

- Money supply: Quantity of money in circulation which is supplied by Central Bank
- Interest Rates: rate charged by commercial banks on the money that it lends
- Exchange rates and controls
- Taxes and subsidies (Incentives given to encourage production of good or service)
- Income levels
- ✓ Social Cultural Factors
 - Is made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviors. People grow up in a particular society that shapes their basic beliefs and values.
 - Social factors e.g. family, religion, social roles and status, reference groups
 - Cultural factors like values, beliefs, customs and lifestyle.
- ✓ Technological Factors. Ways and means of production

THE ENTREPRENEUR

Types of Entrepreneurs

a) Craft entrepreneurs

- ✓ Exploits and utilizes personal skills to start a business without thinking of its growth or the expansion objectives
- ✓ Often times than not in this type of entrepreneurship;
 - i. There is no expanding even after a long time
 - ii. It is not business expansion oriented.
 - iii. The skills can be technical skills, professional skill e.t.c

b) Opportunistic entrepreneurs

- ✓ This is a person who starts a business, acts as a manager and with a view to expand the business to maximum.
- ✓ He might not have the skill or profession but he has the opportunity to start and direct others.
- ✓ He sees beyond and has abilities to initiate and venture into business that will expand and grow.
- ✓ He is innovative i.e. somebody able to delegate activities to others, ready and able to see, scan the environment.

c) Social entrepreneur

- ✓ Recognizes a social problem and uses entrepreneurial principles to organize, create and manage a venture to achieve social change.

d) Political entrepreneur

- ✓ Is a business person who utilizes political systems or seeks support from political bodies in order to promote, expand and profit from their own commercial ventures.
- ✓ A political player who seeks to gain certain political and social benefits in return for providing the common goods that can be shared by an organized general public.

e) High Tech:

- ✓ New technological developments have created opportunities for those with the right technical expertise

f) Concept Multipliers

- ✓ Someone who identifies a successful concept that can be duplicated by others eg

g) Acquirer :

- ✓ Those who take over a business started by others and use their own ideas to make it successful

- h) Buy/Sell artists:** those who buy a company for the purpose of improving it before selling it for a profit.
- i) Economy of Scale exploiters:** Those who benefit from large volume of sales by offering discount prices and operating with low overheads.
- j) Inventors:** Those with particular inventive abilities who design a better product and then create companies to develop, produce and sell the item.
- k) Self-employed:** individuals who perform all the work and keep all the profit.
- l) Speculator/Value:** Those individuals who buy property at a low price with the anticipation that prices will go up and sell at a higher price.
- m) Conglomerate:** an entrepreneur who builds up a portfolio of ownership in small businesses, sometimes using shares or assets of one company to provide the financial base to acquire another.
- n) Matriarch or patriarch:** The head of family owned business who often employs several members of the family.

Characteristic/Traits of a Potential Entrepreneur

a) Initiative and risks taken by;

- ✓ Doing things before being asked or forced by events
- ✓ Acts to extend business in to new areas products etc
- ✓ Sees and acts on opportunities
- ✓ Looks for and takes action on opportunities.
- ✓ Sees and acts on new business opportunities

b) Persistence and patience through

- ✓ Taking repeated action to overcome obstacles
- ✓ Taking action to overcome obstacles
- ✓ Taking action in the face of significant obstacles.

c) Information and property seeking

- ✓ Takes action on his own to get information to help reach business objectives
- ✓ Does personal research on how to provide a product or service
- ✓ Consultation of experts on business and technical advice
- ✓ Asks questions to clarify information
- ✓ Undertakes market research analysis and investigation.

