

i.Enhances economic growth and building of social capital. ii.Enhances job creation iii.Acts as a primary source of innovation iv.Helps in the devolution of government power for policy implementation. v.Direct influence development in tech. H/R capital formation e.t.c.

The cultural habits that promote entrepreneurial development

a)Money orientation

- ✓ Money oriented people know the value of money and has the intention of making it.
- ✓ The money oriented people use the need of money as a motivating factor pushing them to being entrepreneurs.

b) Future orientation

- ✓ A society that has foresight to know about the future business environment is likely to have more entrepreneurs.
- ✓ This is because they are likely to visualize key changes that are likely to create opportunity.

c) Time consciousness

- ✓ Knowledge that time exists and its importance
- ✓ Knowing the right time to start an entrepreneurial activity.
- ✓ Utilization of time
- ✓ The correct timing of the market conditions

d) Trust and honesty

- ✓ Through trust consumer demand is gained on the products and services available.
- ✓ Entrepreneurs should reciprocate this by ensuring honesty by providing the expected standards.

e) Hard work i.e

- ✓ Willingness to work hard distinguishes between successful and unsuccessful persons.

The cultural factors inhibiting entrepreneurial development.

- a) Religion – religious believes may deter entrepreneurial investments in items such as night clubs and pubs.
- b) Language – establishing businesses in areas where language barrier may allow poor communication or fear of invasion.
- c) Personal relationship – Married people may avoid getting involved in business activities since no time is spared for the family.
- d) Attitude towards innovation
 - ✓ Especially in cultures which oppose innovation due to fear of change
- e) Networks – poor networking and ability to meet people limit new
 - ✓ Opportunities
 - ✓ New knowledge
 - ✓ New information.
- f) Technology – lack of technical skills and knowledge may slow growth and dev. Of entrepreneurial
Lock one out of being competitive.

ENTREPRENEURIAL OPPORTUNITIES

Procedures of Starting a Business

- ✓ Identification of a business idea
- ✓ Development of a business plan
- ✓ Location of a business demand evaluation
- ✓ Registration of the business
- ✓ Choice of the business organization
- ✓ Business name
- ✓ Trading licences / permit
- ✓ Start-up and management of the business.
- ✓ All entrepreneurs are business people – though not all business people are entrepreneurs.
- ✓ Entrepreneurs tend to be more innovative than ordinary business people and end up developing a business plans.

Means of Generating a Business Idea

- a) identifying a need
 - b) brainstorming
 - c) building on ones skill, hobbies or interests
 - d) spotting a market niche
 - e) listening to what people say
 - f) attribute listening
 - g) gaining from waste
 - h) look to see and listen to hear
 - i) research
 - j) importing an idea
 - k) day dreaming
 - l) Spin off from employment. **Identifying a Need**
- ✓ A need can be an opportunity and indeed a consumer buys to satisfy need. Abraham Maslow in his humanistic hierarchy of needs, physical needs to very high personalized needs.
 - ✓ Therefore identifying an unidentified or unserved need is a sure way of generating business ideas. **Brain Storming**
 - ✓ This is a process of detaching analysis of an idea from the actual ideas.
 - ✓ The idea may or may not be related to a given product. In brainstorming even silly and stupid ideas may be generated.

Building on One's Skill, Hobbies or Interests

- ✓ Business ideas can be generated through
 - a. personal interests and hobbies
 - b. Copying or improving somebody's ideas. (skills)

Sporting a Market Niche

- ✓ Entrepreneurs usually look for gaps in the growing markets, identifying market sections which are not being utilized.

Listening to what People say.

- ✓ These are people who simply say or speak their needs e.g if these good bus services
- Attribute listening**
- ✓ This method of generating business ideas is based on changing the way one looks at something in order to find a new use for it.
- ✓ It attempts to answer the question – what do we do with this product.

Gaining from Waste

- ✓ What would appear waste can be used- say recycles to create a new opportunity. **Others**
- By** soliciting ideas by interview, reading, observations, listening

The Process of Screening a Business Idea.

- ✓ After generating business ideas- it is important that some evaluation through a screening process be made.
- ✓ The screening process is a systematic evaluation ideas in order to select the best idea which would suit one.
- ✓ The screening process must be done carefully, objectively, soberly and without any emotions.
- ✓ The business idea screening is required even when there is only one idea to consider. This is because this is a stage of starting a business that may be not be profitable or may be difficult to run
- ✓ The screening process must therefore evaluate the following

a)Personal Evaluation

- the objective for going to business
- personal interests
- The degree of commitment to the business or others e.g. family.

b)Personal Skills

- The self SWOT analysis – this aims at analyzing ones
 - a. Strengths
 - b. Weaknesses
 - c. Opportunities
 - d. Treats
- “Strengths” and “Weaknesses” should focus on the internal environment (management, product/service), whilst “Opportunities” and “Threats” should focus on the external environment (economy, market and competitors).
- Clearly, it is important that your business idea has significant strengths (or can develop them) and a plan to counter to any weaknesses. Your business idea should be developed to take advantage of any opportunities and thought should be given to how you would respond to threats.
- A SWOT analysis should provide proof to you, your investors and funders etc., of the likelihood of your business succeeding or failing. If your analysis suggests it will fail you need to reconsider your idea.

