

## **COMMUNICATION SKILLS IN BUSINESS**

Communication refers to the giving/sending and receiving of information/feedback.

It is the transmission of information from the sender to receiver

Communication is a 2 way process used to exchange information, ideas, knowledge, thoughts, and feelings from one person to another

### **COMMUNICATION PROCESS**

It is the various steps followed to convey a message/information between the two parties

The communication process is as follows

1. Sender

This plans how to communicate, what, when, and to whom you communicate to

2. Encoding

Here the message/information is critically analyzed ie its impact and how it is to be communicated

3. Choosing a suitable channel/media of communication

Here the sender must choose the best channel to convey the information either verbally, non-verbally or written

4. Sender conveying the message/information clearly and timely

5. Receiver receiving the message/information

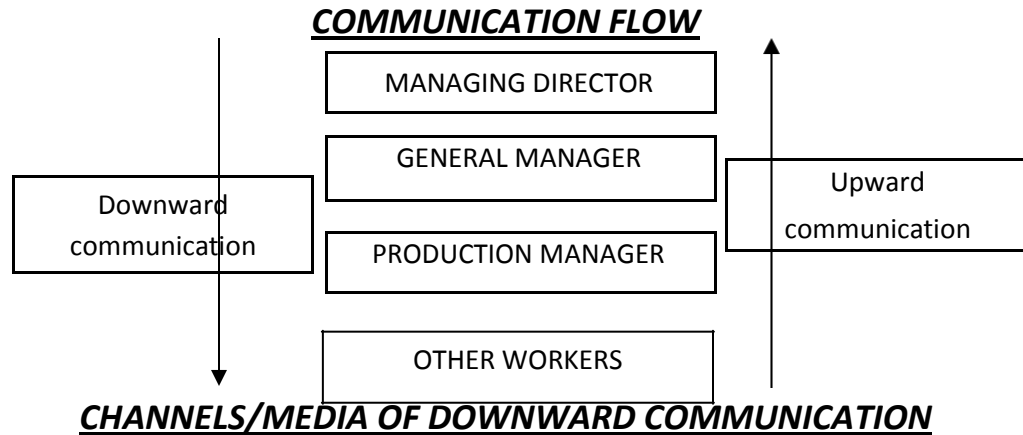
6. Decoding

Here the receiver decodes the message ie analyzing, understanding and interpreting the message.

7. Receiver replying the message/giving feedback QN.

(a) Describe the process of effective communication

(b) Explain the steps involved in the communication process



Meetings, Notice, Posters, Letters, Memos, Reports Employee's handbooks

**CHANNELS/MEDIA OF UPWARD COMMUNICATION**

Meetings, Suggestion boxes, Reports, Open door, Complaint systems, Labour union

**CHANNELS/MEDIA OF EFFECTIVE COMMUNICATION**

Telephones      Teleconferencing      videos  
Meetings      Notices      Posters      Letters

**EFFECTIVE COMMUNICATION**

It refers to the sending and receiving of information where the message is received by receiver the same way the sender intended and gives the feedback in an appropriate time.

**FEATURES/ESSENTIALS/CONTENTS/PRINCIPLES OF EFFECTIVE COMMUNICATION**

1. Completeness  
The message/information should be short but having all the facts the receiver needs to know about what is being communicated.
2. Conciseness  
The message/information given should be in the fewest words possible.
3. Correctness/Accuracy  
The message/information should be as correct as possible with no mistakes
4. Courteous/Sincere

The sender should be as sincere as possible when sending the message and should avoid hurting the receiver

5. Clarity/clearness

The message should be as clear as possible by use of words and gestures such that the receiver understands the reply

6. Considerate

The sender should have the receiver in mind when sending the message. It is better to use positive words than the negative discouraging words

7. Concreteness

The message should be concrete by being specific and not vague

8. Timing

The message should be conveyed at an appropriate time when the receiver is ready to receive the information

9. Environment

The environment in which communication is made should enable the intended audience to ably receive the message i.e. the environment should be conducive

10. Media

The sender should use a medium that the target audience uses e.g. When communicating to teenagers, social media, TV is better and when communicating to villagers, radios are better

