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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, we can summarize by concluding that entrepreneurship is a function which involves the exploitation of opportunities which exist within a market.

Entrepreneurship can be define as self employment of any sort; the activity that involves identifying opportunities within the economic system; the creation of new organizations; 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.

Thus, from the above definitions, we can see that while defining the concept 'entrepreneurship', laid emphasis 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.

Therefore, we can conclude 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.

An entrepreneur is the person who perceives the market opportunity and then has the motivation, drive and ability to mobilize resources to meet it (Di-Masi, 2010).

An entrepreneur is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome (Wikipedia, 2010). The entrepreneur is anyone who 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.

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. 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 behaviours 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 (QuickMBA, 2010). Entrepreneurs are individuals or groups of individuals who carryout entrepreneurship activities to build business empires.

1.2 Types of entrepreneur

Based on the interaction with the business environment, various types of entrepreneurs can emerge. To this effect, Rockstar (2008) identifies the four types of entrepreneurs as Innovative, Imitating, Fabian and Drone.

Innovative: this type of entrepreneur is preoccupied with introducing something new into the market, organization or nation. They are interested in innovations and invest substantially in research and development.

Imitating: these are also referred to as copy cats . They observe an existing system and replicate it in a better manner. They could improve on an existing product, production process, technology and through their vision create something similar but better. This is the case of the student becoming better than the master!

Fabian: these are entrepreneurs that are very careful and cautious in adopting any changes. Apart from this, they are lazy and shy away from innovations.

Drone: these are entrepreneurs that are resistant to change. They are considered as old school . They prefer to stick to their traditional or orthodox methods of production and systems. Entrepreneurs occupy three roles, namely as agent of (1) economic change (2) social change and (3) technological change. These are referred to as behavioral roles.

The types and roles of entrepreneur notwithstanding, all entrepreneurs possess certain characteristics and are motivated to become entrepreneur due to certain factors or circumstances which we shall discuss in this unit.

CHARACTERISTICS OF ENTREPRENEURSHIP AND ENTREPRENEURS

Scholars do not agree on the characteristics possessed by entrepreneurs. Hence, several scholars through various studies identified several characteristics or traits possessed by entrepreneurs some of which are discussed as follows. For instance, Rockstar (2008) recognized the characteristics of entrepreneurship as:

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

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

Purposeful Activity: 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.

Involves 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.

Rockstar (2008) then identifies the following characteristics of entrepreneurs as: risk bearing ability, technical knowledge, and ability to gather financial and motivational resources. Di-Masi (2010), on the other hand, regards the major characteristics of entrepreneurs as: self confidence and being multi-skilled, confidence in the face of difficulties and discouraging circumstances, risk-taking, innovative skills, results-oriented, total commitment. Stephenson (2010) believes that entrepreneurial characteristics are: seriousness, planning ability, prudence, and team work. Hadzima and Pilla (2010) conclude that the characteristics of highly effective entrepreneurs include: ability to deal with risk, being results oriented, enthusiasm and energy, growth potential, team work, multitasking ability and improvement orientation.

Driessen and Zwart (2010), after carefully studying various researches conducted into the characteristics of successful entrepreneurs, identified three main characteristics and five secondary characteristics of successful entrepreneurs. According to them, the main characteristics are: need for achievement (n Ach), internal locus of control (ILOC) and risk taking propensity (RTP), while they also stated the five secondary characteristics as: need for autonomy (n Aut), need for power (n Pow), tolerance of ambiguity (ToA), need for affiliation (n Aff), and endurance (End). They then concluded that in these studies, successful entrepreneurs score significantly higher on these characteristics than less successful entrepreneurs, small business managers, and non-entrepreneurs (Driessen & Zwart, 2010). Other characteristics identified are: discipline, vision or creativity, calmness, risk tolerance: Focused, balance, (LifeHack, 2008), commitment, perseverance, initiative, versatility, dynamic, knowledgeable/skilled, emotional or mental strength, and resilience.

A careful look at the characteristics listed above reveals that some of them overlap while most of them are divergent thereby further fuelling the debate. Some of these characteristics are briefly discussed below.

Risk Bearing Ability: The entrepreneur must have the capacity to bear risk. This is because the new venture is created in an uncertain and risky environment. Di-Masi (2010, however, noted that although risk bearing is an important element of entrepreneurial behavior, many entrepreneurs have succeeded by avoiding risk where possible and seeking others to bear the risk. Basically, what he is saying here is that entrepreneurs bear calculated risks and are more than glad to let others bear their risk when it is convenient for them.

Technical Knowledge: Depending on the kind of venture created, the entrepreneur must have technical expertise about production techniques and marketing.

Ability to Gather Financial and Motivational Resources: Financial and motivational resources are needed for the creation of the new business. Sometimes the entrepreneur, as an individual may not have these resources but they should have the ability to gather it from those who have it.

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 single-mindedness 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 emotions and characteristics and remain focused and objective while having emotional or mental strength and resilience. Balance is important because too much of everything is bad.

Versatility: The entrepreneur has to be versatile and be ready to learn and use information technology and other technology to the best advantage.

Seriousness: The entrepreneur has to believe in him/herself and the business and get things done with total seriousness. As mentioned earlier, starting a new business is like giving birth to a child; it is indeed a very serious business.

Planning Ability: The entrepreneur must be a planner; he/she must formulate goals and develop action plans to achieve them. Planning is important for he/she who fails to plan, plans to fail!

Prudence: The entrepreneur must be versatile in financial management. This is because finance is the life-wire of the business. Also, to achieve the profit objective, the entrepreneur must engage in efficient and effective financial management, and have sound financial policies and practices.

Team Player: Creating a successful business is a one man business but maintaining and sustaining the business cannot be done by one person. The entrepreneur needs others to work with him hence he has to have a formidable or winning team. To this effect, the entrepreneur has to be an effective team manager and recruit the right team members but the entrepreneur's most important team members are the customers for without customers a business cannot survive (LifeHack, 2008; Rockstar, 2008; Di-Masi, 2010; Driessen & Zwart, 2010; Hadzima & Pilla, 2010 Stephenson, 2010).

THEORY OF ENTREPRENEURSHIP

Innovation Theory of Schumpeter:

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. Embarking upon 'new combinations' of the factors of production which he succinctly terms, innovation - the entrepreneur activates the economy to a new level of development.

Schumpeter introduced a concept of innovation as key factor in entrepreneurship in addition to assuming risks and organising factor of production. Schumpeter defines 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 entrepreneur, The entrepreneur is viewed as the 'engine of growth', He 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. The concept of innovation and its corollary development embraces five functions:

The introduction of a new product with which consumers are not yet familiar or introduction of a new quality of an existing product,

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,

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 conquest of a new source of supply of raw material and

The carrying out of the new organisation 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 utilises 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.

Need for Achievement Theory of McClelland:

According to McClelland the characteristics of entrepreneur has two features - first doing things in a new and better way and second decision making under uncertainty. McClelland emphasises achievement orientation as most important factor for entrepreneurs. Individuals with high achievement orientation are not influenced by considerations of money or any other external incentives. Profit and incentives are merely yardsticks of measurement of success of entrepreneurs with high achievement orientation. People with high achievement (N-Ach) are not influenced by money rewards as compared to people with low achievement. The latter types are prepared to work harder for money or such other external incentives. On the contrary, profit is merely a measure of success and competency for people with high achievement need.

David McClelland, in his book *The Achieving Society*, has propounded a theory based on his research that entrepreneurship ultimately depends on motivation. It is the need for achievement (N-Ach), the sense of doing and getting things done, that promote

entrepreneurship. According to him, N-Ach is a relatively stable personality characteristic rooted in experiences in middle childhood through family socialisation and child-learning practices which stress standards of excellence, material warmth, self-reliance training and low father dominance. According to him a person acquires three types of needs as a result of one's life experience. These three needs are:

Need for Achievement. A drive to excel, advance and grow.

Need for Power. A drive to dominate or influence others and situations.

Need for Affiliation. A drive for friendly and close inter-personal relationships.

McClelland found that certain societies tended to produce a large percentage of people with high achievement. He pointed out that individuals, indeed whole societies that possess N-ach will have higher levels of economic well-being than those that do not. McClelland's work indicated that there are five major components to the N-ach trait: (a) responsibility for problem solving, (b) setting goals, (c) reaching goals through one's own effort, (d) the need for and use of feedback, and (e) a preference for moderate levels of risk-taking.

The individual with high levels of need achievement is a potential entrepreneur. The specific characteristics of a high achiever (entrepreneur) can be summarized as follows:

- (i) They set moderate realistic and attainable goals for them. (ii) They take calculated risks.
- (iii) They prefer situations wherein they can take personal responsibility for solving problems.
- (iv) They need concrete feedback on how well they are doing.
- (v) Their need for achievement exist not merely for the sake of economic rewards or social recognition rather personal accomplishment is intrinsically more satisfying to them.

According to McClelland, motivation, abilities and congenial environment, all combine to promote entrepreneurship. Since entrepreneurial motivation and abilities are long run sociological issues; he opined it is better to make political, Social and economic environments congenial for the growth of entrepreneurship in underdeveloped and developing countries.

Risk Bearing Theory of Knight:

A key element of entrepreneurship is risk bearing. Prof. Knight and John Stuart Mill saw risk-bearing as the important function of entrepreneurs. Some important features of this theory are as follows:

1. Risk creates Profit: According to the risk-bearing theory, the entrepreneur earns profits because he undertakes risks.
2. More Risk More Gain: The degree of risk varies in different industries. Entrepreneurs undertake different degrees of risk according to their ability and inclination. The risk theory proposes that the more risky the nature of business, the greater must be the profit earned by it.
3. Profit as Reward and Cost: Profit is the reward of entrepreneur for assuming risks. Hence, it is also treated as a part of the normal cost of production.
4. Entrepreneur's Income is Uncertain: He identifies uncertainty with a situation where the probabilities of alternative outcomes cannot be determined either by a priori reasoning or by statistical inference. A priori reasoning is simply irrelevant to economic situation involving a unique event. This theory summarizes that profit is the reward of an entrepreneur effort which arises for bearing non-insurable risks and uncertainties and the amount of profit earned depends upon the degree of uncertainty bearing. Knight argues that business enterprises the level of uncertainty can be reduced through 'consolidation'. Consolidation is to uncertainty is what insurance is to risk; it is a method of reducing total uncertainty by pooling individual instances. The elasticity of the supply of self-confidence is the single most important determinant of the level of profit and the number of entrepreneurs.

