



DRAFT
TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN
UNIVERSITIES

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

Editors:

Prof. Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

August, 2012

Acknowledgements

The task of conceiving and producing training manual for the Nigerian university system is rather daunting. However, with the initiative of the Centre for African Entrepreneurship Research and Training (CAERT), Bayero University, Kano (BUK) and the leadership of the National Universities Commission (NUC), we were able to assemble renowned scholars and experts from various universities and institution to help develop the first Training Manual for the teaching of general entrepreneurship courses in universities.

Our propound gratitude goes to all the under listed contributors who sacrificed their time and comfort to contribute to the development of this Manual. We also deeply appreciate the support and encouragement of the Executive Secretary, NUC, Professor Julius Okojie. The logistical support and the active involvement of the Director Student Support Services, Hajiya Uwani Yahaya have been instrumental to the speedy progress of this undertaking. Equally, we sincerely appreciate the financial support and keen interest shown by Bayero University, Kano, under the leadership of Prof. Abubakar A. Rasheed, mni, to ensure the success of this task. Lastly, we are grateful to all the numerous individuals who contributed in one way or the other towards the completion of the first draft of this Training Manual.

Professor Murtala S. Sagagi
Lead Editor,
On behalf of the Editorial Board

List of Contributors

1. Prof. Murtala S. Sagagi Bayero University, Kano
2. Prof. G. O. Oke University of Ibadan
3. Prof. McOliver Prince University of Benin
4. Prof. Ben Oghojafor University of Lagos
5. Prof. Teresa M. Nmadu University of Jos
6. Dr. Aliu Sola Hamitle Consult, Abuja
7. Dr. Bala A. K/Mata Bayero University, Kano
8. Dr. A. Abimbola Covenant University, Ota
9. Dr. Abdulmalik Ndagi Technology Incubation Centre, Minna
10. Dr. Suleiman Aruwa Nassarawa State University, Keffi
11. Mr. Mayowa G. Agboola, Covenant University, Ota,
12. Mr. Tunji Dakare University of Lagos

OUTLINE

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

COURSE DESCRIPTION

This course is an introductory course for studying Entrepreneurship for the first time. The design and flow of the course are aimed at creating awareness, providing the knowledge and skills that are important to achieving success in all human endeavors.

COURSE OBJECTIVES

- (i) To provide a hands-on, practical guidance to understand and discover critical aspects of Entrepreneurship
- (ii) To develop competencies, know-how, experience, attitudes, resources, and network required to pursue different Entrepreneurial opportunities.
- (iii) To introduce students to the key requirements for starting an enterprise.
- (iv) To expose students to the many of the vital issues and immerse them in key learning experiences, such as the theories of Entrepreneurship, the Nigerian business environment, and the concept and management of innovation.

COURSE CONTENTS

MODULE 1: DEVELOPING ENTREPRENEURSHIP/INTRAPRENEURSHIP

Learning Outcomes

Upon completion of this module, students would have been able to:

- Define the concept of Entrepreneurship / Intrapreneurship
- Appraise the theories of Entrepreneurship
- Examine the concept of Corporate Entrepreneurship
- Discuss the Entrepreneurial / Intrapreneurial mind – the strategies, habits, attitudes and behaviours that work for Entrepreneurs / Intrapreneurial.

MODULE 2: THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT

Learning Outcomes

Upon completion of this module, students would have been able to:

- Discuss the Nigerian business environment (political, legal, socio-cultural, economic, natural, technological etc).
- Appraise the cultural issues at work in the entrepreneurial process.

- Master how to monitor and identify opportunities / threats and how to deal with such opportunities / threats in the environment
- Discuss barriers to Entrepreneurship

MODULE 3: CREATIVITY AND INTELLECTUAL RIGHTS

Learning Outcomes

Upon completion of this module, students would have been able to:

- Define what an intellectual property is and how it is protected
- Discuss the Nigerian copyrights laws
- Explore how to protect original ideas, concepts and products as well your enterprise from piracy.

MODULE 4: TECHNOLOGICAL ENTREPRENEURSHIP

Learning Outcomes

Upon completion of this module, students would have been able to:

- Explain the interface between Entrepreneurship and technology development
- Discuss how advances in technology have opened up a whole range of new opportunities for Entrepreneurial mind-set
- Examine the impact of technology on business.
- Identify new technology and entrepreneurship opportunities

MODULE 5: MANAGEMENT OF INNOVATION

Learning Outcomes

Upon completion of this module, students would have been able to:

- Discuss the concept, nature and types of innovation
- Appraise the theories of innovation
- Examine critical issues in financing new innovation and new ventures.
- Identify change and how it could be successfully managed
- Explore the impact of technological change

MODULE 6: FAMILY BUSINESS AND SUCCESSION PLANNING

Learning Outcomes

Upon completion of this module, students would have been able to:

- Discuss the concept of family business and the factors that make it unique
- Explore the cultural context of the family business
- Appraise the complex roles and relationships involved in a family business
- Identify entrepreneurial practices that enable a family business to function effectively
- Examine the process of managerial succession in a family firm.

- Analyze the major issues involved in the transfer of ownership to a succeeding generation.

MODULE 7: WOMEN ENTREPRENEURSHIP

Learning Outcomes

Upon completion of this module, students would have been able to:

- Discuss the concept and nature of women Entrepreneurship
- Examine barriers to women Entrepreneurship
- Identify the contributions of women Entrepreneurs to the economy.

MODULE 8: SOCIAL ENTREPRENEURSHIP

Learning outcome

Upon completion of this module, students would have been able to:

- Discuss the concept of social Entrepreneurship
- Discuss how social Entrepreneurs create value for the society.
- Explore factors that facilitate social Entrepreneurship

MODULE 9: BUSINESS OPPORTUNITY EVALUATION

Learning outcome

Upon completion of this module, students would have been able to:

- Examine opportunity, taking into consideration the criteria used by successful entrepreneurs, “Angels” and venture capital investors in evaluating potentials ventures.
- Discuss the difference between an idea and an opportunity
- Identify sources of information for finding and screening venture opportunities.
- Generate some new venture ideas that will eventually be used in the business planning process.



TRAINING MANUAL
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GENERAL ENTREPRENEURSHIP COURSES IN
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COURSE 1: ENTREPRENEURSHIP AND INNOVATION

MODULE 1:

DEVELOPING ENTREPRENEURSHIP / INTREPRENEURSHIP

Editors:

Prof .Murtala S. Sagagi

Prof. Sarah Anyanwu

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Dr. Oluremi Abimbola

DRAFT MODULE 1:

DEVELOPING ENTREPRENEURSHIP / INTREPRENEURSHIP

Learning Outcomes

Upon completion of this module, students would have been able to:

- Define the Concept of Entrepreneurship
- Appraise the Theories of Entrepreneurship
- Examine the Concept of Corporate Entrepreneurship/ Intrapreneurship
- Illustrate Entrepreneurial mindset and behaviours that hinder the creation of entrepreneurial society in Africa

Suggested Time 3 hours

Rationale

Research in entrepreneurship has identified a number of concepts, perspectives, and approaches to the study of entrepreneurship. Entrepreneurship student need a basic framework to understand the key features of entrepreneurship to enable them practice it and become successful entrepreneurs. Successful entrepreneurship requires more than merely luck and money. It is a cohesive process of creativity, risk taking, opportunity identification, innovation and value addition.

Activities

- 1)** Students are required to read hand out 1-4 and :
 - ❖ Identify the qualities needed for successful entrepreneurship
 - ❖ Discuss the key features of entrepreneurship definitions

- ❖ Discuss the attitudes and behaviours that work for entrepreneurs/ intrapreneurs.
- ❖ Discuss the case-You lazy African. What are learning points from that case study?

Review Questions

Why do you think there are so many definition of entrepreneurship?

INTRODUCTION

One of the greatest achievements of our time is the understanding of the role of entrepreneurship in the process of economic development. The work of Romer (1985) and Lucas (1988) have opened up a wide range of possibilities to introduce in a scientifically sound way innovative behavior resulting from risk taking behavior of individuals as a key driver of economic development. High (2004) found that entrepreneurship pervades nearly every aspect of economic development; not only does it spur growth through the introduction of new combinations, it also creates incremental improvements that over time exerts large cumulative effects. Entrepreneurship creates the overall system of prices within which business decisions are made. It continually shuffles productive resources, already existing and newly created, among, competing uses, thus improving allocative efficiency. Entrepreneurship is shown to influence the rules of the game through which production and exchange are carried out.

TOPIC 1:

a. The Concept of Entrepreneurship

The term 'entrepreneurship' is viewed differently by scholars, policy makers and researchers. The term generates a variety of connotations and remains somewhat elusive, even to some a mythical phenomenon. In this module, we will embark on a new adventure to understand the meaning of the term, and recognize the key features of entrepreneurship.

The controversy surrounding entrepreneurship theory has generated vigorous research interest in this area. Over the years, there has been quite fascinating contributions to add to our understanding of

entrepreneurship. Perhaps, a review of the various perspectives will be of help to the students of entrepreneurship.

(i) Definitional Debacle

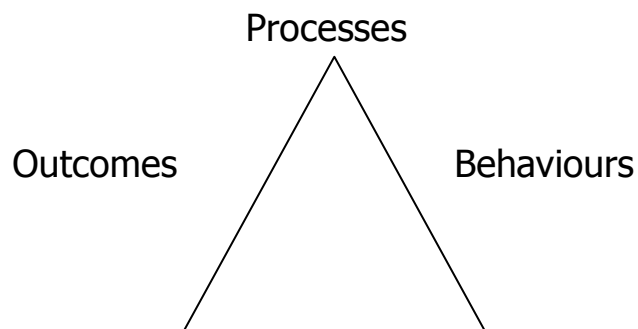
To enable students gain a clear understanding of entrepreneurship, the module would adopt the three dimensional framework developed by Stokes, Wilson and Mador (2010).

The Three Dimensions of Entrepreneurship

Entrepreneurship is regarded as an important part of modern economic, social and political life. According to Stokes, Wilson and Mador, the variety of definitions of entrepreneurship offered by a number of authors could be categorized into three main dimensions, which focus attention on:

- Behaviours
- Processes
- Outcomes

Figure 1.1: The Three Dimensions of Entrepreneurship



Process of Entrepreneurship – Mazuyka and Birley (2002) describe as process activities undertaken by entrepreneurs. Definitions under this category are mostly concerned with – what is involved in entrepreneurship and why it matters to individuals, organizations and society as a whole. For example:

- Entrepreneurship is the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich, Peters, Sheperd, 2005).

- Entrepreneurship is seen as any novel activity which creates organizational change and economic value. Mazuyka and Birley (2002) explained that entrepreneurship is the process of:
 - Identifying and developing an opportunity in the form of a vision
 - Validating and conceptualizing a business concept and strategy that help attain the vision
 - Marshalling the required resources to implement the concept
 - Implementing the business concept or venture
 - Capturing the opportunity through the growth of the enterprise
 - Extending the growth of the enterprise through sustained entrepreneurial activities
 - Capturing greater value in the market place

- Entrepreneurship is the process by which individuals either on their own or inside organizations – pursue opportunities without regard to the resources they currently control (Stevenson and Jarillo, 1990).

The main focus of the process dimension is in the development of a new business or innovation strategy and the writing of a business plan, activities that are sometimes considered as surrogate for the entrepreneurship process itself.

Behaviours – required in Entrepreneurship

These definitions highlight the role of entrepreneurs and the behaviours that distinguish them from others.

- Entrepreneurship is the characteristics of seeking opportunities, taking risks beyond security, and having the tenacity to push an idea through to reality (Kuratko, 2002). Galio and Katz (2001) argue that opportunity identification is the most distinctive and fundamental of entrepreneurial behaviours.
- Entrepreneurship is the inspiration of an idea, the struggle of men and women against long odds, and the satisfaction that come from succeeding on one's own (Sirropolis, 1994).
- Entrepreneurship is a way of thinking, reasoning and acting that is opportunity based, holistic in approach and leadership balanced (Timmons and Spinelli, 2004).
- Entrepreneurship is a kind of behavior that includes: initiative taking, the organizing and reorganizing of social and economic

mechanisms to turn resources and situations to practical account, the acceptance of risk or failure (Shapero, 1975).

- Entrepreneurship consists of the competitive behaviours that drive the market process (Kirzner, 1973).
- Entrepreneurship facilitate the introduction of new combinations by such things as introducing new products or processes, identifying new market or sources of supply or creating new organization of industry (Schumpeter, 1934).

(ii) Outcomes of Entrepreneurship

These definitions focus on the results of entrepreneurship (as a process or set of behaviours). Outcomes are usually understood in terms of new products and services, innovation, new ventures and or the creation of value for society. For example:

- Entrepreneurship results in the creation, enhancement realization and renewal of value, not just for the owners but for the participants and stakeholders (Timmons and Spinelli, 2004).
- Entrepreneurship is the dynamic force that facilitates the creation of incremental wealth (Hisrich, Peters and Shephard, 2010).
- Entrepreneurship is the introduction of new economic activity that leads to change in the market place (Simon in Sarasvathy, 1999).

(iii) Key Features of the Entrepreneurship Definitions

- The environment within which entrepreneurs occur
- The people engage in entrepreneurship
- Entrepreneurial behaviours displayed by entrepreneurs
- The creation/establishment of organizations by entrepreneurs.
- Opportunities identified and exploited.
- Innovation, whether incremental, radical and or transformative.
- Assuming risk, at personal, organizational and even societal levels.
- Adding value to the entrepreneur and society

b. Theories of Entrepreneurship

The nature of the debate on entrepreneurship is continuing one and has threaded its way raising the specters of what constitute entrepreneurship. Economists, who are the first to use the term entrepreneur (Say 1816), hold different and opposing views and social science is no further forward in the understanding of this phenomenon. Hence, there is no unifying theory of entrepreneurship, but rather a series of factional propositions often falling within a particular body of

knowledge. However, the wealth of the current research can be boiled down to rather modest perspectives of entrepreneurship. These perspectives reflect the three dimensions of entrepreneurship already introduced.

The Functional Perspective

Early theories of entrepreneurship originate in the field of economics. The primary aim was to define the entrepreneurial function (Casson, 1982), which could be explained by the activities and behaviours (or characteristics) of entrepreneurs. The functional approach succeeded in conceptualizing the concept of entrepreneurship in terms of the entrepreneur's interaction with his or her environment.

The Personality Perspective

In a study conducted by Cromie and Johns (1983), they argued that entrepreneurship is a personality variable, thereby shifting the focus of attention to the entrepreneurs. The personality approach holds that certain individuals possess a distinctive range of personality characteristics or constellation of traits which they could claim predisposed them to entrepreneurial activities. These characteristics include a high need for achievement, internal locus of control, risk taking propensity and self efficacy. This approach has suffered from a number of criticisms (Gartner, 1988). Some of the criticisms focused on the static nature of the approach in understanding the entrepreneur, giving little or no room for the individuals concerned to develop, learn and change.

The Behavioural Perspective

In an attempt to address the criticisms of the personality approach, entrepreneurship scholars have developed a more comprehensive model that emphasized the process-based view of new venture creation. The principal aim of this approach is to explain the functions, activities, and actions associated with the perceiving of opportunities and the creation of an organization to pursue them (Bygrave and Hofer, 1991). It focuses on what entrepreneurs do, rather than who they are (Gartner, 1988). This perspective is especially promising for training and educational endeavours in entrepreneurship. It endorses the view that the most important driver of value creation is the enterprise and creativity of individuals, assets which only the individuals themselves can own (Horne, 2000). One of the major concerns of this perspective is

that it fails to take into account the ability of entrepreneurs to learn and adapt once the venture is established.

The dynamic Learning Perspective

This perspective goes beyond the venture start up phase to consider the complex ways in which entrepreneurs learn to adapt as their enterprise grows. It has important implications for the role of entrepreneurship in established and larger firms.

C. Entrepreneurship and New Venture Creation

- Does Entrepreneurship always involve new venture creation?
Many scholars associate entrepreneurship with setting up a new business. But it has been argued by Stokes, Wilson and Mador (2010) that new venture creation is, in effect, a contingent outcome of entrepreneurship. In other words, you don't have to start a business to be entrepreneurial. This is the reality of contemporary entrepreneurship. It is not only an economic function, but a social process that creates value for many different people in a wide – variety of contexts.
- Entrepreneurship is the exercise of alertness, creativity, judgement, and the will to bring about a preferred outcome. Thus defined, entrepreneurship permeates the social fabric (High, 2004).
- Entrepreneurship is seen as a mindset for bringing about sustainable change.

D. The Concept of Corporate Entrepreneurship

Corporate Entrepreneurship is defined as a process whereby an individual (or a group of individuals), in association with existing organization, creates a new organization or instigates renewal or innovation within the organization. Corporate entrepreneurship represents a company's effort at renewal through innovation and new business development and through venturing. It allows existing firms to revitalize by providing an antidote to fossilisation (Burns, 2008).

Morris, Kuratko and Covin (2008) have cited two empirical phenomena as constituting the domain of corporate entrepreneurship – namely corporate venturing and strategic entrepreneurship.

- Corporate Venturing approaches have as their commonality the adding of new business (or portions of new businesses via equity investments) to the corporation. This can be accomplished through three implementation modes: internal corporate Venturing, Cooperative Corporate Venturing and External corporate ventures.
- Strategic Entrepreneurship approaches have as their commonality the exhibition of large scale or otherwise highly consequential innovations that are adopted in the firm's pursuit of competitive advantage. These innovations may or may not result in new business for the corporation. With strategic entrepreneurship approaches, innovation can be in any of the five areas: the firm's strategy, product offerings, served markets, internal organization (i.e. structure, processes, and capabilities), or business model.

Many organizations today are recognizing the need for corporate entrepreneuring. Large organizations are deliberately trying to remain entrepreneurial by encouraging managers to innovate and some have succeeded in sustaining entrepreneurial tendencies longer than many smaller firms.

This need has arisen in response to a number of pressing problems, including rapid growth in the number of new and sophisticated competitors, intense global competition and the speed of technological change (Ramachandran et al, 2006), a sense of distrust in the traditional methods of corporate management, an exodus of some of the best and brightest people from corporations to become small business entrepreneurs, downsizing and delegation of powers to smaller, strategic business units, and an overall desire to improve efficiency and productivity.

E. Illustration:

YOU LAZY (INTELLECTUAL) AFRICAN SCUM! A MUST READ FOR ALL

So I got this in my email this morning...

They call the Third World the lazy man's purview; the sluggishly slothful and languorous prefecture. In this realm people are sleepy, dreamy, torpid, lethargic, and therefore indigent—totally penniless, needy, destitute, poverty-stricken, disfavored, and impoverished. In this demesne, as they call it, there are hardly any discoveries, inventions, and innovations. Africa is the trailblazer. Some still call it "the dark continent" for the light that flickers under the tunnel is not that of hope, but an approaching train. And because countless keep waiting in the way of the train, millions die and many more remain decapitated by the day.

"It's amazing how you all sit there and watch yourselves die," the man next to me said. "Get up and do something about it."

Brawny, fully bald-headed, with intense, steely eyes, he was as cold as they come. When I first discovered I was going to spend my New Year's Eve next to him on a non-stop JetBlue flight from Los Angeles to Boston I was angst-ridden. I associate marble-shaven Caucasians with iconoclastic skin-heads, most of who are racist.

"My name is Walter," he extended his hand as soon as I settled in my seat.

I told him mine with a pre-cautious smile.

"Where are you from?" he asked.

"Zambia."

"Zambia!" he exclaimed, "Kaunda's country."

"Yes," I said, "Now Sata's."

"But of course," he responded. "You just elected King Cobra as your president."

My face lit up at the mention of Sata's moniker. Walter smiled, and in those cold eyes I saw an amenable fellow, one of those American highbrows who shuttle between Africa and the U.S.

"I spent three years in Zambia in the 1980s," he continued. "I wined and dined with Luke

Mwananshiku, Willa Mungomba, Dr. Siteke Mwale, and many other highly intelligent Zambians."

He lowered his voice. "I was part of the IMF group that came to rip you guys off." He smirked.

"Your government put me in a million dollar mansion overlooking a shanty called Kalingalinga.

From my patio I saw it all—the rich and the poor, the ailing, the dead, and the healthy."

"Are you still with the IMF?" I asked.

"I have since moved to yet another group with similar intentions. In the next few months my colleagues and I will be in Lusaka to hypnotize the cobra. I work for the broker that has acquired a chunk of your debt. Your government owes not the World Bank, but us millions of dollars. We'll be in Lusaka to offer your president a couple of millions and fly back with a check twenty times greater."

"No, you won't," I said. "King Cobra is incorruptible. He is ..."

He was laughing. "Says who? Give me an African president, just one, who has not fallen for the carrot and stick."

Quett Masire's name popped up.

"Oh, him, well, we never got to him because he turned down the IMF and the World Bank. It was perhaps the smartest thing for him to do."

At midnight we were airborne. The captain wished us a happy 2012 and urged us to watch the fireworks across Los Angeles.

"Isn't that beautiful," Walter said looking down.

From my middle seat, I took a glance and nodded admirably.

"That's white man's country," he said. "We came here on Mayflower and turned Indian land into a paradise and now the most powerful nation on earth. We discovered the bulb, and built this aircraft to fly us to pleasure resorts like Lake Zambia."

I grinned. "There is no Lake Zambia."

He curled his lips into a smug smile. "That's what we call your country. You guys are as stagnant as the water in the lake. We come in with our large boats and fish your minerals and your wildlife and leave morsels—crumbs. That's your staple food, crumbs. That corn-meal you eat, that's crumbs, the small Tilapia fish you call Kapenta is crumbs. We the Bwanas (whites) take the cat fish. I am the Bwana and you are the Muntu. I get what I want and you get what you deserve, crumbs. That's what lazy people get—Zambians, Africans, the entire Third World." The smile vanished from my face.

"I see you are getting pissed off," Walter said and lowered his voice. "You are thinking this Bwana is a racist. That's how most Zambians respond when I tell them the truth. They go ballistic. Okay.

Let's for a moment put our skin pigmentations, this black and white crap, aside. Tell me, my friend, what is the difference between you and me?"

"There's no difference."

"Absolutely none," he exclaimed. "Scientists in the Human Genome Project have proved that. It took them thirteen years to determine the complete sequence of the three billion DNA subunits.

After they were all done it was clear that 99.9% nucleotide bases were exactly the same in you and me. We are the same people. All white, Asian, Latino, and black people on this aircraft are the same."

I gladly nodded.

"And yet I feel superior," he smiled fatalistically. "Every white person on this plane feels superior to a black person. The white guy who picks up garbage, the homeless white trash on drugs, feels superior to you no matter his status or education. I can pick up a nincompoop from the New York streets, clean him up, and take him to Lusaka and you all be crowding around him chanting muzungu, muzungu and yet he's a riffraff. Tell me why my angry friend."

For a moment I was wordless.

"Please don't blame it on slavery like the African Americans do, or colonialism, or some psychological impact or some kind of stigmatization. And don't give me the brainwash poppycock.

Give me a better answer."

I was thinking.

He continued. "Excuse what I am about to say. Please do not take offense."

I felt a slap of blood rush to my head and prepared for the worst.

"You my friend flying with me and all your kind are lazy," he said. "When you rest your head on the pillow you don't dream big. You and other so-called African intellectuals are damn lazy, each one of you. It is you, and not those poor starving people, who is the reason Africa is in such a deplorable state."

"That's not a nice thing to say," I protested.

He was implacable. "Oh yes it is and I will say it again, you are lazy. Poor and uneducated Africans are the most hardworking people on earth. I saw them in the Lusaka markets and on the street selling merchandise. I saw them in villages toiling away. I saw women on Kafue Road crushing stones for sell and I wept. I said to myself where are the Zambian intellectuals? Are the Zambian engineers so imperceptive they cannot invent a simple stone crusher, or a simple water filter to purify well water for those poor villagers? Are you telling me that after thirty-seven years of independence your university school of engineering has not produced a

scientist or an engineer who can make simple small machines for mass use? What is the school there for?"

I held my breath.

"Do you know where I found your intellectuals? They were in bars quaffing. They were at the Lusaka Golf Club, Lusaka Central Club, Lusaka Playhouse, and Lusaka Flying Club. I saw with my own eyes a bunch of alcoholic graduates. Zambian intellectuals work from eight to five and spend the evening drinking. We don't. We reserve the evening for brainstorming."

He looked me in the eye.

"And you flying to Boston and all of you Zambians in the Diaspora are just as lazy and apathetic to your country. You don't care about your country and yet your very own parents, brothers and sisters are in Mtendere, Chawama, and in villages, all of them living in squalor. Many have died or are dying of neglect by you. They are dying of AIDS because you cannot come up with your own cure.

You are here calling yourselves graduates, researchers and scientists and are fast at articulating your credentials once asked—oh, I have a PhD in this and that—PhD my foot!"

I was deflated.

"Wake up you all!" he exclaimed, attracting the attention of nearby passengers. "You should be busy lifting ideas, formulae, recipes, and diagrams from American manufacturing factories and sending them to your own factories. All those research findings and dissertation papers you compile should be your country's treasure. Why do you think the Asians are a force to reckon with? They stole our ideas and turned them into their own. Look at Japan, China, India, just look at them."

He paused. "The Bwana has spoken," he said and grinned. "As long as you are dependent on my plane, I shall feel superior and you my friend shall remain inferior, how about that? The Chinese, Japanese, Indians, even Latinos are a notch better. You Africans are at the bottom of the totem pole."

He tempered his voice. "Get over this white skin syndrome and begin to feel confident. Become innovative and make your own stuff for god's sake."

At 8 a.m. the plane touched down at Boston's Logan International Airport. Walter reached for my hand.

"I know I was too strong, but I don't give it a damn. I have been to Zambia and have seen too much poverty." He pulled out a piece of paper and scribbled something. "Here, read this. It w

He had written only the title: "Lords of Poverty."

Thunderstruck, I had a sinking feeling. I watched Walter walk through the airport doors to a waiting car. He had left a huge dust devil twirling in my mind, stirring up sad memories of home. I could see

Zambia's literati—the cognoscente, intelligentsia, academics, highbrows, and scholars in the places he had mentioned guzzling and talking irrelevancies. I remembered some who have since passed—how they got the highest grades in mathematics and the sciences and attained the highest education on the planet. They had been to Harvard, Oxford, Yale, Massachusetts Institute of Technology (MIT), only to leave us with not a single invention or discovery. I knew some by name and drunk with them at the Lusaka Playhouse and Central Sports.

Walter is right. It is true that since independence we have failed to nurture creativity and collective orientations. We as a nation lack a workhorse mentality and behave

like 13 million civil servants dependent on a government pay cheque. We believe that development is generated 8-to-5 behind a desk wearing a tie with our degrees hanging on the wall. Such a working environment does not offer the opportunity for fellowship, the excitement of competition, and the spectacle of innovative rituals.

But the intelligentsia is not solely, or even mainly, to blame. The larger failure is due to political circumstances over which they have had little control. The past governments failed to create an environment of possibility that fosters camaraderie, rewards innovative ideas and encourages resilience. KK, Chiluba, Mwanawasa, and Banda embraced orthodox ideas and therefore failed to offer many opportunities for drawing outside the line.

I believe King Cobra's reset has been cast in the same faculties as those of his predecessors. If today I told him that we can build our own car, he would throw me out.

"Naupena? Fuma apa." (Are you mad? Get out of here)

Knowing well that King Cobra will not embody innovation at Walter's level let's begin to look for a technologically active-positive leader who can succeed him after a term or two. That way we can make our own stone crushers, water filters, water pumps, razor blades, and harvesters. Let's dream big and make tractors, cars, and planes, or, like Walter said, forever remain inferior.

A fundamental transformation of our country from what is essentially non-innovative to a strategic superior African country requires a bold risk-taking educated leader with a triumphalist attitude and we have one in YOU. Don't be highly strung and feel insulted by Walter. Take a moment and think about our country. Our journey from 1964 has been marked by tears. It has been an emotionally overwhelming experience. Each one of us has lost a loved one to poverty, hunger, and disease. The number of graves is catching up with the population. It's time to change our political culture. It's time for Zambian intellectuals to cultivate an active-positive progressive movement that will change

our lives forever. Don't be afraid or dispirited, rise to the challenge and salvage the remaining few of your beloved ones.

Field Ruwe is a US-based Zambian media practitioner and author. He is a PhD candidate with a B.A. in Mass Communication and Journalism, and an M.A. in History Via Mindofmalaka.wordpress.com

Sent from my BlackBerry® wireless handheld from Glo Mobile.

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**TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN
UNIVERSITIES**

**COURSE 1: ENTREPRENEURSHIP AND INNOVATION
MODULE 2:
THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT**

Editors:

Prof .Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

DRAFT MODULE 2:

THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT

OBJECTIVES:

The main objectives of this module are to:

1. discuss the Nigerian business environment (political, legal, socio-cultural, economic, natural, technological etc)
2. appraise the cultural issues at work in the entrepreneurial process
3. master how to monitor and identify opportunities / threats and how to deal with such opportunities / threats in the environment
4. discuss barriers to Entrepreneurship

Time: 3 hours of interaction with students are recommended

RATIONALE:

Entrepreneurship can be defined in many ways. One school of thought focuses on the entrepreneurial personality, which locates this concept within the bounds of individual traits, (Chell et al, 1991; Chell, 1997). The second school views entrepreneurship as a process (entrepreneurial activity), which is actualized by the creation of a new organization (Vesper 1990; Gartner, 1989). In this module, greater attention will be giving to issues related to the environment conducive to venture creation. This is aligned to the second school of thought, i.e. focused on new venture creation and the suitable environment.

Entrepreneurship has been shown to be one of the key drivers of economic growth (Wennekers and Thurik (1999), Carree et al. (2002), Van Stel et al. (2005) through the creation of new ventures or expansion of economic activity, by identifying and exploiting new products, processes or markets. However, it is recognized that environmental factors of significance to entrepreneurial performance are: (i) Political climate, (ii) Economical Conditions, (iii) Socio-cultural, (iv) Technological, (v) Environmental/ecological and (vi) Legal system; this is given the acronym PESTEL Analysis. Entrepreneurs are expected to consider the effect of these factors in the choice of enterprise and its location in order to enable them determine the viability of the business and plan adequately for its success.

ACTIVITIES:

1. Students to read Handout 1 and discuss the following questions:
 - a. Explain the meaning of business environment

- b. Using PESTEL analysis, discuss the business environment in Nigeria?
 - c. What are the factors that influence good business environment?
 - d. What should the government do to improve the business environment in Nigeria
2. Explain the effect of culture on entrepreneurial development with students. Have them to read handout 2 and then allow them to discuss globalization and its effect on local socio-cultural business practice.
3. Have students to read Handout 3 and worksheet 1 and complete the assignment in worksheet 1.
4. Lead students through the case study and encourage open discussion of the case questions.
5. Have students to read Handout 4; and encourage them to carry out self examination to identify the fears and barriers that may deter them from becoming entrepreneurs.

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Handout1:

THE NIGERIAN ENTREPRENEURIAL ENVIRONMENT

INTRODUCTION: The entrepreneurial environment is affected by the general business climate in the country. In other words, the capacity of people to create new ventures or remodel the existing enterprises can be enhanced or discouraged by the state of the business environment. In general, business environment refers to the influences and pressures exerted by external factors on the business. The success of every undertaking depends on adapting to the changing environment within which it functions. For example, when there is a change in the government policy, entrepreneur has to make the necessary changes to adapt to the new policy; otherwise its future can be compromised. The business environment includes all the external factors that provide opportunities and threats to entrepreneurs and corporate bodies. Thus, there is need to assess the environment and then design a strategy that allows entrepreneurs to thrive successfully.

Broadly speaking, the environmental factors are political, economic, social, technology, ecology and legal factors otherwise called **PESTEL** by Koon (Koon 2011). PESTEL analysis is considered the starting point of 'doing business' and environmental analysis; and these will be used to discuss the Nigerian business environment.

Political factors

- Taxation Policy (Tax rates and administration)
- Trade regulations
- Political stability
- Security of Life and Property
- Corruption index

Economical factors

- Inflation rate
- Growth in spending power
- Rate of people in a pensionable age
- Recession or Boom
- Access to Finance and cost of finance
- Production factor costs
- Per Capital Income
- Monetary/fiscal policies

Socio-cultural

- Age distribution.
- Education levels.
- Income level.
- Diet & nutrition.
- Local custom
- Religion

Technological factors

- Technological changes
- New or improved distribution channels
- Improved communication and infrastructure
- Knowledge Transfer and
- Technology Absorption

Environmental/Ecological factors

Laws and local regulations on

- a. Waste disposal
- b. Energy consumption
- c. Pollution monitoring etc.

