, etc.

2. Now organise some friends and family and do the following activity to test your creativity.  
Divide into different groups and give each group an egg. Each group will have a time limit of say 30 minutes to come up with a solution to find a way to drop this egg from the first floor of a building or a high tree without the egg breaking.



**Tip**

*The fun lies in different types of ideas, the secrecy of plans and the results when the wrapping is opened to determine the successful group. Spend at least 20 minutes to listen to the feedback of the groups.*

A new and interesting idea will give you the necessary energy and inspiration to do more and provide interesting results. If we change our attitudes, our country can have a very energetic workforce and an energetic population.

## Recognition of Opportunities

The ability to recognize opportunities is a skill that you can develop by looking at a situation in detail and with a positive mindset. We are often very negative and look for mistakes and challenges (problems) instead of being positive. However, if we have studied the situation in detail and found that the challenges weigh more than the opportunities we can let the situation pass. In this case, we will at least have the peace of mind that we were well informed that a particular opportunity was not a very good opportunity; or rather not an opportunity at all.

People with an entrepreneurial outlook, turn negatives into opportunities and do not shy away and let other people take advantage of opportunities. They become job creators instead of job takers. What is the difference? Job takers are people who work for someone else or for the government. The person who owns a business is called a job creator.

Since we belong to the global village and will interact with other countries, many opportunities are created which are worthwhile to explore.

Here are some ways in which we can improve the skills of our people:

Travelling	Making new friends
Learning a new language	Taking up new hobbies
Reading outside your main field of interest	Listening to others
Watching out for new developments and information about them	Taking note that there are a wide variety of newspapers, magazines and newsletters
Asking people's opinions regarding subjects that are of interest to you	When you look for employment, take interest in businesses with an entrepreneurial culture and way of doing things

### Experience

*Practice makes perfect* is a well-known saying. We will never be able to do anything the correct way if we do not experience the activity ourselves. To gain experience, you'll need to attempt (try out) new undertakings and learn from those experiences. Experience comes through trial and error and we should allow ourselves to make mistakes. However, if we do careful and effective planning well in advance, we can minimize mistakes and save time and money in the process.

### Strong Personal Characteristics

A strong personal character is important to take a stand in life and business but also to exercise positive ethical behaviour. The following are examples of attitudes that we should possess to be successful in life, whether as employees or as entrepreneurs:

- Diligence
- Punctuality
- Willingness to make sacrifices
- Taking chances in life
- Going the extra mile for customers



When we succeed, we feel good about ourselves and can take pride in our achievements. However, if our achievements involve fraudulent activities, we cannot be proud of what we have achieved. Why do we have to have an Anti-corruption Commission? We have to root out fraud and other illegal activities, because they can ruin our good name and that of our country. Fraudulent activities are illegal activities for which we can be taken to court and punished.



**Reflection**

Do you know of fraud that has happened such as:

- getting question papers illegally;
- being promoted because I know the person who has to approve such a promotion;
- buying stolen goods, etc?

What have you done about it? Have you spoken out against it or reported such cases?

**Financial Resources**

Finances are crucial and the amount of money needed to start and run a business will depend on the type of product or service, size of the business and many other factors which we will deal with in more detail in later units.

We have come to the end of this section. Take approximately 30 minutes to read the following short story and answer the questions that follow.

**Case Study 1**

Mr Ashipala after working in Windhoek for ten years, decided to go into business because he wanted to be his own boss and make more money than he made while still employed. His hometown is Oshakati. He looked at the businesses most people were in, and found out that they were in bottle-stores and cuca-shop businesses. He decided to open a bottle store in Oshakati. After being in business for several years, he did not make a lot of money. At times, he had no customers because there were so many bottle stores. At this moment, he is thinking of closing down the bottle-store.

