

INTRODUCTION TO ENTREPRENEURSHIP EDUCATION.

Entrepreneur is a person who organises/operates and assumes the risks for business ventures.
Entrepreneurship: Is a process of creating an opportunity and pursuing it regardless of the resources currently controlled.

An Entrepreneur can be any person who:

- (i) Observes the economic, social and natural environment.
- (ii) Identify opportunities in the business and non – business environment.
- (iii) Gathers the necessary resources for the business activity.
- (iv) Receives financial or social rewards.
- (v) Concerned about possible damages to the natural and social environment.

ENTREPRENEURSHIP EDUCATION.

Is a subject who trains, motivates and allows learners to develop and use their creativity, take initiatives, responsibilities and risks in order to encourage entrepreneurship success in a variety of settings. It includes the following:

1. Opportunity Recognition: This refers to either the discovery of a clear business ideas or the development of an idea into a more flexible concept over time.
2. Commercial Opportunity: This involves bearing an idea into commercial service.
3. Allocating resources in the face of risks: This involves identifying an idea or an opportunity and committing resources. (Human financial and physical resources) to turn the opportunity into business despite the presence of risks.
4. Initiating a business venture: This involves starting a business through the establishment procedures.
5. Instructions in traditional business discipline such as management. It involves equipping learners with the traditional business skills to employ and empower them to manage their own business in the proper way.
6. Marketing and information systems and finance. This involves providing information on marketing and finance.

REASONS FOR STUDYING ENTREPRENEURSHIP EDUCATION.

1. It provides learners with transferable skills needed to succeed in an increasing divergent business environment.
2. It enables students to integrate programs that teach practical skills for starting and expanding business enterprises.
3. It emphasizes a risk taken in business.
4. It enables students to address some of contemporary needs of the business education.
5. It enables educators (teachers) to teach what has been considered untouchable.
6. Entrepreneurship education enables elements of entrepreneurship to be taught and learnt.
7. It gives students an opportunity to address some contemporary needs to business education in ways that traditional systems do not.

THE ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT.

1. It promotes small enterprises in the society which form an essential part of economic prosperity in any society.
2. It acts as a source of employment.
3. Some enterprises are more dynamic and flexible in accommodating innovations and changes.
4. Small businesses require relatively low investments and therefore they can easily be established in rural areas and semi – urban areas.

5. Small businesses use locally available resources and rely mainly on skills which may be found within the member's community.
6. Entrepreneurship can help to correct the regional imbalances created in the past. This would reduce the concentration of economic power in few centres which in the long run breed tension and hostilities between social classes.

ENTREPRENEURSHIP AS A CAREER OPTION.

One can choose a career from two categories of options.

- (i) Wage employment (getting a job) or paid employment.
- (ii) Entrepreneurship / self employment.
If one's option hopes for a job then you would work for others and receive a salary or a wage.

DIFFERENCES BETWEEN ENTREPRENEURSHIP AND WAGE EMPLOYMENT CAREER OPTIONS.

1. Under wage employment, one works for others while under entrepreneurship you are the boss.
2. Under wage employment there is a routine job while under entrepreneurship there is creativity.
3. Under wage employment earning is fixed while under entrepreneurship it is not.
4. Wage employment does not create wealth while entrepreneurship creates wealth (contributes to gross domestic products).
5. Wage employment is really negative while entrepreneurship can be positive.

ENTREPRENEURSHIP

Is the terminal stage of entrepreneur process where after setting up a venture for business. It looks for development growth.

Income generation.

is the initial stage in the entrepreneur process in which one uses to generate surplus/profit. Some might put his surplus money in a fixed deposit account in the bank or in a "chit" fund to have an interest.

SELF EMPLOYMENT.

It refers to individual's own future involvement in his own business occupation. It also creates the satisfaction that one is on his own company and there is a creation of wealth and profits. It also provides employment for the owner and for others.

BENEFITS OR ADVANTAGES OF SELF EMPLOYMENT.

1. It promotes hardworking because one strives hard to see that his ideas or business work succeeds.
2. It allows one to be innovative and creative. This is because one makes his own decisions since his done in business.
3. There is leading other than following, one leads himself where there is no body to follow.
4. The income earned is potentially unlimited. One takes all the profits made by the business and if the business grows and becomes more profitable the owner benefits a lot.
5. There is no interference from anyone else. One has got a freedom to do what is assumed correct for the success of the business.

6. The work situation is entirely under control of the owner. This is because in self-employment there is nobody else to care since it is an individual's work or business alone.
7. It gives guidance to others for them to be successful in self-employment.

DISADVANTAGES OF COSTS OF SELF EMPLOYMENT.

1. Long and irregular hours of work.
One has to put in as much time as possible to be able to succeed which reduces one's standards of living through overworking.
 2. Self-employment is risky.
One invests in a business activity hoping to get profits that does not know whether he will realise profits or not.
 3. Self-employment income is not stable or guaranteed.
One is not sure whether the same kind of income will come or will be less or more and this disrupts learning.
 4. There is no wage benefits.
In self-employment there is no extra assistance for instance free medical care, housing etc as compared with wage employment.
 5. There is uncertainty of the future.
One is not sure of what will happen in the future whether things will be okay or not, a self-employed person is over in worriers.
 6. It is hard to delegate work.
This is because there is no one to refer to as it is normally one man's business.
 7. There are broad responsibilities.
In self-employment one finds himself doing more than one work because there is no one to assist, so one ends up doing everything.
1. a) Define the term self-employment.
b) Why is self-employment preferred to wage employment in your country.
 2. a) Explain factors that influence the choice of a career.
b) Examine factors responsible for the variations in income levels for different careers.

ENTREPRENEUR, INTRAPRENEUR AND ENTREPRISING PERSON.

Entrepreneur:

It can be described as someone who:

- (i) Owns and manages his or her own business.
- (ii) Identify new products or services or opportunities.
- (iii) Creative and innovative.
Organises and controls the resources to ensure a profit for the business.
How the ability and rights to market produce and finance a product or the service.
Can obtain financial support for the business or has financial means.
Willing to calculate risks.

Entrepreneur.

Is a person who focuses on innovative and creativity and who transforms a dream or an idea into a profitable venture by operating within the original environment.

An entrepreneur can be described as:

1. A person who works with an existing business.
2. One who is hired to manage business.

3. Identifies new products / services opportunities for an existing business.
4. Is creative and uses the ability in sight to market / product / finance a product or service.
5. Organises and controls resources to ensure profits for the existing business.
6. Prefers benefits of an existing business such as salary and available resources.

Enterprising person.

Is someone who takes an imaginative risky project. An enterprising person is ambitious and energetic to be enterprising is to keep your eyes open and your mind active to be skilled enough, confident enough, creative enough, disciplined enough to seize opportunities that prevent themselves regardless of the economy.

The enterprising people always fuel away to take advantage of the situation and not to be burdened by the situation.

ENTREPRENEURIAL QUALITIES / FEATURES.

Qualities refer to the desire traits which enable the entrepreneurs to do what is expected of them in order to succeed in business. Successful entrepreneur's possess the following traits or qualities.

1. **Hardworking**
A successful entrepreneur should work hard in order to fulfil consumers' demand and achieve his goals and objectives.
2. **Persistence**
A successful entrepreneur is one who is persistent amidst problems achieving his set goals and objectives.
3. **Risk taking.**
A successful entrepreneur is one who undertakes a business where risks are moderate. Before an entrepreneur commits himself and his resources to start a business he should assess the risks that are associated with the business opportunity that he/she have selected and the ability to manage.
4. **Opportunity seeking.**
Is a quality that enables an entrepreneur to see and act on business opportunities in every situation where other people are seeking nothing but a problem.
5. **Demand for efficiency and quality.**
A successful entrepreneur is one who does the work faster, better and quickly. This enables him to produce quality products thus the remaining a head of others and making more profits.
6. **Goal setting.**
This refers to the ability of an entrepreneur to set clear and specific goal and objectives. A successful entrepreneur is the one who sets goals, objectives which are **SMART** ie specific measurable, attainable realistic and time bond.
7. **Information seeking.**
This is having the urge to look for the required information in order to make and form decisions. A good entrepreneur is one who seeks and obtains information regardless consumer's supplies and competitors which enable him make decisions and improve on his business.
8. **Systematic planning and monitoring.**
Is the ability to develop plans that will be used in monitoring and evaluating the progress of the business. A successive entrepreneur is one who uses logic steps by step plans to reach the goals. He also closes and monitors the activities of the business in order to achieve the set goals.

9. **Preservation and networking.**

A good entrepreneur is one who persuades the public to buy his products and should also link positively with other individuals / groups to maintain a business contracts and high levels. This enables the entrepreneur to maintain and increase the market of his products.

10. **Self confidence**

A successful entrepreneur is that one who has confidence in himself in regard to meeting tasks and challenges. He should be confident in whatever he is doing.

11. **Accountability**

An entrepreneur should keep a good record of his business transactions. This enables him to know whether his business is making profits or losses.

12. **Innovation**

This is the most important entrepreneur trait which enables an entrepreneur to do things in a new and different way to change old ideas and adopt new ones. He should offer more solutions than excuses.

RISKS

Is a situation where one is required to make a choice between two or more alternatives which might result into rewards for success or penalty for failure. When an entrepreneur under takes to risks and succeeds, he or she makes a profit and when he/she suffers, he/she makes a loss.

TYPES OF RISKS.

Low risks.

They are very minimal and they don't normally yield a lot of benefits to entrepreneurs. In this case lower risks associate with low risks.

Moderate risks.

There are risks that can be some extent be calculated or predicted and managed by the entrepreneur. In other words there are high chances of ensuring such that risks do not take place and affect the entrepreneur, examples of such risks include:

Fire, accident etc

Which can be managed by taking the necessary precautions as well as seeking insurance company or policy.

High risks.

These are risks whose chances of happening are very high and yet the enterprises has little or no control over them. If they happen the business will fail and chances of receiving the resources are very low. The probability of failing is very high than that of succeeding.

Example smuggling, selling prohibited goods etc.

In most cases, however, businesses which take the high risks make a lot of profits in the event of succeeding.

Example of risks encountered by an entrepreneur in the business.

1. Change in customer's tastes and preferences.
2. Change fashion and demand.
3. Change in technology.
4. High levels of competition in the market.
5. Shortage of raw materials, power and fuel.
6. Deterioration in industrial relations which leads to stricken and business failure.
7. Flow of the business if the cash inflow is less than the cash out flow.

MANAGING RISKS.

1. Employing experienced personnel's.
This would reduce the problem of faulting managerial decisions regarding the use of capital, machines and raw materials.
2. Maintaining and upgrading production technology and products to minimise the problems of changes in tastes and preferences and demand of customers.
3. Extensive training of staff and the entrepreneur himself on security measures or how to handle risks.
4. Carrying out market research and assessment.
5. Maintaining adequate security.
Through the use of security lights, burglar-proof which help to check the risks of theft.
6. Diversification of business activities.
7. Proper financial management / book keeping.
8. Strict monitoring and supervision of all business operations.
9. Shifting the burden to insurance companies.

RISK ASSESSMENT.

It involves determining the potential success that arrive out of the risk or loss out of the risk happening.

FACTORS FOR RISK ASSEMENT

1. **Experiences and abilities.**
This looks at whether the person who is involved in promoting and managing the business possesses the required knowledge, experience and ability.
2. **Viability of the idea.**
This looks at whether the selected business idea will be profitably done in an area given the available resources, technical skills of staff, competition etc.
3. **Availability of market.**
This establishes whether the people in the area are in need, willing and able to buy the products of the business.
4. **Pricing policies and strategies.**
This is finding out whether the prices of goods and services produced by the business will be sold and whether it will be competitive given the prevailing competition in the market.
5. **Cash flow**
It deals with establishing whether the business will create enough cash (cash inflow) to finance the planned business expenditure (cash out flow) and if not whether the business would be able to raise cash from other sources to fill up the gap.
6. **Flexibility of the business.**
This is finding out whether business choices that have been made can easily be changed without having a disastrous effect on the resources involved and the image of the business and that of the entrepreneur.
7. **Honesty and reliability.**
This is finding out whether the people with whom the business will deal with workers, customers, competitors, suppliers are honest and will be reliable.

COMMUNICATION SKILLS

Communication: It refers to mutual interchange of ideas, opinions, facts and feelings between business men and customers.

It is important to note that in the case of entrepreneur's business operations, entrepreneurs deal with the public, other businesses, financial institutions and government.

It is important ie that entrepreneurs develop effective communication which enables them to deal and rotate very well with their customers and other parties which are interested in their business.

EFFECTIVE COMMUNICATION

This is where the message is understood in the sense by the receivers as communicated by the sender.

IMPORTANCE OF EFFECTIVE COMMUNICATION

1. It helps producers to pass on information to the public about the available goods and services ie through radios, newspapers etc.
2. It helps to eliminate shortages in different markets. This is because of shortage in one market can be communicated and solved by transferring goods from other markets where goods are in plenty to markets where goods are scarce.
3. It saves money and time. Communication connection of people in different places without inconveniences to another trader in UK without travelling there.
4. Communication helps traders to negotiate with customers so as to get the best bargain.
5. It helps entrepreneurs to co-ordinate operations of the businesses which are executed by different departments.
6. It promotes understanding between an entrepreneur and his customers. This facilitates the exchange of rates, facts, opinions and suggestions which help in creating mutual understanding between the two.
7. It enables an entrepreneur to instruct the supervisors and support staff about any changes in the policy which increases efficiency of workers.
8. It helps an entrepreneur to recruit and select workers for his business. This is done through advertisements where interested people send their application letters from which an entrepreneur can make a short list and invite selected persons for an interview.
9. It saves the goods from being damaged and stolen from efficient speedy and a current communication minimises losses which come about as a result of accidents or breakdown.
10. It helps buyers to give back information to entrepreneurs to give adjust accordingly on matters concerning the goods eg prices, quality and quantity.
11. It enables entrepreneur to establish good image of his business.
12. It helps the government and other regulatory bodies to monitor, guide and direct business operations.
13. It leads to quick decision making.
14. It helps employers to carryout self evaluation hence efficient service provision among workers.
15. It reduces misunderstanding among business people.

ESSENTIALS OF BUSINESS COMMUNICATION

1. Complete
The message should include all facts that the receiver needs to know about the communication. The sender should try to answer all the problems.
2. Convince

The sender should give the message in a few words as possible which enhances its pleasantry. The message should not be so wordy to confuse the receivers.

3. Courteous
The sender should be as sincere as possible to avoid hurting the receiver.
4. Correctiveness
The message given should be as correct as possible.
5. Concrete
The message should be straight to the point but not too general.
6. Considerate
The sender should have the receiver in mind when sending the message. The sender should use positive words other than negative ones.
7. Clear
The message should be clear i.e. the sender should choose words which are familiar to the receiver.

BARRIERS

1. Language barrier (differences)
Language differences among people lead to communication ineffectiveness since the person does not understand the language of the others.
2. Destruction from the environment.
When there is noise, the receiver of the message can not receive it properly hence communication indifference.
3. Lack of interest on the subject matter.
When the receiver is not interested in the subject matter he will not receive any message.
4. Use of wrong address.
Wrong address used by the sender means that the receiver cannot receive the message since the message would have been sent to a wrong person.
5. Physical disabilities.
People who are unable to talk and hear cannot receive the message through oral means.
6. Using wrong channel of communication i.e. sending a message which is written to a person who is an illiterate.
7. Emotions or physical factors
i.e. anger and fear make a person not to communicate properly hence the receiver not receiving the communication properly.
8. Poor message preparation.
Poorly prepared or packaged messages which are disorganised and lack content which marks the receiver not to receive it properly.
9. Use of faulty requirements.
i.e. for radios to transmit the messages, when the equipment transmitter is faulty and the receiver cannot receive the message properly.
10. Use of wrong technical terms / slogans complicated words. use of such terms which are not familiar leads to communication ineffectiveness.

METHODS, MODES OF FORMS OF COMMUNICATION.

1. Verbal / oral communication.
This communication by word of mouth which involves talking and listening i.e. face meetings, telephone conversations through use of mobile phones and land line phones. This is where people speaking a common and similar language communicate together.
2. Non-verbal / Body language
This involves communication by body movement in case where people do not have a common language.

It is communication by means of elements and behaviours that are not coded into words and in this case, body movements such as sings or gestures, facial expressions, eye movements eg nodding and pointing can be used to convey messages.

3. Audio – visual
This is communication by means of recorded sound or pictures ie use of radios, TVs Videos, films
4. Written and printed.
It involves writing and using messages. It takes forms like printing newspapers, magazines, journals posters, business cars, categories, telegrams, financial statements etc and writing of information while communicating to one another eg use of business letters, office memos, circulars notices, reports policy manual.

CHANNELS/MEDIAS OF EFFECTIVE COMMUNICATION

1. Press:
This communication media basically includes newspapers, magazines, journals etc. under the medium the message is conveyed among traders between manufacturers and consumers, whole sales and retailers and even wholesalers and manufactures.
2. Radio and Television.
Under this medium traders are able to communicate to the public about the goods and services they offer through radios and TVs. This communication form of advertisements which can be persuasive or information.
3. Telephone:
There is a medium of all communication where people speak to one another through telephone receiving. Today the commonly used are mobile phones.
4. Internet:
This is the world wide area network of computers connecting across the continent.
5. Letters:
Is a method of communication using letters and sending them through post office to be delivered to the addressee or they may be directly delivered.

TYPES OF COMMUNICATION STRUCTURES/CHANNELS

- (i) Downward
- (ii) Upward

DOWNWARD COMMUNICATION

Those are structures or channels of communication in the organisation where information flows from the top management to the lower management. It carries such information instructions on what to do, policies of the organisation and reports.

Types of downward communication.

1. Meetings
There are used to transmit information from one level to another. They may be face to face, one to one as in a meeting where many people are.
2. Company periodicals.
They are used to spread the information about the company products and policies through company publications. Company periodicals are sometimes called noun letters.
3. Posters and notice boards.
Here information is communicated through posters and notice boards. It is common when addressed to a large number of people where selling it to individuals may be cumbersome.
4. Letters

This is used when a manager wants to present something special through direct contact to ensure that each employee receives it. Letters normally come from top to bottom.

5. Employee handbooks and pamphlets.
These provide information to outsiders or there in the organisation. For instance it may carry policies or details of standing orders or procedures during orientation or hiring process, they may be used as introduction to organisations. They are commonly used in schools and universities.
6. Annual reports.
This gives summaries of the performance and the position of the organisation intended to the stakeholders who are not directly in management know how the organisation is performing.

UPWARD COMMUNICATION

There are communication structures or channels of communication that helps the flow of information from lower levels of management to top levels of management in the hierarchy. Upward communication flows from subordinates to supervisors.

Types of upward communication

1. Meetings
When meetings are held they are used to encourage subordination to inform the supervisors, this completes the communication cycle.
2. Suggestion boxes.
This is an avenue for getting ideas, suggestions and complaints ie from subordinate staff.
3. An open door
Here the manager welcomes subordinates to discuss problems with him freely anytime and he should be accessible.
4. The grievance procedure
These are procedures through which an aggrieved subordinates may initiate action to address grievance in some organisations. It can be through a trade union, a manager or some established channels.
5. Compliant system.
These are systems where complaints are channelled and addressed eg staff committees where staff problems are discussed.
6. Counselling's
This is where organisations create position of counsels who dependently receives information from employees and get management to solve the problems emerging from sessions with such staff.
7. Labour union
There are used to convey to management the feeling and demand of employees.
8. Grapeland
Is a spontaneous and natural phenomena that service as a means of emotions release and provide management with significant dues concerning the altitudes and feeling of organisation members.

ILLUSTRATION OF DOWNWARD AND UPWARD COMMUNICATION

Managing Director

General Director

Production manager

Worker

HORIZONTAL COMMUNICATION

This is communication between and among individuals at the same level. It talks about performance, facilities and staff or agreed towards achieving the organisational goals. It is important as it enables faster decision making and quickly gives feedback.

FORMS OF COMMUNICATION DOCUMENTS.

Business letters.

Appointment letter has a carbon copy (c.c.)

e.g Senior accountant.

Owner of the business

LETTER

X72 NTREPRISES LIMITED
P.O. BOX 222
KAMPALA (U)
TEL: 0414 123456
12/03/2012

X72L/ODS/21/03/12
THE SALES MANAGER
MK WHOLE SALERS
P.O. BOX 444 JINJA

Dear Sir/Madam

REF: DALAYED DELIVERY

On March 2nd, we ordered 50 boxes of soap and enclosed a cheque for Shs 350,000. You have cashed the cheque but the goods have never arrived.

According to your quotation, debtors March 1st 2012, the goods were supposed to be delivered one week from the order. What happened?

If for any reason our order cannot be fulfilled, then I think you should refund the company's money or else we may place another order. We look forward to hearing from you soon.

Yours faithfully
NANTEZA DRUSCILLA
PURCHASING MANAGER.

MEMORANDUM (MEMORY)

A memory is an official internal communication from one person to another in the same organisation or branch offices. Memos are commonly used to communicate short messages.

X72 ENTREPRISES LIMITED
P.O. BOX 222
KAMPALA(U)
TEL: 0414 123456

MEMO

FROM: Managing Director

To: Purchasing Manager

Ref: X72L/ML/21/03/12

Date: 21st – 03 – 2012

REF: FACILITY SUPPLIES

Please you can write to MK whole sellers and tell them we are really unhappy with their last supply. We are sorry but we cannot simply accept the goods in their current condition.

We want goods replaced at once or we will have to counsel our relationship with them. Ask them to let us know what they are going to do about it.

Thank you.

NANTEZA DRUSCILLA
MANAGING DIRECTOR

CIRCULARS

Is a printed letter, notice or advertisement that is sent to a large number of people. Circulars have numbers and they are put on the organisation notice board(s) where everybody can see, read and learn.

OLD KAMPALA SS
P.O. BOX 330
KAMPALA(U)
TEL: 0414 128456

CIRCULAR

Circular no 001

Date: 21/03/12

From: Director of studies.

To: All teachers

Re: MINUTES OF LAST MEETING

The body following the staff meeting that was held on 17th Nov. 2011. It was resolved that
- All teachers should have schemes of work.

- Departmental heads should ensure that uniform notes should be given to all streams in a particular class.
- All teachers should be in school by 8:00a.m
- All students arriving late for lessons should be punished.
- Teachers on duty should supervise morning and evening preps.

We look forward to your maximum co-operation.

Yours faithfully
DOS

c.c. Board of governors
c.c Head teacher
c.c. Deputies (Head teachers)
c.c. Staff room

NOTICE

A notice is a piece of paper or a sign giving information, warning etc that is put in place where everyone can read. Notices are usually put on the organisation notice board(s).

XYZ ENTREPRISES LTD
P.O. BOX 222
KAMPALA(U)
TEL: 0414 123456
22/03/20/26

Members of the production department are required to attend an important meeting tending to take place on Friday 30th March 2013 at 9:00 am in the boardroom.

The matters to be addressed relates to the latest production technology presently acquired.

please attend in person and keep time.

Yours faithfully

NANTEZA DRURCILLA
PRODUCTION MANAGEMENT

A REPORT

A report is given by an entrepreneur to give conclusion and recommendations based on investigated facts and situations. A report must be accurate, clear, complete, concise and logically arranged. Examples of business reports may be

Annual reports.

This shows business annual operations and financial performance or reports of the customers feeling regarding goods of the business.

The major components of a report are:

- (i) Findings
- (ii) Recommendation

REPORT

XY2 ENTREPRESES LIMITED
P.O. BOX 222
KAMPALA(U)
TEL: 0414 123456

From: Marketing Officer
To: Marketing Manager
Date: 22/03/2012
Ref: MD(002/2011)

REF: FILD TRIP TO JINJA.

As you may record 22/2012 you assigned me to go to Jinja to assess business situation and explore opportunities if any. I would like to report to you the following points.

- There are so many up coming businesses which can make use of our products.

- Our product prices are higher than those of yours in the view of the above. I will suggest the following recommendations.
- There is an urgent need to recruit agents in the area.
- There is a need to reduce on our prices to meet the current market situation.
- Your agent attention raised above as it is of great importance to our business / company.

Yours faithfully
NANTEZA DRUSCILLA
MANAGING DIRECTOR

APPOINTMENT LETTER

Is a letter issued by the organisation to the employee showing that there is a job contract between the two parties.

XYZ ENTREPRISES LIMITED
P.O. BOX 222
KAMPALA(U)
TEL: 0414 123456

MS. NANFUNA RITAH
P.O. BOX 220
MBALE(U)

Dear Madam

RE: APPOINTMENT FOR THE POST OF PURCHASE MANAGER

Following the interviews we had on 15/Oct/2011 I am glad to inform you that success and hereby appoint you as a purchasing manager of our company effective 1st April 2012.

The details of the job description are here attached and you are supposed to report directly to the general manager.

Your net pay after deductions will be Shs 2,500,000 (Two million five hundred thousands only). Other benefits like company car, medical, job training, housing awaits.

Please if you are satisfied with the terms and conditions of this job offer, you should sign in the attached copy and return it to human resource manager before 31st March 2012.

Waiting for your unreserved services.

Yours faithfully
NANTEZA DRUSCILLA
MANAGING DIRECTOR

c.c General Manager
c.c Human Resource Manager
c.c Chief Accountant

TERMINATION

Is a letter from the employee stopping him/her from his / her services or job.

Z72 ENTREPRESISES LIMITED
P.O. BOX 222
KAMPALA (U)
TEL: 0414 123486

MR TUMIINE RICHARD
P.O. BOX 120
KABALE (U)

Dear

RE: TERMINATION OF YOUR SERVICE AS AN ACCOUNTANT

I would like to comment on your services you have been rendering to our organisation since Dec 2003, however due to the structuring process aimed at improving the performance of the organisation your services with us are no longer effective from 1st – 04-2012.

Your termination package how a ready been arranged of shs 20,000,000(twenty million shillings only). The cheque will be collected from the cash office.

I once again that you for your services and hope to engage you again if need arises.

Yours faithfully

NANTEZA DRUSCILLA
MANAGING DIRECTOR

WAYS OF OVERCOMING BARRIERS TO EFFECTIVE COMMUNICATION

1. Exploring to the receiver so that he / she gets to share the meaning of the message with the sender in order to overcome differing perceptions.
2. By using simple, direct, natural language while communicating so as to overcome language differences.
3. Understanding and changing peoples behaviours to ensure maturity of organisational members in order to overcome emotional blocks.
4. By understanding or being aware of the meaning of different gestures, body movement posters, verbal expression and other powers of non – verbal communication.
5. Creating trust. It involves building confidence though understanding, discussing issues and creating an atmosphere of trust so as to restore credibility.
6. Eliminating physical noise eg if it is a machine it can be switched off or those communicating can move away in order to reduce destruction.
7. Planning well before any form of communication. The sender should plan well in advance what he wants to say while he is saying it, how he will say it. He should also anticipate the receivers reaction to it.

FACTORS CONSIDERED WHEN CHOOSING A CHANNEL / MEDIUM OF COMMUNICATION.

1. Language to be used in the message.

The message should be made in a language which the receiver uses and can easily understand, otherwise the information intended to be conveyed will not be understood by the receiver.

2. Message performance.
The radio, television and telephone message last only for a few seconds and are over while letters, E-mails, faxes and telegrams last for a long time. They stay for a long period when they have not been destroyed.
3. Nature of the message to be communicated.
For messages that require giving detailed information, then letters are more effective. On the other hand, brief messages can be sent through the use of faxes, E-mails and telegrams.
4. Speed and urgency of the message
Urgent information should be used through the fast media like the telephone, telegram, fax, E-mail while letters and the press tend to take long time.
5. Coverage of the medium
For messages to be conveyed to wide geographical area then newspapers, the radio and television are more appropriate. On the other hand, for the message that is intended for individuals in a small area like a trading centre then notices or posters are more effective.
6. Cost of the communication channel
Some channels of communication are expensive compared to others for instance conveying messages through the press and TV is more expensive compared to letters, the internet (E-mail) and radio – entrepreneurs should therefore choose the most effective channel.
7. Social and education status of the people one wants to communicate to. Messages intended for the ordinary people are conveyed through the radio or posters or notices. However for the youth wealth and elite class, then the internet (E-mail), faxes, televisions, newspapers and magazines are appropriate.
8. Availability of the medium.
Communications should use means which are in their reach already available than those means which are non – existable eg a trader near a radio station could use a radio, a telephone instead of travelling long distances to communicate through fax telegram, newspapers or TVs which may not be in his reach.
9. Secrecy of the message
Confidential information can be sent through letters since they can be personal and they can be kept secretly compared to the other means of communication like notices, televisions, radios etc.
10. Age group of recipients.
Information to the teenagers and youth should be communicated through internet, magazines, cinema halls (films) as they mostly appeal to those age groups. On the other hand messages to the old people should be conveyed through the radio and newspapers.
11. Personality of the recipient.
Communication to people with having disabilities is normally done through the use of sign language, gesture, facial expressions, eye movement and other forms of communication and visual communication on the other hand verbal communication is ideal for the blind.

CHANGE.

Change is to give completely different form of appearance of an object. It involves transforming an object into a completely different one. Change is something that is inevitable in society.

TYPES OF CHANGES.

1. Transitional change
This involves replacing existing processes or procedures with something that is completely new to the company. It involves dismantling the old process and implementing new ones. Examples include corporate re-organising things) acquisition creating new products or services and implementing new technology.
2. Development change
This occurs when a company makes an improvement to their current business eg if a company decides to improve the processes, methods or performing standards. Usually companies carry out changes so as to stay competitive.
3. Transformational change
This type of change occurs after transitional period which involves making drastic transformations of the business rather than methodologically implementing new processes. Transformational change may involve both development and transitional change.

FACTORS THAT BRING ABOUT CHANGE IN THE BUSINESS.

1. Competition.
It makes an entrepreneur to improve on his or her products and services continuously which means that the quality of products and services improve with time.
2. Change in technology
Businesses need new technology development to enable them to produce new products and services that conform to the needs of the customers.
3. Social change
These are community changes that can be brought about by the growth of population, change of needs of communication and various development of aspects. As a result of this, an entrepreneur must make changes that satisfy the growing needs of the society.
4. Efficiency
Successive full management normally develop business methods that are not effective in utilizing the resources, however these methods usually change with time to bring about more efficiency.
5. Change in device
This implies that when the entrepreneur's desire changes, change in the business also becomes inevitable.
6. Environmental change
Managers in organisations as well as the professional and academic communities are now starting to show interest in the subject. The deliberate measures are now being taken to improve entrepreneurial activities so that they cannot cause drastic and detrimental environmental changes.