Legal factors

- Legal System
- Registration of business and business premises
- Licenses and Permits
- Product safety Standards
- Advertising regulations

From the above, the creation of a favourable business environment entails providing conditions for effective, efficient and profitable enterprise development. It is the responsibility of the government to ensure that an enabling environment is created for entrepreneurial activities. Thus, the exercise of political powers should produce a favourable climate that will give investors confidence to invest in the national economy.

A good business environment entails well functioning and efficient public infrastructure, institutional systems and regulatory services. This will help to reduce cost of doing business, difficulties encountered in operating a business and business mortality rate. To develop a right perspective about business environment in Nigeria, there is need to discuss each one of the external environment constituents.

1. Political environment: Political stability is an important factor which determines the business growth or downfall. A country with relative political stability would

witness inflow of foreign capital and will encourage capital accumulation locally. Since the introduction of civilian rule in 1999, there has been relative policy stability in Nigeria; and this has led to an increase in the volume of foreign direct investment (FDI) in Nigeria. Nigerian trade regulations and public procurement policies are liberal and allows for competitiveness. The country's risk rating according to Fitch and S&P is BB-. However, there is at present a perceived threat to political and economic security as a result of increased in criminal activities in the form of kidnapping and destruction of life and property. Similarly, the perception of excessive corruption in public procurement and governance still exist. This means that there will not be adequate resources to invest public utilities and social services. This makes the cost of doing business extremely high in Nigeria as investors have to provide their own power, water, security and so on.

2. Economic environment: Economic environment refers to the overall economic policies (fiscal and monetary) of government, controls and regulations, etc. All these have a serious impact on the functioning of business organisations. Nigeria has adopted the Capitalist Economic System, where market forces [demand and supply] rather than other factors govern the market. In a Mixed Economic System, government would be selective in allowing the presence of private enterprises in certain activities, reserving some spheres completely for governmental operations. The Nigerian economic environment has few restrictions (mainly in defence-related activities) and any other business that can pose a threat to national security.

Nigeria has also adopted trade liberalization under UNCTAD protocols. However, smuggling and unbridled importation and dumping of cheap and substandard goods is posing a threat to local industries.

3. Social environment: Social environment exert pressure on business organisations to adhere to certain cultural and religions factors. Cultural factors refers to the values, norms, customs, ethics, goals and other accepted behaviour pattern of people in a given society. Another serious aspect of the cultural environment is the attitude and behaviour of the people in urban and rural areas. Business organizations will prefer urban educated persons to persons from rural areas. Also businesses must respect the religious beliefs of their immediate community if they are to flourish.

Closely linked to social environment is demographic which refers to the size and behaviour of the active population in a country. Nigeria has an active population of over 100 million thus making her a large internal market.

4. Technological environment: This is a very significant external factor determining the destiny of business organizations. Supported by computerized operations, modern business organizations have succeeded in analyzing customers, minimizing the defects in products, ensuring service at the right time and place, etc. While communications used to take unduly long time only ten year ago, business communications are instantaneous these days, thanks to modern satellite technology. Modern organizations have recognized that research and development alone can ensure organizational growth and stability. They have become more and more pro-active and remain as change agents of the economy. Governments have also become more technology conscious that right from police controls to registration of title deeds, computerizations has been adopted. Customer servicing through call centres is the latest necessity of organizations.

Manufacturing activities have become more and more technically sophisticated. Therefore the need for skilled workforce has increased.

5. Ecological environment: Nigeria is a signatory to various international treaties on green production to safeguard the environment from excessive pollution. The need for preventing unfriendly climate change and preserving natural resources has forced many states to enact laws that place more responsibility on the manufacturing sector. These determine how they should handle waste products and effluents. Pollution control has become more stringent; and companies are required to carry out environmental impact assessment before they are granted permits to operate in Nigeria.

6. Legal environment: Nigeria has a robust legal system that is somewhat favourable to 'doing business'. In recent time, alternative dispute resolution for business and commerce has been strengthened. In Lagos State for example, a commercial division has been created in the High Court to handle enterprise disputes. These will not only fast tract resolution of commercial cases but also reduce the cost of dispute settlement. Lagos Chamber of Commerce and Industry has established Lagos Chamber Arbitration Centre (LCAC) to provide arbitration,

mediation and reconciliation services for entrepreneurial business disputes. Enterprises now use arbitration and mediation in resolving their differences rather than refer all cases to the courts. If these initiatives are practice across the country, the time and cost for dispute settlement will be significantly reduced.

Today, licenses and permits can be obtained easily and speedily for new enterprises through the one-stop-shop window at the Nigerian Investment Promotion Commission (NIPC) as well as at the fast-track window in the head office of Corporate Affairs Commission (CAC).

ASSIGNMENT

1. Explain the meaning of business environment
2. Using PESTEL analysis, discuss the business environment in Nigeria?
3. What are the factors that influence good business environment?
4. What must government do to improve the business environment in Nigeria

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Handout 2:

CULTURAL ISSUES AT WORK IN THE ENTREPRENEURIAL PROCESS

Let us start by first defining Culture and Entrepreneurship independently to understand the relationship between these two seemingly different subject matter and the cross cultural effect in the Entrepreneurial process.

Culture refers to the enduring set of values and expected behaviour of a Nation, a Region or an Organisation.

Entrepreneurship is defined as the act and process by which Societies, Regions and Organisation or Individuals identify and pursue business opportunities to create wealth. Entrepreneurs drive the economy because they create wealth through innovations, risk taking and management.

Cultural values indicate the degree to which a society considers entrepreneurial behaviour. Successful entrepreneurial process depends on different cultural issues and factors including the characteristic of the entrepreneur and the entrepreneur's Cultural, Psychological and Economic Environment.

The Characteristic of the Entrepreneur under this sub topic will be studied from a different viewpoint of the Personality, Background and Gender of the Entrepreneur. The Total Environment of the Entrepreneur will include, but not limited to, Traditional Belief System, Religious Sentiment, Ethnic Sentiment, Education, Language Barrier and Uncertainty Avoidance.

1. **Personality:** Some Individuals have a high inclination to create a venture and succeed than others. They have a high tendency to be able to take and manage risk. Personal values and goals also have a high role in determining the level of interest of an individual in becoming self employed and venturing. For example, when the Banking Sector in Nigeria first went public and many initial offers were available in the stock market, some individuals took the opportunity to buy shares; many of these people made money, and a few lost money depending on the banks they took the risk of investing in. There were several individuals who preferred to observe the market to know when to buy and never did because their analysis paralyzed their intension to buy; while others never wanted anything to do with it because according to them "the risk is too high". These risk averse individuals never benefitted from the then juicy investment opportunity in the boom that the banking sector enjoyed for some time.
2. **Background/Family:** Background most often than not informs your personal values and goals in life. A person from a business inclined family or a person from an area where business is highly appreciated has high tendency to venture into business, become innovative, take calculated risks

and be committed to the success of the business than a person from a *Business Disadvantaged Family or Area*. A good example will be the people from the South Eastern part of Nigeria who are largely business people and are principally responsible for the beehive of business activities in our ports and cities. Dangote, for example, while growing up is said to have learnt a lot from his uncle Dantata.

3. **Gender:** This involves the attitudes and perception of people on the fact of being a male or female in the society and how this influences their social interactions. Today, women entrepreneurs regardless of their impact and contributions to global business still face gender challenges as owning a business is a non-traditional occupation for women in many cultures. Nigeria with a fast growing business opportunity is still considered to hold conservative values and traditional customs in doing business and not allowing women take important role in business. Entrepreneurial activity is recognised to be an occupation for men whereas women should take care of the home front. As many other African country, Nigeria is a Patriarchal society, it goes to say gender expectation is that women should be humble and modest and that they should take less dominant role in entrepreneurial activities. In a research carried out recently a woman entrepreneur was quoted as saying “As a married woman, I cannot spend a lot of time with my children, it is hard, and Men in Nigeria do not offer to help out with the Kids” (Woldie & Adesua, 2004:86). In some Nigerian societies, women are most times denied access to property and land ownership, this tantamount to lack of access to funds for business especially large business as there will be no property to use as collateral. In a study conducted recently, the number of application for loan in Micro Finance Bank of Male and Female is a ratio of 65% to 35% (Nigerian Women, 2010). In Nigeria (within the last few decades), it is seen that women are changing their traditional family roles (subservience, supportive and submissiveness) as more women are now involved in entrepreneurial ventures and business management in order to provide income for their family and home keeping. Men are beginning to also appreciate women entrepreneurs and their influential impact in global economies and business today.
4. **Traditional Beliefs:** Traditional beliefs also play a major role in business development and progress. Areas where tradition forbids its people from using, consuming and marketing a product or services may not appreciate its market value outside its domain. In some part of Cross River State, dogs are consumed as delicacies whereas in other areas dogs are reared as a business to make money. Dogs can be cross-bred and sold for purpose of security keeping or as pets. A part of Delta State forbids any association with rabbits and might not know the market value of it elsewhere. In Nigeria Cassava is primarily farmed for consumption. It is processed into garri,

starch, cassava flakes (bobozi), cassava flour (fufu or akpu) for human consumption. By the general tradition and practice, cassava and its bi-product is a staple “food”. An average Nigerian especially from the South must swallow food made from cassava in a day. He is not aware of the business potentials of large cassava plantation for industrial usage. The Asian Tigers have become very innovative with cassava, and built an industry to make flourishing business as they use it for making industrial starch and fibre for car bumpers.

5. **Religious/Ethnic Sentiment:** Religious and Ethnic belief also determines the kind of business that will thrive in a particular Area. Some religion forbids its member from associating with snails or pigs. The members of such religion disassociate themselves from related businesses. It is indeed a suicide mission to sight a Piggery in a predominant Muslim community. It is equally a mission impossible to operate a beer/liquor business in a sharia compliant state in Nigeria.
6. **Education:** Like most African countries, Nigeria is still known for its high level of illiteracy. Lack of education is a barrier for successful entrepreneurial activities as education enhances self-esteem, confidence and gives the individual a clear edge especially when in a very competitive business. Entrepreneurship education puts a trainee in an advantage especially where the individual has no natural inclination for business or is not from a family of business people. However, it is important to recognize at all times that “some Entrepreneurs are born, and some are made”. Cosmas Maduka, owner of Coscharis Group of Companies, though without a formal education is a successful business man. Many people are not that “lucky”. Many Nigerians with access to entrepreneurship education and training, especially those who went through the Executive Training programmes in some Business Schools had the opportunity of acquiring knowledge through education and creating wealth from scanning their environments for viable business opportunities and helping in nation building through adding value to natural local economic products. They are creating wealth from solving societal challenges; e.g. from managing waste products and converting same to manure or energy.
7. **Language:** Nigeria is a multi-lingual African country that has a large number of its population living in rural areas. Because of lack of education in many of these areas, the rural dwellers may not be able to take their products out for sale in the larger markets due to communication challenges and therefore do not participate in the larger national/international economic/commercial activities. And so the only way to break this disconnect is that the entrepreneur intending to do business there should learn to understand and speak the language of the people. He will thus

become an acceptable member of the community, gain their confidence and subsequently establish and run a successful service enterprise. He can also assist them in the national/international marketing of their local products.

8. **Uncertainty Avoidance:** Uncertainty avoidance is a cultural trait closely linked to attitudes of risk taking. Uncertainty avoidance can be interpreted in relation to the extent which a society tolerates ambiguity. An average residence of Lagos State is a risk taker and a hustler, this accounts for why businesses thrive there. On the other hand, the average man (living in the villages in the interior of the country) would not dare to take too many risks and so remains contented and comfortable with his status quo. The higher the level of uncertainty avoidance in a society, the lesser the society is inclined to be entrepreneurial. The fact that the Central Bank of Nigeria has decided to test-run its cashless-economy policy in Lagos is indicative of the readiness of people in Lagos to cope with the uncertain environment this new policy might bring at the initial stage.

Cultural values may be a source of competitive advantage for local enterprise in some societies. However, the current trend in the globalization of business, ease of transportation, improved education and modern communication services, along with the increased access to these services are eroding the significance of local cultures as a deterrent for foreign direct investment. People are becoming more homogeneous particularly within the business context through the use of joint venture agreements.

A new trend is for people to explore their culture and develop a viable cultural tourism trade. For example, the annual Abuja Cultural Festival can run parallel cultural, art and artefacts, and national cousins' exhibitions. Participating SMEs, sponsored by their state/local governments, will not only benefit financially but will also learn from each other how to improve on their presentations and quality of goods and services.

Handout 3:

HOW TO MONITOR AND IDENTIFY OPPORTUNITIES / THREATS AND HOW TO DEAL WITH SUCH OPPORTUNITIES / THREATS IN THE ENVIRONMENT

Everyone has a good business idea from time to time, but it takes the spirit of an entrepreneur to turn those **innovative business ideas** into real, sustainable businesses. You have to have the drive to see your plan through to fruition, and you have to be able to come up with a business plan to ensure that you are doing things correctly. If you are at a loss when it comes to new business ideas, take some time to sit down and think about different types of services and products that people want and will be able to use often. The following list of business ideas should help to get your creative juices flowing.

If you are a creative individual, going into business for yourself can be a breath of fresh air. You will be able to work in a field that you enjoy, and you will be creating things for a living. Here are some of the top business options for you.

- Digital and traditional photography holds quite a few possibilities. You can sell your photos on stock sites, become a photographer for weddings and parties, and even sell photos to magazines. Graphic artists can create logos and web graphics for companies and individuals, and they can create t-shirts, prints, and more to sell on their own. Writers have more options today than at any time in the past. Writing content for websites, writing and publishing e-books, and blogging for profit are all real, sustainable sources of income.

If you are a service oriented person, you should consider all of the different types of services that you've had to use in the past, and services that you wished existed. If you've had a desire for these services, you can bet that others will too. For example:

- Organizing parties and reunions can be a hassle, and it takes a detail-oriented person who loves the process to be able to do it right. If you have the drive, you might want to consider becoming an Event Planner. You can organize birthday parties for children, events at galleries and other public buildings, corporate events for clients, etc.
- Another type of service business that you might want to consider is a house and carpet cleaning service. People often don't have time and the technology to do these things on their own, and they are more than willing to pay someone else to come in and do it for them.

As you begin the process of finding and developing the best business strategy for your perfect business, understanding the distinction between the entrepreneur and proprietor is vitally important to you.

There are two key distinctions:

- The “**entrepreneur**” builds value in the market place primarily by leveraging the skills and assets of others, not through his individual technical contribution.
- The small business “**proprietor**” tends to build his business around himself, his craft, or his expertise and weaves himself into the fabric of the business often to such a degree that the business would not function without him.

Which are you? Do you think you can be a little of both?

While you can certainly create astonishing success as either one of them, knowing which appeals to you and aligns best with your goals and what you want to invest your energy doing will help you understand the business systems and processes you will want to plan on implementing.

Have you ever heard the expression ‘**success leave clues**’? It’s true. For some crazy reason many people believe that they are supposed to automatically ‘know’ what they need to know about succeeding in life and business. But when you think of the number of variables and limitless complexity let alone all the complex beliefs and psychological belief factors involved, it is clear that this is just plain wrong thinking. No matter how much (or little) experience you have, you need a step-by-step system to guide you from where you are to where you want to go. You’re going to learn the secrets to bypassing the hazards and stumbling blocks and avoid the costly mistakes that curtail, inhibit or even completely thwart the success of most other business owners.

Start with Mindset Development

- You should intuitively sift through complexity of opportunities to consistently make the right decisions and take **ONLY** the actions that propel your perfect success forward; and obliterate the subconscious limiting beliefs, self doubts and mental saboteurs that inhibit or completely thwart your success efforts
- You should master powerful advantage-making methods and problem-solving techniques that generate and sustain astonishing levels of success
- You should know with 100% certainty that you cannot fail and enjoy the time, freedom and lifestyle you prefer; and have fun doing it
- You should mentally organize your perfect business so that you’ll be doing **ONLY** what you love and where your contribution has the biggest impact
- You should develop an unshakable success “mindset” which is literally immune to the mental saboteurs that plague so many others; and acts as a lightning rod for action oriented inspiration that will continue to generate the success you seek almost automatically

Before proceeding much further, you should subject your Business Ideas to SWOT Analysis (see worksheet 1). A good business idea shares the following:

- Start with your passion and be open to and unquestioning of inspiration when it comes
- Stay true to your vision and don’t be dissuaded by nay-sayers or persuaded by ‘shiny’ distractions

- Make it about something bigger than yourself
- Keeping it simple does not mean it's wrong

The actual process of Business Development involves the following:

- **Validate Your Perfect Market** – You'll lock-on to and validate your perfect market niche and deliver your uniquely valuable solution to a growing population of delighted and appreciative customers
- **Create a Financial Success Strategy** – You'll have a financial plan for your perfect business that utilizes the resources you have available and grows the asset-value of your business without taking unnecessary financial risks
- **Step-by-Step Action Plan** – You'll have a crystal clear road-map and a step-by-step action plan guaranteed to get you where you want to go without costly detours
- **Clarity, Motivation & Purpose** – You'll design and implement your action plan in the power and clarity of purpose so it charges you every step of the way with motivation and an unwavering commitment to accomplishment
- **Effortlessly Grow & Succeed** – You'll command a daily routine that triggers the perfect action at the perfect time and results in continuous accomplishment, growth and success each and every day
- **Access a Network of Successful Entrepreneurs** – You should belong to a network of like-minded success-bound entrepreneurs who speak a common language and will help you stay clear of trouble and focused the right things each and every step of the way. There are many business associations in Nigeria like NACCIMA, NASME, MAN, NASSI, etc ; and you can join any of these in your local area.

In summary you should take the following 4 steps to clarify your business plan and provide a guide in the implementation strategy.

1. In one sentence state what you intend to do or produce and what perceived need you intend to satisfy;
2. How much fund do you need to actualize your plan? This should also include a clear understanding of the time frame of how much you need to execute your plan. Create a cash flow plan; and be careful in the projection of your expected revenues and the timing of such expectations. This is to establish that the business is viable.
3. Develop a time-bound road map to get your business executed; and locate the various milestones that must be achieved for your business to blossom. It is important to understand the risks associated with each milestone and be prepared to mitigate such risks;
4. Finally, answer the question: 'why are you uniquely qualified to succeed in this venture?'

Worksheet 1: SWOT Analysis

SWOT analysis is the analysis of the business and the environment in which it is operating in terms of available strengths, weakness, opportunities and threats. This enables the business to fully exploit and take full advantage of its internal strengths and the perceived opportunities in the environment. Similarly, the weaknesses that may exist in the organization and threats that may come up are identified with a view of taking appropriate measures to overcome them well in advance. The analysis enables an entrepreneur to penetrate and grow within the market. In the analysis, an entrepreneur has to identify the key success factors of the business and the factors which will influence business profitability, continuity and growth. Such factors are the ones that the business will capitalize upon for its success in relation to the competitors. Other factors are the indicators that the business will be profitable, survive or continue and grow. Such factors are potential existing demand and market, improvements in technology, expanding population and increased product or service loyalty.

The SWOT analysis is a method of identifying:

• strengths	e.g. technical skills, financial ability etc.
• weaknesses	e.g. lack of marketing skills;
• opportunities	e.g. product demand, availability of equipment and raw materials etc.
• threats	e.g. competitors, fire, drought etc.

The analysis can be done by appointing a friend/consultant/associate to assist in recognizing one's weaknesses and threats which would otherwise go unnoticed. Prepare a fair and exhaustive list of each and weigh the strengths and opportunities against the weaknesses and threats, see if the positive outweigh the negatives. This forces one to think positively about business and other important issues.

Activity:

1. Fill in factors in the SWOT analysis table relating to business choices and identify what factors are related to business penetration into a market and business profitability, continuity and growth.
2. Weigh the strengths and opportunities against weaknesses and threats and then consider the unique characteristics of the business and exploit those factors that contribute to its profitability, continuity and growth.

AREA	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
1. Marketing				
2. Production				
3. Finance				
4. Personal				
5. Environment				
6.				
7.				

CASE STUDY : THE MINIBUS LOAN

Mr. Abu Kicha, after completing his secondary education came across a Japanese Catalogue. Minibuses attracted him. They were of various makes and sizes. He wanted the Toyota 26-Seater minibus. The price for the minibus was ₦3,000,000.00. Kicha asked his father to give him that money. Kicha's father did not have that money. He advised his son to get a loan from the Bank. Kicha then wrote the following letter:

Mr. Abu Kicha
P.O.. Box 2446,
KANO
23rd February, 2004

The Manager
Bank of Industry,
Zonal Branch
KANO

Dear Sir,

RE: MINIBUS LOAN

I am a young man aged 22. I completed my secondary education 3 years ago. My examination performance was moderately fair and I have a driving experience. To earn my living, I would like to run a transport business between two major cities – Kano and Kaduna.

Last week I came across a Japanese Catalogue. The catalogue has several makes of minibuses with attractive prices. I want to purchase a Toyota Coaster 26-seater bus. The problem is that my father does not have physical money to buy the bus which costs ₦3,000,000.00.

Would you please loan me ₦3,000,000.00 (three million naira only)? The loan will enable me to be self-employed and employ my brothers. I assure you that I will repay the loan in three years. Believe me; the transport business between these two cities is very lucrative nowadays.

I remain,

Yours faithfully,

Abu Kicha

Case Questions for Review

1. What are the strengths and weaknesses of Kicha?
2. Does Kicha have the necessary competencies to operate the transport business?
3. What competencies does Kicha need for further development?
4. If you were the manager, will you provide the loan after reading and analyzing the letter?
5. Write a reply letter pointing out to Abu Kicha what is missing in his letter.

Handout 4:

ENVIRONMENTAL BARRIERS TO ENTREPRENEURSHIP

Studies of children and their activities show that many are born with high ambition, motivation and a willingness to take risks; but they encounter 'barriers' (as they grow up) that erode this spirit of adventure and the willingness to take initiative and risk. At a tender age, society and family have implanted some beliefs and thoughts in the mind of these children; and thus programme their minds to accept some 'imposed; limitations.

Scientists have shown that the subconscious mind cannot differentiate between what is real and what is imagined. It is ruled by what is going on in the mind - the predominant thought. That is why it is said that 'as a man thinks, so is he.' Our mind determines what is going on in our world; or put another way 'we manifest our predominant thoughts and beliefs'.

While growing up, most children have been told several times by either their parents or teachers that they cannot do certain things. Some have been made to believe that they cannot perform well in certain fields of endeavour. These have eroded their self confidence and lowered their self esteem. Throughout adult life, our feelings about any event is a reflection the images we have in our subconscious mind. These control the vibrations we are in and thus our reactions.

Most of us, therefore, do not and cannot take action on becoming entrepreneurs because we are afraid. We fear the unknown and are paralyzed to leave our comfort zone. The predominant fears are:

- Fear of failure because of our interpretation of failure;
- Fear of looking stupid since the desired actions run counter to generally accepted norms;

"Thoughts are seeds which falling in the soil of the mind, germinates and develop until they reach the completed stage, blossoming into deeds good or bad, brilliant or stupid, according to their nature; and ending as seeds of thought to be again sown in other minds.

A teacher is a sower of seed, a spiritual agriculturist, while he who teaches himself is the wise farmer of his own mental plot.

The growth of a thought is as the growth of a plant. The seed will be sown seasonably, and time is required for its full development into the plant of knowledge and the flower of wisdom"

James Allen (1864-1912)

- Fear of disappointing themselves and the people they love because of the expectations of these people; and
- Fear of not having the skills and talents to carry through their ideas because some important ‘nay-sayers’ have put such thoughts in their mind.

For this class of students, entrepreneurship education must seek not only to inspire entrepreneurial initiatives; it must also plant the seed of entrepreneurial spirit. It must help them regain their self confidence and build in them high self esteem. Neuro-Lingual Programming techniques have been used in Europe, America and Asia to achieve this fit. Affirmations and auto-suggestion are also known to have produced good results. Today there are several ‘law of attraction’ clubs in the west that encourage deliberate creation as a way to entrepreneurial success.

Dare to be an Eagle rather than a Chicken:

These are two birds with opposite characteristics. Whereas the chicken is contented with life in the farm yard – scratching for worms and “flying” for shelter in the chicken pen as soon as there is a cloud or thunderstorm; the eagle flaps his wings and rides the storm. The eagle has sharp eyes to notice its prey from afar and dives with considerable accuracy to pick its target. Like eagles you must sharpen your ability to recognize opportunities in all challenging situations. A lot of money can be made through proffering a solution to societal problems. Chickens often stay in the same chicken yard for their entire lives, but eagles learn to fly to new heights.

Put an eagle in a cage and it will bite the bars, whether they are of iron or gold. If you want to break free from where you are now and move to the next level in life, the first thing you must deal with is the fear of what people think. Be bold, follow your heart and do not give in to other people’s pressure. When we suffer from self-doubt we are only relying on other people’s approval. We naturally want people around us to consider us as smart and brilliant. Don’t assume you are wrong because some people disagree with your plan/decision. Remember that all inventors were considered crazy by the people around them. Let your dream and self-confidence drive your actions. If we question ourselves excessively or carry on internal debates on whether or not we have made good decisions, we begin to suffer from analysis paralysis. We must never be afraid to “make mistakes”; rather we must be prepared

to learn from every experience. Remember Edison, the inventor of the electric bulb, was said to have performed nearly a thousand experiments before he achieved his goal. He did not give up; rather he learnt from each failure what did not lead him to his goal.

Former U.S. President Woodrow Wilson said: “If you want to make enemies, try to change something”. We naturally don’t want to leave our comfort zone and pursue change because of “fear of the unknown”. Change is a fact of life and the more we fear and resist it, the more we deny progress. Without change there is no growth, and anything that is not growing is actually dying. Change is hard, but change is essential; all we have to do is accept change and its hardness and move on from there. We need to have a clear picture of what we want, how we want it and how we want to feel when we obtain it to keep us on track.

Success demands a lot of sacrifice. We all think about success, we imagine it and even get excited by it; but we can be scared of the sacrifices needed to achieve success or live with success. Fear of what following through and succeeding can cause include: who you will have to be, how you will have to spend your time, how your loved ones will react, what it will take to cope with success, etc. Take stock and be honest about what success will cause, and then get creative and put yourself in a solution mindset. It is all about designing your whole life to meet your core values.

Fear of change, fear of failure or making wrong decisions, fear of criticism or what people think of our actions, and fear of sacrifices needed to achieve success may cripple us from making our mark. We must learn to leave these fears in the chicken yard; they have no place in the sky with eagles. Leave the security of what is familiar and like eagles face your fears, spread your wings and fly with courage and boldness. You, as an entrepreneur, are meant to be an achiever and no barriers must stop you from reaching your goals.



Draft Training Manual
For
General Entrepreneurship Courses in Universities

Course 1: Entrepreneurship and Innovation

MODULE 3:

MODULE 3: CREATIVITY AND INTELLECTUAL RIGHTS

Editors:

Prof .Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

DRAFT MODULE 3: CREATIVITY AND INTELLECTUAL RIGHTS

Learning outcomes:

Upon completion of this module, participants would have been able to:

- i. Explain creativity and creative thinking.
- ii. Define what intellectual property is and how it is protected.
- iii. Discuss the Nigerian copyrights laws.
- iv. Explore how to protect original ideas, concepts, and products as well as your enterprise from piracy.
- v. Discuss the strategies for protection of intellectual property.

Content:

- i. Discuss creativity and creative thinking
- ii. Meaning, scope and dimensions of intellectual property
- iii. Copyrights laws in Nigeria
- iv. How to protect intellectual property rights (original ideas, concepts, products, etc.)
- v. Strategies for Protection of Intellectual Property

TIME: 3 Hours

RATIONALE

Creativity involves the ability to bring into existence new things, ideas, products and processes through imaginative skills. Most entrepreneurs that are creative are very passionate about their work, willing to take risks, and they trust their intuition. Creative thinking can be defined as the art of generating solution to problem by the force of imagination and reasoning. It is an activity of the mind seeking to find answers to some of life's problems. Thus, there are legal provisions and processes that entrepreneurs can utilize to safeguard their new ideas/knowledge, innovations and inventions.

Intellectual Property Right is the fancy name for product accountability and the protection of human creativity. It is the legal mechanism - through copyright, patents and trademark - that ensures that the products we buy are genuine, and that someone else does not take credit for our ideas. Understanding the dimensions of intellectual property rights is a relevant step to take in dealing with intellectual property rights. The knowledge of how to protect our intellectual property rights is essential in achieving that. Copyright Laws in Nigeria examines types of copyright laws and how they are implemented in Nigeria. Strategies for protection of Intellectual Property explain the techniques and measures you can take to ensure that your intellectual property is adequately protected.

ACTIVITIES

- A. Explain to the students the meaning of creativity and creative thinking.
 - i. What is creativity?
 - ii. What is creative thinking?
- B. Explain to the students the meaning, origin and forms of Intellectual Property. Have the students read handout 1 and discuss of the following questions:
 - i. What is intellectual property?
 - ii. What are the forms of intellectual property?
 - iii. Discuss the origin of intellectual property.
- C. Have the students read handout 2 and discuss the following questions:
 - i. What are the dimensions of Intellectual property rights?
 - ii. Discuss technological dimension of intellectual property rights.
 - iii. Discuss legal dimension of intellectual property rights.
- D. Have the students read handout 3 and discuss the following questions:
 - i. How can an individual protect his intellectual property rights?
 - ii. What is a copyright?
 - iii. What is a patent?
 - iv. What is a trademark?
- E. Have the students read handout 4 and discuss the following questions:
 - i. What are the two main set ups by which intellectual property is administered in Nigeria.
 - ii. What will be entitled to copyright protection in Nigeria?
 - iii. What is the duration of copyright in Nigeria?
- F. Have the students read handout 5 and discuss the following questions:
 - i. What strategies can an individual use to protect his intellectual property rights?

HANDOUT 1: CREATIVITY AND CREATIVE THINKING

CREATIVITY

Creativity is a process by which a symbolic domain in the culture is changed. New products, services, ideas, and machines are what creativity is all about. Creativity is the ability to make or otherwise bring into existence something new, whether a new solution to a problem, a new method or device. All innovation begins with creative ideas. Creativity is the starting point for innovation. Creativity is however necessary but not a sufficient condition for innovation. Creativity is also an attitude and the ability to accept change, and to look for new ideas and possibilities. In short, Creativity is a process. The entrepreneurs, who are creative, work hard to improve ideas and find solutions to problems by making gradual alterations and refinement to their works (Okpara, 2005).

Creativity refers to the invention or origination of any new thing that has value. Creativity is the bringing into being of something which did not exist before, either as a product, a process or a thought. Creativity can be used to make products, processes and services better and it can be used to create them in the first place. It is expected that increasing creativity will help the entrepreneur, his organization and his customers become happier through improvements in quality and quantity of an output, e.g. new OMO, new Maggi, new Close up. Three reasons why people are motivated to be creative include: (i) need for novel, varied, and complex stimulation (ii) need to communicate ideas and values and (iii) need to solve problems.

Creativity comes in different forms. A number of different theorists have suggested models of the creative person. One model suggests that there are kinds of creativity that produce growth, innovation, speed, etc. These are referred to as the four "Creativity Profiles" that can help achieve such goals.

- (i) Incubate (Long-term Development)
- (ii) Imagine (Breakthrough Ideas)
- (iii) Improve (Incremental Adjustments)
- (iii) Invest (Short-term Goals) (Naiman, 2012).

Aspects of Creativity

Theories of creativity (particularly investigation of why some people are more creative than others) have focused on a variety of aspects. The dominant factors are usually identified as "the four Ps" - Process, Product, Person and Place.

- i. A focus on *Process* is shown in cognitive approaches that try to describe thought mechanisms and techniques for creative thinking

- ii. A focus on creative *Product* usually appears in attempts to measure creativity and the ability to produce more.
- iii. A focus on the nature of the creative *Person* considers more general intellectual habits, such as openness, autonomy, expertise, exploratory behavior and so on.
- iv. A focus on *Place* considers the circumstances in which creativity flourishes, such as degrees of autonomy, access to resources and the nature of gatekeepers. Creative lifestyles are characterized by nonconforming attitudes and behaviors as well as flexibility.