### **IMPORTANCE OF COMMUNICATION IN A BUSINESS**

- ✓ It enables the entrepreneur to pass on relevant information to the people eg the suppliers, competitors, customers, workers, etc
- ✓ It helps to implement policies of the business by giving instructions to the workers and their supervisors
- ✓ It helps in giving a good relationship with the customers and attracting the new ones
- ✓ It helps the entrepreneur to make informed decisions
- ✓ It helps to create a good understanding between the entrepreneur and his workers
- ✓ It helps to coordinates the operations of the business that are performed by different departments
- ✓ It helps the general public to get the information about a business and this improves the image/reputation of the organization
- ✓ It helps the organization to negotiate about the business so as to get the best bargain

Qn

- (a) Of what importance is communication to an entrepreneur in a business
- (b) How significant is communication to a business organization

### **LIMITATIONS TO EFFECTIVE COMMUNICATION**

A barrier to effective communication is a hindrance/obstacle that prevents a receiver from getting the intended message from the sender and giving feedback.

1. Wrong information/message. Ie one missing the address, name, venue etc. this message may be lacking some relevant facts
2. Inappropriate channel of communication used eg using social media and newspapers to communicate to villagers.
3. Lack of interest by the receiver ie when the receiver is not interested in either the subject matter or the sender him/herself.
4. Inappropriate environment. This is where communication is made in a noisy area more so if it is verbal.
5. Unattractive message. This is where the message is not well appealing to the receiver.
6. Use of faulty communication gadgets with mechanical problems like the public address systems.
7. Emotional blocks. This involves anger towards the sender because of either being too proud of themselves.
8. Poor timing of the message eg communicating at unusual time which isn't friendly with the receiver.
9. Poor listening skills of the receiver due to having hearing disabilities
10. Language barriers/differences between the sender and receiver because of different tribal backgrounds
11. Poor message planning/preparation with many errors and wrong spellings.
12. External interferences like phone tapping may act as a barrier to effective communication

Qn

Explain the limitations to effective communication in a business

### ***STRATEGIES TO OVERCOME BARRIERS/LIMITATIONS TO EFFECTIVE COMMUNICATION.***

- Crosschecking the addresser's address before and during communication
- Choosing an appropriate communication channel in consideration of the target group, time and cost effectiveness
- Controlling emotions before and during communication
- Conveying information at an appropriate time when the target audiences can be accessed
- Creating an attractive and well packaged message to arouse interests of the receivers
- Using well functioning communication gadgets when conveying information perfectly and clearly
- Encourage people to listen effectively and establishing the cause of poor listening and trying to solve it
- Choosing/using a more reliable service provider if one being used has network problems
- Ensuring proper message preparation with concerns on correct grammar and tenses
- Encouraging the receiver to learn more languages and sign languages Qn

How can effective communication be promoted in an enterprise?

### ***FACTORS CONSIDERED WHEN CHOOSING A COMMUNICATION CHANNEL***

1. Age group of the recipients.

Information to teenagers and youth should be communicated through the internet, magazines etc as this is too appealing to this group while old people prefer newspapers, radios.

2. Speed and Urgency of the message.

It determines the choice of the media to be used eg for long distances, telephones are better than letters because they're fast and relay information very fast in case of an urgent issue to be handled.

3. Distance to be covered.

For long distances, telephones are the best compared to the short distance where face to face is more suitable

4. Confidentiality /Secrecy.

Confidential messages are better sent through letters/face to face because they provide the reference unlike telephones which can be tapped

5. Record of reference.

For reference purposes written messages are better than face to face/telephone calls which no records

6. Costs incurred.

Cheaper means maybe appropriate than expensive means so as to reduce on the costs of running business operation

7. Immediate feedback.

Messages requiring immediate feedback should be communicated face to face instead of letters which may take long to be replied

8. Language to be used.

Messages should be made in languages that the receiver uses and understands quickly otherwise the information intended to be conveyed maybe misunderstood.

9. Message performance.

Messages through radios, TV and telephones last for a few seconds while letters last longer and can always be referred to even after some time.

