

## CHAPTER 1

# INTRODUCTION TO ENTREPRENEURSHIP EDUCATION

Key Words	By the end of this chapter, you should be able to:
<ul style="list-style-type: none"><li>• unemployment</li><li>• entrepreneurship</li><li>• entrepreneur</li><li>• business</li><li>• creativity</li><li>• innovations</li><li>• e- business</li></ul>	<ul style="list-style-type: none"><li>• appreciate the purpose of studying Entrepreneurship Education.</li><li>• demonstrate the characteristics of an Entrepreneur.</li><li>• identify and assess risks in business.</li><li>• apply creativity and innovation in business.</li><li>• explore the benefits and challenges of e-business.</li></ul>

### Introduction

There is a high rate of unemployment in Uganda especially among the youth; therefore entrepreneurship is seen as the best option to equip you with the hands on skills, knowledge and competences required for starting and operating a successful business.

Entrepreneurship will also enable you become a job maker as you exploit and utilize the abundant resources in the environment through creativity and innovation. The 21<sup>st</sup> century requires people with critical skills that are necessary for gainful production.

#### Activity 1.1.1

**Read the above Introduction and brainstorm on the meaning of Entrepreneurship and Entrepreneurship Education**

## 1.1: THE ENTREPRENEUR

### 1.1.1: Meaning of Entrepreneurship

Entrepreneurship refers to the ***spirit*** of taking a risk to set up a business or an enterprise to produce and sell goods or services in order to meet the customers' needs with an aim of earning profits.

Below are examples of entrepreneurship:



**Figure 1**



**Figure 2**

#### Activity 1.1.2: The Entrepreneur

**Study the above pictures (Figures 1 & 2) and explain the different activities taking place.**

Entrepreneurship involves doing new things or doing those things already being done but in a new and better way.

Studying Entrepreneurship will enable you to develop a positive attitude towards work and business.



## 1.1.2: Purpose of Entrepreneurship Education

### Meaning of Entrepreneurship Education

Entrepreneurship education is the process of imparting knowledge, skills and values in the learners to identify opportunities around them and undertake business activities with a view of earning profits.

**Activity 1.1.3: Why Study Entrepreneurship**  
**Design a poster to advertise why you should study**  
**Entrepreneurship Education. Share your poster with the rest**  
**of the class.**

The following are some of the purposes for studying Entrepreneurship Education:

1. To provide learners with knowledge and skills needed to succeed in the business environment.
2. To enable learners to identify business opportunities in which they can invest capital and operate successfully.
3. To enable learners to acquire practical skills which can make them job creators rather than being job seekers.
4. To emphasize and help students to develop their imaginative and risk taking abilities in business.
5. To enable instructors teach the elements of Entrepreneurship that have been considered unteachable for long and hence break the myth of entrepreneurs being born and not made.

### 1.1.3: Meaning of an Entrepreneur

This is a person who produces new or better goods or services with a view of selling them to customers and making profit. An entrepreneur commits his/her resources such as money, time, land, machines and labour to start and operate a business venture.

#### Activity 1.1.4

**Describe any 2 successful entrepreneurs in your community stating the qualities that have led to their success.**

### 1.1.4: Characteristics / Qualities of an Entrepreneur

In business, entrepreneurs must have some qualities, attributes or characteristics which they should exhibit in order for them to be successful in their businesses. These qualities or characteristics are commonly referred to as “personal entrepreneurial characteristics” or PECs. They may also be referred to as personal entrepreneurial qualities.

The entrepreneur should have the following qualities:

**Opportunity seeking**  
**Information seeking**  
**Persistent**  
**Creativity**  
**Innovation**  
**Initiative**

**Independent**  
**Problem solving**  
**Risk-taking**  
**Competitiveness**  
**Time-consciousness**  
**Self-confidence**  
**Persuasiveness**

### Activity 1.1.5

Study the explanations in the table below, copy it in your exercise book and write a suitable quality of an entrepreneur corresponding to each.