Max Weber's Theory of Entrepreneurial Growth:

Max Weber in his theory says religion has a large impact on entrepreneurial development. According to Weber some religions have basic beliefs to earn and acquire money and some have less of it. He calls them a 'spirit of capitalism' and 'adventurous spirit'. The spirit of capitalism will be generated when mental attitude in the society is favourable to capitalism. According to Max Weber, driving entrepreneurial energies are generated by the adoption of exogenously-supplied religious beliefs. It is these beliefs which produce intensive exertion in occupational pursuits, the systematic ordering of means to ends, and the accumulation of

assets. His theory suggests the belief systems of Hinduism and Buddhism do not encourage entrepreneurship.

Max Weber's theory suited the colonial rulers who wanted to encourage European entrepreneurship in India. But it has been criticised by subsequent researchers. The theory is based on the invalid assumptions, which are:

- (a) There is a single system of Hindu value,
 - (b) The Indian community internalised those values and translated them to day-to-day behaviour, and
 - (c) These values remained immune to and insulated against external pressures and change.
- The rapid growth of -entrepreneurship in India since independence proves that Hinduism is not averse to the spirit of capitalism and to adventurous spirit.

Many thinkers have accepted the Weber's analysis of linkage between religious belief and entrepreneurial growth. But this view is not accepted universally. Samuelson criticised Weber's view on the ground that capitalism also developed in those societies where protestant ethic was 'not prevalent. Hoselitz argued that Protestant could not develop industries in France because they were not given political security. It can be concluded in the words of Carroll that "ethical values have some effect on entrepreneurial growth but to consider them all in all would be unrealistic."

Economic Theory of Entrepreneurship

Many economists revealed that entrepreneurship and economic growth will take place in those circumstances where particular economic conditions are in favour of the business environment. The main advocates of this theory were Papanek and Harris. According to them economic incentives are the main forces for entrepreneurial activities in any country. There are a lot of economic factors which promote or demote entrepreneurship in a country. These factors are:

- (a) The availability of bank credit
- (b) High capital formation with a good flow of savings and investments
- (c) Supply for loanable funds with a lower rate of interest.

- (d) Increased demand for consumer goods and services
- (e) Availability of productive resources.
- (f) Efficient economic policies like fiscal and monetary policies
- (g) Communication and transportation facilities

Economic development was the result of rationalization of technology and accounting systems and the acquisition of capital and its productive use was the main theme of the Weberian thesis. Some scholars have tried to explain the growth of entrepreneurship in terms of regional economic factors, i.e, industrial support to environment in these regions. A question which was analysed by a researcher is: “Since Jains and Vaisyas were in every corner of India, why was it that only Marwari and Gujarati Vaisyas and Jains gave lead in entrepreneurship, mostly in Gujarat”. This analysis revealed that Gujarat had environment favourable to business and industry. Thus, it can be concluded that the industrial climate may have a very significant impact on the response of entrepreneurs. However, the group factors, as emphasized by various studies, cannot be ignored altogether.

ROLES OF ENTREPRENEURS

In order to perform their functions effectively and operate a successful business, entrepreneurs have to perform certain roles. These roles are the same as the basic managerial roles which are identified by Henry Mintzberg in 1973. They are as follows:

Figure Head Role: The entrepreneur has to act as figure head in the organization, as such; he/she has to perform ceremonial duties. This is done by representing the organization in formal and informal functions.

Leader Role: The entrepreneur has to act as a leader because the entrepreneur is the one who brings other people together in order to create the business. Thus, he/she has to lead the people in the organization by hiring, firing, training and motivating them.

Liaison Role: The entrepreneur has to act as the link between the business and the parties outside the business.

Monitor Role: The entrepreneur acts as a monitor; he monitors both the internal and the external environment of the business constantly.

Information Disseminator Role: The entrepreneur has to act as the organizational representative and transmit information both within and outside the business.

Spokesman Role: The manager has to act as the spokesman of the business; he/she is the person for the business both inside and outside.

Entrepreneurial Role: This is the basic role of the entrepreneur; he/she launches new ideas for the business and bears the risk.

Disturbance Handler: The entrepreneur also acts as arbitrator in situations of conflict so as to maintain organizational harmony.

Resource Allocator: The entrepreneur decides on how the scarce resources of the business are allocated among its competing ends so as to achieve organizational goals and objectives.

Negotiator Role: The entrepreneur has to negotiate on behalf of the business both with the other categories of labour and other outside sources.

The specific entrepreneurial roles noted earlier on have a number of activities in each role. They are specified below:

Social Roles of Entrepreneur

- ❖ Transformation of traditional indigenous industry into a modern enterprise.
- ❖ Stimulation of indigenous entrepreneurship.
- ❖ Job or employment creation in the community.
- ❖ Provision of social welfare service of redistributing wealth and income.

Economic Roles of Entrepreneur

- ❖ Bearing the ultimate risk of uncertainty.
- ❖ Mobilizing savings necessary for the enterprise.
- ❖ Providing channel for the disposal of economic activities.
- ❖ Utilizing local raw materials and human resources.

Technological Roles of Entrepreneur

- ❖ Stimulation of indigenous technology in the production process.
- ❖ Adapting traditional technology to modern system.
- ❖ Adapting imported technology to local environment.

- ❖ Developing technological competence in self and the workforce through innovation (Ogundele, 2007).

REASONS FOR ENTREPRENEURIAL EDUCATION IN NIGERIA

Government inclusion of entrepreneurial education in the curriculum of tertiary institutions in the country may have been informed by the following considerations:

- i. Employment generation**
- ii. Dispersal of economic power:** entrepreneurial education stimulates and enhances economic opportunities for women, youth, elderly, and minority groups. Also, those who may not be accommodated in big business firms can strive economically on their own thereby dispersing the wealth.
- iii. Improvement of Gross Domestic Product (GDP):** GDP is a measure of the value of goods and services produced within a country in a given year. GDP is an important index of a country's level of economic development. Entrepreneurial development is a booster to the GDP of any country.
- iv. For a balanced development in all part of the country:** the growth of industry and business leads to a large number of public benefits like road, transport, health, education, entertainment, etc. A rapid development of entrepreneurship ensures a balanced regional development. Competition in urban areas would force some of the enterprises to sub-urban and rural areas. Increased business presence in these areas encourages increased population and the attendant infrastructural development.
- v. Economic independence:** entrepreneurship is essential for national self-reliance.
- vi. Reduced unrest and social tension amongst youth:**
- vii. Improvement in living standard:** entrepreneurs help to check scarcity of essential commodities and increase products and service varieties. The presence of many small and medium scale businesses (which entrepreneurship represents) brings about competition and lower costs of goods and services. The result is low cost of living.
- viii. Harnessing local resources:**
- ix. To help reduce the number of failed business ventures.**

MOTIVES FOR GOING INTO ENTREPRENEURSHIP

- i.** They see business ownership as a means of generating profits and, thus becoming wealthy;

- ii. They see it as an opportunity to do what they love doing - own a software or mining firm, feed well at all time, serve the public, have the time for recreational activities, and still live a very comfortable and fulfilling life;
- iii. It seems the best way of getting away from stultifying paid employment constraints, politics, or career impasse;
- iv. It is perceived as a way of preparing for retirement; a place to spend the rest of one's productive days away from a life that is unsatisfying, sterile and dull;
- v. They wish to emulate successful businessmen who have acquired leadership in business, with the attendant power such leadership earns;
- vi. It is an alternative when steady paid employment could not be secured;
- vii. They genuinely believe they have something to offer, either a product or a service. The desire to actualize a 'pet' idea. To them, life cannot be fulfilled unless the desire is realised.
- viii. In summary, being an entrepreneur or small business owner satisfies our personal needs for freedom, flexibility, variety, creativity, responsibility, control and authority. Oduyungbo (2006) added factors that may motivate women to going into entrepreneurship to include:
 - ix. Strong desire to shun the supervising bondage of their male counterparts in formal employment.
 - x. Desire to escape labour market that places a restriction on the female middle managers from moving up the corporate ladder
 - xi. Escape sexual harassment.

CONSIDERATION FOR THE CHOICE OF THE FORM OF BUSINESS ORGANIZATION

There are various forms of business organizations that exist in the environment. Again, business is a profit-seeking enterprise established for the purpose of creating goods and services that meet the needs of mankind. Business plays a major role in the lives of every individual as well as a nation (Oluwafemi, 2000). Business activities are undertaken to improve the financial and the material welfare of the participants. A major group that plays an active role in business within a capitalist economy is the entrepreneur, that is, a person who perceives investment opportunities and takes advantage to exploit them by organizing for the business (Lawal, 1993).

Selecting a form of business ownership is a landmark step in the creation of a venture. Most entrepreneurs however are not trained in the finer points of business law. Consequently, it is imperative that an entrepreneur carefully searches for the types of legal ownership and then consults an attorney (lawyer), and an accountant or both to verify whether the choice addresses their specific needs (Scarborough Wilsion and Zimmerer, 2009). One of the main reasons small businesses fail is that they do not seek legal and accounting help at the beginning. Nickels, Mchugh and Mchugh (2005) stated that one of the key to success in starting a new business is to understand how to get the resources you need. To stay in business, an entrepreneur may need help from someone with more expertise than he/she has in certain areas, or may help to raise more money to expand. How you form your business can make tremendous difference in your long-term success as an entrepreneur. Although an entrepreneur may change the form of ownership later, this change can be expensive, time consuming, and complicated.

There is no single best form of business ownership. Each form has its own unique set of advantages and disadvantages. The key to choosing the optimum form of ownership is the ability to understand the characteristics of each business entity and how they affect an entrepreneur's business and personal circumstances

The following, according to Scarborough et al (2009), are relevant issues the entrepreneur should consider in the evaluation process:

Tax Consideration: In a graduated tax rates the government's (that is Local, State and Federal) constant modification of the tax code, and the year-to-year fluctuations in a company's income require an entrepreneur to calculate the firm's tax liability under each ownership option every year.

Liability Exposure: Certain forms of ownership offer business owners greater protection from personal liability due to financial problems, faulty products, and a loss of other difficulties. An entrepreneur must evaluate the potential for legal and financial liabilities and decide the extent to which they are willing to assume personal responsibility for their companies obligations.

Start up and Future Capital Requirements: The form of ownership can affect an entrepreneur's ability to raise start-up capital. Also, as a business grows, capital requirements increase, and some forms of ownership make it easier to attract outside financing.

Management Ability: Entrepreneurs must assess their own ability to successfully manage their own companies. Otherwise, they may need to select a form of ownership that allows them to involve people who possess those needed skills or experience in the company.