10. Nature of the message.

For messages that require giving details, letters are more efficient while brief messages, emails, faxes, whatsapp can be used.

11. Availability of medium.

A communicator should use a medium that is more readily available than those that are nonexistent.

12. Personality of the recipient.

Communication with people with hearing disability is normally used with sign languages, eye movements and other body movements

Qn

Explain factors considered when choosing a medium of communication

### **TYPES/FORMS OF COMMUNICATION**

This refers to methods through which entrepreneurs can communicate information

- a) Oral/ verbal communication
- b) Written communication
- c) Visual communication
- d) Non verbal/Gestures communication
- e) Audio-visual communication

#### **A. ORAL/VERBAL COMMUNICATION**

This involves communicating orally either face to face or by telephone. It is often used when bargaining, training, meetings, etc

### **Guidelines for effective oral communication**

- ❖ Making direct eye contact with the speaker to prove that you're listening attentively
- ❖ Posing and relaxing abit when communicating with others
- ❖ Facing the speaker squarely/directly ie sitting/standing in front
- ❖ Resisting destructions from other sources
- ❖ Concentrating on only the speaker's message and not the looks
- ❖ Listening calmly without anticipating what the other person wants to say
- ❖ Avoid making a reply before hearing what the other person has to say
- ❖ Avoid defensive communication where you feel your point of view is the best
- ❖ Giving a verbal and nonverbal acknowledge so that the communicator has that full attention
- ❖ Keeping a good body posture particularly a slight lean forward posture
- ❖ Clearing your minds of any thoughts to avoid mentally destructing behaviors
- ❖ Taking notes where necessary to remember later
- ❖ Listening properly to whatever the speaker maybe feeling eg anger, love, uncertainty etc

### **Advantages of effective oral/verbal communication**

- Any misunderstandings can be clearly and timely corrected.
- It is direct, simple, time saving and less expensive form of communication
- It conveys personal feelings, friendship and develops a sense of belonging because of personalizing contacts
- It allows immediate feedback and critical thinking

### **Disadvantages of effective oral/verbal communication**

- There is no formal records/transactions kept to refer to
- If a verbal message is passed on for a long time through very many people some words maybe distorted
- Lengthy and distant communication can't be effectively conveyed verbally
- Receiver may receive the message in his/her own perception hence misunderstanding the purpose of message
- Spontaneous responses may not be carefully thought about
- The spirit of authority can't be transmitted

- More/less different meanings might be conveyed by the way of speaking/talking

## **B. WRITTEN COMMUNICATION**

This involves sending written messages by use of business letters, memos, circulars, reports, notices, magazines, business manuals, minutes, agenda, CV, etc

### **Types/Forms Of Written Communication**

#### 1. Business letters

It is a written correspondence from one organization/person to another

#### **Contents of a business letter**

(i) Letter head

This shows the business name/telephone number, email, and physical addresses of the business.

(ii) Reference

This is used to identify the subject matter and the recipient of the letter. The reference can include addressee, subject matter, date eg

Our ref: MS/ADM/29/03/2020

Your ref: TXY/MS/29/03/2020

(iii) Date

All letters should have a date. Date can be written as 29/03/2020

(iv) Address of the addressee

This shows the name and address of the person the letter is being addressed to

(v) Salutation

This is the general greeting used to start a letter eg Dear Sir/Madam

(vi) Subject heading

It gives a brief indication of the content of the letter in bold letters eg RE:

(vii) Subject matter/Body of the letter

This communicates the intended message to the addressee. Paragraphs are used to show different ideas in a letter

(viii) Complementary clause

It is a general closing of the letter with yours faithfully (if Dear Sir/Madam is used) and yours sincerely (if Dear and the title and name of the receiver has been effectively used)



(ix) Signatory

All business letters should be signed and followed by name and title of the writer

(x) Enclosure

If a letter has any other document enclosed, it should be stated using the abbreviation ENCL.

(xi) Carbon copy (c.c)

A copy of the letter should be kept for the file or to distribute to other departments concerned who may want to know about the communication

Qn

You're operating a poultry farm in your home area and one of cleaners has been stealing eggs from the business.

