

Session 1

Understanding Entrepreneurship

...an often misunderstood concept ?

Learning Objectives

- To clarify the basics of entrepreneurship
- To highlight the impact of entrepreneurship
- To discuss the elements of the entrepreneurial ecosystem
- To have a better understanding of the entrepreneurial process

Entrepreneurship: What is it?

- Bearing uncertainty [Knight, 1921](#)
- To change... destroy the existing economic equilibrium in an act of creative destruction ... and to profit from the new order [Schumpeter, 1934](#)
- The ability to spot opportunities... to have creative alertness [Kirzner, 1995](#)
- A purposeful activity to initiate, maintain and aggrandize a profit oriented business [Gartner, 1988](#)
- The examination of how, by whom, and with what effects, opportunities to create future goods and services are discovered, evaluated, and exploited [Shane & Venkataraman, 2000](#)
- The process by which individuals pursue opportunities without regard to the resources they currently control [Gartner & Baker, 2010](#)

THE ART OF BEING AN ENTREPRENEUR!

Approaches to Entrepreneurship

- Economic theories
 - Put emphasis on the role of the entrepreneur in economic development
- Psychological approach
 - Focus on the mental or emotional elements that drive entrepreneurial individuals
- Sociological approach
 - Focus on the various social contexts that enable entrepreneurship
- The learning approach
 - Focus on the ongoing learning processes in new ventures

Understanding Entrepreneurship



"I call my invention 'The Wheel,' but so far I've been unable to attract any venture capital."

36 F O R B E S ■ November 1, 2004

Motivation, Goals



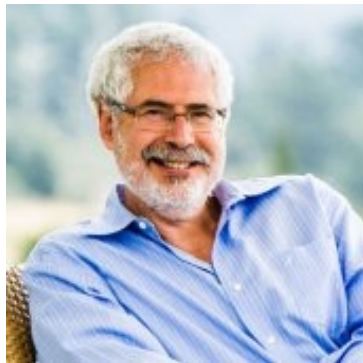
Fundamental purpose?

Why social enterprises are different?

Start-up: What is it?

- A temporary organization searching for a repeatable and scalable business model (Steve Blank)
- Human institution designed to create something new under extreme uncertainty (Eric Ries)

Start-up = Experiment



Digital start-ups

- Digital start-ups are characterized by a high intensity of utilization of novel digital technologies (e.g. big data, mobile and cloud solutions)
 - invent new business models, sharpen business intelligence, and engage with customers and stakeholders.

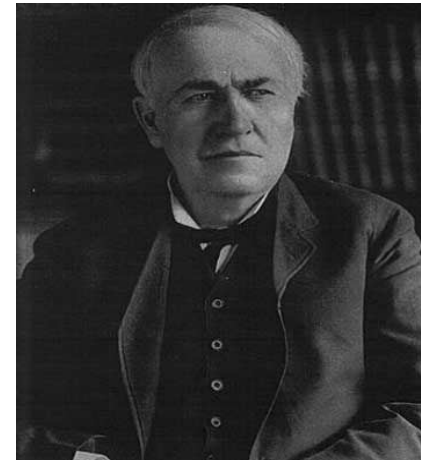
<https://ec.europa.eu/growth/tools-databases/dem/monitor/project-description>

Digital entrepreneurs have to face the same strategic and tactical problems as all other entrepreneurs

Creativity, Innovation




"Genius is 1% inspiration and 99% perspiration "





Thomas Edison refined that technology and created others that would turn the world on its head: a device to turn power into light, a machine to record and play back sound


... at least 10 ways to innovate

1. Business model 
how the enterprise makes money

2. Networking
enterprise's structure/
value chain


5. Product performance 
basic features, performance and functionality

6. Product system 
extended system that surrounds an offering

7. Service 
how you service your customers

Finance

Process

Offering

Delivery

Business
model

Networking

Enabling
process

Core
process

Product
performance

Product
system

Service

Channel

Brand


Customer
experience


3. Enabling process
assembled capabilities


4. Core process
proprietary processes that add value

 **GE Capital**
Aviation Services

8. Channel
how you connect your offerings
to your customers


9. Brand
how you express your offering's
benefit to customers


10. Customer experience
how you create an overall
experience for customers


Source: Keeley L., Walters H., Pikkell R. and Quinn B., 2013

Applying the 'ten ways to innovate': METHOD

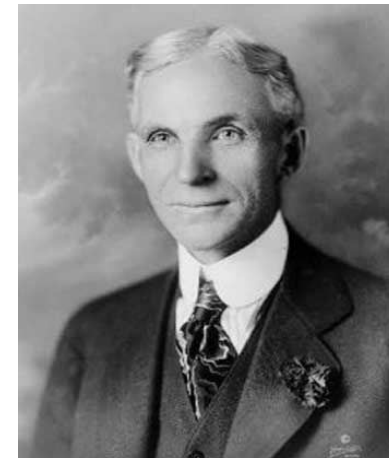


Risk taking



Financial, physical, social risks

Henry Ford made the automobile affordable to the middle class. His manufacturing process created the modern car industry, and with it, the car culture of the 20th c.



Value creation



"If you can dream it, you can do it"

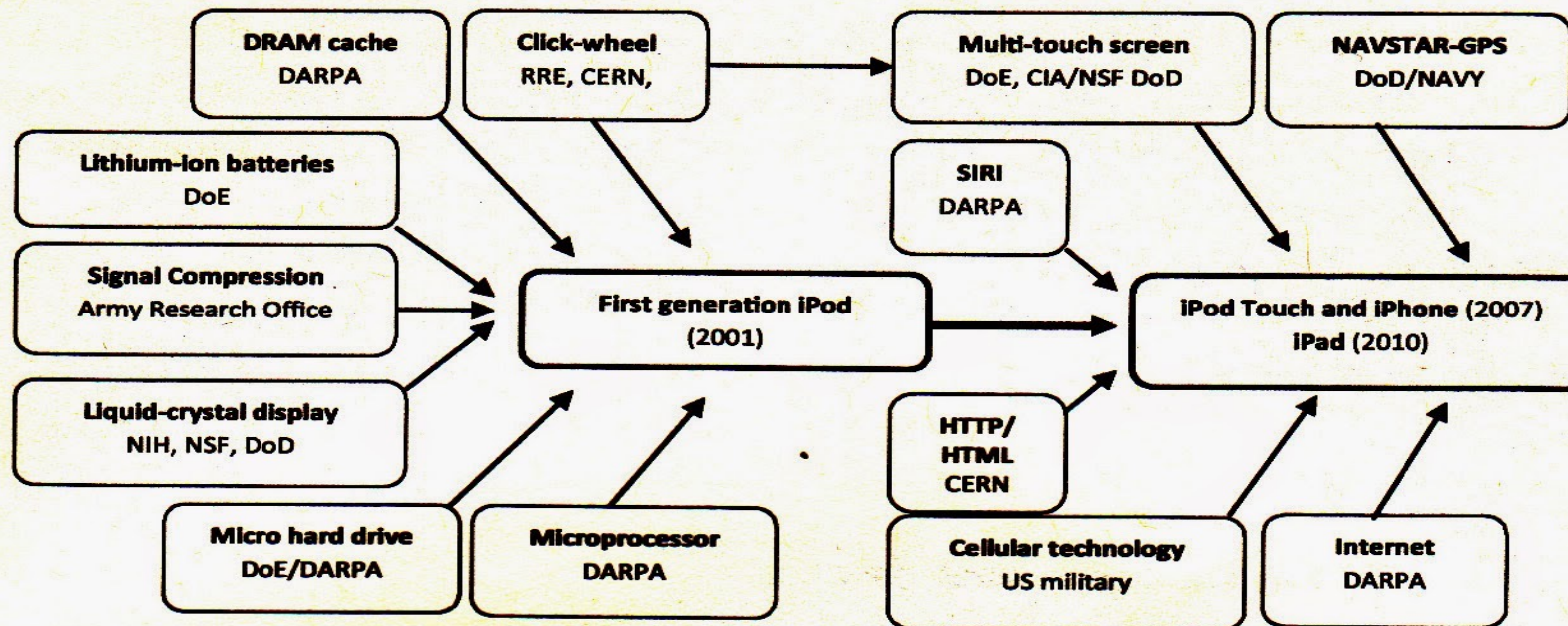


Walt Disney founded the first multimedia empire built on animation and also Disneyland

A TEST!

