

ENTREPRENEURSHIP EDUCATION P230/1

COURSE OUTLINE

1. Introduction to entrepreneurship education.
2. Entrepreneurial skills
3. The entrepreneurial environment
4. Social entrepreneurship
5. Business ideas
6. Business opportunities.
7. Small and medium enterprises
8. Gender and entrepreneurship
9. Business planning
10. Production management
11. Quality management
12. Marketing management
13. Financial management
14. Coping with competition
15. Personnel management
16. Capital markets
17. Taxation.

Introduction to entrepreneurship education.

Entrepreneurship

Entrepreneurship is the process of creating an opportunity and perusing it regardless of the resources currently controlled.

ENTREPRENEURSHIP EDUCATION

Refers to a study that is concerned with providing learners with basic knowledge and skills of starting and operating their own business successfully using the available resources.

REASONS FOR STUDYING ENTREPRENEURSHIP EDUCATION.

1. To emphasize imagination and risk taking in business
2. It enables students to learn how to use the available resource in the economy more efficiently.
3. To develop positive attitude towards work, business, self-employment and creativeness
4. It helps to teach individual skills of starting and running small and medium enterprises.
5. It helps in equipping young entrepreneurs with knowledge and skills of scanning the environment, identifying relevant business opportunities.
6. To provide learners with transferable skills needed to succeed in an increasingly divergent business environment.

THE ROLE OF ENTREPRENEURSHIP IN THE ECONOMIC DEVELOPMENT OF THE COUNTRY.

1. Promoting of small enterprises in society which form an essential part of economic prosperity in the society.
2. Leading to the generation of employment opportunities through production of goods and provision of services
3. Encouraging use of the locally available resources found within the community.
4. Promoting balanced regional development and this reduces the concentration of economic powers in few centers.
5. Reducing rural urban migration since it leads to establishment of small enterprises which can be started even in rural areas.

AN ENTREPRENEUR

An entrepreneur is a person who observes (scans) natural environment, identifies business opportunities, gather necessary resources, assumes the risks, starts and operates a business and takes the financial rewards.

Or. Is a person who has the ability to identify business opportunities in his/her environment and pursuing them regardless of the resources currently controlled.

Types of entrepreneurs.

1. Innovative entrepreneurs
These come up with new business ideas and start new businesses which have never existed.
2. Imitative entrepreneurs
These copy and startup businesses which are similar to those already in existence.
3. Opportunistic entrepreneurs: These are entrepreneurs who constantly look for profitable business opportunities and exploit as many of them as their resources can allow, using their wide experience, knowledge and skills acquired through education and exposure.
4. Visionary entrepreneurs: These are entrepreneurs who constantly look for profitable business opportunities but concentrate on one major and most profitable opportunity using their wide experience, knowledge and skills acquired through education and exposure.
5. Craft man entrepreneurs: These are entrepreneurs whose business activities are limited to their narrow experience and knowledge acquired through narrow educational background, experience and exposure. They usually limit their business to a small size which they can manage.
6. Fabian entrepreneurs: These are characterized by great caution and skepticism in experimenting change in their enterprises. They initiate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprises.

FUNCTIONS OF AN ENTREPRENEUR

The role of an entrepreneur in management includes the following:

1. Initiating and identifying business opportunities.
2. Decision making, This is the process of choosing between the best alternative among other alternatives available so as to achieve the business set goals and objectives.
3. Providing leadership by directing work.
4. Processing Information on behalf of the business.
5. Networking with other people to assess competition and market changes.
6. He acts as a role model and a mentor to other people.
7. Maintaining discipline with in the enterprise.
8. Allocating resources in an enterprise.
9. Negotiating with other parties like suppliers for business contracts.
10. Financing the business operation.

CHARACTERISTICS OF ENTREPRENEURS

1. Hard working.
Entrepreneurs work for long and irregular hours and cope with less than normal amount of sleep.
2. Self-confidence. Entrepreneurs believe in themselves and their ability to achieve the set goals.
3. Goal oriented. Entrepreneurs set realistic goals and strive hard to achieve them.
4. Persistent. Successful entrepreneurs don't give up easily. They keep going despite challenges and disappointments.
5. Copying with failure. This involves recognizing failures, learning from them, and seek news opportunities.
6. Respond to feed back. Entrepreneurs want to know how well they are doing and to keep track of their performance.
7. Copying with uncertainty. Entrepreneurs leave in state of unknowns in terms of sales, material delivery, prices etc. but cope with it without being too stressed.
8. Risk taking. Entrepreneurs take calculated risks which involves working out the likely costs and benefits of the business and bear with all the outcomes.
9. Willing to listen. Entrepreneurs listen to constructive advice from others. They normally ask for help from experts like consultants, clients etc.
10. Builds on strength. Successful entrepreneurs base their work upon the strength they have such as manual skills, interpersonal skill, etc.
11. Reliability and integrity. This involves being honest, fair dealing fulfilling the promises made.
12. Profit oriented. Entrepreneurs aim at generating profits from the money they invest in the business.
13. Builds for future. Entrepreneurs setup businesses which will continue providing rewards for several years up to a reasonable standard.
14. Creative and innovation. Successful entrepreneurs have the ability to come up with new and original ideas and solutions to solve problems.

Who is a manager?

A manager is a person who directs and controls the affairs of the business so as to ensure that the business' set targets are achieved. Therefore a manager may not be an entrepreneur as much as entrepreneurs are managers. A Manager carries out the following functions.

FUNCTIONS OF A MANAGER

1. **Planning**, This involves setting of goals and objectives and determining the ways in which they are to be achieved.
2. **Organizing**, This involves the identification of what activities are to be done, grouping of these activities into department and delegating them to particular individuals.
3. **Staffing**, This refers to the process recruiting, training and developing employees who actually carry out the tasks of the business.
4. **Coordination**, Managers always coordinate different activities within an enterprise to ensure that every activity gets the necessary support as required and performed as expected.
5. **Leading**, This involves guiding the employees about procedures and work methods in the enterprise.
6. **Controlling and maintaining**, Ensuring that every activity in an enterprise is done as expected so as to produce desired results as per the time set.
7. **Motivation**, This refers to the process of encouraging employees to give in their best towards the achievements of the desired targets.
8. **Communication**, This involves passing over information from one person to another so as to have a moving organization.
9. **Budgeting**, This refers to the process of accounting for resources received and estimating what is needed in the business at a given period of time.
10. **Evaluation**, This involves making analysis of the performance of the business against the set targets.

An intrapreneur.

This is a person who does not own a business but uses entrepreneurial skills in an existing business where he works to identify new opportunities and create profits for the business from those opportunities.

Characteristics of an intrapreneur.

- Works for an existing business
- He is hired to manage a business
- Identifies new opportunities for the existing business.
- Creates and uses ability to produce, market and finance a product.
- Organizes and controls resources to ensure a profit for the existing business.
- Prefers benefits of an existing business like salary.

An enterprising person

This is someone who takes on imaginative and risky projects.

Characteristics of an enterprising person.

- He is ambitious and energetic
- He takes on initiative in order to be successful.
- He keeps his eyes open and mind active.
- Always sees the future in the present.
- He always finds a way to take advantage of the situation and not to be burdened.
- He is not lazy.
- He does not wait for opportunities to come, he goes after them.
- He always finds a way to keep himself actively working towards his goals.

The entrepreneurial culture.

This is a culture that encourages the whole population to take advantage of the abundant opportunities in the environment.

Importance of the entrepreneurial culture

- It builds capacity for living with uncertainty.
- It enables one to familiarize with small business tasks during youth.
- It enables one to be in contact with numerous familiar successful role models.
- It enables one to acquire business managerial skills and practices either formally or informally.
- It enables one to link up with a wide network of independent business contacts.

MAJOR COMPETENCIES REQUIRED FOR SUCCESSFUL ENTREPRENEURSHIP

There are three major competencies for successful entrepreneurship which include:

- A body of knowledge,
- A set of skills, and
- A cluster of traits

A body of knowledge.

This is defined as a set of information stored which may be recalled at an appropriate time. Knowledge in business may be manifested in information one has on the various aspects of the business e.g. production processes, business management etc.

A set of skills.

A skill is defined as the ability to apply knowledge in business. They can be distinguished into.

- (i) **Technical skills** – these include engineering, computer, carpentry, catering etc.
- (ii) **Managerial skills**– these include: marketing, time management, financial management, organization, planning, leadership etc.

TRAITS.

Traits are defined as the aggregate of peculiar qualities or characteristics that constitute personal individuality. Traits take time to develop and are not easily changed.

Career opportunities in Uganda.

A career is an occupation done by somebody over a long period of time for his survival.

Factors considered when selecting a career

1. Job security. People prefer permanent and pensionable jobs to part time and contract jobs.
2. Personal interests. People normally select those careers they have admired since childhood.
3. Demand for the job in the job market. People prefer jobs with high demand in the job market.
4. Job satisfaction. People prefer jobs with better terms and conditions of work such as good and regular pay, favourable hours of work etc.
5. Talent and natural abilities. People normally select careers where they are naturally talented. Eg musicians, footballers etc.
6. Family preference and bias/ family background. People normally take on careers which are favoured by family members like parents and leave those discouraged by family members.
7. Level of education.
8. Skills and experience. etc.

Paid employment

This is where one works for another/ an individual, government or non-government organization and is paid a wage or a salary.

Benefits of paid employment.

1. There is fixed and regular income earned by an individual
2. There is fixed and favourable hours of work.
3. It is not affected directly by the losses made by the business.
4. There is enjoyment of fringe benefits like meals, accommodation etc
5. There is defined and specific tasks and responsibilities assigned to an individual.
6. The pensions are given to an individual on retirement.
7. There is no risk bearing.

Disadvantages of paid employment.

1. The employee gets fixed income even when profits and productivity increase.
2. There is limited and fixed responsibilities where a worker does not go beyond work specification.
3. There is lack of independence since one just follows instructions.
4. It does not encourage creativity and innovation since one just follow instructions.
5. There is no job security since a worker can be dismissed or terminated any time.
6. It is not transferable to the next generation
7. It discourages creativity and innovation since one works on prescribed terms and conditions only.

The concept of self-employment (entrepreneurship).

This is where one starts his own income generating activity using his own resources and work in it him/herself and is rewarded with profits.

Benefits of self-employment.

1. The income earned is unlimited which ensures wealth generation.
2. There are no fixed responsibilities. One can do any work he/she wishes.
3. There is feeling of freedom and independence in decision making.
4. It encourages creativity and innovation as one aims for success.
5. There is maximum job security as one cannot be dismissed.
6. It can be transferred to the next generation.
7. It creates satisfaction as one is the boss of himself.
8. It promotes ones' social recognition.
9. It provides jobs and benefits to others.
10. It encourages self-confidence.
11. It leads to provision of goods and services of the society
12. It contributes to GDP

DISADVANTAGES OF SELF EMPLOYMENT

1. The income earned is not fixed since it depends on profits made.
2. The entrepreneur works for long and irregular hours.
3. The entrepreneur is directly affected by the business losses.
4. There is no enjoyment of fringe benefits.
5. There are no fixed work tasks and this make him overworked.
6. There is low life style due to too much work
7. The entrepreneur takes all the business risks.
8. Delegation of work may be difficult in the early stages.
9. Chances of business survival are few especially after the death of the owner.

UNEMPLOYMENT.

This refers to a situation where one is willing to work but unable to find a job

Unemployment can be voluntary or involuntary

Voluntary unemployment. This refers to a situation where people are willing to work but not ready to accept the current wage.

Involuntary unemployment. This is where people are willing to work under a current wage but cannot find a job.

TYPES OF UNEMPLOYMENT.

1. **Friction unemployment. This is a situation where one is unemployed in the process of switching jobs.**
2. **Casual unemployment. This is the situation where labour is unemployed after completing a given work which was employed to do.**
3. **Seasonal unemployment. This is the situation where one is unemployed due to change in seasons.**

4. Cyclical unemployment. This is a type of unemployment caused as a result of reduction in general demand of goods.
5. Technological unemployment. This is caused by change in technology where machines replace human labour.
6. Structural unemployment. This is brought about by structural changes in the economy.
7. Disguised unemployment. This refers to a situation where an individual is doing work which it did not train for e.g. a lawyer teaching.

CAUSES OF UNEMPLOYMENT.

1. The poor education system in Uganda which creates more job seekers.
2. Excessive rural urban migration leading to over population in urban centers.
3. Ignorance about the existing jobs in the job market.
4. Political instabilities in some parts of the country which limits production.
5. Physical and mental disabilities which make one unable to do a given task.
6. Discrimination in the labour market
7. Technological advancement where machines replace human labour.
8. Poor attitude towards work due to laziness.
9. High population growth rates leading to over population.
10. Unfavourable change in the seasons.

HOW TO REDUCE UNEMPLOYMENT.

1. Encouraging political stability in all parts of the country.
2. Encouraging diversification of the economy.
3. Carrying out extensive job advertisement in mass media such as radios, tvs etc.
4. Encouraging use of appropriate technology which use more human efforts.
5. Encouraging use of family planning methods to control population growth.
6. Encouraging balanced regional development to reduce rural urban migration.
7. Encouraging teaching of practical subjects so as to yield more job creators.
8. Carrying out agricultural modernization to reduce the effects of seasonal changes.

ENTREPRENEURIAL SKILLS.

(a) copying with change

Change is to give a completely different form or appearance to an object or product.

TYPES OF CHANGE

1. Developmental change

This occurs when a business makes an improvement to the current business status/ business products.

Characteristics of developmental change.

- The company improves on its processes, methods or performance standards.
- Development appears gradually with little stress.
- Employees acquire new skills in order to manage the developments.
- It does not mean necessarily mean changing goals but just making some improvements

2. Transitional change

This is a change where the existing processes are replaced with new ones. Everything is changed drastically.

Characteristics of Transitional change

- The old processes are completely replaced with new ones.
- There is a significant shift in the behavior of the employees.
- The company develops new products and services.
- The company's destiny or future is unknown.
- Employees' level of engagement in the new procedures is increased.

3. Transformational change

This is the change that involves both developmental and transitional change. Here companies are faced with the emergency of different technologies and a significant change in supply and demand.