Business Goals: The projected size and profitability of a business influences the form of ownership chosen. Business often evolves into a different form of ownership as they grow, but moving from some formats can be complex and expensive. Legislation may change and make current ownership options less attractive.

Management Succession Plans: Entrepreneurs, in selecting a form of business ownership, must look ahead to the day when they will pass their companies on to the next generation or to a buyer. Some forms of business ownership better facilitate this transition. In other cases, when the owner dies so does the business.

Cost of Formation: The cost of formation to create business ownership varies from one form to the other. Entrepreneurs must weigh the benefits and the costs of the form they choose.

FORMS OF BUSINESS OWNERSHIP

Whether small or large, every business fits one of three categories of legal ownership, sole proprietorships, partnership, and corporations (Brone and Kurtx, 2009).

SOLE PROPRIETORSHIP

The sole proprietorship is the simplest and most popular form of ownership. This form of business ownership is designed for a business owned and managed by one individual. Sole proprietorship is the easiest kind of business for you to explore in your quest for an interesting career. The sole proprietor is the only owner and ultimate decision maker for the business. The sole proprietorship has no legal distinction between the sole proprietor status as an individual and his or her status as a business owner. The simplicity and ease of formation makes the sole proprietorship the most popular form of ownership in Nigeria. One approach when naming a business is to visualize the company's target customer. What are they like? What are their ages, gender, lifestyles and location? What makes our company competitive or unique to those customers? Although sole proprietorships are common in a variety of industries, they are concentrated primarily among small businesses unit such as repair shops, small retail outlets, and service providers, for example, such as painters, plumbers, and barbing saloon.

ADVANTAGES OF PROPRIETORSHIP

- 1) Least cost of business ownership to establish
- 2) Minimum or no special legal restriction
- 3) Ownership of all profit
- 4) No special taxes since business income and proprietors income are taxed as one
- 5) Maximum incentive to succeed
- 6) Privacy
- 7) Flexibility of operation
- 8) Easy to discontinue

DISADVANTAGES OF PROPRIETORSHIP

- 1) Unlimited personal liability
- 2) Limited access to capital for expansion
- 3) Limited skills and abilities
- 4) Feelings of isolation /overwhelming time commitment
- 5) Few fringe benefits
- 6) Limited growth
- 7) Lack of continuity for the business that has a limited life span.

PARTNERSHIP

Another option for organizing a business is to form a partnership. A partnership is a legal form of business with two or more owners. Partners legally share a business assets, liabilities, and profits according to the terms of a partnership agreement. The law does not require a written partnership agreement, also known as the articles of partnership, but it is wise to work with an attorney to develop an agreement that documents the status, rights and responsibilities of each partner. The partnership agreement is a document that states all of the terms of operating the partnership for the protection of each partner involved. Banks often want to review the partnership agreement before lending the business money.

A partnership agreement can include any legal terms the partner s desire. The standard partnership agreement will likely include the following information:

- 1) Name of the partnership
- 2) Purpose of the business
- 3) Location of the business
- 4) Duration of the partnership
- 5) Names of the partners and their legal addresses

- 6) Contributions of each partner to the business, at the creation of the partnership and later.
- 7) Agreement on how the profits or losses will be distributed.
- 8) Agreement on salaries or drawing rights against people for each partner.
- 9) Procedure for expansion through the addition of new partners.
- 10) Distribution of the partnership asset to the partners.
- (11) Sale of the partnership interest
- 12) Absence or disability of one of the partners
- 13) Voting rights
- 14) Decision making authority
- 15) Financial authority
- 16) Handling tax matters
- 17) Alteration or modifications of the partnership agreement.
- 18) Termination of partnership
- 19) Distribution of assets upon dissolution of the partnership

A Partnership can be regarded as an improvement on sole proprietorship form of business organization, the minimum number of people that can form a partnership is two, while the maximum is twenty, with the exception of partnerships comprising professionals; for example, lawyers, accountants, doctors, to mention just a few. Notably, most partnerships are usually formed by professionals and those that engage in service oriented business concerns.

Types of Partnership: There are four types of partnership, on the basis of liability of partners

General Partnership: This is a partnership in which all owners share in operating the business and in assuming liability for the business debts

Limited Partnership: This is a partnership with one or more general partners and one or more limited partners. Limited partnership is one in which certain partners are liable only for the amount of their investment. This is a special kind of partnership governed by partnership Act of 1907. The purpose of a limited partnership is to allow one or more individuals to provide capital on which a return is expected. In case of liquidation, the limited partners only lose the capital.

Master Limited Partnership (MLP): This is a newer form of partnership which looks much like a corporation in that it acts like a corporation and is traded on the stock exchanges like a corporation but it is taxed like a partnership and thus avoids the corporate income tax.

Limited Liability Partnership (LLP): LLP limited partners risk losing their personal assets to only their own acts and omissions of people under their supervision. This newer type of partnership was created to limit the disadvantage of unlimited liability.

Types of partners on the basis of the involvement in partnership: An entrepreneur interested in being involved in partnership form of business should endeavor to understand the types of partners that he/she can choose to be in this form of business. Partners may be classified on the basis of liability, degree of management participation in management share in the profit and so on. The following types of partners are organized

- 1) General partner: A general partner is an owner (partner) who has unlimited liability and is active in managing the firm.
- 2) Limited partner: A limited partner is an owner who invests money in the business but does not have any management responsibility or liability for losses beyond the investment.
- 3) Silent partners: These are partners who are known by the public as owners of the business, but they may take no active role in marketing the business.
- 4) Secret partners: These are partners who take active role in the management of the company but they are unknown to the outsiders as partners.
- 5) Sleeping partners: These are also known as dormant partners, they are neither known as partners by the public nor do they participate in managing the company. They only share from the profit /loss of the business to the tune of capital contributed.
- 6) Nominal partners: These kinds of partners are publicly known that they are partners although they have no investment in the business and therefore have no rights of management. They merely lend their names to the enterprise and may be liable for certain debt of the partnership.

Advantages of Partnership

- ❖ Easy to establish
- ❖ More financial resources
- ❖ Shared management and pooled /complementary skills and knowledge
- ❖ Division of profits
- ❖ Minimum governmental regulation/limited legal restrictions

- ❖ Flexibility
- ❖ Freedom from double taxation
- ❖ Secrecy
- ❖ Longer survival

Disadvantages of Partnership: The following are the disadvantages of Partnership

- ❖ Unlimited liability
- ❖ Division of profits
- ❖ Disagreement among partners especially with regard to authority and control
- ❖ Difficult to terminate because partners are bound by the law of agency
- ❖ Restrictions on transfer of ownership
- ❖ Lack of continuity

Dissolution and Termination of a Partnership

Partners expect their business relationships are going to last forever. However, most do not. There are possibilities that problems may occur when the entrepreneur realizes he or she is not in charge of his or her own company. Even when partnerships work, there are always fears that the partners will develop different business goals. Partners may dissolve or terminate the partnership. Thus dissolution occurs when a general partner ceases to be associated with the business. This may be as a result of:

- ❖ Expiration of a time period or completion of the project undertaken as delineated in the partnership agreement.
- ❖ Expressed wish of any general partner to cease operation.
- ❖ Expulsion of a partner under the provisions of the agreement.
- ❖ Withdrawal, retirement, insanity, or death of a general partner (except when the partnership agreement provides a method of continuation).
- ❖ Bankruptcy of the partnership or of any general partner.
- ❖ Admission of a new partner resulting in the dissolution of the old partnership and establishment of a new partnership.
- ❖ A judicial decree that a general partner is insane or permanently incapacitated, making performance or responsibility under the partnership agreement impossible.
- ❖ Mounting losses that make it unpractical for the business to continue.

Impropriety or improper behaviour of any general partner that reflects negatively on the business. (Adapted from Scarborough et al 2009 pg 87). Termination on the

other hand is the final act of intentionally closing the partnership as a business. This can occur after the partners have agreed to cease operations and all affairs of the partnership have been concluded.

Limited Liability Companies

The incorporation of companies differs from one country to the other. Each country has a body of laws that guide the registration and operations of companies. In Nigeria, the Companies and Allied Matter Act (CAMA) of 1990 is the major law that guides formation and registration of companies in Nigeria.

Formation of Company and Capacity of Individual

According to Section 18 of CAMA 1990, two or more persons may form and incorporate a company by complying within requirements of the act. It also specifies the category of people that can come together to form a company. Section 20 states that anyone in these categories is not qualified:

- ❖ He is less than eighteen years of age;
- ❖ He is of unsound mind and has been so found by a court in Nigeria or elsewhere;
- ❖ He is an un-discharged bankrupt;
- ❖ He is disqualified under Section 254 – which says a person is convicted by a High Court of any offence in connection with the promotion formation or management of a company, etc.

Types of Companies: three types of companies can be identified

- ❖ Limited by shares
- ❖ Limited by guarantee
- ❖ An unlimited company.

A company is said to be limited by shares, if the liability of its members limited by the memorandum to the amount, if any unpaid on the shares respectively held by them.

A company is said to be limited by guarantee if the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up.

A company is said to be unlimited when the members do not have any limit on the liability of its members.

PRIVATE LIABILITY COMPANIES

The private liability company can be formed by minimum of two persons and maximum of fifty persons excluding employees of the company both past and present (according to Section 22 Subsection 3). The total number of members of a private company shall not exceed fifty, not including persons who are bonafide in the employment of the company or were while in that employment and have continued after the determination of that employment to be, members of the company. The articles of the private company must restrict the transfer of its shares, i.e. the share of the company is not transferable through public offer for subscription. The law also requires the name of private company to end with the word Limited

The public liability company is a company where the shareholders are members of the public. The shares are generally freely transferable. Public companies are large trading concerns with minimum membership of two but no maximum. The name of a public company is expected to end with Public Limited Company (PLC).

Limited liability companies are companies incorporated or registered in Nigeria that is regarded as an artificial person, such company can sue and be sued. They can take the form of private or public companies.

Legal Requirement for Registration of Companies

The Companies and Allied Matter Acts specified the documents of incorporation, in section 35 of the acts to include:

- ❖ Memorandum of Association;
- ❖ Articles of Association;
- ❖ Notice of the address of the registered office and head office;
- ❖ Statement of the lists and particulars of the first directors of the company;
- ❖ Statutory declaration of compliance with the provisions of the acts
- ❖ Any other document that may be required by the Corporate Affairs Commission (CAC), e.g. tax certificate of the directors, etc.

If the promoters have met the requirements of the CAC, a certificate of incorporation or certificate of registration would be issued and immediately the company becomes an artificial person or legal entity.