	Qualities of an Entrepreneur	Explanation
1		Willing and able to see opportunities or chances in any situation
2		Always looking out for more information that affects the business
3		Not giving up easily when faced with challenges
4		Ability to think and come up with ways of doing things differently.
5		Ability to improve on existing products to make them better
6		Taking a lead in solving problems and doing things
7		Ability to make decisions on your own or not depending on others for ideas, solutions and opinions.
8		Ability to tackle challenges and provide solutions to them
9		Willing to take chances with hope of succeeding and getting bigger rewards
10		Eager to win
11		Keeping time and meeting desired targets on time
12		Sure of oneself
13		Able to convince others to see and agree with your ideas

### 1.1.5: Benefits of being an Entrepreneur

Benefits are the gains or advantages that one gets or enjoys by undertaking a specific action e.g. being in business, taking up a particular career, doing a job, etc.

**Activity 1.1.6**

**In groups, conduct an interview in the nearby community and find out the benefits of being an entrepreneur. Present your findings to the class and compare with presentations of other groups.**

**Activity 1.1.7**

**Listen to the presentation of a successful entrepreneur and note the following:**

- **How he/she started the business**
- **What has helped him/her to succeed**
- **The benefits of doing business**
- **The challenges he/she is facing**
- **Any future plans**

**In your notebooks write a report on the presentation of the visiting entrepreneur.**



## 1.2: CREATIVITY AND INNOVATION

Key Words	By the end of this topic, you should be able to
<ul style="list-style-type: none"> <li>• creativity</li> <li>• innovation</li> <li>• business model innovations</li> <li>• product innovation</li> <li>• service innovation</li> <li>• marketing innovation</li> </ul>	<p>practise creativity and innovation to make new products using locally available materials.</p>

### Activity 1.2.1

- Collect different products which reflect creativity and innovation.**
- Draw unique designs on paper using creative art.**
- Display the different designs in class.**

### 1.2.1: Meaning of Creativity

This is the ability to produce something new through imaginative skills; a new solution to a problem, a new method or device, or a new artistic object.

It is the ability to produce work that is unique and appropriate.

### 1.2.2: Importance of creativity in business

- It is used to upgrade products and services.
- It leads to development of new and original ideas.
- It enables an entrepreneur to make proper use of limited resources.
- It solves everyday problems in business.

### 1.2.3: How to become creative

- Noting down thoughts/ideas that drop into the mind so that they are not forgotten.
- Thinking beyond the invisible framework that surrounds problems or situations.
- Through transferring of technology from one field to another.
- Through using one's unconscious mind for example by sleeping on the problem to generate creative solutions.

### 1.2.4: Innovation in Business

This means to do something in a different or in a better way.

### 1.2.5: Types of Innovation

- Business model innovations
- Product innovation
- Service innovation
- Marketing innovation

#### Activity 1.2.2

**Complete the table below by giving two examples for each of the above types of innovations.**

Type of innovation	Examples
Business model innovations	1. MTN 2.
Production Innovation	1. 2.
Service Innovation	1. 2.
Marketing Innovation	1. 2





**Figure 5**



**Figure 6**

**Figures 5 and 6** show how you can be innovative and creative by using local resources to design and make different products.

### **Activity 1.2.3**

- a) In groups practice creativity and innovation using locally available materials to produce new and unique products.**
- b) Display your products in class.**

## **1.2.6: Importance of Innovation**

- It leads to production of new products which increases variety for customers to make choice.
- Innovation increases output in an enterprise due to creation of new and more effective production methods.
- Innovation results into improvement in the quality of products and services.
- It also leads to market expansion as new products attract new customers as well as maintaining the old customers.