Characteristics of transformational change

- Top management is prepared to involve employees in transition.
- There is complete change in the methods of production.
- There is a complete change in the vision, mission and objectives of the company.
- Companies are faced with an expectant competition arising from existing companies.
- Employees look for an ideal situation for placing themselves in a new change i.e. undertaking training.

Importance of change in an enterprise.

1. It helps the enterprise to adopt new technology; this increases the ability of the enterprise to increase productivity and growth.
2. It helps the organization to respond to customer's needs. This leads to better customer satisfaction.
3. It helps employees to get new skills and knowledge. This is through adapting to new changes.
4. It determines the direction of the organization and the economy. Positive changes show development.
5. It is used to change the status quo i.e. change is used to develop new ideas and innovations that directly impact and benefit the enterprise.
6. Change leads to development of new products. This creates new markets.
7. Change is used as a tool to out compete other business e.g. change in the product line, change in the marketing strategies, change in customer care etc.
8. Change leads to acquisition of new ideas and innovations.

Benefits of change.

- It leads to adoption of new technology. - Responds to customers' needs.
- It leads to growth opportunities.
- It leads to acquisition of new ideas and innovations.
- It determines the direction of the economy.
- It challenges the status quo.
- It leads to reduction in labour costs due to use of modern technology.
- It facilitates within enterprises.

WHY SOME PEOPLE RESIST CHANGE.

It is rare that change is totally accepted by everyone involved partly because of the following:

1. Change benefits some people while it hurts others.
2. Change sometimes is very expensive i.e. many changes require financial investment.
3. Some people resist change because they feel they are not capable of handling it, this may be due to lack of self-confidence.
4. Change is associated with uncertainties. The outcome of change is not known.
5. Some people resist change because of their pride of being stubborn and independent.
6. Some individuals resist change because they were not consulted before. Hence they look at it as being undermining their efforts.
7. Some people resist change because they may lose their status in an organization.
8. Some people resist change because they fear taking on new responsibilities.

TECHNIQUES FOR COPING WITH CHANGE.

THE CHANGE PROCESS;

1. **Understanding the situation.** This involves analyzing the driving forces for change, whether they are increasing or decreasing: and how they are going to affect the business.
2. **Identifying the problem.** This involves identifying the need and determination to take some kind of action now.
3. **Finding the alternatives.** This involves doing research to come up with realistic options and exploit their potential.
4. **Selecting the best alternative(s).** Once all alternative have been tried out the entrepreneur then selects the best one.

FACTORS THAT INFLUENCE DECISION MAKING.

1. **Nature of the situation:** There are situations which require urgent decision
2. **Availability of resources:** Decision making becomes easy when resources are readily available.
3. **Environmental factors:** Decisions which are environmental friendly are good and fast.
4. **The expected benefits from a decision:** decisions which are to yield high benefits are executed fast
5. **The cost involved:** Decisions which are costly tend to delay.
6. **Time pressure:** in case of emergence, quick decisions are made.
7. **The past experience.** If the situation has ever happened, the decision making becomes easy

FACTORS THAT BRING CHANGE.

1. **Efficiency:** This is the desire to be perfect. Businesses always change their production methods to be more perfect, efficient and effective.
2. **Environmental change:** Business activities have negative effects on the environment. Changes are constantly introduced to minimize the negative effects of businesses to natural environment.
3. **Social changes:** There are changes that occur in the demographic components of the society, e.g. increase in population. As a result entrepreneurs have to change their business line to meet those changes.
4. **Competition:** This includes those businesses that sell similar products and they compete for the same customers, this makes entrepreneurs to change their production techniques to win the competition.
5. **Change of technology:** Technology is constantly changing the demand of consumers hence businesses need new technological developments to produce new products and services.
6. **Change of Desires:** Entrepreneurs use their altitudes to control conditions hence opposite mental altitude helps to focus on desired activities and events that result into better use of available resources.
7. **Government directives:** Sometime governments issue policy statements which cause entrepreneurs to develop enterprises that meet the identified needs of the economy e.g. government of Uganda directing schools and students take all sciences compulsory.

EFFECTS OF CHANGE ON BUSINESS.

In the recent years change has led to radical consequence in all parts of commerce, industry and the public service such as:

1. Increased complexity of methods of production.
2. Job changes leading to many workers to be unemployed.
3. Increased complexity of methods of production.
4. Increases cost of acquiring new skills workers
5. Geographical location of industries and workers increasing the possibility of unemployment.
6. Increased change in inputs, reducing on the profit margin of companies, leading to slow growth.
7. Resulting in stiff competition amongst companies for customers and raw material leading to these that cannot compete favorable to collapse.
8. Increased prices of goods and services that entrepreneurs produce. This is due to the need to acquire quality raw materials at a high cost affecting the profitability.
9. Over dependence on a single supplier for inputs
10. **Costs of change in enterprise.**
 - It leads to increased complexity of methods of production.
 - It results into job changes and redundancy of workers.
 - Results into geographical relocation of industries and workers.

- Leads to extensive reliance on computers information technology and decision support system which reduces the number of workers.
- Results into geographical relocation of industries and workers.
- Leads to extensive reliance on computers information technology and decision support systems which reduces the numbers of workers.
- It forces employees to acquire new skills or modify the existing competencies.
- It is expensive \ costly to implement due to training of employees.
- Leads to bad image due to downsizing.
- Reduces creativity and innovativeness due to over dependence on computers.

WAYS OF ENCOURAGING CHANGE.

1. Rewarding success.
2. Giving proper explanations for change.
3. Training workers to equip them with skills required for change.
4. Encouraging feedback on progress.
5. Managing resistance of the members
6. Assessing readiness for change

CREATIVITY

This is the ability to come up with innovative solutions to needs and to market them.

Importance of creativity.

1. It helps to generate ideas which help entrepreneurs to solve every day problems.
2. It helps to promote the entrepreneurs to promote their products through creating and expanding markets.
3. It enables entrepreneurs to update their products so as to increase consumer satisfaction.
4. Creativity helps to increase awareness through paying attention to sounds and sights which we normally ignore.
5. Creativity helps one to be self-reliant and independent when making decisions.
6. Creativity enables entrepreneurs to introduce new products to the market.
7. Creativity helps the entrepreneur to set a platform for competition. This improves the business performance in the market.
8. It helps one to perceive the world in the new order i.e. finding the hidden partners and making connections so as to generate fresh solutions and new products for change.
9. It helps the business to create new products brand. This increases the profitability of the business.
10. It helps the entrepreneur to sharpen the business ideas. This makes it more attractive and increased the possibilities of developing it into a business opportunity

Methods or Techniques for developing the creative ability among the employees.

To be creative, an individual should;

1. Think beyond the invisible frame work, that surrounds problem or solution.
2. Recognizing assumptions when are being made and challenges them.
3. Developing ideas from more than one source for a situation.
4. Transfer knowledge from one field to another.
5. Be prepared to use unpredictable events to one's advantage.
6. Noting down ideas that apparently drop into the mind so that they are not forgotten.
7. Use imaginative thinking to find solutions.
8. Tolerating ambiguity and sometimes live with doubt and uncertainty.
9. Stimulating the skill of observation, reading and recording.
10. Trying something new which may be strong.
11. Making connection with points that are apparently relevant or not easily accessible.
12. Suspending judgment to encourage the creative process and avoiding primitive criticism.
13. Knowing when to leave the problem, I .e not until solution have been discovered

Obstacles or barriers to creativity.

1. Negative thinking of an individual. Most people tend to focus on possible negative outcomes. They never see anything positive in what they are trying out.
2. Thinking that one is not creative. This is due to lack of self-confidence.
3. Fear of failure. Fear to be laughed at due to failure yet every successful person has failed somewhere.
4. Lack of quality thinking time. This is usually due to stress and too much work load.
5. Over conformance with rules and regulations. These set a pattern for ones behavior and leave him with no space to think independently.
6. Applying too much logic. Thinking too much before acting limits creativity.
7. Spending a lot of time on mass media like watching TV too much.
8. A hostile environment e.g. political instability also limits creativity. This does not allow free mind.
9. Making assumptions that hinder creativity, such assumptions include assuming that failure of the business is due to which crafts, inherited bad luck from the parents among others.

Characteristics of non-creative person.

1. Not able to think positively about a problem
2. Too busy or stresses to think objectively
3. Very self-critical
4. They don't put forward a new idea
5. Prone to apply logic as a first and last resort
6. Unable to think laterally
7. Always goes with what others say

STEPS IN THE CREATIVE PROCESS.

1. **Preparation**, This involves gathering information, analyzing it and exploiting possible solutions to the problems.
2. **Incubation**, This is the situation which involve allowing the mind to continue thinking over and over the problem and the accumulated information.
3. **Illumination**, This coming up with a solution. This may come abruptly or by revelation.
4. **Verification**, This involves testing, modifying and evaluating the ideas generated to arrive at a final solution.

CHARACTERISTICS OF CREATIVE PEOPLE

1. **Originality**. Creative people are capable of doing something that no one else has done. They think of an idea, redesign it and make something new out of it.
2. **Independent thinking**. Creative people always think for themselves. They observe and gather their own information, analyze it and come up with their own analysis.
3. **Growth and change**. Creative people search for change constantly. They don't restrict themselves to using the same old way of doing things. They learn to change for the better so they can grow and prosper.
4. **Flexibility**. Creative people are always learners. They learn the current inventions and apply them.
5. **Sensitivity**. Creative people are always alert to events in their environment.
6. **Innovation**. Creative people have the courage to try new things and build something out of the ordinary.
7. **Ask questions**. They always ask relevant questions about what they don't understand. They ask people to explain what they mean and don't accept things as they are.
8. **Search for better ways of doing things**. They focus on what they do and find new possibilities and new ways of doing things better.

INNOVATION

Innovation is a way of transforming the resources of an enterprise through the creativity of people into new resources and wealth.

Types of Innovation

- (a) **Business Modal Innovation**: This involves the way businesses are operated in terms of capturing value e.g. telecommunication companies make changes in delivering their services so as to be able to compete with other firms.
- (b) **Organizational Innovation**: This involves the creation or alteration of business structural practices and models. This involves introduction of new administrative offices and departments.
- (c) **Process Innovation**: This involves the implementation of a new or significantly improved production method or delivery method.
- (d) **Product Innovation**: This refers to the innovation that involves the introduction of new products.
- (e) **Supply chain innovation**: This refers to innovations that occur in the sourcing of input items from the suppliers and the delivery of output products to the customers.

- (f) Marketing innovation. This involves development of new marketing methods with improvements in product designs, packaging, pricing or promotion.

Characteristics of Innovator

1. An innovator has a compelling vision, he/she is able to forecast or see ahead to have changes that may occur or affect the business.
2. An innovators are opportunity oriented i.e. they search for better and new ways of solving any problem that might affect the business.
3. An innovators are self-disciplined. They prioritize their time so that they do the important work first.
4. Innovators are trend spotters. They are able to identify something new and relate its impact on the social environment.
5. Innovators surround themselves by positive people. They relate with people who have positive attitude towards creating something new.
6. Innovator are extra ordinarily persistent. They don't give up despite challenges and they don't let challenges come their way.
7. Innovators are inner directed. They don't need anybody to motivate them. Nobody tells them what to do.
8. Passionate about belief. Innovators are passionate about what they believe. They give it everything they have. They put all their efforts on that one thing until they achieve it.

Sources of innovation

Internal sources

1. Unexpected occurrences such as a failed product introduction. It is often through such unexpected failures or success that new information brought to light.
2. Difference between the reality and what things are assumed to be. This brings in so many questions and hence innovation.
3. Process needs. When there is a weak link in the production process, people try to sort it out hence innovation.
4. Industry and market changes. These changes bring in new ideas of how to cope up hence innovation.

External sources

1. Demographic changes. Change in population size, sex composition, levels of employment, level of education lead to generation of innovative opportunities and ideas of how to cope up.
2. Change in perception. Innovative opportunities develop when the society's general assumption, attitudes and beliefs change.

3. New knowledge. Advancements in scientific technology can bring in news ideas, markets and innovation.

WHY SMALL ENTERPRISES ARE ABLE TO TAKE ON INNOVATIONS THAN BIGGER ENTERPRISES

1. Most small business owners are willing to try new approaches to make their businesses more successful than bigger ones.
2. Small businesses understand customer's need, hence they are able to identify new opportunities and fix problems quickly and efficiently than bigger enterprises.
3. Small businesses can quickly implement new business practices and adapt to changing market conditions than bigger business that take procedures.
4. Many small business experiment every idea and they accept new innovations.
5. Small businesses strongly rely on social networks to share information needed for innovative thinking. e.g. friends relatives etc.
6. Inadequate resources as a characteristic of small businesses. This makes them think of how to do more with less resources.
7. Information sharing and collaborations. Small businesses traditionally rely on a strong local and social network through sharing innovative information.

WAYS OF ENCOURAGING INNOVATION IN SMALL BUSINESSES

1. Expecting change at all times: This helps the entrepreneur to always be ready to come up with new things that ensures that businesses cope up with change.
2. Developing innovative strategies: e.g. trying out new technology through research.
3. Implementing new rules: i.e. an entrepreneur needs to learn to go beyond the existing indicators of competition in the business environment by looking for new ways of doing things.
4. Thinking globally: this enables an entrepreneur to look for new market for its products abroad, look for new technology abroad among others.
5. By always being a learner.
6. Through avoiding barriers that may limit innovation.
7. By being fast to act and to react to situations and new opportunities.
8. By accepting failure and learn from it to improve.
9. Measuring performance indicators. This gives you feedback of your actions and areas of improvements.
10. Through expecting change always. This keeps your mind active.
11. Doing well for other people as these become your well-wishers and informers.

Advantages of innovation

1. It reduces raw material wastage e.g. innovation of new machines that are more efficient.
2. It assists in packaging and repositioning of products for global distribution e.g. marketing innovation.
3. It helps in distribution of goods and services.
4. It increases the market for the enterprises' products and services e.g. use of internet marketing.
5. It provides a new way Seeking financing, e.g. joint venture partnership in business.

