

Training Manual for Local Governance and Women Group Representatives



Module III

Developing Gainful Opportunities and Growing a Green Future

1. INTRODUCTION



The aim of this module is to explain the importance of developing gainful farm and non-farm jobs and employment opportunities for rural youth in general and with particular emphasis on girls, women, marginalised ethnic and minority population groups. The module is specifically useful for developing skills that will create self- and wage-employment opportunities for those who could not find an access to higher and/or professional education but oriented towards white-collar jobs available in urban areas.

The module helps in developing basic skills of the local government representatives (LGRs) and women group representatives (WGRs) to help potential entrepreneurs (youth) in rural areas in line with their felt needs. It explains methods and techniques for identifying unemployed youth for the specific programmes conceived by financial institutions, banks, development agencies and the public and private sectors which intend to provide credit and other supportive linkages. In short, it is designed to address the need for promoting self-employment entrepreneurial ventures among the unemployed youth in rural areas.

The module provides a series of practical ideas and skills on how to develop and avail self-employment and wage-employment opportunities for rural youth; use effectively the new production technologies and methods; design new products and markets, business development plans, manage finance and mobilise stakeholders and partners for rural business development. The module focuses on developing useful life skills and describes the concept, methods and techniques of developing green future.



Objectives

- After completion of this module, you would be able to:
 - ▶ Explain rural youth employability.
 - ▶ Describe different types of income generating activities and its role in poverty alleviation.
 - ▶ Describe wage-employment and self-employment opportunities.
 - ▶ Identify role of private sector in creating jobs and employment.
 - ▶ Describe elements and process of developing the business development plan.
 - ▶ Describe the process of financial management.
 - ▶ Explain role and functions of entrepreneurs.
 - ▶ Identify market opportunities and stake holders.
 - ▶ Explain how to mobilise stakeholders and partners for rural business development.
 - ▶ Describe useful life skills and their importance and applications.
 - ▶ Explains the concept of green future.
 - ▶ Describe methods and techniques for developing “green skills” and “green jobs” for ensuring sustainable green future.



The module contains four sections and a detailed explanation on each of these. These sections are as follows:

Contents

- Developing gainful opportunities for rural youth.
 - ▶ *Identifying right skills for rural people*
 - ▶ *Income generation skills*
 - ▶ *Role of private sector entrepreneurs*
 - ▶ *Self-employment business opportunities*
 - ▶ *Rural entrepreneurial opportunities*
 - ▶ *Wage-employment business opportunities*
- Setting up a business
 - ▶ *Developing a business plan*
 - ▶ *Business structures*
 - ▶ *Knowing the essentials for developing a small business plan*
 - ▶ *Preparing a business plan*
- Understanding record keeping for your business
- Identifying market opportunities and stakeholders
 - ▶ *What is marketing?*
 - ▶ *Understanding the context of the small-scale rural producer*
 - ▶ *Mobilising stakeholders and partners for rural business development*
- Building and strengthening life skills
- Production skills and innovations
- Green future
 - ▶ *Understanding “green future” or “green economy”*
 - ▶ *Why green jobs are important?*
 - ▶ *Global warming and climate change*
 - ▶ *Skills for protecting the environment*

2.

DEVELOPING GAINFUL OPPORTUNITIES FOR RURAL YOUTH



You become aware in modules I and II about poverty, rural hunger and issues of migration under the framework of rural transformation and sustainable livelihood. Rural people continue to face myriad challenges. Skills have become the global currency of the 21st century. Without proper investment in skills, people remain on the margins of society and technological progress, which does not translate into economic growth.

Thus, it is necessary to develop and promote those skills which enhance employment opportunities, improve livelihoods and attack rural poverty.

2.1 Identifying Right Skills for Rural People

You know that education, skills development and technical training are very important for agricultural and rural employment. You also know that they prepare young people for work in the formal and informal sector in rural areas and play an important role in poverty reduction. The better the training and the more refined the skills are, the higher the income and returns and the better the rural livelihoods.

There are over one billion youth (aged 15-24) in the world today. 85 per cent of these youth live in the developing world, where 99 per cent of population growth is occurring. Some 61.5 per cent of youth live in Asia (ILO).

Understanding unemployment among rural youth is significant because there are not enough employment opportunities for youth and adults in your village. Thus, youth and adults often look to urban areas for employment. In the absence of employment opportunities they migrate to cities. But without training in skills suited to the urban labour market, these youth have few employment opportunities in urban areas. Often they end up in drugs, crime and become subject to exploitation.

Unemployment is highest among youth. There are 50 countries in the world where unemployment rates are over 15 per cent. An estimated 41 per cent youth worldwide are unemployed (ILO). Youth who do find employment, work for long hours at very low wages. They work in the informal sector where some are subject to exploitation.

Many youth lack adequate and appropriate education and training. It is true that without appropriate and useful education and skills youth are unlikely to find good jobs. In most rural communities not all rural children and youth have schooling or training. For instance, according to UNESCO, an estimated 40 per cent of all children in rural areas do not finish primary school. It is primarily due to the fact that:

- School curricula are not designed for the situation.
- Many rural families cannot afford the opportunity costs of keeping youth at school when their labour is needed. Thus so many children only attend school in the off-peak agricultural season. Rural children and youth cannot attend school during the monsoon months due to swollen rivers and impassable muddy tracks.
- These conditions deter teachers from attending their duties.
- Teachers are often poorly paid and unmotivated

The situation of girls and women in this regard is not very promising. They do not have the same employment opportunities as boys and young men. It may be due to social barriers such as caste barriers in India. For example, in a poor agricultural village in Madhya Pradesh province in India, a young man from a low caste had earned a university bachelor degree, yet the only work he could find in his village, where he was needed to support his family, was as a seasonal labourer.

Exploitation threatens youth. Children and youth without education and dignified employment are victimised in many ways (Box 3.1):

- Through employment in unsafe occupations without living wages.
- In bonded labour in conditions of semi slavery.
- As victims of criminal human trafficking for slave labour and sexual exploitation.
- Through extreme vulnerability to HIV-AIDS.
- Through recruitment as under-age soldiers in civil conflicts.

Box 3.1

Children and Youth China and India

In China, the ILO estimated that in the year 2000 there were 9,224,000 economically active boys and girls. Rural teenagers are recruited to industries such as coal mining and to urban factories. From 1991 to 1996, Chinese police freed 88,000 kidnapped young women and children and arrested 143,000 people for participating in the slave trade.

Box 3.1

In India, in the carpet industry alone, there may be as many as 300,000 children working, many of them under conditions that amount to bonded labour. 428,305 child labourers have been identified working in hazardous industries. An estimated 17% of domestic workers were under 15 years old and girls aged 12 to 15 were reported to be the preferred choice of 90% of employing households. Around 40 million persons, including 15 million children, are bonded labourers. For example an estimated 3,000 bonded child labourers work in the Magadi silk twining factories in Karnataka. More than 80% were girls. Bondage is often passed from one generation to the next.

Source: ILO.

Enhancing rural youth employability through better education is vital. You can help extension workers and local NGOs to organise periodic training workshops and refresher courses for youth in different farm and non-farm productive skills. Core work skills such as problem solving, communication and teamwork skills must be emphasised in such training programmes.

Rural youth need to learn by doing and they need to implement the skills they acquire if they are to be productive members of the community and contribute to rural development.

For example in Thailand, training is given in skills and enterprises such as production of coir rope and tea seedlings, milling of rice and “Patiya” ground mat weaving (Box 3.2).

Box 3.2

Training to Create Rural Employment Opportunities: Thailand

The Success Case Replication (SCR) employment training method is not new, but is a version of the Farmer Trains Farmer (FTF) and similar informal apprenticeship training methods of the past. While not specifically for youth, SCR can be successful in training youth and has had a number of success stories.

For example, a young couple in rural Thailand became successful in making and selling Chinese steamed buns from their home. Through SCR this couple trained people from outside their market area. While not all of those trained were successful in the business, trainees who were successful were youth, as they had the manual dexterity to do this kind of work.

Another example is a farmer, Gup Amber Dorji, in Bhutan, who was successful in cultivating large onions and through the SCR programme, trained 13 of his neighbours, some of whom were youth, to do the same. These farmers were able to receive good prices for this new commodity in the region. When these farmers faced difficulties in obtaining sufficient quantities of seedlings, they began growing seedlings themselves and became self-sufficient for the next growing season.

A similar example is Mr Sanguan in Thailand, who became successful in his village polishing zirconia stones and trained many of his fellow villagers. Through the SCR programme, Mr Sanguan also trained 17 young people in another village which faced problems of seasonal unemployment. Five of the youth had returned to the village from Bangkok to learn the trade. This employment was particularly suited to youth, who were more able to master the technical aspects of the trade than older trainees. Through SCR, youth were able to stay in their village and have meaningful employment year round.

Box 3.2

SCR methods could be a cost effective and successful means of training large numbers of unemployed youth. Past experience has shown SCR employment training as an efficient way of training a large number of farmers. For example in the Philippines, an organic rice variety, Masipag, was developed in order to increase the profitability of rice farming by decreasing the use and costs of pesticides and chemical fertilisers. A Masi-pag training farm did not have the funding to train hundreds of farmers so SCR methods were used so that farmers were able to train their neighbours, who subsequently trained other farmers.

Source: Employment for Rural Youth in Asia and the Pacific: Jobs and Empowerment on and off farm Opportunities in the Rural Non-Farm Sector in India, YES Campaign or EDC Inc., Youth Employment Summit Campaign, 2002-2012.

Further, you can organise training of rural youth by mobilising the community-based organisations (Box 3.3). Working jointly with them you can:

- Promote learning and build employment and entrepreneurial skills;
- Create cooperative enterprises;
- Inspire, empower and motivate youth;
- Channel the energies and talents of youth constructively;
- Encourage stable and harmonious rural communities;
- Add to their enjoyment of life and encourage positive forms of recreation; and
- Ensure the systematic transfer of livelihood skills from experts in the older generation to the young.

Box 3.3

4 – H (Head, Heart, Hands and Health)

4-H (Head, Heart, Hands and Health) is a youth organisation that has existed for over 100 years. There are programmes similar to 4-H in 80 countries worldwide, including in the US, Philippines and Thailand. 4-H seeks to train and empower youth and facilitate youth development. The general policy of 4-H clubs is that youth human resource training is the best mechanism for sustainable economic and social improvement.

The Thanat Samakhee Club, a Thai 4-H youth organisation, has specific objectives including: to provide rural youth with opportunities to improve their skills and to encourage youth to apply their new skills in practice in their rice fields and orchards. The Club has been successful in training youth and coordinating production of asparagus and organic baby corn in their region.

A national youth consultative committee has been set up by the Malaysian government including members of local youth organisations. It will promote recognition of the value of youth participation and discuss issues relevant to young people.

The Yap Community Action Programme in the Pacific islands of Yap state in the Federated States of Micronesia has formed village youth groups to make rural life more attractive to the young. The programme promotes cultural values and skills, economic self-reliance, environmental awareness and conservation learning, and team sports. It sponsors inter-village contests and exchanges. The movement has grown from one district five years ago to six districts today and continues to grow.

Source: Employment for Rural Youth in Asia and the Pacific: Jobs and Empowerment on and off farm Opportunities in the Rural Non-Farm Sector in India, YES Campaign or EDC Inc., Youth Employment Summit Campaign, 2002-2012.

Finally, when technology is affordable and appropriate, it can be applied in a number of ways and youth can develop the technology suitable for their needs while creating employment for themselves or enhancing their productivity. If youth have sufficient support, including access to microfinance, then low-cost appropriate technology can be the basis of enterprises. For example, The Village Pay Phone (VPP) programme shows that access to technology can have employment and productivity benefits in a variety of ways.

2.2 Income Generating Activities

The majority of the world's poorest people live in rural areas. Lack of income is a central feature of poverty. The focus of an increasing number of rural development programmes is on reducing rural poverty by increasing opportunities for the poor to generate income. Increased income can provide the poor with the freedom to make choices about how to improve their lives. It allows them to build assets, reduce vulnerability to disasters and improve their food security.

If we analyse the strategies that have been evolved by the developing countries to promote income generation strategies for the rural people in the recent past, we will find that they have three basic components:

- Increasing agricultural sector productivity;
- Stimulating rural non-farm employment; and
- Managing natural resources sustainably.

Which of these three elements is emphasised and recognised more important and how they are combined depends on the needs of your community. Your role here would be to assist the members of your community and to work directly with them on developing feasible, doable and sustainable income generation activities for improving their livelihoods.

For developing or proposing an income generation activity, it is important for you to know the different types of people in your community, particularly the vulnerable groups. The most vulnerable groups include women, children, the aged, small landholders, the landless, nomadic groups and indigenous ethnic groups. You have seen above that rural people tend to suffer from poorer health, have higher illiteracy rates and earn less than city dwellers. You have also noticed that these vulnerable people have limited access to land, credit and technology, as well as limited access to government health and education services and to economic infrastructure.

In most community-based development programmes in rural areas the assistance is generally provided to agriculture, fisheries, forestry and to some extent to research. Some communities also have large food aid programmes aimed at improving access of the poorest and most vulnerable to sufficient, nutritionally adequate and safe food.

An income generating activity is an activity in which money is invested to generate income for the members and the family. The requirements of an income generation activity are:

- Money to invest (to purchase an asset, to meet the running expenses).
- Skills for producing the goods and services.
- Knowledge of tools, equipment and raw materials.
- Knowledge of the market (prevailing market price, where to sell, when to sell).
- Knowledge of production expenses.
- Estimate of income and the surplus.

An activity in which the member has experience and the skill is less likely to fail. Selection of an appropriate activity is very important, since the failure of the activity leads to non-repayment of the loan and financial loss to the group. The member may be forced to leave the group, and if more members have to do this the group will disintegrate. Therefore, always remember to do the following:

- Do not be too impatient to force members to take up an income generating activity (IGA), just to be able to keep within your own deadline.
- Saving and lending itself is an income generating activity, if it is successfully carried out over a long period of time.
- Give preference to strengthening the activities the women are doing at present.
- Leave the choice of activities to the members. If you have a better idea, you can try to convince them, but never force.
- If a new activity is selected, let a few members do it on an experimental basis. If it is successful, others can follow.
- Don't overcrowd activities in the same area. For example, there cannot be too many tailoring units in the same village.
- Help the women to visit successful IGAs of other groups.
- Take particular care regarding purchase of the asset. Let the woman tie up with the seller and inform the group. If the actual cost paid for the asset is less than the loan amount, the woman should pay back the balance to the group.
- Ensure that the asset is not sold to meet exigencies, before the loan is repaid. The group should not remain silent when such things happen, for fear of offending their fellow members.