FACTORS TO BE CONSIDERED WHEN PLANNING FOR CHANGE IN SMALL BUSINESS.

1. Capital
This will become more difficult and expensive to obtain and might become unavailable to many small businesses at any prices.
2. Raw materials
Raw materials will be increasingly costly and difficult to obtain which means that small businesses will have to rely heavily on investors or switch to other substitutes.
3. Labour

This is the most plentiful resource of businesses. Abundant labour will be substituted for scarce capital.

4. **Technology**
It will become more important in small businesses in future than in the past. Small businesses will continue to profit from technological advances which will bring products that can help to manufacture markets or use to improve their own performance.
5. **Market**
Based on the products which are consumed in large amounts of increasing costs the resources will tend to decline while those which make smaller demand, irreplaceable resources will tend to flourish. Consumers who are faced with inflation and growing economic uncertainty will put more emphasis on price and durability and they will be willing to pay a premium.
6. **Government regulation.**
Regulation is almost certain to increase as elected officials 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 which is now underway. Profits will be more exclusive than ever because of such factors as raising raw materials and energy costs. Customer resistance to constantly higher prices and expenses of clearing up and maintaining of the environment.

IMPORTANCE OF CHANCE

1. It leads to adaptation of new technology which tends to increase productivity and service delivery eg today's growing communication technology represents changes that allow organisations to learn more quickly than ever before.
2. It responds to customer's needs.
As the world changes, customer needs change and growth creates demand for types of products and services and opening up new areas of opportunity for companies to meet those needs.
3. It leads to growth opportunities.
Change allows employees to learn new skills, explore new opportunities and exercise their creativity in ways that ultimately benefit the organisation through new ideas and increased commitment.
4. It leads to acquisition of new ideas and innovation.
Organisations benefit from change that result in new ways of looking at customer needs, new ways of delivering customer receives new ways of strengthening customer interaction and new products that might attack new markets.
5. It determines the direction of the economy.
A strong economy and increasing demand for products and services means that companies must consider expansion that might involve the addition of staff and new facilities. On the other hand a weak economy creates even more problems as companies find themselves needing to make difficult decisions that can impact employees salaries and benefits and even threaten their jobs.

SHORT COMINGS OF CHANCE OF BUSINESS.

1. It leads to complexity of methods of production.
2. It results into job changes and redundancy of many workers especially those ones who cannot cope with the new changes.
3. It results into geographical re-location of industries and workers.

4. It leads to extensive reliance on computer information technology and decision support system. This reduce the number of jobs available for labour.
5. If forces the employees to acquire new skills or modify a existing competencies.

WHY PEOPLE RESIST CHANGE.

1. Change usually benefits some while it hurts others. This is especially true when change is seen as damaging in someway. Often change is insisted even when it is to earn individuals advantage.
2. It is costly
Many changes require either initial financial investment or some short term economic hardships before long term profits can be realised.
3. It is time consuming
Even when the survival and success of the business is at state. This investment of time and effort may cause individuals to resist change eg adopting new record keeping system for a growing business.
4. Stubbornness.
Some people take pride in being stubborn and independent. These people are willing to let their pride and emotions interfere with and destroy their business operations no matter how good the change it has to be their idea, their decision, their way or not at all.
5. For security purposes.
When a small business seems to be running smoothly any change may represent a threat to security. This is because varying degrees of uncertainty involved in any change.
6. Inadequacy.
In inability to cope up with change, some people resist change because they feel they are not capable of handling it.

STEPS INVOLVED IN CHANGE PROCESS

1. Understanding the situation
This involves understanding what the driving forces for change are and what the restraining forces are whether they will be increasing or decreasing and how that is going to affect the business in short and long term.
2. Defining the problem.
This involves identifying the need to take some kind of action now eg advantage of raw market area by relating / expanding into it.
3. Finding alternatives
This involves doing a little bit of research to come up with a realistic alternative and explore potential, identify advantages or disadvantages, costs and benefits, short term and long term effects and other factors that might influence the effectiveness of the alternative.
4. Selecting course of action.
Once all determinations have been spelt up and studied, one has to select the action that best fits his goals, objectives and capabilities.

TECHNICUES OR WAYS TO FOSTER CHANGE IN BUSINESS.

1. Recording success eg rewarding employees who have done well.
2. Giving explanation eg holding a meeting and you explain.
3. Training eg training both the staff and the entrepreneur.

4. Encouraging feed back on progress.
5. Managing for instance having policies and procedures to follow in handling changes.

CREATIVITY

Creativity is the ability to come up with innovative solutions to needs or problems and to market them.

It is the ability to produce work that is both unique and appropriate. In business an entrepreneurs creativity is often the difference between success and failure hence “creativity is allowing yourself to make mistakes”.

CHARACTERISTICS OF CREATIVE PEOPLE (Creative thinker)

1. Originally
Creative people are capable of doing something that no one else has done. They think of an ideal, redesign it and make something new out of it.
2. Independent thinking
Creative people always think for themselves. They are observers and analysts who gather all the information they can and then analyse to come up with their own analysis.
3. Growth and change
Creative people research for change constantly. They do not restrict themselves from using the same old way of doing things. They learn to change for the better so that they can grow and prosper.
4. Flexibility
Creative people are flexible and always learn current inventions. People are challenged daily to be flexible to work, responsibility, life and learn new things in general.
5. Sensitivity
People who are creative are sensitive to the world and their environment so as to raise their creativity.
6. Innovation
They have the courage to try new things and build something out of the ordinary.
7. Ask questions.
They always ask questions and ask people to explain what they mean and the things they do not understand. They don't accept things as they are.
8. Search for better ways to do tasks.
They focus on what they do and find new facilities and new ways of doing things.

OBSTACLES OF CREATIVITY IN BUSINESS.

1. Negativity
This involves the tendency of focus on negative aspects of problems.
2. Thinking that you are not creative, this results from lack of self confidence.
3. Fear of failure. Fear of looking foolish or being laughed at hinders reactivity. Failure is a necessary condition and a stepping status quo – things remaining the way they are hampers – hinders.
4. Not having time to think creatively.
The ever stressed person finds it difficult to think objectively at all. Unwanted stress reduces the quality of all mental processes.
5. Over conformances with rules and regulations.
A tendency to conform to accept patterns of beliefs or thoughts ie the rules and regulations of the status quo hampers creative break through. Some rules are necessary but other encourages mental laziness.
6. Making assumptions.
Many both conscious and unconscious assumptions restrict creative thinking.

7. Applying to much logic
Investing all your intellectual capital into logical or analytical thinking excludes imagination, feeling or humour. "Innovation is not a product of logical thought although the result is tied to logical structure."
8. Dehumanising mass media.
This involves spending a lot of time immersed in popular culture ie television or listening to pop music.
9. Beliefs
Having a strong belief in something not only limits our response options but causes us to limit the way in which we persevere and process information from the outside world.
10. Completion in present environment.
It hampers motives for creative output. Concerns with job adornment or opportunities as appeared to job stability or security affect motives to be creative at work.
11. Having conflicting goals and objectives.
12. Demand for quick production of results.

TECHNIQUES FOR DEVELOPMENT CREATIVE ABILITY.

(Things one has to do in order to be creative)

1. Thinking beyond the invisible frame works that surround problems or situations.
2. Recognising when assumptions are being made and challenge them.
3. Adapting / developing ideas from more than one source.
4. Transferring technology from one field to another.
5. Being open and prepared to use a chance or unpredictable things or events to advantage.
6. Drawing on the experiences of other individual / business to widen the vision.
7. Practicing fortune ie have a wide attention span and range of interests.
8. Notting down ideas/thoughts that are apparently dropped into the mind unsolicited so that they are not forgotten.
9. Using analogy ie improve imaginative thinking to find solutions in nature, in existing products in nature or in an organisation product.
10. Trying as appropriate sometimes makes the strange familiar and the familiar strange to spark new ideas.
11. Suspending judgement to encourage creative process and avoid premature criticism.
12. Knowing when to leave a problem ie remain aware but detached.

IMPORTANCE OF CREATIVITY.

1. It increases awareness by paying attention to insights and sounds that we ordinarily ignore.
2. It leads to the development of new and original ideas by using the existing ideas as starting point.
3. It is used to update products and services.
4. It enables an entrepreneurs to make proper use of limited resources.
5. It is used to promote products and services of business.
6. It is used to solve everyday problems in business.

INNOVATION

Innovation is the act of introducing something new. It is away of transforming the resources of an enterprises through the creativity of people into new resources and wealth.

TYPES OF INNOVATION.

1. Business model innovation.

This involves changing the way business is being done in terms of capturing value eg Nile Breweries Vs Uganda Breweries.

2. **Marketing innovation**
This is development of new marketing methods with improvement in the product design or packaging product promotion or pricing.
3. **Organisational innovation.**
This involves the creation of new business structures practices and models.
4. **Process innovation.**
This involves the implementation of new or significantly improved production or delivery method.
5. **Product innovation**
This involves the introduction of a new good or service that is substantially improved eg in terms of ease of use.
6. **Financial innovation**
This involves the development of new financial products and services combining basic financial attributes ie risk sharing liquidity and credit in innovative ways as well as exploiting the weakness of the tax law.
7. **Supply chain innovation.**
This is where innovation occur in the sourcing of input product from the suppliers and delivery of output products to customers.

SOURCE OF INNOVATION

Internal sources

1. **Unexpected occurrences.**
Unexpected occurrences, unexpected failure or an unexpected outside event can be a symptom of a unique opportunity. It is often through such that new ideas are born from new information brought to light.
2. **Incongruities**
A discrepancy / difference between a reality or what companies or the industry assumes it to be obtained what is and what ought to be can create an innovative opportunity.
3. **Process needs.**
When a link is evident in a particular process but people work around it instead of doing something about it, an opportunity is available to the person or company willing to supply the “missing link”. Here innovators are inspired by process needs that are created to support some other product or process.
4. **Industry and market changes**
Here the opportunity for an innovative product or service or business approach occurs when the underlined foundation of the industry or market shifts.

External sources.

1. **Demographic changes.**
Changes in population size, age, structure, sex, composition employment, level of education and income can generate innovative opportunities. For instance an increase in the level of education in Uganda has resulted into qualified workers going for low paying jobs.
2. **Changes in perception, mood and meaning.**
Innovative opportunities can develop when a society’s general assumption, attitudes and beliefs a large for instance despite the fact that health centres in Uganda have continuously become better and more accessible, people have become increasingly considered about their health and the need for better and accessible care.
3. **New knowledge**
Advances in scientific and non scientific knowledge can create new products and new market.

CHARACTERISTICS OF INNOVATORS

1. **A compelling vision**
Innovative people believe they are part of something better and that their willingness to contribute to the vision will make it happen.
2. **Opportunity oriented**
An innovator is constantly thinking about new ways of doing things and is not afraid to try something new. He/she has enough confidence that if this does not work out there is always another way to do it. Perception taking things the way they are.
3. **Self discipline**
Innovators are able to prioritize that time so that they are doing the important work first. They have the ability to do hard work to make it happen.
4. **Inner directed**
Innovation are inner directed and goal oriented and do not need anyone else to motivate them. No body tells them what to do because they are self disciplined.
5. **Extraordinary persistent**
An innovator is committed to achieving his/her goals he keeps going and does not let obstacles to get in their way. It is this commitment and persistence that makes even the hardest goals achievable.
6. **Passionate about belief.**
They give it everything they have, they are passionate about one thing and they go after that with all their hearts and souls. They put all their efforts in achieving that one thing and they are totally focused on that.
7. **Trend spotter**
An innovator is one who is able to identify something new and its social responsibility.
8. **Associates with positive people.**
Innovative people usually surround themselves with people with positive attitudes towards creating something new.

PRINCIPLES OF INNOVATION

1. **Begin with an analysis of the opportunity.**
2. **Analyse the opportunity to see if people will be introduced in using the innovation.**
3. **To be effective, the innovation must be simple and clearly focused on a specified need.**
4. **Effective innovators start small by appealing to a small limited market, a product or service requires little money and few people to produce and sell it.**
5. **Aim at market leadership**
Leadership here means dominating a small market. If an innovation does not aim at leadership in the beginning, it is likely to be innovative enough to successfully establish itself.

WAYS TO FOSTER INNOVATION IN SMALL BUSINESS.

1. **Being a learner always**
This involves the ability to learn faster and better than competitors and turn learning into new products or services and techniques before competitors can imitate your last innovation.
2. **Developing innovative strategies.**
This involves conscious strategies and mechanisms to promote consistent innovation.
3. **Avoiding barriers.**
This involves dissolving internal barriers that separate people and department.
4. **Being last during implementation of strategies.**

5. Thinking like an entrepreneur by making things happen and accepting failure and improve because of it.
6. Thinking global
The for start growing markets may be at the interrational level. This means that companies can shop in a single global supermarket for just everything hence entrepreneurs' need to think global to be innovative.
7. Measuring performance indicator
This involves concentrating on key strategies and profitability drives that reveal the underlined dynamics of your business. Focus your energy on what really drives the future success of your business.
8. Expecting change
There is an increase in velocity, complexity and unpredictability of change. This increase creates a new type of competition international environment.
9. Implementing new rules in competitive profits or advantages belong to innovates who go beyond existing parameters of competition.
10. Doing well
For instance though improved service delivery.

MERITS OF INNOVATION

1. Improved product design and quality which helps in promoting new technology which becomes the foundation of a new set of customers.
2. It assists a company in packaging and positioning its products for proper distribution.
3. It helps in developing new distribution channels and add value to make the organization product or service stand out.
4. It helps in reviewing the company's objectives and caring for its customer needs. This assists in determining what is not working and implementing a solution.
5. It enables a company to reposition its opportunity to match the interest of the investors which improves on the focus.
6. It lowers organizational research and development thus reducing operating costs.
7. If supplements the company's research and development.
8. It reduces waste levels and downtime.
9. There is great potential for a wider product range.
10. It streamlines relationships between suppliers and customers.

WHY SMALL BUSINESS MORE SUCCESSFUL USE INNOVATION THAN LARGE BUSINESS.

1. Personally invested and passionate.
Most small business owners are willing to try new approaches to make their business more successful.
2. Personal connection with customers.
Small business understand customers needs, identify new opportunities and fix problems quickly and effectively.
3. Alertness and adaptation. Small business can quickly adopt to changing

4. Experimentation or improvisation. When pursuing new opportunities many small business entrepreneur experiment and improvise. They accept failure as part of their path to success.
5. Resource limitations. Small businesses are adopted at doing more.
This resource constraints let their innovation mind set.
6. Information sharing and collaboration. Small business traditionally rely on strong local social networks to share information needed for innovative thinking.

NEGOTIATIONS.

Negotiations refers to the process of bargaining that proceeds or leads to an agreement. It is a meeting between two or more parties with an intention of reaching an agreement.

PRINCIPLES.

1. You do not have to be right o settle.

Feeling that you are right can be emotional, but it has no place in negotiation. If the other side is only interested in being right, chances are that the situation may not be resolved.

2. Look to the future.

Do not focus on the past. If one party gets too involved in what has happened in the past, it can be counter productive. Figure out a way to get the present and deal with current issues of the case and ask the other party what they to resolve the dispute.

3. Focus on the goal.

It is important to check your emotions before trying to negotiate anything. Emotions such as anger can make one loose control. If you are the one who is angry and upset you need to focus on what you hope to accomplish and tell yourself that nothing is going to stand in the way of that goal. It really does not matter whether you like the other side or not.

4. Set the tone and look the part.

You are the one who should set the tone of your negotiation when you come into the room for the first time you should look the part. You should wear professional clothes. If you are a woman don't wear a lot of destructing jewellery

5. Be prepared and do your research.

You need to be prepared as this will not delay the starting of negotiation like when you are not prepared. It is important to have as much information / research as possible just in case you need it otherwise you will regret it later if you go with little or no information.

6. Tenacity. Negotiations are persistent to doing something ie they have determination to continue with something.

7. Stamina. This is the physical or moral strength to resist or withstand hardship in business.

Ingenuity. Negotiations normally passes inventive skills, imagination and cleverness.

NEGOTIATION PROCESS

1. Determining the subject and objectives of negotiation. This involves being clear about what you want to achieve. This is set out by two things ie the subject matter and the interest that you have in that subject matter.
2. Preparing or planning for negotiations. It involves thinking through the whole process and arriving at the outcomes. Preparations involve thinking through the subject matter at negotiations ie goals, objectives and interest. Who will negotiate strategy, the venue and the other party's objectives.
3. Evolving negotiation strategies. This involves considering different opinions / ways of handling negotiations' to achieve the desired goals and objectives and selecting that you think will achieve what you want.
4. Actual negotiation. This involves getting all the necessary documents about the subject matter as you may have gathered during preparations and any other information you require. It also involves going through the document for the final time in preparations for the actual negotiation.

Guide lines for Effective Actual Negotiations.

1. Determining your negotiation tactics.
2. Creating the right climate (place)
3. Stating the subject matter and the objectives ie the meeting.
4. Depending on the strategy you have selected, either state your position or let the other party respond and open statement.
5. Again depending on what strategy you set out to use, state your interest but put emphasis on commodities.
6. Seeking agreement.
7. Ending negotiation.

NEGOTIATION SKILLS/TACTICS WITH DIFFERENT STAKE HODLERS.

- i) Communicating frequency.
This involves communicating regularly with customers as well as varying the types of messages you sent to them. This includes letters, E-mails, phone contacts, face to face communication and constant promotions.
- ii) Offering customers rewards. This involves offering in kind rewards that reminds them of your company and products. Such rewards include price reductions, prices, gifts like calendar, caps, t-shirts, shopping bags, umbrellas, drinks, pens etc on which the company's name or logo is printed.
- iii) Holding special events. This includes special company events which allow the entrepreneur and his staff to interact with his best.
- iv) Ensuring that negotiations promote two way communication. The entrepreneurs should aim at using every opportunity to create interaction with customers as well as asking for feedback through appropriate means.

- v) Enhancing customer's service. This involves creating a dedicated staff or channel for resolving customers problems quickly and effectively.
- vi) Launching multicultural programs. For example the entrepreneur may offer a local language translation of his advert and broadcast media to reach the market.
- vii) Visiting the customers. This involves occasionally getting to customers locations so as to understand their challenges as well as helping the customers meet those challenges.

2. SALARY NEGOTIATION TACTICS WITH EMPLOYEES.

(i) Setting a ceiling

This involves establishing how much you can spend on salaries, setting a ceiling before starting salary negotiation with employees prevents wasting time on candidates who are very expensive.

(ii) Setting a floor

This involves establishing the last amount you will payout. This is often the ruling market rate.

(iii) Deciding on how to make payments

Here the entrepreneur decides, how he will make payments to workers which can be on hourly basis for temporary workers and a fixed monthly salary for permanent workers.

(iv) Making the salary attractive

When deciding on the benefit market, the entrepreneur will ensure that his offer is attractive so as to attract good talent eg giving houses and other allowances on top of salary.

(v) Avoiding legal tussles.

Before deciding on what and how to pay his staff, the entrepreneur should first familiarize himself with labour laws in place so as to avoid contradicting with them when it comes to minimum payment that employees should be given as well as other requirements.

(vi) Being sensitive

This involves keeping employees personal needs in mind before offering compensation package. For instance when you hire part time employees and they happen to be mothers working in their free time, you need to pay them well enough to afford day care services.

Basic rules for negotiating with employees.

1. Balance both strength and weakness.
2. Listen actively to what your employee has to say.
3. When it comes to salary increases have a fall back position.
4. Make concessions together (coming to an agreement together).

CHALLENGES IN NEGOTIATIONS.

Challenge of:

1. Time pressure

At times, there is unexpected time pressure and attempts to push you straight to your fall back procession. For instance the other party in negotiation can say “let us skip haggling (bargaining), just give me your best price.”

2. Influence of another decision maker.

In negotiations there is lack of openness and honesty from either both parties or from one party for instance the other part leaves the room and return 15 mins later saying that “My boss would never agree to that.”

3. Delay tactics

Some negotiations tend to delay the negotiation in order to make you become nervous or make you feel under pressure so that you agree to what they want in order to keep the discussion short.

4. Last minute wavering

Just when you think that negotiations are over and you have reached an agreement, the other party begins wavering oversome seemingly less important issues.

5. Letting positions override interests.

Some negotiations have an inbuilt bias towards focusing on their own position instead of their interest.

6. Neglecting the other siders problem

At times there is a failure to understand and address the other party’s problem as a means of solving your own. You cannot negotiate effectively unless you understand your own interest and the other siders interest.

7. Aggressive behaviours.

Attempt to make you feel guilty, inferior, bribery are forms of inappropriate influencing. They are designed to help the other person “win” to your own expenses.

8. Linking logic

This is based on the assumption that if a person is correct in one thing he/she must be correct in another.

WAYS OF OVERCOMING NEGOTIATION CHALLENGE.

1. If the work load is increasing, look for tasks to eliminate it, review work you would handle yourself, review a way to combine similar jobs or consider the use of temporary or part time help.
2. If the work load is declining, work on improving efficiency start projects that would generate new work.
3. If there are problems of turnover, help new employees identify with their group, try to develop stable work groups with which members can identify.
4. If there is a group of employees controlling production, remove misunderstandings if there are any, find out if it is to the groups advantage to slow down or find out and deal with the real problem.

5. If employees are dissatisfied with their pay, review bench mark jobs ie compare with similar jobs in other enterprises and adjust their pay.
6. If workers are spending too much time on one job, review managements objectives and standards for this job, classify the degree of perfection needed and why, ask the group for ideas, set specific targets and follow up on them or re assure the group members on the quality of their work.
7. If you go over the budget, identify resources of increased cost control, ask for suggestion cost induction and get explanations of increased costs or review the results expected from this activity.

STRATEGIES OR KEYS TO SUCCESSFUL NEGOTIATION.

1. Negotiating outcomes should be a win-win for both parties.
2. Both parties should feel satisfied with the results / needs.
3. Do not become emotional.
4. Focus on solving problems.
5. Use negotiation style of the other party to achieve positive outcomes.
6. Be flexible in your demands.
7. Compromise, do not expect all of your demands to be met.
8. Ask good questions and be a good listener. You cannot learn anything when you are talking.

BUSINESS ETHICS.

ETHICS

Ethics are a set of moral principles which are recognised in respect to a particular class of human actions or a particular group. For example, the teaching ethics, medical and legal ethics that bring together people of the same profession.

These principles deal with values relating to human conduct with respect to concepts such as being good or bad, right or wrong etc. These values guide members of a group to act in a manner that is consistent with the values and standards as established.

BUSINESS ETHICS

Business ethics are acceptable behaviours / ways in which business should conduct themselves towards their customers, employees, society government and fellow businesses. They are those aspects that business people apply when making business decisions.

PRINCIPLES OF A GOOD BUSINESS ETHICS

1. Honesty
An entrepreneur must be open and freely share information. He/she must not say things which are false and should not deliberately mislead.

2. **Promise keeping**
Entrepreneur should go to greater lengths to keep their commitment. They should not make promises that cannot be kept and they should not promise on behalf of a company unless they have authority to do so.
3. **Fairness**
Entrepreneurship should create and follow a process and achieve success (out comes) that are reasonable person would call justice.
4. **Respect for others.**
This requires entrepreneurs to be open and direct in their communication and receptive to influence. They should value and honour the abilities and contribution of others, embarrassing the responsibility and accountability for their action in the regard.
5. **Compassion**
Entrepreneurs should contain an awareness of need for others and act to meet those needs where possible. hey should minimise harm whenever possible and always should be consistent with their commitment to the social responsibility.
6. **Integrity.**
This requires entrepreneurs to live up to ethical principles even when comforted by personal, professional as well as economic pressures. It involves honesty, fair dealing and reliability in terms of doing what one has promised to do.

Parties to business ethics.

- Client customers who deal with business.
- Employees who are employed by the business.
- Government of the country or authority in which business activities take place.
- Business which compete with entrepreneurs business.
- Society within which the business is located and operates.
- Supplier for the business inputs or new raw materials.

BUSINESS ETHICS TOWARD CUSTOMERS.

1. **Honesty**
The entrepreneurs should be honest to his or her customers. This includes honesty in terms of price as charged for the quality and quantity of the goods and the delivery of the products purchased to his /her customers.
2. **Courtesy**
This is being polite, patient and sincere when dealing with customers eg an entrepreneur should not send under weighed or expired goods on his / her customers. An entrepreneur should be seen in providing a good service and not only interested in getting money from the customers.
3. **Geniality**
This means that the entrepreneur should be kind be cheerful and try to balance his temper when dealing with customers. An entrepreneur should never back, shout or abuse the customer but he/she should try as much as possible to make the customer understand.
4. **Responsibility**

This means that entrepreneurs should try to meet his obligations as agreed on e.g he/she should fulfil his contractual obligations on agreed time, deliver on the time and fulfil his/her part of the deal or bargain.

BUSINESS ETHICS TO EMPLOYEES.

1. Giving them a fair pay
The pay should be fair to the employees in terms of what the business can afford and in relation to the value of work they are doing and the value or income. It is bringing to the business. It should bore into consideration, seniority, experience and responsibility etc.
2. Provision of clear and fair terms of employment.
The employees should be given appointment letters whether they are employed permanent, temporary or on contract basis. The salary should be specified as well as responsibilities.
3. Provision of good working conditions.
Employees spend most of their useful time in work place so the workplace should therefore assure them of healthy during and after their stay at the business. Employees should be provided with protective working cloths, gloves etc. Other benefits like transport, accommodation, lunch, medical allowance tc should be provided or they should be paid reasonably to afford them on their own.
4. Ensuring job security.
The employees should look to the future to certainty in respect to their employment. If they are on contract they should know about the possibilities to enable them prepare themselves accordingly.
5. Politeness
Entrepreneur should treat the employees politely in all conditions even in situations when employees are in wrong for instance a single incident should not over shadow the good past record of someone.
6. Respect for workers.
Entrepreneur / employers should respect employees for their contribution they make to the business for example the entrepreneurs should not publically abuse employees.

BUSINESS ETHICS TOWARDS SOCIETY

1. Conserving the environment.
For instance not releasing emissions which pollute or destroy the society's natural environment like air, water, swamps etc.
2. Not endangering people's health and lives through its operations e.g emitting poisonous or obnoxious gases, loud noises or explosions etc.
3. A business should also have strict considerations for the norms e.g An entrepreneur should do business in what is acceptable to the culture or religious beliefs of the society.
4. A business is also expected to get involved and contribute to society's needs for instance contributing to community health service appeals, development like construction of roads and bridges etc.
5. Sharing in society's needs eg helping the poor, sick, disabled or displaced persons.
6. A business is also expected to provide employment opportunities to the members of the community.
7. A business should come to the society's help in case of emergency satiations.

BUSINESS ETHICS TOWARDS GOVERNMENT

1. Complying with business laws for example registration, licensing, labour, occupational hygiene etc.
2. Observing and meeting tax obligations as required by the law. Payment of taxes is a must for all entrepreneurs that is liable and payment should be made on time and in full.
3. The entrepreneur should also meet production standards in terms of quality and weight. Dishonest behaviour of tempering with weighing scales should be avoided as they cheat customers and led to loss of customers.
4. The business should also comply with environmental regulations, environmental hygiene etc.

IMPORTANCE OF BUSINESS ETHICS TO BUSINESS.

1. It helps the entrepreneur to be trustful by recognising that the customer is the king. This helps to maintain and attract new customers.
2. It enables the business people to meet the obligations of their customers and business partners regardless of anything else.
3. It increases business turnover. Engaging in fair trading practices like granting a fair work place for the workers, fair pricing for quality goods or for your products guarantee a high business turnover.
4. It increases business profits. When a business that practices ethics towards its customers. It's total sales increase as well as profits. This facilitates business growth and expansion.
5. It leads to society recognition. Being ethical as a business person builds the image of reliability and reputation with your customers.
6. Easy access to human resources. By practicing business ethics to society, the business earns a good reputation which enables it to get human resource to work for it.
7. Every access to business inputs. By practicing business ethics to suppliers, the business is able to easily access raw materials and other production inputs from the society.
8. It enables the business to win government support. A business that practices business ethics expected of it by the government runs it's activities without fear of being prosecuted or closed down by the government.

PERSONAL BRANDING

A BRAND

Is a name to which a set of associations and benefits has become attached in the consumers mind. This name could be that of a product, service, business entity or even an individual.

PERSONAL BRANDING

Is the process by which individuals and entrepreneurs differentiate themselves and stand out from the crowd by identifying and articulating their unique value for proposition. It can also be defined as the process of developing a “mark” that is created around one’s personal name of a career.

Procedures or steps followed in setting a personal brand (guideline)

1. Determining who you are ie personal strength and talents.
2. Determining what you do; this is kind of works one wants to do.
3. Positioning yourself making your self distinctive from your competitions or colleagues.
4. Managing yourself brand ie marketing which involves networking of friends, clients, customers colleagues etc

PRINCIPLES OF EFFECTIVE PERSONAL BRANDING.

1. Specialisation
A great personal brand must be precise and concentrated on single core strength, talent or achievement.
2. Leadership: Endowing a personal brand with authority and credibility demands that the source should be perceived as a leader by people in his or her domain influence.
3. Personality: A great personal brand must be built on a foundation of the sources true personality.
4. Distinctiveness: An effective personal brand needs to be expressed in a way that is different from the competition.
5. Visibility: A personal brand must be seen over and over again until it imprints it’s self on the consciousness of its domain of influence.
6. Unity: The private person behind a personal brand must adhere to the moral and behaviour code set down by a brand.
7. Persistence: Any personal brand takes time to grow and while you can accelerate the process, you cannot replace it with advertising or public relations.
8. Good will: A personal brand produces better results and endures longer if the person behind it is perceived in a positive way.

IMPORTANCE OF DEVELOPING A PERSONAL BRAND.

1. It helps the entrepreneur to compete with already established brands in the market as it builds its own brand loyalty with customers.
2. It helps the entrepreneur in achieving more sense from customers in less time.
3. A clear brand strategy increase the entrepreneurs confidence by understanding himself better.
4. It saves the entrepreneur’s time and energy by selecting goals aligned with his unique value and reach them faster.
5. It provides a road to success. The personal brand plan that you put in place serves as reference for you.