(a) Write a warning letter to the cleaner

(b) Write an apology letter by the cleaner to the general manager

(c) Write a termination letter to the cleaner for continued stealing of eggs

(d) Write an appointment letter to the new cleaner

(e) Write an appreciation letter to the best employee of the year

(f) Write an invitation letter to the RDC for security checkups for the business

***THIS WORK SHOULD BE DONE AND HANDED OVER FOR MARKING AT THE  
START OF NEXT TERM***

Warning letter

LUMINO QUEST POULTRY FARM

P.O BOX 123

BUSIA (U)

TEL: 0778 189 614/0702 750 250

Email: questpoultryfarmlumino98@gmail.com

29/03/2020

Our ref: LQP/WL/29/03/2020

To: KIZZA CHARITY NTONGO

CLEANER

Dear Madam,

RE: **WARNING**

Following the reports coming in from your colleagues and supervisors.

You're suspected to be stealing company property and eggs in particular.

You're therefore strongly WARNED to desist from this act otherwise severe disciplinary measures are about to be taken including termination of service.

Hoping for change in behavior otherwise the business will have no options

Yours sincerely

.....

NAMUTEBI KAYLE SOPHIE

GENERAL MANAGER

CC: FILE

CC: PRODUCTION MANAGER

## 2. Memos

It is a written communication from one person to another but within the same organization

MPOMA SCHOOLS

P.O BOX 596

MUKONO (U)

TEL: 0777 456 123

E-mail:mpomagirlschool@gmail.com

MEMO

Date:29/03/2020

FROM: HEADTEACHER

TO: BURSAR

SUBJECT MATTER: FEES UPDATES

Please avail me with a list of students with fees balances above shs 350,000

Signature

## 3. Circulars

This informs customers about the changes in activities of the business eg changes in prices, new activities, business strategies etc.

## 4. Reports

These can be used by an entrepreneur to give conclusions, recommendations on investigated facts of the situation

### ***Features of a good report***

It should be:-

-Accurate

-Clear

-Complete

-Concise

-Logically arranged

## 5. Action/Circulation slips

These may be used by an entrepreneur to give information for action/for notifying an officer who may also pass it another named on the slip.

6. Minutes

These are used by an entrepreneur to keep brief resolutions and resolutions of the meeting.

7. Notices.

These can be used by an entrepreneur to give messages to concerned persons

Qn: write a notice inviting all shareholders to the annual general meeting.

8. Bullets/Business Manuals

These can be used by an entrepreneur to give information to customers on its business operations, products, results to both internal and customers

**Advantages of written communication**

- ✓ It serves as evidence of events and proceedings like minutes
- ✓ It provides permanency of records for future reference eg letters, newspapers, magazines
- ✓ It reduces possibilities of misinterpretations and misunderstandings
- ✓ It saves times as many people can be contacted at the same time through business letters
- ✓ It is reliable for transmitting lengthy statistic data and information
- ✓ It appears formal and authoritative for action
- ✓ It can be checked for accuracy which may not be possible in verbal communication

**Disadvantages of written communication**

- ✓ It can be time consuming for lengthy reports
- ✓ There is no immediate feedback as the receiver has to first understand the message
- ✓ There is a possibility of using a wrong address that makes a message last or not received
- ✓ The receiver may have poor reading culture. He/she may hurriedly read and not understand
- ✓ A message may be misinterpreted incase it has grammatical/spelling errors or the language used is too hard to understand

**C. VISUAL COMMUNICATION**

This involves presenting information using diagrams, pictures, short films without necessarily using words.

**Types/Forms Of visual Communication**

(a) Organizational chart

These are used to show the organizational structure and hierarchy of command.

(b) Photographs

These are used to illustrate information so as to increase the reader's appreciation and understanding.

(c) Documentaries

These give information about the business operations. They are also used to give and enable the entrepreneur to show a positive image and appeal to customers and the general public.

