Course Information

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Edition	First

Course Team

Course Developer:	Prof. May Ifeoma Nwoye Ph.D.
Course Writer:	Prof. May Ifeoma Nwoye Ph.D.
Instructional Designer:	Inegbedion, Juliet O. (Ph.D.)
Learning Technologists:	Dr. Adewale Adesina, Nura Maidoki, & Henry Ude
Content Editor:	Prof. Abdul Salam Jibril
Copy Editors:	Inegbedion, Juliet O. (Ph.D.) & Christiana Uzoukwu (Mrs)

Ice Breaker

Upload your passport and introduce yourself by stating your names, what you do for a living, your hobby, your expectation in this course and the name you would prefer to be called during this course.

NATIONAL OPEN UNIVERSITY OF NIGERIA

National Open University of Nigeria
Headquarters
University Village
Plot 91, Cadastral Zone
Nnamdi Azikiwe Expressway
Jabi, Abuja

Lagos Office
14/16 Ahmadu Bello Way
Victoria Island, Lagos

e-mail: centralinfo@nou.edu.ng
URL: www.nou.edu.ng

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Course Guide

Introduction

Welcome **to GST 204: Entrepreneurship and Innovation.** GST 204 is a two-credit unit course that has minimum duration of one semester. It is a compulsory course for all undergraduate students in the university. This course is an introductory course for studying Entrepreneurship for the first time. The design and flow of the course are aimed at creating awareness, providing the knowledge and skills that are important to achieving success in all human endeavours.

Course Objectives

The objective of this course is to:

1. Provide a hands-on, practical guidance to understand and discover critical aspects of Entrepreneurship;
2. Develop competencies, know-how, experience, attitudes, resources, and network required to pursue different Entrepreneurial opportunities;
3. Introduce you to the key requirements for starting an enterprise; and
4. Expose you to many of the vital issues and immerse you in key learning experiences, such as the theories of Entrepreneurship, the Nigerian business environment, and the concept and management of innovation.

Working through this Course

To successfully complete this course, read the study units, listen to the audios and videos, do all assessments, open the links and read, participate in discussion forums, read the recommended books and other materials provided, prepare your portfolios, and participate in the online facilitation.

Each study unit has introduction, intended learning outcomes, the main content, conclusion, summary and references/further readings. The introduction will tell you the expectations in the study unit. Read and note the intended learning outcomes (ILOs). The intended learning outcomes tell you what you should be able to do at the completion of each study unit. So, you can evaluate your learning at the end of each unit to ensure you have achieved the intended learning outcomes. To meet the intended learning outcomes, knowledge is presented in texts, video and links arranged into modules and units. Click on the links as may be directed but where you are reading the text off line, you will have to copy and paste the link address into a browser. You can download the audios and videos to view off line. You can also print or download the texts and save in your computer or external drive. The conclusion gives you the theme of the knowledge you are taking away from the unit. Unit summaries are presented in downloadable audios and videos.

There are two main forms of assessments – the formative and the summative. The formative assessments will help you monitor your learning. This is presented as in-text questions, discussion forums and Self-Assessment Exercises.

The summative assessments would be used by the university to evaluate your academic performance. This will be given as Computer Based Assessment (CBA) which serves as continuous assessment and final examinations. A minimum of three computer based test will be given with only one final examination at the end of the semester. You are required to take all the computer based tests and the final examination.

Study Units

There are 37 study units in this course divided into nine modules. The modules and units are presented as follows:

Module 1	**Development Entrepreneurship/Intrapreneurship**
Unit 1	An Overview of the Definitions of Entrepreneurship and Intrapreneurship
Unit 2	Concepts and Theories of Entrepreneurship
Unit 3	The Entrepreneurship Culture
Unit 4	Brief Biographical Studies of Prominent Nigerian Entrepreneurs
Unit 5	Barrier to Entrepreneurial Practice
Module 2	**The Nigerian Entrepreneurial Environment**
Unit 1	The Business External Environment
Unit 2	Identifying Business Opportunities and Threats
Unit 3	Strategies for exploring opportunities in the Environment
Unit 4	Approaches to addressing environmental barriers
Module 3	**Creativity and Intellectual Rights**
Unit 1	Intellectual Properties and its Dimensions
Unit 2	Copyright Laws in Nigeria
Unit 3	Strategies for Protection of Intellectual Property (Original Ideas, Concepts, Products, etc.)
Module 4	**Technological Entrepreneurship**
Unit 1	The Interface between Technology Development and Entrepreneurship
Unit 2	Technological Environment and Business
Unit 3	New Technology and Entrepreneurship Opportunities

Module 5	**Management and Innovation**
Unit 1	The Concept, Nature and Types of Innovation
Unit 2	Innovation Theory of Entrepreneurship
Unit 3	Financing Innovation and New Ventures
Unit 4	Change Management
Unit 5	Technical Change and Management of Innovation
Module 6	**Family Business and Succession Planning**
Unit 1	The Concept of Family Business Contents
Unit 2	The Cultural Contexts of Family Business
Unit 3	Roles and Relationship in Family Business
Unit 4	Ownership Transfer and Succession in Family Business
Module 7	**Women Entrepreneurship**
Unit 1	The Concept of Women Entrepreneurship
Unit 2	Role orientation and Women Entrepreneurial Aspirations
Unit 3	Contributions of Women to National Socio-Economic and Human Development
Unit 4	Barriers to Women Entrepreneurial Practice
Module 8	**Social Entrepreneurship**
Unit 1	The Concept of Social Entrepreneurship
Unit 2	Social Entrepreneurship and Value Creation
Unit 3	The Roles of Non-governmental Organizations in Social Entrepreneurship
Unit 4	Social Entrepreneurship and Funding Opportunities
Unit 5	Social Entrepreneurship Enhancement Factors
Module 9	**Business Opportunity Evaluation**
Unit 1	Sources of Business Opportunities in Nigeria
Unit 2	The Difference between Ideas and Opportunities
Unit 3	Scanning Business Opportunities in Nigeria
Unit 4	Environment and New Venture Idea Generation

References and Further Readings

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Presentation Schedule

The presentation schedule gives you the important dates for the completion of your computer-based tests, participation in forum discussions and participation at facilitation. Remember, you are to submit all your assignments at the appropriate time. You should guide against delays and plagiarisms in your work. Plagiarisms is a criminal offence in academics and is highly penalized.

Assessment

There are two main forms of assessments in this course that will be scored: the Continuous Assessments and the final examination. The continuous assessment shall be in three-fold. **There will be two Computer Based Assessment. The computer-based assessments will be given in accordance to university**

academic calendar. The timing must be strictly adhered to. The Computer Based Assessments shall be scored a maximum of 10% each, while your participation in discussion forums and your portfolio presentation shall be scored maximum of 10% if you meet 75% participation. Therefore, the maximum score for continuous assessment shall be 30% which shall form part of the final grade.

The final examination for GST204 will be maximum of two hours and it takes 70 percent of the total course grade. The examination will consist of 70 multiple choice questions that reflect cognitive reasoning.

Note: You will earn 10% score if you meet a minimum of 75% participation in the course forum discussions and in your portfolios otherwise you will lose the 10% in your total score. You will be required to upload your portfolio using Google Doc. What are you expected to do in your portfolio? Your portfolio should be note or jottings you made on each study unit and activities. This will include the time you spent on each unit or activity.

How to get the Most from the Course

To get the most in this course, you need to have a personal laptop and internet facility. This will give you adequate opportunity to learn anywhere you are in the world. Use the Intended Learning Outcomes (ILOs) to guide your self-study in the course. At the end of every unit, examine yourself with the ILOs and see if you have achieved what you need to achieve.

Carefully work through each unit and make your notes. Join the online real time facilitation as scheduled. Where you missed the scheduled online real time facilitation, go through the recorded facilitation session at your own free time. Each real time facilitation session will be video recorded and posted on the platform.

In addition to the real time facilitation, watch the video and audio recorded summary in each unit. The video/audio summaries are directed to salient part in each unit. You can assess the audio and videos by clicking on the links in the text or through the course page.

Work through all self-assessment exercises. Finally, obey the rules in the class.

Facilitation

You will receive online facilitation. The facilitation is learner centred. The mode of facilitation shall be asynchronous and synchronous. For the asynchronous facilitation, your facilitator will:

- Present the theme for the week;
- Direct and summarise forum discussions;

- Coordinate activities in the platform;
- Score and grade activities when need be;
- Upload scores into the university recommended platform;
- Support you to learn. In this regard personal mails may be sent.
- Send you videos and audio lectures; and podcast

For the synchronous:

- There will be eight hours of online real time contact in the course. This will be through video conferencing in the Learning Management System. The eight hours shall be of one-hour contact for eight times.
- At the end of each one-hour video conferencing, the video will be uploaded for view at your pace.
- The facilitator will concentrate on main themes that are must know in the course.
- The facilitator is to present the online real time video facilitation time table at the beginning of the course.
- The facilitator will take you through the course guide in the first lecture at the start date of facilitation

Do not hesitate to contact your facilitator. Contact your facilitator if you:

- do not understand any part of the study units or the assignment.
- have difficulty with the self-assessment exercises
- have a question or problem with an assignment or with your tutor's comments on an assignment.

  Also, use the contact provided for technical support.

Read all the comments and notes of your facilitator especially on your assignments, participate in the forums and discussions. This gives you opportunity to socialise with others in the programme. You can raise any problem encountered during your study. To gain the maximum benefit from course facilitation, prepare a list of questions before the discussion session. You will learn a lot from participating actively in the discussions.

Finally, respond to the questionnaire. This will help the university to know your areas of challenges and how to improve on them for the review of the course materials and lectures.

CONTENTS

Module 1 Development Entrepreneurship/Intrapreneurship

Unit 1 An Overview of the Definitions of Entrepreneurship and Intrapreneurship

Contents

1.0 Introduction

Often times many people go into one business or the other without the businesses surviving, this is because of lack of understanding of how businesses are created. This unit will introduce you to the formation of entrepreneurship and the theories behind entrepreneurship formation.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to:

- Define the concept of entrepreneurship and intrapreneurship
- Differentiate between entrepreneurship and intrapreneurship
- Identify an entrepreneur and an intrapreneur by their characteristics.

3.0 Main Content

3.1 Entrepreneurship

Entrepreneurship has no universal definition like other disciplines as many scholars have defined it differently according to their own perspective. But the word entrepreneurship stems from the French word ‘entreprendre‘, which indicates an act in which the individual attempt, or undertake an act of some sort.

In fact there are many definitions of the concept ‘entrepreneurship’. For instance, Putari (2006) observes that scholars had not been in agreement in their definitions of entrepreneurship and chronicled the definitions of entrepreneurship by various scholars (Brockhaus & Horwitz, 1986, Sexton & Smilor, Wortman, 1987; Gartner, 1988). Cantillon (circa 1730) views entrepreneurship as: “self-employment of any sort”. In 1934, Joseph Schumpeter equated entrepreneurship with the concept of innovation and applied it to a business context, while emphasizing the combination of resources. Penrose (1963) views entrepreneurship as the activity that involves identifying opportunities within the economic system. While Leibenstein (1968, 1979) perceives entrepreneurship as involving "activities necessary to create or carry on an enterprise where not all markets are well established or clearly defined and/or in which relevant parts of the production function are not completely known”. Gartner (1988) conceives entrepreneurship as the creation of new organizations. Okpara (2000) defines entrepreneurship as the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run an enterprise successfully based on the identifiable opportunities. In addition, Nwachukwu (1990) regards entrepreneurship as a process of seeing and evaluating business opportunities, gathering the necessary resources to take advantage of them and initiate appropriate action to ensure success.

After critically studying the above definitions, it can be summarized by concluding that entrepreneurship is a function which involves the exploitation of opportunities which exist within a market.

Thus, from the definitions above it could be said that while defining the concept ‘entrepreneurship’, emphasis was laid on a wide spectrum of activities such as

- Self-employment of any sort.
- Creation of organizations.
- Innovation applied to a business context.
- The combination of resources.
- Identification and exploitation of opportunities within the economic system or market.
- The bringing together of factors of production under uncertainty.

It can be concluded that whatever activity that involves any or all of the above activities can be regarded as Entrepreneurship. Entrepreneurship refers to all the processes and activities involved in establishing, nurturing, and sustaining a business enterprise. Entrepreneur Scholars have also given several definitions of the concept ‘entrepreneur’. For instance in 1816, Putari (2006) quoted Say, who asserts that the entrepreneur is the agent "who unites all means of production and who finds in the value of the products ... the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself." He views entrepreneurs as change agents (Say, 1816). Knight (1921) views entrepreneurs as individuals who attempt to predict and act upon change within markets.

Schumpeter (1934) conceives the entrepreneur as the innovator who implements change within markets through the carrying out of new combinations such as introduction of new techniques of production, reorganization of an industry and innovation. He further argues that the entrepreneur is an innovator, one that introduces new technologies into the workplace or market, increasing efficiency, productivity or generating new products or services (Deakins and Freel, 2009).

Cantillon (circa 1730) conceptualized the entrepreneur as: the "agent who buys means of production at certain prices in order to combine them" into a new product (Schumpeter, 1951). In Quick MBA (2010), the entrepreneur is defined as one who combines various input factors in an innovative manner to generate value to the customer with the hope that this value will exceed the cost of the input factors, thus generating superior returns that result in the creation of wealth.

Views of Entrepreneurship

Economist’s View

Entrepreneur and Entrepreneurship have been a point of interest to economics as early as 1755. The term Entrepreneur seems to have been introduced into Economics by Cantillon, but the Entrepreneur was first accorded prominence by Say. It was variously translated into English as:

- merchant,
- adventurer and
- employer

Though the precise meaning is the ‘undertaker of a project,’ James Stuart Mill popularized the term in England. The concept was vague, and not clear. Entrepreneurs were looked as adventurer. Entrepreneurship was looked as speculative activity. The economist sees an entrepreneur as someone who combines resources such as labour, materials and other assets, introduces changes, innovations and new orders for profitable and rewarding ends. According to economists, entrepreneurship and economic growth will take place in those situations where particular economic conditions are most favourable. Economic incentives are the major drive for the entrepreneurial activities. They firmly believe that a well-developed market and efficient economic policies foster entrepreneurship. G.F. Papanek and J.R. Harris are the main advocates of this theory. According to them, economic incentives are the main drive for the entrepreneurial activities. In some cases, it is not so evident, but the persons inner drives have always been associated with economic gains. Therefore, these incentives and gains are regards as the sufficient conditions for the emergence of industrial entrepreneurship.

When an individual recognizes that the market for a product or service is out of equilibrium, he may purchase or produce at the prevailing price and sell to those who are prepared to but at the highest price. Lack of entrepreneurship is due to various kinds of market imperfections and inefficient economic policies.

B*. Sociologist's View*

Entrepreneurship is inhibited by the social system, which denies opportunities for creative facilities: The forces of custom, value system, the rigidity of status, district of new ideas and the exercise of intellectual curiosity, combined together creates an atmosphere inimical to experiment and innovation. Sociologists argue that Entrepreneurship is most likely to emerge under a specific social culture. The sociologist sees the Entrepreneur as goal-oriented and has the capacity to adapt to changing environment. According to the sociologist, social sanctions, cultural values and role expectations are responsible for the emergence of entrepreneurship. Social-cultural values channel economic action that gives birth to entrepreneurship.

C. Psychologist's View

The psychologist sees an entrepreneur as someone who is being driven by certain forces that are mainly internal, personal attributes and traits. The phenomenon of entrepreneurship development has been viewed, explained and interpreted differently. Among those who stressed the psychological aspects as contributing to entrepreneurial success are Joseph Schumpeter, McClelland, Hagen and Kunkal. The main centre of attention of these theories includes:
Schumpeter believes that entrepreneurs are primarily motivated by an atavistic will to power, will to find a private kingdom or will to conquer.

According to McClelland, it is the high need for achievement which drives people towards entrepreneurial activities. This achievement motive is inculcated through child rearing practices, which stress standards of excellence, material warmth, self-reliance training and low father dominance. Individuals with high achievement motive tend to take keen interest in situations of high rest, desire for responsibility and a desire for a concrete measure of task performance.

Hagen considers withdrawal of status respect as the trigger mechanism for changes in personality formation. Status withdrawal is the perception on the part of the members of some social group that their purposes and values on life are not respected by groups in the society whom they respect.

Hagen identifies four types of events that cover produce status withdrawal: (a) displacement by force, (b) denigration of valued symbols; (c) inconsistency of status symbols with a changing distribution of economic power, and (d) non acceptance of expected status on migration to a new society. According to Psychologists, entrepreneurship is most likely to emerge when a society has sufficient supply of individuals possessing particular psychological characteristics. The main characteristics are:

- An institutional capacity to see things in a new way (vision),
- Energy of will and mind to overcome fixed habits of thought,
- An urge to do something,
- To fulfil a dream,
- The capacity to withstand social opposition; and
- The high need for achievement.

Self-Assessment Exercise

What is it that comes to your mind when you hear the word 'entrepreneurship'

Feedback

- Having a vision you want to pursue.
- Creation of venture.
- Innovation
- The combination of resources.
- Identification and exploitation of opportunities within the economic system.
- The bringing together the factors of production
- Taking risk for profit purposes

3.2 Who is an Entrepreneur?

The word "Entrepreneur" is derived from the French verb 'entrepredre'. It means 'to undertake'. In the early 16th century the Frenchmen who organized and led military expeditions were referred to as 'Entrepreneurs'. In the early 18th century French economist Richard Cantillon used the term entrepreneur to business. Since that time the word entrepreneur means one who takes the risk of starting a new organization or introducing a new idea, product or service to society.

According to J.B. Say, An entrepreneur is the economic agent who unites all means of production; land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market the pays rent of land, wages to labour, interest on capital and what remains is his profit. Thus an Entrepreneur is an organizer who combines various factors of production to produce a socially viable product.

An entrepreneur can be regarded as a person who has the initiative skill and motivation to set up a business or enterprise of his own and who always looks for high achievements. He is the catalyst for social change and works for the common good. They look for opportunities, identify them and seize them mainly for economic gains. An action oriented entrepreneur is a highly calculative individual who is always willing to undertake risks in order to achieve their goals.

According to Joseph Schumpeter, An entrepreneur in an advanced economy is an individual who introduces something new in the economy, a method of production not yet tested by experience in the branch of manufacturing concerned, a product with which consumers are not yet familiar, a new source of raw material or of new market and the likes.

According to Cantillon, An entrepreneur is the agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. An entrepreneur is the person who bears risk, unites various factors of production; to exploit the perceived opportunities in order to evoke demand, create wealth and employment.

Pinson (2010) visualized the entrepreneur as a person who starts a business to follow a vision, to make money, to be the master of his/her own soul (both financially and spiritually) and is an "educated" risk taker. Pickle and Abrahamson (1990) sees an entrepreneur as someone who organizes and manages a business, undertakes and assumes the risks for the sake of profit making. Murphy (2010) conceives an entrepreneur as a person who is dynamic and continues to seek opportunities and/or different methods of operation and will do whatever it takes to be successful in business.

Reiss (2010), views the entrepreneur as the person that recognizes and pursues opportunities without regard to the resources he/she is currently controlling, with confidence that he/she can succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks. Envick and Langford (2000) define an entrepreneur as someone who owns and operates his/her own business. Bagby (1998) sees an entrepreneur as a person that utilizes the opportunity of instability, turbulence, lack to produce something new or modifies an existing one for profit motive.

In other words, Entrepreneur perceives the market opportunity and then has the motivation, drive and ability to mobilize resources to meet it. An entrepreneur has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome (Wikipedia, 2010). He or she has the capacity and willingness to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward (Business Dictionary, 2010). Interestingly, small business experts also have their definitions of the concept 'entrepreneur' (Thinking like, 2010) for instance: Reiss (2010), views the entrepreneur as the person that recognizes and pursues opportunities without regard to the resources he/she is currently controlling, with confidence that he/she can succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks.
Murphy (2010) conceives an entrepreneur as a person who is dynamic and continues to seek opportunities and/or different methods of operation and will do whatever it takes to be successful in business.

Given the above wide range of factors and behaviour which are used to define the concept 'entrepreneur', we can see the difficulty and impossibility of finding a unified definition of the 'entrepreneur'. Hence, to Di-Masi (2010), the concept 'entrepreneur' can be best used in the past tense to describe a successful business person. Thus, Entrepreneurs are business persons who identify the existence of business opportunities and based on this they create businesses thereby creating new products, new production methods, new markets and new forms of organization to satisfy human needs and wants mostly at a profit.

It should also be noted that though most entrepreneurial businesses start small, entrepreneurs are not only small business owners; they can also be big business owners. This is because successful entrepreneurs, unlike small business owners, are innovative and, when operating in an enabling business environment, can rapidly create a large amount of wealth while bearing very high risk. In fact, innovation is considered to be the strategic tool of entrepreneurs; this is one of the tools that enable them gain strategic advantage over competitors (Quick MBA, 2010). Entrepreneurs are individuals or group of individuals who carryout entrepreneurship activities to build business empires.

Self-Assessment Exercise

1. Everyone doing business is an Entrepreneur.

   True
   Or
   False

2. What are the main characteristics of an Entrepreneur?

Feedback

1. False
2. An Entrepreneur has:
    a. Passion and Motivation. ...
    b. Not Afraid to Take Risks. ...
    c. Self-belief, Hard Work and Disciplined Dedication. ...
    d. Adaptable and Flexible. ...
    e. Product and Market Knowledge. ...
    f. Strong Money Management. ...
    g. Effective Planning (Not Over-Planning) Skills.
    h. The Right Connections.

3.3 Who is an Intrapreneur?

There are given situations where an Entrepreneur is not able to establish his or her own business and as such has to work in an organization. In this case they are referred to as 'Intrepreneurs' i.e. Entrepreneurs within an organization. These individuals are entrepreneurs in their own right because they pursue the exploitation of business opportunities as they emerge and are also visionaries within a given organization. Thus, once identified, these individuals should be encouraged to manifest their entrepreneurial abilities to the benefit of the organization otherwise they will be frustrated and may leave the organization or start their own businesses. Entrepreneurship is the processes and activities by which corporate organization behave entrepreneurially.

According to Jones, George and Hill (2000), an intrapreneur is a manager, scientist, or researcher who works inside an existing organization and notices opportunities for product improvements and is responsible for managing the product development process. The above definition was corroborated by Pinchot (1985), when he coined the term intrapreneur to represent an innovative individual (employee) in an existing business organization who perceives new 17 market opportunities, secures resources and initiates the realization of the opportunity. Rather than perform the roles of an entrepreneur as an independent unit and for private economic gains, the intrapreneur performs the same roles within an existing large organization to enhance the competitiveness and profitability of the organization.

3.4 Intrapreneurship

Stoner et al., (2009) opined that in today's faced-paced economy, companies that do not keep up may go the way of the dinosaur. According to them, a large number of companies have lost their entrepreneurial spirit that they started with. As they have grown larger, their ability to be innovative and flexible may have been stifled by the very size and success of the organization. Many concepts have been used to describe how managers can keep organizations from stagnating, make organizations adaptive, and promote organizational climates that support creative learning. Perhaps, the most widely used term for this process is intrapreneurship. Intrapreneurship or corporate entrepreneurship is the process whereby an organization seeks to expand by exploring new opportunities through new combinations of its existing resources. Intrapreneurship requires special attention from managers, because by design it cuts against the grain of established organizational activities. Thus, we might expect that the following are important to support intrapreneurship:

1. Explicit goals for entrepreneurial processes
2. A system of information exchange between managers and intrapreneurship
3. An emphasis on individual responsibility and accountability
4. Rewards for creative effort

Self-Assessment Exercise

Distinguish between Entrepreneur and Intrapreneur? Give Examples.

Feedback

According to Investopedia
The central difference between entrepreneurs and intrapreneurs is the setting in which they work.

"An intrapreneur is an inside entrepreneur, or an entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities,"

Examples are:

1. Apple Corporation
2. Churches in Nigeria who apart from the church activities have: Schools, mini industries such as soap making, water production etc.

3.5 How is entrepreneur different from intrapreneur

Whereas an entrepreneur is a person who creates a venture or starts up a business and nurtures it, takes risks of bringing together the factors of production to meet the society's need at a profit, an intrapreneur works within an existing organization to pursue the exploitation of business opportunities.

3.6 Characteristics of Entrepreneur

An entrepreneur must have certain traits in order to reach its full potentials. Some of the characteristics are:

Motivation

Entrepreneurs are usually passionate, buoyant and highly self-motivated. They have very high energy levels and are always willing to take initiatives. They are usually concerned about their business and how to increase the market share, how to improve their existing processes.

Risk Tolerance

The establishment of any entrepreneurial venture is risky and the entrepreneur has to assume risk. As risk and rewards are inseparable, in order to grow, the entrepreneur should have large appetite for assuming risk. Entrepreneurship is a very risky venture; entrepreneurial decisions can have far-reaching impact on the organization, people in the organization and even the economy. These decisions are critical, enormous and cannot be easily reverted.

Vision

The entrepreneur is a visionary. One of the major responsibilities of an entrepreneur decides the direction the business should go. It requires a strong vision on the part of an entrepreneur to ensure his/her business reach maturity.

Mental ability and Creativity

The entrepreneur should anticipate changes and must be able to study the various situations under which decisions have to be made. Successful entrepreneurs have the creative ability to recognize and pursue opportunities. They are always on a look out for new ways of doing things such as launching new products, rebranding existing products, providing new services etc.

Clear Objectives

An entrepreneur has clarity about the objectives to be achieved in the business, the nature of goods to be produced and subsidiary activities to be undertaken. This clarity in objectives helps them to translate their business idea into reality and gives the business a sense of direction.

Good Communication Skills

This basically pertains to communicate effectively. An entrepreneur who can effectively communicate with customers, employees, suppliers and creditors will be more likely to succeed than the entrepreneur who does not. An entrepreneur must have a good feedback system.

Human Skills

An entrepreneur must have good human relations. The most important personality factors contributing to the success of any entrepreneur include emotional stability, good inter- personal relations, consideration and tactfulness. An entrepreneur has to maintain good relations with his customers so as to encourage them to continue to patronize his business. He must also maintain good relations with his employees so as to motivate them to perform their jobs with a high level of efficiency.

Technical skills

An entrepreneur must have the competence and proficiency in the knowledge of the business. It is the possession of specialized knowledge and understanding in methods, processes, procedures and techniques in carrying out day-to-day activities. Examples are; coaching, organizing, monitoring environment amongst others.

Self Confidence and Multi-Skilled

The entrepreneur must have self-confidence and believe in him/herself. Self-confidence is an important characteristic that enables individuals to handle any situation without having inferiority or any other type of complex. The entrepreneur also has to be a jack of all trade and master of all. He/she must possess different skills unlike other individuals. For instance, assuming an entrepreneur is a marketer, the entrepreneur should not only possess marketing skills and interpersonal skills but also language skills i.e. ability to speak more than one language. This definitely will be an added advantage!

Confidence in the Face of Difficulties and Discouraging Circumstances: The entrepreneur must be steadfast and resolute and be ready to move on even in the face of adversity. He/she should be a ‘never say never’ kind of person; everything is possible for the entrepreneur.

Innovative skills: The entrepreneur may not necessarily be an 'inventor' but the one that can make a difference; he/she should be able to see what others cannot see and be able to carve out a new niche in the market place.

Results-Orientated

The entrepreneur is one who knows how to get results under any circumstances either with others or through others. The entrepreneur does this by setting goals and ensuring that such goals are doggedly pursued by all concerned willingly and with joy.

Risk-Taker

The business environment is dynamic and filled with uncertainties and risk. In order to succeed the entrepreneur has to take risk. Successful entrepreneurs take calculated risks and in some cases shift the risks to others.

Total Commitment

Starting /creating a new business is a serious exercise that requires a lot of commitment and hard work. It is like bringing a child into the world and nurturing the child to adulthood. This requires commitment, dedication, hard work, energy and singlemindedness otherwise the ‘child’ (i.e. business) may die prematurely (Di-Masi, 2010).

Calm

Entrepreneurs need to be cool, calm and collected. They have to remain calm even when exposed to stress, emergency or crisis situations.
Focused:

In getting things done and starting and maintaining a business attention has to be paid to a lot of details. Small things when not handled properly or noticed on time may lead to disastrous outcomes.

Tolerance

The entrepreneur has to relate with people. People vary in terms of their perceptions, personality, motivations and attitudes amongst other things. The entrepreneur needs to be tolerant while not being weak, in order to get things done.

Balance: Though, the entrepreneur is a human being, he/she has to be like a super human being in order for him to succeed. To this effect, he/she has to be able to balance all.

Rockstar (2008) recognized the characteristics of entrepreneurship to include

Creativity

Entrepreneurship entails innovations. It deals with product innovation, production techniques innovation while bearing in mind the market

Dynamism

Entrepreneurship is a dynamic process that has to bear in mind the dynamic business environment.

Purposefulness

Entrepreneurship is an activity embarked upon for a specific purpose. This could be for profit making purposes, for humanitarian purposes or to bring a difference to the market.

DiMasi (2010), on the other hand, regards the major characteristics of entrepreneurs as:

- *Self-confidence and being multi-skill*,
- Confidence in the face of difficulties and discouraging circumstances,
- *Results-orientation and total commitment*.
- Stephenson (2010) believes that entrepreneurial characteristics are:
- *Seriousness, planning ability, prudence, and team work*.

Self-Assessment Exercise

1. Intrapreneurs can be identified through many traits, including all of these EXCEPT _____.
    a. passion
    b. creativity
    c. curiosity
    d. shyness

2. Businesses that want to support intrapreneurship can do so in all of the following ways EXCEPT:

    a. Asking for employees' thoughts and opinions.
    b. Creating a process for hearing and developing new ideas.

c. Encouraging the development of new ideas.
d. Fostering a culture where employees are afraid to speak up.

Feedback

1. d
2. d

4.0 Conclusion

There are business creators who come with business ideas either through innovation or creativity. These creators of business are known as entrepreneurs. Also, there are those who cannot necessarily create business but service the business that have been created.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

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Unit 2 Concept and Theories of Entrepreneurship

Contents

1.0 Introduction

The functionality of an entrepreneur is based on some established theories. These theories covers the economic, social and psychological behaviour of an entrepreneur. The different theories are discussed in this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to appraise the theories of entrepreneurship.

3.0 Main Content

3.1 Evolution of the concept of entrepreneurship

The concept of entrepreneurship was first established in the 1700s, and the meaning has evolved ever since.

Earliest Period
During this period, Marco polo who was an Italian acted as a go-between. He made attempts to trade routes to the Far East. As a go-between, he had to sign a contract with a money person to sell his goods while as a merchant; he took active role in trading by bearing all the physical and emotional risks involved in the venture.

The economic theory of entrepreneurship considers the relationship between economic conditions and incentives to arrive at a risk-reward equation that informs a determination on whether or not to pursue a potential venture. This theory assumes that the entrepreneurs is the one responsible for pulling resources, labour, materials and other assets together in order to make their value greater than before, and also introduce changes, innovations, creativity and a new order.

Features of Economic Theory of Entrepreneurship

- Entrepreneurship and economic growth take place when the economic conditions are favorable.
- Economic incentives are the main motivations for entrepreneurial activities.
- Economic incentives include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities, access to information about market conditions, technology etc.

Economic theories of entrepreneurship tend to understand business ventures in terms of an innovator purchasing several factors of a product at a bulk rate, combining them for resale at a higher rate but in the face of unknown market conditions.
Economic factors that encourage or discourage entrepreneurship include:

- Taxation policy
- Industrial policy
- Easy availability of raw materials
- Easy access to finance on favorable terms
- Access to information about market conditions
- Availability of technology and infrastructure
- Marketing opportunities.

