**WEEK 3**

 **Types of entrepreneurs.**

Entrepreneurs can be of different types. Some may prefer to go it alone or share the risk in groups with others. They are found in every economic system and every form of economic activity as well as in other social and cultural activities. They are seen from amongst farmers, labourers, fishermen, tribals, artisans, artists, importers, exporters, bankers, professionals, politicians, bureaucrats and so many others. Basing on the above features C. Danhof has broadly classified entrepreneurs into four types. These are discussed below.

**1. Innovative Entrepreneur:**

In the early phases of economic development, entrepreneurs have initiative to start new ventures and find innovative ways to start an enterprise. Thus, innovative entrepreneurs are those who introduces new products, new method of production techniques, or discovers a new market or a new service or reorganizes the enterprise. It is the innovative entrepreneurs who built the modern capitalism. They are commonly found in developed countries. They are aggressive in nature who exhibit cleverness in putting attractive possibilities into practice.

**2. Imitative Entrepreneur:**

There is a second group of entrepreneurs generally referred as imitative entrepreneurs. They usually copy or adopt suitable innovations made by innovative entrepreneurs. They are adoptive and more flexible. They are organizers of factors of production rather than creator. The imitative entrepreneur.

entrepreneurs are also revolutionary and important. They’ contribute to the development of underdeveloped economies.

**3. Fabian Entrepreneurs:**

The third type of entrepreneur is Fabian Entrepreneurs. Such type of entrepreneurs are very shy and lazy by nature. They are very cautious people. They do not venture to take risks. They are rigid and fundamental in their approach. Usually, they are second generation entrepreneurs in a family business enterprise. They follow the footsteps of their successors. They imitate only when they are very clear that failure to do so would result in a loss of the relative position in the enterprise.

**4. Drone Entrepreneurs:**

The fourth type of entrepreneur is Drone entrepreneurs who refuse to copy or use opportunities that come on their way. They are conventional in their approach. They are not ready to make changes in their existing production methods even if they suffer losses. They resist changes. They may be termed as laggards.

**ENTERPRENEURAL TRAITS**

There are important traits that if an entrepreneur has and strives to acquire, will make him more successful in his business. these can be grouped into three categories;

* personal traits
* technical traits
* Business management traits

The principal ones are presented below:

**Creativity**-ability to bring something new into existence, entrepreneurs need to be creative because ideas usually evolve through a creative process, and imaginative people bring them into existence, nurture them and develop them successfully.

**Mental Ability**-An entrepreneur must be reasonably intelligence and should have creative thinking and must be able to analyze problems and situations.

**Innovation**- the process of doing new things. entrepreneurs aim at trying to create new and different values or satisfaction.

**Dynamism**-ability to revise the targets of an enterprise in the upward direction, time and again. A dynamic entrepreneur is always pragmatic, sets realistic goals with specific time frame. He analyses problems and solves them in the interest of the enterprise. He always believes in a win-win situation.

**Leadership-**this is a basic quality of entrepreneurs. This spirit keeps them forward in any field. The quality of their leadership is clear from their personal relationships, mode of handling problems, generating resources and taking others in their own strides.

**Team building**- An ideal entrepreneur is one who has the ability to build a team. A good team will be able to share knowledge, ideas and goals.

**Achievement, motivation**- entrepreneurs have a high need for achievement and are guided by their inner self, motivating their behavior towards accomplishment of goals. Most of the successful entrepreneurs are attracted to this career because it is challenging and demands a high degree of intelligence and involvement.

**Problem solving-**An entrepreneur should learn to face the problems and not avoid them. Entrepreneurs possess a strong work ethic have enquiring minds therefore they solve problems quickly.

**Commitment**-an ideal entrepreneur is one who has strong determination with sound thinking, will power and involvement.

**Business secrecy**-An entrepreneur should guard business secrets. Trade competitors should not know the business secrets. An entrepreneur should be able to make proper selection of his business staff.

**Human relations**-An entrepreneur must maintain good relations with all stakeholders., they must listen attentively and rarely interrupt.