(d) Films

These are used for training purposes

(e) Posters and wall charts

These are used to represent and illustrate certain information in a business

(f) Graphs

These are used to present information about a business's performance over time e.g. bar graph, line graph, circular graphs etc

**D. NON-VERBAL/GESTURES COMMUNICATION**

It involves the use of body language to express feelings e.g. crying meaning sadness/happiness, nodding the head meaning yes/no, laughing meaning excited

These are basically used by people with disabilities

**Techniques of communication with customers**

a) How to present a product to a customer

When presenting a product to a customer the entrepreneur should consider the following:

- (i) Customer's privacy, convenience and ability to use the product.
- (ii) Target customer's needs.
- (iii) Giving samples and guarantee to back up the product.
- (iv) Using presentation aids e.g. photographs, charts to back up products.

b) How to bargain with customers

- (i) When bargaining with customers an entrepreneur should be able to communicate and avoid being dominant.
- (ii) He should try to convince the customers why the product is being sold at that price.
- (iii) Give offers like price reductions, free delivery at the customer`s premises.

c) How to give attention to customers

- (i) The entrepreneur should understand the customer`s needs and wants and should bring products that satisfy the customer`s needs.
- (ii) The products should be brought at the right price in the right quantity and quality.
- (iii) They should be given a right promotion at the right place in the right time to meet the customer`s needs.

d) How to handle difficult customers

- (i) Acknowledge and evaluate the customer`s objections.
- (ii) Listen carefully to the words being used and feelings being expressed by customers.
- (iii) Get a customer to open up so that you can understand the basis of their being difficult.
- (iv) Buy time by suggesting that you look at the subject matter later.
- (v) When you try to convince the customer from your point of view, hold the arguments until the customer is well convinced.
- (vi) Compensate customers by price reductions, refunds/replacements of the goods in case the previous purchase had a problem.

e) How to collect debts from customers

- (i) Sending a polite reminder by suggesting the date of settling the debts.
- (ii) If no response is received within the specified time a stronger worded reminder should be sent.
- (iii) Employ the courts of law to recover the debts

**LISTENING SKILLS (SELF ASSESSMENT)**

Listening is when a person is prepared to hear a particular organized sound. It involves hearing and grasping of the words that have been said.

### ***Why do you listen?***

- (i)** To get information eg students listen to their teachers to hear what is being said.
- (ii)** To give information eg teachers listen to students so as to give proper explanations.
- (iii)** For enjoyment ie people who listen to music
- (iv)** To provide emotional support eg councilors listen to individuals` problems so as to provide emotional support and also doctors listen to patients so as they can prescribe and administer the right treatment
- (v)** To make proper judgments eg judges of courts of law listen to suspects so that they can make proper judgments/decisions

### **Techniques/guidelines of effective listening**

- Keep eye contacts with the speaker so as to increase the chances of getting message
- When you are on phone don't look at things which distract you from listening to the speaker
- Your body posture including a slight leaning forward suggest that you're attentive and helps to stay tuned in
- While on phone try to position yourself so that you're so comfortable and able to attend to caller properly.
- When interacting with a person, face the speaker squarely and lean forward slightly to show that you are attentive
- When interacting with a speaker, use non-verbal gestures, acknowledges, behaviors like nodding the head, clapping and other different physical expressions.
- Clear your minds from your own thoughts to avoid mentally destructive behaviors

### **WAYS ON HOW TO IMPROVE PROPER LISTENING**

1. Sending signs through eye contacts and body gestures so they know you are listening attentively.
2. Relaxing when communicating so that others can feel comfortable when adding their comments.
3. Slowing your mind down when listening so you don't anticipate what people say before they say.
4. Improving on your concentration so as to listen attentively.
5. Avoid forming reply before you hear what the other person has to say.
6. Don't be defensive about your point of view during communications.
7. Keep your voice soft rather than aggressive.

### **BENEFITS OF LISTENING TO BUSINESS/ENTREPRENEURS**

- i) It draws customers closer to the entrepreneur so as to get better communication.
- ii) It enables an entrepreneur to deal closely with his customer hence serve them better.
- iii) It helps an entrepreneur to develop long term relationship with its customers which leads to business successes
- iv) It enables an entrepreneur to provide a feedback to his customers through provision of goods/services they need.

Qn: How does an entrepreneur benefit from effective listening?

