

CONCEPT OF CHANGE

CHANGE Refers to the process of making something completely different

Or

Refers to the process of giving an object a completely different form of appearance

Types of change

There are different types of change that take place when in an enterprise

Developmental Change. This is the type of change that takes place when an organization makes an improvement to the current business. This improvement can be in methods of production, performance and production process

Transitional change. This involves replacing the existing processes and performance standards with something new completely in an enterprise for example production of new product, implementing new technology.

Transformational change. This is the type of change that involves both developmental and transitional change and it occurs in a cycle of events. It deals with making drastic transformation in business rather than methodologically implementing new processes.

FACTORS THAT LEAD TO CHANGE IN A BUSINESS

Competition. Businesses make changes in their production process to improve on the quality of their products in order to out compete the competitors.

Change in technology. Since technology always changes it makes an entrepreneur to look for new technological developments to enable them produce new products to satisfy needs of customers.

Change in desire. This leads to adoption of new changes by business in order to address the changing desires and attitudes of the entrepreneur.

Environmental change. Changes in environment due to pollution which forces the business to adopt new methods of production in order to overcome the environmental threats.

Social changes. Change in population growth, customers' needs lead to adoption of new changes in order to satisfy the needs of the growing population .

Economic changes. Changes in economic factors like inflation leads to adoption of new changes in order to match with the prevailing economic factors.

Efficiency. Business changes in the methods of production in order to become

more efficient and effective by utilizing the available resources like capital, time, labour without waste.

Change in government laws and policies. Different changes as regards government standards e.g quality standards force the business to change its operation.

Change in the company's strategies. When many companies merge together, the organizational style changes the way of acting.

Change in market conditions. For example, developing E-commerce has led to many organizations to change to Information Technology.

Change in employees' attitudes. Attitudes like dissatisfaction of employees impacts on management style that is need to reduce inflexibility among employees because as employees take long doing the same work, they even become bosses of themselves.

STEPS TAKEN WHEN COPING WITH CHANGE

1. **Understanding the situation.** This involves understanding what the driving forces for change and how change will affect the business in short and long run.
2. **Defining the problems.** The entrepreneur identifies the problems facing the business, he defines the problems and takes actions by taking advantage of new changes.
3. **Finding alternatives.** Possible solutions to the identified problems are listed. There is need to compare the effects of each alternative solution to business.
4. **Selecting the course of action.** After the alternatives have been listed and analyzed, there is a best alternative to be selected to solve the problem.
5. **Implementing the solution and make a follow-up.** The action is taken and effects are followed to see whether the problem was solved.

EFFECTS OF CHANGE IN BUSINESS

Positive effects/importance of change to the enterprise

- Leads to adoption of new technology. This helps to increase productivity and good delivery of goods and services and production of good quality products.
- It helps the business to respond to changes to needs of the customers by opening up new opportunities to meet customers' needs and their desires.

- Leads to increased efficiency of labour with the business especially with the adoption of new technology hence meeting the needs of customers.
- Facilitates growth of opportunities since employees are given a chance to learn new skills and explore new opportunities therefore this needs training of employees in new skills to adjust to change.
- Change encourages organization and employees' creativity within their business which enables them to meet market needs.
- It helps in challenging status quo-system for example change status into new ways of looking at customer's needs, new ways of production, how faster, better and quality services.
- It helps the business to determine the direction of the country's economy hence avoiding over and under production
- It helps the business to come up with new ideas and innovations in order to satisfy market needs.
- Promotes confidence among workers especially when their ideas work successfully to cause a change in business.
- Promotes team work due to continuous consultation and new ideas.
- Change enables the business to stay ahead of its competitors by producing products that meet customers' needs.
- It enables the entrepreneur to exploit idle resources by identifying opportunities in the economy.

Negative effects/Disadvantages of change

- Leads to over reliance on technology such as computers and other technological machines which may sometimes disrupt production activities due to mechanical issues .
- Leads to geographical relocation of workers and industries. The location of the business is likely to change and the positions of the workers which may be too expensive.
- Leads to change of jobs and redundancy of workers especially those who can't cope up with new changes.
- It can lead to increase in the cost of production in the business in the short run due to need to implement new changes.
- It increases job insecurity on the side of employees especially to those who fail to adopt to new changes.

- Change forces employees to acquire new skills or modify existing competences so as to adopt to new changes which can be so costly.
- Increased complexity. Change leads to increased complexity methods of production because it involves new techniques which tend to be complicated to the users.

REASONS WHY PEOPLE RESIST CHANGE

- ✓ Change benefits few people and hurts others, therefore it is resisted by people who are likely to be affected.
- ✓ It requires a lot of training and time which majority of the people don't want.
- ✓ It requires financial investment hence an enterprise may not have ready cash to meet the required requirements thus ending up resisting it.
- ✓ It is associated with job insecurity therefore people fear to lose their current jobs.
- ✓ The incapability of handling new changes most people are not capable of handling new changes due to lack of self-confidence.
- ✓ Negative consequences of change. People resist change because it benefits few people at the expense of others.
- ✓ Pride and stubbornness. People resist change because they take pride in being stubborn and independent. They always wish to initiate their own changes in the business.
- ✓ Lack of hope for things to get better. Some people have a belief that some changes can't work in an organization hence resisting it because of loss of hope.
- ✓ Lack of interest among stakeholders. Some stakeholders like Shareholders, Customers, employees may not be interested in the changes unless educated.
- ✓ Different personal ambitions or targets among stake holders may cause people to resist change.
- ✓ Irritation. Some workers feel to be burdened by the change hence opposing it.
- ✓ Change is associated with short term economic hardships before long profits are released
- ✓ When the business operations are going on smoothly and secure then change is resisted due to fear to face its negative effects.

Techniques/Ways to foster/promote change in an organization

- Giving clear explanation why change is taking place. There should be formal and informal meetings in which leaders can explain why change is taking place and its impact to the organization.
- Training employees. Providing adequate training to workers helps to reduce the excuses that change cannot be implemented.
- Rewarding success. Simple acknowledgement or a word of thanks for what someone has done will make a lot of difference in the attitude of employees regarding change.
- Having early communication and discussions for change to take place in order to enable workers be ready for change.
- Involving those who resist in the process of change such that they may be responsible and concerned.
- Using managerial authority and status to promote change in the business.
- Encouraging feedback on progress. People may be more likely to accept change if they have a chance to tell their leaders their views and ideas.
- Offering extra benefits like allowances, bonuses, promotions to those who embrace change.
- Encouraging and supporting those who involve in change in order to build their morale.
- Assessing the readiness of the employees and administrators towards handling the new changes.

Factors considered when planning for change.

Refers to the critical areas where business must put in a lot of effort when planning for change.

- Capital. As changes take place more capital is required to facilitate change.
- Raw materials. With change raw materials may be very difficult and expensive to obtain
- Technology. This will help to manufacture the products and improve performance.
- Market. This also changes due to inflation and change in customers' needs.
- Labour. This will become abundant and available due to the changes
- Government regulations. This will increase in order to make the country

prosperous

- **Management.** Business will have to be managed by professionals in order to succeed

CONCEPT OF CREATIVITY

Creativity refers to the ability to come up with innovative solutions to the customers' needs and market them.

Or

Refers to the ability to develop new ideas and to discover new ways of looking at the problem and opportunities potential for success.

NB: Creativity involve coming up with unique and appropriate ideas.

Characteristics /features of creative people

1. **Originality.** Creative people are capable of doing something that no one else has done. They think of an idea, redesign it and make something new out of it.
2. **Flexibility.** Creative people are flexible and always learn current inventions. They are also capable to change their work in relation to their lives and learning new things in general.
3. **Independent thinking.** Creative people always think for themselves. They are observant and analysts who gather all information to come up with their own findings.
4. **Growth and change.** They search for change constantly and do not restrict themselves to using the same old way of doing things i.e they learn to change for the better so that they can grow and prosper.
5. **Sensitivity.** People who are creative are sensitive to the world and their environment so that to rise their creativity.
6. **Asking questions.** Creative people always ask questions and eager to know and discover new ideas.
7. **Innovative.** They have a courage to try new things and build something out of the ordinary.
8. **Searching for better ways of doing tasks.** Creative thinkers focus on what they do and find new possibilities and new ways of doing things.