**Technical Knowledge**-An entrepreneur must have sufficient technical knowledge for they stand a better chance of success for it will be easy for them to guide and supervise.

**Personal Traits of Potential Entrepreneurs**

The following are some of the characteristics of potential entrepreneurs:

1. **Initiative/Risk Taker**

Takes actions that go beyond job requirements or the demand of the situation

 Is proactive

 Acts to extend the business into new areas, products or services

 Identifies and acts on opportunities

 Takes action on opportunities

 Seizes unusual opportunities to obtain financing, equipment, land, workspace or assistance.

2. **Persistence and Patient**

Takes repeated action to overcome obstacles that get in the way of reaching goals.

 Takes action on significant obstacle.

3. **Gathering of Information and Opportunity Seeking**

Takes action on gathering information so as to achieve business objectives or clarify business problems.

 Conducts research on how to provide a product or service.

 Consults experts for business or technical advice.

 Seeks information or asks questions to clarify a client’s or a supplier’s needs.

 Personally undertakes market research, analysis or investigation.

 Uses contacts or information to obtain useful information.

4. **Concern for High Quality Work**

Does things that meet or beat existing standards of excellence.

 States a desire to produce or sell a top or better quality product or service.

 Compares own work or own company’s work favourably to that of others.

5. **Commitment to Work Contract**

Places the highest priority on getting a job completed.

 Makes a personal sacrifice or expends extraordinary effort to complete a job.

 Accepts full responsibility for problems in completing a job for customers.

 Pitches in with workers or works in their place to get the job done.

 Expresses concern for satisfying the customer.

6. **Efficiency Orientation**

Find ways of doing things faster or with fewer resources or at lower cost.

 Uses information or business tools to improve efficiency.

 Express concern about cost vs. benefits of some improvement, change or cause of action.

7. **Systematic Planning**

Develops and uses logical, step-by-step plans to reach goals.

 Plans by breaking large tasks down into sub-tasks.

 Develops plans that anticipate obstacles.

 Evaluates alternatives.

 Takes a logical and systematic approach to activities.

 Identifies new and potentially unique ideas to reach goals.

 Switches to an alternative strategy to reach a goal.

 Generates new ideas or innovative solutions.

8. **Self-Confidence**

Has a strong belief in self and own abilities.

 Expresses confidence in own ability to complete a task or meet a challenge.

 Sticks with own judgment in the face of opposition or early lack of success.

 Takes risks

 Confronts problems and issues with others directly.

 Tells others what they have to do.

 Reprimands or disciplines those failing to perform as expected.

9. **Persuasion**

Successfully persuades others.

 Convinces one to buy a product or service.

 Convinces one to provide financing.

 Convinces one to do the things he would like them to do.

 Asserts own competence reliability or other personal/company qualities.

 Asserts strong confidence in their own company’s products or services.

10. **Uses of Influence Strategy/Networking**

 Uses a various strategy to affect others.

 Acts to develop business contacts.

 Uses influential people as agents to accomplish own objectives.

 Selectively limits the information given to others.

 Uses a strategy to influence or persuade others.

! Which characteristics of an entrepreneur do you possess?

**Business Management traits:**

**Common Courtesy.**

There is nothing more frustrating than when businesses advertise in community flyers or on signboards and then never answer their phone calls (or return them) and don’t bother to respond to emails. Clients should be able to at least contact the business via email and a land line number. The entrepreneur should return calls as soon as possible. If he will not be in the office, to check email for most of the day, he should set an auto-responder that lets people know when he will be checking his email and possibly include his cell phone number as well.

**Get an Email address, Email Signature and Website**

there is simply no excuse not to have an email address! the entrepreneur can get free email addresses from *gmail*, *Webmail*and *Yahoo*. Although an email address that reflects his business domain name looks a lot more professional, any email address will do if you he is just starting out. if he doesn’t t have an email address it can seriously affect the way that people perceive him as a business person, some people just won’t take him seriously.