### **ENTREPRENEURIAL ENVIRONMENT**

This refers to a combination of external factors and their organic integration which makes an impact on the business startup process by the business entrepreneurs

#### **Elements/features/qualities/components/characteristics of entrepreneurial environment**

They are grouped into 4 letters (ROFU)

R- Resource scarcity

O- Opportunity oriented/ orientation

F- Flexibility

U-Uncertainty

#### **RESOURCE SCARCITY**

All resources in any environment are scarce and limited In supply. This means that they are not enough.

#### **OPPORTUNITY ORIENTED/ORIENTATION**

Individuals are ever trying new businesses chances or opportunities in the business environment so as to succeed in life

#### **FLEXIBILITY**

The entrepreneurial environment is flexible ie it can change from one environment to another or one condition to another

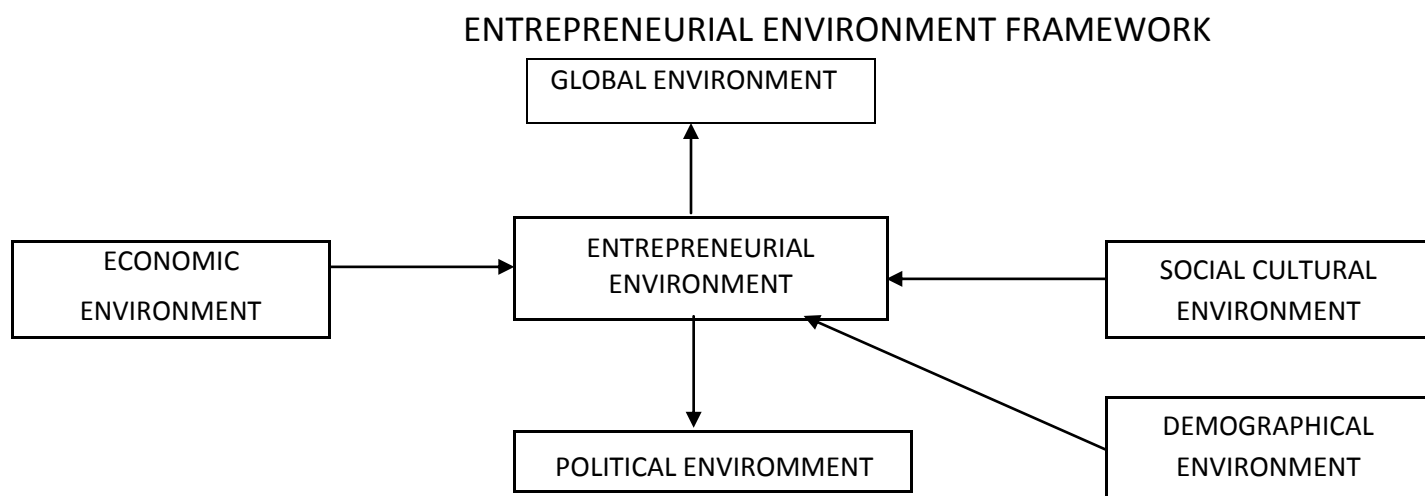


## UNCERTAINTY

There are too much unexpected occurrences/risks an entrepreneur shouldn't ear but should be able to manage to succeed.

### TYPES OF ENTREPRENEURIAL ENVIRONMENT

1. Economic environment
2. Social-cultural environment
3. Political environment
4. Global environment
5. Demographic environment



## ECONOMIC ENVIRONMENT

This refers to the nature of economic systems of a particular society which directly affects/influences the level of economic activities/entrepreneurship in an economy.

*Economic factors that influence/affect/determine entrepreneurial attitude and opportunity identification*

1. Economic policy

Favorable economic policies like low taxes/tax exemptions encourage economic activities and entrepreneurship in a country while unfavorable economic policies like high taxes discourage business activities and the level of entrepreneurship in the country.

2. Administrative issues

Fair and flexible rules and regulations encourage business activities and promote entrepreneurship however rigid and extensive numbers of rules and regulations limit the development of entrepreneurship in the country.

3. Nature of infrastructure.

Well developed infrastructural system like good roads, reliable communication network, reliable power supply encourage and promote development of entrepreneurship and business activities however undeveloped infrastructural systems like poor state of roads discourage entrepreneurship and business activities.