The economic theory of entrepreneurship is sub-divided into three namely; Classical theory,
Neo-classical and Austrian Market Process

3.2 Classical Theory

The classical theory inscribed the virtues of free trade, specialization which was a result of Britain‘s industrial revolution which took place in the mid-1700 and lasted until the 1830s. The classical movement described the role of the entrepreneur in the context of production and distribution of goods in a competitive marketplace (Say, 1803). Classical theorists articulated three modes of production: land; capital; and labour. There have been various objections to the classical theory. These theorists failed to explain the dynamic upheaval generated by entrepreneurs of the industrial age (Murphy, Liao & Welsch, 2006).

3.3 Neo-classical Theory

The neo-classical model emerged from the criticisms of the classical model and indicated that economic phenomena could be relegated to instances of pure exchange, reflect an optimal ratio, and transpire in an economic system that was basically closed. The economic system consisted of exchange participants, exchange occurrences, and the impact of results of the exchange on other market actors. The importance of exchange coupled with diminishing marginal utility created enough impetus for entrepreneurship in the neoclassical movement (Murphy, Liao &Welsch, 2006).

Some criticisms were raised against the neo-classical conjectures. The first is that aggregate demand ignores the uniqueness of individual-level entrepreneurial activity. Furthermore, neither use nor exchange value reflects the future value of innovation outcomes. Thirdly, rational resource allocation does not capture the complexity of market-based systems. The fourth point raised was that, efficiency-based performance does not subsume innovation and non-uniform outputs; known means/ends and perfect or semi-perfect knowledge does not describe uncertainty.

In addition, perfect competition does not allow innovation and entrepreneurial activity. The fifth point is that, it is impossible to trace all inputs and outputs in a market system. Finally, entrepreneurial activity is destructive to the order of an economic system.

Austrian Market Process (AMP)

These unanswered questions of the neo-classical movement led to a new movement which became known as the Austrian Market process (AMP). The AMP, a model influenced by Joseph Aloi Schumpeter (1934) concentrated on human action in the context of an economy of knowledge. Schumpeter (1934) described entrepreneurship as a driver of market-based systems.
In other words, an important function of an enterprise was to create something new which resulted in processes that served as impulses for the motion of market economy.

The economic school of entrepreneurship considers the relationship between economic conditions and incentives in order to arrive at a risk-reward equation that informs a determination on whether or not to pursue a potential venture. The school saw an entrepreneur as a merchant, adventurer and an employer. The school was able to state the underlining economic factors that can lead to the growth or decline of an entrepreneurial venture amongst such are taxation policy, exchange rate and so on. The economic school is also subdivided into the classical school, neo-classical and Austrian process market which serves an addition to the general framework.

3.4 Psychological theories of Entrepreneurship

Psychological theory of entrepreneurship identifies traits, motives and personalities as the major factors that infuse the entrepreneurial spirit in an individual. The theory emphasizes personal characteristics that define entrepreneurship. Personality traits, need for achievement and locus of control are found to be associated with entrepreneurial inclination. The psychological theory which focuses on personality factors, believes that entrepreneurs have unique values and attitude towards work and life. Psychological attributes differentiate entrepreneurs from non-entrepreneurs, and successful entrepreneurs from unsuccessful ones. The psychological theories are:

i. Personality trait
ii. Need for achievement
iii. Locus of control
iv. Psychodynamic model
v. Risk taking propensity.

Personality Trait

According to the personality trait theory (2004), Personality trait is defined as stable qualities that a person shows in most situations‖. Personality traits are the enduring inborn qualities or potentials of the individual that naturally make him/her an entrepreneur. Some of the traits which entrepreneur exhibits include vision, enthusiastic, optimistic, flexible, open mindedness, and versatility amongst others.

Need for achievement model

The need for achievement theory was propounded by McClelland (1961). The theory explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are usually driven by this need to achieve and excel. This theory states that people desire to achieve something for their inner feeling of accomplishment.
Observation/Criticisms.

This theory has been criticized as a result of the following:

i. The theory is contradictory and has limited evidence
ii. It has no direction for causality
iii. The theory is more applicable to the western culture where personal achievement is more appreciated as compared to other culture
iv. It is limited only to business people while other people also show that behaviour.

Locus of control

Locus of control was first introduced by Julian Rotter in the 1950s. Rotter (1966) refers to Locus of Control as an individual‘s perception about the underlying main causes of events in his/her life. Locus of control orientation is a belief about whether the outcomes of our actions are contingent on what we do (internal control orientation) or on events outside our personal control (external control orientation). Entrepreneur‘s success comes from his/her own abilities and also support from outside. This theory states that there is a degree to which one believes that he/she is in control of one‘s destiny. This can either be internal or external locus of control.

Internal Locus of control:

Individuals with an internal locus of control believe that they are able to control life events

External locus of control:

Individual with an external locus of control believe that life's events are the result of external factors, such as chance, luck or fate.

Observation/Criticism

- This theory correlates to the need for achievement theory (n-ach). Individuals with internal locus of control people are the ones who are interested in need for achievement than the externals.
- **Directions of causality** i.e. people tend to work harder when getting success thus have internal locus of control.
- **Culture and belief system**; i.e. there are societies which their belief system make them more externals (for example, those who believe that God will do everything for them).
- **Being internal** is not always the best (An individual cannot always be in-charge of everything such as weather and other peoples ‘behaviour).
- **Locus of control** (LOC) has negative influence on entrepreneurial inclination.

Psycho-dynamic Model

This model was propounded by Kets de Vries. The model is concerned with how people tend to be self-employed and become successful because of their ―troubled childhood‖. In troubled childhood, children tend to be abused, with low self-esteem, and lack of confidence. Therefore, an individual growing in such an environment does have reserved wishes towards those in control.

Self-Assessment Exercise

To be a good entrepreneur you must be:

a. patient
c. flexible
b. skilled
d. all correct

Feedback

D is the correct answer

Observations/criticism

1. This theory explains the behaviour of extreme category of people leaving out the rest.

2. Some people with similar background do not show innovative rebelliousness. Some tend to be criminals and/or drug addicts or alcoholics.

Risk Taking

This theory contends about one‘s willingness to accept risk. People who are more likely to accept risk and taking chances are more likely of being self-employed than those who do not take risk.

Observations/Criticism

i. People tend to say that ―they take the profit and pass the risk to someone else‖.
ii. People who take risks normally take a ―calculated risk‖ and do not gamble.
iii. People who are success in business are moderate risk takers.
iv. Risk is not only a financial loss, but also image loss or loss of relationship with other people in the society.

3.5 Sociological Theory of Entrepreneurship

The sociological theory is the third of the major entrepreneurship theories. Sociological enterprise focuses on the social context. Reynolds (1991) has identified four social contexts that relates to entrepreneurial opportunity.

i. The social networks: The social network focuses on building social relationships and bonds that promote trust and not opportunism. In other words, the entrepreneur should not take undue advantage of people in order to be successful.

ii. The life course stage: This involves analyzing the life situations and characteristic of individuals who has decided to become an entrepreneur. The experiences of people influences their thought and action which motivates them to do something meaningful with their lives.

iii. The ethnic identification. One‘s sociological background is one of the decisive ―push‖ factors to become an entrepreneur.

iv. The population ecology. Environmental factors play a vital role in the survival of businesses. The political system, government legislation, customers, employees and competition are some of the environmental factors that have an effect on the survival of new venture or the success of the entrepreneur.

The sociological theory of entrepreneurship embraces social culture as a driving force of entrepreneurship. The entrepreneur becomes a role player in agreement with the role expectations of the society, and such role expectations are based on religious beliefs, taboos, and customs. Sociological models that have received significant empirical support are the intergeneration inheritance of enterprise culture, social marginality and ethnicity.

Assumptions of the Sociological theory of entrepreneurship

- Entrepreneurship is likely to get a boost in a particular social culture
- Society‘s values, religious beliefs, customs, taboos influences the behaviour of individuals in a society
- The entrepreneur is a role performer according to the role expectations by the society

3.6 Social marginality model

This theory suggests that individuals who recognize a strong level of incongruence between their personal attributes and the role they hold in society will be motivated to change or reconstruct their social reality. Some individuals may reconstruct their reality by changing careers, employers, or result to self-employment. Marginal men are referred as individuals who are less included or integrated in their society.

Marginal men are usually not completely part of the society of their adoption as such; they are free of the restrictions imposed by the value system governing the society. At the same time, having left their own society, they are no longer constrained by its dominant values. This situation brings about the development of unconventional patterns of behaviour, which increases their propensity to become entrepreneurs.

Observations/Criticism

i. Marginality is not an adequate explanation for the over-representation of certain people in entrepreneurship carriers e.g. Hispanics and Africans are underrepresented in entrepreneurship despite them being marginal.

ii. Aggressiveness and co-operation is an attribute in which marginal people tend to have.

Ethnicity

An ethnic origin of a person is said to influence the choice between paid employment and self-employment as well as performance in self-employment. Evidence of over-representation of certain ethnic groups in business carriers abounds throughout the world. The ethnic groups often quoted in the literature as being overrepresented in entrepreneurship include Ibos in Nigeria, Kikuyus in Kenya and Chagga in Tanzania. All of these are spread in different parts of their countries in which they over-represented in entrepreneurial careers. To this extent, they are less integrated in the societies in which they work and therefore less likely to be constrained by dominant values shared either by their own ethnic group or by their hosts.

Observations/Criticism

It has been found that, even members of these groups (Ibo, Kikuyu and Chagga) who have remained in their homelands are quite active in entrepreneurship. Therefore their cultures must have influenced their entrepreneurial behaviour rather than ethnicity.

Inter-Generational Inheritance of Enterprise Culture

This theory asserts that entrepreneurial practice is largely inherited. Consequently, offspring's of entrepreneurial parents are more likely to become entrepreneurs and more successful as compared to others. A strong grounding in business and ownership ethic at an early age is a very vital tool and powerful driving force for children as they choose their future careers. An individual who grows up around a family that runs and own a business is likely to benefit from the skills, accumulated experiences and networks of existing firm. Such an individual will have better access to advice, credit, established markets and sources of inputs.

Observations/ Criticisms

Several studies supports this theory, however studies on female entrepreneurship found that most of them were first generation entrepreneurs and none of their parents have been running their own business.

Other studies also found that there is no significant difference between entrepreneurs and managers in terms of having self-employed parents. However this is the most supported sociological model.

Critique of Sociological Studies of Entrepreneur

Sociologists' approach is seen to be mono-casual and fails to generalize the theory to explain the reasons all those who belong to their chosen classes

4.0 Conclusion

The knowledge of the different theories will help you assess the behaviour of an entrepreneur. Also as to be entrepreneur it will guide you on what you need to do or guide against in your functionality as an entrepreneur. The knowledge of entrepreneurship theories is key in becoming a successful entrepreneur.

5.0 Summary

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Video

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Unit 3 The Entrepreneurship Culture

Contents

1.0 Introduction

Every activity carried out by human being is surrounded by certain cultural values and ethics which depict the behaviour of certain group or people. You can easily guess the tribe or ethnic group a particular person is from through his/her cultural behaviour. This cultural values is also extended to different professions. Every profession has its culture. This is not different with the entrepreneurs. In this unit, you will learn about the different cultural values and behaviour of an entrepreneur.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to demonstrate the different culture of an entrepreneur.

3.0 Main Content

Culture is a hot slogan among corporate and entrepreneurial companies alike. It's what everyone is striving for, what brings on the loyalty, what attracts and keeps the really remarkable employees.

The term applies to individuals, teams, and entire organizational cultures. An entrepreneurial culture is what many companies hope for. Certainly, in the fast-moving and competitive technology industry, an entrepreneurial culture is what most organizations should strive for.

Earlier definitions of entrepreneurship have referred to creation and running of innovative businesses by people sharing a number of characteristics. Broadly speaking, entrepreneurship also includes innovative positive social interventions (to be dealt with under Social Entrepreneurship in a later Unit).

Culture refers to attitudes and values which in the case of entrepreneurship may be linked with autonomy, creativity and sense of responsibility (soft skills) and so on. It also refers to entrepreneurial knowledge and skills and management competencies which have to be acquired (hard skills).
The hard aspects of culture apply to entrepreneurship because without them, an entrepreneurial culture would not develop into a tangible act. Culture, is the fundamental mechanism of principles linking to a specific community, and builds the progression of distinct personality uniqueness and motivates people in the culture to utilize in behaviours which are not noticeable in different societies.

Our line of reasoning behind the general statement on traditionalistic culture and entrepreneurship is based on two arguments: First, traditionalism of the society may be helpful in dealing with the insecurities and uncertainties of entrepreneurship by providing social supports. Due to the scarcity of alternatives and undeveloped institutional supports, entrepreneurs in low-and-medium GDP countries have to rely much more on their cultural support systems than entrepreneurs in high GDP countries. Thus, traditionalism of a society helps entrepreneurship because traditional societies provide more social help and supports, in the form of family or friends (which is congruent with high in-group collectivism and high humane orientation). Given the availability of alternative avenues to survive and formal institutional support, the above argument does not hold for high GDP countries. The second line of reasoning is that in traditional societies the most promising avenue of actually escaping traditional paths of careers may be entrepreneurship. This line of reasoning can be most clearly developed for power distance. In societies with high power distance, a low status person will always continue to be a low status person: The only way out may be to become an entrepreneur. Not only does this allow a person to escape a dominant boss, entrepreneurship may also enable the person to escape the route that was preordained by the status of one's birth. In China, the harsh system of HuJi (Household registration) produces a great deal of necessity-driven entrepreneurs during the early age of Reform and Opening Up. In India, it is full of examples in which an "untouchable" escaping their humble status by becoming rich entrepreneurs as well. This approach is more likely to be successful in low-and-medium GDP countries, because there are other avenues and resources to achieve a certain kind of independence in rich countries (for example, by individually striving for further education, by moving away from a certain environment to another one, etc.).

Similar to the logic of Hertzberg's Motivation – Hygiene theory in organizational behaviour (Herzberg, 1968), we argue that to interpret the different kinds of entrepreneurial activities, we need different types of culture. By using Motivation-Hygiene theory as a metaphor, we argue that traditionalistic cultures function as 'hygiene' factors for the prevalence of entrepreneurship, but modernistic cultures play a 'motivating' role in achieving for high quality entrepreneurship. Therefore, we assume that to produce more high-growth entrepreneurship and high-innovation entrepreneurship, modernistic cultures are more useful than traditionalistic cultures. Modernistic cultures encourage people to achieve high performance and to be unique (innovation), to invest for the future, to be confident and aggressive (high growth orientation), having more plans and rules (it is good for continuous improvement of products, services and management systems); therefore, modernistic cultures are more consistent with the two essences of entrepreneurship: innovation and growth-orientation. Thus, characteristics of a modernistic culture are helpful for innovation and high-growth entrepreneurship. Meanwhile, high-growth and high-innovation entrepreneurship is more likely to appear in contexts where the environment provides opportunities and resources. Since high GDP countries provide a richer environment for such venturing activities, a modernistic culture should foster more growth-oriented entrepreneurship and innovation-oriented entrepreneurship in high GDP countries than in low-and-medium GDP.

Since most of cross-cultural studies on entrepreneurship are based on individual cultural dimensions, we will test whether our basic hypothesis works well on them one by one. In the following section we will first describe those cultural dimensions in the GLOBE study which bear on the traditionalism of society: in-group collectivism, humane orientation, and power distance, and then discuss the other dimensions related to modernism: performance orientation, future orientation and uncertainty avoidance. In the end, we will simply discuss the cultural dimensions that may be closely related to entrepreneurship in theory, but excluding from this study three other GLOBE cultural dimensions: institutional collectivism, gender egalitarian and assertiveness.

Collectivism versus Individualism

In-group collectivism measures the degree to which individuals express pride, loyalty and cohesiveness in their groups and families (House, Javidan, Hanges, & Dorfman, 2002). Societies with a high level of in-group collectivism make greater distinctions between in-group and out-group (Gelfand, Bhawuk, Hishi, & Bechtold, 2004). In high in-group collectivistic societies, people depend heavily on their special personal relationships, like Guanxi in the context of China, Inhwa in Korea and Blat in Russia instead of institutional supports (Michailova & Worm, 2003; Zhao, Frese, & Giardini, 2010). Moreover, in-group collectivism emphasizes group goals (Hofstede, 1980). In-group collectivism has been related to entrepreneurial activities for a number of reasons. In most situations, in-group collectivism is assumed to be negatively related to entrepreneurship. First, entrepreneurship is an activity of enterprising individuals who are individually rewarded (see review by Hayton et al., 2002). Second, entrepreneurship includes taking personal risks associated with market entry and innovation (Shane et al., 1995). Third, successful entrepreneurs must have characteristics such as creativity and the ability to develop new and unique ideas, characteristics which are typically associated with individualistic orientations (Bhawuk & Udas, 1996). These arguments favour the position that collectivism is negatively related to entrepreneurial activities (for example, review by Hayton et al., 2002).

However, the position that individualism is related directly to innovation and entrepreneurship is not uncontested. Shane et al. (1995) showed that individualism should influence the type, rather than the absolute levels, of innovation strategy. Moreover, Morris, Avila and Allen (1993) argued that high individualism can be dysfunctional for innovation, and reported a curvilinear relationship between individualism and entrepreneurship. These arguments illustrate that there are no simple relationships between entrepreneurship, individualism and collectivism. It has been argued that collectivism helps entrepreneurship because collectivistic societies provide more social support and resources. For example, families in collectivistic societies tend to be more helpful in providing the needed resources for one's entrepreneurial endeavours and the needed social security in the event that things do not work out. Moreover, collectivistic orientation fosters commitment and sacrifice amongst employees (Gelfand et al., 2004) and provides a protective environment that minimizes the uncertainty associated with business creation and innovation implementation (Stewart, 1989). However, all of these aspects are important only in low-and-medium GDP countries and not in high GDP countries because of the availability of alternative resources in the latter. It is only in low-and-medium GDP countries that starting entrepreneurs need to be able to fall back on these traditional resources of in-group collectivism

Humane Orientation

Humane orientation is the degree to which societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and being kind to others (House et al., 2002). In high humane oriented societies, people within a close circle receive material, financial, and social support (Kabasakal & Bodur, 2004). In addition, it means that there is a high degree of compassion and help for people in the immediate neighborhood, and also a certain conservative attitude and pressure for conformism towards people (Schloesser, Frese, & Al, 2010). We would argue similarly that, as with in-group collectivism, that humane orientation helps the development of entrepreneurship because it provides resources and support in the event that things go wrong within the immediate environment of the entrepreneur. Thus, entrepreneurs will feel supported and sufficiently secure to start and develop a business. In addition, humane orientation allows for errors and failures. This means that the social environment will still be supportive and people will not be ostracized when they fail.

Moreover, people who had failed may actually be encouraged to try again. Given that the fear of failure is one of the reasons why people do not start a business even though they might want to (Sternberg, 2000), there may be a direct effect between humane orientation and entrepreneurial activity. We hypothesize that the effect of humane orientation is likely to be stronger in low-and-medium GDP countries because the consequences of failure in low-and-medium GDP countries without welfare systems is worse than those in high GDP countries.

Thus, it follows:

The positive relationship between humane orientation and the quantity of entrepreneurial activities (early-stage entrepreneurship and established entrepreneurship) is stronger in low-and-medium GDP countries than in high GDP countries.

Power Distance

Power distance measures the degree to which members of a society expect and agree that power should be unequally distributed (House et al., 2002). Societies with higher power distance tend to be restricted to limited upward social mobility, localized information, and social status which is linked to established power relationships, as opposed to merit.

Researchers have argued that entrepreneurial activity should be higher in low power distance countries (Hayton et al., 2002). High power distance is associated with maintaining the status quo (Gelekanycz, 1997). Accordingly, there is little acceptance for the initiatives and innovations created by new business ventures. Moreover, high power distance countries distribute resources unequally. This makes it difficult for potential entrepreneurs of low power groups to take advantage of profitable opportunities and, as a result, reduces access to resources, skills, and information for potential entrepreneurs who are in a lower position. Unfortunately, reduced resources and information reduces both the existence and the discovery of valuable business opportunities (Kirzner, 1997). However, power distance can have a positive impact on entrepreneurial behaviour as well. Power distance can affect entrepreneurial activity positively because the only way to be independent is to be an entrepreneur. Entrepreneurship can be used as one of the tools to struggle for independence and to increase one's power position.

Performance Orientation

Performance orientation refers to the extent to which a society encourages and rewards its members for performance improvement and excellence (Hayton et al., 2002). This dimensionis clearly based on the achievement motive idea by McClelland (1961) . Entrepreneurs often strive to achieve challenging tasks. They believe that they can succeed and they want to harvest the benefits for doing so. Thus, performance orientation should be associated with a society's entrepreneurial activity in general. Moreover, since performance orientation focuses on demanding targets and financial rewards, we expect that countries with high performance orientation have a higher prevalence of entrepreneurial activities with high-growth orientation (high-growth entrepreneurship) and more innovation on new products and new services (high-innovation entrepreneurship) than others. Furthermore, in high GDP countries there are plenty of resources (for example, venture capital, educated employees, law service, technical know-how, etc.), therefore, it is relatively easy for entrepreneurs to achieve their high-growth and high-innovation goal, but it is hard for those entrepreneurs in low-and-medium GDP countries make the same things happen. Therefore, we propose the following hypotheses:: Performance orientation is positively related to high quality entrepreneurship (high-growth entrepreneurship and high-innovation entrepreneurship). Further, this kind of positive relationship is stronger in high GDP countries than in low-and-medium GDP countries.

Masculinity versus Femininity

The dimension is masculinity, which portrays the role of gender and the disparity between men's values and women's values in a country. In feminine societies the women have the same self-effacing, group morals like men; in the dominating masculine communities as they are to a little degree forceful and forceful, but not like men, so that these communities portrays a split between women's ethics and men's ethics.

Future Orientation

Future orientation addresses the degree to which individuals engage in future-oriented behaviours such as planning, investing in the future, and delaying gratification (House et al., 2002). Countries with high future orientation have a strong capability and willingness to imagine future contingencies, formulate future goal states, seek to achieve higher goals, and to develop strategies for meeting their future aspirations (Shane & Venkataraman, 2000).

Future orientation is related to two, and at times competing, orientations. First, countries high in future orientation should have more high quality entrepreneurial activity. Individuals anticipate potential future opportunities in a changing environment and will tend to think of investing now in order to reap future profits (Shane & Venkataraman, 2000). Second, future orientation also implies that one thinks about the future because one is worried about the future. Future orientation is highly related to uncertainty avoidance (Ashkanasy, Gupta, Mayfield, & Trevor-Roberts, 2004). Thus, one anticipates not opportunities, but failures. Thus, this part of future orientation should be negatively related to the emergence of entrepreneurship because people might be too worried about future problems to get them involved in uncertain endeavors.

Furthermore, to produce high-growth entrepreneurship and high-innovation entrepreneurship in one society, only future orientation is not enough, it also needs a stable and expectable environment in support of them.

Uncertainty Avoidance

Uncertainty is a conceptual cornerstone in the theory of entrepreneurship (Knight, 1921; McMullen & Shepherd, 2006). Entrepreneurs have to recognize opportunities in the face of uncertainty (Knight, 1921) and are willing to bear uncertainty when exploiting opportunities (Schumpeter, 1934). People in high uncertainty avoidant countries are threatened by new and unpredictable future situations (Hofstede, 1980). They show a stronger desire to establish rules, allowing for predictability of behaviour (Sully De Luque & Javidan, 2004). Members of such cultures tend to avoid uncertainty by reliance on social norms, rituals, and bureaucratic practices to alleviate the unpredictability of future events (House et al., 2002). Such practices include formalized interaction, documentation and planning, as well as resistance to risk, change and new product development. Such practices may suggest that high uncertainty avoidant countries have little support for entrepreneurship (Hayton et al., 2002). Two studies found indirect support for a negative relationship between uncertainty avoidance and entrepreneurial activities (Mueller & Thomas, 2000; Shane, 1995). In contrast to this, one study indicated that uncertainty avoidance is positively related to the prevalence of business ownership across countries (Wennekers, Thurik, Van Stel, & Noorderhaven, 2007), possibly because entrepreneurial employees are discriminated by the formal structure of organizations, and are therefore pushed into entrepreneurship. While we assume that uncertainty avoidance may be negatively related to the emergence of early-stage entrepreneurship, it can very well be functional with regards to some types of entrepreneurial activity. High uncertainty avoidance implies long-term planning, environment scanning and the prediction of future developments. Thus, uncertainty avoidance directly 10 addresses the uncertainties associated with business venturing, for example, by reducing the risk in business and creating a safe environment. In addition, high uncertainty avoidance is also helpful in increasing the quality of products and services, for continuous improvement and so on (this is exactly the cases of Japan and Germany). Thereby, uncertainty avoidance leads to new products development and business growth. Similar to future orientation, we argue that this kind of positive relationship between uncertainty avoidance and high quality entrepreneurship appears more frequently in high GDP countries than in low-and-medium GDP countries.

According to David Mc Clelland (1961), an entrepreneur is a dynamic person who takes calculated risks. This definition has a behaviourist orientation. Fillion (1990) defines the entrepreneur as someone who imagines, develops and realizes a vision. In economic terms, one may define an entrepreneur as someone who combines resources in such a way as to add value. A psychologist's point of view may be that: an entrepreneur is someone who feels the need to accomplish something, to realize his/her potential or to become his own boss.

Across all above definitions, there is a recurrence of underlying notions like: vision, value creation, innovation, risk-taking and self-accomplishment. Having reviewed the characteristics of entrepreneurs, one is tempted to conclude that an entrepreneur is a product of his/her particular environment. Several authors have shown that entrepreneurs reflect the characteristics of the time and place where they have evolved (Toulouse, 1990). The cultures, the needs and the habits of a particular country or region shape the behaviour of entrepreneurs. Obviously enough, with the falling of frontiers (both geographical and psychological) entrepreneurs exert an influence that goes far beyond their own countries and/or regions.

Entrepreneurial Culture

Culture can be defined as the mix of norms, values and beliefs that are shared by a particular community be it a business community, a cultural (or ethnic) community, a country, or a geographical region.The concept of “entrepreneurial culture” has existed for decades, described as an organizational culture representing and defending entrepreneurial characteristics and attributes. These have included risk-taking, innovation, and creativity; the elements one would expect to see among entrepreneurs as individuals. The literature suggests that entrepreneurial culture is related to a number of positive organizational outcomes, such as generating new business and improving firm performance.

Cultural Values

Linton (1975) describes values as a predisposition to act in a certain way.
Values of entrepreneurs:
According to Sexton & Bowman (1986), entrepreneurship is a value in itself for Americans. Different authors suggest different values for entrepreneurs:

Kets de Vries (1984): reputation, power, status and recognition. Gordon Survey of values (1976): independence, efficacy and a negative reaction to affiliation.There is a general presumption that a society may have potential entrepreneurs, but only becomes entrepreneurial if it has a culture that supports innovation and initiative.

Cultural Attitudes

According to J. M. Toulouse (1990), entrepreneurial culture is favoured by the following set of attitudes:
1. Business activities are valued.
2. Individual and collective initiatives are highly rated.
3. Determination and perseverance are desirable qualities.
4. An equilibrium between security and risk is accepted.
5. The tension between stability and change is resolved.

Therefore, in a society favouring entrepreneurship, entrepreneurs are role models who are not only acceptable, but desirable.

Elements of Entrepreneurship Culture

- People and empowerment focused
- Value creation through innovation and change
- Attention to the basics
- Hands-on management
- Doing the right thing
- Freedom to grow and to fail
- Commitment and personal responsibility
- Emphasis on the future and a sense of urgency

Components of culture

Values
Rules of Conduct
Vocabulary
Methodology
Rituals
Myths and Stories.

According to Fortin (2003), entrepreneurial culture can be rooted in a society through four main avenues:

- The family
- Education
- Existing business organizations; and
- Local and national authorities and leaders.

Difficulties Faced in Establishing an Entrepreneurial Culture

- Ignorance: Where people fail to capture the important role of entrepreneurship, for instance, in poverty alleviation.
- Laziness: For example in communities who have got used to being assisted.
- Fear: Risk aversion
- Religious/Cultural constraints: Communities/societies where business and profit making are perceived as being against cultural/religious values

For the entrepreneurial business, its culture begins from day one. The culture is a reflection of the values the entrepreneur brings into the business.

Culture is important for an entrepreneurial venture because it is the mechanism that institutionalizes the values of its founders. Culture serves to socialize new employees. It helps them understand how they should treat the customers, how they should treat each other, how they should act in their jobs, and how to generally fit in and be successful within the business.

Discussion Forum

Culture refers to attitudes and values which in the case of entrepreneurship may be linked with autonomy, creativity and sense of responsibility and hard work. In your context, does the cultural environment encourages entrepreneurship and self-reliance?

Post your reasons for your opinion on the discussion forum.

4.0 Conclusion

To become a successful entrepreneur, you must possess the value system of an entrepreneur in the area of creation and innovation of ideas that can sustain the business, relating with people, managing the business, and studying the economic trend of the environment.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

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Unit 4 Brief Biographical Studies of Prominent Nigerian Entrepreneurs

Contents

1.0 Introduction

There are different things that inspire one to go into being an entrepreneur. Apart from being inspired by the challenges in the society, one could also be inspired by the achievements of existing entrepreneurs. Often times you study other people's life to know why they are doing what they do and how they do it. In the case of becoming an entrepreneur, do the existing successful entrepreneurs go into it as passion towards providing solution to existing challenges? Do they go into it because others are doing it? What is their motives and the secret of their success? These are some of the questions you might find answer to as you study this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to articulate your entrepreneurial skills.

3.0 Main Content

Aliko Dangote

This Nigerian entrepreneur was born in 1957. He created the Dangote Group and is considered to be one of the richest men in Africa. The Dangote group is a big organization that is into export, import, manufacturing, real estate and philanthropy. Some of the products it deals with are: spaghetti, macaroni, sugar, salt, rice textile materials, while the Group is also into transportation, packaging, and even security. The Dangote Group imports sugar, rice, fish, and cement, fertilizer and building materials. While it exports cotton, cocoa, cashew nuts, sesame seed, ginger and gum. Aliko Dangote has contributed tremendously to the economic development of Nigeria and has greatly assisted in reducing the rate of unemployment in the country by providing employment to Nigerian graduates and even other categories of labour (Africansuccess.org, 2008; Nairaland.com, 2010).

Chidi Anyaegbu

This entrepreneur is regarded as ‘King’ of the transport industry. He founded the Chisco Transport Limited which is one of the biggest in the Nigerian transport industry. Over the years, Chisco Transport Limited grew to become the Chisco Group. The Chisco group is into variety of businesses such as: oil and gas, finance, hospitality, real estate, import and export. Apart from this he has also contributed tremendously to the development of the nation through various philanthropic activities. For instance, he established a foundation to take care of his philanthropic interests and also built a Faculty of Business building for Transport Studies at the Nnamdi Azikiwe University, Awka (Prince Society, 2009; Nairaland.com, 2010; Onyima, 2010).

Chris Ejiofor

This is an entrepreneur in the importation and marketing of car or auto batteries. He established Dimaps Batteries and has written extensively about usage and maintenance of batteries in Nigeria.