Memorandum and Articles of Association: These two documents constitute the basic constitution of a company. They are in fact the main incorporation documents. The provision of the Articles of Association is subsidiary to that of the Memorandum of Association. In other words, Memorandum of Association is superior to the Articles of

Association. Wherever there is a conflict between the provisions of the two, that of Memorandum of Association takes pre-eminence prevails.

Contents of Memorandum of Association: Section 27 of CAMA 1990 specified the content of the Memorandum of Association. The content include among others:

- ❖ Name of the company: For a private company to end with (Ltd); public company to end with (PLC), i.e. both are limited by shares. If limited by guarantee to end with limited by guarantee or (Ltd/GTE). No two different companies must have an identical name;
 - ❖ The address of the registered office of the company must be located in Nigeria;
 - ❖ The object of the company – the type of business and contract the company can lawfully enter into;
 - ❖ The restriction, if any, on the powers of the company;
 - ❖ Share capital clause – minimum share capital required for private company is N10,000, while that of public company is N500,000;
- Liability clause – the statement whether the liability of its members are limited or unlimited or limited by share or guarantee;
 - Subscription clause – the subscribers of the memorandum are required to subscribe nothing less than 25% of the company s share capital Each subscriber must write his full names, signature, profession or status as well as address on the column provided.

Content of the Articles of Association: The Articles of Association prescribe the rules and regulations for the internal management of the affairs of the company. The Articles of Association regulates the rights, duties, and obligations of the members among themselves and also the rights, duties and obligations of the members to the company and vice-versa.

Other items contained in the document include:

- ❖ Membership;
- ❖ Meetings, notices of meetings, conduct of meeting;
- ❖ Directors, their qualifications, disqualification powers, duties, etc;
- ❖ The company borrowing powers;
- ❖ Company Secretary;
- ❖ Custody of the company s common seal

Advantages of Limited Liability Companies

- ❖ It has a legal entity;
- ❖ Limited liability of shareholders c. Ability to attract capital

- ❖ Ability to continue indefinitely e. Transferable ownership
- ❖ Separation of ownership from management
- ❖ The death of a shareholder does not mean the end of the company;
- ❖ Accessibility to large capital which enhance growth.

Disadvantages of Limited Liability Companies

- ❖ When company becomes very large, there is no personal relationship between the customers and the owners;
- ❖ Official red tapism may delay decision making;
- ❖ Chain of command becomes long which lead to communication breakdown.
- ❖ Cost and time involved in the incorporation process
- ❖ Double taxation
- ❖ Charter restrictions
- ❖ Extensive legal requirement and restrictions
- ❖ Potential for diminished management incentives i. Potential loss of control by the owners
- ❖ Difficulty of termination
- ❖ Possible conflict with share stockholders and board of directors

Difference between Private Company and Public Company

- ❖ Private company has a maximum number of 50 persons, shares are not subscribed to or transferable by the public and the name must end with Limited while public company do not have any maximum number of subscribers, shares are publicly subscribed to and transferable through the stock exchange market.

COOPERATIVE SOCIETY

A cooperative society is a business organization managed on democratic basis aimed at optimizing the social and economic well-being of its members. It operates to make profit and to render services to its members. Membership in cooperative society is voluntary. Each member is entitled to a single vote during its annual general meeting and when taking strategic decisions that calls for voting. Dividends are paid to members on the strength of patronage or usage of services provided by the organization.

Types of Cooperative Societies

According to Odueyungbo (2006) the types of cooperative societies are:

Agricultural Cooperatives: this is voluntary association of farmers positioned to improve members' welfare. They provide credit facilities for members, encourage the use of fertilizers and improved seedling and provide marketing support to members.

Consumer Cooperative: they purchase essential commodities in bulk and sell to members' at reduced prices.

Credit and Thrift Cooperatives: encourage savings among members and provide access to funds at low interest rate.

Artisan Cooperatives: are formed by craftsmen to improve their standard of living. They promote trade of members and ensure adherence to ethical values in their relationship and dealings.

Multipurpose Cooperative Societies: as the name implies, multipurpose cooperative societies perform multiple functions or duties for its members.

Meaning of Staffing:

The term 'Staffing' relates to the recruitment, selection, development, training and compensation of the managerial personnel. Staffing, like all other managerial functions, is the duty which the apex management performs at all times. In a newly created enterprise, the staffing would come as a third step next to planning and organizing but in a going enterprise the staffing process is continuous. In order to define and clarify the group of employees included in the staffing concept, it must be stated that the staffing function is concerned with the placement, growth and development of all of those members of the organization whose function it is to get things done through one effort of other individuals.

This definition includes all levels of management because those who will occupy positions in the top two or three levels of management fifteen or twenty years from now are likely to be found in the lower levels today.

“The managerial function of staffing involves manning the organisational structure through effective and proper selection, appraisal, and development of personnel to fill the roles designed into the structure.” — Koontz and O'Donnell

Nature of Staffing:

Staffing is an integral part of human resource management. It facilitates procurement and placement of right people on the right jobs.

The nature of staffing function is discussed below:

. People Centred:

Staffing is people centred and is relevant in all types of organisations. It is concerned with all categories of personnel from top to bottom of the organisation.

The broad classification of personnel may be as follows:

(i) Blue collar workers (i.e., those working on the machines and engaged in loading, unloading etc.) and white collar workers (i.e., clerical employees).

(ii) Managerial and non-managerial personnel.

(iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.).

2. Responsibility of Every Manager:

Staffing is a basic function of management. Every manager is continuously engaged in performing the staffing function. He is actively associated with recruitment, selection, training and appraisal of his subordinates. These activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates. Thus, staffing is a pervasive function of management and is performed by the managers at all levels.

It is the duty of every manager to perform the staffing activities such as selection, training, performance appraisal and counseling of employees. In many enterprises. Personnel Department is created to perform these activities.

But it does not mean that the managers at different levels are relieved of the responsibility concerned with staffing. The Personnel Department is established to provide assistance to the managers in performing their staffing function. Thus, every manager has to share the responsibility of staffing.

3. Human Skills:

Staffing function is concerned with training and development of human resources. Every manager should use human relations skill in providing guidance and training to the subordinates. Human relations skills are also required in performance appraisal, transfer and promotion of subordinates. If the staffing function is performed properly, the human relations in the organisation will be cordial.

4. Continuous Function:

Staffing function is to be performed continuously. It is equally important in the established organisations and the new organisations. In a new organisation, there has to be recruitment, selection and training of personnel. In a running organisation, every manager is engaged in various staffing activities. He is to guide and train the workers and also evaluate their performance on a continuous basis.

Process of Staffing Function of Management

We, briefly, discuss below these steps in process of staffing.

1. Manpower Planning:

Manpower planning may be regarded as the quantitative and qualitative measurement of labour force required in an enterprise. It involves in creating and evaluating the manpower inventory and to develop required talents among the employees selected for promotion advancement.

2. Recruitment:

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organisation. In other words, recruitment stands for discovering the source from where potential employees will be selected. The scientific recruitment leads to greater productivity, better wages, higher morale, reduction in labour turnover and better reputation of the concern.

3. Selection:

Selection is process of eliminating (among all the candidates considered for possible employment) those who appear unpromising. The purpose of selection process is to determine whether a candidate is suitable for employment in the organisation or not.

The chief aim of the process of selection is choosing right type of candidates to fill in various positions in the organisation. Selection process requires exactness. A well planned selection procedure is of utmost importance for every enterprise.

4. Placement:

Placement means putting the person on the job for which he is selected. It includes the introduction of the employee with the job.

5. Training:

After selection an employee, the most important and established part of the personnel programme is to impart training to the new comer. With the rapid technological changes, the need for training employees is being increasing recognised so as to keep the employees in touch with the new developments.

Every concern must have a systematic training programme otherwise employees will try to learn the job by trial and error which can prove to be a very costly method.

6. Development:

A sound staffing policy calls for the introduction of a system of planned promotion in every organisation. If employees are not at all having suitable opportunities for their development and promotion, they get frustrated.

Each and every employee should be given to understand the various promotion routes/possibilities and the attendant facilities that are made available in the form of training programmes, orientation schemes, etc., to achieve the same.

7. Promotion:

Promotion implies upgrading of an employee to a higher post involving increase in rank, prestige or status and responsibilities. Generally increase in pay accompanies promotion but it is not essential ingredient.

8. Transfer:

Transfer implies movement of an employee from one job to another without any increase in pay, status or responsibilities. Usually transfer takes place between jobs paying approximately the same salaries.

9. Appraisal:

Appraisal of employees reveals as to how efficiently the subordinate is performing his job and also to know his aptitudes and other qualities necessary for performing the job assigned to him. The qualities of employees that are appraised through performance appraisal are ability to do work, spirit of cooperation, managerial ability, self confidence, initiative, intelligence etc.

The main objective of performance appraisal is to improve the efficiency of a concern by attempting to mobilise the best possible efforts from individuals employed in it.

10. Determination of Remuneration:

Fixation of remuneration is the most difficult and complex function of the personnel department because there are no definite or exact means to determine the correct wages.

Job Evaluation is the only systematic technique to determine the worth of the job but much remains to be done in this regard. As wages constitute major part of the cost of production, every concern must consider this aspect very seriously.

Importance of Staffing:

It is of utmost importance for the organisation that right kinds of people are employed. They should be given adequate training so that wastage is minimum. They must also be induced to show higher productivity and quality by offering them incentives.

In fact, effective performance of the staff function is necessary to realize the following benefits:

1. Efficient Performance of Other Functions:

Staffing is the key to the efficient performance of other functions of management. If an organisation does not have competent personnel, it can't perform planning, organisation and control functions properly.

2. Effective Use of Technology and Other Resources:

It is the human factor that is instrumental in the effective utilisation of latest technology, capital, material, etc. the management can ensure right kinds of personnel by performing the staffing function.

3. Optimum Utilisation of Human Resources:

The wage bill of big concerns is quite high. They also spend money on recruitment, selection, training and development of employees. In order to get the optimum output from the personnel, the staffing function should be performed in an efficient manner.

4. Development of Human Capital:

The management is required to determine the manpower requirements well in advance. It has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in future.

5. Motivation of Human Resources:

The behaviour of individuals is shaped by many factors such as education level, needs, socio-cultural factors, etc. that is why, the human aspect of organisation has become very important. The workers can be motivated through financial and non-financial incentives.

6. Building Higher Morale:

Right type of climate should be created for the workers to contribute to the achievement of the organisational objectives. By performing the staffing function effectively, management can show the significance it attaches to the personnel working in the enterprise. This will increase the morale of the employees.