Seven Types of Creative Contributions

- i. Replication - confirming that the given field is in the correct place
- ii. Redefinition - the attempt to redefine where the field is and how it is viewed - forward
- iii. Incrementation - a creative contribution that moves the field forward in the direction in which it is already moving
- iv. Advance forward movement - which advances the field past the point where others are ready for it to go
- v. Redirection - which moves field in a new or different direction
- vi. Starting over/ re-initiation - moving the field to a different starting point and
- vii. Integration - combining two or more diverse ways of thinking about the field into a single way of thinking.

Characteristics of the Creative Personality

Csikszentmihalyi, (2012) provided 10 features of creative individuals. They are:

1. Creative individuals have a great deal of energy, but they are also often quiet and at rest.
2. Creative individuals tend to be smart, yet also naive at the same time.
3. Creative individuals have a combination of playfulness and discipline, or responsibility and irresponsibility.
4. Creative individuals alternate between imagination and fantasy on the one end, and rooted sense of reality at the other.
5. Creative people seem to harbor opposite tendencies on the continuum between extroversion and introversion.
6. Creative individuals are also remarkable humble and proud at the same time.
7. Creative individuals to a certain extent escape rigid gender role stereotyping and have a tendency toward androgyny.
8. Generally, creative people are thought to be rebellious and independent.
9. Most creative persons are very passionate about their work, yet they can be extremely objective about it as well.
10. The openness and sensitivity of creative individuals often exposes them to suffering and pains yet, also display a great deal of enjoyment.

CREATIVE THINKING

Creative thinking can be defined as the art of generating solution to problem by the force of imagination and reasoning. It is an activity of the mind seeking to find answers to some of life's questions. In a dynamic and changing world, the challenges of entrepreneurs are not static. They take on new forms and require a deep creative thinking approach. Creative entrepreneurs engage their minds in resourceful thinking to generate ideas and products, which stand the test of time.

Entrepreneurs become more creative when they feel motivated primarily by their interest, satisfaction, and the challenges they face. Generally, creativity is a function of three components: expertise, creative thinking skills and motivation. Expertise encompasses everything that a person knows and can do in the broad domain of his or her work-knowledge and technical ability. The entrepreneur is primarily concerned with developing new products, processes or finding new markets. The entrepreneur primarily indulges in original thinking more than any other person and he is able to produce solution that fly in the face of established knowledge. Entrepreneurs take bold creative steps but situations encourage creativity. Creativity is, however, enhanced when people have some freedom, high commitment to the task and high proportion of intense rewards (Thompson, 1969; Opkara, 2005).

Creative thinking is the process which we use when we come up with a new idea. It is the merging of ideas which have not been merged before. **Brainstorming** is one form of creative thinking: it works by merging someone else's ideas with your own to create a new one. You are using the ideas of others as a stimulus for your own. This creative thinking process can be accidental or deliberate. Using special techniques, deliberate creative thinking can be used to develop new ideas. Brainstorming is one of these special techniques. With practice, **ongoing** creative thinking (the continuous investigation, questioning and analysis that develops through education, training and self-awareness) occurs all the time. Ongoing creativity maximizes both accidental and deliberate creative thinking. Creative thinking involves the following:

- i. **Ability** - A simple definition is that creativity is the ability to imagine or invent something new.
- ii. **An Attitude** - Creativity is also an attitude: the ability to accept change and newness, a willingness to play with ideas and possibilities, a flexibility of outlook, the habit of enjoying the good, while looking for ways to improve it.
- iii. **A Process** - Creative people work hard and continually to improve ideas and solutions, by making gradual alterations and refinements to their works. The creative person knows that there is always room for improvement (Harris, 2012).

Differences between Critical Thinking and Creative Thinking

- i. **Critical thinking is much of the thinking done in formal education.** It emphasizes the skills of analysis--teaching students how to understand claims, follow or create a logical

argument, figure out the answer, eliminate the incorrect paths and focus on the correct one.

- ii. Creative thinking focuses on exploring ideas, generating possibilities, looking for many right answers rather than just one. Both of these kinds of thinking are vital to a successful working life of an entrepreneur. These two kinds of thinking are differentiated as follows:

Table1: Differences between Critical and Creative Thinking

Critical Thinking	Creative Thinking
Analytic	Generative
Convergent	Divergent
Vertical	Lateral
Probability	Possibility
Judgment	suspended judgment
Focused	Diffuse
Objective	Subjective
Answer	an answer
left brain	right brain
Verbal	Visual
Linear	Associative
Reasoning	Richness, novelty
Yes but	Yes and

Source: Harris (2012)

Creative Methods

Several methods have been identified for producing creative results. Here are the five classic ones:

1. **Evolution** - This is the method of incremental improvement. New ideas stem from other ideas, new solutions from previous ones, the new ones slightly improved over the old ones. Many of the very sophisticated things we enjoy today developed through a long period of constant incrementation.
2. **Synthesis** - With this method, two or more existing ideas are combined into a third, new idea.
3. **Revolution** - Sometimes the best new idea is a completely different one, a marked change from the previous ones.
4. **Reapplication** - Look at something old in a new way. Go beyond labels. To remove prejudices, expectations and assumptions and discover how something can be reapplied.
5. **Changing Direction** - Many creative breakthroughs occur when attention is shifted from one angle of a problem to another. This is sometimes called creative insight (Harris, 2012).

Negative Attitudes that Block Creativity

1. **Oh no, a problem! The** reaction to a problem is often a bigger problem than the problem itself. Many people avoid or deny problems until it is too late, largely because these people have never learned the appropriate emotional, psychological, and practical responses to situations and problems.
2. **It can't be done.** This attitude is, in effect, surrendering before the battle. By assuming that something cannot be done or a problem cannot be solved, a person gives the problem a power or strength it didn't have before.
3. **I can't do it. Or there's nothing I can do.** Some people think, well may be the problem can be solved by some expert, but not by me because I'm not (a) smart enough. Who were the Wright brothers that they could invent an airplane? Aviation engineers? No, they were bicycle mechanics. The ball point pen was invented by a printer's proofreader, Ladislao Biro, not a mechanical engineer. Major advances in submarine design were made by English clergyman G. W. Garrett and by Irish schoolmaster John P. Holland. The cotton gin was invented by that well known attorney and tutor, Eli Whitney. The fire extinguisher was invented by a captain of militia, George Manby.
4. **But I'm not creative.** Everyone is creative to some extent. Most people are capable of very high levels of creativity; just look at young children when they play and imagine. The problem is that this creativity has been suppressed by education.
5. **That's childish.** In our effort to appear always mature and sophisticated, we often ridicule the creative, playful attitudes that marked our younger years.
6. **What will people think?** There is strong social pressure to conform and to be ordinary and not creative.
7. **I might fail.** Thomas Edison, in his search for the perfect filament for the incandescent lamp, tried anything he could think of, including whiskers from a friend's beard. In all, he tried about 1800 things. After about 1000 attempts, someone asked him if he was frustrated at his lack of success. He said something like, "I have gained a lot of knowledge" (Harris, 2012).

Myths about Creative Thinking and Problem Solving

1. **Every problem has only one solution (or one right answer).** The goal of problem solving is to solve the problem, and most problems can be solved in any number of ways.

2. The best answer/solution/method has already been found. Look at the history of any solution set and you will see that improvements, new solutions, new right answers, are always being found.

3. Creative answers are complex technologically. Only a few problems require complex technological solutions. Most problems you will meet with require only a thoughtful solution requiring personal action and perhaps a few simple tools.

4. Ideas either come or they don't. Nothing will help. There are many successful techniques for stimulating idea generation (Harris, 2012).

Questions

- a. Explain various aspects and types of creativity?
- b. What are the characteristics of a creative entrepreneur?
- c. What is creativity? Differentiate between critical and creative thinking?
- d. What are the negative attitudes that block creativity and the myths about creative thinking?

HANDOUT 2

INTELLECTUAL PROPERTY: SCOPE AND DIMENSIONS

Intellectual Property: (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. IP is divided into two categories: **Industrial property**, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs (WIPO, 2011).

Intellectual Property can also be defined as a creative works that have economic value and are protected by law. According to John Campbell 2007, an Intellectual property right is a fancy name for product accountability and the protection of human creativity. It is the legal mechanism - through copyright, patents and trademark - that ensures that the products we buy are genuine, and that someone else does not take credit for our ideas. Intellectual property rights do not just protect inventors; they protect everyone whose safety depends on product reliability in every country in the world, including Nigeria. Intellectual property laws reward the creators of most types of intellectual property by preventing others from copying, performing, or distributing those works without permission. The main purpose of this protection is to provide incentives for people to produce scientific and creative works that benefit society at large. Some types of intellectual property are automatically protected by law from the moment of their creation. Other types require the creator to request a specific grant of rights from a government agency before they can be protected by law. Nearly all nations have laws protecting intellectual property. However, some nations do not vigorously enforce intellectual property laws, making illegal copying, or piracy, a major problem in these areas.

The Origin of Intellectual Property

Some forms of intellectual property, such as trademarks, date to ancient times. But comprehensive legal protection for intellectual property did not become common until the **18th** century. The American colonies had laws granting patents long before the outbreak of the American Revolution in 1775. Soon after the revolution, all but one of the 13 original colonies adopted copyright laws. When the Constitution of the United States was ratified in 1789, it granted the U.S. Congress the authority to “promote the progress of science and useful arts, by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries.” Under this power, Congress adopted both patent and copyright laws in 1790, one of its first acts.

Protection for trademarks was originally left to the states but eventually, in **1870**, Congress adopted the first Federal trademark law. Congress has amended the intellectual property statutes frequently since then in response to changes in technology and economics. There are committees in both houses of Congress that have the responsibility of keeping intellectual property laws up to date (Schechter, Roger E. 2006).

International protection of intellectual property rights was first addressed in treaties beginning in the late 19th century. For example, the Paris Convention of 1883 dealt with patents and trademarks, and the Berne Convention of 1886 protected artistic and literary works among member countries. Since then, many additional international treaties have addressed intellectual property rights. The World Intellectual Property Organization (WIPO), based in Geneva, Switzerland, administers some of these treaties (www.wipo.int/directory/en/urls.jsp).

The Origin of Intellectual Property in Nigeria

Intellectual Property (IP) in Nigeria can be traced back to the colonial era when the English Trademark Ordinance was introduced into the colonies even before the amalgamation of the then British Northern Nigeria and Southern Nigeria Protectorates to form what is today called Nigeria in 1914. Intellectual Property is administered in Nigeria under two main set ups- industrial property, which deals with trademarks, patents and industrial designs as well as copyright. The system of Trademark registration is governed by the Trademarks Act 1965 found in Cap 436 Laws of the Federation of Nigeria (LFN) 1990. Patents and Designs registration on the other hand are governed by the Patents and Designs Act 1970, to be found in Cap 344, Laws of the Federation of Nigeria 1990.

The Trademarks, Patents and Designs Laws are currently administered by the Commercial Law Department, Trademarks, Patents and Designs Registry, of the Federal Ministry of Commerce and Industry. Copyright on the other hand is protected in Nigeria by the Copyright Act and the Nigerian Copyright Commission (NCC), an agency under the supervision of the Federal Ministry of Justice; NCC is charged with the primary responsibility for all copyright matters. National and International developments have necessitated reforms in the intellectual property system of different countries of the world.

The World Trade Organization's Trade Related Aspect of Intellectual Property Rights (TRIPS) Agreement of 1994, obliges members to provide intellectual property protection in its laws. TRIPS established minimum standards for the availability, scope, and use of seven forms of intellectual property: copyright, trademarks, geographical indications, industrial designs, patents including (Plant Variety Protection, PVP), layout designs for integrated circuits and undisclosed information (trade secrets). On living organisms, WTO allows countries to patent microorganisms but requires countries to use a sui generis(ie other, different) system to protect new plant and animal varieties or by the application of the two types of protection. As a WTO member, Nigeria is under obligation to reform its intellectual property laws in this direction though in line with AU Model Law which disapproves the patent of any life form. The mandatory requirement for amending the laws was January 1, 2000 while the time frame set for implementation was 2005 subject to extension (Victor M.I. and Christopher U.O. 2009).

Forms of Intellectual Property

The principal types of intellectual property are patents, copyrights, and trademarks. Patent law protects inventions that demonstrate technological progress. Copyright law protects a variety of literary and artistic works, including paintings, sculpture, prose, poetry, plays, musical compositions, dances, photographs, motion pictures, radio and television programs, sound

recordings, and computer software programs. Trademark law protects words, slogans, and symbols that serve to identify different brands of goods and services in the marketplace.

Intellectual property also includes certain related fields of law, such as trade secrets and the right of publicity. Trade secret law protects confidential information that belongs to a business and gives that business a competitive advantage. For example, the formula for making the soft drink Coca-Cola is a trade secret protected by intellectual property laws. Right of publicity law protects the right to use one's own name or likeness for commercial purposes. For example, a famous athlete may profit by using his or her name to endorse a given product. Using a person's name to endorse a product without their permission is a violation of right of publicity law.

Intellectual property differs from other forms of property because it is intangible—that is, it is a product of the human imagination. Because intellectual property is intangible, many people may use it simultaneously without conflict. For example, only one person can drive a car at a time, but if an author publishes a book, many people can read the work at the same time. Intellectual property is also much easier to copy than it is to create. It may take many months of work to write a novel or computer program, but with a photocopy machine or a computer others could copy the work in a matter of seconds. Without intellectual property laws, it would be easy to duplicate original works and sell them for very low prices, leaving the original creators without any chance to secure economic rewards for their efforts. The legal system avoids this problem by making it against the law to reproduce various forms of intellectual property without the permission of the creator.

Most intellectual property rights expire after a specified period. This permits the rest of society to benefit from the work after the creator has had an opportunity to earn a fair reward. For example, after the inventor of a patented telecommunications device has profited from the work for a specified period, anyone may manufacture that same device without paying the inventor royalties, thereby encouraging competition that allows others to benefit from the invention as well. The one exception to limited periods of intellectual property rights is in the field of trademark law. Trademark rights never expire, so long as a merchant continues to use the trademark to identify a given product.

INTELLECTUAL PROPERTY RIGHTS DIMENSIONS

An intellectual property rights dimensions have to do with different areas of human life which intellectual property rights affect. These areas include: Socio-economic, technological, legal, and cultural.

Socio-economic Dimension

The protection of intellectual property rights enhances countries' development, and promotes their business and artistic environments. Such protections stimulate advances that benefit the entire world - in the form of technology, medicine and other processes. Protecting intellectual property is crucial to protecting businesses, public health, and safety in Nigeria and countries across the globe.

In a world where ideas form the common currency, intellectual property piracy erodes a country's economy and its cultural identity. The Nigerian film industry, "Nollywood", has suffered from the action of pirates. Soon after Nigerian films are released - they are released on video, not celluloid - pirates copy the films. The marketers earn money back from their initial outlay to have the movie made, but there is no further trickle down money to the producers, creators and actors.

Technology-Dimension

It is necessary we care about protecting intellectual property. At the dawn of the 21st Century, 70 per cent of global economic output is generated by services, many of which depend on new and evolving technologies. Global GDP grew twenty-fold in the last Century - from \$2 trillion to \$41 trillion and most of this increase was due to innovation. In 2004, the World Economic Forum reported that the 20 countries perceived as having the most stringent intellectual property protection were among the top 27 countries in terms of economic growth competitiveness. In contrast, the 20 countries perceived as having the weakest intellectual property protection were among the bottom 36 countries.

Information and communications technologies, safe medicines and the other innovations that form the backbone of today's economy are only possible because of intellectual property rights. The hopes we all have for a better future depend on those inventors and innovators who will make the world more bountiful - if their creative efforts and hard work are protected (John Campbell,2007).

Legal Dimension

Intellectual property was not always recognized as a single field of law. Historically, the fields of patent, copyright, and trademark developed independently. In the late 20th century, however, legal experts began to recognize that these various fields of law had a great deal in common because they all pertained to intangible products of the mind. Nevertheless, an attorney will often specialize in only one area of intellectual property, such as patent law, and the legal rules for the different branches of intellectual property law vary greatly.

In all branches of intellectual property, the legal system seeks to balance two competing concerns. On the one hand, protection must be strong enough to encourage authors and inventors to invest the necessary effort in innovation. On the other hand, the law must also allow people some freedom to use the intellectual property of others. This is because artistic, technological, and commercial progress always requires building on the work of others. To strike this balance, all branches of intellectual property law confer general rights on creators but also limit those rights with a variety of exceptions. For example, in patent law, a scientist may use someone else's invention to conduct experiments. Similarly, copyright law allows a literary critic to quote passages of a novel in a review. Under trademark law, a company may use a competitor's brand name in a comparative advertisement. In all these ways, intellectual property law tries to be flexible enough to protect the property rights of the creator while also allowing the public to benefit from the protected work.

In the United States and other countries, intellectual property has gained increased protection with advances in technology and international trade. However, some countries still tolerate the

widespread sale of counterfeit versions of intellectual property products, such as software, movies on videotape, brand-name athletic goods, and even patented medicines. Violations of intellectual property rights cost the owners of the rights billions of dollars each year. These costs stem from lost royalties and sales in markets dominated by counterfeit products. In an attempt to reverse this situation, most nations of the world signed the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) in 1994. Administered by the World Trade Organization (WTO), TRIPS strengthened legal protection for intellectual property around the world. The United States has also attempted to negotiate direct agreements with countries such as China, where counterfeiting has been particularly extensive.

In the last years of the 20th century, the growth of the Internet and related digital technologies began to pose new problems for intellectual property owners. Unauthorized parties began using trademarks as domain names for Web sites, which made it difficult for consumers to find the trademark owner's official Web site. Copyright owners found that their works, particularly music and movies, could be perfectly duplicated by parties using file-sharing software. New devices were sold that made it possible to defeat copy-control features, such as those designed to prevent duplication of digital video discs (DVDs). The U.S. government attempted to respond to these developments by adopting several complex new laws protecting intellectual property. These laws became controversial. On the one hand, intellectual property owners claimed that the laws failed to provide full protection against unauthorized use of their property. On the other hand, various consumer groups argued that the laws interfered with the public's rights to engage in free speech and may also invade privacy (Microsoft Encarta 2007).

Cultural Dimension

Copyright laws encourage the creation of literary works, computer programmes, artistic works and expressions of national culture. Patent laws encourage the discovery of new and improved products and processes, while ensuring the freest possible public access to information regarding those new products and processes. Trademark laws encourage the development and maintenance of high-quality products and services, and help companies promote customer loyalty. To promote the cultural identity of a nation, intellectual property rights must be given adequate attention.

Questions:

- a. What is intellectual property?
- b. What are the forms of intellectual property?
- c. Discuss the origin of intellectual property.
- d. What are the dimensions of Intellectual property rights?
- e. Discuss technological dimension of intellectual property rights.
- f. Discuss legal dimension of intellectual property rights.

HANDOUT 3

COPYRIGHT LAWS IN NIGERIA

Intellectual property protection in Nigeria can be traced back to the colonial era, when the English trademarks ordinance was introduced into the colonies, even before the amalgamation of northern and southern protectorates to form what is now called Nigeria, in 1914. Intellectual Property is administered in Nigeria under two main set ups.

Industrial Property; the Nigerian perspective

This deals with trademarks, patents and industrial designs. The system of Trademark registration is governed by the Trademarks Act 1965 found in Cap 436 Laws of the Federation of Nigeria 1990. Patents and Designs registration on the other hand are governed by the Patents and Designs Act 1970, to be found in Cap 344, Laws of the Federation of Nigeria (LFN) 1990. The Trademarks, Patents and Designs Laws are currently administered by the Commercial Law Department, Trademarks, Patents and Designs Registry, of the Federal Ministry of Commerce and Industry. The country has no legislation for Geographical Indications (GI). GI is administered as part of Trademarks under Section 43(1) of the Trademarks Act CAP 436(Certification Trademarks), Laws of the Federation of Nigeria (LFN) 1990 ([http://:www.nigerianlaws.com](http://www.nigerianlaws.com)).

A major drawback in the registry is inadequate funding which has not enabled it to re-tool sufficiently to meet international standard especially in the area of database management. This calls for a review of the status of the registry with a view to giving it some degree of autonomy.

Copyright; the Nigerian Perspective

Copyright on the other hand is protected in Nigeria by the Copyright Act. **Nigeria is a member of the Berne Union.** Consequently, Nigeria is bound by the formality-free principle of copyright protection. Copyright protection in Nigeria is thus granted by the law automatically. Under the Nigerian Copyright law, beyond satisfying the basic requirement of originality and fixation in tangible medium from which it could be perceived or communicated, every copyright work is protected upon their creation with the import that copyright protection is automatic. There is no requirement of copyright registration under the Copyright Act. However, owing to the need to satisfy the constant yearning of right owners for a framework for establishing evidence of existence of works, especially unpublished materials, and pursuant to its statutory mandate to maintain a data bank of all authors and their works, the Nigerian Copyright Commission has introduced the Copyright Notification scheme, which allows authors of copyright works to notify the Commission of the creation and or existence of works, and all other information relating to the work.

One of the most statutory provisions of the Act is the establishment of a body charged with the responsibility of implementing and enforcing the law. **Section 30 of the Act established the Nigerian Copyright Commission (NCC).** An agency of the Federal Ministry of Justice (earlier created under the Federal Ministry of Information), NCC is charged with the primary responsibility for all copyright matters. With the 1992 and 1999 amendments, the powers of the

Commission have been expanded to cover enforcement of the law. Consequently, the Commission can appoint copyright inspectors who are empowered to conduct investigation and prosecute copyright infringement cases. The inspectors have powers analogous to the powers of a police officer. The Commission is also empowered to make regulations prescribing conditions necessary for engaging in business involving the production, distribution or public exhibition of copyright works. This power has served as a powerful tool in initiating some important rights management schemes, which are aimed at creating a favorable environment for the exercise of rights by authors and right owners (Victor M.I. and Christopher U.O. 2009).

What will be entitled to copyright protection in Nigeria?

Section 1 of the Copyright Act states very categorically that the following will be eligible for copyright protection in Nigeria:

- A. **Literary works irrespective of literary quality which fall under the under listed categories:**
 - i. **Novels.** Stories and poetic works;
 - ii. Plays, stage directions, film scenarios and broadcasting scripts;
 - iii. Choreographic works;
 - iv. Computer programmes;
 - v. Text-Books, treatises, histories, biographies, essays and articles.
 - vi. Encyclopedias, dictionaries, directories and anthologies;
 - vii. Letters, reports and memoranda;
 - viii. Lectures, addresses and sermons;
 - ix. Law reports, excluding decisions of courts;
 - x. Written tables or compilations.
 - xi. Any musical work irrespective of musical quality and includes works composed for musical accompaniment.
- B. **Artistic works** which irrespective of quality fall under any of the following categories:
 - i. Paintings, drawings, etchings, lithographs, woodcuts, engraving and prints;
 - ii. Maps, plans and diagram's;
 - iii. Works of sculpture;
 - iv. Photographs not comprised in a cinematograph film;
 - v. Works of architecture in the form of buildings and models;
 - vi. Works of artistic craftsmanship and also pictorial woven tissues and articles of applied handicraft and industrial art.
- C. **Cinematograph Film:** This includes the first fixation of a sequence of visual images capable of being shown as a moving picture and of being the subject of reproduction and Includes the recording of a sound track associated with the cinematograph film.
- D. **Sound Recordings:** This is defined as the first fixation of a sequence of sound capable of being perceived aurally and of being reproduced but does not include a sound track associated with a cinematograph film.
- E. **Broadcast:** This is a sound or television broadcast by wireless telegraphy or wire or both or by satellite or cable programmes and includes re-broadcast (Olusola Adun, NgEX.com Reports).

Limitations on Rights

The first limitation is the exclusion from copyright protection of certain categories of works. In some countries, works are excluded from protection if they are not fixed in tangible form. For example, a work of choreography would only be protected once the movements were written down in dance notation or recorded on videotape. In certain countries, the texts of laws, court and administrative decisions are excluded from copyright protection (WIPO 2011).

The second category of limitations concerns particular acts of exploitation, normally requiring the authorization of the rights owner, which may, under circumstances specified in the law, be carried out without authorization. There are two basic types of limitations in this category: (a) free use, which carries no obligation to compensate the rights owner for the use of his work without authorization; and (b) non-voluntary licenses, which do require that compensation be paid to the rights owner for non-authorized exploitation.

Examples of free use include:

- quoting from a protected work, provided that the source of the quotation and the name of the author is mentioned, and that the extent of the quotation is compatible with fair practice;
- use of works by way of illustration for teaching purposes; and
- Use of works for the purpose of news reporting.

Duration of Copyright

Copyright does not continue indefinitely. The law provides for a period of time during which the rights of the copyright owner exist. The period or duration of copyright begins from the moment when the work has been created, or, under some national laws, when it has been expressed in a tangible form. It continues, in general, until sometime after the death of the author. The purpose of this provision in the law is to enable the author's successors to benefit economically from exploitation of the work after the author's death.

In countries party to the Berne Convention, and in many other countries, the duration of copyright provided for by national law is as a general rule the life of the author plus not less than 50 years after his death. The Berne Convention also establishes periods of protection for works such as anonymous, posthumous and cinematographic works, where it is not possible to base duration on the life of an individual author. There is a trend in a number of countries toward lengthening the duration of copyright. The European Union, the United States of America and several others have extended the term of copyright to 70 years after the death of the author (WIPO 2011).

In Nigeria, the duration of copyright depends on the nature of work involved:

- i. For Literary, musical or artistic works other than photographs, copyright in the work will expire seventy years after the end of the year in which the author dies. If the Author is a corporate body or Government copyright will expire seventy years after the end of the year in which the work was first published.
- ii. For Cinematograph films and photographs the copyright will expire fifty years after the end of the year in which the recording was first made.
- iii. With respect to broadcast, copyright will expire 50 years after the end of the year in which the broadcast first took place.

Ownership, Exercise and Transfer of Copyright

The owner of copyright in a work is generally, at least in the first instance, the person who created the work, i.e. the author of the work. But this is not always the case. The Berne Convention (Article 14bis) contains rules for determining initial ownership of rights in cinematographic works. Certain national laws also provide that, when a work is created by an author who is employed for the purpose of creating that work, then the employer, not the author, is the owner of the copyright in the work. As noted above, however, moral rights always belong to the individual author of the work, whoever the owner of economic rights may be.

The laws of many countries provide that the initial rights owner in a work may transfer all economic rights to a third party. (Moral rights, being personal to the author, can never be transferred). Authors may sell the rights to their works to individuals or companies best able to market the works, in return for payment. These payments are often made dependent on the actual use of the work, and are then referred to as royalties. Transfers of copyright may take one of two forms: assignments and licenses.

Under an assignment, the rights owner transfers the right to authorize or prohibit certain acts covered by one, several, or all rights under copyright. An assignment is a transfer of a property right. So if all rights are assigned, the person to whom the rights were assigned becomes the new owner of copyright.

In some countries, an assignment of copyright is not legally possible, and only licensing is allowed. Licensing means that the owner of the copyright retains ownership but authorizes a third party to carry out certain acts covered by his economic rights, generally for a specific period of time and for a specific purpose. For example, the author of a novel may grant a license to a publisher to make and distribute copies of his work. At the same time, he may grant a license to a film producer to make a film based on the novel. Licenses may be exclusive, where the copyright owner agrees not to authorize any other party to carry out the licensed acts; or non-exclusive, which means that the copyright owner may authorize others to carry out the same acts. A license, unlike an assignment, does not generally convey the right to authorize others to carry out acts covered by economic rights (WIPO 2011).

Licensing may also take the form of collective administration of rights. Under collective administration, authors and other rights owners grant exclusive licenses to a single entity, which acts on their behalf to grant authorizations, to collect and distribute remuneration, to prevent and detect infringement of rights, and to seek remedies for infringement. An advantage for authors in

collective administration lies in the fact that, with multiple possibilities for unauthorized use of works resulting from new technologies, a single body can ensure that mass uses take place on the basis of authorizations which are easily obtainable from a central source.

A rights owner may also abandon the exercise of the rights, wholly or partially. The owner may, for example, post copyright protected material on the Internet and leave it free for anybody to use, or may restrict the abandonment to noncommercial use. Some very impressive cooperation projects have been organized on a model where contributors abandon certain rights as described in the licensing terms adopted for the project, such as the General Public License (GPL). They thereby leave their contributions free for others to use and to adapt, but with the condition that the subsequent users also adhere to the terms of the license. Such projects, including the open source movement, which specializes in creating computer programs, also build their business models on the existence of copyright protection, because otherwise they could not impose an obligation on subsequent users (WIPO 2011).

Enforcement of Rights

The Berne Convention contains very few provisions concerning enforcement of rights, but the evolution of new national and international enforcement standards has been dramatic in recent years due to two principal factors. The first concerns advances in the technological means for creation and use (both authorized and unauthorized) of protected material. Digital technology in particular makes it easy to transmit and make perfect copies of any information existing in digital form, including copyright-protected works. The second factor is the increasing economic importance in the realm of international trade of the movement of goods and services protected by intellectual property rights. Simply put, trade in products embodying intellectual property rights is now a booming, worldwide business. This is acknowledged in the WIPO Copyright Treaty (WCT), which requires Contracting Parties to ensure that enforcement procedures are available under their law so as to permit effective action against any infringement of rights covered by the Treaty, including remedies to prevent or deter further infringements.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which contains more detailed provisions on the enforcement of rights, is ample evidence of this new link between intellectual property and trade. The following paragraphs identify and summarize some of the enforcement provisions found in recent national legislation. They may be divided into the following categories: conservatory or provisional measures; civil remedies; criminal sanctions; measures to be taken at the border; and measures, remedies and sanctions against abuses in respect of technical devices (WIPO 2011).

Questions:

- i. What are the two main set ups by which intellectual property is administered in Nigeria.
- ii. What will be entitled to copyright protection in Nigeria?
- iii. What is the duration of copyright in Nigeria?

HANDOUT 4

HOW TO PROTECT INTELLECTUAL PROPERTY RIGHTS

There must be measures to ensure that individual ideas and works are protected from piracy and undue advantage. The available measures one can take to protect his individual intellectual property (original ideas, concepts, products, etc.) include the following:

- i. Copyright
- ii. Patent
- iii. Trademark
- iv. Royalty (Payment)

I. Copyright:

Copyright is a branch of law granting authors the exclusive privilege to reproduce, distribute, perform, or display their creative works. The goal of copyright law is to encourage authors to invest effort in creating new works of art and literature. Copyright is one branch of the larger legal field known as intellectual property, which also includes trademark and patent law. Copyright law is the legal foundation protecting the work of many major industries, including book publishing, motion-picture production, music recording, and computer software development. These industries account for considerable economic activity in the United States, making copyright law a field of enormous economic importance (Schechter, Roger E. 2006).

Not every work of authorship is eligible for copyright. To qualify for copyright protection, a work must be both fixed and original. The law considers a work to be fixed if it is recorded in some permanent format. Acceptable ways of fixing a work include writing it down, storing it on a computer floppy disk or compact disc (CD), recording it on videotape, or sculpting it in marble. If a poet thinks of a new poem and recites it to an audience without writing it down, copyright does not protect the poem because it is not fixed. To be original, the work must not be copied from previously existing material and must display at least a reasonable amount of creativity. For example, if an author writes the words “the sky is blue” on a piece of paper, copyright does not protect the words because they lack sufficient creativity. Consequently, short phrases and titles are usually not protected by copyright, but in some circumstances they may be protected by trademark law. Copyright only protects the words, notes, or images that the creator has used. It does not protect any ideas or concepts revealed by the work.

Subject Matter

Under the Nigeria Copyright Act of 1988, copyright extends to all “works of authorship fixed in a tangible medium of expression.” This broad definition includes literary works of all kinds, including fiction, nonfiction, prose, and poetry. It also includes visual arts, such as a painting or sculpture; audiovisual works, such as a television program or motion picture; musical compositions; dramatic works, such as a theater production or works of choreography and pantomime; and sound recordings (recordings of music, speech, or other sounds). Even computer

programs and works of architecture are within the scope of the statute. However, works prepared by federal government employees, such as court opinions, acts of Congress, and other government documents, are not protected by the copyright law. Anyone may reproduce these works without obtaining permission.

Notice and Registration

A copyright notice informs the public that a given work is copyrighted. The notice is placed in each published copy of the protected work and consists of either the word copyright, the abbreviation copr. or the symbol ©, accompanied by the name of the copyright owner and the date of first publication. For sound recordings, the symbol ℗ is used instead of the symbol ©. Nigeria does not operate a centralized system of registration for copyright. What the law requires however is that publishers, printers, producers and manufacturers of works keep a register of all works produced by them showing the following: the name of the author; the title; the year of production; the quantity of the work produced and the Nigerian Copyright Commission however is empowered to maintain an effective data bank on authors and their works.