Income generating activities are of three types:

- Production of goods through processing of raw materials and other inputs.
- Trading in goods (purchase and sale for profit).
- Providing service at a price (e.g. pressing clothes).
- The characteristics of the women who intend to take up any of these activities are:
 - ▶ *They have few resources. Their main concern is to meet the basic needs of their family. Hence they cannot take risks.*
 - ▶ *They tend to reduce costs rather than increase quality and efficiency. So they cannot compete with large businesses. Therefore, they cannot take up such a sophisticated activity as manufacturing toilet soap or preparing food for supply to airlines.*
 - ▶ *As they have limited skills and knowledge, they cannot adopt sophisticated technology. For example, they cannot raise nurseries based on tissue culture.*
 - ▶ *Illiteracy prevents them from getting support from government agencies. Therefore they must be provided skills training in the chosen field on-the-job within the village itself.*

People who need assistance in income generating opportunities are those:

- Engaged in traditional crafts.
- Engaged in daily wage labour, but who do not get work throughout the year.
- Who have irregular work like vegetable selling, banana chips making, etc.
- Who have no work at all, but are willing to do work.

The following considerations should be kept in mind while encouraging people to select an income generation activity:

- Is raw material locally available?
- Does the product have a market?
- Can they manage the production cost?
- Do they have the required technical knowledge and skill to do the work?
- Can the work be carried out within the home or in the village?
Do they have the required workspace?
- Do they have to wait for a long time to get the returns?
- Is training readily available if upgrading skills is required?

Support required from the field worker:

- Find out about their experience, aptitudes and skills.
- Ask them to do a small market survey of the activity they want to pursue.
- Ask them to find out the costs of raw material, labour etc.
- Ask them to calculate the profit margin.
- Arrange training that may be required.
- On your own make marketing tie-ups with local businesses, establishments and organisations.
- Help them to acquire the assets, ensuring that they are not cheated.

Table 3.1 lists some successful IGAs taken up by self-help groups.

Table 3.1: Some Successful IGAs taken up by Self-Help Groups

Successful Income Generation Activities		
Vermin composing	Milk selling	Buying and selling livestock
Cultivation of medical herbs	Poultry raising	Brokerage in livestock
Candle making	Clothes and apparel selling	Butchery
Soap making	Bricks making	Hides and skins
Tent house shops	Cooking at a restaurant	Running a private school
Sweet box making	Transport of goods and people	Shoe making
Bakery	Small hotels	Shoe shining (polish)
Supplying bread	Hawking goods	Selling kerosene, petrol and diesel
Selling vegetables	Running a small shop	Beauty parlour
Many others		

2.3 Role of Private Sector Entrepreneurs

Here we will look at ways to extend private sector involvement in creating jobs and employment opportunities for rural youth and adults.

Many rural communities are small and remote with low purchasing power, high costs of raw materials and no possibility for economies of scale. This is due to lack of adequate infrastructure such as roads, power and communication services, and dispersed population with irregular cash flows. In addition, most rural areas in developing countries are seeing a strong rural-urban migration, and the first ones to move are the entrepreneurs and the educated. This leads to a low capacity of the private sector. Crucial support services such as access to finance and credit are also scarce and extremely expensive. How can we attract the private sector to create jobs and employment opportunities, and once there, how can it be convinced to stay?

The list of the rural private sector covers several economic entities operating in rural areas. The rural private sector includes:

- subsistence or smallholder farmers,
- rural wage-earners, livestock herders,
- small-scale traders and micro-entrepreneurs,
- medium-sized, local private operators such as:
 - ▶ *input suppliers,*
 - ▶ *microfinance institutions,*
 - ▶ *transporters,*
 - ▶ *agro-processors,*
 - ▶ *commodity brokers and traders*
- bigger market players that may or may not reside in rural areas, including:
 - ▶ *international commodity buyers and sellers,*
 - ▶ *multinational seed or fertiliser companies,*
 - ▶ *commercial banks,*
 - ▶ *agribusiness firms,*
 - ▶ *supermarkets,*

Associations of farmers, herders, water users or traders also constitute an important part of the private sector.

We have seen above that unemployment problem in most developing countries is one of the greatest challenges that governments face. In order to address this particular problem and other poverty-related problems, you can play an important role by mobilising the rural private sector for developing micro, small, medium and community enterprises for rural youth and adults.

Using a variety of approaches, rural private sector can help your community:

- Supporting micro and medium-size businesses;
- Provide skills training to youth and vulnerable people;
- Improve agricultural conditions and techniques;
- Expand and improve local infrastructure;
- Focus on natural resources conservation.

You can also involve the rural private sector in education programmes of your community in terms of philanthropic or community social responsibility (CSR) activities. A good example is Carrefour of France. You can also motivate private companies to support education through donations of cash, equipment or materials as part of their corporate responsibility (Box 3.4).

Technical assistance and expert advice is another area where rural private sector can help your people. They can help small holders and off-farm processors transfer of technical knowledge of agricultural production and marketing, soil and water conservation, agro-forestry, natural resource management.

Box 3.4

Aga Khan Foundation Development in Rural Areas **Rural Development Tajikistan**

At independence, Tajikistan faced a variety of rural development challenges precipitated by the collapse of the Soviet Union and the ensuing civil war from 1992 to 1997. The mountainous regions of the country were especially affected, as both events left these areas cut-off from previous supply routes and desperately short of food. The dependency that had developed during the Soviet era left people in a position where it was impossible to sustain themselves, the situation was particularly dire in the Gorno-Badakhshan Autonomous Oblast (GBAO).

MSDSP facilitates the promotion and development of micro and small enterprises, while remaining vigilant not to distort the market and impede existing enterprises. Initial efforts made by the Aga Khan Foundation (AKF) in the GBAO region consisted primarily of humanitarian relief; however, there

Box 3.4

was also a great need for increasing the self-sufficiency of people in the districts through increasing local food production and reforming the Soviet collective farms. In order to achieve these changes, agricultural reforms focusing on private ownership of land were promoted along with efforts to increase the amount of arable land. These activities were further complemented with the provision of technical advice, credit services and agricultural inputs to private farmers.

These activities were carried out by the Pamir Relief and Development Programme, which was founded by AKF in 1993. The name Mountain Societies Development Support Programme (MSDSP) was adopted in 1997 when the programme began operating in the Rasht Valley, which is a set of seven adjacent mountainous districts with similar geographic conditions to those in GBAO. The name change also marked a shift in focus from relief to development. Since then, the programme has continued to expand its coverage and currently works in three regions: GBAO, the Rasht Valley and the eastern mountainous districts of the Khatlon region.

MSDSP's current efforts include developing a strong civil society at the community level, which is able to address the concerns of citizens in a structured manner. This also includes federating communities in order to increase their ability to plan and carry out development projects while seeking increased support from government. MSDSP is also working with government at the local level to implement programmes that help the people of Tajikistan.

It has also modified its agricultural activities to create more sustainable self-driven systems to ensure the country's food security and farmers' livelihoods. The regions where the programme is active have diverse infrastructure needs, from the repair of schools and clinics to the construction of bridges and roads. Recently, MSDSP has begun to increase its focus on business development in rural areas in order to promote the development of private sector activities.

Source: www.akdn.org/rural_development/tajikistan.asp

2.4 Self-Employment Business Opportunities



Being employed by someone else or being self-employed, may be good for rural youth. The choice depends on his/her interests and preparedness. Some of them may not be able to gain employment at the end of their formal education. There is no need for despair. Many governments are encouraging persons to become self-employed. This may also be an option even if you can find a job in the private or public sector. This module is designed to help you make informed decisions on the type of employment which best suits you and your skills.

For youth there are two types of employment opportunities available, namely, self-employment and wage-employment opportunities. However, these opportunities differ significantly for rural and urban youth and in many cases are overlapping. Let us discuss them separately so as to understand clearly the meaning, difference, and scope of these activities on the one hand and the techniques for organising these activities for rural youth on the other hand.

Let us have a look at your household. All the adult members may be engaged in different economic activities through which they earn their livelihood. Have you ever observed their activities? What exactly do they do? You will notice that some of them may be working for others in factories, shops, agricultural fields etc. and get a fixed amount from their employers for the service rendered by them. These persons are engaged in an economic activity which is termed as wage-employment or paid employment. At the same time you may find others being engaged in an occupation or some business which they start and manage on their own. They put in their best effort and take all types of risks to pursue

their careers successfully. The entire earning of their work goes to them. All of us have seen small grocery shops, tailoring shops, medical stores etc. in our locality. These are owned and managed by one person, with or without the help of some assistants. Their economic activities are termed as self-employment. So when an individual engages in any economic activity and manages it on his or her own, it is known as self-employment.

Being self-employed can have its advantages. These include:

- The opportunity to choose your own hours;
- Independence and freedom to try out new ideas;
- Increased job satisfaction.

The disadvantages of being self-employed as a sole trader, on the other hand, include:

Pressure: There is always pressure from setting up the business and ensuring that it succeeds to legal responsibilities such as paying your taxes.

A lack of free time: You may find yourself working everyday as you are not only responsible for selling your product or service, you are also in charge of all administration tasks.

Financial worries: You may have to go a few months without having any earnings as you build up your business. This could even result in the need to take on a part-time job to keep up with your living expenses.

Perks and privileges: There is a lack of holidays, sick pay and company benefits. You are not covered if you take time off work for any reason.

■ Why Become Self-employed?

In doing this unit, it is assumed that you have already completed your formal education and need to be employed to take care of your daily needs. You have

made the decision to become self-employed. What are the advantages and disadvantages to be self-employed? This topic will expose to you options available in both public and private employment. This will enable you to explore the advantages and disadvantages of self-employment and how you would prepare for this. This will also help you understand the qualities necessary for self-employment and necessary pre-requisites for being self-employed.

The key to success for any employment is planning. Becoming a successful self-employed is a challenging option.

To be a successful self-employed entrepreneur you have to have skills especially in the areas of:

- Leadership.
- Entrepreneurship.
- Project management.
- Public relations.
- Monitoring and evaluation.
- Communication.

Like any other life venture, it needs resources to start and to be sustained.

■ Essential Skills for Self-employment

You can always become self-employed and having these skills will increase your chances of succeeding. You will probably be successful if you are:

- Innovative and creative
- Good in public relations
- Self-directed and show initiative
- Self-reflective
- Committed
- Applying good record keeping skills
- Organised and can manage your business affairs well

Other skills and basic resources required for setting up successful self-employment enterprises are discussed in the following section on wage-employment opportunities.

■ Resources

There are critical factors to be considered when setting up your self-employed business. Let us take a look at the essential resources required to set up a profitable self-employed business enterprise. Briefly speaking, these resources include:

- Human resource: People are the most important resource in your business. How you relate with and to your employer/employee/customers/public will directly impact upon the success of your business.
- Financial resource: Money is a basic resource in setting up and running your business. Remember you will need to purchase equipment, pay utilities and workers, rent, lease or build your business premises
- Time resource: The common saying of “Time lost never returns” emphasises that time is important. Think about if you have to put your business up in five days. It will require careful planning and managing of your time well in order to achieve this goal.
- Information resource: You may have heard people saying knowledge empowers. Simply this means that you need to have the right and enough information to run your business. Imagine how it would be to think of starting a business and realising your next door neighbour is running the same business. Of course you can run the same business but you need to have taken known and prepared for this competition. Gather as much information as possible in helping you to make these important decisions.

■ Target Group

An important factor determining the quality, outcome and impact of the training is the selection of right candidates with felt need. Once all the conditions for selections are fulfilled, preference may be given to applications sponsored by bank branches. For the self-employment enterprise, generally the following target groups are considered useful.

- Any unemployed youth
- Shall have ability to read and write
- Be in the age group of 18 - 45 years
- Shall have inclination to start self-employment
- Any member of a Self Help Groups (SHGs).

The contents will be organised around the following objectives:

- To motivate the candidates to develop interest in improving their personality.
- To orient them about acquiring knowledge and competencies.
- To enhance their confidence and equip them with the needed competencies i.e. hard skills (technical skills) and soft skills (behavioural skills).
- To prepare them to utilize their knowledge and skills to launch their activity.

■ Types of Self-employment Opportunities for Rural Youth

You may notice around you youth organising several self-employment opportunities. The most common enterprises are shown in Table 3.2. Three broad categories include:

- Agriculture.
- Process.
- Product development programmes most suitable for rural youth.

Agriculture enterprise development programmes aim at disseminating the latest development from the laboratory to the land.

Further, most developing countries, being agrarian, offer diverse opportunities to undertake agri-business. Combining skills of farming with entrepreneurship can be a viable option for the youth from agricultural background.

Developing countries are now using extensively the modern technology. There have been consistent attempts on the production of equipment, machinery, electrical and electronic gadgets resulting in great scope for their servicing and repairs. There is a great demand in this front an acute shortage of skilled technicians. There has also been an increase in the demand for specialised service providers. Most of these service-oriented activities comparatively require lower investments for launching them.

In the changing scenario and competitive world, creativity is the need of the day. It has been observed that a person with creative mind and a little of investment can launch his/her own manufacturing unit producing utility articles as a sustainable micro enterprise.

Now you have to focus on what are entrepreneurship and its development process. You should also explain as to how it is different from self-employment and an income generating activity.

- An entrepreneur is a person who organises, manages and assumes the risk of a business. The main role of an entrepreneur is to identifying/innovating ideas, product and services; mobilising resources; organising production/service and finally, marketing them with constant strive for growth and excellence.

■ 2.5 Rural Entrepreneurship Opportunities

The traditional entrepreneurship (local retail sector) has historically played an important role in rural community life. But if you compare their condition now you may find them complaining how they have been affected by recent social and economic changes. These have made the rural marketplace a difficult place for them. These socio-economic changes include:

- Diminishing role of the agriculture sector.
- Rise of global manufacturing and competition (reduced demand of local products and handicrafts).
- Population shifts (rural migration)
- Disadvantages of small market size,
- Geographic isolation and limited access to skilled labour, technology, and equity capital have created a challenging retail marketplace for local businesses.

Rural entrepreneurs play vital economic and social roles in their communities. Some are innovative entrepreneurs. Some are prolific charitable givers in their communities. Some serve as key sources of community information. Few others take their role as trainers for the next generation of local business leaders.