The screening process or evaluation helps identify;

- Strengths: E.g. Distinctive competence, Adequate finances, Access to economies of scale, Good innovation ability, proven management

- Weakness: E.g. Lack of key skill , Internal operations problems , Low morale , Poor track records , Weak internal image
- Opportunities: E.g. Potential customers , Potential goodwill , A favorable social environment
- Threats: Strong competitions , Adverse government policies, Political instability, mismanaged economy , Unfavorable legislation

d) Market evaluations

- ✦ The aim is to create assurance of adequate market
- ✦ The main components include
 - i.) Consumer demand analysis
 - ii.) Product price and placements
 - iii.) No. of competitors in markets.

e) An analysis of availability of raw materials in terms of

- i) Adequacy ii) Reliability iii) Price

f) Analysis of providing technology in terms of

- i) Appropriateness ii) Affordability

g) An analysis of skills available

h) Analysis of the government policies.

Characteristics of a Good Business idea.

- i) Easy to manage and involve minimal risk. ii) Does not require excessive capital investments iii) Offers a good returns on capital iv) The idea has scope for growth, expansion and diversification v) Comparative with owner's goal and interest vi) Not against expectation of the society vii) Has a short gestation period viii) Has a readily available market ix) Easy to exit when necessary.

The sources of new ideas

- ✓ Some of the more frequently used sources of business ideas for entrepreneurs include.
 - i.) Consumers

Potential entrepreneurs not only pay attention to potential customers but also monitor their potential needs through allowing the customers to express their opinions.
 - ii.) Existing products and services

Through monitoring and evaluating competitive products and services.
 - iii.) Distribution channels

Contact with members of the distribution channels since they are familiar with the needs of the market and give suggestions of new products and consumer needs.
 - iv.) Government

Can be a source of a business idea through

 - a) The patent office which contains numerous product possibilities.
 - b) Official government magazines
 - c) Government regulatory bodies e.g KBS
 - d) Government shows and exhibitions
 - v.) Research and development

a. Is the largest source of new ideas to the entrepreneur.
 - vi.) Education – i.e picking a given line of study e.g construction, Vocational training programmes and experience.

- vii.) Personal hobbies especially for craft entrepreneurs.
- viii.) Personal contacts and observations through.
Interactions, Newspapers and magazines.
- ix.) Conducting surveys and interviews of the people around.

Definition of a Business Opportunity

- ✓ A business opportunity may be defined as an attractive project idea Which an entrepreneur accepts for investment on the basis of what is known about the possible success for the project
- ✓ A real business opportunity can be distinguished from a mere possibility through the following two ingredients.
 - i. A good market scope
 - ii. An attractive return on investment (profit) **Qualities**

(Characteristics) of a Good Business Opportunity:

The following are qualities of a good business opportunity.

- aDemand – there should exist a good market scope bReturns on investment
– i.e the business should be sufficiently profitable.
- cAvailability of raw materials
- dEnough skilled people.

Evaluation of Business Opportunities (objectives of a pre-feasibility study)

- ✓ Once a business opportunity has been identified one needs to confirm that it is viable through a pre-feasibility study.
- ✓ The main objective of a feasibility study is to determine whether.
 - aThe investment opportunity is promising enough bThe project is viable from the marketing manufacturing and other points of view.
 - cAny aspect of the project that may be crucial to call for indepth analysis.

The Purpose of Pre-feasibility Study (Market Research)

- i.) To verify that the investment opportunity is promising enough to make a firm decision.
- ii.) To confirm that the project is viable from the
 - a. Marketing
 - b. Manufacturing and
 - c. Other points of view
- iii.) To identify any aspects of the project that is critical or crucial enough to call for in depth analysis
- iv.) To acquire comprehensive technical, economic and commercial data for the final investment decision.
- v.) To enable an in-depth study of aspects such as
Market potential, Technical requirements, Managerial ability, financial projections and analysis, Risks evaluation, Business environmental analysis.
- vi.) To enable sourcing reliable information such as
 - a. Authorized publications
 - b. Consultant's openings.
- vii.) To establish the final outcome of whether or not to proceed with the business.

Business Incubation

- ✓ Business incubation is the process of nurturing small and start – up initiatives or business to relative maturity to become self-sustaining business, healthy and wealth-generating entities.
- ✓ The failure rate of any start-up business stands at 90% globally.
- ✓ The main causes of business failure;

- i) Insufficient capital for start-up. ii) Insufficient knowledge of business and industry. iii) Lack of Entrepreneurial and business skills. iv) Lack of Managerial skills. v) Inadequate Training. vi) Lack of credit facilities. vii) Lack of markets. viii) Insufficient knowledge of markets. Inadequate infrastructure.
- ii) Non-Empowering political environment.
- ✓ For these reasons, many businesses which are ill-equipped do not survive. A business incubator is important for precisely those reasons above to provide these support services.
- ✓ Statistics show that the success rate for incubated businesses initiatives is very high (over 80%) are bound to succeed.

The Incubation Process

- ✓ The business incubation programmes are designed to accelerate successful development of entrepreneurial companies through an a vary of support resources and services.
- ✓ Incubators vary in the way they deliver their services in their organizational structure and in the types of clients they serve.
- ✓ Business incubators differ from research and technology in their dedication to start-up and early stage businesses.
- ✓ Research and Technology institutes tend to be large scale projects that house everything from corporate government or university labs to very small companies.
- ✓ The research institutions do not offer business assistance services which are the main objective of business incubation.
- ✓ Unlike many business assistance programmes business incubators do not serve any and all companies.
- ✓ Entrepreneurs who may wish to enter a business incubation program must apply for admission.
- ✓ Acceptance criteria vary from program to program but in general only those with feasible business ideas and workable business plan are admitted.
- ✓ The time a company spends in an incubation programme vary widely depending on a number of factors, including the type of business and the Entrepreneur's level of business Expertise.