STAGES OF CREATIVE PROCESS

Preparation/Knowledge accumulation. This involves gathering data, opinions and speculations to obtain detailed information of the problem at hand.

Investigation. This involves understanding of the problem situation or decisions at hand.

Transformation. This involves viewing of similarities and the differences in the information collected i.e this requires encouragement and divergent thinking.

Incubation/Gestation. This involves making the mind to work over the information accumulated to continue with the process.

Illumination. This involves coming up with new solutions through inspiration without focusing on the problem i.e it takes when one is relaxed in mind.

Verification. This involves evaluating and testing the ideas or solutions generated to reach to a final solution.

Implementation. This Involves transforming an idea or solution into reality

IMPORTANCE OF CREATIVITY TO AN ENTREPRENEUR

- It helps an entrepreneur to identify and solve everyday problems that may hinder the success of the business.
- It helps an entrepreneur to identify the best methods of promotion that can be used to promote the business products.
- It enables an entrepreneur to utilize the limited resources and exploit idles resources
- It enables an entrepreneur to update his goods and services by generating new ideas.
- It enables an entrepreneur to generate large number of ideas through brain storming that can be used to meet customers' needs and be turned into profitable ideas.
- Helps on entrepreneur to increase his chances of success through developing different products in the business.
- It leads to development of new ideas and original ideas by using the existing ideas as a starting point.
- It opens one's mind to new ways of thinking by learning to pay attention to insights and sounds which are ordinally ignored.
- It helps entrepreneurs to make their working situations more pleasant and

efficient.

BARRIERS/ OBSTACLES TO CREATIVITY

Fear of failure. Most entrepreneurs are not creative because they fear to look foolish and be laughed at because of failure.

Negativity. Some people have tendencies to focus on negative aspects of problems and expend energy on worry thinking that one is not creative due to lack of self-confidence.

Sterile environment. Creativity is hindered by a too hectic environment that does not provide quite enough time for creative thinking.

Thinking you are not creative. Some people think they cannot discover better things than others and end up depending on other people's creativity.

Shortage of Quality thinking due to limited time since most of the people are busy all the time.

Applying too much logic. Creativity becomes very difficult when someone applies too much reasoning and intellectual thinking.

Over conformance with rules and regulations. The tendency of accepting every pattern of beliefs or thoughts i.e rules and regulations of society hinders creative thinking.

Dehumanizing the mass media. Spending a lot of time watching unproductive programs, movies, music stops people from being creative.

Making assumptions. Assuming that things are done in a certain way without gathering proper information about it may limit creativity. Many assumptions both conscious and unconscious restrict creative thinking.

Fearing mistakes. Most people fear to make mistakes hence hindering them to start something new.

Having conflicting goals and objectives also hinder creative thinking of an entrepreneur.

Competition. Competition in present environment hampers motives for creative output due to limited resources.

Becoming over specialized. Someone who becomes specialized in one sector may not think beyond the box hence limiting creative thinking.

Techniques/Ways of developing creative ability.

- Developing various ideas from more than one source to provide enough

space for creative thinking.

- Thinking beyond the invisible frame works that surrounds the problem or situations. By doing that one is developing a creative ability.
- Being open and prepared to use any chance or unpredictable event there and then.
- Noting down ideas and thoughts that are apparently drive into your mind unsolicited so that they are not forgotten.
- Using unconscious mind by sleeping on the problem while thinking about the solution.
- Suspending judgment to allow creativity and avoid premature decisions.
- Stimulating one's curiosity in everything and skills of observations, listening, recording and reading.
- Knowing when to leave a problem and remain patient until it is solved.
- Applying an analogy to find out the solution. This is done by imaginative thinking to find models in existing systems to solve the problem.
- Recognizing the assumptions being made and challenge them to foster creative thinking.
- Making connections with points that are apparently irrelevant not easily accessible, outside your own expertise and lacking in the authority.
- Looking at problems as opportunities i.e every problem presents chance for one to be creative.
- Transferring technology from one field to another.

CONCEPT OF INNOVATION

Innovation refers to the process of transforming business resources through creativity of people into new resources and wealth.

Or

Refers to the ability to apply creative solutions to problems to meet people's needs.

TYPES/FORMS OF INNOVATION

Marketing innovation. This involves developing new methods of marketing with great improvement in packaging, pricing, promotions and many others.

Process innovation. This involves introducing new methods of production in an enterprise.

Business model innovation. This involves the changing the way the business should be done in terms of capturing market.

Organizational innovation. This involves changing the business structure, practices and models.

Product innovation. This involves introducing new products and improved one on market.

Supply chain innovation. This involves changing the source of supply of raw materials and the distribution channel for goods and services.

Service innovation. This involves introducing a new service on market.

Financial innovation. This involves development of new financial products in terms of risk taking, liquidity and credit management.

SOURCES OF INNOVATION

There are basically two sources of innovation i.e. internal sources and external sources

INTERNAL SOURCES

- **Unexpected occurrences.** Unexpected business failures, accidents, product failure may lead to introduction of new ideas to solve the challenges hence innovation.
- **Process needs of an entrepreneur.** Innovation is inspired by the missing links in production process that need to be created to support some other products or process which is not effective enough hence developing new ideas.
- **Market changes and industry.** Changes in market in terms of new needs by customers lead to introduction of new ideas.
- **Incongruities.** Innovation comes as a result of difference between what the company assumes and what is actually the reality. For example, the demand for product may be increasing while profits are falling down.

EXTERNAL SOURCES

- **Demographic changes.** This is concerned with changes in population

size, age, education levels forces business to be innovative to match changes.

- **Changes in perception.** This is as a result of people's attitudes and beliefs about something. When people's perception changes, it requires an entrepreneur to be innovative.
- **Changes in technology.** The introduction of new technology enables a business to be innovative so as to come up with new products to cope up with new technology.

Features /characteristics of innovators

1. **Have compelling vision.** Innovators believe that they are part of something better to come and therefore have the ability to formulate a vision and work hard to achieve it.
2. **Opportunity oriented.** Innovators look for new opportunities within their environment and not afraid of trying something new.
3. **Self-disciplined.** They consider discipline as a major source of success and therefore have the ability to work hard to make it happen in order to achieve vision or goal.
4. **Inner directed.** Innovators are goal oriented and don't need to be supervised by any person to do anything.
5. **Extra ordinary Persistent.** Innovators are committed in achieving hardest goals. They keep on going despite the challenges and risks.
6. **Trend spotters.** They are able to identify something new and its impact in the society.
7. Associates with positive people. They surrounded themselves with people who have positive attitude towards creating something new.
8. **Passionate about beliefs.** Innovators have the ability to focus on what they do with all their efforts until it is achieved.

ADVANTAGES OF INNOVATION

- It increases productivity as a result of adopting better methods of production.
- It helps the company in packaging and repositioning of the product in a global distribution and marketing.
- Helps to improve on the production process through which good quality products are produced through innovating strategies.

- Leads to production of high quality products.
- Helps to reduce the cost of production.
- It helps the business to attract new customers. Innovation enables an enterprise to produce new products that attract new customers and widen the market.
- It helps in developing better channels of distribution and adds value to the company's products to enable them stand out of competition.
- Helps the business to improve on the effectiveness and efficiency of production. This reduces wastage at different levels of production in the business.
- Enables the business to produce a variety of products which enables the customers to exercise their choices.
- Enables the business to reduce the negative effects of the business activities on the natural environment due to innovative strategies to save the environment.
- It improves on product design and quality. This is because it helps in locating new technology that is used to produce new products.
- Innovation enables the entrepreneur to respond to market needs. This is through reviewing the objectives and comparing them with customer's needs.
- It causes improvements in an enterprise. General work conditions improve due to innovations which offer good production environment.
- It streamlines relationship with suppliers and customers in the business.
- Innovation helps to develop new marketing strategies which leads to large market share.
- Enables the business to attract more investors which increases the business capital business.
- Innovation guides an entrepreneur in formulating business goals and objectives.