What is the value created by Apple with iPod - iTunes?

Figure 13. Origins of popular Apple products



Source: Author's own drawing based on the OSTP diagram 'Impact on Basic Research on Innovation' that illustrates the benefits of basic research on innovation (2006, 8).

Source: Marianna Mazzucato, 2013

Design, User Satisfaction

- It identified and integrated emerging technologies with great prospects
- It included music distribution as an activity, linking it to the development of the iPod hardware and software. It thus linked the music label owners with end users and transformed music distribution.

Entrepreneurship is....

“... creating something new 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” (Hisrich, Peters, & Shepherd, 2007)

- Entrepreneurship is an economic phenomenon involving a nexus of two phenomena: the presence of **lucrative opportunities** and the presence of **enterprising individuals**”. (Shane and Venkataraman, 2000, p. 218).

Entrepreneurs: Who are they?

- “Between-takers” or “The ones going in between”
- Independent individuals, intensely committed, determined to persevere, working very hard
- They are confident optimists, striving for integrity
- They burn with the competitive desire to excel and use failure as a learning tool



The Driver is Making *Meaning*

GUY KAWASAKI (Born August 30, 1954) is a Silicon Valley venture capitalist. He was one of the Apple employees originally responsible for marketing the Macintosh in 1984. He is currently a Managing Director of Garage Technology Ventures, and is also a well-known blogger.

Common Characteristics of Entrepreneurs

- Commitment, determination
- Drive to achieve
- Opportunity orientation
- Initiative and responsibility
- Persistent problem solving
- Seeking feedback
- Internal locus of control
- Tolerance for ambiguity
- Calculated risk taking
- Tolerance for failure
- High energy level
- Creativity and innovativeness
- Vision
- Self-confidence and optimism
- Independence
- Team building, political competence

Entrepreneurship: The “misconceptions”

- Successful entrepreneurship needs only a great idea
 - What about customers, staff, lenders, knowledge, work and patience?
- Entrepreneurship is easy
 - What about failing?
- Entrepreneurship is a risky gamble
 - What about learning and planning for growth?
- Entrepreneurship is about money
 - What about social entrepreneurship?
- Entrepreneurship is only found in start-ups
 - What about corporate entrepreneurship?
- Entrepreneurial ventures and new ventures are the same thing
 - How can entrepreneurship be measured?

Social entrepreneurship

- Social entrepreneurship is the recognition of a social problem and the use of **entrepreneurial principles** to organise, create and manage a social venture to achieve a desired social change (*Wikipedia*)
- Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change

Social entrepreneurs

- Innovative, resourceful, practical, opportunistic
- Go for the “ideal” not the deal
- Blended value: multiple dimensions
- Motivation: Social returns on investment
- Generate paradigm shift
- Transformative

Source: Unreasonable People: Ten Characteristics of Successful Social Entrepreneurs. John Elkington, Pamela Hartigan. www.socialedge.org/blogs/unreasonable-people



But this is personal...

- Someone who works in an entrepreneurial manner, but for public or social benefit rather than to make money
- It can be
 - very hard, lonely, scary
 - and you will fall and make mistakes, but.... the view from the top is amazing !

Corporate entrepreneurship



Corporate entrepreneurship

... is entrepreneurship within an existing firm

It is the process through which an individual or a group of individuals in combinations with an existing firms are doing:

- Renewal
 - in strategy and/or structure
- Innovation
- Venturing
 - with or without the creation of a new venture

Zahra, 1996

Corporate entrepreneurship

An exciting process



Source: Thierry Volery

Corporate entrepreneurship

- Entrepreneurship in an existing firm presupposes:
 - The commitment of top and middle level managers
 - Management support
 - The promotion of creativity
 - Rewards
 - Team-working
 - Intra-networking
 - Technology use for flexibility
 - Close relationship with customers
 - Networking
 - Capital investments
 - Venture capital?

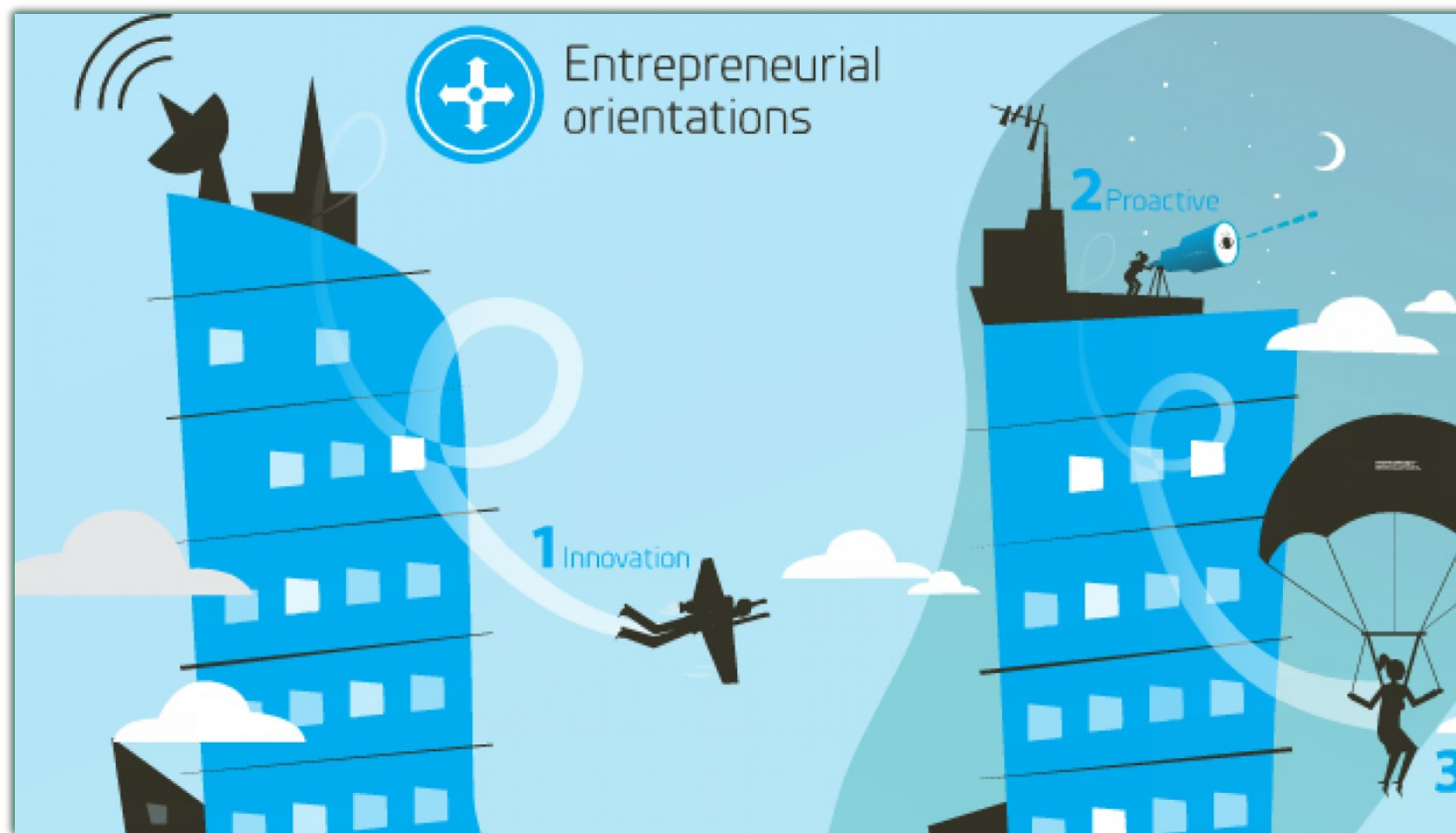


Konusuke Matsushita:

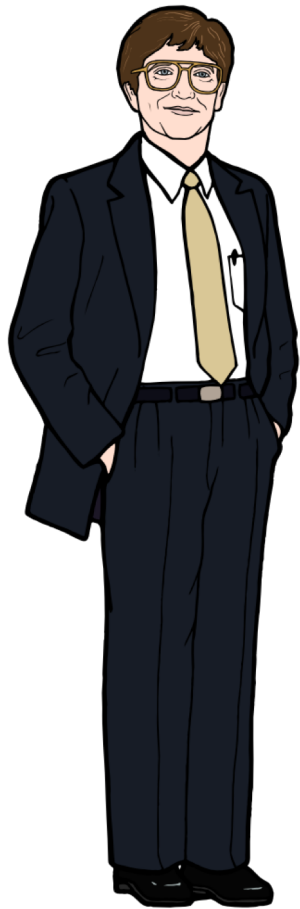
encouraged his executives 'to think like an entrepreneur, not a hired hand.' At the Matsushita Electric Company in Japan, he created an entrepreneurial climate that was conducive to seeking opportunity, advancing innovation, developing leadership and giving service.

