

DELIGHT CONCEPT

COURSE CODE: ENT 407

COURSE TITLE: ENTREPRENEURSHIP DEVELOPMENT

In forecasting, a company should be able to decide on certain questions. These questions help in the decision making process of these companies. State five of these questions.

In forecasting, a company should be able to decide the following questions as:

- a. What product(s) or services will be provided?
- b. To whom will we sell? That is, what is our market share?
- c. What methods or means will be used to sell these product(s)? Is it through direct sales, or advertising, or both?
- d. What plant, equipment, and personnel will be needed

Define strategic planning and list and explain the Core Areas of Strategy.

Strategic Planning

Aghedo (2010) defines strategic planning as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. A word by word dissection of this definition provides the key elements that underlie the meaning and success of a strategic planning process: The process is strategic because it involves preparing the best way to respond to the circumstances of the organization's environment, whether or not its circumstances are known in advance; nonprofits often must respond to dynamic and even hostile environments.

Core Areas of Strategy

Three core areas of corporate strategy are strategic analysis, strategic development and strategy implementation.

1. Strategic analysis. The organisation, its mission and objectives have to be examined and analysed. Corporate strategy provides value for the people involved in the organisation – its stakeholders – but it is often the senior managers who develop the view of the organisation's overall objectives in the broadest possible terms. They conduct an examination of the objectives and the organisation's relationship with its environment. They will also analyse the resources of the organisation.

2. Strategy development. The strategy options have to be developed and then selected. To be successful, the strategy is likely to be built on the particular skills of the organisation and the special relationships that it has or can develop with those outside – suppliers, customers, distributors and government. For many organisations, this will mean developing advantages over competitors that are sustainable over time. There are usually many options available and one or more will have to be selected.

3. Strategy implementation. The selected options now have to be implemented. There may be major difficulties in terms of motivation, power relationships, government negotiations, company acquisitions and many other matters. A strategy that cannot be implemented is not worth the paper it is written on.

Distinguish between Cooperative Thrift and Credit Society (CTCS) and Traditional Ajo or Esusu.

Distinction between Cooperative Thrift and Credit Society (CTCS) and Traditional Ajo or Esusu

We will now detail the distinguishing features of the Modern Cooperative Society (CTCS) and the traditional “Ajo” or “Esusu” as a means of saving or obtaining financial assistance by their respective members

CTCS	‘AJO’ or ‘ESUSU’
1. The membership of CTCS is unlimited or unrestricted.	1. Membership is limited or restricted.
2. Life of CTCS is perpetual as a corporate body.	2. Life terminates when the last member takes his turn.
3. Credits are made available at all times.	3. Credits are made available at certain times only.
4. Loans are usually given out on merit.	4. There is favouritism and bias in granting loans.
5. Inspection or periodic auditing is allowed.	5. No inspection or periodic auditing is allowed.
6. Capital is kept revolving.	6. Capital is tied down unnecessarily.
7. Many members enjoy social and economic benefits.	7. Very few privileged members enjoy its social and economic benefits.
8. Modern scientific method of operation is involved.	8. Traditional or unscientific method of operation is involved.

. **List information required for better development of an entrepreneur. (10 marks)**

(a) Marketing Information

Whoever engages in a business, whoever embarks on entrepreneurial tasks will-knowingly or unknowingly engage in marketing. We can state that whenever people engaged in business, they also engage in marketing. Some aspects of marketing have over the years changed dramatically. Selling alone was considered to be the actual marketing activity. Quality products and services in the historical sense were no longer all that customers were looking for. More manufacturers, more distributors and increasing buying power changed the “market-place”. Globalization of markets set in, and new and more sophisticated management instruments were needed to help manufacturers, distributors and entrepreneurs to stay in business and grow with growing markets and all of this despite over-increasing competition and fighting over market shares. Any market primary consists of people and entrepreneurs need to concentrate his/her efforts on one of the segment of the market in which the products have the greatest potential appeal. Good market segmentation is a must for any successful marketing approach.