6. Product innovation increases sales and profits of an enterprise, as more customers are attracted
7. It gives an entrepreneur an opportunity to integrate the business for global economy through alliance.
8. Helps to attract new customers to the business. e.g. innovations in promotion and advertising new products
9. It helps a business to achieve efficiency in production, e.g. innovation in techniques of production; this increases output and sales of the enterprise.
10. It helps to improve production of goods and services in an enterprise. e.g. process innovation
11. Operating expenses are minimized
12. It's used as a competitive advantage, provide a basis for firm's growth
13. Innovative firms develop strong, positive market reputations.

ENTREPRENEURIAL MOTIVATION

Entrepreneurial motivation is a strong desire, impulse, determination and drive of individuals to accomplish a particular goal in business.

Classical concepts of entrepreneur motivation

1. **Unconscious motive.**
According to this concept, people are not aware of everything they want. They have tastes, biases and attitudes which influence their behavior but for which they cannot actually account for.
2. **Power motives.**
Is the ability to require others to behave in a way that suits one's purpose.
3. **Competence motive.**
This is the interest in getting to know what the world is like, to be able to make things happen, to create even rather than merely waiting for them passively.
4. **Affiliation motives.**
This is a desire to be with other people regardless of benefits obtained from them but only company.
5. **Achievement Motivation**
This is the intensive urge to excel and do something unique.

The motivational process

1. The felt need. This involves determining what you want to be accomplished.
2. Making the steps to get your determined goal little by little. These are simple things you need to do to get moving towards your goal.
3. Satisfying the need by removing the destruction so that you stay motivated. This involves removing the things that may ruin your ability to stay focused and motivated.

Characteristics of achievement motivation

1. Formulating of a concert goal to be achieved. Goals that are formulated is in such a way that stretches one's ability and efforts.
2. Setting goals that are not too difficult but are not too easy to be achieved.

3. Developing a strong internal commitment or involvement with a goal.
4. Taking personal responsibility for the outcome.
5. Analyzing the environment to create opportunities for achievement rather than passively waiting for chances to come one way.
6. Experimenting with novel activity to reach the goal. This is through anticipating possibilities of success rather than failure and doing something about obstacles which can cause failure.
7. Seeking help from experts rather than from friend.
8. Deriving maximum satisfaction from achievement itself and less from other factors like recognition and money.
9. Experiencing positive feelings of joy and satisfaction in achieving moderately challenging goals and disappointment but not self-condemnation in failure.
10. Learning from feedback through analyzing whether the right methods were employed or changes should be carried out.

Benefits of Motivation (advantages of achievement motivation).

1. Increasing self-confidence of a person, who has achieved success, hence is able to set more challenging goals.
2. Producing high performance or results i.e. person who has obtained success use the same experience to deal with any future challenge.
3. It enables the entrepreneur to use the environment profitably, and plan how to attain more success.
4. Motivates entrepreneurs to take carefully calculate risks; this reduces wastage and produce high chances of success.
5. It creates much interest into the person to develop concrete measures of how he/she is performing.
6. It leads to better utilization of the available resources in order to achieve greater success.

Challenges of Motivation.

1. Setting goals that are too low to ensure success.
2. It is associated with constant pressure and stress; this is because achievement motivation argues a person to do something unique.
3. It leads to high level of fear for failure which in most cases makes one not even to do anything.
4. Setting goals that are too high which might fail i.e. some entrepreneurs have the urge to excel or to set goals that are not easily achievable.
5. Thinking of weakness and problems in the environment only i.e. one does not think of the available strength and opportunity.
6. The challenges of obtaining the right input to work with to ensure success.

Factors which hinder entrepreneur motivation.

1. The conservative nature of the society: The society which does not encourage entrepreneurial spirit and argue to excel among individuals hinders entrepreneur motivation.

2. Negative social cultural believes in the society: Some beliefs hinder entrepreneur motivation e.g. certain jobs can best be performed by female and others are fit for male, that making profit in Islam is bad.
3. Unfavorable political system: This discourages individual's private ownership of property and this limits creativity of an individual hence entrepreneurial motivation is affected e.g. at times government policy discourages individual's initiative.
4. Unfavorable economic environment: this is described in terms of policy, unregulated lending activities which may be rigid and hence discouraging entrepreneurial motivation.
5. Psychological factors: Like orientation, insecurity etc. this limits entrepreneurial motivation.
6. Inadequate provision of physical infrastructure e.g. unreliable supply of power, poor state of infrastructures, inadequate water supply among others this limits entrepreneurial motivation
7. Poor educational orientation, limited entrepreneurial experience and market opportunities.

Ways to foster entrepreneurial motivation.

1. Making each experience a learning opportunity, that is to say whatever takes place one need to learn from it.
2. Getting involved in positive activities, which are productive and developmental in nature.
3. Having work objectives that are achievable and have an impact.
4. Networking with successful entrepreneurs to acquire their thinking mannerisms.
5. Having a positive mental attitude
6. Identifying successful entrepreneurs to be used role models and mentors.
7. Avoiding negative thoughts and ideas.
8. Taking advantage of opportunity to improve on your situation, whether personal life, work life or life in the community
9. Having faith and belief in yourself.
10. Being result oriented, e.g. ensuring that any task assigned to you is done as expected to cause result

Ways of developing entrepreneurial habits.

1. Starting work earlier than any individual
2. Changing personal habits that may affect an individual
3. Planning day's activities before going to sleep
4. Making daily practice of an activity for same time in order to gain experience
5. Reviewing current habits in relation to the future goals and discussing them with an individual that might change the current status.

RISKS IN BUSINESS.

A risk is a possibility of success or failure.

A risk situation is a situation which requires one to make a choice between two or options resulting into success or loss.

TYPES OF RISKS

1. Low risks. These are risks whose outcomes are very low.
2. Moderate risks. These are risks whose outcomes are not too low and not too high. They can be managed by the entrepreneur.

They are also referred to as risks which can be foreseen and calculated by an entrepreneur.

EXAMPLES OF SUCH RISKS:

- Fire accidents
 - Machine damages.
 - Bad debts
3. High risks. These are risks whose chances of happening are high yet the entrepreneur has little or no control over them. They are risks whose effects are very high. They result into high benefits but can cause total collapse of the business in-case of a loss.

EXAMPLES OF HIGH RISKS

- Smuggling Goods
- Selling prohibited goods
- Dealing in drugs

RISK ASSESSMENT.

This is the process of determining the potential success or the potential loss of taking a risk.

It involves determining the amount of loss to be suffered or amount of expected benefit when the risk occurs.

FACTORS CONSIDERED WHEN ASSESSING RISKS.

1. Honesty and reliability of the people. If the people you work with are honest and reliable, chances of success will be more.
2. Viability of the business. If the business idea is profitable, chances of success will be high.
3. Flexibility of the business. If the business can easily change with market changes, chances of success will be high.
4. The experience and ability of the entrepreneur. If the entrepreneur is very skilled and experienced, the possibility of success will be high.
5. Availability of market. The business which produces products with high demand has high chances of success.

6. Business cash flow. Businesses with adequate and timely cash flow are at high chances of success.
7. The pricing policy of the business. Businesses which set competitive prices have high chances of success.

PROCEDURES FOR ASSESSING RISKS.

1. Analyzing the risk. This involves establishing whether the risk is involved or not.
2. Determining the goals and objectives. This involves setting the goals and objectives to achieve and to assess whether the risk involved is consistent with the objectives.
3. Clarifying the alternatives. This involves surveying various alternatives so that the costs involved can be assessed objectively.
4. Gathering information and weighing alternatives. This is done so that a realistic assessment can be for each alternative.
5. Minimizing a risk. This involves a realistic assessment of the extent to which the entrepreneur can affect the result.
6. Planning and implementing the best alternative. This involves drawing a time table of how to execute the activities.

Question. As an entrepreneur, draft a programme to be followed while assessing business risks.

MANAGING RISKS.

THIS is when the entrepreneur becomes aware of the risks involved in business and takes appropriate measures to reduce or prevent losses from such risks.

WAYS OF MINIMISING RISKS IN BUSINESS.

1. USING adequate security to guard business property.
2. Ensuring proper record keeping.
3. Employing skilled and experienced workers.
4. Keeping track of customer tastes and preferences.
5. Observing government laws and regulations.
6. Using reliable and modern technology.
7. Taking informed decisions after consultations.
8. Monitoring and upgrading production technology to handle changing customer needs.
9. Constant training of workers to equip them with new skills and keep them up to date.
10. Installing protective gadgets at the business premises like fire extinguishers. CCTV cameras

TERMS USED IN RISK MANAGEMENT.

1. Risk avoidance. This is where the entrepreneur does not invest in high risk ventures.

Examples of risks in business.

- Changes in customer tastes and preferences.
- change in technology
- High level of competition in the market.
- Occurrence of fire outbreak, theft, natural calamities.
- Risk of wrong managerial decisions
- Accidents
- Financial losses due to corruption and embezzlement of goods.
- Bad debts.
- Theft of business property.

BUSINESS ETHICS.

These are principles people apply when making business decisions. They are the standards expected during business transactions.

PARTIES TO BUSINESS ETHICS.

- Government and local authorities.
- Employees of the business.
- Business customers
- The society
- Competitors
- Suppliers

BUSINESS ETHICS TOWARDS THE GOVERNMENT.

- Complying with the business laws set by the government.
- Paying taxes as set by the government.
- Meeting the production standards as set by the government in terms of quality, weight etc.
- The business should also comply with occupational hygiene and environmental regulations.

Business ethics towards employees.

- Providing job security to the workers.

- Providing good working conditions to the workers.
- Providing clear and fair terms of employment.
- Being polite to the employees.
- Respecting employees as a means of appreciating their contributions.
- Giving employees fair pay.
- Providing assistance in times of need.
- Providing them with fringe benefits like lunch.

Business ethics towards customers.

- Charging fair prices for the goods sold.
- Being polite when handling customers.
- Being cheerful and kind to the customers.
- Being responsible. This involves meeting the obligations as agreed.
- Ensuring good quality and quantity of the goods.
- Providing after sales services to customers.
- Understanding the customers' needs and doing everything possible to meet them.

Business ethics towards the society.

- Conserving the environment by controlling pollution.
- Providing employment of the members of the society.
- Contributing towards community development
- Observing the norms and cultural values of the society.
- Contributing to community needs like by helping the poor, sick etc.

Towards competitors

- Respecting the competitors.
- Being cooperative with the competitors.
- Using and adopting friendly competition strategies.

Importance of business ethics.

1. Business ethics enable entrepreneurs to be trustworthy and recognize that a customer is a king.
2. They enable entrepreneurs to meet the obligations of their customers and business partners.
3. Business ethics promote good reputation of the business.
4. They enable the business gain government support and sympathy.
5. They promote good relationship between the employer and the employees.

6. Business ethics leads to conservation of nature.
7. They enable the entrepreneur to obtain financial support.
8. Business ethics leads to increased turnover and profits of the business.

Principles of business ethics

1. Honesty. This is the ability of someone not to say something false.
2. Keeping promises. This requires one not to make promises he will not fulfill.
3. Fairness. This requires one to treat all people equally.
4. Respect for others. This involves valuing and honoring the contribution of others.
5. Compassion. This is the ability of one to maintain the awareness of the needs of others and acting to meet them.
6. Integrity. This involves the ability to remain ethical even when confronted with challenges.

NEGOTIATION;

This is the process of bargaining that precedes an agreement. It's the communication process between parties that is intended to reach a compromise or agreement to the satisfaction to all the parties.

Principles of negotiation

1. You do not have to be right to settle. Negotiation requires both parties to be ready to listen freely without a biased mind and to accept the outcomes of negotiation regardless of whether you win but aim at solving the situation.
2. Look to the future. Do not focus on the past. Find ways of how to get solutions to the current situation.
3. Focus on the goal. Do not be destructed by emotions such as anger, love feelings.
4. Be prepared and do research. Do research and thorough preparation about the topic of negotiation. Gather as much information as possible about the issue to negotiate and rehearse as many times as possible.
5. Know what you want and what the other party wants. State clearly what you want and also find out what the other party wants in the negotiation so as to plan of how to counter react to them.
6. Always have a plan B. have a backup plan in case plan A fails. Try to get alternatives that will help you seal the deal.
7. Set the tone and look the part. You are the one to set the tone and the direction of the negotiation. Put on professional clothes, keep time, maintain eye contact and be a good listener.
8. Avoid being too rigid, that is always give room to views of other individuals, evaluate them and come up with a fair conclusion.

Challenges to negotiation

1. Time pressure. In most cases time may not be enough to allow the two parties to negotiate favorably so as to reach a fair compromise. This may be due to varying urgency of the matter under
2. Influence of another decision maker. Negotiation tend to fail when you discover that you are not talking to the right person when he refers you to another person.
3. Delay tactics. This is usually done by senior officers. They try to keep you waiting for a long time hoping that you will become nervous and the effect on your schedule will pressurize you to agree to what they say.
4. Aggressive behaviors. Some negotiators use abusive comments, bullying, and bribery, love feelings so as to make you feel guilty and inferior.
5. Linking logic. This is based on assumption that if a person is correct in one thing he must also be correct in another.
6. Letting positions over ride interests. Some negotiators have an inbuilt bias towards focusing on their positions and try to assume advantage over others. They assume that the needs of the two are not the same.
7. Neglecting the other party's problems. Negotiation cannot go on unless you understand and address the other party's interests and problems.
8. Last minute wavering. Just when you think that negotiation is over and you have reached an agreement, the other party may begin to bring in other points which are new or already discussed just to confuse you.
9. Making early concessions. This is where the negotiators make a premature agreement during the negotiation process hence this may lead to an unfair compromising situation to one of the parties.
10. Language differences. This occurs when there is no common language to use. This fails communication and also negotiation

Solutions to the above challenges.

1. Time pressure. This can be solved by allowing a considerably long period of time to both parties involved in the negotiation exercise.
2. The challenge of the influence from other decision makers may be solved by consulting superiors before entering into any negotiation.
3. Delaying tactics. This can be solved by adding exercise in order to give another party an opportunity.
4. Being emotionally balanced to overcome aggressive behavior. This can be solved being emotionally balanced and psychologically composed during the negotiation process i.e. never allow emotions to over shadow personal reasoning or intellectualism.
5. Neglecting the negotiators personal problems. This can be solved by cooperating each other during the negotiation process.

6. Making joint concession. This can be solved by negotiating with individuals and get a good agreement that may bring in sales and products.
7. Letting the position over ride the interest. This can be solved by not allowing prevailing situations to over shadow the personal interests hence leading to failure to compromise.

