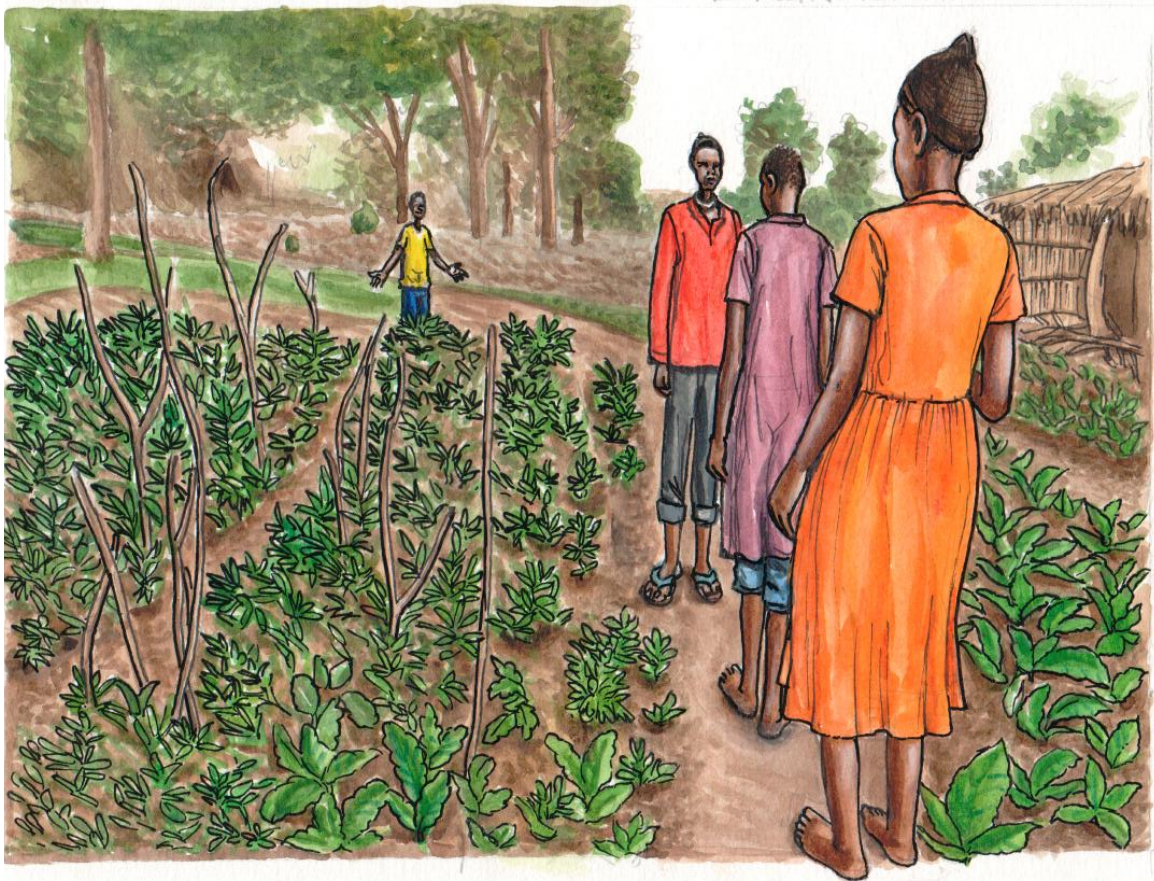




BUSINESS STUDIES FOR YOUTH IN PLEFS PROJECT



LEVEL I BOOK 2016





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UNIT 1: THE PASTORALIST ENTREPRENEUR

This was your preparatory self evaluation lesson for you (youth) in level 1. You have now learnt a few things that can help you become a pastoralist entrepreneur. This will help you learn more and gauge how much you are ready for business.

I LIVE IN THE CATTLE CAMP IN MOVE VERY OFTEN WITH ANIMALS LOOKING FOR PASTURE. I HAVE LEARNT ABOUT BECOMING AN ENTREPRENEUR IN MY SITUATION. AM I FULLY READY TO START A BUSINESS?

Read the table below and answer the questions truthfully.

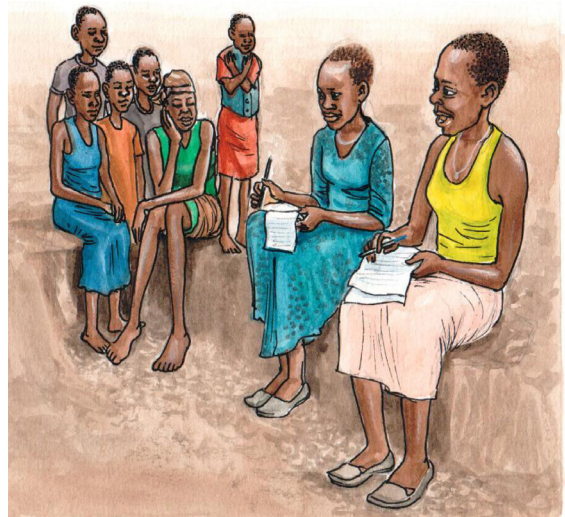
Tick on the appropriate table.	Yes	No	Not sure
I already have made my business plan on a small business in the cattle camp.			
I do not think I need a business plan, I will just start. If I succeed fine. If I fail, too bad.			
I now know how to run a business in a pastoralists society			
I can teach others how to run a business in a cattle camp			
I want to learn more about making profit from crops and animal products			
I have already started running my business but want to learn more on how to manage it.			

Share your views with the other members of your class.

