

COURSE STRUCTURE FOR GENS 202: ENTREPRENEURSHIP AND INNOVATION

1.1 INTRODUCTION

There is undoubtedly a growing need for entrepreneurship education as a basic skill in the Nigeria education system. The most fundamental reason for thinking about entrepreneurship education at the university level is to find a sustainable solution to the ever growing unemployment prevalent among our university graduates. Integration of entrepreneurship studies in the University education will prepare the youths to be responsible enterprising individuals who will become entrepreneurs or entrepreneurial thinkers and contribute to economic development and sustainable communities.

The goal of the entrepreneurial studies programme is to provide the knowledge and skills needed to create value through recognizing and developing opportunities. In other words, the goal is to empower graduates, irrespective of their areas of specialization, with skills that will enable them engage in income yielding ventures if they are unable to secure paid jobs. It is a re-orientation from the take-a-job mentality to the make- a-job mentality.

Course status: Compulsory for all 200 Level undergraduate students

Level to be offered - Second semester 200 level

Credit Load - Two (2) credits

Management - Entrepreneurial Studies Centre, Ahmadu Bello University, Zaria.

Specialization -

Lectures and Practicals: By university Academic Staff, guest lecturers and Successful business persons within the vicinity of the University.

Assessment

Students must attend at least 75% of the prescribed lectures, seminars, tutorials and practical lessons of the course. Assessment will be based on the following: 40% (individual) 2000 word critique of a business plan.

60% (Group based) – Presentation (written and Verbal) on business opportunity.

Awards of Grades

A candidate shall be recorded as having attained in a course a level of achievement graded as follows:

A	=	70% and above	-	Very Excellent
B	=	60 - 69%	-	Very Good
C	=	50 - 59%	-	Good
D	=	45 - 49%	-	Satisfactory
E	=	40 – 44%	-	Pass
F	=	0 – 39%	-	Fail

2.0 **PHILOSOPHY AND OBJECTIVES**

2.1 **General Philosophy**

The general philosophy of developing this curriculum is to produce graduates with some value addition over and above their field of study for the purpose of self reliance. To this end, the Entrepreneurial studies curriculum is broken into GENS 202 and GENS 302 to be taken at 200 and 300 levels respectively.

2.2 **Objectives of the GST Entrepreneurship**

To redirect education/training for relevance and quality by developing in the undergraduate/graduate an entrepreneurial mindset (spirit) and equipping him/her with the skills necessary to start and run a business successfully.

3.0 **COURSE**

3.1 **GENS 202: ENTREPRENEURSHIP AND INNOVATION**

Course Description

The Course prepares students with general management skills, encourage them to develop their own entrepreneurial mindsets and provides business theory and know-how towards creation and running of small to medium enterprises (SMEs). This course will teach you the skills to analyse business opportunities, write a compelling business plan to present the business plan to an audience at investors such as venture capitalist, banks or friend and family members it is to bring the real world into the classroom. Guest entrepreneurs will come to class and share their experience with students.

Course Objectives

This course is an introductory course for studying Entrepreneurship for the first time which is design to achieve the following objectives:

- To provide students with an understanding of entrepreneurship and innovation.
- To provide a hands – on, practical guide to understand and discover critical aspects of Entrepreneurship;
- To develop competencies, know-how, experience, attitudes resources, and network required to pursue different Entrepreneurial opportunities;
- To introduction students to the key requirements for starting an enterprise: and
- To explore different types of entrepreneurial enterprise in Nigeria.
- To expose students to the many of the vital issues and immerse them in the key learning experiences, such as the theories of Entrepreneurship, the Nigerian business environment, and the concept and management of innovation.
- To consider how creativity translates to innovation and wealth creation

Learning Outcome

By the end of the course, it is expected that the student will be able to:

1. Discuss the role of entrepreneurs in the Nigerian society
2. Evaluate differing perspectives and comparative models of entrepreneurship and innovation
3. Describe entrepreneurship within a Nigerian context
4. Understand one's strengths and weakness as an innovator/entrepreneur
5. Identify the key process of entrepreneurship and innovation
6. Develop creative thinking and application.

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1.0 Module 1: Development Entrepreneurship/Intrapreneurship

1.1 The concept of Organizations and Theories of Entrepreneurship

Meaning of Organization: Organization is a Process

Organization is a process which integrates different type of activities to achieve organizational goals and objectives, to achieve these goals there must be competent management providing them all those factors to perform their job efficiently and effectively. Organization is nothing but is a process of integrating and coordinating the efforts of men and material for the accomplishment of set objectives.

Every thinker is of the opinion that an organization is a process. They further have added that this process lead identification of work to be performed which for convenience sake should be objectively grouped and defined. Then the work should be assigned to individuals according to their aptitude, technical knowledge, skill and efficiency. For satisfactory working the individuals should be given some right and authority. A mutual relationship between jobs (what to be done) duties (to be performed) and authority (to be exercised) should be established.

Organization is just like a tool in the hands of management. Net results will be perfect if the tool is well designed and handed properly.

Characteristics of Organization

Organization is an effective and necessary instrument for the attainment of predetermined goals. The following are main characteristics of organization.

- Organization is an instrument used by the management for the attainment of planned objectives.
- Management guides and directs the organization.
- A set of rules and instrument are communicated to all connected with the organization.
- It prefers to a group of personnel whose positions, rights, responsibilities are well defined and classified according to the nature of assignments.

Nature of Organization

A set of **five processes** in commonly accepted as **five functions of organization** which represents nature of organization, they are

- Subdivision of main work into small groups
- Based on principles of equality division of different activities ties
- Selection of suitable personnel and allocation of jobs according to suitability
- Allotments of rights and authority to those who have been assigned the job so that may be able to accomplish their job satisfactorily
- Determination of positions at different levels

Importance of Organization

Any effective organization

- Makes the management simple and efficient
- Encourages specialization
- Improves techniques
- Encourages constructive thinking
- Increase productivity and
- Accelerates the progress

The management asks the organization to accomplish the tasks set-forth before it which an effective organization is capable of achieving through its **fruitful organizational framework**. This is why it is said that **organization is a foundation upon which the whole structure of management can be successfully built**.

Theories of Entrepreneurship

People use the terms "entrepreneur" and "entrepreneurship" interchangeably. **The entrepreneur is the person who starts his own business**. The exact definition of "entrepreneurship" still remains a vague concept, though various entrepreneurship theories have defined the concept.

Early Theories of Entrepreneurship

Richard Cantillon (1680-1734) was the **first of the major economic thinkers to define the entrepreneur as an agent who buys means of production at certain prices to combine them into a new product**. He classified **economic agents** into **landowners, hirelings, and entrepreneurs**, and considered the entrepreneur as the most active among these three agents, connecting the producers with customers.

Jean Baptise Say (1767-1832) **improved Cantillon's definition by adding that the entrepreneur brings people together to build a productive item**.

Frank Knight's Risk Bearing Theory

Frank Knight (1885-1972) first introduced the dimension of risk-taking as a central characteristic of entrepreneurship. He adopts the theory of early economists such as Richard Cantillon and J B Say, and adds the dimension of risk-taking.

This theory considers uncertainty as a factor of production, and holds the main function of the entrepreneur as acting in anticipation of future events. The entrepreneur earns profit as a reward for taking such risks.

Alfred Marshall's Theory of Entrepreneurship

Alfred Marshall in his Principles of Economics (1890) held land, labor, capital, and organization as the four factors of production, and considered entrepreneurship as the driving factor that brings these four factors together.

The characteristics of a successful entrepreneur include:

- thorough understanding of the industry
- good leadership skills
- foresight on demand and supply changes and the willingness to act on such risky foresights

Success of an entrepreneur however depends not on possession of these skills, but on the economic situations in which they attempt their endeavors.

Many economists have modified Marshall's theory to consider the entrepreneur as the fourth factor itself instead of organization, and which coordinates the other three factors.

Max Weber's Sociological Theory

The sociological theory entrepreneurship holds social cultures as the driving force of entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of the society, and such role expectations base on religious beliefs, taboos, and customs.

Max Weber (1864-1920) held religion as the major driver of entrepreneurship, and stressed on the spirit of capitalism, which highlights economic freedom and private enterprise. Capitalism thrives under the protestant work ethic that harps on these values. The right combination of discipline and an adventurous free-spirit define the successful entrepreneur.

Mark Casson's Economic Theory

Mark Casson (1945-) holds that entrepreneurship is a result of conducive economic conditions.

In his book "Entrepreneurship, an Economic theory" he states the demand for entrepreneurship arising from the demand for change.

Economic factors that encourage or discourage entrepreneurship include:

- taxation policy
- industrial policy
- easy availability of raw materials
- easy access to finance on favourable terms
- access to information about market conditions
- availability of technology and infrastructure
- marketing opportunities

Joseph Schumpeter's Innovation Theory

Joseph Schumpeter's innovation theory of entrepreneurship (1949) holds an entrepreneur as one having three major characteristics: innovation, foresight, and creativity. Entrepreneurship takes place when the entrepreneur

- creates a new product
- introduces a new way to make a product
- discovers a new market for a product
- finds a new source of raw material
- finds new way of making things or organization

Schumpeter's innovation theory however ignores the entrepreneur's risk taking ability and organizational skills, and place undue importance on innovation. This theory applies to large-scale businesses, but economic conditions force small entrepreneurs to imitate rather than innovate.

Other economists have added a dimension to imitating and adapting to innovation. This entails successful imitation by adapting a product to a niche in a better way than the original product innovators innovation

Israel Kirzner's Theory of Entrepreneurship

Israel Kirzner (1935) hold spontaneous learning and alertness two major characteristics of entrepreneurship and entrepreneurship is the transformation of spontaneous learning to conscious knowledge, motivated by the prospects of some gain.

Kirzner considers the alertness to recognize opportunity more characteristic than innovation in defining entrepreneurship. The entrepreneur either remedies ignorance or corrects errors of the customers.

His entrepreneurship model holds:

1. The entrepreneur subconsciously discovering an opportunity to earn money by buying resources or producing a good, and selling it
2. Entrepreneur financing the venture by borrowing money from a capitalist.
3. Entrepreneur using the funds for his entrepreneurial venture
4. Entrepreneur paying back the capitalist, including interest, and retaining the "pure entrepreneurial profit."

Leibenstein's Theory of Entrepreneurship

Harvey Leibenstein (1922-1994) **consider entrepreneur as gap-fillers**. The three traits of entrepreneurship include:

1. recognizing market trends
2. develop new goods or processes in demands but not in supply
3. determining profitable activities

Entrepreneurs have the special ability to connect different markets and make up for market failures and deficiencies.

McClelland's Theory of Achievement Motivation

McClelland's Theory of Achievement Motivation hold that people have **three** motives for accomplishing things: **the need for achievement**, **need for affiliation**, and **need for power**. **Need for achievement and need for power drive entrepreneurship.**

David McClelland (1917-1988) **considers entrepreneurs as people who do things in a better way and makes decisions in times of uncertainty**. The dream to achieve big things overpowers monetary or other external incentives.

McClelland's experiment revealed that traditional beliefs do not inhibit an entrepreneur, and that it is possible to internalize the motivation required for achievement orientation through training.

Peter Drucker's Theory of Entrepreneurship

Peter Drucker (1909-2005) **holds innovation, resources, and an entrepreneurial behaviour as the keys to entrepreneurship**. According to him entrepreneurship involves

1. increase in value or satisfaction to the customer from the resource
2. creation of new values
3. combination of existing materials or resources in a new productive combination

What theories do you think explain entrepreneurial drive?

An analysis of various entrepreneurship theories reveal while what economists differ on the force that drives entrepreneurs or the central characteristics of entrepreneurship, they remain unanimous that entrepreneurship is a distinct concept and a central factor of the economic activity.

1.2 The Entrepreneurial culture

Entrepreneurship is not an inborn skill; it is a product of the environment. It involves a complex of economic and social behaviour. To be successful, an entrepreneur has to remain dynamic and responsible to the whole environment. Entrepreneurship can hardly survive under any given circumstances. It can flourish only under the right environment. It is a part of the total system. The social values, culture, government policies, political system, technology, economic conditions, customs, laws, etc. influence the growth of entrepreneurship.

In fact, the entrepreneurship cannot be kept aloof from the changing social values, ideologies, new emerging aspirations, environmental pressures, religious beliefs, consumer wants and society needs etc. Business is a system made up of certain environmental factors which require the entrepreneur to adopt a dynamic attitude and a new strategy of their own.

Entrepreneurial culture implies a set of values, norms and traits that are conducive to the growth of entrepreneurship.

Cultural values deeply affect entrepreneurship and the level of economic development – Structural conditions make development possible – cultural factors determine whether the possibility becomes an actuality.

Culture has everything to do with the entrepreneurial process and focuses on the discovery and interpretation of opportunities, neglected by others. No entrepreneur can overlook the country's cultural heritage and values if he wants to survive and progress. He needs to function on the basis of social expectations, desires and goals. The entrepreneur has to respect the human society, its cultural values and traditions.

