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| ***Enterprise - entrepreneurship*** |

**Introduction:**

* Entrepreneur – key characteristics
* Why is enterprise important to a country’s economy?
* What is a social enterprise and how is it different from other businesses?

***Role of entrepreneur***

An **ENTREPRENEUR** is someone who takes the **fin\_\_\_\_\_\_\_\_l** risk of starting and managing a new venture.

In pairs, think of what **problems** and **challenges** an entrepreneur might have when **starting** his/her own business.

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Characteristics of **successful** entrepreneurs (personal qualities and skills):

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| *Innovation* |  |
| *Commitment and self-motivation* |  |
| *Multi-skilled* |  |
| *Leadership skills* |  |
| *Self-confidence and an ability to ‘bounce back’* |  |
| *Risk taking* |  |

**Major challenges faced by entrepreneurs**

1. Identifying successful business opportunities

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1. Sourcing capital (finance)

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1. Determining a location

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1. Competition

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1. Building a customer base

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**Why do you think that businesses often fail? Where do they go wrong? Is it always their fault? Why or why not?**

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| **Why do businesses often fail?**   * *Lack of record keeping* * *Lack of working capital* * *Poor management skills* * *Changes in business environment* |

**Common types of entrepreneurial businesses**

* ***Primary sector***
  + **Fishing**– e.g. small boat owned by an entrepreneur
  + Market **gardening**– producing cash crops to **sell** at local markets
* ***Secondary sector***
  + Jewellery making
  + Dress making
  + Building trades (electricians, plumbers, carpenters etc.)
* ***Tertiary sector***
  + Hairdressing
  + Car repairs
  + Cafes and restaurants
  + Child minding (looking after other people’s children)

**Impact of enterprise on a country’s economy**

* ***Employment creation***
* ***Economic growth***
* ***Firms’ survival and growth***
* ***Innovation and technological change***
* ***Exports***
* ***Personal development***
* ***Increased social cohesion***

The media always claim that business and enterprise have had a positive role for China. What **positive** benefits have business and enterprise brought/bring to China?

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| Governments encourage enterprise for reason such as increasing economic output and employment.  Government strategies to encourage enterprise may include:   * Keeping **taxation rates** low for new businesses * Offering **inexpensive loans** or **grants** for business start-ups * Simplifying the **‘red tape’** (bureaucracy/paperwork) necessary to start a business |

**Social enterprise**

Social enterprises are **not** charities, but they do have objectives that are often different from those of an entrepreneur who is only (mostly) profit motivated.

KEY DEFINITION OF SOCIAL ENTERPRISE:

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Social enterprise – objectives (Triple bottom line)

* **Economic**

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* **Social**

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* **Environmental**

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Look at the two examples:

* SELCO
* KASHF

**Economic activity and the problem of choice:**

We live in a world of great wealth and great scarcity. We have **limited** **resources** and therefore have to **choose** what we **produce** and **consume**.

This often leads to **choices**: We can produce something at the **expense** of not producing something else.

Businesses have to decide what to **produce** and what **not** to produce with their resources. They try to meet people’s personal needs and wants. Although we may have most things, we still want more.

As we cannot satisfy all our wants, we must **choose** those needs which will satisfy us now and which we will forego. We decide what has the most **value** to us.

All **economic units** have to make choices – governments, businesses, workers, charities and so on.

**Opportunity cost:**

This need to choose leads us to **OPPORTUNTY COST**. In deciding what to purchase or obtain one item, we must **give up** others goods as they cannot **all** be purchased.

With our limited resource (money), if we decide to buy an MP3 player rather than a pair of trainers, the trainers are the **opportunity cost**.

Your decision to come to school rather than work has an **opportunity cost** (lost wages for example).

Government’s also face tough decisions on what to spend their *limited resources* on:

* A hospital or a fighter plane

If the government decides to spend it on a fighter plane, then the hospital becomes the **opportunity** **cost**. Resources can be **tangible** like money or land but also **intangible** like time and effort.

KEY DEFINITION: OPPORTUNITY COST

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***Worksheet summary quiz and activity:***

1. Why is **location** very important for an entrepreneur?

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1. Why do governments **encourage** entrepreneurship?

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True or False (Mark an **X**)

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| I will choose a random student to answer a question | **True** | **False** |
| 1. **Building trades** belong to the **tertiary** sector. |  |  |
| 1. **Cash flow** is serious challenge to many enterprises. |  |  |
| 1. **Social enterprises** are charities that don’t care about profits. |  |  |
| 1. The **opportunity cost** of you coming to school could be the wages (money) that you aren’t earning. |  |  |
| 1. A business **can’t control** its competition or the economy. This makes it difficult for entrepreneurs. |  |  |

**Summary of the worksheet in your own words (in English and Chinese):**

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*Vocabulary check:*

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| **English** | **Chinese** |
| **Innovation** |  |
| **Risk-taking** |  |
| **Entrepreneur** |  |
| **Bookkeeping** |  |
| **Grant (noun)** |  |
| **Cash flow** |  |
| **Enterprise** |  |