Bello-Osagie Hakeem

He was born in Lagos. His father was a professional Gynecologist and his mother was a Nurse. At age three, he moved with his parents to England. He lived in England until he was about eight and then he came back to Nigeria where he went to primary and secondary school. He left Nigeria when he was about sixteen and did his last years of high school in England. He started University at about eighteen and was in University of England for five years and then in the United States for two years from age twenty-three to twenty-five. . He came again to Nigeria and ventured into the financial area and his first experience was in First Securities Discount House, which was a small institution he established. His interest in a large bank stemmed from his first experience into the purchase of the United Bank for Africa.(Nwoye 2010).

Hussan Okoya

Born in Lagos Island on June 8, 1935. His father Hussan Okoya Thomas, was one of the people who established CFAO in Nigeria. His mother Alhaja Suwebat Okoya-Thomas was a renowned trader. He had his education at the Princess School, Lagos Island in the early forties. He thereafter proceeded to the Lagos Baptist Academy in the late 50s.

He later moved to Balham and Toothing College of Commerce, United Kingdom. He eventually qualified as a Professional Accountant at the Columbia University, New York, United State of America.

There, Okoya-Thomas exhibited traits of good leadership and his approach to work was astounding. He soon proved himself an indispensable material at his duty post and rewarded with the position of Director in 1975.

Orji Uzoh Kalu

Business Name: Slok Group of Companies

Orji Kalu is from Igbere a largely business community in the East where trading is a way of life. While he was at the University of Maiduguri, he was a member of the executive of the students union. There was a big riot, which led to a lot of vandalism. The university authorities suspended the student union leaders. He was one of them. It was during this period that he decided to go into trading. He started his business which involved the buying and selling of palm oil with a capital of less than five thousand naira. His mother who was also, an astute trader provided the initial capital. He bought oil from the East and sold it in the North, at Maiduguri. There, he discovered the need for good furniture; People who needed good furniture imported them from overseas at exorbitant rates. Knowing that there were many good upholstered furniture made in Aba, he purchased the furniture from Aba and resold it in Maiduguri, they were as good as the imported ones, but far cheaper. Many people liked the furniture and the patronage was high. He had orders from many customers, especially the Leventis Stores, which mixed them with their imported stock. (Nwoye 2010).

Mike Adenuga Junior

This entrepreneur was born in 1953. He has business in various industries such as banking, oil and telecommunications. He owns the Consolidated Oil Company, which is the first indigenous company to strike crude in December 1991. Consolidated Oil Company is into crude oil drilling, refining and marketing. He also owns the Equatorial Trust Bank and created one of the main telecommunications companies in Nigeria (Globacom), against all odds. Globacom Limited was created after he failed to penetrate the telecommunications industry in 1999 with his first telecommunications company-Communications Investment Limited, (CIL) because his conditional license was revoked. However, in 2002 he won the bid for the Second National Operator (SNO) license. This was a better strategic business option for him because the SNO has a wider range of operations and this gave Globacom the right to serve as international gateway for telecommunications in Nigeria and also operate: digital mobile lines, fixed wireless access phones and also operate as a national carrier. This entrepreneur was able to achieve these entrepreneurial successes because he has a unique flair for risks and tenacity of purpose (Africansuccess.org, 2010; Nairaland.com, 2010).

Obateru Akinruntan

This entrepreneur comes from the Royal family in Ondo State, Nigeria. He is a king in Yoruba land i.e. an Oba hence he has the appellate HRH (i.e. His Royal Highness); and also a graduate of Business Administration from Lead City University Ibadan. He created the Obat Oil and Petroleum Limited in 1981, a company that is into the marketing of petroleum nation-wide, and has the largest privately owned oil depot and jetty in Africa. His business interests have grown steadily over the years to become the Obat Group which has interests in petroleum, fishery, construction, tourism and hospitality, shipping, consultancy services and water purification and production (Obateru, 2010; Nairaland.com, 2010).

Paul Okafor

This Nigerian entrepreneur established Elbe Pharma, an organization that deals with the importation and marketing of pharmaceutical products such as Amalar anti malaria tablets, Solotone multivitamin etc. nation-wide.

Razaq Okoya

This Nigerian entrepreneur created the Eleganza industries. An organization that has contributed tremendously to national development through its assortment of consumer products such as biros and coolers manufactured and marketed nation-wide (Nairaland.com, 2010).

Uche Ohafia

This is another notable Nigerian entrepreneur in the shipping industry. He created the Trans-Atlantic Shipping Agency Limited. The company is into air freight, shipping line agency and charter services, import and export agency, collateral management and warehousing services among others.

Cletus Olebune

This is a social entrepreneur who focuses on the development of tourism in Africa. He created an enterprise that promotes tourism in Africa by informing the world about events taking place in Africa. He has also used written communication to educate and impart knowledge which will help Nigerians in the different aspects of their lives and boost productive engagements thereby improving Nigeria’s world ranking.

Durojaiye Isaac

He is the social entrepreneur with the slogan “Shit business is Good Business”. In 1999, he established the DMT Mobile Toilets in Lagos. Prior to that period, Lagos State did not have enough public toilets to cater for its teaming population. In order to help solve the social problem created by this inadequate toilet facilities in Lagos State, Durojaiye established the DMT Mobile Toilets, which is an organization that manufactures, hires out and maintain moveable toilets in Lagos State. Thereby promoting environmental sanitation and creating job opportunities in Lagos State.

Gabriel Uriel Ogunjimi

This is a social entrepreneur in the area of information technology. He was interested in promoting employment opportunities for Nigerians. To this effect, he established the Landmark Internship International, organization that helps meet Nigeria’s social and economic challenges by using the internet to network globally with social enterprises in need of local talents.

Joachim Ezeji Ezeji

He contributed to the social development of Nigeria by helping in the development of community water infrastructure across the country through enhancing access to potable water in remote Nigerian communities. To achieve this aim, in the year 2000 he established the Rural Africa Water Development Project (RAWDP) which has tremendously assisted in improving the standard of living of millions of Nigerians by giving them access to clean potable water.

Rochas Okorocha

This is a social entrepreneur interested in poverty alleviation of the less privileged in the Nigerian society. To this effect, he founded the Rochas Foundation which is concerned with helping Nigerian children to become self-sufficient thereby breaking the cycle of poverty in the nation (Osalor, 2010).

Though as can be seen above we do have some entrepreneurs and social entrepreneurs in Nigeria, they are still not adequate in number given its population of over 150 million. Perhaps this underdevelopment of the entrepreneurial class is responsible for the current status of the nation as a developing nation. For instance, China and India that were previously in the same developmental class as Nigeria are now developing rapidly following the flourishing of their entrepreneurial class (Sogbesan, 2009). Recently, the Nigerian government recognized the importance of entrepreneurship to national development; this is because apart from creating employment, and producing innovative goods and services, entrepreneurs and social entrepreneurs also create wealth and generate social capital that is needed for national development

(Osalor, 2010). Consequently, the Nigerian government has taken steps to encourage the development of entrepreneurship through the formulation of various policies. This is why entrepreneurship as a course has been introduced into the curriculum of all Nigerian universities.

The Nigerian Entrepreneur and Peculiarities of Nigerian Business Environment
Though, starting a small business in Nigeria is much the same as starting a business in any other part of the world, the Nigerian entrepreneur, unlike other entrepreneurs, faces some challenges that are peculiar only to businesses established in Nigeria. This is because the Nigerian business environment is very complex, uncertain and dynamic and as such, a lot of factors operate at cross purposes in Nigeria. For example; many decisions that lack rationality are made on a continuous basis; also various governmental and macroeconomic policies which affect businesses are made and sometimes reversed instantly as was the case in 1998 when the then Head of State General Abdul salaam Abubakar increased workers' salaries and reversed it again after a few months on the ground that "he was ill advised"! Thus, to survive in the Nigerian business environment, the Nigerian needs to identify and have a thorough understanding of the mechanics, elements, dynamics, and functioning of the Nigerian business environment. While bearing in mind that the Nigerian economy is primarily a mixed economy. A mixed economy is midway between a free market economy i.e. capitalist, and a pure planned economy i.e. socialist (Isimoya,1998; Dixon-Ogbechi, 2003).

Also, given its large population, there is ample business opportunities for entrepreneurs. A business opportunity exists when there are unmet needs backed up with effective demand. Effective demand is demand that is backed-up by purchasing power. That is, people have demands for a product and they are ready/willing to part with their money (or other means of exchange) in exchange for the product that can satisfy such needs and wants. Nigeria as a nation is blessed with some of the factors of production. For instance Nigeria has plenty of land, but has shortage of capital and skilled labor and high-level manpower while it has a fairly adequate number of entrepreneurs. However, it lacks adequate entrepreneurial ability because the quality of entrepreneurship that is still largely low. Other peculiar problems faced by Nigerian entrepreneurs are: Financial Problems, Infrastructural Problems, Low standard of Business Ethics and Political Instability though the situation seems relatively stable since the advent of the current democratic dispensation in 1999. Thus, in analyzing and scanning the business environment for entrepreneurial opportunities, the Nigerian entrepreneur has to bear in mind the peculiar problems in the Nigerian business environment.

Discussion Forum

A brief has been given of some Nigerian Entrepreneurs. Choose two of the entrepreneurs and do further studies on them or two other entrepreneurs in Nigeria. Present your findings about them on:

1. Entrepreneurship type e.g. social entrepreneur
2. What motivated them into becoming an entrepreneur
3. Their challenges and success
4. The lesson you learned from their entrepreneurial life style
5. Read and comment on the posts of other two persons.

Self-Assessment Exercise

What skills would an entrepreneur need to acquire to succeed in his business?

Feedback

Going into business is a decision which one makes to passionately undertake the setting up business concern, manage it, grow it, develop it and diversify requires possession and mastery of certain skills.

The skills needed would include the following:

- Original or natural skills
- Technical skills
- Business skills
- Financial skills and of course
- Time management skills
- Menteeship skills

4.0 Conclusion

One way in which you can be motivated being an entrepreneur is to study successful entrepreneurs to learn from their success and mistakes, and develop self-model that will drive your business.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

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Unit 5 Barrier to Entrepreneurial Practice

Contents

1.0 Introduction

In this unit, you will learn about challenges that may inhibit the success of an entrepreneur.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to solve entrepreneurial challenges that may affect the success of an entrepreneur.

3.0 Main Content

Entrepreneurship is the process of innovation and establishing new businesses conditions in hazardous conditions through discovering opportunities and utilization of resources. In other words, entrepreneurship means turning a new idea into a product or service which consequently provides increasing productivity, creating wealth, prosperity and employment. An entrepreneur is someone who presents a new product or service to the market with a new idea establishing a business mobilizing sources associating with financial, social and honor risks (Ahmadpoor and Erfanian 2007). Today, all agree that there is a positive relationship between entrepreneurship and economic growth (Benzing et al. 2009; Valliere and Peterson 2009). Studies also show that.

Today entrepreneurship is considered as the economic driving engine for developed and developing countries and most countries have invested considerably on entrepreneurship development. The entrepreneurship development in a community could provide sustainable employment and economic development. It should be noted that entrepreneurship development has always been encountered different challenges and barriers. The present article is aimed to detect and classify the barriers of entrepreneurship development in SMEs and determine the importance of each barrier.

Lack of supportive governmental regulations

This serve as a barrier to entrepreneurship. A number of African nations lack rule of law. They have poorly defined property laws, enforce regulations inconsistently, and allow widespread corruption and bribing. What measures can be taken to overcome this huddle? This administrative barrier is not easy to overcome, however, consulting your industry chambers and associations will help. Cooperatives and advocacy groups can fight against such predatory behaviour. Entrepreneurs should be vocal about favourable policing and regulations.

Shortage of funds and resources

Money to start up an enterprise is another leading barrier to entrepreneurship. Without funds, any person cannot begin to organise, train, develop and sell product. How can one overcome financial barriers? It is very important that you do not see money as the fundamental element to make or break your business. It is true that money is important, but if you put it in front of your projects they will never take off, and you will end up putting aside other key elements. If you start a business online, you will be reaping the benefits of Internet and investment costs are lower.

Employee related difficulties

Entrepreneurs must find and select the best-qualified employees who are motivated and willing to grow with the venture. Then they must ensure the employees do not leave. Practically this task becomes a barrier when employees' expectations increases, governmental regulations related to labour employment is hardened, and employee costs grow. Employee cost is more than pay. It includes healthcare, workers' compensation, social security tax, and health and safety regulations. What's the way forward? The finances of your business should be audited consistently and thoroughly also scaling down operations and overhead costs so that you will sustain profits and payments. Ensure that your business is authorised to function, has all the permits, pays all the taxes and compensations.

Severe market entry regulations

Taxation, environmental regulations, lending requirements, government rules and licensing are all barriers to entrepreneurship. Most countries license market entry and the creation of new firms to protect employees in certain industries and professions. Entry procedures vary such that entrepreneurs need one day to register an enterprise in one country and up to half a year in another. How do you deal with this red tape scenario? Honestly, you have to wait and pull through.

Lack of entrepreneurship opportunities

Business creation needs existing marketplace opportunities with possibilities known to the entrepreneur and favorable odds for success for entrepreneurial “spirit” to succeed. How do you start? Try to figure out new and hidden opportunities. A market opportunity for entrepreneurs should always be unique, a gap and should be serviced with ideal quality in form of products or services. Learn and acquire or pull yourself until you have the entrepreneurial capacity. Entrepreneurial capacity is the existence of entrepreneurship qualities, willingness and motivation to initiate new ventures.

Perception of society

Perception of society towards failure. Our society tends to reject and judge failure and a mistake, keeping us in a mindset of going through life trying to avoid mistakes without realising that failure is part of success. How to overcome cultural barriers? This obstacle is mostly in your head. To overcome it you need to change your thinking and your attitude towards life. Entrepreneurship is about attitude, to see life in a different way and be willing to fight tirelessly to achieve our goals.

Educational barriers

Entrepreneurs must develop skills related to leadership, teamwork, negotiation and communication. There are things you learn in school, yet many of these skills must be acquired by taking risks and throwing caution to the win, venturing into the unknown. How to overcome educational hurdles? It is important to begin to identify skills you need to run your company. Many of the qualities of an entrepreneur can only be learned through experience, start your project and start learning along the way.

Lack of adequate entrepreneurship training

Training and education can be a biggest advantage for new ventures. This includes training in technical skills, managerial skills, entrepreneurial skills and entrepreneurship. In Africa, are they adequate? Surely they are not. Join cooperatives, learn from other players in your industry and acquire free knowledge through banks and nongovernmental organisations.

Lack of industry experience

Rushing into a new market because it looks attractive and rewarding without having some experience and background in it can be fatal. The heart of leadership is learning first and doing before leading. Experience in a related business before startup is positively associated to success. You can work freely for big businesses that are into your chosen industry so that you acquire knowledge and experience. There is no harm in learning so that you follow your passion and succeed.

Disgust for risk

A psychological barrier closely related to the fear of failure is aversion to risk. Entrepreneurs must take initiative, create structure with a social-economic mechanism and accept risk of failure. So what should you do? Entrepreneurs have to be risk takers while those who are risk averse will seek the security if an existing establishment. Entrepreneurs have to decide whether to take action so they don't miss the boat. Just be aggressive as a business person and take the risk. Big risk means big chances of making it.

Some countries do provide more support than others, but you can't mourn about the circumstances in your country because it will not get you anywhere. Find a way to fight. That's the spirit of entrepreneurship. Share your views on the barriers of entrepreneurship in your country.

Analyzing detected barriers in the present discussion, show that lack of sufficient knowledge in management skills, business management, lack of adequate investment to start and retain a business, difficulty in finding information about markets, products and prices, troublesome rules obtaining bank loans, and the difficulty in recruiting good and reliable staff are the most important barriers and challenges of corporate entrepreneurship development

Many governments who understand that entrepreneurship plays a significant role in economic development especially in creating job opportunities, maximize the utilization of facilities and research achievements, try to encourage and direct entrepreneurs as much as they can toward entrepreneurship activities, due to the special role of entrepreneurs in economic development. Entrepreneurs with their skill in spotting opportunities and chances and develop these situations, are considered as real pioneers of changes in economy and social developments (Ghavami and Lotfalipoor 2008). The entrepreneurs are playing significant role in forming SMEs of which have allocated considerable volume of economic deals and workforce. In recent conditions which creating job opportunities for mass unemployed especially graduate unemployed is one the major concerns of our country's policy makers and decision makers, entrepreneurship development in SMEs could be the solution to many problems. Entrepreneurship development is difficult and requires numerous studies and examinations. One of the most important steps in the development of entrepreneurship is to identify the barriers the entrepreneurs encountered. Identification and assessment of these barriers can be used as a guide to be used in making strategic and entrepreneurial background to provide further flourish. Accordingly this study module aims to identify the barriers to entrepreneurship in small and medium enterprises and further evaluate them.

Barriers facing entrepreneurial development in developing countries are often similar. Most entrepreneurs in developing countries face an unstable business environment and the bureaucratic rules of private firms, especially business registration and taxation systems, are complicated (Benzing et al. 2009). According to a study by Lamei (2002), rules and regulations set by the government in the economy, not only do not provide grounds for entrepreneurial and production activities, but also they act as a barrier to the growth of entrepreneurship in small industries. The study shows that the legal barriers to entrepreneurship development in five areas of starting a business, business law, bank credit, import and export regulations, taxes and duties associated with the weakness of the state in ensuring the ownership right, stabilization of macroeconomic has pulled down the growth of entrepreneurship in small industries. A study by Benzing et al. (2009) showed complex tax structure, inability to find and hire a trustworthy and reliable staff, lack of familiarity with accounting concepts and a weak economy are the most important barriers for the entrepreneurs in Turkey. Zhuplev and Shtykhno (2009) studied the barriers of entrepreneurs of Russian small businesses. Their results showed that insufficient capital to start a business, lack of sufficient capital to continue a inability to find and hire a reliable and trusted staff, and governmental laws and regulations are considered the most important barriers to entrepreneurship.

Studies show that the barriers facing entrepreneurs in developing economies are: weak economy, limited access to financial capital, inability to find and hire a reliable and trusted staff, and tight competition (Benzing et al. 2005; Chu et al. 2007). Cook (2001) also stated that the owners of SMEs in developing economies often complain of insufficient funds. Ozsoy et al. (2001) also reported that obtaining loans from public and private organizations is another problem for entrepreneurs in Turkey. Business owners often must rely on the financial needs of personal and family resources. Kozan et al. (2006) also reported that insufficient funds to significantly inhibit the growth of businesses in Turkey. Another problem facing entrepreneurs in developing countries is the excessive regulations which often lead to long delays and costly processes (Macculloch 2001). Hossein (1998) has reported entrepreneurship development limitations in Bangladesh small industries as governmental costs, trade policies, legal and administrative problems and financial constraints. In a study at Metropolish, the most important barriers affecting entrepreneurial behaviour among individuals are financial and economic barriers, lack of consultation and other intellectual helps, high risk, lack of confidence in their abilities, lack of entrepreneurial skills, having a good entrepreneurial ideas and lack of sufficient knowledge of the local market and lack of motivation (Robertson et al. 2003). In studies by Yusuf (1995) on the Pacific islanders, good management skills, access to financing individual characteristics and satisfactory support of government are the most important factors for successful entrepreneurs. Similarly, a study by Pratt (2001) on Kenyan entrepreneurs showed that access to capital, having business skills, previous experiences and family support are the most important factors of entrepreneurial success. Kozan et al. (2006) also reported that business and financial management training significantly associated with the development plans of owners of small and medium enterprises. In particular, the Turkish entrepreneurs' growth needed market information, technical assistance, financing, marketing and financial education.

In general terms:

No.	MAIN BARRIERS	SECONDARY BARRIERS ON dary Barriers
	Financial barriers	Insufficient capital to start and sustain a business 2 High cost of advertisement services 3 Difficulty in finding adequate office and operational space 4 Difficulty in recruiting good and reliable staff 5 Lack of hardware and software 6 Difficulty in providing security guarantees to launch an entrepreneurial activity
	Scientific/educational barriers	1.Lack of skills and knowledge required to launch and sustain a business 8 Lack of sufficient knowledge in management skills and how to manage business 9 Lack of marketing training 10 Lack of accounting training and inexperience in financial planning 11 Lack of adequate knowledge of the laws and regulations 12 Difficulty in finding information about markets, products and prices 13 Little knowledge of the business environment and the ruling environmental factor 14 The lack of knowledge about how to enter market and expand market presence 15 Lack of knowledge of foreign markets 16 Lack of education and extension programs on how to export products. 17 .Lack of entrepreneurial skills training

Policymaking barriers	The high rates 19 Troublesome rules obtaining bank loans 20 Restrictions on labor laws 21 Lack of support from banks and financial institutions 22 Insecurity for investments 23 High price volatility 24 Weak insurance system
Cultural barriers	25 Relation-based distribution of inputs and credits 26 Rule of brokers and intermediaries 27 Lack of moral and material support from family 28 Negative attitudes towards risk

Source: International Journal of Academic Research in Economics and Management Sciences July 2013, Vol. 2, No. 4

Although many factors as articulated above have always been major constraints to business growth problems associated with small and medium businesses, very little attention has been paid to entrepreneurship which is the underlying factor to the development of business.

The failure of many businesses in Nigeria particularly the parastatal sector has been generally attributed many factors such as management, political interference and lack of entrepreneurial spirit. Entrepreneurship behaviour which is associated with taking advantage of opportunities and taking risks is what makes businesses grow fast and create abundant wealth. (Nwoye 2010)

4.0 Conclusion

The knowledge about the barriers that may be encountered in a business will help you look for strategies to overcome such barriers in achieving desirable results.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Module 2 The Nigerian Entrepreneurial Environment

Unit 1 The Business External Environment

Contents

1.0 Introduction

The success of a business is not only dependent on the entrepreneurial characteristics and internal factors which may have to do with working environment. External factor such as government policies, instability in economy could have advert effect on a business. This unit will introduce you to such external factors that could affect business.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to:

- Identify business external factors
- Interpret basic environmental business concepts

3.0 Main Content

3.1 Introductory Concepts

Concept of Environment

The concept ‘environment’ literally means the surroundings, internal, intermediate and external objects, influences or circumstances under which someone or something exists (Kazmi, 1999). The environment within which something exists exhibits certain characteristics which have been identified by Kazmi (1999) to be: complexity, dynamism, multifaceted and far-reaching impact. These are apart from the simple and stable environmental conditions. The business environment is simply the surroundings within which a business exists. The environment of the business exhibits the following conditions and characteristics. These are:

Stable Condition: This environment is highly predictable, thus permitting a great deal of standardization (work process, skills and output) to take place within the organization. Simple Condition: This environment is one where knowledge can be broken down into easily comprehended components (Minzberg, 1979). Dynamism: The business environment is not static. It is dynamic and as such changes continuously. This is because of the interactions of the various factors that make up the business environment. Complexity: The business environment is not simple; it is complex by virtue of the various components that comprise it and the interactions and interrelationships among these factors. Multifaceted: The business environment is many-sided. It can be viewed from many angles by the parties involved. Hence, an occurrence that is viewed as strength to an organization may be perceived as a weakness by another. Far-reaching impact: The happenings in the business environment can have enormous impact on the organization. It could have the ripple effect. This is because the business environment can be conceived as a system, specifically an open system made up of different components that interact and interrelate with one another. Hence, once there is a problem or development with one aspect/sector, it could have far-reacing impact on the other aspects/sectors (Kazmi, 1999).

By virtue of the above characteristics, it is important for the entrepreneur to monitor the business environment constantly. Thus, it is of fundamental importance for the entrepreneur to monitor both the key macro-environmental forces (demographic/economic, technological, political/legal and social/cultural) and micro environmental forces (customers, competition, distribution channels, and suppliers) that will affect their ability to earn profits in the market place (Kotler, 1995). These macro environmental forces and micro-environmental forces are the components of the business environment. Why is business environment important to an entrepreneurs? It is important because it determines the success or otherwise of their venture. Also it is within the environment discover opportunities. Threats to the business success are equally found within the environment. It is absolutely necessary for entrepreneurs to understand the environment.

Components of the Business Environment – An overview

Scholars have classified the business environment using various basis or criteria. This notwithstanding, it should be noted that the business environment is made up of the internal and the external environment and the main macro-environmental forces/factors found in the external environment and micro-environmental forces/factors/ in the internal environment of the business. These are discussed briefly in succeeding sections.

Internal Environmental Factors:

The internal environmental factors refer to those factors over which the entrepreneur has control, at least in the short run; this is why it is also called the controllable environment of the business. The internal environment of the business is made up of all those physical and socials factors within the boundaries of the business, which impart strengths or cause weaknesses of a strategic nature and are taken directly into consideration in the decision-making behaviour of the business. Strengths are inherent capacities, which a business can use to gain strategic advantage over its competitors; they are the internal strong points of the business such as: its core skills, competencies and expertise. While weaknesses are inherent limitations or constraints, which create strategic disadvantages, they are the internal factors that are lacking in the business. A successful entrepreneur will find ways of overcoming the weaknesses and convert them into strengths (Ifechukwu, 1986; Kazmi, 1999; Business-Plan, 2010). The internal environment of the business is made up of micro-environmental factors such as: organizational goals and objectives, specific technologies utilized by component units of the organization, the size, types and quality of personnel, its administrative units, and the nature of the organization's product/service (Ifechukwu, 1986). The nature of a business' internal environment is also determined by the organizational resources, organizational behaviour, strengths, weaknesses, synergistic relationships and distinctive competence (Kazmi, 1999). Kazmi's (1999) views Organizational resources as the physical and human resources used as inputs in the organization to create outputs. Organizational behaviour is the manifestation of the various forces and influences operating in the internal environment of an organization. Strengths are inherent capabilities that give strategic advantage. Distinctive competence: The specific ability possessed by a particular organization that distinguishes it from others. Organizational capability: This is the inherent capacity or ability of an organization to use its strengths, and overcome its weaknesses in order to exploit opportunities and face threats in its external environment.

Intermediate Environmental Factors Intermediate determinants of entrepreneurship ideally represent issues or factors in the borderlines between strictly internal and external factors affecting entrepreneurship. Generally they include the customers and the suppliers who are the links between the organization and the purely external environmental factors. They also include various support systems, both private and public e.g. legal firms and public relations agencies. Some of such support systems include: The National Directorate of Employment (NDE): This was established by the Federal Government of Nigeria in November, 1986. It was designed to work out strategies for dealing with mass unemployment in the country especially among the school leavers and college graduates. The mandate given to NDE is executed within the framework of four core programs. These are: The Small-Scale Industries and Graduate Employment and Vocational Skills Development. Support for Agricultural Programs. National Youth Employment and Vocational Skills Development and Special Public Works Programmes. NDE executes its programs by providing financial support and training and development for existing entrepreneurs and new entrants into entrepreneurship (Ogundele, 2007). Some Financial Support Systems: These include: Small Industries Credit Committee. National Economic Reconstruction Fund. Small and Medium Enterprises Loans Scheme. Micro Finance Banks. Nigerian Industrial Development Bank. Extension Services Units: The Federal Government in 1964 established Industrial Development Centres (ADC) located in Oshogbo, Owerri and Zaria. They were to provide extension services to small and medium scale enterprises in terms of technical appraisal of loans application, managerial assistance, product development and production planning and control. Later more were created to have IDC in each state of the Federation. Technical and Technological Related Support Systems: These include: The Federal Institute of Industrial Research, Oshodi (FIRO). Project Development Institute (PRODA) in Enugu. Rural Agro-Industrial Development Council (Raw Material Research and Development Council) etc. These were established to provide technical and technology related support for Nigerian entrepreneurs. These support systems as intermediate factor have closer links with the entrepreneurs to facilitate their operations in various ways.

External Environmental Factors:

The external environmental factors refer to those factors over which the entrepreneur has no control but have tremendous impact on the survival of the business; this is why it is also called the uncontrollable environment of the business. Within the external environment of the business are all the factors which provide opportunities or pose threats to it. Opportunities are favourable conditions in the business' environment, which enable it to consolidate and strengthen its position. They are the likely benefits to the business resulting from changes in the external environment while threats are unfavorable conditions in the business' environment, which create a risk for, or cause damage to, the business; they are the possible pitfalls or dangers resulting from changes in the external environment. A successful entrepreneur will grab opportunities as they emerge and avoid threats or even look for ways of converting threats into opportunities (Kazmi, 1999; Business-Plan, 2010).

3.2 The Major Environmental Factors

Demographic factors:
These include the market i.e. consumer populations. It deals with their composition in terms of sex, age, income, marital status, educational levels etc.

Political/Legal Factors:
This is made up of laws, government agencies and pressure groups that affect the business. Technological Factors: This deals with knowledge of how to accomplish tasks and goals, and innovations (Herbert, 1973).

Natural Environment:
This deals with all the gifts of nature or natural resources of the nation that serve as input for the business. Socio-Cultural Factors: These deal with the people, their norms, values and beliefs as they affect the business.

Economic Factors:
These deal with the Macro level factors relating to means of production and wealth distribution. It also includes the forces of supply and demand, buying power, willingness to spend, consumer expenditure levels, and the intensity of competitive behaviour.

Competitive Environment:
These are those firms that market products that are similar to, or can be substituted for, a business' product(s) in the same geographical area.

The four general types of competitive structure are monopoly, oligopoly, monopolistic competition, and perfect competition.

Other Factors:

The other factors making up the external business environment are:

1. Suppliers, which are other firms and individuals that provide the input resources needed by the organization to produce goods and/or services.

2. Intermediaries, who are independent businesses that perform all the activities necessary to direct the flow of goods and services from manufacturers/marketers to ultimate consumers/customers. They include wholesalers, retailers, agents and distributors, and;

3. Customers who constitute a portion of the target market of the business; they are the ones the business strives to satisfy.

Self-Assessment Exercise

In your jotter, explain the internal and external environmental variables of an entrepreneur. What are the likely challenges an entrepreneur will face from these environmental factors. Compare your answer with the feedback.

Feedback

Internal Environmental Variables Generally, the internal environmental factors that affect the nature and operation of business are manageable, controllable and monitorable environmental variables. They include the following:

i. **The Structure of the Industry** This entails the key players, nature of the market i.e. monopoly, oligopoly, duopoly, monophony and perfect competition.
ii. **Sources of Supplies** This contains the various sources of supplies, how reliable are the sources, what are the terms and conditions between supplies and the organization?
iii. **Company's Culture** This spells out the methods and ways things are done, rules and regulations, discipline, procedures and processes, organizational structure, company trust, belief and norms as well as union activities and pattern.
iv. **Nature of Customers** This includes how sophisticated are they, the purchasing decision process, how regular and reliable are the customers and the level of customer loyalty?

External Environmental Variables These are factors that are very difficult to influence, control, manage but can be exploited. They normally pose a threat to business existence. As a business manager in this present epoch, you must be aware of them. They are as follows:

i. Political/Legal Factors. Here the manager will concern himself with the elements such as the type of political system, political ideological inclination and philosophical convictions, the legal provisions relating to business operations in terms of registration, tax, licensing, standards and quality requirements, stability of government and democracy as well as nature of economic system.
ii. Economic Factors. These factors may include among others; the general price level. Macroeconomic policies of the government, Gross Domestic Product level and inflation, interest and tax rates, availability of raw material, etc. exchange rate, balance of payment, and balance of trade conditions.
iii. Social. This factor includes the following: General social settings, religious inclination, beliefs, values, norms and attitude of people in general, family and community structure.
iv. Geographical Factor This entails climatic conditions of business areas i.e. temperature, weather, season etc. availability of and distribution of natural resources – raw materials, topography and landscape, deserts, rainforest or glacial, ecology, animals and forests reserves, population size and structure, demographic characteristics in terms of sex, age, income, health, education etc.
v. Technological Factor. This encompasses level of technical know-how,

4.0 Conclusion

Negligence to business environmental factors can lead to business failure. It is mandatory for an entrepreneur to understand the different environmental factors surrounding his/her business to avoid failure.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

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Unit 2 Identifying Business Opportunities and Threats

Contents

1.0 Introduction

Before going into a business it is good to study your environment to know your area of comparative advantage, the opportunities you are likely to enjoy and your weakness you need to improve on in order to be able to compete comparatively with your counterparts. Read more in the main content.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to apply SWOT analysis in developing a business plan.