Awareness and understanding of the cultural environment of business may be useful to the entrepreneur in several ways:

- i) To better understand the behaviour and conduct of people with regard to entrepreneurship.
- ii) To predict behaviour and determine how people will act in a certain situation as regards to entrepreneurship.
- iii) It develops the sensitivity of the entrepreneur.

iv) It facilitates change of the entrepreneur.

Understanding entrepreneurial culture is important, not only to the theoretical understanding of entrepreneurship, but also to entrepreneurship as a practical enterprise, which can provide new and fresh ideas of entrepreneurship, by looking at innovative business behaviour in other times, in other societies and in other cultures – and also by looking at entrepreneurship from novel angles and much wider perspective.

Culture is of great importance to entrepreneurship, because it determines the ethos of people. It trains people along particular lines. It creates distinctions. It conveys a sense of identity. It enhances social system stability. It creates people, enterprising men and risk bearers. It determines goods and services. The understanding of culture enables the entrepreneur to skillfully manipulate the cultural codes of his society, balancing between the permissible and the profane, tugging moral codes into a new conformation.

The entrepreneur's ability to "read" opportunities cannot be due to isolation or separateness, but is rather due to a higher degree of sensitivity to what others are looking for. And it is culture that gives pre-direction to the entrepreneur's vision, enabling him to read certain things. They can pick up the sense of where their fellows in the culture stand, what values they adhere to, what purposes they pursue, what they consider beautiful and what they deem profane.

The entrepreneur's ability to move ahead with confidence, his struggle to turn setbacks into opportunities, to advance and survive in the business world is the knowledge and instinct that comes from experience gathered in a particular cultural milieu.

Sociologists like Max Weber argue that entrepreneurship is most likely to emerge under a specific social culture. According to them, social sanctions, cultural values and role expectations are responsible for the emergence of entrepreneurship. For many researchers, modern entrepreneurship is a distinctly new variant of a timeless species created and sustained by culture and creative of it at the same time.

Some cultures are enormously supportive of entrepreneurship – indeed to the point where entrepreneurship develops its own culture, such as in Hong Kong. Others (such as Communist Countries) regard the entrepreneurial way of life with suspicion. The differences go a long way towards explaining why some societies are vibrant and progressive, while others stagnate.

Religion/ caste and family influences greatly determine entrepreneurial culture. Some religions are found to be conducive to entrepreneurship, while others inhibit entrepreneurship. Religious beliefs produce intensive exertion in occupational pursuits, the systematic ordering of means to an end and the accumulation of assets. It is these beliefs and the caste system that are found to influence the propensity to become an entrepreneur.

Religion often determines what business one stays out of. In India for example, it is religiosity that keeps many people in business and often determines what business one stays out of. The mighty Birlas chose to stay out of the hotel business because of the necessity to consider serving non-vegetarian food. Religion based norms become easy and convenient reference points for designing one's course of actions.

Family too plays an important role in shaping entrepreneurial instincts. Family background, simply familiarity with a business environment, growing from "table talk" at home is the key to increasing the probability that an offspring will later become an entrepreneur. Entrepreneurs are very much in terms with the 'conversations' going on around him. Brought up in a family, where commercial activity is part of the daily household routine, it becomes a conscious battle for the entrepreneur to create viable business.

The characteristics of the family enterprises – commitment, continuity, putting a face to the company and close interaction between the family and the business – may have a strong impact on the strategic choices in the business.

Family background of business-family values, business conversations as a part of the daily household routine, family support and encouragement, has given these young entrepreneurs, the drive, the desire, and the motivation to create their own viable business unit. On the other hand, successful family businesses that have been forced on in heritage, has curbed the development of independent, innovative ventures.

Family enterprises also play a major role in regional and local economics – often act as the engines of their economic development as they have a positive attitude towards growth, and their growth is usually more cost efficient than of other firms. The owners that put a face to their family enterprises are committed to developing their firms as well as to their continuity.

To conclude, the influence of human institutions such as norms, values, morals, family ties and support – in other words – **culture forms the framework within which individuals can pursue entrepreneurial opportunities.**

1.3 Barriers to Entrepreneurial practice

There may be a variety of barriers to enterprise, depending on the industry sector, region and type of enterprise. The common barriers which act to limit enterprise across most nations include:

- Regulatory barriers, such as administrative barriers to entry
- Cultural and social barriers, such as the 'fear of failure' and a lack of entrepreneurial knowledge and skills and
- Financial and economic barriers, such as, insufficient access to risk capital, both seed/early stage and longer term financing

Regulatory barriers

Creating a business environment conducive to entrepreneurship and enterprise creation requires a broad range of reinforcing and supportive policies. These include fiscal and monetary policies, which are essential to provide a basis for a stable macroeconomic environment. They also include structural policies that determine the overall economic framework in which the business sector operates, such as those affecting labour markets, tax design, competition, financial markets and bankruptcy laws.

There is considerable evidence that regulatory and administrative burdens can impose adversely on entrepreneurial activity. Legal entry barriers should be avoided unless their benefits are very clear. Regarding the barriers to entry, we can indicate some that are common in many countries: several legal forms of enterprise, with different procedures, requirements and registration; the complexity of creating a company: in some countries, the entrepreneurs need one day to register an enterprise, in others, they need so many weeks; in addition to registration requirements, some countries require skill qualification when the activity is deemed to be an artisanal nature or the elaboration of a business plan certified by a business expert which attests to the enterprise viability.

Employment regulation limits management flexibility and leads to smaller firm size and less research and development as well as less investment in technology.

Barriers to exit may also discourage entry, since exit and entry rates tend to be closely related. Since firm entry involves considerable risk, with survival chances that are difficult to assess, institutions that make exit very costly discourage entry.

Cultural and social barriers

Creating an enterprise is a very difficult task because it demands knowledge of the legislation, environment, market, institutions, etc. To install an enterprise in a country, the entrepreneurs need to know well the language to have a better implementation and adaptation in the place. The difficulties of language don't help the complete integration of the entrepreneurs and enterprises, specially the micro and small enterprises.

The lack of information on the available institutions is also a barrier for the creation of enterprises because entrepreneurs don't have enough information about the role, services and mission of the institutions that give support to enterprise creation. The limited access to social and business networks and institutions can also be considerate as a barrier to enterprise creation.

The promotion of entrepreneurial culture must be fostered in order to improve the motivation of persons, the appetite towards risk, the appropriate skills and knowledge, factors that inhibit the creation of enterprises. Role models must be also presented in order to give

entrepreneurs an idea of the rewards and benefits of enterprise creation and reduce the stigma of failure.

The real cost of enterprise creation is still a barrier for start-up enterprises, both personal and financial costs. **The fear of failure is a barrier that still remains implanted in most countries including Nigeria because the legal and social consequences of failure are severe.**

Information, communication and resources are very important tools that can be provided by networks. The lack of access to the networks can be a significant entry barrier.

Economic and financial barriers

Access to finance is important for all firms in achieving their business objectives; particularly for start-ups and business that seek to invest and grow.

The capital markets tend to be efficient to larger firms but newer and smaller growth forms often depend upon external sources of finance and can face barriers in the market that prevent them from raising even relatively modest sums of risk capital, specially for innovative high-technology small firms and for businesses operating in disadvantage areas.

1.4 The role of entrepreneurship in the economy and society

Most economists agree that entrepreneurship is essential to the vitality of any economy, developed or developing.

Entrepreneurs create new businesses, generating jobs for themselves and those they employ. In many cases, entrepreneurial activity increases competition and, with technological or operational changes, it can increase productivity as well. Entrepreneurs also **give security** to other people; they are the generators of social welfare.

It is agreed that the benefits of small businesses go beyond income. Small businesses broaden the base of participation in society, create jobs, decentralize economic power, and give people a stake in the future.

Entrepreneurs innovate and innovation is a central ingredient in economic growth. As **Peter Drucker said**, **"The entrepreneur always searches for change, responds to it, and exploits it as an opportunity."** Entrepreneurs are responsible for the commercial introduction of many new products and services, and for opening new markets. A look at recent history shows that entrepreneurs were essential to many of the most significant innovations, ones that revolutionized how people live and work. From the automobile to the airplane to personal computers – individuals with dreams and determination developed these commercial advances.

Small firms also are more likely than large companies to produce specialty goods and services and custom-demand items. As Carl J. Schramm has suggested, entrepreneurs provide consumers with goods and services for needs they didn't even know they had.

Innovations improve the quality of life by multiplying consumers' choices. They enrich people's lives in numerous ways – making life easier, improving communications, providing new forms of entertainment, and improving health care, to name a few.

According to the 2006 Summary Results of the Global Entrepreneurship Monitor (GEM) project, "Regardless of the level of development and firm size, entrepreneurial behavior remains a crucial engine of innovation and growth for the economy and for individual companies since, by definition, it implies attention and willingness to take advantage of unexploited opportunities." The GEM project is a multi-country study of entrepreneurship and economic growth. Founded and sponsored by Babson College (USA) and the London Business School in 1999, the study included 42 countries by 2006.

International and regional institutions, such as the United Nations and the Organization for Economic Cooperation and Development, agree that entrepreneurs can play a crucial role in mobilizing resources and promoting economic growth and socio-economic development. This is particularly true in the developing world, where successful small businesses are primary engines of job creation and poverty reduction.

For all of these reasons, governments may wish to pursue policies that encourage entrepreneurship.

2.0 Module 2: The Nigerian Entrepreneurial Environment

2.1 The Business External Environment (political, legal, socio-cultural, economic, natural, technological etc.)

Introduction

A business does not operate in a vacuum. It has to act and react to what happens outside the factory and office walls. **These factors that happen outside the business are known as external factors or influences.** These will affect the main internal functions of the business and possibly the objectives of the business and its strategies.

Main Factors

The main factor that affects most business is the degree of competition – how fiercely other businesses compete with the products that another business makes.

The other **factors that can affect the business are:**

- **Social** – how consumers, households and communities behave and their beliefs. For instance, changes in attitude towards health, or a greater number of pensioners in a population.
- **Legal** – the way in which legislation in society affects the business. E.g. changes in employment laws on working hours.
- **Economic** – how the economy affects a business in terms of taxation, government spending, general demand, interest rates, exchange rates and European and global economic factors.
- **Political** – how changes in government policy might affect the business e.g. a decision to subsidise building new houses in an area could be good for a local brick works.
- **Technological** – how the rapid pace of change in production processes and product innovation affect a business.
- **Ethical** – what is regarded as morally right or wrong for a business to do. For instance should it trade with countries which have a poor record on human rights.

Changing External Environment

Markets are changing all the time. It does depend on the type of product the business produces, however a business needs to react or lose customers.

Some of the main reasons why markets change rapidly:

- Customers develop new needs and wants.
- New competitors enter a market.

- New technologies mean that new products can be made.
- A world or countrywide event happens e.g. Gulf War or foot and mouth disease.
- Government introduces new legislation e.g. increases minimum wage.

Business and Competition

Though a business does not want competition from other businesses, inevitably most will face a degree of competition.

The amount and type of competition depends on the market the business operates in:

- **Many small rival businesses** – e.g. a shopping mall or city centre arcade – close rivalry.
- **A few large rival firms** – e.g. washing powder or Coke and Pepsi.
- **A rapidly changing market** – e.g. where the technology is being developed very quickly – the mobile phone market.

A business could react to an increase in competition (e.g. a launch of rival product) in the following ways:

- **Cut prices** (but can reduce profits)
- **Improve quality** (but increases costs)
- **Spend more on promotion** (e.g. do more advertising, increase brand loyalty; but costs money)
- **Cut costs**, e.g. use cheaper materials, make some workers redundant

Social Environment and Responsibility

Social change is when the people in the community adjust their attitudes to way they live.

Businesses will need to adjust their products to meet these changes, e.g. taking sugar out of children's drinks, because parents feel their children are having too much sugar in their diets.

The business also needs to be aware of their social responsibilities. These are the way they act towards the different parts of society that they come into contact with.

Legislation covers a number of the areas of responsibility that a business has with its customers, employees and other businesses.

It is also important to consider the effects a business can have on the local community. These are known as the **social benefits** and **social costs**.

A social benefit is where a business action leads to benefits above and beyond the direct benefits to the business and/or customer. For example, the building of an attractive new factory provides employment opportunities to the local community.

A social cost is where the action has the reverse effect – there are costs imposed on the rest of society, for instance pollution.

These extra benefits and costs are distinguished from the private benefits and costs directly attributable to the business. These extra cost and benefits are known as externalities – external costs and benefits.

Governments encourage social benefits through the use of subsidies and grants (e.g. regional assistance for undeveloped areas). They also discourage social costs with fines, taxes and legislation.

Pressure groups will also discourage social costs.

2.2 Identifying Business Opportunities and Threats

The business world today is a fast-moving one, and the pace of change can at times seem bewildering. The environment in which your business operates is changing all the time, and there are many different factors that influence it. There are continual changes in your market, your customers' needs and preferences, the technology you use, your sales channels, and the way you can deliver your products or services. These changes can bring threats to your business, but they will also, undoubtedly, bring opportunities. It's important that you regularly take a step back and try to analyze the way in which your business currently operates. Think about the factors that may promote change. Try to identify threats, and make sure you are prepared for them. It is also important, however, that you spot the many opportunities that arise.