## 1.2.7: How to become innovative /Features of an Innovator

1. **Opportunity oriented:** an innovator is opportunity oriented he/she constantly thinks about new ways of doing things and is not afraid of trying out new things.
2. **Associates with positive people:** An innovator usually surrounds himself/herself with positive people who have positive attitude towards creating.
3. **Extra ordinary persistent:** An Innovator is committed to achieving his/her goals, he/she keeps going and does not let obstacles get in his/her way.
4. **Compelling Vision:** Innovative people believe that they are part of something better to come and that their willingness to contribute to the vision will make it happen.

### Activity 1.2.4

- a) In groups discuss the current innovations that have taken place in your community.
- b) State how those innovations have benefited the people in and around the community.

## 1.3: Risks in Business

<b>Key words</b>	By the end of this topic, you should be able to appreciate the need to take risks, the rewards from different types of risks and the ways of managing risks.
<ul style="list-style-type: none"> <li>• risk</li> <li>• risk avoidance</li> <li>• risk reduction</li> <li>• risk transfer</li> </ul>	

### Pictures Showing Examples of Risks in Business



**Figure 3**



**Figure 4**

#### Activity 1.3.1

**In groups:**

1. Briefly describe the situation in figure 3.
2. Briefly describe the situation in figure 4.
3. Give examples of 5 risks one may encounter in a business.
4. Present your findings to the rest of the class.

### 1.3.1: Meaning of Risks

A risk is a situation where one is required to make a choice between two or more alternatives, which may result in differing rewards for success or penalties for failure.

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

**ACTIVITY 1.3.2**

1. In groups discuss common risks that affect business in your community.
2. Suggest ways how these risks can be overcome.

### 1.3.2: Types of Risks

Low risk	Moderate risk	High risk
<ul style="list-style-type: none"><li>• The gains or losses are small</li></ul>	<ul style="list-style-type: none"><li>• Moderate gains or losses</li></ul>	<ul style="list-style-type: none"><li>• High gains or losses</li></ul>

### 1.3.3: The Risk Taking Game

The risk taking game is used to demonstrate risk taking in business, the types of risks and how you can assess the risk to be taken.

**Simulation Game 1**

- a) Form groups for the ball tossing game.
- b) Play and record your scores.
- c) Interpret the scores and how they reflect the types of risks in business.



<b>Setting:</b>	The place where the game is to be played should be spacious enough to allow for adequate throwing distance. The basket should be in a position, and the floor marked with masking tape or chalk from say 2 to 14 meters away from the basket.
<b>Steps for the game</b>	<ul style="list-style-type: none"> <li>• Form groups and let each group member participate in the game.</li> <li>• Get 3 small balls of any kind.</li> <li>• Each group member is free to choose a position from where to throw the ball, one at a time into the basket.</li> <li>• Each group member has three chances of throwing the ball into the basket. One is free to change positions each time of throwing the ball.</li> <li>• When a member throws a ball into the basket he/she scores marks equal to the distance the ball was thrown from.</li> <li>• When the ball falls inside the basket and then jumps out the member scores negative marks equal to the distance the ball was thrown from.</li> </ul> <p>The marks scored are recorded where everybody can see using the following format.</p>

SCORE SHEET										
	No	Name	First throw		Second throw		Third throw		Total	
			Distance	score	Distance	score	Distance	score		
Group 1	1.									
	2.									
	3.									
									Group Total----	
Group 2	1.									
	2.									
	3.									
									Group Total----	
Group 3	1.									
	2.									
	3.									
									Group Total----	

## Ball Throwing Game

Basket



2M 4M 6M 8M 10M 12M 14M

Different Positions from which to throw the ball.

## Guidelines for Playing the Ball Toss Game

You can repeat this game as many times as possible provided that each group member plays his/her turn.

From the ball-toss game you discover that some people stand very near the basket or far. The distance from the basket indicates the risk one takes in business (from 2 meters - low risks; from 7 meters - moderate risks; from 11 meters - high risks). Some people take low risks others moderate risks or high risks.

