

ENTREPRENEURSHIP AND COMMUNICATION SKILLS

CHAPTER ONE

1.0 ATTRIBUTES OF ENTREPRENEURS AND ENTREPRENEURIAL CAREERS

In this chapter we shall discuss concept of entrepreneurship and innovation, evolution of entrepreneurship in Kenya, the concept of entrepreneurship culture, the entrepreneurial cultural practices in Kenya, various theories of entrepreneurship and the role of entrepreneurship in economic development.

General objectives

By the of the course the learner should be able to explain the attributes of entrepreneurs and entrepreneurial careers,

Specifically the learner should be to:

1. Define and explain the basic terminologies used in entrepreneurship.
2. Explain the concept of entrepreneurship and innovation
3. Explain the evolution of entrepreneurship in Kenya
4. Explain the concept of entrepreneurship culture
5. Discuss the entrepreneurial cultural practices in Kenya
6. Explain various theories of entrepreneurship
7. Discuss role of entrepreneurship in economic development

1.1 Introduction

1.1.1 Definition of Entrepreneurship and Entrepreneurs

Definition an entrepreneur

- ✓ An entrepreneur is basically a person who identifies a business opportunity, harshness and obtains the resources necessary to initiate a successful basis activity.
- ✓ The entrepreneur implements the idea
- ✓ Undertakes to operate the business
- ✓ An entrepreneur is therefore a central key individual in the society who makes things happens for economic development.

Entrepreneurship meaning

- ✓ In the broader sense entrepreneurship refers to the means of stimulating innovative and creative undertakings for a better business community or world.
- ✓ Entrepreneurship if French world meaning to undertake and focuses on a business enterprise
- ✓ Entrepreneurship can exist in any situation – therefore it is the creation of values through establishing a business enterprise.
- ✓ Entrepreneurship means having an idea of ones own and trying to implement the idea to create values on it.
- ✓ Entrepreneurship is a term which encompasses what entrepreneurs do i.e

- ✓ The members in a co-operative society have a limited liability to the amount contributed.
- ✓ The supreme authority of the registered co-operative society is in the AGM (Annual general meeting).
- ✓ During the AGM the managing director is elected on one person one vote basis irrespective of the shares owned by each member.
- ✓ The outcome is determined by a simple majority and such elections are supervised by the district corporation officer.
- ✓ The managing director serves for a period of time after which elections are held by a vote.
- ✓ The elected members hold constant meetings to discuss operations and the concerned of the cooperative.
- ✓ The committee may employ professional staff to charge of various parts in the society.
- ✓ A number of sub-committees may be formed from the elected officers to take to take various responsibilities of various societies.

Examples of Committees in a Co-operative society

1. Executive Committee-The committee is charged with the day to day running of the society and its membership is made up of the following
 - a) Chairman
 - b) V-chairman
 - c) Honorable secretary
 - d) Treasurer
 - e) Secretary
2. Education committee- It is charged with educating members of the society and it is made up of 3-members answerable to the executive.
3. Credit committee- It is normally common in saving and credit societies. It is made up of 3-members answerable to the executive and it is charged with the following:
 - i) Processing loan applied and making recommendations.
 - ii) Loan recovery
 - iii) Credit recommendations and approval
4. Supervisory committee-It is charged with overseeing the overall management of the society's finances.

The Relationship between the Cooperative Society and its Business with its Members

- ✓ A cooperative society should usually transact its business with its members.

Advantages of using Debenture Finance to Ordinary Shareholders.

1. The use of debenture finance does not dilute the shareholders control of the company unless they are convertible and are converted.
2. Under boom conditions ordinary shareholders may benefit from higher dividends due to fixed charges on debentures which is paid under conditions of high profits.
3. Interest on debentures is tax-allowable expense and as such this may allow the company to retain more and even pay higher ordinary dividends to its shareholders.
4. In case the company issues irredeemable debentures, these will be invested in long-term ventures with not only have the effect of raising the shares pieces of the company's ordinary shares but will also increase the company's future ordinary dividends.
5. After debentures are redeemed, the company will benefit from the asset/ investment they had financed which will increase the net worth of shareholders.

Trade Credit

This finance is obtained by companies by which purchase goods on credit and pay for such goods later. This "kind" and is available to companies which can pay bills on time as and when they fall due. It the largest source of finance to sole traders and wholesalers in Kenya. This is cheap source of finance and it does not entail any explicit cost except discounts foregone. This finance may be long-term in particular if the company meets its bills regularly such that after settling a given bill the same company obtains further credit immediately, thus may become a continuous source of finance. In order to be a source of finance, credit received must exceed credit given.

Advantages of using trade credit in Kenya a source of finance (reasons why trade credit is popular in Kenya)

1. Most businesses in Kenya lack collateral securities which are necessary to raise other forms of debt finance thus resort to trade credit.
2. it is cheap source of finance because the only cost involved is discounts lost I.e no implicit or explicit costs.
3. most other finances need the borrower to maintain healthy accounts which small businesses in Kenya may not have thus resort to trade credit.
4. The fact that small businesses in Kenya are not known to lenders makes trade credit the best source of finance as they may not qualify for other finances which require that the borrower be known to the lender.

Disadvantages (limitations) of using Trade Credit.

1. The debtor company will undergo the opportunity cost of the discount foregone by the very buying company.