The Benefits of Incubation.

- ✓ Creating jobs and wealth
- ✓ Fosters a community's Entrepreneurial climate - Technology commercialization.
- ✓ Diversification of Local Resource.
- ✓ Acceleration of local development.
- ✓ Facilitation of Business creation and growth.
- ✓ Encouraging entrepreneurship especially women.
- ✓ Revitalization of the community as a whole.
- ✓ Growth of Private Sector Investment.
- ✓ Increased Tax Revenue.
- ✓ Equitable Development.

Government Roles in Promoting Incubation

- i.) Creation of an enabling environment through;
 - i. Purchasing consumer products.
 - ii. Support programmes financially of the incubation process.
- ii.) Government policy to buy from incubators. iii.) Give small scale businesses loans and grants. iv.) Launch campaign to sensitize the private sector to work with business incubation initiative.

- v.) Take a lead role in the incubation process.
- vi.) Assist in the coordination, encouraging and streamlining the efforts of incubation at National level.
- vii.) Lobby and Rally with Kenyans in Diaspora together with developing partners to support business Incubation.
- viii.) To encourage coordination of independent efforts country-wide for better synergy and a more effective Natural impact
- ix.) To rally universities and other research institutions behind the concept to facilitate research and development in order to enrich business incubation
- x.) To provide support to business incubation initiative by providing morale support through Media Initiatives.

Protections of Business ideas & maintaining Secrecy

- ✓ Most entrepreneurs will not be inventors, at least not in the classic sense but all entrepreneurs are concerned with protecting their business ideas, especially when those ideas are related to;
 - Unusual production
 - Unique designs etc.
- ✓ And for this to be done understand the “patent law” becomes but simply paramount
- ✓ When entrepreneurs want to protect unusual brand name, products business ideas or simply establishing ownership, then understanding trademarks and copyrights is vital as a way of protecting a business idea.
- ✓ The government law pertaining to;
 - Patents
 - Trademarks
 - Copyrights – are not complicated
- ✓ Many entrepreneurs file their own patent claims or prepare documentation for trademark or copyright protection without professional help from the Attorney or patent agents.
- ✓ However it is always wise to have professional assistance though the laws are simple.

Ways of Protecting Business ideas a) A patent

- ✓ A patent is a grant of property right by the government to an inventor. It is issued through the commissioner of patent rights, and the most common type of patent is called a utility patent. All patents however, have the distinction of being assets with a commercial value because they provide exclusive rights of ownership to the patent holders.
 - ✓ Patents are exclusive property rights that can be sold, transferred, or used as collateral much alike other valuable assets.
 - ✓ The patent law stipulates broad categories of what can and cannot be patented and in the words of the statute any person who “invents or discovers any new and useful process, machine manufacture, or composition of matter, or any new and useful improvements thereof may obtain a patent”
 - ✓ Anything that is patentable must be new and useful (must have some demonstrated function)
- ### **Trademarks**
- ✓ Trademarks include any word, name, symbol or distinguishing device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.
 - ✓ Trade-marks can be names used in commerce such as KCA it can be a symbol or any distinguishing device artistic in nature.
 - ✓ An important qualification for a trademark is that mark, name etc. must be used commercially.

Service mark Is similar to a trademark and can be registered in the same way with the same protection. A service mark can be a name, wording used in advertising symbols or artistic figures that create a distinctive service concept.

2.4.10 Copyrights

- ✓ Are similar to patents in establishing ownership and protection for creative ideas but they pertain to the intellectual property.
- ✓ The copyright is distinct from patents and trademarks in that intellectual property is protected for the life of the originator plus a further 50 years.
- ✓ This protection affords an extraordinary property right and substantial estates. It extends protection to author, composers and artists.

2.4.12 Trade Secrets

- Are proprietary information used in the course of business to gain an advantage in manufacturing or commercialization of products or services. ✓ Trade secrets i) formulas ii) patterns iii) list of customers iv) data bases v) chemical compounds vi) combinations of ingredients for commercial products vii) process of manufacturing viii) Compiled information.
- Every organization must keep their secrets because
 - Modern communications systems contain so much information which if not guarded, the business may collapse.
 - Employees leaving may disseminate information to competitors.
 - In any business to maintain a market Niche, then desire to protect their product.

2.4.13 Trade Secrets

In certain instances the entrepreneur may prefer to maintain an idea or process as confidential, and eventually sell or license it as a trade secret.

- ✓ The trade secret will have a life as long as the idea or process remains secret.
- ✓ A trade secret is not covered by any law but is recognized under a governing body.
- ✓ Employees involved in working with an idea or process may be asked to first sign a confidential information agreement that will protect against their giving out the trade secret either while as employees or when leaving the organization – this is called trade secret non-disclosure agreement.
- ✓ Most entrepreneurs have limited resources so they choose not to find means of protecting their ideas or products or services.

2.4.15 Licensing

- ✓ Licensing may be defined as an agreement between two parties, where one party has proprietary rights over some information, process or technology protected by a patent, trademark or copyright.
- ✓ This arrangement specified in a contract requires the licensee to pay royalty or some other specified sum to the holder of the proprietary rights in return for permission to copy the patent trademark or copyright.
- ✓ Licensing has significance as a marketing strategy to holders of patents, trademarks or copyrights to grow their business in a new market when they lack resources or experiences in such markets.
- ✓ It is also an important marketing strategy for entrepreneurs who wish to start a new venture but need permission to a copy or incorporate the patent trademark or copyright with the ideas.