Rights of Copyright Owners and Licensing

The Nigeria Copyright Act of 1988 specifies the copyrights of owners of intellectual works. These rights are (1) only the copyright owner may reproduce or make copies of the work; (2) only the copyright owner may prepare adaptations of the work, such as translating a novel into another language or adapting the novel into a screenplay; (3) only the copyright owner may distribute copies of the work to the public; (4) only the copyright owner may perform the work in public; and (5) only the copyright owner may display the work in public.

Not all of these rights are granted to every type of copyrighted work. This depends on the nature of the work involved. Copyright in Literary and Musical works for example guarantee the exclusive right to do any of the following acts in Nigeria:

- a) Reproduction of the work in any material form;
- b) Publication of the work;
- c) Performance in public;
- d) Production, reproduction, performance or publication of any translation of the work;
- e) Making of any cinematograph film or record in respect of the work;
- f) Distribution to the public, for commercial purposes, of copies of the work, by way of rental, lease, hire, loan or similar arrangement.
- g) Broadcasting or communication of the work to the public by loudspeaker or any other similar device;
- h) Making any adaptation of the work (NgEX.com Reports - Intellectual Property Protection in Nigeria, Page 8 of 11).

Copyright in Artistic works guarantees the exclusive right to authorize the:

- a) Reproduction of the artistic work in any material form;

- b) Publication of the artistic work;
- c) Inclusion of the artistic work in any cinematograph film;
- d) Making of any adaptation of the artistic work;

Copyright in Cinematograph films guarantees the exclusive right to:

- a) Make a copy of the film;
- b) Causing the film, in so far as it consists of visual images to be seen in public and in so far as it consists of sounds to be heard in public;
- c) Make any record embodying the recording in any part of the sound track associated with the film by utilizing such sound tracks;
- d) Distribute to the public for commercial purposed copies of the work by way of rental, lease, hire, loan or similar arrangement.

Copyright in sound recordings guarantees the exclusive right to control in Nigeria:

- a) The direct or indirect reproduction, broadcasting or communication to the public of the whole or substantial part of the sound recording either in its original form or in any form recognizably derived from the original;
- b) The distribution to the public for commercial purposes of copies of the work by way of rental, lease, hire, loan or similar arrangement;

Lastly, Copyright in Broadcast guarantees the exclusive right to control:

- a) Recording and re-broadcasting of the whole or substantial part of the broadcast;
- b) Communication to the public of the whole or a substantial part of a television broadcast either in its original form or in any form recognizably derived from the original.
- c) Distribution to the public for commercial purposes of copies of the work, by way of rental, lease, hire, loan or similar arrangement. In relation to a television broadcast, copyright shall include the right to control the taking of still photographs from the broadcast.

Infringement

An infringement of a copyright is the reproduction, distribution, performance, or display of any copyrighted work without permission of the copyright owner or without a compulsory license. The rights of a copyright owner will be deemed to have been infringed upon where a person without the license or authorization of the owner of the copyright does any of the following:

- a) Does or causes any other person to an act, the doing of which is controlled by copyright;
- b) Imports into Nigeria, otherwise than for his private or domestic use, any article in respect of which copyright is infringed;
- c) Exhibits in public any article in respect of which copyright is infringed;
- d) Distributes by way of trade, offers for sale, hire or otherwise or for any purpose prejudicial to the owner of the copyright, any article in respect of which copyright is infringed;
- e) Makes or has in his possession, plates, master-tapes, machines, equipment or contrivances used for the purpose of making infringed copies of the work;

- f) Permits a place of public entertainment or a business to be used for a performance in the public of the work where the performance constitutes an infringement of the copyright in the work, unless the person permitting the place to be used was not aware and had no reasonable ground for suspecting that the performance would be infringement of the copyright;
- g) Performs or causes to be performed for the purposes of trade or business or as supporting facility to trade or business any work in which copyright subsists;

When your copyright has been infringed upon; what are your options?

Where do you go for redress?

- i. The law allows for both civil and criminal redress in cases of copyright infringement. There is however distinction in the way and manner this can be done.
- ii. The copyright owner may enforce his rights directly through civil proceedings;
- iii. However, criminal proceedings can only be initiated by the Nigerian Copyright Commission.

Fair Use

A very important exception to the rule of copyright infringement is the concept known as fair use. Under this principle, the law permits the use of portions of copyrighted works for such purposes as criticism, comment, teaching, and research, even without permission of the copyright owner. In deciding whether a use is a fair use, courts consider such factors as the purpose of the use, the nature of the work, the amount of the work taken, and the effect it will have on the value of the original work. Some examples of fair use include quoting excerpts from a book in a review, scholarly article, or term paper; copying and distributing a newspaper article.

II. Patent

Patent, a legal document granted by the government giving an inventor the right to exclude others from making, using, selling, offering to sell, or importing an invention for a specified number of years. In Nigeria, patents last for 20 years, starting from the date the application for the patent is first filed. The goal of the patent system is to encourage inventors to advance the state of technology by awarding them special rights to benefit from their inventions.

Patent law is one branch of the larger legal field known as intellectual property, which also includes trademark and copyright law. Patent protection has great economic importance to a number of industries that rely on technological innovation to remain competitive, such as the chemical, pharmaceutical, and computer industries.

Patents are granted for machines; compositions of matter, such as new chemical compounds to be used in industry; manufactured items; and industrial processes, provided they meet a number of strict legal tests. Patents are also available for significant improvements on previously invented items (Schechter, Roger E. 2006).

Applications

To obtain patent protection in Nigeria, an inventor must file a patent application with the Nigeria Copyrights Commission (NCC). This application has three parts: (1) the specification, which gives a general description of the invention; (2) the claims, which provide more detailed statements explaining exactly how the invention works or is assembled; and (3) drawings that illustrate the invention. Most inventors need to hire a patent lawyer or a specially qualified professional called a patent agent to help them prepare the application.

An official at the NCC, called a patent examiner, reviews the application to determine if it qualifies for a patent. The applicant receives no patent rights until the NCC approves and issues the patent. During the patent examination process, the patent examiner may ask the applicant to answer various questions about the invention. The law requires the patent applicant to disclose all information in his or her possession that is relevant to whether the patent should be issued. Because this process often goes back and forth several times between the applicant and the examiner, obtaining a patent can be time-consuming and expensive.

Qualifications

To qualify for a patent, the invention must meet three basic tests. First, it must be “novel,” meaning that the invention did not previously exist. If the patent examiner finds that the proposed invention has already been described in previous patents or written about in scientific magazines, the NCC will declare that the invention has been “anticipated.” In such a case, the patent will be denied. Second, the invention must be “non-obvious,” which means that the invention must be a significant improvement to existing technology. Simple changes to previously known devices do not comprise a patentable invention. Finally, the proposed invention must be “useful.” Legal experts commonly interpret this to mean that no patent will be granted for inventions that can only be used for an illegal or immoral purpose.

Some types of discoveries are not patentable. No one can obtain a patent on a law of nature or a scientific principle even if he or she is the first one to discover it. For example, Isaac Newton could not have obtained a patent on the laws of gravity, and Albert Einstein could not have patented his formula for relativity, $E=mc^2$.

It is permissible, however, to obtain a patent on an altered or purified form of a natural substance. Under this rule, if a mineral only occurs in nature with impurities, a person who invents a completely impurity-free version of the mineral can get a patent both on the pure mineral and on the method of purifying it. This rule also permits firms in the biotechnology industry to obtain patents on purified deoxyribonucleic acid (DNA) gene sequences. DNA is the basic unit of heredity and carries the information needed to direct the synthesis and replication of proteins. Scientists have learned that certain sequences of nucleic acids in strands of DNA could have specific medical benefits or applications. Purified DNA gene sequences are manufactured by a process known as recombinant DNA technology. See also Genetic Engineering.

Disputes

Occasionally several people apply for a patent for the same invention. Under Nigeria law, the person who first invented the item is entitled to the patent. If it is unclear who invented the item first, the NCC decides who gets the patent in a proceeding known as interference. The losing party may then appeal the NCC's decision at the Appeal Court. Most other countries follow a different rule, granting the patent to the first person to file the patent application. In these countries, if the first inventor delays and the second inventor files the patent application first, the second inventor will obtain the patent.

Terms

If the patent examiner finds that the invention involves proper subject matter and meets the three basic legal tests described above, the NCC will grant a patent. Under current Nigerian law, a patent is valid for 20 years from the date the patent application is filed. The patent is granted to the individual or individuals who made the invention. If that person is an employee who did the work as part of a job, however, the employer has a right to use the invention as well.

Infringement

Anyone who makes, uses, offers to sell, sells, or imports a patented invention without the permission of the patent holder is guilty of infringement. A party can be guilty of infringement even if his or her device is not identical to the item described in the patent. Under a rule known as the doctrine of equivalents, a device infringes if it does the same work in the same way as the patented invention, even if there are minor differences between the two. However, the courts interpret this rule cautiously to avoid giving the patent holder more protection than it is properly entitled to.

III. Trademark

Trademark, any word, phrase, or symbol used by manufacturers or sellers to identify their goods and distinguish them from the goods of others. Trademarks help consumers identify goods they have used and enjoyed in the past. Trademarks also allow consumers to avoid goods and services that they dislike. Examples of well-known trademarks include Coca-Cola for soft drinks, Kodak for film; and Nike for footwear. When trademarks are used to identify services, such as hotel chains or restaurants, they are sometimes called service marks. The overall appearance of a product's packaging is known as trade dress.

Most countries of the world legally protect trademarks, service marks, and trade dress. Trademark law is one branch of the larger legal field known as intellectual property, which also includes copyright and patent law. Because consumers often continue to buy products they trust, well-known trademarks can be extremely valuable. For example, experts in trademark law estimate that the value of the Coca-Cola trademark is more than \$40 billion (Schechter, Roger E. 2006).

IV. Royalty (payment)

Royalty (payment), in the law of property, term used to designate payment analogous to rent made for the use of the property of another. The owner of lands containing mineral resources, such as petroleum or coal, which permits another to extract these products generally, receives a royalty, or payment, consisting of a percentage of the production for petroleum or a fixed dollar amount per ton for coal. The owner of a patent or copyright may license others to use the patented item or to reproduce, change, distribute, perform, or display the copyrighted creative work. For example, royalties may be paid to a writer, composer, or inventor as a share of the proceeds resulting from the sale, performance, or other use of his or her work or invention (Redmond, 2006).

Questions:

- i. How can an individual protect his intellectual property rights?
- ii. What is a copyright?
- iii. What is a patent?
- iv. What is a trademark?

HANDOUT 5

STRATEGIES FOR PROTECTION OF INTELLECTUAL PROPERTY

Protecting your Intellectual Property (original ideas, concepts, products, etc) is as important as its inception. Once you have identified your intellectual property you should develop strategies to protect your rights so that you don't put your business at risk. Imagine if your competitor discovered your secret and started replicating it, or you told someone your idea and then discovered too late that you had lost the legal right to make it exclusively yours.

The key is not to talk about your idea or make your IP public knowledge before you have had a chance to protect it. Intellectual property (IP) can be bought, owned, sold, licensed out or bequeathed in much the same way as a building or a block of land. IP can be so valuable that many businesses list it among their assets on their balance sheet. It's important to develop effective strategies to protect you IP within your business, not only to protect valuable assets but also to safeguard the products, processes and creative inputs from which the profits of the business emanate.

Step 1: Register Your IP

The first step of any protection strategy is to register your IP. There are seven types of IP protection available: patents; trademarks; plant breeders' rights; registered designs; copyright; circuit layout rights; and confidentiality/trade secrets.

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

Step 2: Act To Keep It Secret and Demonstrate Ownership

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

Keep your idea a secret

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

Demonstrate that the idea is yours.

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

Make sure you are not infringing anyone else's IP.

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

IP Case Studies

IP Australia has an excellent selection of case studies of companies and individuals who have experienced the Australian IP system. The case studies cover topics from implementing successful protection strategies to protecting IP overseas and associated pitfalls (Small Business Development Corporation 2011).

Finally, make sure that you do your market research before commercializing your product. And hiring a patent or trade mark lawyer will put you on a better position in protecting your intellectual property.

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The Peabody Garden in full bloom (Photograph by Ed White)

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Questions: What strategies can an individual use to protect his intellectual property rights?

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DRAFT TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN
UNIVERSITIES

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

MODULE 4: TECHNOLOGICAL ENTREPRENEURSHIP

Editors:
Prof .Murtala S. Sagagi
Prof. Sarah Anyanwu
Dr. Sola Aliu &
Dr. Oluremi Abimbola

DRAFT MODULE 4: TECHNOLOGICAL ENTREPRENEURSHIP

Learning Outcomes

Upon completion of this module, students would have been able to:

- Explain the interface between Entrepreneurship and technology development
- Discuss how advances in technology have opened up a whole range of new opportunities for Entrepreneurial mind-set
- Examine the impact of technology on business.
- Identify new technology and entrepreneurship opportunities

Content

- (a) The Interface between Technology Development and Entrepreneurship
- (b) Technological Development and Entrepreneurial
- (c) Technological Environment and Business.
- (d) New Technology and Entrepreneurship Opportunities

INTRODUCTION

Technological Entrepreneurship according to Dorf and Byers as contained in Ndagi (2005) is a style of business leadership that involves identifying high-potential, technology-intensive business opportunities, gathering resources such as talent and capital, managing rapid growth and significant risk using principled, real-time decision making skills. Technology Entrepreneurship involves a process of industrial innovation and technology transfer, which is relevant for both independent start-ups and established corporations. Technological Entrepreneurship according to Aderemi (2008) is needed to make use of knowledge of science and technology currently available to meet market needs, thereby making the business, state or country in question more productive and more competitive locally and internationally (Abubakar,2010). Thus, techno-preneurs are entrepreneurs who used technology as their driving factor in transforming resources into goods and services, creating an environment conducive to industrial growth.

HAND OUT 1

AN OVERVIEW OF INDUSTRIAL REVOLUTION

Industrial revolution refers to the rapid development of industry in Britain in the late 18th and 19th centuries, brought about by the introduction of machinery. It was characterized by the use of steam power, the growth of factories, and the mass production of manufactured goods. In 1860s, there were major changes in agriculture, manufacturing, mining, transportation, and technology which had profound effect on the social, economic and cultural conditions of the times. It began in the United Kingdom, and then subsequently spread throughout Western Europe, North America, Japan, and eventually the world.

The Industrial Revolution marks a major turning point in history; almost every aspect of daily life was influenced in some way. Most notably, average income

and population began to exhibit unprecedented sustained growth. In the two centuries following 1800, the world's average per capital income increased over tenfold, while the world's population increased over six-fold. In the words of Nobel Prize winner Robert E. Lucas, Jr., "For the first time in history, the living standards of the masses of ordinary people have begun to undergo sustained growth. Nothing remotely like this economic behavior has happened before". Starting in the later part of the 18th century, there began a transition in parts of Great Britain's previously manual labor and draft-animal-based economy towards machine-based manufacturing. It started with the mechanization of the textile industries, the development of iron-making techniques and the increased use of refined coal. Trade expansion was enabled by the introduction of canals, improved roads and railways. With the transition away from an agricultural-based economy and towards machine-based manufacturing came a great influx of population from the countryside and into the towns and cities, which swelled in population. The introduction of steam power fuelled primarily by coal, wider utilization of water wheels and powered machinery (mainly in textile manufacturing) underpinned the dramatic increases in production capacity. The development of all-metal machine tools in the first two decades of the 19th century facilitated the manufacture of more production machines for manufacturing in other industries. The effects spread throughout Western Europe and North America during the 19th century, eventually affecting most of the world, a process that continues as industrialization.

The impact of this change on society was enormous. The First Industrial Revolution, which began in the 18th century, merged into the Second Industrial Revolution around 1850, when technological and economic progress gained momentum with the development of steam-powered ships, railways, and later in the 19th century with the internal combustion engine and electrical power generation. The period of time covered by the Industrial Revolution varies with different historians. Eric Hobsbawm held that it 'broke out' in Britain in the 1780s and was not fully felt until the 1830s or 1840s, while T. S. Ashton held that it occurred roughly between 1760 and 1830. Irrespective of the timing the first and second industrial revolution actually took place and served as the foundation of modern technological development as chronologically shown on the table below:

Technological Revolution	Approx Period	What the Period Represents	The main Technological Significance	Main Products	Remarks
First	1770-1830	First Industrial Revolution	Earliest mechanization	Textiles, Chemicals, Iron castings, mechanized agriculture	We are yet to take a grip of this level of technological development
Second	1830-1880	Victorian Prosperity	Steam power railway	Steam engines, steam ships, rails, shipping	Without infrastructure, capital goods industries cannot take off.
Third	1880-1945	Great Depression or the Threshold Age	Electrical machinery engineering goods	Electrical components steel	The great depression rather than demoralize the Europeans, galvanized them into greater inventions, the third World should emulate such worthy examples.
Fourth	1945-1990	The Golden Age and Keynesian Full Employment	Fordist mass production, music/entertainment bliss. Hollywood and Hospitality Biz	Nuclear tech automobiles, trucks, tractors, aircrafts, petrochemicals etc	Having just recovered from the World War II, the world in spite of the cold war was indeed at its best, with full employment and entertainments. The music of that era is still the best no wonder some say the Cold War was a blessing in disguise
Fifth	1990 to date	Post Cold War Era	Information Technology (IT)	Space tech computers, electronics, robotics, satellites, genetic-engineering, biotech, cloning nanotech etc.	This will probably lead to the final frontier when humanity generate new knowledge to create unimagined technologies or destroy itself with negative technology such as cloning and nuclear technologies.

SOURCE: Technology is power by Sam Momah (1999)

Handout 2:

The Interface between Technology Development and Entrepreneurship

Technology is the usage of science and technical knowledge in engineering production, manufacturing in the industries and processing efficient and effective service delivery for the benefit of mankind. The components of technology are:

- a) **Machines, equipment and tools:** machine are designed to perform a particular task, usually powered, equipment and tools or instruments required for a particular kind of work or activities while tools are implement used or required for a particular trade or profession.
- b) **Techniques, methodology and strategy:** techniques is a skill in the practical aspect of an art which could as well means proficiency in an art, methodology is the system of methods, principles and above all procedure used in a particular activities while strategy is the means adopted to achieve organizational or individual objectives, goals and set targets.
- c) **Know-how, skills and competence:** Know-how is specialized skills. Skill is talent or gift naturally acquired or developed through training and competence. It is a capability or training to do something efficiently. To successfully utilize technology, machines, techniques and skills are required. The big question now is who is an entrepreneur that requires machines, techniques and skills and above all where, when and how can he/she source these components of technology.

An entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation or a person who organizes and operates a business or businesses, taking on greater than normal financial risks in order to achieve the desire objectives. The word entrepreneur according to Stokes (1998) was derived from a French vocabulary meaning some one who goes between i.e. middleman. This is because in the early ages entrepreneurs are seen as those who managed projects on behalf of the actual owners. In the early 1800s, a French economist wrote that an entrepreneur is someone who consciously moves economic resources from an area of lower productivity into an area of higher productivity and yield. David Stokes sees this definition and explains an entrepreneur as an instrument of change, someone who does not seek to protect or optimize existing ways of doing things but searches instead for a new and different ways of doing things.

Schumpeter, (1942) observed that entrepreneurship resulted in new industries but also in new combinations of currently existing inputs. Schumpeter's initial example of this was the combination of a steam engine and then current wagon making technologies to produce the horseless carriage. In this case the innovation, the car, was transformational but did not require the

development of a new technology but merely the application of existing technologies in a novel manner. It did not immediately replace the horse drawn carriage, but in time, incremental improvements which reduced the cost and improved the technology led to the complete practical replacement of beast drawn vehicles in modern transportation.

Entrepreneurship is the act of being an entrepreneur, which can be defined as one who undertakes innovations, finance and business acumen in an effort to transform inventions into economic goods through innovations. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Startup Company).

THE ROLES OF AN ENTREPRENEUR

There are three basic roles of entrepreneurs, these include:

- a) **The Innovator:** She/he turns creativity into reality. The entrepreneur as innovator produces new things or creates new ways of doing things. Many innovators are obsessive or single-minded about their invention.
- b) **The promoters:** He/she is concerned more about how to develop the innovation into a viable and successful business proposition.
- c) **The Catalyst:** He/she facilitates the functions of the innovator and the promoter by
 - i. Identifying opportunities for innovation
 - ii. Identifying new business opportunities
 - iii. Commits resources to exploit these new opportunities
 - iv. Takes a personal risk whether in financial or status terms
 - v. Contemplate and accept the consequences of failures.

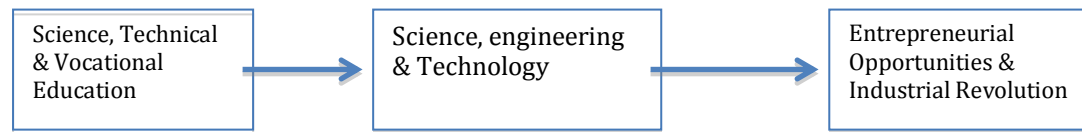
THE INTERFACE

The interface between technology development and entrepreneurship was in the early twentieth century when Schumpeter popularized entrepreneurship. He argued that entrepreneurship is a disequilibrating phenomenon rather than an equilibrating force. He further proposed a theory of creative destruction, where new firms with the entrepreneurial spirit displace less innovative incumbents, ultimately leading to a higher degree of economic growth. In his book *Capitalism, Socialism and Democracy*, Schumpeter (1942, p.13) further argued that entrenched large corporations tend to resist change, forcing entrepreneurs to start new firms in order to pursue innovative activity. This resulted in to what is referred to by Peter Drucker as TECHNO-PRENEUR known as Technology value added entrepreneur.

2. TECHNOLOGICAL DEVELOPMENT AND ENTREPRENEURIAL OPPORTUNITIES

Technological development starts from the teaching of introductory sciences and integrated sciences at the junior secondary school level while introduction to basic sciences starts at the senior secondary school level. The basic and applied sciences are at the tertiary level while designs, models and pilot plants are the advanced level of the applied research results being promoted

by the Research Institutions. At this level, the research results are ready for full commercialization by entrepreneurs.



Science, Technical and Vocational Education is a comprehensive term referring to those aspects of the educational process that evolved in addition to general education. It represents the study of technologies and related sciences and the acquisition of practical skills, attitudes, understanding and knowledge relating to occupations in various sectors of economic and social life.

Science is the intellectual and practical activity encompassing the systematic study of the structure and behavior of the physical and natural world through observation and experiment.

Technical Education is that branch of education designed at upper secondary and lower tertiary levels to prepare middle level personnel (technicians, technologists, middle management etc.) and at University level to prepare engineers for higher management positions.

Vocational Education is designed to prepare skilled personnel at lower levels of qualification for one or group of occupations, trades or jobs. It is usually provided at upper secondary level, which includes general education, practical training for the development of skills required by the chosen occupation and related theory.

The proportions of these components may vary considerably but the emphasis is usually on practical training within the framework of lifelong education.

Entrepreneurship Education is teaching Students how to start and run their own businesses; it also help prepare students for self-employment by the time they leave schools. The practical training is focused on production (Industrialization) and trading (Commerce).

Techno-preneurs are entrepreneurs who used *TECHNOLOGY* as their driving factor in transforming resources into goods and services, creating an environment conducive to industrial growth. It is also regarded as a special type of entrepreneurship involved in delivering an innovative hi-tech product (e.g. Apple, Microsoft etc) or makes use of hi-tech in an innovative way to deliver its product to the consumer (e.g. amazon.com, ebay.com etc)

Science, Engineering and Technology: The three disciplines are so symbiotically linked that none can amply exist without the three to survive and flourish. In a simple definition, according to (Momah 1999) Science simply tells us WHY things happen, Engineering tells us HOW things happen while Technology makes things happen.

Engineering is the branch of science and technology concerned with the design, building, and use of engines, machines, and structures. An engineer

is a person who designs, builds, or maintains engines, machines, or a person, who qualified in a branch of engineering.

ENTREPRENEURIAL OPPORTUNITIES

Technology presents unique opportunities to entrepreneurs within a business environment. In fact, it is only real entrepreneurs that see opportunities as result arising from technological development. Opportunities present are present in following forms:

- a) **Adaptation:** A prospective entrepreneur/industrialist can adapt or imitate other business innovators. This is easily done when there is no patent right for a particular invention or when the rights have lapsed.
- b) **Rapidly expanding market:** Existing firms may not be able to serve adequately a market which is rapidly expanding as such a prospective entrepreneur/industrialist may take advantage of such technology and venture into business thereby taking up market niches that may be left as a result of expansion.
- c) **Government/Private Patent:** That is taking advantage of either government or private patent that may be available either on royalty or royalty free basis.
- d) **Research results:** Results of both applied or development research can be acquired (sometimes free) for a starter either for a pilot plant project or try and error basis from government agencies, research institutes and tertiary institutions.
- e) **Analysis of Government policy statements:** opportunities may arise from government budgets and plans especially in respect of areas of policy change in favour of technology support or new investment. Also, business ideas can arise from analysis of private companies' annual reports with regards to areas of linkages with Small and Medium Scale Enterprises.
- f) **Visit/inquiring from Government agencies:** (NDE, NAPEP, SMEDAN, TIC, etc.) and marketing research and consultancy firms, constant readings of industrial columns and publications
- g) **Franchising with business association:** such as NASSI, NASME, NACCIMA, and MAN etc.
- h) **Failed Company or product:** The failure of certain companies or products gives room for a prospective entrepreneur/industrialist to venture into serving the unserved market that has been left behind due to the failure of such company or product.
- i) **Brainstorming:** Business ideas can be stimulated through brainstorming techniques; it could be group of friends, colleagues or relations. The usual brainstorming group consists of (2-5 or 5-10) and the brainstorming session should not last more than 1-2 hours. During the session as many ideas as possible should be encouraged and there should be no room for evaluation yet until many ideas have been generated before then another day for evaluation will be fixed. It is

always better for the prospective entrepreneur/industrialist to lead and moderate the discussion during the brainstorming session

- j) **Inquisitive/seeking for information:** The prospective entrepreneur/industrialist is encouraged to be inquisitive and ask as many questions as possible.

TECHNOLOGICAL ENVIRONMENT AND BUSINESS

This consist of those factors relating to knowledge being applied, the materials and machines used in the production of goods and services that have impact on the business of an organization. These include:

- a. **Sources of Technology:** the company sources, external sources, foreign sources, cost of technology, acquisition, collaboration in and transfer of technology.
- b. **Technological Development:** stages or changes in the rate of technological development, rate of research and development.
- c. **Impact of Technology on Human Being:** the man-machine system and the environmental effects of technology e.g. pollution.
- d. **Technology infrastructure:** Communication, transportation, energy technology, training and management institutions.

Technological changes involve invention and innovation and how it affects, alters and modifies business operations. Entrepreneurs should therefore not be concerned with technology per se, but with technological changes and its accelerated pace. The Entrepreneur must always be in search of ways of improving his goods and services. Thus, technological changes may lead to capital saving or labour saving, cost reducing or demand creating innovations which according to Schumpeter, can be achieved in one of the following ways:

- a) Introduction of a new production method
- b) Utilization of a new source of raw material
- c) Introduction of a new product including quality improvement
- d) Opening up of new markets

Technological environment has direct impact on the general business environment. Business analysis can be done to identify the Key Factors for Success (KFS) in the sector and then use these to focus the analysis on particular environmental concerns.

- a. The Key Factors for Success are those resources, skills and attributes of the business in the sector that are essential for delivering success in the market place.
- b. When undertaking analysis of the business, the identification of the KFS for the sector may provide a useful starting point e.g. KFS of “low labour costs” would suggest an environmental analysis of the following areas:
 - i. General wage level in the country

- ii. Government's regulation towards labour
- iii. Labour militancy
- c. To identify the KFS in a particular business sector, it is normal to examine the type of resources and the way they are employed
- d. The stratification of the specific functional areas for analysis of any business depends on the product type, business size and age. Most a time the functional areas are:
 - i. Operations
 - ii. Personnel
 - iii. Market
 - iv. Finance
 - v. General Management

HAND OUT 4

NEW TECHNOLOGY AND ENTREPRENEURSHIP OPPORTUNITIES

NEW means not existing, before introduction or discovered recently or now for the first time; New ideas means novel, original, imaginative, creative, experimental, contemporary or futuristic thoughts and concepts while New technology means recently developed, up to date, latest, current, state-of-the-art, advanced, modern, cutting-edge or leading-edge practical application of science and technical knowledge.

The emergence of new technologies, inventions and innovations to a large extent depend on the effort and sacrifices of researchers who worked day and night brainstorming on new ideas, concepts and inspirations resulting in the creation of new entrepreneurship opportunities. The researchers do a lot of research to arrive at the desired results, what then is RESEARCH?

Research is the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions through experimentation, testing, analysis, fact-finding, fieldwork, examination etc. Development is the process of developing new and refined product or idea through forming, establishment, initiation, instigation, origination, innovation, and generation from one stage to another. It is the development of the established facts based on research that ultimately resulted in the new technologies that created that envisaged entrepreneurship opportunities.

Some of the new technologies are:

a) Information Communication Technology: the study or use of systems (esp. computers and telecommunications) for storing, retrieving, and sending information. The proliferation of the availability of information and the accompanying changes in its storage and dissemination owing to the use of computers and the communication over a distance by cable, telegraph, telephone, or broadcasting is severally referred to as information revolution, computer age, jet age etc. This new information communication technology created entrepreneurial opportunities in the marketing, cloning and processing of hardware and software. The youths all over the world have since taken advantage of this entrepreneurial opportunity.

- b) **Biotechnology:** the exploitation of biological processes for industrial and other purposes, especial, the genetic manipulation of microorganisms for the production of antibiotics, hormones, etc. this biological processes of exploitation and manipulation are equally used for small scale farming of all sorts to produce genetically modified produce like mushroom, cassava, yam, legumes, apples etc. These are new entrepreneurship opportunities for students and young graduates.
- c) **Nano technology:** the branch of technology that deals with dimensions and tolerances of less than 100 nanometers, especially the manipulation of individual atoms and molecules. Nano technology present a new frontier for entrepreneurship opportunities in the areas of nano second measurement, nano robots development, nano bacteria identification, nano structure formation, laser ray usage in the medical sciences etc.

**HAND OUT 5:
INSTITUTIONS SUPPORTING TECHNOLOGICAL
ENTREPRENEURSHIP**

There are various organizations in Nigeria that support technological entrepreneurship. Among them are:

- a) **TECHNOLOGY INCUBATION CENTERS (TIC):** Established across the country to facilitate scale-up and commercialization of R&D results, technologies and Inventions through provision of integrated facilities, infrastructures and other business support services for a period of three years to over come some initial challenges in start-up enterprises.
- b) **NATIONAL OFFICE FOR TECHNOLOGY ACQUISITION AND PROMOTION (NOTAP)** Established in 1979 with headquarter in Abuja to primarily strengthen national capabilities for the negotiation, acquisition and promotion of technology. To also guide intellectual property right and patenting of new technologies, inventions and innovations through monitoring of technology acquisitions and transfer agreements
- c) **RAW MATERIAL RESEARCH AND DEVELOPMENT COUNCIL (RMRDC):** Established in 1987 to facilitate research, promote the development and use of local raw materials in the country. General supports and expedites industrial development and self- reliance through the maximum utilization of local raw materials as inputs for industries operating in the country.
- d) **FEDERAL INSTITUTE OF INDUSTRIAL RESEARCH, OSHODI (FIRRO):** Located in Lagos was established to conduct research into food processing, Agro-allied, Textiles, Pulp and paper design and fabrication of prototypes and microelectronics.

CONCLUSION

Consistency, technological development over the years has systematically increased technological entrepreneurship and subsequently increased entrepreneurship opportunities. The success of technological entrepreneurship is through innovation and commercialization. Innovation and commercialization of technologies is an opportunity for Technopreneurs. Today, many new small firms are in the business of providing information services. A key area in the formation of new ventures in the 1980s has been in computer and business services. Since the industry is relatively young, the enterprises involved tend to be small. There was an upsurge in the numbers of companies supplying and servicing the new products of that era which include motor cars, radios and other electrical/electronic goods, chemical and pharmaceutical products. As these industries matured and consolidated into fewer, larger organizations in the later part of the century, new technology provided the opportunity for new enterprise to develop and spread once again. This cyclical view of industrial development infers that the new businesses of today will tend to amalgamate into larger units as markets mature. New technologies developments give rise to new market, which shift the balance towards small businesses again. Finally, it is instructive to note that a sound foundation for education is critical to exploiting technological opportunities. Hence, Nigeria should address the weaknesses in its educational sector in order to be in the position to benefit from the globalize world which is powered by technology and innovation.