With so many business opportunities available, it is often difficult to determine whether a particular opportunity shows great promise or is likely to fail. Your goal is to learn how to tell a good opportunity from a bad one. **Here are some tips that will help you assess the potential of any business opportunity that comes your way and make the right decision.**

One of **the first factors to consider is the stability of the company associated with the opportunity.** In the case of a new business that does not yet have a proven track record, you want to know who is behind the launch or who is supplying this company with operating capital until the business begins to generate profits. Essentially, you want some amount of assurance that the company will be around long enough for you to benefit from a relationship with the opportunity, especially in terms of recouping any investment of time or other resources.

Keep in mind that a new business or a plan to start a business may be riskier than going with a company with an established track record. However, business opportunities of this kind are not automatically suspect. If the funding is there and the organization is structured properly, the opportunity is well worth your consideration.

Assessing the good or service offered by the business is also important. The best business opportunities involve companies that offer something consumers will need or desire over all other competing products. It is not a problem if the product is aimed at a niche market. Business opportunities of this type are often great moneymakers, since they address needs that are often overlooked by others. In addition, the competition is probably less fierce in a niche market, a situation that will allow the company you are evaluating to establish itself as the industry standard in that market.

Along with having a solid financial base and a product that is sure to attract attention, the best business opportunities also have a comprehensive and well defined system for getting the products to consumers. This includes such factors as a reliable process for producing the good or service, excellent sales and marketing strategies, and an efficient delivery to the buyer. Without the ability to satisfy orders quickly and efficiently, even the best product is less likely to build a loyal client base.

The return you will receive is also very important when considering different business opportunities. Will you earn an equitable return in comparison to what you invest in the business in terms of time and other resources? If so, then there is a good chance the opportunity is worth pursuing. If you are not sure, keep looking for something better.

You will find that in today's market, it is worth your time to consider a home-based business as well as a more traditional business setting. Business opportunities of this type often start with business ideas that are new and fresh in terms of approach or some aspect of the products offered. If you see merit in a given business idea and think it has a good chance of succeeding, then look it over carefully. That home based business may be the ideal investment vehicle for you.

3.0 Module 3: Creativity and Intellectual Rights

3.1 Intellectual Property and its Dimensions

Intellectual property is a valuable asset for an entrepreneur. It consists of certain intellectual creations by entrepreneurs or their staffs that have commercial value and are given legal property rights. Examples of such creations are a new product and its name, a new method, a new process, a new promotional scheme, and a new design. A fence or a lock cannot protect these intangible assets. Instead, patents, copyrights, and trademarks are used to prevent competitors from benefiting from an individual's or firm's ideas.

Protecting intellectual property is a practical business decision. The time and money invested in perfecting an idea might be wasted if others could copy it. Competitors could charge a lower price because they did not incur the startup costs. The purpose of intellectual property law is to encourage innovation by giving creators time to profit from their new ideas and to recover development costs.

Intellectual property rights can be bought, sold, licensed, or given away freely. Some businesses have made millions of dollars by licensing or selling their patents or trademarks.

Every entrepreneur should be aware of intellectual property rights in order to protect these assets in a world of global markets. An intellectual property lawyer can provide information and advice.

The main forms of intellectual property rights are:

Patents: • A patent grants an inventor the right to exclude others from making, using, offering for sale, or selling an invention for a fixed period of time - in most countries, for up to 20 years. When the time period ends, the patent goes into the public domain and anyone may use it.

Copyright: • Copyrights protect original creative works of authors, composers, and others. In general, a copyright does not protect the idea itself, but only the form in which it appears - from sound recordings to books, computer programs, or architecture. The owner of copyrighted material has the exclusive right to reproduce the work, prepare derivative works, distribute copies of the work, or perform or display the work publicly.

Trade Secrets: • Trade secrets consist of knowledge that is kept secret in order to gain an advantage in business. "Customer lists, sources of supply of scarce materials, or sources of supply with faster delivery or lower prices may be trade secrets," explains Joseph S. Landiorio, the founding partner of Landiorio and Teska, an intellectual property law firm. "Certainly, secret processes, formulas, techniques, manufacturing know-how, advertising schemes, marketing programs, and business plans are all protectable."

Trade secrets are usually protected by contracts and non-disclosure agreements. No other legal form of protection exists. The most famous trade secret is the formula for Coca-Cola, which is more than 100 years old.

Trade secrets are valid only if the information has not been revealed. There is no protection against discovery by fair means such as accidental disclosure, reverse engineering, or independent invention.

Trademarks: A trademark protects a symbol, word, or design, used individually or in combination, to indicate the source of goods and to distinguish them from goods produced by others. For example, Apple Computer uses a picture of an apple with a bite out of it and the symbol (®) which means registered trademark. A service mark similarly identifies the source of a service. Trademarks and service marks give a business the right to prevent others from using a confusingly similar mark.

In most countries, trademarks must be registered to be enforceable and renewed to remain in force. However, they can be renewed endlessly. Consumers use marks to find a specific firm's goods that they see as particularly desirable — for example, Barbie dolls or Toyota automobiles. Unlike copyrights or patents, which expire, many business's trademarks become more valuable over time.

3.2 Copyright Laws in Nigeria

A copyright is a legal device that gives the creator of a literary, artistic, musical, or other creative work the sole right to publish and sell that work. Copyright owners have the right to control the reproduction of their work, including the right to receive payment for that reproduction. An author may grant or sell those rights to others, including publishers or recording companies. Violation of a copyright is called infringement.

Copyright is distinct from other forms of creator protection such as Patents, which give inventors exclusive rights over use of their inventions, and Trademarks, which are legally protected words or symbols or certain other distinguishing features that represent products or services. Similarly, whereas a patent protects the application of an idea, and a trademark protects a device that indicates the provider of particular services or goods, copyright protects the expression of an idea. Whereas the operative notion in patents is novelty, so that a patent represents some invention that is new and has never been made before, the basic concept behind copyright is originality so that a copyright represents something that has originated from a particular author and not from another. Copyrights, patents, and trademarks are all examples of what is known in the law as Intellectual Property.

As the media on which artistic and intellectual works are recorded have changed with time, copyright protection has been extended from the printing of text to many other means of recording original expressions. Besides books, stories, periodicals, poems, and other printed literary works, copyright may protect computer programs; musical compositions; song lyrics; dramas; dramatico-musical compositions; pictorial, graphic, and sculptural works; architectural

works; written directions for pantomimes and choreographic works; motion pictures and other audiovisual works; and sound recordings.

Enforcing copyrights law in Nigeria

Although Nigeria has what may be considered a good copyright law and although the Nigerian Copyright Commission takes its mandate seriously and has launched many commendable programme but enforcement of existing legislation remains a major problem.

There are several laws governing intellectual property protection in Nigeria. The country has also ratified several copyright treaties, this is governed by Copyright Act No. 47 of 1988 (codified as Chapter 68, Laws of the Federation of Nigeria, 1990) as amended.

Although, the Copyright Act has been amended twice by the Copyright (Amendment) Decree No. 98 of 1992 and Copyright (Amendment) Decree No. 42 of 1999. The Copyright Act is in four parts and 41 sections. Part I addresses issues such as eligibility for copyright protection, duration of copyrights, civil and criminal penalties for copyright infringement, and ownership of copyright.

Part II addresses neighbouring rights; Part III focuses on the administration of copyrights and addresses issues such as the establishment of the Nigerian Copyright Council and the appointment of the Director and other staff of the Council. Finally, Part IV covers miscellaneous topics including reciprocal extension of protection, presumptions and interpretations. Nigeria has also ratified several treaties relating to the protection of intellectual property.

Among these treaties are: the Paris Convention for the Protection of Industrial Property (ratified September 1963), the Berne Convention for the Protection of Literary and Artistic Works (ratified September 1963), the Rome Convention (Performers, Producers of Phonograms and Broadcasting Organizations) (ratified October 1993), the Patent Law Treaty (ratified April 2005), and the Patent Cooperation Treaty (ratified May 2005). Nigeria has also assumed additional responsibilities by virtue of its membership in the World Intellectual Property Organization (May 1993) and the World Trade Organization (January 1995).

Professor Uche Ewelukwa Ofodile of the University of Arkansas School of Law, United States has identified six factors that militate against effective copyright protection in Nigeria.

The first factor is lack of popular support or public consultation. The Nigerian Copyright Act was adopted in 1988 at the height of military rule in Nigeria without any debate or discussion. Essentially, the Copyright Act, the primary legislative tool for copyright protection in Nigeria today, was adopted without broad-based public discussion on the necessity for copyright protection or the scope of protection that was desirable contrary to paragraph 9 of the Adelphi Charter on Creativity, Innovation and Intellectual Property which states that in making decisions about intellectual property laws, "there should be wide public consultation."

Inadequate cost-benefit analysis is the second factor identified as militating against copyrights law. An effective intellectual property regime must strike an appropriate balance between the monopoly powers of creators and the interest of the consuming public. In developed countries, the adoption of intellectual property laws is usually preceded by a detailed analysis of the cost and benefits of protection. Indeed, paragraph 2 of the Adelphi Charter states that "the public interest requires a balance between the public domain and private rights. It also requires a balance between the free competition that is essential for economic vitality and the monopoly rights granted by intellectual property laws." Sadly, laws in Nigeria are frequently passed without serious attention to the direct and indirect cost of a proposed legislation. There is need for serious economic assessment of the costs and benefits of copyright protection in Nigeria.

The third factor is **lack of public awareness**. There is little public awareness or understanding of the intellectual property laws in the country. Existing laws are not readily accessible even to the educated class. The average man on the street is also ignorant of touted benefits of intellectual property protection. The Nigerian copyright commission admits that lack of awareness about the laws and administration of copyright constitutes "a major inhibition to the development of a sound copyright system in Nigeria." Meaningful public education at the grassroots level must form a critical component of intellectual property enforcement in Nigeria.

Another factor is **lack of inclusion of the course in the law school curriculum**. Structured legal education on intellectual property law must also be part of the equation. How many universities offer courses on intellectual property law? Very few. How many university libraries are equipped with basic books relating to intellectual property? Also very few. Presently, very few lawyers in Nigeria have expertise in the field and only a handful of universities in the country offer courses in this area. **One solution could be for the Nigerian government to tap into the expertise of Nigerians in the Diaspora**. There are many Nigerians abroad with expertise in intellectual property law who are willing to return to Nigeria to help strengthen the course offerings of law faculties in the country for little or no compensation.

The fifth factor is **corruption and weak custom enforcement**. Attention must also be paid to the effect of corruption on intellectual property enforcement in Nigeria. Responsible agencies are rarely, if ever, audited or probed. There is need for accountability on the part of agencies challenged with the task of enforcing the country's intellectual property laws. For example, **Nigerian ports are the principal gateways through which pirated imports come into the country and pirated exports leave**. What has been the record of the Nigerian Custom Services in terms of interdiction? How does bribery and corruption undermine the enforcement capacity of the Nigerian Custom Service or the police?

The last factor identified by Professor Ofodile is **delays in the judicial enforcement**. Delays in the judicial system and other barriers to justice also discourage intellectual property litigation and enforcement in Nigeria. **Because intellectual property law is not taught in many universities in Nigeria, few judges in the country have knowledge about this area of law**. The libraries of most courts in Nigeria are grossly inadequate too.

To effectively protect creative works generated by the entertainment industry, the government must address the widely held belief that intellectual property protection is a Western concept irrelevant in Africa. Debate about whether and to what extent Nigerian artists and musicians deserve copyright protection must be divorced from the broader debate about the merits and demerits of global strengthening of IP rights. The government must also seriously address the numerous factors that undermine effective enforcement of laws in the country including corruption, lack of coordination among the responsible agencies, lack of accountability, and lack of resources. However, for enforcement to make sense and be effective, the underlying law must be appropriate, balanced, understood by the general public, and a product of broad-based debate and participation.

Nigeria can be a better a place only and only if the authorities concerned could take responsibility as to effectively enforce the already existing laws. When this is done, the country will be a safe haven for people who have been endowed with high intellect to display their wisdom in moving the country forward.

3.3 Strategies for Protection of Intellectual Property (original ideas, concepts, products etc.)

Once you have identified your intellectual property you should develop strategies to protect your rights so that you don't put your business at risk. Imagine if your competition discovered your secret and started replicating it, or you told someone your idea and then discovered too late that you had lost the legal right to make it exclusively yours. The key is not to talk about your idea or make your IP public knowledge before you've had a chance to protect it. Intellectual property (IP) can be bought, owned, sold, licensed out or bequeathed in much the same way as a building or a block of land. IP can be so valuable that many businesses list it among their assets on their balance sheet.

It's important to develop effective strategies to protect you IP within your business, not only to protect valuable assets but also to safeguard the products, processes and creative inputs from which the profits of the business emanate.

Step 1: Register your IP

The first step of any protection strategy is to register your IP.

There are seven types of IP protection available to you: patents; trademarks; plant breeders' rights; registered designs; copyright; circuit layout rights; and confidentiality/trade secrets.

Different IP rights vary in the protection they provide and in many cases more than one type may be necessary to fully protect your creation. You can patent your IP through a patent attorney and/or an intellectual property lawyer, either of whom will take your current model and appropriately describe it in minute detail to distinguish it from any other similar products.