Rural businesses have the potential to be a key element in the sustainability and revival of rural communities. Rural retailers serve as a source of employment, and a hub in local social networks. Locally owned stores provide convenient access to goods and services for community residents, fill a need for locally tailored merchandise assortments and offer locally sourced products.

Local retailers often serve as the only source of goods and services for the elderly, disabled and others with limited access to transportation in rural areas. Profits generated from local retail businesses are more likely to be reinvested in the local community.

Regardless of size and location, rural entrepreneurs face the following challenges to business success:

- Competition with large chains.
- High operating costs.
- Non-availability of satisfactory labour.
- Narrow profit margins.
- Taxes and government regulation.
- Lack of community support (out shopping).

Table 3.2: Common Enterprises for Self-Employment

Agriculture	Process	Product
<ul style="list-style-type: none"> • Dairy development • Sericulture • Poultry • Piggery • Cattle rearing • Bee keeping • Fisheries • Plant and nursery • Mushroom cultivation • Cultivation of medicinal and aromatic plants • Floriculture • Horticulture 	<ul style="list-style-type: none"> • Pump-set maintenance • Domestic electrical appliances repair • Tractor servicing, maintenance and repairs • Two-wheeler servicing • Beauty parlour • Haircutting saloon • Plumbing and sanitary works • Sewing machine repair 	<ul style="list-style-type: none"> • Artificial Jewellery • Local handicraft • Fabric painting • Food processing • Domestic products • Tailoring • Paper cover, paper bag, and envelop • Secretarial and financial accounting • Manufacture of utility items from waste

Note: The typology is indicative and can be modified in accordance to specific rural location.

2.6 Wage-employment Business Opportunities

In your community you must have seen people busy in different economic activities. Some of them may be working for others to earn wages or salary. The others may be doing their own business and earn profit. Think for a moment about yourself. What will you like to do after completing your study to earn your livelihood? However, before choosing a career you must have a clear idea about the different avenues of employment.

We have discussed above several career opportunities in self-employment. Here in the following paragraphs we discuss different aspects of wage employment. They include:

- Define wage employment.
- Recognise the characteristics of wage employment.
- Describe the importance of wage employment.
- State and explain the different types of wage employment.
- Identify the avenues of wage employment in government and private sector.
- Enumerate the requirement of wage employment as a career in terms of knowledge, skill and personality traits.

■ Meaning of Wage-employment

Do you know somebody who is working for others and earning his/her livelihood? Have you ever observed his/her activities? Let us take an example. Suppose your friend Ren is working regularly as an Assistant. Regarding Ren's job you can say that he is working for an individual, or in a business firm, in an office, in a factory, or in a shop.

He is known as an employee and the person or organisation for whom he is working is known as his employer:

- He is being paid by his employer the remuneration for his work; and
- He works as per the terms and conditions laid down by the employer.

From this simple example, we can say that Ren is pursuing his career in wage employment.

- Thus, wage employment can be defined as a mutual agreement between two parties (known as employer and employee) in which the employee (generally an individual) agrees to work for the employer (generally a business firm, government office or sometimes an individual) under some specific terms and conditions and the employer agrees to pay him some remuneration (may be in cash or kind) for his work.

In wage employment, there are always two parties and the employee gets wage or salary from the employer for his work.

- Wage is normally an assured amount (which is agreed upon by both the parties) given to the employee on a daily or weekly basis for his work. Similarly, salary is also a mutually agreed upon assured amount given to the employee by the employer for his work on a monthly basis.

Thus the following are the main features of wage employment:

You have read above about the self-employment opportunities. Now let us compare this with wage-employment opportunities so as to know the difference between the two at a glance. Table 3.3 below compares the two business opportunities.

Table 3.3: Comparison between Wage- and Self-employment

Wage-employment	Self-employment
The status of the individual is that of an employee.	The status of the individual is that of an owner and employer.
The individual works for another.	The individual works for self.
Income is in the form of salary or wage.	Income is in the form of profit.
Earning is limited. It is mostly pre-determined and fixed having regular increments.	The scope of earning is unlimited. It depends upon the capability and contribution of the individual.
The nature of the work is mostly routine except where one has to take independent decisions on policy and strategic matters.	The work involved is flexible and depends on what the individual wants to do.
Entire supervision and control lies with the employer.	The individual controls and supervises his own work.

■ Why Wage-employment?

Wage employment provides a regular and steady income for the individual to earn his livelihood and to sustain his family. Let us discuss its importance.

- Wage employment not only assures a regular and steady income but also ensures various other benefits like medical facilities, housing facility, travel concessions, loans and advances, insurance, old age benefits like – pension, gratuity etc.

- Wage employment is a must in almost every sphere to carry out several tasks. Even self-employment generates wage employment, although not immediately but when it expands. For example, suppose you start a shop at your locality and run it alone. When the business grows, it may not be possible to manage everything alone. Then you may think of employing another to assist you, thereby creating wage employment.
- Wage employment can be made as a career and individuals can excel in their respective fields. For example, to be a renowned scientist it is not required to own the entire laboratory. Rather any one can start the career as an employee of a big laboratory.
- Wage employment involves much less risk than self-employment. There is no need to invest in land, building etc. for wage employment.
- Everyone is not capable of being self-employed by starting a business or profession. Wage employment is normally undertaken as a vocation by majority.

■ Types of Wage-employment

There are several types of wage-employment opportunities in each community. However, they differ in terms of academic qualifications. For instance, some may require graduate degree of a college whereas for other only secondary level of education is sufficient. In this module we restrict wage-employment opportunities for those youth who have completed secondary level of education. On the basis of this assumption, we can classify wage-employment opportunities in two broad categories.

- **Technical jobs:**Jobs that require some kind of technical skill to perform the tasks are called technical jobs. For example, a mechanic in a motor garage, a welder in a fabrication unit, a chemist in a drug manufacturing unit, a plumber in a water supply unit, an electrician in a repair shop, a driver in an office etc. are all said to be technical staff of the respective organisations. Skills for these jobs are provided primarily by technical and vocational education institutions and also by the employers as on-the-job training.
- **Administrative jobs:**These are basically clerical jobs available in government offices and include cashiers, accountants, store-keepers, personal assistants, salesmen etc.

■ Wage-employment Providers

Availability of wage employment depends primarily on the local or regional job vacancies. Some of the major providers of wage-employment are given below.

Small factory and shops: This category includes employment in workshops, provision stores, supermarket, departmental store, stationery shop, drug store, etc.

Business firms: Manufacturing and trading organisations, newspaper offices, advertising agencies, etc. also provide wage employment.

Service organisations: Wage-employment is also provided by service organisations like railways, banks, financial institutions, insurance companies, motor transport companies, airways, telecommunications, and advertising agencies.

Government, semi-government and non-government organisations: These organisations include municipal offices, state and central government offices, government educational and technical institutions, government hospitals and post and telegraph offices.

Public enterprises: Public enterprises are owned, managed and controlled by central and state governments and may include provincial electricity department, water supply, municipality work department, etc.

Private institutions: These include private schools, colleges and other educational institutions, private hospitals, nursing homes, etc.

Defence and allied services: National defence services provide employment of different types.

Agriculture and allied fields: This includes employment in agricultural farms, plantations, dairy, poultry firms, horticulture etc.

3. SETTING UP BUSINESS

3.1 Undertaking the Market Survey

Once a prospective entrepreneur identifies a business opportunity and chooses an activity, the next step is to assess the viability of the particular activity. He has to decide not only the activity but also the location and scale of activity which he has to undertake which generates him good business and ultimately profit.

Markets are increasingly becoming dynamic and competitive. Experience in promoting entrepreneurial skills among rural youth suggests that they face critical problems in setting up and running the enterprise mainly due to lack of knowledge on existing market, competition, consumer needs and quality of the product. If the entrepreneur conducts the market survey to confirm the demand for the product or service, it is possible to minimise the risk and increase the probability of success.

The entrepreneur is required to design a questionnaire to collect the essential information on the selected activity from customers, suppliers of raw materials, and manufacturers. He practically conducts the market survey, collects the necessary data regarding the market situation for the selected ventures and prepares a report there on. Lastly, the participants are made to share their experiences through a group discussion followed by a presentation.

■ Objectives

The objectives of undertaking a market survey are to:

- Explain the need for market survey.
- Develop the method to collect and use the information generated.
- Develop an effective survey plan for the selected activity.
- Conduct a market survey.
- Prepare a report on the data generated.

It is vital for you to present an introduction to the market survey and objectives. Explain to them what happens to the entrepreneurs when they start their business without conducting the market survey. Ask the participants as to what they need to do to overcome these problems. Explain to the participants as to how they can develop a systematic procedure for conducting a market survey. Discuss the following process for conducting a market survey:

- Defining the objectives and the specific information to be obtained
 - ▶ *Identifying sources for obtaining information.*
 - ▶ *Assessing the time and cost involved in the study.*
 - ▶ *Working out the methodology and action plan.*
- Selecting a sample size by determining whom to contact and when to contact.
- Preparing questionnaires for the survey interviews.
- Collecting data and analysing the information thus obtained.
- Preparing a report based on data analysed.

■ Planning Business Activities

- **Planning** is the process of coming up with a plan of action to achieve a set target. It is thinking ahead of time. Planning affects all the activities that the business undertakes.

Thus you have to plan not only the financial aspects of your business but also marketing of your product, buying of stock and even the people you employ in the business.

Planning for the business involves the following:

- Setting goals, objectives and targets. This involves:
 - ▶ *Making a decision on what target to achieve after a certain period of time.*
 - ▶ *Developing long term and short term plans for the business.*
- Deciding on the activities that will be undertaken to help achieve the goals, objectives and targets.
- Developing ways of finding out whether the business is achieving its desired targets.

■ Business organisation

- **Organisation** is the process of identifying activities and tasks which will be carried out in the business and deciding the order in which the activities will be implemented and the people responsible for the activities.

In your business you will find several activities such as purchasing of goods or materials, banking and selling of your product. The complexity and intensity of these activities will depend on the size of your business.

You have to involve members of your family or employ workers to help you in carrying out some day-to-day activities. In this process the first thing you have to do is to identify the tasks and then allocate duties and responsibilities to others. This is organisation.

The following are the main functions in organising:

- Listing or writing down all the activities that must be carried out in the business. Such activities include accounting, marketing, transport and production.
- Grouping all the activities that are related together. For example for accounting:
 - ▶ *Record keeping*
 - ▶ *Banking*
 - ▶ *Planning finances (budgeting)*
- Deciding which activities must be performed by the owner/manager and those that others allowing the manager to focus on the core business activity of selling.
- Delegating i.e. allocating duties and responsibilities to others. When delegating, you should make sure that others know their full responsibilities.

■ Mobilising Capital - Banking

Capital is the backbone of any enterprise. Financial institutions like commercial banks which provide necessary finance, play a vital role in the field of enterprise development. Most commercial banks now realise their social responsibilities and are working for the betterment of the weaker section and disadvantaged population groups particularly in rural areas. Financial assistance is made available to those engaged in agriculture and allied activities, and rural artisans.

Lack of complete and detailed information on the bank's financial assistance to various self-employment activities is a bottleneck for getting timely finance from the banks. Thus it is essential to understand the principles, practice and procedures of bank finance.

■ Objectives

The objectives of the bank finance are to:

- Define and describe the basic functions of a commercial bank.
- Enumerate various deposit schemes and other services of banks.
- Explain the importance of maintaining continuous rapport with the banker.
- Explain the importance of prompt repayment of loan and disadvantages of default.
- Explain the various lending schemes including various government sponsored schemes.
- Educate the entrepreneur about various lending norms, eligible purposes, investment pattern, loan amount, margin, rate of interest, security and repayment of loans etc.

Here you have to start with a brief introduction on banking and the deposit and lending schemes. Together with this you need to highlight various lending norms covering eligible purposes, investment, loan amount, margin, rate of interest, security and repayment of loans. It is advised that for an effective delivery of inputs, services of a banker from a nearby bank may be engaged to handle the session.

■ Building Leadership

This is the function of providing a strategic direction in the business. In your business there may be people working or assisting you in one way or another. But it is you as the owner who knows the direction you want to take for your business. You may or may not write your vision. To have a successful business, you must be prepared to be a leader.

Your leadership qualities are seen in:

- Showing direction and decision making.
- Suspension and coordination of activities carried out in the business.
- Communicating with workers and also the outside world.
- Customer and public relations.
- Inter-personal relations. How people work together with others.
- Making sure others remain motivated to do their best for the goal of the business.

■ Ownership of Risk

- In any business the person who bears the risks (seen or unseen) is the entrepreneur. He is someone who exercises initiative by organising a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.

An entrepreneur supplies risk capital as a risk taker, and monitors and controls business activities. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture.

■ Handling Financing of Small Enterprise

Every business deals with money to pay for expenses, buy equipment and stock, get receipts from sales and so on. These transactions are either in cash or credit (promise to pay or be paid later). Financial management would therefore involve recording of business activities that are of financial nature (book keeping), organising and summarising the data and presenting it in reports for use by stakeholders. The first and most important user of this information is the owner of the business.

■ Staffing or Resource Mobilisation

Staffing or resource mobilisation involves looking for required resources to implement the activities identified in your business plan. These resources could be people, money, raw materials, equipment and so on. It is your responsibility to look for these resources.

■ Controlling the Business

Controlling is one of the most important roles you have to play in your business. Control involves knowing what has been planned or invested in the business and whether it is going according to the plan. You will be required to take pro-active measures to prevent damages to the business.

The following are some of the main control activities you have to keep in mind:

- **Control the budget** so as to ensure that spending does not exceed what was budgeted.
- **Controlling cash movement and the way it is spent (used)** so as to be sure that there is enough cash to meet daily business activities.
- **Controlling credit sales** so as to reduce the number of debtors.
- **Controlling stock held** so that the business does not have too much or too little.
- **Controlling performance of workers** so that they are able to meet the targets and that they stick to the work that has been planned.

■ Managing Finances

Financial management helps you in decision-making, on matters of profitability, investment, cash management, pricing and other aspects of your business performance. You, as an entrepreneur (owner of the business), have to take various financial decisions to maximise profits. You must acquire necessary financial skills to manage your day-to-day financial needs. In most cases you may not be in a position to differentiate the relationship between a long-term and short-term finance. The cost of making wrong decisions is high and in many cases leads to business failure. Financial management helps reduce mistakes in decision-making and enhance management effectiveness (making the right decision).