d) Concern for high quality work by

- ✓ Acting to do things that meet or beat existing standards
 - ✓ A desire to produce and sell top and better quality products or services ✓Compares own work favorable to other.
 - e) **Commitment to work contract by**
 - ✓ Placing the highest priority on getting the job completed.
 - ✓ Accepts full responsibility for problems that may arise in getting the job done ✓Expresses concern on customers satisfaction.
 - f) **Efficiency orientation by;**
 - ✓ Finding ways of doing things faster and cost effectively ✓Uses information to improve efficiently.
 - ✓ Express concern on costs improvements change etc.
 - g) **Systematic planning;**
 - ✓ by developing and using logical plans to meet goals
 - ✓ breaking tasks down to sub-tasks
 - ✓ developing plans which anticipate obstacles
 - ✓ evaluates alternatives
 - ✓ takes logical and systematic approach to activities
 - ✓ identifies new and potential unique ideas to reach goals ✓Switches to alternative strategies to reach goals.
 - h) **Self –confidence;**
 - ✓ has a strong belief in self and own abilities
 - ✓ expresses confidence in own ability to complete task or meet challenges
 - ✓ Sticks with own judgment in the face of opposition or early lack of success ✓confronts problems and issues directly ✓Tells others what they have to do.
 - i) **Persuasion;**
 - ✓ convinces people to buy the products or service
 - ✓ convinces people on providing funds
 - ✓ Asserts own competence reliability and the company product.
 - j) **Uses strategic influence and networking;**
 - ✓ To develop business contact
 - ✓ Uses influential people as agent to accomplish objectives
- Role of an entrepreneur in an enterprise;**
- ✓ Risk taker, Mobilizer, Marketer, Financier, Shareholder, Director, Initiator

Factors to consider in starting a business

a)Personal Factors

i.Personal abilities

One must have personality traits that will enable him/her to start, continue and succeed in business. One must have entrepreneurial traits and be motivated and determined to succeed in business. E.g. one must be willing to work hard and pursue his/her goals persistently he/she must be innovative, creative and optimistic. ii.Skills: One needs to have the training and experience necessary in the proposed line of

business. He/she must have adequate knowledge about product or service and the necessary managerial skills for the business to succeed.

- iii. Interests / hobbies: As an entrepreneur, how much interests does one have in line of his/her business? An interest or hobby can be a basis for a business.
- iv. Family: Small businesses and family are inseparable, one affects the other. You need to consider possible effects of the business on the family and how the family could affect the business.
- v. Health: Running a business successfully calls for a lot of hard work. It involves a lot of physical and mental energies. If an entrepreneur has failing health, it is advisable to engage in less strenuous activities.

b) Resource Factors

- i.) Financial Resources: These include money saved by the entrepreneur and money that may be borrowed from individuals and institutions like banks, building societies, cooperatives, etc to start and run a business.
- ii.) Labor Resources: The availability and suitability of labour should be assessed.
- iii.) Equipment/Machinery: Tools of the trade that are essential in any business. They may include furniture, office equipment, machine for a specific job, etc.
- iv.) Raw Materials: These are items that are to be converted to states that can be readily used by consumers. These include timber if one is furniture business, cloth materials if in dress making business.

c) Environmental factors

- i.) Location: Factors such as community profile, communication, road, water, safety, source of raw materials and competition should be considered when locating a business. This enables easy accessibility of the business by customers.
- ii.) Government Policies / regulations: Policies such as taxation, pricing, licensing, loans and policy documents affect small enterprises. Information on the above is available from district Information Offices, Trade Organizations, Kenya Chamber of Commerce and Government Printers.
- iii.) Infrastructure: Availability of roads, power, water and telephone services are very important in some types of business.
- iv.) The economy of the society: The average income and employment trends determine the demand for goods and services within the community to sell products or services at reduced profits, a strong economy creates ample demand and good profits.
- v.) Competition: An entrepreneur should try to assess the number of competitors in his or her environment in order to compete with them successfully.
- vi.) Market: A market for the product or services is very important to the entrepreneur. One has to assess whether there's a steady market.
- vii.) Community and Culture: The entrepreneur has to consider:
 - a) General Customs of the region eg customs about mode of dressing
 - b) The mix of politics
 - c) Taboos / beliefs eg Muslims cannot operate any business dealing with pork products
 - d) Traditions peculiar to his / her community

CREATIVITY AND INNOVATION

Definition

- ✓ Creativity refers to the process of devising a new idea, or thing that result in the improved efficiency or effectiveness of a system.
- ✓ Innovation means improving an existing idea or thing. Commercializing of an idea or turning idea into an opportunity.
- ✓ Innovation builds on creativity when something new, tangible and value-creating is developed from the ideas.
- ✓ Innovation turns new concepts into realities, creating wealth and power.
- ✓ Creative destruction occurs when innovations make long-standing arrangement obsolete and frees resources to be employed else where leading to greater economic efficiency. E.g. computerization.