Step 2: Act to keep it secret and demonstrate ownership

The second step in a protection strategy is to take the necessary actions to keep your idea a secret and demonstrate your ownership of the idea. Consider some of the following steps to protect your idea:

Keep your idea a secret

Contact only those people who can assist you with planning your product development. Before you discuss your idea with anyone make sure you have a signed confidentiality agreement or a non-disclosure agreement in place, which describes the object/idea along with details about yourself and the person to whom you will disclose these details. The agreement must be signed in your presence and preferably witnessed - and more importantly - it must be dated to establish the time, date and place of disclosure.

Demonstrate that the idea is yours

Write down in detail what your idea is; what it does and how it works. Draw a detailed picture of the object or take a photograph of the prototype. Make copies and put the original documents in a sealed, self addressed envelope and mail the envelope by registered mail. When you receive the envelope DO NOT open it. Put it in a safe place. This establishes evidence of the time date and place of original thought.

Make sure you're not infringing anyone else's IP

Search the IP Nigerian website to find out if there are products of the same type and application as yours. This will save you time and money in your application for IP protection. Many types of protection aren't available if your idea is similar to one that is already covered by a patent, trade mark or the like.

4.0 Module 4: Technological Entrepreneurship

4.1 The interface between Technology Development and Entrepreneurship

The word technology is not a new one. In fact, **the root of the word means to shift or to change, and was used originally in relation to changing nature.** As Bacon, Locke, and Descartes recognized, this idea of man changing nature, rather than being controlled by it was essential to the emergence of the autonomous self, and eventually to the very notion of the entrepreneur. Thus, technology and entrepreneurship are tightly related.

Today we think of technology as being about electronics (computers, software, web applications, etc.), but that smart entrepreneurs still view technology—in whatever form—as a means to an end, and not an end of itself.

Jim Collins, in his book, Good to Great, sums this up when he says, **“Technology is an accelerator.”** Embedded in this simple statement is a lot of wisdom. First, while Collins confirms that technology is indeed an accelerator, he doesn’t qualify the statement in terms of exactly where or what technology is accelerating. In other words, technology can accelerate both good and bad ideas, and it can accelerate these ideas towards success or failure. Think of technology as some sort of widget that sits in between ideas and the future. Whether entrepreneurs put good ideas (that is, ideas that are strategic and aligned with their core principles) or bad ideas (random acts of improvement) into the technological accelerator will determine whether or not you speed towards success or failure.

Successful entrepreneurs—those who have a clear concept of what they are trying to accomplish—leverage technology in order to help them achieve their goals more quickly. In order to ascertain which technology will align with their goals, entrepreneurs must have a very open and inquisitive bias towards technology.

What entrepreneurs do not do is bury their heads in the sand. If you desire to become an entrepreneur, and you’re one of those people that says things like, “I don’t do e-mail,” or “I can’t even program my VCR,” then you must stop. Technology today is not what it was even sum years ago. With the advances made in programming and user interface (UI) design, today’s technology is very, very user friendly. The fact of the matter is, if it’s not user friendly it would not stay around too long, because a competitor will come along and make it user friendly.

Today, we cannot think of any company where technology (either in the form of an Internet presence or just general communication) is not crucial, entrepreneurs must have the knowledge and the ability to use technology. This means that an entrepreneur must understand the language and the trends of technology.

To use an analogy, think of the musician who, while not an engineer, is fluent with the tools of the recording studio. She can easily and effectively communicate with the engineer and producer in order to get the sound she hears in her head on to the tape (or hard drive). It’s the same thing with technology. As an entrepreneur you will need to make manifest your vision in any number of ways, being able to efficiently convey your goals to those who will help you realize them is really the only way to go.

Throughout, it is essential that you make sure that whatever technology you embrace has a deep and direct connection to your overall business plan.

4.2 Technological Environment and Business

Technology can be defined as the method or technique for converting inputs to outputs in accomplishing a specific task. Thus, the terms 'method' and 'technique' refer not only to the knowledge but also to the skills and the means for accomplishing a task. Technological innovation, then, refers to the increase in knowledge, the improvement in skills, or the discovery of a new or improved means that extends people's ability to achieve a given task.

High technology has become like a force of nature. It transforms the economy, schools, consumer habits, the very character of modern life. Investors pour money into it; parents urge their children to study it; communities vie to attract its factories; decorators adopt it as a style; politicians push it as a panacea.

(Source : Science Digest Magazine)

Technology can be classified in several ways. For example, blueprints, machinery, equipment and other capital goods are sometimes referred to as hard technology while soft technology includes management know-how, finance, marketing and administrative techniques. When a relatively primitive technology is used in the production process, the technology is usually referred to as labour-intensive. A highly advanced technology, on the other hand, is generally termed capital-intensive.

Changes in the technological environment have had some of the most dramatic effects on business. A company may be thoroughly committed to a particular type of technology, and may have made major investments in equipment and training only to see a new, more innovative and cost-effective technology emerge.

Indeed, the managing director of multinational organisation manufacturing heavy machinery once said that the hardest part of his job had nothing to do with unions, pay or products, but with whether or not to spend money on the latest technologically improved equipment.

Computer technology has had an enormous impact on education and health care, to name but two areas affected. The advancements in medical technology, for example, have contributed to longevity in many societies. In addition, the introduction of robots in many factories has reduced the need for labour, and the use of VCR's and microcomputers has become commonplace in many homes and businesses.

Unfortunately, there is a negative side to technological progress. The introduction of nuclear weapons, for example, has made the destruction of the human race a frightening possibility. In addition, factories using modern technologies have polluted both air and water and contributed to various environmental and health-related problems.

Technology is a critical factor in economic development. Because of the advances of international communication, the increasing economic interdependence of nations, and the serious scarcity of vital natural resources, the transfer of technology has become an important preoccupation of both industrialised and developing countries. For many industrialised countries, the changes in the technological environment over the last 30 years have been immense particularly in such areas as chemicals, drugs, and electronics. It is vital that organisations stay abreast of these changes - not only because this will allow them to incorporate new and innovative designs into their products, but also because it will give them a firmer base from which to anticipate and counteract competition from other organisations.

When the Gillette Company developed a superior stainless steel razor blade, it feared that such a superior product might mean fewer replacements and sales. Thus, the company decided not to market it. Instead, Gillette sold the technology to Wilkinson, a British garden tool manufacturer, thinking that Wilkinson would use the technology only in the production of garden tools. When Wilkinson Sword Blades were introduced and sold quickly, Gillette understood the magnitude of its mistake.

The transfer of technology is essential for attaining a high level of industrial capability and competitiveness. Multinational corporations are playing an increasingly important role in technology transfer because they invest abroad to expand production, marketing and research activities. There is also a growing consciousness amongst governments of the need to increase technology transfer to the developing countries to help stabilise their economic and social conditions.

In spite of the many differences in social, political, cultural, geographic and economic conditions, there are some common characteristics in the technological environments of developing countries. The most common technology transfer from industrialised to developing countries has been in agriculture and health care. As a result of improved health care systems, infant mortality rates have been cut while the incidence of once common diseases such as malaria and typhoid has been reduced in Latin America, south-east Asia and Africa (although the incidents of the AIDS virus has increased alarmingly). Similarly, agricultural technology has increased agricultural productivity in Brazil, India and elsewhere. However, in most developing countries, technology has made little impact on the productive systems, income distribution and living conditions of the majority of the population.

5.0 Module 5: Management of Innovation

5.1 Innovation and Entrepreneurship

An innovation is gainful modification to the product or process. An existing product can be made better by adding more features modifying design to make it safer or more users friendly. Or the method may be modified to produce it in more cost effective way. Sometimes the raw materials are substituted to bring down the cost. All these are examples of innovation. In short Innovation is achieved by Value Analysis/Value Engineering. It's never easy to compete against old players in any walk of life. New entrant faces considerable odds in the beginning and only this battle. Innovation is the best ally of an entrepreneur in this battle. It helps him to gain competitive advantage in his business either due to cost advantage or due to differentiation of product. Innovations in marketing and distribution help him gain the market share quickly.

Innovation is needed by the entrepreneur for following reasons –

1. To face competition.
2. To stand out in the clutter.
3. To survive recession
4. To solve certain problems.

Installing Attitude for innovation

1. Encourage creative conflict
2. Big ideas from small teams
3. Learning happens from the desk
4. Understand the product users
5. Live in the future
6. Failure sometime produces innovation
7. Joint prototyping to brain storming for fast track innovation

Different Sources of Innovation –

1. Unexpected occurrences
2. Process needs
3. Incongruities
4. Industry & market changes

5.2 Entry Strategies for New Ventures

It is easy to be captivated by the promise of entrepreneurship and the lure of becoming one's own boss. It can be difficult, however, for a prospective entrepreneur to determine what product or service to provide. Many factors need to be considered, including: an **idea's market potential, the competition, financial resources, and one's skills and interests.** Then it is important to ask: Why would a consumer choose to buy goods or services from this new firm?



One important factor is the  **uniqueness** of the idea. By making a venture stand out from its competitors, uniqueness can help facilitate the entry of a new product or service into the market.

It is best to avoid an entry strategy based on low cost alone. New ventures tend to be small. Large firms usually have the advantage of lowering costs by producing large quantities.

Successful entrepreneurs often distinguish their ventures through **differentiation**, **niche specification**, and **innovation**.

- Differentiation is an attempt to separate the new company's product or service from that of its competitors. When differentiation is successful, the new product or service is relatively less sensitive to price fluctuations because customers value the quality that makes the product unique.

A product can be functionally similar to its competitors' product but have features that improve its operation, for example. It may be smaller, lighter, easier to use or install, etc. In 1982, Compaq Computer began competing with Apple and IBM. Its first product was a single-unit personal computer with a handle. The concept of a portable computer was new and extremely successful.

- Niche specification is an attempt to provide a product or service that fulfills the needs of a specific subset of consumers. By focusing on a fairly narrow market sector, a new venture may satisfy customer needs better than larger competitors can.

Changes in population characteristics may create opportunities to serve niche markets. One growing market segment in developed countries comprises people over 65 years old. Other niches include groups defined by interests or lifestyle, such as fitness enthusiasts, adventure-travel buffs, and working parents. In fact, some entrepreneurs specialize in making "homemade" dinners for working parents to heat and serve.

- Innovation is perhaps the defining characteristic of entrepreneurship. Visionary business expert Peter F. Drucker explained innovation as "change that creates a new dimension of performance." There are two main types of product innovation. Pioneering or radical innovation embodies a technological breakthrough or new-to-the-world product. Incremental innovations are modifications of existing products.

But innovation occurs in all aspects of businesses, from manufacturing processes to pricing policy. Tom Monaghan's decision in the late 1960s to create Domino's Pizza based on home delivery and Jeff Bezos' decision in 1995 to launch Amazon.com as a

totally online bookstore are examples of innovative distribution strategies that revolutionized the marketplace.

Entrepreneurs in less-developed countries often innovate by imitating and adapting products created in developed countries. Drucker called this process “creative imitation.” Creative imitation takes place whenever the imitators understand how an innovation can be applied, used, or sold in their particular market better than the original creators do.

Innovation, differentiation, and/or market specification are effective strategies to help a new venture to attract customers and start making sales.

6.0 Module 6: Women Entrepreneurship

6.1 The Concept of Women Entrepreneurship

A female entrepreneur is a woman who has created a business in which she has the majority shareholding and who takes active interest in decision-making, risk-taking and day-to-day management. The contribution of women entrepreneurs to economic activity and employment has increased over time. Women entrepreneurs and their businesses are a rapidly growing segment of the business population. Women entrepreneurs are prominent not only in industries where they were traditionally active, but also in less traditional sectors (e.g. manufacturing, construction, and transportation). Women entrepreneurs have created a variety of new ventures and contributed to the development of a range of services and products.

Research has shown that the percentage of female entrepreneurs worldwide still remains low in relation to that of male entrepreneurs and to the percentage of women in the population. The creative and entrepreneurial potential of women is a latent source of economic growth and is a veritable weapon for the creation of new jobs and should be encouraged.

Research has shown as well that women face a number of difficulties in establishing and maintaining businesses. Although most of these difficulties are common to both genders, in many cases they tend to be more significant for female entrepreneurs. This is due to factors such as a poor business environment, the choice of business types and sectors, information gaps, lack of contacts and access to networking, gender discrimination and stereotypes, weak and inflexible supply of childcare facilities, difficulties in reconciling business and family obligations, as well as differences in the way women and men approach entrepreneurship.

Increasing the rate of new business creation by women is essential to stimulate innovation and employment in our economies.

Measures Promoting Female Entrepreneurship

Specific actions or measures promoting female entrepreneurship have already been established in several countries. These include support measures in the following seven areas; captured as FINANCE: (1) Funding, (2) Information, (3) Networking, (4) Advice and consultancy mentoring, (5) New Techniques and training, (6) Commencement support, and (7) Encouragement and mentoring.

Other measures include:

1. Supporting women on their way to self-employment according to their specific demands and to enable experience exchange and business contacts.