Here we provide you hand-on tools on business management, record-keeping (book keeping) for business, and preparation of financial statements; profit and loss, balance sheet, cash flow and stock management.

■ Objectives

The main objectives are to:

- Measure and monitor business performance, plan and enhance business growth and sustainability.
- Define working capital and its importance in an enterprise.
- Estimate and calculate the working capital required for an enterprise.
- Explain various aspects of working capital management.

■ What is Financial Management?

Business management consists of mobilising resources and combining and coordinating them effectively to help you meet the goals of your business. To be able to do this, you have to play the role of a manager. You have to perform the functions of planning, organising, leading, staffing and controlling your business.

3.2 Developing a Business Plan

Once you have decided your choice either for self-employment or wage-employment, the next step is to develop the business plan. Following are the important steps that you have to keep in mind during its development process. Before doing that let us understand the basic concept of a business plan.

- A **business plan** is a concrete plan of action developed to implement the basic business idea of an entrepreneur. A business plan is a summary of what your business intends to sell, the resources (money and materials) you need and how you expect to acquire them, who will manage your business and what profits you may expect.

■ Business Structures

One of the first decisions you will have to make is how to structure your business. You can start your business in any of the following forms:

- Sole (single) Proprietorship.
- Partnership.
- Corporation.
- Cooperative.

Since corporations are generally multi-million business enterprises, we will not discuss them here.

■ Sole Proprietorship

A sole (single) proprietor is fully responsible for all debts and obligations related to his/her business (Table 6.4).

Table 6.4: Advantages and Disadvantages of Single Proprietorship

Advantages	Disadvantages
Low start-up costs	Unlimited liability
Owner of direct control in decision-making	Lack of continuity in business in absence of owner
Greatest freedom from regulations	Difficulty in raising capital
Minimal working capital required	
Tax advantages to owner	
All profits to owner	

■ Partnership

Partnership is an agreement where two or more persons combine their resources in a business (Table 6.5).

The agreement is usually drawn up with the assistance of a lawyer. The purpose of the agreement is to outline the terms of the partnership and to protect the partners in the event of a disagreement or dissolution. Partners share in the profits according to the terms of the agreement. All partnerships must be registered.

All members share in the management of the business and each is personally liable for all the debts and obligations of the business. Each partner is responsible for and must assume the consequences of actions of the other partner(s).

Table 6.5: Advantages and Disadvantages of Partnership

Advantages	Disadvantages
Ease of formation	Unlimited liability
Low start-up capital	Lack of continuity
Additional sources of investment capital	Difficulty in raising additional funds
Possible tax advantages	Hard to find suitable partners
Limited regulation	Possibility of conflict between partners
All profits to owner	

■ Cooperative

A cooperative is a group of people acting together to meet the common needs and aspirations of its members, sharing ownership and making decisions democratically.

Cooperatives are not about making big profits for shareholders, but creating value for customers – this is what gives cooperatives a unique character and influences.

■ Advantages a Cooperative Society

■ Easy to Form

The formation of a cooperative society is very simple as compared to the formation of any other form of business organisations. Any ten adults can join together and form a cooperative society. The procedure involved in the registration of a cooperative society is very simple and easy. No legal formalities are required for the formation of a cooperative society.

■ No Obstruction for Membership

Unless and otherwise specifically debarred, the membership of cooperative society is open to everybody. Nobody is obstructed to join on the basis of religion, caste, creed, sex and colour etc. A person can become a member of a society at any time he likes and can leave the society when he does not like to continue as a member.

■ Limited Liability

In most cases, the liabilities of members of the society are limited to the extent of the capital contributed by them. Hence, they are relieved from the fear of attachment of their private property in case of the society suffers financial losses.

■ Service Motive

In cooperative, society members are provided with better goods and services at reasonable prices. The society also provides financial help to its members at concessional rates. It assists in setting up production units and marketing of products of small business houses and also for small farmers for their agricultural products.

■ Democratic Management

The cooperative society is managed by elected members from and among themselves. Every member has equal rights through its single vote but can take active part in the formulation of the policies of the society. Thus all members are equally important for the society.

■ Stability and Continuity

A cooperative society cannot be dissolved by the death, insolvency, lunacy and permanent incapability of the members. Therefore, it has stable life and continues to exist for a longer period. It has separate legal existence. New members can join and old members may quit the society but society continues to function unless otherwise all members unanimously decide to close the society.

■ Economic Operations

The operation carried on by the cooperative society is highly economical due to the eliminations of middlemen. The services of middlemen are provided by the members of the society with the minimum cost. In the case of cooperative society, the recurring and non-recurring expenses are very little. Further, the economies of small-scale production or purchase automatically reduce the procurement price of the goods, thereby minimising the selling price.

■ Surplus Shared by the Members

The society sells goods to its members on a nominal profit. In some cases, the society sells goods to outsiders too. The profit is utilised for meeting the day-to-

day administration cost of the society. In terms of the distribution of the profit, some portion of the surplus is spent for the welfare of the members, some portion kept reserve whereas the balance shared among the members as dividend.

■ State Patronage

Government provides special assistance to the societies to enable them to achieve their objectives successfully. Therefore, the societies are given financial loans at lower interest rates. Government also extends several types of subsidies to cooperative societies to strengthen their financial stability and sustainable growth in future.

■ Disadvantages of Cooperative Society

Despite many advantages, the cooperative society suffers from certain limitations and drawbacks. Some of these limitations are as follows:

■ Limited Resources

Cooperative societies' financial strength depends on the capital contributed by its members and loan raising capacity from state cooperative banks. The membership fee is limited for which they are unable to raise large amount of resources as their members belong to the lower and middle class. Thus, cooperative is not suitable for a large scale business which requires huge capital.

■ Inefficient Management

A cooperative society is managed by the members only. They do not possess any managerial and special skills. This is considered as major drawback of this form of business. Inefficiency of management may not bring success to societies.

■ Lack of Secrecy

The cooperative society does not maintain any secrecy in business because the affairs of the society are openly discussed in meetings. But secrecy is very important for the success of a business organisation. This paves the way for competitors to compete in a more rigorous manner.

■ Cash Trading

The cooperative societies sell their products to non-members in cash payments. But, these non-members are usually poor people from the community. These persons wish to avail credit facilities which are not possible in case of cooperatives. Hence, marketing is a shortcoming for cooperatives.

■ Excessive Government Interference

Governments put their nominee in the Board of Management of cooperative societies. They influence the decision of the Board which may or may not be favourable for the interest of the society. Excessive state regulation and interference with the flexibility of its operation affect adversely the efficiency of the management of the society.

■ Absence of Motivation

The members may not feel enthusiastic because the law governing the cooperatives puts some restriction on the rate of return. Absence of relationship between work and reward discourages the members to put their maximum effort into the society.

■ Disputes and Differences

The management of the society constitutes various types of personnel from different social, economic and academic background. Many a times they strongly differ from each other on many important issues. This becomes detrimental to the interest of the society. Different opinions and disputes paralyse the effectiveness of the management.

3.4 Knowing the Essentials for Developing a Small Business Plan

You have seen above different forms in which you can start a small business in your community. You have also noticed that starting a business in any of the three forms is not simple. It requires knowledge and understanding of essential steps to set up your own business in your community no matter it is single proprietorship, or partnership or a cooperative.

Here we suggest to a systematic approach for setting up your small business in the community. The steps that you need to consider are as follows:

■ Step 1: Products and Services You Plan to Offer

The first step to start your small business is to carefully consider these questions:

- What do you have to offer?
- What makes you an expert?
- Do you have all of the education and skills you will need to compete successfully in the marketplace or will you need to do some brushing up or retraining first?
- Does the product or service meet a need?
- Is this a seasonal product or service, or can you market it all year long?
- How sensitive is marketing this product or service to general economic conditions?
- When the economy is weak, how do you think your business will be affected?
- Will you be energized by going through the steps to starting this particular small business - is it something you'll love to do or sell - or are you just going through the motions of starting a small business to try to make some money?

The saying “Do what you love, love what you do” should not be taken lightly. Your business is going to be your livelihood - you should have a good time doing it. If not, it will be difficult to get motivated at times.

If you are excited about your business, your customers will notice and it will be easier to get them excited too. Plus, completing the steps and starting your small business will be fun and much more enjoyable.

■ Step 2: Knowing Your Market and Your Rivals (Competition)

When you are starting a small business, understanding small business marketing concepts, like getting a hold on the potential market for what your small business will have to offer and the value proposition of your small business is very important. Here are a few things to consider:

- Who is going to buy your product or service?
- Will you market to businesses, to consumers, or to both?
- What traits do you think your “typical” customer or client will have?
- Is the need for your product or service not currently being met or is it already saturated?
- Is there something about what you have to offer that will allow you to beat your competitors?
- How will you differentiate yourself from your competitor?
- What is your value proposition? What is your competitive advantage?

■ Step 3: Your Ability to Do the Tasks

Before starting a small business, you need to understand and carefully consider that you will have a lot of daily tasks that will need to get done. If you cannot do them, who will? If there is no one to take care of these tasks properly, is it worth starting a small business?

Can you handle the following day-to-day general tasks a small business will require when it is established? Tasks like:

- Setting appointments.
- Ordering supplies.
- Book keeping.
- Marketing.
- Filing.
- Answering the phone.
- Checking and replying to inquiries, orders, dispatching the products, etc.

If you will have help, it is great. If you can afford to pay someone else to do some of these tasks for you, it is better. But a great majority of rural businesses are a one-person operation starting on a very nominal budget and most other small businesses are not much larger and do not have substantial budgets to hire help. That means there is a good chance that you will have to do everything.

You should think twice about starting your small business if it just involves you in doing mundane tasks. Though routine tasks are unavoidable in a business, you need adequate time to do the things you enjoy doing, that you are good at doing and that will make money for your business.

■ Step 4: An inventory of Need

With the product or service you have in mind, can you handle the business from your home the way it is right now? If not, what do you need to do to get it ready?

- Will you need space for inventory, supplies, records and/or equipment?
- Do you already have an area you can use for your office or will you need to bargain with another member of the family to give up some space?
- Is the nature of your inventory or equipment such that special climate needs must be accommodated?
- Do you need to add a room, enclose a patio, convert a garage or basement, or stake out the attic?
- What kind of power (electricity, gas, kerosine, etc) needs will you have and will you have to make any alterations to accommodate them?

Determine what you will need and keep track of your estimated costs because you will need them later in this exercise.

■ Step 5: Legal Barriers

Check your community and/or zoning laws before starting a small business.

If you live in an area that is subject to the rules and regulations of a business or community association, check for restrictions. Find out if there are any existing restrictions on starting a small business in your community and how you might work within them before you invest one cent in your business.

If you plan on starting a small business, you will be operating machinery, storing or working with hazardous materials, making noise, etc. These and other issues surrounding the nature of your small business may all have an impact on what you can and cannot do and can prevent you from starting a small business.

Will you need a special zoning exemption? Will getting one be a difficult and drawn out exercise? Is it even legal to operate the business you are planning? Will you need to secure a license before starting your small business?

Are your products and services potentially subject to patents, trademarks or copyrights?

■ Step 6: Insurance Needs

When you go into business, you will potentially be exposing yourself, your home and your family to a variety of risks. You need to think about how you will manage those risks and find out if you need insurance to help handle them before it is too late.

Consider this:

- Will you need health insurance? If so, how can you get it and how much is it going to cost? When one spouse is still working, the ideal situation may be to get the other included on the working spouse's health insurance coverage if you can. If not, either the cost or the lack of availability, or both may prevent you from starting your business.

- If you are carrying inventory, need equipment or are storing hazardous materials what kind of property insurance will you need to avoid suffering financial hardship? Will you need insurance policy for this purpose and how much will it cost?
- Will you need liability insurance? Where can you get liability coverage under a small business insurance policy and how much is it going to cost? Will you need errors and omissions coverage?
- What about your auto insurance? Will you be using your car for business?

Small business insurance can be a major expense of doing business but some coverage like general liability may be quite reasonable depending on the nature of your business.

Record any small business insurance cost estimates for this step. You need them to determine your start-up and operating costs.

■ Step 7: Risks and Benefits

Before you start a small business, it is the time to understand various legal forms of business organisation (see above). Will you operate your business as a sole proprietorship, as a partner, or as a member of a cooperative?

You will want to research issues surrounding the legal form of business organisation carefully now, because your decision will affect your start-up costs. It will also affect your tax situation and your personal liability for the actions and debts of the business.

Finally, your decision on which legal form of business organisation you will use will largely determine what steps you need to take in order to set up your business when you are ready to do so.

■ Step 8: Start-up Costs

Calculate your start-up costs - the amount of money it is going to take to get your business up and running. At this point, many of your items are going to be nothing more than estimates, but do the best you can.

By completing the previous steps you should have a much clearer picture of your start-up costs than before. Here are some additional questions that may help you not to overlook something:

- Will you need to hire specialists, like a lawyer or an accountant?
- Will you need to buy some office furniture or equipment?
- What supplies will you need on hand for day one? Do you need to purchase a beginning inventory?
- Will you have construction costs, and if so, how much needs to be done by professionals and how much can you do yourself?
- What can you do to lower your costs?

Take your time with this step. Do some price checking and look for legitimate bargains. You are bound to think of things and adjust your estimates all the way up to your opening day.

The closer you get to opening day, the more accurate your estimate will be.

■ Step 9: Break-even Point, Cash Flow and Funding Options

There are several issues you need to consider with this step:

- How much will you need to pay your bills until the money starts coming in from your business?
- Will you be keeping your full-time job or is there another breadwinner in the family that can help you until you develop an income stream?

- What will your continuing outlays be for items like equipment, salaries and/or inventory?
- How many products must you sell or how many hours of service will you need to provide before you reach the break-even point (cost = revenue)?
- Where will the money come from? Will you need to borrow or draw down a savings account or sell some investments and/or assets?
- Will you need a silent partner to help provide working capital, especially until you reach your break-even point and begin making a profit?
- Are you willing to use your home equity to finance your business?
- Have you checked into banks and other local government financial institutions for the possibility of obtaining a loan and how much?
- Is there any possibility of getting a grant to start your business?

Knowing these answers will help you decide if you can act now. If not, it can also help you to plan to secure the money you need and help you set a target start-up date.