2.5 Product Safety and Liability

- ✓ It is very important for the entrepreneur to assess whether any product that is to be marketed in the new venture is subject to any regulations under the consumer product.
- ✓ In addition to setting standards for products the commission also has a great deal of responsibility and power to identify what to consider being a substantial hazard and barring any products that may be considered unsafe.
- ✓ Any products introduced by entrepreneurs must obtain clearance from the Kenya bureau of standards under the consumer's protection Act.

ENTREPRENEURIAL MOTIVATION

- Entrepreneur motivation is the drives, the desires, the need to achieve or fulfil certain entrepreneurial needs.
- Motivation is that which causes you to behave in the way you behave i.e. the why of behavior
- Entrepreneurial motivation are those factors and forces or events that energizes an individual, his desires and the needs to go into and sustain a business venture.
- Types of motivation;
 - a) Internal Motivation Factors
 - b) External Motivation Factors
- Internal Motivations and Drives
 - ✓ Refers to those personal traits and desires that induce a person to become an entrepreneur. Such motivations are;
 - i. Employment Creation Need.
 - ii. Need for independence or self-Reliance: one may want to be one's own boss especially if one doesn't like taking orders from others. You may also want to be in control of your own destiny (internal locus of control) making your own business decisions, using your time maximally.
 - iii. Need for Power: Need to exercise power over others and need to control others. People with a high need for power have a greater concern for exercising influence and control.
 - iv. Need for Recognition: We normally strive to get recognition about our achievement in life, by our peers, family and society. If you aspire to be recognized, then this could be an important drive for you to go into selfemployment
 - v. Need for Security: All men thrive to be free from anxiety;
 - Anxiety about our very survival
 - Survival of our near dearest
 - Anxiety about the future, both for ourselves as well as for our families

It is for this reason that we all strive to maximize our returns, wage employment may not meet this anxiety especially if we are not pensionable.
 - vi. Self-actualization need;

Refers to the need to accomplish that which you as a person is capable of achieving, the need to be unique. Through entrepreneurial activities and with dedication and commitment, you can realize this need, a need that is

very difficult to realize by all or most individuals in the formal employment.

- External Motivations and Drives

- ✓ Unlike internal motivations which are in your inner being, the external motivations refer to those that are provided by others, especially the legal authorities and society in general.

- ✓ These provide an enabling environment for entrepreneurship. Some of them are;

- i. Infrastructure: To operate efficiently, any business requires the provision of certain basic facilities such as power, water, electricity, communication and accessibility.

- ii. Credit Facilities: Refers to provision of money through loans to be used in starting as well as expanding a business. It is usually very rare for a person to have adequate finance to start or expand his own business. Some of the external sources include;

- Government agencies

- Banks and non-bank financial institutions

- Non-governmental organizations

iii. Information Support

Entrepreneurs need information related to the market for their products since they may not have resources to carry out significant marketing research, yet the success of business depends on how well they understand the market. It is therefore necessary for such information to be made easily accessible to entrepreneurs.

- iv. Pricing Policy

Pricing policy of the government should be an incentive to an entrepreneur. It should motivate more and more people to venture into such entrepreneurial activities. When venturing into a particular business, you will first have to understand the pricing policy applied in such an industry and assess how that policy will affect your earnings and the survival of your business.

- v. Tax Policy

It is important that the tax policy act as a motivator to entrepreneurship, all too often, the authorities in their endeavor to raise revenue resort to increasing indirect taxes such as value added tax and customs duty.

- vi. Legal Control

Legal controls and the attendant bureaucracy should be minimized as much as possible so as to attract entrepreneurs. The legal control can be manifested in the licensing requirements for establishing various types of businesses.

- vii. Political Climate

The prevailing political climate should be conducive to smooth operation of business. This climate should be that there is no discrimination and conducive law and order, no tribal barrier.

viii. Technical Technology Assistance

This covers giving advice on production aspects of the business and the projection studies for lending institutions.

ix. Training Consultancy Assistance

The government offers vocational training courses for entrepreneurs. It also provides counseling to help entrepreneurs solve their problems. Eg of government agencies is Kenya Institute of Business Training (KIBT)