3.0 Main Content

Overview of SWOT Analysis SWOT entails the objective analysis of a business's Strengths and Weaknesses and its Opportunities and Threats. In order to identify its strengths, weaknesses, opportunities and threats, an organization has to carry out internal and external evaluation and also opportunities/threats analysis and strengths/weaknesses analysis.

The Internal Evaluation starts with: The identification of the profit contribution of each area, followed by allocation of resource, determination of risks involved, variety reduction, realistic allocation of costs and the assessment of company resources. External evaluation starts with the determination of market stranding, determination of competitors' strengths and weaknesses, assessment of the vulnerability of the business' main products to substitutes, assessment of the effects of economic changes on the business, inter firm comparisons and Stock Market Valuation in terms of an assessment of the company's vulnerability to takeover (Dixon-Ogbechi, 2003).

Strengths/Weaknesses Analysis. This involves scanning the internal environment of the business in order to identify its strengths and weaknesses. The entrepreneur needs to evaluate the strengths and weaknesses of the business periodically. Also, the entrepreneur can assess the internal environment of the business by critically looking at the internal factors in terms of the 5s, namely: Skills, Strategy, Staff, Structure, Systems and Shared Values (Dibb, Simkin, Pride, & Ferrell, 1991; Aluko, Odugbesan, Gbadamosi & Osuagwu, 1998; Business-Plan, 2010). To do this effectively the entrepreneur needs to ask him/herself and answer questions pertaining to the 5s (five 's') in terms of their strengths and weaknesses by developing questionnaires to ask questions pertaining to major internal environmental factors such as: Skills: What skills do the organizational members possess? What are the distinctive competencies of the organization? Strategy: Does your business have a clear vision and mission? Are your business objectives/goals derived from its mission? Does your business have plans? Do you follow the laid down plans of the business as scheduled? Does your business have clear strategies to operationalise its policies? What skills do the organizational members possess? What are the distinctive competencies of the organization? Staff: Does the business have qualified staff for the relevant positions? Are the staff rightly placed? Does the business have adequate number of personnel to man the various positions? Structure: Does the business have an organizational structure or organogram? What type of organization structure does your business adopt? Are there clear lines of reporting and communication? Systems: Does your organization have a system? What kind of systems (e.g. MIS, Accounting, Quality Control, and Inventory) does your business have in place? (Business-Plan, 2010).

If the answers to these questions are positive/or the factors are present, then you record them as strengths and if the answers are negative/ the factors are absent, then you record them as weaknesses. After this, each factor is rated as to whether it is a major strength, minor strength, neutral factor, minor weakness, or major weakness (Business-Plan, 2010).

Opportunities and Threats Analysis This involves scanning the external environment of the business in order to identify the Opportunities and Threats. The entrepreneur can assess the external environment of the business by critically looking at the opportunities and threats emanating from changes in the major external environmental factors. For instance opportunities in the technological environment could be availability of advanced technology, developments in Information Technology like the advent of the GSM; opportunities in the Political/Legal environment could be favourable government policies, tax holidays; opportunity in the Demographic environment could be great market demand; opportunities in the Economic environment could be growing export market increased consumer spending and growing industry.

Positive seasonal influences are an opportunity in the natural environment; opportunities in the other environment could be change in consumers taste in favour of your product and Intermediaries' cooperation. Examples of threats in some external environmental factors can come from direct competitors, indirect competitors, consumers, substitute products or services and suppliers, customers brand switching and innovations by competitors (Dixon Ogbechi, 2003; Business-Plan, 2010).

The entrepreneur can classify the overall attractiveness of a business once he/she has conducted a thorough opportunities and threats analysis. To this effect, threats could be classified according to their seriousness and probability of occurrence. To evaluate its opportunities, the business needs to operate a reliable Management Information System (MIS). The information obtained will enable the entrepreneur know if the business is ideal (i.e. it is high in major opportunities and low in major threats); is speculative (i.e. it is high in both major opportunities and threats); mature business (i.e. it is low in major opportunities and threats) and troubled (i.e. it is low in opportunities and high in threats). An effective opportunity and threat analysis is advantageous to the entrepreneur; it will enable the entrepreneur make decisions on whether the business should limit itself to those opportunities where it now possesses the required strengths or should consider better opportunities where it might have to acquire or develop certain strengths (Dibb et al., 1991; Aluko et al, 1998; Dixon-Ogbechi, 2003; Business-Plan, 2010).

The entrepreneur can classify the overall attractiveness of a business once he/she has conducted a thorough opportunities and threats analysis. To this effect, threats could be classified according to their seriousness and probability of occurrence. To evaluate its opportunities, the business needs to operate a reliable Management Information System (MIS). The information obtained will enable the entrepreneur know if the business is ideal (i.e. it is high in major opportunities and low in major threats); is speculative (i.e. it is high in both major opportunities and threats); mature business (i.e. it is low in major opportunities and threats) and troubled (i.e. it is low in opportunities and high in threats). An effective opportunity and threat analysis is advantageous to the entrepreneur; it will enable the entrepreneur make decisions on whether the business should limit itself to those opportunities where it now possesses the required strengths or should consider better opportunities where it might have to acquire or develop certain strengths (Dibb et al., 1991; Aluko et al, 1998; Dixon-Ogbechi, 2003; Business-Plan, 2010).

This unit looked at how the entrepreneur can analyze and scan the environment for entrepreneurial opportunities. In doing this, the reductionist approach has been adopted. To this effect, an overview of the concept of business, environment, business environment, business environmental factors was discussed. The study session also discusses the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and sees how this could assist the entrepreneur evaluate the attractiveness of a business. Apart from this the SWOT framework is beneficial for entrepreneurial decision making because it enables the entrepreneur respond to the dynamic business environment by enabling him consolidate on the strengths, overcome or turn weaknesses around, grab opportunities and avoid threats or even convert threats to opportunities (Business-Plan, 2010).

Discussion Forum

In your context, identify the strengths, weaknesses, opportunities and threats, that are likely to affect young Entrepreneur? Among the posts, identify two that share the same view with you.

4.0 Conclusion

In planning your business, apply the SWOT analysis. Look at your strength. This is what will keep you in the business so you must always look for ways to protect it. Do not neglect your weakness. This could kick you out of business. So you must identify ways of improving the identified weakness. Identify the external opportunities to strengthen your business and neglect treat. This is external. Although, there are so many other models that can be used in planning a business the SWOT is simple to use.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

6.0 References/Further Reading

Business-Plan (2010). SWOT analysis".
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Unit 3 Strategies for exploring opportunities in the Environment

Contents

1.0 Introduction

To know the opportunities out there is often difficult especially for young entrepreneur. In this unit you will learn how such opportunities can be identified.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to demonstrate the skills in searching for opportunities for identified business.

3.0 Main Content

Opportunity exploitation refers to activities conducted in order to gain economic returns from the discovery of a potential entrepreneurial opportunity. It involves the decision to act upon a perceived opportunity and the associated behaviours aimed at realizing the value of the opportunity.

What do entrepreneurial opportunities look like? How do firms discover and exploit these opportunities to create value and sustain competitive advantage? This paper reviews the strategic management and entrepreneurship literatures to identify the nature and character of entrepreneurial opportunities and the entrepreneurial strategies that firms employ to seize and commercialize these opportunities. Three emerging schools are identified. The economic school argues that entrepreneurial opportunities exist as a result of the distribution of information about material resources in society. The cultural cognitive school argues that entrepreneurial opportunities exist as a result of environmental ambiguity and the cultural resources available to interpret and define these opportunities. Finally, the sociopolitical school stresses the role of network and political structures in defining entrepreneurial opportunities. We integrate these perspectives to offer a way to improve understanding of the opportunity creation and exploitation process.

Four ways to identify more business opportunities.

1. Listen to your potential clients and past leads. When you're targeting potential customers listen to their needs, wants, challenges and frustrations with your industry. ...
2. Listen to your customers. ...
3. Look at your competitors. ...
4. Look at industry trends and insights.

Exploit new business opportunities

Once you have identified new business opportunities, narrow the list down to those customers that you think are potentially the most lucrative. Using a more **targeted approach** will prevent you spreading your marketing budget and time too thinly. Any business opportunities you identify need to be managed. Carefully examine the action you plan to take - you need to make sure the opportunities fit in with your business objectives.

Be careful that you don't develop the business beyond your means - make sure that your capabilities match the opportunity. There is no point securing too much new business if you can't then successfully deliver your promises.

Planning is essential to all businesses during their entire lifespan. It focuses on defining business goals for the future and determining steps, activities and resources needed to achieve them.

Successful businesses regularly review their business plan to ensure that it continues to meet their needs and responds to any internal and external changes. This guide explains how you can turn your business plan from a static, 'one-off' document into a dynamic template that will help your business both survive and thrive. It describes the benefits of ongoing business planning and the importance of writing clear business growth plans. It also explains how to use a business plan to allocate resources effectively and tells you why you should carry out regular business plan reviews.

Take advantage of new opportunities

Monitor your competitors. Identify areas they don't operate in and find out who they sell to - these are potential customers for your business as well.
Examine their product range or the services they offer, check out their marketing and investigate their pricing. A competitor's poor performance could create an opportunity for your product or service.

Look for **events or changes** that could trigger a need for a new type of product or service, for example:

- new legislation can create opportunities for business consultants or advisers
- two organizations may be merging - providing a great deal of opportunity for all types of services and trades.

Look beyond your current market.

Looking further than your sector or established market can open up business opportunities. By looking to other sectors, businesses and countries for inspiration and ideas you can combine existing ideas to produce a more effective product or service and take a fresh approach to meeting an identified need.

Consider working in partnership with other businesses that offer complementary services to yours and which are aimed at similar customer groups. The number of potential opportunities could be increased in this way by:

- the partner business selling your products or services to customers who don't currently buy from you
- you selling your partners' products or services
- jointly developing new products or services based on a combination of your business and theirs

You will have to agree fixed fees or commission rates with the other business if you are selling each other's products or services. A further benefit of working in partnership is that marketing and promotional costs are shared (equally or proportionately). Pooling your resources can also increase your bargaining power, enabling you to negotiate better deals with suppliers.

4.0 Conclusion

Identify your competitors, study their market trend and identify gaps. Take advantage of the gap to improve your techniques. Search for support and collaborations in your line of business with those who are interested in your line of business.

5.0 Summary

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Video

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6.0 References/Further Reading

https://www.smstudy.com/article/exploring-opportunities-and-threats

https://www.entrepreneur.com/article/65210

Unit 4 Approaches to addressing environmental barriers

Contents

1.0 Introduction

In every face of life, there are challenges. This is not different in business. You do not quit a business because there are challenges. Rather you look for ways such challenges can be surmounted. You are going to learn strategies you can use in solving environmental barriers in business.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to solve basic environmental barriers in business.

3.0 Main Content

Five kinds of Environmental Barriers
People with disabilities can face many Environmental Barriers. These barriers depend on the person, the type of the disability, and many other things. There are five broad types of barriers:

1. **Physical barriers**: Is your home accessible? Does it let you move around easily? How accessible is work or school, and the public places you go? Physical barriers can be caused by things like buildings, stairs or hills, doorways, or even the weather and climate.

2. **Attitude barriers**: These have to do with prejudice and discrimination. Do negative attitudes and prejudice from people you come in contact with keep you from being as productive and successful as possible?

3. **Assistance barriers**: Does lack of transportation keep you from going where you need to go? Does a lack of good information or medical care keep you from doing what you need to do? Are people in your home and community helpful enough?

4. **Policy barriers**: Do government rules make road-blocks for you? Can you find the educational, employment, and service programs you need? Do rules and regulations stop you or get in your way?
5. **Work and School Barriers**: Are people you interact with at school or work positive and helpful? Do they support you? Does how they act prevent you from doing the things you need to do?

What Did We Learn?

We developed a survey that covered all of these barriers. It included several specific examples of each of the five types -- 25 different barriers in all. Then, we asked more than 70 adults with TBI who had their injury about a year ago to complete the survey. Here is what we learned:

Most people with TBI aren't very bothered a lot by barriers in the environment. Those who do have barriers often fall into certain groups.

1. Women seem to say they face more barriers than men. However, men reported more barriers that had to do with work.

2. People who were married when they were injured seemed to face more environmental barriers than people who were not married.

3. People who are African-American or Hispanic reported more barriers than white people. In fact, people who were in other minority groups also reported more barriers. But, white people reported more of two particular types of barriers: those that had to do with bad attitudes, and those relating to lack of support from other people.

4. Physical barriers, like stairs, hills, roads, and buildings were more of a problem for older people with TBI.

5. People who were working or in school before they were injured reported that they had fewer barriers after injury.

6. People whose TBI causes them to need actual help from others are more likely to report barriers. But, beyond this, the severity of the TBI didn't seem to affect the number of environmental barriers that people reported.

These were the biggest and most common barriers that people did report:

1. Not having the transportation they need

2. Barriers in their surroundings – like poor lighting, too much noise, crowds. It also includes things in nature like cold temperatures, too much rain, steep hills, etc.

3. The attitudes of people in their own homes or families

Barriers affected people with TBI in several ways

1. People who said they had a lot of barriers were less satisfied with their lives.

2. People had trouble getting out of their houses and moving around their communities also said they had more barriers in their environment.

3. People who reported experiencing negative attitudes or prejudice were less independent and less active in outside activities.

4. People who did not work or go to school reported more barriers. In other words, people who were not doing something "productive" also thought they had more barriers.

What does this mean to you?

Keep in mind that, in spite of the research we described here, the majority of people with TBI in our we study did not report that environmental barriers are a big problem for them. That means that it is very likely that you don't have a lot of trouble with barriers either. If that is the case, then think of this brochure as just "food for thought."

However, if you are dealing with barriers in the environment, you need to think about whether they are making a difference in your life. Here is a modified version of the survey we used in our research:

Check the barriers that are big problems for you: ones that you experience often, or ones that are severe problems:

- The availability of transportation
- Design and layout of your home
- Design and layout of buildings and places you use at school or work
- Design and layout of buildings and places in your community
- The natural environment — temperature, terrain, and climate
- Aspects of your surroundings — lighting, noise, crowds, etc.
- The availability of information you want or need
- The availability of education and training you want or need
- The availability of health care services and medical care
- Lack of personal equipment or special adapted devices
- Lack of computer technology
- The availability of someone else to help you in your home
- The availability of someone else to help you at school or work
- The availability of someone else to help you in your community

- The attitudes of others in your home
- The attitudes of others at school or work
- The attitudes of others in your community
- Lack of support and encouragement from others in your home
- Lack of support and encouragement from others at school or work
- Lack of support and encouragement from others in your community
- Prejudice or discrimination
- Lack of program or services in your community
- Problems with rules and policies of businesses and organizations
- Problems with education and employment programs and policies
- Problems with government programs and policies

Now, go back and look at the ones you checked. Ask yourself: What can you change to make these barriers be smaller or less frequent?

- Do the people around you know what kind of support you need from them?
- Could you move to a different place that is more accessible?
- Could equipment like a cane or a wheelchair, or even a wheelchair lessen your barriers?
- Could you find new people to be with -- ones who are more supportive and positive?
- Can you change what you do so you are less bothered by your environment? For, example, if noise bothers, could you avoid noisy places?
- Can you change things about yourself so other people perceive you differently? This could improve their attitudes. Check out our brochure on Communicating for ideas.

4.0 Conclusion

In a business, identify the challenges and the causes. The causes give room in identifying the best way to resolve such challenge(s)

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

6.0 References/Further Reading

Integrated approaches to address community & environmental barriers ...

www.nationalacademies.org/hmd/~/media/Files/Activity%20Files/.../Lambert.pdf

https://innovationpolicyplatform.org/content/addressing-environmental-challenges

Module 3 Creativity and Intellectual Rights

Unit 1 Intellectual Properties and its Dimensions

Contents

1.0 Introduction

Entrepreneurs come up with great ideas that lead to creativity and innovation. There are measures through which protection is given to the original owners of idea creation. The type of protections will be discussed in this unit.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to describe the steps you will take to protect your business idea.

3.0 Main Content

Creativity

The terms creativity and innovation are often used to mean the same thing, but each has a unique connotation. Creativity is ‘‘ the ability to bring something new into existence. “This emphasizes the “ability,” not the “activity,” of bringing something new into existence. A person may therefore conceive of something new and envision how it will be useful, but not necessarily take the necessary action to make it a reality. Innovation is the process of doing new things. It is the conversion of creative ideas into market place reality, which people are prepared to buy. This distinction is significant. Ideas have little value until they are converted into new products, services, or processes. Innovation, therefore, is the transformation of creative ideas into useful applications but creativity is prerequisite to innovation (Holt, 1992).

Stages of creativity

According to Holt (1992), the creative process comprises the following five stages as shown in figure 1:

1. Idea germination: Exactly how an idea is germinated is a mystery; it is not something that can be examined under the microscope. For most entrepreneurs, ideas begin with interest in a subject or curiosity about finding a solution to a particular problem.

2. Preparation: Once a seed of curiosity has taken form as a focused idea, creative people embark on a conscious search for answers. If it is a problem they are trying to solve, then they begin an intellectual journey, seeking information about the problem and how others have tried to resolve it. Inventors will set up laboratory experiments, designers will begin engineering new product ideas, and marketers will study consumer buying behaviour.

3. Incubation: The idea, once seeded and given substance through preparation, is put on a back burner, the subconscious mind is allowed time to assimilate information. Incubation is a stage of 'mulling it over'. When an individual has consciously worked to resolve a problem without success, allowing it to incubate in the subconscious will often lead to a resolution.

4. Illumination: Illumination occurs when the idea surfaces as a realistic creation. This stage is critical for entrepreneurs because ideas, by themselves, have little meaning. Reaching the illumination stage separates daydreamers and tinkerers from creative people who find a way to transmute values.

5. Verification: An idea once illuminated in the mind of an individual still has little meaning until verified as realistic and useful. Thus, verification is the development stage of refining knowledge into application.

According to Adams (2005), the following are critical to individual creativity: 1) Knowledge: The T-shape mind with a breadth of understanding across multiple disciplines and one or two areas of in-depth expertise. 2) Thinking: a strong ability to generate novel ideas by combining previously disparate elements. This 'synergistic' thinking must be combined with analytical and practical thinking. 3) Personal motivation: the appropriate levels of intrinsic motivation and passion for one's work combined with appropriate synergistic motivators and self-confidence. 4) Environment: a non-threatening, non-controlling climate conducive to idea combination and recombination such as 'intersection'. 5) An explicit decision to be creative along with a meta-cognitive awareness of the creative process can go a long way in enhancing long-term creative results.

What are the factors that encourage creativity The factors are knowledge of noble idea generation, thinking, personal motivation, environment and determination to be unique.

Innovation

Innovation and its benefits Zimmerer, Scarborough, and Wilson (2008) define innovation as the specific instrument of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. As a dimension of corporate entrepreneurship, innovation is a firm's commitment to creating and introducing products, production processes, and organisational systems (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Zahra, 1996). Innovation is the process that provides added value and novelty to the firm and its suppliers and customers through the development of new procedures, solutions, products and services as well as new methods of commercialisation (Shaw, O'Loughlin and McFadzean, 2005).

According to Knight (1997) and Kreiser, Marino and Weaver (2002) in Scheepers (2007), innovativeness refers to the capability, capacity and willingness of an enterprise to support creativity and experimentation to solve recurring customer problems. Innovativeness entails creativity and experimentation that result in new products, new services, or improved technological processes (Dess and Lumpkin, 2005). It is arguably the most essential component of corporate entrepreneurship (Fitzsimmons, Douglas, Antoncic, and Hisrich (2005).

Innovation is the outcome of the firm's effective development and use of new technologies and/or knowledge about market opportunities (Ireland, Hitt, Camp, and Sexton, 2001).
For a firm to be innovative, it needs to have a free-wheeling, "boundary less" brainstorming culture to engender creative ideas (Khandwalla and Mehta, 2004). It also requires that organisations depart from existing technologies and practices and venture beyond the current state (Dess and Lumpkin, 2005). Its attribute describes a firm's imperative to initiate newness with added value (Aloulou and Fayolle, 2005).

Innovation can lead to competitive advantage and provide a basis for firm growth (Hitt, Hoskisson, and Kim, 1997). Innovative firms develop strong, positive market reputations. They engage in opportunity exploration which includes behaviour such as looking for ways to improve current products, services or processes, or trying to think about current work processes, products or services in alternative ways (De Jong and Wennekers, 2008). Innovative firms also adapt to market changes and exploit market or opportunity gaps. Sustained innovation moreover distances entrepreneurial firms from their industry rivals, and thus increases financial returns (Bhardwaj, Sushil and Momaya, 2007).

Forms of Innovations

According to Hamel (1997) in Dess and Lumpkin (2005), innovations come in different forms: Technological innovativeness primarily comprises research and engineering efforts aimed at developing new products and processes. Products-market innovativeness consists of market research, products design, and innovations in advertising and promotion. Administrative innovativeness is concerned with novelty in management systems, control techniques, and organisational structure. Innovation can also be classified in terms of whether it is incremental, modular, architectural or radical (Henderson and Clark, 1990 in Hager, 2006):

Incremental Innovation: This comprises relatively small modifications to pre-existing solutions (Scheepers, 2007). In the view of Henderson and Clark (1990) in Hager (2006), this type of innovation improves and extends an established design. Improvement takes place in individual components, but the basic core design concepts and the linkage between them remain the same. An example is faster spinning hard drives.

Modular Innovation: This kind of innovation changes the core design of one or more components but does not change the entire product architecture. This type of innovation requires new knowledge for one or more components, but the architectural knowledge remains the same. A good example is the digital phone which replaced the analogue phone, without changing the phone itself (Henderson and Clark, 1990 in Hager, 2006).

Architectural Innovation: The essence of this type of innovation is the reconfiguration of an established system to link together components and parts in a new way (Henderson and Clark, 1990 in Hager, 2006). According to the authors, architectural innovation does not mean that the components remain unchanged but they are changed in a manner that there are new ways of linkage between the components. The change is so small that the core concept behind the changed component is the same, and the associated scientific and engineering knowledge remain the same. An example is the technologies where architectural innovations reduced the size of the hard drives from 14-inches diameter disks to diameter of 3.5-inches, and from 2.5-inches to 1.8-inches.

Radical Innovation: This type of innovation brings about a new dominant design and consequently, a new set of core design concepts embodied in components that are linked together in a new architecture (Hager, 2006). Radical innovation leads to new solutions that address customer needs (Morris and Kuratko, 2002 in Scheepers, 2007). In the view of O'Connor and Ayers (2005) in Lassen (2007), radical innovation is the commercialisation of products or technologies that have a strong impact on the market, in terms of offering wholly new benefits; and the firms, in terms of generating new business. Moore (2004) also gives the following taxonomy of innovation:

Disruptive Innovation: Gets a great deal of attention, particularly in the press, because markets appear as if from nowhere, creating massive new sources of wealth. It tends to have its roots in technological discontinuities, such as the one that enabled Motorola's rise to prominence with the first generation of cell phones.

Application Innovation: Takes existing technologies into new markets to serve new purposes.

Product Innovation: Takes established offers in established markets to the next level, as when Intel releases a new processor or Toyota a new car. The focus can be on performance increase, cost reduction, usability improvement or any other product enhancement.
Process Innovation: Makes processes for established offers in established markets more effective or efficient. Examples include Dell's streamlining of its PC supply chain and order fulfillment systems.

Experiential Innovation: Makes surface modifications that improve customer's experience of established products or processes. These can take the form of delighters ("You've got mail!"), satisfiers (superior line management at Disneyland), or reassures (package tracking from FedEx).

Marketing Innovation: Improves customer-touching processes be they marketing communications or consumer transactions

Business Model Innovation: Reframes an established value proposition to the customer or a company's established role in the value chain or both. Examples include IBM's shift to on demand computing, and Apple's expansion into consumer retailing.

Structural Innovation: Capitalizes on disruption to restructure industry relationships. Innovators like banks, for example, that have used the deregulation of financial services to consumers under one umbrella.

Phases In Successful Innovation

Desouza, Dombrowski, Awazu, Baloh, Papagari, Kim, and Jha, (2007) identify the following five essential phases of successful innovation:

Idea Generation and Mobilisation*.* This phase is the starting point for new ideas. Successful idea generation should be stimulated by the pressure to compete and by the freedom to explore. Once a new idea is generated, it is conveyed to the mobilization phase, wherein the idea travels to a different physical or logical location. Because most inventors are not also marketers, a new idea often needs someone other than its originator to move it along. This phase is crucially important to the progression of a new idea, and omitting it can delay or even sabotage the innovation process (Desouza et al., 2007).

Advocacy and Screening. According to the authors, this phase is the period for weighing an idea’s costs and benefits. Advocacy and screening have to take place simultaneously to weed out ideas that lack potential without allowing stakeholders to reject ideas impulsively solely on the basis of their novelty. Firms will have more success when the evaluation process is transparent and standardized, because employees feel more comfortable contributing when they could anticipate how their ideas would be judged.

Experimentation. The experimentation phase assesses the sustainability of ideas for a particular firm at a particular time – and in a particular environment. In this phase, it is essential to determine who the customer will be and what he or she will use the innovation for. With that in mind, the firm might discover that although someone has a great idea, it is ahead of its time or just not right for a particular market. However, it is important not to interpret these kinds of discoveries as failures – they could actually be the catalysts of new and better ideas (Desouza et al., (2007).

Commercialisation. In this phase, the firm should look to its customers to verify that innovation actually solves their problems and then should analyze the costs and benefits of rolling out the innovation. According to the Desouza et al (2007), an invention is only considered an innovation once it has been commercialised. Therefore, the commercialisation phase is a significant one similar to advocacy in that it takes the right people to progress the idea to the next developmental phase.

Diffusion and Implementation. According to the authors, diffusion is the process of gaining final, company overall acceptance of an innovation. Implementation is the process of setting up the structures, maintenance and resources needed to produce it. According to Loewe and Dominiquini (2006), good innovation processes share the following characteristics: Allow divergence and exploration at the front end. This helps ensure that the new ideas generated are not simply a repeat of what has been done before. Synthesize individual ideas into bigger platforms before selecting individual ideas to develop further. This enables the company to avoid "gambling the farm" on one idea without first learning about the larger opportunities at hand.

How can one be innovative?

One can become innovative through continuous searching for better ways of doing things, it is the attitude that challenge status quo.

Source: Holt (1992)

According to Holt (1992), the creative process comprises the following five stages as shown below:

1. Idea germination

Exactly how an idea is germinated is a mystery; it is not something that can be examined under the microscope. For most entrepreneurs, ideas begin with interest in a subject or curiosity about finding a solution to a particular problem.

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Once a seed of curiosity has taken form as a focused idea, creative people embark on a conscious search for answers. If it is a problem they are trying to solve, then they begin an intellectual journey, seeking information about the problem and how others have tried to resolve it. Inventors will set up laboratory experiments, designers will begin engineering new product ideas, and marketers will study consumer buying behaviour.

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In summary:

Incubation: Subconscious assimilation of information fantasizing
Preparation: Conscious search for knowledge rationalization
Idea Germination: The seeding stage of a new idea recognition
Illumination: Recognition of idea as being feasible realization
Verification: Application or test to prove idea has value validation

Factors that encourage creativity

- Knowledge of noble idea generation
- Thinking,
- Personal motivation,
- Environment and
- Determination to be unique.

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How can one be innovative? One can become innovative through continuous searching for better ways of doing things, it is the attitude that challenge status quo

- Copyright Laws in Nigeria
- Strategies for Protection of Intellectual Property (original ideas, concepts, products

4.0 Conclusion

Know you right and how to protect your right. This is key in idea creation and innovation. Seek the law when need arises.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

6.0 References/Further Reading

https://www.upcounsel.com/intellectual-property-protection

shodhganga.inflibnet.ac.in/bitstream/10603/14592/6/06_introduction.pdf

https://en.wikipedia.org/wiki/Intellectual_property

Unit 2: Copyright Laws in Nigeria

Contents

1.0 Introduction

Some persons would have been great entrepreneurs with their great ideas. But this could not find the light of the day because somebody somewhere stole the idea. Therefore, what do we do to protect our ideas? Does it mean business ideas cannot be shared? If so, what happens when you are called to present your business proposal or plan? These and more questions could be asked. In this unit you will find answers on what the law says.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to apply the copy right law in protecting business idea.

3.0 Main Content

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

Types of intellectual property

Copyright

Copyright is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture and films, to computer programs, databases, advertisements, maps and technical drawings

THE NIGERIAN COPYRIGHT ACT, CAP C28. **Act** to make provisions for the definition, protection, transfer, infringement of and remedy and penalty thereof of the **copyright** in literary works, musical works, artistic works, cinematograph films, sound recordings, broadcast and other ancillary matters.

THE NIGERIAN **COPYRIGHT ACT**, CAP C28. n Act to make provisions for the definition, protection, transfer, infringement of and remedy and penalty thereof of the copyright in **literary** works, musical works, artistic works, cinematograph films, sound recordings, broadcast and other **ancillary** matters.

Copyright Act
Chapter 68
Laws of the Federation of Nigeria 1990

Part 1
Copyright

1. Subject to this section, the following shall be eligible for copyright-
   a. literary works;
   b. musical works;
   c. artistic works;
   d. cinematograph works;
   e. sound recording; and
   f. broadcasts.

2. A literary, musical, or artistic work shall not be eligible for copyright unless-
   a. sufficient effort has been expended on making the work to give it an original character;
   b. the work has been fixed in any definite medium of expression now known or later to be developed, from which it can be perceived, reproduced or otherwise communicated either directly or with the aid of any machine or device.

3. An artistic work shall not be eligible for copyright, if at the time when the work is made, it is intended by the author to be used as a model or pattern to be multiplied by any industrial process.

4. A work shall not be ineligible for copyright by reason only that the making of the work or the doing of any act in relation to the work involved an infringement of copyright in some other work.

5. Copyright shall be conferred by this section on every work eligible for copyright of which the author or, in the case of a work of joint authorship, any of the authors is at the time when the work is made, a qualified person, that is to say-

   a. an individual who is a citizen of, or is domiciled in Nigeria; or
   b. a body corporate incorporated by or under the laws of Nigeria.
   c. the term of copyright conferred by this section shall be calculated according to the table set out in the First Schedule to this Act. In the case

of anonymous or pseudonymous literary, musical or artistic works the copyright therein shall subsist until the end of the expiration of seventy years from the end of the year in which the work was first published: Provided that, when the author becomes known, the term of copyright shall be calculated in accordance with paragraph 1 of the First Schedule to this Act.

d. In the case of a work of joint authorship, a reference in the First Schedule to this Act to the death of the author shall be taken to refer to the author who dies last, whether or not he is a qualified person within subsection (1) of this section.

6. (1) Copyright shall be conferred by this section on every work, which is eligible for copyright and which-
(a) being a literary, musical or artistic work or a cinematograph film, is first published in Nigeria; or
(b) being a sound recording, is made in Nigeria,
and which has not been the subject of copyright conferred by section 2 of this Act.
(2) Copyright conferred on a work by this section shall have some duration as is provided by section 2 of this Act in relation to the same type of work.