6. It helps the entrepreneur to solve his brand visibility and presence on the off line as he audience is willing to pay a premium after becoming acquainted with his brands.
7. The brand speak volumes about the entrepreneurship company and builds competition for the business among her customers who know exactly what to deliver.
8. An effective and appropriate branding strategy voices the promise of entrepreneurs brand.
9. It positions the entrepreneurs message in the minds of his targeted customers.
10. It makes a clear focus for the entrepreneur's business /career.

ENTREPRENEURIAL ENVIRONMENT

Entrepreneurial environment refers to a combination of external factors and their organic integration which make an impact in the business start up process by the entrepreneurs. A conducive environment has a major influence on the success of entrepreneurship and entrepreneurship development.

CHARACTERISTICS OF ENTREPRENEURIAL ENVIRONMENT.

1. Resource society/limited resources: Resources refer to input or factors to production that are used in producing goods and services e.g land, labour, capital and entrepreneur. Entrepreneurial environment is usually characterised by limited resources and this affects the abilities of new firms to enter this environment / new environment.
2. Opportunity orientation: This is the ability to recognise and analyse market opportunities. The entrepreneurial environment is characterised by chances /opportunities which individuals can take advantage of e.g during Christmas season's entrepreneurs exploit it by selling more products / items.
3. Uncertainty: This means unknown / a possibility of unexpected occurrences or risks. The entrepreneurial environment is full of unknown or risks. Uncertainties can be handled through conducting research in order to get more information about the businesses to be undertaken.
4. Flexibility: An entrepreneur should be flexible ie he should change as situation change e.g when a new technology comes like use of computers he should be able to adapt to the use of computers.

ENTREPRENEURIAL ENVIRONMENT FRAME WORK (types)

- a) Economic
- b) Demographic
- c) Social cultural
- d) Political
- e) Global

a) ECONOMIC ENVIRONMENT

This refers to the nature of economic systems of a particular society that directly affects the level of entrepreneurial development.

Factor influencing Economic Environment.

1. Economic policy: A country's economic policy can either encourage or discourage business. An open economy or a country that pursues an enterprise economy promotes business development. However a country that pursues socialism limits entrepreneurship since there is government control and individuals have limited freedom to undertake business.

2. Administrative issues: These include procedures required for registering a business obtaining a licence and paying taxes. Excessive number of rules and procedures discourage entrepreneurs from starting up business while few rules and procedures encourage entrepreneurs to start up businesses.
3. Legal requirements: Existence of laws which are clear and effective enough to provide adequate protection to entrepreneurs against fraud and theft promotes entrepreneurship. However absence of strong and effective laws increases fraud which limits entrepreneurship development because the entrepreneurs are not protected.
4. Level of infrastructural development. The availability of infrastructure and utilities leads to an increase in entrepreneurship development. However, low levels of infrastructure development limit entrepreneurship development.
5. Availability of resources: This promotes entrepreneurship since entrepreneurs use them to start businesses. However inadequate resources limit entrepreneurship.
6. Costs of the business: High cost of doing business e.g high taxes, high wages, high transport costs etc limit entrepreneurship while low costs makes it cheap hence promoting entrepreneurship.
7. Economic incentives: Countries that give economic incentives to entrepreneurs eg tax holidays and subsidies encourages them to start and expand their businesses. However, countries that do not provide economic incentives to entrepreneurs limit / discourage entrepreneurship.
8. Financial systems: High development financial infrastructures like existence of many banks and microfinance institutions encourage entrepreneurship while low levels of infrastructure limit level of entrepreneurship in an economy.

b) **SOCIAL CULTURAL ENVIRONMENT**

This explains entrepreneurial environment in terms of social and cultural values, attitudes and practices of a given society.

Factors influencing social - cultural environment.

1. Culture: The culture of society refer to customary practices and beliefs that people should uphold. Societies with a social system that places a high value on entrepreneurship cultures where people do not value entrepreneurship there is no/low entrepreneurship development.
2. Social and financial support: Availability of capital creates favourable conditions for the entrepreneur. The more the capital available the less it will cost. The capital is needed to purchase inputs for the organisation. There will be more company formation when financial resources are available.
3. Social identification: Social identification is related to how a person sees himself/herself as an entrepreneur, as more appreciated / less appreciated. In an environment where people are proud about entrepreneurship as a career, chances of success are high than in environment where people are not proud about entrepreneurship.
4. Role models: These are individuals influencing an entrepreneur's career or styles. It is more credible for individuals to act and become successful entrepreneurs by having a good example that they relate to. It is also believed that when young people see and associate with successful persons in a business those individuals would have the aspiration to initiate in order to become a successful person in business to.
5. Religion: The decision of people in some societies to start a business depends on their religion, eg for example in India religion such as Islam and Christianity are found to be conducive to entrepreneurship while others such as Hinduism inhibit entrepreneurship.

c) **POLITICAL ENVIRONMENT**

Political environment includes all laws, government agencies, and lobbying groups that influence or restrict individuals or organisations in the society. It is often a direct consequence of political parties in power which represent the popular opinion of the citizens of the region.

Factors influencing political environment.

1. Political climate: political stability enables entrepreneurship while political instability discourages entrepreneurship.
2. Government policy of taxation and subsidisation. High taxed discourage entrepreneurship and friendly taxation system and subsidisation encourages entrepreneurship.
3. Size of government expenditure: High level of government expenditure e.g in health, education or defence encourages many entrepreneurs to emerge to respond to opportunity on the other hand low government expenditure on such discourages entrepreneurship.
4. Government institutions and departments. Government institutions that are insensitive ie have little qualification and a minimal appreciation and understanding of the importance of business formation among entrepreneurs limits entrepreneurs access to these institutions as support mechanisms or potential clients.
5. Political and religious refugees. Negative displacement resulting on job losses, wars and closing of firms have been documented to be related to increased organisational founding rates. Individuals faced with displacement in their lives must make a change and this change is often to form an organisation.
6. Legal environment: Many laws in Uganda are so weak that those existing are almost impossible to implement. Moreover the judicial administration and legal procedures remain inefficient. Given the existing legal system, it is inconvincible that entrepreneurship development will take place with such a legal backing whatsoever.

d) **GLOBAL ENVIRONMENT**

Globalization is the reduction of transaction cost of trans-border movement of capital and goods thus factors of production and goods. The process of globalization not only include opening up world trade, development of advanced means of communication, internationalization of financial markets growing's importance of multinational corporations, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections decreases and pollution.

Factors influencing Global environment.

1. Global finance. It prevents opportunities in the areas of international payment systems, currently exchange rates and international financial bodies like IMF (International Monetary Bank) and world bank, international dispute commission and international insurance policies.
2. Global trade: increases in trade across national boundaries also provide opportunities to different individuals and industries as well as negative impact to other industries. The implication to entrepreneurs is to be a test to global change in order to take advantage of those opportunities / benefits.

3. Government global policy. An economy that is liberalized encourages potential entrepreneurs. In Uganda all sectors of the economy including investment foreign exchange and export market has been liberalized.
4. Democracy: it implies the freedom of individual initiative and freedom of thought, speech and action. This attribute supports innovation and creative recognition of opportunities. Democracy in an essential component of global civil society and is a foundation for entrepreneurship if not a necessary condition.
5. Market openness: The Uganda's local market is small due to low purchasing power of consumers and this limits the entrepreneurial development. However internationally, Uganda has made substantial progress to attain impressive and above average international trade openness levels which are in line with some global good practice countries like Chile, Colombia and Singapore.
6. Export policy: A country's export policy expands market for entrepreneurs especially if the policy is liberal. Uganda offers investors preferential markets access into the European Union and the USA for a number of exports.
7. Imports policy: A conducive imports policy helps entrepreneurs to get resources that are not locally available at a reduced cost. Uganda's import policy provide entrepreneurial opportunities by changing uniform corporation tax of which is the lowest in the region.

e) **DEMOGRAPHIC ENVIRONMENT.**

This is the dimension of the entrepreneurial environment that deals with variables such as family. Population and growth rate, gender, marital status, age, educational level of parents and self, social economic status, previous work experience and work habits.

Demographics factors influencing entrepreneurial attitudes and opportunities.

1. Population size and growth rates. The rate at which population is growing determines how great the business opportunities in a country emerge. A bigger population represents opportunities like wide market and cheap labour.
2. Level of education and experience: The entrepreneurs ability to start and operate a business is influenced by experiences and level of education they attained. A higher level of education increase entrepreneurial alertness regarding opportunities as well as the ability to exploit these opportunities.
3. Income levels: People with lower income levels tend to seek for opportunities to earn a living they are therefore most likely to undertake entrepreneurial careers as compared to their counterparts.
4. Age structure. Young people at the age of 25 years single and without many personal assets and dependants find it easy to make career decisions to start a business as compared to the old and married people.

5. Changing age structure. Middle aged people provide market or grater purchasing power, strong labor force etc than the old ones (aging)
6. Gender difference: Men tend to have a higher level of entrepreneurial interest than female. However in today's society both men and women have equal opportunities to entrepreneurial careers.
7. Family background parents act as initial role models and the parents activity in a family business influence the future entrepreneurial intentions this changing attitude and belief eg (belief to succeed in certain conditions) eg people who have close family member, who is self employed are more likely to follow such an entrepreneurial career.
8. Family size: individuals who grow up in large size and families are exposed to life challenges like inadequate facilities and support and they are forced to survive on their own. Such individuals turn to the environment for opportunities in terms of business under takings thus entrepreneurial careers.
9. Family inheritance or succession: This is a common means through which people become entrepreneurs. This inheritance people are able to identify opportunities and use family capital to exploit those opportunities.
10. Changing role and responsibilities of the family. There present opportunities to entrepreneurs eg when single handed families change to married the need and wants change.

SOCIALENTEPRENEURSHIP.

Social entrepreneurship is the creation of innovative enterprises to make positive and sustainable impact on society and /or the environment. It involves taking up something that you love to do and turning it into a project that benefits the community and to create meaning in your own life.

SALIENT FEATURES OF SOCIAL ENTREPRENEURSHIP (major characteristics)

1. Decision making power is not based on capital ownership.
2. There is limited distribution of profits and minimum amount of paid work.
3. There is a formulated mission to create and sustain social value and benefits the communities.
4. There is participatory and collective measures (nature) involving various
5. It is characterised by change opportunities lying in the hands of every individual.
6. There is engagement in innovation, adoption and learning.

OBJECTIVES OF SOCIAL ENTREPRENEURSHIP

1. To improve living standards by creating new jobs.
2. To generate new goods and services.
3. To activate citizens participation at all levels.
4. To nurture democratic process.
5. To integrate new comers, marginal groups, immigrants and vulnerable groups of population.

6. To develop intercultural competence.
7. To create wealth through investments and generation on investment.
8. To improve the image of the local areas.
9. To use regional resources in a creative and effective manner.
10. To empower people to change their lives and get motivated.

SOCIAL ENTREPRENEURS.

A social entrepreneur is someone who recognises a social problem and uses entrepreneurial principles to organise, create and manage a venture to make a social change.

Social entrepreneurs are individuals with innovative solutions to society's most pressing problems.

CHARACTERISTICS OF SOCIAL ENTREPRENEURS.

1. Personal leadership: social entrepreneur's lead by example, they have ability to influence other people.
2. Ethical and principle centred: social entrepreneurs are principles centred because they make decisions basing on rules and values.
3. Goal oriented and visionary: Social entrepreneurs start with positive vision and then set attainable goals to reach that vision.
4. Good listeners: social entrepreneurs listen to people's ideas and comments to learn their mistakes which allows them to improve their performance.
5. Risk takers: social entrepreneurs take moderate risks that have a reasonable chance of success. They try to lessen risks by involving many other people.
6. Empowering: social entrepreneurs believe in and use the potential of the people they help.
7. Advocators: Social entrepreneurs speak up and take action for what they believe is right even if there is opposition.
8. Optimistic and flexible: social entrepreneurs tolerate uncertainty. Despite changes, they are positive and determined to succeed.

SOCIAL ENTERPRISES.

Social enterprises are businesses with primarily social objectives whose suppliers are reinvested for that purpose in the business or community rather than being driven by the need to maximise profits for the shareholders and owners.

TYPES OF SOCIAL ENTERPRISES.

1. Non profit.
This is an enterprise that do not make financial profit from delivering it's goods and services and relies on donation for funding.
2. For profit
This is an enterprise that sells it's products for profits but focuses on creating sustainable positive impact.
3. Hybrid
This is an enterprise which mixes non – profit and for – profit strategies. Most social enterprises are hybrid.

1. They have clear stated objectives that benefit the community.
2. They have developed creative to work together with a strong volunteer base.
3. They use trading activities to achieve creative.
4. They strive towards equality of opportunity and encourage diversity in their volunteer and paid staff teams.
5. They use entrepreneurial skills of the private sector to fulfill a strong social mission.
6. The governance and structure of the organisation is based on equal participation by the work force and stakeholders rather than fulfilling shareholders demand.
7. There is clear set of ground rules or constitution for how the organisation operates.
8. Everyone is valued in the organisation and his demonstration by behaviour of the stakeholders.
9. The organisation strives towards honesty, integrity, humanity and enthusiasm for making a positive difference in the community.
10. Effective communication systems are important for keeping everyone informed and consulted.

MERITS OF SOCIAL ENTERPRISES.

1. They have the ability to raise capital at below market rates due to ethical investment industry.
2. The labour costs are below average as staff seems willingly to work for below market rates in support of the values of social enterprises.
3. They offer new ways of contributing to solving world's social and environmental problems.
4. It is easier for social enterprises to access publicity.
5. They enhance creativity and innovativeness of the individuals.
6. They empower individuals to make positive contributions in their communities and societies.

COMPARISON BETWEEN SOCIAL ENTERPRISES AND BUSINESS ENTERPRISES.

A business enterprise in an organisation engaged in the trade of goods, services as both with the aim of earning profit to increase the wealth of their owners.

Differences

1. Social enterprises seeks to achieve long term results while business enterprises aim at short or immediate results.
2. Under social enterprises, the end goal is for sustainable impact while for business enterprises the end goal is for profit maximization.
3. Social enterprise is a combination of for profit, non profit and hybrid forms of business while business enterprise is purely for profit form of business.
4. Under social enterprise there is social and environmental benefits for communities while waer business enterprise there is profit or money returns for private investors
5. Social enterprises aim to serve the vulnerable, disadvantaged and underserved while business enterprises target market as the only potential customers.

6. Under social enterprise there is empowerment for partners in development while business enterprises offer superior receives that meet consumer needs.
7. Under social enterprises the impact is social, environment and economic development under business enterprises the impact is production of new goods and services.

STRATEGIES OF SOCIAL ENTERPRISES.

1. Increasing access to goods and services.

This strategy of increasing goods and services does not involve inventing something new, but allowing more people to access what is already available to others.

Example of basic goods and services here include water, food, health, housing, education, waste management, safety.

2. Increasing knowledge through education and awareness.

Without education and awareness, people are taken advantage of or it is prepared to live in and understand the dangers and opportunities of their environment for example.

Example increased awareness of diseases such as HIV/AIDS gives people the knowledge to avoid transmission, recognise symptoms and seek proper treatment.

3. Increasing opportunities for the disadvantaged

As communities develop more opportunities are created and if these opportunities are not available to certain groups or individuals, the results is inequality, social tension and poverty. Having opportunities to work and earn a livable wage is important to members of every community.

ENVIRONMENTAL THREATS.

Social entrepreneurship can turn threats facing society and environment into opportunities to make profit and conserve the environment. In other wards we can make money by saving te environment e.g an energy efficient store social enterprise.

COMMON ENVIRONMETAL THREATS CAUSED BY AN UNSUSTAINABLE USE OF REASOURCES.

1. Deforestation / over cutting down of trees/decreasing of vegetation.
2. Pollution (air, water and noise)
3. Degradation of land / land exhaustion / less fertility of soil.
4. Displacement of people, animals etc.
5. Destruction of wetlands and swamp / reclamation of swamps and wetlands.
6. Depletion / exhaustion of non renewable resources such as animals.
7. Over exploitation of resource / over fishing / over harvesting / over grazing.
8. Violations that weakens buildings which causes cracks.
9. Poor health as a result of water logging.
10. Moral decay
11. Accidents
12. Loss of environmental beauty as a result of waste materials.

1. Setting environmental standards to be observed by the business.
2. Recycling of used products.
3. Undertaking compulsory environmental impact assessment of all new business.
4. Conserving of sources of raw materials for instance reforestation.
5. Looking for alternative packing materials such as paper bags that can easily be destroyed.
6. Ensuring proper garbage disposal through construction of proper disposal.
7. Conserving of the soil through terracing, planting of trees and other types of plants.
8. Treating of industrial wastes.
9. Looking for alternative sources of power e.g use of electricity biogas etc.
10. Avoiding use of chemicals which are dangerous to plants, animals and human life.
11. Undertaking regular self environment assessments (audits).
12. Using of silent machines and tools such as generators and machines.
13. Compensating those who may have been displaced from their respective home areas.
14. Providing workers working in the businesses that discharge gases and exhaust fumes with protective equipment like masks and nose covers to minimise health risks.

SOCIAL ENTERPRISE DEVELOPMENT.

Social enterprise development is an effective way to encourage a culture of entrepreneurship in schools, give students a practical application opportunity and increase students interests and commitment to better performance in the course.

The student lead the club, design the business idea and manage the business themselves.

OPPORTUNITIES FOR SOCIAL ENTREPRENEURSHIP (Local and global opportunities)

1. **Social Investment Funds**
Social investment funds pool together various source of funding from donation of wealthy individuals, corporations and banks to invest in social enterprise.

Social investment funds are similar to business investment funds in that money is paid back overtime.
2. **Foundations.**
Foundations are generally grants (money that does not have to be paid back). They distribute start up grants for new social enterprises.
3. **Community Based Organisation, NGOs and local opportunities.**
BOs and NGOs are organisations which do not earn profit but have a social mission. All of these types of organisations generally aim to improve social and economic conditions in whatever ways they can. They provide opportunities for funding , resources, employment and partnership.
4. **Governments and embassies**
Governments often provide policies, grants, technological support and other incentives to support people who are working to positively impact society and environment. Foreign embassies also often set aside funding for local solutions to local problems.

5. Social entrepreneurship as a career opportunity.
Social entrepreneurs face unlimited opportunities for creating a better, world in which to live. In countries with high unemployment, it is especially promising career option for youth who do not want to join the long line of job seekers.

IMPORTANCE OF SOCIAL ENTEPRENEURSHIP

1. It creates sustainable impact on society and environment by addressing the root course of creating short term solutions.
2. Social enterprises are leaders in innovation and therefore have wide spread effects on the way we live and work.
3. Social entrepreneurship, if practiced by enough people, leads to more sustainable infrastructural development.
4. Social entrepreneurs are transformative forces ie people with new ideas to address major problems.
5. It integrates new comers, marginal groups, immigrants vulnerable groups of the population.
6. It helps in using regional resources in a creative and effective manner.
7. Social entrepreneurship empowers people to change their lives and get motivated.
8. It improves the image of the local areas.
9. It improves the living standards of the people by creating new jobs.
10. It helps in creating wealthy through reinvestment and generation of investments.
11. It helps in activating citizens participation in decision making at all levels.
12. It helps in developing intercultural competence.
11. It helps the entrepreneur in implementing new business plans with clients and customers as he already has a reference.
12. A strong brand creates a sense of individuality and uniqueness in he minds of the market hence the entrepreneur's customers are able to distinguish him from the competition by effectively differencing his brand.

BUSINESS IDEAS

Business idea is a response of the organisation or a person to meeting perceived needs or to solving on identified problem in the environment.

REASONS FOR GENERATING BUSINESS IDEA.

1. Need for an idea: A good business idea is essential for a successful business venture, both when starting and to stay competitive afterwards.
2. Respond to market needs: A business can become successful if it provides new products or manages to reach new groups of clients or finds a new channel to reach customers better.
3. To respond to natural threat and scarcities: Business and community as a whole might loose the economic and natural living basic due to natural threats and societies like inadequate water, fuel, wood, pests and drought etc.

4. To change fashions and equipments: changing and requirements provide opportunities for entrepreneurs to respond to the demand with new ideas, products and services.
5. To stay ahead of competition: An entrepreneur needs to come up with new ideas, products and services so as to out compete his rivals.
6. To exploit technology to do things better. Technology has become a major competitive tool in today's market.
7. To respond to product life cycle: As a product life cycle chart indicates even new products eventually become absolute or outmoded. This is because all products have finite life.
8. To spread risk and allow for failure: It is less than for firms to try to spread their risks and allow for failure that occurs from time to time by constantly generating new ideas.
9. To give help to specific group of people like the elderly, disabled, disadvantaged for instance new fields in tourism are emerging, accessible tourism for older and disabled travellers and co-tourism for those who want to protect the environment.

SOURCES OF BUSINESS IDEAS

1. Mass media e.g magazines, newspapers, TVs, internet etc.
2. Hobbies / interest: These are activities pursued for pleasure and relation e.g a business related to your hobby will enable you spend more time doing what you enjoy.
3. Vocational training/ personal skills and experience eg a teacher who starts a private school, mechanic with long working experience starting his own garage.
4. Trade shows and exhibitions/trade fair and exhibitions.
5. Surveys: New business idea can be identified by finding out what customers / consumes need and want.
6. Customers complaints: complains and frustrations on the part of the customers have led man new products or services.
7. Franchise: A franchise is an arrangement where by the manufacture or sole distributes of trademark, product or service gives exclusive rights for local distribution to independent retailers.
8. Brain storming: This is a technique or creative problem solving as well as generating business ideas.

BUSINESS OPPORTUNITY.

A business opportunity is an attractive idea or proposition that provides the possibility for monetary return for the person taking the risk.

It is an attractive project idea which an entrepreneur accepts for investment on the basis of what is known about a possible success of the business.

FEASIBLE AND VIABLE BUSINESSES

- A feasible business refers to a business that can possibly be done or implemented using the resources available.
- A viable business refers to a business that is profitable .

FEASIBILITY AND VIABILITY OF BUSINESS IDEA

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Feasibility of a business idea refers to the extent of which the business idea can be done or implemented using the available resources while viability of a business idea refers to the degree to which a given business idea is profitable.

INDICATORS OF A GOOD BUSINESS OPPORTUNITY

1. Availability of market / real demand: In this case market means people or institutions willing and able to buy goods and services of the business.
2. Availability of the required resources. These refers to the means required for the production of goods and services for instance capital, land, labour etc.
3. Reasonable levels of return on investments: The rewards or profits realived from the business should be acceptable depending on the level of investment by the entrepreneur in terms of risks and efforts.
4. Availability of the required technical skills. This refers to machines and skilled man power needed for the production of foods and services. These should be available and affordable for a business idea to be feasible and viable
5. Acceptability in community: For the business to be feasible and viable it should conform and should be liable to the community e.g if a bar for instance will not make money be profitable in a Moslem community.
6. Favourable government policy: There should be a conducive government policy favourable for investments low tax rates, tax holidays etc for a business to be viable.
7. Availability of good infrastructural support service. This takes the form of good transport, insurance companies were houses etc.

QUALITIES OF ATTRACTIVE BUSINESS OPPORTUNITIES.

1. Good income potential: A good business opportunity is the one which is capable of giving sufficient income to support oneself in a reasonable life style and that produces a good, steady and fulltime income.
2. Sizeable market gap in terms of people or institutions willing and able to buy goods and services of the business.
3. Low moderate start up capital: A good business opportunity is one which requires a low capital investment.
4. Good growth potential: An attractive business opportunity is one which has a chance to survive for along time while generating income to the owner or manager.
5. A reasonable ease to entry into the market: It is advisable that one should enter into a business in which he/she has got the general background of it. This enables the entrepreneur to get started easily.
6. Relation to ones skill and experience: Some businesses require certain skills and experience. This means that one to succeed in such businesses, he/she should power the required skills and experience needed to run the business successfully.
7. Proper timed: A good business opportunity is one that timely and responds to unsatisfied needs or requirements of customers who have the ability to purchase and who are willing to buy.

TYPES OF BUSINESS OPPORTUNITIES.

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1. Retail / whole sale type of business.
2. Franchise / independent type of business ie if you buy a franchise you are buying the right to sell the parent company's goods and services in a specific area.
3. Product / service type of business. This is where trained professionals offer products / services related to their jobs.
4. Store front or non – store front type of business operation. If you have decided to start a business selling products you need a store front of some kind whether bricks or mortar such as retail store.
5. Industry type of business. An industry is a collection of firms producing related goods or services.

Local Organisations That Provide Business Opportunity Guidance And Counselling.

1. Private sector foundation.
2. Uganda industrial research institute.
3. Government organisations like NAADS.

FORMAL AND INFORMAL BUSINESSES

Formal business.

these are businesses which are registered with Registrar of companies. For a person to start such a business he / she must be aware of licences, labour laws, tax and profits required to avoid breaking the country's laws and regulations.

Disadvantages

1. They are usually governed by laws and rigid regulations.
2. They are not adoptable to changes.
3. They are not easy start because of the involved procedural formalities.

INFORMAL BUSINESSES.

These are businesses that are generally not registered though they may have licences. People with such businesses do not pay taxes nor do they adhere to government regulations.

Advantages

1. They are adaptable to change.
2. They are easy to start so most people can run them on full or part time basis.
3. They lead to generation.
4. They form a basis of initiating new industries.

Disadvantages

1. They are not legally recognised.
2. They are not properly organised.
3. They are not always reliable as profit making enterprises.
4. They do not comply to social regulations.

ROLE OF SMALL AND MEDIUM ENTREPRISES (Advantages)

1. Provision of social services eg schools, health units etc.
2. Development of infrastructures eg transport network.
3. Providing government revenue through payment of taxes.
4. Provision of goods and services provision of products to meet society needs.
5. Providing a centre for training and developing man power.
6. Provision of market for society's products.
7. Provision or creation of employment opportunities to the society.
8. Participation in community development programs eg providing assistance of charities, well fare facilities etc.
9. Improvement of food security through processing agricultural products.
10. Providing information for research and study purposes to students and researchers.
11. Recycling wastes that would have harmful effects hence cleaning the environment.

12. Improving the environment through planting trees.
13. Utilizing idle resources such as land labour etc.
14. Sponsorship of community activities like education, environmental conservation programs.

INSURANCE IN SMES. (Small and Medium Enterprises)

Insurance is a service that undertakes to safeguard and compensate the few business people and organisations which may suffer from certain risks insured against pooling risks.

Insurance company is a firm in which individuals or businesses that are subjected to certain risks contribute to pay carefully calculated sum from which the unfortunate few who actually suffer loss from the stated risks are compensated.

COMMON TERMS USED IN INSURANCE.

1. Pooling of risks. This means that every person exposed to a risk should pay a small amount and all such a collection should go to a common pool and those who actually suffer loss are paid compensation out of the pool.
2. Insured: This is a person or company taking out insurance and promised compensation by the insurance company in case of loss from the stated risk(s).
3. Insurer: This is the insurance company giving protection to the insured property. It is the company that receives the premium and guarantees protection to the insured.

Examples of insurance companies.

1. National insurance company (NIC)
 2. Excel insurance company
 3. Jubilee insurance company
 4. Charitis insurance company
4. Premium: This is the annual contribution made by the insured to the insurer. It forms the pool from which compensation is meant to those who suffer losses.
 5. Sum insured. This is the total value of the property which the insured stands to lose in case of risk happening. It is therefore the value the insured would be compensated for in case of loss.
 6. Risk: This is the event against which the insured takes up an insurance contract. It is something that can cause financial suffering once it occurs. Some of the risks include, machinery breakdown, theft, fire, death, burglary, looting, storms and floods.
Types of risks.
 - i) Insurable risks. These are risks that can be legally insured eg fire, death, machinery breakdown, theft etc.
 - ii) Non – insured risks. These are risks that cannot be legally insured and in the event of their occurring the insurance company cannot be legally compelled to compensate eg war, floods, lightning etc.
 7. Loss; This is the happening of events against which insurance is taken eg one insures his business against fire and it is burnt down then the loss of the business has happened.
Type of losses
 - i) Total loss. This is where a whole property is completely destroyed.
 - ii) Partial loss. This is when only part / portion of the property is destroyed.
 8. Co-insurance. This is where a property is insured against similar risks with more than one insurance company. In case of a loss of a property, only the sum insured is paid by all co-insurers.
 9. Re-insurance: This is when insurance company has undertaken to compensate another firm or person against a big loss also insurer its self against such a big claim with another firm/insurance company.

10. Over insurance: this is when the insured overstates the value of the property when applying for insurance. However he will be required to pay a higher premium but in the event of the loss he will only be compensated the true value.
11. Under insurance: This is when the insured under declares the value of the property and he is charged less premium however in the event of total loss, he is compensated only the real value of the insured.

NOTE: Over and under insurance may lead to cancellation of the insurance contract.

12. Surrender value: This is the money given back to the insured when he decides to cancel the contract before the period ends. It is the amount of money returned to the insured who cancels the contract.
13. Actuary: This is a professional personal / an expert employed by the insurance company who has skills in accessing and calculating premium.
14. Adjuster / accessor: This is a person who estimates the extent of loss suffered by the insured person.
15. Renewals: This consists of effecting of the co-ordination of a contract for a further period. When the insurance contract ends or expires, the insured may apply for another.
16. Contribution: This is where the insured has insured an item with two or more insurers. The insured will only be allowed to recover the full amount of his loss being paid out fully by all insurers.

PRINCIPLES OF INSURANCE (Doctrines)

1. Insurable interest: This principle refers to the interest one has in a property or business he/she is insured. The entrepreneur insures only a property where he / she has interest.
2. Utmost good faith: This principle requires that a person applying for insurance discloses all relevant true and material facts about the property or business being insured . If the insurer discovers that some information was deliberately counselled / misrepresented then it will not compensate the insured in case of a loss.
3. Subrogation: This principle states that in the event of total loss after the insurer has fully settled the claim the insurer acquires the right to the insured had in the property destroyed. This implies that any gain made out of loss belongs to the insurer.
4. Indemnity: This principle states that insurance does not benefit a person. It is only supposed to restore the insured to his/her original position for instance if a shop is destroyed then the insurer helps in the reestablishment or starting of the shop.
5. Proximate cause: This principle states that there must be a fairly close connection between the course of loss and the actual risks insured against to enable the insured to seek compensation e.g when property was insured against theft but was destroyed by fire he cannot be compensated.

INSURANCE AND GAMBLING.

Insurance is an aid to trade while gambling is a risk matter or act of game where people work on probability/ chance / luck.