VENTURE

A venture is any activity or set of activities that is geared towards a profitable goal. It can be an individual enterprise or organised by a group or groups of persons and other legally recognised entities. A venture gives a distinct identity to the individual or the corporate organization involved in it. A venture empowers those involved in it. A venture increases the skills, contacts and the chances of rendering service and creating wealth. A venture can cause other areas of the economy or society to make positive growth. A venture can make the individual or society prominent, a nation powerful and respected, or otherwise.

VENTURE AND THE NATION

A venture has the potential of accumulating know-how and money or other kinds of capital. These could in turn create wealth. Wealth creates diversity and competitiveness. Entrepreneurship has the potential for improving the entire gamut of human existence. It is in this manner that industrialization has brought incredible opportunities to modern man. Along with these have been problems and challenges too. But the advantages far outweigh the disadvantages.

NEW VENTURE CREATION

There are four basic ways to get into entrepreneurship. These are:

- Creating a new venture (start-up)
- Starting within an existing business structure (franchise)
- Buying an existing business
- Inheriting a business

Creating a New Venture

Starting a new business from nothing is the most risky path to becoming an entrepreneur and also the path that promises the greatest reward for success. There are a number of ways this could be achieved:

Copying an Existing Idea: You might see a product or service that is not available locally, and decide that you will fill the gap by introducing it to your area. But not everything that is a success elsewhere will be a success in your own area. That is where market research is essential..

Spin-off from Work: Many new businesses are started by ex-employees who set up to do on their own as consultants or outsourcer what they were doing as employees. For example, a designer working on one product may realize that a variant of that product has quite a different use and so set up a new business to exploit that. Alternatively, he or she might think of a significant improvement to an existing product which, if it were to go production would take a good share of the market (legal advice may be required to avoid infringing any patent or copyright).

Building from Personal Experience: you might discover that lots of people want to buy materials (both academic and non-academic online) but lack the information and the tools to do so and you decide to set up a business to meet that need.

Arts and Crafts: Trying to start a profitable business based on artistic talent is often difficult. You have to develop skills in selling and distribution (marketing) in addition to the time deeded to produce your creative work.

Invention: there is a widespread belief that coming up with an original invention will lead to success in business. If you have come up .with and designed a new device, this is only the first hurdle .You then need either to find a keen manufacturer or to raise the funds to manufacture the device yourself and start to carve out a niche in the marketplace among customers, many of whom are naturally conservative and wary of new things. To launch all innovative product requires substantial promotional or advertising budgets.

Building On Hobbies and Sports

Advantages of Start-up:

A start-up begins with a "clean slate." There are no existing employee problems, debts, lawsuits, contracts or other legal commitments that must be satisfied.

A start-up provides the owner with the opportunity to use the most up-to-date technologies. There are no "legacy" locations, buildings, equipment, or software that can hamper productivity.

A start-up can provide new, unique products or services that are not available from existing businesses or franchises.

A start-up can be kept small deliberately to limit the magnitude of possible losses. A purchase business or franchise requires immediate and constant cash flow to meet on-going obligations.

Disadvantages of Start-up:

- i. A start-up has no initial name recognition.
- ii. A start-up will require significant time to become established and provide positive cash flows.
- iii. A start-up can be very difficult to finance.
- iv. A start-up may not have experienced managers and workers.

Increasing the Chance of Start-Up Success

The probability of creating a successful start-up is increased greatly when the founder has certain attributes and when the founder takes certain actions. To succeed when one is creating a new venture, Katz and Green (2007) recommend the following:.

INCREASING THE CHANCE OF START-UP SUCCESS

The probability of creating a successful start-up is increased greatly when the founder has certain attributes and when the founder takes certain actions. To succeed when one is creating a new venture, Katz and Green (2007) recommend the following:.

- i. ***Start business in a business incubator:*** A business incubator is an organization that provides financial, technical, and managerial help to start-up businesses. Most incubators are associated with economic development agencies and are integrated into the community. Incubators provide access to angel investors, public grants for seed money, and technology support.
- ii. ***Take part in a mentoring programme***

- iii. ***Have a detail start-up budget:*** A detail start-up budget provides a road map for necessary spending during the start-up phase when cash inflow is likely to be small or non-existent.
- iv. ***Produce a product or service for which there is a proven demand***
- v. ***Secure outside investment:*** Securing outside investment accomplishes two things: First, the process of obtaining investment funds means that your business will be critically examined by outsiders who have no vested interest in your idea, product, or service. Second, the fact that you were able to convince outsiders to invest in your business indicates a level of belief in the business and you that provides legitimacy.
- vi. ***Start with more than one founder:*** **starting** the business with more than one founder provides the business with more experience, skills and resources than can be provided by a single individual. Having more founders in the business also provides an opportunity for synergy, in which the business results are greater than the sum of the input.
- vii. ***Have industry experience:*** Every industry has its own peculiarities. Only through experience can you learn the methods, sources, and markets for any specific one.
- viii. ***Choose a business that produces high margins***
- ix. ***Start the business with established customers:*** When you start with established customers, you know that you will immediately have cash inflow. There are basically three ways you can go about obtaining committed customers prior to start-up: (a) you can start your business as a "spin-off from your current employer's business, (b) You can start a business to specifically go into competition with your employer. (c) Or, you can start a business to subcontract services to your employer or to other established business.
- x. ***Build trust in your "story":*** You must be able to convince suppliers, employees, and, most importantly, customers that the business is now successful and will be successful in the future.

STARTING WITHIN AN EXISTING BUSINESS STRUCTURE

Starting within an existing business structure may take anyone of: direct selling, network marketing, or franchising.

Network marketing: Some, though not all, direct selling companies operate a multi-level system of sales where salesperson can recruit other salesperson and will then receive bonuses

depending on well their recruits perform. This way of selling is called network marketing (networking) or multi-level marketing.

Franchising: In franchising (like business format franchise) you copy someone else's business, with their full approval and support, under a license agreement called a franchise. In this the franchise -giver (the franchisor) allows you to use their trade name, provide training and back-up, and give their expertise with all its benefits. In exchange, you as the franchisee have to pay the franchisor an initial fee, then on-going royalties. The major advantage of this method is that you get into business more quickly and possibly with less risk. The major disadvantage of franchise is that the franchisee gives up control of marketing and operating. :

Buying an Existing Business

To buy a viable existing business you need to do your homework thoroughly and to maintain an open, yet cynical mind. Cynical because one must examine why a good small business is being sold. If the business is doing even reasonably well, it more likely to be taken over by a close friend or member of the proprietor's family, or the proprietor could employ a manager. That is not to say that a good or potentially good business do not come on to the market, but you need to be fully aware of what you are taking on why it is been sold. Consult an accountant and do enough market research.

Advantages of buying existing business include:

- i. Easy access to a profitable network of relationships,
- ii. Availability of tested market,
- iii. Tested business location,
- iv. Experienced employees,
- v. It may be inexpensive to buy the business,
- vi. Technology acquisition

Disadvantages of buying existing business include:

- i. Finding a successful business for sale that is appropriate for your experience, skills, and education is difficult and time-consuming
- ii. It may be very difficult to determine what a small business is worth
- iii. Existing managers and employees may resist change
- iv. The reputation of the business may be a hindrance to future success
- v. The facilities and technology may be obsolete.

Perform due intelligence when buying an existing business: Due intelligence is the process of investigating to determine the full and complete implication of buying a business. During

the process of due diligence every aspect of the business is examined in exacting detail. Nothing is taken for granted. No statement is accepted without evidence. Evidence is, itself, substantiated with sources external to the company. Properly performing the diligence minimizes the risk of failure and maximizes the probability success by identifying the strength and weakness of business.

Inheriting an Existing Business

Some individuals, whose parents or relations have been entrepreneurs before them may inherit the enterprise when the present owner dies or retires, The lucky few who do, have at one time or the other worked in the family business and often have a general idea of what goes on there. To ensure that the business thrives after you have taken over, you must be able to gain the loyalty of other family members, professional managers, and employees.

FEASIBILITY STUDIES AND ITS IMPORTANCE

Feasibility studies comprise comprehensive detailed information about ones business structure, the products and services, the market, logistics of how one will actually deliver a product or service, the resources one needs to make the business run effectively, as well as other information about the business (Women in Business, 2010). A Business Feasibility Study can also be defined as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes, and assessing the range of costs and benefits associated with several alternatives for solving a problem (Thompson, 2005).

The importance of Feasibility Studies: According to Women in Business (2010), the information you gather and present in your feasibility study will help you:

It serves as the standard or yardstick for assessing performance of envisaged business. It also helps to:

- ❖ List in detail all the things you need to make the business work;
- ❖ Identify logistical and other business-related problems and solutions;
- ❖ Develop marketing strategies to convince a bank or investor that your business is worth considering as an investment; and
- ❖ Serve as a solid foundation for developing your business plan.

- ❖ Provides important information necessary for accurate decision making in relation to proposed project. Even if you have a great business idea you still have to find a cost-effective way to market and sell your products and services.

This is especially important for store-front retail businesses where location could make or break your business.

COMPONENTS OF FEASIBILITY STUDIES

Executive Summary: The Executive Summary is a summary of all key sections of the Business Feasibility Study and should work as a separate, stand-alone document. Key points to remember include:

Write this document after the content section of Business Feasibility Study is completed. Although the Executive Summary is written last, it is presented first. The Executive Summary should be no more than one page long

Product/Service: Describe the enterprises, product at service in simple language. It describes how customers would use and buy the product or service.

Technology: As necessary, provide further technical information about the product or service. It describes additional or ongoing research and development needs.

Intended Market Environment

Target Market:

The end users and customers.

For business-to-business markets, include:

What industry is the target market, who is the key players, frequency of product purchase, replacement needs versus expansion, purchasing process?

For business-to-consumer markets, include: Demographic factors, such as income level, age range, gender, educational level, and ethnicity.

Competition

Direct and indirect competition can be describe (as it pertains to the target markets only). For key competitors, give market share, resources, product and market focus, goals, strategies, strengths and weaknesses. List all key barriers to entry.

Industry: Clearly define and describe the industry in which the enterprise operates. Include the size, growth rate, and outlook. Define key industry segments and state where enterprise fits in.

Business Model: Describe the proposed enterprise's business model. How will the business generate revenue (i.e. sell the product; charge licensing, retail sales)? Will there be recurring revenue?

Marketing and sales strategy: lay out the marketing and sales strategies.

Describe the pricing strategy and justification: this include the expected gross profit margins.