The Characteristics of the Good Negotiator / Attributes.

1. Integrity. A negotiator should have a sound mind. He/she should build a mutual trust and cooperation to allow free and open exchange of ideas.
2. Empathy. Negotiators should understand the other party's point of view.
3. Patience. This is the calm endurance of the prevailing state of affairs. It makes one able to accommodate and tolerate other people's views.
4. Self-confidence. Negotiators should believe in themselves and their competences.
5. Persistence. Negotiators do not give up easily that is they should continue with the negotiation process until the objective is achieved.
6. Ingenuity. Negotiators should show the element of resourcefulness, creativity and originality.

Steps in preparing for negotiation.

1. Do your homework about the other party. The research will help you uncover their underlying motivations.
2. Assess your own sides' needs and establish objectives for the negotiations.
3. Decide whether to use an individual or a team of representatives. This depends on what the other party is doing.
4. Choose the chief negotiator. This person should have experience and training in negotiation.
5. Select the venue. This can be in the business premises or a neutral venue like a hotel.

Negotiation tactics with customers.

1. Communicate frequently. This is usually done through emails, phone contacts or even face to face so as to keep track of their tastes and preferences.
2. Offer customer rewards. Think of loyalty rewards to customer where the more the customer spend on your product the more they earn.
3. Hold special events. Occasionally hold special events which allow you and your staff interact with your customers.
4. Negotiation should promote a two way communication. Listen to your customer the way you want them to listen to you.
5. Enhance your customer service. Have a dedicated staff or channel for resolving customer problems and complaints.
6. Launch a multi-cultural program. Include many cultures and local languages in your marketing campaigns.
7. Visit the customers. Occasionally visit your customers to find out the challenges they face.

Negotiation tactics with employees.

1. Balance both strengths and weaknesses.
2. Listen actively to what your employees have to say.
3. When it comes to salary increase, have a fallback position.
4. Make concessions together.

Salary negotiation tactics with employees.

1. Set a ceiling. Establish the maximum amount you can spend on salary. This prevents wasting time on expensive candidates.
2. Set a floor. Establish the lowest amount that you have to pay out. This is often the minimum wage in the area.
3. Determine whether hourly or monthly. Hourly rate best fits temporary workers while fixed monthly rate is good for permanent workers.
4. Make it attractive. Determine attractive benefit packages and allowances on top of salary like transport refund, accommodation etc.
5. Avoid legal tussles. Adhere to the labour laws in the area.
6. Be sensitive. Keep the employees personal needs and information in mind.

COMMUNICATION SKILLS.

Communication refers to the process of exchanging information between the sender and the receiver. It is a two way process used to exchange information and ideas, pass on knowledge and share thoughts and feelings

Effective communication.

It refers to the process of exchanging information between the sender and the receiver with feedback as intended by the sender.

This takes place when the message is sent, received, perceived and understood exactly as the sender intended.

IMPORTANCE OF COMMUNICATION.

Effective communication is necessary for the manager of an enterprise to successfully perform his / her roles because of the following.

- (i) It helps an entrepreneur to pass on relevant information all the time to his or her staff, the customers, government and public in general. This is particularly important where the entrepreneur wants one of these parties to act or behave in a specific way.
- (ii) Communication helps the entrepreneur to recruit and select the best workers for his or her business by publishing the advertisement and conducting interviews.
- (iii) It helps the entrepreneur to implement his or her policies by giving instructions to subordinates and their supervisors.

- (iv) Communication helps an entrepreneur to create new markets and widen the existing ones through carrying out sales promotion.
- (v) Communications facilitates market research which enables an entrepreneur to get information about the tastes and preferences of the customers.
- (vi) Communication helps the entrepreneur to make decisions from an informed position. This happens when an entrepreneur holds meetings or consults different stake holders.
- (vii) It helps in creating good understanding between the entrepreneur and his or her employees. Most especially when both parties get feedback.
- (viii) Communication helps the entrepreneur to coordinate operations of his or her business that are executed by different departments i.e. through sending memos to those departments.
- (ix) It helps the general public to get information about the business. This improves the image of the organization.
- (x) It helps the government and other regulatory organizations to monitor, guide or direct business operations.

The process of communication

Communication flows in different directions depending on what is sending it.

- (i) **Downward** communication flows from top to bottom, which is from managers down to the subordinates.
- (ii) **Upward communication** flows from bottom to top, which is from subordinates to superiors.
- (iii) **Horizontal and diagonal** communication takes place between different functional departments of the organization.

Effective communication in business.

This refers to when the message is perceived by the receiver in the same way the sender intended and is received in time.

ESSENTIALS OF EFFECTIVE COMMUNICATION IN BUSINESS.

- (i) **Completeness.** The message should include all the facts the receiver needs to know about the subject matter which is being communicated to him or her.

- (ii) Conciseness. The sender should give the message in the fewest words possible but still ensure that it is complete. A message should not be very wordy otherwise it will confuse the receiver.
- (iii) Courtesy. The sender should be as sincere as possible when giving the message and should avoid hurting the receiving party but should not shy away from addressing the issues of concern.
- (iv) Accuracy / correctness. The message given should not be false and should have few errors.
- (v) Consideration. The sender should have the receiver in mind when sending a message. He should use positive words rather than negative words or sentences.
- (vi) Clarity. The sender should use words and language that the receiver is familiar with.
- (vii) Timing. The message should be conveyed or communicated at a time when the receiver is able to receive it.
- (viii) Environment. There should not be environmental destruction like noise when sending communication.
- (ix) Media. The sender must use a medium that the target recipients use for example, when communicating to villagers, it is more effective to use a radio and newspapers (since most villagers do not know how to read).

Features/characteristics of effective communication

- (i) Completeness. The message should include all the facts the receiver needs to know about the subject matter which is being communicated to him or her. The sender should try to answer all the questions the receiver may ask.
- (ii) Conciseness. The sender should give the message in the fewest words possible but still ensure that it is complete. A message should not be very wordy otherwise it will confuse the receiver.
- (iii) Courteous. The sender should be as sincere as possible when giving the message and should avoid hurting the receiving party but should not shy away from addressing the issues of concern.
- (iv) Accuracy / correctness. The message given should be as accurate as possible to avoid any losses that may be incurred due to any smaller errors.
- (v) Consideration. The sender should have the receiver in mind when sending a message. It is better to use positive words rather than negative words or sentences.
- (vi) Clarity. The message should be as clear as possible. The sender should choose words and language that the receiver is familiar with.

- (vii) Timing. The message should be conveyed or communicated at a time when the receiver is able to receive it.
- (viii) Environment. The environment with in which the communication is being made should enable the intended target receive the message.
- (ix) Media. The sender must use a medium that the target recipients uses for example, when communicating to villagers, it is more effective to use a radio and newspapers (since most villagers do not know how to read).

BARRIERS TO EFFECTIVE COMMUNICATION

A communication barrier is any hindrance that prevents the receiver from getting the intended message from the sender. Some of the barriers to effective communication include;

b) The following are barriers to effective communication in an enterprise:

- Wrong choice of the channel of communication, writing to a person who cannot read.
- Language differences, this leads to misinterpretation of the message.
- Noise destruction from the environment. This makes the communication not clear.
- Language differences between the parties communicating. This results into misinterpretation of some words.
- Poor preparation of the content to deliver
- Use of wrong address. This results into sending of the message to a wrong person.
- Use of unfamiliar terminologies/complicated language. These will be misunderstood by the receiver.
- Communicating at wrong time e.g. during lunch time to students or very late in the night when someone is sleeping.
- Lack of interest in the message communicated by the receiver.
- Poor packaging of the message i.e. when it is not attractive
- Poor listening and premature evaluation
- Information over road. Sending to much information to the receiver.
- Poor handwriting in case of written communication.
- Faults in transmission. Like poor network connection in case of telephone network or non-delivery of the letter.

SOLUTIONS TO BARRIERS

c) The following are solutions to barriers of effective communication

- Using clear and simple language. Avoid trying to impress the audience or target group with jargons, vocabularies, long words and elaborate sentences which may not be understood.

- Using feedback. Ensure that you get a message from the receiver which tells you how much has been understood. It may be in form of a comment, question or facial expression.
- Knowing and adjusting to the nature of the recipient. The sender should study and understand the nature of the target group and therefore choose an appropriate communication channel, language and vocabulary for that target group.
- Using different communication channels. Some communication have to be in written form in order to be under stood well without variation but whenever its possible, supplement written communication with oral message.
- Reducing the distance between the sender and receiver and whenever possible use face to face communication which also ensures feedback and reduces levels of management of the message.
- Using reinforcement. Repeat the message as often as possible and present it using different media emphasizing the important points and follow up.
- By planning the message in advance before making the communication
- Eliminating noise/ by communicating in a noise free environment.
- Communicating a reasonable amount of information that an easily be received by the receiver to avoid information over load.
- Training the receiver to develop good attitude towards becoming a good listener to avoid information blockage due to poor listening and differing perception.
- Ensuring proper packaging of the message being communicated to ensure that it is interesting to the receiver

Factors considered when selecting a channel of communication.

1. The cost of the channel. Signs and gestures, face to face are cheap while telephone and letters involve some costs.
2. The secrecy and confidentiality of the message. Letters are suitable for sending confidential messages. Face to face is good for communicating general message.
3. Speed and urgency of the message. Face to face, telephones send message immediately while letters delay in transit.
4. Size of the audience. Face to face, signs and gestures are good for communicating to a large audience. Letters and telephone are good when communicating to only one person.
5. Need for record for future reference. Letters leave a record for future reference. Telephones and face to face don't leave a record for future reference.
6. The distance between the parties communicating. Letters and telephones are good when the parties communicating are far away. Face to face, signs and gestures are good for parties which are close to one another.

FORMS OF COMMUNICATION IN BUSINESS

These refer to the methods or manner through which the entrepreneur can communicate his or her message. The methods of communication include;

- 1) **Oral communication.** An entrepreneur can communicate orally by word of mouth, either face to face or by telephone. Oral communication is often used when bargaining, during interviews, training and meeting. It is the commonest form of communication in business and it will normally involve the entrepreneur and customers, workers, colleagues, suppliers and bankers among others.

Advantages of oral communication.

- ✓ It's fast and suitable for urgent communication.
- ✓ Reply is instant.
- ✓ It favors both literates and illiterates.
- ✓ It's suitable for large audience.
- ✓ The message is clear since misunderstandings can be cleared instantly.

Disadvantages

- ✓ It does not leave a record for future reference.
- ✓ It's not suitable for official communication.

- 2) **Written communication.** Entrepreneurs can communicate by sending written messages. This involves writing business letter, memorandums, circulars, reports, notices, bulletins, business manuals, business journals, minutes etc.

Forms of written communication

- i. **A business letter.** Is a written correspondence from one organization to another. A business may write to another inquiring about goods or services available for sale and the terms and conditions of sales.
- ii. **A memo.** Is a written communication from one office to another within the same organization (upward, down ward and horizontal communication or branch office The internal manager may use memos to inform staff about the new performance standards, business rules and regulation etc.
- iii. **Circulars.** The entrepreneur may use circulars when he or she wishes to give the same information to different persons. One document is prepared and then duplicated. An entrepreneur may use circulars to inform customers about changes in the price structures or business location or about new products.
- iv. **Action or circulation ships.** May be used by an entrepreneur to give information for action or for noting by an officer who may also pose it on to another person named on the ship.
- v. **Reports.** These can be used by an entrepreneur to give conclusions and recommendations based on investigated facts and situations. A report must be accurate, clear, complete,

concise, and logically arranged. Examples of business reports may be annual reports, which show the business annual financial performance, or reports on the feelings of the customers regarding a particular good or service.

- vi. **Notices.** These can be used by an entrepreneur to give short messages to concerned persons.
- vii. **Bulletins, business manuals and house journal.** These can be used by entrepreneurs to give information on its operations, products or results of its operations both internal and external customers. Minutes are used by entrepreneurs to keep brief records of resolutions of connecting, keeping records important for future reference.
- viii. **Minutes** should be organized and written immediately after meeting when the subject is discussion and conclusions reached are still fresh in the writers' mind.

Advantages of written communication

- It provides a permanent record necessary for reference.
- It enables the communicator to develop an organized and well delivered message.
- It is a convenient form of communication.
- It is suitable for secret and confidential communication.
- It enables detailed communication since photos and illustrations can be used.

Disadvantages of written communication

- It requires careful preparation and sensitivity to audience.
- Words spoken in the conversation may soon be forgotten but words recorded become a record.
- It's more difficult to prepare e.g. writing the minutes.
- It's not suitable for illiterates.
- They are more costly, this is in terms of time and delivery costs
- There is delay in delivery hence not suitable for urgent communication.
- The reply is not instant. It takes time to receive the feedback.

3.) **Visual communication.** An entrepreneur can communicate by presenting information using diagrams and pictures without necessarily using words. Examples include organizational charts, photographs, posters, graphs or pie charts, which may depict different situations in a business such as business growth, trends, product performance etc.

- (i) **Organizational charts** can be used to show the organization structure of the business. It shows how different sections or staff relate to each other or report to each other.
- (ii) **Photographs** can be used to illustrate given information so as to increase the reader's appreciation and understanding. Most business organization use captive photographs to advertise how efficiently and effectively their goods and services are and why customers need them.

- (iii) An entrepreneur can use **films or documentaries** to give information about his or her business operations. They are effective in delivering messages to the target groups. The films could be on customer care activities or new products and their applications. Films can also be used for training purposes, documentaries etc. can be used to enable entrepreneurs to present a positive image and target customers and the general public.
- (iv) **Posters and wall charts** can be used to represent or illustrate certain information in the business and serve as an important method of advertising the informing target groups.
- (v) **Graphs** can be used by an entrepreneur to present information about the business performance. Bar charts, line graphs or pie charts can be used to compare different periods' sales or profits.

Assignment. Research about the communication flow chart.

TECHNIQUES OF COMMUNICATING WITH CUSTOMERS

a) How to present a product.