Ways of promoting innovation in small business

- **Expecting change.** An entrepreneur who expects change any time creates new

ideas and remains competitive in business hence promoting innovation.

- **Implementing new rules.** This involves trying things such as introducing new products in the business so as to attain a competitive advantage.
- **Developing innovative strategies.** Entrepreneurs lay new strategies that help them to be innovative all the time so as to overcome the challenges set by the business.
- **Avoiding barriers.** This involves removing things that that would limit one from being innovative like separation of people and departments in business.
- **Being fast for implementing strategies.** Innovation requires one to be fast and never late in implementing the new strategies. It is better to be 80% fast than being 100% right and late.
- **Thinking like an entrepreneur.** Entrepreneurs make things happen and accept failure plus learning from them to improve hence promoting innovation.
- **Being a learner always.** This involves getting knowledge from other people so as to learn faster and better than competitors which helps one to introduce new products hence innovation.
- **Thinking global.** This involves thinking widely and linking up with other people internationally so as to get more ideas for innovation.
- **Measuring performance indicators.** When performance indicators are analysed and efforts are put on what drives the future success of the business, innovation increases.
- **Doing well.** By doing well for others i.e through improved service delivery, Innovation increases and success is easier to achieve.

CONCEPT OF ENTREPRENEURIAL MOTIVATION

Entrepreneurial motivation refers to the strong desire, impulse, dedication and drive of an individual to accomplish specific business goal.

Entrepreneurial motivation some times results from the desire to accomplish some psychological needs like Recognition, respect, Self-esteem and participation.

Classical concepts of entrepreneurial motivated

1. **Unconscious motives.** This is amotivation that occurs without someone being aware such as tastes, attitudes which strongly changes one's behavior.

2. **Power motive.** This is a motivation which results from need to influence others behave in ways that suit one's purpose.
3. **Affiliation motives.** This refers to desire to be with other people to seek a company, love and gain e.g. some of the kinds of person rewards which include favors, protection or accompany.
4. **Achievement motivation/ competence.** Refers to the interest of getting to know what the world is in order to make things happen. It involves creating events rather than merely waiting for them passively.

ACHIEVEMENT MOTIVATION

Refers to the intense desire or urge to excel and do something unique. People with numerous desires to achieve have an intense desire to success. They want to be challenged so that they set moderately difficult but possible goals for themselves, take realistic risks and make the work done.

Behavioral characteristics associated with strong need for achievement.

The strong need for achievement is associated with the following behavioral characteristics.

- They work for long hours in order to achieve their targets
- They do not worry about the possible failure. Failures in business may not stop them from working towards achieving set goals.
- They set moderately difficult but possible goals for themselves i.e attainable goals.
- They experiment with novel activities to reach their set goals i.e do whatever it takes to reach the set goals.
- They take realistic risks and prefer to assume personal responsibility to get the job done.
- They seek information from experts rather than anybody else to overcome both external blocks as well as internal / personal limitations.
- They anticipate possibilities to success, failure and do something about the obstacle which may cause failure.
- They analyze/scan the environment to create opportunities for achievement rather than waiting for chances to come to their sides.
- They formulate goals that stretches their ability and efforts
- They drive maximum satisfaction from the achievement itself rather than from other factors like recognition and money.
- They experience positive feeling of joy and dissatisfaction in achieving moderately

challenging goals and disappointments but not condemning themselves in case of failure.

Advantages of achievement motivation

- Motivation has a greater chance of the entrepreneur.
- It increases self-confidence of the entrepreneur. This is because he/she is having a high desire for success thus becoming more courageous.
- It creates enjoyment in taking carefully calculated risks. Moderate risks taken enable the entrepreneur to produce something unique and excel.
- It creates much interest in concrete measures of how the entrepreneur is performing.
- It enables the entrepreneur to scan the environment actively and identify more opportunities to succeed.
- Leads to high performance, determination and enthusiasm in overcoming challenges and willingness to accept responsibility change.

Disadvantages/Challenges motivation.

- Leads to setting of goals that are too high which might fail to be achieved. Some entrepreneurs have urge to excel and set goals that are not easily achievable.
- It leads to high fear of failure. This is because it is connected with high anxiety regarding to performance.
- It is associated with constant pressure and stress. This is because achievement motivation urges a person to do something unique to be successful.
- It encourages thinking of weakness and problems in the environment only rather than one's strengths and opportunities available.
- It leads to setting goals which are too low to ensure success by the entrepreneur. Entrepreneurs end up setting up cheap goals that are easy to achieve

Factors that hinder entrepreneurial motivation

- Inadequate education orientation. Absence of entrepreneurial skills, experience and market opportunities limit entrepreneurial motivation.
- Existence of under developed infrastructures like unreliable roads, water and power supply block some people to achieve set goals due to difficulties in transporting finished goods.
- Social cultural rigidities. Negative social cultural beliefs in some societies hinder entrepreneur motivation i.e certain jobs to be done by only men, belief that profits

are unethical, belief that business men are thieves.

- Political insecurity like wars, strikes in the country discourages individual's freedom, free marketing economy and private ownership hence hindering individuals to excel.
- Unfriendly economic environment. Unfavorable government policies on business like high tax rates, high interest on loans, limited funding and underdeveloped financial institutions discourage entrepreneurial motivation.
- Unconducive Psychological factors like need for affiliation, over conformity and compliance to rules and regulations, need for security etc. limit entrepreneurial motivation.
- Inadequate labour and skills. Limited skilled labour to implement policies in business limits entrepreneurial motivation.
- Limited market opportunities for the products produced which limits productivity and hard work in business.
- Great risks. Risks are high in low developed countries since there is lack of reliable information, markets for products hence limiting motivation.

Ways of developing a positive mental attitude/Ways of promoting entrepreneurial motivation

- Networking with successful entrepreneurs in order to acquire their feelings, characteristics and ways of doing things.
- Having self belief. Having a belief that one can do and achieve something also promote entrepreneurial motivation.
- Taking advantage of opportunities instead of waiting for them to come thus developing a positive mental attitude.
- Having work objectives that are achievable and have an impact to the society.
- Identifying successful entrepreneurs to work as role models/mentors in order to motivate and inspire one to do things better.
- Having a positive mental attitude towards achieving the desired goals and objectives hence promoting motivation.
- Avoiding negative thoughts and ideas. Thoughts that are likely to discourage some one towards achieving his/her goals should be ignored.
- Involving in positive activities that are productive to encourage creative thinking.
- Being result oriented. One should aim at achieving the desired goals and solving specific problems through taking actions.

CONCEPT OF NEGOTIATION

Negotiation refers to the process of bargaining that results into an agreement. It involves communication that aims at reaching an agreement or satisfaction of both parties.

NB. Negotiation takes place every day in nearly every aspect of life like government, companies, business men all negotiate with their clients or subordinates. The major aim of negotiation is to reach an agreement rather than to achieve victory. Negotiation results are best if both parties achieve win-win situation.

PRINCIPLES OF NEGOTIATIONS

The following rules or principles help you to resolve disputes and negotiation like a professional.

You do not have to be right to settle. In the process of negotiation, one should not feel that he/she is right on a particular matter because such emotions can affect the negotiation process.

Look to the future. This involves focusing on the present and future issues and ignoring the past when negotiating. This enables both parties to handle current issues of the case in order to reach an agreement.

Focus on the goal. You should not allow distractions by emotions such as anger since it is likely to affect the negotiation process, instead stay focused to the goal of negotiation.

Set the tone and look the part. This requires that the negotiator should act professionally by wearing professional clothes, maintaining eye contact, be a good listener and have the knowledge on how the issues should be discussed.

Be prepared and do your own research. This requires negotiators to do enough research on what to be presented during the negotiations. This avoids presenting incorrect information i.e if you are not prepared, better delay the negotiation not to regret in future.