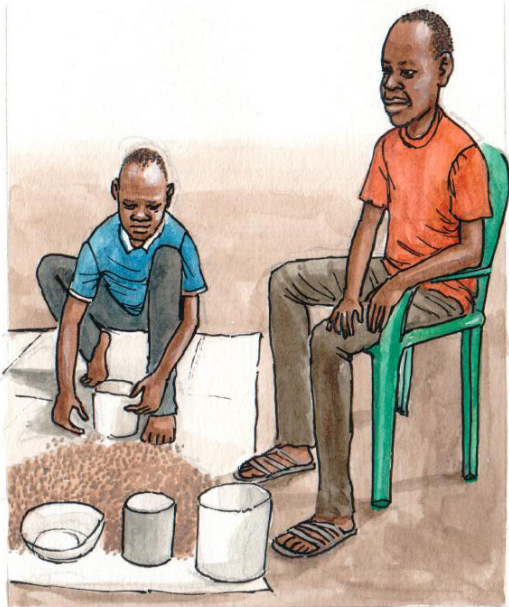




Remember these pictures.



1, Young people in business Stories stage





2. Starting business stage

Share your feelings about a business in the cattle camp by discussing these questions.

1. What do you think about a business in cattle camp?
2. What do you fear most about starting a business in the camp?
3. What would you wish to know as you move on with your business or business idea in the cattle camp?





Present to your classmates and share their feelings also.

For you to be that pastoralist entrepreneur you must have the following characteristics:-

- Initiative ----one who gets an idea, plans for the idea and makes the idea real.
- Persistence.....never give up too soon. Patience pays.
- future-orientedhave a goal and focus on it.
- moderate risk-taker....don't be too fearful that you might fail. Try and move on.
- problem solver.....be ready to resolve issues in a peaceful and diplomatic way. This will earn you respect.
- self confident...believe in yourself. Do not let others discourage you.
- information seeker.
- creative and innovativealways try to be original. Look for what there isn't and start or improve.
- time conscious...make for yourself time limits and try to work within.
- Flexible....don't be rigid. Keep changing to improve.



- Hard worker...a lazy person cannot success in business. It is too demanding.

Discuss each of this in your small groups. Show how each of them can be applicable in your situation.

In you have the opportunity to go for a field visit, look for the following:

- identify a successful entrepreneur
- where and who to visit
- which qualities to observe
- questions to be asked
- take notes
- Always be courteous. Apologize for the time you are about to take. Say thank you after the interview.

Entrepreneurial Skills Required for Business Success

Some of the skills you would look for include:-

- negotiation
- record keeping
- decision making
- management
- conflict resolution





- marketing
- public relations

When you go back to PLEFS, evaluating each other on the individual strengths for successful Business: If you have many weaknesses, do not get offended. This is learning and gives each of you opportunity to change. Be honest with each other so that you help one another.

Reasons why People become Entrepreneurs include:-

- opportunity to be independent
- utilize your skills
- invest available resources
- make profit
- become ones own boss
- provide employment opportunities
- actualize ones vision
- prestige
- realize hobby / potential

Discuss in your groups why they would like to become entrepreneurs. Each group should:



- have a chairperson to control the group
- have a secretary to record the points and make a presentation
- discuss role models/mentors in certain businesses
- discuss reasons why they would like to become entrepreneurs
- present in class.





UNIT 2: ENTREPRENEURSHIP DEVELOPMENT

Look up for the meaning of these words from the dictionary.

Vocabulary

Find out how they are used in this book. This will help develop your business language.

Practice in pairs, using each word in a sentence; e.g The word **'culture'**

We find it difficult to start because it is not a cattle camp culture. However, it is important that we change some of our cultures in order to look at life in a broader way._

Do the same with the other words.

Do you know?

Entrepreneurship can contribute very much to your Economy and that of the whole country? An entrepreneur:

- creates of jobs



- makes money after buying and selling
- uses things from around him or her instead of local throwing them away e.g where do you take the skin of your animals?
- promotes of technology
- makes people get interested in business
- supports industrialization policies
- increases business people from the local community

What are the tasks Performed by an Entrepreneur?

Tasks performed by an entrepreneur include:-

- controlling the business
- starting a business
- looking for money
- decision making
- pays the factors of production
- risk bearer
- owns the whole project
- payment of business related expenses



What skills are required in entrepreneurship?

Some of the entrepreneurial skills required are:

- negotiation skills
- management skills
- accounting skills
- legal skills
- decision making skills
- marketing skills
- communication skills
- public relations skills
- conflict resolution skills
- stress management skills
- labour relations skills

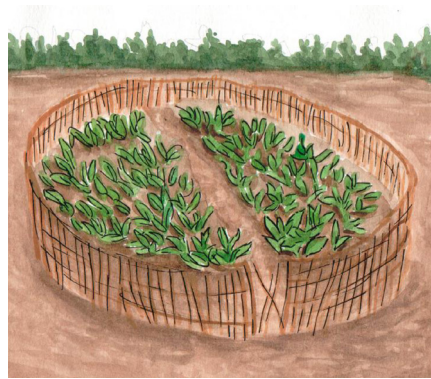
Creating an Entrepreneurial Culture

Culture means your way of life. Every community has its own ways of doing things. There are some communities that are very good in growing crops. You are very good in keeping animals. Others are very good in business. All these are different cultures. It is very good to respect our cultures but it is also very good to change with the changing world. Culture does not make us slave. It makes us



good people. Culture change come as a result of many things.

1. Mixing with other people of other cultures
2. Going to school and learning new things
3. Technology change
4. The world around us.



Goods and Services garden

A cattle camp kitchen



Basket weaving





When we decide to do other things, we are not losing our culture. We are contributing to the development of our culture. The entrepreneurial culture and its effects on business establishment to include:-

- increase in number of businesses
- enhance business continuity and survival
- acts as business incubators
- role models and business mentors



GROUP ACTIVITY

Debate on how entrepreneurial culture will help the cattle camp and pastoralist.

Divide yourselves into two groups. One group will





support the debate/motion. The other group will be against. .

Each group will give 1 person to ensure there is order during the debate. The two will have the mandate to throw out of the debate anybody who misbehaves.