QUESTIONS

1. Define technology and briefly discuss the three components of technology
2. Briefly discuss any technological development and the entrepreneurial opportunities it present for techno-preneurs.
3. What is the importance of technological environment to a technology based business?
4. What are the opportunities presented by ICT as a new field of technology?

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Training Manual
For
General Entrepreneurship Courses in Universities

Course 1: Entrepreneurship and Innovation
MODULE 5: MANAGEMENT OF INNOVATION

Editors:
Prof .Murtala S. Sagagi
Prof. Sarah Anyanwu
Dr. Sola Aliu &
Dr. Oluremi Abimbola

DRAFT MODULE 5: MANAGEMENT OF INNOVATION

Learning Outcomes

Upon completion of this module, students would have been able to:

- discuss the concept, nature and types of innovation;
- appraise the theories of innovation;
- identify change and how it could be successfully managed;
- distinguish between creativity and innovation; and
- explore the impact of technological change.

Contents

- (a) The concept, nature and types of innovation
- (b) Theories of innovation
- (c) Change management
- (d) Distinguish between creativity and innovation
- (e) Technical change and management of innovation.

RATIONALE

Innovation is the successful development of competitive advantage; it is the presence of innovation that distinguishes the entrepreneur from others. Innovation must therefore, increase competitiveness through efforts aimed at the rejuvenation, renewal, and redefinition of organization, their markets or industries, if businesses are to be deemed entrepreneurial. Innovation is very germane in business today, without which, organizations will not be able to gain competitive success or advantage. That is, for organizations to survive, grow and maximize desired profitable outcome, they demand innovation. It is important to note that innovation begins with creativity as both terms are often used interchangeably. This module, therefore, is to expose the reader to and explain vividly what innovation is all about. The module will also examine the essence of managing innovation and change in the realization of organizational goals.

More so, at the end of this discourse, this module would have established why innovation is a key outcome of individual firms or companies, as well as society that seeks for economic development with vivid illustration and examples applicable and appropriate for the subject matter.

ACTIVITIES

At the end of the module, the following should be accomplished:

1. Classroom presentation and discussions.

2. Have students read Handout 1 and discuss the following questions:
 - i. What is innovation?
 - ii. Why is innovation important for creation of new products, processes, methods, markets and new organizations?
 - iii. What are the various types of innovation?

3. Have students read Handout 2 and discuss the following questions.
 - i. What is concept of diffusion theory of innovation and disruptive innovation model and how can they be used to assist the entrepreneurs?
 - ii. What seven pillars of innovation are essential to all entrepreneurs?
 - iii. What variables determine the rate of adoption of innovations?

4. Have students read Handout 3 and discuss the following questions.
 - i. What are the forces responsible for change?
 - ii. Why would an entrepreneur tend to resist change?
 - iii. What strategies should be used for managing change resistance?
 - iv. What critical areas require change in small business operations?

5. Have students read Handout 4 and discuss the following question.

What stage processes are relevant for managing and responding to technical change and innovation?

HANDOUT 1

CONCEPT, NATURE AND TYPES OF INNOVATION

A wide range of opinions have been expressed in an effort to explain what innovation means. It should be noted that the term innovation comes from the Latin word ‘innovare’ meaning ‘to make something new’.

- Innovation is the process of taking new ideas effectively and profitably through to satisfy customers.
- Innovation is the successful exploration of new ideas; it is a profitable outcome of the creative process, which involves generating and applying in a specific context product, services, procedures, and processes that are desirable and viable.
- Innovation is the process of creating a commercial product from an invention.
- Innovation is the post hoc recognition of creativity, involving a new and valuable discovery of some kind. In other words, innovation can only be said to have taken place after the event. It is an outcome phenomenon.
- Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being learned, and capable of being practiced.

However, the sources of innovation include: (i) unexpected occurrences, (ii) incongruities of various kinds, (iii) process needs, (iv) changes in an industry or market, (v) demographic changes (vi) changes in perceptions, and (vii) new knowledge.

The importance of innovation cannot be overemphasized to the entrepreneur in terms of creation of new products, processes, methods, markets and new organization as well as knowing the various elements of innovation. Okpara (2005) identified the following elements of innovation:

- i. Challenge: what we are trying to change or accomplish- the “pull”.
- ii. Customer focus: creating value for your customers- the “push”.
- iii. Creativity: generating and sharing the idea(s)- the “brain”
- iv. Communication: The flow of information and ideas- the “life blood”
- v. Collaboration: people coming together to work together on the idea(s)- the “heart”
- vi. Completion: implementing the new idea- the “muscle”

- vii. Contemplation: learning and sharing lesson lead to higher competency - the “ladder”
- viii. Culture: the playing field of innovation includes:
 - Leadership (sees the possibilities and positions of the team for action-the role model)
 - People (diverse groups of radically empowered people innovate-the source of innovation)
 - Basic values (trust and respect defines and distinguish innovation organization-the backbone)
 - Innovation values (certain values stoke the fires that makes the “impossible” possible-the spark)
 - Context: innovation is shaped by interactions with the world.

As can be seen from the above, innovation can be understood to mean a strategic tool that is imperative for organizational survival. It is also important to observe that innovation begins with creativity. This simply means that organizations intend to gain and sustain competitive advantage through innovation.

Having examined the concept of innovation, some attention needs to be given to the discussion of types of innovation, some theories of innovation, identifying and successfully managing of change as well as exploring the impact of technological change.

Types of Innovation

In a business start-up, the entrepreneur is regarded as the key actor in developing business ideas, marshalling resources and creating an enterprise to bring a new product or service to the market. In a competitive business environment, the entrepreneurs continue to seek out for new opportunities and make the necessary arrangement to convert them into new goods and services. Innovation should, therefore, impregnate the entire enterprise for the creation and invention of competitive edge and relevancy in the market place. Innovation can take several forms:

1. Innovation in process, including changes and improvement to methods. These contribute to increase in productivity which lowers costs and help to increase demand.
2. Innovation in product or services. While progressive innovation is predominant, radical innovation opens up new markets. These lead to increase in effective demand which encourages increases in investment and employment.

3. Innovation in management and work organization, and the exploitation of human resources, together with the capacity to anticipate techniques.

It is also imperative to note that from the extant entrepreneurship literature, three basic types of innovation can be categorized. These are: breakthrough innovation, technological innovation, and ordinary innovation.

Breakthrough Innovation

A breakthrough innovation is extremely unique innovation which in most cases determines the basis for further innovation in that area or field. Consequently, such innovations need to be protected as much as possible by strong patents, trade secrets, or copyrights. Some good examples of breakthrough innovations ideas are: the Internet, the automobile, the computer, the airplane, etc.

Technological Innovation

In contrast to breakthrough innovation, the technological innovation occurs more frequently than breakthrough innovation and in general is not at the same level of scientific discovery and advancement. It should be acknowledged that technological innovations also offer advancements in the product and/ or market area. Examples of technological innovations are voice and text messaging, the jet airplane, the personal computer, the flip watch for containing pictures, etc.

Ordinary Innovation

Unlike the breakthrough and technological innovations, the ordinary innovation is the one that occurs most frequently. This kind of innovation extends the technological innovation into a better product or service. These innovations usually come from market-led or market- push innovation. In other words, the market has a stronger effect on the innovation (market pull) than the technology (technology push).

Questions

1. What is innovation and why is innovation important for creation of new products, processes, methods, markets and new organizations?
2. Discuss the various types of innovation?

HANDOUT 2

THEORIES OF INNOVATION

A number of theories have been put forward on the phenomenon of innovation. In this section, the main theory of innovation “Diffusion theory of innovation” will be examined in some details.

Diffusion Theory of Innovation

According to this theory, once innovation occurs, innovations may be spread from the innovator to other individuals and groups. However, this process has been proposed that the life cycle of innovations can be described using the ‘S’ – curve or diffusion curve. The S-curve derives from an assumption that new products are likely to have “product life” that is, a start-up phase, a rapid increase in revenue and eventual decline. As noted by the extant management literature, majority of innovations never gets off the bottom of the curve, and never produces normal returns.

Innovative entrepreneurs will typically be working on new innovations that will eventually replace older ones. Successive S-curve will come along to replace older ones and continue to drive growth upwards.

Key to Rogers’ (1995) definition of diffusion is the presence of four elements in the diffusion of innovation process. These elements include the following:

- 1) The Innovation: an idea, practice(s) or objects that is perceived as new by individuals or a group of adopters.
- 2) Communication Channels: the means by which innovations move from individual to individual, or group to group.
- 3) Time: the non-spatial interval through which the diffusion events occur. These events include the innovation-decision process, the relative span of time for the individual or group to adopt the innovation and the innovations’ rate of adoption in a system.

4) A Social System: a set of interrelated units that are engaged in joint problem solving activities to accomplish a goal or goals.

The Disruptive Innovation Model

Innovation often outstrips the capacity of the market place to assimilate it. Companies almost always seek to solve the hardest problems, and to do so at a pace faster than consumers can absorb, failing to recognize that the performance level customers can utilize is relatively flat. Thus, innovation for innovation's sake is seldom financially successful. The characteristics of sustaining innovations and disruptive innovations are separate and distinct as stated in Table 1.

The characteristics of sustaining innovations and disruptive innovations are separate and distinct:

Sustaining Innovations	Disruptive Innovations
Better	Different
Premium price	Low price
Next-generation	Good enough for now
Leap forward	Leap down
Complicated	Simple

Source: Anthony (2005)

To survive, entrepreneurs must use the innovation model appropriate to where they are positioned in the market. In this case, the seven pillars of innovation are essential to all entrepreneurs who want to meet their goals and have competitive advantage.

Seven Pillars of an Innovation Dynasty

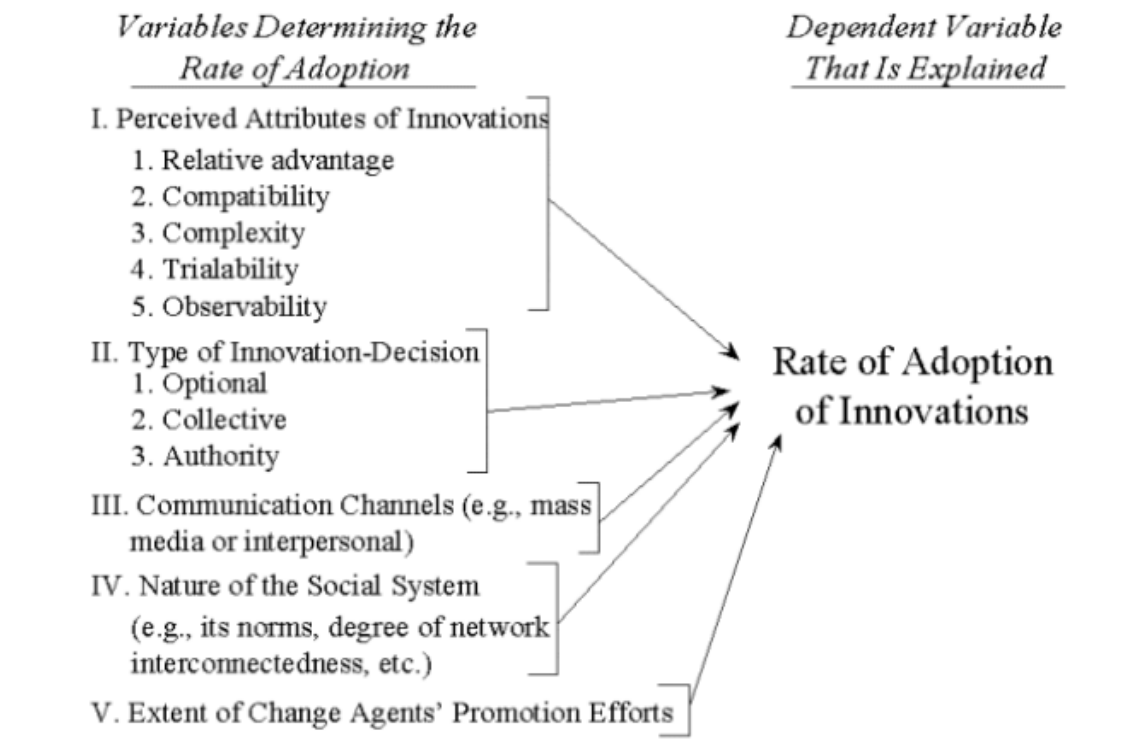
Remove	Insert
Using one process for all innovations	Different resources and processes
Talking about the importance of innovation	Live and breadth innovation
Assuming business as usual works	Block corporate antibodies
Expecting projects to get big fast	Be patient for growth& impatient for profits
Looking for "right-stuff" managers	Find "Schools of Experience" staff
Assuming you have all the answers	Take an external perspective looking or "know-how," not "know-who"
Keeping a tight handle on doing things right	Embrace failure that allows for learning and adapting

Source: Anthony (2005)

Rogers also offers a very scientific approach to understanding the rate of adoption. Rogers (1995) has developed five variables which affect the adoption rate of any particular innovation. These include 1) perceived attributes of innovations, 2) type of innovation-decision, 3) communication channels, 4) nature of the social system, and 5) extent of change agents' promotion efforts. Rogers' model could help the entrepreneur to consider the basic forces which affect both adoption rates, and the factors which may lead to the rejection of an innovation. A schematic description of this model is shown below in Figure 1.

Figure 1: Variables Determining the Rate of Adoption of Innovations

Figure 1: Variables Determining the Rate of Adoption of Innovations



(Rogers, 1995, p. 207)

Questions

1. Explain diffusion theory of innovation and disruptive innovation model.
2. What are the seven pillars of innovation that are essential to all entrepreneurs who want to meet their goals and have competitive advantage?
3. Discuss the variables determining the rate of adoption of innovations?

HANDOUT 3: CHANGE MANAGEMENT

Most entrepreneurs and business managers have seen change becoming a regular aspect of organizational life and they must constantly monitor and respond to these changes appropriately. But the fact still remains that for entrepreneurs to respond optimally to these changes within the organizational context they need to first understand the forces responsible for these changes. Secondly, they must acknowledge the need for change and ability to cope with it or resist it and become a victim of change. In this section of the module, we shall look at how organizational change can be managed with emphasis on its meanings, causes of changes or the forces responsible for change, resistance to change, and managing resistance to change.

Change Defined

- Change is defined as the transformation in patterns of organizational activity.
- Change has also been defined as modification of those forces keeping a system's behavior stable.
- Change can be seen as an overhaul of both internal and external environments of an organization.

From the foregoing, one finds that organizational change involves a shift from the usual mode of organizational activities towards another that is adjudged to be more suitable and efficient. This means that there exist a new set of attitudes, behavior, technology and organizational arrangement. Entrepreneurs and managers should note the various elements in the organization are immediately faced with new wave of change.

Forces Responsible for Change

It is imperative for entrepreneurs to identify and know those factors that bring change within the business environment where they carry out their business operations. Identifying and knowing these forces responsible for change or factors that bring changes, entrepreneurs can then identify a variety of options available for them to survive, grow, and sustain competitive advantage. These forces responsible for change are:

- economic factors
- change in technology
- social causes
- political and legal changes and
- intense competition

Economic Factors: Entrepreneurs should note that economic factors have imparted very serious effects on consumers' behavior or attitudes of buyers of goods and services. With the anticipation of any future inflation, a buyer now tend to buy and save or prefers using

all what they have to buy what is available and possible. Thus, saving or stocking against the near future.

Consequently, just as organizations are trying to be current and also have latest information on economic changes or issues which are published regularly, entrepreneurs should also do the same since these information are very vital for the continuity and survival of their operations. In brief the economic factors are: business cycles, GNP trends, interest, money supply, inflation, unemployment, disposable income, energy availability and cost, etc.

Change in Technology: The emergence of some technological devices, such as thinking computers, robotics, computer engineering, miracle drugs, space communications, lasers, cloning, satellite networks fibre optics, electronics money transfer etc, have altered the frequency of operations of organization. These changes have influenced both local and international business activities. Entrepreneurs are therefore encouraged to buy into technologies that can completely change or improve the total operational standard or life of their ventures.

Social – Cultural Causes: Social, cultural, demographic and geographic factors could have very serious effects on the products, services, markets and customers of an organization if ignored or not considered by the organization in its operation. For instance, there are a lot of changes in the family structure, marital life, and self-dependence.

Also, an entirely different view of social class in terms of minority and majority groups as per discrimination has emerged. All these and other social, cultural, demographic and geographic related factors have created the need for different types of products, services, and strategies by companies as well as entrepreneurs to get along with these changes.

Political and Legal Changes: Political and legal changes are the other set of major environmental variables that can influence the external audit of an organization or a venture.

A summary of some of the political / legal changes that should be noted by entrepreneurs are monopolist legislation, environment protection law, taxation policy, foreign trade regulations, employment law, government stability, etc.

Intense Competition: This exists among ventures or businesses that offer similar products or render similar services. Entrepreneurs should note that there is the need for them to obtain vital information about their competitors. Such information include:

quality of products/service offer by competitors, financial information, weakness and external opportunities etc. This information will enable the entrepreneur and his/her venture not only to improve his/her products/services but also allow entrepreneur to gain competitive advantage over his/her competitors.

Resistance to Change

An entrepreneur tends to resist change because it is easier to follow known paths already well-established and learned than to change or learn and adapt to new methods where the outcomes may not be as certain. Some of the factors that increase entrepreneur resistance to change include:

- ◆ **Uncertainty about the Impact of Change:** One of the major reasons why an entrepreneur will resist change is because of the uncertainty about the impact of change. For instance, the change would be resisted by an entrepreneur, if it could mean unfavorable change in government policy as related to its business operation or difficulties experienced when forced to a new location.

- ◆ **Economic Implications:** An entrepreneur will resist the change when forced to a new location as this may affect the cost of acquiring a new location, loss of customers which may affect his/her market share or profit, cost of operation in some cases.

- ◆ **Lack of Proper Communication:** If the need for the change is not communicated to entrepreneurs and small business owners in time and in an acceptable manner, then it can lead to resistance. For instance, government policies in areas such as taxation, environment protection laws, trade regulations, etc. should be well communicated to these small business owners and entrepreneurs to enable them see reasons for the change.

- ◆ **The Group Resistance:** Sometimes, the individual entrepreneurs and small business owners resist change because the group, to which they belong, resists it. The individual entrepreneurs usually comply with the group norms and codes and support the group attitudes. For instances, when government in some states in Nigeria decided to relocate or renovate some of business districts where these entrepreneurs or small business owners carry out their business operations, some individuals could see the need for these change but if the groups they belong do not see the need, they have no other option than to fully support the group to which they belong.

- ◆ **Emotional Reasons:** One of the major reasons for change resistance by an entrepreneur is the emotional turmoil that a change may cause, especially if the past experiences of changes have not been useful.

Seven Critical Change Areas

A brief outline of what the future may hold for change in small business operations in seven critical areas of planning during the current world economic environment as are outlined by as follows:

1. **Capital.** It will be more difficult and expensive to obtain and might become virtually unavailable to many small businesses at any price.
2. **Raw materials.** They will also be increasingly costly and difficult to obtain. Smaller firms may have to rely on larger inventories or switch to more abundant substitutes.
3. **Labor.** This is the most plentiful resource for a business. Abundant labor will be substituted for scarce capital.
4. **Technology.** Technology will become more important to small business in the future than in the past. Small business will continue to profit from technological advances which will bring products that it can help to manufacture, market, or use to improve its own performance. However, capital and energy constraints may hinder the flow of new technology.
5. **Markets.** Markets based on products which consume large amounts of increasingly costly resources will tend to decline, while those which make smaller demands on irreplaceable resources or actually conserve them will tend to flourish.
6. **Government regulation.** Regulation is almost certain to increase, as government regulatory agencies struggle to keep the country prosperous.
7. **Management.** Entrepreneurs will have to exhibit greater professionalism and foresight if they are to guide the small business sector through the period of economic scarcity.

Strategies for Managing Change Resistance

Some of the strategies for managing change resistance include:

- **Education and Communication:** if entrepreneurs do not have adequate information or the information that they have is inaccurate about government policy relating to their business operations, then it is necessary to educate them about the change, its process and its working. This education can be carried out through training classes, meetings and conferences.

- **Participation and Involvement:** Participation of entrepreneurs and small business owners in change of government policy relating to their operations would ensure commitment to implementation of such change. Also, entrepreneurs should ensure the participation of their employees in certain organizational change process.
- **Negotiation and Agreement:** Managing change resistance requires the need for negotiation agreement with all concerned stakeholders. This is so, as some individuals or groups may end up as losers due to the change and where such individuals or groups have considerable power to resist.
- **Timing of Change:** The time of change goes a long way to determine the level of change resistance. It is suggested that entrepreneurs should choose the time when the organizational climate is highly favorable to change, when there is need for organizational change.
- **Leadership:** The credibility and prestige placed upon the entrepreneur could also influence the employees to be involved in the change process. In the same manner, credible government leaders could also influence entrepreneur to be involved in the government policy change process relating to the entrepreneurs' business operation.

Questions

1. What are the forces responsible for change?
2. Why would an entrepreneur tend to resist change and what are the strategies for managing change resistance?

HANDOUT 4: TECHNICAL CHANGE AND MANAGEMENT OF INNOVATION

It is a must for entrepreneurs to manage and respond optimally to technical change and innovation. Failure to respond to these changes may undermine the basis of their ventures existence. Accordingly, a four stage processes which is relevant for managing and responding to technical change and innovation which by its very nature, requires change is stated below:

- **Stage 1. Scanning the Environment:** for relevant signals indicating threats and opportunities for change.
- **Stage 2. Evaluation of Opportunity:** This involves deciding which of these signals to respond to, based on a strategic view of how the enterprise can best develop.
- **Stage 3. Resource Acquisition:** This involves acquiring the resources to enable the response. This might be as a result of R & D or acquiring key resources from elsewhere (e.g. via technology transfer).
- **Stage 4. Technological and Market Development:** This involves implementing the project, developing both the technology and the market in order to respond effectively.

CASE STUDY

MUNGO'S SERVICE STATION

Three years ago, Mungo bought a service station from an old man who had run the station for 16 years using old machines and hand driven pumps. The sales were the best of any service station in the town. The former owner had been a very popular man in the area and had many loyal customers. Some of this popularity rubbed off on the new owner but there were a lot of people in the area who didn't like Mungo.

As soon as Mungo took over the service station, his business began to decline. Within a period of three years, almost all old customers had left for the nearby service station and few new customers come to the service station. The biggest reason for losing sales was the attitude Mungo had towards his customers. For example, when a boy came to the station with his bicycle tyre and wanted air for an inflated bicycle tyre, Mungo told him "I'm here to sell gasoline, not to give air, ask your father to buy you a bicycle pump, don't bother me".

Another time a man on his way to a wedding stopped for gasoline. Mungo sold him gasoline but was in such a hurry and seemed to be very tired because of the hand pump he was using; he didn't check the oil or wash the windows. When the man asked Mungo to do these things, Mungo did them in bad humour and grumbled about all the work he had to do. He cleaned only the windshield in spite of the fact that all the windows were dusty.

After several instances like these, word got around about Mungo's bad personality. Nobody wanted to buy gasoline from Mungo's service station. The successful business Mungo had taken over went broke after three years as most of the customers shifted to a nearby service station.

Questions

1. What things will make an entrepreneur popular?
2. The service station had been a success for 16 years before Mungo took over. Why did it go broke within three years after Mungo became the owner?
3. "..... Never argue with a customer. Adopt the attitude that the customer is always right no matter how wrong he is". Discuss with reference to this case study.
4. What should Mungo have done to attract more customers?
5. What other factors could have influenced the customers to shift to a nearby new service station?

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DRAFT Training Manual
For
General Entrepreneurship Courses in Universities

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

**MODULE 6: FAMILY BUSINESS AND SUCCESSION
PLANNING**

Editors:

Prof .Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

DRAFT MODULE 6:

FAMILY BUSINESS AND SUCCESSION PLANNING

OBJECTIVE OF THE MODULE

The objective of this module is to help students understand the concept of family business and the transition from family businesses to the mega firms we see today in the corporate world.

Learning Outcomes

Upon completion of this module, students would have been able to:

- Discuss the concept of family business and the factors that make it unique
- Explore the cultural context of the family business
- Appraise the complex roles and relationships involved in a family business
- Identify entrepreneurial practices that enable a family business to function effectively
- Examine the process of managerial succession in a family firm.
- Analyze the major issues involved in the transfer of ownership to a succeeding generation.

Content

- (a) The Concept of Family Business
- (b) The Cultural Contexts of Family Business
- (c) Roles and Relationship in Family Business
- (d) Ownership Transfer and Succession in Family Business.

READING LIST

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TOPIC ONE

INTRODUCTION

A family business is a venture that is mainly owned by the members of a single family. In other words, a family business is a business in which members of a family have significant ownership interest and significant commitments toward the business' overall well-being. They hold the controlling shares and dictate what happens. In Family Business, business principals and actors are related by kinship or marriage, ownership is combined with managerial control and family relations, and ownership and/or management are transferred to the next generation. Gradually, at least two generations are present or would have been in business.

New entrepreneurial firms are not often started with the explicit objective of becoming a family business. They rather evolve into a family business if and when a new generation becomes involved in operations. In Nigeria, very often, the initiator typically male, would start the enterprise and introduce members of the family as he pleases.

Owning and operating a family business is both rewarding and demanding whether it is large or small. A special challenge for family firms is to maintain their entrepreneurial drive over generations; the continuity necessitates strategic renewal, and entrepreneurial. Business and family issues which so often overlap make succession planning a necessity. Thus, another major challenge is to keep the family dimension in harmony with the business and ownership dimension.

DEFINITIONS

Many researchers (Lorna, 2010; Handler, 1990; Churchill & Hatten, 1987) and a host of others have made frantic efforts to arrive at a unified definition of family owned business, particularly in the social sciences research domain, but have ended up offering different views on the definition of family business. For instance, Hoy et al., (1994) put this forward "What is a family business? People seem to understand what is meant by the term family business, yet when they try to articulate a precise definition they quickly discover that it is a very complicated phenomenon. Therefore, the following situations suggest the definition of family business:

- A business is owned by a family but run by non-family managers.
- A business is owned by a large, multi-national corporation but run by a local family.

- A business is jointly owned by two unrelated partners, each of whom has a son in the business (Hoy et al 1994)

1. Lorna (2011) defines family business as one that will be passed on for the family's next generation to manage and control.

2. Handler (1990) defines it as a business run by at least one family member.

3. Churchill & Hatten (1987) also describe family business as a founder-operated business where there is anticipation that the business will be passed to the next generation

All these definitions give an impression and basic understanding of what family business mean. However, in a more directional and precise form, family business suggests solely businesses that are owned and managed by family either by the founder or any of his children in most cases the eldest or first son.

Family in the African and Nigerian setting

Uniquely African/Nigerian is the extended family system, and is defined as a multiplicity of primary familial relationship, usually determined by kinship, where everybody is a father, mother, brother, sister or child, which functions to meet the emotional, financial, physical and social needs of members (Obayan, 1995). This family system is different from the Western conception of the extended family system, where relationships are marked by degrees of relationship. In the Nigerian extended family system, once a common ancestry is established, the degree of separation becomes irrelevant and this serves as the basis of interaction among members. This is further complicated by polygamous marriage system that results in more wives and children.

Several indigenous businesses in Nigeria are family businesses. Most of the successful Nigerian Entrepreneurs that are making waves in the economy built up their businesses as family-owned businesses: The Ibrus, Abiolas, Dantatas to name a few. The place of family firms in the world economic fabric is important, regardless of the criteria used to define them. To give just one illustration of this observation, the statistics compiled by the Family Firm Institute reveal that their contribution to the GNP of a sample of European countries varies between 45% and 65%. The lowest level is in Portugal and the highest in Italy. In the USA, 33% of Fortune 500 companies are under family influence. In Canada, it was

estimated in 2003 that family firms generated an annual turnover of 1.3 billion Canadian dollars and employed more than half of the active workforce (FFI, 2007).

ASSUMPTIONS ABOUT FAMILY BUSINESS

Both theory and practice inform us that family owned businesses/ firms value longevity. Theory suggests that entrepreneurial families aim to pass the business to the following generation (Ward, 1997); and that they are known for being committed owners supplying patient capital (Zellweger, 2007). Practice demonstrates that family businesses are particularly conscious of long term survival (Trostel & Nichols, 1982); and that they survive longer, on average, than non-family firms (Gorriz & Salas, 2006). Longevity in today competitive environment is quite a challenge: global crisis, uncertainty together with intense competition, and rapid technological change (Ireland, Covin, & Kuratko, 2009) amplify the need for organizations to be(come) more entrepreneurial to survive and prosper (Dess, Lumpkin, & McGee, 1999).

Habbershon and Pistrui (2002) introduced the enterprising family domain highlighting the entrepreneurial potential of the family ownership group and its strategy for sustaining wealth creation across time. When theory alludes to family as engine of family businesses it can take many forms (Agu, 2010)

Family Influenced Start-ups

Family influenced start-ups commonly occur and usually involve new business in which family ownership, vision and or leadership shape the strategic intent, decision making, and financial goals of the business. From the start, the business may have family involvement, or may have the intention to involve the family later. Where families embark on their collective entrepreneurial action with a formal vision and detailed planning process that detail how the family will capture a new opportunity, the role of family members will be well clarified.

Family Corporate Venturing

This is like entrepreneurship within an established family business, In this stance, the family business catalyses the start-up of new business. This way, families usually end up building numerous businesses under a family business umbrella. Dantata Sawoe & Sons Nigeria Ltd is a typical example.

Family corporate renewal

An existing family business may be operated in an industry characterized by stiff competition making growth of the business slow and difficult. The families' entrepreneurial action in this instance will be directed towards creating new streams of value through innovation and transformational change. This enables the family business to launch new products and or services; penetrate markets controlled by competitors or even enter new markets, and in some cases design and deploy new business model. In a formal setting, operationalizing corporate strategy elements and evaluating them tend to renew competitive triggers to initiate the renewal process.

Provision of family private cash

Most new ventures are funded through family private cash. Family funding is usually based on altruistic sentiments toward the family rather than formal; is very soft and might not even have repayment period or interest component. This can create problems in the future should there be family intra squabbles, hence some writers prefer the formal setting where funding granted by the family is based on some agreed portions that reduce possibilities of conflict among family members in the future. Furthermore, it enforces discipline and accountability in family entrepreneurs.

Family Investment Funds

Family funds are common as families (whether formal or informal) sometimes find themselves with surplus cash which is in excess of their investment needs. The families may pool the excess fund for use in funding entrepreneurial actions of the family. Under the informal setting, family investment funds are usually generated from cash flows that family leaders invest in entrepreneurial activities as a means of diversifying their portfolios. In the formal setting, the funds are created from liquidating part or the entire family group. A family office is then created which has the responsibility of administering the fund.

Hyderabad (2006) identifies the most important areas of concern for the success of a family business and refers to them as the **ten** commandments of Family business. These are listed below in no specific order as:

- Induction and grooming;
- Ownership Structure;
- Preserving wealth;

- Conflict resolution mechanism;
- Business vision, strategy and governance;
- Family vision, strategy and governance;
- Succession planning;
- Compensation and rewards for planning;
- Recruitment and reward for non – family professionals;
- Retirement and estate planning.

CHALLENGES OF FAMILY OWNED BUSINESSES

Timmons (2007:568) identifies twelve universal challenges that family enterprises face:

- Families assuming that their past success will guarantee their future success;
- The legacy value attributed to the business does not translate into a market value or advantage;
- Families want a legacy pass in the market such as being recognised as good citizens for operating for a long period;
- Leaders try to balance the risk profile of their shareholders with the risk and investment demands of the marketplace;
- Risk profiles differ between senior and successor generations;
- Families find it hard to pass the responsibility of managing the firm into the hands of younger generations which they deem less capable;
- Families build the first-generation business on the founder's intuition, but then business never establishes more intentional entrepreneurial processes or confirmed strategy for the future to keep the entrepreneurial contributions alive;
- Families rarely make use of the same financial strategies as those used by fellow entrepreneurs to grow the business;
- Families do not get rid of unproductive assets and underperforming businesses to reallocate resources to more productive places;
- Successor generation family members feel entitled to get a business rather than seek next-generation entrepreneurial opportunity;
- Senior leaser communicate to the next generation that business planning and entrepreneurial analysis is a waste of time;
- The family member is given part of the business to run as part of their legacy, and this is deemed to be entrepreneurship in the family.