Entrepreneurs take risks. Successful entrepreneurs prefer to take calculated risks. A **risk situation** is where one is not sure of the outcome of their decisions or actions. The outcome can be positive or negative. Making a calculated risk means you weigh potential success against potential loss.

### 1.3.4: Assessing Risks

From the ball tossing game you can note that:

- **Low risks** or very minimal risks e.g. choosing position (one in the third round) whereby the reward is similarly minimal.
- **Moderate risks** e.g. choosing positions (four and five) where the chance of gaining is almost half just like that of losing.
- **High Risks** e.g. choosing positions beyond ten where the chance of losing is much higher than that of gaining.

Entrepreneurs should not risk more than they can afford to lose. Success will be easier to achieve if one is willing to and is able to take the necessary and calculated risks. The outcome of taking a risk is normally not known but it must be evaluated. It involves potential success and potential loss; the greater the possible loss, the greater the risk involved. Risks can be assessed basing on the following factors:

- Experience and abilities of the person or persons involved in the business
- Viability of the business idea
- Availability of a market
- Pricing policies and strategies
- Cash flow; capital requirement
- Flexibility of the business
- Honesty and reliability of the entrepreneur

### 1.3.5: Risk Management in Business

Business is all about risk taking and management and therefore, one should not fear taking it, but should rather assess and weigh the kind of risk to take.

Risks can therefore be minimized using the following methods:



Risk avoidance	These are measures that can help to prevent the risk from occurring. For example, a driver should not drink and drive.
Risk reduction	This is the taking of measures to minimize the likely loss or chances of the risk happening. For example putting in place fire extinguishers or having a standby generator.
Risk transfer	This is when the burden of taking responsibility of a risk is shifted to another party. For example taking an insurance policy against fire, accident, and theft.

### Activity 1.3.3

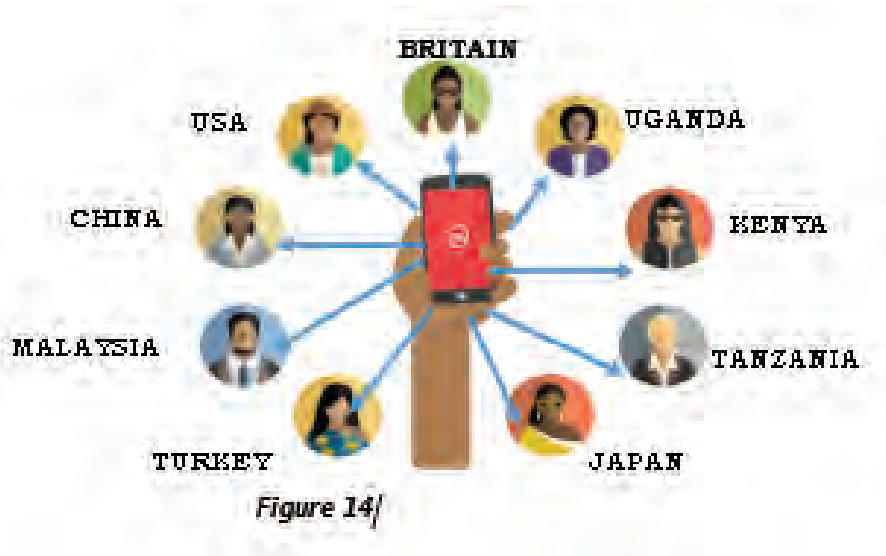
**In your notebooks:**

- make a list of any 4 possible risks in your school.**
- explain the strategies/ways that can be undertaken by the school to minimize the risks.**
- hand in your books for marking.**

## 1.4: Technology and Business

<b>Key words</b> <ul style="list-style-type: none"> <li>• e-business</li> <li>• technology</li> <li>• networking</li> <li>• Internet</li> <li>• Facebook</li> </ul>	By the end of this topic, you should be able to practise doing e-business and teach your community to do the same.
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The way people do business has been changing drastically for the last ten years. Business can be transacted using many safe, convenient and very fast means. You no longer have to move across nations to purchase commodities. It can be done using modern technological tools and software.