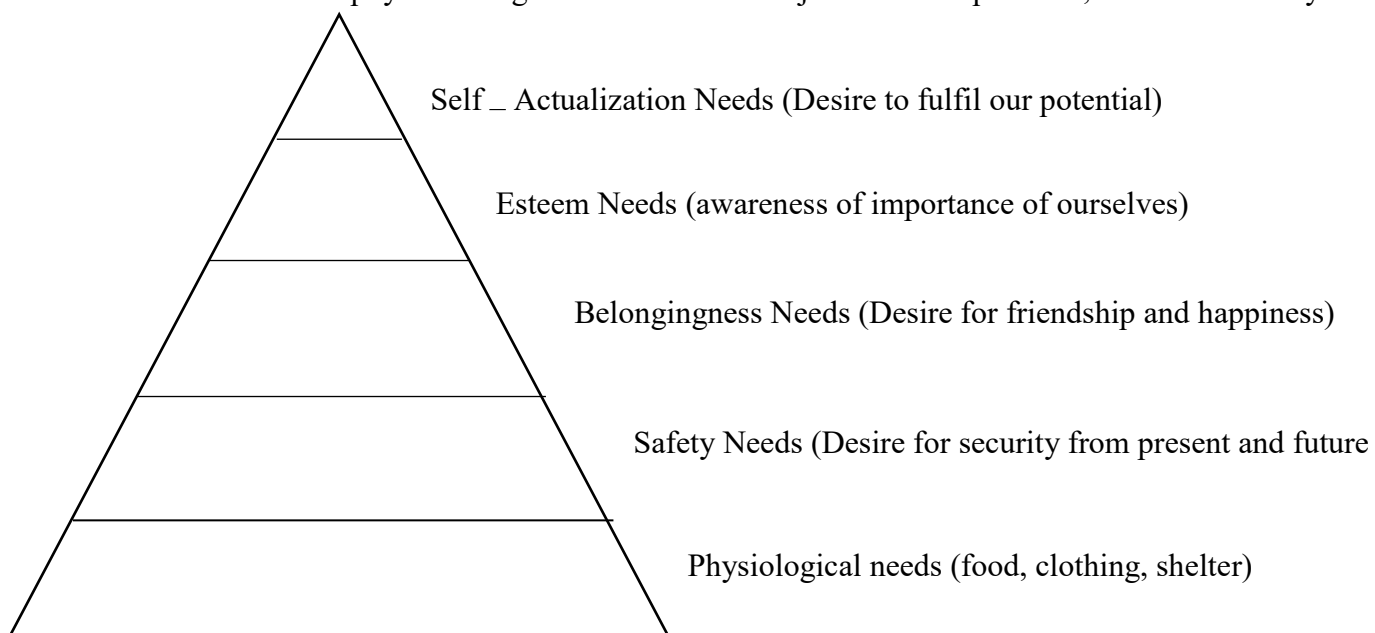
Maslow's Need Theory

Theory of human needs is identified with the psychologist Abraham Maslow. This theory is based on three specific assumptions:

1. That human beings are never satisfied. Their wants are determined by what they have. When people are hungry or thirsty, the quest for food or water influences how they behave. However if food and water is acquired, the same person will want something else, perhaps a safe place to live in or a social status.
2. A satisfied need does not cause behavior. Once people satisfy their need for safety, they are motivated by yet unsatisfied needs, not the ones – that are satisfied,
3. Human needs are arranged in hierarchy of importance. These needs range from low level biological (physiological) needs to such high level needs as self-actualization.

Physiological Needs: The need for Food, Clothing Shelter. They are required for survival. We require money to satisfy these basic needs. If we do not have any source of income and cannot get wage employment, we may be motivated to entrepreneurship.

Safety or security needs: Once or basic needs are satisfied, our behavior is no longer motivated by them. At this point we begin to worry about the security or safety of our families ie the need to be free from physical danger and fear of loss of job. For entrepreneurs, since their ability to



cater for these needs depend on how hard they work, these needs will motivate their behavior. They save money to use in the case of illness, purchase of insurance policies.

Belongingness Need (Affiliation or acceptance needs): Once safety needs are satisfied, they no longer motivate us to work harder. Since we are social beings, we need to belong, to be accepted by others like family, work groups, mentors.

Esteem needs: They are more abstract than physiological, safety and belonging needs. This kind of needs produces such satisfaction as; Power, Prestige, Status, self-confidence.

Self-Actualization Needs: Means making the most of what we have to maximize our potential. They want to achieve the best and believe that no one is better than them. They aspire for a standard of excellence.

What demotivate people to Entrepreneurship?

- Lack of proper information
- Fear of competition. Fear of taking risk
- Inhibiting government laws
- Lack of adequate start-up capital
- Lack of knowledge and skills
- Wrong attitudes towards employment

State how Maslow's Hierarchy of needs theory is relate to Motivation in entrepreneurship.

ENTREPRENEURIAL COMPETENCIES

LEADERSHIP

- ✓ Leadership is the ability to inspire, influence, persuade others to give maximum effort and cooperation willingly and voluntarily towards the attainment of the unplanned goals.
- ✓ Good leadership is a necessity in any business organization. It is important your portray appropriate leadership qualities such as leadership behavior, leading and motivating others, leadership responsibilities, leaders influence and activities;

Leadership Behavior

- ✓ As a leader, your should have the following qualities:
 - a) Vision and foresight: you should look into the future when making plans, you need vision in order to be able to determine how you want your business to develop

- b) Strong desire to influence others: You can influence your staff if they have confidence and trust in you.
- c) Ability to learn from past errors and build on past experience ie experience is the best teacher, you should be able to improve your business through learning from experience and avoiding past mistakes
- d) High ambition: Should always aim high and for the best in your undertakings and expectations.
- e) Imagination: as a leader you should see beyond the horizon
- f) Creativity: You should be as original as possible in ideas and activities. You should have the daring to try new methods of operation.
- g) Initiative as a leader, you have the role of getting things started. You should also find new and better ways of doing things you are the agent of change.
- h) Good human relations: as a leader you should sell good image of your business.

Leading and Motivating Others

As an entrepreneur success depends on how you motivate your employees. The following techniques should be employed:

- i. Built Workers self-esteem- By praising the good work done by your employees, you are building confidence in selves. Appreciate what they have done.
- ii. Inform employees- Tell your staff what you are trying to accomplish.
- iii. Delegation of authority and responsibility:- Good delegation will allow you as a leader to devote more time to important and crucial issues within your business.
- iv. Maintain contact: know your staff well enough by maintaining personal contact.
- v. Apply reinforcement principal:- you should reward behaviours that you consider desirable because people tend to repeat rewarded behavior. Don't reward undesirable behavior as people tend not to repeat unrewarded behavior.
- vi. Be an active listener: By active listening you will be an effective communicator which is an important quality of a leader. Your employees will take it that you appreciate them and have concern in them.
- vii. Set specific goals: set specific clearly understood measurable goals and continuously review them.
- viii. Take collective action- When you must deal with some negative aspects of a workers performance you should talk to that worker in private, never criticize a worker in public.