7. (1) Copyright shall be conferred by this section on every work, which is eligible for copyright and is made by or under the direction or control of the Government, a State authority or prescribed international body.

(2) The term of copyright conferred by this section shall be calculated in accordance with the table set out in the First Schedule to this Act.

8. (1) Subject to the exceptions specified in the Second Schedule to this Act, copyright in a work shall be exclusive right to control the doing in Nigeria of any of the following acts, that is-
(a) in the case of a literary or musical work, to do and authorise the doing of any of the following acts-
(i) Reproduce the work any material form;
(ii) Publish the work;
(iii) Perform the work in public;
(iv) Produce, reproduce, perform or publish any translation of the work;
(v) Make any cinematograph film or a record in respect of the work;
(vi) Distribute to the public, for commercial purposes, copies of the work, by way of rental, lease, hire, loan or similar arrangement;
(vii) Broadcast or communicate the work to the public by a loud speaker or any other similar device;
(viii) Make an adaptation of the work;
(ix) do in relation to a translation or an adaptation of the work, any of the acts specified in relation to the work in sub-paragraphs (I) to (vii) of this paragraph;

(b) in the case of an artistic work, to do or authorize the doing of any of the following acts, that is-
(i) Reproduce the work in any material form,
(ii) Publish the work.
(iii) Include the work in any cinematograph film,
(iv) Make an adaptation of the work,
(v) Do in relation to an adaptation of the work in subparagraphs (I) to (iii) of this paragraph;
(c) In the case of cinematograph film, to do or authorise the doing of any of the following acts, that is-
(i) make a copy of the film,

(ii) Cause the film, in so far as it consists of visual images to be seen in public and, in so far as it consists of sounds, to be heard in public,

(iii) Make any record embodying the recording in any part of the sound track associated with the film by utilising such sound track,

(iv) Distribute to the public, for commercial purposes copies of the work, by way of rental, lease, hire, loan or similar arrangement.

(2) The doing of any of the acts referred in subsection (1) of this section shall be in respect of the whole or a substantial part of the work either in its original form or in any form recognisably derived from the original.
(3) Copyright in a work of architecture shall also include the exclusive right to control the erection of any building which reproduces the whole or a substantial part of the work either in its original form or in any form recognizably derived from the original, but not the right to control the reconstruction in the same style as the original of a building to which the copyright relates.

9. (1) Copyright in a sound recording shall be exclusive right to control in Nigeria-

(a) the direct or indirect reproduction, broadcasting or communication to the public of the whole or a substantial part of the recording either in its original form or in any form recognisably derived from the original;

(b) the distribution to the public for commercial purposes of copies of the work by way of rental, lease, hire, loan or similar arrangement.

(2) The exception specified in paragraphs (a), (h), (k), (l), and (p) of the Second Schedule to this Act shall apply to the copyright in sound recording in like manner as they apply to copyright in literary, musical or artistic work or a cinematograph film.

(3) The provision of the Third Schedule to this Act shall apply in respect of sound recording.

10. (1) Subject to this section, copyright in a broadcast shall be the exclusive right to control the doing Nigeria of any of the following acts, that is-

(a) the recording and the re-broadcast of the whole or a substantial part of the broadcast;

(b) the communication to the public of the whole or a substantial part of a television broadcast, either in its original form or in any form recognisably derived from the original; and

(c) the distribution to the public for the commercial purposes, of copies of the work, by way of rental, lease, hire, loan or similar arrangement.

(2) The copyright in a television broadcast shall include the right to control the taking of still photographs from the broadcast.

(3) The exceptions specified in paragraphs (a), (h), (k) and (o) of the Second Schedule to this Act shall apply to the copyright in a broadcast, in like manner as they apply to copyright in literary, musical or artistic work or a cinematograph film.

11. (1) Where the owner of the copyright in any literary, musical or artistic work authorises a person to incorporate the work in a cinematograph film and a broadcasting authority broadcasts the film, the owner of the copyright shall, in the absence of any express agreement to the contrary between the owner and that person, be deemed to have authorised the broadcast.

(2) Notwithstanding subsection (10 of this section, where a broadcasting authority broadcasts a cinematograph film in which a musical work is incorporated, the owner of the right to broadcast the musical work shall, subject to this Act, be entitled to receive fair compensation from the broadcasting authority.

12. (1) Copyright conferred by sections 2 and 3 of this Act, shall vest initially in the author.

(2) Notwithstanding subsection (6) of section 10 of this Act where a work-

(a) is commissioned by a person who is not the author’s employer under a contract of service of apprenticeship; or

(b) not having been so commissioned, is made in the course of the author’s employment,

the copyright shall belong in the first instance to the author, unless otherwise stipulated in writing under contract.

(3) Where a literary, artistic or musical work is made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship as is so made for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical,; or to the reproduction of the work for the purpose of its been so published; but in all other respects, the author shall be the first owner of the copyright in the work.

(4) In the case of a cinematograph film or sound recording, the author shall be obliged to conclude, prior to the making of the work, contracts in writing with all those whose works are to be used in the making of the work.

(5) Copyright conferred by section 4 of this Act, shall vest initially in the Government on behalf of the Federal Republic of Nigeria, in the State authority on behalf of the State in question, or in the international body in question, as the case may be, and not in the author.

13. (1) Subject to the provisions of this section, copyright shall be transmitted by assignment, by testamentary disposition or by operation of law, as movable property.

(2) An assignment or testamentary disposition of copyright may be limited so as to apply to only some of the acts which the owner of the copyright has the exclusive right to control, or to a party only of the period of the copyright, or to a specified country or other geographical area.

(3) No assignment of copyright and no exclusive license to do an act the doing of which is controlled by copyright shall have effect unless it is in writing.

(4) A non-exclusive license to do an act the doing of which is controlled by copyright may be written or oral, or may be inferred from conduct.

(5) An assignment or license granted by one copyright owner shall have effect as if granted by his co-owner also, and, subject to any contract between them, fees received by the grantors shall be divided equitably between all the co-owners.

(6) For the purpose of this section, persons shall be deemed to be co-owners-

(a) if they share a joint interest in the whole or any part of a copyright; or

(b) if they have interests in the various copyrights in a composite production, that is to say, a production consisting of two or more works.

(7) An assignment, license or testamentary disposition be effectively granted or made in respect of a future work or an existing work in which copyright does not yet subsist; and the prospective copyright in any such work shall be transmissible by operation of law as movable property.

(8) A testamentary disposition of material on which a work is first written or otherwise recorded shall, in the absence of any contrary indication, be presumed to include any copyright or prospective copyright in the work which is vested in the deceased.

14. (1) The owner of a copyright has the right-

(a) to claim authorship of his work, in particular that his authorship be indicated in connection with any of the acts referred to in section 5 of this Act except when the work is included incidentally or accidentally when reporting current events by means of broadcasting.

(b) To object and to seek relief in connection with any distortion, mutilation or other modification of, and any other derogatory action in relation to his work, where such action would be or is prejudicial to his honour or reputation.

(2) The rights referred to in subsection (1) of this section, are perpetual, inalienable and imprescriptible.

(3) For the purpose of this section, "author" includes his heirs and successors-in-title.

12. (1) Notwithstanding any assignment or sale of original work, the authors or graphic works, three-dimensional works and manuscript shall have an inalienable right to share in the proceeds of any sale of that work or manuscript by public auction or through a dealer whatever the method used by the latter to carry out the operation.

(2) The right conferred by this section shall apply to originals of such work.

(3) The conditions for the exercise of the right conferred by this section shall be determined by regulations to be made by the Nigerian Copyright Council established under section 30 of this Act.

(4) The foregoing provisions of this section, shall not apply to architectural works or applied art.

(5) In this section, "author" includes heirs and successors-in-title.

13. Publishers, printers, producers or manufacturers of works in which copyright subsists shall keep a register of all works produced by them showing the following, that is-
(a) the name of the author;

(b) the title;

(c) year of production; and

(d) the quantity of work produced.

14. (1) Copyright is infringed by any person who without the licence or authorisation of the owner of the copyright-
(a) does, or cause any other person to do an act, the doing of which is controlled by copyright;

(b) imports into Nigeria, otherwise than for his private or domestic use, any article in respect of which copyright is infringed under paragraph (a) of this subsection;

(c) exhibits in public any article in respect of which copyright is infringed under paragraph (a) of this subsection;

(d) distributes by way of trade, offer for sale, hire or otherwise or for any purpose prejudicial to the owner of the copyright, any article in respect of which copyright is infringed under paragraph (a)of this subsection;

(e) makes or has in his possession, plates, master tapes, machines, equipment or contrivances used for the purpose of making infringed copies of the work;

(f) permits a place of public entertainment or of business to be used for a performance in the public of the work, where the performance constitutes an infringed of the copyright in the work, unless the person permitting the place to be used is not aware, and had no reasonable ground for suspecting that the performance would be an infringement of the copyright;

(g) Performs or cause to be performed for the purposes of trade or business or as supporting facility to a trade or business or as supporting facility to a trade or business, any work in which copyright subsists.

Patents

What is a patent?
A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new

technical solution to a problem. To get a patent, technical information about the invention must be disclosed to the public in a patent application.

What is a trademark?

Distinctive design, graphics, logo, symbols, words, or any combination thereof that uniquely identifies a firm and/or its goods or services, guarantees the item's genuineness, and gives it owner the legal rights to prevent the trademark's unauthorized use.

A trademark must be

(1) Distinctive instead of descriptive,

(2) Affixed to the item sold, and

(3) Registered with the appropriate authority to obtain legal ownership and protection rights.

Trademark rights are granted usually for 7 to 20 years and, unlike in case of patents, are renewable indefinitely. These rights are protected worldwide by international intellectual property treaties and may be assigned by their owner to other parties.

Self-Assessment Exercises

1. What are Intellectual Property Rights (IPR)?
2. What does copyright cover?

Feedback

1. IPR is a general term covering patents, copyright, trademark, industrial designs, geographical indications, layout design of integrated circuits, undisclosed information (trade secrets) and new plant varieties.

2. It covers:
   i. Literary, dramatic and musical work. Computer programs/software are covered within the definition of literary work;
   ii. Artistic work;
   iii. Cinematographic films which include sound track and video films;
   iv. Record-any disc, tape, perforated roll or other device.

4.0 Conclusion

In setting up a business, know your right and identify the existing laws to protect your rights.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

6.0 References/Further Reading

https://www.lawyard.ng/wp-content/uploads/2015/11/COPYRIGHT-ACT-2004.pdf

www.nigeria-law.org/CopyrightAct.htm

Unit 3 Strategies for Protection of Intellectual Property

Contents

1.0 Introduction

There are procedure in place in intellectual property protection. In this unit, you will learn some of these strategies and how they can be applied to achieve a desirable goal.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to demonstrate competency in applying different strategies to protect your intellectual property.

3.0 Main Content

WAYS TO PROTECT INTELLECTUAL PROPERTY RIGHT
by Kelly Fitzsimmons

How important is intellectual property protection to your startup? Not too long ago, defensible IP was one of the top things venture capitalists wanted to see in a startup. But the success of several high-profile tech startups, such as Twitter and Facebook, that are relatively weak on patentable intellectual property, has caused many to rethink that assumption. After all, creating and maintaining a robust IP portfolio is expensive. Patents don't determine whether a startup will be able to scale. And the lean startup model is all about getting to market fast with the minimum viable product. Launch first, patent later… if at all.

But every startup – lean or not – needs to plan for success. If your startup starts to scale quickly, a strong IP portfolio will be vitally important to your ability to play the long game. The world's largest innovators, including Google, Microsoft and Apple, seem to agree. During the past six months, these companies have spent more than $18 billion on intellectual property in the voice space alone. They're investing top dollar to ensure that their corporate IP portfolios are diverse, rich in innovation, and allow them to hedge against many possible futures.

So what should startups do to protect their IP assets?

- Patent what is important to others, not just you
- Make time to get smart on intellectual property. Educate yourself and team on the basics of trademarks, copyrights, patents, and trade secrets. Investing a day or two early on will save headaches later.
- Reduce costs by doing your own IP searches first. Start with a Google patent search at google.com/patents.
- Work with an attorney who specializes in intellectual property and ask for a fixed rate to file.
- Save money by working with a patent attorney from a different geography. Ivy-league lawyers in Wisconsin are just as good as Ivy-league lawyers in New York City. The cost savings may be upwards of 50%, and sometimes more.
- Patents aren't your only asset. Conduct an audit to identify all your registered and unregistered trademarks and copyrights.
- Invest in well-written non-disclosure agreements (NDAs). Make sure your employment agreements, licenses, sales contracts and technology transfer agreements all protect your intellectual property too, right from the get-go.
- File as fast as you can. A patent application holds your place in line. You will have 12 months from that initial submission to expand upon your filing. And remember, US patents can take more than five years to issue.
- Investigate international patents if key competitors are outside the US. A US patent will not protect you against competitors in Europe, never mind China.
- Think hard about the future. From your vantage point, what does the future look like? Use this information to devise your patent strategy, and to figure out which of your work needs to be legally protected. From there, your patent applications should flow.

As President Lincoln once remarked, the patent system adds "the fuel of interest to the fire of genius." IP rights, which include patents, trademarks, trade secrets and copyrights--even the right URLs--play an essential role in monetizing innovation. If you make it easy for others to steal your ideas, you can ultimately end up washing away your own path to success

Self-Assessment Exercise

1. If an employee in a company develops a program, would this employee own the copyright?

2. What is the rule for the transfer of copyright?

Feedback

1. No. In the case of a program made during author's employment under a contract of service or apprenticeship, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright.

2. The owner of the copyright in an existing work or prospective owner of the copyright in a future work may assign to any person the copyright, either wholly or partially in the following manner.
    a. for the entire world or for a specific country or territory; or
    b. for the full term of copyright or part thereof; or
    c. relating to all the rights comprising the copyright or only part of such rights

4.0 Conclusion

Your startup can be marred. Do not ignore the right to protect your intellectual property.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

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6.0 References/Further Reading

http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf

https://www.forbes.com/sites/.../2016/.../nine-ways-to-protect-your-intellectual-property

Module 4 Technological Entrepreneurship

Unit 1 The Interface between Technology Development and Entrepreneurship

Contents

1.0 Introduction

From time immemorial technology direct the trend in business. As an individual or organization the use of technology is vital. This is found more significant in daily activities in all sectors. Therefore in this unit you will learn the twist between technology and entrepreneurship.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to interpret the dynamics of technology in entrepreneurship.

3.0 Main Content

Technological change provides the basis for the creation of new processes, new products, new markets, and new ways of organizing; and entrepreneurship is central to this process (Schumpeter 1934, p. 66). However, before technological change results in this process of entrepreneurial exploitation, entrepreneurs must discover opportunities in which to use the new technologies. Because opportunities do not appear in a prepackaged form (Venkataraman 1997), this process of opportunity identification is far from trivial. In any given new technology, entrepreneurs could fail to identify any opportunities, or could identify the wrong opportunities, making an explanation for the discovery of opportunities an important part of the domain of entrepreneurship research. Unfortunately, most research on entrepreneurship investigates the entrepreneurial process after opportunities have been discovered (Fiet 1996). Researchers typically adopt this approach because they draw on neoclassical economic or psychological theories that assume people will discover the same opportunities in a given technological change (Khilstrom and Laffont 1979), or discover opportunities that are uncorrelated with the attributes of the discoverers (Evans and Jovanovic 1989). Austrian economics challenges the validity of these assumptions, arguing that different people will discover different opportunities in a given technological change because they possess different prior knowledge (Venkataraman 1997). Because the accuracy of these assumptions has important implications for the development of entrepreneurship theory, I explore them in this article. Through in-depth case studies of entrepreneurs who exploit a single MIT invention, I show results that challenge the core assumptions of neoclassical economic and psychological approaches to entrepreneurship.

In particular, I show that (1) any given technological change will generate a range of entrepreneurial opportunities that are not obvious to all potential entrepreneurs; (2) entrepreneurs can and will discover these opportunities without searching for them; and (3) any given entrepreneur will discover only those opportunities related to his or her prior knowledge (Venkatarman 1997). This evidence supports the Austrian argument that the discovery of entrepreneurial opportunities depends, in part, on the distribution of information in society (Kirzner 1973) and provides important implications for the theory and practice of entrepreneurship

Read:

In a research paper titled ***Technological Innovation: An Imperative Tool for Entrepreneurship Development in Nigeria*** by OYEWALE I.O; ADEYEMO S.A and OGUNLEYE P.O documented the following :

Entrepreneurship is about starting a new business based on a recognized business opportunity as well as operating and maintaining that business. The belief of some people is that entrepreneurship does not need to be taught and therefore, an entrepreneur is born to be so. It should however be noted that for one to be a successful entrepreneur, he/she needs to learn the skills (Griffin and Hammis, 2001). Entrepreneur training is designed to teach the skills and knowledge that is needed to know before embarking on a new business venture. This would enhance necessary identification and avoidance of many pitfalls awaiting the less well trained and vigilant contemporaries. The training may initially be perceived as a cost in terms of time and money but it would eventually be appreciated. The study carried out by Taiwo et al. (2002), on small scale food companies in Nigeria reported that one major sources of technological change in these companies is personnel (operators and craftsmen). The reasons adduced for these were simplicity of the innovation processes to the work force; accurate and adequate information about the system of production; and the involvement of the workforce in the initiation and implementation of any technological changes. Moreover, another research finding showed that the key information sources for manufacturing small and medium firms„ production and innovation are machinery suppliers, exhibition and trade fairs, client firms, publications, repair workshops (foundries, heat treatment shops and others), staff of other firms, and social and professional associations, and consultancy firms within and outside the clusters (Oyeyinka-Oyelaran, 2001). Some researchers observe that increasing profit of organization is because of change in technology. (Verspagen, 1992; Ruttan, 1997). According to entrepreneur perspective innovations mean creativity. “Innovation is a research area within the Marketing and Entrepreneurship Interface is a growing area of enquiry” (Fillis 2000a, 2000b; Fillis and McAuley 2000, Hackley and Mumby Croft 1998). Entrepreneurship opportunity identification and need to fulfilling innovation. Entrepreneurship and innovation is a key of economic growth, and there is strong relationship between entrepreneurial activity and economic development across the border. Entrepreneurship has also play a vital role in motivation. You can motivate entrepreneurship through culture, family and friend business. Another aspect of motivation is to motivate your employees by giving incentives, bonuses and increase salaries but according to entrepreneurship motivation is a deep meaning that to motivate your family and friend in the field of entrepreneurship u can give new and innovative idea to your friend to start new business and also running your family business with new creative ideas. We cannot understand entrepreneurship until and unless we understand the single who involve in motivation (Venkataraman, 1997).

Entrepreneurship is an employment strategy that can lead to economic self-sufficiency for people. It makes people to create and manage businesses in which they function as the employer or boss rather than merely being and employee. In this perspective technology is not a neutral tool, but something that at the same time supports and constraints human action, thinking and even deepest values. Each technological innovation brings with it a wave of new startups and new entrepreneurs, but probably the way entrepreneurship is deployed changes in any major technological revolution. Innovation is seen to be instrumental in increasing the country’s competitiveness and wealth, and SMEs are at the core of the economic growth of several industrial countries. But these small and medium firms rarely engage in R and D, and the product and process improvements are of minor kinds. Therefore, the results show that there are some policy implications from this study. There is urgent need for enterprise-oriented technology transfer units to link the science and technology system with the production system. This then calls for constant re-tooling and re-engineering of the country’s SMEs development agencies to be able to design and implement an effective mechanism to strengthen information flow relationships from the national innovation system of the country to the SMEs.

Self-Assessment Exercises

1. what is the relationship between entrepreneurship and technology?
2. What can you say is the role of technology in entrepreneurship and to Entrepreneurs?

Feedback

1. Technological innovations result when new rules and ideas find practical use through being applied and/or commercialized by entrepreneurs. Technological innovation contributes to higher levels of economic output and can deliver new goods and services that change human lives and capabilities.

2. Entrepreneurial ventures are considered as the engines for the development of economy and nation. They are the transformation agents and knowledge resource of the nation upon who the responsibility of structured development and radical changes is there. Entrepreneurs need Technology for undertaking these responsibilities. Technology as a method, tool, process or modification work as a support element for entrepreneurship development.

4.0 Conclusion

Not all technology can drive a business. Therefore, choose your technology based on your type of business and your business objectives if you are to achieve the benefit of using technology to drive your business.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Unit 2 Technological Environment and Business

Contents

1.0 Introduction

Availability of technology and usage differ from place to place. A technology that is found very useful in a particular environment may be less useful in another environment. In business, it is important to study the prevailing technology in an environment to determine the type of technology that may be required for a business startup or in sustaining an existing business.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to evaluate technological environment for a business operation.

3.0 Main Content

Technological environment refers to the state of science and technology in the country and related aspects such as rate of technological progress, institutional arrangements for development and application of new technology, etc.

According to the well-known economist J.K. Galbraith, technology means, "systematic application of scientific or other organized knowledge to practical tasks". Technology comprises of both machines (hard technology) and scientific thinking (soft technology) used to solve problems and promote progress. It consists of not only knowledge and methods required to carry on and improve production and distribution of goods and services but also entrepreneurial expertise and professional know how. Technology includes inventions and innovations.

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The main features of technological environment are as follows:

- Technological environment is a component of macro or indirect action environment.
- Technological environment changes very fast.
- Technological environment affects the manner in which the resources of the economy are converted into output.

- Technological environment is self-reinforcing. An invention in one place leads to a sequence of inventions in other places.

Technological Change

Technological change is improvement in the 'art' of making products or developing processes. Barney's biggest threat is new technological products and processes that are destroying the traditional print industry. A **technological product** is just something that man created using the application of knowledge to improve a person's life, environment or society.

In Barney's case, the new technological products wreaking havoc with his business are e-readers and computer tablets. Every year, more and more consumers are ditching the printed word for digital.

A **technological process** is a means to make and improve products and services. For example, the traditional manner of 'printing' magazines involved a mechanical printing press. Now, a new technological process has been developed to digitize the magazine to be transmitted and stored electronically. Barney figures if he can't beat technological change, then his company must embrace it. He has decided to turn his print magazine into a digital one that will be readable on all major e-readers and computer tablets. He may also have to adopt or develop new technological processes for the production and distribution of his new e-magazine.

Advantages of Change

IMPACT OF TECHNOLOGY ON BUSINESS:

Impact on society/ social implications Impact on economy/ economic implications Impact on plant/ plant level implications

SOCIAL IMPLICATIONS:
- Technology reaches people through business
- High expectations of customers
- System complexity
- Social changes
- Social systems

ECONOMIC IMPLICATIONS:
- Increased productivity
- Need to spend on R & D
- Jobs become intellectual
- Problems of techno structure
- Bio professional & multiprofessional managers
- Increased regulations & stiff opposition
- Demand for capital

- Rise & decline of products & organizations
- Boundaries redefined

IMPORT OF TECHNOLOGY/METHODS OF TECHNOLOGY TRANSFER:

- Foreign investment
- Joint venture
- Training or employment of technical expert
- Contract for supply of machinery & equipment
- Licensing agreements
- Turnkey contracts

APPROPRIATE TECHNOLOGY:

Appropriate technology (AT) is technology that is designed with special consideration to the environmental, ethical, cultural, social and economic aspects of the community it is intended for. With these goals in mind, AT typically requires fewer resources, is easier to maintain, has a lower overall cost and less of an impact on the environment compared to industrialized practices

PROBLEMS IN TECHNOLOGY TRANSFER:

- Unwillingness on the part of the government
- Lack of resources
- Obsolete technology
- Inappropriate technology
- Costly Lack of technological know-how

Self-Assessment Exercises

1. What is technological environment?
2. How does the technological environment affect a business?

Feedback

1. technological environment consists of External factors in technology that impact business operations. A business may have to dramatically change their operating strategy because of changes in the technological environment.

2. Businesses are affected by changes in the technological environment. Technology is simply the application of knowledge to control or change our environment. ... Some businesses can leverage changing technology to improve products and processes or even create new products and processes that will expand markets and profits.

4.0 Conclusion

In planning a business, the technological requirement should also be planned along. At the startup of a business, a particular technology may be found suiting which may not be the case few months or years after startup. Therefore, to sustain a business in a dynamic society with technological changes, there must be continuous review of activities to evaluate achievement. This is important because sometimes some entrepreneurs do not know a change in technology is pushing them out of business until it becomes obvious.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Unit 3 New Technology and Entrepreneurship Opportunities

Contents

1.0 Introduction

Every business, small dedicated company and big multinational alike, once upon a time was established because their founders saw a business opportunity, or to be more precise: an entrepreneurial business opportunity. Entrepreneurial here indicates that a new firm may have a good chance, and perhaps even a better chance than established companies, of successfully exploiting the opportunity. Understanding how to recognize and evaluate entrepreneurial business opportunities based on developments in science and technology constitutes the core of these new developments.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to evaluate new technologies for business

3.0 Main Content

The advent of digital revolution in late 1950s ushered in a new era of modern technology, which was a result of constant innovation and change. The world saw how many opportunities were brought in by this new found marvel, and thus, began the process of exploiting and developing new technology in order to gain more power and assist in development across various sectors, industrial or otherwise.

The extent and power of technology was further witnessed when it came within the reach of various business owners, who saw the growth and possibilities it could bring into their businesses. Soon, having a technological advantage over other competitive players in the market became the pinnacle for success in businesses of all shapes and sizes. Thereafter, advancement in technology became one of the major contributing factors in expansion and success of many business ventures

Nowadays, there are many startups that have emerged by exploring new and innovative technology and are dedicated to further their growth using the same. With extensive market research, many entrepreneurs have been able to pinpoint

current trends that could help in developing that kind of technology for both businesses and consumers.
Building a business from scratch can be a daunting and tiresome task, which involves many risks and minimal guaranty of success. Around 25 per cent of startups fail in their first year of business due to various factors like lack of experience and improper book keeping skills. Therefore, prior industry experience and knowledge can help entrepreneurs build their business with adequate planning and design in place.

Modern world is dominated by innovative ideas and new technology, but innovation alone cannot facilitate success. Innovators need a great start to further their ideas and explore newer and better avenues. Similarly, startups require initial funding so they can kick-start their business till the time it starts generating revenues on its own. Investors look for dynamic entrepreneurship ventures and only invest in the cream of the crop. A great idea and persuasive ability can help startups gain investors who could help them in expanding their business goals.

With so many tech startups coming into existence, investors and partnership firms can only handle so much funding as well as managing their own businesses. To facilitate this kind of monetary assistance for fledgling business ventures, various forms of funding have been made available specifically for this purpose. Entrepreneurs can get funding for their startups through different sources such as - angel investors, which consist of wealthy and prominent people who provide business funding to startups, and crowdfunding, which involves raising money for any kind of venture through the involvement of a large audience at a single platform, usually the Internet.

Tech startups can also expand their reach to potential customers with the help of World Wide Web. Having an online presence can greatly influence the reach of entrepreneurial ventures and help accelerate their growth. Technology is constantly evolving with changing times due to varying consumer preferences and startups are slowly becoming an excellent example to showcase and promote exactly that.

Startups have recently become a great way to further the progress of technology since they are helmed by constant innovation and meticulous planning. Building a startup requires lot of dedication and hard work as creating a new venture from scratch can be tiresome, yet fulfilling. It gives an entrepreneur the chance to explore uncharted territories and create something which may have great significance to every individual in its future.
Hundreds of tech startups are popping up every day either out of personal ambition, or a genuine fascination to explore new avenues with modern technological assistance. Business is no longer just about buying and selling of goods and services, but how technology can be used to assist and expand those services. People can now access any service they desire off the internet, many

businesses which began as startups have become successful after garnering customers mostly through their online presence.

With new technical advancements at the helm, modern entrepreneurs are not apprehensive about minimum success or courting failure since most of them have recognized the need of the hour, viz. Technology, and with that kind of knowledge, they can further hone their skills as well as work on creating a better business module.

Over the years, there has been an increase in number of startups, or entrepreneurial ventures that have come into existence. Despite the risks involved, many of them have charted through unfavorable circumstances and flourished mostly through innovation of modern technology. Therefore, one can safely assume that tech startups are here to stay and may help in contributing to the constant process of innovation and development of technology.

Self-Assessment Exercises

1. What comes to your mind when new technology is mentioned in relation to entrepreneurship?
2. As a student of Entrepreneurship, list some of these new technologies?

Feedback

1. New technology has to do with the understanding of how to recognize and evaluate entrepreneurial business opportunities based on developments in science and technology. That is what constitutes the core of these new developments.
2. Let us explore some of these technologies together
   a. Virtual Offices. As millennials slowly take over the workforce, it's important for businesses to realize that their employees don't work in the same way as previous generations. The ability to work remotely is important to a lot of younger professionals because it is a generation of convenience and streamlining.
   b. Partnerships. Businesses are now teaming up with publishers, platforms, content creators and online influencers to push their products and services, connecting with consumers across the digital ecosystem. Building those partnerships will be key to future success
   c. Original Content. Customers are loyal to brands that share their values, but how exactly do you show your consumers that your values align with theirs? The answer is high quality, original content.
   d. Live Video. The web has seen the rise of live streaming over the past year. Everyone has embraced the live video option available on platforms such as Facebook Live.
   e. APIs. It's no secret at this point that for a company to be successful, they can't rely on only one avenue to connect with their customers.
   f. Secure In-Person Payments. Buyers want to ensure that their data and personal information is safe. Companies who don't adjust to accept the cards in their new form (meaning they continue to use swipe machines, rather than the more and more common "dip" option) in the next year will lose credibility among their customers.
   g. Focus on Mobile Ads. In the last two years, mobile usage has exceeded that of traditional desktop or laptop computers. People are doing everything on their mobile devices: reading, banking, shopping, gaming … you name it.
   h. Consistency Between Platforms
   i. Augmented and Virtual Reality. Augmented and virtual reality was mostly reserved for gaming.
   j. Data, Data, Data

4.0 Conclusion

New technology emerges on a daily basis. The emergence of technology brings about high competition in entrepreneurship. New technology is key in building a startup for sustainability.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Module 5 Management and Innovation

Unit 1 The Concept, Nature and Types of Innovation

Contents

1.0 Introduction

The means that was found must viable in remembering communication and policies is through documentation. Documentation started through means of writing. Again writing started by writing on sand with bear fingers. Today, computer is the popular means of documentation. Before computer, there was qwerty typewriter, electric typewriter and even the computer has passed through stages. This process could be described as innovative process because the typewriter was an older innovation on documentation but today computer is the new innovation. This unit will take you through the various stages of innovation. To have a good startup, you must be innovative.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to:

- Differentiate the different types of innovations
- Evaluate yourself on your type of innovative ideas using innovative criteria.

3.0 Main Content

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers.