**Planning and Research**

the entrepreneur should do a thorough ground work before embarking on his venture. he should ensure he has done sufficient research and that this becomes a continuous process. Poorly planned businesses collapse before starting and lack of proper research kills the growth of the firm. Frequent consultations with other businessmen also help in generating ideas.

**Protecting the Business**

the entrepreneur should ensure his equipment and computers as well as anything else that could be detrimental to his business if it were stolen, destroyed or lost. he should keep his warrantee slips on any new office purchases and make sure he does data back-ups regularly – to an external hard drive or a remote server. he should get trademarks and copyrights to protect any business ideas or concepts that are uniquely his.

**Marketing the business wisely**

although many businesses rely on word of mouth advertising, it is still a good idea to merge this with an actual marketing plan. if the entrepreneur’s budget allows, he should consult a professional marketing firm or start off with the basics and try to get his business as much exposure as possible through various platforms such as; a website, e-newsletter, business cards, a company brochure, vehicle branding and possibly an advert in an industry magazine.

**Technical Traits**

**Being Professional**

this entails addressing the name of people in all business correspondences, keeping a business mindset when meeting with clients or talking to them over the phone. Clients don’t need to hear the intricate details of the entrepreneur’s personal life. Being professional also means checking emails for spelling errors, following-up on enquiries, being punctual when meeting with clients, responding to telephone calls promptly, sending out quotes on a timely basis. But by far the most important factor about being professional is being **consistently** professional.

**Create systems and adapt them as necessary**

As the company grows, it may become more difficult to manage and keep track of things. A useful way to deal with this problem is to create systems within the business for any specific task that requires multiple steps or procedures. This will help to create a smooth workflow and allow the entrepreneur to keep track of things a little easier. a web designer, for example, might create a checklist for new websites.

**Other qualities that are important under this category include;**

* Being a team player
* network building

**What motivates an entrepreneur?**

 Profit

 Role models

 Need for additional income

 Available resources.

**Entrepreneurs go into Business for a Variety of Reasons**

* Independence – want to be their own bosses
* Immediate need for a job
* To supplement income
* To make more money
* Opportunity to prove one’s ability.
* Some people are born into business
* To seize available resources
* Some look for better opportunities
* Some just do it because others are doing
* Some just enjoy doing it
* Some want to be their own boss
* To create employment for self and others
* Worry about job security

**ROLES OF AN OF ENTREPRENEURS**

 Prime mover in the business enterprise

 Bears of uncertainty (risk) – regarded as the primary function

 Idea generation and searching for business opportunities by scanning the environment

 Evaluating business opportunities to assess their viability

 Determination of business objectives

 Product analysis and market research

 Determination of the form of ownership/organization

 Mobilizing resources needed to create and run the business

 Managing the business that is the production, marketing, finances, human resources,ETC

**Challenges of Entrepreneurship.**

The challenges that entrepreneurs face may be looked at from five categories;

**a)  External Factors**

some events in the economy of a country may well be beyond the control of the entrepreneur. the cycles could adversely affect his business, to the extent of forcing him to close down. the economic cycles of recession, Boom, Depression and recovery may find the business in any stage of its own cycle. other external factors include;

* Fluctuating interest rates
* interruptions in supplies
* Labour market trends
* Government regulations e.g. tax laws
* natural catastrophes

**b) Personal factors**

an entrepreneur goes through a lot of hurdles to get the business going. the going may be tough such that he may even be tempted to close the business. there are a number of risks associated with being an entrepreneur;

**Financial risk**

The entrepreneur may place his entire savings into the venture with the firm belief that he will

earn something in return. if this does not happen, he risks losing a lot of money.

**Career risk**

he may have chosen to give up employment to pursue his business. he may not have a fall-back plan if the business collapses, hence loss of career

**Psychic risk**

the entrepreneur may have to give up his social life for a while till the business stabilizes. this may adversely affect family and relations.

the collapse of the business could lead to psychological problems such as depression and/or low self esteem. the risk here is the probability of failure in the mind of the entrepreneur.