Leadership Styles

Leadership styles are divided into three classification;

- a) Autocratic Style:
 - o The oldest and most traditional form of leadership style. In this style, the manager draws a very firm discipline line.

- Everybody knows what he/she can or cannot do. ○Many like this form of leadership because it gives a sense of purpose and security.
- They know what is expected of them and they know that they must live up to certain standards
- b) Laissez Faire / Free-Reign ○A very permissive type of style, employees are left alone to reach their own potential.
 - Some people are responsive to these style and do not abuse their freedom, others take advantage of the climate and do not live up to their potential.
- c) Democratic Style ○This style depends upon the organization, its objectives and the personalities of its people.
 - In democratic climate a manager builds a sense of union and common interest among his/her workers.
 - It is at times even hard to recognize who the manager is.
 - Leaders set discipline lines against which nobody seems to object.

Most leaders use a combination of styles, depending on the group and the situations.

Theory X and Theory Y

- ✓ According to Mc Gregory each manager will manage his employees according to his own attitudes and ideas about people, their needs and their motivations.
- ✓ If an appointed a manager believes that individuals are naturally lazy, then he or she will treat subordinate employees in a certain way, such as issuing precise orders and exercising tight control over their work.
- ✓ For purposes of comparison he stated that the extremes in contrasting attitudes among managers could be classified as Theory X and Theory Y

Theory X	Theory Y
1. Inert, lazy, prodded	Naturally active, striving
2. Work for threat of hunger, loss of job	Work to achieve goals, find satisfaction, build good life
3. Pay is almost the only motive	Many motives, achievement, recognition, service
4. Dependent, must be directed, push, needs leader to inspire	Independent capable of self-directing, setting own goal
5. Irresponsible, immature, must be closely supervised and carefully checked	Mature, responsible, capable of self-correction
6. Conformists-needs prescribed routine and resist change	Inventive, adaptive, creative needs to devise new ways
7. Satisfied with good pay	Seeks broader meaning in work life
8. Not to be trusted	Usually trusted

9. Individualistic, selfish	Social, naturally concerned with affiliation and cooperation
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Sources of influence in Leadership

- a) Legitimate Authority:- A person may gain compliance from sub-ordinates because of the authority which is associated with the office the person holds. The power of the office is often derived from the person's responsibilities as a manager, administrator or politician. Owners of business enterprises enjoy the power to reward, reprimand or punish their subordinates.
- b) Economic Power:- the clout that comes with economic might sometimes referred to as reward power. So a person who is in a position to administer economic rewards, could influence the behavior of subordinates through appointments or denial of such rewards.
- c) Coercive Power: a person who is in a position to get other people to do things by the use of force or threats and intimidation is said to possess coercive involuntary action where the subordinates submit their consent only because they fear the repercussions of punishment or violence.
- d) Persuasion; There are times when persons in positions of responsibility need to use wit and sweet words in order to get things done through others.
- e) Referent power: Is based on the subordinate's identification with the leader. The leader exercises influence because of perceived attractiveness, personal character, reputation or what is called "charisma". E.g. doctors, athletes, academicians, wealthy people. This respect could be turned into a source of influence for those who admire a particular person.
- f) Expert Power.

Theories of Leadership

a) Trait Theory

- ✓ Assumes that leaders are born not made.
- ✓ Leadership consists of certain inherited characteristics or personality traits which distinguish leaders from followers. E.g. need for achievement, focus, assertiveness, etc

b) Situational Theory

- ✓ Leadership is considered to be a function of the situation which a leader emerges and works. It is based on assumption that leadership is basically situational.
- ✓ The person who becomes the leader of the work group is thought to be the person who knows best what to do and seen by the group as the most suitable leader in the particular situation

c) Behavioral Theory

- ✓ It is based on the assumption that leadership effectiveness depends upon what the leader does. The leadership behavior is the product of the leader and the followers.
- ✓ A leader uses his skills to exercise influence and modify behavior of his subordinates. Qualities of a leader: Should have energy, perseverance, education-up-to-date, intelligent, personality, creative, innovative, optimistic, balanced, objective, enthusiastic

DECISION MAKING

✓ This is selection from among alternatives of a course of action.

✓ Is a process of choosing from among various alternatives?

Categories of business problems

- i. Inadequacy of resources such as raw materials to produce products, skilled manpower, capital etc.
- ii. Organizational problems such as poor delegation of duties, undefined rules etc
- iii. Environmental problems such as poor business locations, poor or unsafe working conditions etc.

How to identify a problem in a business.