It was this culture that led to the creation of numerous brands including Panasonic

A measure of “entrepreneurship”



Entrepreneurial orientation



Case:

- Jeff Bezos founded Amazon.com in 1995
 - Introducing new ways to sell books, cd's etc (on-line, product review info, email alerts)
 - Taking risk in the sector of e-commerce without prior experience in retailing
 - Being the first on-line bookstore

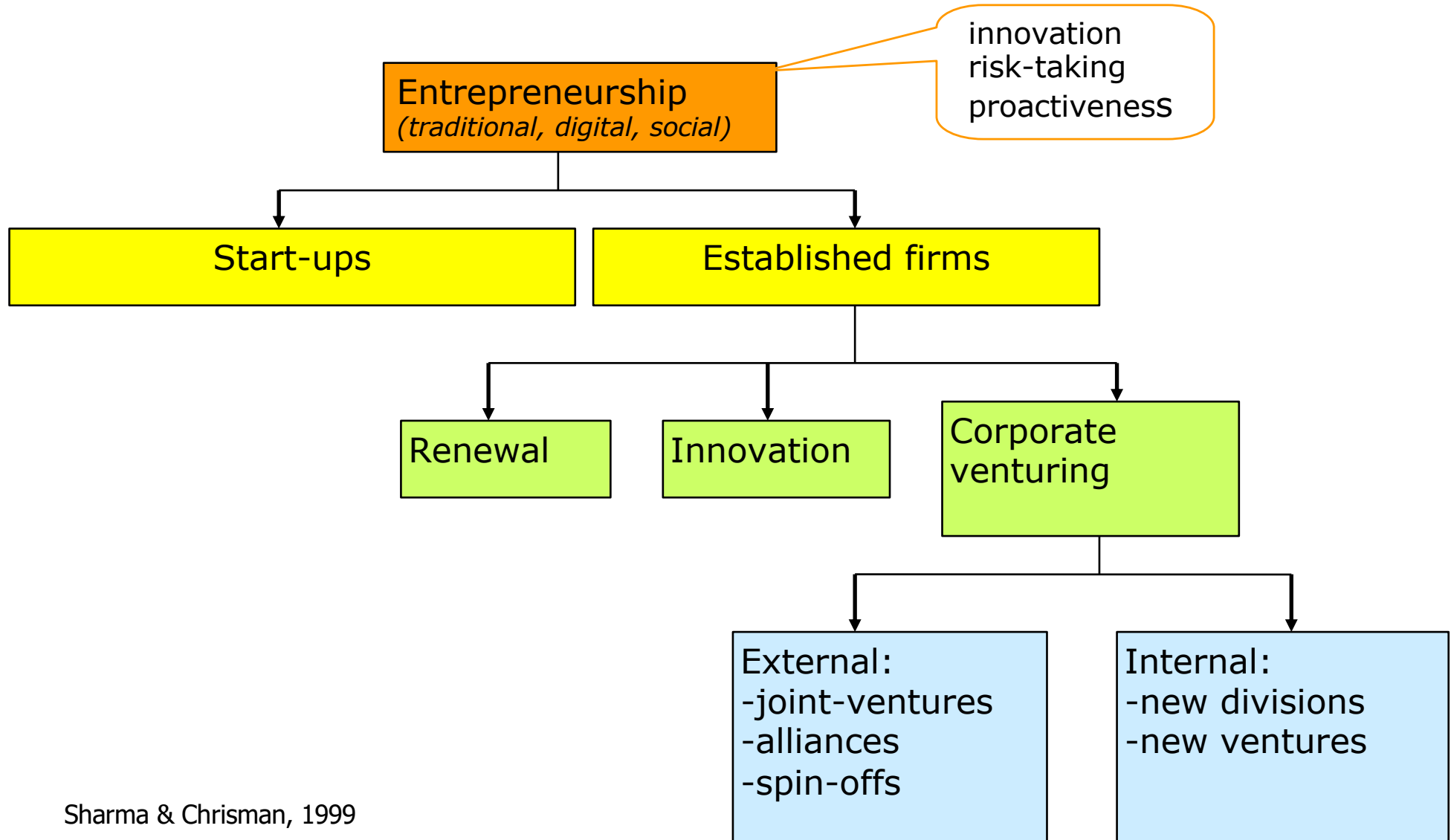
Entrepreneurial orientation

Entrepreneurial orientation is measured as:

- innovativeness
- risk-taking
- pro-activeness against competition
 - A sufficient but not excessive combination of innovativeness, risk-taking, proactiveness is needed to form an entrepreneurial venture

(Zahra, Jennings & Kuratko, 1999)