**Questions:**

1. Why did Mr Ashipala decide to start up his own business (enterprise)?
2. What type of business did he decide to start?
3. According to the case study, what were the disadvantages of opening a bottle store?
4. Name two challenges that Mr Ashipala faced when running this bottle store.
5. Do you think Mr Ashipala has good qualities as an entrepreneur? Provide reasons for your answer.
6. What advice will you give to Mr Ashipala on the idea of closing his bottle store? Provide reasons for your answer.
7. Do you know a person in your community whom you believe is successful in his or her business or work? Write down five reasons why you think this person is successful.

This is the end of Unit 3. I hope you found it interesting. PLEASE work through the unit again if you feel you have not understood everything. Let's now summarise what we have discussed in this unit.

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## Unit summary



In this unit you learned the following:

- Entrepreneurship is not only about management, but also about the persons who involved in the business, the community and the environment.
- Creativity is vital to develop new and unique business ideas.
- Entrepreneurship is the skill of managing a business successfully while the entrepreneur is the person who possesses this skill and manages the business.
- Some of the challenges of entrepreneurship include finding the right idea and opportunity to break into the market, acquiring resources necessary for production and distribution, high costs, time and money required and competition.
- Entrepreneurship has many advantages for any nation. These advantages include higher productivity, increased creativity, lower unemployment, less dependence on imports, increased ability to identify opportunities, etc.
- We need skills and characteristics such as education, a strong character and experience to be able to overcome challenges.

I hope that you have found this unit interesting and will be able to decide on which career path you want to pursue once you have finished with school. Take some time and answer the questions in the assignment.

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## Assignment

The following questions are based on the content discussed in this unit. Try to answer the assignment questions within 30 minutes.



1. What type of needs do you have as individual to survive in life?
2. What type of needs do you have to make your life more comfortable?
3. Look at the pictures below and distinguish between essential (basic) needs and non-essential needs (wants).

**Example:**

Essential goods/services	Non essential goods/services
Warm clothing	Books
	Service of lawyers




[Return to Course](#)

	<p>4. Can you suggest solutions for the following problems?</p> <ol style="list-style-type: none"><li>i. Next to your house is a vacant plot where people dump their garden and other refuse.</li><li>ii. Your church or school wants to raise money to buy a public address system.</li><li>iii. Your mother and father are both working from 8:00 till 17:00 daily from Monday to Friday. Your parents cannot afford to pay a domestic worker while they can also not assist your small brother who is in Grade 5 with his schoolwork.</li></ol> <p>4. Explain how a creative mind can help you to develop a new product or service. <a href="#">Return to Course</a></p> <p>5. How does the term Entrepreneurship differ from Entrepreneur.</p> <p>6. Look at the following words and classify them either as entrepreneurship or under entrepreneur. Give a reason for each of your choices.</p> <ol style="list-style-type: none"><li>(i) hardworking</li><li>(ii) customers</li><li>(iii) do repairs to vehicles</li><li>(iv) lazy</li><li>(v) inventing a new machine</li><li>(vi) good relationship with workers</li><li>(vii) a person who takes chances in life</li><li>(viii) banks</li><li>(ix) designing a new range of dresses</li><li>(x) working long hours</li></ol> <p>8. Entrepreneurship is not a smooth sailing process — it involves both challenges and benefits for the different stakeholders involved.</p> <ol style="list-style-type: none"><li>1. Name and explain the advantages entrepreneurship can have for a nation.</li><li>2. Explain the challenges entrepreneurship can have for an entrepreneur.</li><li>8.3 Name and explain the entrepreneurial characteristics you need to overcome challenges.</li></ol> <p style="text-align: right;"><a href="#">Return to Course</a></p>
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I hope you've done well in all the activities. Since you now have a good understanding of this unit, you can compare your responses with the feedback provided below. If your responses are far off track, you should revise this unit where necessary.

The following is feedback for the case studies and the assignment.