Each group will also give two people to be moderators. The moderators will work with the facilitator and take the groups' points. They will then agree among themselves which group wins. They will then announce which group wins and why



This debate is for learning purposes. If you are not happy with the points raised, just keep it to yourself. Respect each other's views. You should not quarrel over any point raised. This activity is also meant to help you as the youth to learn to tolerate each other, respect each other and accommodate each other for peaceful co-existence.





Write in your book

Write yes/no and give examples to support your answers.

1. We cannot change our pastoralist culture at all?

a.

2. We can discuss and argue in a peaceful way to solve our issues.

a.

b.



UNIT 3: MICRO AND SMALL BUSINESSES FOR PASTORALISTS

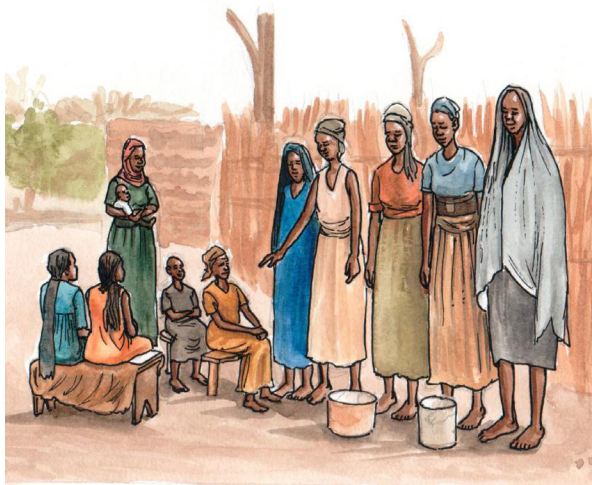
Look at these pictures and discuss them with your friends.

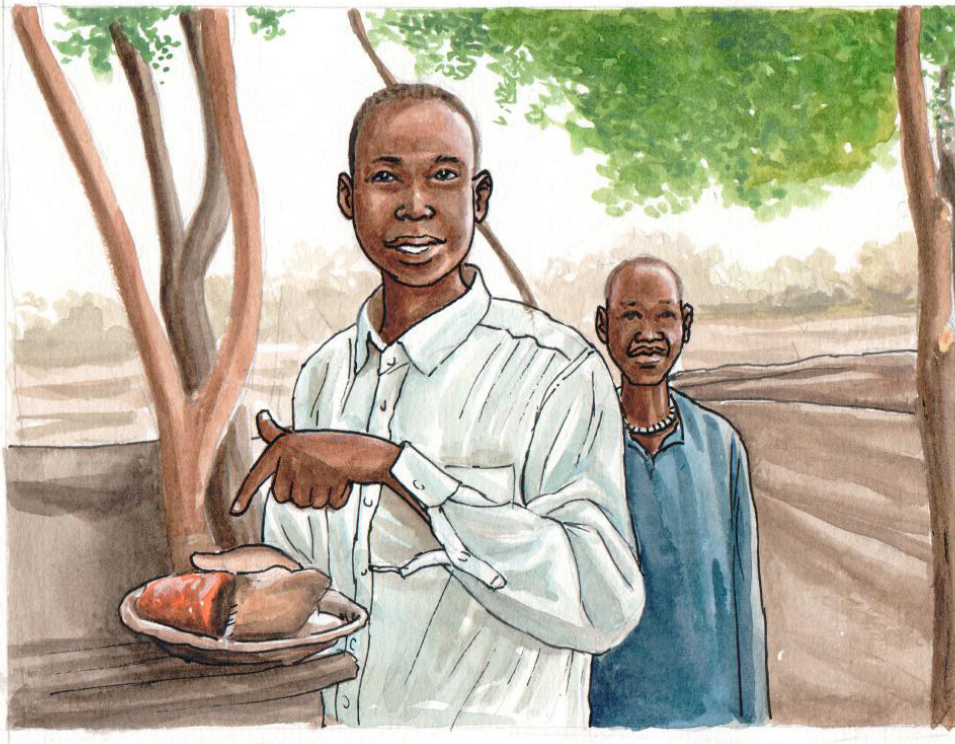
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Characteristics of Small Businesses

Do you remember these characteristics of small businesses?

Read them and discuss each characteristic in the way it can apply in your case.

- a. number of employees
- b. profits
- c. capital
- d. turnover (sales)
- e. physical facilities



f. market share

g. taxes

h. level of technology

Types of Business Activities

Take a walk to the village or nearest town. Identify and observe the business activities there. They may include:

- transport
- selling milk and milk products
- mobile phone communication bureau
- farming
- entertaining
- tailoring
- wood carving
- leather making
- horn shaping
- basket weaving

Reasons that make a Person go into Business

The reasons that make many people to go into business to include;

- To earn a living



- To add into their income
- Wish to be in self employment
- For livelihood diversification
- To utilize available resources
- To make profit
- To provide employment
- To utilize special skills
- To some it is a hobby
- To realize potentials

Find out from practicing people in business the reasons that made them go into business

Factors to Consider in Locating a Small Business

In your groups, discuss each of the following factors to consider in locating a small business:

- Availability of raw materials
- Water
- Communication
- Roads
- Market
- Auxiliary services

- Social cultural factors
- Government policy
- Security



Let us think together.

What are the benefits of Small scale Businesses?

(i) To the entrepreneur

- realize a living
- self actualization
- earn an income
- to be own boss



(ii) To the Nation

- utilize locally available resources
- stimulate economic growth
- act as incubators for business people
- employment creation

WHY DO SOME PEOPLE SUCCEED AND OTHERS FAIL IN BUSINESS?

The reasons include:

(i) Business success

- government support system
- availability of capital
- market availability
- favorable technology
- entrepreneurial skills
- good customer relation
- careful allocation of business resources
- good infrastructure
- ability to compete
- friendly business policies
- training of entrepreneur and stakeholders



(ii) Business Failure

- poor Management practices
- lack effective planning
- inadequate capital
- small market
- outdated technology
- poor customer relations
- poor infrastructure
- inability to compete

Why would somebody living in a cattle camp wish to go into Business?