In sum: Typology of entrepreneurship

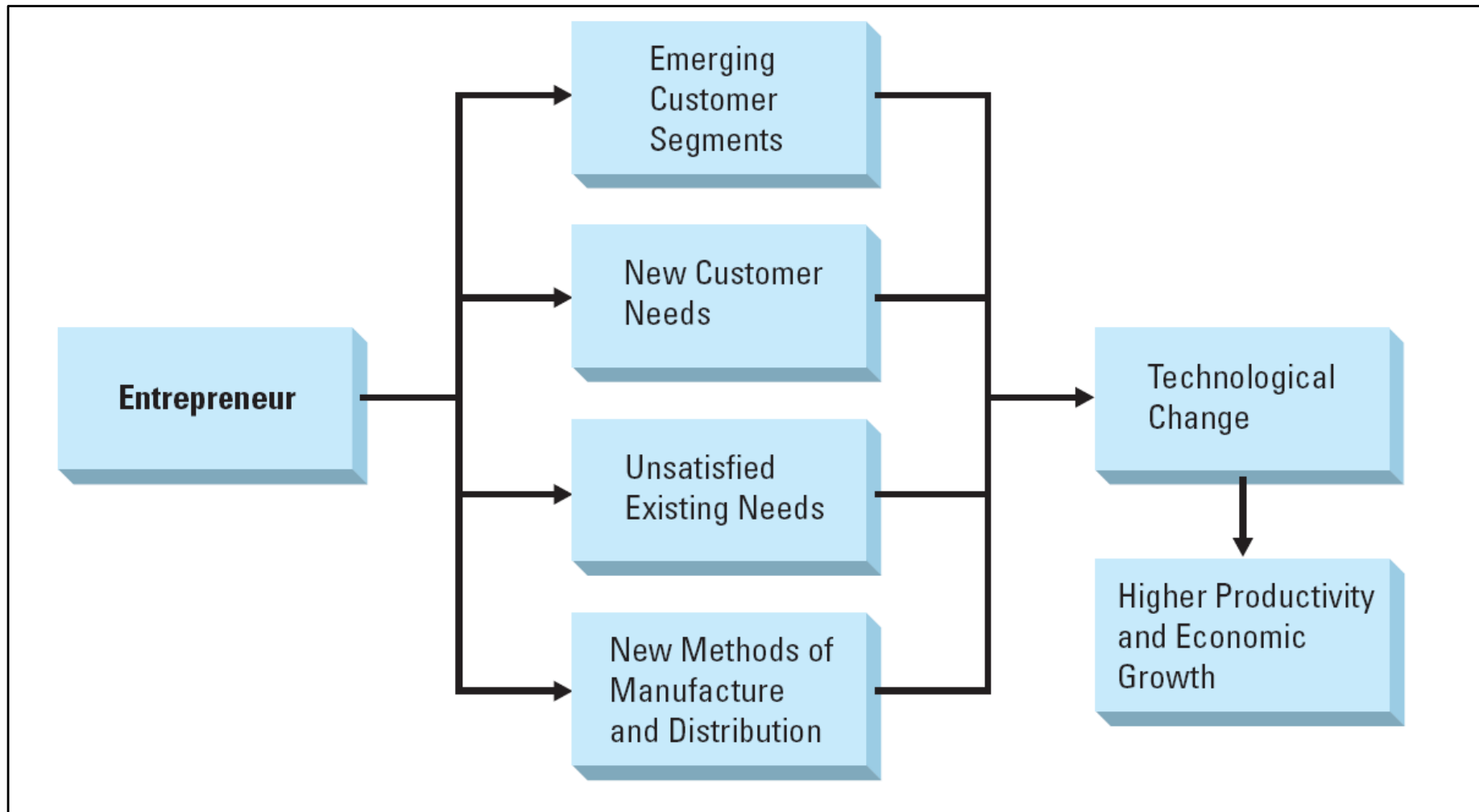


Sharma & Chrisman, 1999

Entrepreneurship: The outcomes

- Technological change and innovation
- New industry creation
- Number of start-ups
- Job creation
- Economic Development
- Countries' Competitiveness

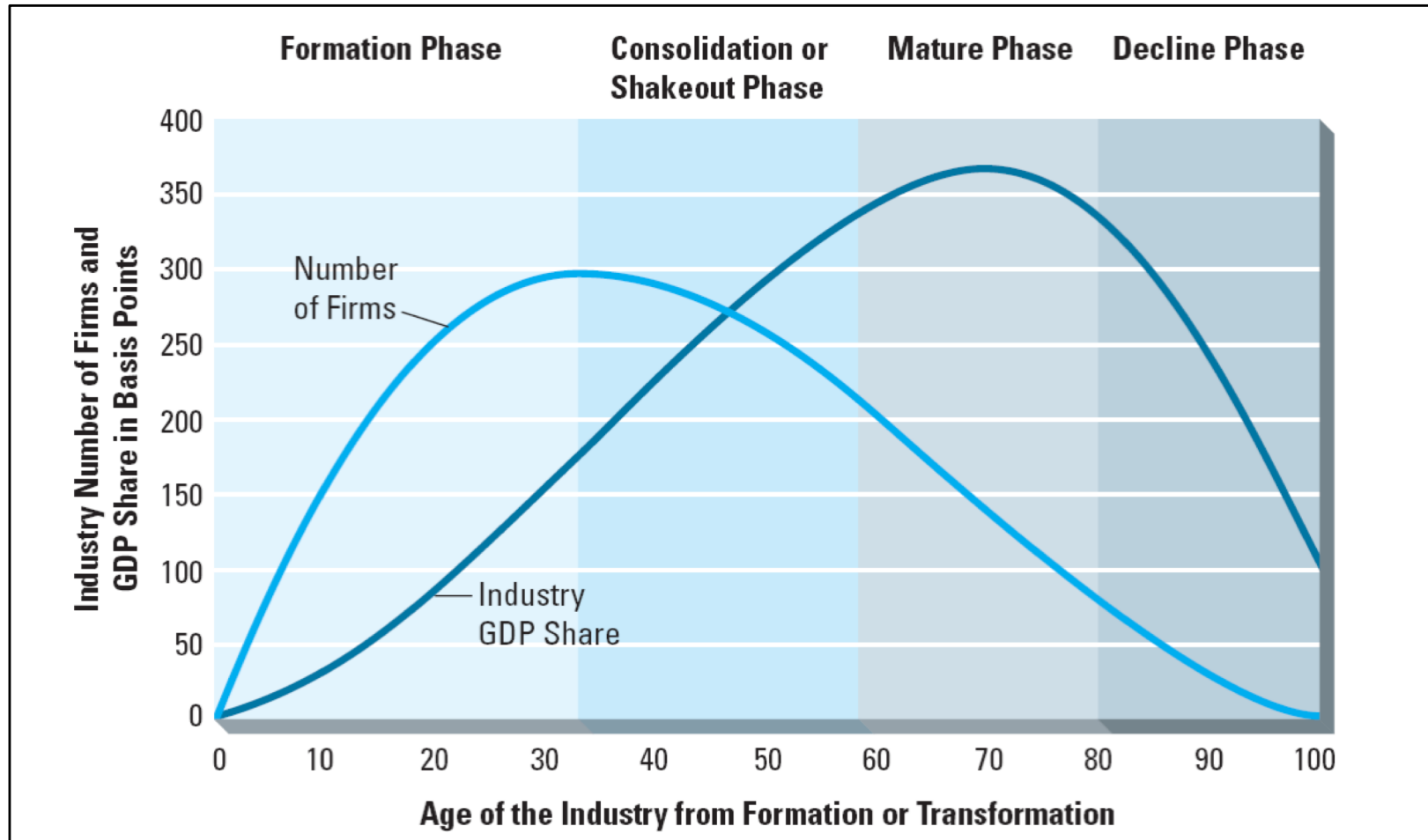
Technological change



New industry creation

- New industries are born when technological change produces new opportunities that entrepreneurs seize to create new industries
 - Disruptive innovation can destroy previous industries creating new industries
- The life-cycle of an industry can be interrupted at any time by the entry of another disruptive innovation