■ Step 10: Gauge Your Family's Support for Your Home Business

Hopefully you will not leave this step for last, but doing so will not diminish its importance.

Members of your family, at least those still at home or any family member who may need to make sacrifices or lifestyle changes in order to accommodate your business, need to know what you are up to and how it might affect them. If you have a spouse or children living with you, your home business will be a big part of their lives too.

Communication is the key to helping them understand. Ask for their support – you'll find that's much more effective than demanding it. Try to understand where they are coming from. If they have questions, issues, or objections, discuss them openly. Caring and open discussions now help you avoid problems later.

Couples who plan to operate a business together need to have a pretty good idea in advance if that will work for them. It is a good idea to discuss who will be responsible for specific tasks. If you cannot agree on this now, there is a very strong likelihood you will not agree on it later.

3.5 Preparing a business plan

There are several tasks you have to take into consideration when you wish to develop a business plan.

In order to prepare a profitable, doable and sustainable business plan you have to consider the questions given in Figure 3.1 and have to find out correct answers to the questions shown below.

Figure 3.1: Stages for Preparing a Business Plan

While developing a business plan, you also have to consider its contents. The contents of a good business plan are discussed in table 3.4.

1	Setting Strategic Directions	What Business am I in? Where do I want to go or be? What is the purpose of my business? What products and services do I want to offer?
2	Environmental Scanning	Internal Environment: What are my strengths? What are my weaknesses? External Environment: What opportunities are there?
3	Market Analysis	Who is my customer? What do my customers like? What is the market size of my product or services? Who else is in this business?
4	Develop Strategies	What do I do differently to serve my customers? How do I increase my market share? How do I package my products/services? How do I deal with the competition?
5	Resource Requirements	What resources do I require to implement my strategies? How do I get these resources?
6	Financial Plan	How much money do I require to implement this plan? How much can I generate from my own resources, friends and relatives? How much do I need to borrow? Can I afford to pay?
7	Implementation Plan	What do I do and when? What are the indicators of achievement? What are my priorities?

Table 3.4: Contents of a Good Business Plan

Contents of a Business Plan

- Executive summary
- Background and objectives of business e.g. to produce banana chips.
- Strategic direction
 - ▶ *Vision.*
 - ▶ *Mission or purpose of the business.*
 - ▶ *Values and principles.*
- Production plan
 - ▶ *Production method (chips made by hand or machine).*
 - ▶ *Materials (buy wholesale or retail, source, delivery, quality).*
 - ▶ *Machinery (chips cutting and drying machines, etc.).*
 - ▶ *Production and sales location (stores, workshop, home, shop).*
- Marketing plan
 - ▶ *Target market (householders, hotels, youth, parents).*
 - ▶ *Competition (This can be another product - for banana chips this would include potato chips).*
 - ▶ *It could also be other retailers - private companies, kiosks, hawkers).*
 - ▶ *Marketing proposed (posters, leaflets, presentation to community council).*
- Organisation and management
 - ▶ *Organisation structure.*
 - ▶ *Duties of staff - transport to market, stock management, cash management etc.*
- Finance
 - ▶ *Source of capital (own savings, bank, friend, relatives).*
 - ▶ *Expenditure (rent, wages, electricity).*
 - ▶ *Cash flow.*
 - ▶ *Costing and proposed price of product.*

- ▶ *Sales projections.*
- Potential risks and opportunities
 - ▶ *Competitors.*
 - ▶ *Lack of raw materials.*
 - ▶ *Potential to link up with more suppliers and expand business.*
 - ▶ *Risk mitigation plan.*

Note: The contents can vary according to the nature of product and its related environment.

Preparation of a business plan is one of the key steps in setting up an enterprise. It is required in order to:

- Obtain permission from the local authority to set up my business.
- Convince funding institutions to lend me money.
- Rent a space for my business premises.
- Convince my business partners to supply materials or services, etc.

A business plan should serve the following objectives.

- To ascertain initial viability of a business proposal.
- To conduct feasibility study for setting up an enterprise.
- To enlist the technical, financial, marketing and commercial aspects of business.

The business plan should consist of the following components:

- Title page (name of your business, your name and contact address).
- Summary of your business objectives.
- Table of contents.
- Structure of your proposed business.
- The product or service you intend to sell.
- Your marketing plan (based on a simple market survey).
- Your financial plan.
- What you expect your business to earn.
- Other supporting documents, such as letters of recommendation, certificates of education and training, community service documents, etc.

4. UNDERSTANDING RECORD KEEPING FOR YOUR BUSINESS

Accurate record keeping is essential to the success of your business. Record-keeping allows you to:

- Manage stock and raw materials.
- Calculate and monitor profit and loss.
- Plan for the future.
- Filing tax returns.

It is your foremost task to record on daily basis every single transaction - both purchases (cash out) and sales (cash in). This is described as cash flow; cash flows into the business and out of the business.

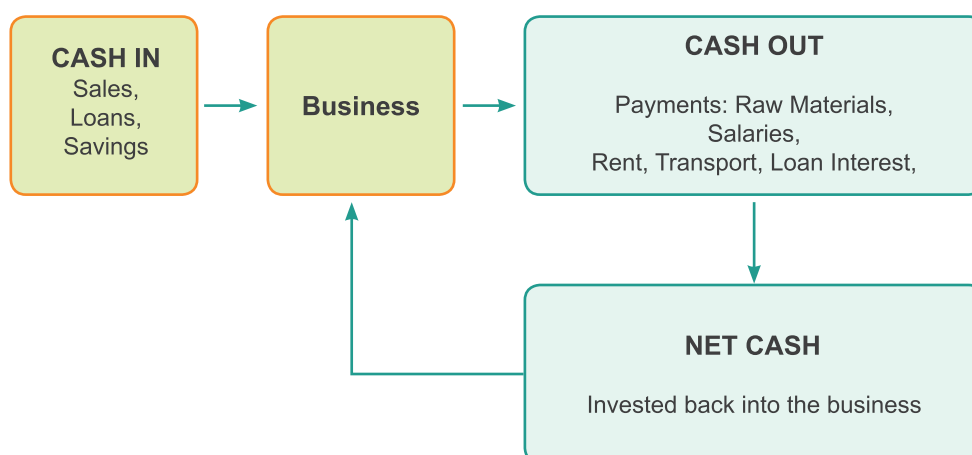
■ How to Keep a Cash Book

- A **cash book** shows the situation of your business at any given time. It includes all sales and all costs over time.

It is important to record every single sale and expenditure. This will allow you to track sales and expenditures month by month. In addition, knowing the average monthly sales means that you can plan for the future.

To work out the cash flow for the month, add up all the “cash in” records for that month. Then add up all the “cash out” records for that month. Subtract the “cash out total” from the “cash in total” to find out the balance (profit or loss) as shown in Figure 3.2.

Figure 3.2: Method of Calculation of Profit or Loss



A format of cash book is provided in Table 3.5.

Table 3.5: Cash Book

No.	Date	Description	Cash in	Cash out	Balance
1	3.7.2013	Current cash in	1,000.00	-	1,000.00
2	3.7.2013	Sale of 1 Kg Fish (200 per kg)	200.00	-	1,200.00
3	5.7.2013	Sale of 2 Kg Fish	400.00	-	1,600.00
4	5.7.2013	Rental of the Shop	-	300.00	1,300.00
5	6.7.2013	Sale of 3 Kg Fish (200 per Kg)	600.00	-	1,900.00
6	7.7.2013	Purchase 10 Kg Fish for Stock (at whole-sale price of 140)		1,400.00	500.00
7	8.7.2013	Staff wages	-	300.00	200.00
8	8.7.2013	Sale of 4 Kg Fish (210 per Kg)	840.00	-	830.00
Sub-total (for the month of July)			3,040.00	2,000.00	1,040

■ Receipt Book

Though it may reduce the speed of working and serving the customer, the use of a receipt book minimises errors and keeps a hard copy of all past transactions carried out. The risk of not recording could be very high especially when the business has employees handling cash transactions. Cash is very sensitive and easy to steal.

An ideal receipt book should have at least two copies for each transaction, one for the customer and one for the business. Usually one copy remains in the book (book copy) while the other is given to the customer. The book copies are left in the receipt book until it is time for computing sales. A sample receipt book format is shown in Table 3.6.

Table 3.6: Receipt Book Format

Receipt		No.
Payee Name: Address:		Payee Name: Address:
Date:	Description	Amount
	<i>E.g. sale of 1 kg of Fish</i>	
Total		

■ Sales on Credit

Selling on credit has the advantages of retaining royal customers or improving sales during low period. Caution has to be taken when selling on credit. Many businesses have gone under due to non-collection of debts.

It is important to assess the credit worthiness of the customer and put in place some control measures for the credit levels. It is advisable for you to limit credit to those long-term customers that can be trusted.

Table 3.7 shows how to keep a record of sales on credit. It is a good practice to inform the customer when the payment must be done. It is also good to send reminders on or before the due date. The same information should be recorded and tracked in the records as shown in the table below. If the customer does not pay the balance by the agreed date, you should pursue the client for payment.

Table 3.7: Record Keeping for Sales on Credit

No.	Date	Client	Product/Service	Unit Value	Advance Paid	Cash paid	Final payment due date	Actual date of final payment	Signature of customer
1	23.6.13	Wang	Mutton	400	340	60	30.6.13		
2	25.6.13	Dian	Chicken	400	300	100	2.7.13		

■ Preparing Financial Reports

In the course of doing business, many transactions take place and you may not trace each and every activity in mind. With record keeping in place a summary could be prepared on what has been happening. From time to time, you would want to know exactly what is happening in the business.

In accounting, there are set procedures and guidelines on how this is done. There are three main reports that could be prepared in order to provide a full picture of financial performance by a business. These reports are:

- Profit and loss statement.
- Balance sheet.
- Cash flow statement as discussed below.

■ Calculating Profit or Loss

Profit and loss statement is prepared to provide information on whether a profit or loss was made for that particular period. The more often you would want to calculate the profit or loss of your business, the earlier you can see problems or opportunities.

The owner gets on the driver's seat of the business – he/she is in control. Benefits are:

- Helps the owner to assess business performance and can therefore make good decisions.
- Reference and comparison purposes.
- Help in assessing one's tax liability.
- Sourcing funds.
- Detection of fraud.
- Budgeting for future needs
- Cost and credit control.

A profit and loss statement is shown in Table 3.8.

■ Computing Sales

Sales are cash receipts (or promise to be paid later) for goods sold or services rendered to customers. Computation of sales should include all what was sold and is treated as gross income into the business. Where few items are involved and the selling price is fixed, sales could be determined by multiplying units sold to selling price. This could also be determined by adding all cash sales and credit sales.

■ Calculation of Gross Profit

After computing sales the next item to estimate are the costs of those sales. For example if the business is that of selling solar panels, they must have been bought or made by the owner. The cost of getting these panels ready for sale is what is called the cost of sales. These costs are deducted from sales to get gross profit.

Gross Profit = Sales – Cost of Sales

Table 3.8: Gross Profit Computation

	Total (currency)	Example (\$)
Sales		3,000.00
Cost of sales (Costs spent on product), for example raw material, machinery)		1,800.00
Gross Profit = Sales – Cost of sales (3,000 – 1,800 = 1,200)		1,200.00

■ Calculation of Expenses

In business, you pay for services like transport, rent, electricity and wages/salaries. You may also withdraw money for your own use at home. All these expenses are met by the cash or resources of your business and that money never comes back. They are deducted from the gross profit. Table 3.9 below shows some workings.

Table 3.9: Gross Profit Computation

Salaries/Wages	200
Rent	100
Transport	40
Bills	100
Other Indirect costs (tax, XX)	0

$$\begin{aligned}\text{Expenses} &= \text{Salaries} + \text{Rent} + \text{Transport} + \text{Bills} + \text{all other Indirect Costs} \\ &= 200 + 100 + 40 + 100 + 0 = 440\end{aligned}$$

■ Calculation of Net Profit (or Loss)

Net profit is what remains after expenses have been removed. You can compute this by using the following formula.

$$\begin{aligned}\text{Net Profit} &= \text{Gross Profit} - \text{Expenses} \\ &= 600 - 440 = 160\end{aligned}$$

A further explanation is given below in the section on balance sheet.

■ Balance Sheet

- **Balance sheet** is a statement of wealth: a statement showing assets held and how they were acquired.
- **Assets** are items or property of value held by a person or entity. The business is a separate entity from the owner and therefore it can own assets. These assets could have been purchased using own money or borrowed money.
- Money or assets brought into the business is referred to as **capital**. Also included into the capital is profits retained into the business for purpose of expansion.
- Money borrowed or goods received from other people or banks are referred to as **liabilities**. These are obligations to pay later.

Assets are held for purpose of re-sale like stock and inventory, to help generate services like machines or aid the flow of business activities like cash. Wealth is created by transacting in or using these assets. Examples of assets are cash in hand and at bank, stock/inventory, debtors, furniture, vehicles, buildings and rent deposit.

Liabilities are incurred in the process of doing business especially when the owner does not have cash to pay for goods or services received. Liabilities are also incurred when other people work for the business but are promised to be paid later. When the enterprise borrows from a bank or a friend of the owner, a liability incurs as well.

The Balance Sheet is a statement of all assets of the business, liabilities and capital. The general principle applied in preparing a balance sheet is that all assets must equal capital plus liabilities. Hence the balance sheet equation should be:

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$

Example 3.1

Calculation of Profit or Loss

Assume Dian, a rural woman entrepreneur, runs a business selling cooking stoves in Baoding and wants to know whether she is making any profit in this business. In the month of April, Dian bought 25 stoves from the market at RMB 200 each.

Thus the total amount of money (cost) Dian paid is RMB 5,000. She sold all the 25 stoves at RMB 500 each. This makes sales of RMB 12,500. Dian spent RMB 1,500 on rent, Yuan 1,000 on salaries, RMB 500 on phone and RMB 500 on transport.

How much profit or loss did she make for the month of April?

A: Calculate gross profit

Sales 12,500

Cost of Stoves (direct costs) 5,000

GROSS PROFIT 7,500

B: Calculate expenses

Rent 1,500

Salaries 1,000

Phone 500

Transport 500

EXPENSES 3,500

C: Calculate net profit

Net profit = Gross Profit - Expenses

= 7,500 - 3,500 = 4,000

Dian made Yuan 4,000 profit.

(i) Suppose she finds that the Baoding market is very competitive and reduces the selling price to Yuan 400, how much profit or loss will she make?