Know what you want and what other side wants. When the negotiator is aware of what the other party wants, it becomes easy to achieve what both parties want in the negotiation process.

Always have plan B. It is always better to have alternatives of reaching an agreement as this helps one to be flexible and reach the goal wanted easily.

KEYS/TECHNIQUES TO SUCCESSFUL NEGOTIATIONS

- Negotiation outcome should be win-win for both parties. Nobody should

win at the expense of another one.

- Both parties should feel satisfied with the results. The goal focused by each party needs to be achieved after negotiation to yield satisfaction.
- Do not become emotional. When anger over rides a person in negotiation the goal may not be achieved easily.
- Focus on solving the problems. During negotiation what happened in the past between the two parties needs to be forgotten and only aim at solving the problems.
- Be flexible in demands during negotiation. Some demands need to be given up for the sake of positive results from the negotiation.
- Use the negotiation style of the other party to achieve the positive outcomes. When negotiation style differs, it becomes difficult to achieve results.
- Be prepared to compromise. Don't expect all your demands to be achieved but just compromise with what you have managed to achieve.
- Ask relevant questions and be a good listener. Failure to communicate effectively can fail the negotiation process.

Personal Attributes/ Qualities of a good negotiator

- **Integrity.** A good negotiator must be honest since it builds mutual trust and cooperation that enables exchange of ideas.
- **Empathy.** A good negotiator must have the ability to understand other parties' point of view in order to achieve success in negotiation.
- **Patience.** A good negotiator must be calm enough and have endurance. This makes a person able to accommodate another person's idea in negotiation.
- **Self-Assurance.** A good negotiator should be self-assured to negotiate well.
- **Self-confidence.** A good negotiator must have confidence in order to make independent decisions.
- **Stamina.** A good negotiator must have strength to resist hardship or challenges and avoid giving up before time of negotiation.
- **Tenacity.** A good negotiator must have enough mental strength to do something difficult for a long time.
- **Clear communication.** A good negotiator must have the ability to communicate in a clear and precise way during negotiation.
- **Flexibility.** A good negotiator must be able to adjust his position in order to

have a successful negotiation.

Steps followed when preparing for negotiation

- Carrying out research about the party you are to negotiate with. This helps to identify the motives of the other party.
- Defining the subject and objectives of the negotiation. This involves setting out what one needs to achieve by looking at the subject matter and the interest.
- Evolving negotiation strategies. This involves considering different options or ways of handling the negotiation to achieve the desired goals and objectives.
- Choosing of chief negotiators. This involves selecting the experienced person with enough training in negotiation.
- Selecting the meeting site: This involves getting a place that is convenient to both parties.
- Conducting the actual negotiation: involves getting all the necessary documents about the subject matter and begin to negotiate.

Challenges faced by entrepreneurs when conducting business negotiations

Time pressure: Limited time to negotiate causes pressure which may affect a negotiator from responding to a request which limits negotiation.

Influence of another decision maker. Entrepreneurs may delegate the employees to negotiate on their behalf which makes it difficult to reach on the agreement.

Delay tactics. Some bosses give excuses or keep other party waiting for longtime during negotiation which creates pressure with the other party hence resulting into poor negotiations.

Last minute wavering. Bringing in new ideas to change the already agreed upon issues towards the end of the negotiation leads to poor negotiations.

Aggressive behaviors/emotions. Behaviors such as bullying, threatening the other party during the negotiation makes the negotiators feel guilty and finally leading to poor negotiation results.

Price only negotiation. Focusing on price only and ignoring other important issues results into poor negotiations results.

Neglecting the other side problems. Some negotiators have concerns for only their problems disregarding problems for the other party.

Letting positions override interest. During negotiations some people tend to focus on their own positions instead of reconciling deeper interest.

Inadequate negotiation skills. People who lack enough bargaining skills or poor listening skills limit successful negotiation.

Language differences. This is a situation where a negotiator has no common language to use during negotiation which hinders effective communication.

Linking Logic. Believing that if a person is correct on one thing, he must be correct on another which may not apply.

ways of overcoming the above challenges

- Making reference to previously agreed upon points in order to overcome last minute wavering.
- Avoiding an early concession to allow enough time to go through the matters under negotiations.
- Rescheduling the negotiation meeting more so when one realizes that there is delaying tactics.
- Focusing on important non price issues that are more important in negotiation such as interest, value, relationship etc.
- Reconciling interest to consider values of all parties involved in negotiating by being accommodative and patiently.
- Communicating with the other party politely, openly and respectfully to avoid showing aggressive behavior.
- Requesting to discuss matters of negotiation with the final decision maker incase of another decision maker in place.
- Addressing the other party's problem while negotiating to overcome challenge of neglecting the other party's problem.
- Avoiding misunderstandings in case they happen especially among employees.

Negotiation Tactics with customers

Communicating frequently. This involves ensuring regular talks with the customers focusing on products through new papers, radios etc. to keep them informed about the business.

Offering customer rewards. This involves giving out gifts to customers like calendars, capes, T-shirts etc to remind them about the business products in order to out compete the competitors.

Conducting special events: Involves organizing occasions that helps to interact with the customers.

Enhancing customer care services: Involves creating a committee staff to solve

customer problem quickly and effectively by handling the with care.

Visiting the customers: This involves getting out to the customers to find out their challenges they face while using the products.

Launching multicultural programs. This involves using adverts translated in local languages and cultures that help the business to build its relationship with many customers e.g Music and dance gallas.

Being pleasant while receiving customers. This encourages customers to buy continuously hence wining competitors.

Renovation of the business premises. When business premises are face-lifting or renovated, it improves on its appearance hence attracting many customers.

Using nonproductive value methods. This involves providing enough space for parking, security, packaging hence creating customer relations.

Holding special events. Organizing special occasions enable you to interact with your loyal customers like promotions, open days etc.

TACTICS OF NEGOTIATION WITH EMPLOYEES

Balancing both strengths and weaknesses. This involves employers knowing what they want from employees by approaching them directly which creates effectiveness.

Listening actively to what employees are saying. If there is a problem it can easily be solved through listening to employees' ideas.

Making concessions together. An employee has to ensure that both of the parties benefit from the negotiation but not employers win on expense of the employees.

Setting a ceiling. This involves finding out how much you can offer to employees and this becomes easier once you know your expected incomes and expenses.

Setting a floor. This involves establishing the minimum amount you have to pay out and this is based on the market rate and what the job is worth.

Deciding on hourly or monthly payments. There is need to decide on either monthly or hourly payment but it should keep workers morale high.

Making attractive payments to employees. The offer for payment should be adequate to attract more talented employees to enhance quality production.

Avoiding legal tussles. This involves studying labour laws to avoid contradicting with them and reduce on workers grievances.

Being sensitive about workers personal needs. This involves keeping in mind the personal needs and feelings of workers before giving them any payment.

THE CONCEPT OF RISK TAKING

A risk refers to the possibility of suffering a harm or danger in a business.

Business risk refers to the factors that may have a negative impact on the profitability or success of the business.

TYPES OF RISKS

They are majorly three:

1. **Low risks:** These are risks with high potential of success but yield low profits.
2. **Moderate risks:** These are risks that can be forecasted, calculated and managed by the businesslike fire outbreak, theft and burglary.
3. **High risks:** These are risks where chances of happening are very high and an entrepreneur has little or no control over them e.g. lightening, floods, landslides etc.

EXAMPLES OF RISKS IN BUSINESS

- 1) Fire outbreak. This may result from electrical circuits or negligence of workers
- 2) Bad debts. This arises when from credit sales made by the business and customers fail to payback.
- 3) Theft and burglary. This is where or out siders break and steal company's properties.
- 4) Change in customers tastes and preferences. Customers change in desires which leads to decrease in demand hence leading to loss of market.
- 5) Change in technology. New technology come up with its negative effects hence affecting the business.
- 6) Natural calamities such as floods, earthquakes, droughts which may lead to destruction of property and business closure.
- 7) Loss of money in transit i.e when money is being transferred into bank and it is being stolen by robbers.
- 8) Damage or loss of goods in transit. Goods may be damaged in the process of loading and offloading.
- 9) Corruption and embezzlement of funds by the employees
- 10)Stiff competition in the market which leads to a risk of being out competed by other businesses.
- 11)Poor management decision which may lead to financial mismanagements and miss using of business resources.
- 12)Machinery break down which leads to low production.