- i. Past Experience: where you have experienced a similar problem ii.
Conducting a survey to find out if activities are carried out according to plan
- iii. Hiring consultancy services
- iv. Employing work study methods

Methods of Decision Making

These are several methods you can use to make business decisions, among them we have;

- i. Rule of Thumb: A decision is made based on existing established procedures e.g. based on laws, customs, religion, etc. You can't change
- ii. Committee Approach/ Team work: Its where using a selected number of people from the main group to make a decision which will be accepted by all.
- iii. Critical Path Analysis: This is making decision stage by stage until the final decision is reached.
- iv. Brainstorming: This is where all members of a group develop ideas for a solution
- v. Problem solving Chart
- vi. Solution Evaluation Form

Steps of the Decision Making process

- 1) Identify the major problem e.g. low productivity
- 2) Determine major causes of the problem e.g. low salaries, poor working conditions
- 3) Determine potential solutions – how to solve
- 4) Evaluate potential solutions
- 5) Select the best solution 6) Implement the solution 7) Verify the solution. Problem Solving Chart
 - ✓ You can use a problem solving chart as one way of organizing possible solutions to the problems.
 - ✓ After completing it you will be able to analyze alternative solutions in terms of potential advantages disadvantages and consequences. A space is provided on the chart for four possible solutions.

- ✓ If there are more than four possible solutions, it may be difficult for you to analyze the information adequately.
- ✓ Listing potential advantage will indicate how each potential disadvantage will illustrate how the potential solution will adversely affect you
- ✓ In some instances, an advantage or disadvantage may be the same for two or more alternative solutions.
- ✓ Potential consequences you identify in the last column will be the results of analyzing the potential advantages and disadvantages.
- ✓ They should equal the potential net result of implementing a particular solution.
- ✓ The problem solving chart can help you to analyse and solve major problems which would otherwise have an adverse effect on your business.

Alternative Solution	Potential Advantage	Potential Disadvantage	Potential consequences
1.Salary Increment	High productivity	Reduced profits	High production costs
2.Improve working conditions			
3.Buying new computers			
4.			

Solution Evaluation Form

- ✓ Another procedure for analyzing potential solutions is to identify reasons for and reasons against each potential solution.
- ✓ To use the solution evaluation form to the best advantage, you should:
 1. Write a brief description of the problem at the top of the form
 2. Write a brief description of the proposed solution.
 3. In the reasons for column, list important factors which would favuor implementing the proposed solution.
 4. In the reasons against column list important factors for not implementing the proposed solutions.
 5. Rate each factor by its importance to you. The numerical ratings might be 1, 2, 3, 4, 5 where a low rating of 1 indicates that the factor affects the problem only slightly and a high rating of 5 indicates that the factor is extremely important in making your decision. Each factor in the reason for column and each factor in the reason against column would receive a numerical rating
 6. Add the ratings in each of the two rating columns, the column with a higher total will give you some indication of the potential for a particular solution. If there is a big difference between the two totals (in favor of reasons for the solution) you may feel more secure in the use of this technique to make a decision. If there is little difference in totals for both columns, it might indicate that you need additional information about the problem.

Problem Description: Low Morale Problem Solution:			
Numerical Rating	Reasons for	Reasons against	Numerical Rating

The Use of Group Participation

- ✓ Are Many advantages of involving the members of a workgroup in a decision
 - ✓ Some positive aspects of group decision making are;
 1. The sum total of the groups knowledge is greater
 2. The group generally develops a much wider range of alternatives in the decision process.
 3. Participation increases the acceptability of the decision to the group
 4. Group members better understand why a decision was made ✓
 - ✓ Negative aspects of group decisions:
 1. It takes more time
 2. One individual may dominate and control the group
 3. Social pressures to conform may inhibit group members
 4. Competition can become overly intense among the group members
 5. Groups have a tendency to accept the first potentially positive alternative
 6. The decision is often a compromise that is likely to be unsatisfactory
- Assignment:
1. Women entrepreneurs have unique problems which hinder the development of their enterprises. Explain these problems
 2. Entrepreneurs are born not made discuss!

TIME MANAGEMENT

- ✓ Time is a measure of life.
- ✓ A unique resource, shared equally, cannot be stored, cannot be replaced once it is lost.
- ✓ Time is an entrepreneur's scarcest resource & unless it's managed, nothing else can be managed
- ✓ Time Management is the management of the activities we engage in during our time to achieve a goal.
- ✓ Some of the factors that contribute to time wasting in a business include;

- i. Failure to delegate duties:- an entrepreneur should not do all the work by him / herself but delegate it to others.
- ii. Poor mailing process:- This is where a mail is taken to a wrong person who might hold it, therefore urgent matter might not be attended to.
- iii. Unnecessary interruptions by friends or relatives iv. Poorly conducted meetings, whereby people talk much and not sensible matters
- v. Poor scheduling of events- avoid postponing of activities when they are supposed to be attended to.
- vi. Excessive paper work. Indecisiveness- unable to decide ✓To avoid this pitfalls, you should do the following:
 - i. Keep a business dairy ii. Select your priorities, whether to attend a wedding or attend to your customers iii. Avoid unnecessary interruptions i.e. meeting your relatives and friends iv. Reduce paperwork, by delegating some to your subordinates/ support staff or introducing ICT facilities.
 - v. Avoid postponing activities – do them when they are required vi. Keep to schedule- do activities according to the way you have arranged them, don't change
 - vii. Keep clearing your desks in-trays- have a clean and organized working place
 - viii. Be time conscious and use time carefully.

✓ To Manage your Time

- ☐ Draw – up and action plan – ie “things to do list”
- ☐ Set out priorities based on what is urgent and important
- ☐ Schedule your time realistically
- ☐ Delegate as much as you can and monitor progress realized.
- ☐ Attempt to perform as much/many tasks as possible during the early part of the day.
“use 20% of your time to accomplish 50% of task”
- ☐ Let workers work within their limits
- ☐ If any new tasks arises during the working time, advert the risks and allocate the priority rate and control interruption. Always try to allow time during the day and keep in touch with your workers. Allow time to think about tomorrow.
- ☐ Try to have competent personnel –skilled personnel. Improve your communication skills.

