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Entrepreneurship & Small Business in 5-main points

My perspective

Dr. Ghada Gomaa A. Mohamed

The 4th Annual Conference of Economic Forum of Entrepreneurship & International Business

Venue: London University Institute in Paris, Paris, France

January 31st, 2014

Organized by: ECO-ENA: Economics & ECO-Engineering Associate, Inc., Canada www.eco-ena.ca

First Difference

- The entrepreneur is an initiator with a new idea that adds intellectually or/ and physically to the existing knowledge in general, while a small business man/woman is a person who knows how to use existing or new ideas to create money out of them.

Second Difference

- **The entrepreneur's value added can be measured by the economic profit he/she makes out of his/ her new idea and by the accumulated positive externalities over time to the whole society. Whereas the small business man/ woman's output can be measured by the accounting profit he/she can make out of using existing or new ideas in business.**

Third Difference

- The entrepreneur doesn't hold the risk of the potential failure of his/ her initiative while the small business man/ woman holds the risk of the potential failure of his/ her project.

Fourth Difference

- The entrepreneur's main cost can be compensated by selling out its initiatives over time while the small business man/ woman's main cost cannot be compensated if its project incurs loses over time.

Fifth Difference

- The entrepreneur accumulates wealth out of its initiatives directly while the small business man/ woman receives positive/ negative income over time and hence may accumulate wealth indirectly.

Exposition
The Tale of Ms. Ingy

Ms. Ingy

I'm the entrepreneur

To activate the idea

Communication

The Idea of a barter market in a closed community

Trade off

Mr. Rich & Mr. Richy

Goods

Money

Merchandise

The Winners | Strong legislative system

The entrepreneur

The businessman

Mathematical Presentation

- Entrepreneur = E
- The Investor = I
- The Barter Market = B
- The Money = M
- The Price per item = P_i
- Producers = Q_j
- Time = t
- Time preference = ρ
- Failure = F, Success = S

The value added = VA

The profit = π

The community size = J

Number of products = i

Utility = U

Welfare = W

Cash flows = CF

Interest rate = r

Expectation = E

The Entrepreneur's Objective Function

- Ms. Ingy's Objective function:

- Max = $\int_{0}^{\infty} U_t \cdot e_t^{-\rho}$, $= VA_t$

- Subject to:
  - $(TR - TC) \geq 0$
- $E(F) = 0$ *because the minimum gain*

  = selling the idea versus money.

The Society's Welfare Function

- $W_t = VA_{t1} + VA_{t2} + VA_{t3} + VA_{t4} + \ldots\ldots + VA_{tJ}, \qquad J \to \infty$

  Net externalities > o $\mid W_t > o$,

$\Sigma W_t \quad \forall_{Es} \to 0$: *Pareto Optimality*

The Businessman's objective function

- Max $\int_0^{\infty} CF_t \,.\, e_t^{-r}$
- $CF_{It} = \pi_{It} = (TR - TC)_{It}$
- $E(F) = \theta,\ 1>\theta>0, \quad E(S) = (1-\theta).$

In a competitive market; $CF_{It} \quad \forall_{Is} \rightarrow 0$

Policy Implications: The Government's main role to protect the future entrepreneurship