4. Nature of financial systems

Well developed financial systems with many banking services to give loans encourages entrepreneurship and business activities while undeveloped financial systems with limited banking services discourages and hinders entrepreneurship and business activities in the country.

5. Resource availability.

Availability of resources like labour, capital, land encourages business activities and entrepreneurial development however absence of resources discourages business activities hence no entrepreneurial development.

6. Legal requirements.

Laws which protect entrepreneurs against fraud and bad debts encourage business activities and promote entrepreneurship while laws which don't safeguard entrepreneurs against fraud discourage entrepreneurship and business activities.

7. Costs of running a business.

Low costs of running a business like rent, salaries to workers, electricity bills, insurance premiums etc encourage business activities and entrepreneurship however high costs of running businesses discourages business activities and hence limit entrepreneurship.

8. Economic incentives, initiatives and privileges

Presence of economic privileges given to investors like tax holidays, subsidies, free land, free machines and equipments encourages business activities and entrepreneurship while absence/limited economic incentives discourage and limits business activities and entrepreneurship.

9. Availability of business support organizations.

Presence of business support organizations like UMA, UIA, KACITA, etc encourages business activities and entrepreneurship while absence of business support organizations discourages business activities and limits entrepreneurship.

Examples of business support organizations

UIA- Uganda Investments Authority KACITA-

Kampala City Traders Association UMA-

Uganda Manufacturers Association ILO-

International Labour Organization KCCA-

Kampala Capital City Authority

NAADS- National Agricultural Advisory .....

E.U-Enterprise Uganda

UNCCI-Uganda National Chambers Of Commerce and Industry

SPEED-Support Private Enterprise Expansion and Development

QN

1. (a) Outline the features/characteristics of entrepreneurial environment.

(b) Explain the economic factors limiting/hindering entrepreneurial developments in your country.

2. (a) Explain economic factors that promote/enhance entrepreneurship development in Uganda

(b) How do the economic factors affect business in Uganda?

(c) Explain ways of enhancing/improving entrepreneurship environment

### SOCIAL CULTURAL ENVIRONMENT

This dimension explains entrepreneurial environment in terms of social values, attitudes, and practices of a particular society

*Social cultural factors that influence/affect/determine entrepreneurial attitude and opportunity identification/ entrepreneurial environment*

1. Culture.

Some cultures like the primitives and backward cultures prohibit women from engaging in businesses thus limiting entrepreneurship in the society while in some modern cultures, women are allowed to participate in business hence promoting entrepreneurship in such societies.

2. Religion.

Some religions will allow all kinds of people to engage in all kinds of businesses hence promoting entrepreneurship while some rigid religions discourage people from participating in business as they consider some evil hence limiting entrepreneurship.

3. Role models.

Presence of role models in business encourages individuals to startup businesses and become successful entrepreneurs while absence of role models discourages business activities.

4. Social financial support.

Availability of funds and resources in a community to buy inputs and raw materials encourages business activities and entrepreneurship while absence discourages business activities hence low entrepreneurial development.

5. Social identification and cooperation

The more individuals cooperate with one another and identify business opportunities, they promote entrepreneurship however the more they disagree and conflict with one another, and they discourage entrepreneurship.

***Social responsibilities of a business to the society***

- (i) Provide employment opportunities
- (ii) Provide some social services
- (iii) Provide security
- (iv) Improve infrastructures
- (v) Provide financial assistance

(vi) Reduces on the harmful effects of the environment

(vii) Acts as a centre of

training Qn

(a) Explain the social factors limiting the entrepreneurial development

(b) Explain social cultural factors that promote entrepreneurial development

## POLITICAL ENVIRONMENT

This includes all laws, government agencies, lobbying groups which influence/restrict individuals, groups in a society from engaging in entrepreneurship

*Political factors that influence/affect/determine entrepreneurial attitude and opportunity identification/ entrepreneurial environment/development of entrepreneurship*

### 1. Political climate.

A stable political climate (stability) characterized with peace, security encourages entrepreneurship while unstable political climate (political instabilities and insecurities) like walk to work limits savings and investments which hinders the development of entrepreneurship.