(b) Technical Information

In developing a business idea there is a need for potential entrepreneur to adopt a carefully moderated and intelligent technical approach. Planning is a process that never ends for business. It is extremely important in the early stages of any venture when the entrepreneur will need technical information to prepare a preliminary business plan. There are different types of technical information that may be part of any business operation. This may include designing of premises, products others may include nature of products/services you will like to engage in. it may also includes tools and equipment you require or materials needed for your production process. It may also be technology choice or advice on location and premises.

(c) Information and Communication Technology (ICT)

Information and communication technology is very important source of information for Entrepreneurship development as we know that the whole world is now a global village where information about a product/service can be easily sourced. One can source through the internet and

find out the kind of hardware, software for the kind of business one want to venture into. It may be packages on accounting and production or databases appropriate for the business.

(d) Technology Is Constantly Changing the Demands of Consumers

Businesses use new technologies to produce new products and services. Entrepreneurs should realize' that new technological developments such as the internet and cell phones increase the exchange of information and may have an effect on the operations of their business. Entrepreneurs may not be aware of the nature and effects of all new technologies, yet, they must try to determine technical developments which are likely to have the greatest impact on their business operations.

(e) Financial Information

Whether a business is small or large, owners and executives-must have financial information relating to the type of business they want to establish. One of the most often overlooked areas of information for entrepreneurship development is the financial information. Often regarded as a 'back-office' aspect of the business, the financial information plays a critical role for decision making. Because decisions are only as good as the information on which they are based, establishing a reliable data from business: environment must be a priority for all businesses regardless of size and industry. It is only when you have proper financial information than an entrepreneur will know the amount of capital require for the kind of business he is going into and ways of sourcing fat it.

Money plays a major role in an enterprise. At the beginning of any business, money is needed to purchase the necessary tools/equipment, materials/supplies and other needs. To be competitive, small business owners must prepare for all future events and market changes. One of the most important aspects of such preparation is the cash flow planning. Failure to properly plan cash flow is one of the leading causes for small business failure. Knowing some basic accounting will help you better manager of your cash flow.

(f) Legal Information

Business is the totality of the economic and commercial life of any nation. Business could be carried on as a small, medium or large scale enterprise. It could also be carried on as domestic or international business but you have to know the legal implication on each one of them. This is where the legal information is very important. For example, if one wants to establish a private company in Nigeria, it has to be a minimum of two (2) persons and maximum of fifty (50) members and there are other documents required by the Corporate Affairs Commission (CAC) Registrars of Companies before incorporation of any company. One also needs to know about the copyright and Trade Mark Laws and also compliance with legal requirement with regard to Environmental Impact Analysis (EIA).

Discuss the National, Industrial and Local trends that can affect a business.

What national trends will affect your business?

National trends often have a dramatic impact on the consumer's buying habits. Although small changes occur all the time, major shifts in the market will affect the survival of the company. Each business will be affected by different trends, so the entrepreneur must decide which trends will have the greatest impact on the business. Changes that may affect a company's survival would include the following:

- Demographic shifts. Changes in the demographic composition of the country have a huge impact on many businesses. These changes create increased demand for some products and services while at the same time greatly reducing the demand for others. Two of the major trends that will affect companies in the future are the aging population and the increasing minority population.
- An increase in the number of women working outside the home and an increase in the number of stay-at-home fathers. This will definitely affect the daycare facilities for the children whose mothers have joined the group of working class people.

- Legislative trends. The federal government, as well as state and local governments, passes laws that have a major impact on businesses. For instance, the recent removal of fuel subsidy by the federal government on January 1, 2012 has had multiple side effects leading to a nationwide strike action which began on Monday, January 9, 2012. This type of decision of the federal government will have affected every sector of the economy.

Demographic changes, lifestyle changes, and legislative trends are just a few of the many trends that may affect a company. Each entrepreneur must decide which trends will affect his or her business most

2. What industry trends will affect your business?

It is also important to research the trends in the industry you are entering. It is common to see industries with large increases or decreases in sales, major shifts in how the businesses operate, or upheavals caused by technological changes. The following are examples of other industry trends:

- An entrepreneur thinking of starting a waste-hauling business should consider the number of landfills that are closing and the higher costs for insurance and dumping fees. These trends could have a negative impact on the company's profitability. The decision of the government to close certain borders around the country would have negative effect on the business of auto car sellers in Nigeria.
- An optometrist who is thinking about opening a private practice should consider the trend for franchised outlets that promise glasses in an hour. For most other businesses, however, this trend would not be important.
- For a mechanic who is planning to open an auto repair shop, the trend toward computerized cars and the need for high-technology diagnostic equipment affect the amount of money needed up front. Not only will start-up costs be higher than in the past, but additional equipment will be necessary once the business is in operation.