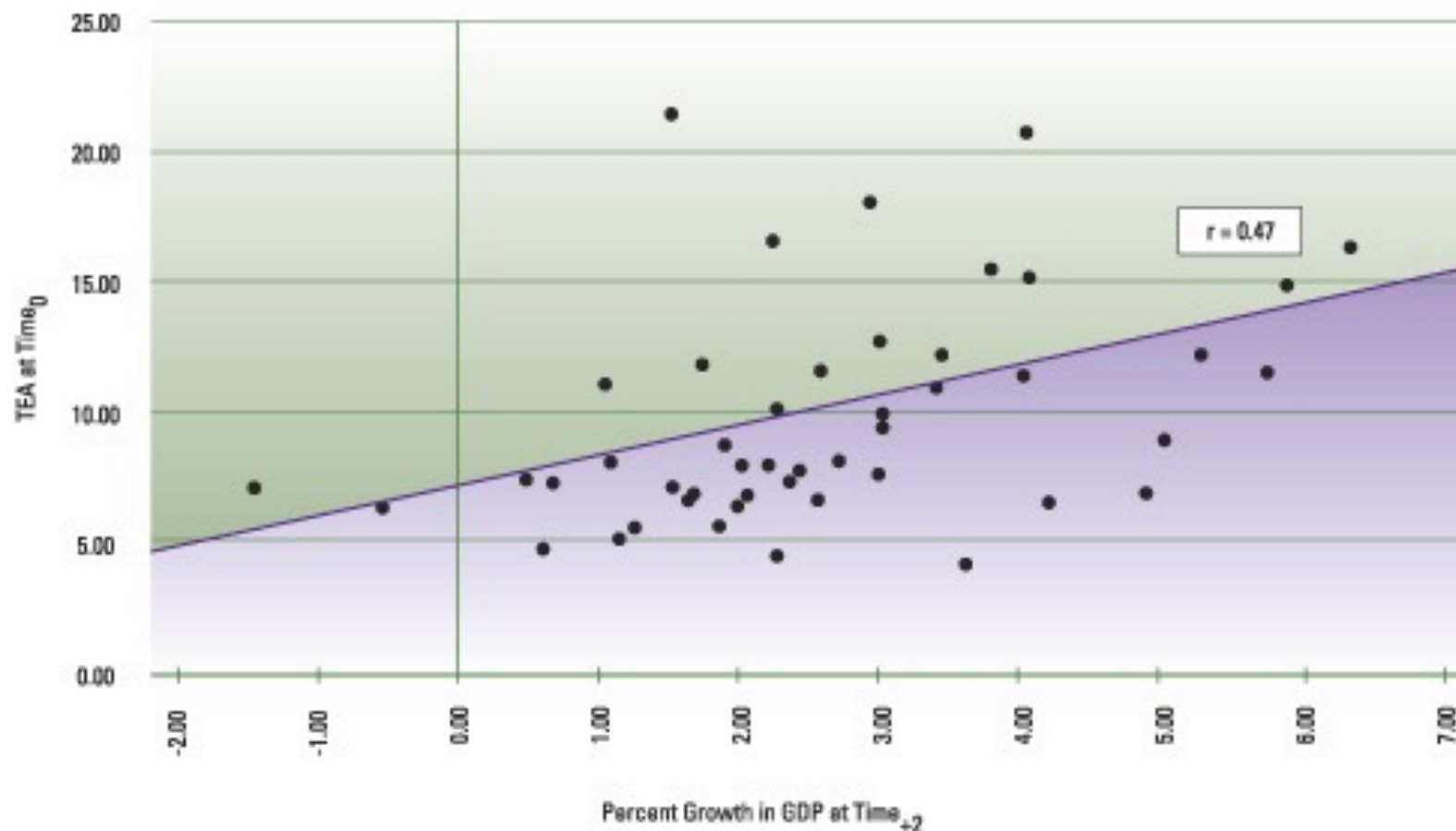
The life cycle of an industry



Source: Adapted from M. R. Darby and L. G. Zucker, "Growing by Leaps and Inches: Creative Destruction, Real Cost Reduction, and Inching Up," *Economic Inquiry*, January 2003, pp. 1-19 (January 2003). Copyright Houghton Mifflin Company.

Entrepreneurial activity and GDP

FIGURE 6: TOTAL ENTREPRENEURIAL ACTIVITY (TEA) AND SUBSEQUENT GROWTH IN GDP
(TWO YEAR TIME LAG; DATA POOLED FROM GEM 2000 AND GEM 2001; EXCLUDES HONG KONG AND SINGAPORE)



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Total Entrepreneurial Activity (TEA) index, 2017

- Survey of 1,000 to 15,000 randomly selected adults
 - Determine the percent of the labor force that is either actively involved in starting a new venture or the owner/manager of a business that is less than 42 months old
- Worldwide, more than 10% of workforce is engaged in entrepreneurial activity

REGION	ECONOMY	TEA - 18 - 24 years		TEA - 25 - 34 years		TEA - 35 - 44 years		TEA - 45 - 54 years		TEA - 55 - 64 years	
		Score	Rank/54	Score	Rank/54	Score	Rank/54	Score	Rank/54	Score	Rank/54
AFRICA	Egypt	13.2	19	18.3	17	12.2	30	10.5	24	6.3	29
	Madagascar	17.5	12	19.6	14T	26.2	6	18.5	9	39.0	1
	Morocco	4.5	43	11.9	30	11.2	37	10.1	26	6.1	30
	South Africa	8.8	28	14.5	25	13.5	25	7.5	38	7.0	25T
	Total	11.0		16.1		15.8		11.6		14.6	
ASIA & OCEANIA	Australia	7.6	31T	13.9	26T	16.5	20	11.9	22	9.3	16T
	China	10.7	23T	11.5	32	12.5	28T	7.9	34T	6.8	27
	India	9.2	27	8.5	41T	11.5	35T	7.9	34T	9.1	18
	Indonesia	4.4	44	10.7	35	9.5	40	5.9	44T	5.0	32T
	Iran	13.4	18	16.5	20	14.9	22	9.2	31	4.4	38
	Israel	7.5	33	14.8	24	14.5	24	13.5	19	12.5	11T
	Japan	3.9	45T	4.3	54	6.4	50	4.0	50	4.2	40
	Kazakhstan	15.0	15	9.3	40	13.4	26	10.0	27	9.3	16T
	Korea	3.3	49T	12.8	28	14.7	23	15.8	13	14.2	8
	Lebanon	23.6	3	28.9	6	24.5	7	22.9	5	16.1	5
	Malaysia	20.4	7	27.1	8	22.2	9	21.2	6	9.5	15
	Qatar	6.8	34T	7.3	47	6.5	47T	9.9	28	8.8	19
	Saudi Arabia	4.8	42	10.0	39	17.3	15T	15.6	14	4.3	39
	Taiwan	8.7	29	13.9	26T	12.1	31	4.6	48	3.4	44T
	Thailand	14.1	16	25.5	10	27.9	3	20.8	7	15.6	6
	United Arab Emirates	5.0	39T	8.4	43	11.7	33	10.2	25	6.7	28
	Vietnam	22.0	5	32.3	2	19.9	12	19.7	8	15.3	7
	Total	10.6		15.0		15.0		12.4		9.1	
LATIN AMERICA & CARIBBEAN	Argentina	5.0	39T	5.9	50	6.5	47T	8.6	33	3.5	42T
	Brazil	20.3	8	30.5	3	19.2	13	15.1	15	10.3	14
	Chile	13.6	17	29.2	5	29.1	2	25.4	2T	17.1	3
	Colombia	20.2	9	20.5	12	20.7	11	17.9	10	11.9	13
	Ecuador	22.9	4	35.4	1	32.2	1	30.5	1	23.0	2
	Guatemala	24.1	2	27.0	9	26.8	5	25.4	2T	13.4	9
	Mexico	10.1	25	16.0	22	18.2	14	14.7	16	8.0	22
	Panama	15.7	14	19.9	13	17.1	18	13.3	21	12.5	11T
	Peru	21.2	6	28.0	7	27.2	4	25.4	2T	16.7	4
	Puerto Rico	9.9	26	16.1	21	12.5	28T	9.7	29	4.6	36
	Uruguay	18.7	11	18.0	18	17.2	17	11.0	23	7.0	25T
	Total	16.5		22.4		20.6		17.9		11.6	