UNIT 5: Business ideas for Pastoralists

A pastoralist may get business ideas from many sources. Some of these are:

- newspapers and magazines
- community radio
- individual personal skills and knowledge
- friends
- complains from people living in the cattle camp about different products or services
- Discussion in PLEFS

Ways of Screening Business Ideas in a cattle camp

Screening business ideas in a cattle camp may be done in several ways. Some of these are:

- The ability to satisfy specific needs of people
- people are actually willing to buy the good or service
- the product or service will be of the same or better quality than that provided by competitor



- the business will meet the goal and expectations of the entrepreneur
- the business will be profitable over a long period of time
- screening by identifying competition advantage

Process of Creativity and Innovation

The process of creativity and innovation may include:

- building on your skills, hobbies or interests
- copy and improve an existing business
- combining two existing business ideas in a new way
- spotting a market niche
- listening to what people say
- brain storming

Barriers to Creativity and Innovation

Discuss in your groups the following barriers to creativity and innovation:

- socio-cultural
- personal
- culture



- economic
- lack of challenges
- technological
- political

Management of Barriers to Innovation and Creativity

There are several ways of managing barriers to innovation and

Creativity. Some of these are:

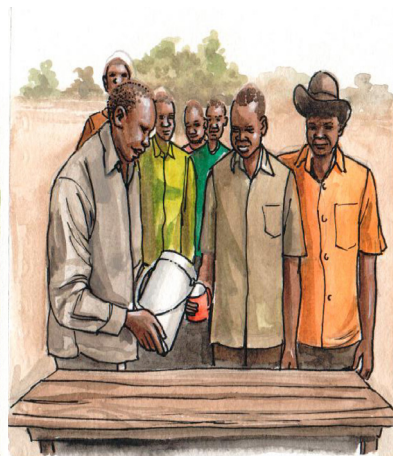
- Through processing and packaging
- training
- finding out what is not common yet is needed



UNIT 7: IDENTIFICATION OF BUSINESS OPPORTUNITIES

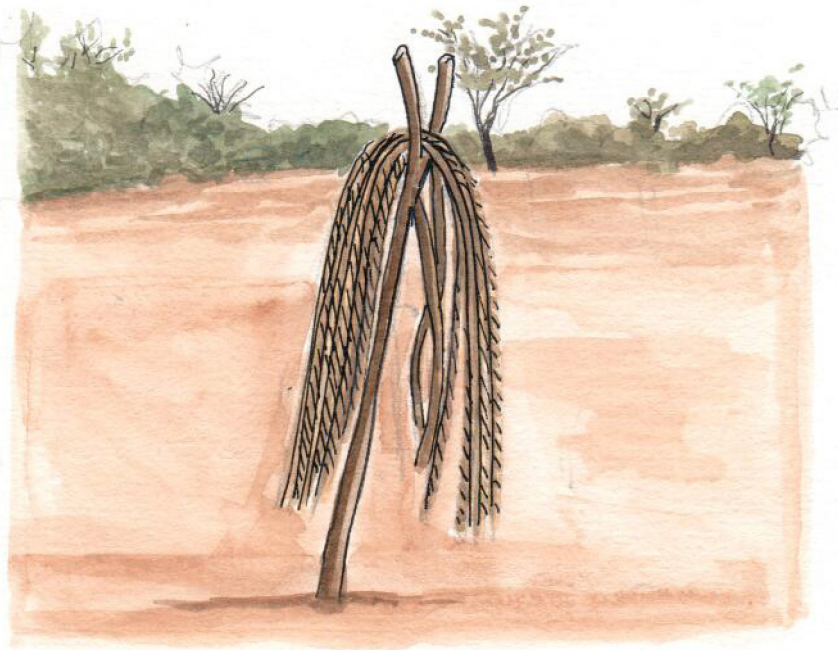
Remember this activity we had in Level 1?

Discuss what each of these people is selling. Can you sell the same? List other things you feel people in your camp will need.





Could the people in the camp make ropes, you buy and sell them in the nearest market?



Where are the skins of goats and cows taken after they are slaughtered?

That is money. That make very expensive the bags and shoes.

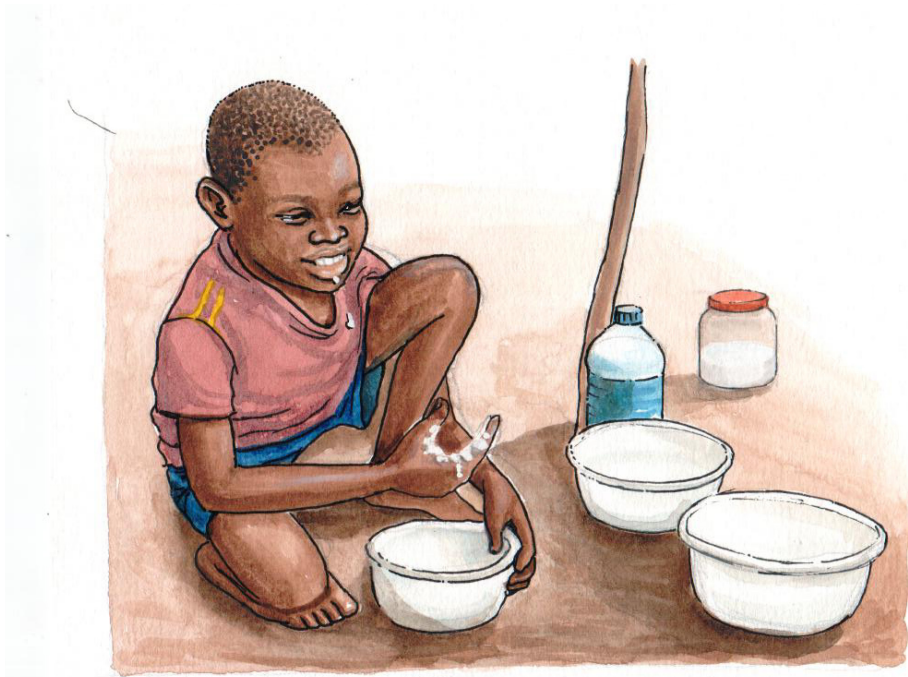




Where do you take the horns after dehorning cows?