- ✓ Observe and respect the customers' privacy and convenience.
- ✓ Determine the customers' ability to use the product.
- ✓ Establish the target customers' needs.
- ✓ Give samples and guarantees to back up the product.
- ✓ Use presentation aids like photographs, catalogues, charts to back up the product.
- ✓ Telling the truth about the products and during presented to potential customers.
- ✓ Giving a chance to potential customers to give their opinion about the product.
- ✓ Handling any doubts in the minds of the customers tactfully by trying to convince him or her.
- ✓ Ensuring that the sales person is smartly dressed, so as to deliver the present the products more easily.

b) How to handle difficult customers.

- (i) Acknowledge and evaluate customer objections.
- (ii) Listen carefully to the words being used and feeling being expressed.
- (iii) Get the customers to open up so that you can understand the basis for their being difficult. The customer may raise some important points however,
- (iv) Buy time by suggesting that you will look at the issue or suggest matter later.
- (v) When you try to convince the customer from your view of point, hold your argument until the customer is ready for them.

- (vi) Compensate customers by price reductions or refund i.e. replacement of goods in case the previous purchases had problems.

Bargaining with customers

In bargaining with customers, an entrepreneur may undertake the following strategies:

1. Being a good communicator during the process of bargaining with customers like talking dearly, showing respect etc.
2. Avoid dominating the bargaining process, by allowing customers to also give their own views during the bargaining process.
3. Giving counter offers to customers e.g. reducing the price of the product so as to induce them to purchase.
4. Improving on the customer service, by having an effective customer service department to facilitate the bargaining with customers.

Strategies used to collect overdue debts

1. By identifying all the debtors' for a given period of time. This is done by analyzing accounts, books of business and listing them according to their debts amounts.
2. Arranging all debtors according to their audit period and assigning specific workers to each of them to help in the collection of debts.
3. Sending of polite debt reminder to all the debtors. These can be done through by calling them on phone or writing to them to remind them to clear their debts.
4. Collecting the debts from the different debtors who would have responded to the reminder.
5. Updating of the debtors records and issuing statements of account to each of them.
6. Sending strong rewarded lost date reminder to the date defaulters. This is done to ask them to pay their dates before the new deadline stated.
7. Taking legal action against defaulters who completely fail to settle their debts.

A DEBT RECOVERY PROGRAM

A practical situation

You are dealing in salad making business in which most of the products are sold on credit. Prepare a debt recovery program

Biwooma salad and vegetable processors

P.O. Box 624 Kampala

Tel. 0758694120

ONE MONTH DEBT RECOVERY PROGRAM.

Date	Activity	Person in charge	Remarks
Fill	Identifying the debtors from the books of accounts of the business	Accountant	
Fill	Arranging all debtors according to their credit periods and assigning specific workers to each of them	Accountant	

	Sending of a polite date reminder to all the debtors	Accountant	
	Receiving debts from the different debtors	Accountant	
	Updating of debtors records and issuing statements of accounts to each of them.	Entrepreneur	
	Sending strong rewarded last date reminders to the debt defaulters	Entrepreneur	
	Taking legal action against defaulters	Entrepreneur.	

Prepared by:

.....

PEPPA PERRY

Sales manager

approved by

.....

.....

.....

REMINDER. A programme is commonly asked in paper 2, its 'REMARKS' column should never be filled.

WRITING SKILLS.

Business letter. A business letter is used to send information from the business organization to an individual or another business organization on specific areas of interest between the business and the address.

Contents of a business letter.

A business letter must be clear, complete, and timely and be able to promote the image of the business organization.

(i) ***The letter head.***

A business organization usually has pre-designed and printed papers called letter heads, which show its name, address, telephone number and e-mail address. The letter head may also have the organization's vision, mission, values and any other information deemed necessary. Business letters will be written on these letter heads listed off on plain paper.

(ii) ***Reference.***

This is used to identify the subject matter and the recipient of the letter. Each business organization adopts a unique and convenient referencing system for its letters and documents. The reference can include the addressee, the subject and the date, for example L1/GM/10/02 2019. L1 stands for letters, M stands for the recipient's initial (for example Glory Mary) and the date – 10th February 2019.

- (iii) **Date:** All letters should have a date. The date can be written as 10 February 2019, or February, 10th 2019.
- (iv) **Inside address.** This shows the name and address of the person or organization. The letter is addressed to. Each item should have a separate line.
- (v) **Salutation.** This is a general greeting used to commence the letter. For example “Dear Madam” is normally used if the letter is addressed to an organization and the addressee is known to be a lady. A personal name can also be used for example, “Dear James”, if the writer knows the addressee.
- (vi) **Subject heading.** A subject heading gives a brief indication of the content of the letter using capital letters or bold print.
- (vii) **Body of the letter.** The body of the letter communicates the intended information to the addressee (recipient). Paragraphs are used to show different ideas in the letter.
- (viii) **Complimentary close.** This is a general closing to the letter. It is common to end with “Yours faithfully” (if Dear Sir or Madam has been used) or “Yours sincerely”, (if **Dear** and Name of recipient have been used.)
- (ix) **Signatory.** All business letters should be signed.
- (x) **Enclosures:** if the letter has any other document enclosed, it should be stated by using the abbreviation ‘Enc’.
- (xi) **Copy.** A copy should be kept for the file to distribute to different officers who may need to know about the information communicated.

FORMAT OF THE BUSINESS LETTER.

Modern business organizations use blocked style which all parts of the business letter begin from the left margin as illustrated below;

USING BLOCKED STYLE

<p>ICELAND FARMERS P.O BOX 222 KYEGEIGWA TEL: 0752384571</p> <p>Ref. No. L1/MI12/02/08 10th February 2019</p> <p>Marketing Officer Mikwano Farmers Ltd P.O box 234 Kampala Dear Sir,</p> <p>SUBJECT: <u>GOODS SUPPLIED.</u></p> <p>I wish to inform you that the bananas which you supplied to us on 9th February 2008 were poorly packed and as a result, most of the consignment got spoilt.</p>

- (a) **Memorandum.** This is an internal communication. It is a written message used within the same organization. It is commonly abbreviated as Memo.

Parts of Memos;

A memo uses the headings;

- (i) **From** : to show where the memo is coming from
- (ii) **To** : to show to whom the memo is addressed.
- (iii) **Date** : to show the date on which the memo was written
- (iv) **Reference** : to give it a reference.
- (v) **Subject heading** : to show the main idea in the memo.
- (vi) **The body** : to show the details of the content of the memo in a paragraph.

Unlike the business letter, a memo has no salutation or complementary close.

FORMAT OF A MEMO

A memo with blocked format;

MEMO

FROM : Marketing Officer
TO : Production Officer
DATE : 10th February 2019
REF : M/P0/10/02/19

SUBJECT : QUALITY OF GOODS.

I wish to bring to your attention the view of our customers in respect to the quality our products. They strongly believe that the quality of our products has gone down.

You should, therefore, investigate this matter and take corrective actions to enable our products meet our customers' quality expectations.

Thank you

.....

Kagumba Mathew
Marketing Officer

A memo with indented format;

MEMO	
FROM	: Marketing Officer
TO	: Production Officer
DATE	: 10 th February 2019
REF	: M/P0/10/02/19
SUBJECT	: QUALITY OF GOODS.
<p>I wish to bring to your attention the view of our customers in respect to the quality of our products. They strongly believe that the quality of our products has gone down.</p> <p>You should, therefore, investigate this matter and take corrective actions to enable our products meet our customers' quality expectations.</p> <p>Thank you</p> <p>..... Kagumba Mathew Marketing Officer</p> <p>Enc : Cc :</p>	

A letter inviting shareholders to an annual general meeting.

INVITATION LETTER

<p>SUUBI INVESTMENT LTD P.O.BOX 248 MITYANA TEL: 0754369810</p> <p>REF: No. L1/SH/17/07/2012 17th / 07 / 2012 To all share holders Sembatya&sons P.O Box 332 Mpigi Dear Sir,</p> <p>RE: INVITATION TO AN ANNUAL GENERAL MEETING</p> <p>I humbly write to you, inviting you to attend an annual general meeting scheduled for 28th August 2012 in the company's conference starting at 8:00 am</p> <p>Looking forward to seeing you then.</p>
--

DISMISSAL LETTER TO A WORKER WHO HAS BEEN INDISCIPLINE

SANJE MOTOR GARAGE
P.O BOX 12, SANJE
TEL: 0704562314

REF. No. L1/M/28/10/2019

28th October 2019

TO MR. Kasigala
THE CASHIER
Sanje MOTOR GARAGE
P.O. BOX 12, Sanje

Dear Sir,

RE: DISMISAL FROM THE POST OF CASHIER

I would like to appreciate your good services rendered to our firm since we employed you. You have been dismissed effective 29st October 2019.

Your termination package has already been arranged of ugx. 2,000,000/= collect from the general manager's office. Thanks.

A WARNING LETTER

To an employee whose performance is not to the set standards.

MUNAABI SECONDARY SCHOOL
P.O BOX 212 MANAFA
TEL. 0754 448102

Ref. No. L1/B/20/06/2012

20th/06/2012

TO MR. MUKALAZI JOACKIM
ECONOMICS TEACHER
MUNABI SECONDARY SCHOOL
OP.O BOX 212, MANAFA

Dear Sir,

RE: WARNING LETTER

RECOMMENDATION LETTER

**SSUUBI INVESTMENT 2TA
P.O BOX 142 LUGAZI
TEL: 0140042364**

28th June 2012

The Transport Manager
Ministry of Works
P.O Box 112
Kampala (U)

Dear Sir

RE : RECOMMENDATION OF MR. OPERE ISAAC FOR DRIVING POST

I hereby recommend without any reservation of Mr. Opere Isaac for the post of driving ministry vehicles. I have worked with this gentleman for 10 years and he is very careful and hard working.

His charge to your ministry is not connected with behavior; it is just to change environment.

Any assistance rendered to him is highly appreciated.

Yours faithfully,

LETTER REQUESTING FOR INFORMATION

KAJJANSI BOYS ENTERPRISES

P.O.BOX 123 KAMPALA

TEL: 0413345567

THE HUMAN RESOURCE MANAGER

NYENGA HOSPITAL

P.O BOX 141 JINJA

Dear Sir,

RE : SEEKING INFORMATION ON AVAILABILITY OF VACANCIES.

Yours faithfully

.....
MUGANGA EDWARD

- (i) Determine who you are. Since personal brands have a direct reflection on the person, to identify our personal brands we must ask “What do that makes me different? What are my greatest strength and best personal traits?”
One’s personal brand emerges from the search for identity and meaning, out of which comes an awareness of personnel strength and talents.
- (ii) Determine what you do. This involves writing down one’s greatest areas of professional interest in passion. This reflects the kind of work one wants to do in life. It involves asking what I do that adds remarkable, measurable, distinguished and distinctive value. Personal branding means understanding what one’s values are and learning to make these values relevant to other people.
- (iii) Position yourself. By identifying the qualities that make a person distinctive from his competition one can create a positioning for himself. What have I done to make myself stand out? What are my greatest and clearest strengths? Everything that a person does or chooses not to do communicates the value and character of the brand.

- (iv) Manage your brand. The key to any personal branding campaign is “word of mouth marketing”. The network of friends, colleagues, clients, and customers is the most important, marketing vehicles a personal brand.
What they say about the brand is what the market will ultimately gauge as the value of the brand.
- (v) Find different brand logos for different companies.

Importance of developing a personal brand

- (i) It speaks volumes about your company and builds a reputation for your business amongst your customers who know exactly what you can deliver.
- (ii) It is helpful in implementing new business plans with clients and customers as you already have a reference point through your brand.
It enables an enterprise to compete favorably with already established brands in the market as you build your own brand loyalty with consumers.
- (iii) A clear brand strategy helps an entrepreneur to raise his/her brand visibility as your audience is willing to pay a premium after becoming acquainted with your brand.
- (iv) An effective and appropriate branding strategy voices the promise of the entrepreneurs’ brand. It is important to follow up on the promise through the quality of your product.
- (v) It positions focused message in the minds of your target customers.
- (vi) It increases authority and credibility of decisions
- (vii) It adds perceived value to what an entrepreneur is seeking.
- (viii) It attracts the right people and opportunities.
- (ix) It associates the entrepreneur with his/her product or service

OBJECTIVES OF PERSONAL BRANDING

The following are objectives of personal branding:

- To improve on the image of the business/ to build a reputation for the business amongst customers who know exactly what the business can deliver.
- To enable an entrepreneur to implement new business plans with clients and customers as she/he already has a reference point through his/her brand.
- To enable an entrepreneur/ enterprise to compete favorably with already established brands in the market as he/she builds his/her own brand loyalty with consumers.
- To help an entrepreneur to raise his/her brand visibility as his/her audience is willing to pay a premium after becoming acquainted with his/her brand.
- To position the focused message in the minds of entrepreneur’s target customers.
- To increase authority and credibility of decisions

- To add perceived value to what an entrepreneur is seeking.
- To attract the right people and opportunities.
- To associate the entrepreneur with his/her product or service
- To increase the enterprise's market share
- To reduce duplication of products of the enterprise
- To create brand loyalty of the business products
- To increase awareness of business products

ii) The following are guidelines on personal branding

- **Specialization.** A great personal brand must be precise, concentrated on a single core strength, talent or achievement.
- **Leadership.** Endowing a personal brand with authority and credibility demands that there should be perceived by people as a leader in his or her domain or sphere of influence.
- **Personality.** A great personal brand must be built on a foundation of the sources of personality, flaws and all.
- **Distinctiveness.** An effective personal brand needs to be expressed in a way that is different from the competition.
- **Visibility.** To be successful, a personal brand must be seen over and over again until it imprints its self on the consciousness of its domain or sphere of influence.
- **Unity.** The private person behind a personal brand must adhere to the moral and behavioral code set down by the brand. Private conduct must have a public brand.
- **Persistence:** any personal brand takes time to grow and while you can accelerate the process, you cannot, update it with advertising or public relations.
- **Good will.** Personal brand will produce better results and endure longer if the person behind it is perceived in a positive way.

GENDER AND ENTREPRENEURSHIP

Gender refers to the state of being male or female. It is a differentiation between a male and a female in a social cultural system.

The distinction between the two is mainly based on a number of masculine and feminine attributes that are roles to gender identity.

COMMON TERMS USED

1. **Sex.** This refers to the state of being a man or a woman. It also refers to the biological features that distinguish a male from a female.