Production / operating requirements: Describe enough of how and where the enterprise will manufacture, source or create and deliver the final product or service to be able to estimate costs. Will space be owned or leased? Will renovations be required? At what cost?

Management and personnel : List the proposed key managers, titles, responsibilities, relevant background, experience, skills, and costs. Sketch personnel requirements: what the kind of staff will be needed at the moment, in the next one year and in the long run? What skills and qualifications are required and what are the financial implications?

Regulations/environmental issues: Outline non-economic forces that might affect the prospects of the firm: Key government regulations and the enterprise s plans for compliance; any environmental problems on property, plans to address the problems, and their cost and Political stability, if applicable.

Financial Projections: Some core components of this part of the report are listed below: Balance Sheet Projections - Three Years & Highlight Inflows of Capital; Income Projections - Year I : Monthly or quarterly; years 2 and 3: Annually; Cash Flow Projections - Year I : Monthly or quarterly; Years 2 and 3: Annually,

Break-Even Analysis - When will the firm begin to turn a profit, and

Cost Benefit Analysis - Will the business provide a viable return on investment for the owner and/or the investors?

Capital requirements & strategy: How much funding (equity) will the firm need, and when? What projected revenue or assets does the proposed business have to secure the financing? What sources will provide the funding, i.e. investors, lending institutions etc? What ratio of debt to equity financing will occur? When will investors begin to see a return? What is the expected return on investment (ROI)?

Final findings & recommendations

Recommendations from the feasibility study regarding the viability of putting the business idea into practice should be honest, short and direct. When making the findings or recommendations arising from the Business Feasibility Study discuss the viability of the proposed business venture in terms of:

- Market Viability
- Technical Viability
- Business Model Viability
- Management Model Viability
- Economic and Financial Model Viability
- Exit Strategy Viability

A significant component of the findings should be relate to the likelihood of success, projected return on investment and how any identified risk should be mitigated.

What is the importance of market analysis in a feasibility study?

•Market analysis is central in writing a feasibility study as it enable the potential business owner to be aware of the market it intends to operate, it will give an estimated market potential, the shares of the existing marketers, extent of competition, the current strategies of the existing operators. Equipped with this information will enable the potential entrepreneur whether to continue or look elsewhere.

How many of the components of Feasibility Studies can you remember? Make a list of them

BUSINESS PLAN

The term Business plan has different meanings to different people. Banks that release their own planning guidelines consider formal business loan applications to be synonymous with business plans. Venture capitalists see them as investment proposals, purely fund raising documents. Corporate managers think of them in terms of departmental budgets and financial forecasts. (Touchie, 2005). According to Kuratko and Hodgetts (1998), the business plan describes to investors and financial sources all of the events that are likely to affect the proposed venture. Details are required for various projected actions of the venture, with associated revenues and costs outlined. A Business Plan describes a business opportunity. It is like a road map because it tells you what to expect and what alternative routes you can take to arrive at your destination. Planning helps you to work smarter rather than harder. It keeps you future-oriented and motivates you to achieve the results you want. Perhaps most importantly, the process of completing a Business Plan enables you to determine what commitment you need to make to the venture (Department of Trade and Economic Development, 2010)

IMPORTANCE OF BUSINESS PLAN

When you think about what a business plan is your mind probably goes right to the bank and the process of applying for business financing, as that is the most common use for business plans. But if you are creating this valuable tool only as a part of a required financing package, you are overlooking its most important function: planning (Cagan, 2006). Whether you are new to the world of entrepreneurship or a seasoned veteran, a properly crafted business plan can help solidify your vision. And when you are remaking an on-going venture, a written strategy (business plan) can help ensure its success. Taking cognizance of that, there are particular events that spur the need for a full-scale business plan. According to Cagan (2006), they include the following:

- You plan to launch a new business.
- Your business has grown substantially.
- You want to expand your existing business into new markets.
- You want to add a new product or product line.
- You are thinking about buying a business.

Other reasons why business plan is necessary according to Department of Trade and Economic Development (2010) are to:

- Control future risks
- Prepare for future uncertainty
- Control business environment
- Control business growth
- Avoid sales crises
- Avoid liquidity crises
- Avoid succession crises
- Ensure people development
- Ensure work space available
- Avoid stock buying crises

According to Timmons and Spinelli, (2004), developing the business plan is one of the best ways to define the blueprint, strategy, resource, and individual requirements for a new venture. A good business plan must be developed with a view to exploiting the defined opportunity, developing the opportunity and determining the resources required, obtaining those resources and successfully managing the resulting venture (Hisrich, Peters and Shepherd,2008).

Writing a business plan is time consuming and financial wastage. Discuss

•Writing Business Plan can be labourious and financially demanding, but it is really worth the trouble. A well writing business plan will enables an entrepreneur to control future risk, prepare for future uncertainty, control business growth, take charge of organizational growth and development. It allows for consistencies in decision-making.

PRINCIPLES OF PLANNING IN FEASIBILITY STUDIES AND BUSINESS PLAN

A plan must be:

Explicit: All steps completely spelled out.

Intelligible: Capable of being understood by those who will carry it out.

Flexible: Capable of accepting change.

Written: Committed to writing in a clear and concise manner.

Benefits of Planning

1. **Reduces ‘firefighting’:** Many small business owners spend so much time putting out the fires that they never have a chance to do anything else. By preparing a Business Plan you can anticipate problems that are likely to occur and decide how they should be handled in advance.

2. **Justify your plans and actions:** Often one decides to do something because it sounds or feels right. You may do something because that is the way that you have always done it. Preparing a Business Plan forces you to prove the validity, or at least consider the reasoning of your plans.

3. **Tests your ideas on paper:** It is much better to produce a Business Plan and find that the business is likely to be unprofitable than to start the business and find out the same thing.

4. **Indicates your ability and commitment:** A well-prepared Business Plan is an impressive document. It shows outsiders such as lenders and suppliers that you understand the business.

COMPONENTS OF A WRITTEN PLAN

A written Business Plan should contain the following:

1. **The Business Idea:** An outline and description of the product or service and background on the industry.

2. **The Entrepreneurs:** A history of the founders of the business including their skills, abilities and proposed ownership structure.

3. **Business Objectives:**

- What the business intends to achieve including long range goals
- The advantage of the product or service over existing competitors
- The image and character of the business to be developed.

The product or service

Technical description of the business.

1. Manufacturing:

- Description of process and machinery used
- Patents and design registrations
- Predictions on changes to the industry
- Costs of materials, machinery, etc
- Plant location and layout
- Labour availability and costs.

2. Retailing: Goods to be sold; Location; Stocking policy and procedures; and Suppliers and potential suppliers and the sales terms.

3. Service:

- Description of service
- Qualifications necessary to enter the industry
- Industry and/or legal controls
- Processes and services to be offered

Financial information

1. **Capital Needs:** Fixed assets needed; Working capital needed; and Starting capital needed.

2. **Sources of Finance:** Types of finance needed; and Owners funds to be used.

3. **Cost of Finance:** Set up costs; Current interest rates; Ability to meet borrowings and

Current returns on owners funds.

4. **Financial Viability:**• Projected profit and loss accounts; Break even analysis; Projected balance sheets; Cash flow forecasts; Working capital needs; Budgets; Expenses/Sales/Income and Taxation.

The market

1. **Market Research:** Market size; Market description; Market trends; Customer profiles; and target markets then Preliminary sales forecasts and estimated market share.

2. **Competitive Position:** Competitors; Unique selling position; Quality of existing products or services and Marketing practices of competitors.

3. **Marketing Program:** Distribution channels; Sales outlets; Storage and transport of goods; Pricing policy; Packaging; Sales promotions and sales strategy; Advertising strategy and costs; Public relations.

Management and Operations

1. **Personnel:** Numbers of staff needed; Skills necessary; Training programs.

Business organisation

1. **Form of legal organisation:** Sole Trader; Partnership; Company or Trust; Registration of business name; Organisation chart.

2. **Legal Considerations:** Licences; Federal and State taxes; Consumer Law; Business Law; Insurance.

3. **Premises:** Space required; Buy or rent contracts; Commercial lease requirements and problems; Availability of suitable premises.

Questions to be answered in a business plan

1. **Description of the business:**

- What type of business are you planning (retail, wholesale, manufacturing, tourism, hospitality, service)?

- What products or services will you sell?

- What type of business is it (new, part-time, expansion, seasonal)?
- Why does it promise to be successful?

2. Marketing:

- Who are your potential customers?
- How will you attract and hold your share of the market?
- Who are your competitors? How are their businesses prospering?
- How will you promote sales?
- Who will be your best suppliers and why?
- Where will the business be located?
- What factors will influence your choice of location?
- What features will your location have?
- How will your building contribute to your marketing strategy?
- What will your building layout feature?

3. Organisation:

- Who will manage the business?
- What qualifications will you look for in a manager?
- How many employees will you need and what are their job descriptions?
- What are your plans for employees hiring salaries and wages, benefits, training and supervision?
- How will you manage finances?
- How will you manage record-keeping?
- What consultants or specialists will you need?
- What legal form of ownership will you choose?

- What licences and permits will you need?
- What regulations will affect your business?

GENERATING BUSINESS IDEA

Every business comes out of an idea. A business idea is a short and precise description of the basic operations of the business. Your business idea tells you:

- What product your business will sell?
- Who your business is going to sell to?
- How much your business is going to sell its products?
- Which need your business will fulfil for the customers?

SOURCES OF NEW IDEAS - IDENTIFYING BUSINESS OPPORTUNITIES

Idea can be sourced from the company's value delivery network: the suppliers, the company's employees, distributors [wholesalers, retailers, agents], and customers. It can also be sourced from the competitor's employees. Other sources include, libraries, trade journals, the internet, etc.

Business idea starts with identifying business opportunities. A business opportunity is all unsatisfied demand which can be profitably exploited by an entrepreneur. All business opportunities arise from human needs. Human needs are virtually insatiable. As soon as one need is satisfied, another appears (Abraham Maslow's Theory of Hierarchy of Needs). Business opportunities are not easily perceived. They are created by events or indicators such as:

- i. Existing needs that are currently unsatisfied
- ii. Rapidly expanding market
- iii. Dissonance with current means of satisfying existing needs
- iv. Breakthrough in research and development
- v. Overpricing of existing product or services
- vi. Failure of a product or company

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 standing 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 Ss, 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 Ss (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 favorable 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 MARKET RESEARCH

After your business idea, you need to answer the fundamental question: "Is there a market for my product (or service) and is it big enough to support me and my business?" Finding the answer takes market research to define the size of the market and its area, and to develop a customer profile. You can then assess whether you will be able to make enough sales to make a modest living. Other key elements to consider are who the competition is, and why people will come to you instead of your competitors.