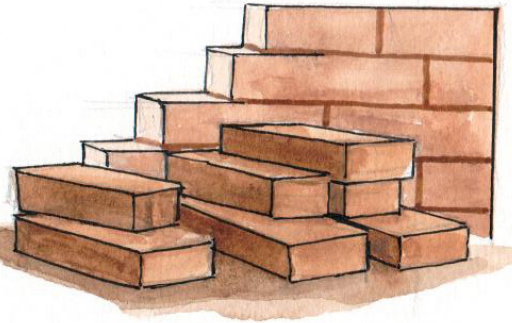
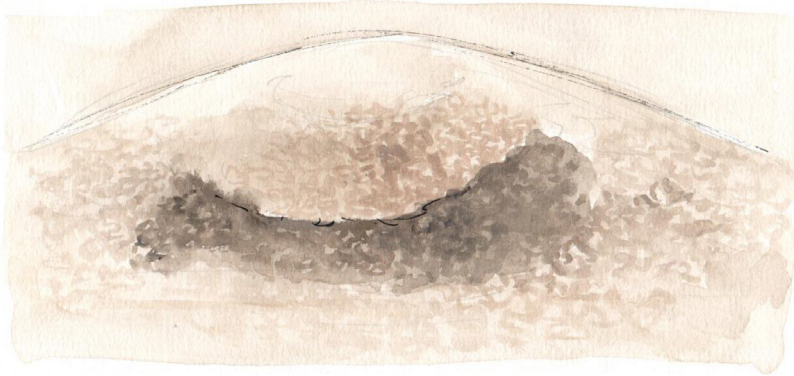


What do they do with the excess milk?

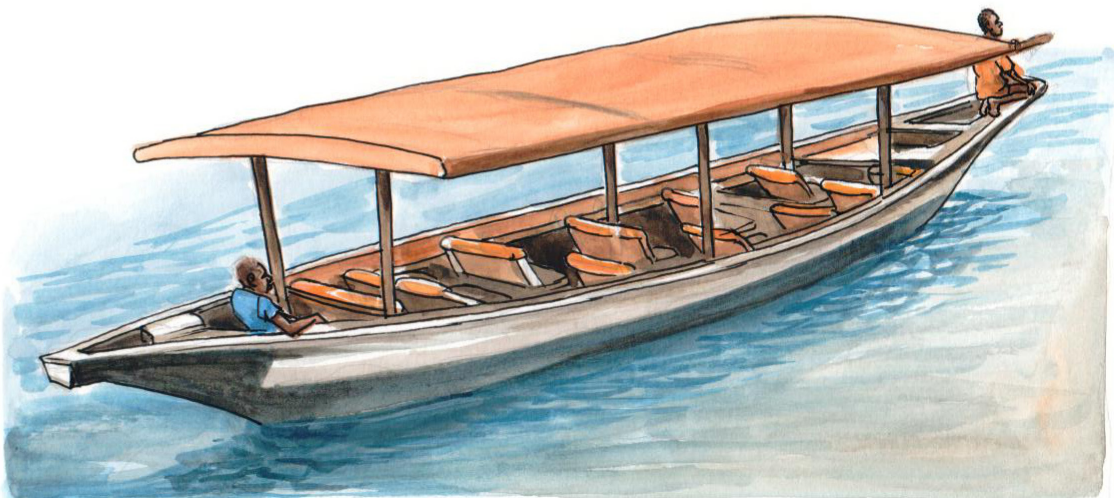




How about doing this?



Pottery and brick making



Transport services



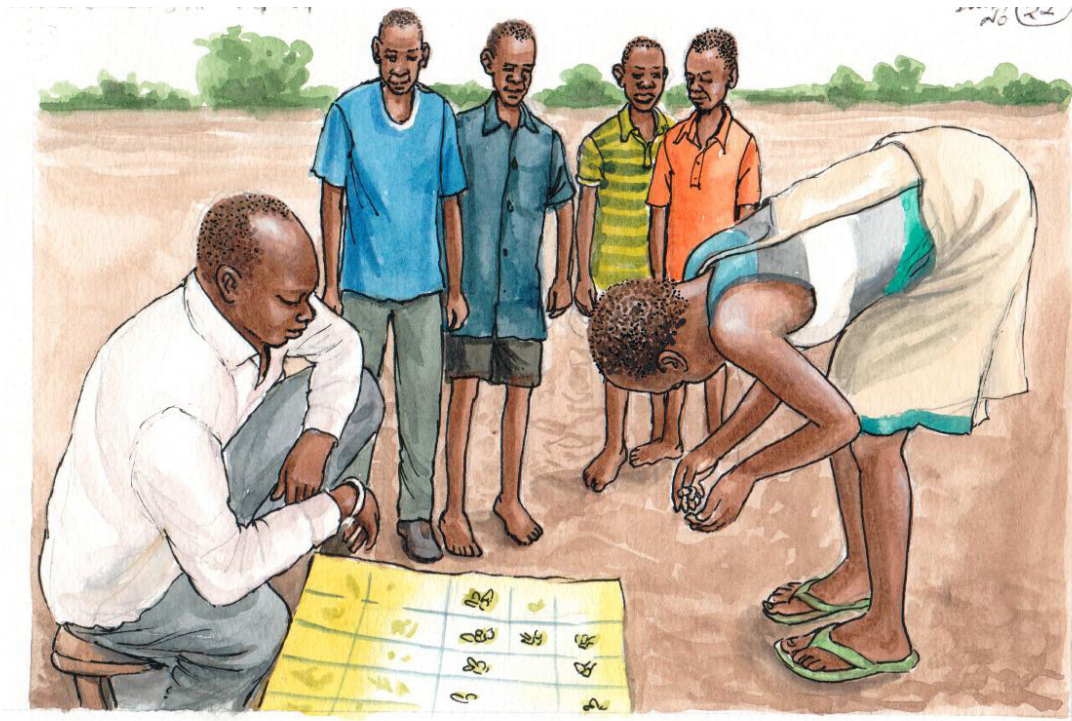


Honey processing

Sometimes, we are not sure of the business we want to start.