SIMILARITIES BETWEEN INSURANCE AND GAMBLING.

1. In both cases many people contribute towards a common pool.
2. At least two or more people are involved in both.
3. In both chance or misfortune determines those who takes money from the pool.
4. Many people contribute but one or few take the money.
5. They both involve more element of going by either party.

DIFFERENCES BETWEEN INSURANCE AND GAMBLING.

1. Insurance is a legal business which is recognised by the state while gambling is illegal and social crime in society.
2. In gambling the event must occur whereas in insurance the risk incurred against may occur or not occur.
3. Insurance helps the unlucky ones to be restored to their original position while in gambling one person must gain while other lose.
4. In gambling the winner does not suffer any loss while in insurance it is the loss sufferer who is compensated.
5. One must have interest in the property insured under insurance which is not the case in gambling where one has no insurable interest.
6. There is utmost good faith in insurance while in gambling people use a lot of tactics or skills to win.
7. In insurance premium can be paid in instalments or full while in gambling its paid once in full amount and taken at once by the winner.
8. In insurance only one party ie the insured contributes money while in gambling all the parties must contribute money to be taken by the winner.
9. To undertake a policy in insurance some procedures must be followed eg documents are used while in gambling documents may not be used.

DOCUMENTS USED IN INSURANCE.

1. Proposal form: This is an application form provided by the insurer to the insured to give answers to a set of questions about the risk insured. It signifies his willingness, to pay the premium. The insured is required to disclose material facts about the property to be insured.
2. Cover note or Binder: This is a document which proves that the first premium has been paid and accepted by the insurance company which undertakes to indemnify the insured. A cover note is valid for 30 days.
3. Policy: This is the main document of insurance which constitutes contract between the insurer and the insured. It states all the details of the terms and conditions of the contract.
4. Claim form: This is a document completed by the insured to claim compensation if the event insured against happens. Full details of the loss must be given and no information concealed.

STEPS TAKEN WHEN TAKING OUT AN INSURANCE POLICY.

1. An applicant must make an inquiry either directly or indirectly through an insurance agent/ broker on how to get cover on a risk(s).
2. The person wishing to be insured fills in a proposal form in which he discloses all material facts about the property to be insured and states clearly the risks to be insured against.
3. The person wishing to be insured fills in a proposal form in which he discloses all material facts about the property to be insured and states clearly the risks to be insured against.
4. The insured pays the premium and is issued with a cover note which shows that the premium has been paid to and enclosed by the insurer. It is valid for 30 days.
5. Within 30 days of issue of cover note, the insurer issues a policy which contains all the terms and conditions of the contract.
6. If the event insured against happens, the insured is required to fill a claim form to claim compensation.

7. The insurance company then arranges to survey the property and access the extent of loss. On the receipt of the survey report the insurer pays due compensation to the insured.

TYPES OF INSURANCE

There are two types of insurance.

- (i) Life insurance
- (ii) General insurance

LIFE INSURANCE

It covers human life. A person can insure life in which he/she has got insurable interest e.g his own life, debtors life, a business partners life etc.

Types of Life Insurance.

1. Whole life policies: These require payment of premium throughout the life of the insured or for a specific period but the sum insured is payable only after the death of the insured. This type of policy therefore is meant to provide money to the beneficiaries when the insured dies.
2. Endowment policies: These require payment for a specified person only with the sum insured becoming payable to the expiry of such period eg 10 years, 20 years etc or at death whichever is earlier. An employed person may take out this type of policy timing it in such a way that by the time he retires from his job, the policy matures and he is able to use the sum for passing the rest of his life.
3. Group Life Assurance: Under this, families or business partners or businesses take out insurance to provide pension during old age.
4. Sickness policy: This covers against specific diseases or all forms of curable diseases. The insurer pays for medical bills of the insured and other expenses involved depending on the contract.

GENERAL INSURANCE / PROPERTY INSURANCE

This insurance give protection to all property belonging to a person or organisation. It covers the insurable risk that would cause financial loss if peoples property wore destroyed. General insurance includes the following;

1. Fire insurance policy: This is an insurance policy where an entrepreneur can take out to protect his / her business against loss resulting from fire burning business property.
2. Theft and burglary: This is where an entrepreneurs insure against loss resulting from theft or burglary of the business mechanics, property etc.
3. Loss of profits: This is where an entrepreneur would ensure against operational losses (loss of profits).
4. Motor insurance policy: This covers vehicles damaged or lost in accidents. A motor policy may be:
 - i) Third party policy: This is compulsory in Uganda and compesation is given to any other person who may be hurt by the insured vehicle eg If Druscilla's vehicle knocked somebody, it will be knocked person to benefit from the third party insurance not Druscilla's.
 - ii) Comprehensive policy: This covers all possible types of risks eg fire, theft etc.

5. Money in transit: Money being moved from one place to another may be insured against loss while in transit. This is particularly important in view of high risk of loss that may be suffered.
6. Employer's viability or workmen's compensation. This is where an entrepreneurs can ensure against workers who get injured at the place of work.
7. Machinery breakdown and consequential loss. This is where an entrepreneur can take urge insurance cover against loss resulting from machinery breakdown and consequential losses.
8. Marine insurance policy: This is when an entrepreneur who deals in goods transported on water can take out marine cargo insurance. This covers goods transported by water vessels.
9. Marine hull insurance: This covers the ship owner against loss or damage to vessels and other legal liabilities incurred towards third party and passenger.
10. Aviation insurance policy: This is taken against loss results from personal accidents or cargo damages due to air craft crashes.

IMPORTANCE / BENEFITS OF INSURANCE

1. It allows individuals and business people to save money that can be used to cover unexpected emergencies.
2. An entrepreneur is assured of business continuity as a result of compensation after the loss has occurred. This assurance of business continuity gives the entrepreneur confidence, stable earnings, growth and expansion.
3. Customers increase their trust in entrepreneur's business as a result of the assurance in his /her business continuity.
4. The property of the business people is guarded against all risks like fire, theft etc. This gives confidence to entrepreneurs to undertake business operations.
5. Insurance companies act as trustees and referees to their clients who would like to get loans from commercial banks.
6. Insurance companies also give loans to business people who operate on large scale and have collected security.
7. Insurance policy (contract) document is used as security when applying for bank loans, banks usually prefer security that is insured because they guarantee loan repayment.
8. It promotes international trade because entrepreneurs are able to import and export their goods. The entrepreneurs are also able to insure their goods against numerous risks in foreign trade.

PROBLEMS/CHALLENGES FACING INSURANCE INDUSTRY IN UGANDA.

1. The majority of the people in Uganda are peasants and therefore poor so they do not have property worthy insurable.
2. Many people are not well sensitised about insurance. They are ignorant and are not willing to undertake insurance. Others think it is a shortage of money.
3. Loss of trust among people in insurance business. Some insurance companies are reluctant to compensate the insured and others take long to compensate the insured claim.

4. Inflation has affected insurance business because of increasing prices of goods and services which increases the operational costs of the insurance company and hence lowers the profits.
5. Insurance companies are not widely spread in Uganda throughout the country ie they are only found in urban centres.
6. Many businesses in Uganda operate on small scale hence there is no need for insurance eg a hawker of groundnuts.
7. Many insurance companies are still and hence have limited capital for expansion.
8. There is excessive competition among insurance companies such that some companies do not have clients and hence little profits.
9. Insurance companies are charged high taxes by the government to the companies.
10. Political instability may affect the insurance company.
11. Low life expectancy affects life in assurance.

FAMILY AND BUSINESS.

A family is a group of people living together.

A business is a productive activity carried out with the aim of making profits or standing losses.

FACTORS THAT NECCESITATE GOOD RELATIONSHIP BETWEEN FAMILY AND BUSINESS.

1. Joint family funding: Some members of the family tend to pull their resources together to start a new enterprise. In this way, all those members do have a say on the business operations and in a way even influenced decisions.
2. Inheritance: Some businesses are inherited and passed from one generation to another. In such ventures the business entity is seen as a whole and this becomes a family business.
3. Fear of hired management: In some cases due to ignorance on business management some family proprietors are forced over the “hired” management. They tend to believe that business management by an outsider is affected by malpractices like theft and embezzlement.
4. Source of employment to family labour. Family business is organised as the main employer of the family labour due to internalised perception that they are more secure and materially more rewarding.
5. Managerial decision making: All the managerial tasks of planning, organising, supervision, direction and control which are performed consistently in big organisations need also to be performed in family businesses.

CHALLENGES ASSOCIATED WITH FAMILY BUSINESS

1. Emotions: Usually family problems like divorce, separation, healthy or financial create difficulties for family members which end up affecting the businesses.
2. Informality: This takes the form of absence of clear policies and businesses norms for family members..
3. Challenge of compensating family members. Dividends or salaries benefit compensation for non – participating family members are not clearly defined and justified.

4. Relocation: The roles of responsibilities for each member are not clearly defined and this results into over lapping functions.
5. Poor managerial skills: There is hiring of family members who are not qualified or lack skills and abilities for organisation.
6. High turn over of non – family members: This normally happen when employees feel that the family “mafia” will always advance over outsiders and when employees realise that management is incompetent.
7. Inadequate succession planning: Most family organisations do not have the plan for handling the power to the next generation leading to great conflicts and divisions.
8. Absence of retirement and estate planning to cover the necessities and realities of the later members and when they leave the company.
9. Limited training: There are no specific training programs for family members when they are integrated into the business.
10. Centralised control system: Control is centralised and influenced by tradition instead of good management practices.
11. Conservativeness of family members. Older family members try to preserve the status quo and resist change especially to ideas and proposal brought by the young generation.
12. Communication channel: This results from role confusion emotions, fear, envy, anger etc all of which results into political divisions and other relationship problems.
13. Difficulties in decision making: Decisions are made day to day in response to the problems. There is no long term planning or strategic planning.

MEASURES TO OVERCOME CHALLENGES ASSOCIATED WIT FAMILY BUSINESSES

1. Persuading members of the family and showing rationale in hiring a professional manager from outside the family circle.
2. Spelling our concisely and clearly the specific and functions that are to be performed by every member of the family in terms of specific lines of authority and responsibility.
3. Advising and convincing the family members to register the enterprise and have it operate as a company with a legal identify rather than visible human identify.
4. Ensuring formal counselling and guidance services to the members of the family enterprise who seem to behave “stubbornly” contrary to the agreement guidelines set by the family members.
5. Inviting experts in the field of management, finance or technical in case there are controversial issues.
6. Keeping tract of exchanging information with other firms in various issues like marketing, sources of raw materials, expansion plans etc.
7. Ensuring that remunerative packages are tied with the types of work individuals perform while at the same time keeping pace with those of similar enterprises within the locality.

IMPORTANCE OF FAMILY SAVINGS IN ESTABLISHING SMES (Small and Medium Enterprises)

1. They are used for paying business licences.
2. They are used in renting for the building or building a business structure.
3. They are used to buy tools, equipments, machinery and furniture.

4. They are used in purchasing of raw materials or finished goods from other businesses to be sold at a higher price for profit.

GENDER AND ENTREPRENEURSHIP

Gender

It refers to the manner in which males and females are differentiated and ordered in a given social cultural system. It refers to the range of characteristics used to distinguish between males and females, particularly in case of men and women and masculine and feminine attributes assigned to them.

COMMON TERMINOLOGIES USED IN GENDER

1. Sex. It refers to the biological differences between a male and a female.
2. Culture: This refers to more permanent rules, ways of behaving and thinking of people in a given community.
3. Society: It is an organised body of people sharing common beliefs attitudes and modes of action within a given social/political boundary.
4. Division of labour. This is sharing of activities between men and women.
5. Access: It is the means or right to obtain services/products or commodities. Gender gaps in access of resources and services is one type of obstacles to women's development.
6. Empowerment. It is the process by which people take control of an action in order to overcome obstacles.
7. Gender identify: It refers to the subjective awareness that one is a member of the male or female sex with a convenience that conforms to culturally determined expectations of appropriate masculine or feminist behaviour.
8. Gender rules: These are culturally determined patterns of behaviour that are expected of males and female.
9. Gender partnership: It refers to the idea of men working harmoniously with women as joint partners eg a couple finding it difficult to foot wedding bills and then appeals for help from the community and they are helped.

FACTORS ENHANCING GENDER BALANCE / PARTNERSHIP (Reasons for promoting gender partnership)

1. To increase the abilities of women to participate in the labour force.
2. To promote employment for women as a strategy for poverty reduction.
3. To increase the numbers, sustainability and access of women in business.
4. To promote development of women entrepreneurs.
5. To support organisations that promote women entrepreneurs in the formal and informal economy.

6. To eliminate threats of exploitation/victimisation.
7. To ensure that each member is justifiably rewarded for his / her services.

GENDER MYTHS / STEREOTYPES

Gender myths are fictional beliefs that are related to gender. Gender myths and stereotypes are based on gender relations i.e. how men and women are related and interact in society.

Examples of gender myths in society.

1. Girls are less capable and able in the field of science and technology.
2. Girls are incompetent in science, technology and mathematics (science).
3. Parents see science studies as being of little relevancy to girls. They believe that they are weaker, lazier and more irresponsible than boys.
4. Men display spatial skills and females show greater verbal skills.

BARRIERS TO WOMEN PARTICIPATION IN ENTREPRENEURSHIP.

1. The relegation of women to the home following colonisation associated with training of men for assistant administration roles and clergy.
2. Discriminating labour market practices leading to low paid, low status work for women.
3. The masculine image of science projected in text books, the media and popular assumptions.
4. The nature of science occupations which are not easily combined with child rearing and care.
5. Poor facilities including teacher supply, teacher quality and equipments.
6. Limited role models and career counselling
7. Irrelevancy of curricular presentation in science to girls' views and experiences.
8. The double demand on girls i.e. traditional and school learning activities.
9. Limited access to fiancé by women.
10. Female seclusion practices and early marriages.
11. Parent perception of cost or benefit of educating girls especially low income families.

SOLUTION TO THE BARRIERS TO WOMEN PARTICIPATION IN ENTREPRENEURSHIP.

1. Raising general awareness of issues and modification of socialisation patterns.
2. Providing equal education facilities to the girls and boys.
3. Providing special incentives for girls to study science subjects.

4. Ensuing that job opportunities for women combine flexible work patterns and child care facilities.
5. Developing of career counselling sensitive to girls' needs and making visible the existing successful women in science to serve as role models.
6. Upgrading science school facilities and adequate training for science teachers.
7. Combining all science needs with special needs of rural women and girls.
8. Recognising of abilities or talents of girls by employers to avoid skills shortages.
9. Promoting women entrepreneurs in micro enterprises.
10. Directing and facilitating women entrepreneurs into high growth areas.
11. Reducing administrative hurdles especially for women entrepreneur.
12. Providing easy and subsidised financing for women in entrepreneurial projects.

BUSINESS PLANNING.

Planning is decision making ie deciding what to do, how to it and when to do it.

Business planning is an activity that involves the organisation implementation follow up of different business activities right from the beginning of the business.

Business plan is a written document that summarises the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realised. It involves the study on which the business idea will be viable or feasible (profitable or can be done).

TYPES OF BUSINESS PLANS.

1. Formal business plan is a detailed document that usually follows a standard format. It acts as security for outside funding for business.
2. Informal business plans are plans which consists of almost anything. Informal business plans are not presented to others.

IMPORTANCE OF BUSINESS PLAN (Preparation))

1. It shows the mission goals and objectives of the business which serves as a basis for progress of the business in implementing the plan.
2. A business plan consists of an action plan which acts as a time table for implementation of various business activities in a logical manner or way. This helps the entrepreneur to ensure that different activities are implemented at the right time.
3. It helps an entrepreneur to get loans from financial institutions. Financial institutions require business plans to determine whether they should give loans or not.
4. It help an entrepreneur to monitor the performance of the business based on goals and objectives as a standard of measurements.

5. It helps an entrepreneur to identify challenges in advance and lay strategies of overcoming them before they affect the business operations.
6. It encourages the entrepreneur and the people involved in the proposed business to think about it in a systematic way. The entrepreneur and his staff are helped to focus on important issues and activities for the new business.
7. It is used in assessing the viability and feasibility of the business ie it assists the entrepreneur to select the most suitable business opportunity based on his ability to meet the business needs.
8. It helps the entrepreneur to obtain permission to operate legally as it is used by different departments of the government to control and monitor the activities of the proposed business.
9. It is used in making investment decisions such as merging.
10. It helps the entrepreneur to calculate and pay the exact amount of tax to the government basing on profits without which it might be made to pay higher amounts of tax.

STEPS.

1. Selecting the business opportunity or the type of business to engage in eg service provision business, agri-business and trading business.
2. Conducting market survey or research for the selected type of business. This involves gathering information from respondents by communicating to them.
3. Collecting all the relevant data concerning different aspects of business and establishing the costs of business items ie machinery and equipment , raw materials, transport etc.
4. Drafting business plan with its contents.
5. Discussing the drafted business plan with technical or knowledgeable experienced people in similar business.
6. Making final business plans.
7. Finalising the business planning process by preparing an action plan for the implementation of the planned activities.

ELEMENTS/COMPONENTS IN BUSINESS PLANNING.

1. General description of the business.
2. Statement of mission, goals and objectives.
3. Market plan.
4. Production plan.
5. Financial plan.
6. Organisation/managerial/administrative plan.
7. Action plan

1. GENERAL DESCRIPTION OF THE BUSINESS.

This involves summarised information about the business. Therefore it involves establishing the name, address and location of the business, the type of the business being planned to be

2. STATEMENT OF MISSION, GOALS AND OBJECTIVES.

- (i) **Mission statement:** This is a brief statement that indicates the purpose of the business. A mission is the very reason as to why the business/ an organisation exists and it is the unique aim of the business that distinguishes it from others. An example of a mission statement “To provide quality plastic products at affordable prices.”
- (ii) **Goals statement:** A goal is something (target) that one intends to achieve in a given period of time using given amount of resources. “To provide high quality plastic products to our customers.”
- (iii) **Objective statement:** Objectives are specific targets that must be achieved in a specified period. They are specific (short term) targets that an individual or an entrepreneur sets to achieve with the established goals. Examples of objectives. “To increase sales by 10% in one year.”
“To develop and maintain labor productivity”. In setting goals or objectives of an organisation, they must be SMART ie
S-specific: This means the objectives must be clear objectives than “To increase sales by a reasonable percentage.”
M- measurements: This means one must be able to measure and compare performance to the set standards eg if one targets a 10% increase in sales, there is a way of measuring it. However there is no way one can measure an objective by increasing sales by a reasonable percentage.
A – achievable: This means an entrepreneur must project something that is within his or her capabilities eg an objective to increase sales by 10% must be something he may have achieved before or based on efficiency and effectiveness of the marketing strategies.
R-realistic: They must be based on certain known parameters.
T-time bound: This means that there must be a time lag or period within which the goals or objectives are to be achieved.

3. MARKETING PLAN.

Is an analysis of the possible position and opportunities of the business being planned in the present market situation. It is an analysis of the marketing objectives, strategies and activities to be followed so as to have improved marketing of the proposed product(s) in order to fight competition.

FACTORS CONSIDERED WHEN PREPARING A MARKETING PLAN

(Aspects / areas covered by marketing)

1. **Target market.** The entrepreneur is required to establish who his customer are, where they are located, their needs, their buying patterns ie how often they buy goods and services.
2. **Nature of the product/service to be offered:** The entrepreneur has to describe his main products / services and its value to the customers, establish how the production are to be

packed and the features which make his or her product / service different from those of the competitions.

3. Position of competitions: The entrepreneur is required to establish the position firms dealings in similar products like his (direct competitors) and those that may be substituted for his competitors (indirect competitors) for the market he is trying to enter. This can be possible through concluding market research to find out their weakness and strategies.
4. Pricing strategies and policies: The entrepreneur has to determine the prices at which he is to offer his products or services while putting into consideration the current market prices of similar or substitute products. He should also establish how often will he be reviewing his prices for a better deal to the customers while getting or making some profits.
5. Sales targets. The entrepreneur has to establish his total projected sales per given period of time eg per week, per month, per production or trading cycle.
6. Distribution strategy: This involves selection of distribution channels for goods and services. The entrepreneur should consider a number of distribution channels out of which he can select the ones he feels are better in respect of reaching many customers and a cost effective. He should also establish his lead time for orders delivery schedules etc.
7. Advertising and sales promotion strategy: This takes the form of analysing the various ways through which the entrepreneur will communicate and influence customers ie the various methods of advertising and promotion of products while considering their costs.
8. Terms and conditions for selling: The entrepreneur is required to establish the terms of sales he is going to adopt eg selling on credit, cash basis or instalment.
9. Projected market expenses: The entrepreneur has to establish the expenses he is likely to incur in marketing his products or services eg advertising and promotional expenses, commission paid to sales representatives.

4. PRODUCTION PLAN.

Is an analysis of the projected needs for producing or manufacturing the proposed goods or products. It involves how the entrepreneur is going to carry on production of the proposed products.

FACTORS CONSIDERED WHEN PREPAIRING A PRODUCTION PLAN.

1. Business site and location. The entrepreneur has to establish where to locate his business as well as the cost of land(site) and it's size. He will also have to give reasons as to why he choose this location and estimate the cost of putting up the buildings.
2. Production / manufacturing process, flow of work and layout. The entrepreneur is expected to show the flow of work, how the machines will be laid down ad how they will be used.
3. Plant capacities required: This involves establishing the abilities of production machines in relation to market demand both in short and long run to meet the demands of the market.

4. Qualities to be produced or services to be provided and their delivery of different schedules. This is determined by the target market one is serving eg the number of customers for the service.
5. Production standards and quality objectives to be maintained during production.
6. Machinery and equipments to be used in production. The entrepreneur has to establish the type of machinery and equipments he is to use considering various factors like costs and technical specifications of machinery and equipments, production capacities, the sources etc.
7. Raw materials to be used. The entrepreneur has to consider this while looking at the factors like cost of raw materials, quality terms and for acquiring raw materials.
8. Labour requirements: The entrepreneur is required to establish the type of workers he is to use in production, their skills, how much he is to pay them, other incentives like transport, lunch medical etc.
9. Packaging: The entrepreneur has to establish how the products are to be packed, where he is to buy the packaging materials and their costs, how much is required per production cycle, how much to stock and how the packaging materials will be stored properly.
10. Utilities that will be needed by the business eg water, power, telephone etc and their costs.
11. Means of transporting raw materials and finished goods. Here the entrepreneur is required to establish whether the business require delivery vans, their cost and fuel consumption.
12. Inventory control plans for stock work in progress and finished products. This requires the entrepreneur to establish the tools he will use eg inventory control for lead time, re-order level.
13. Disposals of waste products: The entrepreneur has to establish the amount of waste he has how the waste products are to be disposed off and of what cost can be waste products be converted into other products ie can they be recycled?
14. Production control requirements: This refers to activities undertaken to ensure that the product is produced in the shortest time possible and at the right time using the best and cheapest method but of correct quality.
15. Steps of monitoring changes in technology that can affect production process.
16. Research and development plans about developments in production and new methods of production.
The level of finance required for investments in production of the intended products.

5. **FINANCIAL PLAN.**

A financial plan is an analysis of the financial requirements of the proposed business. Financial planning of a business deals with establishing business operations in monetary

AREAS COVERED BY THE FINANCIAL PLAN.

1. Total cost of start up or set up and operate the proposed business.
2. How the proposed business will be financed (source of funds) eg loans, trade credit, facilities, grants, gifts and offers from friends and family members, own source, sale of personal property etc.
3. Profitability of the proposed business in terms of returns on investments: This can be determined through the use of trading profit and loss account.
 NOTE: The financial plan focus on the estimation of total capital equipments of the business. Businesses require different forms capital ie fixed capital and working capital.

1. Fixed capital

This refers to the money held up or put in permanent assets of a business for continuous use in the production process for more than one year. Example include: land, buildings, machinery, tools and equipments, furniture, motor vehicles etc.

2. Working capital / direct cost

It refers to the amount of money used to buy stock for a given business or to meet daily financial operating needs of the business. Example include: raw materials, stock, transport direct labour costs, supplies of stationery, spare parts etc.

3. Over heads / Indirect costs.

These are costs that cannot easily be traced to a particular product ie they do not directly affect the cost of producing a particular product. Examples include:

- i) Indirect expenses eg rent, insurance, telephone, office expenses, operating licence etc.
- ii) Selling and distributing overhead eg advertising, sales promotion, delivery expenses, wages to salesmen, insurance for delivery vans, free gifts and samples given to customers etc.
- iii) Administration overheads eg general expenses postage and stationery, telephone expenses, heating and lighting, administrative salary and allowances.

Examples You have been given a loan of shillings 50 million to start furniture workshop. Design a financial plan for your project.

Example 2:

You wish to expand your small scale cooking oil processing factory to meet the increasing demand. Design a financial plan for the expansion of the factory.

DRUSKY FURNITURE WORKSHOP
 P.O. BOX 210
 KAMPALA
 TEL: 0414:212234

FINANCIAL PLAN

PARTICULARS	UNIT COST (SHS)	TOTAL COST (SHS)
Fixed capital	6,000,000	
-Land acquisition		
-Construction of buildings	9,000,000	
- Buying of machines tools and	8,000,000	

equipments.		
-Buying a motor vehicle	6,000,000	
Total Fixed Capital		29,000,000
Working Capital requirements		
- Raw materials / stock	10,000,000	
- Labour (direct)	4,300,000	
- Transport	7,000,000	
Total working capital		15,000,000
Over heads		
- Licence fees	200,000	
- Administrative over heads	3,200,000	
- Selling and distribution	800,000	
- Electricity	1,000,000	
- Insurance	600,000	
Total overheads		6,000,000
Total estimates costs or grand total		50,000,000

FINANCIAL PLAN

PARTICULARS	UNIT COST(SHS)	TOTAL COST (SHS)
- Acquisition of land for expansion	5,000,000	
- Construction of new building	4,000,000	
- Purchase and installation of new machinery.	6,000,000	
Total fixed capital requirements		15,000,000
Working capital requirements		
- Purchase of raw materials	3,000,000	
- Direct labour	2,000,000	
- Administrative expenses	3,000,000	
- Utilities eg power, H2O	2,000,000	
- Transport	5,000,000	
Total working capital		15,000,000
Expected source of funds		
- Bank loan	15,000,000	
- Own funds	5,000,000	
- Grants	300,000	
- Retail profit	200,000	
		20,500,000

Total grant – 2,000,000

Estimates of sales

- Expected profits 3,000,000
- Expected profits over specific period of time 1,000,000.
- Periodic cash flow statements ie estimated cash inflows and out flows.

In flow 5,000,000

outflow 4,000,000

- Break even analysis ie total cost = total revenue.

6. ORGANISATIONAL PLAN

This is an analysis of the frame work around which people, machinery or equipments and other physical parts of the plan are put together to have a moving or successful organisation.

Aspects covered under organisational plan

1. The frame work or structure around which people are to be put together to have a moving enterprise (organisation structure)
2. The reporting relationship tasks and responsibilities of the workers.
3. Recruitment and induction training of the employees or workers.
4. The number of workers required to be employed.
5. The number of workers required or to be employed, skills and their age.

Format of an action plan.

Time	Activities needed	Resources needed	Person in charge	Remarks
1 week	Obtaining licence	500,000	Manager	

TOOLS

1. Sales and promotion targets.
This is where an entrepreneur gets his production and sales targets and plans to achieve them in order to realise profits from the business ie this can be done on weekly monthly or annually basis by an entrepreneur keeping the records actual estimates periodically and compare.
2. Operational budget.
This is a summary of projected commercial expenses to be incurred in the business.

Steps taken to prepare operational budget.

- Setting business goals and objectives for the period to be budgeted for.
- setting the activities to be carried out and their time table.
- Estimating the sales to be done.
- Estimating the cost of goods and services to be sold.
- Calculating the gross profit.
- Estimating the operating expenses.
- Determining the net profit.
- Determining the tax payable if any.
- Determining the retained earnings.

TITLE

DESCRIPTION	SHS	SHS
Estimated sales		2,000,000
Less cost of sales		
- Purchase of raw materials	1,000,000	
- Purchase of furniture	200,000	1,200,000
- Gross profit/loss selling		800,000
Administrative expenses		
- Advertising	250,000	
- Sales	400,000	
- Utilities	100,000	750,000
Net profit/loss		50,000

NB: If the gross loss is less then add the gross profit.

IMPORTANCE/USES OF AN OPERATIONAL BUDGET.

1. It helps an entrepreneur to estimate or calculate his cost of production in advance by considering the anticipated items of expenditure in a given period.
2. It helps an entrepreneur in prioritising expenditure basing on his income since the budget shows all the items of expenditure in a given period.

It helps an entrepreneur in pricing his products appropriately basing on the estimated production costs so as to get his desired profits.

It helps an entrepreneur to calculate his gross profit or loss basing on the estimated sales and the cost of production or cost of goods sold.

It helps an entrepreneur to calculate his estimated net profit / loss by considering his total expenses and comparing it to the brand gross profit.

It helps an entrepreneur in monitoring his business operations since it provides the business with direction and purpose eg the estimated sales.

It helps an entrepreneur to know the sources or capital for his business so as he may plan in advance where to get these funds e.g getting bank loan, personal savings etc.

3. Work order forms.
There are monitoring tools prepared to keep an accurate record of customers orders and allocate the work to the workers. They help the entrepreneur to maintain control on the work done.
Work order form sample.

Title

Date	Name of customer	Work done number	Description of work	Employee	Start	End

3. Work Schedules
Work schedules are made purposely for proper management of time by the workers and carried out on a daily basis so they should be flexible to adjust different forms of changes or descriptions. Work schedules help the entrepreneur to keep the workers busy as well as satisfying his customers since their work will be done well and completed on time.

Work schedule sample

Title

Date	Work to be done	Employee Name	Supervisor	Employee Number	Start time	End time

5. Stock Records.
This involves keeping up to date records regarding stock. It involves the use of tools for effective stores management like stock taking, physical stock counting, use of stock cards. Through stock records an entrepreneur will be able to know the amount of stock sold and stock that will have remained in the store so it helps him to monitor the inflow and outflow of the stock in business.

6. Cash flow statements.

This is a monitoring tool which shows an entrepreneur how much and from where the business will get the money and how it will be used over a given period of time eg a week, a month, quarterly, half yearly or in a year.

It shows whether the business will have enough cash to cover its projected expenditure or not which enables an entrepreneur to know in advance his likely position ie deficit or surplus and prepare accordingly.