2. **Culture.** This refers to the way of behavior or thinking that governs a particular society. It constitutes the rules and regulations to be followed by individuals in a given community.
3. **Society.** This is a group of people living together sharing common belief and attitudes with a specified social or political boundary.
4. **Division of labour.** This refers to the separation of responsibility among individuals so that each one has a task to perform. It may also refer to the allocation of different tasks to different people.
5. **Gender stereotyping.** This refers to the constant portrayal of men and women as having different social roles as dictated by society or traditions. In short it refers to the process of labour segregation.
6. **Labour market:** There is a lot of stereotyping in occupations for women in society and women tend to conform to this. Occupational discrimination in employment (in hiring, tenure and promotions) and lack of childcare facilities may discourage career aspirations in women as well as limit their contribution to development.
7. **Many times** women are related to subordinate positions even if they have the same qualifications as men.
8. **Access** is the means or right to obtain services, products or commodities. Gender gaps in access to resources and services are one type of obstacles to women's development.
9. **Conscientisation:** Is the process of becoming aware of the extent to which problems arise not so much from an individual's inadequacies but rather from the system discrimination against a social group which puts all group members at a disadvantage.
10. **Employment.** Is the process by which people take control and action in order to overcome obstacles? It is the collective action by the oppressed and deprived to overcome the obstacles of structural inequality which have previously put them in a disadvantaged position.
11. **Gender stereotyping** is the constant portrayal, in the media or in books, of women and men occupying social roles according to the traditional gender division of labour.
12. **Patriarchy.** Is the male domination of ownership and control of all issues in society, which maintains and operates the system of gender discrimination?
13. **Patriarchal resistance** refers to the various patriarchal governments or authority will try to stop or resist women's collective action for equal share in decision making and equal control over the distribution of resources.

GENDER AND ECONOMIC ACTIVITY OF UGANDA

- Gender equality is a prerequisite to meaningful gender partnership. Gender equality wants to see everybody given the same opportunities and ensure that basic rights and obligations are similar for all groups

The following is the basis for time and effective gender partnership:-

- Each member is justly rewarded for his/her service.
- There are no threats of exploitation or victimization
- Participants are aware of their own membership and that of the others.
- Each member gets satisfaction from participating in any activities taking place.
- There is a two way communication
- Each member strives to communicate his/her feelings and ideas as clearly and accurately as possible
- The development of each member is enhanced.

FACTORS THAT ENHANCE GENDER PARTNERSHIP;

Reasons why there is need to promote gender partnership.

1. To increase the abilities of women to participate in the labour force.
2. To promote the development of women entrepreneurs.
3. To promote employment for women as a strategy for poverty eradication.
4. To increase the number, sustainability and success of women in business.
5. To support organizations that promote women entrepreneurs in the informal and formal economy.
6. To eliminate threats exploitation or victimization.
7. To ensure that each member is justly rewarded for his or her input service.

GENDER MYTHS/ STEREOTYPES.

Gender myths are fixation beliefs that are related to gender stereotypes are fixed mental impressions that are related to gender.

These gender myths and stereotypes are based on gender a relation that is how men and women are related and interact in society.

The following are examples of misleading or fallacious beliefs concerning the gender concept.

- Men display special skills (with the sex differential unceasing with age and females show greater verbal skills.
- Girls are less capable and reliable in the fields of science and technology.
- Girls are incompetent in science, technology and Maths.
- Parents see science studies as being a little relevant to girls, they believe that they are weaker, lazier and more irresponsible than boys

Note: traditionally men and women had different tasks to perform e.g. men were meant to hunt and build homes while women were meant to look after children and food for home consumption.

This created a psychological impact in society that there are particular tasks for men and women and therefore limiting women from participating in particular tasks especially income generating tasks.

GENDER PARTNERSHIP

This involves men and women working amorously together to achieve pre-determined goals. In gender partnership, both men and women are recognized as being equal sharing the burdens together as well as the fruits of their labour.

Causes of Women Magnetization In Business

QN: Why is there low participation of women in business today?

1. Un fair colonial policy which emphasizes training young men for administrative posts and clergy at the expense of the women i.e. Women with confidence to food production and child rearing.
2. Constant discrimination in the labour market makes it difficult for actively participate in business. Most women are discriminated against when offering employment opportunities hence they are unable to raise capital to start their personal businesses.
3. Limited access / ownership of productive resources especially land gives women limited chances to participate in business and become prominent entrepreneur since most tribes do not allow women to inherit property
4. Parental misconception of the cost benefit analyses of educating a girl child is accumulating a capital stock for her husband, after roll upon completing education she is to be married off hence giving less benefit to her family.
5. The double demands for a girl child or woman i.e. the traditional demands of marrying a girl child early and the modern demands of staying in school working for the survival. This leaves the women at the cross road with increasing traditionalism the women are lured to accept the demand of the traditional society at the expense of their participation in business.
6. The religious / cultural hindrances i.e. religiously and culturally women are believed to be subordinates to the men, mainly created to do domestic work alone, this makes them participate less in business activities.
7. Strong opposition from men/males. Women some times are denied a change of participating in business activities by their husbands
8. Negative attitude of money lenders towards women. Many money lenders do not want to give loans to women thinking that they are likely to misuse the money for personal desires

9. Limited women role models. This limits women from participating in business activities since they lack people to influence their life styles and develop a positive attitude towards entrepreneurship
10. Ignorance of people about the benefits of entrepreneurship. Most women do not see the benefits of setting up businesses since they get what they want from their husband
11. Limited capital owned by women. This limits the business startup process hence leading to low women participation in business activities
12. Limited career guidance and counseling sensitive to a girl child. This limits women from participating in business activities since some cannot identify their abilities, lack business skills and entrepreneurial qualities
13. Early marriages of girls. This gives them added responsibilities which limit their participation in business activities

Ways of promoting gender partnership in the society.

There is need to promote gender equality if meaningful gender partnership is to be achieved in business. This can be done through the following ways;

1. Through eliminating unfriendly traditional and economic policies so as to enable them realize their potential or roles in causing development especially through their participation in business.
2. By providing equal opportunities to both male and female especially in education so as to increase their ability to participate in business activities.
3. By providing easy access to productive resources to the woman so as to encourage them to take part in business.
4. Through giving moral and material support to the women. Best organization especially those promoting women emancipation and development of entrepreneurial skills among the female gender.
5. By creating female based entrepreneurial society and clubs to promote female business in the community.
6. Developing career counseling sensitive to girl's needs. This enables them to identify their abilities and how to use them to spot and exploit existing business opportunities
7. Giving special incentives to girls to encourage them to study science subjects
8. Through recognizing the abilities/talents of girls to avoid skill shortages from exclusively one half of the population
9. Providing credit facilities in form of loans, credit supplies etc to women to supplement their capital base. This increases their rate in business activities
10. Organizing international women based workshops and conferences and hiring international women role models to arouse interests of women in business activities

THE ENREPRENUERIAL ENVIRONMENT

The term Entrepreneurial environment refers to a combination of different external factors and their organic integration which makes an impact on the business start-up process. It is important for an entrepreneur to always create a conducive environment for the success of his / her business.

THE MAIN FEATURES / CHARACTERISITCS OF AN ENTREPRENUERIAL ENVIRONMENT

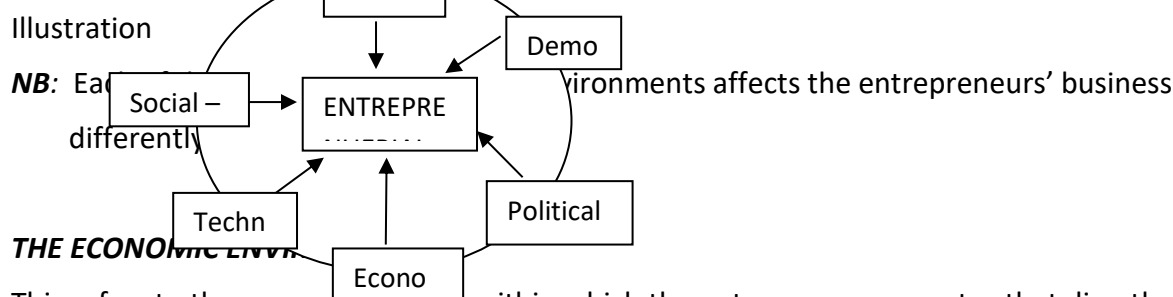
The entrepreneurial environment is characterized by the following aspect;

1. **Uncertainty.** The entrepreneur environment is full of unknowns and possibilities of unexpected occurrences. The entrepreneurial environment keeps on changing periodically hence entrepreneurs need to accommodate the changes / uncertainties as they come.
2. **Scarcity:** the entrepreneurial environment is characterized by limited resource availability and this limits the creation of new firms / businesses. Such resources may include; technology, social and financial capital, human resources etc.

Entrepreneurs need to thrive within the scarcely supplied resources so as to create successful business.
3. **Opportunity orientation.** The entrepreneurial environment is full of chances that people can take advantage of. Entrepreneurs who have the ability to discover and exploit these chances are successful.
4. **Flexibility.** The entrepreneurial environment is not static. It keeps changing. Hence an entrepreneur should not insist on a particular way of doing things even if it is no longer useful / productive.

THE ENTREPRENUERIAL ENVIRONMENT FRAMEWORK

This is mainly concerned with the different dimensions within which the entrepreneurial environment operates. Illustration



This refers to the economic system within which the entrepreneur operates that directly affects his / her attitude, opportunities and operations.

THE ECONOMIC FACTORS INFLUENCING THE ENTREPRENUERIAL ATTITUDES AND OPERATIONS.

These include the following;

1. The nature of economic policy. An open market system that allows the forces of demand of supply to control the distribution of resources gives the entrepreneur freedom to carry out any business in any area hence attracting more innovations and investment compared to a closed economic system where productive resources are controlled by the government giving limited chance for individual innovation and entrepreneurial growth.
2. Nature of the administrative policy regarding business registration, licensing and taxation influences entrepreneurial attitude and operations. A fair or simple administrative system encourages more individual entrepreneurs to start business yet a complicated or complex administrative system discourages the-would be potential entrepreneurs there by limiting entrepreneurial development.
3. Level of infrastructure development. Availability of a good road network, reliable power (electricity) and communication facilities encourages entrepreneurial development compared to a poorly developed physical and social infrastructure.
4. The nature of financial system. A well-developed financial system such as good banking system, presence of securities markets, credit cards etc. encourages the development of entrepreneurship since individuals can save and invest and access loans to improve on their businesses compared to a poorly developed financial system in which individuals have access to financial facilities and investment opportunities.
5. The extent to which the legal environment of the country is protective to the entrepreneur determines entrepreneurial development. The legal framework that institutes or protects ownership rights provides opportunities for entrepreneurial growth but unfriendly legal environment for example one which is corrupt discourages entrepreneurship growth and development
6. The amount of resources available. A country or community well-endowed with natural resources provides an opportunity for various entrepreneurs to emerge. Such resources may include capital (accessibility to loans), mineral, technology etc. all these provide a basis for individuals to enterprise or carry out different businesses but inadequate supply of such resources retards the development of entrepreneurship.
7. Costs of production involved. Countries experiencing or incurring low costs of production promotes the development of entrepreneurship since local individuals are encouraged to invest in different businesses due to low operations costs as compared to countries whose cost of starting and operating a business is high. Such costs include overhead costs, tax rate, and cost of insurance, costs for utilities such as electricity, water etc.
8. Availability of economic incentives. A society, community or country with favorable economic incentives such as tax holidays and tax exemptions promotes the development of entrepreneurship compared to a country with less or no economic incentives such a country limits the development of entrepreneurship
9. Rate of inflation/level of price fluctuation/level of economic stability. Fluctuations in prices of raw materials and final products make the business environment un predictable hence

discouraging people from setting up businesses but stable prices lead to stable earnings which encourages people to set up businesses leading to high levels of entrepreneurship growth and development

10. Availability of capital. Adequate capital encourages people to set up businesses leading to high level of entrepreneurship growth and development but inadequate capital limits the level of entrepreneurship growth and development
11. Availability of labour. Adequate labour supply encourage people to invest in different business activities but inadequate labour both skilled and unskilled limit entrepreneurship growth and development
12. Availability of land. Large pieces of land facilitate business expansion and attract more potential entrepreneurs to invest in different business activities thus leading to high entrepreneurship growth and development

ECONOMIC FACTORS LIMITING THE LEVEL OF ENTREPRENEURSHIP GROWTH

1. Existence of a closed market system
2. Unfavorable administrative policies regarding business registration, licensing etc.
3. Under developed infrastructure
4. Under development financial systems
5. High inflation rate
6. Unfriendly legal environment
7. Inadequate economic incentives
8. Inadequate capital
9. Inadequate labour
10. High cost of doing business

Economic factors that lead to a change in the level of entrepreneurship growth and development

1. Change in the market system
2. Change in administrative policy regarding business registration
3. Change in the state of infrastructure
4. Change in the level of development of financial sector
5. Change in the level of economic stability/rate of inflation
6. Change in the level of economic incentives
7. Change in amount of capital
8. Change in the size and quality of labour
9. Change of costs of production

Organizations that support entrepreneurs in Uganda

- Uganda National Chamber Of Commerce and Industry
- Uganda Manufactures Association (UMA)
- Business Uganda Development Scheme and Enterprise Support (BUDS-EDS)
- Uganda Investment Authority(UIA)
- Uganda Coffee Development Authority(UCDA)
- Uganda National Farmers' Association (UNFA)
- Capital Market Authority(CMA)
- Uganda Revenue Authority(URA)
- Private Sector Development Foundation (PSDF)
- Uganda Women's Entrepreneur Association Limited
- International Labour Organization(ILO)
- National Environment Management Authority(NEMA)
- Kampala City Traders Association (KASITA)
- Enterprise Uganda
- Educate Uganda
- Uganda National Bureau of Standards (UNBS)
- Uganda Tourism Board
- Support of Private Enterprise Expansion and Development (SPEED)
- Insurance Companies
- Kampala Capital City Authority (KCCA)
- Uganda Veterinary Association (UVA)
- Uganda OU Seeds Producers and Processors Association(OUSPA)
- Uganda Industrial Research Institute (UIRI)
- Uganda Cooperative Alliance Limited(UCA)
- Uganda Fish Processors and Exporters Association (UFFPEA)
- Uganda National Agro-inputs Dealers Association(UNADA)
- Uganda Tea Association(UTA)
- Uganda Pest Control Association
- Uganda Small Scale Industries Association(USSIA)
- Uganda Registration Service Bureau(URSB)
- Uganda National Beans Research and Development (UNBRD)
- United Nations Development Program (UNDP)
- Youth Empowerment and Development through Modernized Agriculture (YEDA-AFRICA)
- Uganda Export Promotion Board(UEPB)
- Uganda Beef Producers Association (UBPA)

Services offered by the different support organizations to entrepreneurs in Uganda

- Advisory service e.g. NAADS etc.
- Financial support e.g. banks, microfinance
- Provision of insurance by insurance companies
- Identification and provision of investment opportunities e.g. UIA etc.