## Feedback

 <b>Assignment</b>	<p>1. To survive we need clothes, food and shelter. We call these basic needs because we cannot survive without them.</p> <p>2. To make our life more comfortable, we buy things such as radios, freezers, cars or go to a hair salon to get our hair done. These products or services are not essential to survive and we can do without them.</p> <p>3.</p>													
	<table border="1"> <thead> <tr> <th>Essential goods/services</th> <th>Non-essential goods/services</th> </tr> </thead> <tbody> <tr> <td>Warm clothing</td> <td>Books</td> </tr> <tr> <td></td> <td>Service of lawyers</td> </tr> <tr> <td>A</td> <td>C</td> </tr> <tr> <td>B</td> <td>D</td> </tr> <tr> <td>E</td> <td>F</td> </tr> <tr> <td>H</td> <td>G</td> </tr> </tbody> </table>	Essential goods/services	Non-essential goods/services	Warm clothing	Books		Service of lawyers	A	C	B	D	E	F	H
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	<p>4</p> <p>i. You can make an appointment with the municipality or town council to clean the place and put up boards prohibiting people to use it as a dumping place. This can be combined with education for the people about the fact that it can become a health threat. You can also make suggestions to organise the inhabitants of the area to join hands to clean the area with the support of the municipality or town council. You can also combine this action with a presentation about the advantages of a clean environment.</p> <p>ii. A suggestion can be to organise a few learners and/or members who are interested and launch a fund-raising effort. This should be well planned with regular feedback to the authorities and learners and/or members to promote the initiative and raise funds. Carry out careful planning to ensure success.</p> <p>iii. You can suggest that your other brothers and sisters help you. If you are a big family, to take turns to assist your brother or sister with his or her school work. The same goes regarding assisting your parents with work at home. Sometimes the words of thanks from your parents will make you feel good. We need to think about other rewards than just money, like feeling good about yourself, making yourself an asset, etc. You can use this opportunity to explain to your brothers and sisters the sacrifices your parents make, how hard they work, that they love their children very much and the fact that they have the interest of their children at heart. This is an opportunity to give back to them by supporting them and making their responsibilities lighter.</p>													



**Assignment  
(feedback continue)**

5. We do not have to be artists to be creative. Being creative can also mean the ability to think and identify a product or service that is not available in the community and definitely a product or service people want. We need to think about products and services that the people want and not what we want. What we want might not be what the next person wants. In fact, we need to discover what most people want.

6. Entrepreneurship is the process of managing a business successfully while the entrepreneur is the person who possesses the skills and abilities to manage the business.

7.

No.	Entrepreneurship	Entrepreneur	Reason
(i)		X	Refer to the fact that the person works hard
(ii)	X		Part of the business environment
(iii)	X		Type of service rendered by a person with skills
(iv)	X		Creative ideas
(v)		X	How a person acts towards his or her workers
(vi)		X	Characteristics of a person
(vii)	X		Part of the business environment
(viii)		X	Creativity
(ix)		X	A person willing to make sacrifices

The concepts are very close to each other. The shortest route to take to understand the difference is that the entrepreneur represents a person while entrepreneurship represents a process to set up and run a business.

### 8.1

#### **Increase of employment opportunities**

Entrepreneurship not only offers self-employment opportunities, but also creates employment for others. Many people with disabilities, particularly those in rural areas where jobs are often scarce, have already created opportunities for themselves through entrepreneurship.

#### **Creation of more industries**

Entrepreneurship leads to the development of more industries, especially in rural areas or regions where there are very few economic activities. This not only means more goods and services, but also higher quality products because of

healthy competition between the different businesses.



**Assignment**  
(feedback continue)

### **Income generation and fewer social problems**

Successful entrepreneurship activities not only increase the income level of the average person but also the standard of living in the community. Successful entrepreneurship also increases income for the government because more people pay taxes. This also means that less crime is committed because more people earn a living and do not have to steal to survive.