7. Departmental reports.
These involve making of written information by departmental heads about the performance of each department in relation to the set goals. This helps the entrepreneur to compare the actual performance with the set goals (targets) and make strategies to overcome weaknesses in case of failure to achieve them.
8. Books of accounts.
The different books of accounts that may be kept in a business can also act as monitoring tools. The records in the books can be audited daily, weekly or monthly to monitor the performance of the business.
9. Sources of business funds.
Sources like loans can help in monitoring business performance. This is because the lenders will always have a keen interest in the borrowing business to ensure that the borrowed funds are managed efficiently and repaid promptly. Failure to pay will indicate poor performance of the business.
10. Balance sheet.
This is a financial statement drawn to show the financial position of the business as at a particular period of time usually at the end of the trading year. It serves as a monitoring tool because it shows the relationship between business assets and liabilities for instance the working capital of the business at a particular time.

PRODUCTION MANAGEMENT

Production.

This refers to the activity aimed at bringing physical change in a good or product so as to make it useful. It is an activity that resulted in the creation of goods and services for the ratification of human works.

PRODUCTION MANAGEMENT.

Is the process of planning for the business production and ensuring that the production plans are put into operation. It involves making productive decisions about what kind of product you will make, how much should you produce, what equipments are required how would you layout your plan etc.

PRODUCT

Is anything that can be offered to the market for use or consumption by the consumer. A product can also be defined as a good or service produced for sale.

Types of products.

- i) Tangible products: These are products which are physical and can be seen. Tangible products are divided into two durable and non – durable products.

- ii) Durable products: These are products that are designed to last for a longer period of time eg cars, furniture, radios, TVs etc. Durable goods are further undivided into two ie consumer and producer goods.
 - Consumer goods are goods that are used or consumed by consumers as final uses eg salt, clothes sugar etc.
 - Producer / industrial goods: These are some times called capital goods. There are goods that are used as inputs for further processing or for use in doing a business activity.
 - These help a producer to produce consumer goods.
2. Non – tangible products / intangible products / non raw materials goods: These refer to services that can be used to satisfy human wants eg services offered by teachers, doctors, lawyer, engineers, transport services, banking, insurance etc.

ELEMENTS OF A PRODUCT.

Elements of a product refers to the attributes, features or characteristics which make a product different from others. They are technique used by entrepreneurs to make their products unique.

1. Branding
This refers to the process of making a product different (distinct) from others by giving it a name that will be known and remembered by consumers. The name intended to identify products of an entrepreneur and to differentiate them from those of other competitions for instance branding makes close up to be different from delident although they are all tooth pastes.
2. Product design /shape / modal
The design includes the style of the product, its shape safety, simplicity and economy. Entrepreneurs should always (aim) strive to design their products to look different from those of competitors so as to make them appealing to customers eg cameras, cars, computers, mobile phones etc.
3. Packaging
One should consider the nature of the packaging material to ensure that the design of the products conform the planned packing material. Packaging helps to promote or protect the product.
4. Labelling
Usually products are labelled with a view at identifying a particular brand for easy identification purposes. This can be done by use of unique colours, logos, trade marks, symbols etc.
5. Blending
This involves combining societies or grades to obtain a mixture of a particular character or quality or consistency eg blending tea leaves, tobacco etc.

DESIGNING AND DEVELOPING A PRODUCT.

1. Customers needs: The product should be designed in response to what customers want. This is possible through conducting market research.
2. Availability of raw materials to be used: entrepreneurs should produce products where raw materials can be obtained from nearby and at a low cost.

3. The type of product produced by competition: An entrepreneur should produce a product which is better than or just the same as that produced by the competitor.
4. Trends in them market is change in fashion. If the fashion changes then an entrepreneur should change in response to the change in fashion.
5. Machinery to be used in production: The entrepreneur should consider the current states of technology and scientific developments in the field so as to come with the required machines as well as understanding the technical aspects of producing the intended product.
6. Degree of profitability of the product. He should produce a product from which he will be able to make profit.
7. Cost of producing a product: An entrepreneur should engage in the production of a product whose costs of production is low in order to maximise profits.
8. Government policy on production of goods and services when producing a product an entrepreneur should abide by the rules and regulations on the quality, set by Uganda National Bureau of standards (UNBS)
9. Environmental factors: An entrepreneur should consider the effects of producing a product in the environment hence he should produce a product which does not affect the environmental negativity.
10. Infrastructure facilities ie power, transport, housing etc when designing a product on entrepreneur should consider the availability of these infrastructural facilities.
11. Features of the product in terms of colour, size, shape etc.

IMPORTANT ASPECTS IN THE PRODUCTION OF GOODS AND SERVICES.

1. Quality of the product or quality control: There is no business enterprise whether big or small which can survive without producing high quality products demanded by customers. In order to produce high quality products on entrepreneur has to aim at having zero defects in all areas of its operations. This requires having regular control over raw materials and production process.
2. The technology and technical skills for production process. Technology refers to the know how design and intellectual input of doing something. Technology changes very fast and for that matter enterprises should use high quality technology to have an advantage over their competitors. The choice of technology to be used is crucial (important) to an enterprise as it has a long term and lasting impact on the enterprise.
3. Raw materials and its acquisition: It is always important to use good quality of raw materials so as to have quality products. However in order to have quality raw materials one should look for good or reliable sources of raw materials and store them proper and ensure mixing of raw materials in the appropriate proportions.
4. Production support services: These is are services that will help one in maintaining efficiency and quality in production. Examples of production support services include financial services, advisory, consultancy services, technical services etc.

5. Production process. This is how the business intends to procure or produce the designed goods and services. It's important for an entrepreneur to be in full control over the production process as this will help him to generate maximum output profitability if favourable prices are charged. However maximum profitability can only be possible if the production costs are low.

WAYS OF LOWERING / MINIMISING / REDUCING THE COSTS OF PRODUCTION IN A BUSINESS.

1. Ensuring use of effective and efficient methods of production. This may be achieved through thoroughly studying the production methods to be employed in the production process to ensure that they are efficient and effective.
2. Using of cheap but quality raw materials. Entrepreneurs should always buy their supplier or raw materials from the cheapest sources so as to minimise their product costs.
3. Fixing time standards for all operations ie minimum and maximum time should be rated and the time for the process standardised. This helps to avoid wastage of time as well as minimising production costs.
4. Using appropriate technology. The entrepreneur should ensure use of machines and tools which work easier and lessen labour force so as to minimise labour costs and other costs that may arise from use of inappropriate technology.
5. Ensuring close and constant supervision and monitoring of workers and the production process to ensure that work is going on well as planned. This helps to avoid relax times, movements and repetitive operation.
6. Training and developing of employees or workers to perform efficiently as per the expected target. This helps to equip workers with necessary skills for production and enables workers to perform tasks in shortest time possible.
7. Employing skilled and experienced labour force. The producer should ensure use of workers with the required skills to perform the production of the intended production. This helps in the arising from damage as a result of using inexperienced and unskilled workers.
8. Spelling out duties and responsibilities for each employee or worker to minimise conflicts, duplication of service, lack of co-ordination and wastage of services.
9. Awarding tenders for suppliers and raw materials to competent, reliable and affordable suppliers so as to avoid disruptions, losses and unnecessary delays in production process.
10. Laying off redundant workers.
11. Proper handling and storage of both raw materials, finished and semi-finished products. This helps to minimise damage wastage and losses.

12. Encouraging specialisation and division of labour. This helps to promote efficiency in production which leads to increased output hence reducing on the costs of production.
13. Motivating of workers by ensuring good working condition which leads to increased output hence reducing on the costs of production.
14. Using of alternative cheap sources of energy like solar, biogas so as to minimise power costs.
15. Using cheap means of transport for both raw materials and finished products in as to minimise the cost of production in terms of transport.
16. Recycling products and raw materials that have been damaged due to production errors so as to avoid wastage and losses.
17. Lobbying the government through business association like Uganda Manufacture Association (UMA), Uganda Small Scale Association etc for low taxes, tax holidays etc which can help to minimise production costs.

PURCHASING SKILLS.

Purchasing: This refers to obtaining raw materials, goods and services in the right quantity from the right source and delivered to the right place at a right cost or price.

For trading business, purchasing involves the following activities.

1. Checking on where the goods can be sourced from and ordering for them.
2. Checking on where the goods can be sourced from and ordering for them.
3. Receiving and checking the delivery of goods.
4. Storing the goods.
5. Paying for the goods.

Note: Purchasing is done in accordance with the requirements of the business either for production and operational process or trading.

PRINCIPLES OF PURCHASING

1. **Right quality:** The right quality of any item comprises of the features and characteristics which are relevant to its ability to meet a given need. Therefore the person purchasing should be able to determine the right quality of the materials needed.
2. **Right quantity:** purchases take a lot of the business working capital and the entrepreneur does not want to hold a lot of stock and cash and at the same time he or she may not wish to buy in small quantities which will force him or her to buy now and then. However, the right quantity of purchases to be made depends on the level of stock an entrepreneur wants to maintain availability in terms of time and quantity etc.
3. **Right price:** The price should not necessary be the highest or lowest but should be the lowest price consistent with the quality specifications to leave the entrepreneur with profit.

4. Right time: proper time for purchases is important to avoid excessive stock and out problems. In determining the right time, the entrepreneur should consider the lead time of the supplier, the place of buying the materials and mode of transport.
5. Right place: The raw materials should be received and stored as near the factory as possible in order to minimise the cost and time involved in issuing and carrying them to the factory.

PROCEDURES FOR PURCHASING GOODS, RAWMATERIALS AND EQUIPMENT

Determining the business needs this is done through conducting market surveys in order to know the customers as well as establishing their wants.

Identifying potential suppliers, this involves determining which suppliers sell the goods, raw materials, equipments needed for the business.

Contacting suppliers hence the entrepreneur contacts different suppliers, either by visiting their offices personally or using defective communication with the aim of getting information regarding the kind of goods, raw materials of equipment each supplier can provide.

Selecting the best supplier, the entrepreneur compares quotations received from different suppliers and select one with most favourable terms and conditions in terms of price, discount, credit etc.

Ordering for goods, having chosen the best supplier, the buyer then places an order for the supplier of a particular item(s). This is done by sending a purchasing order.

Checking the goods as soon as they are received. This involve checking goods as soon as they receive for damages in order to ensure that the goods which got damaged during the transportation are isolated and excluded.

Checking the invoice, this involves checking whether the invoice is correct by comparing it with the delivery note

Making payments, this involves paying the supplier for the goods ordered and received either by cash or cheque and the buyer is issued with the receipt as a proof of payment.

FACTORS CONSIDERED BY THE ENTREPRENEUR BEFORE CHOOSING A SUPPLIER.

1. Terms and conditions of payment.
Suppliers have got different terms and conditions for payments for example some suppliers goods only for cash while others allow credit terms and others allow instalment ie hire purchase and differed payments. Entrepreneurs therefore should always choose suppliers whose terms and conditions are favourable to them.
2. Lead time
This is the period between when the entrepreneur places the order for the goods and the actual time he receives the goods. Entrepreneurs should choose supplies with short lead time.
3. Taxes and regulatory procedures.

High taxes make the products expensive and strict regulations delay the delivery of goods therefore entrepreneurs should purchase from suppliers where there are no strict regulations and low taxes.

4. Comparing prices of other suppliers.
Prices of the items should be low to avoid of excess spending which reduces the profits of an entrepreneur therefore he should buy from low cost suppliers of quality goods.
5. Quality
An entrepreneur should choose a supplier who supplies high quality output or products to meet customers wants and to maximise profits as well.
6. Quantity
An entrepreneur should choose a supplier who has all the quantity required by him.
7. Transport costs
An entrepreneur should choose the suppliers who are near.

FACTORS CONSIDERED WHEN PURCHASING THE RIGHT QUALITY AND QUANTITY.

1. Level of stock which an entrepreneur wants to maintain.
Where an entrepreneur wants to maintain large quantity of stock he would buy in large quantity and where the entrepreneur wants to maintain small he would buy little.
2. Availability of finance.
Where an entrepreneur has enough money he is able to buy in large quantities and where he has less buys in small quantities.

Size of the business.
Business operating on a large scale buys in large quantities and businesses operating on small scale buy in small quantities.

Consumption and wage of materials.
High wage of materials requires purchase in a large quantity and low wage requires purchase in small quantities.

Lead time
Availability of storage facilities/space/stock holding costs
Nature of the product is perishable and durable.
Policy of the enterprise / re-order level.

FACTORS WHICH INFLUENCE THE CHOICE OF STRATEGY WHEN MAKING PURCHASES.

1. Nature of raw materials to be purchased; this includes raw materials, components, spare parts or finished products.
2. Rate of competition ie how many competitors does it have in its supply. The number of competitors and their location should be established.
3. Degree of government involvement in the market degree of government regulation concerning purchase and usage of the product.

4. Quality and quantity to be purchased.
5. Ability of the business to negotiate terms and conditions prices and services by the supplier.

ORDERING FOR GOODS AND SERVICES (documents)

1. Letter of inquiry
This is a letter prepared by an entrepreneur or buyer and sends it to the supplier asking him the type of goods he has in stock, price, quantity, quality, purpose of the goods and terms and conditions of payment.

Sample

DRUSKY ENTERPRISES
P.O. BOX 10
KAMPALA

INQUIRY

12/9/2012

Number 001
ABC STATIONERS LTD
P.O. BOX 70
MUKONO(U)

Dear Sir/Madam,

RE: SUPPLY OF STATIONERY GOODS

Please quote for us your price terms and conditions for payment for the following items.

DISCRPTION	QUANTITY	RATE (SHS)	AMOUNT (SHS)
Reams of ruled papers	100		
Counter books	50		
Chalk (Nice)	50 boxes		
Total			

Yours faithfully

NANTEZA DRUCILA
PURCHASING MANAGER

2. QUOTATION/ PERFORMA INVOICE.
This is a document prepared by a supplier and sent to the buyer answering the letter of inquiry about price, time, delivery terms and payment terms and conditions. A quotation in a response by a supplier to a letter of inquiry to a potential buyer.

ABC STATIONERS
P.O. BOX 70
MUKONO(U)
13/09/2012

NUMBER 005
DRUSRY ENTERPRISES
P.O. BOX 10
KAMPALA (U)

Dear Sir/Madam

Powered by: -iToschool- | www.schoolporto.com | System developed by: lule 0752697211
In reference to your letter of inquiry number 001 dated 12/09/2012, we are glad to sell you the following

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)
Ream of ruled paper	100	10,000	1,000,000
Counter books	50	5000	250,000
Chalk(Nice)	50 boxes	4000	300,000
Total			1,450,000

Delivery period / Name: One month from date of receipt of your order.

Payment: 50% deposit of the order, 50% balance of delivery discount 5%.

We look forward to receiving your order.

Yours faithfully

NANBASA DRUSCILA
SALES MANAGER

3. PURCHASE ORDER

This is a document prepared by the buyer requesting to be supplied with goods already quoted from the supplier.

It is issued to the supplier whose quotation has been acceptable.

Sample

DRUNKY ENTERISES
P.O. BOX 10
KAMPALA (U)
10/09/2012

PURCHASE ORDER

ABC STATIONER
ABC STATIONERS
P.O. BOX 70
MUKONO(U)

Dear Sir / Madam

Please supply and deliver the following

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)
Ream of ruled paper	100	10,000	1,000,000
Counter books	50	5000	250,000
Chalk	50 boxes	4000	300,000
Total			1,450,000

Delivery date: 13/10/2012

Packaging: Separate

Delivery means: Company vehicle

Delivery venue: buyer's store

Powered by: -iToschool- | www.schoolporto.com | System developed by: lule 0752697211

Yours faithfully

NANTEZA DRUSCILLA
PURCHASING MANAGER

4. DISPATCH NOTE

When a supplier receives a purchase order, he prepared a dispatch note and sends it to the buyer alerting him to organise and wait for the items ordered. A dispatch rate is expected to be sent separately and reach the purchase before the arrival of the goods. It therefore informs the purchaser that the goods have to be dispatched and they are on the way. This gives him a chance to prepare his store in advance and make arrangements for the sell of old stock. The means of transport can be too indicated

5. DELIVERY NOTE

This is a document that accompanies the goods supplied by the seller. It is prepared in triplicate where by one copy Is retained by the supplier and the other two are packed together with the goods. On reaching the items the buyer will cross check the delivery not with the items received. In case they correspond, he has to sign on one copy and send it back to the supplier acknowledging the receipt of the goods. The supplier should as well acknowledge the delivery to ensure that the goods have been accepted on the agreed terms and conditions.

ABC STATIONERS
P.O. BOX 70
MUKONO (U)
13/09/2012

DELIVERY NOTE

NUMBER 004
DRUSKY ENTERPRISES
P.O. BOX 10
KAMPALA(U)

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)
Ream of ruled paper	100	10,000	1,000,000
Counter books	50	5000	250,000
Chalk	50 boxes	4000	300,000
Total			1,450,000

Delivered by: Minakaino
Signature:
Name: NANTEZA DRUSCILLA
Title : Delivery

Received by:
Signature:
Name: Nanteza Druscilla
Title: Delivered

6. This is a document prepared by the supplier demanding for payment for the goods sold on credit. The supplier attaches a copy of the purchase order and put a delivery note and sends them for payment on a stated date.

ABC STATIONERS
 P.O. BOX 70
 MUKONO (U)
 13/09/2012

INVOICE

NUMBER 004
 DRUSKY ENTRPRISES
 P.O. BOX 10
 KAMPALA(U)

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)
Ream of ruled paper	100	10,000	1,000,000
Counter books	50	5000	250,000
Chalk	50 boxes	4000	300,000
Total			1,450,000

Terms of payment

Issured by: M

Signature:

Received by:

Signature:

7. **VOUCHER**

Before payment the purchase order, delivery note, must be matched with the suppliers invoice. If the three match then the invoice should be cleared for payment. The supplier (his representative) has to sign a document called a voucher when receiving cash or cheque.

DRUSAY ENTERPRISES
 P.O. BOX 10
 KAMPALA (U)
 14TH/9/2012

PAYMENT VOUCHER

NUMBER 001
 Invoice number 004
 Account number 112045678022
 M/S

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)

Amount in words

8. RECEIPT

This is a document that evidence that money has been paid.

DRUSKY ENTERPRISES
 P.O. BOX 10
 KAMPALA (U)
 DATE

NUMBER 001

RECEIPT

Name of customer
 Being payment for
 Amount in words
 Cash / cheque Balance
 Cash/Cheque

Signature
 For Drusky Enterprises

DRUSKY ENTERPRISES
 P.O. BOX 10
 KAMPALA(U)

Number 001

RECEIPT

Name of customer

ITEM	QUANTITY	RATE (SHS)	AMOUNT (SHS)

Amount in words
 Balance
 Signature
 for Drusky Enterprises

RECEIVING OF GOODS AND SERVICES

In receiving goods and services one should do the following:

1. Check the quality and quantity of the goods and services against the order. Make sure that the goods and services that have been received (delivered) are of the right quantity and quality as ordered. If they do not, the they should be rejected.
2. Check the delivery documents against the order. This helps to ensure that the ordered goods are the ones that are being received and the prices quoted are what was agreed upon before signing the documents.

3. Check damage to ensure that the goods which got damaged or broken during the transportation process are excluded and involved. In case there are some which got damaged, one should have them replaced by the supplier.
4. Deliveries that are found un acceptable should be rejected straight away at the time of receiving the goods.

INVENTORY

Inventory refers to stock of goods held in the (a) business at a given period of time.

TYPES OF INVENTORY.

1. Raw materials: These are goods used in the course of production to produce other goods for consumption. They are goods which have been received by the business but are not yet committed to the production process.
2. Work in progress: (Semi-finished goods) – These are groups which are still in the production process but are not yet completed.
3. Finished goods – These are goods which have been completed (gone through the production) awaiting sale to customers.
4. Goods under repair – These are goods that may be damaged during the process of production or distribution and need repair.
5. Office suppliers: These are materials which are used to support the production process eg stationery, cleaning materials like soap, detergents.

INVENTORY MANAGEMENT.

This involves activities aimed at insuring that the right quantity and quality of stock required is supplied at the required time.

Inventory control

This refers to the system which ensures that the right quantity and quality of the inventory required is supplied in the required time without unnecessary investments in inventory costs. It includes control of raw materials, work in progress, finished goods, goods under repair and office supplies.

TOOLS OF INVENTORY.

1. To ensure constant availability of goods.
2. To account for the goods which have been purchased .
3. To reduce storage costs.
4. To reduce risks of wastage, bring stolen or loss of value of materials.
5. To have up-to-date records.
6. To minimise over stocking and under stocking.
7. To avoid tying up a lot of financial investments in inventory(s) (working capital).
8. To ensure timely replacement of raw materials for production or merchandise for sale to meet demand fluctuations and expensive stock out.
9. To allow flexibility in production scheduling as well as marketing.

STORES MANAGEMENT

Stores – There are places where stock of materials (goods) are kept before they are sold or dispatched to their owners.

Stores are important because they help to protect stock from being getting poilt, damaged or stolen.

1. Stock cards: These are cards used for recording stock received and issued in the store. They normally show amount of goods available in the store, the date when they were received as well as the date when the goods have been issued. (bin card)

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STOCK CARD

Name of itemItem number

Card number 001

DATE	QUANTITY	ISSUED	RECEIVED	ISSUED TO	BALANCE	AUTHORITY

2. Stock requisition and issue forms: It refers to a document that shows details of goods being requested for and the corresponding record of issues. Under here, the person in need of goods fills it and gets it authorised by the responsible person or store that against receiving the form issues the item.

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STOCK REQUISITION FORM

DESCRIPTION	QUANTITY	RATE	AMOUNT

3. Stores ledger: This is similar to financial ledger. It shows the quantities and monetary value of the stock items.

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STORES LEDGER

Name of itemItem number

Number 001

Date	Receipts	Issued	Balances

4. Physical stock counting. This refers to the counting of stock physically to find out what is available in store and cross check to what is expected or with what is expected to be there as per stock cards.
5. Stock reconciliation. This refers to the process of up dating and balancing of all records regarding what is in the store so as to give a true record of what should be there. After up dating and comparing the records, the records are then checked to what is physically in the store.
6. Stock taking: This refers to the actual counting of stock available in the store. The entrepreneur counts his/her stock one by one so as to ascertain the actual number of goods kept in the store.

LABOUR REQUIREMENTS.

An employee, is a person who works for the business in return for a wage or salary. An employee provides skilled, semi – skilled or unskilled labour.

TYPES OF LABOUR

Skilled worker: Is any person who has special skill, knowledge or ability in his work ie the person who possesses knowledge and skill in his area of work and can produce best production. A skilled worker may have attended college, university, technical school or learnt the skill on the job.

Semi-skilled worker: Is a person who possesses certain skills in his area of work and can be able to perform a job in his area, however close supervision is required.

Unskilled workers: Is one who possesses no special training and whose work involves the performance of the simple duties which require the exercise of little or no independent judgement or previous experience although familiarity with the occupational environment is necessary.

NEED FOR LABOUR IN AN ENTERPRISE (Reasons for labour)

1. To increase production of goods and services.
2. To manage business operations.
3. To combine with other factors of production to aid the production.
4. To facilitate exploitation of the would be idle resources.
5. To promote good public image of the business.

LABOUR PLANNING

Labour planning refers to determining of the number of workers, skills and salaries or wages of the labour force.

FACTORS CONSIDERED WHEN DECIDING ON THE NUMBER AND TYPE OF EMPLOYEES TO WORK IN A PLANNED BUSINESS.

1. Types of skills required: Different businesses require different skills to do the work eg carpentry skills for carpentry business, negotiation skills and communication skills for marketing.
2. Number of jobs available: These may vary with the size of the business ie small business have less jobs available and hence a small number of employees. On the other hand more jobs may be available in bigger businesses hence a higher number of employees.
3. Cost of hiring labour in relation to the business output and profits. High costs involved in hiring labour reduce business profits and consequently few people are employed and low costs in hiring labour increase business profits.
4. Family members supporting the business: Presence of enough family members who can support the business results into few workers and few family members results into employing many workers.
5. Level of demand for the products: High demand forces the entrepreneur to employ many workers and while low demand leads to the employment of few workers.
6. Level of technology used in business: High technology limits the number of workers while low technology leads to many workers being employed.

FACTORS CONSIDERED WHEN RECRUITING WORKERS IN AN ORGANISATION.

1. Age of the employee: Employer always employ people above 18 years or more than those below the age of 18 as this would be taken as child labour according to the law.
2. Cost of the employee: Employers want to employ cheap labour and give them low wages in order to maximise profits.
3. Gender / sex of the employee: Some employer prefer men to women while others prefer women to men. This is due to difference in nature of work.
4. Number of workers needed: For a bigger business the number of workers should be relatively high as compared to a smaller business that requires less labour.
5. Working experience of the employee: Many employers look at the knowledge and skills that workers have before giving them a job. In most cases, employees are interested in experience of the workers who will increase on the business profits than those with little or no work experience.
6. The type of skills required ie ability of the workers: Employees who possess the skills required in production are recruited more than semi-skilled and unskilled.
7. Healthy conditions of the employee: Employer normally employ workers with good health status as they are in position to be associated with high levels of absenteeism from work.
8. Marital status: Most employer prefer people who are single because they will be committed to work and are flexible compared to married people with a lot of responsibilities and at the same time inflexible.

9. Language spoken by employees: Some business require people who can speak a variety of languages eg a radio and TV stations and journalists. This is because of the nature of the business that consists of customers with varied languages.
10. Nature of the job: Some jobs are too physical and require strong workers while others are not.

PRODUCTION MACHINERY EQUIPMENT, TOOLS NAD FACILITIES.

Machinery refers to a group of machines in general that gets the work done. A machine on the other hand refers to a device in which each part works together to perform some function eg sewing machine, recording and counting machine, vending machine, working machine.

Equipment: are the things needed to do some work. Some machines which are specific for particular functions are also referred to as equipments eg computers, cash counters, calculators, type writers etc. However, the word machinery and equipments are often used interchangeably.

Tools: A tool is any instrument or apparatus like axe, hammer, spade etc which I held in the hands for doing some work. However tools can also be equipments although not all tools are equipments.

FACTORS CONSIDERED WHEN SELECTING MACHINERY TOOLS AND EQUIPMENTS

1. Cost of the machinery and equipment: Machines whose cost is relatively low and affordable are purchased more than those which are expensive.
2. Capacity of machines and equipment: Machinery with higher production capacity that enables the entrepreneur to meet his / her demand is normally selected than that with low production capacity.
3. Ease in maintenance and repair: Machinery that has spare parts and repair services available are more selected than those whose spare parts and maintenance services are scarce and expensive.
4. Flexibility for adjustment: Entrepreneur usually select machinery that can easily be adjusted to the changing needs tastes and preference of customers.
5. Sources of machinery and equipment: Entrepreneurs usually buy machinery from reliable suppliers other than from less reliable sources eg people prefer machinery coming from England to those of China.
6. Availability of spare parts/complementary: machinery and equipment whose spare parts are readily available is more preferred to those with limited complementary components.
7. Simplicity and ease to use machinery equipment: The machinery and equipment to be bought should be easy to operate so as to ensure proper use and minimise accidents especially to workers.
8. Guarantee given by the manufacturer in terms of efficiency, durability, maintainance and safety devices encourages, businesses to select that kind of machinery compared to those without guarantee.
9. Productivity and efficiency of machinery and equipment. More efficient machinery is usually selected than inefficient machinery.

10. Durability / useful life of machinery and equipment. Machinery which is more long lasting is usually selected to reduce an unnecessary costs of buying or replacing for machinery.
11. Terms and conditions for payment for machinery and equipment. Most entrepreneurs select raw materials from suppliers who offer favourable terms of purchase eg discount, credit facilities etc.
12. Government policy in relation to conservation of the environment: When selecting machinery and equipment, one should consider government regulations in relation to environmental protection eg protection of the environment against pollution resulting from dangerous gases from industries, exhaust fumes, noise and vibrations caused by heavy industrial machinery.

TECHNOLOGY FOR SMALL ENTERPRISES.

Technology refers to the know how, design and intellectual input of doing things. Technology is constantly changing the demands of consumers. Entrepreneurs should realise that new technology development such as internet and cell phones increase the exchange of information and may have an effect on the operations of their business.

Entrepreneurs should be made aware of new technologies by attending trade exhibitions, conducting small business development agencies and visiting other areas of their own country as well as neighbouring countries to gain ideas regarding technologies which would be appropriate to their local conditions.

CHARACTERISTICS OF APPROPRIATE TECHNOLOGY

1. **Simplicity:** Appropriate technology should be simple to use. The user of such technology should be able to apply it without encountering problems.
2. **Availability:** Technology that is most appropriate is the one that is readily available locally.
3. **Flexibility:** Appropriate technology should be flexible enough to adopt to changing times in future.
4. **Efficiency:** Technology should be efficient in its utilisation of local resources.
5. **Cost effectiveness:** The overall benefits should be greater than the cost of technology.
6. **Effectiveness:** Appropriate technology is the one that fits the objectives of the user.
7. **Durability:** Appropriate technology is the one that is durable and requires less maintenance and repairs.

PRODUCTION EQUIPMENT AND FACILITIES.

These are facilities and equipment required to produce a product or a service. They include:

1. Plant layout and civil works.
2. Choice of technology and machinery.
3. Plant capacity.

PLAN LAYOUT

Plant layout refers to arrangement of physical facilities such as machinery, equipment, furniture etc within the factory premises in such a manner so as to have quickest flow of work at the lowest cost and least amount of handling in processing a product from receipt of materials to the shipment of the finished products.