Iwan (2006) goes further to include the following challenges:

- Lack of an exit strategy;
- Succession planning;
- High turnover of non-family members;
- Lack of training of new family members who join the business;
- Lack of outside opinions and diversity on how to operate the business.

CASE STORY

THE FEGNO GROUP

Overtime, F.G.N established a strong patronage and became a bulk dealer in commodities. He decided to provide back-up logistics for his trading business and thus established a haulage company which he branded the ‘Perseverance Line’ in 1941.

From the onset, the company operated like a one-man outfit – F.G.N. Okoye personified the business. Even though his three sons were on the Board of Directors, they were still in school, and considered too young to engage in decision making. All the details and documents of the business were kept in F. G. N.’s briefcase, and he was the only signatory to the company’s accounts. The head office of the organization was near his personal house in Enugu to ensure constant monitoring.

Given F.G.N’s goodwill and credibility, the company was able to obtain a wide range of high-profile projects. In fact, the company’s first major undertaking was a contract from the Public Works Department to build the Trade Centre Complex in Onitsha.

From the time his sons were only toddlers, he began introducing them to various aspects of his business, teaching them the critical values which formed the basis of his success. According to Chief J. C. Okoye, F. G. N’s second son, “As a student, during the holidays, he took me along as he went about his daily business. He taught me his trade and made sure I knew his friends and business associates”.

A visionary and strategist, Felix recognized that F. G. N. Okoye & Sons had under-invested in the transportation arm of the business relative to construction. So in 1971, working in close collaboration with his father, he bought a 40% stake in the Nigerian subsidiary of International Aviation Services (IAS) Ltd, a UK all-cargo airline that consolidated and

distributed cargo to many parts of the world. Felix became the first chairman of the Board of this IAS subsidiary in Nigeria as the representative of F. G. N Okoye & Sons.

Leveraging the knowledge that they had both acquired through their education and work experiences, as well as their early exposure to the company, Felix and J. C. gradually introduced systems and structures into the organization. This process proved extremely difficult, as F. G. N. was sometimes skeptical about the need to restructure the business and thus opposed some of the new ideas that Felix and J. C. attempted to introduce. It took the intervention of Senator Onyeabo Obi, Chief Obi Okoye, and other prominent Nigerian lawyers and influential family friends for F. G. N to concede to these changes.

From 1975 to 1976, F. G. N Okoye and Sons began to hold formal Board meetings, even though the membership still consisted of only F. G. N. and his sons. During this period, they also became salaried employees. The family also hired professional managers, a few of whom were even paid more than the sons. In addition, the management instituted financial systems and a range of operating structures and gradually depersonalized the company, enabling it to establish a distinct identity.

In 1979, Chief F. G. N. officially retired from executive duties but retained his position on the board as Chairman. He gradually shifted his focus from business to community and civic leadership, which allowed him to enjoy quality time with his growing family. Long visits to his country home became more frequently as he found great pleasure in participating in church functions and town development initiatives. It was during this period that F. G. N. galvanized resources to build the Enugwu –Ukwu Town Hall, which later became the Anambra State House of Assembly.

Today, what started as a small trading and distribution outfit under F. G. N's leadership has metamorphosed into a conglomerate called FEGNO Group, which serves as a holding company, with investments in banking, shipping, oil and gas, construction, real estate, courier, logistics services, printing, publishing, and consulting. The Group provides guidance, funding support, and checks and balances for the operations of each subsidiary. While the incorporated subsidiary companies are supervised by their individual boards, the Boards of the Group overseas and collates information on their performance.

The third generation is quickly becoming part of the business. Felix Junior, Obiora and Ugochukwu, sons of Felix, currently run their own companies in Lagos, and are being integrated into a range of Board roles across the different subsidiaries.

* culled from: LEAP Africa (2006:65-77)

ACTIVITIES

1. Name ten indigenous businesses around your environment (big or small)
2. Which family businesses on a national level seem to have been passed on from one generation to the other?
3. Which family businesses did you know as a child and are not around anymore?
4. Draw a table of five items of advantages and disadvantages of family businesses

TOPIC TWO

THE CULTURAL CONTEXT OF FAMILY BUSINESS

Culture is defined as sum total of beliefs, rules, techniques, institutions and artefacts that characterize human populations. Taylor (1871) defined it as “that complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities acquired by man as a member of society”. Culture is learned, shared, interrelated and defines boundaries for different groups. A society is a group of people who are bound together by a common culture. In today’s business, it is an established fact that culture plays a vital role or to a high degree influences the attitude, perception and decision making process of an individual. Culture is like an unavoidable state of rules and regulations that defines people’s daily life in a particular environment or society (Ogbonna, 2010). Considering the fact that most human behaviours are not innate but learnt, shows that culture is acquired over time. Savignon & Sysoyev (2002:513.) define culture as the formation of a system of symbols, norms, belief, meanings etc. which is transferred from one generation to another and this attributes, differentiates groups of people with distinct characteristics such as origin, gender, religion, race, socioeconomic class, ethnicity and political views. Hammerly (1982:46.) gives a clear and simple definition of culture as, "the total way of life of a people which is created over time".

The argument in sociology that individuals affect and are affected by the social structure has been taken to bear on the study of entrepreneurship. Thornton (1999), for example, defines entrepreneurship as the creation of new organizations, which is context-dependent (Reynolds, 1991). This position places the practice of entrepreneurship within values and attitude in a social context. Weber (1904) posits that the high rate of development recorded in the Western societies relative to other cultures was a corollary of the presence of values such as individualism, an ascetic self-denial, which discourages extravagant lifestyles, positive attitude towards work, savings and investment. Contrary to Weber's position on the value of individualism and its contribution to entrepreneurial development in Western societies, Redding (1980) reports on Asian entrepreneurship that thrives on familial ties. This is illustrated by the practice among Asian entrepreneurs in Nigeria, where their businesses are built around familial ties. It is therefore obvious that context plays a role in dictating the direction of entrepreneurship.

DIFFERENT CULTURES IN NIGERIA

Nigeria as a country has a lot similarities with other African countries especially when it comes to moral and cultural values. Nigeria cultural values according to Ogbonna (2010) include: (1) Value for Community Life (2) Value for family oneness (3) Value for Sacred and of religion (4) Value for old age and authority (4) Value for acceptance and hospitality. We elaborate on them below.

Value for Community life: This highly cherished value in the culture of Nigerians as the community and its occupants are seen as one entity and need to be protected. No matter how civilized and wealthy a man is, he must always be present in his community as often as possible as a mark of responsibility. Nigerians see communalism as a system that in its reference is both supersensible and material. People's identity in most cases is dependent on their community of origin. In some instances people assume the name of their community as their last name; e.g late Alh Suleiman Takuma; Professor Attahiru Jega. In respect to material term of reference, people are expected to be at the community square for participation in issues concerning politics, religion and socialization, festivals and other traditional programmes carried out in the community. "A man outside his clan (*clan*: means community) is compared to a grasshopper that has lost its wings" (Davidson, 1999:55). In Nigeria, an individual's identity cannot in anyway override the identity of his community.

Value for family oneness: Family is highly valued in Nigeria culture and is seen as the basis of existence. Unlike the Western world family is viewed beyond a man, his wife and children but rather extends to other relatives. Nigerians perceive family as the bedrock of human creation and as such attach much value to it. The man is the head of the family and is bestowed with the responsibility of catering for the welfare of his immediate family and extends to relatives. Nigerian families are characterized with large sizes with children being higher in proportion. A man is judged to be responsible only if he has a family. When dealing with an individual family man in Nigeria is like dealing with his entire family because all a man strives for is to get his entire family going.

Value for the Sacred and of religion: Generally, in traditional Africa there are no atheists owing to the fact that indigenous African culture perceived religion as an integral part of culture and not as an independent institution (Mbiti, 1990:112.). In Africa, people's behaviours and attitude reflect their religious beliefs, concepts and practices. We can make generalization with the assertion of Idowu (1992) which states that "With the Yoruba,

mortality is certainly a product of religion". The two are seen to be inseparable and any attempt to do so brings negative consequences. Nigerians never accept the concept of laissez-faire to attitudes and morality and so morality and religion is bound together as one. (Idowu 1992:146)

It has been established as fact by both African and European authors that Africans in general find it almost impossible to exist without religion. In as much as every philosophy is not a religion, all religion merits philosophy to an extent. (Oliver, 1991:24.)

Value for old age and authority: According to Conton (1966), Africans in general has much respect and value for old age. Though respect for elders is common in many parts of the world but in the case of Nigeria it goes beyond and includes both prostrations in greeting, titles etc. In Nigeria it is believed that the words of the old people are as strong as amulets and they are seen as representatives of God in the society. This respect for old age propels an Ibo adage which says "Paying attention and listening to an elderly person is like consulting an oracle", because oracle in Nigeria is believed to give an undefiable truth. Markwei (1979), explicitly expresses this value for old age in his poem where he further explains that "Boys cannot look at women and vice versa where there are elders" (Markwei 1979:15.) Oliver (1991), buttresses this fact by saying that in as much as old age is a cultural value to us, a lot of responsibility is attached to it, which the elders are required to fulfill. In conclusion he said that value for old age is a sine qua non of responsibility (Oliver 1991:29).

Value for acceptance and hospitality: This is one of the Nigeria cultural values that is gaining strength each day. Nigerians are open- minded and receive foreigners with affection. In parts of Ibo land it is a Taboo to reject a visitor even when you have never seen the person before. Nigerians are open minded and value hospitality and relationship as part of service to humanity and man and must not be over-ruled (Oliver 1991:29.)

According to Agu (2010) Family business like other forms of businesses do not operate in a vacuum. The community in which it is located, greatly shapes the environment within which the business operates. The cultural background of the community as enumerated above where the business is located could affect the business in some ways viz:

1. Work Days Available for Operation

In some communities, especially in Africa, some days are held sacrosanct and no work can be done in them. Where members of a family business are from such a community the workdays available for such a business is highly limited

2. Gender Structure of The Work Force / Management

Some communities have different roles for different genders. For instance, women are relegated to house chore roles in some societies. This greatly puts them in a disadvantaged position in holding any roles in the family business. Also, culture has made it acceptable in some communities for women not to go to school. This definitely limits them, especially with regards to the role they can play in any business. Here, gender issues involve the perception, attitudes and behaviours of people on the fact of being male and female in society, and how these influence their social interactions. The following sub themes always emerge in discussions that revolved around gender issues in entrepreneurship:

- * Levels of participation of the different gender in entrepreneurship;
- * Cultural expectations of the different gender;
- * Problems encountered by the female gender in entrepreneurial field; and
- * Gendered division of labour in entrepreneurial activities.

3. Nature of Investment

Not every business is permissible in different cultural settings. In a Muslim community, setting up a financial company for the purpose of lending money and earning interest may not be allowed. In some others women are not allowed to engage in trades other than selling food stuffs and pottery items. As such, a family business operating in such cultural setting may have some of its members barred from playing any active role in the business.

4. Succession in The Business

In some communities in Africa and in some other developing countries across the globe, the culture dictate what and how assets are transferred to the next generation. There are communities in Nigeria where women are not considered in inheritance matters and the first son usually inherits princely assets of the parents. In communities with such cultural settings, the culture seriously affects the manner and how succession in a family business is treated.

ROLES AND RELATIONSHIPS IN FAMILY BUSINESS

Generally, there are four main types of job roles in businesses: owners/directors who are responsible for the overall direction of the business; managers often appointed and responsible for one area of the business such as marketing, production, finance etc; supervisors who have day to day responsibility for looking after a “team” of operatives; and operatives/support staff who carry out basic functions of the business. In family owned business the situation is not any different but family members’ occupation of different roles is dependent on their place in the family, capacity, and contributions they make.

Advantages of a Family Business

- Strength of family relationships during challenging periods of business change
- Financial sacrifices that family members make for the good of the firm
- Operation as a family business distinguishes the firm from its competitors
- Higher levels of concern for its community and non-family employees
- Capability to plan and prepare for the long haul
- Emphasis on quality and value

Disadvantages of a Family Business

- Conflict among family members may result in:
 - Risk (consequences of failure) to the family in launching a business
 - Nepotism and the differences in competencies and merit of family members involved in the business
 - Family traditions versus the business need to innovate and seize opportunities
 - Unity and cooperation of family versus business need to foster diversity and competition
 - Family loyalty versus the necessity to provide opportunities for non-family employees
- The Founder’s Imprint on the Culture
 - The founder’s core values become a transmitted part of the culture (for better or worse).

Family Roles and Relationships

Families can play a big role in shaping relations in family owned businesses by answering the following questions:

- Does my child possess the temperament and ability necessary for business leadership?
- How can I motivate my child to take an interest in the business?
- What type of education and expertise will be most helpful in preparing my child for leadership?
- What timetable should I follow in employing and promoting my child?
- How can I avoid favoritism in managing and developing my child for a leadership role?
- Is sibling rivalry likely to be a problem, and can it be avoided?
- How can I prevent the business relationship from damaging or destroying the parent–child relationship?

With the level of education rising for both male and female, many new family businesses are Co-preneurs (Husband–Wife Teams) with attendant consequences on relationships such as:

- Opportunity to share more in each other’s lives
- Business differences interfere with family life
- Work doesn’t leave time for family life
- Sharing family responsibilities eases the load
- Sons and Daughters
 - Personal preferences different from the business
 - Personal qualifications insufficient to assume role in business
 - Desire for personal freedom to choose another career
- Sibling Cooperation, Sibling Rivalry
 - *Best case:* siblings work as a team, each contributing services according to his or her abilities
 - *Worst case:* siblings compete as rivals and disagree about their business roles.

The Need for Good Management in the Family Firm

- Best Practices (Professional Management):
 - Promote learning to stimulate thinking and fresh strategic insights.
 - Solicit ample input from outsiders to keep things in perspective.
 - Establish channels for constructive communication and use them.
 - Build a culture that accepts continuous change.
 - Promote family members only according to their skill levels.
 - Attract and retain excellent nonfamily managers.
 - Ensure fair compensation for all employees, including those outside the family.
 - Establish a solid leadership succession plan.
 - Exploit the unique advantages of family ownership.
- Nonfamily Employees in a Family Firm
 - Hazards:
 - Competition with family members for advancement
 - Getting caught in the crossfire and politics of family competition within the firm
 - Solutions:
 - Identify family-only reserved positions in advance.
 - Treat both family and nonfamily employees fairly in matters of reward and promotion.

TOPIC THREE

STRATEGIES FOR COPING WITH ROLES/RELATIONSHIP ISSUES IN FAMILY OWNED BUSINESSES

Family Retreats

A gathering of family members, usually at a remote location, to discuss family business matters. The agenda can include one, some or all of these: recognize family members' different personalities; have defined roles and know everybody's strengths; seek out everyone's input; do something your family feels good about; designate down time; have specific workspace, or two

- Use of an outside facilitator may be necessary.
- Guidelines
 - Set a time and place.
 - Distribute an agenda prior to the meeting.
 - Plan a schedule in advance.
 - Give everyone a chance to participate.
 - Keep it professional.

Family Councils

Family councils are necessary from time to time. In Nigeria, a tribe most famous for family councils is the Igbo. An organized group of family members (councils) who gather periodically to discuss family-related business issues can accomplish the following:

- Represent the family to board of directors
- Useful in developing family harmony
- Increase understanding of family traditions and interest

Family Business Constitution

A fall out of family retreats/councils may be a family business constitution much like a memorandum of associations, which must include

- A statement of principles intended to guide a family firm through times of crisis and change.
- Family Protocol
 - An extension of the constitution incorporating additional agreements that includes:
 - Ownership agreements (inheritance and buy–sell compacts)
 - Governance and personnel policies
 - Use of business resources by family members
 - Conflicts of interest and noncompetition agreements
 - Codes of conduct

SUCCESSION PLANNING

According to Ukaegbu (2003), succession, in organizational theory and practice, refers to the process of transferring managerial control from one leader or one generation of leaders to the next. It includes the dynamics preceding the actual transition as well as the after-math of the transition (Shepherd and Zacharakis, 2000). In the context of family business, Sharma et al (2001) define succession as the actions and events that lead to the transition of leadership from one family member to another. By extension, entrepreneurial succession is the process by which ownership and control of the production or commercial infrastructure accumulated by one generation of a nuclear or extended family is transferred to the next. In the context of this paper, it entails the transfer of a commercial investment of any type from the owner-founder to his prospective survivors. These could be members of a nuclear family in a monogamous household such as a wife and children, or members of a compound family in a polygynous household, namely wives and children. Survivors could also be members of the extended family such as uncles, aunts, nephews, nieces, cousins, and affines.

The Process of Leadership Succession

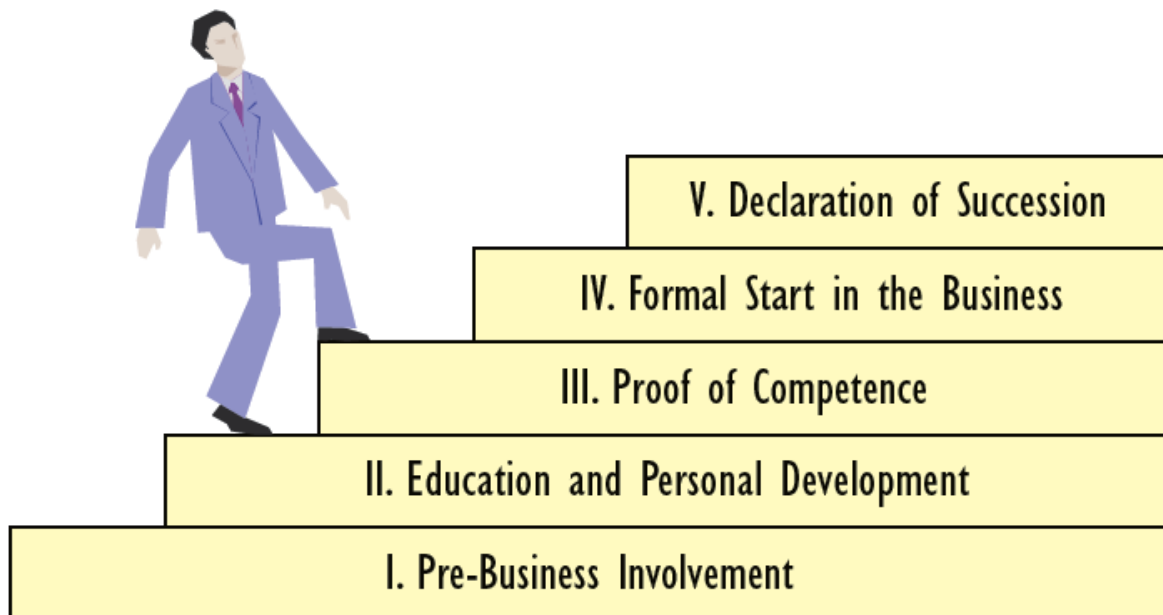
- Available Family Talent
 - Mentoring

- ❖ Guiding and supporting the work and development of a new or less-experienced organization member.

➤ Competency

- ❖ Allowing only qualified competent family members to assume leadership roles in the firm increases the value of the firm for all who have an ownership interest in it.

Stages of the Succession Process in a Family Business



Source: Cook (2010:5-22)

Conditions Favouring Successful Leadership Succession in a Family Firm

- A sound, profitable business
- Stable, healthy family relationships
- Advance planning for leadership succession

- Positive family leadership and a team-oriented management structure
- Presentation of career opportunities without pressure
- Open communication on family business issues

Transfer of Ownership

- Passing ownership of a family business to the next generation
 - Who will inherit the family firm? When?
 - Should each heir receive an equal share?
 - Should ownership be transferred gradually?
 - How are tax considerations to be handled?
 - What to do with other wealth and assets of the founding entrepreneur?

ACTIVITIES

1. For family members in Nigeria, how easy would it be for one to assume the role of employee in a family founded business? What are the basic preparations if any that are needed?
2. How frequently should family owned businesses hold board meetings? What steps should be taken to make such boards be effective?
3. Describe five tell-tale signs that a business has or does not have a succession plan in place.
4. In Nigeria, are educational qualifications of potential successors of any significant effect on succession in business? Why or why not?
5. Name five current family owned businesses that you are sure will get to their third/fourth generation. Support your assertions with credible examples.

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DRAFT TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN UNIVERSITIES

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

MODULE 1: WOMEN ENTREPRENEURSHIP

Editors:

Prof. Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

Module 7: Women Entrepreneurship

OBJECTIVES:

On completion of this module learners should be able to

- (1) Discuss the concept and nature of women entrepreneurship
- (2) Examine barriers to women entrepreneurship
- (3) Identify the contribution of women entrepreneurs to the economy

RATIONALE:

By understanding the peculiar nature of women, learners will be able to appreciate how these peculiarities influence their entrepreneurial traits and pursuits.

ACTIVITIES

- (1) Have learner read Handout 1 and have a class discussion on the importance of women in economic development.
Discuss the basis for studying women entrepreneurship as a separate topic
Discuss the characteristics of women in business and the peculiarities of women's enterprises
- (2) Have learners use Worksheet 1.
List the differences between the male and female genders and on the last column, indicate how these differences can impact on the capability of the women in enterprise
- (3) Handout 2 – Learners to list and then discuss the challenges of women entrepreneurs.
- (4) Divide the class into 3 Groups or multiples of 3, using the 3 case studies (1per group) of women entrepreneurs provided, Have learners identify, list and discuss the types of entrepreneur, the business strategy of the women in question and their challenges
- (5) Handout 3: Have learners discuss recommended interventions that could be mounted at the various levels to alleviate the problems of women in business

Handout 1

THE CONCEPT AND NATURE OF WOMEN ENTREPRENEURSHIP

Background

Entrepreneurship is considered an important driver of economic development and growth in many economies. Apart from the general diversity in entrepreneurial practices, there appears to be significant differences in the characteristics of male and female entrepreneurs. Historically, entrepreneurship has been a male – dominated pursuit.

Although women make up more than 50 percent of the world population, they own and manage significantly fewer businesses than men. The UK Global Entrepreneurship Report found that men are around two and half times more likely to be entrepreneurs than women.

The information on female entrepreneurship has increased markedly in recent years. Research has focused on women business owners' characteristics and development, women's motivations for starting and leading a business, women's leadership styles and management strategies; and barriers encountered by women business owners. These different topics will be addressed in this module.

Why study Women Entrepreneurship?

“Economists and policy makers (*in Africa*) cannot afford to ignore gender issues if they truly wish to follow a shared growth agenda”

-John Page, Chief Economist for the Africa Region, World Bank

All over the world, women entrepreneurship has become an important component of academic and policy conversation. This field presents several distinctive characteristics that differentiate it from men entrepreneurship. From a scientific point of view, the study of female entrepreneurship informs us not only about women behavior, but also about entrepreneurial and human behaviour in general.

Varieties also exist across women entrepreneurs in different countries and between women who are involved in entrepreneurship and those who are not. Studying female entrepreneurs sheds light on the linkages between entrepreneurship and wealth creation, employment choice and family dynamics, business creation and peace and many others.

Women's entrepreneurship needs to be studied separately for many reasons; the first being that women's entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others; and by being different, they provide society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial opportunities.

Another reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rate in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do.

Women's productive activities, particularly in industry, empower them economically and enable them to contribute to overall development. Women's entrepreneurial activities are not only a means for economic survival but also have positive social consequences for the women themselves and their social environment.

Small and medium-sized enterprises (SMEs) in particular, appear to be more popular with women entrepreneurs, as they allow flexibility and innovation. However in most developing countries, this potential has not optimally been realized. Because large numbers of women work in the informal sector, the value they add is not reflected in the national account.

Characteristics of Women Entrepreneurs

Overall, the explanation for the behavior of women entrepreneurs and why they are distinct is complex and multifaceted. Reasons contributing to these differences include factors such as

- Demographics
- Socioeconomic variables
- Subjective perceptions
- Cultural factors
- Institutions

Such differences have significant implications at the macro-economic level.

According to the UK's Global Entrepreneurship Report:

- The Peak age group at which people start businesses is 35 – 44 for men and 45 – 54 for women – which suggests that having children may be a factor.
- Women are relatively more likely than men to believe that they cannot create any job in the next five years
- Men are nearly twice as likely to think that they have the skills to start a business as a woman

All these facts indicate some clear differences in factors which affect the attitudes and motivation of women and therefore clear implication for the type of support and funding which women require to get started.

Studies in the USA have shown that successful women entrepreneurs start their businesses as a second or third profession. Because of their previous careers, women entrepreneurs enter the business world later on in life, around 40-60 years. Many of them have higher education degrees. Many had experienced considerable dissatisfaction with their previous careers and in working for others. In many cases, this innate desire to be their own boss is the driving force to pursue entrepreneurship.

On the contrary however, data from the African continent indicate that women entrepreneurs tend to be younger than men by two or three years. This may suggest that access to entrepreneurship may be slightly easier for younger cohorts of women. In all the African countries studied, a much lower proportion of the women were married. This could imply that women may not find it easy to combine both family and enterprise responsibilities.

Enterprises in textiles sector are more likely to be owned by women than enterprises in other sectors and family enterprises are two to seven times more likely to be owned by women.

Women Entrepreneurs' Motivation

Much of a female entrepreneur's drive derives from the immense passion she has for her work. Data coming from some developed nations (in particular the United States of America) indicate that many women entrepreneurs are not afraid of taking risks and are more than two times more likely to take above average risk than their male counterparts. At the extreme end of the spectrum however, are their counterparts from developing countries, who by their societal circumstances cannot assume such risks.

Results from a US survey indicate that increasing number of women have discovered that the best way to break the "glass ceiling" that prevents them from rising to the top of many organizations is to start their own companies. In fact, women in the US are opening businesses at rates twice that of the national average.

Women generally do not make profit the basis for their business pursuit; rather they possess very strong business ideas and seek all avenues to share their business ideas with others who may benefit from their innovations.

Another motivating factor for women entrepreneurs is the desire for control. Many successful female business owners are propelled by the opportunity to be their own boss and run their own company. Women entrepreneurs are also motivated by philanthropic commitment to society. Furthermore, successful women entrepreneurs have the tendency to balance family life and career.

Thus they have amazing ability to multi-task; properly balancing both personal and professional life with their goal-oriented approach.

Pattern of Businesses Owned by Women

Apart from the general diversity in entrepreneurial practices, there are also significant differences in the characteristics of male- and female- owned businesses. Overall, women-owned businesses tend to be smaller, cluster in consumer-oriented sectors and generate lower sales turnover than those owned by men. Occupational segregation reinforces the concentration of women-owned enterprises in the services sector and jeopardizes women's prospects as entrepreneurs in high-growth sectors.

Women generally employ a smaller capital base than men to start their businesses, tend to have lower ratios of debt financing, and are much less likely to use angel funds or venture capital. Recent studies indicate that women entrepreneurs are assembling themselves into groups or confederacies. The reason behind this pattern is to enable them form solid networks, where members can collectively pool resources and expertise together.

In the US, even though many female entrepreneurs have home-based and service-related businesses, they are eager to embrace technology. Increasing numbers of women are venturing into the once male-dominated fields of construction, transportation, communication, design, manufacturing, architecture and agribusiness. The retail industry remains, by far, the largest field of women enterprise.

Women business networks have also been found to be generous in philanthropy. Although their businesses tend to grow more slowly than those owned by men, women- owned businesses have a higher survival rate than US businesses overall survival rate. Female entrepreneurs today are more likely than ever to be highly educated and to have managerial experience in the industries in which they start their companies.

Handout 2

BARRIERS TO WOMEN ENTREPRENEURSHIP

In a recent study on Africa, it was said that the continent has enormous unexploited potentials, especially the potential of women. It pointed out that women are Africa's hidden growth reserve, providing most of the region's labour but their productivity is hampered by widespread inequality in education as well as unequal access to land and productive output. The economic importance of women in Africa was reinforced by the Africa Commission Report which noted that "all evidence agree that women make a greater contribution to economic life than their men folk"

Socio-Cultural Factors

Women are said to be prevented from running competitive businesses by their relatively low education and skills level in many African nations. This generally limits their access to the various support services. At the same time, the multiple roles of women in the family put a limit on their risk taking tendencies. In many African countries, women spend their income on the household, particularly on food and education for their children. Therefore many are afraid to invest their limited funds into a business for fear of failure. This is in contrast with the profile of women in the more economically advanced countries as earlier highlighted.

Entrepreneurial activities of women are further hampered by traditional/cultural constraints that often tend to be specifically imposed on women in our societies. For example, in most African societies/communities, women's access to formal financial resources can be jeopardized by the requirements that their husbands sign for loan approval for their wives. Also daughters are often given smaller inheritances than sons; and in many cases daughters cannot inherit land from their father's clan.

Although equality of all citizens is guaranteed by the constitution of most countries, in reality, women are often considered inferior to men. Traditionally, the women are stereotypically seen and expected to do household chores and are not expected to venture into independent economic activities. As a consequence of these traditions, women find it difficult to break away from the norm and resolve to take charge of their lives and decide to start their own businesses.

Legal and Regulatory Environment

The legal and the regulatory environment is a core area of the investment climate that does not favour African women especially in starting/running a business. In developing countries most women find it more convenient to operate their businesses in the informal sector, which is poorly captured in available data and statistics. In Africa, most working women are not "formal" entrepreneurs but are rather self-employed. The informal sector is often the entry point into the

private sector. Barriers to formalizing a business include the lengthy and complex business registration, incorporation, and licensing practices.

Until recently, women entrepreneurs faced strong barriers to enterprise development in the prevailing laws and regulations. Obtaining licenses and registering the business on their own name were a nightmare. Through the United Nations conferences on women and from social pressures from local civil society groups, the legal and policy frame work is improving, yet there is much to be done to ensure a level playing ground for women.

Access to Finance

Access to finance is a common concern for entrepreneurs. Even though sourcing finance is tedious for SMEs in general, women still tend to face stiffer conditionalities than men in accessing finance. The main reasons for this gender gap are not unrelated to the differences in the sector of business and the age and size of the female-owned business. Other possible explanations include lack of managerial experience, weaker credit history, reluctance to take risk and a preference for small business size. This gap is somewhat ameliorated by the provision of micro-credit to women. Microfinance however has the disadvantage of trapping beneficiaries' businesses to the micro-level because of credit ceiling. Women's under-representation among employed managers not only provides them with less direct experience of managing businesses compared with men, but it also hinders the likelihood of successful bids for start-up loans. Moreover, women's lower average earnings endow them with less gross savings and thus limit their equity contribution towards attracting large start-up capital under the equity guaranteed loan schemes.

Sense of Self-Worth and Role-Models

International research indicates that a lower level of confidence, a greater fear of failure and the lack of role models may be preventing some women from entering into business ownership. Among the adult women interviewed in the 2006 GEM study, only about 35% in low income countries and 27% in high income countries personally know someone who has started a business. Consequently, familiarity with someone who has become a successful entrepreneur is positively correlated with becoming an entrepreneur.

Networking

In addition, there is the dearth of organization and networks, both among women themselves, and between women and existing business associations and support institutions. This is partly because women are often too shy to initiate one or society does not encourage such activities. However, networking is very useful to access information, markets and raw materials through bulk purchase (taking advantage of the economy of scale). It also permits the eventual formation of clusters and a more organized relationship with support institutions.

Support Services and Other Factors

Impact of support services in business development constitutes another major challenge for women entrepreneurship. Heavy bureaucratic requirements, complex and costly business plans, high collateral requirements for credit and difficult access to technology, are some of the hindrances to starting an enterprise. These include:

- Limited access to necessary technologies due to lack of information and know-how, and high prices
- Difficulty in finding appropriate production site at competitive prices
- Inadequate skills in the field of production, business management and marketing
- Lack of skills for product diversification
- Inadequate infrastructure and utilities, of which inadequate transportation from rural areas and insufficient power supplies are most serious,
- Limited access to information

Recommendations

Gender awareness is important for policy makers and decision makers at all levels of public and private institutions. The process of policy formulation has to incorporate gender mainstreaming strategies. Ministries in charge of women affairs, SMEs development, NGOs, women's organizations and technical cooperation programmes all have important roles to play in emphasizing gender issues and creating a more enabling environment for women in enterprise.

Policy development has to address the needs of women entrepreneurs and particular policy lessons including;

- ensuring equal property and inheritance rights,
- strengthening financial education and encouraging dissemination of financial information to women,
- facilitating access to public support services,
- fostering a positive image of entrepreneurship amongst women,
- promoting development of women entrepreneurship networks and
- Supporting mentoring and coaching programmes.