**Figure 14** illustrates that it is possible to connect with people in different countries using a mobile phone. This is e-business.

### 1.4.1: Meaning of e-business

This is the type of business carried out using modern technology. Examples of e-business include the following:

Online banking,  
Online marketing,  
Mobile money  
transfers,  
e-tax  
Visa cards

## 1.4.2: Doing e-business

Entrepreneurs can use e-business/online business to meet customers' orders, effect payments for utilities (such as water, TV, electricity bills and buy airtime or bundles), business registration, paying taxes and any other online business transactions.

The above e-business services enable the entrepreneur work within a given timeframe and effectively satisfy the needs of customers at a low cost and in a more efficient way.

Therefore a business can minimize production costs by engaging in online/e-business activities and remain competitive on the market.



*Figure 8: Online banking*



*Figure 9: Entrepreneur using an ATM*

### Activity 1.4.1

**Visit selected businesses in your community and find out the following:**

- a) e – Business services used by the entrepreneur.**
- b) How e-business benefits the entrepreneur.**
- c) The challenges faced by the entrepreneur while using online business / e-business.**

**Write a report of one page in your notebook giving your findings.**

### **1.4.3: Benefits /Advantages of e-business to the entrepreneur**

E-Business brings a lot of benefits to an entrepreneur. Some of them include the following:

1. It enables the entrepreneur save transport costs while transacting business.
2. It is convenient since entrepreneurs do not have to move with large sums of money to transact business. This saves him the dangers of robbery.
3. It is a very fast method of effecting payments irrespective of the geographical location of the receiver and the sender.
4. The entrepreneur can easily advertise his/her products across the world using online marketing.
5. The entrepreneur can easily order for raw materials or purchase goods from foreign countries without going there physically.

### **1.4.4: Challenges of using e-business**

Although e-business has a number of advantages to the entrepreneur, it also has some challenges. These include:

1. A challenge of poor network. In areas where the network is poor or non-existent, e-business may not take place.
2. Limited knowledge on how to use e- business services. If an entrepreneur does not know how to use e-business, it becomes a big challenge to him/her to transact business.
3. Limited access to the mobile phones, laptops, computers to effect online transactions makes e-business complicated.
4. High level of fraud by conmen which leads to financial losses to the entrepreneur.
5. High costs for effecting the online transactions e.g. Withdrawal charges, operation charges, taxes.
6. Inadequate power supply especially in rural areas makes using e- business difficult.

### Activity of Integration

Read the case study below and answer the questions which follow.

#### **KATO'S MODERN FURNITURE WORKSHOP**



Kato made some savings from selling his inherited piece of land and invested it in a carpentry business. He has operated a carpentry business for five years and has a target of becoming the leading producer and seller of quality furniture products in his community. Kato wakes up early to do different activities in his business although things have not been easy for him since initially he had few customers.

Last year Kato received a big order from a nearby school which requested him to supply fifty dining tables within one month; he fulfilled this order in time and was able to get more orders from the community members. Kato received another order from a distant school of 100 desks. He bought modern machines which enabled him to add creative and innovative fashions in his business. Work became faster and the quality of his furniture improved; in two weeks, Kato was able to finish and deliver the desks.

Since the number of orders had increased, Kato employed two more people who were qualified and skilled in carpentry. He went for further training in modern carpentry designing. He also uses the Internet to

access these designs, and this has made him more competent in his business. Kato is using the knowledge and skills he acquired to make furniture with modern designs which has further attracted more customers and increased his profit margin. He has a plan of opening another branch in another nearby community.