2. Creating optimal conditions for women to do a successful entrepreneurial job; women who want to create a business should be coached and supported in the relevant fields.
3. Representing the interests of female entrepreneurs and influence the policy of the government through this co-operation of female entrepreneurs.
4. Enabling women with different personal background to achieve self-employment and to support self-employed women (high relevance to labour market policy).
5. Strengthening the economic potential of women and to support female entrepreneurship by offering an optimal infrastructure for start-ups.
6. Strengthening the personality of the female entrepreneurs, to procure the entrepreneurial know-how and to help women to manage their problems and difficulties as entrepreneurs.
7. Fostering equality on the labour market and to increase the employment rate and the start-up rate of female entrepreneurs.
8. Building an optimal environment for female entrepreneurs by providing them with various professional services that range from advice, lobbying, funding to contacts and enterprise presentations.
9. Increasing the knowledge on female entrepreneurship in order to open up the business creation process to all by providing necessary resources.
10. Obtaining statistical information (e.g. number of enterprises, turnover, and sectors of activity) on enterprises run by women in order to gain more knowledge on female entrepreneurship.

Good practices for Women Entrepreneurship

The following measures are suggested:

1. Measures should be designed for both, groups and individuals.
2. Measures supporting enterprise start-ups should focus on sectors that can provide women with an adequate income.
3. Measures increasing the self-confidence of women and the belief in their own abilities as entrepreneurs are important.

4. Not only women, but also girls should be targeted at by support measures in order to encourage them to become entrepreneurs.
5. The facilitation of access to credit should be a key element in business support.

Recommendations with Respect to Women Entrepreneurs

On the basis of research findings, the following recommendations have been reported in encouraging women entrepreneurship:

1. Seek to raise awareness of women's issues by mainstream support agencies.
 - Promoting the message to business support providers that raising female participation rates is an important part of a strategy for raising the level of entrepreneurship in society.
 - Support should be given to organizations that wish to improve their understanding of the needs of women entrepreneurs, through activities such as exchange visits, training programmes and seminars.
 - Ensuring that all literature and other material produced regarding enterprise issues recognizes the fact that women are a substantial and growing component of the entrepreneur community. This should pay particular attention to the language used in promotional material aimed at people interested in starting a business.
 - Providing continuing support for nation-wide information and lobbying bodies.
 - Supporting the development of a website for women entrepreneurs, providing information about specific support that is available, a data base of businesses interested in co-operation, and a discussion forum to exchange views and information between women entrepreneurs.
 - Stressing the need for mainstream business support organizations to continually review their provision to ensure that it both reflects women's experiences and does not deter women from seeking support for business start-up.
 - Take steps to ensure that organizations providing advisory services to businesses become more aware of the special needs of women entrepreneurs.
2. Take steps to increase the availability of finance.
 - Strong and effective lobbying of financial institutions to counter actual, perceived or unintended discrimination against women entrepreneurs.
 - Should reduce the need for financial support aimed specifically at women entrepreneurs. The alleged practice of some banks in requesting a partner's countersignature on a loan application is an example of one possible target for this action.

- Offering targeted financial support aimed at female entrepreneurs, as part of a strategy for raising the overall level of entrepreneurship. Support for local schemes, such as credit unions and mutual guarantee schemes involving women entrepreneurs, would be valuable. Micro-credit programmes are beneficial not just for the cash they offer, but also for the peer support and mentoring arrangements.

3. Continue selective support for female specific programmes.

- Female specific training and support is not required in all areas of business. It is most applicable at the start-up stage and with reference to particular areas such as motivation, confidence skills and capitalization issues. Once women are 'in the system', they can participate in more mainstream provision.
- Female specific training is particularly important in learning new skills, such as technology.
- Priority support for mentor programmes for women entrepreneurs (particularly those wanting to develop their businesses), using successful women entrepreneurs as mentors where possible.

4. Take active steps to encourage equal opportunities monitoring by general business support organizations.

- A demonstration of effective monitoring of equal opportunity of access should be a condition of any support offered by the Commission to mainstream business support organizations and other agencies. This would help to ensure equitable practice and also protect these organizations against inaccurate accusations.

1 Role of Orientation and Women Entrepreneurial Aspirations

2 Contributions of Women to National Socio-economic and Human Development

3 Barriers to Women Entrepreneurial Practice.

7.0 Module 7: Social Entrepreneurship

7.1 The Concept of Social Entrepreneurship

Social entrepreneurship at its essence is a process by which individuals “build or transform institutions to advance solutions to social problems”. Social entrepreneurs are the idea champions: people who advance change, working within, between and beyond established organizations. The social entrepreneur also helps others discover their own power to change by helping them envision a new possibility and recognize how it can be broken down into doable steps that build momentum for change.

Qualities of a Social Entrepreneur

Social entrepreneurship is a process – involving a long-term commitment and continual setbacks. For this reason, social entrepreneurs share certain qualities, including the ability to overcome apathy, habit, incomprehension, and disbelief while facing heated resistance; the ability to shift behavior, mobilize political will, and continually improve their ideas; the ability to listen, recruit and persuade; among those they work with, they encourage a sense of accountability, and a sense of ownership for the change. Social entrepreneurs are also comfortable with uncertainty and have a high need for autonomy. Since social entrepreneurs will face adversity along the way, another important quality is the capacity to derive joy and celebrate small successes. Successful social entrepreneurship involves well established behaviors which can be acquired. While some people appear to be born with more entrepreneurial inclination than others, most people can learn to behave like entrepreneurs.

Historical Perspective on Social Entrepreneurship

Social entrepreneurship has always existed, though it has not been recognized as such. Historical figures such as St. Francis or Gandhi advanced important social changes through work that is analogous to what social entrepreneurs today are doing. Social entrepreneurship as a movement developed in response to major global forces that have shifted the patterns of life around the world, creating more opportunities for people to cause change. America experienced many of these changes over a century ago: the emergence of the private sector, rapid developments in industry, urbanization, and the rise of new wealth up to the early 1900s created new social problems, and Americans responded with programs and organizations to address these needs. Examples include Hull House, Boy Scouts and the Salvation Army.

Social entrepreneurship today is a response by the global citizenry to changes that have happened, and are happening, on a global scale. Large-scale changes over the past half-century, such as the collapse of authoritarian and communist regimes, resulted in newfound freedoms for many across the globe. These freedoms have led to greater wealth, longer life spans and better communications around the world, but they have also created new problems. For example, mass rural-to-urban migration has in some countries resulted in mega towns that are violent and unhealthy; or, people who have been involuntarily dispersed by change struggle to pick up their lives again and suffer in poverty.

Social Movements

At the same time, however, hundreds of movements and millions of organizations aimed at addressing these myriad problems have also emerged, and social entrepreneurship as a movement has grown. The pace of change continues to accelerate, and as it does, the pace of adaptive systems must keep up. Solutions must be decentralized and integrated and deployed in real time. Social entrepreneurship is the intersection of the world's complex problems, the recognition that new kinds of organizations and models are required to address those problems, and the historic changes that have dramatically increased the capacity of individuals and modest-size groups to address those problems.

Pioneering Social Entrepreneurs

Two highly successful examples of pioneering organizations in the field are Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC). Both organizations originated amidst disaster in Bangladesh: a cyclone and a civil war ravaged the country. Muhammad Yunus and Fazle H. Abed created and operated the Grameen Bank and BRAC, respectively, on the belief that their results would be stronger if they broke from the pattern of paternalistic aid and followed a new method based on trial and error and an emphasis on results. Yunus and Abed hired locals instead of foreigners, with hired staff through a competitive application process instead of doling out jobs to family and friends, they refused to sanction bribery, they focused on efficiency and results, they experimented continuously, and they viewed failures as opportunities. These tactics were a departure from the traditional methods of aid distribution and management. The Grameen Bank and BRAC also benefited from the long-term involvement of Yunus and Abed and tens of thousands of local staff members, whereas traditional donors often only stayed on projects for a few of years before rotating out of country. Both organizations saw results that were a world apart from anything the field of international development had yet seen. They proved that it was possible to mitigate poverty on a massive scale and helped shift the global development paradigm.

Differences and Similarities with Other Sectors

How do social entrepreneurial ventures compare to change agents in other sectors? While social and business entrepreneurs are similar in their skills and temperaments, they differ markedly in their primary objectives. For business entrepreneurs, the objective is usually to maximize profits or build a lasting, respected entity. For social entrepreneurs, the objective is to maximize some form of social impact, usually by addressing an urgent need that is being mishandled, over-looked, or ignored by other institutions.

Social entrepreneurship also differs markedly from government in many ways. Unlike governments, who work from the top down, social entrepreneurs address problems from the bottom up. The social entrepreneurs' efforts often begin with an interaction with a problem on the ground level, which leads to a question that eventually grows into an organization through trial and error. Governments often implement ideas before testing and adapting them as they go, and they often lack the nuanced understanding of ground-level details that is the key to success in social entrepreneurship. Additionally, governments are bound by protocol, rules and

procedures; social entrepreneurs have far more flexibility. A social entrepreneur has the luxury of trying seemingly crazy ideas and getting rid of ideas that do not work, whereas a government gets bogged down in hashing out the details prior to implementation without the chance to learn from mistakes.

Similarly, social entrepreneurs can stay working on a problem until they solve it. Governments are under pressure for quick, tangible results. Government, however, benefits from its access to a wide array of resources and recognized legitimacy. To address social problems at the proper scale, we must combine the creativity and agility of social entrepreneurs with the resources and legitimacy of governments.

Social Activism

Activism is similar to social entrepreneurship, but can best be understood as a subset of social entrepreneurship. Activism is a tool that many social entrepreneurs use to further their cause. Activism typically works from the outside, attempting to influence the decision makers in government or large institutions. Social entrepreneurship utilizes outside- and inside-directed tactics, often working directly with institutions to enact change. Social entrepreneurs also often seek to create new institutions rather than change old ones. Activism is important because it helps elicit empathy by making injustice and suffering palpable. Social entrepreneurs can further their cause by utilizing techniques of activism for this purpose.

Social Entrepreneurs and Citizen Democracies

The work of social entrepreneurs strengthens established and emerging democracies. Democracy, like social entrepreneurship, is an iterative process. Citizens of democracies and social entrepreneurs build and continually adapt institutions designed to meet society's needs. In pre-democratic contexts, social entrepreneurs help citizens realize their ability to shape change, which reinforces their power as citizens. Democracies flourish when large numbers of citizens acquire the capacity to shape civic life. Social entrepreneurship is a process by which citizens organize to do just that. As the field social entrepreneurship continues to expand, it may help redefine the concept of citizenship, creating a world of citizens who are actively involved in creating and shaping their countries institutions.

Financing Social Ventures

Social entrepreneurs finance social organizations from a variety of sources. They often start with people close to them – family, friends, classmates and professional contacts. Social entrepreneurs also turn to corporations, public foundations, social venture competitions, impact investors and Web-based intermediaries. The Obama campaign proved that this approach can be highly effective. Fellowships and prize programs directed specifically at social entrepreneurs are another source of funding. Though the organizations are not numerous they comprise the current key pipelines of support and recognition.

Achieving Social and Financial Objectives

Social entrepreneurs are increasingly seeing strong results through complementary nonprofit, business, and hybrid enterprises. The term “blended value” refers to the commingling of social and financial objectives, and an increasing number of organizations are working in this gray area, using a combination of business methods and philanthropy. Social enterprise, a combination of business and philanthropy, is a promising strategy because it allows a social organization to benefit from the strategies of traditional business entrepreneurs. These developments bring challenges. As the line between sectors blurs, a new form of financing will be necessary. Blended value or impact investors, investors who cross the lines between philanthropy, business and the public sector, will be increasingly important.

Cultivating Talent

Another challenge social entrepreneurs’ face is attracting talent. Social entrepreneurs must recruit talent without the ability to offer compensation that is comparable to business. Instead, social organizations rely on attracting people by promising meaningful work. The social sector also lacks a structured system to nurture talent; when combined with financial inhibitors, this makes retaining talent difficult. More people have chosen social organizations over other opportunities following the economic downturn, probably because comparable salaries in the private sector have dropped. Social entrepreneurs in the near future will have to determine the tipping point in compensation in order to redirect talent from other sectors.

Nurturing Innovations in Education

Fostering innovation will also require changes in education. The idea that everyone can be a change maker should be integrated starting in grade school so that children can become comfortable with the ideas and skills necessary to effect change early on. From childhood, it is important to nurture students’ willingness to try out new ideas. When children are encouraged to test out their own ideas in a safe and non-judgmental environment, they learn to value their own ideas, and valuing one’s own ideas is crucial for a social entrepreneur. Schools should also encourage students to ask questions and take initiative. This is important because social entrepreneurs are action researchers, learning through experimentation. Additionally, schools could create programs that help children develop empathy. Emotional learning is just as important as cognitive learning, though schools focus almost entirely on the latter. Schools that have utilized emotional learning programs have shown that it is possible to teach children to develop empathy; developing empathy will help children understand how they fit into the larger world, helping them to understand others better and to build teams. Another option that targets the more practical skills of social entrepreneurs is to create programs that would expose students to problems and then help guide them through the process of constructing a solution. Finally, schools could do more to celebrate youth-initiated social problem solving. While youth-led social entrepreneurship is growing, it is mostly outside of the school system.