- Monitoring and evaluation of business activities e.g. UMA enterprise Uganda etc.
- Provision of entrepreneurship education and training of young entrepreneurs e.g. enterprise Uganda ,youth enterprise scheme
- Identification /provision of markets both local and foreign e.g. Uganda National Chambers of commerce and industry/provision of markets
- Networking among organizations and entrepreneurs/Aid information of Trade unions
- Sales promotion through trade fairs e.g. UMA, UNFA etc.
- Advocating/lobbying and encouraging investment e.g. by private sector foundation
- Observation of environment laws e.g. NEMA, NFA etc.
- Advice on tax matters e.g. URA, KACITA etc.
- Provision of jobs e.g. I.L.O
- Advising on quality standards e.g. UNBS etc.
- Mentoring entrepreneurs e.g. Enterprise Uganda
- Provision of research service
- Provision of incentives e.g. technical support
- Provision of transport services e.g. UTODA,UBOA,CAA,RVR,etc
- Rendering communicating services e.g. UCC
- Provision of legal services e.g. Uganda law security
- Rendering power/energy services e.g. solar Uganda, UMEME etc.
- Provision of water services to the business e.g. NW
- Construction of roads e.g. UNRA,RCC
- Provision of accommodation services e.g. Uganda Hoteliers Association
- Provision of health facilities e.g. TASA,NDA
- Provision of labour services to entrepreneurs e.g. I.L.O
- Provision of security services e.g. securiko Uganda, Uganda police
- Encouraging saving e.g. N.S.S.F,BRAC
- Provision of childcare services e.g. child care

THE CONCEPT OF SOCIAL – CULTURAL ENVIRONMENT

This concept explains the entrepreneurial environment basing on the social or cultural beliefs, values and attitudes of a given society e.g. one's social or cultural value attached to innovation, hard work and success and social cultural misery attached to failure plays a very important role in promoting entrepreneurship in society.

THE SOCIAL – CULTURAL FACTORS INFLUENCING ENTREPRENEURIAL ATTITUDES AND OPPORTUNITIES.

1. Culture of a given society. This refers to the customary beliefs, values, norms and practices held or cherished by individuals in a given society or community, societies with a social

system that promotes entrepreneurship have a high entrepreneurial development e.g. the Indians and the Arabs. Similarly, societies with risk fearing people, less hardworking and inconsistent, the level of entrepreneurship development is low.

2. The social background or family back ground. An individual's family background influences his or her attitude towards entrepreneurship. Individuals from families with a business background easily adopt entrepreneurial skills and are attracted to business compared to those whose family is much adapted to business. Similarly, individuals whose family is financially sounding easily access finances to invest in different businesses there by boosting their attitude towards entrepreneurship and creating more opportunities compared to individuals from poor families such people find it difficult to get finances to set up business.
3. Level of social identification. The extent to which an individual views himself or herself as an entrepreneur influences his or her attitude of opportunities regarding entrepreneurship i.e. an individual who views himself or herself as being appreciated by society has a more positive attitude towards entrepreneurship than a person who feels he or she is unappreciated, despised and under rated by society.
4. The influence of role models. These are individuals that influence one's career of life style. Thus, presence of successful entrepreneurs in a society or country attracts and motivates more individuals especially the young ones to develop a positive attitude towards business and entrepreneurship compared to a society with less role models who can influence individual's attitude such a society has low levels of entrepreneurship and development
5. Nature of religions. Individual's decision to become an entrepreneur is greatly influenced by his or her religion. Countries with religious beliefs, values, doctrines and practices that favors entrepreneurship attracts its citizens to become prominent business men or women. This is because religious doctrines and practices greatly impacts on individual's life. However, unfriendly religious factors discourage people from investing in business for example comments like "happy are the poor, theirs is in heaven"

ASSIGNMENT:

Discuss the social/cultural Limiting factors...

Socio-cultural factors leading to a change in the level of entrepreneurship growth and development

THE CONCEPT OF POLITICAL ENVIRONMENT

This refers to the political system (law, regulatory system and government monitoring agencies) which directly or indirectly affects business activities in a particular society. It is mainly concerned with the political – economic policies operating a particular society or country.

The Political Factors Influencing Entrepreneurial Attitudes And Opportunities

1. The political climate. A politically stable society promotes the development of entrepreneurship since individuals are settled to engage in different business activities compared to a political unstable country in which individuals are not sure of the future.

NB: In the past Uganda experienced political instability which greatly hampered with development of entrepreneurship. However the past 27 years ushered in a wave of political stability which has greatly promoted business and entrepreneurship.
2. Nature of the legal framework or environment; a society with friendly legal environment that promotes business encourages the development of entrepreneurship since individuals or businessmen are well protected by the business friendly legal environment that in a society having a weak legal system in regard to business.
3. The operation of government institutions and departments. government establishments which are insensitive to business and entrepreneurial development discourages the would be potential entrepreneurs from engaging in business e.g. the actions and policies of KCCA discourages several individuals who would wish to open up various businesses but effective government institutions encourage entrepreneurship growth and development.
4. Level of government expenditure. High level of government expenditure in relevant sectors such as education, health and security, transport sector encourages entrepreneurial development since many entrepreneurs emerge to respond to the various requirements of each sector, compared to a situation in which the government invests in irrelevant sectors and departments. This leads to low levels of entrepreneurship growth and development.
5. A government policy of taxation. A country with a clear policy regarding taxes, tax collection methods and accountability for the revenue realized encourages individual's attitude towards entrepreneurship since they are aware of what, when, and how to pay compared to a society with an unclear tax system, such a society limits the level of entrepreneurship growth and development
6. Level of democracy. Democracy means giving individuals total freedom of initiate, thought, speech and action. A country with a high degree of freedom encourages entrepreneurship since people are free to carry out business and also express their dissatisfaction in case of unfavorable government policies. Yet in a country with limited democracy discourages entrepreneurship development.
7. Religious and political refugees. Displacement of people due to wars or closure of firms, job loss and reduced earnings discourages entrepreneurial development since individuals have limited finances to save or invest compared to a society in which individuals are relatively settled.

Qn: (a) Discuss the political factors responsible for the low development of entrepreneurship in Uganda.

(b) Suggest the possible remedies that should be adopted to avert the situation.

Political factors that Limit entrepreneurial attitudes and intentions

- Unfavorable political climate
- Limited/reducing levels of government expenditure
- Un supportive government institutions and departments
- High taxation on business and income
- Un supportive legal environment
- High degree/extreme level of political and religious refugees
- Unsupportive government policy on business.

THE GLOBAL ENVIRONMENT

The global environment is mainly concerned with bringing together the entire world into single entity sharing same commercial ideas. Hence globalization involves increased mobility of labour, goods, services, capital and ideas across boundaries of different countries. Globalization therefore provides opportunities to have access to large potential market and a broad base for acquisition of factors of production.

Globalization- it can also be referred to greater movement of people, goods, capital and ideas due to increased economic integration which in turn is promoted by increased trade and investment or Globalization is seen as the process of De-terrorization, interdependency, and inter-connectedness among different national economies to promote economic, social, cultural, political and technological reforms

Facts of Globalization

1. **Trade:** Share of world trade to each country and composition of what each country exports or imports can reflect effects of globalization.
2. **Capital movements.** Financial flows in form of private transfers.
3. **Movement of people:** Global converge of HRS potential for transfer skills
4. **Spread of knowledge and use of ICT:** Information exchange is an integral aspect of globalization and level of trade.

Key determinants of level of globalization.

1. Personal /national contracts/networking:
2. Level of ICT advancements;
3. Level of potential engagement in others of the world

4. Level of trade and economic integration; and
5. Level of good governance and macro stability in a country

Arguments for Globalization

- Globalization reduces socio-economic, cultural and political barriers through advances in transportation communication and technology.
- Global markets promote efficient through competition and the division of labour.
- Global markets offer greater opportunity for people to tap into regular markets.
- The global village can help the poor if a country has or adopts sound ,policies and institutions through which it can maximize the benefits of globalization
- The interdependence of countries leads to multiple economic activities
- Free flow of knowledge, information and economic activities (trade) alone can balance out economic disputes.
- The developed countries reaching out to developing countries has opened up opportunities for employment.
- Good governance; Globalization has put a premium on good governance.
- Globalization opens peoples' lives to other cultures and all their creativity improves due to flow of development ideas and values.
- Increased information flow and communication technologies have eased interaction among counties and people.
- Globalization has eased international trade and commerce ,facilitated foreign investment and flow of capital into nations –increased financial in flows
- High factor mobility /labour mobility –globalization frees labour across boundaries and facilitates brain trade.
- Globalization sets new rules /standards that is in global markets.
- Technology transfer (technological grains) capital savings technology change (intermediate and appropriate technology)can be pro poor if the poor are able to learn and use the technology hence human capital development .
- Potentially lower tariffs rates which can have an extremely pro-poor impact.
- Low transport and communication costs due to time and space compression.
- Increased flow of high quality and diversity of products due global competition.
- Reduction in socio-economic barriers or monopolies
- Promotion of investments and diverse trade.

Cases against Globalization

- ✓ As cultures interact some get diluted.
- ✓ The world is divided between the connected who know and who have a monopoly on almost everything and isolated.

- ✓ Globalization encourages illicit trade e.g. smuggling
- ✓ Brain drain from developing countries
- ✓ Employment opportunities shipped overseas
- ✓ Trade diversion effects on an EC
- ✓ Collapse of infant unprotected industries
- ✓ Reduced tariffs leads to loss of revenue.
- ✓ Global decisions, policies and regulations undermine sovereignty of the poor countries.
- ✓ Cross-border criminality/terrorism.
- ✓ Global regulations disadvantage LDCs.
- ✓ Environmental quality maybe negatively affected
- ✓ Subsidies to agricultural sector in developed countries disadvantage LDCs.
- ✓ Disease transmission
- ✓ Financial instabilities

Responses to Globalization

- Ensure good governance and being proactive
- Adopt appropriate technology
- Increased visibility and networks globally.
- Adopt product quality and safe standards.
- Develop modern infrastructure
- Harmonizes systems with the world.
- Human resource development.
- Joining effective regional blocs/global presence
- Policy reforms to address globalization

Contradictions in globalization

- It integrates and disintegrates
- It fosters co-operation and disunity /selfishness.
- It engenders order and disorder.
- It is divisive and unifying.

Economic Globalization

Increasing economic interconnectivity but;

- a) Rapidly expanding volume of capital flows but capital remains concentrated among the wealthiest nations
- b) Unsecure whether it exacerbates or reduces income inequality.

C) Economic interdependence is related to more peaceful relations; but those left behind tend to be resentful.

Policies and Globalization

- ✓ Nation states are less able to control social and economic events within their territory.
- ✓ Global/regional decision making bodies are raising in importance but they are not yet fully democratic /accountable.
- ✓ International media influences the country decisions on human rights issues.

Technology and Globalization

Increased access to information but;

1. Access is unevenly distributed.
2. Has made it easier to seek out like minded voices and avoid opposing views.
3. Makes surveillance and certain types of control easier.

Cultural Globalization.

Increases exposure to foreign ideas and practices but

- ✓ Cultural exports are disproportionate.
- ✓ In some cases has led to commoditization of cultures.
- ✓ Some Ethnic and religious groups feel culturally threatened by globalization
- ✓ Has killed some cultures.
- ✓ Has resulted in a sharp increase in reactionary nationalist and financial groups whose end result is not good.

Global environment factors that influence entrepreneurial intentions;

- a) Export policy-liberal policy expands market for entrepreneurs compared to the restricted policy e.g. the African Growth and opportunity Act.
- b) Global finance- Globalization provides entrepreneurs with opportunities in international payment system, international finance bodies and currency exchange rates e.g. western Union than where such global payments are not available.
- c) Democracy; (High level democracy) promotes innovators in business thus entrepreneurship growth than where there is no or limited democracy.
- d) Import policy- favorable import policy like tax exemption for import substitution industries and enabling importing resources foster entrepreneurship compared to where there is restrictive policy.

E) Market openness- free markets open chances to local and foreign markets than where there is no globalization.

f) Government global policy-liberalization of the economy in investment promotes entrepreneurship compared to where the economy is not liberalized

g) Global trade-Foreign trade promotes entrepreneurship Growth across boundaries than where global trade is restricted.

THE CONCEPT OF DEMOGRAPHIC ENVIRONMENT

Demography concerns the study of the population structure of a given country or society. It involves determining the population size, growth rate, family size, gender, marital status etc. The demographic environment is an important variable in enhancing entrepreneurship growth and development of a country since it forms a basis for most entrepreneurial activities.

The demographic factors influencing entrepreneurial attitudes and opportunities.

1. **Population size and growth rate.** A big population size and a high growth rate opens up opportunities such as accessibility to cheap labour, and a big market population there by stimulating individuals attitude towards entrepreneurship yet low population size and growth rate presents a challenge of limited quality labour and small market population thus discouraging the would be potential entrepreneurs to emerge.
2. **The level of education and experience.** A high level of education increases the entrepreneurs' alertness to spot and exploit business opportunities available to him or her. A high level of education especially in business related subjects encourages the development of one's personal skills such as negotiation skills, business management skills, networking etc which are very important in promoting development of entrepreneurship but a low level of education and experience leads to a low level of entrepreneurship growth and development.

NB: Uganda's situation tends to conflict with the above analysis i.e. the highly educated people are always analytical and risk averse compared to the less educated who are ever creative and risk taking. Hence most prominent business people in Uganda are the less educated.