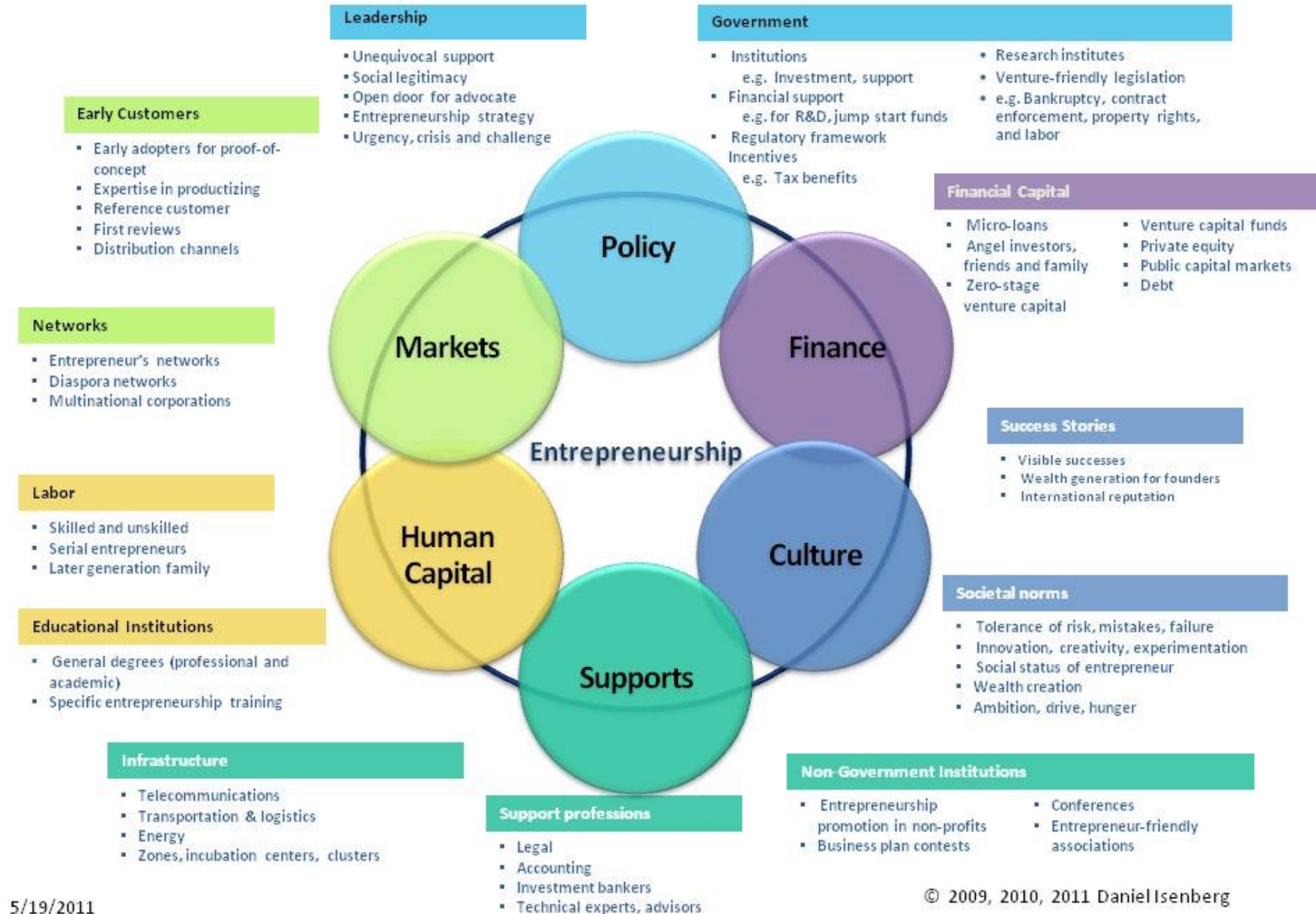
Total Entrepreneurial Activity (TEA) index, 2017 ... continued

REGION	ECONOMY	TEA - 18 - 24 years		TEA - 25 - 34 years		TEA - 35 - 44 years		TEA - 45 - 54 years		TEA - 55 - 64 years	
		Score	Rank/54	Score	Rank/54	Score	Rank/54	Score	Rank/54	Score	Rank/54
EUROPE	Bosnia and Herzegovina	5.5	38	6.6	48	4.9	53	1.8	54	1.5	54
	Bulgaria	3.3	49T	4.5	53	5.2	52	2.8	52	2.5	49T
	Croatia	10.7	23T	12.7	29	11.5	35T	7.1	40	3.4	44T
	Cyprus	3.1	51	10.5	36	11.6	34	6.2	43	3.5	42T
	Estonia	24.6	1	25.3	11	23.5	8	16.1	12	8.7	20
	France	1.6	53T	5.0	52	4.4	54	3.9	51	4.0	41
	Germany	3.4	48	7.7	46	6.5	47T	5.0	46T	3.4	44T
	Greece	5.7	37	6.2	49	7.6	46	2.0	53	1.7	53
	Ireland	6.6	36	10.4	37T	10.3	39	7.7	37	7.7	23
	Italy	3.9	45T	5.8	51	5.3	51	4.4	49	1.8	52
	Latvia	19.7	10	19.6	14T	17.3	15T	13.4	20	2.6	48
	Luxembourg	11.7	20	11.0	33	10.5	38	7.4	39	4.9	35
	Netherlands	11.2	22	15.0	23	12.7	27	6.5	42	5.4	31
	Poland	3.7	47	18.7	16	9.2	41	6.7	41	2.5	49T
	Slovakia	1.6	53T	8.5	41T	16.7	19	14.5	17	13.1	10
	Slovenia	7.6	31T	10.9	34	9.1	42	5.0	46T	2.3	51
	Spain	4.9	41	8.3	44	7.8	45	5.9	44T	3.0	47
	Sweden	7.9	30	8.2	45	7.9	44	7.8	36	4.5	37
	Switzerland	3.0	52	10.4	37T	11.9	32	9.3	30	5.0	32T
	United Kingdom	6.8	34T	11.6	31	8.6	43	9.0	32	5.0	32T
	Total	7.3		10.9		10.1		7.1		4.3	
NORTH AMERICA	Canada	17.2	13	29.5	4	21.5	10	17.5	11	8.1	21
	USA	11.4	21	17.4	19	16.4	21	14.1	18	7.6	24
	Total	14.3		23.4		18.9		15.8		7.8	

Source:
Global Entrepreneurship Monitor (GEM),
Global Report 2017-2018

The Eco-system of Entrepreneurship

Domains of the Entrepreneurship Ecosystem



5/19/2011

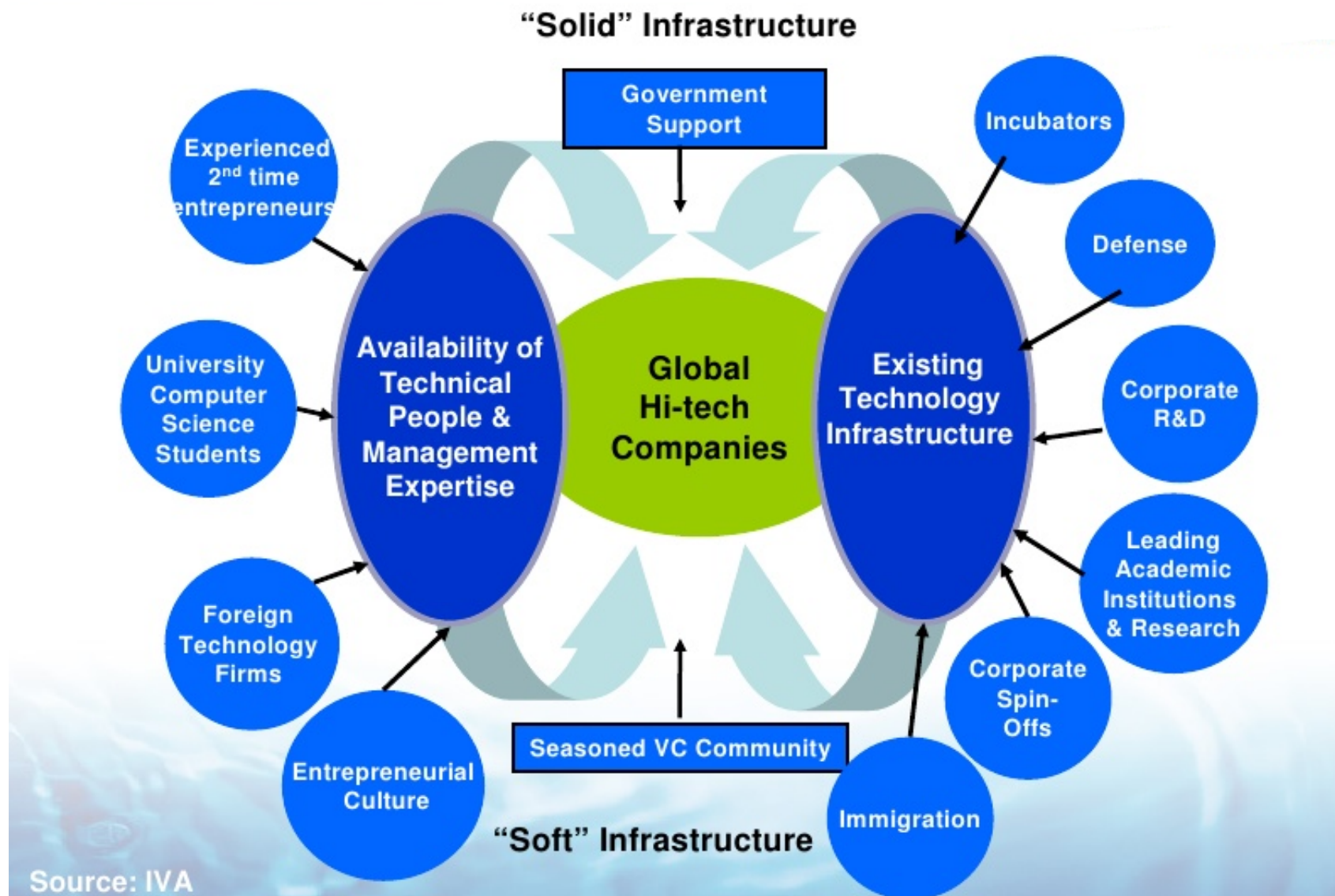
© 2009, 2010, 2011 Daniel Isenberg

Group activity

The case of:



Israel's Entrepreneurship ecosystem



South Africa's entrepreneurial ecosystem

<https://www.youtube.com/watch?v=w2JbboJRnNo>



Entrepreneurship: The process

Entrepreneurship
is not Magic
It is a process in which
entrepreneurs can learn!