Example 3.1

Answer: RMB 1,500 profit $\{(400 \times 25 = 10,000; \text{less } 5,000 + 3,500)\}$

(ii) Suppose she can only sell 10 stoves at RMB 500 and incur same operating expenses of RMB 3,500, how much profit or loss does she make?

Answer: RMB 500 loss: $\{\text{sales} = 10 \times 500 = 5,000; \text{cost of sales} = 10 \times 200 = 2,000\}$

You have to consider the following steps in preparing a balance sheet:

- Listing all assets of the business with their values on one side.
- Listing all liabilities on the other side. This list includes all debts that have been acquired over the period and not paid.
- On the same side as liabilities, money brought into the business by the owner is included.
- Adding totals on each side and getting the difference. This difference is the retained or accumulated profit or loss over the period.
- To separate retained profits of the past period and that of current period, net profit for the current period is deducted from the difference obtained (retained profits – see above).

Following is an illustration of the above steps.

Step 1: Assets		Step 2: Liabilities	
Asset	Value	Liability	Value
Cash in hand	20,000.00	Creditors (trade)	50,000.00
Cash at bank	50,000.00	Loan from bank	150,000.00
Stock (inventory)	560,000.00	Other loans	-
Debtors	-	Unpaid bills	10,000.00
Prepaid rent	5,000.00	Total liabilities	210,000.00
Furniture	40,000.00		

Step 1: Assets		Step 2: Liabilities	
Asset	Value	Liability	Value
Motor cycles	75,000.00	Step 3: Assets – liabilities = Initial capital	540,000.00
		Initial capital	200,000.00
		Step 4: Retained profits or loss = total capital – initial capital	340,000.00
Total assets	750,000.00	Liabilities + capital	750,000.00

■ Costing and Pricing of Products and Services

Pricing is the method or system followed in setting up the price of a particular product or service.

- **Price** is the worth (value) of a product or service expressed in monetary terms.

Once the cost of producing a unit of product has been worked out, the next step is working out a reasonable price to be charged from customers for the product. The price set should be fair and affordable by the customers and at the same time guarantee some profit margin to the entrepreneur.

■ Price Setting

In setting prices it is important to know:

- Direct and indirect costs in the business.
- Competitors' prices.
- How much customers are willing to pay.

The price must be:

- *Low enough to attract customers to buy;*
- *High enough to cover all costs and give the business a profit.*

Suppose that the cost of producing a stove is RMB 110.60 including the indirect cost. This means that for you to make a profit, you must charge more than RMB 110.60 per stove. You decide to sell one stove for RMB 200.00. This gives you a profit of 89.40 as shown below:

$$\text{RMB } 200.00 - \text{RMB } 110.60 = \text{RMB } 89.40 \text{ per stove}$$

■ Pricing: Factors for Consideration

While fixing the prices of your products, the following are factors that you have to consider:

Competition – Prices charged by competitors. Some competitors are able to obtain their raw materials cheaply and are able to charge reasonable prices. The only remedy is to reduce costs and charge the same as competitors. If there is no competition, you can charge reasonably but don't exploit customers.

Business costs – i.e. direct and indirect costs. The retail price should cover all of these costs, as well as make a reasonable profit. The trap is that most people consider only the direct costs and forget to include the indirect costs like telephone, own salaries and rent.

Substitute products – The prices of those goods that can take place of your own goods and serve the same purpose. They may not be the same quality but will affect the price of goods sold by the business.

Customer price sensitivity/elasticity of demand – this depends on whether the product/service is necessary, i.e. whether customers have to have it or can do without it.

Own capacity and strategy – This depends on whether you are introducing a new product (to penetrate the market) or selling cheaply to clear stocks (market skimming) or increasing the price to cover a profit margin.

Distribution channels – if you sell the product to distributors and they want to make a small profit, they will mark-up the price given. Alternatively, if you are the distributor, then you will need to mark-up the price given to make a profit. The mark-up price depends on the position in the distribution chain, e.g. manufacturer, wholesaler or retailer. The manufacturer has to charge less and leave a profit margin for the wholesaler and retailer.

Sales turn-over – If items are moving faster, you can do with a moderate price and make enough.

■ Stock Management and Control

Stock refers to all the goods owned and held for sale in the form of merchandise and includes goods both on the shelves and in the stores.

Reasons for the need for stock management are to:

- Make sure that there is enough stock for customers.
- Meet the demand of the customers while at the same time avoiding having excess because it ties up money.
- Keep to the amount budgeted for and avoid holding too much working capital in form of stocks.
- Help calculating business costs i.e. tracking stock movement.
- Help in planning and control.
- Help in knowing which items move slowly and the ones which move faster.
- Help in deciding which items to stock and not to stock.
- Help in checking against losses.

■ Raw material inventory

- **Raw materials** are stock held for the purpose of being converted to new products that can be sold to add value.

Table 3.10 can help you in identifying the amount of material used over a period of time, and the amount of raw material that remains (the inventory).

Table 3.10: Raw Material Inventory

		Record							
		Raw material purchased			Raw material used			Inventory	
No	Date	Type	Qty	Total value	Type	Qty	Total value	Qty	Total value
1	20.7.13	Bottles of Cooking Oil (5 Litre)	10	1,000.00					
2	25.7.13				Bottles of Cooking Oil	6	600		
3	28.7.13				Bottles of Cooking Oil	3	300	1	100

5. IDENTIFYING MARKET OPPORTUNITIES AND STAKEHOLDERS

This section provides tools for promoting a greater business and market orientation within the rural sector of small-scale producers with active involvement and participation of stakeholders in rural development. The approach followed herein is innovative. It explains how to identify and re-evaluate the marketing opportunities of service providers and farmer groups and to seek new business opportunities based primarily on demand. The method, which has a strong business emphasis, is adapted to facilitate a participatory approach so that rural producers can use the information to assist them in making key decisions in market analysis and evaluation.

5.1 What is Marketing?

Here we present some important theoretical and conceptual aspects that may be useful for you when planning and executing a market opportunity identification process. These are especially pertinent for service providers who lack a solid business and marketing background.

Within the context of rural agro-enterprise development, the aim of a market opportunity identification process is to:

- Evaluate market demand and buying conditions for existing products that farmers want to know more about, with reference to selling bulked goods.
- Evaluate market options for new products as a means to enable farmers to engage in a process of crop diversification, with an emphasis on higher value goods.
- Evaluate the market options for value added products, so that service providers can assist farmers in shifting from raw to processed goods.

From this, it seems necessary to make it clear the meaning of marketing.

● **Marketing** is defined differently by different authors. It is defined as “a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others”. It is also defined as a business activity that focuses on identifying and satisfying market needs, through a profitable and socially responsible production and supply of products in the form of goods and/or services”. The process of marketing is therefore finding ways to provide people with products and services that they either need to function normally or desire to improve their well-being.

Following are the distinct categories of need that marketing aims to service.

- Basic physical requirements, such as food, clothing, shelter and safety.
- Social needs, related to belonging and affection.
- Individual needs for knowledge and self-expression.
- Wants or desires.

When wants are supported by the ability to pay, these wants then translate into demands. If we consider products and services as benefits, consumers will choose those products and services that provide them with the best value for money. Marketing is based around the idea of matching a range of products at different price-value levels with consumer needs, desires and abilities to pay.

Given this view of marketing, our task will then be: How does this relate to small-scale farmers located in remote rural settings? When you analyse the situation of small-scale farmers, you will notice that they have all the same elements of a commercial company. Farmers have valuable assets in their land and location, they have knowledge about what is grown or produced in their locality and they have access to labour. As with any other business, they produce a

range of goods and services for others in the community and they know what the community likes in general and have an idea of what they can afford.

Whatever difficulties they face, we know that farmers sell a proportion of their goods and services. Therefore all farmers have a sales and marketing challenge and as such could benefit from increasing their knowledge about marketing functions and how to engage in the market place. Your role here is to assist service providers to gain a better understanding of the marketing options and relationships that a selected farmer/client group can develop in order to sell their goods and service more profitably and on a more sustainable basis.

Thus, the first rule of marketing for small-scale farmers is to:

Produce what you can sell rather than trying to sell what you have produced

This looks simple, but it is not. In the agricultural context it means that farmers and service providers need to know what consumers are demanding at the marketplace and how the laws of demand (the quantity of products that consumers can buy) and supply (the quantity of products that producers can offer for sale) affect prices, price trends, volumes being sold and market opportunities.

In order to address these issues, you need to prepare a market plan (Table 3.13). In the table you observe marketing variables. These are aspects that are under the control of the enterprise, which are managed to obtain the desired response from the marketplace. Design of a marketing plan is critical as it is used by the enterprise team to design and implement a marketing strategy.

Table 3.13: Marketing Plan

Marketing Variables	Definition	Aspects of this variable
Product	Everything that we sell. That which can satisfy a need or a want includes material objects, services, persons, places, organisations and ideas.	Variety, Quality, Design, Characteristics, Brand, Packaging, Sizes, Services, Guarantees.
Price	The monetary value that a seller seeks from a buyer.	Price lists, discounts, price margins, credit conditions.
Place	Distribution and marketing channels. A series of independent organisations involved in the process of allowing the consumer or industrial user to use or consume the product or service.	Market sales points, spatial coverage of market sales points, locations within markets, inventories of products, transportation channels.
Promotion	The aspect of the mix that consists of convincing or persuading the audience of the quality or features of the products or services offered by the organisation.	Promotion includes advertising, personal sales, trade and consumer promotions and public relations.
Policy	Developing an enabling political and administrative environment, such that small-scale rural businesses can develop in a sustainable manner.	Local policy, national policy and international policies related to business development, entrepreneurship and trade.

Source: *Discover your innovation.*

5.2 Understanding the Context of the Small-Scale Rural Producer

Traditionally, small-scale rural producers rely basically on producing sufficient amount of food to support their families and thereafter to sell small amount of surplus. This may help to avoid famine but so far it has not proven to be a rapid ladder out of poverty in rural communities.

But with the rapid globalisation and opening up of marketing opportunities, there have emerged several opportunities for small rural entrepreneurs to start profitable small-scale enterprises. On the one hand, you have to assist them in identifying these opportunities and in obtaining all the necessary inputs from partners and stakeholders (see below) to promote development of such trades in rural areas. Below are listed some opportunities where you can help them significantly with the help of the market plan discussed above.

Health and food safety: Consumers and processors are increasingly demanding agricultural products with greater quality, safety, and traceability. Demands for healthy foods, particularly fruits and vegetables, are increasing and the market for organic products continues to show growth.

Fast and convenience food: As a result of urbanisation and increased female employment, consumers are increasingly attracted to food that is practical and quick to prepare. New cooking technologies such as the micro-wave cooker have also stimulated this area. Convenience products are generally processed or transformed, and are packaged and labelled. Some examples of convenience products are the following: packaged, dried, refrigerated, pre-cut vegetables for home-made salads, bottled fruit juices, dairy products; beverage, soup and cake mixes; pre-cooked frozen foods and meals; packaged snacks; canned food; processed meats, etc.

Healthy food: Consumers are increasingly aware of the benefits of eating healthy, balanced and nutritious diets, including natural and organic products. The following consumer trends are showing rapid growth: healthy food, including fresh produce, dietary-fibre, fruits and vegetables, meat, vitamins and minerals. There is also an increasing interest in eating low-calorie (light) food produced from natural medicinal plants.

Restaurants: Consumption through restaurants, street food and fast food outlets, is increasing.

Exotic foods: Consumers of developed countries are showing great interest in exotic tropical and sub-tropical products, such as fresh and dried fruits, vegetables, nuts, herbs and spices.

Off-season purchasing: consumers in developing countries and increasingly in urban areas of developing countries want to buy the full range of agricultural products out of season. This has developed huge demand for food, fibre and flower products, particularly the higher value goods on an annual basis.

Ethnic market or nostalgia market: is expanding rapidly, stimulated by domestic and international migrations.

New applications: Research into transformed plants and animals has now opening the possibility of a whole new range of markets including bio-medicines, i.e. harvesting chemicals and drugs and bio-plastics. In addition, the agricultural industry has shown interest in renewable raw materials, including fuel options.

All of these trends offer opportunities for sales of agricultural products and the implication for the marketing research to be taken in your area. However, you have to be alert to the prospects of small-scale farmers producing for these emerging market opportunities. To capture the information about these markets, you have to design market surveys including not only produce markets but also the locations where these new products are sold, such as, restaurants, fast-food chains, medicinal outlets, ethnic shops, etc.

The analysis of macro-trends and policy changes in agriculture and rural development suggests that new approaches need to be taken to support communities through rural business development. In addition to business development support, measures also require a facilitating environment with appropriate policy at the macro, meso and micro levels. Our focus should be on the promotion of effective rural enterprises linked to emerging market opportunities and on supporting this approach to rural business development.

From this simple analysis of macro-trends and policy in the agricultural and food sectors and rural economy, you may notice two major challenges for rural business development:

- Developing competitive rural enterprises at the micro level.
- Creating an enabling policy environment at the macro-, meso- and micro-levels

To address these rural business challenges, you have to help rural people explore methods for:

- Promoting participatory approaches and strategies that will directly involve local chain actors (stakeholders) in decision-making and develop local capacity for business development.
- Stimulating collective action and organisation of rural economic organisations with a solid business and market orientation.
- Promoting intensification, diversification and value adding in rural areas.
- Strengthening the market for rural business development services and its coordination.

■ 5.3 Mobilising Stakeholders and Partners for Rural Business Development

The point has been made in all the modules of this training manual that rural transformation is a multi-dimensional and inter-sectoral enterprise that calls for partnerships among multiple stakeholders both within and outside government. The government and the public sector at various levels from national to local, private sector agencies and end-users at the community and household level need to play their roles in carrying out activities and programmes related to skills and capacity development for rural change and development. This section of the module presents an account of roles and responsibilities of major stakeholders in skills and rural business development.

■ Definition of Participation and Stakeholders

People use participation and stakeholders interchangeably. However they differ significantly in meaning, scope and coverage.

- Participation “is a voluntary and collaborative agreement between various partners both state and non-state actors, in which all participants agree to work together to achieve a common purpose of undertaking a specific task and to share risks, responsibilities, resources, competencies and benefits” (UN). It is a process through which all members of a community or organisation are involved in and have influence on decisions related to development activities that will affect them.
- A stakeholder is “a person, group or organisation that has interest or concern in an organisation”. Stakeholders can affect or be affected by the organisation's actions, objectives and policies. Not all stakeholders are equal.