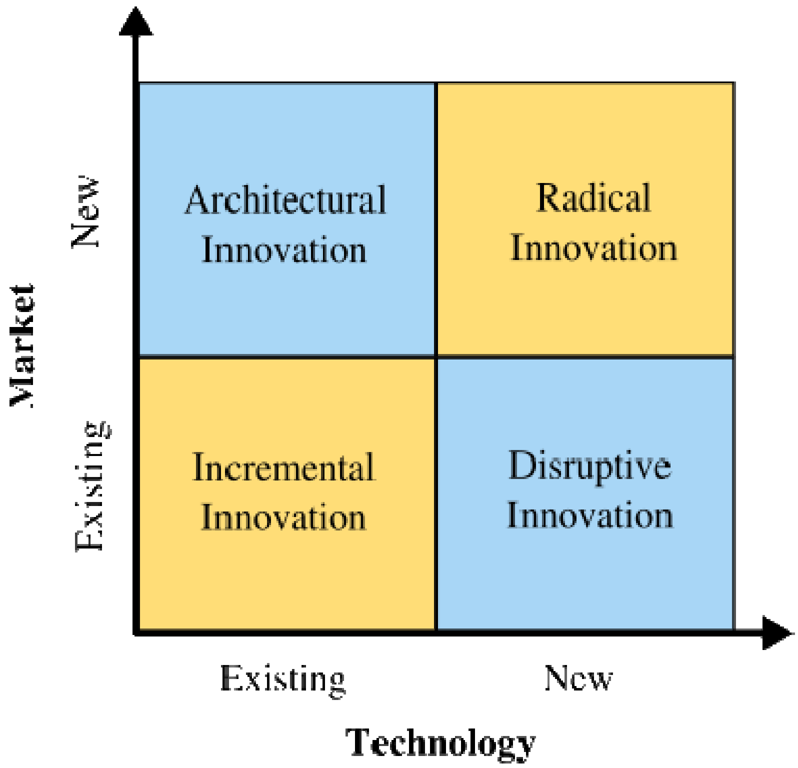
In a social context, innovation helps create new methods for alliance creation, joint venturing, flexible work hours, and creation of buyers' purchasing power. Innovations are divided into two broad categories:

Evolutionary innovations (continuous or dynamic evolutionary innovation) that are brought about by many incremental advances in technology or processes and revolutionary innovations (also called discontinuous innovations) which are often disruptive and new.

Innovation is synonymous with risk-taking and organizations that create revolutionary products or technologies take on the greatest risk because they create new markets. Imitators take less risk because they will start with an innovator's product and take a more effective approach.

Types of Innovation

It is remarkable how many people are under the false assumption that companies are either innovative or not. This is a very polarizing and simplistic perspective that does not take into account the different types of innovations that companies can and do pursue.
For this post, let’s break down innovation into two dimensions: Technology and Market, which gives us the following 4 types of innovation:



Incremental Innovation

Incremental Innovation is the most common form of innovation. It utilizes your existing technology and increases value to the customer (features, design changes, etc.) within your existing market. Almost all companies engage in incremental innovation in one form or another.

Examples include adding new features to existing products or services or even removing features (value through simplification). Even small updates to user experience can add value,

Disruptive Innovation

Disruptive innovation, also known as stealth innovation, involves applying new technology or processes to your company's current market. It is stealthy in nature since newer tech will often be inferior to existing market technology. This newer technology is often more expensive, has fewer features, is harder to use, and is not as aesthetically pleasing. It is only after a few iterations that the newer tech surpasses the old and disrupts all existing companies. By then, it might be too late for the established companies to quickly compete with the newer technology.

There are quite a few examples of disruptive innovation, one of the more prominent being Apple's iPhone disruption of the mobile phone market. Prior to the iPhone, most popular phones relied on buttons, keypads or scroll wheels for user input. The iPhone was the result of a technological movement that was years in making, mostly iterated by Palm Treo phones and personal digital assistants (PDAs). Frequently you will find that it is not the first mover who ends up disrupting the existing market. In order to disrupt the mobile phone market, Apple had to cobble together an amazing touch screen that had a simple to use interface, and provide users access to a large assortment of built-in and third-party mobile applications.

Architectural Innovation

Architectural innovation is simply taking the lessons, skills and overall technology and applying them within a different market. This innovation is amazing at increasing new customers as long as the new market is receptive. Most of the time, the risk involved in architectural innovation is low due to the reliance and reintroduction of proven technology. Though most of the time it requires tweaking to match the requirements of the new market.

In 1966, NASA's Ames Research Center attempted to improve the safety of aircraft cushions. They succeeded by creating a new type of foam, which reacts to the pressure applied to it, yet magically forms back to its original shape. Originally it was commercially marketed as medical equipment table pads and sports equipment, before having larger success as use in mattresses. This "slow spring back foam" technology falls under architectural innovation. It is commonly known as memory foam.

Radical innovation

Radical innovation is what we think of mostly when considering innovation. It gives birth to new industries (or swallows existing ones) and involves creating revolutionary technology. The airplane, for example, was not the first mode of transportation, but it is revolutionary as it allowed commercialized air travel to develop and prosper.

The four different types of innovation mentioned here – Incremental, Disruptive, Architectural and Radical – help illustrate the various ways that companies can innovate. There are more ways to innovate than these four. The important thing is to find the type(s) that suit your company and turn those into success.

Self-Assessment Exercises

1. How does innovation differ from invention?
2. Differentiate the different types of innovations

Feedback

1. Invention can be defined as the creation of a product or introduction of a process for the first time. Innovation, on the other hand, occurs if someone improves on or makes a significant contribution to an existing product, process or service.
2. Remarkable innovations combine different types!
   a. Incremental innovation.
   b. Process innovation.
   c. Red ocean innovation.
   d. Service innovation.
   e. Business model innovation.
   f. Sustainable innovation.
   g. Frugal innovation.
   h. Blue ocean innovation

4.0 Conclusion

At a startup be well informed of the different types of innovations, this will guide the implementation of your idea.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Unit 2 Innovation Theory of Entrepreneurship

Contents

1.0 Introduction

This unit will guide you on innovative theory for entrepreneur. As you read through the text, think of how you can apply what you read in setting up your business. Everyone has innovative idea. This is because everyone experience one challenge or the order. Idea comes while trying to look for ways to resolve the challenge.

2.0 Intended Learning Outcomes (ILO)

By the end of this unit, you will be able to apply the theories in managing business

3.0 Main Content

The innovation theory was first advocated by Joseph Schumpeter in 1934. A dynamic theory of entrepreneurship was first advocated by Schumpeter (1949) who considered entrepreneurship as the catalyst that disrupts the stationary circular flow of the economy and thereby initiates and sustains the process of development.

Schumpeter introduced the concept of innovation as key factor in entrepreneurship in addition to assuming risks and organizing factors of production. Schumpeter defined entrepreneurship as ―a creative activity‖. An innovator who brings new products or services into economy is given the status of an entrepreneur. He regards innovation as a tool of an entrepreneur. The entrepreneur is also viewed as the ‗engine of growth' which sees the opportunity for introducing new products, new markets, new sources of supply, new forms of industrial organization or for the development of newly discovered resources.

Functions of Innovation

The concept of innovation and its corollary development embraces five functions:

i. The introduction of a new product with which consumers are not yet familiar or introduction of a new quality of an existing product,
ii. The introduction of new method of production that is not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially,
iii. The opening of new market that is a market on to which the particular branch of manufacturer of the country in question has not previously entered, whether or not this market has existed before,
iv. Conquest of a new source of supply of raw material and
v. The carrying out of the new organization of any industry.

Schumpeter is the first major theorist to put the human agent at the centre of the process of economic development. He is very explicit about the economic function of the entrepreneur. The entrepreneur is the prime mover in economic development; his function, to innovate or carry out new combinations. Schumpeter makes a distinction between an innovator and an inventor. An inventor discovers new methods and new materials. On the contrary, an innovator is one who utilizes or applies inventions and discoveries in order to make new combinations. An inventor is concerned with his technical work of invention whereas an entrepreneur converts the technical work into economic performance. An innovator is more than an inventor because he does not only originate as the inventor does but goes much farther in exploiting the invention commercially.

Wilken added the concept of the changes that an entrepreneur brings which includes:

i. Expansion of goods, products.
ii. Productivity of factors of production such as finance, labour, material.
iii. Innovation in production such as, technology, process changes and increase in humanresource productivity.
iv. Innovation in marketing area such as the composition of the market, size of the market and new markets.

According to Schumpeter, entrepreneurs are individuals motivated by a will for power; their special characteristic being an inherent capacity to select correct answers, energy, will and mind to overcome fixed talents of thoughts, and a capacity to withstand social opposition.

The entrepreneur has been the major mover for economic development process.
]

Criticism of Innovation Theory

i. The theory seems one-sided as it puts too much emphasis on innovative functions.
ii. It ignores the risk taking and organizing aspects of entrepreneurship. An entrepreneur has not only to innovate but also assemble the resources and put them to optimum use.
iii. It ignored the risk-taking function, which is equally important. When an entrepreneur develops a new combination of factors of production, there is enough risk involved.

Observations from the Innovation Theory

The theory supports the ―enterprising spirit‖ of entrepreneur to innovate. It is the act that endows resources with a new capacity to create wealth. Drucker says, innovation creates a resource and it is endowed with economic value. Schumpeter‘s views are particularly applicable to developing countries where innovations need to be encouraged.

The innovation theory was propounded by Joseph Schumpeter who is regarded as father of innovation. The innovation theory looks at concept of innovation as key factor in entrepreneurship in addition to assuming risks and organizing factors of production. The functions of innovation theory were described and criticism of the theory was also discussed as one of it is that it ignored the risk-taking function. Observations from the theory were taken into cognizance.

- Financing Innovation and New Ventures
- Change management
- Technical Change and management of Innovation

Self-Assessment Exercise

In what ways can an Entrepreneur apply the theories of innovation in managing business?

The following ways may be considered:

i. The introduction of a new product with which consumers are not yet familiar or introduction of a new quality of an existing product,
ii. The introduction of new method of production that is not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially,
iii. The opening of new market that is a market, on to which the particular branch of manufacturer of the country in question has not previously entered, whether or not this market has existed before,
iv. Conquest of a new source of supply of raw material and
v. The carrying out of the new organization of any industry.

4.0 Conclusion

Innovative theory is a must read for startup because it guides the entrepreneur on the basic steps to take implementing an idea. Without innovation, there will be no entrepreneurs. Innovation help fill the gap that exist between current existence and needs.

5.0 Summary

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Unit 3 Financing Innovation and New Ventures

Contents

1.0 Introduction

Financing activities are transactions with creditors or investors used to fund either company operations or expansions. These transactions are the third set of cash activities displayed on the statement of cash flows. Financing innovation is a dynamic field. Many of the approaches that we may take for granted today, such as equity financing and venture capital, were once novel and untested. As time goes on, new business models are evolving to meet the challenges of developing.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to apply the learned financing techniques in financing your project.

3.0 Main Content

Sources of Financing for Innovation and New Business Venture

Some important sources of funding for innovation activities include:

- Personal funds.
- Government grants.
- Family and friends.
- Debt.
- Equity.
- Business angels.
- Venture capital.
- Crowd funding.

Many entrepreneurs struggle to find the capital to start a new business. There are many sources to consider, so it is important for an entrepreneur to fully explore all financing options. He also should apply for funds from a wide variety of sources. Personal savings: Experts agree that the best source of capital for any new business is the entrepreneur‘s own money. It is easy to use, quick to access, has no payback terms, and requires no transfer of equity (ownership). Also, it demonstrates to potential investors that the entrepreneur is willing to risk his own funds and will persevere during hard times. Friends and family: These people believe in the entrepreneur, and they are the second easiest source of funds to access. They do not usually require the paperwork that other lenders require.

However, these funds should be documented and treated like loans. Neither part ownership nor a decision-making position should be given to these lenders, unless they have expertise to provide.

The main disadvantage of these funds is that, if the business fails and money goes lost, a valuable relationship may be jeopardized. Credit cards: The entrepreneur‘s personal credit cards are an easy source of funds to access, especially for acquiring business equipment such as photocopiers, personal computers, and printers. These items can usually be obtained with little or no money paid up front and with small monthly payments. The main disadvantage is the high rate of interest charged on credit card balances that are not paid off in full each month. Banks: Banks are very conservative lenders. As successful entrepreneur Phil Holland explains, ―Many prospective business owners are disappointed to learn that banks do not make loans to startup businesses unless there are outside assets to pledge against borrowing.‖ many entrepreneurs simply do not have enough assets to get a secured loan from a lending institution.

However, if an entrepreneur has money in a bank savings account, she can usually borrow against that money. If an entrepreneur has good credit, it is also relatively easy to get a personal loan from a bank. These loans tend to be short term and not as large as business loans. Venture investors: This is a major source of funding for startups that have a strong potential for growth. However, venture investors insist on retaining part ownership in new businesses that they fund. Formal institutional venture funds are usually limited • partnerships in which passive limited partners, such as retirement funds, supply most of the money. These funds have large amounts of money to invest. How- ever, the process of obtaining venture capital is very slow? Several books, such as Galante‘s Venture Capital & Private Equity Directory, give detailed information on these funds. Corporate venture funds are large corporations • with funds for investing in new ventures. These often provide technical and management expertise in addition to large monetary investments. How- ever, these funds are slow to access compared to other sources of funds. Also, they often seek to gain control of new businesses. Angel investors tend to be successful entrepreneurs • who have capital that they are willing to risk. They often insist on being active advisers to businesses they support. Angel funds are quicker to access than corporate venture funds, and they are more likely to be invested in a startup operation. But they may make smaller individual investments and have fewer contacts in the banking community. Government programs: Many national and regional governments offer programs to encourage small- and medium-sized businesses. In the United States, the Small Business Administration (SBA) assists small firms by acting as a guarantor of loans made by private institutions for borrowers who may not otherwise qualify for a commercial loan.

Long-term financing sources can be in form of any of the under listed:

- Share Capital or Equity Shares.
- Preference Capital or Preference Shares.
- Retained Earnings or Internal Accruals.
- Debenture / Bonds.
- Term Loans from Financial Institutes, Government, and Commercial Banks.
- Venture Funding.
- Asset Securitization.

Innovative financing

This refers to a range of non-traditional mechanisms to raise additional funds for development aid through "innovative" projects such as micro-contributions, taxes, public-private partnerships and market-based financial transactions.
How do entrepreneurs finance their new ventures? The most successful entrepreneurs turn to the venture capital industry. The entrepreneur brings fresh ideas, management skills, and personal commitment while the venture capitalists (VCs) bring cash. Venture capital is provided by professionals who invest alongside management in young, rapidly growing companies that have the potential to develop into significant ventures.

The venture capital industry in the U.S. has grown to a size that could only be imagined in years past. The venture capital contribution to U.S. jobs, economic growth, and technological progress has climbed steadily over the last few years. Questions of how to raise money, when to raise money, and how to work with venture capitalists are frequent topics of concern with entrepreneurs today. This unit will describe some common sources of capital, provide information about the venture capital market, and offer guidance in approaching the venture capitalists and presenting the business plan.

Growth is an unavoidable fact of successful businesses. Growth due to an increase in sales requires product; in turn, additional product requires inputs like labor, inventory, raw materials, plant, property, and equipment. Since internally generated funds typically won’t meet all expansion needs, most startups depend on outside capital to finance growth. In some instances, the entrepreneur may find that the new business does not begin to earn a profit until 2 or 3 years down the road. The entrepreneur therefore revolves around securing the necessary capital to pioneer a new venture through the “financial Death Valley” and sustain the desired growth rate of the venture.

Financing the fast-growing venture tends be a time-consuming, complex task to the entrepreneur—who is most likely working heads-downs on the daily needs. Typically, financing a new venture employs a combination of debt and equity financing. Debt is presumed to be lower-risk capital because it is repaid according to a set schedule of principal and interest. Debt financing involves an interest-bearing instrument usually called a loan. The payment is only indirectly related to the sales and profits of the new venture and typically, debt financing (also known as asset-based financing) requires some asset—for instance a vehicle, house, or other property/land—that will be used as collateral. Generally, lenders will allow ventures to borrow against their expected ability to generate the cash to repay the loan.

The entrepreneur with a new idea for launching a business, and when turned down by a bank, will often turn to a wealthy individual or several friends to back the business venture. In the U.S. these “angel investors” commit some $30-60 billion per year in small businesses. But before receiving such “angelic support” many questions must first be answered. Certain critical elements must be present in a business plan before the venture will receive financing. And those who wish to be successful in dealing with outside investors should spend the time and effort to understand the objectives of their potential investors. Academic research on this topic has shown that in all too many cases startups don’t get financed because the entrepreneur is not familiar with an investor’s industry preferences, requirements, and specialization; risks, protection against losses; participation in management; or with the investor’s “harvesting options” or “exit goals.”

A good relationship between the entrepreneur and the venture capitalist is a vital element in a successful venture. Understanding this partnership is a necessary first step for the prospective entrepreneur. The entrepreneur must be prepared to compete successfully for the venture capitalists’ dollars. It will be the task of the entrepreneur to select and approach the VC, most often with a complete business plan and strategic focus that supports an oral presentation. The presentation must demonstrate management’s competence in knowing the following: (1) earning power/operating cash flows of the venture, (2) the potential terminal value of the business at exiting, (3) the value of the business model underlying the venture, (4) industry competitors and competitive advantages, and (5) how the management team intends to assess risks and create contingency plans.

When meeting with VCs, the entrepreneurs need to be well prepared and “know their business numbers cold.” Few analytical terms are more widely used and, at the same time, more poorly understood than the term cash flow. The cash flowing into a business venture is not the same as accounting profit. It is important for entrepreneurs to make weekly and monthly projections of cash received and disbursed. Such financial forecasts that relate to the future are called financial pro forma. This forecasting procedure is very difficult and perhaps that is why most entrepreneurs avoid it. As Mark Twain once said: "The art of prophecy is very difficult, especially with respect to the future."

Financial management is the cornerstone of the scorekeeping system for these investing and profit-making activities. A cash flow statement can help the entrepreneur come up with realistic estimates, determine financial requirements, understand the financial strategy framework, and craft a fund-raising strategy. The cash flow statement, also known as the statement of cash flows, is one of the most important financial planning tools that a startup venture can prepare for the business plan. It is used to provide the entrepreneur with a clearer insight into the venture's cash management strategy: where funds come from and how they are disbursed; the amount of cash available; the amount of additional funds needed (AFN) to grow; and the general financial well-being of the new venture.

4.0 Conclusion

While generating business idea, think along the mode of financing such business. Every business needs finance for startup. You do not necessary need huge sum of money to start. Your finance startup may require just a portion of your apartment which could be quantify financially.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Unit 4 Change Management

Contents

1.0 Introduction

Change management is the process, tools and techniques to manage the people side of change to achieve the required business outcome. Change management incorporates the organizational tools that can be utilized to help individuals make successful personal transitions resulting in the adoption and realization of change.

When your organization undertakes projects or initiatives to improve performance, seize opportunities or address key issues, they often require changes; changes to processes, job roles, organizational structures and types and uses of technology. However, it is actually the **employees** of your organization who have to ultimately change how they do their jobs. If these individuals are unsuccessful in their personal transitions, if they don't embrace and learn a new way of working, the initiative will fail. If employees embrace and adopt changes required by the initiative, it will deliver the expected results.

Change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes. While all changes are unique and all individuals are unique, decades of research shows there are actions we can take to influence people in their individual transitions. Change management provides a structured approach for supporting the individuals in your organization to move from their own current states to their own future states.

2.0 Intended Learning Outcomes (ILO)

By the end of this unit, you will be able to manage changes that occur in an enterprise.

3.0 Main Content

Three Levels of Change Management

Individual Change Management

While it is the natural psychological and physiological reaction of humans to resist change, we are actually quite resilient creatures. When supported through times of change, we can be wonderfully adaptive and successful.

Individual change management requires understanding how people experience change and what they need to change successfully. It also requires knowing what will help people make a successful transition: what messages do people need to hear when and from whom, when the optimal time to teach someone a new skill is, how to coach people to demonstrate new behaviours, and what makes changes "stick" in someone's work. Individual change management draws on disciplines like psychology and neuroscience to apply actionable frameworks to individual change.

After years of studying how individuals experience and are influenced in times of change, Prosci developed the ADKAR® Model for individual change. Today, it is one of the most widely used change models in the world.

Organizational/Initiative Change Management

While change happens at the individual level, it is often impossible for a project team to manage change on a person-by-person basis. Organizational or initiative change management provides us with the steps and actions to take at the project level to support the hundreds or thousands of individuals who are impacted by a project.

Organizational change management involves first identifying the groups and people who will need to change as the result of the project, and in what ways they will need to change. Organizational change management then involves creating a customized plan for ensuring impacted employees receive the awareness, leadership, coaching, and training they need in order to change successfully. Driving successful individual transitions should be the central focus of the activities in organizational change management.

Organizational change management is complementary to your project management. Project management ensures your project's solution is designed, developed and delivered, while change management ensures your project's solution is effectively embraced, adopted and used.

Enterprise Change Management Capability

Enterprise change management is an organizational core competency that provides competitive differentiation and the ability to effectively adapt to the ever-changing world. An enterprise change management capability means effective change management is embedded into your organization's roles, structures, processes, projects and leadership competencies. Change management processes are consistently and effectively applied to initiatives, leaders have the skills to guide their teams through change, and employees know what to ask for in order to be successful.

The end result of an enterprise change management capability is that individuals embrace change more quickly and effectively, and organizations are able to respond quickly to market changes, embrace strategic initiatives, and adopt new technology more quickly and with less productivity impact. This capability does not happen by chance, however, and requires a strategic approach to embed change management across an organization

4.0 Conclusion

The society is dynamic. This affect the business environment. Therefore, to remain relevant in your business, you must work with the changes in the society. Change affect the taste and needs of individuals. To manage change, you must recognise the change and find out why the change.

5.0 Summary

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Video

Audio

6.0 References /Further Readings

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Unit 5 Technical Change and Management of Innovation

Contents

1.0 Introduction

It has been determined that more successful change managers are those who have a clear, personal understanding of the pressures on them and their organisations, as well as a well-developed rationale for what theyare attempting to achieve and the likely effect of their actions.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to appreciate the role of, and skills required for, implementing change and innovation

3.0 Main Content

The nature of change and innovation.

Not all changes are of the same order of magnitude. In particular, it is the framing of change, and people's sense-making of it, that comes into play in building effective change and facilitating effective change visions.

Driving change.

The approaches to organisational change that managers need to take into account when planning for or undertaking technology-induced changes. It builds on understanding of what it is that forces an organisation to change, by considering different analytical frameworks for change, followed by a discussion of how change affects innovation and innovation outcomes.

Diagnosing change.

This considers how to better diagnose change situations in order to select the appropriate approach to change and
Innovation. There are a range of diagnostic instruments and views relevant to managing change. We consider questions and answers of how organisations change, bringing together the process aspects of change.

Skills for communicating change. In this Unit we consider the process of building communication strategy and then communicating successful change. Organisations implementing change need to signal this intention to change and create sensitivity to and a sense of urgency for the need to change. Highlighting different communication strategies, consider ways to increase the awareness of change by those involved with the implementation of change strategy, new technology and innovations.

Implementing change: getting ready for change and innovation. Next is to begin examining the implementation of change. Acknowledge the importance of learning from past change processes and managing and deriving value from the organisational knowledge. We look at two ways of segmenting our internal market for the change. We also examine several characteristics of innovations and new technologies that have been shown to affect the likelihood of their being adopted. We also

Analyse the impact of organisational culture and organisational structure.

Implementing change: persuasion, decision, commitment. In the past, change professionals and managers have assumed that people will rationally choose to adopt innovations and new technology to replaceoutmoded systems and technologies. This is often proved to be a false assumption. In this Unit, we look at the areas of commitment, compliance and resistance; stress, pacing and celebration. Finally, we consider some of the most powerful persuaders available: reward and recognition systems.

Implementing change: roll-out and project management. In this we address the basics of the technical side of the process of roll-out. We cover basics of classic project management, and discuss several system conversion strategies and the strengths and weaknesses of each.

Measuring and monitoring change.

The role of the change agent.

We consider how to manage the process of changing an organisation. Specifically, we refer to the role of the change agent. With this focus, we establish that this management role demands an understanding of the impact of changes on the people affected by them. Management of Innovation and Technical Change Program quality assurance

4.0 Conclusion

We have established that change is critical bur managers need to take into account when planning for or undertaking technology-induced changes.

Management role demands an understanding of the impact of changes on the people or affected by them

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

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Module 6 Family Business and Succession Planning

Unit 1 The Concept of Family Business Contents

Contents

1.0 Introduction

In this unit, you are going to learn how family business is managed. Also, you will be able to find answer to whether it is good to have a family business.

2.0 Intended Learning Outcome (ILO)

By the end of this business you will be able to set up and manage family business.

3.0 Main Content

The Concept of Family Business

A family-owned business may be defined as any business in which two or more family members are involved and the majority of ownership or control lies within a family. Family-owned businesses may be the oldest form of business organization. Farms were an early form of family business in which what we think of today as the private life and work life were intertwined. In urban settings it was once normal for a shopkeeper or doctor to live in the same building in which he or she worked and family members often helped with the business as needed.

Since the early 1980s the academic study of family business as a distinct and important category of commerce has developed. Today family owned businesses are recognized as important and dynamic participants in the world economy. According to the U.S. Bureau of the Census, about 90 percent of American businesses are family-owned or controlled. Ranging in size from two-person partnerships to *Fortune 500* firms, these businesses account for half of the nation's employment and half of her Gross National Product. Family businesses may have some advantages over other business entities in their focus on the long term, their commitment to quality (which is often associated with the family name), and their care and concern for employees. But family businesses also face a unique set of management challenges stemming from the overlap of family and business issues.

Issues in family businesses

A family business can be described as an interaction between two separate but connected systems—the business and the family—with uncertain boundaries and different rules. Graphically, this concept can be presented as two intersecting circles. Family businesses may include numerous combinations of family members in various business roles, including husbands and wives, parents and children, extended families, and multiple generations playing the roles of stockholders, board members, working partners, advisors, and employees. Conflicts often arise due to the overlap of these roles. The ways in which individuals typically communicate within a family, for example, may be inappropriate in business situations. Likewise, personal concerns or rivalries may carry over into the work place to the detriment of the firm. In order to succeed, a family business must keep lines of communication open, make use of strategic planning tools, and engage the assistance of outside advisors as needed.

Employment Qualifications

Many family businesses also have trouble determining guidelines and qualifications for family members hoping to participate in the business. Some companies try to limit the participation of people with certain relationships to the family, such as in-laws, in order to minimize the potential for conflicts. Family businesses often face pressure to hire relatives or close friends who may lack the talent or skill to make a useful contribution to the business. Once hired, such people can be difficult to fire, even if they cost the company money or reduce the motivation of other employees by exhibiting a poor attitude. A strict policy of only hiring people with legitimate qualifications to fill existing openings can help a company avoid such problems, but only if the policy is applied without exception. If a company is forced to hire a less-than-desirable employee, analysts suggest providing special training to develop a useful talent, enlisting the help of a non-family employee in training and supervising, and assigning special projects that minimize negative contact with other employees.

Salaries and Compensation

Another challenge frequently encountered by family businesses involves paying salaries to and dividing the profits among the family members who participate in the firm. In order to grow, a small business must be able to use a relatively large percentage of profits for expansion. But some family members, especially those who are owners but not employees of the company, may not see the value of expenditures that reduce the amount of current dividends they receive. This is a source of conflict for many family firms and an added level of difficulty in making the necessary investments into the business for continued success. To ensure that salaries are distributed fairly among family and non-family employees, business leaders should match them to industry guidelines for each job description. When additional compensation is needed to reward certain employees for their contributions to the company, fringe benefits or equity distributions can be used.

Succession

Another important issue relating to family businesses is succession—determining who will take over leadership and/or ownership of the company when the current generation retires or dies. The key to avoiding conflicts about who will take over a business is having a well-defined plan in place. A family retreat, or a meeting on neutral ground without distractions or interruptions, can be an ideal setting to open discussions on family goals and future plans, the timing of expected transitions, and the preparation of the current generation for stepping down and the future generation for taking over. When succession is postponed, older relatives who remain involved in the family firm may develop a preference for maintaining the status quo. These people may resist change and refuse to take risks, even though such an attitude can inhibit business growth. The business leaders should take steps to gradually remove these relatives from the daily operations of the firm, including encouraging them to become involved in outside activities, arranging for them to sell some of their stock or convert it to preferred shares, or possibly restructuring the company to dilute their influence.

Family business leaders can take a number of steps in order to avoid becoming caught up in these common pitfalls. Having a clear statement of goals, an organized plan to accomplish the goals, a defined hierarchy for decision-making, an established plan for succession, and strong lines of communication will help to prevent many possible problems from arising. All family members involved in the business must understand that their rights and responsibilities are different at home and at work. While family relationships and goals take precedence at home, the success of the business comes first at work.

When emotion intrudes upon work relationships, something that happens in all businesses from time to time, and the inevitable conflicts between family members arise, the manager must intervene and make the objective decisions necessary to protect the interests of the firm. Rather than taking sides in a dispute, the manager must make it clear to all employees that personal disagreements will not be allowed to interfere with work. This approach should discourage employees from jockeying for position or playing politics. The business leader may also find it useful to have regular meetings with family members, and to put all business agreements and policy guidelines in writing.

The Planning Process

Strategic planning—centering on both business and family goals—is vital to successful family businesses. In fact, planning may be more crucial to family businesses than to other types of business entities, because in many cases families have a majority of their assets tied up in the business. Since much conflict arises due to a disparity between family and business goals, planning is required to align these goals and formulate a strategy for reaching them. The ideal plan will allow the company to balance family and business needs to everyone's advantage.

Family Planning

In family planning, all interested members of the family get together to develop a mission statement that describes why they are committed to the business. In allowing family members to share their goals, needs, priorities, strengths, weaknesses, and ability to contribute, family planning helps create a unified vision of the company that will guide future dealings.

A special meeting called a family retreat or family council can guide the communication process and encourage involvement by providing family members with a venue to voice their opinions and plan for the future in a structured way. By participating in the family retreat, children can gain a better understanding of the opportunities in the business, learn about managing resources, and inherit values and traditions. It also provides an opportunity for conflicts to be discussed and settled. Topics brought to family councils can include: rules for joining the business, treatment of family members working and not working in the business, role of in-laws, evaluations and pay scales, stock ownership, ways to provide financial security for the senior generation, training and development of the junior generation, the company's image in the community, philanthropy, opportunities for new businesses, and diverse interests among family members. Leadership of the family council can be on a rotating basis, or an outside family business consultant may be hired as a facilitator.

Business Planning

Business planning begins with the long-term goals and objectives the family holds for themselves and for the business. The business leaders then integrate these goals into the business strategy. In business planning, management analyzes the strengths and weaknesses of the company in relation to its environment, including its organizational structure, culture, and resources. The next stage involves identifying opportunities for the company to pursue, given its strengths, and threats for the company to manage, given its weaknesses. Finally, the planning process concludes with the creation of a mission statement, a set of objectives, and a set of general strategies and specific action steps to meet the objectives and support the mission. This process is often overseen by a board of directors, an advisory board, or professional advisors.

Assistance in Planning

A professional family business consultant can be a tremendous asset when confronting planning issues. The consultant is a neutral party who can stabilize the emotional forces within the family and bring the expertise of working with numerous families across many industries. Most families believe theirs is the only company facing these difficult issues, and a family business consultant brings a refreshing perspective. In addition, the family business consultant can establish a family council and advisory board and serve as a facilitator to those two groups.

Advisory boards can be established to advise the company's president or board of directors. These boards consist of five to nine non-family members who meet regularly to provide advice and direction to the company. They too can take the emotions out of the planning process and provide objective input. Advisory board members should have business experience and be capable of helping the business to get to the next level of growth. In most cases, the advisory board is compensated in some manner.

As the family business grows, the family business consultant may suggest different options for the family. Often professional non-family managers or an outside CEO are recruited to play a role in the future growth of the business. Some families simply retain ownership of the business and allow it to operate with few or no family members involved.