WAYS OF MINIMIZING RISKS

- Employing experienced personnel. This reduces mismanagement of what may come up due to taking poor managerial skills.
- Maintaining and upgrading technology to meet changes in customers tastes and preferences
- Taking out insurance policies to protect against several risks like accidents.
- Acquiring emergency equipments like fire extinguishers, alarms to minimize damage that may be caused due to fire outbreak.
- Training employees on the use of new equipments and technology to keep them upto date with technological changes.
- Having clear awareness of the entrepreneur's abilities and company's capabilities which reduces taking risky decisions.
- Monitoring and supervision of the business operations which reduces on risks resulting from negligence by workers.
- Employing more preventive security measures like CCTVs, Cameras, Alarms etc.
- Applying some creativity in order to meet the needs of the customers.

Risk situation

This is when a choice is required between two or more alternatives whose potential outcomes are not known which can either be a potential success or loss.

Procedures/steps followed when assessing a risk situation.

- Assessing the risk. This is the establishment of whether or not a risk is involved and a particular alternative taken.
- Determining goals and objectives. This involves analyzing whether the risk involved is in line with the objectives of the business.
- Clarifying alternatives: This involves finding the different alternatives (solutions) to be undertaken to address a particular risk.
- Gathering information and weighing alternatives: This involves finding out realistic assessment of each alternative.
- Minimizing the risks. This involves the assessment of the extent to which the risk can affect the business so as to avoid occurrence.
- Planning and implementing the best alternative i.e a plan is drawn up to be followed in implementation.

FACTORS CONSIDERED WHEN ASSESING BUSINESS RISKS

- Personal experience and ability: Highly knowledgeable and experienced people asses risk well than people without experience.
- Availability of the market: Chances of success are high where there are enough customers than when there is limited market.
- Level of technology. Use of new technology has more risks because it is not common to the employees than old technology which is known by employees.
- Time require in generating profits. Long period required to generate profits has higher risks than a short period to make profits.
- Predictability of demand. Predictable demand has less risks than unpredictable demand.
- Initial investment costs. High investment costs have higher risks than low investment costs.
- Quality and reliability. High and reliable quality products lead to low risks compared to low quality products.
- Size and power of competitors. Large and powerful competitors bring high risks than small competitors.
- Legislation and control. Strict laws and controls have high risks than unfavorable laws.
- Availability of inputs. Easy access to inputs has low risks than limited raw materials.
- Seasonal demand. Commodities that are demanded seasonally have higher risks than those demanded frequently.
- Exclusiveness of designs. Unique and attractive designs have low risks than common designs.
- Pricing policy: Favorable prices increase the chances of success than a non-variable dishonest people.

CONCEPT OF DECISION MAKING

Decision making refers to the process of making a choice between two or more alternatives in order to achieve business goals.

Steps taken in decision making

1. Identification of the problem. This involves analyzing and getting familiar with the

problem at hand.

2. Determining the most important facts of the problem. This involves looking at the real cause of the problem.
3. Identifying the possible alternative solutions. This involves listing the suggested solutions to the problem.
4. Selecting the most feasible or best alternative solution from the listed alternatives that can best solve the problem.
5. Implementing the best alternative solution with the hope of solving the problem
6. Verifying whether the solution implemented yielded the desired result.

FACTORS INFLUENCING DECISION MAKING

Task requirements. Absence of requirements needed to perform a task makes one to take long decision while presence of the required materials needed to perform a given task leads to quick decision making.

Time pressure. People always decide very fast if they have limited time to complete a task and decisions are always slow when a lot of time is provided.

Knowledge about the subject matter. When one has knowledge about the task, he takes quick decisions that where someone is illiterate about the subject matter.

Past experience and expectations. The failure or success that one experiences influence the kind of decision to be taken i.e If one have ever handled a task, decision making is faster.

Government policy. Businesses always make decisions depending on the government policy i.e where to locate the business, determining selling price etc.

Organizational culture and policies. People take decisions that must be based on the institutional cultures and policies so as to realise the goals of the organization.

Originality and creativity. If someone is very creative, little time is taken to decide than one who depends on others decisions.

Self-confidence. People who always believe in themselves in doing things better than others always take faster decisions than the rest who lack self-confidence.

Availability of resources. The presence of resources required leads to quick decision making than the limited resources.

Technical and conceptual skills. A person who is equipped with various skills, decision making is faster than one who lacks technical skills.

BUSINESSS ETHICS

Ethics are moral principles which are recognized in respect for a particular group of people like medical ethics, Teaching ethics, etc. which bring people of the same profession together.

Business ethics refer to acceptable behaviors or ways in which a business must conduct itself towards its parties like customers, employees etc .

Or

Business ethics refer to virtues that business people apply when making business decisions.

Major parties/beneficiaries in business ethics

- a) Customers who purchase business products
- b) Employees who are employed in the business
- c) Society/Environment in which the business is located
- d) Government
- e) Competitors
- f) Suppliers of business inputs

Principles of Business Ethics

Honesty. The entrepreneur should be open and willing to share information and avoiding false information that may mislead the public.

Keeping promises. This requires entrepreneurs to keep their commitments and avoid making promises that cannot be kept or fulfilled.

Fairness. Business needs to achieve outcomes that are just to all parties. It is required to be fair when dealing with stake holders like customers.

Respect for others. This requires the business to honor and value the abilities and contributions of other people i.e. there is a need to be open and direct in their communications.

Compassion. Business must show concern about the needs of others and work hard to make sure that they are satisfied.

Integrity. A business must operate according to the ethical standards even if faced with a number of challenges.

BUSINESS ETHICS EXHIBITED TO DIFFERENT PARTIES

Business ethics towards customers.

- Honesty. Entrepreneurs should be honest to customers in terms of fair pricing, quality and quantity of goods sold to customers.

- Courtesy. Entrepreneur should be polite, patient and sincere when dealing with the customers.
- Responsibility. Business should try to meet its obligations to customers as agreed upon and in time.
- Geniality. The entrepreneur should be kind, cheerful and try to balance his temper when dealing with customers.

Business ethics towards Society/ Environment/ Public

- Conserving and preserving the beauty of the environment. Business should involve in measures of environmental conservation by treating their wastes before releasing them out, conserving swamps etc.
- Respecting the customs and beliefs of the society. Business should respect the cultures of society by doing a business which is acceptable to the cultures, beliefs or religions in society. For example, pork and alcohol should not be sold in a moslem society.
- Providing employment opportunities to the society members instead of foreigners.
- Rescuing the society in case of emergency situation like floods, hanger, epidemic etc.
- Contributing and participating towards the society needs for example road digging, borehole construction, bridge construction among others.
- Providing quality goods and services to the community members.

Business ethics towards to the government

- Observing and paying taxes. Business should constantly pay taxes as charged to them to enable government to fulfill its target.
- Complying with the business laws that govern and regulate all the business operations like acquiring licenses, registering the business etc.
- Meeting the set production standards in terms of quality production as it is clearly stated by the UNBS.
- Complying with environmental regulations as set up by the government e.g not building in swamps.
- Following the government policies which are put in place to regulate business activities

Business ethics towards Employees

- Provision of good working conditions for the employees. Employers should provide protective working gadgets, feeding, insurance etc. to employees.
- Giving employees fair and clear terms of employment. Businesses should provide their employees with appointment letters, fair duties and responsibilities, contract or permanent basis etc.
- Ensuring job security. Employees should be given assurance that their job is permanent and shall not be dismissed anyhow.
- Giving respect to workers. Employers should respect workers views and contributions to the business.
- Giving workers fair remuneration. Employers should pay adequately and promptly their workers.
- Training employees. Employers should train their employees to equip them with skills.
- Treating employees politely in all situations even when employees are in wrong.
- Employers should not abuse rights of employees.