In the process of mobilising stakeholders and partners for rural business development, stakeholder analysis is the starting point of most participatory work. Stakeholder analysis helps us address the fundamental questions of:

- Who are the key stakeholders in the project or study being undertaken or proposed?
- What are the interests of these stakeholders?
- How will they be affected by the project?
- How influential are the different stakeholders?
- Which stakeholders are most important for the success of the project?

■ Who are Stakeholders?

Stakeholders for promoting rural business development are diverse. Their role and responsibilities are distinct. While developing a rural business development plan you may approach them for obtaining assistance on an issue related to your business development programmes and activities. Figure 3.3 shows the key stakeholders actively involved in skills development of rural people.

Figure 3.3: Key Stakeholders



The role and responsibilities of each stakeholder is shown in Box 3.6.

Box 3.6

Role and Responsibilities – National Government

- Setting up priority and policy planning – statistics gathering.
- Providing regulatory framework and enabling environment for stakeholders.
- Devising financing mechanisms, reward and promotional framework.
- Building capacity of social partners.
- Setting up of monitoring, evaluation and dissemination of information and reporting to all relevant forums and stakeholders.
- Facilitating international cooperation.
- Setting up of a qualification framework and quality assurance mechanism.
- Setting standards for skills development processes.
- Preparing work plans to meet sector specific skill sets.
- Evaluating skills development initiatives over a five-year cycle by assessing them against strategic objectives.
- Consolidating a skills development quarterly report that reflects the situation at national, regional and local levels.

Box 3.6 (cont.)

Role and Responsibilities – Rural Private Sector

- Supporting the establishment of viable backward and forward linkages between rural producers and surrounding private markets.
- Supporting private sector entities (e.g. input suppliers or agro-processors) that can provide commercially viable services and markets for the rural people.
- Establishing an enabling policy and institutional framework for rural private sector development.
- Engaging the private sector to bring more benefits and resources to the rural poor.

Box 3.6 (cont.)

Role and Responsibilities – Community Organisations

- Administering and monitoring programmes and activities of stakeholders of rural development.
- Facilitating training of unemployed youth and adults, upgrading the skills of farmers, introduction of new technologies.
- Raising awareness of literacy training (National Literacy Campaigns), promoting the introduction and use of appropriate technology for the rural community, help organising short-term farming and vocational training and establishing Community Learning Centres (CLCs).
- Organising income generating and skills training programmes for illiterate individuals with some schooling and drop-outs of the formal education system.

Box 3.6 (cont.)

Role and Responsibilities – Civil Society (CSOs) and Non-Governmental Organisations (NGOs)

- Civil Society Organisations (CSOs)
 - ▶ *Organising rural people for self-help and being aware of rights and entitlements.*
 - ▶ *Raising awareness about skills development plans and activities among the public.*
 - ▶ *Facilitating the implementation of skills development programmes of all stakeholders.*
 - ▶ *Assisting the development of competency standards.*
 - ▶ *Assisting in course designing, examination and certification.*
 - ▶ *Promoting lifelong learning among the public.*
 - ▶ *Promoting dignity of labour among the public.*
 - ▶ *Sharing experience of learning with others.*
- Non-governmental Organisations (NGOs)(National)
 - ▶ *Organising literacy, post-literacy and out-of-school education programmes.*
 - ▶ *Organising saving and credit groups.*
 - ▶ *Organising income generating programmes for poor and disadvantaged people through skill training.*
 - ▶ *Learning materials development and publication.*
 - ▶ *Capacity building of local organisations.*
 - ▶ *Organising seminars for awareness building among the common people.*
 - ▶ *Monitoring grassroots organisations and service organisations.*
 - ▶ *Organising training, seminars, workshops, meetings, etc.*
 - ▶ *Undertaking research and evaluation of development programmes.*
- International NGOs
 - ▶ *Providing funds in the field of education, especially non-formal education, and capacity building of rural disadvantaged groups.*

Box 3.6 (cont.)

- ▶ *Support capacity building of local community organisations and civil society bodies for playing their roles effectively in a changing scenario.*
- ▶ *Bringing a perspective international and comparative experiences and lessons and work in partnership with indigenous organisations and institutions to adapt and apply lessons.*
- ▶ *Promote solidarity of the disadvantaged and the agenda of human rights, human dignity and development in the context of globalisation and the shared common future of humanity.*

Box 3.6 (cont.)

Role and Responsibilities – Information and Communication Technology (ICT) and Media

- **Information and Communication Technology (ICT)**
 - ▶ *Connecting remote and isolated areas to urban centres at lower costs than through conventional infrastructure.*
 - ▶ *Improving access to the information of rural people needs.*
 - ▶ *Enhancing the outcomes of ‘development’ – raising awareness, empowering people with relevant information, protecting livelihoods and the environment.*
 - ▶ *Providing citizens feedback to government – a check on bureaucratic abuse and corruption, alerting the government to citizens’ needs and concerns, and giving citizens a sense of having a voice in society.*
 - ▶ *Assisting people in monitoring accountability of development programmes.*
 - ▶ *Building the learning society and the learning community – diversifying, enriching and increasing opportunities for ICT-enabled learning.*
- **Media**

Box 3.6 (cont.)

- ▶ *Promoting right to information – thus contributing to citizens’ practise of democratic rights and responsibilities.*
- ▶ *Informal learning source for citizens in quality of life, livelihood, rights and entitlements, learning labour options and possibilities and exercising choices.*
- ▶ *Helping provide information and create demand for goods and services, encouraging local initiatives to meet rising demands.*
- ▶ *Assisting rural people and community members recognise their own importance in the power structure and act as a stimulus to political participation.*
- ▶ *Community radio – technological development has made it possible to establish local radio stations affordably as a hub of local information communication and knowledge.*

Box 3.6 (cont.)

Role and Responsibilities – Rural Trade Unions

- *Raising awareness and knowledge about the rights and entitlements of farm and rural workers.*
- *Raising awareness about the benefit of training, skills development plans and activities among the workers.*
- *Promoting skill up-gradation and lifelong learning among the workers.*
- *Running special skills development institute for skills development of workers.*
- *Promoting investment on skills development among the employers.*
- *Facilitating participation of workers in all relevant skills development activities.*
- *Assisting the development of competency standards, especially for off-farm skills.*
- *Facilitating improvement in the status of VET trained graduates.*

■ Partnerships of All Actors within a Common Policy Framework

You should notice that for small rural enterprise it is neither necessary nor very efficient to have all or most of skills development programmes managed by mega-agency in the public sector. Many of the activities can be carried out within a commonly agreed framework by NGOs, community organisations and the private sector, with appropriate financial incentive and technical support from the government and other sources.

■ Participatory Choices

It is very important for you to decide on choices: who among potential providers of services do what and how all can contribute to meeting the critical and diverse skills development needs of small rural entrepreneurs. You have, however, to make these choices in a participatory way.

It is important to emphasise here that in the context of identifying opportunities and setting up the rural business entrepreneurship, local organisations and institutions are the mechanisms for involving people. Most essential and valuable local resource in any development enterprise is the people themselves who, with their individual and collective efforts, transform raw and primary materials into useful commodities using skills, intelligence and labour.

6. BUILDING AND STRENGTHENING LIFE SKILLS




Life skills enable individuals to translate knowledge, attitudes and values into “actual abilities”. In simple words, knowledge of life skills enables you: “What to do and How to do it”. All that is needed is – “the Desire to Hear”, “the Will to Learn” and “the Ability to See”.

- **Life skills** are abilities for adaptive and positive behaviour that enables individuals to deal effectively with the demands and challenges of everyday life situations. Life skills are the abilities that facilitate the physical and emotional well-being of an individual.

Life skills are abilities that enable individuals to behave in healthy ways, given the desire to do so and given the scope and opportunity to do so. Life skills help individuals make informed decisions, communicate effectively, and develop coping and self-management skills that may help them lead a healthy and productive life.

■ Why Learning Life Skills

The following will illustrate how important it is to learn life skills.

- | | |
|-----------------------------------|--|
| ● L= Learning |  Learning to Know |
| ● I = Identity and self-awareness | |
| ● F=Fitness and health | |
| ● E= Emotional development |  Learning to Be |
| ● S=Solving problems | |
| ● K=Kindness | |
| ● I=Intimacy |  Learning to Do |
| ● L=Living balance | |
| ● L= Letting go and holding on | |
| ● S= Social skills |  Learning to Live Together |

Development of life skills helps adolescents in career planning, decision-making, and forming positive relationships. It helps them to obtain good health and meet challenges of everyday life. Developing life skills among adolescents will empower them, help them to avoid risks and hardships, and involve them in decisions that affect their lives.

Effective acquisition and application of life skills can influence the way we feel about ourselves and others, and equally will influence the way we are perceived by others.

- **Life skills** contribute to one's perceptions of self-efficacy, self-confidence and self-esteem.

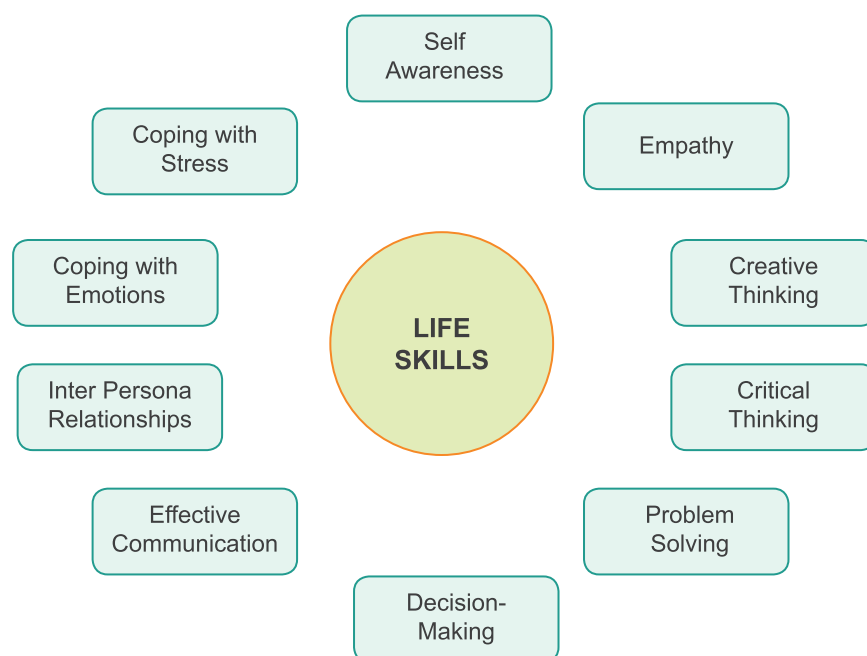
Life skills play an important role in the promotion of mental well-being. The promotion of mental well-being contributes to our motivation to look after ourselves and others and to the prevention of mental disorders, and behaviour problems.

Described this way, skills that can be said to be life skills are innumerable, and the nature and definition of life skills are likely to differ across cultures and settings.

However, an analysis of the life skills field suggests that there is a core set of skills that are at the heart of skills-based initiatives for the promotion of the health and well-being of children, adolescents and adults.

The ten generic life skills are: self-awareness, empathy, creative thinking, critical thinking, problem solving, decision-making, effective communication, inter-personal relationships, coping with emotions, and coping with stress (Figure 3.4).

Figure 3.4: Generic Life Skills



■ Self-awareness – Who am I?

Every individual has innate abilities and potentials. It may vary from person to person. When we get an opportunity we can identify our strengths and weaknesses and try to overcome our limitations, reduce or remove our weaknesses by recognising and developing our strengths.

Self-awareness includes recognition of ourselves, our characters, strengths, weaknesses, desires and dislikes. As a life skill, “self-awareness” helps children, adolescents and adults:

- To understand the values of life.
- To identify and recognise one’s own behaviour.
- To identify our strength and weakness, likes and dislikes for leading a successful life.
- To develop self-confidence and judicious decisions and lead a better social life.
- To motivate adolescents to involve in constructive and investigative activities.

Empathy is the ability to understand and accept others as they are, that is being nurturing and tolerant. It helps an individual to understand and accept others who may be very different from ourselves and improves social interactions.

Empathy is essential for developing human love, kindness and social responsibility. It encourages a positive behaviour towards people in need of support, care and assistance and to avoid stigmatised behaviour towards HIV infected/affected people. Empathy is a better understanding of the emotional status of other people without losing one's own emotional status.

Creative thinking is an ability to analyse information and experience in an objective manner. It contributes to both decision-making and problem-solving by enabling to explore the available alternate choices and their various consequences. It is helpful for the effective and responsible utilisation of resources. Creative thinking is the mother of all tools of self-development. It helps adolescents to develop the ability to:

- Solve problems.
- Be a positive thinker.
- Be a good communicator.
- Manage stress well, by taking problems as challenges.
- Develop better relationships.

In order to assess our role in, and the consequences of any actions we take, we must be able to evaluate and determine what is taking place in a given situation.

By thinking critically, instead of reacting emotionally to a problem, we employ strategies which:

- Help us learn from an experience.
- Help prevent it from occurring again.
- Result in a reasonable, effective solution.
- The quality of life we have is the result of the quality of our thinking.

Problem-solving skills enable youth to deal constructively with various problems in their lives.

Define the problem: A person cannot solve a problem until he clearly understands and identifies the problem.

Develop alternative solutions: This is better known as brainstorming. Try to predict your ability to accomplish each solution and predict the consequences.

Make a decision and execute: Pick the best solution and solve the problem using the solution you picked.

Evaluate the outcome: This is where a lot of learning takes place. If the outcome was successful, then the person learns that this is a good solution if the problem arises again. If it was unsuccessful, the person knows that it would be best not to try that solution in the future.

Decision making is the ability to assess different options/choices available regarding a particular situation and what consequences the different decisions may have (Figure 3.5).

Decision making helps us to deal constructively with decisions about our lives by assessing different options, and what effects different decisions may have.

Figure 3.5: Decision-making Process



■ Effective Communication

Communication is the process of exchanging information. Information is conveyed as words, tone of voice, and body language. Communication is the process of transferring information from a sender to a receiver with the use of a medium in which the information is communicated.

■ Prerequisites of Effective Communication

Active listening

- The key to active listening is relaxed attention.
- Listen with your whole body by using verbal and non-verbal skills like facing the person and maintaining eye contact.
- To at ease and avoid interrupting speaker, let others speak.