Entrepreneurship: The process

- Idea generation
- Customer discovery
- Developing and testing the business model
 - MVP (Minimum Viable Product) (?)
- Business planning (?)
- Mobilization of resources
- Foundation and management of the resulting venture
 - Growth
 - Exit (?)

What type of process?

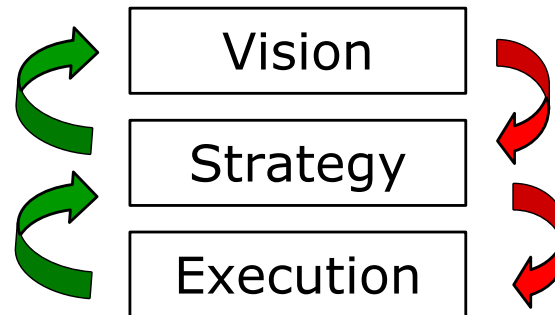
Effectuation Process?

Resource driven: 'Take what you have and build as you go'

OR

Causal Process?

Vision driven: 'Do what it takes to get there'



Effectuation vs causation

Effectuation

- a focus on short-term experiments to identify business opportunities in an unpredictable future
- a focus on projects where the loss in a worst-case scenario is affordable
- an emphasis on pre-commitments and strategic alliances to control an unpredictable future
- contingencies by remaining flexible

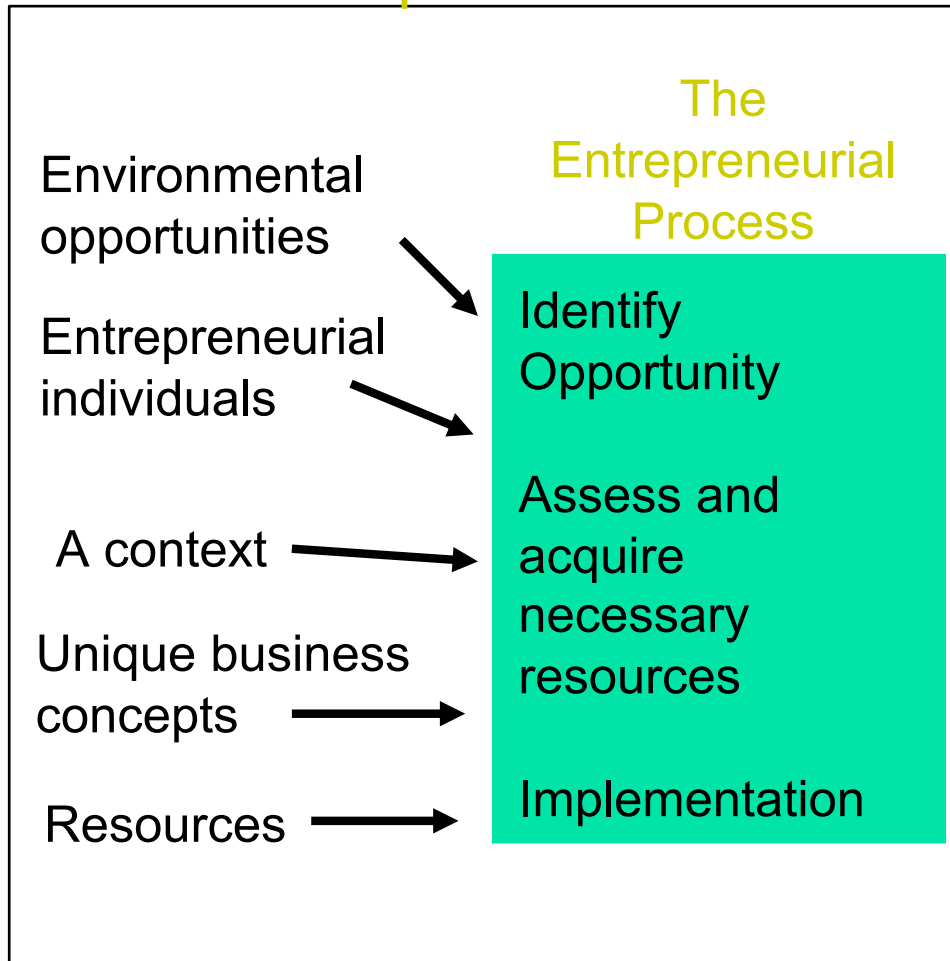
Causation

- prediction of an uncertain future by defining the final objective up front
- maximization of expected returns
- business planning and competitive analyses to predict an uncertain future
- exploitation of pre-existing capabilities and resources

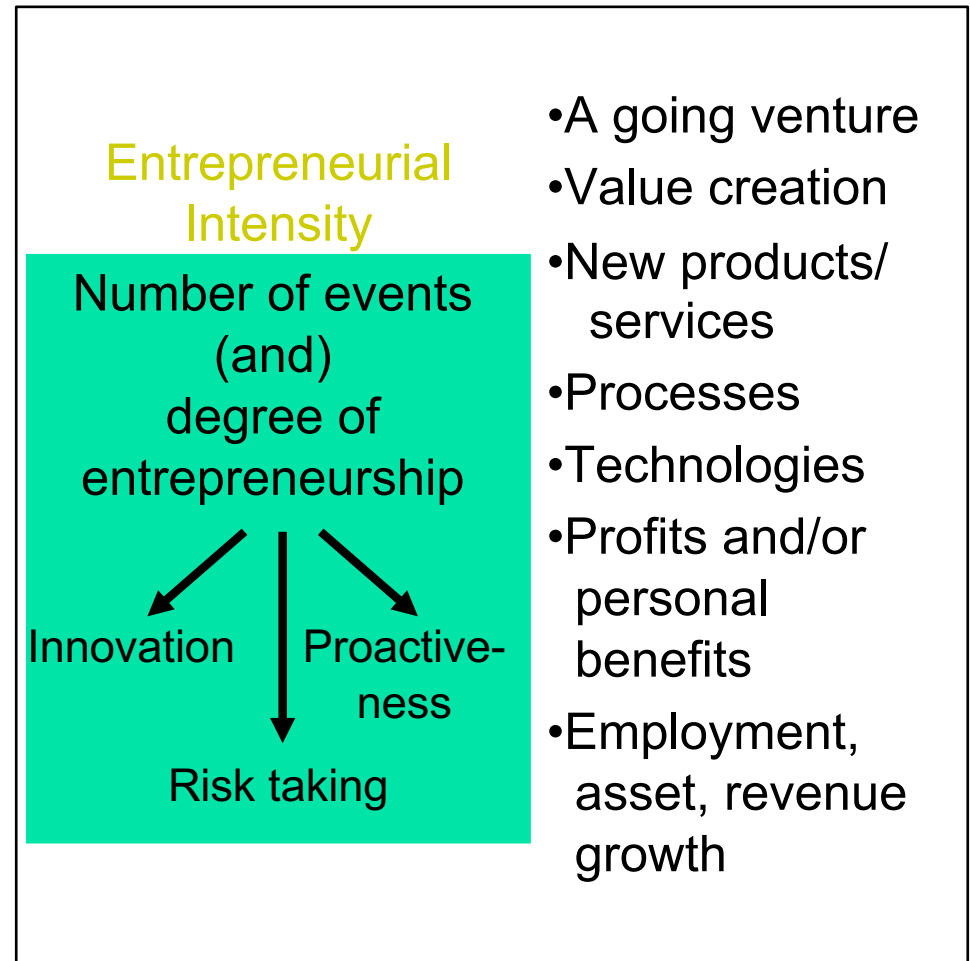
Chandler et al., 2011

In sum: An integrative model of entrepreneurial inputs and outcomes

Inputs



Outcomes



Source: D. Kuratko & R. Hodgetts, 2004

Group activity

The case of:



<http://www.ancient-greek-sandals.com>

YET...

http://www.ted.com/talks/richard_st_john_success_is_a_continuous_journey.html

Richard St. John: Success is a continuous journey

FILMED FEB 2009 • POSTED JUN 2009 • TED2009



Richard St. John achieved success after starting The St. John Group, an innovative marketing communications company that has been at the forefront of evolving technology for over three decades. He did what he loved and became a millionaire.