Essien (2006) in *Entrepreneurship: Concept and Practice*, counselled an entrepreneur at the threshold of starting a business to ask himself the following questions:

- What business should I establish and why?
- Where should I establish it?
- How best should I get the business started?
- Who are my likely customers and what are their characteristics in terms of age, income, taste, and preferences?
- Is there any business enterprise currently supplying the needs of the market I am targeting?
- And if so, do I have special competencies with which to penetrate the market at a profit?
- How much start-up capital do I require and how best should I raise it?
- Is my technical or managerial know-how adequate for the business?
- What are my projected income, expenditure and profit in the next one, two or three year?

- What specific achievements would I want this business to record in, say the next five years and how do I intend to realize that?

Apply the Financial Test

A clear-headed way to assess your business idea is to take the same approach that an outside financier would take if he or she were looking at your proposed venture. A financier looks for three distinct features in a new venture:"

- **Difficult market entry:** This seems a contradiction in terms. Why should anyone want a project to have difficulty getting into the market? The answer lies in the fact that as soon as your business starts and appears to others to be successful it will encourage a rush of "me-too" imitators. This cause dilution of the potential market and the possibility of price war and the resultant erosion of profit. It is therefore a considerable advantage to have a project that is not easy to copy.

- **High margin:** This is a fairly obvious requirement since high margin should translate into good profitability. But what this also means is that the business should enjoy good cash flow, have funds for future development, and should survive if margins are eroded by unforeseen events.

- **Longevity:** This factor is not often considered at the planning stage by small businesses, which tend to place too much emphasis on short-term results. Longevity in this context simply means a project which, once launched, is likely to continue to be competitive and profitable for a numbers of years without requiring substantial change or further investment.

NEW PRODUCT DEVELOPMENT AND PRODUCT LIFECYCLE STRATEGIES

MEANING OF NEW PRODUCT

When we say a product is new, the product may be an invention or an innovation. Invention is a new technology or product that may or may not deliver benefits to customers. Innovation is an idea, product or technology that has been developed and marketed to customers who perceive it as novel or new. Product innovation encompasses a variety of product development activities - product improvement, development of entirely new ones, an extension that increase the range or number of lines of product the entrepreneur can offer (Kotler, Armstrong, Saunders & Wong, 1999). Even in situation where an entrepreneur launched himself into business with a new product, he cannot forever rely on that product for business performance. Given the rapid changes in taste, technology, and competition, an entrepreneur cannot rely solely on its existing products to sustain growth or to maintain profitability.

An entrepreneur can obtain new product through one or more of these ways:

- i. Acquisition - by buying a whole company.
- ii. Patent or license (e.g. franchise) - to produce someone else's product
- iii. New product development - developing new product within the company.

Why do new products fail?

There are many reasons:

- i. The market size may have been overestimated
- ii. The actual product was not designed as well as it should have been
- iii. It may be a 'me too' product which no better than products that are already established in the marketplace
- iv. It was incorrectly positioned in the market
- v. It was priced too high
- vi. It was poorly advertised and promoted
- vii. The costs of product development are higher than budgeted
- viii. Competitors fight back harder than expected.
- ix. Focusing more on the product quality than on the benefit the product provides.

NEW PRODUCT DEVELOPMENT PROCESS

The new product development process for finding and growing new products consists of eight

main steps.

- i. **New-product strategy:** effective product innovation is guided by a well-defined new product strategy.
- ii. **Idea generation:** source of idea include the entrepreneur himself, family members and friend, customers, competitors, distributors and suppliers.
- iii. **Idea screening:** the purpose of screening is to spot good ideas and drop poor ones as soon as possible. as product costs rise greatly in later stages, it is important for the company to go ahead only with those product ideas that will turn into profitable products. The screening might be done by writing the new product idea on a standard form and then evaluating the idea against a set of general criteria. The criteria could include: the product, the target market, and the competition. Estimate of the market size, product price, development time and costs, manufacturing costs and rate of return.

- iv. **Business analysis:** this involves a review of the sales, market share, costs and profit projections for the new product to find out whether they satisfy the company's objectives.
- v. **Product development:** so far, the product may have existed only as a word description, a drawing or perhaps a crude mock-up. At this stage the product concept is turn into a physical product.
- vi. **Test marketing:** this is the stage at which the entrepreneur tests the product and its entire marketing programme - positioning strategy, advertising, distribution, pricing, branding, and packaging - in real market situations. The entrepreneur uses test marketing to learn how consumers and dealers will react to handling, using and repurchasing the product.
- vii. **Commercialization:** this is introducing to new product into the market. The entrepreneur launching a new product must make four decisions:
 - (a) When to launch the new product?
 - (b) Where to launch the new product?
 - (c) To whom to launch the new product?
 - (d) How to launch the new product?

PRODUCT LIFE-CYCLE STRATEGIES

After launching the new product, the entrepreneur would want the product to enjoy a long and healthy life. Although it does not expect the product to sell forever, the entrepreneur wants to earn a decent profit to cover all the costs, effort and risk that went into launching it. The entrepreneur must know how to manage the new product as it goes through its lifecycle, that is from its birth, through growth and maturity, to eventual demise as newer products come along that better serve consumer needs. .

Kotler, et al (1999; 627) define product life-cycle as "the course of a product's sales and profits

over its life time." It involves five distinct stages:

- i. Product development;
- ii. Introduction;
- iii. Growth;
- iv. Maturity, and
- v. Decline

We discuss the features of each stage and marketing strategies that should be applied. Product development stage: this stage start from idea generation to commercialization. It has been discussed in the preceding page.

Introduction stage: this stage start when the new product is first launched. In this stage, sales are low, profits are negative or low because of the low sales and high distribution and promotion expenses. The slow growth could be attributed to the following reasons:

- Delay in the expansion of product capacity.
- Technical product challenges that need to be addressed
- difficulty in gaining widespread distribution
- slow response of the customers to the product

The specific objectives and strategies here include:

Marketing objective - create product awareness and trial

Product strategy - offer a basic product

Advertising - build product awareness among early adopters and dealers

Growth stage: at this stage, sales will start to climbing quickly. The early adopter will continue to buy, and later buyers will start following their lead, especially if they bear favourable word of mouth. Attracted by the opportunities for profit, new competitors will enter the market. They will introduce new product features, improve on the pioneer's product and expand the market for the product. Price remains where they are or falls slightly.

The specific objectives and strategies here include:

- Marketing objective: maximize market share
- Product strategy: offer product extensions. service, warranty
- Advertising: build awareness and interest to the mass market

Maturity stage: this is the stage where the product is well known. Sales grows slowly or levels off at this stage. The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin to cut prices, increase their advertising and sales promotions, and increase their budgets to find better versions of the product. These steps lead to a drop in profit. Often some of the weaker competitors start to lag behind and soon drop out.

The specific objective and strategies here include:

- Marketing objective: maximize profit while defending market share.
- Product strategy: market development and product development. In market development, the company tries to increase the consumption of the current product by looking for new users or market segments which the company is not currently

serving. In product development, In product development the company modify product in terms of quality, style, feature to attract new users and to inspire more usage.

- Advertising strategy: stress product differences and benefits.

Decline stage: this stage is characterized by a decline in product sales and profit. The sales may drop to zero, or to a low levels for several years. Decline in sales could be attributed to a number of factors, i.e:

- Change in technology
- Shift in consumer taste
- Increase in completion.

The specific objective-and strategies at this stage include:

- Marketing objectives: reduce expenditure and milk the brand
- Product strategy: harvest and/or phase out the product
- Advertising strategy: reduce to level needed to retain hard-core loyalists

FINANCING THE ENTERPRISE INTRODUCTION

Where does an entrepreneur get the funds to turn his or her dreams in to reality? Until an entrepreneur identifies the ways of raising funds for financing the new venture or the money to keep the existing enterprise alive, his plans may best be described as wishful thinking or a dream. Businesses are evaluated in terms of their money worth, assets, sales volume, inventory value, and the price of finished products. Big and small enterprises need money not only to get started, but to grow, expand and meet competition and changing consumer tastes. Once a prospective entrepreneur has identified the type of business that he wishes to start, and made decisions as to the form of business ownership, the next logical step is to determine the fund required and the sources. Fund is a generic terms which could mean money or money-worth, or credits used for the financing (funding) of personal and/or business activities ..

Why Small Business Firms Could Not Easily Source For Needed Funds

Odueyungbo (2006) outlined the reasons to include:

- i. Poor financial planning arising from unrealistic growth ambition
- ii. Unfamiliarity with the operation of financial institutions and lack of specific knowledge of the availability of financial sources that offer the desire mix
- iii. Lack of bargaining skill to convince potential financiers about the merits or attractiveness of their business proposal
- iv. Poor cash flow from business operation

- v. Poor collateral security
- vi. Fraud due to diversion and misuse of funds
- vii. Lack of knowledge of financial accounting practice
- viii. Unimpressive track record of repayment of past loans

DEBT OR EQUITY FINANCING

Basically, an entrepreneur may source for fund for his or her business either from equity or debt (loan) or a combination of both. Key factors favouring the use of one type of financing over the other are the availability of funds, the assets the entrepreneur has, and the prevailing interest rates. Usually, an entrepreneur meets financial needs by employing a combination of debt and equity financing.

Debt Financing

Debt financing is a financing method involving an interest-bearing instrument, usually a loan, the payment of which is only indirectly related to the sales and profits of the venture. Typically, debt financing (also called asset-based financing or loan) requires that some asset (such as a car, house, plant, machine, or land) be used as collateral. Debt financing requires the entrepreneur to pay back the amount of funds borrowed as well as a fee expressed in terms of the interest rate.

Equity Financing

This does not require collateral and offers the investor some form of ownership position in the enterprise. The investor shares in the profits of the business, as well as any disposition of its assets on a pro rata basis. An interesting aspect of equity financing which requires elaboration at this juncture is venture capital financing through an investment company or venture capitalist. This is different from borrowing from a lender because, instead of earning interest, they take an equity stake part ownership in the business. The advantage of equity financing is that this inclusion of capital does not have to be repaid like a loan. The investment company or venture capitalist earns a profit through dividends (Tende, 2006). Venture capital is the money invested by individuals or venture capitalist firms in small and high-risk business enterprise (Perrault, 1999). Venture capitalist may be seen as a private, professionally-managed, equity-focused business organization or individual. Venture capitalists receive equity participation and ownership right of some proportion in the business enterprises they have invested. Banks are not considered as venture capitalists since they neither have equity participation nor become involved in the management of the business they have invested. Venture capitalist seek to maximize return on the business they have invested. Venture capitalist companies may be categorised into those that are run by

wealthy individuals/families which are called angels, and those that are professionally-managed institutions.