One of the best sources of industry information is national trade associations. These organisations often compile data regarding trends and risks of industries. The Business Environment Checklists enumerates questions to be answered concerning the industry and gives possible sources of information.

3. What local trends will affect your business?

It is also important to consider trends in the community in which the business will locate. Local trends often have more of an impact on a business than national trends. Factors that may be considered include the following:

- The economy of the community.
- The attitude of the community toward the type of business proposed.
- The increase or decrease of the community's population.

The Business Environment Checklists highlights the local factors that may affect a business. These and others should be considered when completing an analysis of the business environment.

State the benefits of Strategic Planning.

Benefits of Strategic Planning

Several benefits accrue from a sound and effective strategic planning. They are as follows:

1. It provides a comprehensive view of the company.
2. It creates clarity of purpose and better awareness of corporate goals and problems.
3. It improves the ability of a firm to cope with changes and uncertainties.
4. It encourages innovative thought and creativity thereby introducing a spirit of dynamism in the organisation.
5. It helps to improve communication at all levels of the organisation.
6. It helps to take risks and think ahead.

7. It helps to improve the motivation, morale and job satisfaction of employees.
8. It also improves the quality of managerial decisions.
9. It provides a new way of controlling the business.

Identify and discuss the Sources of Information for Entrepreneurship Development.

Sources of Information for Entrepreneurship Development

The following are various sources of information available for entrepreneurship development.

1. The Library is a primary resource for information. Government agencies have a variety of publications which may be useful. Some colleges and universities have reference libraries which may have a circulation section available to the public. Also research institutes and some large corporations have libraries with sections on specific topics. Libraries are the storehouse of information which may be useful in operating a small business. Books, periodicals, reports and newspapers may contain information which can be of help in solving some of the problems in operating a business.

2. Internet can be used to carry out research and to find useful information and data. Examples of these search engines are Google, Bing, Ask etc Also E-mail can be used to communicate with providers of information who have websites on the internet.

3. Subscribing to Trade Papers and Magazines. Desirable entrepreneurs should have time to read articles especially in understanding new trends and developments relating to business. It is advisable to keep a file of pertinent articles for future reference. Example of such is the

page 4 of punch news papers (Nigerian Newspaper) which carries articles that are related to entrepreneurship and business.

4. Industrial Data is helpful in comparing a business to other similar businesses. The data is available from trade associations or government agencies and includes ratios such as; stock turnover, cash discounts percentage mark-up etc.

5. Membership-Based Organisations can provide services such as conducting research, organizing education and training programmes, implementing new technology, responding to members' questions and concerns and disseminating information through newsletters, magazines and special reports. Example of such membership-based organization is MAN (Manufacturers Association of Nigeria).

6. Training Programmes can help entrepreneurs to develop formal plans for improving their managerial skills and ability. Training courses and adult education programmes are designed by many institutions, agencies and associations. Entrepreneurs should be aware of these personal development possibilities and take full advantage of them. One of such institution is (CMD) Centre for Management Development at Magodo area in Lagos (Nigeria).

7. Employees. The people who work for a business can provide answers to specific problems in a business. For example, entrepreneurs might ask employees for their advice and assistance about stock display or customer attitudes. Employees are in a good position to give valuable advice providing they know that their opinions and suggestions are valued. Also customers can supply very special information about the products and services they buy. Customers

should be asked about their opinions because they are an excellent source of information

about the relative strength and weaknesses of a business operation.

8. Other Business Owners. Most businesses have common problems and owners are generally willing to discuss their problems with one another. Occasionally, the competitive nature of business may discourage this frank exchange, but if business are unrelated and do not compete for the same customers, entrepreneurs may be willing to share ideas concerning solutions to a common problem. In this way, all business owners can benefit from this interaction and improve their business operations.