The Future of Family Businesses

As Tracy Perman explains in her *Business Week* article entitled "Taking the Pulse of Family Business," two broad trends are visible in the realm of family business as we get comfortable in the 21st Century. First, the aging of the baby boom generation signals a coming ownership change for many family businesses within the next ten years. Second, more and more of these businesses will be taken over by women, continuing a trend that has been visible since the turn of the century. Perman goes on to highlight some statistics about women owned family businesses that makes this trend towards female ownership seem quite positive. Recent studies have shown, Perman explains, that "women-owned businesses were more likely to focus on succession planning, have a 40 percent lower rate of family-member attrition, tend to be more fiscally conservative, and carry less debt than male-owned businesses."

Some family-owned businesses are finding that it is no longer assumed that children will wish to take over a family business. If the founders of a firm wish to keep it in the family's hands, they should be sure to take proactive measures to attract future generations to the business.

- Expose family members to all aspects of the business, including employees, customers, products, and services.
- Define the business's attractive qualities in terms that will appeal to the listener.
- Recognize those factors that have the potential to dissuade family members from staying involved in the business. These factors can range from personal interests that lie in other areas to conflicts with other family members.
- Reward family members who decide to join or stay with the family business. The 'price' successors pay to join and operate a family business may include giving up career options that they find financially and personally attractive. It may seem to a new family member coming into a family business that he or she is suffering a loss of privacy. Conflicts may arise between parent and child when their management styles conflict. A business may make compromises—such as making it possible for the successor to spend more time with his or her family or hiring an interim senior manager to buffer conflicts between parent and child. But the company's 'cost' and the successor's 'price' must be affordable to both.
- Give family members outlets to explore their ideas, interests, and concerns.

The rewards of a family-owned business are many as are the challenges. Those family members who manage the family business should enjoy the business itself if they are to be successful and pass along a sense of enthusiasm for the business when the time comes for them to hand over the reins.

4.0 Conclusion

Family businesses may have some advantages over other business entities in their focus on the long term, their commitment to quality (which is often associated with the family name), and their care and concern for employees. But family businesses also face a unique set of management challenges stemming from the overlap of family and business issues. Strategic planning—cantering on both business and family goals—is vital to successful family businesses

5.0 Summary

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Video

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Unit 2 The Cultural Contexts of Family Business

Contents

1.0 Introduction

Apart from understanding culture as how it affect our style of living with one another, it is also important to know how culture can affect your business, especially in family business. In this unit, you are going to learn more of this.

2.0 Intended Learning Outcomes (ILO)

By the end of this unit, you will be able to describe and manage cultural values in family business.

3.0 Main Content

Definition of Culture

The elephant tale tells the story of five blind men who, willing to learn, meet the animal in order to understand it. No one is able to see the animal – after all they´re all blind –, but they begin to examine the elephant through the four senses left. Each blind faces a different part of the animal and for each part, distinct is the interpretation as well. The elephant is comprehended through diverse perspectives that, although fragmented and far from the animal in its wholeness, correspond to the individual parts. The tale was used by Mintzberg, Ahlstrand and Lampel (2010) as a metaphor to understanding the strategy process. The five blind play the role of humanity, eager to understand but unable to see the phenomenon in its entirety. In turn, the elephant represents the strategic process: large, complex and susceptible to various interpretations. It seems quite appropriate to adapt the metaphor to the culture theme as well. The focus of the new discipline was, through the study of the different – the native, non-European, isolated in remote corners of the world –,to understand what characterizes humanity itself.

Family businesses are one of the dominant entrepreneurial forces in today's global economy but their poor survival rate is a continuing source of concern all over the world. They are culture specific and researchers need to consider the way in which culture may be impacting positively or negatively on them as firm's culture has a relatively weak influence on an individual's core culture beliefs and value

Organizational culture is an important strategic resource that family firms can use to gain a competitive advantage. Drawing upon the resource–based view of the firm, this study examines the association between four dimensions of organizational culture in family vs. non–family businesses and entrepreneurship. Using data from 536 U.S. manufacturing companies, the results show a nonlinear association between the cultural dimension of individualism and entrepreneurship. Further, there are positive linear relationships between entrepreneurship and an external orientation, an organizational cultural orientation toward decentralization, and a long– versus short–term orientation. With the exception of an external orientation, each of these dimensions is significantly more influential upon entrepreneurship in family firms when compared with non–family firms.
However, family businesses, and the nexus of family and work, have recently become topics of significant preoccupation in the academic literature, owing largely to changes in the demographic composition of workforces and the demands that these changes place on the reorganization of all constituencies of life

The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families'. Family and family culture are usually deployed to invoke positive associations of unity, integration, harmony and loyalty. Arguably, the family unit as the source of belonging and trust can allow the organization to function collectively for the common good. But again, the family can serve as an arena of exploitation, in which certain members are exploited. Such exploitation and inequality may cut across the fault lines of gender, ethnicity, class, disability and age, among other social categories.

With respect to control, power relations and resistance, family business context may be rather hierarchical, repressive and paternalistic, representing contradictions and negative implications for equality and diversity.

4.0 Conclusion

From all intents and purposes, the family business is a business governed with the objective to shape and pursue the vision of the business held by a dominant alliance controlled by members of the same family in a manner that is potentially sustainable across generations of the family. Consequently, family and family culture are usually deployed to invoke positive associations of unity, integration, harmony and loyalty. Arguably, the family unit as the source of belonging and trust can allow the organization to function collectively for the common good.

5.0 Summary

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Karofsky, Paul. "Can Business Bring a Family Together?" Business Week. 22 February 2006.

Unit 3 Roles and Relationship in Family Business

Contents

1.0 Introduction

In a family business, every member of the business has a role being you a family member or not. One may want to know how a member of a family in a family business may conduct his/her self. In this unit, you will learn how members of family will behave in handing a family business.

2.0 Intended Learning Outcomes (ILO)

By the end of this unit, you will be able to identify the roles of members in a family business.

3.0 Main Content

Roles & Relationships

Family is all about relationships. Business is, too. Partner, boss, mentor, assistant, colleague… and, of course, customers. When family members work together, however, the roles they have in one setting can be quite different than the roles they have in the other. This mixing of relationships is one of the reasons why managing a family business can be such a delicate art. It's a balance of emotion and objectivity, of personal and business, of unconditional love and workplace performance. We already know that relationships take work. That's especially true in relationships that do double duty in the family and in the workplace.
These articles provide information on the ways family members can work together in businesses, balance the demands of business and family, and create a happier, healthier family dynamic.

Family Versus Non-Family Employees

There are a number of common issues that most family businesses face at one time or another. Attracting and retaining non-family employees can be problematic because such employees may find it difficult to deal with family conflicts on the job, limited opportunities for advancement, and the special treatment sometimes accorded family members. In addition, some family members may resent outsiders being brought into the firm and purposely make things unpleasant for non-family employees. But outsiders can provide a stabilizing force in a family business by offering a fair and impartial perspective on business issues. Family business leaders can conduct exit interviews with departing non-family employees to determine the cause of turnover and develop a course of action to prevent it.

4.0 Conclusion

Ultimately, family is all about relationships. Business is, too. Partner, boss, mentor, assistant, colleague… and, of course, customers. When family members work together, however, the roles they have in one setting can be quite different than the roles they have in the other. This mixing of relationships is one of the reasons why managing a family business can be such a delicate art. It's a balance of emotion and objectivity, of personal and business, of unconditional love and workplace performance

5.0 Summary

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Unit 4 Ownership Transfer and Succession in Family Business

Contents

1.0 Introduction

It comes a time when the business creator or innovator go to the world beyond. The departure of a business owner could put the business into jeopardy if there is no adequate arrangement in terms of succession. So, as to be business owner it is important to know how family businesses are planned to ensure sustainability.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to plan succession of a family business.

3.0 Main Content

Succession Planning In Family Business

Every business and ownership group will change, but passing a family business to the next generation is a process fraught with challenges. Family business leaders face the difficult decisions of when, how and to whom to pass on the reins with the least harm to business and family.

Contrary to popular assumption this is not a process that happens naturally or without planning. The succession of family business to the second generation can leave people feeling uneasy, vulnerable and prone to conflict. This is why it is critical to give attention to ownership, management, and leadership succession to make this process less stressful, more manageable and the outcome successful

Succession Planning

Succession planning involves deciding who will lead the company in the next generation. Unfortunately, less than one-third of family-owned businesses survive the transition from the first generation of ownership to the second, and only 13 percent of family businesses remain in the family over 60 years. Problems making the transition can occur for any number of reasons: 1) the business was no longer viable; 2) the next generation did not wish to continue the business, or 3) the new leadership was not prepared for the burden of full operational control. Lack of planning, however, is by far the most common underlying reason for a company to fail in the generational transition. At any given time, a full 40 percent of American firms are facing the succession issue, yet relatively few make succession plans. Business owners may be reluctant to face the issue because they do not want to relinquish control, feel their successor is not ready, have few interests outside the business, or wish to maintain the sense of identity they have for so long gotten from their work.

But it is vital that the succession process be carefully planned before it becomes necessary due to the owner's illness or death. Family businesses are advised to follow a five-stage process in planning for succession: initiation, selection, education, finance preparation, and transition.

- In the initiation phase, possible successors are introduced to the business and guided through a variety of work experiences of increasing responsibility.
- In the selection phase, a successor is chosen and a schedule is developed for the transition. Analysts almost unanimously recommend that the successor be a single individual and not a group of siblings or cousins. To some degree, by selecting a group, the existing leadership is merely postponing the decision or leaving it to the next generation to sort out.
- During the education phase, the business owner gradually hands over the reigns to the successor, one task at a time, so that he or she may learn the requirements of the position.
- Finance preparation involves making arrangements so that the departing management team can withdraw funds enough to retire. The more time is used in preparing for the financial implications of this transition the more likely a business will be able to avoid being burdened in the process.
- In the transition phase, the business changes hands—the business owner removes himself or herself from the daily operations of the firm. This final stage can be the most difficult, as many entrepreneurs experience great difficulty in letting go of the family business. It helps when the business owner establishes outside interests, creates a sound financial base for retirement, and gains confidence in the abilities of the successor.

Estate Planning

Estate planning involves the financial and tax aspects of transferring ownership of the family business to the next generation. Families must plan to minimize their tax burden at the time of the owner's death so that the resources can stay within the company and the family. Unfortunately, tax laws today provide disincentives for families wishing to continue the business. Heirs are taxed upon the value of the business at a high rate when ownership is transferred. Due to its

complexity, estate planning is normally handled by a team of professional advisors who include a lawyer, accountant, financial planner, insurance agent, and perhaps a family business consultant. An estate plan should be established as soon as the business becomes successful and then updated as business or family circumstances change.
One technique available to family business owners in planning their estate is known as "estate freeze." This technique enables the business owner to "freeze" the value of the business at a particular point in time by creating preferred stock, which does not appreciate in value, and then transferring the common stock to his or her heirs. Since the majority of shares in the firm are preferred and do not appreciate, estate taxes are reduced. The heirs are required to pay gift taxes, however, when the preferred stock is transferred to them.

A variety of tools are available that can help a business owner defer the transfer taxes associated with handing down a family business. A basic will outlines the owner's wishes regarding the distribution of property upon his or her death. A living trust creates a trustee to manage the owner's property not covered by the will, for example during a long illness. A marital deduction trust passes property along to a surviving spouse in the event of the owner's death, and no taxes are owed until the spouse dies. It is also possible to pay the estate taxes associated with the transfer of a family business on an installment basis, so that no taxes are owed for five years and the remainder are paid in annual installments over a ten-year period. Other techniques exist that allow business owners to exclude some or all of their assets from estate taxes, including a unified credit/exemption trust, a dynamic trust, and an annual exclusion gift. Since laws change frequently, retaining legal assistance is highly advisable.

Step in Planning

1. Establishing Goals & Objectives

Identify the need for a succession plan.
Develop the vision, goals, and objectives of the business.
Determine the importance of family involvement in leadership and ownership of the company.
Establish personal retirement goals and cash flow needs.
Identify family members' goals.
Determine the need for an outside facilitator.
Establish team of professional advisors (attorney, CPA, bankers, financial advisors, insurance specialist).

2. Decision Making

Involve family members in the decision making process.
Establish a method for dispute resolution.
Document the succession plan in writing.

Communicate your succession plan to family/stakeholders.

3. Successors

Identify your successors – both managers of the company and owners of the business.
Identify active and non-active roles for all family members.
Identify required training for the successor(s).
Provide necessary training to the successor to ensure the future of the business.
Will the retiring owner remain involved in the business? If so, define the role.
Provide counsel and support to successors.

4. Estate Planning

Address taxation implications to the owner/business upon sale or transfer of ownership.
Does your estate have enough liquidity to pay for estate taxes?
Have you considered a buy sell agreement?
Develop estate and personal financial plan for owner, spouse and succeeding generation.
Provide for active and non-active family members (consider providing non-dealer related assets to non-active family members). Will non-active family members receive an equitable share of assets?

5. Consider the Transfer Methods and Corporate Structure

Various options should be generated and considered to address as many family and business needs as possible. At a minimum, one needs to consider the following and document your conclusion:

• Method of transfer may include outright purchase, gift/bequest, or a combination thereon.
• If the business is to be purchased, financing options need to be considered, including financing from an external party or will the previous owner hold the loan.
• If the business will be purchased, ensure the business can generate adequate after-tax cash flows to support debt and interest payments.
• Tax strategies and implications.
• Legal implications.
• Business structure options (e.g. sole proprietorship, partnership, corporation, etc.)
• Business agreements.
• Insurance needs (health, life, disability, etc.) have been considered.

6. Contingency Planning

Identify potential problem areas.
Dispute/conflict resolution mechanisms have been considered and addressed in business agreements.
Develop "what if" scenarios including action plans (including possible disability of yourself and your successor).
Do you have a plan in case you become permanently disabled?

7. Business valuation

Obtain appraisal to determine fair market value of business and real estate.
8. Exit Strategy

Determine method of transfer.
Establish a timeline for implementation of the succession plan.
Publish the plan so that affected individuals are aware.
Communicate regularly with all affected parties.

9. Implementation / Follow-Up

A timetable has been established and is being followed.
Review the plan on a regular basis and update as necessary.

10. Document maintenance

At a minimum, the all the following current documents are maintained in a file:

• Legal will.
• Power of attorney(s).
• Property deeds/titles, leases, rental agreements etc.
• Mortgages and notes payable.
• Tax returns, financial records and financial statements for last five years.
• Bank, brokerage, savings and retirement account information.
• Contact listing of all professional service advisors.

4.0 Conclusion

But it is vital that the succession process be carefully planned before it becomes necessary due to the owner's illness or death. Family businesses are advised to follow a five-stage process in planning for succession: initiation, selection, education, finance preparation, and transition.

In the initiation phase, possible successors should be introduced to the business and guided through a variety of work experiences of increasing responsibility to minimize unnecessary rancour at a later stage. Due to its complexity, estate planning should normally handle by a team of professional advisors who include a lawyer, accountant, financial planner, insurance agent, and perhaps a family business consultant. An estate plan should be established as soon as the business becomes successful and then updated as business or family circumstances change

Discussion Forum

1. Identify and interview an entrepreneur who is running a family business with focus on planning, succession and management of the business. Share your findings on the discussion page.
2. On the discussion page, choose two posts by your colleagues, state their names and analyse their posts with themes – planning, succession and management of the family business presented.

5.0 Summary

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Video

Audio

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Module 7 Women Entrepreneurship

Unit 1 The Concept of Women Entrepreneurship

Contents

1.0 Introduction

Before now, women were mostly known to be in the kitchen and their kind of business was only in trading. But today, women have place in business. You will learn more in this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to describe the concept of women in business.

3.0 Main Content

Concept and Functions

Women entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. It is based on women participation in equity and employment of a business enterprise.It is a general belief in many cultures that the role of women is to build and maintain the homely affairs like task of fetching water, cooking and rearing children. Since the turn of the century, the status of women in India has been changing due to growing industrialization, urbanization, spatial mobility and social legislation. With the spread of education and awareness, women have shifted from kitchen to higher level of professional activities. Entrepreneurship has been a male-dominated phenomenon from the very early age, but time has changed the situation and brought women as today's most memorable and inspirational entrepreneurs. In almost all the developed countries in the world women are putting their steps at par with the men in the field of business. Except some Islamic countries of the world the law of the country has been made in favour of the development of women entrepreneurship

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as "a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life."

Women Entrepreneur is not different from the concept of Entrepreneur, all the concept characteristics & functions are applicable to Women Entrepreneur. Role of women in family & society is changing very fast. Those days are gone where typically women are expected to look after household activities change in various social aspect like an equal treatment to women, no discrimination among male & females availability of equal opportunities to work in any field slowly these changes have forced her to become more competitive & also encouraged into business operations.

In nutshell, women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise.

Functions of Women Entrepreneurs:

As an entrepreneur, a woman entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, and determination of forms of business organization, completion of promotional formalities, raising funds, procuring men, machine and materials, and operation of business.

Frederick Harbison (1956) has enumerated the following five functions of a woman entrepreneur:

1. Exploration of the prospects of starting a new business enterprise.
2. Undertaking of risks and the handling of economic uncertainties involved in business.
3. Introduction of innovations or imitation of innovations.
4. Coordination, administration and control.
5. Supervision and leadership.

The fact remains that, like the definition of the term ‘entrepreneur’, different scholars have identified different sets of functions performed by an entrepreneur whether man or women.

All these entrepreneurial functions can be classified broadly into three categories:

(i) Risk-bearing
(ii) Organization
(iii) Innovations

4.0 Conclusion

Women Entrepreneur is not different from the concept of Entrepreneur, all the concept characteristics & functions are applicable to Women Entrepreneur. It is a general belief in many cultures that the role of women is to build and maintain the homely affairs like task of fetching water, cooking and rearing children. But since the turn of the century, the status of women has been changing due to growing industrialization, urbanization, spatial mobility and social legislation. With the spread of education and awareness, women have shifted from kitchen to higher level of professional activities Role of women in family & society is changing very fast. So, a woman entrepreneur has also to perform all the functions involved in establishing an enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

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Unit 2 Role Orientation and Women Entrepreneurial Aspirations

Contents

1.0 Introduction

This unit will introduce you to the role of women in business.

2.0 Intended Learning Outcomes (ILOs)

By the end of this unit, you will be able to describe the role of women in business.

3.0 Main Content

The dialogue has become too negative, degrading, and hostile toward women. Too often people in the public sphere, on social media, and in our everyday lives personally attack women with whom they disagree. By objectifying, mocking, dismissing, and degrading women's appearances or backgrounds, they seek to delegitimize their qualifications and distract from their ideas.All women should be treated with respect. Fear of being shamed, mocked, or silenced should have no place in the national debate. Join the movement to encourage respectful, diverse, and thoughtful conversations. No woman should be afraid to share her thoughts and beliefs. We encourage everyone to show respect for others who disagree with them and ask that they be given the same in return.

The only way to achieve real, lasting change is to come together as a unified force. We have a network of supporters and STAND or ARE ready to take on anyone who tries to tear down or shut up women.Enterprising new firms drive economic growth, and women around the world are important contributors to that growth. As entrepreneurs, they seize opportunities, develop and deliver new goods and services and, in the process, create wealth for themselves, their families, communities, and countries. This volume explores the role women entrepreneurs play in this economic progress, highlighting the challenges they encounter in launching and growing their businesses, and providing detailed studies of how their experiences vary from country to country.

Enterprising new firms drive economic growth, and women around the world are important contributors to that growth. As entrepreneurs, they seize opportunities, develop and deliver new goods and services and, in the process, create wealth for themselves, their families, communities, and countries. This volume explores the role women entrepreneurs play in this economic progress, highlighting the challenges they encounter in launching and growing their businesses, and providing detailed studies of how their experiences vary from country to country.

Statistics show that businesses owned by women tend to remain smaller than those owned by men, whether measured by the number of employees or by the size of revenues. Because women-led firms fail to grow as robustly, the opportunities to innovate and expand are limited, as are the rewards. Based on recent studies that examine the links between entrepreneurial supply and demand issues, this volume provides insights into how women around the world are addressing the challenges of entrepreneurial growth. The first set of chapters consists of country overviews and provides discussions of the state of women growing businesses. The second set of chapters describes research projects under way in different countries and explores more focused topics under the umbrella of women business owners and business growth. The volume concludes with an agenda and projects for future research. Academics and policymakers will gain a greater understanding of women's entrepreneurial behaviours and outcomes through this path-breaking volume. Those who support women through education and training, policymaking, or providing entrepreneurial resources will also find the volume of great practical interest.

4.0 Conclusion

Enterprising new firms drive economic growth, and women around the world are important contributors to that growth despite their dual responsibilities as family custodianship. As entrepreneurs, they seize opportunities, develop and deliver new goods and services and, in the process, create wealth for themselves, their families, communities, and countries.

5.0 Summary

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Unit 3 Contributions of Women to National Socio-Economic and Human Development

Contents

1.0 Introduction

Are the contribution of women different from that of men in business? This is the big question that will be classified in this unit. Before now people attribute some kind of business to men and others to women. Today, such classification seems to be giving way. Find out more as your read.

2.0 Intended Learning Outcome

By the end of this unit, you will be able to evaluate the role of women in business.

3.0 Main Content

Socio-economic development is the process of social and economic development in a society. Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment.The concern for 'women in development' or 'women progress' and 'women participation' in national activities as par the men is not only a street slogan in Nigeria but a governmental struggle and popularised programme.

The contributions of women in National Development were beyond agriculture and household duties Firstly, the uncertainty of the new urban system which saw only the men who were known to be the accredited family bread winners ventured out while women and children remained in the villages to look after the homes and farms. This earlier contact with the colonial work system put the men in an advantageous position to acquire all the relevant skills before some women. Secondly, there was the existing cultural belief that the responsibilities of the women do not extend beyond the houses, the farm and market. Women who ventured to project themselves beyond these sectors were suspected to have easy virtue tendencies and were despised in the communities. This fact also delayed the education of women or girl children, therefore, seeing them as not having the necessary skill, to function in the colonial urban system. At that stage what became known as modern and mechanisms for prop.

When it became difficult for the men alone to sustain the family it became imperative for the woman to earn some income. The port of call due to her lack of skills and education was the market- for trading while their husbands engaged in 'government work'. Today in Nigeria for example male nurses are endangered species. This also applied to teaching which except in the technical colleges and the universities male teachers are on minority. The delayed incursion of women into other male dominated jobs such as management positions in the public and private sectors and lectureship position in University was as a result of socio-economic prejudices associated with university educated woman. Soon after women diversified into professional areas such as medicine, law, accountancy, politics, engineering, power sharing and decision making. Since then women have never relented but are making waves in all spheres of life. Today, women are present in all occupations in Nigeria, Africa and the world.Women have proved very capable of effective representation over the years. What is left is policy re-thinking to integrate women into the main stream of national decision-making.

4.0 Conclusion

Even though we have many successful Women Entrepreneurs in our country, but as we have a male dominated culture there are many challenges which women entrepreneurs face from family & Society. The role of Women entrepreneur in economic development is also being recognized and steps are being taken to promote women entrepreneurship. Resurgence of entrepreneurship is the need of the hour emphasizing on educating women strata of population, spreading awareness and consciousness among women to outshine in the enterprise field, making them realize their strengths, and important position in the society and the great contribution they can make for their industry as well as the entire economy. Women entrepreneurship must be moulded properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and be competent enough to sustain and strive for excellence in the entrepreneurial arena. Women have proved very capable of effective representation over the years. What is left is policy re-thinking to integrate women into the main stream of national decision-making.

5.0 Summary

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Unit 4 Barriers to Women Entrepreneurial Practice

Contents

1.0 Introduction

Though women are up and doing today in business, there are barriers that still inhibit their productivity in business. Such barriers will be discuss in this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to solve the foreseen barriers constraining women in business.

3.0 Main Content

Some of the problems faced by women entrepreneurs

1. Problem of Finance:

Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts.

Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited.

Secondly, the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business. Given such situation, women entrepreneurs are bound to rely on their own savings, if any and loans from friends and relatives who are expectedly meager and negligible. Thus, women enterprises fail due to the shortage of finance.

2. Scarcity of Raw Material:

Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other. The failure of many women co-operatives in 1971 engaged in basket-making is an example how the scarcity of raw material sounds the death-knell of enterprises run by women (Gupta and Srinivasan 2009).

3. Stiff Competition:

Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.

4. Limited Mobility:

Unlike men, women mobility in Nigeria is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion. Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.

5. Family Ties:

In Nigeria, it is mainly a women's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business.

Support and approval of husbands seem necessary condition for women's entry into business. Accordingly, the educational level and family background of husbands positively influence women's entry into business activities.

6. Lack of Education:

In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates one type or other problems for women in the setting up and running of business enterprises.

7. Male-Dominated Society:

Male chauvinism is still the order of the day in India. The Constitution of Nigeria speaks of equality between sexes. But, in practice, women are looked upon as weak in all respects. Women suffer from male reservations about a women's role, ability and capacity and are treated accordingly. In nutshell, in the male-

dominated Indian society, women are not treated equal to men. This, in turn, serves as a barrier to women entry into business.
8. Low Risk-Bearing Ability:

Women in Nigeria lead a protected life. They are less educated and economically not self-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.

In addition to above problems, inadequate infrastructural facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.

4.0 Conclusion

Challenges & Problems Women Entrepreneurs Face are enormous but not insurmountable. Times have changed though, and currently, women are at the helm of businesses globally despite the challenges they have had to face as opposed to their male counterparts.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

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Discussion Forum

From your opinion, is there a different between women and men entrepreneurs? Post your view on the discussion page.

Module 8 Social Entrepreneurship

Unit 1 The Concept of Social Entrepreneurship

Contents

1.0 Introduction

When you mention entrepreneurship, what easily come to most people mind is learning a vocation such as baking, cloth making, block making and the like. To think further some will look at production which might come in form of creativity and innovation. Services rendered are often kept silent. This is where social entrepreneurship comes in.

2.0 Intended Learning Outcome

By the end of this unit, you will be able to explain the concept of entrepreneurship.

3.0 Main Content

Social entrepreneurship is the use of startup companies and other entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs.

Social entrepreneurship is important because it provides a framework for businesses to find their own success in the pursuit of helping others.

Social entrepreneurship is important because it provides a framework for businesses to find their own success in the pursuit of helping others. Thus, business should aim to generate profits and help society.

Types of Social Entrepreneurship

Community Project.
Non-profit Organization.
Co-operative.
Social Enterprise.
Social Purpose Business.

Role and Importance of Social Entrepreneurship for Sustainable Rural Development

Social economy and social entrepreneurship are a subject of special consideration, particularly in recent years. This is due to their potential to find solutions to society's problems related to the creation of sustainable jobs, facilitating social and labor integration, provision of social services and improving the quality of life, including the fight against poverty and social exclusion. The social enterprise is identified as a key component of the civil society and the European social model. Social enterprises are an integral part of the wider civil society and a major component of the social economy sector, which is politically and financially supported in its entirety by the European policy. Presented study aims to examine the conditions for development of social entrepreneurship - framework and peculiarities in development in Bulgaria, focusing on its opportunities for sustainable rural development in the context of capacity building and measures to encourage social enterprises and to promote social entrepreneurship in rural regions for sustainable development. Social entrepreneurship is discussed as a sustainable business model and a tool to achieve sustainable development through the opportunities it provides and approaches through which it addresses social and environmental problems, reinvesting profits from business activities to achieve goals related to social transformation and social marketing. The object of study are rural areas to which sustainable development social entrepreneurship can contribute, seen in the context of the strategic objectives at European and national level for balanced and sustainable territorial development, which requires application of new approaches and instruments in capacity building.

The Importance of Social Entrepreneurship for Development

1. Employment Development

The first major economic value that social entrepreneurship creates is the most obvious one because it is shared with entrepreneurs and businesses alike: job and employment creation.

2. Innovation / New Goods and Services

Social enterprises develop and apply innovation important to social and economic development and develop new goods and services. Issues addressed include some of the biggest societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuse which, importantly, are confronted in innovative ways.

3. Social Capital

Next to economic capital one of the m
Most important values created by social entrepreneurship is social capital (usually understood as “the resources which are linked to possession of a durable network of ... relationships of mutual acquaintance and recognition").

4. Equity Promotion

Social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization.

Self-Assessment Exercise

Why does your business exist – to serve only the shareholders or all the stakeholders?

Feedback

To make profit?

4.0 Conclusion

Social enterprises should be seen as a positive force, as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial stress.

5.0 Summary

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Unit 2 Social Entrepreneurship and Value Creation

Contents

1.0 Introduction

In this unit, you will learn how value can be created through social entrepreneurship.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to create value through identified social entrepreneur.

3.0 Main Content

To start the two extremes of this continuum will be discuss, but focus most of our discussion on socio-economic value creation, the arena in which both economic and social value are considered. It is this combined value creation process that an SROI analysis attempts to measure.

Economic Value

Economic value is created by taking a resource or set of inputs, providing additional inputs or processes that increase the value of those inputs, and thereby generate a product or service that has greater market value at the next level of the value chain. Examples of economic value creation may be seen in the activities of most for-profit corporations, whether small business, regional or global. Measures of economic value creation have been refined over centuries, resulting in a host of econometrics, including return on investment, debt/equity ratios, price/earnings and numerous others. These measures form the basis for analyzing most economic activity in the world.

Social Value

Social Value is created when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole. It is in this arena that most nonprofits justify their existence, and unfortunately it is at this level that one has the most difficulty measuring the true value created. Examples of social value creation may include such “products” as cultural arts performances, the pleasure of enjoying a hike in the woods or the benefit of living in a more just society. To quote J. Gregory Dees again, Social Value is “about inclusion and access. It is about respect and the openness of institutions. It is about history, knowledge, a sense of heritage and cultural identity. Its value is not reducible to economic or socio-economic terms”. Social value can be found in anti-racism efforts, some aspects of community organizing, animal rights advocacy and folk art. It has intrinsic value, but can be difficult to agree upon or quantify.

Frameworks for the Measurement of Socio-Economic Value

We have already stated that measures of economic value are standardized and support the basis for most economic activity in the world. And we have also acknowledged that in the social value arena there are factors that are indeed beyond measurement, yet clearly are of value and worth affirming. In between these two poles of value creation lies socio-economic value.

Socio-economic value builds on the foundation of economic value creation by attempting to quantify and incorporate certain elements of social value. An entity creates socio-economic value by making use of resources, inputs, or processes; increasing the value of these inputs, and by then generating cost savings for the public system or environment of which the entity is a part. These cost savings are potentially realized in decreased public dollar expenditures and partially in increased revenues to the public sector, in the form of additional taxes.

Examples of activities that generate socio-economic value are supported employment programs for the disabled or homeless, job training programs or other initiatives that provide employment for those presently receiving public support and divert individuals away from public systems and toward private markets. We posit that value creation in this arena can be measured using a social return on investment metric, social earnings calculations and other evolving metrics. While not the focus of REDFworkshop.org, variations on an SROI metric may also be applied to environmental, educational and other areas of interest and activity to the nonprofit sector.

In this context, it is important to understand that the core SROI analysis does not attempt to definitively quantify and capture all aspects of the benefits and value that accrue as a result of a successful program, but rather to identify direct, demonstrable cost savings or revenue contributions that result from that intervention. And, with that documentation in place, an SROI analysis argues that the nonprofit should be at least partially compensated and/or credited for the value it creates in the marketplace. Public sector “pay for performance” and other trends are a move in this direction, but need to be taken one step further, with social impacts being tied back to the “investment” required to achieve such impacts.

While the SROI framework presented on this site focuses primarily upon the creation of metrics by which to quantify socio-economic value, the reader should note that there are additional efforts to track much more than the value of cost savings to the public system. Some sorial enterprises are also tracking an array of other factors including such challenging areas as shifts in personal self-esteem — factors that fall mainly within the category of social value.