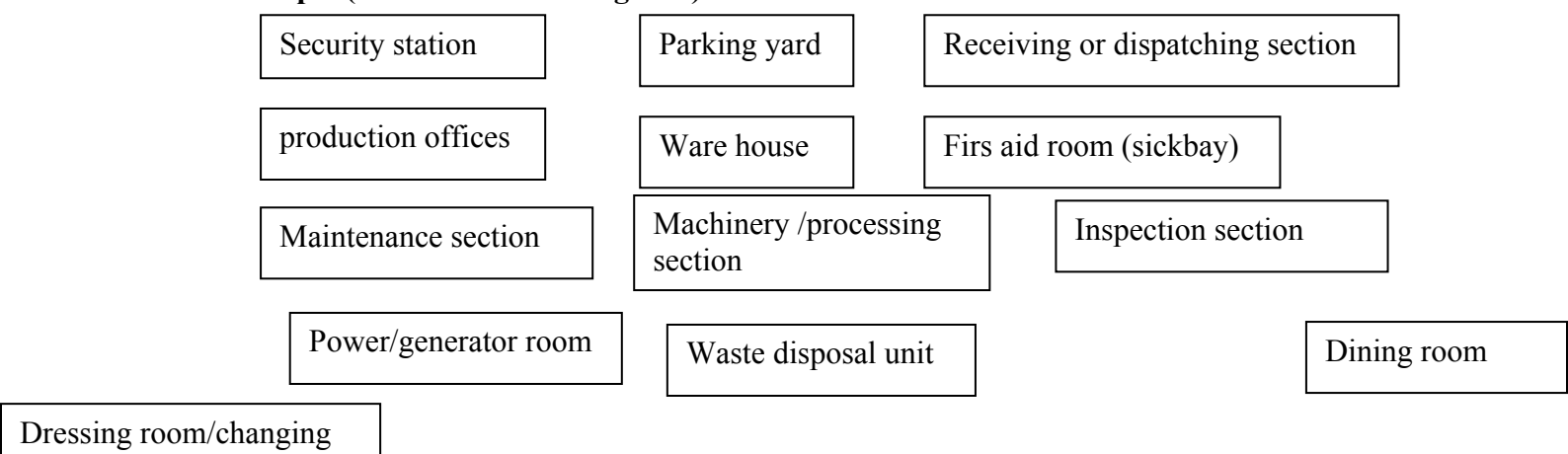
Types of plant layout.

1. Manufacturing businesses units.
2. Trading units.
3. Service units.

Factors considered when deciding a plan layout.

1. Nature and size of the plant or factory building.
2. Types of machinery to be used.
3. Production process.
4. Nature of the product to be produced.
5. Plant environment.
6. Human needs
7. Repairs and maintenance.

Sample (for a manufacturing unit)



Importance of a plant layout.

It minimises material handling costs and time.

It allows flexibility in operations.

It provides employees safety, convincing and comfort at work.

It leads to labour efficiency, proper supervision and control.

It encourages economic use of the plant building.

It improves the work station by ensuring maximum exposure to natural light and ventilation.

PLANT LOCATION

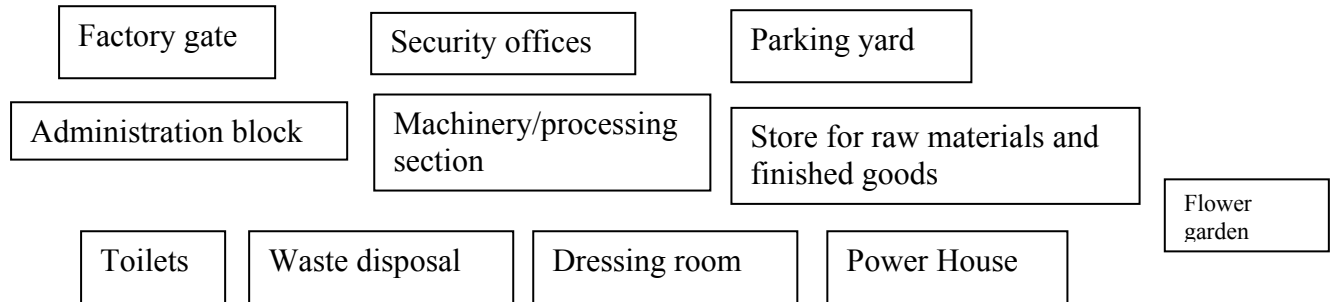
This refers to the choice of an area and selection of the particular site for setting up a business or factory.

Factors considered when selecting a business taxation(site)

1. Availability of raw materials.
2. Availability of market.
3. Availability of labour (both skilled and unskilled)
4. Availability of transport and communication facilities.
5. Availability of power.
6. Availability of support services like banks insurance company, schools, hospitals etc
7. Political climate / political stability.
8. Regional government policy.

SITE PLAN

A site plan is a drawing of the entrepreneur's premises showing the property lines and structures that currently exist on the land eg factory buildings, fence, garage, flower garden etc.



COSTING OF PRODUCTION

Costs of production are expensive incurred when producing goods and services.

Costing: This is an analysis of various items, which together from the selling price of a manufactured article sold by a small manufacturing unit at a profit.

TYPES OF COSTS

1. Direct /Prime costs

These are costs that are directly linked to the level of production of goods or services. In a producing business, direct costs consists of costs incurred towards purchasing direct materials (raw materials and labour)

Types of direct costs

1. Direct materials costs

Direct materials refer to those materials that can be physically identified and traced to a particular product as part of the finished product eg wood/timber that is used in the manufacture of furniture, cotton for clothes etc.

2. Direct labour costs (direct wages):

Direct labour consists of the labour that can be specifically identified or traced with the production of a particular product eg wages of workers who are directly involved in the operation of the machine engaged with the production process and those who assemble parts into finished products.

3. Direct expenses

These are expenses that are directly linked with the production of a particular product eg the cost of hiring machinery to produce a particular product. Example (case study) of small carpentry workshop)

The following would be the direct / prime costs.

Item	Cost (shs)
Direct materials – timber	200,000
Direct labour – wage of joinery staff	100,000
Direct expenses – transport / fuel	50,000
Total prime cost	350,000

No.2 Indirect / work/overhead costs.

These are costs that cannot easily be traced to a particular product.

Types of indirect costs.

1. Indirect materials:

These are materials that are not traceable to a particular product eg glue, sand paper, lubricant, cotton, wastage etc.

2. Indirect labour:

It consists of supportive labour of a product eg managers, administrators, watchmen, gate keepers, secretaries, tea girls

3. Indirect expenses: These are a type of business expenses that are not linked to a specific product or a given range of production level eg rent, insurance, repairs, electricity telephone bills and other office expenses.

Example carpentry , workshop

Item	Cost (shs)
indirect materials – glue, vanish, nails etc	150,000
indirect labour – salary of managr	200,000
indirect expenses – cash for uncertainties stationery etc	100,000
Total overhead cost	450,000

NOTE: The total of prime costs and overheads is referred to as total production cost which is the summation of total direct costs and total indirect costs. Using the case of carpentry workshop, it appears as below.

Item	Unit Cost (Shs)	Total Cost (Shs)
Direct/Prime costs		
Direct materials – timber	200,000	
Direct labour – wage	100,000	
Direct expenses – transport	50,000	
Total direct costs		350,000
Indirect / overhead costs		
Indirect materials – glue, vanish	150,000	
Indirect labour – salary of manager	200,000	
Indirect expenses – stationery	100,000	
Total overheads		450,000
Total production costs		800,000

NOTE: There are other costs incurred by the business I addition to direct and indirect costs.

- Selling and distribution overheads: Those are indirect costs incurred during the selling and distribution of goods and services. Examples include: advertising, sales promotion, delivery expenses, salary of foremen, costs of samples given to potential buyers, free gifts, packing cases, insurance for ware houses, delivery vans.
- Administrative overheads: These are indirect costs incurred by the business during the formulation of policy, direct control, management and supervision of its affairs. Examples include: printing and stationery for administration, administrative salaries and allowances, telephone expenses, heating and lighting , general expenses, depreciation of office equipment.

ITEM	UNIT COST (SHS)	TOTAL COST (SHS)
Direct costs/ prime		
Direct materials – timber	200,000	
Direct labour – wage	100,000	
Direct expenses – transport	50,000	
Total direct costs		350,000
Indirect /overheads costs		
Indirect materials – glue , vanish	150,000	
Indirect labour – salary of manager	200,000	
Indirect expenses stationery	100,000	
Total overheads		450,000
Total production costs		800,000
Selling and distribution overheads	100,000	
Administrative overheads	100,000	
Total cost		200,000

Ways of minimising / lowering / reducing the cost of production in a business.

1. By ensuring use of efficient and effective method of production.
2. By use of cheap but qualitative method of production.
3. By using fixing time standards for all operations.
4. By using appropriate technology in production.
5. By ensuring close and constant supervision and monitoring.
6. By training and developing of employees.
7. By employing skilled and experienced labour force.
8. By spelling out duties and responsibilities for each employee to minimise conflicts and waste of services.
9. By studying the lead time.
10. Awarding tenders for suppliers and raw materials to complete reliable and affordable suppliers
11. Laying of redundant workers.
12. Proper handling and storage of raw materials and finished goods.

Item	Unit cost (shs)	Total cost (shs)
Direct /prime costs		
Direct materials – timber	200,000	
Direct labour – wage	100,000	
Direct expenses – transport	50,000	
Total direct costs		550,000
Indirect / overheads costs		
Indirect materials – glue, vanish	150,000	
Indirect labour – salary of manager	200,000	
Indirect expenses –stationery	100,000	
Total over heads costs		450,000
Total production costs		
Selling and distribution overheads	100,000	
Administrative overheads	100,000	
Total cost		1,000,000

PACKAGING OF BUSINESS PRODUCTS.

Packaging refers to wrapping, crafting, filling or comparing of goods to protect them from spoilage, breakage, leakage, contamination etc in the process of transit, storage and use. It helps to make goods easy to handle and also makes them attractive to customers.

TYPES OF PACKAGING.

1. Bottling and canning
 - Bagging or putting in gas.
 - Baling or tying in bags.
 - Tinning or putting in tins.
 - Putting in boxes.

FACTORS TO CONSIDER WHEN CHOOSING THE TYPE OF PACKAGING TO BE USED FOR A PRODUCT.

1. Cost of packaging in relation to the value of the good being packaged. Entrepreneurs should always move in for low cost packaging materials but of quality so as to minimise operating costs and maximise profits.
2. Availability of packaging materials in the required amounts. The entrepreneur should ensure that there are always enough and sufficient quantities of packaging materials whenever required as to maintain the production schedules of the business.
3. Nature of the product to be packaged eg liquid products into bottles and cans, cotton into bales etc.

4. Quantity of packaging material: packaging materials usually have an impact on the final product of the business therefore it is important that the entrepreneur stocks packaging materials of goods quality standards for quality output.
5. Sources of packaging materials and suppliers. The entrepreneur should ensure that he buys his packaging materials and suppliers from reliable sources so as to minimise unnecessary losses.
6. Unit cost of packaging materials required poor production cycle and inventory levels to be maintained.
7. Purpose for the packaging. Different products serve different purposes through profits should be packaged according to the products.
8. Means of transport to be used.

IMPORTANCE OF PACKAGING.

1. Good packaging materials are usually strong enough to protect the content from rough handling and external conditions.
2. Well packaged goods are easy to handle and transport to consumers especially liquids, cereals and flour.
3. Packaging is a means of preserving the contents. Goods especially food products and chemicals are protected against atmospheric germs and contamination.
4. Goods packaged well and attractively create good product image. This facilitates the selling and identify the product through its appearance and this promotes sales of a given product.
5. The products are usually packed in relatively small sizes. This makes it easy to display in retail stores in addition to every prizing and maintaining of quality.
6. Packaging goods are easily delivered to customers for instance by mail order services. This makes their distribution easy.
7. Instruction labels on packaged goods serve as a guide to educate the customers about the content and usage of the product.
8. Self service is also possible with packaged goods.

QUALITY MANAGEMENT

Quality refers to the ability of a good or service to meet/satisfy the customers requirements or wants.

Quality is the totalling of attribute / characteristics of a good or service that bears on it ability to satisfy the stated and implied needs of an individual. Such attributes may be colour, weight, dimensions, chemical composition/ physical properties of goods.

ATTRIBUTES THAT DEFINE QUALITY OF A PRODUCT.

1. Performance: This refers to the basis of primary operating of a product eg in case of a TV, performance may mean picture, sound, clarity etc.
2. Features: There are secondary operating of a product. They supplement the basis functions of a product eg a DVD player on a computer.
3. Durability: This measures the product life. Therefore durability is the amount of use one gets from a product before it breaks down. The longer the life of the product means its quality.
4. Reliability / guarantee: (expiry date of the product) This refers to the probability of a product failing within a given period of time eg in case of a TV that has one year guarantee, if it breaks down after 3 months then it is not a reliable product.
5. Conformance: This refers to the degree to which a product design and operating to meet the set standards like weight eg bread which is sold in different weights like 500g. 1kg. In this case, if a loaf of 400g is being sold as 500g bread, then it does not conform to the set standards and hence it will be said to have poor quality.
6. Serviceability: It refers to speed, completeness and ease of repair of a given product. Consumers not only mind about the pot breaking down but also the time before the service is restored.
7. Perceived quantity: This is how consumer view things. Consumers have different tests and therefore, perceive quality of products differently basing on things like images, advertising, brand remorse etc..

Common Terms Used in Relation to Quantity.

1. Quality policy: This refers to overall intentions and direction of a business or an organisation with regard to quality or prescribed by the top management. Quality policy is normally expressed as developed by the top management and is communicated to the subordinates/ workers.
2. Quality planning: It refers to the establishment of what the business or an enterprise is planning to do so as to achieve quantity. It refers to establishment of measures that an enterprise is going to do so as to achieve quantity.
3. Quantity control: This refers to activities and operational techniques that are used to fulfil the requirements for quality.
4. Quality system: This refers to the organisational structure, procedures, process and resources needed to implement quality management.
5. Quality assurance: This refers to all the planned and systematic activities which are to be implemented within the quality system so as to achieve quality.

CONSUMERS' MISCONCEPTIONS ABOUT QUALITY.

1. Misconception about price: Usually consumers assume that the higher the price of a good or service, the higher the quality of such a product. However, this may not always be the case.

2. Misconception about the brand name: Consumers usually assure that some products are superior to others basing on their brand names. This is because a brand name tends to give a product either a good or bad reputation.
3. Misconception about durability / guarantee: Here different consumers assume that quality products are these ones that take a long time to expire or breakdown.
4. Misconception about the origin of the product: Some consumers tend to assure that good quality products are produced from specific places or countries eg quality electronic products and cars are made in Germany.
5. Misconception about consumers point of view. consumers perceive quality of products differently. This is due to differences in consumers tastes and preferences.
6. Misconception about size of the product: consumers consider quality products as those that can serve to purpose while in large quantities.

FACTORS THAT INFLEUNCE THE GENERAL QUALITY STANDARDS OF AN ENTERPRISE.

1. Selection of raw materials that are used as inputs in the production. The use of poor quality raw materials usually results into poor quality products while use of good quality raw materials yields quality products.
2. Cleanliness of the environment under which the product is being developed. A clean environment under which a good is produced helps in the production of quality products compared to unclean environment.
3. Packaging
The way of packing the product may affect its quality in various ways eg packaging can lead to contamination , it can also bring damage or it can lead to expiry if the product is kept for a long time. Therefore, the entrepreneur or producer should consider the packaging materials to ensure that the design of the product conforms to the planned packing materials.
4. Technical specification regarding quality and quantity.
This affects quality of a product in a way that if there is any change in technical specifications like mixing of ingredients or size of the product the product quality and quantity will be affected.
5. Storage of raw materials and finished goods.
Poor storage results into low quantity products while proper storage leads to quality products.
6. Limits of deviation from the set standards.
These are always set standards for quality that should be maintained. However, if there is any deviation from the set standards, the quality of the final product is affected.
7. Machinery used in the production.
The use of unsuitable machines lead to production of low quality products while use of suitable machines lead to the production of quality products.

8. Availability of the necessary skills for production of a product. use of skilled workers leads to quality output while unskilled workers lead to poor quality.
9. Product design and development.
While designing a product to be manufactured and sold, it is important for an entrepreneur to ensure that he provides a product of a right design as demanded by consumer.

QUALITY CONTROL

Quality control refers to various activities and operational techniques employed by an entrepreneur to achieve and maintain quality of a product or service.

Or

Quality control, means measures under taken by an entrepreneur to ensure that high quality products are produced.

Why is it necessary to observe quality in Business (importance of quantity)

Reasons to maintaining quality.

1. To improve the brand image of the business. Quality control helps to improve the brand new image of the business which helps the business to expand its market share.
2. To reduce the costs of production which results from minimising of wastage of raw materials when producing poor quality products.
3. To create consumer loyalty. Quality control helps an entrepreneur to maintain his customers as he has to design and develop a product that conforms to the needs of the consumers.
4. To facilitate standization of the business products ie production of uniform goods or services.
5. To comply with quality standards prescribed by relevant authorities eg UNBS (Uganda National Bureau of Standards).
6. To produce quality products which improves the image and reputation and image of the entrepreneurs business.
7. To out compete other competitors in the same line of business.
8. To determine product costs and prices of competitive levels in advance of production.
9. To achieve business objectives concerning quality specifications.
10. To maintain business customers through improved product quality.

QUALITY AND PRODUCTION MANAGEMENT.

Quality control involves activities at all phases of production process ie product design, purchase of raw materials, marketing / market research, production machines and their installation., production of a product, storage of materials and finished goods, (productive) packing, sale and distribution.

In the process of producing a product, the quality of the end product is influenced by activities in each phase of the production process.

PHASES AND ACTIVITIES IN THE PRODUCTION PROCESS THAT HAVE AN IMPACT ON QUALITY.

1. Marketing and market research for the product. This involves collecting and analysing information related to markets so as to find out the opinions of potential customers about the product that entrepreneur tends to produce.

2. Product design and development.
This stage involves planning for shape, fashions size and colour of the product to be produced.
3. Purchase of the production raw materials.
Poor quality of raw materials lead to the production of poor quality products and good quality of raw materials leads to production of quality products.
4. Production of the product.
This stage involves transforming of raw materials through the use of inputs like machines into finished products.
5. Packaging and storage of the product.
This involves wrapping and compressing of products produced in various packing materials so as to protect them from spoilage and damage and for easy transportation.
6. Selling and distribution of the product.
This involves relating of an appropriate channel of distribution and an effective mode of transport to enable the enterprise products to reach the final consumers.
7. Installation of the product at the users premises.
After distribution of the product, the enterprises or sales person installs the product the consumers premises which can be free or at the small fee. However, this only applies to those products which require installation like machinery and equipment.
8. Technical assessment and servicing of the product.
This is the last stage in the product life cycle. It involves the activities carried out to consume that the consumer is satisfied with the good or service and the entire business enterprise. It includes after sale service/ activities like checking and ensuring product smooth performance and servicing or maintenance.

WAYS / MEASURES OF ENSURING QUALITY OF A PRODUCT IN BUSINESS.

1. By ensuring selection of better raw materials.
The entrepreneur should ensure use of good quality raw materials so as to produce quality products.
2. By monitoring and supervision of the production process to ensure that the good produced conform to the set quality standards.
3. By ensuring proper packaging of the product.
The entrepreneur should ensure use of suitable packaging materials in line with the product design.
4. By selecting appropriate production machines and ensuring proper installation of such machines and equipment.
5. Through carrying out market research because developing and production and even in the process of making the product so as to understand the need for customers.
6. By employing labour with the required skills to perform the production of the intended product.
7. Through ensuring proper sale and distribution of the product. This requires the entrepreneur to select the suitable channel of distribution of each product.
8. By considering the technical specification regarding quality and quantity of the product to be produced like mixing of ingredients or chemicals, size of the product etc.
9. Through ensuring good or right product design and branding of the goods as demanded by the customers.

10. By ensuring a clean environment under which the product is to be produced.
11. By ensuring proper storage of both raw materials and finished products.

PRODUCT (LIFE CYCLE 'PLC')

The product life cycle refers to the combination of various activities that influence the quality of a given business product. The product life cycle merely views an enterprise from the angle of production management. However, other angles to view and analyses can be chosen as well and there are human resource management and financial management.

PRODUCT LIFE CYCLE STAGES

1. Introduction / Development stage.
There the market size and growth is slight. It is possible that substantial research and development costs have been incurred in getting the product to this stage.
 1. Sales generally are low.
 2. Profits tend to be very low/negative because of low sales and high unit costs.
 3. Competitors tend to be few in numbers.
 4. Production costs tend to be high on per unit basis.
 5. Marketing costs requires for creating awareness intends and for introducing the product into distribution channels or high.
2. Growth stage
 - This stage is characteristics by rapid growth in sales and profits. Profits arise due to or increase in output and possibly better prices.
 - Sales increase rapidly and this can be due to:
Consumer rapidly spreading positive word of mouth about the product.
 - An increasing number of competitors enter the market with their own revision of the product.
 - promotion effect which is the result of individual firms employing, advertising and other forms of promotion to created market awareness.
 - Decline costs on per unit cost.
 - Declining unit costs and rapidly increasing profit due to increasing sales.
 - Competition continues to grow throughout this stage.
3. Maturity stage.
It is in this stage that competition is most intense as companies fight to maintain their market share. There is both marketing and financial become key activities.
 - Solar continue to grow during the early part of the maturity out of a much lower rate the experienced during the growth stage.
 - Costs continue to rise during this stage because of competition.
 - competition is most intense during this stage.
4. Decline stage
Under this stage the market is shrinking, reducing the overall amount of profit that can be shared amongst the remaining competitions.
 - Sales continue to deteriorate through decline.
 - profits continue to erode during this stage with little hope of recovering.
 - There are generally a significant number of competitors still in the business.
5. Withdrawal stage.
There is a down turn in the market ie because of new innovation or consumer tastes changing.

BENEFITS OF PRODUCT LIFECYCLE IN AN ENTERPRISE

1. It helps the entrepreneur in product decision making.
2. It enables product designers and service providers, government agents and individuals to make choice.
3. It leads to improved product quality
4. It reduces wastage of products and raw materials.
5. It minimises production costs through reuse of the original data.
6. it enables the entrepreneurs ability to quickly identify potential sales opportunities and revenue contribution.

PROBLEMS / CRITICISMS OF PRODUCT LIFECYCLE.

1. It does not in anyway predict the length of each phase/stage and it cannot be used to forecast sales with any accuracy.
2. The model is self filling eg if a marketer decides that a product is approaching its decline phase and stops activity marketing it, the producers sales will almost inevitably decline. This might not have happened had it been managed as it was still in its maturity stage.
3. It is possible that by improving a product aggressively on an ongoing basis, growth can continue for a long time.
4. Successful marketers need to draw on a wide rage of data and analysis to help them decide which phase a product is in and whether that phase can be explained.

TOTAL QUALITY MANAGEMENT.

Total quality management is a method designed to prevent errors such as poor quality products from happening.

It can also be defined as an integration management concept of continually improving the quality of the delivered goods and services through the participation of all levels and functions of the organisation.

ELEMENTS / FEATURES OF TOTAL QUALITY MANAGEMENT.

1. Quality chains.
It emphasises the linkages between suppliers and customers. The chain remains intact if the supplier satisfies the customer.
2. Company policy and accountability.
Total quality management starts from the top with the most senior executive and spread through the business to every employee. People must be totally committed and taken a pride in the job. Lack of commitment particularly at the top causes problems eg if the managing director lacks commitment employees are unlikely to commit themselves.
3. Control
Customers needs will only be satisfied if the business has control of the factors that affect the product's quality. These may be human, administrative or technical factors.
4. Monitoring process.
Total quality management relies on monitoring the business process to find possible improvements.
5. Team work.
Total quality management stresses that team work is the most effective way of solving problems.
Team work builds trust and moral improve communication and cooperation and develop inter-dependence.

6. Consumer views.

Firms using total quality management must be committed to their consumers. They must be responsible to changes in peoples needs and expectations.

7. Zero defects

Many business quality systems have a zero defect policy. This aims to ensure that every product that is manufactured is free from defects. A business that is able to guarantee zero defects in customers orders is likely to gain a good reputation.

BENEFITS OF TOTAL QUALITY MANAGEMENT.

1. Focus clearly on the needs of customers and relationships between supplies and customer.
2. Achieve quality in all aspects of business, not just product or service quality.
3. Critically analyse all processes to remove waste and inefficiencies.
4. Find improvements and develop measures of performance.
5. Develop a team approach to problem solving.
6. Develop effective producer for communication and acknowledgement.
7. utilize human resources better (getting the right person for the right job).
8. Continually review the processes to develop a strategy of constant improvement.
9. Increase flexibility in meeting market demands.
10. Reduce product development time.

QUALITY BUSINESS MANAGEMENT TASKS.

1. Planning. Is a management task which involves the establishment of goals and objectives of a business. It also determines the ways in which the goals and objectives will be achieved.
2. Organising. It refers to identification of what activities are to be done, grouping those activities into sections/departments and designing or delegating the activities to particular individuals to carry them out.
3. Staffing. It involves the process of recruiting, training, compensating and evaluating employees who do the identified tasks. It also involves giving employees incentives like good salaries/wages housing and medical facilities or allowances which makes them committed to their work.
4. Controlling. Controlling in small enterprises deals with monitoring the goods purchased and sold, money received and paid out,, stock and other property of the business controlling consists of actions that are undertaken to ensure that the activities alone do not differ from pre-arranged plans.
5. Leading. It involves motivating and guiding employer about the procedures and methods of work in the organization. Leading is done by lead by example (walk the talk), and through open communication and motivating staff through appreciation.
6. Communication. Is a process of passing information from one person to another. Though communication, an entrepreneur transmits and shares ideas, opinions, facts and information to his suppliers, workers and customers for successful performance.

7. Motivation. Is the process of encouraging people to give their best towards the achievement and get employees to willingly pursue business objectives. Entrepreneur motivate their employees through different ways including paying them fairly well, job security, promotions, allowances, bonuses etc.
8. Budgeting. A budget is a document showing expected income and expenditure of an enterprise for a given period of time. It is a detailed plan expressed in financial terms. The process of preparing a budget is referred to as budgeting. A budget is used in motoring and controlling or well as implementing of business activities.

Summary

Planning – this involves the goals and objectives.

Organising –

Staffing – Involves the process of receiving, training workers.

Controlling –

Leading –

Communication

Motivation

Budgeting

PARTICULARS	QUALITY	UNIT COST (SHS)	AMOUNT (SHS)
Income			
Total sales			
Expenditure			
Total expenditure			
Grand total			

Benefits of budgeting

1. It provides managers with a way to cost their plans and see their financial implications.
2. It provides specific goals and objectives that serve as a yard stick for evaluating performance.
3. It reveals problems before they occur.
4. It coordinates the activities of the entire business by intergrating plans and objectives of various departments.

PROBLEMS OF TOTAL QUALITY MANAGEMENT.

1. There is training and development risks of the new systems.
2. It only worker if there is commitment from the entire business or organization.
3. There is a great deal of bureaucracy and documents and regular audits are needed. This may be a problem for small firms.
4. Stress is placed on the process and not the product.
5. Some worker and unions regard total quality management as management by stress and a way of de-unionising works places.
6. It delegates the determination of quality to quality experts because total quality management is complicated entity beyond the comprehension of the average employee.

TYPES OF BUSINESS COMPETITION.

1. Pricing
If a similar service can be offered at a cheaper price, one stands.
2. Packaging
This includes the way one decorates his/her premises, the way the sales person neatness and colour of the product wrappers or customers and neatness of the packaging.
3. Improving quality
By improving the quality of the product, it is possible for the enterprise concerned to attract a larger share of the market.
4. Offering convenience services.
This includes staying open late or during lunch when other businesses are closed and working for long hours.
5. Treating customers with respect.
People generally choose to go where they are treated with dignity. One should adopt the attitude that the customer is always right no matter how wrong he/she is.

FACTORS CONSIDERED IN ANALYSING COMPETITION.

1. Description of competitors.
This involves identifying and characterizing those businesses which will be competing with you.
2. Size of competition.
This involves finding out the various indicators of size of your competitors for instance analyzing the assets and sales volume, number of employees, branches etc of the major competitors.
3. Profitability of competitors
This involves trying to determine how profitable the business is among those enterprises already in the field /market.
4. Operating methods.
This involves trying to determine the relevant and operating methods for each of the major competitors eg operating hours, product pricing, servicing, packaging quality methods of selling etc.

POSITIVE EFFECTS OF COMPETITION.

1. It results into better customer satisfaction.
With competition the producer always ensures that the product or service, he produces gives the customers maximum satisfaction in order to induce him / her to buy the product to service again.
2. It leads to more efficient production.
Competition makes producers to find production methods that are efficient in terms of using raw materials, using less time and producing better quality.
3. It leads to better employment remuneration (pay) competition forces employers to pay their highly skilled employees good salaries especially when those employees are likely to be taken away by competitors.

4. It leads to product quality improvement.
Competition makes producers to vary their products or services in order to make them better and different from those of competitors and this increases customer satisfaction.
5. Competition shows them what is possible by broadening and opening entrepreneurs minds open to new possibilities ie if he can do that, may be I can do that to.
6. competition encourages entrepreneurs to work harder and excel and this boosts self esteem when one does well.

NEGATIVE EFFECTS OF COMPETITION.

1. It results into small market share due to limited number of customers that businesses are competing for.
2. It creates scarcity of resources like raw materials, employees etc that become expensive due to high competition.
3. It focuses on winning of any cost and this leads to cheating, and hurting other people at times.
4. Competition hurts the entrepreneurs self esteem if they always lose.
5. It makes entrepreneurs believe that winning is more important than playing well or having fun or being safe.

MARKETING MANAGEMENT

Marketing is the performance of activities that are necessary to get the goods or services from the producer to the customer resulting into customer satisfaction and realization of profits on the part of the entrepreneur.

Marketing involves a set of business activities designed to produce, use price, promote and distribute satisfying goods and services to customers. The activities involved in marketing include the following

- Finding out what customers want.
- Developing or providing goods and services that meet the needs of the customers.
- Setting prices that customers can afford and are willing to pay and will enable the entrepreneur to make profits.
- Making the products available at places where customers can easily access them.
- Promoting the goods by informing and attracting customers to buy them (promotion)

Market is a situation where buyers and sellers come into contact to exchange a commodity using a given medium of exchange.

TARGET MARKET POPULATION.

A target market population is where the likely buyers of entrepreneurs products are to be sourced or got from OR.

A target market population is where an entrepreneur is supposed to sell his or her goods eg children, women, men, students, organization like hospitals, schools, hotels etc.

FACTORS THAT DETERMINE TARGET MARKET POPULATION.