To develop a business plan or find out if a business idea will work, we need to find out the business opportunities in the cattle camp.

Look at these people. They are trying to list and come up with the best business ideas that can work for them.



Do the same with your group. Your facilitator will help you.

Activity

1. Distinguish between a business idea and business opportunity





2. Identify, screen and evaluate a business opportunity

Characteristics of a Good Business Opportunity include:-

- Good market/real demand
- Attractive return on investment
- Availability of raw materials
- Technical/managerial requirements
- Competitiveness
- In line with personal/organizational objectives
- Adequate length of window of opportunity
- Environmental friendly

Ways of identifying a Business Opportunity include:-

- understanding one's own capabilities
- understanding one's own strength
- understanding one's own limitations
- understanding one's own preferences
- where there are gaps in form of quality, uncompetitive prices, low supply and non-existence of a service or product

- government incentives /policies

Sources of Business Ideas

□ Some sources of business ideas to include:-

- brainstorming on various business ideas
- combining two or more ideas
- copying somebody else's successful idea
- commercialize one's career/skills
- commercialize one's hobbies
- finding new ways to do things
- finding out what the competitor does poorly
- solving peoples problems
- shows and exhibition
- advertised businesses
- discussing business ideas with friends, workmates and family
- being alert with new inventions



- Methods of Screening and Evaluating a Business Opportunity include:-
- legal requirements
- rate of return (profitability)
- potential growth
- level of competition
- capital requirement
- nature of risk
-
- level of technology level of skill requirement
-
- In groups, discuss how to screen and evaluate business opportunities. If possible,





visit a successful local entrepreneur and find out how best you can screen and evaluate business opportunities. In such a visit make sure you:

- make observations and take notes on characteristics of a good business opportunity
- interact and discuss with entrepreneurs on methods of screening and evaluating a business opportunity

When you get back to PLEFS, make sure you:

- make presentations on sources of business ideas
- participate in group activity on identification of business opportunity



Opportunity is an exploitable set of circumstances with uncertain outcome, requiring commitment of resources and involving exposure to risk

Top of Form

Business opportunity is an opportunity to generate income as a business owner and not an employment opportunity.

Characteristics of a Good Business Opportunity include:

- Good market/real demand
- Attractive return on investment
- Availability of raw materials
- Technical/managerial requirements
- Competitiveness
- In line with personal/organizational objectives
- Adequate length of window of opportunity
- Environmental friendly

How to identify a Business Opportunity

You need to have a lot of life skills in order to become a successful entrepreneur.

Most of the requirements are based on yourself awareness, for example:



You need to :

- 1 Understand your own capabilities
1. Understand your strengths
2. Understand your limitations
3. Understand your preferences
4. Have effective skills to make the right choices which you should always be ready to take responsibility

You also need to know:

1. Where there are gaps in form of quality, uncompetitive prices, low supply and non-existence of a service or product
2. Government incentives /policies

Where do people get their Business Ideas?

Some of the sources are listed here. You need to add more as you discuss with your friends.

- i. Brainstorming on various business ideas
- ii. Combining two or more ideas



- iii. Copying somebody else's successful idea
- iv. Commercialize one's career/skills
- v. Commercialize one's hobbies
- vi. Finding new ways to do things
- vii. Finding out what the competitor does poorly
- viii. Solving peoples problems
- ix. Shows and exhibition
- x. Advertised businesses
- xi. Discussing business ideas with friends, workmates and family
- xii. Being alert with new inventions

Methods of Screening and Evaluating a Business Opportunity include:

- a. Legal requirements
- b. Rate of return (profitability)
- c. Potential growth



- d. Level of competition
- e. Capital requirement
- f. Nature of risk
- g. Level of technology
- h. Level of skill requirement





UNIT 8: BUSINESS PLAN

After getting a business idea, you need to plan. There many way you could do this. You will need to dentify business resources available in the cat-tle camp.

e.g There are chicken in the camp. They lay eggs. If selling eggs is your business idea, you need to ask yourself:

- Where do I get the start up capital?
- Where will I deliver the eggs?
- How will I sell them (wholesale or retail)?
- Whom will I work with?
- How do I talk to the chicken owners?
- How much will I buy per egg?
- What will be the transport cost?
- How much will I sell to make a profit?
- Which banks will I use for my transactions?

Discuss with your friends the resources you will need and the possible sources.

Use the following table to guide you.



My business idea	Resources I need	What I have	What requires money

Key notes

Resources are all things you need to start your business. These will include human resources, materials and money to run the business.

What is capital?

Capital is anything that can be used to start a business. This is in form of:

- Money
- Goods

After you start your business you will need some money to keep the business running. This is called daily running cost.

All these can be put in a formal business plan.

Look at the sample business plan provided. Discuss and fill it in as a group.