**c) Lack of skills and experience**

a business may start off well as a result of a favourable economic climate and availability of funds. An entrepreneur may well have identified a very good business opportunity and capitalize on it to generate lots of revenue. However, if the entrepreneur does not have sufficient skills to see the business through this success in a consistent manner, he stands to lead the business towards incurring loses and not meeting its obligations on time. it is advisable that the entrepreneur enrols for courses that will sharpen his skills and help him manage the business better

**d) Mismanagement**

The entrepreneur will often employ people to assist him manage the operations of the firm. However, if these people are not trustworthy, he stands to lose a lot of money through embezzlement or pilferage of stocks. the entrepreneur himself could also be the main culprit when he draws a lot of the business resources for personal use.

**e) Poor Business Ethics**

the lack of proper business grooming could lead to unfair business practices by the entrepreneur. This comes out of practice and peer pressure. The entrepreneur could find himself in conflict with the law and may get sued by his business associates. the risk here is the loss of business reputation and the possible closure of the business under directive from the relevant government authorities.

Entrepreneurs play a vital role in today’s economy. this is not withstanding the hurdles mentioned in the previous section. most of them get through the tough times and their businesses become success stories. the success or failure of a growing business depends largely on the entrepreneur himself. however, there are factors that may be beyond his control, but if he can get around these, one way or the other, he only has himself to convince that the business can actually develop.

**Ways in which an entrepreneur may mitigate against the risk of failure**

1. insuring his business against losses. Losses can be in the following forms

* Burglary
* Fire

1. Co – owning the business with a partner. this option will dilute the ownership therefore it is a step that should be taken with a lot of caution.
2. investing in extra security in the event that the business deals in valuable products.
3. securing the services of a risk assessment expert. this is a preventive measure and will highlight the areas of risk in the business that the entrepreneur needs to be aware of hence make vital decisions.
4. Re-investing through the following ways

**1. Opening up new branches in other locations**

depending on the location of the current set up, the entrepreneur can decide to open new outlets for his products in other regions where he has assessed sales will be high. this move also creates jobs for other people and in this way, the entrepreneur also thinks about the society his business serves.

**2. Implementing new designs**

This should come in when the entrepreneur is sure sees that his first project is doing well and there is room for more. With the resources generated from the first project, the entrepreneur can then start working on a new brand or improve the current brand. in this way he doesn’t sit back and let the business thrive on the success of the first project only.

**3.Hiring of professionals**

With growth of business, the operations also become rather complex in nature. a business that is constantly growing and re-investing its interests needs to ensure that the sensitive aspects of the venture such as finance and customer needs are well managed. The entrepreneur could therefore, think of employing the services of qualified professionals to help him run the business. here, he could hire accountants, it specialists, a sales and marketing team etc

4.**Investing in Office Automation processes.**

Addition of more capital is a sure way of expanding more so if the capital will lead to efficient ways of doing business. in the growing world of business, it has become as a necessity that a business arm itself with an ICT strategy that works. the entrepreneur can thus direct some of his expansion efforts in this area so as to keep up with the competitors.

**WEEK 4**

**THEORIES OF ENTREPRENEURSHIP**

By the end of the lecture, you should be able to:

I Define the term entrepreneurship theory

ii Discuss the main entrepreneurship theories.

iii. Explain the theories that influence your entrepreneurial behaviour

**INTRODUCTION**

There are a number of schools of thought which view entrepreneurship from fundamentally different perspectives. As a result, the definitions can differ depending on the authority’s perspective. Such perspectives could be psychological, sociological, economical and management.

An entrepreneur may be influenced by more than one theory.