IMPORTANCE OF BUSINESS ETHICS

1. It helps the business to operate within a moral and legal framework and lives all parties satisfied.
2. It enables an entrepreneur to be trustworthy and recognized since he takes the customer as a king hence widening market.
3. Helps the business men to meet their obligations towards their customers and other partners through respecting business ethics.
4. It helps the business to generate high profits. This is when the business operates within ethical aspects which lead to growth of the business.
5. Helps to build a good business image and reputation with clients which improves customers' relations.
6. It enables the business to achieve its set goals and objectives without interference due to good relations with clients.
7. It enables a business to win government support. Businesses that practice good ethics can easily get some incentives from the government.

8. It enables the business to engage in fair trading practices such as fair treatment of clients, fair pricing good working conditions.
9. It increases the turnover of the business through practicing ethics like giving guarantee to customers, fair pricing etc.
10. It helps the business to easily access the necessary raw materials such as labour used in production of goods and service
11. Enables the business to preserve and protect the beauty of the environment
12. Leads to production of quality goods and services by business

BUSINESS COMMUNICATION SKILLS

Communication refers to giving and receiving information from one person to another and receiving feedback. It also refers to process of transferring information from the sender to the receiver.

Effective communication

Refers to the process of creating, transmitting, perceiving and interpreting of information between the sender and receiver.

Or

Refers to the transferring information from the sender to the receiver and the receiver understands and interprets the information as sent by the sender. Communication can be internal or external.

(a) Internal communication

This involves giving of information within the same organization for example exchange of ideas between employees and employers or teachers and students.

(b) External communication

Refers to the exchange of information between the organization and its customers, suppliers and general public.

Components/elements of communication

The major components are

1. **Sender.** This is a person whom the message originates from, creates an idea and shares it to the receiver.

2. **Encoding.** After coming up the idea, the sender converts the idea into words or gestures that will convey meaning. Encoding results into a message which can be verbal or nonverbal.
3. **Message.** This is the encoded information to be delivered to the receiver.
4. **Medium/channel.** This is the path by which the message is sent so as to generate a response.
5. **Receiver.** This is where the receiver decodes the message i.e. translating the message from its symbol form into meaning.
6. **Decoding.** This is where the receiver translates and interprets the message into a meaning.
7. **Feedback.** This is the receiver's response to the message of the sender. It tells the sender that the message has been received and understood and the purpose fulfilled.

PROCESS/STAGES OF EFFECTIVE COMMUNICATION

Creating an idea/message. This involves coming up with information to communicate to the receiver.

Encoding. This involves analyzing and transforming thoughts or ideas into meaningful message the receiver understands.

Selecting the communication medium. This involves deciding on the most suitable channel to use when communicating the message. This can be a letter, telephone or face to face communication.

Sending the message. This is the process of delivering the message to the receiver using an appropriate medium.

Receiving the message. This is where the receiver gets in contact with the message.

Decoding the message. This involves interpreting the information being sent to the receiver and being understood.

Providing feedback. This is the response from the receiver to the sender, it shows that information has been understood.

PRINCIPLES OF COMMUNICATION

1. **Clarity.** The message should be clear and put in language that a receiver can easily understand
2. **Completeness.** The message should include all the relevant data a receiver

needs to know and in few words.

3. **Conciseness.** The message should be brief as much as possible containing only the required information.
4. **Correctness.** The message given should be as correct as possible with proper language, grammar and spellings to avoid misunderstanding of the message by the receiver.
5. **Considerate.** The sender should consider the feelings of the receiver and should use positive words than negative words.
6. **Courteous.** The sender should be sincere when giving information and avoid words that hurt the receiver.
7. **Timing.** The message should be sent at a right time when the receiver is ready and able to receive it.
8. **Concreteness.** The message should be specific to the point i.e. should not be too general.
9. **Accuracy.** The sender should be as accurate as possible without alteration in his/her communications.
10. **Environment.** The environment in which communication is being made should be conducive to enable the receiver understand the message.
11. **Media.** Messages should be sent through a right media that the receiver can easily access.

Importance of Effective Communication

1. It facilitates the use of business documents like invoices, purchases, order, circulars among others through effective communication.
2. It enables the entrepreneur to identify the best suppliers who are competent and can deliver materials within the agreed period of time.
3. It helps in the recruitment and selection of workers in an organization. All procedures of recruitment such as job adverts, interviews, induction and others depend on effective communication.
4. It allows flow of information in business. Effective communication provides information about goods and services required by the customers.
5. Enables the government and other regulatory bodies to monitor, guide and direct the activities of the business hence making it operate legally.

6. It enables the entrepreneur to improve and implement new policies of the business. This can be done by giving instructions to the subordinates and their supervisors.
7. It helps the entrepreneur to maintain and keep a good relationship between the business and its customers hence meeting customer's needs.
8. It improves on the working relationship between the employees and employers which motivates employees to work hard towards achieving the organizational goals.
9. It enables the entrepreneur to coordinate the activities carried out by different business department which enables an entrepreneur to guide the business to success.
10. It facilitates competition in business. Business gets to know the weaknesses of the competitors and come up with strategies of out competing them through effective communication.
11. It enables the business to get connected to commercial services like banks, insurance, transport among others which are major elements to success of the business.
12. It facilitates advertising of the business products by use of newspapers, magazines, radios among others.
13. It helps in market research. Through effective communication researchers are able to collect data through interviewing, questionnaires etc. which helps to establish customers' feelings about the products.
14. Helps in price stabilisation. Through effective communication, goods can easily be transferred from areas of plenty to areas of scarcity which keeps stable prices.
15. It enables entrepreneurs to make decisions from an informed point of view.

NB: Reasons/Need for effective communication

Use importance above but start with "To"

FACTORS CONSIDERED WHEN CHOOSING MEANS OF COMMUNICATION

1. ***Availability of the means of communication:*** Entrepreneurs always choose the method of communication that is readily available and convenient to reduce on costs.
2. ***Coverage of the media:*** Business should use a means of communication that covers a wider geographical media.

3. ***Speed and urgency of the message:*** Urgent information requires a faster means of communication like telephone contact as compared to written medias.
4. ***Cost of the communication media:*** Communication should be made through a means that are cheap and affordable so as to minimize costs of production.
5. ***Nature of the information to be communicated.*** Detailed information is communicated using written communication while brief information oral communication can be used.
6. ***Audience to be communicated to.*** The means of communication should match with the type of people in terms of age, sex, social class being communicated to i.e for rich internet is preferred.
7. ***Secrecy of the message:*** Confidential information can be sent through written communication like letters in order to be kept a secret.
8. ***Personality of the recipient:*** Communicating to people with listening disabilities is best done through use of sign language.
9. ***Need for future reference:*** Messages that need to be referred to in future must be communicated through writing for future reference.
10. ***Age group of the recipients.*** Information to the youths are usually communicated through internet and magazines than oral communication.

Barriers of Effective Communication

Language barrier. Communicating in language that is not familiar to a receiver hinders effective communication

Poor listening skills by the receiver. Some people lack good listening culture which hinders effective communications.

Destructions from the environment. Physical disruption like loud noise, music, moving cars, hinder effective communication.

Poor network coverage. Communicating using a telecommunication channel with poor network may hinder connections between the sender and the receiver e.g mobile phones and internet.

Use of improper channels of communication. Communicating through newspapers to people who can't read and write hinders effective communication.

Emotional blocks. In case a receiver is having anger, fear and excitement it may hinder effective communication.

Use of wrong technical terms. Use of slogans and jargons with different meanings may hinder effective communication

Poor preparation of content. Poorly planned message may lack clarity and details by the receiver which makes the message inactive.