Tools of Time Management: Time tables, Schedules, Programmes

Question: What are the benefits of effective time management in your business?

CHANGE

✓Change is the need to make or become different, to replace or improve, to reform or reorganize to fit to the current situation which results in higher productivity or performance. ✓Is a systematic planned effort to improve effectiveness of the business. Change is risky, uncertain ✓As an entrepreneur you play a key role of managing change in your business.

Need for Change

- a) There is need to adopt / adapt
- b) To remain viable (economically)
- c) We want growth (sales + profit), employees, customers (increase market share), diversify
- d) Enhance chances of survival (Change before Change changes you).

Reasons for change

- a) People change because they are dissatisfied with the status quo.
- b) Interdepartmental conflicts – conflicts in departments
- c) The need to cut costs
- d) To need to improve efficiency
- e) Need for company or personal security
- f) Existence of a new demand in the market
- g) Tough international and national competition
- h) Change in technology etc

These conditions create threats and present opportunities in an organization

Factors that influence change in your business

- a) Economic activities: e.g. changes in the prices of some input
- b) Competition: The competitors activities; be watchful on competition to respond in good time e.g. by aggressive advertising, reducing the price
- c) The government and political environment: New policies, regulations relating to taxation and remuneration policies
- d) Technology: For adaptability and business growth. Go for the new technology
- e) Educational and social factors: e.g. your customers changes in education status, taste, family size, status, age, sex, population distribution,

The above call for change in terms of quality, price, promptness in delivery, packaging, labelling of your product etc.

Types of change:

- a) Change of Product: e.g. you change your products labelling, size, packaging, color, taste, quality, smell
- b) Change of service: change in terms of promptness (quick/fastness) and quality service
- c) Change of technology: e.g. Tools and equipment, material, technical skills, procedures, production methods
- d) Change of policy:.. Change of objectives, goals and policies to follow to meet government policies.

Why People Resist Change

1. Fear of the unknown (don't know what next)
2. Misinformation (false information), no information at all, no communication

3. Threat to status quo
4. Threat to power base – Most want to retain their normal ways of life. Fear of no one recognizing business in foreign places, location/town
5. Miss-trust or distrust of change agents. Eg some people don't take change because of the people who bring about or initiate that particular change.
6. Fear of possible failure:- either social or economic failures
7. No perceived tangible benefits – people want immediate returns / gains

Managing Change

5 basic steps in the process of change management / implementation

1. Precise definition of the operational changes needed
2. Define how the new working methods will affect particular people and groups
3. Identification of attitudes and perspectives currently held by employees and how this support current practice
4. Outline statement of attitudes and perspectives necessary to enable people too adapt successfully to new environments and new working methods
5. Implementation of measure designed to change existing attitudes.

COPING WITH COMPETITION

Competition is the act to vie for customers or market.

Direct competitors – Services / Products which are similar to the same already in the market.

Indirect competitor –offering different kinds of goods/ services to the same market/customers.

Identification

Identify and list out names, location and activities of all your competitors.

Analysis

You analyze yourself and your competitors on the basis of yourself and your competitors non the basis of:

- a. Market: What is your/ the market? What share of the market do you/they have? What advantages do you/they have in servicing your/their market segments?
- b. Product: How does your product quality compare with the competitors? What special services do you / they offer? Do you/they have a programme to improve your/their products? Is there a possibility of developing a new/ or improved product to satisfy new needs?
- c. Production: How do you compare your technology with the competitors? How do you compare sources of raw materials with those of your competitors? How do your skills (and those of your workers) compare with the competitors? What advantages / disadvantages does your / their location have?
- d. Finance: How do you compare your financial resources with your competitors?
- e. Government Policy: have you identified any opportunities or threats resulting from new or existing government policies(eg relaxation of import restrictions, introduction of VAT)

- f. Environment: Do changes in the general environment including the local communities offer any opportunities or threats to you for example there is a large number of young people whose tastes are different from the rest of society.

After obtaining answers to these and any other questions you develop arrange them in a strength/weaknesses / opportunities and threats SWOT Table.

Types of Competition

- a) Pure / Perfect competition
Characterized by situation homogeneous (similar)
- b) Oligopolistic competition
- c) Monopolistic competition

Entrepreneurial Skills

- ✓ A skill is knowledge which is demonstrated by action.
- ✓ An entrepreneur is someone who has good business idea and can turn that idea into reality. ✓To be successful an entrepreneur must
 - Identify an opportunity and understand it in great depth
 - Spot a gap in the market and recognize what new product or service will fill the gap
 - Must know what features the product will have and why it will appeal to customers
 - Know how to inform the customer about it and deliver the new product.
- ✓ Turning an idea into reality an entrepreneur needs skills; General Management skill and People Management Skills
- ✓ General management business skills include;
 - Strategy skills, planning skills, marketing skills, financial skills, project management skills, time management skills, leadership skills, motivational skills, communication skills, negotiation skills

MARKET

Meaning of Market:

- A word derived from Latin; 'Marcatus' which means: Merchandise, trade or place where business is conducted.
- A place and where goods are bought and sold.
- Generally it means "anybody of persons who are in intimate business relations and carry on extensive transactions in any commodity."
- A set of potential buyers and sellers of a product or service"

3.1. Marketing Functions and strategies

- ✓ Marketing consists of a multitude activities that include decisions about the company's
 - Products or services
 - Pricing policies □Promotions and
 - Distribution methods.