3. **Income level.** A highly paid individual takes little interest in seeking alternative means of improving on his or her income and thus he or she is less creative and has low attitude towards entrepreneurship compared to a less paid individual who is always looking or searching for opportunities to increase his or her earnings. Thus he or she decides to venture into business leading to high level of entrepreneurship growth and development.
4. **Age structure.** The relatively young individuals have got the desire to venture into business and hence, they can easily succeed compared to the old individuals. Even then, the young have got less problems which are financially demanding and thus they can invest the little savings accumulated and develop a meaningful or successful business.

5. **Gender composition.** A society with more men than women is likely to have more entrepreneurial activities than the one whose female composition is large. This is because the males are adventurous and they have less fear for risks compared to the females who are critical, analytical, and risk fearing. Even then, the traditional belief regarding women denies them easy access to productive resources there by limiting their creativity and attitude towards business.
6. **Nature of family background.** Parents who are actively involved in business influences the future entrepreneurial intensions of their clan since they act as role models in the lives of then off springs. Hence individuals from such families are likely to develop a positive attitude towards business and entrepreneurship compared to their counter parts from families with a poor business background. Such families lead to low entrepreneurship growth and development.
7. **Family size.** Individuals coming from big / extended families are likely to develop entrepreneur attitude and exploit the opportunities available to them compared to their counterpart coming from small families. This is because such individuals are exposed to harsh living conditions and hence they turn to the environment for their survival. They start with petty business that can generate in big business establishments. But individuals from well off families lead to low entrepreneurship growth and development.
8. **Inheritance or succession.** Individuals who inherit the wealth of their parents have access to productive resources (social capital, human capital, financial capital) and hence they are encouraged to invest in different projects or business and develop into meaningful entrepreneurs e.g. Madhvani, Mukwano hence leading to a high level of entrepreneurship growth and development but individuals with no chances of succession have low levels of entrepreneurship growth.
9. **The changing family roles or responsibilities.** A change in one's family responsibilities determines the development of entrepreneurial attitude e.g. a married couple without children have got less responsibilities and hence they are less enterprising yet married couples with children and dependants are faced with several responsibilities and thus they are forced to look for opportunities in the environment for meaningful survival hence resorting to business.

SMALL AND MEDIUM ENTERPRISES.

SIZE OF THE BUSINESS

FACTORS THAT DETERMINE THE SIZE OF BUSINESS.

1. The amount of capital invested in the business. Micro and small businesses employ little capital while large and medium businesses employ large capital.
2. The number of paid employees. Micro and small businesses employee few workers unlike medium and large businesses employ many workers.

3. The level of technology used. Small and micro businesses use simple tools in businesses unlike large and medium businesses which use modern technology.
4. The volume of sales. Small and micro businesses have low sales while large businesses realize large sales volume.
5. The size of the business premises. Small and medium businesses operate within a small space while medium and large businesses occupy a large space.
6. Business registration. Small and medium businesses do not need registration to operate while medium and large businesses must be registered to start operation.
7. The size of the market served. Small and micro businesses serve a wide market while medium and large businesses serve a wide market.
- 8.

MICRO BUSINESSES

These are businesses which are very small and employ a maximum of four people.

Characteristics of micro businesses.

1. They employ a maximum of four workers.
2. They require little capital to start
3. They use very simple technology in their operation.
4. Their sales are low of a maximum of 12 million a year.
5. They are usually run by the skills of the owner and family members.
6. They do not have to be registered to start operation.

SMALL BUSINESSES

These are enterprises which realize a maximum of 50 workers and with annual sales turnover of 360 millions

Characteristics of small businesses.

1. They operate from well-established and permanent premises.
2. They use advanced technology.
3. They employ a maximum of 50 people
4. Their sales volume is a maximum of 360 million.
5. Their total assets value is upto shs 360 million.
6. Most of them are formally registered.

MEDIUM BUSINESSES

These are business enterprises employing more than 50 people with annual sales of more than 360 million.

Characteristics of medium businesses.

1. They are formal and fully registered businesses.
2. They operate from permanent premises.
3. They operate on a large scale.
4. They serve both local and foreign markets.
5. They employ many workers of more than 50 people.
6. They have large sales volume of up to 360 million.
7. They have many assets of more than shs 360millions.

Questions

Explain the factors that influence the size of the enterprise

Advantages of small scale enterprises

Qtn: What are the advantages of small scale enterprises in your country?

- ✓ They enjoy easy decision making, this is because small scale enterprises have few departments and they are less affected by bureaucracy in decision making. The process of making decisions is short and simple.
- ✓ They require limited capital to start, Small scale enterprises need less fixed assets and money capital to start. They are easily started by people with limited income.
- ✓ They pay less tax to government; the government sets lower tax rates for small scale enterprises so as to promote their growth. Therefore, the low taxes paid enable the entrepreneurs to raise more commercial profits for expansion.
- ✓ They have more personal contact with the clients, Small scale enterprises bring the owners of the enterprises close to the buyers. This creates a good relationship between the two parties and it improves the customer retention.
- ✓ They promote specialization
- ✓ They use simple tools
- ✓ They are very flexible
- ✓ They provide market for raw materials to large scale enterprises
- ✓ They are easy to manage and control
- ✓ They do not suffer from diseconomies of scale
- ✓ They provide market for people's produce
- ✓ They provide goods and services to people

Qtn: 1 a) Distinguish between micro enterprise and medium enterprise.
b) Access the role of small scale enterprises in the development of your country.

Positive roles of small scale enterprises

- Creation of many job opportunities in the country. This stimulates their income levels hence improving on standards of living
- Training ground for local entrepreneurs hence promoting self-sufficiency in the country
- Increasing on the GDP and national income of the country by producing many goods and services. Hence promoting economic growth and development
- Encouraging the development of infrastructure/promotion of infrastructure development e.g. the road net-work and storage facilities, power supply since they facilitate business activities
- Reducing income inequalities in the country. Small and medium enterprises enable low income earners to set up their own businesses and get employed in them
- Promoting/promotion of technological development. Small and medium enterprises act as a basis for the development of indigenous technology like iron smelting, pottery etc (they promote innovation and invention). Which in the long run lead to technological development
- Producing/production of affordable goods and services for the poor and this improve the well-being of the poor.
- Improving on the balance of payment position of the country through promoting exports and reducing importation of commodities
- Promoting economic diversification. Small and medium enterprises engage in a variety of goods and services hence reducing the danger of relying on hone line production
- Enabling workers to acquire practical skills. This improves on labour efficiency and productivity
- Provision of government revenue through taxes. This enables the government to extend social services to its people
- Promoting self-sufficiency or self-sustenance. Since many people are employed in their own businesses
- Creation of backward and forward linkages. This leads to leads to balanced growth and development since each sector supports the other
- Utilizing/utilization of the would be idle resources in the country. This accelerates economic growth and development
- Widening consumers' choice since they produce a variety of goods and services
- Reducing regional imbalance in economic development since many small and medium enterprises are scattered in all most all parts of the country
- Provision of market for other people's produce. Employees of small and medium enterprises buy consumer goods from the local communities

Negative role

- They worsen congestion in semi-urban areas
- They waste resources through unnecessary competition
- They have a limited contribution to employment

- They under utilize the locally available resources
- They cause pollution which reduces the quality of life
- They have a low contribution to government revenue
- They produce poor quality goods.

FORMAL AND INFORMAL BUSINESS

Formal businesses. These are businesses that are registered with the registrar of companies. For a person to start such a business, he/ she must be aware of the licenses, labour laws, taxes and permits required to avoid breaking the country's laws and regulations.

Advantages

- They are legally recognized
- They are properly organized
- It is easy to get a loan from financial institutions
- They usually have a sound base for further growth and development

They are reliable and somehow permanent so it is easy to get skilled resources.

Disadvantages

They are always governed by laws and rigid regulations

Informal businesses

These are businesses that are not registered though they may have licenses. People with such businesses do not pay taxes nor do they adhere to government regulations.

Advantages

- They lead to first employment generation
- They form a basis of initiating new industries
- They are adoptable to changes
- They are easy to start so most people can run them on a full or part time basis.

Disadvantages

- They are not legally recognized
- They are not always reliable as profit making enterprises.
- They do not have clear access to loans from financial institutions.

- They do not comply with social security regulations.

Advantages and Disadvantages of S.M.E.S (Small and Medium Enterprises)

- They tap available resources.
- Decision making is easy.
- They require less capital to start than large enterprises do.
- They have low operation costs.
- They can be located anywhere including rural areas.
- They can be easily transferred from one area to another.
- They are a source of employment to families, especially since they employ family labour.
- They sell their goods nearer to customers.

Disadvantages

- They do not enjoy economies of scale.
- They often produce low quality products.
- It is not easy for them to obtain a loan from the bank.
- They easily collapse as soon as the owner dies.
- They may not compete favorably with large enterprises.
- They have no access to sufficient raw materials.
- They normally have poor infrastructure.
- They frequently suffer from customer changing tastes and preferences.
- They lack skilled manpower to manage the business.
- They have limited storage facilities especially for perishable goods.

SUCCESS IN BUSINESS.

Success refers to achieving the set goals, targets and objectives for the expansion and survival of the business. Or it is the realization of a worth intension

INDICATORS OF A SUCESSFUL BUSINESS

These are signs which show that a given business is successful

- Increased assets e.g. buildings, vehicles etc
- Increased profits. This shows that the business is successful because it is the major aim of carrying it out
- Expansion of the business. A successful business is the one whose market share, number of workers and quality of goods has increased
- Recognition of the business in the community
- Improvement in technology

- High level of organization

FACTORS THAT LEAD TO SUCCESS IN BUSINESS

- Good personal entrepreneurial qualities. These are qualities that are possessed by entrepreneurs and managers that help in running a business successfully for example hardworking, creativity etc
- Setting clear objectives
- Efficient and effective business planning
- Availability of skilled labour
- Availability of adequate market
- Proper location of the business
- Production of good quality products
- Favourable government policies
- Proper management of business funds
- Adequate capital
- Good customer care

Examine the factors influencing the success of businesses in your country

CHALLENGES FACING SMALL AND MEDIUM ENTERPRISES

Reasons for high rate of failure of small and medium enterprises in Uganda.

Business failure is the last stage of an organization's life cycle. There are however, key factors that if not avoided may be certain to weigh down a business:-

1. ***Poor location*** of the business. A bad location leads to collapse of the business because it makes it inaccessible to customers leading to low market
2. ***Over expansion or Rapid expansion***. This happens when business owners confuse success with how fast they can expand their businesses. It causes bankruptcies in the business hence its failure.
3. ***Choosing a business that is not profitable***. This causes business failure because even though you generate lots of activities, the profit, never materializes to the extent necessary to sustain the business
4. ***Inadequate cash reserves/inadequate capital***. This makes it difficult for the business to buy the necessary facilities needed to carry out production activities for example skilled labour, modern machines,, raw materials etc
5. ***Failure to clearly define and understand the business market***. Failure by an entrepreneur to determine his/her customers, and their buying habits. this makes them to go businesses that serve their needs hence business failure
6. ***Failure to price the business products or services correctly***. This leads to losses in the business hence its failure

7. **Failure to adequately anticipate cash flow/un controlled credits.** Most of small and medium enterprises are just starting out, and suppliers require quick payment for inventory yet they normally sell their products on credit. This makes them collapse in long run
8. **Poor record keeping in many small and medium enterprises.** This makes it difficult to determine whether the business is performing well or not hence leading to its failure
9. **Poor customer care.** Poor customer care forces them away from the business hence leading to its collapse due to absence of market.
10. **(xi)Neglect of the business.** Many owners of small and medium enterprises give their businesses very little time and attention. This promotes absenteeism of employees in the business hence contributing to its collapse.
11. **Failure to anticipate or react to competition, technology or other changes in the market place.** This makes many small enterprises to collapse because they are out competed by well-established large enterprises that respond rapidly to new demand patterns.
12. **Over dependence on a single customer.** Most of the small and medium enterprises have one customer so big that losing them would mean closing up the shop, and this leads to business failure because it is unstable.
13. **Poor management.** This involves growing beyond management resources or skills, poor handling of employees, misuse of business funds and to decide on the skills necessary in the business.
14. **Poor and low quality products.** Products that do not satisfy customers' wants are not bought thus leading to failure of medium enterprises that produce such products.
15. **Unconducive government policies** like taxes. These reduce profits of small scale enterprises hence making them fail to survive in the long run.
16. **Inadequate or ill-times financing.** It is caused by mistaking like securing the wrong type of financing, miscalculating the amount required or underestimating the cost of borrowing money.
17. **Death of owners.** This leads to failure of many small and medium enterprises since owners perform all the activities in the business. This makes it difficult for successors to continue with such businesses.

Suggested solutions to the High Rate of failure of small and medium enterprises in Uganda

The following items should assist in the improvement of chances for success. **Use by/through** at the beginning of each point

1. **Through starting a business for good reasons.** Entrepreneurs should have love and passion for their businesses, physically fit and possess the needed mental stamina, should have determination, patience and a positive attitude so as to run successful businesses

2. **Through practicing good management** A successful manager is also a good leader who creates a warm climate that encourages productivity. He should be with skills of hiring competent people, training them and able to delegate. He is able to make a vision a reality and skilled at strategic thinking.
3. **Through proper planning.** This involves ascertaining how much the business requires, availability of funds. Planning must be based on realistic and accurate current information and indicated projections for the future. Therefore it is important to prepare a business plan.
4. **Production of good quality product.** This enables the business to satisfy the needs of its customers
5. **Through proper handling of customers.** This creates customer brand loyalty hence increasing sales and profits of the business
6. **Through proper location and plan layout.** This makes the business accessible to customers and suppliers thus leading to its success
7. **Avoiding over –expansion.** Expansion of the business should be done after careful review, research and analyzing so as to avoid
8. ***By encouraging the government to provide subsidies to owners of small scale enterprises and to charge low taxes to enable them makes profits***
9. ***Training of employees and family members the daily routine of the business so as to avoid failure after the death of the owner***
10. ***Through reducing on credits given to customers and by borrowing to only trust worthy customers so as to avoid bad debts***
11. ***By tightening security*** in the business to reduce theft among employees and from outside the business