Unclear message / Incompleteness of the message. Messages that do not contain all the facts about the subject matter hinders effective communication

Personality of the sender. The poor appearance of the sender shows a bad image to the receiver hence hindering effective communication

Lack of interest of the subject matter. When the receiver is not interested on the message from the sender, communication will be ineffective.

Poor timing of communication. Messages sent at a wrong time when the receiver is not ready are not effectively delivered.

Wrong perception. Sometimes the ideas expressed by the sender may differ from those of the recipient which causes misinterpretation of the message.

Information over load and under load. If the receiver receives too much or little of information, it may act as barrier since one may find it difficult to interpret the message.

None attractive message. If the sender's message is boring, communication may not be effective.

Ways of overcoming the above challenges

1. Using a simple language that is easily understood by the receiver
2. Developing good listening skills
3. Eliminating disruptions like noise, in order to have a noise free environment.
4. Attracting the receiver's interest in the message
5. Giving enough explanation to the receiver about the message
6. Emphasizing the key points in the information
7. Using appropriate communication channels for example telephones for busy people
8. Making the message clear and brief to the point.

9. Dressing in an attracting acceptable code to the receiver
10. Communicating reasonable amounts of communication to avoid information overload.
11. Understanding the changing behavior of people being communicated
12. Etc

Techniques of communication when presenting a product

- Knowing the needs of the target customers
- Respecting the customers privacy and knowing their ability to use a product
- Giving free samples and guarantees to customers to back up the product.
- Presenting aids like photography and charts to back up the product.

How to bargain with customers

- Being good communicator
- Convincing the customers to ensure that they buy the product
- Giving offers like price reduction, delivery etc

How to handle difficult customers.

WAYS OF HANDLING DIFFERENT CUSTOMERS

There are very many ways of handling customers and they differ from organization to organization. However, the procedure may remain the same as below:

1. Receiving and evaluating the difficult customer objections or complains to determine whether they are genuine or not and hence taking appropriate action to address the action.
2. Listening carefully to what the customer are saying, so as to make them have hope that his problem is to be addressed in the best way possible.
3. Learning to apologize to the different customers, i.e. after understanding the problem of the customers, it is necessary that the entrepreneur apologize where things would have not worked out.
4. Trying to convince customer s that the problem being experienced shall not occur again.
5. Replacing of the products sold to the customer in case the upset is due to receiving a damaged product.
6. Solving customers' problems as they arise immediately.

LISTENING SKILLS

Listening skill refers to the absorption of the meaning of words and sentences by the brain.

Ways of develop effective listening skills

- Using nonverbal attending behavior like nodding the head
- Clearing the mind out the thoughts to reduce mental wondering
- Making an eye contact in order to get the message clearly
- Acknowledging the speaker to let him know that you are listening
- Using vocal attending behavior and sitting comfortably
- Having good body posture to help you stay attentive
- Avoiding to make a reply before communication is over
- Keeping the voice soft rather than picked and aggressive
- Avoiding being defensive on a point view

Attributes of a good listener

- Uses nonverbal attending behaviors like nodding the head
- Should make his/her mind free
- Keeps the eye contact to the speaker
- He acknowledges the speaker to let him know that he is listening
- Uses the vocal attending behaviors and sitting comfortably
- Has good body posture to help him or her stay attentive
- Avoids destruction in the room
- Take notes whenever necessary for remembering
- Listens to the clues that tell what the speaker may be feeling like anger
- Rarely ask for pardon/repeat
- Always relaxes to allow more to be communicated
- Not always offensive on the print of view being communicated
- Concentrates on the message being communicated,

Barriers to Effective Listening

1. Poor hearing. If one's sense of hearing is defective, listening is impaired.
2. Listener's chain of thoughts i.e. when the mind of listener is having own thoughts. These may become rapid and loud from time to time, marring one's receptivity.
3. A too heavy message. Use of jargon or over compression of ideas may make an oral message too heavy for the listener.
4. Listener's self-importance or prejudice: i.e. when the listener has put himself above the speaker, there is no receptive attitude.
5. Misunderstanding about the role of a listener: Some listeners may not be aware of what their role in a particular situation is. They may think that it is the speaker's responsibility to explain everything properly.
6. Cultural gap: If the speaker and the listener have different cultural habits, the listening may be incomplete. The listener may assign different importance to a word or phrase than is meant. While Orientals are used to an elaborate style of addressing a gathering, westerners are often quite brief about it. But this can be distracting to an easterner.
7. Preoccupations: Some people listen while eating, drinking or doing handiwork. In such cases the attention is divided. A busy manager, for instance, may try to listen while filing papers or opening the mail. This affects listening.
8. Ego influence; if the receiver considers him superior and is not willing to listen, this ego problem acts as a stumbling block in the listening process.

Strategies used to collect overdue debts

1. Identifying all the debtors for a given period of time. This is done by analyzing accounts, books of business and listing them according to their debts amounts.
2. Arranging all debtors according to their audit period and assigning specific workers to each of them to help in the collection of debts.
3. Sending of polite debt reminder to all the debtors. These can be done through by calling them on phone or writing to them to remind them to clear their debts.
4. Collecting the debts from the different debtors who would have responded to the reminder.
5. Updating of the debtor's records and issuing statements of account to each of them.
6. Sending strong rewarded lost date reminder to the date defaulters. This is done to ask them to pay their dates before the new deadline stated.
7. Taking legal action against defaulters who completely fail to settle their debts.

A DEBT RECOVERY PROGRAM

A practical situation

You are dealing in salad making business in which most of the products are sold on credit.

Prepare a debt recovery program

PAMELA SALAADS AND VEGETABLE PROCESSING

P.O. Box 624 Kampala

Tel. 0704 595905

ONE MONTH DEBT RECOVERY PROGRAM (1 MONTH)

Date	Activity	Person in charge	Remarks
Fill	Identifying the debtors from the books of accounts of the business	Accountant	
Fill	Arranging all debtors according to their credit periods and assigning specific workers to each of them	Accountant	
	Sending of a polite date reminder to all the debtors	Accountant	
	Receiving debts from the different debtors	Accountant	
	Updating of debtors records and issuing statements of accounts to each of them.	Entrepreneur	
	Sending strong rewarded last date reminders to the debt defaulters	Entrepreneur	
	Taking legal action against defaulters	Entrepreneur	

Prepared by:

.....

PEPPA PERRY

Sales manager

approved by

.....

.....

.....

FORMS OF EFFECTIVE COMMUNICATION

1. **Oral communication/Verbal communication.** This is a form of communication made by a word of mouth. It is also face to face

communication, it is commonly used in meeting, training, and interviews.

2. ***Nonverbal/Body communication.*** This involves the use of signs/gestures to pass on information to another person. This is commonly used by people who cannot read and write and those without a common language
3. ***Visual communication.*** This is a form of communication that involves the use of diagrams, pictures, posters, photographs and films to pass on information to another person.
4. ***Audio visual communication:*** This is the form of communication which combines both audio and visual means at the same time e.g. Television, the use of written information which is passed on from one person to another.
5. ***Written communication.*** This is a form of communication that involves the use of written information which is passed on from one person to another

Examples of written communication

- Business letter.
- Memo.
- Reports
- Notices
- Minutes
- Circulars
- Etc

Practical questions

You are employed as a general manager of AINEMBABAZI Bus Company to which many customers are complaining about the quality of the services. Write a memo inviting the customer relation officer for a meeting.

AINEMBAABAZI BUS COMPANY
P.O. Box 111 KAMPALA (U)
Tel. 0704 983386/0774555986

Ref:

Memo

Date: 13th MARCH 2020

From: General Manager

To: Customer Relation Officer

Subject: MEETING

I hereby invite you to attend an urgent meeting which is to take place on Sunday 14th July 2020 at the company reception hall starting at 2.00 p.m. the main aim for the meeting is to discuss the customers complains of the service. Here is a copy of the customers complain.

Please endeavor to attend.

Yours faithfully

.....

Name

- **Reports.** This is a written communication from used to give conclusions and recommendations

Elements of report writing:

- The name of the business.
- The topic of investigation.
- Objectives of carrying out the activity.
- The background on which you carried out the investigations.
- Your findings of the situations.
- Your recommendation about the situation.
- Your recommendation for further research.
- Conclusion.