There are some basic areas that every business plan should have. These include:

- The cover page
- The name of business
- The nature of business
- Executive summary



- Summary of the whole document
- Business description
- product or service description
- include picture of product
- Marketing plan
- shows marketing mix
- pricing product
- product promotion
- distribution channels
- Organizational plan
- management
- organizational structure
- duties and responsibilities
- physical facilities on plan
- Production / operational plan
- methods of production and technology used
- flow charts
- Financial plan
- pro-forma income statement
- pro-forma balance sheet





- cash flow projection
- break even analysis
- Business risks assessment-potential threats to the success of your businesses,



UNIT 8: STARTING A SMALL BUSINESS

In L1 & 2 you learnt that after you develop your business idea, ask yourself these questions. If most of your answers are “no”, then you need to ask yourself if this is the right business for you. If you feel it is the right business idea, then you will have a lot of planning and preparation to do.

Key questions to ask yourself	Yes	No
1. Do I have the skills to do it?		
2. Do I have any experience in it?		
3. Do I have enough knowledge for the business I want to do?		
4. Is it something I would like to do?		
5. Is there an opportunity for me to do my business in the cattle camp?		
6. Do the people in the cattle camp like my idea?		
7. Is there anyone else with the same idea or doing same business?		

The following are the requirements of starting a Business:

You should have:

- adequate capital
- Licence/legal document
- relevant technology



- physical facilities
- necessary labor
- market availability

Field Activity

If it is possible you can prepare for a field visit in the following ways;

- where and who to visit
- which requirements to observe
- questions to be asked
- how to take notes
- how to conduct themselves

In the field, interviewing practicing businesspeople on the what they put in place before starting their small businesses.



Group work

Discuss in your groups the challenges a pastoralist may face when starting a Business

In your discussion you may have come up with some of the following points

Challenges of Starting a Business

- Lack relevant skills
- Competition
- Lack of limited start up capital
- poor location / site
- long working hours
- insecurity





- poor structure since you are in the camp for a short time
- gender issues...because I am a woman/man.
- Climate change...the floods destroy many things

LET US PRETEND GAME

This game will be done by 4 people or more. 1 person will pretend he/she is a news presenter and works with the community radio. He/she wants to know the problems the people in your cattle camp may be having that will prevent them from starting businesses. The radio news reporter will interview the other three people. The three people will represent all the people in the cattle camp. If you any of them raises a very good point, clap both hands and feet. If the point is not very strong, just clap the hands. If the point is weak, clap with the finger.

REMEMBER

This is just a game meant for learning. Don't feel bad when they don't clap at you. We are all learning.



When one group completes, another group should do the same. Everybody in class must join one group.

How do we Cope with Challenges of Starting a Business?



In your groups, how you would face the problems you listed.

Some ways of coping with the challenges of starting a business are:

- Getting the necessary skills
- Finding out what others are doing before starting your own
- Employ a person who has the skills, e.g one who can make ropes





- Working with other people in other camps
- Giving your things to be sold in other cattle camps

Discuss how each of the following sources of capital for small enterprise is possible or impossible for you.

- borrowing from friends and relatives
- borrowing from banks and the money lending institutions
- inheritance
- taking things on credit and paying after you sell
- your own savings
- selling some property or animals



UNIT 11: RUNNING A SMALL BUSINESS

Take out your dictionary and look out for the meaning of the following words:

- cost
- price

Now write the difference between Costing and pricing.

Give examples using the products you have in the cattle camp on how you can do costing and pricing.

How can you make your prices low so that many customers will buy from you, but making sure you still make profit?

Look at the following.

- buying in large quantities
- applying modern technology
- avoiding waste
- going for training to get the necessary skills
- making friends with people from other carrel camps so that they get for you market there.
- Being able to do many things for yourself



Look at the above points and discuss how each of them can help you.

Which ones cannot apply in your case?

Means of Buying and Selling Goods and Services

You can buy and sell goods and services by:

Cash e.g

- i. prompt payment
- ii. cash with order
- iii. cash on delivery

a. Cheques

b. Promissory notes

c. Postal orders

- Money orders
- Bank drafts
- Postage stamps
- Air time

Which of the above is possible in your cattle camp?

UNIT 9: HOW TO MANAGE A SMALL BUSINESS

Kenji started selling yoghurt airtime in her cattle camp. Her business was doing very well. Later Kenji's family moved to another camp in another state. Kenji decided to introduce her yoghurt business. She opens her business from 11.00 o'clock and closes at 3.00 o'clock. Her business is now two months old. Very

few people bother to come to her small table to see what she is selling. Some who come never come back.



Group discussion

What do you think happened to Kenji's business in the new cattle camp?



For every business to succeed, there are some things we need to consider.

Some of these are:

- environmental concerns such as pollution
- people's attitude, belief and culture
- gender issues
- community participation
- relationship with the people
- good manners like:
 - punctuality
 - courtesy
 - diplomatic
 - respectful
 - good personal grooming

Safety Measures in a Business

When you start a business, make sure it does not cause injury to the people around.

For example, if you are making medicine for cows, make sure you keep it where children cannot reach it. If you are building bee hivers, do not leave nails, panga or other sharp objects where people are passing.



List other safety measures you need to ensure in a business in the cattle camp?

- sharp objects
- chemicals
- defective tools

Quality Control Measures

It is very important to make goods or offer services which are of good value. These are the ones that will keep customers coming to you. Quality control measures in a cattle camp may include:

- quality goods and services
- correct measurements
- observation of health and hygiene
- cleanliness

Resources Available to Entrepreneur

Resources available to an entrepreneur when managing an enterprise to include:-

Internal resources

- human resources
- financial resources
- physical resources



- technology
- External resources
- physical environment
- relief / climate
- security(banks)



UNIT 10: RECORD KEEPING IN A SMALL BUSINESS

Business Records



The types of records kept by an enterprise should include:-

- Cash receipt
- invoice
- sales journal
- purchases journal
- cash book
- general journal

Importance of Record Keeping :

The importance of record keeping to an enterprise to include:-

- assess the performance of the business
- reference / evidence of transaction

- determine the net worth of a business
- for borrowing / loan purposes
- detection of errors in business

Recording Business Transactions

You should learn how to enter / record business transactions in business books. Some of the key things you need to know include:-

- rules that govern recording business transactions
- single entry principle
- double entry principle



Group Activity



Visit a small business to identify records kept by an entrepreneur. Ask the owner :

1. What business records they have
 2. Ask to be show any of the following if they are available
- invoice
 - cash receipts
 - sales journal
 - purchases journal
 - general journal
 - cash book
 - single column
 - two column
 - The ledger
 - sales ledger
 - general ledger
 - purchases ledger



UNIT 11: BANKING AND INVESTMENT FOR SMALL BUSINESSES

Why would you want to bank your money for your small business?