### 2. Government policy.

Fair/favorable government policy such as low taxes, subsidies, tax exemptions to entrepreneurs promote the development of entrepreneurship yet unfair government policy like high taxes discourage entrepreneurship

### 3. Government expenditures.

High government expenditure on productive sectors like agriculture, education, tourism, health, ICT, etc promotes entrepreneurship while low government expenditures in these sectors discourages the development of entrepreneurship.

### 4. Government institutions and departments.

Presence of government institutions like UIA, UNCCI, etc which support business activities promotes entrepreneurship while absence limit entrepreneurial intensions and opportunity identification among people.

5. Tax system/Tax rates.

A friendly and fair tax system which is simple to understand encourages entrepreneurship while complicated, confusing and unstable tax system characterized with high taxes discourages people from taking up entrepreneurship as a career.

6. Political and Religious refugees.

Displacements of people due to political and religious conflicts promote entrepreneurship while more refugees discourage entrepreneurship because they are dependants.

7. Legal environment.

Strong laws in the country encourage the development of entrepreneurship while weak laws discourage business activities.

Qn:

1. (a) Explain the political factors that hinder the entrepreneurial attitude and opportunity identification.  
(b) Explain the political factors that promote entrepreneurial development

## GLOBAL ENVIRONMENT

This refers to a greater movement of people, goods, and services etc due to economic integrations which are brought about by increased trade and investments globally.

*Global factors that influence/affect/determine entrepreneurial attitude and opportunity identification/ entrepreneurial environment/development of entrepreneurship*

1. Global finances.

Low exchange rates by international financial institutions like World Bank; IMF (International Monetary Funds) encourages entrepreneurship because people can easily international currencies and engages in trade cheaply while high foreign exchange rates discourage entrepreneurship.

2. Global trade.

Free foreign trade promotes entrepreneurship growth across the borders yet restrictions in global/foreign trade discourage development of entrepreneurship.

3. Government global policy.

Liberalization of the economy promotes entrepreneurship unlike where the economy is not liberalized.

4. Democracy.

Good and high levels of democracy encourages high levels of entrepreneurship because people are very secure about their safety and that of their business and property while bad and poor democracy limits development of entrepreneurship

5. Market Openness.

An open and free market opens chances to local entrepreneurs and promotes entrepreneurship while closed market discourages and limits development of entrepreneurship

6. Export policy.

Favorable taxes on exports encourage activities in business and this promotes entrepreneurship while unfavorable export taxes discourage entrepreneurial activities and development.

7. Import policy.

Favorable import duties like tax exemptions on some goods promote entrepreneurship while unfavorable import duties discourage development entrepreneurship.

## DEMOGRAPHIC ENVIRONMENT.

This deals with family, population, gender, age, education levels, income levels, etc.

*Demographic factors that influence/affect/determine entrepreneurial attitude and opportunity identification/ entrepreneurial environment/development of entrepreneurship*

1. Family.

A big extended family (big family size) which is facing economic hardships increases the market size; demand therefore encourages entrepreneurial development while a small family size lowers the market size hence discouraging entrepreneurial development.

2. Population size and population growth rates.

A big population size and faster growth rates encourages entrepreneurial development while a smaller population size and slow growth rates discourages entrepreneurial development.

3. Gender differences.

Males exhibit greater and more entrepreneurial competencies and chances than females therefore encourage entrepreneurial development due to the fear of taking risks by the females.

4. Educational levels

Highly educated people tend to be more creative and risk takers due to experience and skills possessed encouraging entrepreneurial development unlike less educated people due to their less skills and experiences possessed.

5. Age structure.

Young people especially below 30 years can easily involve themselves in businesses encouraging entrepreneurial development compared to the very old people with very many responsibilities discourages entrepreneurial development.

6. Income levels.

Low income earners want to earn a living therefore they are more involved in entrepreneurial activities than those with high incomes who are comfortable with their pay than engaging in business.

7. Changing age structure.

Youth provide labour force for business growth hence promoting entrepreneurial development while elderly limit entrepreneurial development.