- **Circular.** This is a written communication from an organization to a large number of people to give the same information.

- **Notice.** This is a written communication used to give short messages to the concerned people

- **Bulletins.** This is a written communication used to keep brief records of resolutions agreed upon in the meeting.

- **Minutes,** these are formal records of the proceedings of the meeting especially resolutions of the meeting mainly for future reference

- **Journals,** these give information about products over time

- **Manuals,** precisely describe how to use the product

- **Agenda,** refers to the list of items to be discussed in the meeting

Components of business letter

The letter header(Name and address) . This is a designed and printed paper showing the name address, telephone number and email of the business organization.

Reference: This is used to identify the subject matter and recipient.

Date: This shows when the letter has been written

Inside address. This shows the person/organization the letter is being addressed to.

Salutation: This is general greeting used to start a letter and it can be dear sir/madam

Subject heading. This is a brief indication of a main content of a letter and must be put in capital letter.

Body of the letter. This gives all the information that the person intends to pass onto another person. It is always put in paragraph.

Complementing clause: This is the general closing of the letter, it can be ended by yours faithfully/ yours sincerely, signature, name and title of the sender.

Enclosure, This shows something that has been sealed inside the letter.

A FORMAT OF THE BUSINESS LETTER

Modern business organizations use blocked style where all parts of the business letter begin from the left margin as illustrated below:

JANITA AND DAUGHTERS LIMITED
P.O. Box 624, KAMPALA (U)
Tel 0772996022

Ref: L1/P/12th/March/2020

12th march 2020
The marketing Officer
Musoke Farmers Ltd
P.O. Box 194
KAMPALA

Dear Sir,

SUBJECT: GOODS SUPPLIED

I wish to inform you that the bananas which you supplied to us on 8th July 2016 were poorly packed and as a result, most of the consignment got spoilt.

You will recall that we have in the past sent you communication on the same issue, a copy of which is here by endorsed for reference.

This is therefore to request you to maintain high packing standards so that we can receive quality bananas in good condition that will appeal to our customers.

Otherwise, we will be forced to review our business relationship with you.

Yours Faithfully,

.....

PEPPA PERRY
PURCHASING OFFICER
Enc.

Organizational communication

There is a lot of information which flows between duals in an organizations. Some of which are correct, it may be formal or informal. The formal communication in an organization may either be vertical/horizontal.

VERTICAL CHANNEL

This is classified into two;

- (1) Upward communication and downward communication
- (2) Down ward communication: This is where information moves from top management to the lower level of subordinates.

Media involved in downward communication

- i. Meetings are used to transmit orders, instructions, and information policies among others to employees.
- ii. Notices used to pass short messages which concern a number of people. It is normally put on a notice board for people to be ready.
- iii. Letters (periodical) for passing information such as procedures.
- iv. Hand book/pamphlets used to pass information such as standing orders, policies and others.
- v. Annual reports used to convey the summary of organization position of performance.

UPWARD CHANNEL (COMMUNICATION)

This is where information moves from lower level to the top management in the hierarchy of communication

This is used in most cases when conveying complaints, feedback, suggestions, and problems among others.

Media of upward communication

- Using a suggestion box where employees are encouraged to write their complaints, suggestions and drop them in the box.
- Through social gatherings where employees are encouraged to interact in free informal atmosphere and share their interactions.
- Through open policy where the management encourages subordinates to issue to their office without fear.
- Direct correspondence where employees write to the management addressing their problems.
- By using of reports. This is where supervisors report on the progress of the work assigned to the management.
- Counselling programs: This is where employees are encouraged to seek for help on personal problems.

HORIZONTAL CHANNEL OF COMMUNICATION

This is where communication moves between and among individuals at the same level in an organization for example from employee to employer.

PERSONAL BRANDING

Personal branding refers to giving a unique name to a product, service, a business or even an individual to distinguish it from other products/ business.

OR

Refers to the process by which individuals and entrepreneurs differentiate themselves and stand out from the many by identifying unique value proposition.

GUIDELINES/STEPS IN DEVELOPING A PERSONAL BRAND

Below are steps of creating a personal brand.

- (i) Determining who you are. This involves identifying what one does, personal strengths and talents.
- (ii) Determining what you do. This involves writing down one's greatest areas of professional interest and passion. This reflects the kind of work one wants to do in life.
- (iii) Positioning yourself. It involves identifying different features/ qualities that make a person unique from his competitors i.e What have I done to make myself stand out?
- (iv) Managing your brand. This involves marketing the brand. The key to any personal branding campaign is "word of mouth marketing" i.e. the network of friends, colleagues, clients, and customers is the most important marketing tool for a personal brand.

PRINCIPLES OF CREATING EFFECTIVE AND LUCRATIVE PERSONAL BRAND.

Specialization. A great personal brand must be precise, concentrated on a single core strength, talent or achievement.

Leadership. The source of personal brand demands that there should be perceived by people as a leader in his or her domain or state of influence.

Personality. A great personal brand must be built on a background of the source's real personality.

Distinctiveness. An effective personal brand needs to be expressed in a way that is different from the competitors.

Visibility. A successful personal brand must be seen over and over again until it takes its shape.

Unity. A private person behind a personal brand must adhere/stick to the moral and behavioral code laid down by the brand.

Persistence: Any personal brand takes time to grow. It should gradually grow and besides should be supplemented with advertising.

Good will. A Personal brand should produce better results and endure longer if the person behind it is perceived in a positive way.

Importance of developing a personal brand

- (i) It speaks volumes about your company and builds a reputation for your business amongst your customers who know exactly what you can deliver.
- (ii) It is helpful in implementing new business plans with clients and customers as you already have a reference point through your brand.
- (iii) It enables an enterprise to compete favourably with already established brands in the market as you build your own brand loyalty with consumers.
- (iv) A clear brand strategy helps an entrepreneur to raise his/her brand visibility as your audience is willing to pay more after becoming familiar with your brand.
- (v) It helps in following up the promises of entrepreneurs' brand. It is important to follow up on the promise through the quality of your product.
- (vi) It creates a sense of individuality and uniqueness in the minds of the customers. Customers are able to differentiate the goods of an entrepreneur from those of his competitors.
- (vii) It increases authority and credibility of decisions. This helps in producing what customers want.
- (viii) It adds perceived value to what an entrepreneur is selling. The customers will perceive one's products as valuable.
- (ix) It attracts the right people and opportunities which increases on the earnings of the business.
- (x) It associates the entrepreneur with his/her product or service hence causing good image business image.

- (xi) It increases sales in business. A good personal brand attracts new customers as well as maintaining the old one hence increasing sales.

OBJECTIVES/REASONS FOR PERSONAL BRANDING

The following are objectives of personal branding:

- To improve on the image of the business/ to build a reputation for the business amongst customers who know exactly what the business can deliver.
- To enable an entrepreneur to implement new business plans with clients and customers as she/he already has a reference point through his/her brand.
- To enable an entrepreneur/ enterprise to compete favourably with already established brands in the market as he/she builds his/her own brand loyalty with consumers.
- To help an entrepreneur to raise his/her brand visibility as his/her audience is willing to pay a premium after becoming acquainted with his/her brand.
- To position the focused message in the minds of entrepreneur's target customers.
- To increase authority and credibility of decisions
- To add perceived value to what an entrepreneur is seeking.
- To attract the right people and opportunities.
- To associate the entrepreneur with his/her product or service
- To increase the enterprise's market share
- To reduce duplication of products of the enterprise
- To create brand loyalty of the business products
- To increase awareness of business products

NB: Use the importance above to improve on the explanations.

REVISION QUESTIONS

1. (a) Define the term personal branding

- (b) Discuss the steps taken when developing a personal brand
 - (c) Why is there need to develop an effective and lucrative personal brand
- 2 (a) Explain the importance/significance of developing personal brand.
- (b)Discuss the various principles of effective personal branding