In the same way that an informed investor does not simply look at a single number in order to understand the worth of a particular investment, REDF encourages those involved in the application of an SROI analysis to seek out and use other tools with which to understand the value being created by a particular organization in which one has invested or is considering an investment. By combining a socio-economic measure of value with other measures, one may then begin to understand the full return being leveraged for participants, stakeholders and society at large.

Finally, an SROI analysis is not simply a traditional form of cost/benefit analysis documenting that for every dollar spent on "X," "Y" number of dollars are saved. Rather, it analyzes both the cost savings generated by any given social program and the effects of investing limited "social funds" in one form of social activity as opposed to another, with varying costs of capital. The REDF SROI analysis potentially may include views of both the cost of that investment and the relative return generated by competing investment opportunities in the nonprofit capital market.

Social return on investment (**SROI**) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of investments.

What factors go into calculating social return on investment (SROI)?
By Jean Folger

Social return on investment (SROI) is a method for measuring values that are not traditionally reflected in financial statements, including social, economic and environmental factors, which can identify how effectively an organization uses its capital and other resources to create value for the community. While a traditional cost-benefit analysis is used to compare different investments or projects, SROI is used more to evaluate the general progress of certain developments, showing both the financial and social impact of the corporation.

SROI is useful to corporations because it can improve program management through better planning and evaluation; increase the corporation's understanding of their impacts; and allow better communication regarding the value of the corporation's work (both internally and to external stakeholders).

Philanthropists, venture capitalists, foundations and other non-profits may use SROI to monetize the social impact, in financial terms.
A general formula used to calculate SROI is as follows:

SROI = (social impact value – initial investment amount) / initial investment amount *100%
Assigning a dollar value to the social impact can present problems, and various methodologies have been developed to help quantify impact. The Analytical Hierarchy Process (AHP), for example, is one method that converts and organizes qualitative information into quantitative values.

While the approach varies depending on the program that is being evaluated, there are four main elements that are needed to measure SROI:

- Inputs – resources investment in your activity (such as the costs of running a job readiness program)
- Outputs – the direct and tangible products from the activity (for example, the number of people trained)
- Outcomes – the changes to people resulting from the activity (i.e., new jobs, better income, improved quality of life for the individuals; increased taxes and reduced support for the government)
- Impact – the outcome less an estimate of what would have happened anyways (for example, if 20 people got new jobs but 5 of them would have anyways, the impact is based on the 15 people who got jobs as a result of the job readiness program)

4.0 Conclusion

Socio-economic value builds on the foundation of economic value creation by attempting to quantify and incorporate certain elements of social value. An entity creates socio-economic value by making use of resources, inputs, or processes; increasing the value of these inputs, and by then generating cost savings for the public system or environment of which the entity is a part. These cost savings are potentially realized in decreased public dollar expenditures and partially in increased revenues to the public sector, in the form of additional taxes.

5.0 Summary

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Unit 3 The Roles of Non-governmental Organizations in Social Entrepreneurship

Contents

1.0 Introduction

Services are not only rendered by individuals. Services can also be rendered by government and non-governmental organisations. In this unit, you are going to learn about social entrepreneurship as provided by non-governmental organisations.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to create social entrepreneurship from non-governmental organisations.

3.0 Main Content

Why NGOs Should Care About Social Entrepreneurship

Perhaps the most important question about social entrepreneurship for NGOs to ask is why Entrepreneurs should be interested in social entrepreneurship to begin with?

If the answer to this question remains unclear, then an NGO that tries to incorporate social enterprise into their work is merely following a current trend.

Therefore, a next step for an NGO interested in social entrepreneurship is to determine just what potential benefits it could bring. For this reason, we have listed several of the largest and most common benefits of social entrepreneurship for NGOs below:

Financial sustainability and autonomy.

As mentioned in the introduction to this paper, social entrepreneurship can lead to programs, products or services that provide new revenue streams for an organization.

In addition, since this revenue is not donor-provided, it is discretionary, and can provide greater financial autonomy for an organization.

Both financial autonomy and development of a mass base as key features NGOs should seek to increase their political development capacity.

Reduction in costs of already-provided services.

Not all social enterprise has to be providing something new, and can be just as beneficial if it takes an old method of service delivery and improves upon its efficiency and/or reduces its cost. A popular example of social entrepreneurship applied to a pre-existing program is the use of microfinance in malaria net distribution programs in Africa and India, which did not change the nets or the expected health outcome, but instead found a more efficient way to get nets to those who truly valued them in multiple remote locations at once.

Innovations in management and organizational structure.

Like any sector, there is a predominant culture to NGDOs and the professionals that run them. Traditionally this has been a culture that contrasts with the culture of the private-sector. However, social entrepreneurship has shown that there are potential benefits and innovations for an organization that incorporates some lessons from the private sector.

A stronger connection to the local economy

Fisher argues that NGOs' involvement in private sector development, specifically microenterprises, can have two important benefits for local society. First, she argues for "the habits of participation and empowerment necessitated by creating a business feed back into the political system." Second, she believes that "this convergence between NGOs and informal for-profit enterprises offers some promise for building a different model of society from that found in the developed countries, since profits generated within this new non-profit—for-profit nexus are invested in public as well as private goods and services.

4.0 Conclusion

Not all social enterprise has to be providing something new, and can be just as beneficial if it takes an old method of service delivery and improves upon its efficiency and/or reduces its cost.

5.0 Summary

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Unit 4 Social Entrepreneurship and Funding Opportunities

Contents

1.0 Introduction

Where does the social entrepreneur get money to start business? Lack of fund has affected most social entrepreneurs. This unit will take you through the funding opportunities for social entrepreneur.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to identify the various opportunity through which a social entrepreneur can get fund.

3.0 Main Content

If you are looking for funding to help you get your social enterprise up and running, there are a number of organisations who offer grants to social enterprises, charities and community projects as well as organisations who are offering social investment. There are links that bring together details of many organisations that offer this type of support. As such sources of funding often change, the list you see is intended only as a starting point and is not a definitive list. The key is to view the funding of social enterprises as a problem of financial structuring. If they treat charitable donations as a form of capital that seeks social, not financial, returns, organizations can then tap traditional sources of funding: venture capital firms, banks, mutual funds, bonds, and so on.

A New Approach to Funding Social Enterprises

A growing number of social entrepreneurs and investors realize that social enterprises of all sorts can generate financial returns that will make them attractive to the right investors

Innovation in Practice

Some of the more forward-thinking foundations and social investors have realized that the current methods of financing social enterprises are inefficient, for the enterprises and themselves, and have started working to broaden the access to capital. Here are some of the mechanisms they're employing.

Loan guarantees.

The Bill & Melinda Gates Foundation now issues loan guarantees, rather than direct funds, to some of the enterprises it supports, recognizing that this is an efficient way to leverage its donations and provide organizations with more-certain funding. Its first guarantee allowed a charter school in Houston to raise $67 million in commercial debt at a low rate, saving the school (and its donors) almost $10 million in interest payments.

Quasi-equity debt

Some organizations have developed financial vehicles that combine the properties of equity and debt. A quasi-equity debt security is particularly useful for enterprises that are legally structured as nonprofits and therefore cannot obtain equity capital. Such a security is technically a form of debt, but it has an important characteristic of an equity investment: Its returns are indexed to the organization's financial performance. The security holder does not have a direct claim on the governance and ownership of the enterprise, but the terms and conditions of the loan are carefully designed to give management incentives to operate the organization efficiently. Social investors purchase these securities, which perform the function of equity and make it possible for social enterprises to offer banks and other profit-seeking lenders a competitive investment opportunity.

Pooling

Techniques that involve pooling funds have also opened new financial doors to social enterprises, because the pooling institution can tailor its liabilities to the needs of different kinds of investors. The Switzerland-based social capital investor Blue Orchard, for example, assembles portfolios from many micro-lenders and bundles them into three tranches. The bottom tranche is Blue Orchard's equity, which offers high returns but takes the first loss. The next tranche offers a lower expected return but has less risk. It takes the second loss, after equity is wiped out, and is analogous to a convertible bond. The top tranche promises a low but relatively safe return; it is purchased by conventional debt investors. The pooling model has spread globally, with innovators such as IFMR Trust, in Chennai, engaged in the securitization and structured finance of microfinance loan portfolios in which they retain an investment share.

Social impact bonds.

Another innovation, the social impact bond, deserves special notice for its ability to help governments fund infrastructure and services, especially as public budgets are cut and municipal bond markets are stressed. Launched in the UK in 2010, this type of bond is sold to private investors who are paid a return only if the public project succeeds—if, say, a rehabilitation program lowers the rate of recidivism among newly released prisoners. It allows private investors to do what they do best: take calculated risks in pursuit of profits.

Making It Happen

If the financial crisis taught us one thing, it's that the machinery and infrastructure of financial markets matter a lot. Without standards and ratings, investors can't distinguish between good investments and bad ones, and lawmakers can't provide frameworks to regulate and protect investors and companies alike.When it comes to evaluating a social enterprise, the challenge is doubled. In many areas the market machinery and infrastructure for evaluating social risks and returns are barely developed. This can have two effects: It can starve good organizations of funding and leave investors focused solely on financial returns.

As Harvard Business School's Robert Kaplan and Allen Grossman argued , investments in social causes will remain chronically inefficient unless the social sector comes up with transparent ways to measure, report, and monitor social outcomes. Recognizing the need for such transparency, the Rockefeller Foundation joined with many of the most important social venture investors in launching a major effort to finance the development of institutional machinery and infrastructure for social enterprise capital markets….

Effective financial engineering could unlock those endowment assets and also attract some of the trillions of dollars currently held in mainstream portfolios. The ability to tap these deep pools of capital will be a significant contribution to creating a greener, healthier, and more equitable world.

A version of this article appeared in the January–February 2012 issue of *Harvard Business Review*.

4.0 Conclusion

If you are looking for funding to help you get your social enterprise up and running, there are a number of organisations who offer grants to social enterprises, charities and community projects as well as organisations who are offering social investment. There are links that bring together details of many organisations that offer this type of support. As such sources of funding often change, the list you see is intended only as a starting point and is not a definitive list. The key is to view the funding of social enterprises as a problem of financial structuring. If they treat charitable donations as a form of capital that seeks social, not financial, returns, organizations can then tap traditional sources of funding: venture capital firms, banks, mutual funds, bonds, and so on.

5.0 Summary

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Video

Audio

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https://www.the-sse.org/resources/.../what-funding-is-available-for-social-entrepreneur

Unit 5 Social Entrepreneurship Enhancement Factors

Contents

1.0 Introduction

In the last units, you have learned about social entrepreneurship. There are several benefits of social entrepreneurship to the nation. Sustaining social entrepreneurship needs enhancement. From your opinion, is it possible to enhance social entrepreneurship? Jot down your opinion and compare as you read through this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to identify factors that can enhance social entrepreneurship.

3.0 Main Content

Factors that lead a person towards the social business:

Internal Environmental Factors
- Uncertainty & Risk
- Funding & Resources
- Management Efficiency

External Environmental Factors
- Non-profit organizations
- New Opportunities & Innovations
- Social welfare & Value
- Community entrepreneurship
- Social change agents
- Institutional entrepreneurs
- Social ventures
- Social enterprises

Personal Factors

- Leadership Quality
- Knowledge and Education
- Skills and Experiences
- Entrepreneurial Ability
- Social innovation capabilities
- Enthusiasms and willingness
- Human Character

4.0 Conclusion

Social entrepreneurs are visionaries who try to bring about positive change in the society by practically applying their social entrepreneurship ideas and strategies to resolve social problems in the society. There are many factors that hinder progression. These problems are vast and diverse in nature. They are threats not only limited to a community or region, but they are global in nature, some of the common social issues and problems are-inadequate education and health facilities and system, environmental threats, declining and inefficient political systems and governance, poverty, unemployment, inequality based on gender caste and creed; increase in crime rates and so on. They need to be properly addressed for the realization of the relevant goals.

5.0 Summary

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Video

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Module 9 Business Opportunity Evaluation

Unit 1 Sources of Business Opportunities in Nigeria

Contents

1.0 Introduction

There is usually confusion that sets in when developing a business idea. You want to know which business idea would sell and the one that will not. To work on an idea requires evaluation of the available opportunities. In this unit, you will learn how to carry out such evaluation.

2.0 Intended Learning Outcome

By the end of this unit, you will be able to evaluate different business opportunities.

3.0 Main Content

Concept of Business Opportunity

A business opportunity involves sale or lease of any product, service, equipment, etc. that will enable the purchaser-licensee to begin a business.
Nigeria is fast developing and there is a huge need for innovative products. If you are resident in Nigeria, kindly reflect on the position of Nigeria ten years back and compare it with her present state; you will agree with me that there is a huge change.

Ways to identify more business opportunities

1. Listen to your potential clients and past leads. When you're targeting potential customers listen to their needs, wants, challenges and frustrations with your industry. ...
2. Listen to your customers. ...
3. Look at your competitors. ...
4. Look at industry trends and insights

To be successful entrepreneurs we need to be continually innovating and looking for opportunities to grow our business. But how do you find new opportunities to take your business to new markets and growth levels? Here are four ways to identify more business opportunities.

1. ***Listen to your potential clients and past leads***

When you're targeting potential customers listen to their needs, wants, challenges and frustrations with your industry. Have they used similar products and services before? What did they like/dislike? Why did they come to you? What are their objections with your products or services? This will help you to find opportunities to develop more tailored products and services, hone your target market and identify and overcome common objections.

2. ***Listen to your customers***

When you're talking to your customers listen to what they saying about your industry, products and services. What are their frequently asked questions? Experiences? Frustrations? Feedback and complaints? This valuable customer information will help you identify key business opportunities to expand and develop your current products and services.

3. ***Look at your competitors***

Do a little competitive analysis (don't let it lead to competitive paralysis though!) to see what they doing and more importantly not doing? Where are they falling down? What are they doing right? What makes customers go to them over you?
Analyzing your competitors will help you identify key business opportunities to expand your market reach and develop your products and services.

4. ***Look at industry trends and insights***

Subscribe to industry publications, join relevant associations, set Google alerts for key industry terms and news and follow other industry experts on social media. Absorb yourself in your industry and continually educate yourself on the latest techniques and trends.

How do you evaluate a business opportunity?
Writing a business plan and weighing all relevant factors can help you better plan your entry into new areas

1. Evaluate your market.
2. Study the business' financials from the past several years to measure potential earning power. ...
3. Examine your own finances.
4. Look at industry trends.
5. Consider your competition.

Sources of Business Ideas

Personal Skills and Experience

Over half of the ideas for successful businesses come from experiences in the work place, e.g. a mechanic with experience in working for a large garage who eventually sets up his/her own car repair or a used car business. Thus, the background of potential entrepreneurs plays a crucial role in the decision to go into business as well as the type of venture to be created. Your skills and experience are probably your most important resource, not only in generating ideas but also in capitalizing on them.

Franchises

A franchise is an arrangement whereby the manufacturer or sole distributor of a trademark, product or service gives exclusive rights for local distribution to independent retailers in return for their payment of royalties and conformity to standardized operating procedures. Franchising may take several forms, but the one of interest is the type that offers a name, image, method of doing business and operating procedures.

In the 1980s and early franchising experienced tremendous growth, becoming a much- used method of going into business for the millions of enterprises that were starting up in the USA and Europe. In the USA alone, there are over 2,000 types of franchise businesses, accounting for over US$300 billion in annual sales revenue and about a third of all retail sales. Apart from buying a franchise, one can also develop and sell a franchise concept. There are many directories and handbooks as well as associations, including the International Franchise Association, which can provide further information.

Mass Media

The mass media is a great source of information, ideas and often opportunity. Newspapers, magazines, television, and nowadays the Internet are all examples of mass media. Take a careful look, for example, at the commercial advertisements in newspaper or magazine and you may well find businesses for sale. Well, one way to become an entrepreneur is to respond to such an offer. Articles in the printed press or on the Internet or documentaries on television may report on changes in fashions or consumer needs. For example, you may read or hear that people are now increasingly interested in healthy eating or physical fitness. You may also find advertisements calling for the provision of certain services based on skills, for example accounting, catering or security. Or you may discover a new concept for which investors are required, such as a franchise.

Exhibitions

Another way to find the ideas for a business is to attend exhibitions and trade fairs. These are usually advertised on the radio or in newspapers; by visiting such events regularly, you will not only discover new products and services, but you will also meet sales representatives, manufacturers, wholesalers, distributors and franchisers. These are often excellent sources of business ideas, information and help in getting started. Some of them may also be looking for someone just like you.

Surveys

The focal point for a *new business idea* should be the **customer**. The needs and wants of the customer, which provide the rational for a product or service, can be ascertained through a survey. Such a survey might be conducted informally or formally by talking to people – usually using a questionnaire or through interviews – and/or through observation. You may start by talking to your family and friends to find out what they think is needed or wanted that is not available. Or, for example, whether they are dissatisfied with an existing product or service and what improvements or changes they would like to see. You can then move on and talk to people who are part of the distribution chain that is manufacturers, wholesalers, distributors, agents and retailers.

It would be useful to prepare beforehand a set of questions which might be put on a questionnaire or used in an interview. Given their close contact with customers, channel members have a good sense of what is required and what will not sell. Finally, you should talk to as many customers as possible – both existing and potential customers. The more information you can get from them, the better. Besides talking to people, you could also get information through observation. For example, in deciding whether to open a shop on a particular street, you can observe and count the number of people going past on given days and besides talking to people, you can also get information through observation. For example, in deciding whether to open a shop on a particular street, you can observe and count the number of people going past on given days and compare these to other sites. Or, if you are interested in an area frequented by tourists, you may be able to set up or market products from a craft business. Or you may have noticed that there is no decent restaurant or hotel on a tourist route or in a given town. One way of ensuring that you are not negligent in this area is to be alert at all times to needs and opportunities to do business.

One entrepreneur apparently went round at every cocktail party asking if anyone was using a product that did not adequately fulfil its intended purpose. Another monitored the toys of a relative's children looking for ideas for a market ruche.

Complaints

Complaints and frustrations on the part of customers have led to many a new product or service. Whenever consumers complain bitterly about a product or service, or when you hear someone say 'I wish there was … "or "If only there were a product/service that could … ", you have the potential for a business idea. The idea could be to set up a rival firm offering a better product or service, or it might be a new product or service which could be sold to the firm in question and/or to others.

Brainstorming

Brainstorming is a technique or creative problem-solving as well as for generating ideas. The object is to come up with as many ideas as possible. It usually starts with a question or problem statement. For example, you may ask "What are the products and services needed in the home today which are not available?" Each idea leads to one or more additional ideas, resulting in a good number.

When using this method, you need to follow these four rules:

- Don't criticize or judge the ideas of others
- Freewheeling is encouraged – ideas that seem to be wild or crazy are welcome
- Quantity is desirable – the greater the number of ideas, the better
- Combine and improve upon the ideas of others.

Reasons for generating business ideas:

- Business idea generation is a sine-qua-non (inevitable) for business.
- Ideas are generated to respond to market needs
- Ideas are also generated to respond to changing fashions and requirements.
- In order to stay ahead of competition
- To be in tune with latest technology so as to do things better.
- In response to product life cycle
- In order to spread risk and allow for failure.

4.0 Conclusion

To be successful entrepreneurs we need to be continually innovating and looking for opportunities to grow our business. This will help you to find opportunities to develop more tailored products and services, hone your target market and identify and overcome common objections.

5.0 Summary

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Unit 2 The difference between Ideas and Opportunities

Contents

1.0 Introduction

What is the difference between ideas and opportunities? You have the idea, do you have the opportunity? You will find answers to these questions in this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to differentiate between business ideas and opportunities.

3.0 Main Content

One of the most important questions an entrepreneur should ask: Idea or Opportunity?
According to my mother-in-law, my wife invented the pet rock. As a child she would adopt a pebble and look after it, just like they did with those pet rocks a decade later. She had the idea before the inventor! You have probably met someone with a story about how they had an idea, years ago, that someone else later turned into a successful product. If they genuinely think that they could have hit the big time they likely don't know the difference between an opportunity and an idea. Don't get me wrong – ideas are important. They are the creative lifeblood of your business. People that generate lots of ideas are good at coming up with solutions to problems. However, an idea is not an opportunity. Here are just five of the differences:

1. Ideas are cheap. Opportunities have value.
2. Ideas just take inspiration. Opportunities need perspiration too.
3. You can work on lots of ideas at once but should focus on only one or two opportunities.
4. When dealing with ideas it's OK to dream, to speculate. When dealing with opportunities get ready to measure, to use data.
5. Investors do not put their money into ideas. They back opportunities.

From Idea to Opportunity

Turning an idea into an opportunity is a process. It takes time, resources and hard work. It helps to think of it in terms of The Recipe for Business Success. You can take an idea, from a secret pickling recipe to space tourism, and use the five elements of The Recipe to start turn it into an idea.

1. **Strategic Fit.** To have an opportunity the market needs to want what you have and you need to be able to provide it.

2. **Business Plan.** The process of writing a business plan actually helps develop an idea into an opportunity. It forces you to ask and answer hard questions and explore your options.

3. **Team.** An idea rarely becomes an opportunity without a team. No individual has all the knowledge and skills necessary to make the transformation.

4. **Leadership**. Once you have a team, the right leadership is essential to guide the development from idea to opportunity.

5. **Resources.** The planning process will have given you a good idea of the resources that will be required to turn your idea into an opportunity.

Successful entrepreneurs are good at turning ideas into opportunities. They act. They execute. As things turned out my wife did not develop her love of pebbles into the Next Big Thing. Startups may fail and even tall businesses may fall. While there are many factors that decide the fate of big and small companies, identifying ideas and opportunities is what makes it worthwhile to run a business.

Let us try to understand the difference. An idea is like a seed, an impression of a concept or a notion that revolves around seemingly successful ***product or service***. A thought that needs some amount of commercial validation before it shapes self into an opportunity. Opportunity is the care and nurturing that a gardener has to endeavour for to turn the seed into a sapling and then allow it to grow into a tall tree. The gardener ensures that it gets good soil, sunshine, proper environment and protection from harsh rains or weather conditions.

A business idea may not necessarily be a business opportunity; one needs to filter and sift through these ideas to realize whether they are real opportunities. Most of the times, these ideas remain dormant because of the lack of courage, resources, time and money or mere inability to take action. And those who show courage to take action generally see their dreams go off track due to lack of far sighted vision or lack of preparedness. The business owner or the management must own the responsibility of its success or failure regardless of the circumstances. Successful entrepreneurs are good at turning ideas into opportunities. They act. They execute to make it all happen. It takes time, resources and hard work. The canvas to paint your idea is large and enormous. You can take an idea from a secret preserving recipe to space tourism, and use the basic elements of the recipe to turn ideas into tangible opportunities that further allow you to make work plans

4.0 Conclusion

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Unit 3 Scanning Business Opportunities in Nigeria

Contents

1.0 Introduction

In the previous units, you have learned about different business opportunities. Would you pick every opportunity that comes your way when setting up a business?

2.0 Intended Learning Outcome

By the end of this unit, you will be able to evaluate different business opportunities.

3.0 Main Content

Environmental Scanning

Going into business venture, certain steps must be taken before establishing a new business, joining an existing one or inheriting an old business. The steps normally start with environmental scanning. Environmental scanning can be said to be a process of visiting sites and gathering information about prospects of establishing a new business venture. It is indeed a casual survey of the happenings in the proposed business environment, with a view to assessing the possibility and the viability of a new business. Every entrepreneur performs environmental scanning before starting a business. Medical practitioner, for example perform scan on a pregnant woman to determine the sex and position of the baby before delivery. Teachers scan the environment to detect examination cheats, by observing the attitude and movement of students who have form the habit of writing on their palms, laps, desks, pieces of paper during tests and those who are the habit of ―going to the toilet‖. Students who cheat in examinations also scan the environment, to determine when careless invigilators relax, sleep or read newspapers.

A motor mechanic who wishes to establish a workshop must scan the environment to determine a site where there are many motor owners and users and other supporting artisans, such as welders, vulcanizes, spare part sellers and electricians, to complement his trade. A computer technician who has completed his training and wishes to establish a workshop, must scan the environment before choosing a location for his workshop. He could go to the computer village or hire a workshop at an attractive site. Market women, who sell at street corners, scan then environment before choosing the sites. Even the federal and state governments scan the environment before locating schools, hospitals, industries, universities, etc.

Advantages of Environmental scanning

- Scanning the environment is better and safer method of assessing than jumping into the business environment.
- Environment scanning gives on-the-spot assessment of the immediate happenings in the environment, instead of relying on stories.
- It assists the entrepreneur to assess his personal strengths, weaknesses, opportunities, and threats (SWOT) in the environment, and in choosing favourable ones while avoiding unfavourable ones;
- Scanning the environment assists the entrepreneur to observe business trends as they occur in their natural manner. Trends are the known occurrences in the environment that has assume identifiable patterns over a period. It is better and easier to manage something that has a pattern than something that has no pattern;
- It assists the entrepreneur to observe business treads in the locality and to see how those trends would affect his business positively and negatively.

Self-Assessment Exercises

Why is it important to carry out an environmental scanning before a decision is made on where a business enterprise is sited in a particular location?

4.0 Conclusion

Scanning the environment is better and safer method of assessing than jumping into the business environment.
This unit provides the various definitions of entrepreneurship, concept of business venture. Location and environmental scanning for citing business enterprise are equally treated.

5.0 Summary

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Unit 4 Environment and New Venture Idea Generation

Contents

1.0 Introduction

You could have a good business idea, have the opportunity that would help to bring the idea to fulfilment, but the good idea and the opportunity may not be able to succeed because of unfriendly environment. What is this environment? You will find the answer in this unit.

2.0 Intended Learning Outcome (ILO)

By the end of this unit, you will be able to select adequate environment for a new venture

3.0 Main Content

Business idea generation and opportunity analysis are the foundation for launching a new business or venture. The origin of a business idea and the analysis of the opportunity needed to build and grow such idea into a business structure is one necessary marriage in entrepreneurship. The process of generating business idea could be learn and developed. This is a unique quality that an entrepreneur need to develop if he wants to generate business ideas that would later become a business structure.

In this section, we will discuss the concept of business idea generation, available methods for generating new business ideas, creative problem-solving techniques, innovation, types of innovation, difference between innovation and creativity. The purpose of is to provide fresh impetus for the prospective entrepreneur to see the idea of becoming a business owner in the Nigerian environment as a possibility. Existing entrepreneurs will find this section very helpful in assisting them to generate new business ideas or concepts that will grow their business in term of product or services they rendered.

Idea generation (ideation) is an emerging buzzword representing the creative process of generating, developing, and communicating new ideas, while an idea is understood as a basic element of thought that can be visual, concrete, or abstract. Ideation can be contrasted with brainstorming in that brainstorming is a specific instance of ideation. Brainstorming employs specific rules (such as disallowing any contributor to negate any idea offered during a brainstorming session), while ideation encompasses all techniques that can be used to generate ideas.

Idea generation is also critical to the design and marketing of new products, marketing strategy, and to the creation of effective advertising copy. In new product development, for example, idea generation is a key component of the front end of the process, often called the "***fuzzy front end***" and recognized as one of the highest leverage points for a company.

The business idea arises from an opportunity in the market. It originates from real demand for any product or service that an entrepreneur should have a keen and open mind to look for opportunities and generate business ideas.

While selecting a business idea, the following points need adequate consideration:

i. The business idea should enable the entrepreneur to utilize his technical and professional skills. If an entrepreneur has knowledge of some special manufacturing techniques, because of previous experience or otherwise, it would be easier for the entrepreneur to manage such techniques effectively.

ii. It should enable the use of locally available raw materials for product or service. As compared to imported materials/ local materials are easy to procure.

iii. It should ensure making products that have a demand, but are not freely available in the market. It is potentially a good idea to start with a product that could be sold.

iv. It should enable the entrepreneur to solve a current problem existing in the market. Products may be available in the market but they do not meet the demand fully or in a satisfactory manner. Sometimes, an existing product is used in combination with another, which is not available. Attempts to solve such market problems do give rise to business ideas.

Sources of Information for Business Ideas

As said earlier, generation of project idea is the starting point in product development. For this, an entrepreneur can refer to potential studies prepared by different organisations. There are a number of potential studies conducted by several organisations like the National Council of Applied Economic Research (NCAER), financial institutions and other promotional organisations such as Confederation of Indian Industries (CII), etc. These may include the following:

a. Area studies which identify development potential of particular areas like a backward area or a district.

b. Sub sectoral studies which identify opportunities in specified subsectors (such as food processing).

c. Resource-based studies which identify opportunities based on utilisation of natural or industrial resources such as forest-based industries, marine-based industries, industries using rubber as the main raw material, etc.

d. Studies of the product consumption pattern of the country.

e. Surveys of existing industrial establishments.

f. Import and export possibilities.

Approaches to Generating Ideas

While exploring different sources of business ideas, an entrepreneur can use the following approaches to generate ideas:

i. Brainstorming. It helps in generating a large number of product ideas. It should be conducted by an expert and none of the ideas mentioned should be evaluated or judged. At this stage one should not worry if the ideas are suitable or not.

ii. New ways of doing old things. A large number of products are being made and provided in the market using traditional methods and practices. One approaches can be to examine if these could be made by a different and newer method that would give the entrepreneur an advantage over the older methods.

iii. Converting hobby into business. Some people are adept at doing something or the other as a hobby or for use in the house only. It is possible to use such skills to set up an enterprise. Hobbies like photography, interior decoration, fashion designing etc. are often developed as business ventures.

iv. Improving an existing product. An existing product can be improved by using old techniques with more care or using newly developed technology.

v. Utilising waste material. Conservation and environment protections are presently getting a lot of attention. Recycling waste or turning them into useful products are good product ideas. Presently, energy conservation products also have good potential.

Selection of Project Idea

At this stage, all the project ideas are screened on the basis of well-defined criteria to eliminate ideas which are not promising and select the best idea. While selecting the idea, the following facts should be considered:

- The project should be compatible with the objectives and resources of the entrepreneur. It should also match his capabilities and skills.

- The resources required for the project such as capital requirements, technical know-how, raw materials, power supply etc. must be reasonably assured.

- The cost structure of the proposed project must enable it to realise reasonable returns on investment.

- The effect of external environmental factors such as technological changes, state of economy, competition, etc. should be considered.

- The project idea should be consistent with the government policies, licensing requirements, environmental regulations, foreign exchange regulations, etc.

4.0 Conclusion

Idea generation is also critical to the design and marketing of new products, marketing strategy, and to the creation of effective advertising copy. In new product development, for example, idea generation is a key component of the front end of the process, often called the “fuzzy front end” and recognized as one of the highest leverage points for a company.

The business idea arises from an opportunity in the market. It originates from real demand for any product or service that an entrepreneur should have a keen and open mind to look for opportunities and generate business ideas.

5.0 Summary

To recap what you have learned in this unit, click on the video below or copy the link and paste on a web browser. The video is a summary of what you have read in this unit. You could also click on the audio version and listen. You can also download them and play offline.

Video

Audio

6.0 References/Further Readings

https://www.theseus.fi/bitstream/handle/10024/130768/Halinen_Anu.pdf

https://helda.helsinki.fi/bitstream/handle/10227/292/189-978-952-232-011-7.pdf?

Barringer, B. R. & Ireland, R. D. 2010. Entrepreneurship successfully launching new ventures. 3rd ed. One Lake Street, Upper Saddle River, New Jersey, USA: Pearson Education. 608 p. ISBN 10: 0-13-815808-8.