Legislative system consolidation

Thank You! ☺

Poverty Reduction & Impact Analysis
Macro-perspectives

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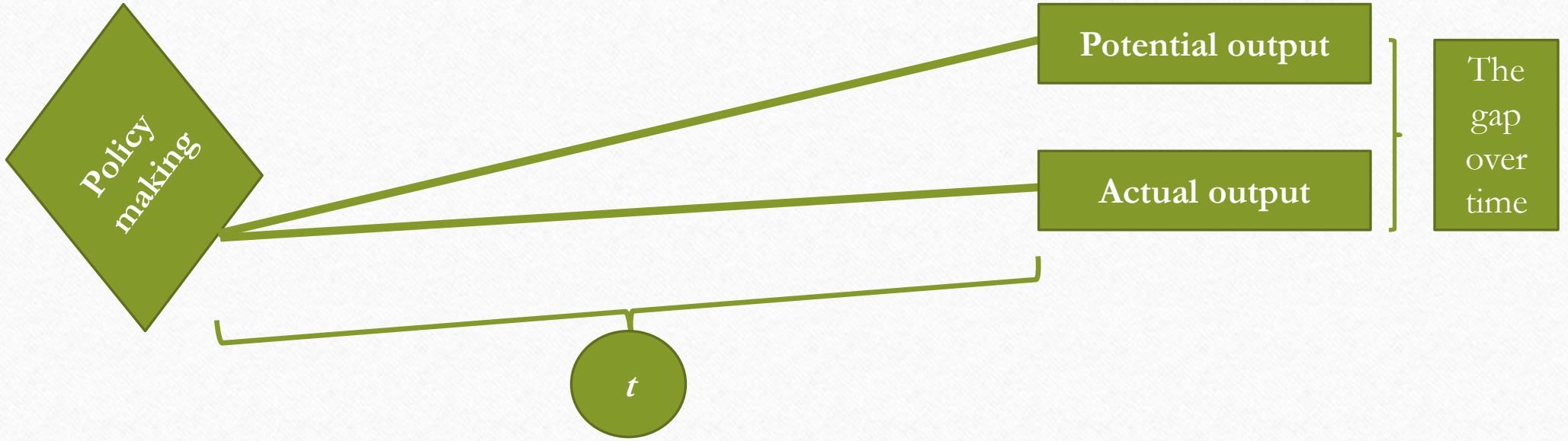
Poverty Reduction & Impact Analysis
Macro-perspectives



Technique used to measure poverty reduction by utilizing the impact analysis: Time series modeling.

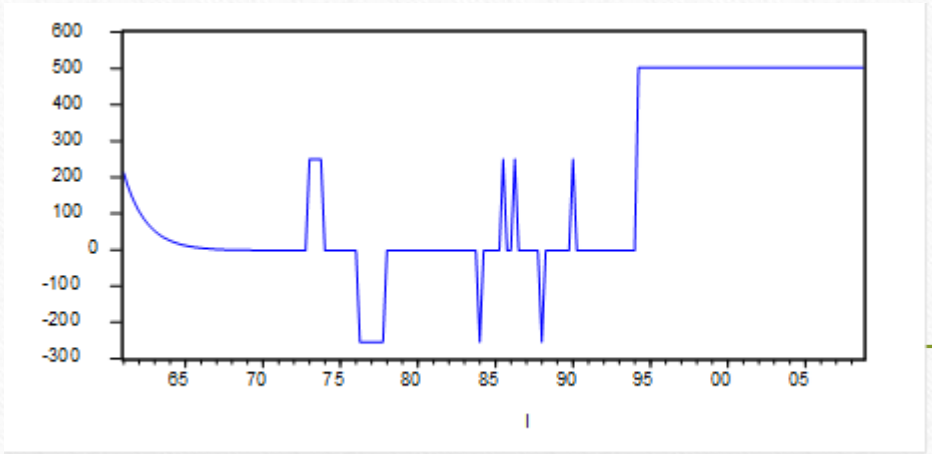
Data checks for unit root & for presence of autoregressive conditional heteroskedasticity first