### QUESTIONS

1. Identify the problems which Kato was able to solve in his community.
2. State any four qualities which have enabled Kato to become a successful carpenter.
3. What possible risks does Kato face in his business and how can they be managed?
4. How did Kato employ creativity and innovation in his business?
5. Advise Kato how he can use modern technology to improve his business.

### Chapter Summary

In this chapter you have learned the following:

1. The qualities that enable entrepreneurs to be successful in their businesses.
2. How entrepreneurs can minimise risks in their businesses.
3. How entrepreneurs use creativity and innovations to produce new and unique products from local materials.
4. The benefits of being an entrepreneur.

## CHAPTER 2

## BUSINESSES IN UGANDA



Key Words	By the end of this topic, you should be able to:
<ul style="list-style-type: none"> <li>• business</li> <li>• agro-business</li> <li>• manufacturing business</li> <li>• trading business</li> <li>• service business</li> </ul>	<ul style="list-style-type: none"> <li>• identify different types of business in Uganda</li> <li>• evaluate the importance of doing business</li> <li>• determine the factors leading to success in business and what causes failure in business.</li> </ul>

## INTRODUCTION

In Uganda entrepreneurs carryout different types of business; the primary objective for doing business is to make profit. In order to achieve this objective entrepreneurs should make sure they succeed in their business and avoid business failure.

Before starting a business the entrepreneur should come up with many good business ideas but select one business opportunity basing on the available resources and carryout a market survey for the business. After doing all this, the entrepreneur can now prepare to start the business.

### 2.1: Types of Businesses

#### 2.1.1: Meaning of Business

Business is any legal economic activity done by an individual or a group of persons with an aim of making profits. Examples of business include buying and selling agricultural produce, running a retail shop, operating a restaurant, providing services like salons, growing vegetables, etc.

Business involves exchanging goods or services for money with a view of earning profits while bearing risks since risks and business are almost inseparable.

##### **Activity 2.1.1**

**Conduct a field study and establish the different types of businesses carried out in your community.**



## 2.1.2: Types of Business

There are four types of businesses; Agro-businesses, manufacturing businesses, trading businesses and service businesses.



**Figure 17**



**Figure 18**



**Figure 19**



**Figure 20**

### Activity 2.1.2

Study the figures above and answer the questions below in your exercise book:

1. Explain the type of business that is taking place in figure 17?
2. Explain the type of business that is taking place in figure 18?
3. Explain the type of business that is taking place in figure 19?
4. Explain the type of business that is taking place in figure 20?

## Agro-businesses

Agro-businesses produce or sell agricultural products with the aim of making profit.

## Manufacturing Businesses

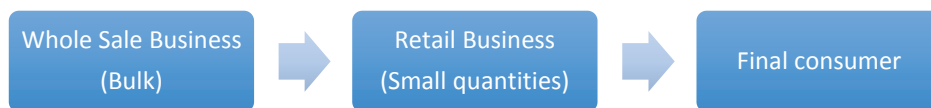
Businesses that process raw materials to produce different products are known as manufacturing businesses.

### Trading Businesses

Trading businesses buy and sell goods either in retail or wholesale. Many of them are found in your communities.

- a. **Wholesale:** The business buys goods in large amounts like in boxes, cartons, or containers. Wholesale business sells large-quantity goods to retail businesses.
- b. **Retail:** The business buys large-quantity goods from wholesalers and packages them into smaller amounts. Most retail businesses sell goods to final consumers.