Banks are important in business because they:

- accept deposits
- act as agents for payment
- grant loans and overdrafts
- act as agents for services such as:
 - payments of standing order
 - collection of dividend warrants
 - credit transfers
 - trustee for your beneficiaries
- provide foreign exchange incase you wish to sell your goods to foreigners e.g your baskets
- letter of credit
- safe custody (jewellery, title deeds, share certificates etc)

Types of Bank Account

1) The main types of bank accounts are:-

- savings
- current account
- fixed deposit
 - Business Investment Opportunities in the cattle camps.

What business opportunities are there in your cattle camp?

Some may include:

- Communication
- Selling air time
- farm products
- livestock products
 - Importance of investment opportunities to include:-
- growth of savings
- earning of dividends
- safe keeping of surplus funds
- security
- to raise capital for business



- identify investment opportunities in their locality
- complete personal detail in sample bank forms
- participate in a designed role play of activities in a banking hall





UNIT 12: MARKETING IN A SMALL ENTERPRISE

Ways of Identifying a Potential Market

Ways of identifying a potential market for a business product / service include:-

- consumer behavior
- internal factors
- needs
- motives
- personality
- perception
- attitude
- learning
- external factors
- social influence
- cultural influence
- role influence
- reference group influence



Ways of Promoting a Business Product within a cattle camp

The various ways of promoting a business product / service include:-

1. You can advertise your business using:

- posters
- local newspapers
- word of mouth
- community radio
-

2. You may also organize for a sales promotion through:

- trade fairs / exhibition
- giving free samples
- gifts



- display
- after sale service
- personal selling

3. Do a class discussion on advantages and disadvantages of the various ways of promoting a business product / service

Factors Affecting Pricing Decisions

The factors affecting pricing decisions for small enterprises include:-

- cost of factors of production
- effects on sales
- psychological impact on customers
- competition

2) Look for successful entrepreneurs maybe in the village or town and interview them on factors that affect pricing of products

Methods of Pricing

3) The methods of pricing a product to include:-

- Checking how much it is generally being sold for



- Demand
- Profit margin
- Availability and quantities
- The inputs

Channels of Distribution

Things that may require choice of a channel for distribution of goods and services in a cattle camp include:-

- agricultural products
- manufactured goods like farming tools
- Animal products
- factors influencing choice of channel of distribution in a cattle camp business enterprise may include:
 - nature of product
 - cost of the product
 - market accessibility / distance
 - size of market
 - government regulation
 - competition
 - capital



In groups, discuss various channels of distribution for different goods and services within specific cattle camps





UNIT 13: FORMS OF BUSINESS OWNERSHIP

Forms of Business Ownership

- Define and explain forms of business ownership to include:
 - sole proprietorship
 - partnerships
 - companies
 - co-operatives

Characteristics of Forms of Business Ownership

- Sole proprietorship
- owned by one person (family)
- takes all profits alone
- suffer losses / risks alone
- enjoys top secrets of the business
- quick decision making
- capital is contributed by self
- managed by self or family labor
- most require trading license only



- Partnerships
- owned by minimum of 2 and maximum of 20 partners excluding employees
- formed under a partnership agreement
- established under partnership act
- all partners share the responsibility of managing business
- capital is contributed by all partners
-
- Co-operatives
- formed by people with common economic interest
- formed by a minimum of 10 members
- capital is mainly from members contribution, retained profits and incomes from investment
- managed by a committee
- normally affiliated to / with other co-operatives

- Advantages and Disadvantages of Forms of Business

Ownership



- Explain the advantages and disadvantages of forms of business organization to include:-

Advantages of sole proprietorship

- few formed legal procedures when starting
- quick decision making
- direct control of business
- close / personal contact with customers
- ability to assess the credit worthiness of customers
- accountable to oneself
- maintain top secrets
- enjoys profits alone
- gets assistance from family labor

Disadvantages of sole proprietorship

- has unlimited liability
- limited capital for expansion
- works for long hours
- business is affected by sickness or absenteeism of owner





- cant benefit from economies of large scale
- death of proprietor may affect continuity
- lack of specialization / division a labor

Advantages of partnership

- raise more capital then sole-proprietor
- work is distributed among partners
- different talents are shared
- losses are shared
- few legal requirement in formulation
- partners do not work for long hours
- does not advertise its shares to the public
- restricts transfer of shares
- can be managed by one or two directors
- starts business immediately after receiving certificate of incorporation

Disadvantages of partnerships

- mistake by one partner affects others
- liability of some partners is limited
- disagreement among partners can lead to



dissolution

- decision making is slow
- action of a partner is binding
- may rely heavily on one partners
- limited access to capital
- hardworking partner may not be rewarded

Advantages of co-operatives

- interest of members are served more effectively
- incur low cost due to economies of scale
- members share on profits besides cash payments
- members have equal choices of being elected in committees
- members have increased their incomes
- members have been greatly educated through seminars
- offer credit facilities
- membership is open and voluntary
- members have limited liability
- government steps in to assist as patrons



- loans to members carry low interest
- run on a democratic basis

Disadvantages of co-operatives

- many cooperative societies don't benefit from economies of scale
- suffer from poor management
- suffer from political interference
- corruption and embezzlement of funds
- members may not take keen interest in the co-operatives affairs