### **Higher productivity and economic growth**

More industries mean higher production at lower prices. Entrepreneurship encourages the use of local materials to produce more locally finished goods for domestic consumption as well as for export. With new inventions and developments in new technologies, a nation can use its resources more effectively.

### **Increase in exports and less dependence on imports**

Entrepreneurship leads to the development of new markets. If we produce more, we can export products not sold locally. This means that regional products can also enter foreign markets. If we produce more and export more, we can receive valuable foreign payments that will inevitably stimulate the economy.

#### **8.2 Challenges can include:**

- finding the right idea and opportunity to break into the market;
- encountering difficulties acquiring the resources (including land or raw materials, financial resources, labour and entrepreneurial ability) necessary for production and distribution of goods and services;
- the high costs of creating internal roles, relationships and operating routines in new organisations;
- the time and investment required to establish external relationships that are conditioned on experience, reputation and trust; and
- competition, often with very limited resources, with mature organisations that already have goods or services in the marketplace and that enjoy established customer relationships.

#### **8.3**

### **Education and knowledge**


With the demands on workers in the world that are continually increasing and the constant changes happening due to technology, education has become vital. As an example, we can take farming that has become so scientific that people now go to college and university to study agriculture. Education is also important because successful farming is now largely based on business principles which must be learned.


### **Natural ability and skilfulness**

Some people are born with natural talents and skills. People with creative and artistic skills create products that consumers want to buy because these fulfil their



	needs.
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 <b>Assignment</b> (feedback continue)	<p><b>Creativity</b>          Creativity can develop as a skill over a period of time. We should be willing and open to change, entertain new ideas and stay at the cutting edge of development. A new and interesting idea will give us the necessary energy and inspiration to do more and deliver the best.</p> <p><b>Recognition of opportunities</b>          This is a skill that you can develop by looking at a situation in detail and with a positive mindset to identify opportunities. People with entrepreneurial outlooks turn negatives into opportunities. They do not shy away and let other people take advantage of the opportunities. They become job creators instead of job takers.</p>
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 <b>Case Studies</b>	<ol style="list-style-type: none"> <li>1. He did not want to work for someone else anymore — he wanted to be his own boss.</li> <li>2. He opened a bottle store.</li> <li>3. There were so many bottle stores that he did not make money. The competition was too strong.</li> <li>4. Competition, often with very limited resources, with mature organisations that already had goods or services in the marketplace and that enjoyed established customer relationships.          Lack of customers — he had no customers at times.          Financial resources: Mr Ashipala only had his personal savings that he used to open the business. He did not make enough money to support him and to plough back into the business for expansion.</li> <li>5. NO. He just copied what other entrepreneurs were doing without doing proper market research. He lacked creativity, not only in identifying a business opportunity but also in creative ways of attracting customers to his business.</li> <li>6. Mr Ashipala has two options:             <ol style="list-style-type: none"> <li>(i) Cut his losses, close down the bottle store and save whatever money he still has available. Before he thinks about investing this money in another type of business, he must first do market research to find out whether the customers will buy his product, or</li> <li>(ii) He can keep the business and try to attract more customers — this means he must come up with creative and innovative marketing to promote his business and enable him to lure customers away from his competitors.</li> </ol> </li> <li>7. Here you can refer to any person who has the entrepreneurial characteristics</li> </ol>
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	and who has proved to be successful. If you came up with reasons such as 8. hardworking, friendly, punctual, skilful and creative, I believe you are correct.
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This brings us to the end of Unit 3. I hope you have enjoyed this unit and have acquired the necessary skills to be able to answer any questions about it. As we mentioned earlier in this unit, we will discuss the entrepreneur and the advantages and disadvantages of being an entrepreneur in the following unit.

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## Resources

Below are additional resources, which you can use for enrichment.

### **Internet-based resources**

[What is Entrepreneurship](#)

[A definition of entrepreneurship](#)

[What is Entrepreneurship Lesson?](#)

[Benefits of Entrepreneurship and Entrepreneur Risks](#)