Wholesale and retail businesses work in a production chain as shown in the flow chart below:



*Figure 1.4: Production chain in trade businesses*

### Example

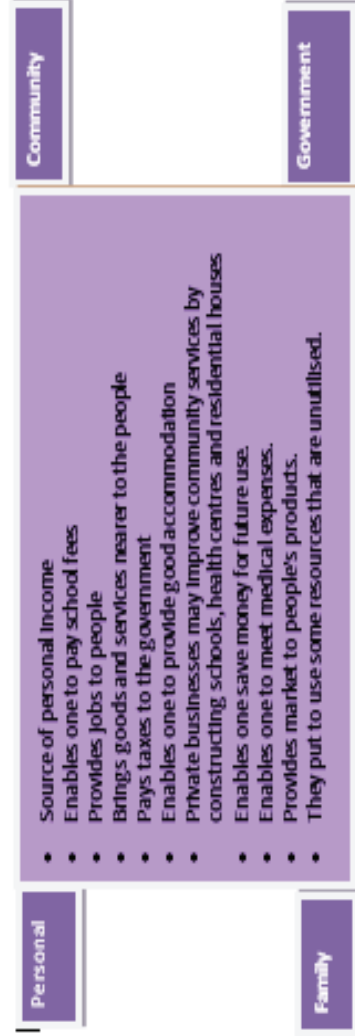
A wholesaler will buy sacks of sugar already packed in kilograms from the producer. The retailers buy a sack and sell to consumers in smaller quantities. Final consumers buy what they can afford from the retailers.

## Service Businesses

Service businesses provide services to their customers by using talents or skills.

<b>Agro-Business</b>	<b>Trade Business</b>	<b>Service Business</b>	<b>Manufacturing</b>
			




**2.1.4: Importance of Doing Business** Many people do business in order to get money to meet their personal needs. Business also benefits the community and the country as a whole. The following are some



of the **benefits** of doing business:

### Activity 2.1.3

Using the information above identify the benefits of business to each category (personal, community, family and government) and complete the table below in your groups.

<p><b>The business owner/personal</b></p> 	
<p><b>Family</b></p> 	
<p><b>The village members/community</b></p> 	
<p><b>The government</b></p>	

## 2.2: SUCCESS IN BUSINESS

<b>Key words</b>	By the end of this topic, you should be able to differentiate between successful and unsuccessful businesses, evaluate the causes of success in business and ways of reviving a failing business.
<ul style="list-style-type: none"> <li>• success</li> <li>• market</li> <li>• profit</li> <li>• recognition</li> </ul>	

The performance of business varies from one business to another. One business may be successful while another one may be a poor performer or at worst a failure. One should therefore know the indicators of a successful or failed business.



### 2.2.1: Meaning of Success

Success is the realisation of a worthy intention. This means that one becomes successful each time he/she takes a step towards achieving a predetermined goal, objective or target. For example a business can be said to be successful if it is expanding its market share and increasing its profits.

## 2.2.2: Indicators of Success in Business

These are signs or measures that can be used to show the level of achieving the business goals. They enable an entrepreneur to measure the progress of doing business.

Some of the indicators that can be used in measuring or assessing the success of a business include the following:



### 1. Increased market

A successful business will have more customers buying its products and hence more sales.

### 2. Increased profits

If the profits of a business have been persistently increasing, it shows that a business is successful.

### 3. Expansion of business

A business that is successful will expand its business operations through increased market, more products being produced and employing more workers.

### 4. Recognition in the community

How much respect and recognition an entrepreneur and his/her business receive from the community reflect how well the business is doing.



## Factors Leading to Success in Business

There are several factors that lead to the success of a business. These factors include the following:

### **Personal and Entrepreneurial Qualities of the Business Owner**

For any business to be successful, the owners must possess entrepreneurial qualities or characteristics seen in topic three of this book. By possessing and practising these entrepreneurial qualities they will be able to operate their business effectively which leads to business success.

### **Clear Objectives**

If a business is to be successful, it is necessary that it should have clear and definite objectives. Once set, the entrepreneur should ensure that the business operating and management guidelines set to achieve the objectives are closely followed.

### **Proper Location of the Business**

Appropriate location helps a business in securing the required inputs e.g. materials, labour, power, etc, and access markets at low costs.

### **Presence of Business Support Services**

Businesses thrive and succeed in an environment where there are business support services such as financial services, business information, transport, communication, water, power, etc.