Questions?

THANK YOU!



586418-EPP-1-2017-1-MA-EPPKA2-CBHE-JP

Co-funded by the
Erasmus+ Programme
of the European Union



APPENDIX:

The basics of social entrepreneurship

Social entrepreneurship

- Goals, entrepreneur
- Innovation
- Risk taking
- Value creation
- **Collaborations!!!**



Remember...

- Social entrepreneurship is the recognition of a social problem and the use of **entrepreneurial principles** to organize, create and manage a social venture to achieve a desired social change (*Wikipedia*)

Social enterprise

- “Non profit” or “for profit” organization with social and business goals
- **Business model: indispensable**
- **Collaborations: essential**
- Incorporates social benefit in the value chain
 - Social benefit is likely to arise when an individual attempts to overcome an injustice or inequity in society that the market cannot respond to
 - E.g. creating employment opportunities for individuals that may not otherwise be employable in the marketplace
 - Innovations that aim to change the markets and the systems

A test...

I am:

- A retailer
- Sells goods at rates affordable by low-income individuals
- Employs individuals with barriers to employment
- Goals:
 - 92% of imported goods from green factories
 - 95% of waste redirected from landfill
 - Desire to be supplied 100% by renewable energy by 2015

Facts:

- \$115M raised for charity since 1995 (\$18M in 2009)
- Over 1,000 environmentally-approved products on sale
- 1700 new jobs created in Canada in 2009

Social Enterprise or Not?

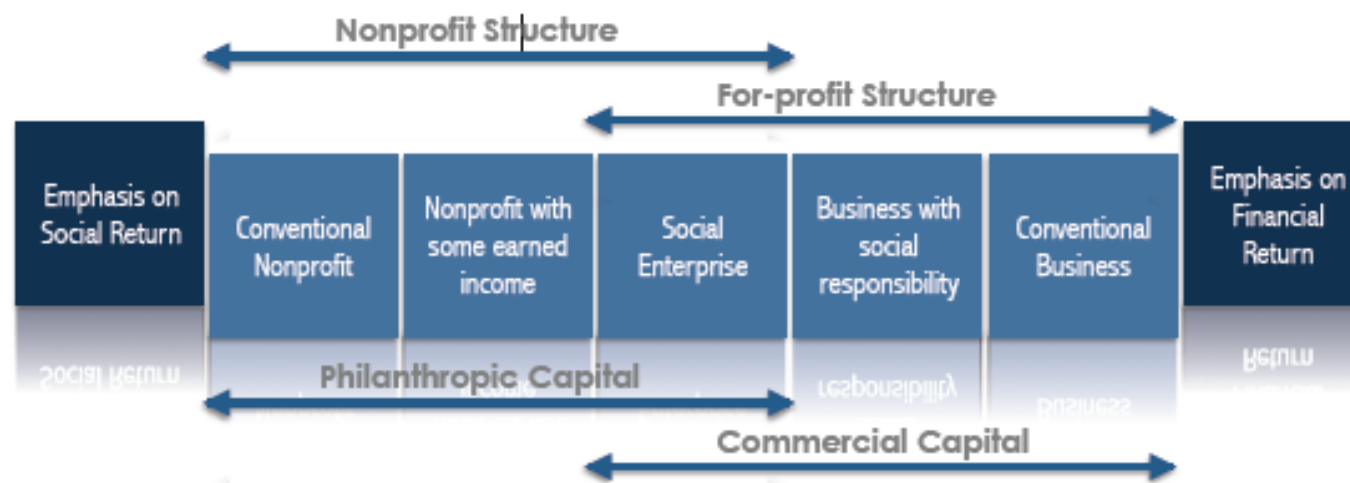
WAL★MART®

46

Social enterprise

Social enterprise \neq CSR

Spectrum of Social and Financial Returns



Source: Stanford Social Innovation Review, Spring 2008; Jed Emerson cited as contributor

Give a man a fish and he will eat for a day



Individual change

Teach a man to fish and he has food for a lifetime



Community change

"Social entrepreneurs are not content just to give a fish or teach how to fish.

They will not rest until they have *revolutionized* the fishing industry."

Bill Drayton



Ashoka

Societal change

Lasting Change Making

Source: Stephen Carrick Davies, 2015, *An Introduction to social entrepreneurship*

<http://www.youtube.com/watch?v=krv385puXJU>

Grameen Bank | Bank for the poor

www.grameen-info.org

Αυτή η σελίδα είναι στα Αγγλικά. Θέλετε να τη μεταφράσετε; Μετάφραση Όχι


Επιλογές

Bank for the Poor
GRAMEEN BANK

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About Us | Methodology | Data & Reports | Microcredit | Training | Founder

 Prof. Muhammad Yunus and Grameen Bank Win Nobel Prize 2006

Letter from Nobel Laureate Professor Muhammad Yunus Addressed to Grameen Bank Members on his departure from Grameen Bank

May 15, 2011

Beloved owners and honoured members of Grameen Bank:

Thirty-five years ago, I did not know that I would start a bank, and that I would lend to poor people, especially to poor rural women. Like many other teachers, I was busy teaching in the classroom, far from the realities on the ground.

[Read more](#)

Nobel Laureate Professor Muhammad Yunus' Address to Colleagues on his Departure from Grameen Bank

May 14, 2011

Quick Links

- ◆ Nobel Foundation Site
- ◆ Founder's Website
- ◆ Method of Action
- ◆ What is Microcredit?
- ◆ 16 Decisions
- ◆ Grameen Mutual Fund
- ◆ One :Scheme Two

Data & Reports

- ◆ Monthly Report in BDT
- ◆ Monthly Report in USD
- ◆ Monthly Report Archive



Grameen Bank



The context :

- In 70's 80% of the population in Bangladesh lives below the limits of poverty
- Collaterals are required for loans
- Women cannot take loans

The entrepreneur: Yunus

- Economist with studies in USA
- Professor in the University of Chittagong (southeast Bangladesh)

The social venture

- In 1976 Yunus started offering loans without collaterals mainly in women in order to develop entrepreneurial activity in Jobra
 - rice decrustation, bamboo knitting

The result

- The borrowers achieved profits and paid back the loans



Grameen Bank

Sources of financing

- Yunus personal capital
 - Not enough to cover the increasing demand
- Collaboration with Bangladesh Central Bank
 - After Jobra expansion in Tangail (North Central Bangladesh)
 - The success was not local
- Collaborations with donors (IFAD, Ford Foundation) and governments (Bangladesh, Norway, the Netherlands)
 - expansion of Grameen Bank at national level



Grameen Bank: The numbers

- ~ 8,5 m. customers/ borrowers
 - 95% are women
- 2.500 branches in 80.000 villages
- More than 22.000 employees
- \$ 11,35 b. for loans
 - Since the creation of the bank
- \$ 10.11 b. have already been paid back

The bank of the poor outreaches every bank in Bangladesh and most banks in the world in terms of loans repayment!

Thank you for your attention

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"This project has been funded with support from the European Commission. This communication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein"



586418-EPP-1-2017-1-MA-EPPKA2-CBHE-JP

Co-funded by the
Erasmus+ Programme
of the European Union