Universities Role in Moving the Field Forward

Universities also play an important role. Universities legitimize new field and careers, and thus have the potential to grow social entrepreneurship as a field. The first course in social entrepreneurship was initiated by Greg Dees in 1994 at Harvard University. Research in social entrepreneurship education by Debbi Brock and Ashokas Global Academy for Social Entrepreneurship documented over 350 professors in 35 countries teaching courses in social entrepreneurship. Other initiatives include fellowship programs at schools such as Harvard and New York University, social enterprise courses and social venture planning competitions at many leading business schools, and partnerships between universities and social organizations that allow students to interact with social entrepreneurs. One example is the Reynolds Program in Social Entrepreneurship at New York University. It is the first university-wide interdisciplinary fellowship program in the field, and is open to graduate and undergraduate students from every school and every discipline. Interdisciplinary programs are essential due to the interdisciplinary nature of social problems.

Partnerships and Support Organizations

The relationship between governments and social entrepreneurs can and should be changed in order to maximize efficiency and social impact. Social entrepreneurs and governments have suffered from a mutual lack of trust and respect. They face different pressures, have different needs and operate in different ways, and the tensions, lack of respect and weak relationships, have impeded necessary collaboration. Governments often utilize the pilot and scale method when inter-acting with social entrepreneurs. This entails identifying a promising innovation in the social sector and then supplanting the organization and taking the idea to scale within the government. However, for the same reason that governments do not launch and run businesses, governments should not try to run social enterprises when there are others in society who are better suited to the task. Growing a social enterprise takes as much or more entrepreneurialism as starting it does, and governments do not have a competitive advantage in this area.

Supporting and Collaborating with Governments to Serve the Social Sector

Where governments do have a competitive advantage is in determining priorities, ensuring fairness, and fashioning a framework of incentives and oversights. Governments should shift from the model of running programs and providing after-the-fact payments for services to a model of investing and overseeing long-term investment in social entrepreneurial organizations. Governments should think like a gardener rather than a builder – identifying promising seeds and rich soil (the social entrepreneurs and environments ripe for change), and fostering growth (through long-term investment). This does not mean abolishing government programs; rather, it means shifting toward harnessing the power of social entrepreneurs to achieve policy goals, as government does with business entrepreneurs. Governments will also need to overhaul the network of constraints holding social entrepreneurs back. Examples include: making it easier for citizens to receive tax benefits for contributions to social

entrepreneurs; creating cross-sector fellowships to bring social entrepreneurs into government and place policy staffers in social organizations; and introducing innovation funds within all government agencies to encourage the development of a social capital market. One example of social entrepreneurs working effectively with government is America Forward. This coalition of more than 80 social entrepreneurs created a set of policy ideas that led the Obama administration to create the White House Office on Social Innovation and Civic Participation and to support an innovation fund, for which Congress appropriated \$50 million in seed capital. The new office works to identify and scale high-performing social organizations, forge partnerships with business and philanthropy and support national service and other forms of citizen engagement. The fund is designed to leverage private investment to expand —ideas that work. —Intrapreneurs within the administration can build on these ideas and foster a policy environment more alert to the potential of social entrepreneurs.

Relationships with Private Sector

With regard to business, a great deal of innovation in the coming years will result from the intersection of the social and business sectors. Businesses are realizing they can benefit by working from and learning from social entrepreneurs for a variety of reasons. 1) Businesses realize that social organizations know how to operate in underdeveloped markets (internationally and domestically) – how to identify opportunities, develop products, manage staff, etc., in unfamiliar contexts. As businesses expand into the developing world and other underserved markets, organizations can learn from social entrepreneurs ‘experience. 2) Businesses are under increasing pressure by customers, employees and investors to be socially conscious. Businesses that are familiar with the landscape of social entrepreneurship will be better poised to succeed than competitors who are not aware of these social changes. 3) By partnering with social entrepreneurs, a business can target the Bottom of the Pyramid, the four billion people living on less than \$2 per day, without having to establish new channels of business from scratch. The business in this situation will also benefit from the social entrepreneur’s expertise in the field. As with governments, the benefits of combining are complimentary. 4) Social entrepreneurs are reshaping the nature of corporate social responsibility. Social entrepreneurs are increasingly working directly with top executives instead of going through the corporate social responsibility or marketing departments. Corporate social responsibility is thus becoming a core management function as opposed to a component of PR. 5) Social entrepreneurs are influencing the regulatory and investment environments, holding businesses more accountable to their social and environmental performance. Oversight tools, such as Social Accountability International’s SA8000, which certifies that companies maintain decent working conditions, will accelerate the growth of social enterprise.

The Role of Philanthropists in Fostering Social Entrepreneurship

We can reshape philanthropy’s approach to more effectively foster social entrepreneurs. Philanthropists have the ability to make long-term investments, assume greater risk and support less popular ideas than businesses or governments. Philanthropy in the coming years will be particularly important: researchers estimate that inheritances will amount to tens of

trillions of dollars in the coming decades. In the past, philanthropic investments were treated as charity and chosen in an often-capricious manner. The standard approach was to provide modest one-year grants restricted to specific use. The past decade has seen an important shift, characterized by increased involvement by the donor with the organization on the receiving end and a method of financing similar to that of venture capital. On a high level, philanthropy has shifted from palliative to curative. This shift has involved searching for innovative ideas, targeting high performance social entrepreneurs, providing longer term capital along with managerial assistance and rigorously tracking results. Also, many donors have adopted a venture capital approach, providing multiyear grants that are combined with direct engagement on the part of the donor, whether through management consulting, lobbying support, business plan development, or similar work. Joel L. Fleishman argues that “venture philanthropy” and social entrepreneurship will dominate philanthropy in the twenty-first century. The limitations to the venture capital model for social entrepreneurs are that it is not designed to support an enterprise forever. Options for long-term support are governments, generating revenue through social enterprise, or patient capital funds.

There are five proposed ways by which philanthropy could redeploy resources to harness social entrepreneurs more effectively.

1. Help social entrepreneurs engage more successfully with businesses and governments: Philanthropists are in a position to create a neutral space for generating ideas and to catalyze necessary exchanges between social entrepreneurs and policy makers and between social entrepreneurs and the business sector.
2. Fund structural supports for social entrepreneurs: Philanthropies have influence with universities and the education system generally that they could use to encourage education and research on social entrepreneurs. They could provide tuition support to attract students to study in the field. Philanthropic foundations could support the creation of new media platforms to encourage the sharing and exchange of knowledge. Foundations could also support programs for training baby boomers in social entrepreneurship to encourage this group to become change makers in their “encore careers.” Finally, philanthropy could support the growth of advisory services that allow social investors to make well-informed investment decisions.
3. Stick with things that work and communicate clearly: Philanthropies should be clear when providing their reasons for ending a relationship with a recipient organization, and organizations should continue to do what they have been successful at.
4. Let more organizations die: More organizations open, but few close. This means that funding is continually spread thinner and thinner. Foundations could ensure that failure or mediocrity lead to reductions or withdrawal of funding.
5. Help social entrepreneurs work together: The field of philanthropy could encourage social entrepreneurs to join together in firms, where they share expertise, test ideas, launch ventures and provide consulting advice to larger clients. This creates a lower risk, more effective, and more supportive environment.

The Role of the Media

Journalism will play a key role in helping society become more innovative. The structure of news media is changing as traditional media sources have to adapt to a changing society, but the content of media has not kept up. News media drastically underreports stories of social innovation in favour of stories of conflict. Social entrepreneurs can help change this by legitimizing a category of news focused on solutions. The media has a vital role in making the work of social entrepreneurs visible, illustrating what the leaders in the industry are doing, just as the media already does with business and government.

Individuals Role in Supporting Social Entrepreneurship

The most valuable step an individual can take to prepare him/herself to participate in the field of social entrepreneurship is to deepen his or her self-knowledge. In order to be successful and make an impact, an individual must first understand what he/she cares about and has always cared about, what his/her strengths and weaknesses are, what his/her value set is, what environments he/she works best in, and what his/her motivations are. Without knowing these things about oneself, one may inadvertently add to the already ample store of negative leadership in the world. It is not necessary to study social entrepreneurship, but it is necessary to understand the workings of the system you want to change and the history of the problem with which you are concerned. This involves what may be a lengthy process of investigation and brainstorming. Most of all, you need to be prepared to listen and to face challenges.

8.0 Module 8: Business Opportunity Evaluation

8.1 Sources of Business Opportunities in Nigeria

A business is a **concept**, which could be contemplated anywhere. It takes someone with business insight to visualize the need to develop the concept into ideas, reduce them to **business plan** and nurtured to assume resemblances of economic activities supported with resources. At the simplest level, a business assessment plan is sometimes referred to as a feasibility study. It must be noted however, that a clear line of difference exists between a business plan and a concept. A concept broadly speaking, involves more than a plan, it is a general belief, an abstraction or a principle. For instance, it is a concept that every location in Nigeria has a business opportunity. This may not be the same as actually drawing up a plan to run a particular line of business. To this extent, a concept differs from a plan but suffice to say that both are in context the same.

A business plan is very important in any business proposal irrespective of the nature of business. Generally, however, below is the form most business plans or feasibility reports take:-

Feasibility report

Feasibility is a document that generally outlines the potency of a planned project commencing with a preamble; which states general information or company profile, the project itself, sponsorship and whether arrangements exist for technical assistance. Other information includes:

- Marketability and demand analysis.
- Technical feasibility in terms of skilled and adequate manpower, machinery, raw materials, equipment, etc.
- Production requirements, forecast production limit, factory layout.
- Financing plans, including loan, lease or hire purchase arrangement.
- Financial evaluation by way of investment appraisal methods.
- Financial projections and cash-flow, budget estimates for the duration of the project or for at least 12 months ahead.
- Environmental impact assessment.
- Details of the project implementation.

1. Sources of business information

The major source of business information is one's mindset or subconscious mind. A prominent pastor in Abuja once postulated that he never taught any follower how to pray because he knew that individual experiences would. This is, indeed, a pertinent lesson for aspiring entrepreneurs. Most people who have succeeded in business today did so for compelling reasons ranging from failure to gain a white collar job to not being satisfied with the one offered. Those who understand the business world do seek white collar job to raise capital in order to be on their own. In searching for such, they become dissatisfied with each succeeding

job and keep moving, thereby, taking advantage of higher perks to accumulate their capital. Such persons are often referred to as high flyers.

Elueni (2000) postulated that wealth can be acquired through one's physical strength, sustained for a while through conceptual strength and made permanent through investment: in assets. In his opinion, ownership interest through shares is the most permanent and reliable form of assets, provided that: such companies truly have perpetual solvency.

Akingbola (2008) classifies players in the economy as salary earners, self-employed professionals and investors and further notes that investors control the economy, they have government ears and sympathy, they work less but have everything in their favour.

2. Environmental scanning

Environmental scanning involves a process of studying one's locality in order to gain insight with a view to identifying inherent opportunities. Each environment has its peculiarity permeated by challenges beneath which lay golden opportunities. An exploration of the environment would unravel tranches of the inherent gold. However, the process of unearthing this is quite onerous and challenging requiring the virtues of patience, perseverance, creativity and courage to access the hidden gold, while threats, fear and weaknesses constitute artificial barriers constraining the process. No wonder, management specialists advocate that entrepreneurs should overcome challenges by maximizing their strengths in order to counterbalance their weaknesses and threats. Akingbola (ante) states that getting rich is not taught in school rather, it is learnt why doing it on the streets, which he calls the University of Life. He lists the alumni of such university as Bill Gates (Microsoft), Ted Turner (CNN), Richard Branson (Virgin Air), Thomas Edison (Electric bulb), etc.

The Nigerian economy is full of opportunities as well as threats. The main threats are in the region of policy inconsistency, poor infrastructure, near absence of the rule of law, among others. However, her population; diverse culture and vast expanse of land are immeasurable opportunities that tend to outweigh the threats. This probably explains why in spite of the threats, businesses always thrive in Nigeria making it the second best opportune country on the continent after South Africa probably.

3. Interaction with people of similar ideas or experiences

This is a prelude to formation of a partnership based on mutual business interest. It is most common among people who suffer a common fate or undertake similar training. Such business synchronization more often than not yields synergic effect.

4. Extensive travels around the locality or beyond

Travelling, they say, is part of education and perhaps, experience as well. Both are wealth in a sense that they can each be translated into business ideas to earn some money. Our Ibo brothers from the eastern part of Nigeria are a good example here. The business ideas they import from different parts of the world has made them quite prosperous.

5. Seminars by business communities, government agencies or professional associations

Seminars are useful for business opportunities in that speakers at such occasions are carefully selected. They are usually people with proven knowledge on topics assigned to them. They are sometimes, government officials who are responsible for policy formulation. Their presence goes a long way in clarifying otherwise, thorny policy issues or proves an opportunity for them to avail the audience of some privileged information on government's strategic focus. The major drawback here is that the cost of attendance at such seminars is often quite exorbitant. A probable way round this is for the entrepreneur to ask after the papers, at post-event as they are likely cheaper.