- Income levels of the people: The higher the income the higher the demand hence a bigger market population and the lower the income, the lower the demand which leads to a small target market population.
- Market share of the business. The bigger the market share the bigger the target market population and a small market share means a small target market population.
- Rate of competition: The higher the level of competition in the market the smaller the target and less competition in the market leads to a bigger target market.
- Trends in market: this includes changes in population =, life styles, economic situations and government policies. For instance an increase in population means increase in demand and therefore a bigger target market population. On the other hand changes in economic situations like increased inflation and high taxes results into a low target market as they tend to reduce the purchasing power of customers.
- Consumption habits of customers: smokes spend more on cigarettes, sports people spend more on sports related activities while drunkards spend more on better or alcohol. This implies that a bigger market exists when customers are addicted to consumption of certain commodities or compared to a situation where customers are less attracted to particular commodities.
- Age and sex composition of customers. Different age groups require a variety of different specified products like children mostly demand to your sweets , ice cream, and dolls,. This result into high demand for such products, and hence leading to a bigger market or such category of customers.

MARKET RESEARCH

Market research is the systematic process of collecting and analyzing information relating to markets and opinions of the public about products of the firm to enable present and future decision making or is it

Is a process of collecting and anlysing information relating to demand for a good or service in order to identify market opportunities and problems.

AIMS / OBJECTIVES OF CARRYING OUT MARKET RESEARCH (Reasons)

- To find out the type and nature of product preferred by the customers at a given time.
- To increase sales or turn over of the film.
- To determine the quantity / volume of products to be put on market.
- To find out consumers reaction on the prevailing prices.
- To determine the best channel of distribution of goods and services for possible areas where distribution channel is most appropriate.
- To find out and follow up the effectiveness of advertising and sales promotion on the sales of a particular product.
- To offer the level of competition with rival firms.

METHODS OF COLLECTING DATA DRUING MARKET RESEARCH.

- Through interviewing: This method is used to collect information about customers knowledge, opinions, attitudes, references and their buying patterns. It involves face to face discussions between the researcher and the respondents about the problem at hand.
- Through observation: This method involves watching / observing certain factors in a given market in order to arrive at the general conclusions about the entire market. This method can be used to collect information which people do not want to give freely.
- Questionnaire method: This methods involves asking all respondents similar questioners. The questions are present in written form and given to respondents who are supposed to fill and return the questionnaires.

SOURCES OF DATA FOR CONDUCTING MARKET RESEARCH

- Company employees/ workers. These ones know the likes and dislikes of customers since they deal with them.
- Competitions: here data is collected by monitoring the activities of competitions in the same line of business.
- Customers: here the entrepreneur talks to customers to get their feelings about his or her product and ask them where improvement can be made.
- Company records and files: eg records relating to sales complaints, receipts, information relating to where customers live, work from, how they buy etc. This should be looked at and such information enables the entrepreneur to check on the effectiveness of advertising.

CHALLENGES FACED WHEN CONDUCTING MARKET RESEARCH.

- Language difference. Since there are several languages in Uganda researchers sometime miss the information they require due to inability to communicate in a language understood by everyone different respondents.
- Inadequate / insufficient funds: It is very expensive to carryout market research therefore small firms with limited capital may not be able to understand it and this greatly affects their planning.
- Inadequate skills of collecting data: there is limited skilled man power to effectively and efficiently handle market research which leads to inaccurate interpretation of information to the public.
- Inadequate transportation communication facilities: accountability of some areas of the country is very difficult due to poor road network therefore information from such areas cannot easily be got by researchers.
- Inadequate cooperation from the consumers or public. Some people refuse to answer the questions, others give wrong answers while others chase the researchers.
- Changes in demographic factors like population, age, sex etc all of which affect the findings.
- Competitors who sabotage effective data collection
- Insecurity/hostility: in some areas which hinders effective data collection.
- There is a possibility of getting information from a biased source/sample.

IMPORTANCE OF CARRYING OUT MARKET RESEARCH

- It helps an entrepreneur to check/access the effectiveness of his or her advertising and sales promotion activities.
- It helps an entrepreneur to find out the response of customers to new products development that he/she has introduced in the market.
- It helps an entrepreneur to identify problems in the current product and find areas of improvement so as to fulfill the customers' demands.
- It helps an entrepreneur to identify the changing market trends that may affect his or her sales and profit levels presently and in the future.
- It helps an entrepreneur to find out his or her market share i.e. the number of customers he or she is serving in the market.
- It helps an entrepreneur to find out who his or her customers are, where they live, what they want and when they want, their buying patterns etc.
- It helps an entrepreneur to know what people's opinions are regarding a particular good or service.
- It helps an entrepreneur to access the most favoured designs sizes, styles, flavours and packages which customers want most.

- It helps an entrepreneur to identify his or her competitors, their activities and strategies and devise various ways of out competing them.
- It helps an entrepreneur to collect information which can be used as a basis for marketing decision making.

MARKETING TECHNIQUES USED IN BUSINESS.

Marketing techniques refer to tools that may be employed by an entrepreneur so as to carry out marketing effectively. Marketing techniques cut across promotion, distribution and are also applicable to selling. They include the following;

- **Marketing decision making:** this involves making the right decision on how to market and distribute the products. Here, one may need to take decisions on how he/she is going to market a given type of product.
- **Effective communication:** this is an activity which takes place when a message is sent successfully from one party to another so that it can be understood and acted upon if necessary communication can be done orally/writing but what is important is that the target receiver must understand the message.
- **Display:** this involves making items of the entrepreneur known by strategically putting and arranging them in certain positions so as to attract the attention and arouse the interest of viewers.
- **Promotion and advertising:** these refer to means used to get the message about a product (goods and services) reach the intended customers. If properly done, promotion and advertising boost the sales of the business.
- **Offering discounts/price reductions:** this is a deliberate attempt by the producer or entrepreneur to slightly lower the prices of his or her products encourage customers to buy.
- **Negotiation:** this involves bargaining with the customers on how best the entrepreneurs' product can be sold and distributed.
- **Quality improvement:** it helps an entrepreneur to meet the needs of the market and therefore attain a bigger market share.
- **Personal selling:** this involves sending a group of individuals i.e. sales men to visit the customers in their homes or offices and discuss with them about the new products as well as the existing products sold by the firm.
- **Favorable pricing policies and strategies:** this helps an entrepreneur to capture a wider market as well as obtaining more profits from his or her sales.

PRICING OF GOODS AND SERVICES

This refers to the activity that involves attaching of monetary values to goods and services at which the entrepreneur is to offer his products.

FACTORS CONSIDERED WHEN DETERMINING PRICE OF A PRODUCT.

- **Marketing objective:** in this case the price to be set by an entrepreneur should be in line with the specific marketing objectives of the firm that will lead to overall organizational goals.
- **Costs of the product (cost of production)** The price to be charged should be able to cover the expense incurred and leave a profit to the entrepreneur. This means that where high costs are incurred during production high prices will be charged and where costs incurred are low a low price will be charged.
- **Price of competitors:** If a product has close substitutes, then the entrepreneur should charge similar prices or even lower than those of other entrepreneurs.
- **Elasticity of demand for the product:** the entrepreneur should charge relatively low prices for commodities whose elasticity of demand is elastic and relatively higher prices of commodities with inelastic demand.
- **Quality particular customers are able and willing to buy.** When customers are able and willing to buy in large quantities, the entrepreneur should charge a relatively low charge so as to

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maximizes sales. On the other hand, a relatively higher price should be charged where customers are buying in small quantities.

- Nature of the product: seasonal products like raincoats success and Christmas cards are usually at a higher price than products which are not seasonal in nature such as salt sugar, soap etc.

METHODS OF PRICING PRODUCTS.

- Cost oriented pricing. This is where the price is largely set basing on the cost of producing a particular product is higher cost higher price low cost low price.
- Competition oriented pricing: this is a method of fixing price which is determined basing mainly on the prices of the competitors for the some or similar product.
- Demand oriented pricing” this is pricing a product basing on its degree of demand. A high price is charged when the demand for the product is strong and a low price is set where the demand is low.
- Supply oriented pricing: this is pricing based on how much is supplied and the number of competing supplier are similar or related product eg if there are many suppliers, more will be supplied and hence a low price will be set and few suppliers means less will be supplied hence high price will be set.
- Bargaining / haggling: here the prices is determined by the discussion of prices and other conditions between the buyer and the seller with the aim of reaching an agreement on the pricing of the product.
- Market forces oriented pricing (forms of demand and supply. This is where prices are determined basing on the forces of demand and supply.
- Auctioning / bidding; this is where the seller offers a product for sale and sells for bids and any interested in buying is free to offer his or her own price. In this cases the highest bidder sets the price and eventually takes the commodity.
- Fashion oriented pricing. This is where prices are determined basing on fashions, designs or models eg people prefer shares designed or manufactured by Bata shoe company to others.
- Value oriented pricing. This is a method of pricing goods and services basing on the value of the product eg high value goods like gold, diamond are highly valued than others.
- Resale price maintenance. This is a system of cutting prices by manufacturers for retailers to sell at or where prices are fixed by manufacturers and maintained eg airtime, newspapers etc.
- Price leaderships; this is practice by firms with the largest share in the market. They set the prices and other firms follow.
- Government policy pricing: this is where government dictates prices of some essential products like sugar, salt petrol etc. this is done through price controls where the government may set either minimum or maximum price

CUSTOMER CARE AND CUSTOMER RELATIONS.

Customer relations and care are very important aspects in any business enterprise. The two help in working towards the improvement of sales of the business, since the customer is the king the entrepreneur needs to take care of him properly, show concern and attention among other things.

WAYS THROUGH WHICH AN ENTREPRENEUR CAN ENSURE GOOD CUSTOMER RELATIONS.

- Being honest to customers is being trust worthy while handling business transactions with customers and suppliers, finances and competitors is a very good altitude and promote good customer relations and care.
- Handling customers complaints well. It is important to address issuers or complaints that are presented by the customers eg under weight, over paired products, wrong size etc.

- Offering prompt and excellent services to customers. Customers need to be given good attention and they should be served whenever they show interest or demand for goods or services.
- Being pleasant i.e liking and doing the job with happiness.
- Provision of customer care when carrying out business transactions eg welcoming and greeting the customers.
- Having knowledge of the product i.e having the ability to explain to customer information concerning the products such as use, storage handling etc.
- Offering technical and after sales services like packaging, transport, etc.
- Improving on the quality of the product regularly depending on the market demands.
- Being efficient and available to consist the customers from time to time.
- He should be offering accessional price reduction or discounts.
- Extending credit facilities to trust worthy customers.
- Being clear when communicating to customers.

MANAGING PERSONNEL

Personnel management is the process of planning, organising, compensation, integration and maintenance of people for the purpose of contributing to organisational individual and societal goals.

It is the process of planning, monitoring, controlling and administering of personnel to include their recruitment motivation retention etc in the production process.

IMPORTANCE OF PERSONNEL MANAGEMENT.

1. It enables an organisation to get the right people to fill the right positions. This helps to increase productivity.
2. It enables entrepreneur to avoid overlapping of activities/functions in an organisation eg through job description/
3. It enables the organisation to develop and maintain labour productivity eg through training, motivation and performance appraisal.
4. It enables the organisation to create and ensure good working conditions for workers i.e good terms and conditions of service.
5. It encourages respectful for workers rights and helps workers to work within the labour regulations of the country. This helps to minimise exploitation of workers by employers.
6. It enables organisation to minimize dangers to motive and requirements by using technically competent people especially in manufacturing business.
7. It enables the organisation to minimize cost of operation that result on wastage of resources and time.
8. It enables the organisation to be efficient and effective in achieving its set targets it enables the organisation to achieve maximum output by utilising the available resources.
9. It encourages / promotes good public image and relations for the organisation and the general public.

PERSONNEL REQUIRMENTS OF A LARGE BUSINESS.

1. Job analysis.
2. Job description
3. Job specification
4. Job grading
5. Job preference standards.

JOB ANALYSIS

Job analysis refers to the systematic collection and recording of information concerning the jobs to be performed in an organisation. It involves the following activities.

- i) Identifying the purpose of the job.
- ii) Identifying duties and responsibilities of the job.
- iii) Stating the terms and conditions of the job.
- iv) Identifying the knowledge, skills, experience and activities required to perform the job efficiently and effectively.
- v) Identifying the reporting relationship.
- vi) Identifying the qualifications one should possess in order to perform the job.
- vii) Identifying the qualifications one should possess in order to perform the job.
- viii) Identifying personal qualities and behaviour eg age.
- ix) Identifying of physical and mental activities one should have to perform the job.

JOB DESCRIPTION

This refers to a written statement that gives details of tasks, duties and responsibilities of a particular and the reporting relationship.

It is a written document that gives details of content and relationship of each job. Content of job description.

- i) Type of job.
- ii) Location of the job.
- iii) Main duties and responsibilities of the job.
- iv) Job relations of other jobs.
- v) Any office equipment to be used on the job eg a computer.
- vi) Job terms and conditions ie whether pleasant or unpleasant demanding or undemanding etc.

Example of job description in case of sales manager.

DRUSKY PLASTIC LIMITED
P.O. BOX 200
KAMPALA (U)
0774200600

“Dealers in the production of quality plastic products”.

Job title: Sales manager

Department: Marketing

Reporting to : Marketing Manager

Duties and responsibilities

- Directing selling to customers
- Allocating arms to sales agents
- Writing timely reports.

JOB SPECIFICATION

This is a written statement that defines the qualifications, education backgrounds, skills, experience and personal or individual must have in order to perform the job effectively and efficiently.

- i) Identifying the level of education and training.
- ii) Specifying the knowledge skills and experience that one should possess.
- iii) Identifying personal like integrity, sex, age etc.
- iv) identifying the physical requirement.
- v) Health and appearance.

Example of job specification in case of manager.

DRUSKY PLASTIC LIMITED
P.O. BOX 200
KAMPALA (U)
TEL: 077 2 200600

Dealers in production of quality of plant is products Physical requirements: Good health.
Education / qualifications: Bachelors Degree in Marketing /A degree in Related Field.

Working experience : At least five years experience in related job other requirements.

- The applicant should be between 25 – 40 years of age.
- High levels of intergrity, confidentiality and ethical standards.
- Excellent interpersonal skills.
- Ability to speak varied languages.
- Should be residing in Kampala.

JOB GRADING

This refers to the system of evaluating or rating of jobs in order of value where jobs are divided into grades so as to determine the basic pay of each grade of group. It is done so as to come up with different payments for different groups of workers eg in a bank jobs can be graded as team leader(manager), cashiers (teller), cleaners and security guards.

In this case the pay to be given to workers will always vary according to grades where by a team leader is highly paid and the cleaner is paid the least.

JOB PERFORMANCE STANDARDS

This refers to acceptable completary aspects required for a given job. It is what is expected to be the output of a given job.

Organisations usually base on the job performance standards to evaluate or judge the performance of their workers.

PREPARING A JOB ADVERT.

Contents.

1. A brief description or background of the business.
2. Job tittle or post or position.
3. Main duties and responsibilities of the job.
4. Reporting relationship / line.
5. Qualifications, experience and knowledge.

6. Personal specifications like age, sex, marital status.
7. Employment terms and conditions ie contact, paramount etc.
8. Remuneration (payment)
9. Submission of application and deadline of submission.

Example:

DRUSKY PLASTIC LIMITED
P.O. BOX 200
KAMPALA
TEL: 077 4 2000600

“Dealers in production of quality plastic products.”

Dusky Plastic Limited is a fast growing plastic company seeking to recruit a vibrant and experienced person to fill the post of sales Manager

Job title: Sales Manager

Department: Marketing

Reports to: Marketing Manager.

Main Duties and responsibilities.

Directing: Selling to customers

Allocating areas to sales agents.

Writing timely reports.

Qualifications: A degree in related field

Physical Requirements – Good health

Age limit 0 20 – 40 yrs

Marital status – Single

Terms and conditions – contract of 2 years which is renewable. Remuneration /pay/salary- five million shillings.

Submission of application- interested and qualified

applicants should send their applications with copies of academic documents including CVs, also indicate your telephone number and submission should be done not later than 30th March 2018 at 2:00p.m. Application should be addressed to human resource Manager using the above address.

HUMAN RESOURCE PLANNING.

It refers to the process of planning for the human resource needs of an organisation to ensure that these needs are constantly met or

It refers to the process of determining the current and future human resource needs relative to the organisation strategic plan and devising the necessary steps to meet these needs.

IMPORTANCE OF HUMAN RESOURCE (MAN POWER) PLANNING.

1. It enables the organisation to identify the right people to be engaged in the right positions or jobs.
2. It helps on organisation to prepare for eventuality such as death, dismissal etc.
3. It minimises operational costs and reduces overlapping of functions.
4. It helps to determine the required skills for one to perform a particular job.
5. It helps an entrepreneur to determine the amount and methods of rewarding labour.
6. It helps an entrepreneur to find ways of motivating labour so as to improve labour efficiency.
7. It helps an organisation in determining lay offs ie it enables an entrepreneur to identify workers to be laid off and also recruit new ones.

RECRUITMENT.

It refers to the process of establishing sources of applicants and encouraging them to apply for the available jobs or

Is the process of accumulating a pool of potential job candidates in line with human resource plan.

IMPORTANCE OF RECRUITMENT IN AN ENTERPRISE.

1. It promotes publicity of an organisation especially external recruitment through advertising.
2. It motivates workers if conducted properly eg internal recruitment through promotions.
3. It helps to bring in new ideas approaches to problems in an organisation especially when new workers come with new ideas.
4. It enables an organisation to increase man power so as to be effective and efficient in achieving the set targets ie it leads to increased output.
5. It is a sign of organisations growth and development.

SOURCES/METHODS OF RECRUITMENT.

Internal sources.

1. Promotion.
Is a form of internal recruitment that involves moving a worker from a lower position to higher one. Promotion is mainly based on merit ie the ability of a worker and at times seniority of works in terms of age.
2. Transfer
This is a form of recruitment that involve moving a worker from one department, job or area to another for instance in a bank a teller may become a loans officer.
3. Demotions.
This is a form of internal recruitment where employees who may have been proved inefficient in performing their tasks may be transferred to fill lower positions as compared to their current positions.

External sources

4. Advertising
This is where the organisation advertises its requirements in media such as newspapers so as to inform the general public about the existing jobs in the organisation.
5. Current employees friends and relatives especially through network. This is a method of recruitment where information about particular goods is transmitted to other members informally.
6. Colleges/ universities.
These are institutions of higher learning which specialise in training students in various fields. Organisations usually visit such institutions and give them their job description for the position to be filled by capable candidates.
7. Competing organisations.
Here an organisation attracts workers for competing organisations by offering better pay packages.

8. Talent spotting
This is a form of recruitment that involves an entrepreneur looking around for a particular person who fits the specification of the job.
9. Employment agencies.
These are usually specialised organisation that supply organisations with workers. People who require jobs register with them and the agency looks around to find jobs for them.
10. Internet (surfing)
This is where information about certain jobs is entered into the computer and those looking for jobs feed their data also in the system. The computer will match jobs with people. This is common with multinational companies.

PROCEDURE FOR RECRUITING EMPLOYEES.

DRUSKY PLASTIC LIMITED
P.O. BOX 200
KAMPALA
TEL: 0774200600

Recruitment programme of employees.

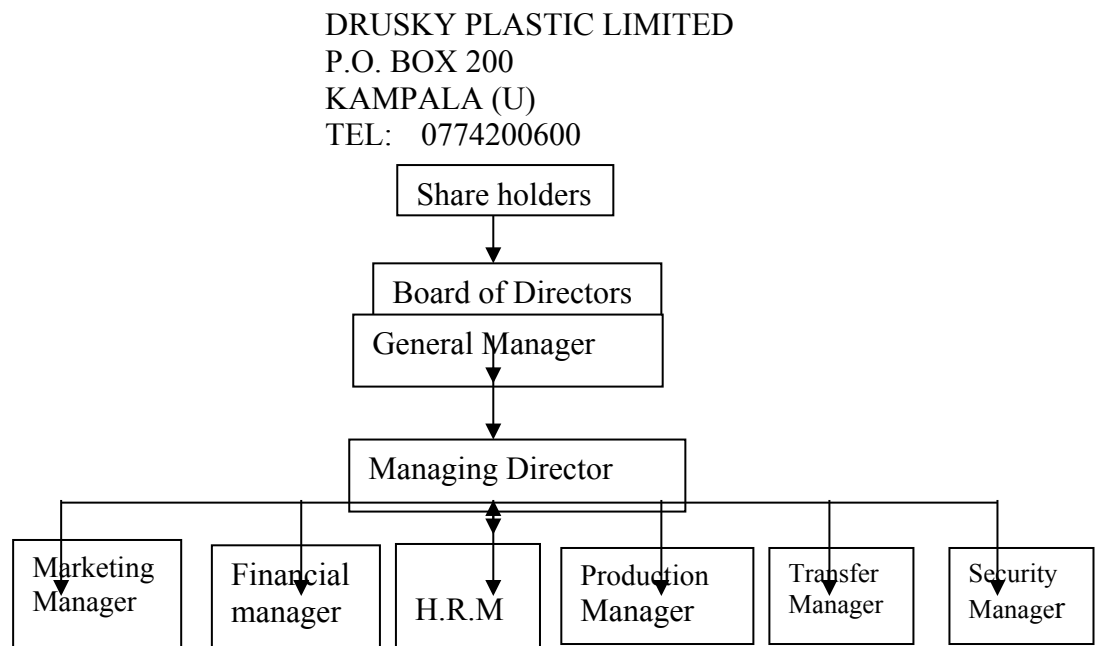
Time /Date	Activity	Person in charge	Remarks
2/03/13	Identifying vacant posts / man power gaps	Heads of sections /departments	
3/03/13	Establishing the required skills and qualifications	Head of departments.	
4/03/13	Establishing the remuneration and fridge benefits.	Human resource manager	
5/03/13	Preparing and placing a job advert	Human resource manager	
7/03/13	Receiving application letters and handling inquiries	Secretary	
10/3/13	Sorting the applications and short listing applicants	Human resource manager	
15/3/13	Establishing interview panels, formulating questions and allocating rooms	Heads of sections and human resource manager	
17/3/13	Conducting interviews	Interview panels	
19/3/13	Analysing interview results contacting referred and selecting the most suitable candidates		
20/3/13	Giving feedback/communicating interview results to applicants	Secretary	
23/03/13	Issuing appointment letters to successful applicants/candidates	secretary	
25/3/13	Receiving of acceptance letters	Human resource	
27/3/13	Organising induction /	Human resource	

	orientation programmes		
30/3/13	Placing of new employees	Human resource	

NB: Steps followed when recruiting workers are the activities under recruitment programme.

ORGANISATION CHART/ STRUCTURE.

It is a diagram that shows the position, development and functions of the people in an organisation and how they are related



ASSISTANCE

SUPPURT STAFF

IMPORTANCE OF ORGANISATIONAL CHART

1. It indicates the chain of command and communication channel within the organisation.
2. it helps people in organisation to understand the relationships among themselves.
3. It enables an entrepreneur to determine the man power requirements of the business.
4. It helps an entrepreneur to coordinate different departments in the enterprise.
5. It facilitates the smooth flow of information in the enterprise.
6. It enables people in the organisation to understand clearly all the activities of the organisation and how these activities are related.

FACTORS CONSIDERED WHEN PREPARING INDUCTION OF NEW EMPLOYEES.

1. Knowing the job.
2. Having a current employee serve as a menta (example)
3. Preparing a simple job breakdown.
4. Setting a training time table.
5. Arranging the work done.
6. Evaluating new employees work on a daily basis.

EMPLOYEE CONSIDERATION.

1. Pay plans. Workers expect their pay to reflect the skills and energy they put into a business. If entrepreneurs want to attract and keep good workers, they must take into consideration the rate paid by other firms for a similar job.
2. Fringe benefits like sick leave and holiday are the most widely appreciated benefits. Entrepreneurs should have a set policy regarding all things or benefits and apply pay to the benefits equally to employees based on their jobs.
3. Employee relations: Good pay and fringe benefits are not all it takes to make employees happy; job satisfaction means much to entrepreneurs have a responsibility to provide the best kind of physical surroundings and to make sure that there is always two way communication with the staff.
4. Working conditions: A good environment can do much to encourage efficiency and good attitudes in addition to preventing accidents. In some cases, the worker space might have to be altered to accommodate the needs of a worker with disability. The premises should have good ventilation, good lighting, proper sanitation and safety facilities.

ADVANTAGES OF INDUCTION OF NEW EMPLOYEES.

1. It leads to increased productivity. Adequate training increases skills which improves both the quality as well as the quantity of the product due to increase in the level of performance.
2. It improves employee morale. Training improves needed skills which build up confidence and satisfaction of the employees.
3. It reduces employee supervision. A trained employee supervises himself. He accepts responsibility and expects more freedom and autonomy and less supervision.

EMPLOYEE TRAINING AND DEVELOPMENT.

Training and Development refers to processes programmes and activities through which every organisation develops, enhances and improves the skills, competencies and overall performance of its employees or workers. Training often is considered for new employees only. This is a mistake because ongoing training for current employees helps them adjust to rapidly changing job requirements.

PURPOSE OF EMPLOYEE TRAINING AND DEVELOPMENT.

1. To create a pool of ready availability and adequate replacement for personnel who may leave or move up in the organisation.
2. To enhance the company's ability to adopt and use advances in technology because of sufficient knowledgeable staff.
3. To build more efficient, effective and highly motivated team which enhances the company's competitive position and improves employee morale.
4. To enable employees develop a greater self-worth, dignity and well being as they become more valuable to the firm and society.
5. To optimise the utilization of human resources that further helps the employee to achieve goals as well as their individual goals.
6. To provide an opportunity and broad structure for development of human resources technical and behavioural skills in an organisation. It also helps the employees in attaining personal growth.

7. To increase the job knowledge and skills of employees at each level which helps to expand human intellect and personality of the employee.
8. To increase productivity of the employee that helps the organisation further to activate its long term goal.
9. To develop and improve organisational health culture and effectiveness. It helps in creating the learning culture within the organisation.
10. To build positive perception and feeling about the organisation. The employees get these feelings from leaders, subordinates and press.

THE TRAINING PROCESS/PROCEDURES

1. Identifying organisational objectives
2. Identifying training needs.
Training needs can be assessed by analysing three human resources areas. The organisation as a whole, the job and the needs of the individuals.
3. Selecting of trainers.
Once you have decided what training is necessary and where it is needed, the next decision is who should be trained.
4. Identify training goals.
The goals of the training programme should relate directly to the needs determined by the assessment process.
5. Determining training methods.
There are two types of training available to small business.
iii) Off job training which includes lectures, special study, films, television, conferences or discussions, case studies role playing and laboratory training.
6. Selecting competent trainers.
These are people who actually conduct the training.
7. Training administration.
Having planned for training programme properly, you must know how to administer training to the selected employees. This can also be done making sure that the goals are met.
8. Evaluating of training.
Training should be evaluated several times during the process. Employees should be evaluated by comparing their newly acquired skills with the skills defined by the goals of the training programmes.

WORKERS / EMPLOYEES' REMUNERATION (COMPENSATION)

Remuneration refers to salaries or wages paid to workers in return for their services rendered in the organisation. Employees who are recruited by the organisation must be compensated for their effort or they work for it and they contribute towards the achievements of the organisation's goals.

FACTORS CONSIDERED WHEN DETERMINING PAYMENT FOR WORKERS.

1. (Basic for determining workers' pay)
Profitability of the business/employer businesses/organisations which make a lot of profits motivate their workers by paying them higher wages. On the other hand workers in businesses with low profits are being paid relatively lower wages.
2. Level of competition for workers among different employers: Higher levels of competition for workers weakens the force on employees to pay their workers higher wages so as to motivate and retain them. On the other hand absence of competition for workers among different employers leads to relatively low wages, being paid to employees.

3. Level of education and training that a person undertakes. Workers who have high levels of education are paid higher wages. On the other hand low wages are paid to these workers with low levels of education.
4. Cost of living.
Employees who work in areas where the cost of living is high in urban areas are paid higher wages than those who work in areas where the cost of living is relatively low for instance in rural area.
5. Expenditure and skills required for a particular job. Higher wages are paid to employees with experience and skills relating to a particular job. On the other hand workers lacking experience and the required skills to perform a particular job are paid less.
6. Amount of work to be done.
Employees with more tasks to perform than others should be paid highly while those with less tasks to perform should earn less.
7. Nature of employment opportunities.
Permanent workers with guaranteed job security are paid relatively low wages than those doing work on contract basis. This is because the job security for contract job is usually for a limited fixed agreed period.
8. Strength and bargaining power of the workers.
Workers with a lot of bargaining power and whose services are highly demanded by organisations are paid higher wages. On the other hand employees take advantage of workers with low bargaining by paying them less provided they are helping the business to achieve his goals.
9. Demand services being rendered by the workers.
Workers whose services may be highly demanded are paid higher wages than those whose services are not highly demanded.
10. Nature of work being done.
Weakness performing knowledge based type of work are paid higher than those who perform physical based type of work like cleaning.
11. Risks involved in workers who do risky jobs eg night guards are paid higher wages than those who do jobs that are not risky eg like hotel cleaning.

FACTORS WHY WORKERS' PAY DIFFERS (Factors that lead to differences in workers pay earnings)

1. Differences in level of education and training that a worker undertake. Workers with high level of education and training are paid higher wages than those with low level of education and training.
2. Difference in cost of living: employer who work in businesses located in urban area got higher wages than those in rural areas because of the cost of living.
3. Difference in amount of work being done. Workers with more duties and responsibilities earn more than workers with less duties and responsibilities.
4. Difference in experiment and skills required to do the job. Experienced workers with required skills relating to the job make such workers earn higher wages than those who have just joined the organisation and lack the required skills.
5. Difference in strength and bargaining power of workers. Workers who have a strong bargaining power are paid higher wages than those whose bargaining power and ability is low.
6. Difference in demand for the services rendered. Workers whose services are on high demand are paid higher wages than those whose services are not so much demanded.
7. Difference in number of towns worked.

Workers who work for long hours are paid higher wages than those ones who work for fewer hours.

8. Difference in nature of work being done.
Workers who do mental / knowledge based type of work are paid higher wages than workers who use physical ability to do the work.
9. Differences in nature of employment.
Workers employed on contract basis are paid higher wages than those who are paid on permanent basis.
10. Differences in risks involved in the work being done.
Workers who perform risky jobs are paid higher than workers doing less risky jobs.

METHODS USED IN PAYING WORKERS.