In a tabular form, explain the differences between an Income Statement and a Cash flow

Income Statement (Accrual Method)	Cash Flow Statement
Shows sales as they are generated.	Shows sales as “cash in” only when the money is received.
Depreciation is shown.	If depreciation is included as an expense, it must be added back in since it is not a cash expense.
Interest on the loan is listed.	Both interest and principal are included (often combined on one line titled “Loan Payment”).
Beginning inventory and ending inventory are included in the calculation of cost of goods sold.	Inventory purchases are recorded as the bills are paid.
A proprietor’s salary is not shown as an	A proprietor’s salary is shown as the

expense.	money is withdrawn.
----------	---------------------

Identify and discuss the characteristics of an entrepreneur you are familiar with.

Characteristics of an Entrepreneur

Brown and Clow (1997, quoted in Koce, 2009) see an entrepreneur as a person who recognizes a business opportunity and who organizes, manages, and assumes the risk of a business enterprise focusing on that business opportunity.

According to the authors, an entrepreneur has the following characteristics:

1. Desire for independence;
2. Self confidence;
3. Willingness to take risk;
4. Ability to recognize opportunity.

Desire for Independence –

One of the consistent characteristics of an entrepreneur is his desire for independence. What it means is that an entrepreneur would want to work for himself/herself rather than work for others. They want to take decisions on their own. There is that believe that when you are fired from your former organization, you are likely to become a better entrepreneur. Because of this, you are in a better position to take decision. A lot of people have resigned their position in organizations, to set up their own business. What they mostly tell you is that ‘I can wake at anytime to go to work’. It means that it is independence they require.

Self Confidence –

There are two characteristic of an entrepreneur that leads him into having self confidence.

(a) Self Motivation – Entrepreneur set their own goals rather than having them set by their bosses.

Since these goals are set by entrepreneurs, it means that they will be motivated to achieve those goals.

(b) Self Discipline – Every entrepreneur has self discipline, if not, the business will fail, Brown (1997) say. “They correct errors and improve on their own performance without any prompting from some one else. These are confident people who believe in what they are doing and believe that the job is worth doing.

Willingness to Take Risk –

Any entrepreneur is a risk taker; they take calculated risks whether formally or informally. Mostly they take risk informally because they make calculation within their brain on what to buy, keep and sell latter. They equally try to figure out the probability of success of their business once they are convince that it is high, they will go into such business, which means they take risk. Marketing research is undertaken by entrepreneur consciously and unconsciously. If this research is carried out, they venture into such businesses. Entrepreneurs are not tired of trying. If they invest in a business and they fail, they still try another business so that they can succeed. Brown 1997 say: an entrepreneur has what he call calculating risks.

- (i) Is the goal worth the risk?
- (ii) How can I maximize the risk?
- (iii) What information do I need before I take the risk?
- (iv) Why is this risk important?
- (v) Am I willing to try my best to achieve the goal?
- (vi) What preparation do I need to make before I take the risk?
- (vii) What are the biggest obstacles to achieving my goal?

Ability to Recognize Opportunity –

Brown (1997) says entrepreneurs try their hand on opportunities that are by-pass by others; these opportunities may include:

1. Meeting the demand that is not currently met.
2. Pushing up a product that is much better than what is currently in the market.
3. Solving a problem or annoyance that consumers have.

Entrepreneurs recognize opportunities where they are and they utilize them by producing product or services that will fill the vacuum identified.

b) List and explain some of the Objectives of Business.