Furthermore, there is need to strengthen the capacities of women in terms of skills and technical capabilities. Skills upgrading for women entrepreneurs calls for a systematic approach, and a long-term vision. Entrepreneurship programmes should be designed to keep up with changes in the global environment. In addition, women should be given the support and training needed for them to move away from a mere survival level of production and income generation, to achieve growth and competitiveness.

Business and industry networks for women entrepreneurs are key elements in facilitating access to the information, technology, markets and inputs (raw materials, etc.) relevant to their development and sustainability of their businesses. One of the weaknesses of women's business organizations and women entrepreneurs is lack of networking, which should considerably facilitate their access to economic opportunities and resources. Accordingly, networking of women with local, national, regional and international business associations should be encouraged.

Handout 3

INITIATIVES AIMED AT ALLEVIATING WOMEN'S CHALLENGES IN ENTREPRENEURSHIP

The importance of gender equality to development has been underscored in the MDGs. The need to develop women's entrepreneurship was emphasized by the Fourth World Conference on Women, held in Beijing in September 1995. The Platform for Action, Equality, Development and Peace, adopted at the conference called for specific actions to be taken by Governments, non-governmental organizations and international organizations to:

- Increase the participation of women in industry and all other sectors, particularly in the non-traditional areas, through access to advanced technologies;
- Promote, support and strengthen female entrepreneurship development;
- Encourage investments in environmentally safe products and in environmentally sound and productive agricultural, commercial and industrial activities and technologies; and
- Strengthen training opportunities for women.

In response to this call, a number of initiatives have been put in place to cater for the welfare of women and to encourage entrepreneurship among women. These initiatives often are tailored under the following general areas:

Mainstreaming

Participatory Approach

Integrated Approach

Mainstreaming

This involves devising a plan or strategy to involve women in the development process or in specific activities. Women are also integrated in decision making at all levels

Participatory approach

This involves continuous dialogue in the course of formulating and implementing programmes that involve and affect women

Integrated Approach

Women entrepreneurs' issues and constraints are addressed in a broad perspective and in a coordinated manner. The ultimate goal is to increase the competitiveness of these women beyond what could be achieved through tackling the subject in selected or isolated manner.

Handout 3

Suggestions on Achieving Gender Equality in Entrepreneurship	
<p>Policy Issues for gender differences in entrepreneurship</p> <ul style="list-style-type: none"> • Improve Access to finance, using various forms of finance for start-up and growth • Supporting Innovation for women-owned businesses • Increasing the migration of women into high-growth sectors 	<p>Allow the use of movable assets as collateral for bank loans to facilitate women’s access to finance</p>
<p>Design better policies, improve data collection</p> <ul style="list-style-type: none"> • Collect valid data according to international standards • Maintain good business register with gender data • Have good administrative data(Tax, census) to augment register data 	<p>Improved information systems</p> <ul style="list-style-type: none"> • Establishing credit bureau • Collect credit history information
<p>Provide Accurate and systematic description of gender differences in business</p> <ul style="list-style-type: none"> • demographics • Cross country empirical data analysis <p>should be done the determine gender differences in entrepreneurship</p>	<p>Forster women entrepreneurs’ access to international markets and business networks, including through the use of web technology</p>
<p>Source: Adapted from OECD Gender Initiatives , 2004</p>	

Student Questions

- (1) For every ten male entrepreneurs in the UK, there are just four female entrepreneurs. Explore the reasons behind this imbalance in start-ups.
- (2) Discuss the factors that encourage or discourage a woman starting a business
- (3) Explore the entrepreneurship terrain in your locality and suggest how a level playing field can be made available to men and women.

Worksheet I – Gender Issues in Entrepreneurship

Variables of Interest	Men Entrepreneurs	Women Entrepreneurs	Interventions Suggested to Bridge the Gaps
Biological and Family Issues			
Socio- cultural values and Traditions			
Policy and Legal Environment			
Institutional Support Mechanisms			

Case Study 1

Fatima Wali, Nigerian Entrepreneur

Fatima Wali has redefined the meaning of property management in Nigeria by breaking new ground in the formerly underdeveloped and male dominated domain of property and facilities management. Fatima initially set up Participant Properties Limited in 1994 with a partner who asked her to help renovate and manage a large property under lease.

Armed with years of experience in the private and public sectors and with degrees in architecture, urban studies, economics and management construction, Fatima accomplished this task with ease and began looking for her next challenge. She realized that comfortable and well maintained properties, particularly for short to medium term visitors, were few and far between in Nigeria, and she established Filmo Realty Ltd. With a portfolio of 120 units under management, Filmo has become the first point of call for foreign diplomats and multinational expatriates seeking modern and safe accommodation in Nigeria. Filmo now has properties in Lagos, Abuja and soon in Port Harcourt.

A successful entrepreneur, Fatima is also serious about gender equality and about ensuring business access to other women. She was instrumental in making the initial link between GEM and Access Bank Nigeria that led Access Bank to become one of the first banks in Africa to dedicate a line of credit specifically for women entrepreneurs. An active member of the International Facilities Management Association, Fatima is a dynamic woman who is regularly invited to speak at international conferences on real estate and facilities management topics, as well as on issues of concern to African business women. Her next challenge is to expand Filmo's innovative business model into other parts of West Africa. We have no doubt that she will successfully meet this challenge with her characteristic energy and enthusiasm.

Source: *News from IFC GEM and the World Bank Group* Third Quarter Edition
Global Newsletter: [July 2006](#)

Case Study 2:

MitiMeth



A Social Enterprise can be defined as a business established to address a social or environmental issue and generate profits for the enterprise owners. MitiMeth is a woman owned social enterprise established in 2010 to address the environmental problem of invasive aquatic weeds prevalent on Nigeria's waterways. The infestation of water hyacinth (*Eichhornia crassipes*), was first recorded in Nigeria in 1984 around Badagry Creek. According to a 2004 report by the African Development Bank, annual losses in West Africa vary from US\$28-56 million for fisheries, US\$4-6 million for health, US\$7-14 million for hydro-energy, and US\$36-76 million for agriculture as a result of invasive aquatic weeds.

ENTERPRISE BENEFICIARIES

Dense floating webs of water hyacinth can be seen in most waterways in Nigeria (e.g. Epe, Ikorodu, Bayeku, Makoko, Igbokoda, Epe, Olugbokere, Mansa, Ikin, Lekki lagoon, Idah, Lokoja etc). Direct beneficiaries of the MitiMeth enterprise are those living and working in the riparian and lakeside communities in Nigeria. The objective of the enterprise is to extract value from this waterways menace by engaging members of the communities to harvest the weeds manually. Within and beyond the lakeside communities, already skilled artisans are trained by the MitiMeth to create eco-friendly hand woven products utilising the weeds.

BUSINESS MODEL

Product	The main products are hand-woven home décor items i.e. multipurpose baskets, coasters, mirrors, vases.
Target Market	Domestic and Export markets. The enterprise attends exhibition and trade fairs and is registered with the BOI-AGOA centre. Boutiques and retail outlets have been approached to carry MitiMeth products. The products are marketed on enterprise's website: www.mitimeth.com.ng and also on Facebook www.facebook.com/mitimeth .
Financial Model	The main income of the enterprise is derived from the sales of hand-woven products. Labour services, raw material supplies, rent and exhibition shows constitute the main expenses.
Business Form	MitiMeth is an Ibadan based business registered with the CAC. The enterprise is headed by a Creative Director, Achenyo Idachaba, the Operations Manager is Ile Idachaba, 2 Field Supervisors, 3 harvesters, 7 contract artisans / weavers.
Replicability	With appropriate training and readily available raw material resources, the MitiMeth business model can be replicated.

CHALLENGES

The enterprise needs to aggressively market and establish consistent demand for its eco-friendly products. At present the enterprise does not have a staff person solely focused on sales and marketing. This is a gap and a weakness of the enterprise. The enterprise needs to hire a seasoned marketing professional to carry out this activity but has been resource constrained. Aggressive marketing is critical because the enterprise is based in Ibadan where the purchasing power is lower than other major cities. As such the products need to be marketed and sold beyond the boundaries of Ibadan.

The other main challenge is finding skilled artisans to engage long-term. There's a shortage of reliable and skilled artisans in framing and weaving. With current unrateable product demand, the enterprise has not been able to keep its trained artisans on a full-time basis. This is a critical challenge because when orders do come in, the artisans may not be available to fulfill the order. In addition, due to being a small business with small orders, artisans tend to charge a premium for

labour as they believe the products are destined for the international market and not the domestic market.

The vision is to build the Enterprise's sustainability by acquiring more customers. In doing so, MitiMeth aims to open a work / shop site in the center of the city and increase stocking locations. MitiMeth also plans to start a framing and weaving training program focused on aquatic weeds in order to increase its earning potential

Case Study 3: **Vidsamor**

Grace Oluwatoye, a Nurse-Midwife by profession, had over 36 years of working experience as a Teacher and nurse-practitioner before she ventured into business. With the loss of her father at the age of 18 years, Grace was forced into the labour market very early in life in order to cater for seven younger siblings and an aged grandmother. This tragedy changed the course of her life as she had to jettison her earlier plan to immediately further her education by studying for the A/Level. Instead, she resorted to green grocery merchandising and later to the preparation of snacks which she sold to school children. This apparent setback set the foundation for her entrepreneurial walk in life. From the meager savings from her enterprise, she supported her large family and paid the initial tuition fee of 75 pounds at the School of Midwifery, Sacred Heart, Abeokuta.

The determination to succeed saw her through school, to a successful career in nursing and then to Master's degree from the University of Exeter, UK. Her proactive stance earned her good service opportunities with the United Nations Population Funds, as well as with international NGOs such as Engender Health and Pathfinder International. In 2009, she retired from structured paid service to pursue an age-long passion of food processing, with emphasis on augmenting nutrients in the diets of the less privileged.

In the course of investigating the nutrient values of different food items, she came across the plant – *Moringa oleifera*, which is considered the most nutrient dense plant on earth. This social entrepreneur has since been captivated by the plant, having conducted researches which have led to the establishment of a thriving manufacturing industry which produces VIDSAMOR Tea, Powder and Spices. The company also processes and packages nutrient-rich African ethnic delicacies for export. Superior quality and high standards are the brand promise of VIDSAMOR.

VIDSAMOR is a small but fast growing business employing 12 workers full-time, while engaging 50 subsistent farmers to grow 50 acres of moringa plantation on a contract basis. At the moment, VIDSAMOR is unable to meet the market demands for its products.

The founder of VIDSAMOR - Grace, plays an active role in the network of women entrepreneurs in the immediate community. Moreover, she coordinates the alumni network of Centre for Entrepreneurship and Innovation of the University of Ibadan. As the cohort Governor, she mobilized the group into a cooperative society for sustainability and mutual support.

Suggested Readings

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7. Measuring Gender Dimensions in Entrepreneurship
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9. OECD: Promoting Entrepreneurship and Innovative SMEs in a global Economy. Women Entrepreneurship: Issues and Policies. 2004



**DRAFT TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN
UNIVERSITIES**

COURSE 1: ENTREPRENEURSHIP AND INNOVATION

MODULE 8: SOCIAL ENTREPRENEURSHIP

Editors:

Prof .Murtala S. Sagagi

Prof. Sarah Anyanwu

Dr. Sola Aliu &

Dr. Oluremi Abimbola

MODULE 8: SOCIAL ENTREPRENEURSHIP (DRAFT COPY)

Learning Outcomes:

Upon completion of this module, students would have been able to:

- Discuss the concept of social entrepreneurship
- Discuss how social entrepreneurs create value for the society
- Explain factors that facilitate social entrepreneurship

Content:

- a. The Concept of Social Entrepreneurship
- b. Social Entrepreneurs and Value Creation
- c. Forms and Funding of Social Entrepreneurship
- d. Social Entrepreneurship Enhancement Factors

Introduction

“What business entrepreneurs are to the economy, social entrepreneurs are to social change? They are the driven, creative individuals who question the status quo, exploit new opportunities, refuse to give up, and remake the world for the better.”

-- David Bornstein

Human society has always needed individuals and groups who are sufficiently creative or innovative to put in place measures and strategies to identify and meet needs or fill gaps that are of social concern. The sphere of needs in human society is not limited to any particular institution of society; it cuts across all areas of human operations as identified by Parson (1946) – adaptation, goal attainment, integration and pattern maintenance. Dees (2007:24) was more specific on areas of need that face humanity today:

Rapid economic growth and various experiments with activist governments have not been sufficient to lift a huge portion of the world population out of poverty. Curable and preventable diseases still cause tremendous suffering and claim many lives, particularly among the poor. Access to education and the quality of education vary widely across the globe, even within some developed countries. Slavery and human trafficking are more serious and widespread than most of us care to admit. Violence

and conflict abound on personal, tribal, national, regional, and global levels. The earth is warming, polar icecaps are melting, and biodiversity is declining at an unusually high rate, raising serious questions about the impact on future generations, regardless of the cause.

It must be emphasised at this juncture that though the concept of social entrepreneurship is new (Noruzi, Westover & Raimi, 2010), the phenomenon and practice of social entrepreneurship is not new and recent in African societies with particular reference to Nigeria. Individuals and groups have come up with intervention programmes to assuage or fill the gaps identified in their community. Accounts abound of bridges, halls, schools, hospitals etc. built through efforts of private groups and individuals to meet societal needs in these and other areas. History is replete with accounts of great heroes who organized human and social events to solve needs in their social space; these heroes would fit the description of social entrepreneurs in this contemporary period. Examples of such heroes and social entrepreneurs include Madam Funmilayo Ransome Kuti who championed the cause of women against oppression, Queen Aminat of Zaria who built the walls of Zaria, which still stand today and Moremi of Ile Ife who helped her people overcome marauders from neighbouring communities and ensured peace for her people through her ingenuity.

It can be argued that the original make up of the Nigerian societies, which tended towards communalism was favourable to the practice of social entrepreneurship. However, the current emphasis on individualism occasioned by capitalism, has prized profiteering over the virtue of contribution to public good. Tyson (2004) corroborates the inordinate profiteering tendencies of business owners, which are antithetical to public good. She posits that “profiles of visionary corporate heroes have given way to cautionary tales about greedy villains, and public trust in business has plummeted”. This trend has, therefore, called for the need to have a new approach that is sensitive to the needs of the people, that is, social entrepreneurship, with the mission to

promote entrepreneurial businesses that satisfy two criteria: clear and quantifiable social objectives; and financial sustainability, in the sense that they are profitable or self-supporting through revenue generation (Tyson, 2004).

This chapter discusses the various dimensions of social entrepreneurship and how it interfaces with socio-economic and human development in the Nigerian context.

Topic 1

What is Social Entrepreneurship?

The idea of social entrepreneurship was first used in the 1960s and 1970s, but did not become popular until in the 1980s and 1990s. Bill Drayton, the founder of “Ashoka: Innovators for the Public”, is credited for using the words Social Entrepreneurship. Since the emergence of the concept, an array of definitions has been offered by different authors. Noruz et al describe the definitions as ranging from broad to narrow. Tyson (2004) describes it broadly as a social mission of finding innovative ways to solving social problems that are not being or cannot be addressed by either the market or the public sector. Noruzi et al (2010:4) offer a synthesis of the different broad approaches to defining the concept as “innovative activity with a social objective in either the for-profit sector, such as in social-purpose commercial ventures or in corporate social entrepreneurship or in the non-profit sector, or across sectors, such as hybrid structural forms which mix for-profit and nonprofit approaches”.

Gordis (2009) describes it as “organizational ventures (nonprofit and for-profit) that bring about communal or social change”. Social entrepreneurship is offered in the narrow sense as the phenomenon of applying business expertise and market-based skills in the nonprofit sector such as when nonprofit organizations develop innovative approaches to earn income (Thompson,

2002; Cohen, 2008). Noruzi et al (2010) define it in the narrow sense as the practice of responding to market failures with transformative and financially sustainable innovations aimed at solving social problems. In other words, it refers to a people-focused venture, which uses entrepreneurial process to fulfill a social mission.

One common strand gleaned from all definitions of social entrepreneurship is the underlying drive for value creation, rather than personal and shareholder wealth and that the activity is characterized by innovation, or the creation of something new rather than simply the replication of existing enterprises or practices. In other words, the central driver for social entrepreneurship is the social problem being addressed, and particular organizational form a social enterprise takes should be a decision based on which format would most effectively mobilize the resources needed to address that problem (Katz & Page, 2010; Noruzi et al, 2010).

Why Social Entrepreneurship?

The conditions that brought about the emergence and enthusiasm about social entrepreneurship were not unconnected with the failures of organized for-profit businesses in social responsibility (Tyson, 2004; Smiddy, 2011). Also implicated as a precipitating factor for the emergence of social entrepreneurship in its contemporary form was the economic downturn that impaired access to grants and private donations by the traditional not-for-profit organizations. This situation made it impossible for these organizations to meet the objectives for which they were set up.

The myriad of problems facing the world has also called for action and collaboration between the government and the institution of social entrepreneurship. Apart from dearth of resources on the part of governments, Dees (2007) identifies some distinct advantages social entrepreneurship practitioners have over government:

- They have greater freedom of action and can usually move more quickly than government officials;
- They can employ a wider range of alternatives, largely because they are not constrained by bureaucratic rules, legislative mandates, political considerations, and a fixed budget;
- Flexibility of action in that they can tailor their efforts to different communities or markets in ways that would be difficult for government programmes; and
- Social entrepreneurs have access to private resources, while private contributions to government are relatively rare.

Topic 2

Social Entrepreneurs and Value Creation

Ashoka Organization (2007) defines social entrepreneurs as individuals with innovative solutions to society's problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale changes". Dees (2001) conceives of social entrepreneurs as playing the role of change agent in the social sector by:

- adopting a mission to create and sustain social value (not just private value);
- recognizing and relentlessly pursuing new opportunities to serve that mission;
- engaging in a process of continuous innovation, adaption, and learning;
- acting boldly without being limited by resources currently in hand; and
- exhibiting heightened accountability to the constituencies served and for the outcome created.

Drayton (2002) identifies five key ingredients a social entrepreneur must possess, these include a powerful, new, system change idea; creativity; potential for widespread impact; entrepreneurial quality and strong ethical fiber. Convergences 2015 (2011:4) sums the various definitions of social entrepreneurship and gives a description of a social entrepreneur as follow:

The social entrepreneur is an agent of change whose actions are guided primarily by the desire to make the maximum social impact whilst economic viability is used as a means to achieve that effect and not as an end in itself. This new genre of *homo economicus* is driven by a organization, in the governance and the division of power that he chooses to consolidate his project in, and in the skills that are required to reconcile or bring together the triple bottom line of economic, social and institutional concerns.

A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what and/or how governments, nonprofits, and businesses do to address significant social problems (Noruzi et al, 2010). The authors posit that this definition contains eight basic assumptions about the sources, goals, and strategies of social entrepreneurs, the socially-entrepreneurial organizations they either build or inherent, or the less-entrepreneurial organizations they change to full-blown socially-entrepreneurial purposes.

The first assumption is that social entrepreneurs do not have to be individuals – they can also be small groups or teams of individuals, organizations, networks, or even communities that band together to create pattern-breaking change. This assumption moves the field away from individual-centred study, while expanding the number of potential social entrepreneurs that might already exist; social entrepreneurs seek sustainable, large-scale change. This assumption, which adopts the prevailing goal-oriented nature of the contemporary debate, nonetheless moves the field away from questions about who becomes an entrepreneur to what they seek.

Secondly, social entrepreneurship can involve pattern-breaking ideas in either how or what gets done to address significant social problems. This assumption moves the field toward a boarder definition of social entrepreneurship that includes organizational and administrative reforms, as well as innovation, it also embraces Dees definition of “enterprising social innovation” as blend of the social enterprise (or market-driven) school of thought. Another assumption is that social entrepreneurs exist in and between all sectors. This assumption opens the discussion beyond nonprofits to include other sectors and multi sectored entities. Social entrepreneurship may be more difficult to launch and sustain in government, for example, where the penalties for risk taking are immediate, but it exists nonetheless.

Social entrepreneurs need not engage in social enterprise or use market-based tools to be successful. This assumption breaks the necessary-but-not-sufficient relationship between social enterprise and social entrepreneurship by rendering earned income as one of many possible means to a social-purpose end. The quality of social entrepreneurship can vary greatly across individuals and entities. Some social entrepreneurs will be very entrepreneurial compared to others, while others may restrict their entrepreneurial activity to a particular programme or unit. This assumption allows for comparisms across individual and entities that are very, fairly, or only somewhat entrepreneurial, which may yield valuable knowledge on the conditions that might permit greater activity, as well as the conditions that might make lower levels of entrepreneurship quite appropriate

Also, the intensity of social entrepreneurship can and does ebb and flow over time as circumstances change. This assumption allows further study of the economic, political, social, and organizational conditions that might explain stall points, pause, stops, and restarts in socially-entrepreneurial activity. Under this assumption, social entrepreneurs can occasionally

look very non-entrepreneurial as they consolidate, retrench, or respond to inevitable external pressures. Lastly, social entrepreneurs sometimes fail, though at as-yet-to-be-determined rates. Much as they may seek to create pattern-breaking change, they face serious barriers to success, not the least of which is the tendency of the status quo to push back against pattern-breaking change. That is the way the status quo endures as espoused by Kuhn (1962).

Examples of Social Entrepreneurs

Literature is replete with great men and women who distinguished themselves as social entrepreneurs (Davie, 2011; Nayab, 2011). This group of men and women have changed the course of history in their areas of social entrepreneurial focus. Some of the examples and their activities are presented in the table below:

S/N	NAME	SOCIAL ENTREPRENEURIAL ACTIVITY
1	Muhammad Yunus	Professor Yunus founded the highly successful Grameen Bank in Bangladesh to provide credit to the unbankable poor especially women, to move them out of poverty
2	Robert Owen	This mill owner was a pioneer in improving working conditions at factories. He laid the foundation of the cooperative movement by opening a store for factory workers to buy goods of sound quality at little more than wholesale cost and restricting the sale of alcohol. He was also the founder of infant childcare in Great Britain
3	Florence Nightingale	Arguably the most famous social entrepreneur in history, she founded the world's first nursing school and developed modern nursing practices.
4	Henry Durant	This French businessman, who witnessed firsthand the suffering of soldiers in the Austro-Sardinian War of 1859, lobbied for national voluntary relief organizations to help nurse wounded soldiers during war and for development of international treaties to guarantee protection of medicos and those wounded on the battlefield. His efforts led to the establishment of the International Red Cross.
5	William Booth	William and his wife Catherine established the East London Christian Mission in 1865 to perform evangelical, social, and charitable work and to bring the Christian message to the poor, destitute, and hungry by meeting both their physical and spiritual needs. In 1878, he reorganized the mission along military lines and called it "The Salvation Army," open to all regardless of race, colour, or creed.
6	Frederick Law Olmstead	He espoused the "City Beautiful" movement aimed at transforming cities with open space, and developed many famous urban parks such as Rock Creek Park in Washington D.C. and Boston's Emerald Necklace. His efforts were instrumental in changing the very concept of cities from primary centers of commerce to "nice places" to live and work.
7	Maria Montessori	She established the "Casa dei Bambini" (Children's House) in Rome to further her idea of education reform based on the premise that children teach themselves, unassisted by adults. Her methods evolved into the famous Montessori method of early childhood education.
8	John Muir	This naturalist, conservationist, inventor, and writer established the Sierra Club and worked with President Roosevelt to establish the U.S. national park system, lobbying against the devastation of the Sierra Nevada caused by ranching. Muir personally involved himself in the establishment of Sequoia, Mount Rainier, Petrified Forest, and Grand Canyon national parks.

9	Franklin Delano Roosevelt	This US President passes as a social entrepreneur for his role in establishing the Tennessee Valley Authority to overcome the effects of the Great Depression. The Tennessee Valley Authority revitalized local economy by harnessing the power of the local rivers to create cheaper energy.
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Topic 3:

Forms and Funding of Social Entrepreneurship

The understanding of forms of social entrepreneurship is clearly linked to funding and fund management by operators of the social entrepreneurship outfits. Long before the explosion of the phenomenon of social entrepreneurship, it had mainly been associated with nonprofit organizations, “which have no owners in the conventional sense and whose controllers can earn no more than ‘reasonable’ compensation” (Katz & page, 2010). Due to tightening budgets of donor agencies and the need to avoid a situation described by Davie (2011) as “donor dependency”, a number of nonprofit organizations began to embrace entrepreneurial strategies in generating income. Earned income provides these organizations expanded opportunity in reaching out to meeting their stated missions and objectives; and freedom from stringent conditions and restrictions set by donor agencies on the use of funds.

In most instances, these conditions and restrictions have even become ends in themselves, thereby robbing and circumventing organizations’ original objectives from being realised (Weisbrod, 2000). Another major reason why some nonprofit organizations prefer to earn income to run their operations and meet their social missions is the opinions hold towards donor-dependent organization as fraudulent. At this juncture, we will discuss the fundamental points of convergence and divergence of nonprofit and for-profit organizations.

Convergence and Divergence of Nonprofit and For-Profit Organizations

The methods of financing social enterprises are categorised into two. The first category fosters on the equity investors, the right of access to the earnings and asset of the enterprise. Equity investors hold the right of ownership and are expected to share in the profits realized by the enterprise because they provide the risk capital. Unlike in a typical commercial venture, investors in a social enterprise balance their profit motivation with the mission to address social concerns.

At the heart of understanding nonprofit organizations is ownership. Katz & Page (2010) describes ownership in relation to organization as “the rights to control the asset, capture its net earnings or profits, and transfer it for consideration”. With ownership described this way, a nonprofit organization lacks ownership although it has managers, directors and trustees. Those in charge of nonprofit organizations are restrained from appropriating the organizations’ net earnings for their personal use. In the same vein, they cannot be offered a share in equity. (Hansmann, 1996).

Nonprofit organizations may raise finance by securing government or private grants and donations from individuals and organizations, it is required of them to account for the use of the funds. In compensating managers, directors or trustees for their services, reasonableness must be upheld in relation to current market rate for similar jobs in other organizations (Steinberg and Gray, 1993). Katz & Page (2010), relying on Hansmann’s (1996) postulation on benefits accruable to controllers of nonprofit organizations, sum it up by positing that “a nonprofit’s controllers are thus fiduciaries who hold the organization’s assets in trust for its declared purposes and intended beneficiaries”. The defining factor between a typical nonprofit and for-profit organizations, therefore, is the right of ownership, which confers authority on shareholders

of for-profit organizations to control asset and appropriate net earnings amongst others. The beneficial purposes of social enterprises may be governmental in scope, such as addressing problems of poverty and health (Smiddy, 2010).

A for-profit social enterprise shares the profit goal of an ordinary commercial business, however, in contrast, it measures its success both in terms of financial performance and success in addressing social concerns. It should be noted that the dual purposes must at least be co-equal or weigh in favour of furthering social mission. According to Katz & Page (2010), for-profit organizations seek to ‘do well’ for their owners while ‘doing good’ for society. Katz & Page (2010) harvest from social entrepreneurship literature the different terms with which for-profit business entities with social missions are described, these include: for-profit social enterprises; hybrid social ventures; for-profit social businesses; social purpose business ventures; blended value organizations; companies with a conscience; fourth sector organizations; for-profit with a nonprofit soul; and for-benefit organizations.

The convergence of nonprofit and for-profit social enterprises is summed in the comment by Katz & Page (2010:86)

A for-profit social enterprise also shares some of the social aims of a public benefit nonprofit organization. It must have at least one express purpose to confer social benefits (i.e., supply public goods or mixed/private goods with significant positive externalities) above and beyond those conferred by the typical business.

How Can Government Support Social Entrepreneurship?

Social entrepreneurship is about change, that is, a shift from one paradigm to the other (Kuhn, 1962) or a discovery of an entirely new paradigm to solving a social concern. Noruzi et al (2010) present 5 strategies as adopted from Public Innovator (2008), through which government at different levels can support social entrepreneurship. This will go a long way in entrenching the

practice among the teeming population of potential social entrepreneurs with the overall effect of promoting public good.

Encourage social innovation – For any entrepreneur, the star-up period of an organization is critical. government can encourage social innovation and help spur the testing of promising new approaches to solving social problems.

Create an enabling environment for social innovation entrepreneurship – The very nature of innovation means that social entrepreneurs will be heading into new territory, and they often encounter unexpected barriers along the way as posited by Kuhn in his thesis “*the structure of scientific revolution*”. This can be assuaged by government endorsing and giving credibility to any landmark initiative in the are of social entrepreneurship.

Reward social-entrepreneurial initiatives for exceptional performance – Access to reliable sources of funding are essential to the growth and sustainability of solutions that works. By tying decisions about funding and purchasing to performance, government can help ensure that solutions that work will sustain and grow their impact.

Scale successful approaches – Expanding the reach of a proven solution is often critical if the solution is to become truly transformative. Getting people to accept a new paradigm require persistent effort (Kuhn, 1963). Government can interven by expanding the reach of what works and enabling solutions to scale. This can be achieved through dissemination to the public of what works, publishing and expanding the coverage of what works.

Produce knowledge – Government already serves as a critical source of data and standards that help entrepreneurs. Public innovators can play a critical role in ensuring that knowledge is produced, more clear standards are set, and data is easily accessible.

Conclusion

The world has reached a stage where citizens especially youth must appreciate the limit of government at various levels in meeting all needs confronting humanity. Social entrepreneurship is a credible and promising avenue through which we can harness citizens' energy and ingenuity to confront what may stand on the way of public good. We need to look at our society to examine and expand what works. Increased social entrepreneurial activities are of positive consequences for the society as this is capable of alleviating poverty, empowering members of society and improve the quality of life.

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Web Resources

www.ashoka.org;

www.acumenfund.org;

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DRAFT TRAINING MANUAL
FOR
GENERAL ENTREPRENEURSHIP COURSES IN
UNIVERSITIES

COURSE 1: ENTREPRENEURSHIP AND INNOVATION
MODULE 9:
BUSINESS OPPORTUNITY AND CONSTRAINTS
EVALUATION

Editors:
Prof .Murtala S. Sagagi
Prof. Sarah Anyanwu
Dr. Sola Aliu &
Dr. Oluremi Abimbola

DRAFT MODULE 9: BUSINESS OPPORTUNITY AND CONSTRAINTS EVALUATION

OBJECTIVES:

Upon completion of this module, students would have been able to:

- a) Examine opportunity; taking into consideration the criteria used by successful entrepreneurs, “Angels” and venture capital investors in evaluating potentials ventures.
- b) Discuss the difference between an idea and an opportunity
- c) Identify sources of information for finding and screening venture opportunities.
- d) Examine resource constraints for actualizing their ideas
- e) Generate some new venture ideas that will eventually be used in their business planning process.

TIME: 3 Hours

RATIONALE:

The establishment of any business starts with a thought -the product of an idea. A business idea comes as a result of careful meditation and/or search of the environment for solution to perceived challenges. Once the identification of opportunity has been completed the next stage is information gathering and analysis. Then a plan of action is developed and a commitment to taking bold steps towards actualizing it is the final stage.

To set up an enterprise, the entrepreneur often takes action based on his faith in his ability to actualize his idea. His action plan is predicated on a thorough evaluation of the viability of the venture and the resource constraints. He then sets his mind on the realization of the goal without care for whatever anybody thinks or says.

ACTIVITIES

1. Students should have a class discussion to identify the various ways entrepreneurs identify business opportunities.
2. Discuss the various sources of opportunities in the local business community e.g. resources available in the community.
3. Using Opportunity Analysis Worksheet 1, make students conduct a survey of business ideas and opportunities in their community. Divide the class into groups for this assignment.
4. Make students to shortlist three ideas, which they can further evaluate with a view to starting a business of their own.