1. Time rate basis: This is a method of payment basing on the number of hours, days or weeks worked for eg in a construction firm; workers are paid basing on the number of days worked.
2. Piece rate/ output rate basis. This is a method where workers are paid according to the amount of work done (output) irrespective of time spend to do a particular work.
3. Profit sharing method. This is where part of the profits of the business are shared among workers.
4. Bonus pay: This is an extra pay given to a worker basing on his or her output. It is normally given to workers who are efficient eg those who accomplish work before the required time.
5. Sliding scale method: This is a method of paying workers basing on the prevailing cost of living. In this case, as the cost of living increase the wage paid also increases.
6. Salary pay. This is where workers are given a fixed periodical payment. This compensation or pay is normally paid to mental / knowledge based workers and it is normally paid on a mentality basis. Salary is confidential, progressive it should be increasing annually and it is personal to the individual in question.
7. Wage pay. This is compensation paid to lower workers in an organisation. It is normally paid to workers who do physical type of work such as cleaners.
8. Contract based. This is a method of paying workers where employees are paid on agreed amount of money according to the piece of workdone within a limited fixed agreed period for instance workers in construction firms and personal or organisational lawyers are paid on a contract basis.
9. Overtime payment. This is where a worker is paid many when he/she works over and above his/her normal working time.
10. Shift pay. This is for workers who work during unusual or changing work hours. The pay is given so as to compensate workers for the inconvenience hardships forced especially those who conduct the night shifts such as workers in a manufacturing business who work at night, night watchmen etc.

MOTIVATION OF EMPLOYEES

Motivation refers to the increasing morale of workers to perform their tasks or the process of stimulating labour to take up a desired source of action.

A motive is a need or driving force with in people that (forces) them to perform or behave in a desired way.

REASONS FOR MOTIVATION.

(Why is it necessary to motivate employees in an entrepreneur)?

1. To enhance productivity of workers so as to attain the maximum output of them.
2. To promote good relationship between employers and workers at the work place.
3. To promote publicity of an organisation especially promotions and good pay.
4. To impose the standards of living of workers.
5. To present workers looking or seeking alternative activities / opportunities elsewhere.
6. To encourage hardwork among workers.
7. To enable workers perform and contribute positively towards the success of the enterprise.
8. To develop a positive attitude and a sense of belonging to the enterprise among workers.
9. To minimise strikes and any other form of indiscipline like late coming.
10. To minimise cost of recruiting new staff. This is because in absence of motivation some workers may decide to abandon the job because of dissatisfying factors.

IMPORTANCE OF MOTIVATION

1. It enables the organisation to enhance productivity of workers so as to attain maximum output out of them.
2. It promotes a good relationship between the employer and workers of the work place thus creating a good working environment.
3. It promotes publicity of an organisation especially promotions and good pay. This results into allocation of more customers.
4. Motivation through good and timely pay helps in improving the standards of living of workers. This in turn encourages commitment of workers towards work.
5. It prevents workers from seeking or looking for alternative job opportunities elsewhere. This is because when one is happy of his current job, he is encouraged to concentrate on that work.
6. It encourages hardwork among workers of an enterprise. This makes the organisation to meet its set goals and objectives.
7. It makes employees of an organisation to perform and contribute positively towards the success of the organisation.
8. It enables the organisation to minimise strikes and any other forms of indiscipline like late coming.
9. It helps an organisation to minimise the cost of recruiting new staff. This is because in the absence of motivation some workers may decide to abandon the job which may lead to replacement of such workers at a cost.

METHODS /WAYS OF MOTIVATING WORKERS IN AN ENTREPRENEUR.

1. Offering adequate and timely remuneration.
This involves ensuring that workers are paid a wage or a salary that is adequate for the job and it is paid on time.
2. Ensuring job security which is the certainty that a person has about his / her continued employment with his/her current job.
3. Giving fringe benefits such as medical housing, transport allowances etc to help to motivate workers.
4. Involving and allowing workers to participate decision making. This makes workers to have a sense of belonging and develop a positive attitude to the enterprise.
5. Provision of training and sponsorship workers for further studies. This motivates workers and makes them to work with also of motion.

6. Offering an job training which improves efficiency and productivity of workers.
7. Ensuring promotion prospects in promotion of workers. This should be done on merit ie the ability shown by the workers while doing the work or seriously.
8. Encouraging open communication to all employees. This involves giving a chance to all employer to open the communication without special consideration of a particular group/people.
9. Ensuring a pleasant working environment. This can be done through impressing on the working conditions eg offering a reasonable work load which encourages efficiency and effectiveness.
10. Organising staff parties, outrage and offering gifts at the end of the successful period eg at the end of a year. This makes workers to perform and contribute positively towards the organisation.
11. Caring and showing concern, for the workers problems. Workers problems like need for salary advances, death etc and attention from employees and managers and if not attended to it kills the devotion of workers toward the enterprise.
12. Giving rewards to specific good work results or work well done eg thanksgiving workers.
13. Conducting performance appraisal for the workers on a regular basis performance, appraisal, motivates workers especially when feedback is given to them and discussed with their managers / employer.

PERFORMANCE APPRAISAL OF LABOUR IN BUSINESS.

It refers to continuous praises issuing and providing feedback to workers about how well or poorly they are doing their work for the organisation.

It is a continuous process of evaluating workers performance against the organisations job standards.

NB: It is sometimes refereed to as merit rating assessment.

ELEMENTS OF EFFECTIVENESS PERFORMANCE APPRAISAL SYSTEM.

1. **Relevancy.**
There should be clear links between performance standards for organisation of a particular job. The performance standard should relate to the objectives of the business.
2. **Reliability**
A sound appraisal system should be able to produce a consistent judgement, appraisals by different independent appraisals or rates should match ie different rates should give similar ratings over a time.
3. **Sensitivity.**
The system should be able to tell which employees are effective performers and those who are not.
4. **Objectivity.**
Raters should avoid personal friendliness that they feel towards particular workers. The result of the performance appraisal should come from objective rates.
5. **Practionability**
The performance appraisal instrument should be easy to understand and use by managers and employees.

6. Efficiency / comprehensiveness

The preference standards should capture the entire range of employees responsible not only the quantifiable eg rates revenue but also other aspects like customer service without exclusion.

NEED FOR PERFORMANCE APPRAISAL

1. To identify workers who require training ie it identifies areas of performance where improvement will occur if appropriate training is taken.
2. To motivate workers to do their present jobs better by giving them results recognition of their merit and giving them an opportunity to discuss their work employers/managers
3. To identify employees in a organisation who have potential for advancement or who should be promoted.
4. To judge the performance of workers in relation to job performance standards.
5. To determine the future use of an employee ie whether the employee is to remain in the present job be transferred , promoted, demoted or dismissed.
6. To enable the entrepreneur set realistic targets and objectives for work it helps on organisation to set achievable work targets basing on the previous results.
7. To determine pay prices which can be given to workers on merit.
8. To encourage working relationship between the employer and his employees especially when feed back as given to employees about their performance.
9. To reinforce desired competences or behaviours among workers. Approval of worker act as a basis for disciplining workers by taking remedial action plans.
10. To evaluate the human resource policies, strategies and programmes of an enterprise. Appraisal of workers acts as a basis for redesigning the job or the whole organisation structure eg giving less or more tasks to workers.

IMPORTANCE / ADVANTAGES OF PERFORMANCE APPRAISAL.

NB: Use it helps, enables, promotes, and serves. Use the word it instead of to

DISADVANTAGES OF PERFORMANCE APPRAISAL.

1. It increases the dependence of employees on their employees / superiors.
2. It is a bitter process for most of the employees which can create emotional pressures and stress for the employees.
3. It encourages accountability, approvals and often discourages the spirit of creativity and initiative by employees and also demotivates them.
4. The focus of the performance appraisal process is too narrow. It only concentrates on determining the rewards and punishments for the employees by measuring their past performance.
5. It affects the morale of employees and creates dissatisfaction among them thereby affecting the organisational performance.
6. Performance appraisals are conducted by managers who are often untrained as appraisers.
This results into incorrect and unreliable data regarding the performance of employees.
7. Performance appraisals and reviews are expensive and time consuming.

METHODS OF PERFORMANCE APPRAISAL.

1. Ranking method
This method involves ranking employees from the best to the present and it is done on merit.

2. Grading method
It involves grouping workers into a series of merit categories usually having on their total performance
3. Rating scale method
Under this method the employer focuses on interpersonal traits such as level of intelligence, loyalty commitment etc against each of which is a scale of a certain number points. Under this system words like Excellent, V.good, good, fair, weak/poor can be used.
4. Behavioural expectation scale.
This involves the employer focusing on specific observable behaviour of a worker in aspect related to his or her job eg workers relationship with customers and fellow workers.
5. Open ended method
This method involves the assessor preparing a report about the workers performance in short sentences giving details about their strengths and weaknesses.

EMPLOYEES/LABOUR TURNOVER

Labour turnover refers to the movement of employees in and out of the business.

CAUSES OF LABOUR TURNOVER.

1. Inadequate wage levels leading to employees moving to competitor.
2. Recruiting and selecting wrong employees in the first place hence they leave to seek for suitable employment.
3. Poor morale and low levels of motivation within the work force.
4. Abundant local labour market offering more and attractive opportunities to employer.
5. Less demand of the product produced by such worker(s).

COSTS OF LABOUR TURNOVER (Disadvantages)

1. It leads to additional recruitment costs.
2. It leads to increased costs of training replacement employees.
3. It leads to loss of know how and customer good will.
4. It lowers productivity and morale and tends to get worse if not dealt with.
5. It causes potential loss of sales eg if there is a high turnover amongst the sales force.

BENEFITS OF LABOUR TURNOVER (advantages)

1. New employees bring new skills, ideas, contacts etc with them.
2. New employees are resistant to change in most cases.
3. New employees are willing to accept lower pay rates.
4. New employees are excited about their new jobs and work harder to please management and clients.
5. Employee turnover allows for flexibility in a way the organisation is to run.
6. It allows management the opportunity to restructure departments and functions.

STRATEGIES TO MINIMISE EMPLOYEE TURNOVER.

1. Engaging employees: This involves, engaging, retaining and optimising the value of employees to motivate them to stay in the organisation.

2. Increasing knowledge accessibility: The accessibility of information will lead to strong performance from the employees, therefore they should share information at all levels with the management.
3. Optimizing work force. This can be done through establishing essential process for getting the work done, providing good working conditions establishing accountability and many good hiring choices would retain employees in their organisations.
4. Empowering of employees superior, subordinates by delegating responsibilities to them leads to subordinates who are more satisfied with their leaders and consider them to be fair in turn to perform up to the superior's expectations.
5. Ensuring involvement: This involves an individuals ego involvement wit work and indicates the extent to which an individual identities psychologically with his or her job. Workers who have a greater variety of tasks tend to stay in the job.

PRODUCT PROMOTION.

Promotion of goods and services refers to the process of informing, persuading and influencing the customers decision in buying a good or service.

OBJECTIVES/AIM / PURPOSE OF PROMOTION.

1. To increase sales
2. To stablise sales
3. To increase market share
4. To increase profits
5. To inform the public about the availability of the entrepreneur's product.
6. To constantly remind customers of the availability of his / her products.
7. To target a particular segment (section of the market and so position the product)
8. To cause action ie to stimulate buying.
9. To out compete other firms ie fight competition in the market.
10. To retain the existing market.
11. To introduce new products or designs.
12. To inform new customers about the availability of the entrepreneur's product.
13. To create direct contact between the entrepreneur and the customers.
14. To promote publicity of the enterprise and also acquire good will.
15. To persuade the customers to buy the product of an entrepreneur instead of buying those from other producers.

Promotion mix refers to a combination of various activities / methods under taken by an entrepreneur to promote his / her products. It is a combination of methods used to achieve the objectives of promotion.

SALES PROMOTION.

Sales promotion refers to the various activities undertaken by an entrepreneurs to increase the sales of goods / services.

METHODS / WAYS USED BY ENTREPRENEURS TO PROMOTE SALES.

1. By giving a product a distinctive name (banding): This helps consumers to differentiate a product from similar products of other enterprises eg Nomi, Omo, Toss etc

2. By giving samples: Here, an entrepreneur may offer a sample product to customers when introducing it to the market. Offering samples enables customers to try out a product and may induce them to subsequently buy the product.
3. By giving gifts: This involves giving different gifts to customers free of charge with the intention of creating awareness of the advertisers name and message. Such gifts include, pens, calendars, caps, T-shirts, shopping bags, umbrellas, drinks etc on which the advertisers name or logo is printed.
4. By offering price reductions (discounts) : This is a deliberate attempt by producers / suppliers to slightly lower the prices so as to boost his sales for instance they go back to school price reduction.
5. By advertising of products: It involves spreading of information about one's product to customers to whom the entrepreneur wishes to sell his products. Advertising can be through newspapers, calendars, radio, magazine T.V, Neon signs, banners etc bill board.
6. By sponsoring activities: An entrepreneur can sponsor different activities like games and sports where most people are involved so as to attract their attention.
7. By personal selling: This involves employing sales men who can go on moving from home/door to door or offices advertising the product.
8. By using attractive / proper packaging: Entrepreneurs can use attractive packing materials in order to position the products in the minds of the buyers eg the containers of blue band and those of different cosmetics.
9. By displaying / arranging the products properly: This involves placing of goods outside and inside the shop neatly arranged so that they can attract customers who pass by and influence their choice.
10. By using of selective credit facilities and instalment selling like hire purchase. These may induce many people to buy especially expensive commodities thereby promoting sales.
11. By using of non productive value methods like providing free and convenient parking, space, sales guides to customers etc. This method is mainly used by supermarkets.
12. By being polite to customers: This may be through caring for customers needs. It should be done by the sales person and would attract more customers.
13. By organising prize awards (contests): This is where a producer announces a competition through a mass media like a radio offering a number of prizes. Simple questions are then asked to encourage many people to participate and this way they will buy the product.

IMPORTANCE OF SALES PROMOTION.

1. It leads to increased sales: This is because promotion of goods and services creates market for the entrepreneur which leads to increased profits.
2. It helps the entrepreneurs business to become popular and also acquire good will as a result of various promotional activities that may be undertaken by the firm.

3. It informs new customers about the availability of the entrepreneur's products. This makes the goods and services of the entrepreneur to become known to the public.
4. Sales promotion helps the entrepreneur to retain his/her market share so that he/she does not lose some of the customers to other business men / competitors.
5. It helps the entrepreneur to introduce new products / designs. Some advertisements are aimed at informing the public about the new styles, fashions and tastes of a product. This is especially done through the use of samples of gifts.
6. It persuades the customers to buy the products of an entrepreneur instead of buying those from other producers. This is because many customers get to know such products through sales promotion.
7. It helps the entrepreneur to constantly remind customers of the availability of his / her product hence increasing sales in areas of low declining demand.
8. It creates direct contact between the entrepreneur and customers such that other middle men are not able to increase prices which may lower demand for given firms products.
9. It promotes publicity of an entrepreneur thereby helping the entrepreneur to out compete his competitions hence making a lot of profits in the business.

ADVERTISING.

Advertising refers to the spreading of information about one's product(s) to the customers.

Advertising can be defined as spreading of information concerning an idea, product or service to induce action in accordance with the intention of the advertiser.

Types/forms of advertising.

1. **Informative advertising.**
This is a type of advertising that gives information to the general public about the available goods or services.
2. **Persuasive advertising.**
This is advertising intended to induce / entice the general public to buy a good /service.
3. **General advertising.**
This is where the advertiser uses both informative and persuasive when advertising.

IMPORTANCE (MERITS) OF ADVERTISING TO AN ENTERPRISE.

1. Advertising facilitates large scale production. This is because it creates increased demand which usually results in large scale production and its associated advantages.
2. Due to increased production, advertising stimulates research and development activities. This is so because competing producers have to find ways of how to impress their products so as to out compete share of their competitors which calls for research in production.

CAPITAL MARKETS.

Capital markets are places where those who require additional capital seek out others who wish to invest their investible funds.

Capital markets deal in trade of money or capital or financial products such as company shares, bonds.

These financial products can also be referred to as security and are generally traded on a stock (security) exchange.

In Uganda the market where securities are traded is called Uganda Security Exchange (USE).

MAJOR PLAYERS IN CAPITAL MARKET INDUSTRY.

1. **Broker / dealer**
These are licenced financial professionals authorised to buy and sell shares on behalf of their clients. They receive a commission for matching buyers and sellers while dealers buy shares and later sell them for a profit.
2. **Registrar**
This one is in charge of keeping records in respect of stocks and shares of a floated company. A floated company is one which goes public by issuing its shares to the public.
3. **Investment advisors.**
These are licenced persons who engage in the business of advising their clients about securities on issues of whether it is advisable to invest, purchase or sell securities. They can also manage a range of investments under a contract or an agreement with investors.
4. **Shareholders.**
These are individuals or companies that purchase shares in a company or business and hence own part of the company.
5. **Capital Markets Authority (CMA)**
This is a government established body which ensures the regulation and development of capital markets industry.

PRODUCTS AVAILABLE IN CAPITAL MARKETS INDUSTRY.

1. Bonds
2. Collective investment schemes
3. Shares (stock)
4. Debentures

1. BONDS

A bond is a long term contract made between the lender and the borrower that in return for financing the borrower will pay an interest and the place value of the bond when it matures. When one buys a bond it means lending money to the government or corporation.

Types of bonds.

- i) **Government securities:** These are subdivided into three ie

- Treasury bills: This is a short term government investment (instalment) issued regularly to borrow money from the public with a maturity period of one year and less.
 - Treasury notes: It is a long term investment issued in terms of 2 to 10 years (2-10).
 - Treasury bonds: Is a long term investment of maturity period of (10-30)yrs.
- ii) Corporate bonds: These are bonds issued by companies or corporations to the public to raise capital by a way of selling shares/stock. These ones are more risky than government bonds since a company may go bankrupt and default on the bond.

REASONS FOR INVESTING IN BONDS.(Why is it important to invest in bonds)

1. To save for the future. Investing in bonds, can help one to save money that can be used to meet future consumptions or investment needs such as paying school fees, starting businesses etc.
2. To preserve and increase capital or receive interest income.
3. Investing in treasury bills is affordable and simple. This is because they begin with shs 100,000 as a minimum.
5. Treasury bills are safe to invest in because they provide an investor with a sure way of receiving returns.
6. Treasury bills earn investors more interest than they could earn in most bank savings accounts.

FACTORS CONSIDERED INVESTING IN BONDS.

1. Interest rates: Usually, bonds pay interests that may be fixed, floating or payable maturity.
2. Maturity of the bond: Bond maturity refers to specific future date on which the investors or lenders principal will be paid/repaid. Treasury bills have a shorter maturity period compared to treasury notes and bonds.
3. Puts: some bonds have puts which allow the lender or investors the option of asking the borrower to repurchase the bonds at specified times before maturity.
4. Call provisions: Before buying a bond, one should always first find out whether there is a call provision that requires the borrower to repay the investors principal at a specified date before maturity. In case there is a call provision, then one should be sure to obtain the yield to call and the yield to maturity.
5. Yield: This refers to the return actually earned on the bond on the price paid and the interest payment received. There are two types of yield ie
 - (i) Current yield which is the annual return on the amount paid for the bond.
 - (ii) Yield to maturity or call which is the total return one would receive by holding the bond until it matures or until it is called.
6. Principal payment and average life: One should consider when he or she needs the principal to be repaid and the kind of investment he/she is seeking within his or her risk tolerance.

2. COLLECTIVE INVESTMENT SCHEMES (C.I.S)

Collective investment schemes refers to private financial arrangement that pool together resources of many savers generating a large pool or capital stock. The resources generated are invested in various assets like shares, bonds, property etc with the aim of generating higher returns.

CONDITIONS NECESSARY FOR EFFECTIVE OPERATION OF COLLECTIVE INVESTMENT SCHEMES.

1. **Conducive banking environment:** These must be a conducive banking environment where banks and insurance companies that act as capital investment schemes trustees are well developed.
2. **Free saving culture:** There must be a strong saving culture in society that encourages people to save and invest in collective investment schemes.
3. **Stable microeconomic systems:** There must be a stable micro economic systems which protects peoples investments for example low inflation that protects the value of money.
4. **Strong saving culture:** There must be a strong saving culture in society that encourages people to save and invest in collective investment scheme.
5. **Conducive legal environment:** There must be a conducive legal environment that protects investors for example the collective investment schemes Act that protects investors in Uganda.

ADVANTAGES OF INVESTMENT IN (CIS)

1. They encourages diversification of risks. Investing in a number of different securities helps to reduce the risk of investing. This is because when an investor buys a share in a firm, he/she buys it and giving him/her instant diversification of risks.
2. There is easy liquidity: C/S give investors an opportunity of liquidating investments easily by selling their units back to the unit trust manager.
3. There are lower transaction costs by investing in CISs, investors meet lower costs than if they were to buy and sell individual securities directly.
4. There is assured investor protection. This CIS Act and regulations mode under it provide the desired regulatory frame work that protects investors' funds from fraud, theft and any other financial abuses.
5. There is professional management: CIS is affordable and simple because one does not need a lot of money to invest as he / she can begin with shs 100,000, for the initial purchase.
6. They are affordable: Investing in a collective CIS is affordable and simple because one does not need a lot of money to invest as he/she can begin with shs 100,000, for the initial purchase.

7. They are flexible: CIS administer several different funds like money market funds, balanced funds, foreign funds, fixed income funds etc and usually allow investors to switch between funds within their “fund family” at a lower or no charge.
8. There is easy monitoring of performance. Normally they offer prices and the net asset value per share of an open ended funds are published in the press and on various internet websites in relation to the other markets which allows the investors to continuously monitor the performance of their investments.

3. **SHARES.**

A share is a unit of capital to a company. It is a unit of capital contributed by an individual. When one buys a share in a particular company, he/she becomes a shareholder of the company.

Types of shares.

- i) Ordinary shares (equity shares): These are shares owned by shareholders with no fixed rate of dividend from the company’s annual profits.

Characteristics of ordinary shares

They have no fixed rate of dividends ie the amount of profit allocated to them depends upon what remains after all the creditors and other shareholders with prior claim have been paid.

There is no special security for such investments other than the soundness of the company.

When the company is winding up, the shareholders are repaid money after other shareholders and creditors.

In good years the ordinary, shareholders may receive higher rates of dividends than other shareholders but in bad years there may be no returns at all.

- ii) Preference shares: These are shares owned by shareholders with a fixed rates.

Characteristics of preference shares.

They earn a fixed rate of dividend eg 5%, 10% etc. The dividend are paid after the creditors but before ordinary shares get anything.

Capital repayment is also after creditors but before ordinary shareholders.

The preference shareholders stand proportionately lesser risk than ordinary shareholders but also earn a lower rate on return.

Types of preference shares.

- i) Accumulative preference shares: These are shares entitled to a fixed rate of payment until they are being paid.
- ii) Non – accumulative shares: They are entitled to a fixed rate of dividend but only for years a dividend is declared.
- iii) Redeemable preference shares: These are shares which can be bought back or redeemed by a company after a stated period.
- iv) Irredeemable preference shares: These are shares that cannot be bought back by a company

BENEFITS / ADVANTAGES OF INVESTING IN CIS

1. There is share of dividends: When a company makes a profit, the board of directors usually gives a percentage of profit to its shareholders known as dividends.
2. It leads to capital gains: When shares are sold at a price higher than the price at which they were bought.
3. Members have voting rights. Normally, shares give shareholders the right to attend and vote on important company policies during the annual general meetings including making choice of the directors of the company.
4. It leads to capital growth. If a company is growing, the value of its shares also grows hence increasing capital.
5. Source of collateral security: Shares held in a company can act as security when one is applying for a loan in any financial institution.
6. There is transferability of shares: Shares are advantageous in a way that they are transferable in companies. This means that investors are assured of converting their holding in business into cash at anytime they wish.

DISADVANTAGES OF INVESTING IN CIS.

1. When the company's profits fall, the dividends will fall and if the company makes a loss, it may not be able to pay any dividend.
2. When the company goes into liquidation (winding up the shareholders are the last to be paid after all creditors).
3. Shares are faced with fluctuations in prices. Their prices go down or up depending on various factors eg forces of demand and supply, company performance etc.

4. DEBENTURES.

These are loan certificates representing a certain sum of money lent out by the public to the company.

Is a document that evidences that a company has borrowed a specified sum of money from the person named on its face and undertakes to pay a fixed rate of interest for the loan.

TYPES OF DEBENTURES.

Naked debentures: These are debentures that are not secured ie no property is pledged against them.

Mortgaged debentures are debentures that are secured ie some property is pledged against them.

Redeemable debentures are debentures bought back by the company ie amount borrowed against them is refunded by the company after a specified minimum period and before a specified maximum period.

Irredeemable debentures are debentures that are never refunded. The money borrowed against them remains outstanding till the company is liquidated.

ROLES OF CAPITAL MARKETS IN BUSINESS.

1. Provision of long-term finance capital to the business through sale of shares. Through the sale of shares on the capital markets, businesses are enabled to raise funds.
2. Provision of markets where to sell and buy shares by investors. Capital markets provide members of the public and any other interested individuals or company to buy shares.
3. Promotion of inflow of foreign capital. Foreign investors who may wish to invest in the country find it easier to do so through capital markets where they easily buy shares.
4. Generation of income investors through capital gains and dividend payments. Increased investment by companies due to existence of a well organised capital market leads to more income generated.
5. Provision of individuals with a chance to own business through shareholding in enterprises.
6. Promotion of full disclosure and sticking to better accounting and management practices of companies.
7. Diversification of investors' investment risks by enabling them to invest in various parts available to the markets.

BENEFITS OF CAPITAL MARKETS TO INDIVIDUALS.

1. Capital markets provide individuals with a chance to own business through shareholdings in enterprises.
2. Individuals are given the opportunity to diversify their investment risks by investing in various products available in the market.
3. Capital market provide an alternative savings and investment option through the purchase of shares and bonds.
4. They are a source of income through capital gains and dividend payment.
5. They provide a market where to sell and buy shares by investors.
6. They encourage full disclosure and sticking to better accounting and management practices of companies.
7. They create more employment opportunities through raised savings and investment.

CHALLENGES FACING CAPITAL MARKETS INDUSTRY IN UGANDA.

1. Underdeveloped capital and money markets to transact the sell and buying of financial products.
2. Challenges of fear risks by players (brokers and dealers) eg fluctuations in the value of share capital since the value of shares fluctuates very often.

3. Inflation that affects the value of shares.
4. Inadequate information by the public about the role of capital market.
5. Unfriendly government policies such as unfair taxes.
6. Undeveloped financial institutions to lend funds for buying financial products.
7. Challenge of high level of target players who aim at maximising profits only.
8. Uncertainty of income in form of dividends since a business may or may not make profits or declare profits.
9. Unstable economic climate in Uganda that scares away investors who would invest in Capital markets.

CAPITAL MARKETS AUTHORITY (CMA)

Capital markets authority is the regulatory body that oversees the capital markets industry in Uganda. It is a autonomous body responsible for promoting, developing and regulating capital markets – industry in Uganda with the overall objectives of investor – protection and market efficiency.

ROLE OF CAPITAL MARKETS AUTHORITY.

1. Overseeing the activities of Uganda securities exchange.
2. Development of all aspects of capital market with particular emphasis on the removal of barriers to and the creation of incentives for long term investments in production enterprises.
3. Creation and regulation of a system in which investors are self regulating to the maximum practicable extent.
4. Creation of market in which securities can be issued and traded in an orderly, fair and efficient manner.
5. Protection of the interest of the investors.
6. Regulation of operation of the compensation fund.
7. Regulation of operation of collective investment schemes.

TOOLS / INSTRUMENTS USED IN SECURING LONG TERM FINANCE.

1. Leasing: A company can lease out its assets so as to get money out of it for several years. Likewise, a company can access and use assets by paying for them in small instalments.
2. Mortgages.
Companies can get loans for long periods by mortgaging their assets with any mortgage broker or financial institution properties may be used for this purpose.
3. Bonds
These are instruments sold by the government to raise funds.
4. Shares
It is a unit of capital for a limited company.
5. Debentures or long term loans.
The company can also raise funds by selling debentures to investors.

THE SECURITIES EXCHANGE OR THE STOCK EXCHANGE MARKET.

Stock exchange refers to the actual market where trade in capital market products / securities takes place. It is where shares and stock are bought and sold. Stocks are fixed interest loans comprising of government bonds, public bodies loans and public companies debentures stocks.

In Uganda, the market where shares are bought and sold is referred to as Uganda Securities Exchange (USE). The USE is licenced and regulated by CMA.

ROLE OF SECURITIES / STOCK EXCHANGE MARKET

1. Raising of capitals for business. The stock exchange provides companies with the facility to raise capital for expansion through selling shares to the investing public.
2. Mobilising savings for investments: The securities exchange encourages people to mobilise and redirect the funds which could have been consumed and kept idle in bank deposits to promote business activity with benefits for several economic sectors like agriculture, commerce industry etc.
3. Creating investment opportunities for small investors. Stock exchange provide opportunity for small investor to own shares of the same companies as large investors.
4. Facilitators company growth. A take over bid or merger agreement through the stock market is one of the ways through which a company can grow. This is because such acquisitions provide an opportunity to expand product lines, increase distribution channels and market share or acquire other business assets which are necessary.
5. Facilitating growth of the related financial sector. Institution like insurance companies and other financial institution encourage and support savings. The USE provides an avenue through which financial securities can be traded.
6. Enabling government to raise capital for development projects. Government at various levels may decide to borrow money in order to finance infrastructure projects such as housing estates, treatment of workers etc by selling securities known as bonds.
7. Fostering corporate governance. Stock exchange impose rules for public corporations that tend to improve on their management standards and efficiency in order to satisfy the demands of their shareholders.
8. Facilitating re-distribution of wealth. The USE enables both casual and professional stock investors through dividends and stock price increase that may result in capital gains to shares in the wealth of profitable business.
9. Promoting divestiture of government owned companies. The USE assists in divestiture of government markets includes the floatation of shares (selling of shares to the public) so as to raise funds and also needs a secondary market for its success.

Divestiture is the complete selling of government shares to private sectors.

10. USE helps in determining the market forces of demand and supply of capital market products.

COMPANIES THAT TRADE IN STOCK EXCHANGE.

1. All public limited companies listed on stock exchange.
2. Insurance companies
3. Commercial banks
4. Any other organisation that is financially sound.

Examples of companies listed on use.

1. British American Tobacco (BAT)
2. Uganda clay's Limited
3. Bank of Baroda (U)
4. DFCU Bank Limited
5. New Vision printing and publishing company.
6. Stanbic Bank(U) Limited

Examples in East Africa.

1. East African Breweries Limited
2. Kenya Airways
3. Jubilee Holdings Limited
4. Safari Co. Limited