6. Enquiries at specialized Government Agencies

The Small and medium enterprise development agency of Nigeria (SMEDAN), the Nigerian export processing commission (NEPC), the Nigerian import and export bank (NEXIM), the Nigerian export processing zone (EPZ), among others have desks for public enquiries. CBN for instance, has an extensive agricultural department known as development finance, which offices exist in virtually all the branches of the Bank. The department offers agricultural credit guarantee schemes, currently up to a limit of N 1 million for an individual or N 10 million for corporate farmers. The loans are sourced from conventional banks but guaranteed by the CBN. Interest cost on such loans can be drawn back to the extent of 40% after the applicant has fully repaid the underlying facility. The scheme is known as interest draw back (IDA), which was introduced by the CBN in 2003 with a capital base of about N2 billion. Such information could only be available if sought after at the relevant sources.

7. Examination of projects/dissertations of graduates of higher Institutions

This is one of the most original sources of business ideas. Business students are privileged to select topics in areas of familiarity for their projects. It is expected that the knowledge gained in such sector would serve as incentive to further stimulate interest and actions. A good project should therefore have background information on the industry being considered. Business students, especially at the MBA level, who aspire to become astute entrepreneurs, should plan their projects in a manner that would serve as precursor to business plans or feasibility reports. Fortunately, students' projects are available at libraries of polytechnics and universities.

We can recall the experience of Mr. Wale Adenuga, a famous television producer. Adenuga read Business Administration at the University of Lagos where he busied himself as the chief cartoonist of the campus publication between 1971 and 1974. On graduation, he started publishing Ikebe Super and Super Story magazine in 1976 and later added Binta magazine to the list of his publications. As time went on, public interest swapped to electronic media and Wale was responsive enough to move with time by changing from print media to television production. His Papa Ajasco attracted so much public appeal followed by Super Story.

It is desirable to state here that what informed Wale's brilliant career is the knowledge he had acquired as a hobby at the undergraduate studies in business administration.

8. Browsing internet with a view to studying experiences of other countries

Internet cafes exist to provide information on a wide array of issues including business activities. Some may be too advanced and outside the scope of our environment. However, most can be stream-lined to suit the immediate needs of our environment.

9. Tapping intelligence report from existing businesses

This can be done through the engagement of an employee of small scale businesses in a discussion bothering on the business policy of their respective companies.

10. Taking advantage of improved infrastructure

In the modern global village, access to business opportunities is no longer an exclusive right of the local authorities. The effect of globalization can as well create business opportunities.

An instance of this is seen in the case of Gboko, a traditional capital town of the Tivs, Benue state. Gboko is one of the three major towns in Benue State with little or no Federal government presence. It is however, the traditional seat of Tiv Native Authority and also, a great market for agricultural produce, therefore a host town to a number of cottage industries. It is privileged to have a giant cement factory, which became comatose in the late 90s. Prior to this, residents of the town had depended solely on the resources of the factory while solvent. However, its subsequent distress rendered the town economically castrated despite claims of dividend of democracy by unconscionable politicians.

Interestingly, at the height of desperation, the Federal government liberalized the global system of mobile telecommunication (GSM) service and its expansion to the town was embraced by youths, especially ladies who could not compete in Okada business (hire). Today, the GSM has gainfully employed over ten per cent of the youths while contributing about five per cent of the township income. This was followed closely by the establishment of three institutions of higher learning i.e. a polytechnic, college of education and a university, which have collectively created opportunities in terms of increased demand for hostel accommodation, business centres cum secretarial services, tailoring and banking services. Meanwhile, the cement factory has been revived through privatization. The new demand accentuated by the spate of private institutions of higher learning, GSM revolution occasioned by privatization philosophy and banking service expansion are alien to any deliberate government efforts to provide jobs. On the contrary, globalization led to improved environment without government's direct intervention. In other words, these are externalities of globalization that could trigger entrepreneurial activities.

11. Taking courses at higher schools to acquire more or relevant skills

Education is a powerful spring that spins one's life. Higher education means higher stakes in life, all things being equal. When I was developing a hostel accommodation at Fidei Polytechnic, Gboko, I met a bread baker who was rounding up his national diploma programme (ND) in marketing at the institution. In the ensuing discussion, he impressed on me that his training had afforded him an opportunity to generate increased sales through courteous handling of his customers. This is an intrinsic benefit of a higher education. Bankers in Gboko have had cause to make testimonies that they had witnessed Okada drivers with over N50,000.00 in their savings account. These bankers probably forget that these drivers are graduates of at least, NDs or NCEs and they know better why they are in the Okada business.

12. Taking advantage of government policies

Generally speaking, policies are general principles that guide top management in decision making. In the corporate world, they are set by the board. Policies aim at creating conducive environment for the attainment of set objectives.

In governance, policies aim at achieving macro-economic objectives such as stable exchange rate, balance of payment equilibrium, acceptable level of unemployment, price stability, among others. In order to achieve this, government employs a combination of fiscal and monetary measures some of which can spin opportunities for entrepreneurs. For instance, the ban on frozen foods has encouraged both chicken and aquatic farming in recent times. Similarly, local rice has taken the centre stage following the ban on rice importation and Nigerian farmers are working on the imperative of inward sourcing, not to mention the effect of the ban on fruit juice, which triggered stiff competition between Dangote Group and Coca Cola to customers' delight.

13. Reliance on one's honesty

Honesty is now a rare attribute in our society and whoever possesses it stands out to be appreciated. Several capitalists amongst us have one form of job offer or the other but they would rather not trade-off such with treachery. It is evident that domestic employments like housekeeping, garden attendance and driving have all vanished from the hitherto gainful job opportunities due to dearth of integrity.

Therefore, where an individual possesses this rare quality, such person should demonstrate it in a manner that would attract patronage. The best way to demonstrate honesty is by rendering one's self available for agency activities to earn some commission. Agency activities may start from the renewal of vehicle licenses, project supervision, rent collection, house decoration, land registration, business registration or assets procurement. Once the first deliverable is right then demands for such services begin to trickle in.

14. Investment clubbing

Investment club is the coming together by people of like minds to pool resources and take advantage of the investment opportunities. It has become necessary to form these clubs due to

the continued shifting of the goal post by stockbrokers in terms of initial amount required to open clients' investment accounts. For instance, First Trustee Limited at a point required N2.5 million to open a client's trading account, which was well beyond an average investor. Considering that First Trustee Ltd is an experienced corporate investor, a member of the larger First Bank family with a sister company like First Registrars Ltd that controls over 40% of quoted companies in Nigeria, one is not in doubt as to how beneficial First Trustee Ltd could be to potential investors. It is sensible therefore, if a group of five could pool resources together and meet the threshold.

15. Engagement in hobbies

A hobby is a past time endeavour. Typically, hobbies can be developed into a lucrative business venture. Hobbies may be classified into games, collections, outdoor recreation, performing arts or creative hobbies (cooking, gardening etc.). Indeed, the supreme court of Thailand has had to sack the country's prime minister on charges of engagement in a television cooking programme as a hobby (CNN, September 12, 2008). In Nigeria, with the growing need to add spices to occasions, a good number of eloquent employees have developed habit in the hobby of being masters of ceremonies (MC) where they earn reasonably well. A colleague, a London trained economist, has had to resign her appointment as a senior manager in a bank to continue with her wedding cooking which, until then was just a hobby. A lot of married women tend to run kiosks in front of their residences as hobbies to evade idleness. Some professionals engage in part-time teaching as a hobby and the list can go on.

Regulators in case of need

The following are regulators in some of the sectors where prospective entrepreneurs may wish to raise capital:

- Money market: Central Bank of Nigeria, Nigeria Deposit Insurance Corporation, Chartered Institute of Bankers of Nigeria, Money Market Association of Nigeria.
- Insurance market: National Insurance Commission (NAICOM), Nigeria Insurance Association (NIA).
- Capital Market: Securities and Exchange Commission, Nigerian Stock Exchange (NSE), Abuja Commodity and Securities Exchange (AC&SE), Chartered Institute of Stockbrokers (CIB).
- Pension fund market: Pension Commission (Pencom).
- Debts market: Debt Management Office

Unfortunately, there exists no commercial code to regulate other financial investments that fail to come under the purview of the above stated agencies. Accordingly, EFCC has become a ready agency to mediate in dispute arising from these transactions. The Federal Government should urgently task Bureau of Public Enterprises SMEDAN and NACCIMA to come up with acceptable commercial code to define and enforce good business ethics and practices as is done in the developed world.

8.2 Entrepreneurial ideas and Opportunities

The process of opportunity recognition is critical to entrepreneurship. The fundamental activity of entrepreneurship is new venture creation. A major step in any entrepreneurial venture creation process is the recognition of the opportunity by the entrepreneur.

Opportunity recognition connotes perceiving a possibility for new profit potential through:

- a) the founding and formation of a new venture, or
- b) the significant improvement of an existing venture.

From this broad definition, opportunity recognition can be conceived of as an activity that can occur both prior to firm formation and after formation of the firm through into the life. How do entrepreneurs identify opportunities?

An idea for an entrepreneurial business does not necessarily equate to an opportunity although it is always at the heart of an opportunity. Entrepreneurship is a market driven process, other factors must exist to support the new product idea for it to become an opportunity as potential customers must want the product. Hence, we can think of the "idea" as a stepping stone that leads to an opportunity. Opportunity recognition is therefore a process.

Timmons' (1994) proposed a model of successful venture creation based on the three crucial driving forces of entrepreneurship:

- (1) the founders (entrepreneurs),
- (2) the resources needed to form the firm, and
- (3) the recognition of the opportunity.

Surrounding the process are such things as risk, chaos, information asymmetries, resource scarcity, uncertainty, paradoxes, and confusion, all of which complicate the process. Only when all three components converge and fit can entrepreneurship occur successfully. The challenge for the entrepreneur is to manipulate and influence the surrounding factors to improve the chances for success of a venture. As Timmons (1994) notes, the process of recognizing and seizing an opportunity often relies on the right timing. Thus, according to Timmons (1990), the business idea is central to opportunity. However, only when the business environment and the skills and backgrounds of individual entrepreneurs fit together appropriately with the features of an opportunity can it reach its full potential.

Reasons for Starting a Business

An observation that is fundamental to entrepreneurship scholarship suggests that some individuals are more likely to identify and exploit opportunities than are others. A variety of explanations for presumed differences between entrepreneurs and others have been offered and debated.

These differences are due to:

- a) variations in the beliefs individuals hold about the efficacy of perceived available resources;
- b) the resources at one's disposal;
- c) expectations about the value of these resources;
- d) consideration of one's opportunity costs;
- e) prior experience;
- f) optimism;
- g) action-orientation; and
- h) a wide variety of personal dispositions, such as tolerance for ambiguity or need for achievement.

The pursuit of entrepreneurial activity reflects a series of choices that entrepreneurs make as they engage in the process of starting a business. Ascertaining the reasons entrepreneurs offer for why they choose to engage in business start-up is likely to provide insights into differences in persistence in entrepreneurial activity, the kinds of entrepreneurial activities undertaken, and success (or failure) at starting a business.

New businesses are not created by accident. There are sufficient impediments to successful business start-up to suggest that the process involves actions that are clearly intentional. When obstacles arise in connection with any of these activities, entrepreneurs must find ways to overcome them in order to ensure what Heider (1958) called "equifinality" of the outcome. Therefore, in theoretical terms, new venture creation is an intentional act that involves repeated attempts to exercise control over the process, in order to achieve the desired outcome.

The causes of behaviour have traditionally distinguished between those factors internal to the person and factors that are located in the external environment. The more an event appears to have been the product of an internal cause, the more the individual can be held accountable for the event. In Heider's work, attribution theory has also distinguished between temporary, transient causes and causes presumed to remain essentially unchanged over a longer time period. The former are referred to as variable causes; the latter are stable causes. For Heider (1958), intentionality was the "central feature" of personal causality, the one element needed

to distinguish between events brought about by people and events brought about by forces of nature.

In a study of entrepreneurs from 11 different countries, Scheinberg and MacMillan (1988) pilot-tested a set of 38 possible reasons for going into business. Subsequent factor analyses of these statements eventually led to 23 possible reasons that were tested in detail by Birley and Westhead (1994). In order, the top six reasons were:

- (a) To have freedom in work
- (b) To take advantage of an opportunity
- (c) To control one's own time
- (d) "It made sense at that time in my life,
- (e) To provide security for one's family, and
- (f) To have greater flexibility for personal life.

With the possible exception of (d), these explanations all sound quite intentional and presume that the entrepreneur can exert control over the outcome. Factor analysis of the 23 reasons produced seven factors that the authors labelled:

- (a) Need for approval
- (b) Need for independence
- (c) Need for personal development
- (d) Welfare considerations (in the contributing-to-the-community sense)
- (e) Perceived instrumentality of wealth
- (f) Tax reduction, and
- (g) Following role models.

As was the case with the top six individual reasons, these factors have the distinct flavour of intending to pursue achievable (i.e., controllable) goals. Other reasons given for why start a business were identification of a market need, autonomy and independence, a desire to make more money, a desire to use knowledge and experience, the enjoyment of self-employment, and a desire to show that it could be done.

Applying the framework of expectancy theory to the choice to undertake the behaviours required for new venture creation leads to the prediction that such actions are most likely when individuals believe that (1) they are able successfully to perform venture-organizing behaviours, (2) successful venture-organizing behaviours will lead to predictable outcomes (such as a business start-up) and (3) a successful start-up will result in other outcomes of a positive value (such as wealth creation, increased personal status, or greater independence).