HANDOUT 1: SOURCES OF BUSINESS OPPORTUNITIES IN NIGERIA

In Nigeria, there are various sources from which entrepreneurs can obtain venture ideas. Some of these sources are:

1. **Entrepreneurs' Social Networks:** Social networks encompass all the people an individual knows, family members, friends, and business associates. People within an entrepreneur's social network can help expand the boundaries of his rationality by expanding the knowledge and information levels of entrepreneurs, which can lead to the identification of more ideas and the recognition of more opportunities.
2. **Prior Experience:** One's experiences in previous occupations, environments or with peers are often source of entrepreneurial business ideas and opportunities.
3. **Existence of a Similar Business:** An environment where businesses are preoccupations of its residents generates admiration from potential entrepreneurs who work towards establishing and running their own enterprise, especially if existing enterprises are successful ones.
4. **Hobby/Personal Interest:** One's interest is usually a very pervasive factor in successful entrepreneurship. The need to identify one's interest and the possibility of it being converted and exploited as a business venture requires that individuals are alert to evaluating the entrepreneurial opportunities that are inherent in that interest.
5. **Market Research:** A deliberate search of the demand and supply levels of particular products or services may spin information on unexploited niches in terms of supply or demand gap to be filled. The gap may be the need to provide goods or services for markets that are under-served, customers' changing tastes and preferences that are unfulfilled, customers' needs unidentified and the need for to serve a segment of the market in terms of pricing, packaging etc.
6. **Electronic and Print Media:** Some surveys are often given wide publicity in both print and electronic media. Information on business feasibility studies, business prospects and challenges are made known to the public. This engenders interest in business start up.

The Process of Generating Ideas and Scanning for Business Opportunities

A major step in any entrepreneurial venture creation process is the recognition of the opportunity by the entrepreneur. Opportunity recognition connotes perceiving a possibility for new profit potential through: (a) the founding and formation of a new venture, or (b) the significant improvement of an existing venture.

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

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



Figure1: Basic Steps of the Opportunity Recognition Process

Scanning Business Opportunities in Nigeria

Once the entrepreneur perceives opportunities, it becomes important to scan the environment. It is quite possible that many of the promising opportunities might not make commercial sense. Scanning involves close examination of the environmental conditions and their impact upon the business idea. It is an attempt to look beyond the immediate opportunities to the emerging trends. An attempt can be made to modify, adapt, rearrange, substitute, combine, reverse, etc.

Business opportunity scanning is the study and interpretation of the political, economic, social and technological events and trends which influence a business, an industry or even the total market.

Business opportunity scanning is necessary to decide strategy. Opportunity scanning can take place in business eco-system, covering technology, economy, market, finance, competitors, demography, supplier, government and labour markets.

Scanning for Business opportunities cover:

- a) Technology, basic research and development, application of research and development;
- b) Government regulations;
- c) Economic conditions;
- d) Buyer strengths;
- e) Demographic, economic, attitudinal, awareness, educational;
- f) Labour markets;
- g) Competitors; and
- h) Supplier strength.

The idea can be generated from the environment. Further actions involve filtering of information from the business environment, identifying opportunities, evaluating them and crystallizing one specific idea.

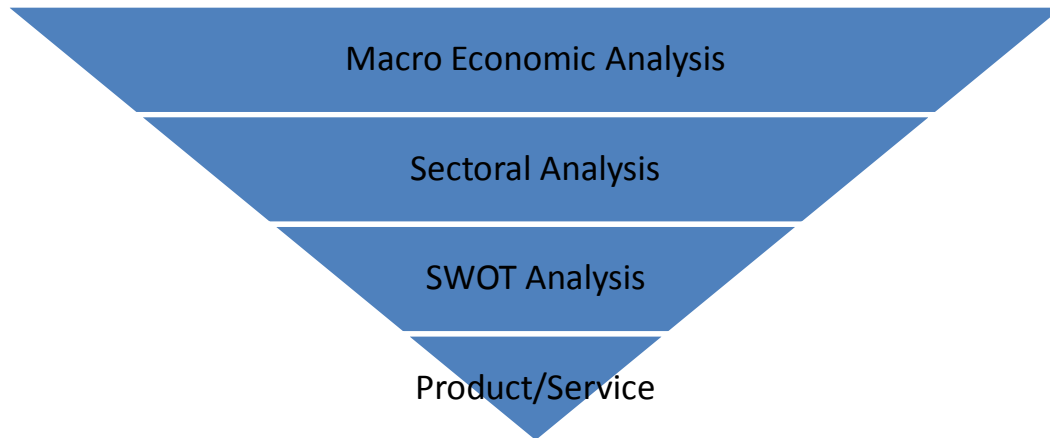


Figure 2: The hierarchical approach to developing a business idea

Self-Assessment Questions

1. What do you understand by the term business opportunity? What is the relevance for an entrepreneur?
2. How do entrepreneurs identify opportunities?
3. Do you think it is important for an entrepreneur to scan for opportunities in the small scale sectors? Give reasons.

Worksheet 1: Quick Opportunity Analysis

Each student should be encouraged to select a business idea from scanning the immediate environment of his institution. He should answer the following questions to help him focus his attention on creating a viable business venture out of this idea. Please note that the idea can be modified at any stage of this exercise based on new realities from this quick analysis.

- + What market need does my idea fill?
- + What personal observations have I experienced or recorded with regard to that market need?
- + What social condition underlies this market need?
- + What market research data can be marshalled to describe this market need?
- + What patents might be available to fulfil this need?
- + What competition exists in this market? How would I describe the behaviour of this competition?
- + What does international market look like?
- + What does international competition look like?
- + Where is the money to be made in this activity?

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HANDOUT 2: Opportunity Search and Identification

Introduction/definition of concepts

Opportunity refers to the extent to which possibilities for new ventures exist and the extent to which entrepreneurs have the capability to influence the successful actualization through their own actions. Simply put, opportunity is a perceived means of generating incomes that previously have not been exploited and are not currently being exploited by others. Opportunity identification can, in turn, be defined as the cognitive process or processes through which individuals conclude that they have identified an opportunity. It is important to note that opportunity identification is only the initial step in a continuing process, and is distinct both from detailed evaluation of the feasibility and potential economic value of identified opportunities and from active steps to develop them through new ventures. It is essentially a situation in which new goods, raw materials, markets and organizational strategies can be introduced through the formation of new means, ends or means-ends relationships.

The focus these days is on innovative opportunities which are the ones that truly break new grounds rather than merely expand or repeat existing business models. Opening a new Hausa or Igbo cafeteria in a neighborhood dominated by a populace from these extractions that currently do not have one is an example. Not everyone can identify opportunities. Some individuals are more likely to identify and exploit opportunities than are others. Opportunity scanning is a major process of self-evaluation of one's ability to start, operate and run a business venture with the popular analysis often referred to as SWOT (Strength, Weaknesses, Opportunity and Threat). It helps to check the chances of succeeding in a particular choice of venture open to an individual through his experiences. These experiences include family, religious or professional linkages, membership of any network group.

Searching for a business opportunity that is right for them is the major challenge would-be entrepreneurs face. New startups always focus on introducing a new product or service based on an unmet need, select an existing product or service from one market and offer it in another where they are not available; and sometimes the firm relies on a tried and tested formula that has worked elsewhere in a franchise setup.

Theory and Practice

i. Business Opportunity Identification Process

It is pertinent to know how entrepreneurs identify and decide a new business opportunity with the best chance to succeed. The most important part of all business attempts common to most successful startups is answering an unmet need in the market. Customers are always interested in products that add value. They buy products needed only to satisfy some problems. In actual fact, there is no substitute for indulging the unmet needs of customers. Most entrepreneurs searching for new business ideas fundamentally consider three central issues. The main one is the potential economic value. He first considers if the venture has the capacity to generate profit. The second is the newness of such a venture. He/She will prefer products, services or technology that does not previously exist in that environment. The third

is the perceived desirability whether their product has the moral or legal acceptability in that environment. He then considers if:

- His final business idea corrects a deficiency in the market.
- The resources and capability to carry out this business idea are available to him/her.
- The market for it are readily available and at profit sales.
- The new business idea can compete favourably with existing related competitors and their market.
- The business sectorial market is growing or not and how one should prepare to join that business.

ii. **The Stages of Opportunity Identification**

Opportunity identification is the collection of three main factors, which are: the entrepreneur's background, the business influence and the general business environment. Opportunity identification has five stages that lead to 'recognition'. The five stages are discussed in relationship with the process of opportunity identification. These stages are:

- a. preparation
- b. incubation
- c. insight
- d. evaluation
- e. elaboration

a. **Preparation**

Preparation stage is that knowledge and experience exercised just before the opportunity discovery process. These knowledge and experience are not often deliberately acquired. However, preparation itself is usually a deliberate attempt to widen capability in an area and become sensitive to concerns in a field of interest. In an organized situation, the background of the business, the products or services or the technological knowledge must have majorly informed the main ideas of the successful venture. One cannot however, rule out the role of new ideas and expertise originating from tacit knowledge acquired by individuals in the organization that will eventually result in a new business.

b. **Incubation**

Incubation stage is the part of the opportunity identification process that involves the consideration of a concept or a specific problem ordinarily not subjected to conscious or formal analysis by a businessman or his team. It is usually not consciously done and therefore more often than not, an instinctive and unempirical approach for the consideration of several potential alternatives.

c. **Insight**

Insight stage occurs at the moment a fundamental solution suddenly becomes recognized unexpectedly. It is a particular moment that keeps occurring persistently right through the process of opportunity identification. Insights have been found to be extensive channels to the discovery of startup businesses and sometimes reveal additional knowledge for the development of a current process of discovery. In respect of a business venture, insight

predictably encompasses the abrupt recognition of an opportunity in business, the answer to an adequately pondered crisis and the possession of a concept from social networks and associates.

d. Evaluation.

Evaluation stage is about investigating if the recognized and developed ideas are feasible, if the businessman has the required abilities to realize the ideas and if the idea is sufficiently innovative for prospects. It sometime involves full feasibility analysis of the ideas through all forms of research instruments and criticisms from relevant business acquaintances. It is fundamental to also investigate the prospect and viability of the new insight/ideas as the goal of entrepreneurship is to make satisfactory profits or create social value addition for a community.

e. Elaboration.

Elaboration is that stage that exposes the opportunity/ideas to external analysis with the tedious and time-consuming options selection, choice decision and organization of resources. It is customarily in search of all legalities that could build confidence and guarantee the practicability of the business. Elaboration also reduces uncertainties by providing the detailed planning activities after the evaluation viability confirmation. This will eventually reveal the concept areas that still need further analysis and attention

iii. Types of Opportunity

The main purpose of any type of opportunity search is to strategize to achieve. In other words, appropriate searching strategies are a function of the type of opportunity. Business opportunity search results could be classified into three types, these are the:

- (a) recognized type
- (b) discovered type
- (c) created/enacted type

Each of these types of opportunity is associated with a certain level of uncertainty. These are low uncertainty for recognition opportunity, moderate uncertainty for discovery opportunity and ultimate uncertainty for created/enacted opportunity.

- a. Recognized Type:** For opportunities that are **recognized**, deductive reasoning is used to either actively or passively filter for venture worthy ideas. Entrepreneurial alertness attitude enables recognition because the entrepreneur will be very sensitive and alert to information available in his/her environment. Personal insights and intuition are equally important for identifying opportunities as a purposeful search. Recognized type consists of accidental recognition of an opportunity for a business solution to a challenge and realization of idea or ideas from others like colleagues and associates.

Accidental recognition occurs in the passive search style and is more likely when the entrepreneur possesses a very sensitive entrepreneurial alertness. It could also be noticed that businesses established through accidental recognition break even earlier than any other formal one. Recognition type is characterized by several other factors such as the background of the entrepreneur, the influence of the business and its general

environment. This type of opportunity has to do with the exploitation of the existing markets where both sources of supply and demand that exist are recognized and brought together. Opportunity recognition occurs under condition of near certainty. This low uncertainty or near certainty opportunity in recognition type is referred to as analysis inducing.

- b. Discovered Type:** In this type of opportunity, when only the demand exists, but supply does not, and vice versa, then the non-existent side has to be discovered. This type of opportunity has to do with the exploration of existing and latent markets. For the discovered type opportunities to occur, a purposeful search is necessary. The entrepreneurs of the discovery type narrowed their search to areas where they had specific prior knowledge and they basically do not rely on alertness. An example is demand exists for 'Published texts in entrepreneur education in Nigeria' while the supply has to be discovered. Another example is the existence of supply for 'application of computers in Nigerian rural schools,' demand has to be discovered. As earlier mentioned, with opportunity discovery the uncertainty level is moderate. With this moderate uncertainty task, the discovery opportunity is known as quasi-rationality inducing.
- c. Creation/Enactment Type:** This type of opportunity is based on the principle of **enactment** where the entrepreneur creates new means and new ends by using effectual reasoning. This reasoning includes three types of means: the entrepreneurs' prior knowledge and experience, whom they know especially in the social, religious and professional sector. In this type of opportunity, the supply and demand will not apparently exist; one or both of them have to be created. This demands that several economic inventions like marketing, financing and others have to be created for the opportunity to exist. This opportunity exploits principally the creation of new markets. The entrepreneurs imagine, rather than recognize or actively search for opportunities that represent the execution of a selection of possible futures. Creation or enactment opportunity is associated with true or ultimate uncertainty. This high uncertainty task in opportunity creation can be recognized as intuition-inducing.

iv. Factors that Influence Business Opportunity Identification

There are five factors that influence identification of opportunities. These are:

- a. Entrepreneurial Alertness
- b. Prior Knowledge
- c. Discovery versus Purposeful Search
- d. Networking versus Solo Entrepreneur
- e. Creativity

iv.a. Entrepreneurial Alertness Factor

This is a predisposition to observe and be responsive to information about objects, incidents, and patterns of behavior in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources. This is usually preceded by a position of enthusiastic awareness of information. Entrepreneurs constantly search about for opportunities that have been overlooked before then but unfortunately not all

that have entrepreneurial alertness become successful entrepreneurs. Opportunity identification is only an indispensable stage of a process in initiating a new successful business.

There are two types of alertness. These are the potentially worthwhile goals that have remained unnoticed and the unnoticed but potentially valuable resources. The alert entrepreneur is said to be alert to the receipt of information rather than already being in possession of it. Entrepreneurial alertness is of major importance in opportunity identification. Alertness for a venture is built upon the three ideas of personality traits, social networks and prior knowledge.

People's self-perception of creativity, high intelligence and a supportive family environment that encourages creative thinking contributes highly to execution of entrepreneurial plans. The optimism acquired from these builds up a self confidence attitude and eventually success in recognizing entrepreneurial opportunities when it comes. It is the belief by many people that they are very good experts in decision making, thereby detect opportunities and take risks.

iv.b. Prior Knowledge Factor

People tend to discover opportunities from the information that is related to the information they already know. Prior knowledge and experience are the primary source of searching for opportunities. Entrepreneurs narrowed their search to areas where they had specific prior knowledge. Prior knowledge triggers identification of the value of new information. There are two main areas of prior knowledge relevant to the identification process. The first one is the knowledge that is of special fascinating interest to the entrepreneur. The second area is the knowledge accumulated over the years and eventually got familiar with customer problems and issues involved. The fascinating interest compels the entrepreneur to intensify his or her competences that eventually result in an insightful knowledge of the subject matter.

iv.c. Discovery versus Purposeful Search Factor

Some entrepreneurs absolutely believe that opportunity identification has to be through a purposeful search for opportunities while others believe that opportunity is something that had been readily available and overlooked but now discovered accidentally. Businesses established on accidentally discovered venture ideas and which had not been subjected to prescribed screening achieved break-even sales faster than those businesses that had undergone purposeful searches.

iv.d. Networking versus Solo Entrepreneurship Factor

Entrepreneurs' network is vital in opportunity identification. The main contribution of network to identifying potential venture opportunities is from information gathered from social exchange of ideas. The common sources for such opportunity are from friends, relatives, businessmen, lawyers, bankers, participation in professional seminars, workshops and conferences, newspapers, books, periodicals and manuals. It is the belief that an individual's strong-tie network within the family and friends set up are fragile information sources compared with weak ties that are casual acquaintances. People with widespread networks discover more pungent opportunities than those businessmen who do not have social networks.

There are three categories of opportunity recognition attitudes from social networks. These are the solo, the network and the informal categories. The solo entrepreneurs have very creative, opportunistic and distinctive alertness attitudes. They develop business ideas on their own with the belief that new opportunities which is claimed to be theirs alone, come naturally. Network entrepreneurs obtain their ideas from their social networks. With them, enduring opportunities are not related to each other while entrepreneurial ideas emanate only from accidental routes. Entrepreneurs with informal attitudes get their ideas when relaxed.

iv.e. Creativity Factor

There is a link between creativity and entrepreneurship. The nature of creativity is about innovation leading to the creation of new ventures while entrepreneurship itself is a form of creativity or can even be referred to as business creativity and in most cases new businesses are creatively original and functional. Most successful entrepreneurs identify opportunities that others do not see due to the special creativity attribute they possess. These creative attributes have a lot to do with business decision making and therefore very significant in opportunity- identification process. To entrepreneurs, the more innovative the idea, the better. This makes creativity a fundamental component in the entrepreneurial process. Hence creative entrepreneurship is described as the accomplishment of developing original useful ideas to starting a new business to product and service delivery level.

v. Opportunities from SWOT Analysis

Some opportunities are sometimes identified while the entrepreneur is having his or her self assessment in terms of strength, weakness, opportunities and threats universally referred to as SWOT. SWOT Analysis is a useful self-appraisal system for your strengths and weaknesses that help establish your business or develop your business by exploiting your abilities, talents and opportunities. It is frequently used to understand, underline and identify the opportunities open to you and the threats you are likely to encounter. SWOT Analysis could also be that initial self appraisal of the ability of the business opportunity to start and survive.

SWOT analysis was originated in the 1960s by Albert S Humphrey and has remained useful till date as a simple start for strategy articulation or as a vital strategy instrument. SWOT also allows achievable goals or objectives to be set for the business while future procedure for the accomplishment of the planning and development of the objectives could easily be derived from its SWOT. With your understanding of the weaknesses of your business, unexpected threats can be eradicated or controlled well ahead, thereby ensuring favorable competition in the market environment. In essence, there is Business SWOT Analysis (BSA), and there is Personal SWOT Analysis (PSA). It all depends on what you want to evaluate but both are good sources of opportunity identification and with little efforts, it can facilitate identification of exploitable opportunities. To Use SWOT Analysis, one should understand that Strengths and weaknesses are internal to your organization while opportunities and threats generally relate to external factors. Hence SWOT analysis is often described as internal/external analysis.

SWOT analysis can be done using these tips along with the simple template below:

Strengths:

Your strengths should be perceived from both an internal position, and from the judgment of the customers and others in the market. You should also be realistic and a list of your company's characteristics of the business or project team that give it an advantage over others should help. In the study of your strengths, consider them with your competitors in mind. The situation where your competitors manufacture good products, but of less quality packaging to yours; your own strength will be quality packaging. However, quality product remains a necessity and therefore a weakness and a threat to your own product. Such strengths could be economical, availability of adequate funding, abundant raw materials, etc.

Weaknesses:

Your weaknesses are your limitations that characteristically place you or the team at a disadvantage when compared with others. You are aware of your own weaknesses than any other. It is a time to be truthful to yourself by asking yourself some unpleasant questions and answers about your weaknesses. Like your strength, this should also be considered from an internal and external pedestal. Such weaknesses in Business SWOT Analysis (BSA) are poor funding, non-conducive location, inadequate infrastructure, outdated and poor equipment, poor staffing; while poor comportment, restlessness, drunkenness, low education, irresponsible attitudes, unwarranted socializing, reckless financial management, lack of skill and general ineptitude are mostly the weaknesses in Personal SWOT Analysis (PSA). Constant survey of the market and your competitors' progress should be done to inform you of your weakness.

Opportunities

Opportunities are contributive external chances for accomplishing the goals and objectives of the venture. These objectives may be to improve productions and achieve better profits in the market or to start up a new business from emergence to survival. In considering opportunities, it is best to search your strengths for possible business or development opportunities. Another tactic is to search your weaknesses for possible reduction of your weaknesses to identify and explore opportunities from them. Such opportunities may open up from associations, connections and affiliations in ones religious, political group, family especially inheritance and an acquired experience by the entrepreneur.

Threats:

This refers to external factors usually outside the control of person or persons in the market environment that could impede the business or the entrepreneur from achieving the expected goals and objectives. These external factors include unpleasant environment, new government regulations, technological upgrades in the industry,

Template of SWOT for a Business Venture

<p>Strengths</p> <p>Your strengths are the internal factors like the advantages of your organization, what you do better than others, the unique or lowest-cost resources you can draw upon that others can't, your organization's unique sales strategy, the factors that make you get the sale and what the people in your market see as your strengths. These are mainly the core operational capabilities you have and the reach of your distribution network.</p>	<p>Weaknesses</p> <p>Your weaknesses are the other internal factors that need your improvement, those that you need to avoid; those things that may make you lose sales and others that people in your market may see as your weaknesses. They generally involve your product presentation capabilities and baggage of existing investments.</p>
<p>Opportunities</p> <p>Your opportunities are usually external factors like the good chances you can recognize or the interesting drifts in the market you know. Changes in government policy, technology and markets, social patterns, population profiles, lifestyle changes, and other local issues relating to the business should interest you as opportunities. The customer division as well as cheaper and cost effective supplier of choice for other markets should be considered as opportunities.</p>	<p>Threats</p> <p>Your threats are mostly external factors like obstacles you encounter, your competitors activities, the changes in quality standards of your job, products or services, changing of technology may threaten some positions, bad debt or cash-flow problems. One also needs to check if any of the weaknesses, competitors under-cutting that can cause unprofitable operating ground and Governments' unpredictable policies are serious threats to the success of the business.</p>

A Case study

Bond Chemicals is one of the most successful Nigerian pharmaceutical companies with sales headquarters based in the metropolitan city of Lagos. All its products are however, produced in its factory situated in Aawe town, Oyo State. It was established by Chief Debo Omotosho – a pharmacist by training. He encouraged his two sons to read pharmacy at the University and the third, a lady to read law. He did not allow his children to work in his firm immediately after graduation. He sent one of the pharmacists to Europe and the other to America where they worked in bigger pharmaceutical firms and handled more sophisticated modern equipment. The lady was encouraged to work with big conglomerates in Nigeria - UAC and later Odua Investment Company. Due to her diligence at work, she rose rapidly to the level of a Deputy Director in charge of administration. With the current Government support for local production of cassava – a major drug component and the ban on imported

drugs, Chief Omotosho is deciding to establish a new pharmaceutical venture of international standard in Aawe, Nigeria, to commemorate his 70th birthday. He is thinking of handing over the business to his children in three years time and would need a SWOT analysis for the new venture. This has been prepared for him.

<i>STRENGTH</i>	<i>WEAKNESSES</i>
i.) Chief Omotoso has a lot of fund from his other on-going ventures to fund the new venture. ii.) Location encourages cheap production in Aawe but high price in Lagos bringing high profit. iii.) He has trained his children well for international standard successfully. iv.) His children have international experience that assists the new venture. v.) Mr Omotosho has experience in pharmaceutical productions. vi.) Bond Chemicals is already a renowned name for quality in the market.	i.) He has to transport his products to Lagos for sales. ii.) His pharmacist sons are not trained in local environment they have to work in. iii.) Low moral may set in for the lady who may not feel fulfilled with her career cut short before reaching the apex as Director. iv.) Chief Omotosho is getting old for the job. v.) His children stayed too long outside the job they were being trained for. vi.) His equipment are old and he will need to import more sophisticated ones from overseas.
<i>OPPORTUNITIES</i>	<i>THREATS</i>
i.) He has children to take over from him while still alive. ii.) His children have the experience to man the venture successfully. iii.) Government has banned the importation of drugs. iv.) Local availability of Cassava will boost production and reduce cost.	i.) Increase in fuel pump price by Government may reduce his profit. ii.) Non availability of fuel for the vehicles transporting his products to Lagos. iii.) Nigerian bad roads may be a serious threat to the Venture.

- 1.) Can you recognize more i.) Strengths, ii.) Weaknesses, iii.) Opportunities and iv.) Threats for starting Chief Omotosho's new business venture.
- 2.) What are the options for Chief Debo Omotosho?
- 3.) From the above table, please advise Chief Debo Omotosho whether to start the new pharmaceutical business venture or not.

Group work assignment, individual assignments/ test questions

- 1.** What do you understand by opportunity identification and describe the stages you will follow to identify business opportunities?
- 2.** Mention the three types of business opportunity search you know and discuss briefly the uniqueness of each of them.
- 3.** You are already preparing for your final convocation in the university in two month's time. At the end of the academic session party for final year students last week, you have been seriously warned by the Head of Civil Service of the Federation (HCSOF) in attendance that there is no Government white collar job for any fresh graduate. This is highly disappointing and casts a lot of regrets on the mind of most of your colleagues. Your Director of Entrepreneurship Development Department has solicited with the HCSOF to encourage you and your colleagues with funds to start up a business venture. The HCSOF has agreed and asked the Head of Department to submit to his office ten students' business SWOT analysis for any business interest. Please submit your own to the head of Department before the next lecture.
- 4.** What is SWOT? What is the essence of SWOT in a start up business? What do we mean by these abbreviations PSA and PSA?

HAND OUT 3:

RESOURCES AND RESOURCE CONSTRAINTS

In doing business, the entrepreneurs need to consider the various resources at his disposal and the optimum utilization of same as well as the resource constraints. The major resources are: men, money, finance, materials, machines, information (ICT) and time. The resources and resource constraints facing an entrepreneur during business execution could be described briefly as follows:

1. Manpower (Men or the employees)

An entrepreneur relies on other people to achieve his organizational objectives. With a one-man venture, he depends on himself to do the job. But as the business grows, he will realize that there is more work than an individual can handle. In such situations, he has to delegate some aspects of his job to other employees. Thus, in growing business, a lot has to be done regarding formulating policies or finding solutions to certain problems, planning the operations of the business; organizing the structure, directing and leading the workers; and controlling the operations to achieve set plans/targets.

Human resources are the most important resources with which the entrepreneur needs to function. They are the most important assets of any organization. This is because it is the human resources that manage all the other resources for the business organization to achieve its objectives. Therefore, the entrepreneur must be able to procure, utilize and maintain its human resources effectively

Human Resources Constraints to Business Growth

The constraints of human resources to business growth are as follows:

- Inadequacy of the human resources for various functional areas like operations, finance, marketing, R&D, etc
- Inadequacy of types of different skills of human resources required
- Adaptability of human resources
- Attitude of the workers to transition and poor work moral
- Decrease in productivity and efficiency
- Poor preparation of workers for higher or new functions
- Waste, accidents, labour turnover, lateness, absenteeism and industrial disputes.

2. Money (Financial Resources)

Money is to business what blood is to human life. It is the life-wire of any business. Without it, there is no way business can live or prosper. While money can narrowly be defined as the raw cash, it can be used to connote all forms of money or near money. That is, it involves cash or any other forms of assets which can be converted to cash in the short-term. These assets apart from cash can be debt, debt certificates, and equity certificates. What is important in transitions is for the entrepreneur to be able to manage the flow of funds efficiently and effectively in terms of sourcing and utilization.

Constraints involved in money (Fund) management:

Problems are encountered in allocating the firm's limited financial resources in the following areas:

- Fixed Assets – which will be used in the production of the product or service

- Stocks (inventories) – which will be used to facilitate production and sales
- Debtors (receivables) – the amount owed by the customers after credit sales.
- Cash – which is to be used for transaction purposes and needed for liquidity
- Marketable Securities – involves the investment of surplus cash in easily disposal securities like shares of quoted companies. It is used, apart from the returns from it, for the purpose of guaranteeing liquidity for the business.

3. Materials (Physical Resources)

Materials are very important in any manufacturing business outfit. No manufacturing or industrial enterprise can operate without materials. It therefore becomes necessary that any manufacturing enterprise that intends to be efficient and profitable must make sure that its materials are available at the right time, in the right quantity, and at the right price.

Failure of any of these responsibilities concerning materials will increase the cost of production and decrease revenue and profits. Therefore, an entrepreneur must be conversant in materials management which is concerned with the input and output flows in a production system:



To ensure smooth business transition from start up to growth, adequate attention must be paid to the following under materials management:

- i. Purchasing and procurement issues
- ii. Inventory management and control
- iii. Stores and warehousing
- iv. Production planning
- v. Physical distribution of the finished products.

4. Machinery (Technology and Equipment)

In most cases, business organizations use different types of machinery for their production processes and these form the fixed assets components of the business. The new technology or technological changes bring with it productivity improvement but because of the considerable amount involved in procuring machinery, the entrepreneur should be careful before deciding on which type of machinery to procure.

In a situation where obsolete machines or technology are used, the entrepreneurs might not be able to cope with rivalry from the competitors in terms of quality product and customer satisfaction. In sourcing for machinery therefore, the entrepreneur must determine the type of technology which will not go obsolete in time.

The factors to be considered before procuring machinery include:

- Nature of Raw materials
- Level of skill to operate the machinery
- Maintenance of the machinery
- Source of energy of the equipment
- The possibilities of adapting the equipment to different capacity levels
- The cost of the equipment
- Location of vendor

- Reputation of the vendor and his experience in the business
- Conditions of sales need to be examined
- How the technology can affect the company's position in the industry
- The effect of the machinery on the profits of the enterprise over the short and long run
- The entrepreneur must establish how large he wants his business to be within a given period
- Finally, the entrepreneur needs to examine the physical and environmental conditions under which the equipment would operate (Ghana, 2001)

Sources of Information for Technology:

- Local Sources
- Foreign Sources
- Trade Fairs
- Being a member of a trade association
- Professionals like, management consultants

5. Time as a Resource

Time is one of the resources of any business organization. It is a precious and highly perishable economic resource that cannot be expanded. It is fixed for everybody, 24 hours a day, 168 hours a week, 365 or 366 days in a year for all business organizations. Nobody can save time, thus the best the business can do is to use time effectively. Thus, time management becomes imperative to all entrepreneurs because time is money and once time is lost, it can never be regained. Thus, to make better use of time the following are very important:

- established goals that are specific and attainable - set goals
- determine deadlines for the achievement of goals - list the activities that will help achieve the goals.
- allocate time for each important activity.

Time Management Techniques

- i. Identify daily specific goals i.e. list your goals in order of importance and start them.
- ii. Self motivation: Motivate yourself to produce high output
- iii. Establish deadlines: Set specific realistic deadlines to achieve certain task.
- iv. Use the Telephone: This is the main communication link
- v. Take notes: Keep a note-pad to write down key points on conversation, meetings etc
- vi. Don't do everything: Only concentrate on important activities and delegate others
- vii. Be reflective: On your past, and present and future activities.
- viii. Be action oriented: Outline your action to get problems solved.
- ix. Plan in detail for tomorrow: At the end of each day's work, prepare time schedule for the next day's activities to avoid ad-hoc planning.
- x. Finally, question your use of time: What activities am I doing that I should not do.

The answer to good time manager lies not in working harder or longer but in **working better**. To some extent, working harder and longer can produce stress which in turn, distort decisions and judgments and can distort the business transition programme.

Tips for Saving Time

The following tips will help you save your time

- Instruct your secretary to screen telephone calls so that you answer only those that are essentials.
- Keep your desk clear, except for the materials you are working on so as not to distract your attention.
- Identify your key hours for the day in which you are more productive and devote them to your highest priority while other hours could be used for routine things e.g. making telephone calls, writing letters, visitors etc.
- Change the open door policy, check the cost and benefits. .
- Use modern gadgets such as calculator, computers, telephone or intercom to save time and travelling.
- Consider time as an economic resource where the supply is fixed and the demand is infinite, thus, budget time like money.

Time Wasters that should be avoided

Time once spent can never be recovered and so there is the great need to use time effectively. Some of the ways in which time is wasted can be classified into internal or external. They are as follows:

- People: Interruptions friends, relations, visitors, job seekers, co-workers/colleagues.
- Personal (oneself): Little or no delegation, being indecisive and being too late or absent
- Poor Systems at the work
- Events: Social ceremonies e.g. funeral, birthdays, naming ceremonies
- Leaks of personal energy like resentment, suspicions, criticism, fear
- Idleness

Table 1: Typical controls to investigate resources

Resources	Typical Controls to investigate
Physical Resources Building	1. Security & Maintenance
Plant & Machinery	2. Control, Maintenance System
3. Financial	3. a. Costing system of the organization b. Budget of the organization c. Investment Appraisal
4. Materials	4. a. Supplier control: quantity, quality & the cost b. Inventory/Stock Control

5. Products	5. a. Stock control b. Quality control “Pilfering” c. Control of losses
6. Human Resources	1. By the control of the key personnel through M.B.O. and setting goals 2. Leadership working agreements/conditions
7. Intangible Resources	1. Control of Image e.g. Public Relations 2. Industrial Relations climate 3. Control of vital information

REVIEW QUESTIONS:

1. Lack of money is one of the resource constraints managers face in business transition, **True** or **False**
2. Avoiding waste of resources should not be an objective of an effective manager, **True** or **False**
3. Mention three business resources and explain how their scarcity can affect business transition
4. How can the resources mentioned above be managed in business?