**PSYCHOLOGICAL PERSPECTIVE**

The central focus of this perspective is that entrepreneurs have unique values, attitudes and need which drive them. People behave in accordance with their values irrespective of the different situations they might be in. People’s behaviour results from their attempts to satisfy their unique needs and values. The psychological school focusing on personality factors believes that entrepreneurs have unique values and attitudes towards work and life. These, along with certain dominant needs propel the individual to behave in certain ways. Entrepreneurs are, therefore, different from non-entrepreneurs by personality characteristics. Such propensity and personal aspects such as positive self-image, initiative, independence, future orientation, problem solving, goal setting, time bound planning and environment searching.

Entrepreneurs acquire their values, attitudes and needs as they grow up from families, schools, churches, and community as well as in the surrounding culture in general. These values are learned and internalized and reflect the process of socialization into culture. Since these values and needs are learned early in life and are well established prior to adulthood, entrepreneurial characteristics can only be re-enforced in those who portray them or have them in latent form. It would not be effective to try and develop them in people who do not possess them but to re-enforce them in those who already have them. The extreme aspect of this perspective further suggests that the entrepreneur has the ability – a sixth sense – and traits and instincts he/she is born with. Entrepreneurs portray intuition, vigour, energy, persistence and self- esteem. Entrepreneurs according to this version are born and as they have natural abilities, training, cannot influence them in any way.

The psychological argument perpetuates the myths and stereotypes in society related to superiority and class systems and are not the healthiest for development. It simply says people are not equal and that it would be difficult to organize training programmes suitable for all of them. Although entrepreneurs can be used as role models, those in this category can give negative attitude towards young people who might not be genius or lucky by not possessing the unique abilities and traits. People following this school of thought follow such leads questions as:

 What am I?

 What are my achievements?

 What principles do I have?

 What are my values?

 What are my strengths and weaknesses?

**SOCIOLOGICAL PERSPECTIVE**

**The** entrepreneur is an individual driven by his/her personal economic interests or otherwise not necessarily compatible with society in general. The entrepreneur contrasts with more traditional emphasis on the society, groups and associations. The entrepreneur might be well respected and accepted or

rejected and resented depending on the society they come from and what is valued there.

According to this theory, the entrepreneur is driven by self-adventurism (way from norms), desperation due to the societal factors (live or die) and social recognition of making money in order to take them off his/her back (even taming a stubborn wife or husband). Entrepreneurs can also emerge as philanthropists by generating money and spending it to improve their communication and lesser mortals. The assumptions of this theory are that the entrepreneurs are creations of society and that their activities are just reactions either to protest or better it. Training, therefore, cannot do much to influence the individual. This theory perpetuates stereotyping of class systems ad great persons theories which are at times not ideal for developing young nations.

**ECONOMIC PERSPECTIVE**

The etiology of term “entrepreneur “provides insight for the economic perspective which means to‘’undertake’’ in French. It distinguishes entrepreneurs from managers. Undertaking connotes some degree of risk, uncertainty and creativity. Innovation, creativity and discovery are the central focus of this perspective.

Neoclassical economic analysts (Keynesian, Friedmanities, Supply Siders and Marxists) emphasize optimization of existing resources in order to reach equilibrium (in realm of external forces). Hence definitions such as “Economic agents who engage in market exchange for profit at their own risk”, “Shifters of economic resources out of an area of lower into a higher productivity and greater yield” “Stabilizing force which brings markets closer to equilibrium and forces work more smoothly”. The entrepreneur is involved in allocating scarce resources in order to produce tangible/intangible goods with utility. As a forth factor of production, he/she distributes and organizes scarce resources. The entrepreneur is driven by profit motive (profit maximization and cost minimization) and gains socially and financially from economic activities. Entrepreneurs can, therefore be trained on effective utilization and management of scarce resources.

Another school of economics away from neoclassical economics (Led by Joseph Schumpter) focused on dynamics of economic life, dynamic disequilibrium as opposed to statistic equilibrium. According to this school, the entrepreneur is central to economic development. He /she is the mechanism of economic. Dynamic disequilibrium is created by the innovating entrepreneur who introduces new combinations into

the production. Entrepreneurial activity is therefore a destabilizing force that starts the process of creative destruction, the essence of economic development. Entrepreneurs are not managers who undertake routine activities on basis of past experience without the idea of change but one who risks uncertainties and engages in activities that has not been undertaken before.