CLASSIFICATION OF FUNDS BASED ON MATURITY

The need for running or operating fund calls for prudent financial management of the firm's financial resources, both in the short and in the long run. A wide range or variety of sources is available, each with certain characteristics as to cost, availability, the encumbrances of assets and most importantly, maturity. In terms of maturity, financial resources can be broadly classified into: (1) short-term sources of fund, (2) medium-term sources of fund, and (3) long-term sources of fund.

SHORT-TERM SOURCES OF FUNDS

Short-term funds could be grouped under; internal and external sources. The internal sources of short-term funds are those sources available within the organisation. These include retained earnings, depreciation provision, account receivable, account payable, new equity, and proceeds from sales of asset. Naturally, these sources do not require any negotiation with external parties and do not involve any costs to the firm in generating the funds. They constitute an important part of the working capital.

On the other hand, external sources outside the firm which require contact with external bodies or agencies before funds are generated. The external sources of fund available to the firm include trade credits, commercial bank loans, short term government securities, etc.

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Internal sources of short term funds

These include:

1. **Retained Earnings:** Retained earnings is that part of a firm's profit, tax and other deductibles that are not made available for distribution to shareholders or owners of the

firms. It could be defined as a shareholder's equity account which shows the income accumulated since the corporation's beginning and still retained in the business. Retained earnings is interest (cost) free and a convenient source of funds. Most business organisations especially the small ones which have low credit ratings may fall back on retention of earnings as an alternative financing.

2. **Accounts Payable:** Accounts payable are debts or liabilities that arise from benefits received by the firms from outsiders. They include rents, rates, bills-payable, accrued or differed taxes. The postponement or deferment of accounts payable has the effect of providing immediate liquidity for the firm which otherwise could have been paid out. The entrepreneur can defer the payment of debt and utilise such monies to satisfy immediate fund needs.

3. **Provisions -Depreciation Provision:** Provisions for such items as bad and doubtful debts, future taxes, depreciation, *amortisation* (the gradual reduction of a debt by means of periodic payments sufficient to meet current interest and extinguish the debt at maturity) of fixed assets, etc, do not involve immediate cash out flow from the business and therefore, represent sources of short-term funds for the firm.

4. **New Equity:** The issue of new equity holding (shares) to existing shareholder of the firm in the form of right issues is a ready means of raising urgently needed funds. This is preferred by firms to going through the rigours of the money and capital markets to raise funds, which takes time. Moreover, apart from being fast, interest-free, and cheap, right issues remove the dilution of the firm's ownership structure which issue of new shares to the public through the Stock Exchange normally does.

5 **Sales of Assets:** Assets could be sold to raise needed funds without recourse to borrowing. Redundant machinery, plant, equipment, motor vehicles, furniture and fittings, etc. could be disposed off to meet immediate financial needs of the company. This has the added advantage of reducing the cost of maintaining such ideal assets. Moreover, other forms of (intangible) assets such as patents and copyright could be sold to generate funds.

External sources of short term funds

6. **Trade credits:** Trade credits are provided by supplier to their established customers. They are normally, in the form of deferred payment for goods and services purchased on credit. They are indeed the largest and most common sources of short term fund for all business firms collectively. Suppliers of goods use trade credits to boost sales turnover, and to obtain and retain the goodwill of customers. However, in order to expedite payment, the suppliers often offer discounts for cash, or prompt payment.

7. **Commercial Bank Loans:** Bank may provide fund to finance seasonal needs, product line expansion, and long term growth. The cost of bank credit to the borrower is the interest payable on the loan. If the interest rate is high, it therefore means that the cost of fund is high, and vice versa.

8. **Overdraft Facilities:** An overdraft is a loan facility for a limited time on a customer's current account, allowing him to draw cheques up to an agreed overdraft limit over and above the amount of his deposit in the bank. An overdraft is a flexible source of funds that is reasonably inexpensive to maintain in a normal economic circumstances.

9. **Factoring Accounts Receivable:** Factoring accounts receivable means selling such debts out rightly to a finance company, which is known as a factor. When an account is factored, the finance company or factor may have no recourse again to the seller of such accounts. The seller receives an amount lower than the face value of the account. For bearing the risk and servicing the receivable, the factor receives commission, which typically is somewhat over one per cent of the face value of the receivables. Likewise, since a firm would naturally want to receive payment for the sale of its receivable before they are actually collected, it must pay interest for such advance. Advancing payment is a lending function of the factor besides risk bearing and servicing the receivables.

10. **Financing by Hire Purchase:** By hire purchase is meant the system under which property or an asset is acquired by payments made in instalments, during the period of which the title in the property remains with the Vendor. Hire purchase as a source of short term finance is seen in the light that it enables the hire purchaser to pay for his purchases in bits over time, thereby reducing the financial burden on him and realising more funds which could have been paid out. However, the hire purchaser normally pays much higher in real terms for the item than someone who is buying with cash.

The informal sources of short term funds These sources are called informal because they fall outside the realm of well known (conventional) sources of funds examined above. The sources examined here include the *esusu* the age grade, and family and friends.

11. **Esusu (Isusu, Susu, Osusu) group:** The most popular and most wide-spread of traditional financial institutions are those engaged in savings, loans, and mutual-aid-schemes. This traditional method is made possible by the mutual contribution of members and is interest free.

12. **Age Grade:** This is an association of men from a particular village who belong to a given age bracket. Such associations are in most cases assigned certain village projects for the benefits of the entire community. The association levies its members in addition to periodical

contributions to finance its projects, and to run the association. Besides financing village projects, it also lends money to the needy members of the community to set up a business or expand an existing one. Such lending carry little or no interest.

13. Family and Friends

MEDIUM-TERM SOURCES OF FUNDS

This form of financing is for a period of 1 to 5 years or more and usually sourced from external sources. The sources of medium term financing may include leasing, hire purchases, private loans, term loans, government sources, merchant and development bank loans.

1. **Leasing:** A lease is an agreement to grant use of an asset for a period of time in turn for the stated regular payments. Hence it involves the renting of assets which can be in form of plant, building, equipment, machinery, etc, instead of outright purchase. The lessee keeps and uses the asset in question while the lessor keeps the ownership. The lessee makes regular payment to the lessor. Leasing is in fact one way of avoiding the need for long-term financing for land, building, etc. The three types of leases are: maintenance, non-maintenance, and net.

2. **Hire Purchase:** This is similar to the one discussed earlier except that here, the costs of the assets including interest are spread over an agreed period usually between 3 and 5 years with weekly, monthly or periodical payments by the hire purchase approximating the timing of payments to that of incoming benefits. For easy recovery in case of default, hire purchase can only be apply to items that are movable. Unlike lease where ownership does not pass to the last, ownership in the case of hire purchase passes automatically when the last payment is paid.

3. **Private Loans:** These are private sources raised from the owner himself, his family. relatives, private money lenders, traditional thrift and credit societies like social club. Prompt payment is usually not enforced but repayment may extend over 1 to 5 years .

4. **Term Loans:** This is a form of loan extended by commercial banks to their customers. They are credit facilities of fixed sums and for fixed periods, placed to the credit of a customer's account and interest is charged on this fixed sum. Unlike overdraft, this form of loan is usually made on a secured basis.

5. **Government sources:** Government established specialized agencies through which it extends credits and funds to business organisations. This source of finance is usually in two form; grants/subsidies and loans. Government provides funds to business organisations especially those in the preferred sector of the economy. These government agencies, schemes include; Development Finance and Investment Corporation (DFIC), Funds for Small Scale Industries (FUSSI), National Provident Fund the Central Bank's Agricultural

Credit Guarantee Scheme (ACGC), the Small-Scale Industries Credit Schemes of Federal and State Governments. Others are the National Directorate of Employment (NDE), National Poverty Eradication Programme (NAPEP), Bank of Industry, and the Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB). NACRDB was formed in 2001 by merging the former Nigerian Agricultural Cooperative Bank (NACB), the Peoples Bank of Nigeria (PBN), and the Family Economic Advancement Programme (FEAP).

LONG-TERM SOURCES OF FINANCE

These deal with funds whose maturity is of a longer duration than medium term loan. These include: shareholders, debenture, sales and lease back:, mortgages, venture capital, and organised securities market.

- i. **Issue of shares (Shareholders):** .Issue of shares by a company is a good source of long term financing. The shareholders provide funds for business especially incorporated ones by subscribing to shares or stock issued by these companies. A share is the interest of a shareholder in a company measured in monetary term and it represents a fixed unit of the common fund contributed or capable of being raised by its members. The full amount of capital which a company is authorised to raised is contained in its Memorandum of Association and it is referred to as its nominal or authorised capital. However the paid up capital is that of the authorised capital that is actually received in cash or other considerations by the company. .
- ii. **Debentures:** Debenture is a form of loan from members of the public. The detail of the loans (like amount, interest rate, security if any and payment arrangement) are set out in a document which the borrowing organisation signs and gives to the lender (s) as evidence of its debt to the latter. This document is called debenture. The holders of debenture are creditors of the company and not equity (or share) holders. They receive a fixed interest on the debenture and this interest must be paid before dividends are distributed to shareholders irrespective of whether the company makes a profit or not.
- iii. **Sale and Lease Back:** Under a sale and leaseback or renting back method of financing, a company which owns assets like building, land and other movable or immovable property sells it outright to an investor (e.g, financial institution, pension fund, insurance company, and wealthy person) to get some ready cash. The former leases the asset back from the new owner as long-term arrangement at a rent which is subject to review. The lessor is expected to insure and to fully repair and maintain the assets. By so doing it can set free large amounts of cash for the lessee without in

any altering the use of physical assets. In other words it is a very common method of freeing cash from fixed assets.

- iv. **Mortgages:** This is a form of long term credit available to land and building owners, using mortgage usually involve the gradual repayment of the principal and the interest repayment, both by way of annuity.
- v. **Organised Securities Market:** This market offers a cheaper and wider source of long term funds to business concerns, through the issuance of such securities like debentures, ordinary and preference shares, etc. The market has two arms. The primary market which is the market for new issues. Example is the Nigerian Securities and Exchange Commission (SEC). The other is the secondary market (or resale market) and example is the Nigerian Stock Exchange (NSE).