Impact on the Community

Entrepreneurs can have a powerful impact on a local economy in terms of job creation, new ideas, and economic and political benefits.

**Job Creation**

Jo-Anne Schurman was able to employ 125 tradespeople to build the Loyalist Country Inn and 72 more people to operate it. When entrepreneurship creates jobs in the local community, it has a multiplier effect. Those who are employed by the business have money to buy goods and services. If these goods and services are provided in the local community, people will likely spend their money there and more jobs will be created. If the business grows and needs more employees, more people may move into the community, and more goods and services will be needed.

**New Ideas**

Another benefit to the community is that entrepreneurship often generates new ways of doing things. It encourages the creation of a broader range of goods and services than would otherwise exist. Many of us now take innovations such as the Internet, cell phones, CDs, or microwave ovens for granted.

**Economic Benefits**

Through competition, entrepreneurs not only help lower prices, but also improve a society’s standard of living. When more wealth is distributed throughout the society, everyone enjoys the benefits. The success of one new business venture can produce a variety of additional entrepreneurial and investment opportunities, which will in turn bring more wealth. For example, the successful introduction of the personal computer brought with it a number of opportunities, including software, hardware, training, repair services, computer magazines, journals, advertising, e-commerce, and more.

**Political Benefits**

A society that wants to encourage entrepreneurship needs to provide a supportive environment. Entrepreneurship is strong in countries where financial and legal institutions provide a strong
Entrepreneurship and Demographics

Demographics is the study of the characteristics of people in a population. Entrepreneurs who study the demographics of their customers will be better able to predict what these people might want to buy.

Between the end of World War II and the early 1960s, there was a sharp increase in the number of babies born in Canada. These people, called “baby boomers,” represent an important market for entrepreneurs. It has been estimated that the boomers have the largest percentage of disposable income and earned wealth of all Canadian age groups. As they grow older, they are choosing to spend their money on leisure lifestyles, on health care and related products, on services that make their lives easier, and on their families. Ventures that cater to the demands of the baby boomer population will create significant jobs in a community.

Immigration has also created a positive impact on local economies. Immigrant populations have their own ethnic and cultural interests that local entrepreneurs can support. Ventures such as an Asian food market in a predominantly Asian neighbourhood or an Italian bakery in an Italian neighbourhood are examples of businesses that meet cultural needs while supporting the local economy. These ventures often go from the local to the general community, thereby increasing sales even more.

As the baby boomers grow older, they spend more money on leisure activities.
Intrapreneurship

Intrapreneurship is entrepreneurship that occurs within an existing organization or corporation. More and more organizations are encouraging intrapreneurial activity in order to become more competitive, improve their productivity, or keep pace with changing markets, technology, and new opportunities.

These corporations use a variety of methods to stimulate intrapreneurship. Some have restructured their organizations into smaller, more innovative teams and then challenged each team to turn a particular idea into a new product, service, or process. Others are inviting customers to give them ideas about needed changes in a product or service. Still others are devising ways to reward innovation and recognize their intrapreneurs.

Organizations that are not intrapreneurial today are at a disadvantage. The fast pace of business means that organizations must respond to, and even anticipate, market demands or they will quickly lose their market share. With the increased availability of instant information and worldwide access to goods and services, consumers will be loyal only to local ventures that respond to their needs.

In the late 1960s, the Swiss watch industry was the leader in the world, with over 65% of market share and 80% of profits. By 1980, their share had dropped to less than 10%, with over 50,000 jobs lost. Why? Because the world changed. Swiss employees invented the quartz watch movement, but their companies did not see the value of it and did not patent it for protection. As a result, these inventors went to Japan where Seiko Corporation bought the rights. Seiko is now one of the largest watch manufacturers in the world.

Joel Barker, Future Edge: Discovering the New Paradigms of Success
Some people start their businesses from scratch. Others prefer to buy an existing business in which they see potential for growth. This does not make a person any less entrepreneurial. In fact, some of the most successful entrepreneurial ventures stem from modifications or changes that one person has made to another person’s idea. One such success story is that of the founder of the McDonald’s chain of fast-food restaurants. In 1954, a salesman named Ray Kroc visited a hamburger stand in California owned by Dick and Mac McDonald. He was very impressed by the quality and speed of service—he knew that this type of restaurant could be successful all over the country. In 1955, Ray obtained franchising rights from the brothers. This agreement allowed him to open other, similar restaurants under one central management. Eventually, he bought out the McDonald brothers and in 1965, McDonald’s went public. The rest is history.

Paul Dumas, of Terrebonne, Quebec, is a franchisee of five McDonald’s restaurants. He not only runs a successful franchising venture, he also applies his entrepreneurial skills to raise money for local children’s charity. He believes that you need to put something back into the community that gives you business. As a result of Paul’s efforts, $177 000 has been raised by his staff for charity in 2000, and he was presented with one of the company’s most prestigious international awards in recognition of his extraordinary efforts.

**Worth Repeating**

“Any new businessperson has to be totally consumed by his or her operation to be successful. You have to eat, sleep, and breathe it.”

Colette Nap, Canadian architect

**TURN**

1. What is intrapreneurship? How does it help an organization gain market share?

2. What organizations in your community encourage intrapreneurship? What services in particular do they provide?

3. In pairs, identify an entrepreneurial venture operating in your local community.
   a) Is this venture a for-profit or a not-for-profit initiative?
   b) Does it provide a product or service? What is it?
   c) Is it large or small scale?
   d) Is it local, provincial, national, or international in scope? Why?
   e) In what ways does it take advantage of innovations in technology?

4. In a small group, share your research results about local entrepreneurs. Prepare a summary chart describing entrepreneurship in your community.

5. With your group, prepare a map or community directory to show the variety of entrepreneurial ventures operating in your community. Present your work to another group.

6. How can organizations benefit from intrapreneurship? Give examples.