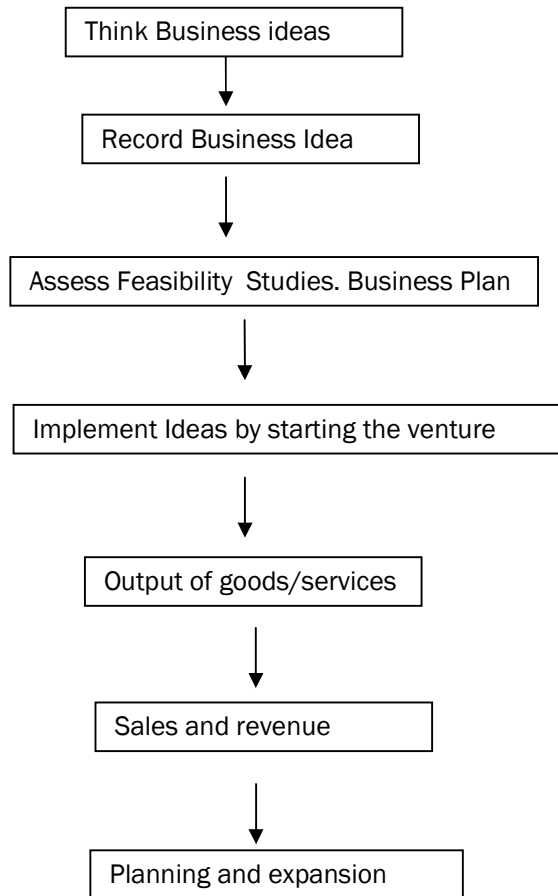
Objectives of Business

The objectives of a business are as follows:

1. Profit –The aim of an organization is to make profit;
2. Survival – Every business must have as a goal to continue to survive or exist;
3. Growth – A business must not only survive, but it must have as goal to be the biggest;
4. Market share – Every business concern must be able to carry out its market share to control in terms of market coverage and patronage of its products and services;
5. Productivity – It must continue to produce;
6. Innovation – Business must try to see that it's the first and best to bring up new ideas;
7. Employee's welfare – Business must maximally want to take care of its workers;
8. Service to consumer – Consumers are well satisfy as another objective of any business concern; and
9. Social responsibility. Apart from doing 1-8 it must do to other things that people around the business must benefit.

With the aid of diagram, explain the flows of business process.

Flow of Business Process



Outline and explain the 3 advantages and 3 disadvantages of entrepreneurship you know.

Advantages

Autonomy –

The need for independence and the freedom to make decisions is one of the major advantages. The feeling of being your own boss is very satisfying for many entrepreneurs.

Challenge of a start-up/feeling of achievement –

For many entrepreneurs, the challenge of a start-up is exhilarating. The opportunity to develop a concept into a profitable business provides a significant feeling of achievement, and the entrepreneur knows that he or she is solely responsible for the success of the idea.

Financial control –

Because it is often stated that entrepreneurs have financial independence, one might get the impression that they are wealthy. Many are not necessarily seeking great wealth, but they do want more control over their financial situation. They do not want a boss who can unexpectedly announce a layoff after they have dedicated years of work to a company.

Disadvantages

If self-employment were easy, the number of self-employed people would be much higher. In fact, it is one of the most difficult careers one can choose. A few of the disadvantages are described below:

Personal sacrifices –

Especially in the early years of a business, the entrepreneur often works extremely long hours, possibly six or seven days each week. This leaves almost no time for recreation, family life, or personal reflection.

The business consumes the entrepreneur's life. This often results in a strain on family relationships and a high level of stress. The entrepreneur must ask how much he or she is willing to sacrifice to make the business successful.

Burden of responsibility/jack-of-all-trades –

The entrepreneur has a burden of responsibility unlike that of corporate workers. In corporations, employees are usually surrounded by other people at the same level with the same concerns. It is possible to share information at lunch or after work, to have a sense of companionship. The entrepreneur, however, knows that it is lonely at the top. No one else in the company has invested his or her life savings; no one else must ensure that enough money is available to meet the payroll at the

end of the month. The entrepreneur must also be jack of all trades. While corporate workers usually specialise in specific areas such as marketing, finance, or personnel, entrepreneurs must manage all of these functions until the business is profitable enough to hire employees with necessary expertise. The need to be an expert in many areas is an enormous burden.

Little margin for error –

Large corporations often make decisions that prove to be unprofitable. They introduce products that are not well accepted and they open stores in unprofitable locations. Many large corporations will usually survive because they have adequate financial resources to pay for the losses.

Small businesses, however, operate on a thin financial cushion because the only financial resources available are those of the entrepreneur. Even after years of successful operation, one wrong decision or weakness in management can result in the end of the business.