Reasons for Opposing Innovation

- i) The entrepreneurs tend to have a practical concern that unforeseen innovation may cause a disaster e.g. side effects e.g. of a drug.
- ii) Fear of losing profits in the event innovation does not translate to the expectations.
- iii) Where the entrepreneur held a monopoly position in the market, there is fear of losing authority and control.
- iv) Fear of upsetting the moral and social value of demand for the product. v) Desire to preserve the existing market confidence vi) Fear of upsetting tradition in production management and market scope.
- vii) Fear of opening a loophole to competition hence loss of business grip.

Reasons for Innovation

- ✓ Innovation is essential for the entrepreneur in solving the inefficiency problems.
- ✓ As a means of cost reduction and imposing significance social and market grip.
- ✓ Profit improvements are looked at from the innovation point of view though newer technology in management and production.
- ✓ To encounter competition by already established businesses.
- ✓ To facilitate opening up of new markets both locally and internationally.
- ✓ To facilitate diversification of products risks and losses. ✓ To protect current position of monopoly or success.

1.2.4 Requirements of Innovation

- i.) Economic demand
 - ✓ People engage in innovation out of belief that the economic returns will be greater than its costs.
- ii.) Surplus capital
 - ✓ provides the necessary time and startup costs for implementing a new idea.
- iii.) Ability to assemble and invest capital.
- iv.) Mobile capital which is stable.

- ✓ Capital cannot serve unless it can move to potential innovator unless it can move to allow the various types of wealth to be created e.g. title deeds – stability is provided by a rule of law.
- v.) Availability of growth- fostering social institutions which facilitate the speed of technological advancement.
- vi.) Ability and willingness to think and act creatively (Entrepreneurs) I.e. the philosophical and psychological requirements.
- vii.) Geographical and other circumstantial causes such as ethical issues.
 - ✓ Societies in which innovation is seen as a sinful or people are punished or are shunned to think differently than others are unlikely to experience innovation.
- viii.) The size of the firm.
 - ✓ Large firms have the advantage of introducing innovation since they can afford it. ✓ They tend to attract more talents employees to advice on new ideas.

THE ENTREPRENEURSHIP CULTURE

Culture Definition

- ✓ Culture is defined as a set of values, perceptions wants and behavior learned by a member of a society from family and other institutions
- ✓ **Weber** argues that “Protestantism encourages a culture which emphasizes individualism, achievement motivation, legislation of entrepreneurial vocations, rationality and self – reliance.
- ✓ **Hosted** – defines culture as a collective programming of the mind which distinguishes the member of one group or category of people from another.

Entrepreneurial Culture

Refers to the way of embracing the concept of finding new opportunities in business and gathering the necessary resources to fill the opportunity.

- ✓ Many governments around the world want to promote entrepreneurship because they have recognized the importance of entrepreneurship.
- ✓ In other words entrepreneurial culture is a way of people embarrassing life by participating in activities that enable them create new business enterprises.
- ✓ A country can develop the entrepreneurial culture by forming policies that constitute the following ;
 - Integration of entrepreneurship training in the overall education system to tap on youths
 - Exposure of entrepreneurship to those who look potential to actual business practices and activities through the networks and business contacts of rule models.
 - Creation of a conducive and enabling environment that permits new business to immerge and flourish.
- ✓ The creation of entrepreneurial culture has to come from deep social convictions based on strong values and systems of the locals
- ✓ It should be created in a way that it welcomes entrepreneurship and respects the investor and also reflecting the core values

Importance of Entrepreneurship Culture