### **Presence of Market**

Production of goods and services is meaningless unless there are customers who will buy them at prices that will yield profits to the enterprises.



## 2.2.4: Benefits of a Successful Business to an Entrepreneur

By running a successful business, an entrepreneur gets a lot of benefits, which include the following:

### **Self-reliance and fulfilment**

When an entrepreneur operates a successful business, he/she gets to do things for himself/herself, maintain self-confidence and make independent decisions. The entrepreneur will also be in position to produce or meet his/her basic needs.

### **Increased income and further investments**

A successful business generates more/increasing profits part of which the entrepreneur can use for personal purposes. The entrepreneur can also use part of the increasing profits to expand the business.

### **Recognition in community**

Owners of successful business are highly respected in the community because of the goods and services being provided. This will further help to attract more customers to the business.

### **Improved standards of living**

A successful business generates a lot of profits, which is the entrepreneur's income. With this therefore, the owner may be in position to meet most of his/her needs and as such improve on the standards of living.

#### **Activity 2.2.1**

**In groups visit both successful and failing businesses in your community and identify the following:**

- a) Reasons for their success or failure.**
- b) Measures that can be undertaken by the business owners to revive the failing businesses.**



**Make a classroom presentation of your findings from the field study.**

## **2.2.5: Factors that Lead to Business Failure**

### **Causes of Business Failure / Common Management Mistakes**

There are many factors which lead to business failure. It is therefore important that one becomes aware of the most common management mistakes that lead to business failures. This will enable one to avoid them and therefore save his/her business from failing. The following are some of the common management mistakes that cause most businesses to fail:

#### **Mistaking cash for profit**

Owners of some businesses at times tend to mistake the cash received from the sale of goods or services to be profit. Under this mistaken belief, they take and use it for purposes that may not be related to the business. As they do this for a long time, the business funds get depleted and the business fails.

#### **Lack of record keeping**

Without records, it is difficult for an entrepreneur to tell if a business is in trouble or not. In such circumstances, he/she will know it when it is too late.

#### **Poor customer care**

Businesses fail as a result of poor customer care by their owners or employees. If customers are not handled well, they will go to other businesses where they are treated better.

#### **Neglect**

Some other businesses fail due to the little attention that is given to them by their owners. This may result because of some factors such as loss of personal interest, bad habits, poor health, change of priorities etc.

**Incompetence**

This is simply the inability of the business owners and employees to manage the business operations efficiently and effectively.

**Theft of business funds, stock, assets etc**

The business may suffer from loss of its assets (cash, stocks, etc) through theft either by employees or thieves from outside.

**Interference of the family members in the running of the business**

This is where family members withdraw business funds for personal use, taking credit which they do not pay, chasing away business workers, etc.

**Death of the business owner**

If the owner dies and there is no one to take over the business or the business is subjected to family wrangles.

## 2.2.6: How to Revive a Failing Business

Many businesses are started with a lot of vigour from the business owners but within a short period of existence they end up collapsing due to some factors that lead to business failure. The following are some of the strategies / measures that can be undertaken by the business owners to revive a collapsing business:

- Ensuring good customer care to the existing and prospective customers
- Producing/ selling quality products
- Expanding the market size locally and internationally
- Ensuring proper bookkeeping for all financial transactions done by the business
- Ensuring that the business complies with the business laws e.g. paying taxes, registering the business, environmental conservation etc.
- Being creative and innovative in business
- Using modern technology



### Activity of Integration

- i. Give two common types of business in your community and state how they have benefited the society.
- ii. Name three successful businesses and two failing businesses.
- iii. State the factors that have led to the success of those businesses.
- iv. Suggest ways of reviving the failing businesses.

### Chapter Summary

In this chapter you have learned the following:

1. The different types of business
2. The benefits of doing business
3. Factors leading to success in business
4. Causes of business failure
5. Measures to be taken to revive a failing business