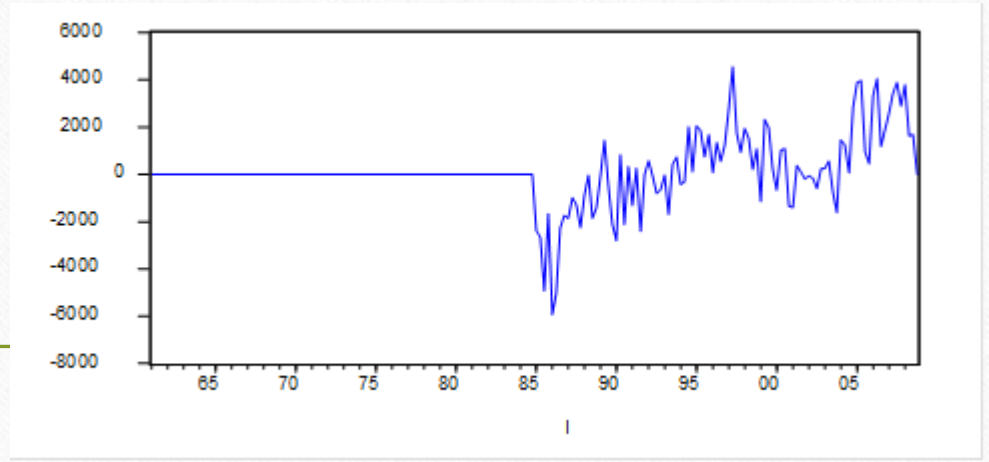
$$Y_t = a_0 + A(L)Y_{t-1} + c_0\,PRP + B(L)\,\varepsilon_{t,,}$$

ε_t is a white noise disturbance term. In addition, $A(L)\,[1 + a_1L + a_2L^2 + \ldots + a_qL^q]$ and $B(L)\,[1 + b_1L + b_2L^2 + \ldots + b_qL^q]$ are polynomials in lag operator L.

PRP = Poverty Reduction Policy

Best fit models: ARMA checks





What if?

Policy Success

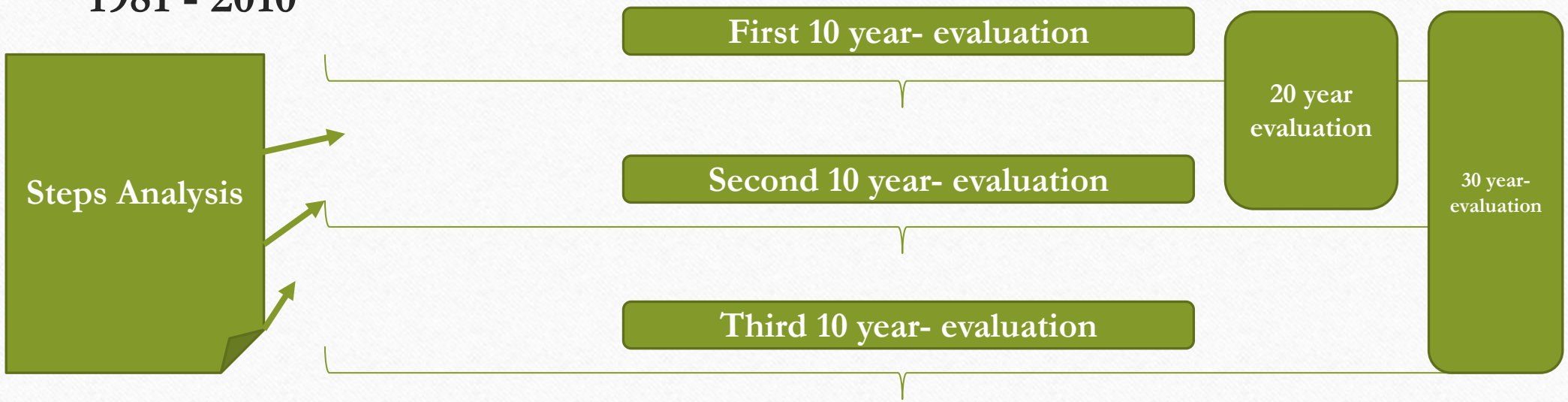
A gap test by using the same technique of the intervention analysis

Policy Failure

What is?