Write short notes on any four (4) of the followings:

- (a) Deeds of Partnership***
- (b) Registration of Business Name***
- (c) Memorandum of Association***
- (d) Articles of Association***
- (e) Cooperative capitalization***

Deeds of partnership

This is the document that regulates the activities of the partnership business. It is the “constitution of the partnership business aimed at guiding against, or resolving disagreements. It is normally drawn by a solicitor for the partners. The partners agree and sign the document. The deed of partnership is not legally required. It is very essential. The style and contents of the deed of partnership vary from partnership to partnership. They include all or some of the following:

1. Name of the firm
2. Name of the partners
3. The place of business
4. The description of the nature of business
5. The amount of capital that each part is to contribute
6. The role of each partner in the business
7. The method of profits and losses sharing
8. The compensation, if any, the partners are to receive for services rendered to the business
9. The right of partners in the business
10. How long the business shall last
11. Partner’s rights in the business
12. How matters shall be determined either by majority vote or not
13. Provision for the admission of new members
14. The arrangements concerning withdrawals or additional investment
15. Arrangement for the dissolution of the firm in the event of death, incompetence or other causes of withdrawal of one or more of its members.

REGISTRATION OF BUSINESS NAME

The registration of business name is undertaken at the Corporate Affairs Commission (CAC) in Abuja. As soon as the registration certificate is issued, the business name now becomes the basis of identification of the business concerned. The certificate of registration is issued by CAC upon payment of requisite fees.

Memorandum of Association

It states how the company will relate with the outside world. It will state the name, location and objectives of the company. Memorandum of association include:

- The name of the company with “limited” as the last word.
- Location of the company
- Objectives of the company
- Amount of the registered capital proposed
- Liability of the company’s shareholders (statement)

Article of Association

It tells you to about the regulation that is laid down for the internal rules and regulations of the government organization, and management of the company. The may include:

- The duties rights and position of each member of the company
- The method of the appointment of the directors
- How dividends are to be shared
- How general meeting are to be held and the procedure
- Method of electing directors and the voting rights at such election
- Method of auditing the company’s account.

Cooperative Capitalisation

According to Ejiofor (1989), capitalisation deals with the capital structure of a business in relation to the amount of equity, its composition and changes in it. The procedure for determining the value of a firm is known as the “capitalisation of income, method of valuation”. It is a method of calculating the present value of a stream of earnings. The following terms are commonly used in the valuation process.

(i) Par Value

This is the face value at which shares are issued. It is usually static and not affected by business changes.

(ii) Market Value

This is the price at which shares are sold in the stock exchange or in any other organized stock market. It is affected by the vagaries of demand and supply in the market.

(iii) Book Value

The value at which the asset values of shares are carried in the company’s account books. It is calculated by dividing the aggregate equity item by the number of outstanding shares.

(iv) Real Value

This is the capitalized value of earning, divided by the number of outstanding shares.

Highlight the entrepreneurial psychological traits and its characteristics.

Think Positively

There is uncertainty at the core of all human activities; nevertheless, we should not be discouraged. To be successful as an entrepreneur, we need to think success. Success starts forming long before it is achieved. As humans, we need to wear the conviction that we are capable of getting to heights and places. The first step to success lies in conceiving it deep within self by inwardly envisioning self,

dreaming it. We should not be afraid or negatively affected when our close friends and relatives call us dreamers because we have an “unattainable” plan. It should be noted that great spirits have always encountered violent opposition from mediocre minds, hence, the need to have belief and while in action; the mind, the brain, and the surrounding circumstances interact in ways and means that usually and surprisingly convert dreams to realities. We should therefore think positively, have self-confidence and be ready not to relent any effort required before attaining our goal.

Be Ambitious

By ambition, we refer to a long-term plan. It is stratified, thus stretching through midway between ambitions or objectives. These midway objectives are like a stairway up to the top floor of a tall building ever stated. To that extent, for a deed or achievement to be worthwhile or significant, it must not necessarily be grand in volume or colossal in amount. It may even be intangible, but still very valuable

Be of Strong Consistency

In every aspect of life, be it sports, politics, or research as in business, we need to show full determination. There is need to resolve not to relent until the point of victory, this being the ultimate objective. This desire to forge ahead must be strong, recurrent, resolute, ardent and unbending. It must also be long lasting, that is staying power, because the road is generally long, narrow and dreary; yet at the end of it all lie happiness, joy, fame, self-satisfaction, glory and honour, and even the possibility to be charitable to society.