The training implication for this is that more time could be spent on enhancing the creativity of individuals and supporting innovative ideas. People can be trained to sharpen their decision making abilities and abilities to analyse opportunities creatively. People who follow this school of thought ask themselves these questions:

 What are the opportunities?

 What vision do I have?

 How do I respond to situations?

**The management perspective.**

This school emphasizes organisation of resources in a systematic way to attain maximum profit. Entrepreneurs are therefore organizers of an economic venture: they organize, own, manage and assume the risks. Entrepreneurship is therefore a series of learned activities which focus on the central functions

of managing a business such as production, planning, marketing, coordinating, controlling, evaluating and financing.

The management school therefore emphasizes improving a person’s capability through developing his/her rational, analytic and cause and effect relationships. Specific functions involved are therefore identified and training structured around them. Another strand of management views entrepreneur as leaders of people. They have the capacity to adopt their styles in order to get the maximum out of people. They view other people as their greatest resource and realize that they cannot accomplish goals without them and their skills. Training is therefore possible by knowing how to motivate, direct and lead people.

The basic questions that people who follow this school ask themselves include:

 What are my plans?

 What are my capabilities?

 What are my credentials?

 How do I get most from people around me?

Each of the models is based on certain assumptions such as personal qualities or values, anticipating the future, finding and recognizing opportunities, using management and technical skills and adapting or changing the direction of a venture. The criteria for each school provide the foundations for research and training emphasis. All of them provide useful insight in understanding and explaining entrepreneurship. It is possible that they can complement each other in developing a rich entrepreneurship programme. Pre starters can benefit a lot from the psychological, sociological and economics schools while starters and those in the growth stage can gain from management.

**The Macro view Entrepreneurial Thought**

This point of view presents a number of schools of thought which suggest that a range of **external factors**are the forces behind the entrepreneurial process. often these **factors**are beyond the control of the individual entrepreneur;

1. Environmental school of thought
2. Financial/Capital school of though
3. displacement school of thought

1. **Environmental School of thought-Support**

The proponents of this school of thought argue that entrepreneurial desires are molded by external factors (which may be positive or negative) that affect a potential entrepreneur’s lifestyle. they further argue that **institutions**and **societal values**grouped together form an **environmental framework**that strongly influences the development of entrepreneurs. Freedom and support in the work environment can also foster a manager’s desire to pursue an entrepreneurial career. in addition, the social group a person belongs to often may affect the potential development of an entrepreneur

1. **Financial/Capital School of Thought- Capital**

This school presents the view that the desire to become an entrepreneur is based on the capital seeking process; that the entrepreneurial process is about making decisions involving finances at every major point in the venture process i.e.

a) start up or acquisition venture stage:

in the beginning, the entrepreneur’s main concern is deciding on the major sources of funds to give him a head start on the venture. he may either take up a loan or decide to save up his. the success or failure of this decision-making process will lead him further to make a decision as to whether to proceed or abandon the project.

b) ongoing venture stage:

The financial consideration here is how to manage cash, make investments, undertake financial analysis, and evaluate the financial position of the venture. The decision to be made here is whether to increase, maintain or reduce size of the business.

c) decline or succession stage:

The entrepreneur will be forced at some point to investigate the future profitability of the venture. Following this analysis, he may then consider options such as corporate buyout, dissolution or succession. This decision of course, has a financial consideration

1. **Displacement School of thought**

This view suggests that individuals will not pursue a venture unless they are prevented or displaced from doing other activities. Factors that may force one from pursuing other ends in life include:

i) political factors; these may include riots, wars t.c and may force one to move from station to another.

ii) Cultural factors e.g. family backgrounds

iii)   Economic factors; this could be, for instance, as a result of loss of current employment

**The Micro view Entrepreneurial Thought**

This view presents factors that are **specific to an entrepreneur**who has the ability or **control**to direct or adjust the outcome of each major influence. The following schools of thought comprise this view point.