Both individual factors "endogenous factors" and situational variables "exogenous factors" will enter into the person's expectancy judgments, instrumentality judgments, and assessments of values. Probability judgments may be affected by perceptions of one's own skills and abilities, generalizations from past experiences (especially other entrepreneurial experiences), the perceived difficulty of the task, or the amount of effort required. Instrumentality judgments may be affected by perceptions of the environmental and situational constraints, such as the availability of capital, network contacts, and potential market demand for the product or service. In a fashion comparable to ours, the open-ended responses could be coded to account for nascent entrepreneur's perceptions of ability, the likelihood of success, and the value of the outcomes of new business creation.

Opportunities and Potential Entrepreneurs

Individuals become entrepreneurs for a wide variety of reasons. All of them, however, may be summarized by saying that each potential entrepreneur, when making that choice, believes that the utility received from undertaking an entrepreneurial venture exceeds the utility received from any alternative income-producing activity.

Imagine a world where each individual is faced with a profit opportunity. Some individuals will see it, some will not. Of those who see it, some will act upon it, others will not. Individuals that seize the opportunity become entrepreneurs, all others do not. Thus, each individual chooses between becoming or not becoming an entrepreneur.

Alternatively, we could assume that it is possible to divide all income-producing activities into two groups: one group including all activities that require entrepreneurial effort and a second group including all activities that do not require such an effort. In either case, and for any given entrepreneurship rate, because there are only two possible choices, each individual's choice of activity is determined by the difference between the subjective return to becoming an entrepreneur and the subjective expected return to doing something else. We call such a difference the subjective relative return to entrepreneurship.

Subjective relative returns to entrepreneurship describe an individual's decision to become an entrepreneur as a function of three simultaneous elements:

- 1) The subjective initial endowment, which is personal;
- 2) The institutional and economic circumstances of the economy, which are objective and community specific; and
- 3) The existing level of entrepreneurial activity in that community as perceived and evaluated by the individual.

The initial endowment summarizes all subjective personal characteristics and, among other things, includes the individual's family background, education, and personal history. The institutional and economic variables summarize the objective socioeconomic circumstances within which the individual operates. They include, but are not limited to, property rights, taxes, inflation rate, possibility of alternative employment, etc.

Finally, the choice of an individual with respect to entrepreneurship is influenced by the existing level of entrepreneurial activity. In traditional explanations of entrepreneurship, differences in entrepreneurship rates across communities are explained through differences in economic and institutional conditions. As a result, these explanations cannot account for the high variance in entrepreneurship rates when similar economic and institutional characteristics exist. Our idea is that, like most human decisions, the choice to become an entrepreneur is formed and revised within the set of information available to the individual. The key assumption is that different agents have different information, thus different perceptions about the risk and cost of becoming an entrepreneur. In particular, perceptions about likelihood and ease of success are influenced by the social circle of the individual and, therefore, influenced by the existing rate of entrepreneurial activity itself.

Thus, entrepreneurship creates more entrepreneurship and the aggregate level of entrepreneurial activity is uncertain and heavily influenced by cultural traits. This means that significant differences among entrepreneurship rates of different groups may exist in spite of relatively modest differences among their economic and institutional characteristics. To summarize, for each individual, the relative return to entrepreneurship is a function of the set of personal characteristics that determine the initial subjective endowment, objective socioeconomic circumstances, and of the entrepreneurship rate itself. In particular, the higher the entrepreneurship rate, the stronger is the incentive to become an entrepreneur rather than to pursue any other activity, independent of initial personal characteristics.

If the entrepreneurship rate influences the choices of new individuals, then entrepreneurship is a self-reinforcing phenomenon. As a result, the process of its development throughout a

community is not predictable. Thus, depending on the nature and strength of certain social traits, a community may or may not develop a high level of entrepreneurial activity.

8.3 Elements of Venture Creation

Some key factors may lead to an increase in a person's desire and decision to start a business. Examples of such factors include a person's perception of desirability and feasibility of starting a business or the person's propensity and intention to found a business and his or her sense-making about the environmental forces.

Four elements in venture creation have been identified:

1. a profitable business opportunity
2. technical know-how of the entrepreneur
3. business know-how of the entrepreneur, and
4. entrepreneurial initiative.

Thus, some literature suggests that for an entrepreneur to start a business, he or she should perceive that a profitable opportunity exists, should feel confident that he or she possesses necessary skills to go into business, and should take an initiative for starting a business. Three key elements of a venture creation process can be conceptualized from Vesper's submissions, as opportunity, propensity and ability to enterprise.

Entrepreneurial Opportunity

Opportunity refers to the extent to which possibilities for new ventures exist and the extent to which entrepreneurs have the leeway to influence their odds for success through their own actions. Entrepreneurial opportunities tend to be higher in economies that are deregulated, where market mechanisms operate freely, and where entrepreneurs have to face very few barriers to entry. Thus, government policies and procedures affect the business opportunity. The opportunity will influence an entrepreneur's propensity to enterprise and ability to enterprise.

Entrepreneurial Propensity

A stream of research on entrepreneurship emphasizes the psychological and behavioural characteristics of entrepreneurs. The most common of these are the high need for achievement, capacity to innovate, internal locus of control, propensity for taking risks, and other key entrepreneurial characteristics.

People that have an urge for excellence, willingness to take moderate risk, and desire to be independent are very likely to become entrepreneurs. A study conducted in various countries found ten behavioural characteristics of successful entrepreneurs. These characteristics are opportunity seeking and initiative, persistence, risk taking, demand for quality and efficiency, commitment to work, goal setting, information seeking, systematic planning and monitoring, persuasion and networking, and independence and self-confidence.

The literature on personal entrepreneurial competencies argues that people with certain behavioural characteristics are able to perceive the opportunities available in the environment, seize such opportunities, and then turn such opportunities into profitable ventures. Yet, a personality or behavioural profile is not a sufficient condition for people to go into business. An individual with high propensity to start a business is more likely to go into business when he or she sees several business opportunities in the environment. Furthermore, the propensity to enterprise will be enhanced when an individual feels confident in his or her ability to enterprise.

Entrepreneurial Ability

Entrepreneurial ability refers to the sum of technical and business capabilities required to start and manage a business. While "technical capability" refers to the technical skills, "business capability" refers to the knowledge and skills in various functional aspects of business such as business planning, product development, marketing, personnel management, general management, accounting, finance, etc. Furthermore, as entrepreneurs face resistance from customers, investors, and several other stakeholders, they require some political and strategic planning skills in order to succeed in their endeavours. Without having the ability to enterprise, entrepreneurs may not be able to seize the opportunities available to them and successfully go through various start-up activities or manage the on-going business. Individuals with the necessary ability to enterprise, when combined with enhanced propensity to enterprise, will increase their chances of going into business. And, once they are in business, they are most likely to be the winners.

A crucial requirement in the process of new venture creation is a match between the opportunity, the propensity to enterprise, and the ability to enterprise. While the opportunity may enhance one's propensity to enterprise, persons with high propensity to enterprise will perhaps be able to identify the opportunities in the environment. Similarly, ability to enterprise may depend upon the nature of available opportunities. Some people may have high engineering skills but the opportunity for the use of such skills may be low. Persons with a high ability to enterprise may also be more able to locate opportunities than those with lower ability to enterprise. The likelihood to enterprise increases with an increase in the propensity and ability to enterprise and a match with available opportunities. Thus, a high level of opportunity,

propensity to enterprise, and ability to enterprise will positively correlate with an individual's likelihood to enterprise.

There is a relationship between opportunity, propensity to enterprise, and ability to enterprise. The process of developing competent entrepreneurs and increasing their likelihood to enterprise consists of developing plentiful business opportunities in the environment, enhancing people's propensity to enterprise, and developing their capability to enterprise. Competent entrepreneurs will be able to take advantage of most opportunities and respond to the needs of the environments.

A key role of the entrepreneurial environment is to help entrepreneurs develop both propensity to enterprise and ability to enterprise. Persons with low propensity to enterprise lack the necessary motivation and mind-set required to start a business, whereas persons with low ability to enterprise lack the skills needed to manage the start-up and subsequent processes of business operation.

The foregoing discussion suggests that the importance of each dimension of the environmental factors varies depending upon the availability of opportunities for business start-up and the overall level of propensity and ability of people to start an enterprise. Each aspect of environmental condition is related to a specific aspect of the core elements of new venture creation. Generally, the availability of opportunities is a primary element for enhancing the propensity and ability to enterprise and consequently the likelihood to enterprise. The dimension of the environment that directly relates to the opportunity is macroeconomic policies and procedures. The better the legal and institutional framework for efficient functioning of the markets and the fewer the barriers that constrain people to pursue business opportunities, the greater the likelihood of business start-up.

The dimension of the environment that relates to the propensity to enterprise is socioeconomic factors. The greater the importance placed by the society on entrepreneurial values and behaviours, the larger the proportion of experienced entrepreneurs and role models, and the higher the societal recognition of entrepreneurial performance, the more likely that the propensity to enterprise is high.

The dimension of the environment that relates to the likelihood to enterprise is the level of entrepreneurial and business skills. The greater the availability of technical and business-related training, the greater the ability of the potential entrepreneurs to start and manage a business. Thus, if people have a high propensity to enterprise but a low ability to enterprise, environmental interventions will need to develop the entrepreneurial and business skills of these people. Conversely, if people have high ability to enterprise but a low propensity to

enterprise, environmental interventions needs to be oriented towards making the socioeconomic conditions conducive for entrepreneurship.

As argued earlier, a person with high propensity to enterprise may enter into business; yet the person is likely to fail either at the start-up stage or afterwards if he or she lacks the ability to enterprise. Conversely, a person with high ability to enterprise but low propensity to enterprise lacks adequate motivation to venture into business. Successful entrepreneurship thus requires high levels of propensity and ability to enterprise.

The financial and non-financial assistance appear important only if the overall likelihood to enterprise is high. Previous studies have shown that tax and other incentives were important when people had higher motivation to go into business.

These elements of venture creation have important implications for public policy and for the design and implementation of programmes to develop entrepreneurship. Generally, the primary role of the government and other agencies is to increase opportunities, to develop the motivation of potential entrepreneurs to go into business, and to enhance potential entrepreneurs' ability to start a business. Government agencies that develop entrepreneurial environments may be efficient in their work if they address the specific elements of our model. The following points summarize the guidelines for formulating public policy:

1. Governments can contribute to entrepreneurship by adopting policies and procedures that provide a broader scope of opportunities to entrepreneurs. Examples of possible interventions are the provision of laws and regulations to protect entrepreneurial innovation such as patents and copyrights, liberal economic policy to let people freely exercise their entrepreneurial talents, and minimum rules and regulations for entrepreneurs to follow so that the costs of doing business can be minimized.
2. Governments whose countries have low propensity to enterprise but high ability to enterprise could design policies and programs aimed at improving the socioeconomic dimension of the environment. Short-term interventions could include such programs as the best-entrepreneur-of-the-year award, provisions of trade fairs, and similar activities that reward entrepreneurial activities and increase overall societal awareness toward entrepreneurship. A possible long-term policy approach is to introduce entrepreneurial values and thinking in the educational system.
3. Governments whose countries have a low level of ability to enterprise but high level of propensity to enterprise could try to develop policies and programs that enhance the entrepreneurial and business skills of the potential entrepreneurs. Examples of useful

interventions are technical and vocational training, and short-term entrepreneurship development courses and workshops aimed at enhancing specific business skills.

4. Some caution is needed in offering broad-based financial assistance to potential entrepreneurs in countries where propensity and ability to enterprise are low. If the propensity and ability to enterprise are low, policies and programs should also be directed to developing the propensity and ability to enterprise. This is because despite the financial assistance, people with low propensity and ability to enterprise may not venture into business or, even if they did, they may not be able to manage the enterprise. The greater the likelihood to enterprise, the greater the role of financial and non-financial assistance in creating new ventures.

Overall, the arguments above suggest that before developing specific policies and programmes, governments could focus on analysis of the extent of the opportunity, propensity to enterprise, and ability to enterprise, could identify weak areas, and then formulate policies and programs to strengthen the weaker areas.

The arguments developed in this chapter suggest that similar relationships may exist between environmental factors and performance of an individual entrepreneur, and that a match between specific requirements of the entrepreneurs and environmental forces would lead to greater likelihood of business start-up and success.

A major contribution of this chapter is that entrepreneurship can flourish if potential entrepreneurs find opportunities in the environment, if environmental conditions motivate entrepreneurs to take advantage of these opportunities, and if environmental conditions enhance entrepreneurs' ability to start and manage a business. We have shown how the framework of entrepreneurial environments and the model developed in this paper provide a basis for studying entrepreneurial environments, for developing richer theories in entrepreneurship, and for formulating public policy.

Finally, as Van de Yen (1993) argued, "the study of entrepreneurship is deficient if it focuses exclusively on the characteristics and behaviours of individual entrepreneurs, on the one hand, and if it treats the social, economic, and political factors influencing entrepreneurship as external demographic statistics, on the other hand.