It is noteworthy that there are trials and temptations along the way. Some situations are difficult and complex that we are or may be tempted to give up. Oftentimes, there will be a way out provided we are patient and perseverant. We need effort to progress and usually the effort required is highly demanding and strenuous. We need to think, to work hard, to go out, and to meet people, to be ready to face humiliation, and somehow, like a miracle, find a solution. Time can itself be the solution, so waiting should be considered.

Fear

Mariz Arza (quoted in Giovagnoli, 1998) expressed that “courage is not about doing something without fear, but about taking any strength you have – even if it is just a grain of courage – and channeling to strike out ... when you know what you’re doing is morally and ethically right”. Fear is horrific and, if allowed, can act like a cankerworm that gnaws at the fruits of human plan and endeavour. It is that anxious feeling that manifests in us because of our awareness of the risk of failure of an operation. This sign is normal and an indication that our mental faculty is functionally normally. As a human being, it is natural to have the sense of fear. This sense has to be understood, domesticated, controlled, and well channeled. Fear should not be so strong as to overcome our other senses. It should not be exaggerated to the point of making us cancel a well-planned project or cherished ambition. Such a reaction to fear would be unfortunate weakness. Learn to dominate fear. Everybody fears. Chu Chin-Ning (1994, quoted in Jimngang, 2004) says: “The bravest, strongest are also the greatest cowards. The winner takes courage to dominate fear and gets victory over the opponent psychologically first, and then physically”.

Write short notes on the following:

- *Sole Proprietorship*
- *Partnership*
- *Limited Liability company*
- *Joint Venture*

Sole Proprietorship – The most common form of organisation for a small business is the sole proprietorship. Sole proprietorships are unincorporated businesses owned by a single person.

Advantages

This is the most common form of organisation because it is easy to start; it requires fewer legal documents than other organisational forms, and because there is only one owner, that entrepreneur makes all of the decisions, takes credit for all of the success, and can determine how profits will be spent.

Disadvantages

The biggest disadvantage of a sole proprietorship concerns liability because the business and the entrepreneur are considered the same legal entity. The entrepreneur, therefore, has unlimited liability; if someone sues the company, or if the company goes bankrupt, the entrepreneur may lose both personal and business assets. Adequate insurance may protect against lawsuits, but there is no insurance against the financial failure of the firm.

Partnership –

There are two common forms of partnership – general and limited. In a general partnership, all partners have unlimited liability, just like sole proprietors. In a limited partnership, investors designated as limited partners cannot lose more than the amount invested (Lambing and Kuehi, 2007).

Limited Liability Company – A newer form of organisation known as the limited liability company (LLC) is now available to provide the benefits of both a corporation and a partnership (Lambing and Kuehi, 2007). The investors in an LLC are known as members (not stockholders or partners), but they have limited liability like stockholders of a corporation. However, the company is taxed like a partnership, the profits of the company are split among the investors and shown on their personal income tax returns. When the company is first established, the members must file articles of organisation and an operating agreement. This is similar to the articles of incorporation or the partnership agreement; it states the purpose of the business, the management structure, and the conditions under which the LLC would dissolve (Hochberg, 1997).

In Nigeria, however, when a limited liability company is being established, the promoters are expected to submit memorandum of association (showing the objects, registered office of the company, names of the promoters, a statement that the liability of members are limited to their investment, share contribution of each member, etc.) to the Corporate Affairs Commission (CAC) at Abuja and or through its State Offices. In addition, articles of association showing the internal management of the proposed company will also be submitted. After complying with all necessary requirements including payment of necessary registration fee, a certificate of incorporation issued after necessary search had been carried to confirm that the name given has not already existed in the records of CAC.

Joint Venture

A joint venture is a legal agreement between two parties to operate for a specific purpose and for a limited period of time. For example, two companies may decide to form a joint venture to sell products during the hockey season. Once the game was over, the joint venture no longer operates. Because of the time restriction, this is not common form of organisation for small businesses.