1. the Entrepreneurial trait school of thought
2. the Venture opportunity school of thought
3. the strategic Formulation school of thought

1. **The Entrepreneurial Trait School of thought- Traits**

Following a study of successful people, it was found that they exhibited similar characteristics. those behind this school of thought, therefore. suggest that if certain traits associated with successful entrepreneurs are established and supported early in life, this will lead eventually to entrepreneurial success. the four traits usually exhibited by successful entrepreneurs include:

i) Creativity,

ii) determination,

iii)   achievement,

iv) technical knowledge.

Family development and education are also important traits which contribute to the success of an entrepreneur

1. **The Venture Opportunity School of thought**

This school of thought suggests that the ability to become an entrepreneur lies in being able to search for idea sources, develop concepts, and implement venture opportunities. the proponents further argue that creativity, market awareness, developing the right idea, at the right time, for the right market niche are the essential ingredients to entrepreneurial success. **Opportunity identification**is thus the key force behind becoming an entrepreneur

1. **The Strategic Formulation School of thought- Strategy**

This approach to entrepreneurial theory emphasizes that the **planning process**is vital for successful venture development. the argument is that through strategic planning and formulation an individual is able to develop an effective venture. this because he will be able to identify and make use of unique markets, unique people, unique products, and unique resources

**ENTREPRENEURSHIP PRACTICES**

**The entrepreneur and the society**

**Importance of entrepreneurship to a society**

**1.Job creation**

Entrepreneurship create jobs for themselves and for others, thus reducing the problem of unemployment in the country.

2.**Promotion of an entrepreneurial culture**

Entrepreneurial culture is an environment that prepares the community to take advantage of available business opportunities in the society. Entrepreneurs employ other people to work for them. These workers acquire skills such as management, baking, carpentry and marketing which benefits them later in life. They help in creation of role models.

3.**Promotion of technology**

**E**ntrepreneurship involves development of new and innovative ideas. This contributes to development and utilization of technology to make production easy. For example, entrepreneur have developed solar energy, jikos, innovative posho mills and water pumps etc.

**4.Creates market for goods**

Entrepreneurs create markets for goods and services produced localize raw materials. This enables the local producers to expand production. Entrepreneurs utilize local resources and increase their value. For example, they process milk into yoghurt, fruits into juice and wood to furniture.

**5**.**Formation of capital for the economy**

They create wealth by paying salaries to their employees, savings in banks and ploughing back profits to expand businesses. This leads to formation of capital for the economy resulting development. Salaries and wages paid to employees act as a source of capital for them.

6**.Contributes towards equitable distribution of resources**

**E**ntrepreneurs locate their business in various parts of the country. This enhances balanced growth in rural and urban areas. It also contributes towards reducing poverty and rural-urban migration.

**7.Saves on imports**

Entrepreneurs produce goods and services that are used by local people which reduces importation. This helps the country to reduces money paid for such imports.

8.**Improving peoples’ standards living**

People are able to acquire various goods and services provided by entrepreneurs and make their lives better. People employed are able to provide for their families thereby improving their lives.

**9.Encourages the use of local resources**

The entrepreneur makes it possible to use the available and affordable resources.

**ENTREPRENEURSHIP AND SELF EMPLOYMENT**

**SELF-EMPLOYMENT Definition:**

Someone who is **self-employed** is the owner of a business, an individual who earns a living by working for himself/herself and not as an employee of someone else. You are self-employed if you have one of the following types of businesses: sole proprietorship, limited liability company (LLC).

**7 Ways to Make Self-Employment Work**

Many of us have dreams of owning our own business. Considering the fact that doing so often allows owners to make their own hours, pick their own staff, and do what they love, why wouldn’t we dream big? Of American adults, 53 percent have actually considered starting their own business, many of whom consider doing so in order to make more money. Unfortunately, according to *Bloomberg*, 80 percent of businesses fail in the first 18 months. There is clearly a large discrepancy between those who want to start a business and those who actually succeed at being self-employed. There are several things that will help increase the chance that self- employment will work for you, so check out our checklist below.