Mubarak's Regime evaluation in terms of poverty reduction: *(Quarterly Data)*

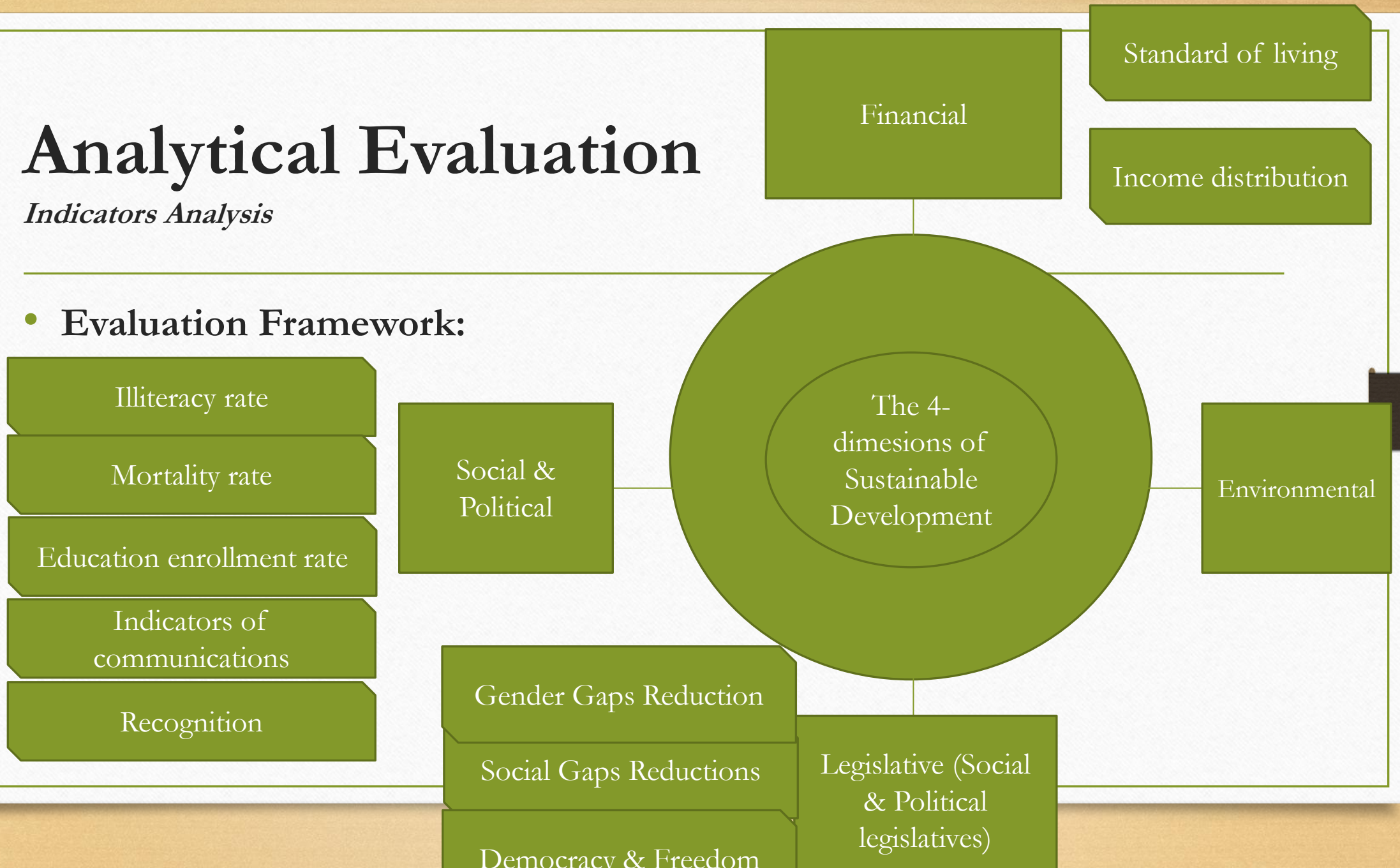
- 1981 - 2010



Analytical Evaluation

Indicators Analysis

- **Evaluation Framework:**



Thank You!