**1. Come up with a good idea and a business plan**

Not anyone can start a business. In addition to financial backing, you will need a good idea. If you have a unique talent that can be turned into an idea, then you might already be on your way. If you have a passion that would make a good business, then you are also set. However, if you simply know that you want to be your own boss, but you don’t have any great ideas yet, you might need to think about this and do some research. Once you have a brilliant idea, you should make a concrete business plan: include an executive summary, company description, service or product line, and more.

**2. Do your research**

Every person who starts a business has some sort of business idea, but the more research you do into your market, the better chance you will succeed. If you choose to open a restaurant, you will need to research the area where you want to open it. If your city of choice already has five pizza

restaurants for 20,000 people, you might want to rethink your choice of restaurant. In addition, if possible, find out what businesses have failed before. The more you know about your potential business venture, and the spot you are choosing to create it, the better start you will have. Some areas really need new businesses, especially neighbourhoods that are up and coming, and close to bigger cities.

**3. Make sure you have the right personality**

In order to own your own business, you must be motivated and on-task. You also will probably need to have strong communication skills, excellent interpersonal skills, and be extremely organized. If you are starting without a lot of capital, you may need to do both the business side and the people side mostly by yourself for a while. If you are starting a business that will require you to serve or interact with customers face-to-face daily, you will probably need to hire a staff. If you are uncomfortable interviewing, managing, or simply interacting with other people, you will need to hire someone who is comfortable overseeing those aspects of your job. You also might want to consider a business partner who has the skills that you lack.

**4. Get financing and make a profit**

If you have a business partner who is also financially backing your company, that is great. If you need additional help, you can try to find people who can financially assist you or invest in your company. The better business plan you have, the more likely you will be to succeed in this area. If you do need to take a loan out, do your research and look at various companies before making your choice. Having enough money to really help your business grow will increase your chance of success. You can find out a lot of information about small business loans by visiting the U.S. Small Business Administration site, including information on grants and loans.

Once you get your business going, you will need to make a profit. Hire an accountant if possible, and if not, keep meticulous track of all of your spending. If you don’t know how much every part of your business costs, you may lose money regularly because you are not keeping an eye on it. In addition, when you have a set budget and keep track of costs, you can also track your profit margin more easily.

**5. Keep your current job if possible**

If you’re lucky enough to have enough money to start a business and not be seriously affected financially if it fails, then you are in the minority. If you have flexible hours and people to help you, you should try to keep your job for at least the first few years of your new business. This won’t be possible for everyone because starting a new business is a lot of work, but even if you can work something out with your boss so that you can work as a contractor or a part-time worker, you will maintain a relationship, which will help you if your business fails. The extra income will also help you with your new business, and could make a difference if you face serious financial issues in the first few months of starting your business.

**6. Pay attention to the legalities**

If you decide to open and own your own business, you will be subject to certain tax laws. You also will have to pay attention to several other laws, including advertising and marketing laws, employment and labour laws, finance laws, environmental laws, certain safety regulations, as well as potentially other laws depending on your business. You may be able to research these laws yourself, but there are some situations where you will want to have a lawyer on hand. If you form a corporation, you may need a lawyer, and of course, if you face a lawsuit at some point.

**7. Promote your business**

Even with the best possible idea for a business, and even with incredible, financially secure backers, you will need to promote your business. One of the best times to promote your business will be when you are first opening because new businesses are exciting to people in the community. You can hire a marketing team if possible, but even if you can’t, you can still heavily promote your new business. Consider passing out coupons or purchasing a newspaper ad; also, try to get local news anchors to come out to talk to you about your business. If you have very little money to start, these ideas can easily help your business get noticed. You also should create a website, and if possible, utilize word of mouth or social media. Starting a new business isn’t easy, but it can certainly be done. Whether you own your own business already, or are considering starting one, keeping track of the six items on this checklist will help you succeed