Direct and assertive expressions

- Speak and express what you think, feel or need in a clear, true and non-defensive way.
- Openness.

Body languages

- Be aware of your body language that includes facial expression, eye contact and stance or movements of arms, hands and legs.

Body languages

- Allow others to finish their dialogues.
- Respect others thoughts, feelings, views and realities even when they differ from your own.
- Avoid unnecessary controversies.
- Listen in a supportive way.
- Use local/familiar language.
- Appropriate explanations whenever they are needed.

Interpersonal skills and relationship

No matter how hard you work or how many brilliant ideas you may have, if you cannot connect with the people who work around, your life will suffer. Interpersonal skills help us to relate with others in a positive manner. The components of a successful interpersonal relationship are shown in Figure 3.6.

Figure 3.6: Interpersonal Relationship



■ Coping with Emotions and Stress

It involves recognising the effect of emotions on others and ourselves.

Coping with stress is about recognising the source of stress in our lives, recognising how these affect one and acting in ways that help to control the level of stress. It also means learning how to relax so that tensions created by unavoidable stress do not give rise to health problems. Methods can be adopted to cope up with emotions and stress.

- Prayers
- Meditation
- Music
- Prayers
- Exercise
- Picnic/outing
- Gardening
- Watching films, TV programmes.
- Sharing with relatives, teachers or friends
- Recreation.

■ Application of Life Skills

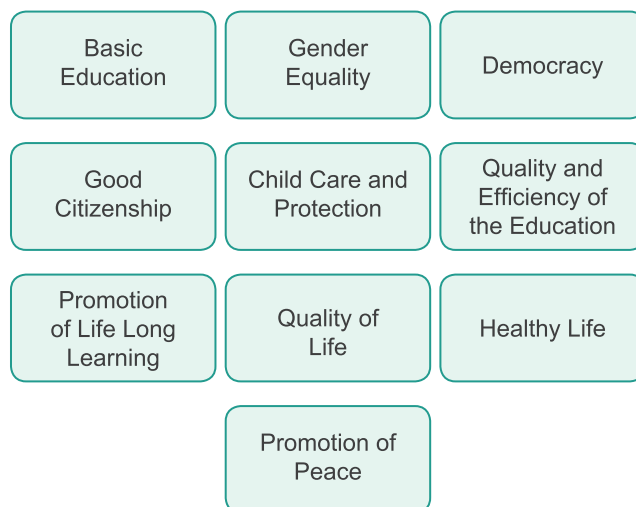
Life skills education is designed to facilitate the practice and reinforcement of psychosocial skills in a culturally and developmentally appropriate way.

It contributes to the promotion of personal and social development, to the prevention of health and social problems and to the protection of human rights.

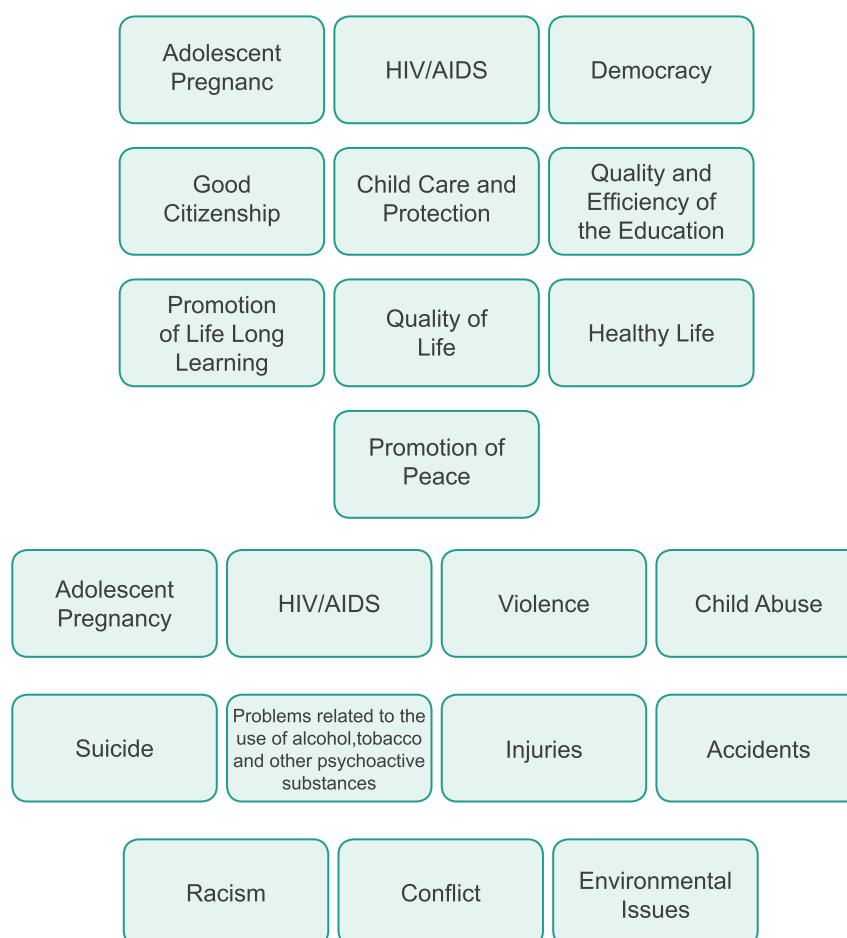
Life skills education is aimed at facilitating the development of psychosocial skills that are required to deal with demands and challenges of everyday life.

It includes the application of life skills in the context of specific risk situations and in situations where children and adolescents need to be empowered to promote and protect their rights.

Life skills education contributes to:



Areas of primary prevention for which life skills are considered essential include:



7. PRODUCTION SKILLS AND INNOVATIONS

Most rural inhabitants depend for their livelihood on small-scale food-crop agriculture, fishery, pastoral animal husbandry, wage labour on plantations and ranches, or ancillary activities linked to rural townships. However, increasingly smaller parcels of land, low agricultural productivity, volatile weather conditions and soil erosion compel many rural families to seek additional sources of income. Rural non-farm productive activities can contribute significantly to wealth creation and the well-being of rural communities.

This section of the module presents a set of production skills for preparing smallholder farmers to successfully engage with production methods of farm and non-farm goods and services. It presents an integrated and sequential approach to building vulnerable farmers' capacity for introducing innovations in

their products. This section illustrates basic principles of innovation and experimentation which can be used in a variety of settings and situations by farmers and other rural actors. The aim is to improve the livelihoods of these communities through better production of their crops, livestock and other non-farm products.

In the following paragraph we shall discuss the following:

- To help you learn about why innovation is important, how it occurs and how it can be fostered in farmers, farmer groups and other rural people.
- Once you have mastered the knowledge and skills yourself, to help you teach innovation skills to farmers and other rural people.

You can apply the principles of innovation explained in this section to:

- Agricultural technology and practices for increasing productivity or introducing a new crop or livestock product.
- Management of the ecosystem and of the natural resources that are used in the production process.
- Post-harvest technology and practices related to conservation and storage, processing, product quality, packaging and transport.

After setting up an innovation group and taking them through the innovation process, you will be able to help farmers to:

- Analyse their situation and problems and find solutions.
- Implement, monitor and evaluate their experiments and trials of production, post-harvest technologies and practices.
- Establish links with other groups and institutions that may be able to support them with information, technology and other types of advice.

■ Rationale for innovations

For rural communities to improve their livelihoods, they have to change the way they do things. They have to grow more and better-quality produce, reduce their costs and improve how they process and market their output. All these changes are innovations. They all help to improve their lives and incomes in some way.

For rural people innovations are also vital for another reason. Most developing countries have high populations and in some the growth is phenomenal. More and more people mean that it is necessary to grow more on the same amount of land. But the soil is degrading and water is becoming scarce. A changing climate means farmers have to plant new types of crops and change the way they produce food.

- An innovation is an improvement or change in knowledge or technology that results in an increase of productivity or competitiveness of a given product.

It is very important for you to consider the following when helping farmers and farmer groups:

- Ensure representation: Make sure that women and poorer and disadvantaged people in the community are adequately represented.
- Start small: Encourage farmers and their groups to focus on a small number of manageable subjects.
- Aim for success: At first, choose problems that can be solved easily. That builds interest and practical skills.
- Ensure that ideas spread: Encourage sharing of successful innovations with the wider community.
- Participation skills: Use your participation skills to organise innovation efforts.

■ Identifying and Understanding Problems

Like most farmers in the village, you are likely to face many problems. You know very well that you cannot address all the problems at the same time. Thus, you have to decide which problem you want to solve first and accordingly concentrate only on that problem. For identifying and prioritising a single problem, the best way is to seek the opinion of your farmer friends and note down their votes as shown below.

Problem	Votes	Priority
Poor rice yield	II	4
Tomato pests	IIII III	2
Too few ducks	IIII IIII	1
Low milk yield from cows	IIII	3

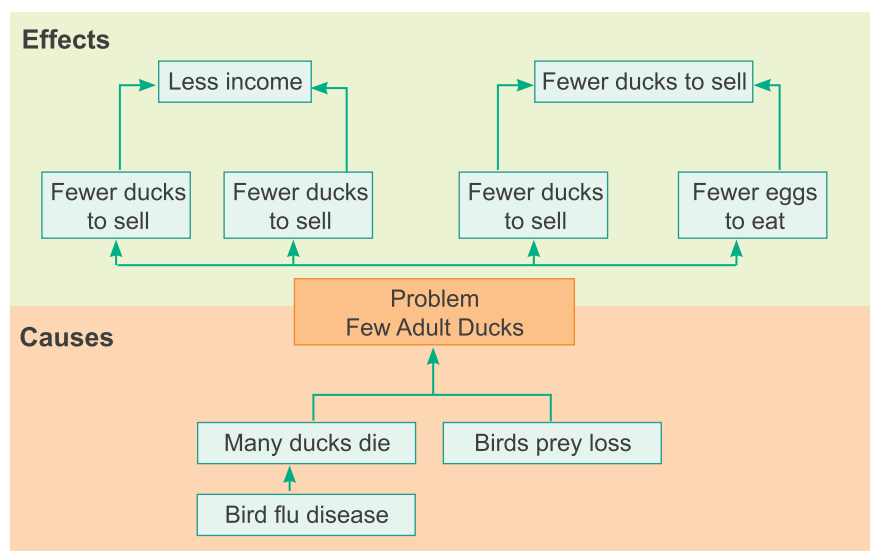
■ Understanding the Problem

Ducks are important to you. You and your family eat duck eggs, and occasionally slaughter a duck to eat. You also sell ducks and eggs in the market. But only a few baby ducks ever grow to maturity. Your best ducks hatch as many as 10 eggs. But they roam free and search for their own food. The mother duck cannot protect them all, and hawks and other birds of prey steal many baby ducks. Further, many of the villagers' ducks die from bird flu disease. You have to build up their flocks again from scratch.

It is important for you to understand the root causes of a problem so as to find the most effective solution. One way to do this is to build a problem tree showing causes and effects of the problem as shown below.

■ Choosing Potential Solutions

How can you increase the number of ducks in your flock? You first list the root causes: bird flu and birds prey. You then note your current practices: you do not vaccinate your ducks, and you let the hens and chicks roam around to search for food.



What potential solutions do you see? One possible solution is, for example, “vaccinate” or “protect baby ducks”. For each potential solution, you then list the constraints, that is, the difficulties you see in putting the solution into practice. For vaccine, for example, it is difficult to find someone to supply the vaccine, and it is expensive to vaccinate just a few chickens.

Finally, you suggest some ways of overcoming these constraints. You have to look for a vaccine supplier, and if you find one, pool your money so you can vaccinate all your chickens at once. Table 3.14 summarises the outcome. You have identified some concrete ways to overcome your problem of too few adult chickens. You do not know yet whether these approaches will work. That is the subject of the next topic.

Table 3.14: Topic Selection Matrix

Root causes of problem	Current practice	Potential for improvement	Constraints	Suggested topics
Bird flu disease	None	Vaccinate	Finding vaccine Cost	Find source of vaccine Pool money to buy vaccine
Birds of prey	Free range	Protect chicks	Lack of time	Keep young chicks under basket Provide fodder

■ Where to Find Solutions to Problems

You should encourage farmers and other rural people to look for information from as many sources as possible. You can also help them search for information. Here are some possible sources:

Other farmers: Get them to talk to their neighbours, and arrange field visits to other villages and projects.

Innovators: Some farmers are known as innovators; they try out lots of new ideas.

Researchers: Get in touch with a nearby research institute. Even if the scientists cannot answer your specific question, they may know where to go for the information.

Extension workers: Government and NGO extension agents often have training and expertise in specific areas.

Input dealers: They supply seeds and agro-chemicals, and may have details on how to use them.

Traders: They may know a lot about markets, prices and commodities.

Business service providers: Organisations such as banks, microfinance institutions and business services can often provide advice on technical, financial and organisational issues.

Internet: Search for the information you need, but make sure it is relevant to your area before passing it on.

Books, farming magazines and training materials: Check your project or organisation library for useful materials.

Radio and television: Programmes about farming and rural development can introduce people to new ideas.

Experiments: You can help the farmers test promising ideas on a small scale to see if they work. We will discuss this further in the following lessons.

8. GREEN FUTURE

People everywhere are talking about skills development for green jobs for green future. We see it on TV. We hear it on the radio. We see it in print. It is plastered all over the place on shopping malls, billboards, in grocery stores, on air tickets and on things we buy. Smiling faces and colourful images greet us on the television as we are told over and over again that “green future” is the right thing to do. But the fact is that we are destroying nature. At the same time we are talking day and night about green future in our schools, in our surroundings as to how to build this world green. Green is our future, without it there will be no future. That is the importance of green jobs for green future.

The cause is saving nature from us - the consumer. We are the people playing and destroying mercilessly the nature's bounties.

This section of the module seeks to explain the importance of skills and green jobs for green future. It provides a set of skills for protecting the environment. It will enable you to understand the meaning of “green village” and methods and techniques for developing “green skills” and “green jobs”.

8.1 Understanding “Green Future” or “Green Economy”

“Green” encompasses virtually all sectors of society: food, energy, transportation, education, government, etc. Here are some examples of green activities and sectors that offer jobs:

- **Green future or green economy** is “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities”.

For building the Green Future (Green Economy), investments need to be catalysed and supported by targeted public expenditure, policy reforms and regulation changes.

- **Green Job** is any job or **self-employment** that genuinely contributes to a more **sustainable** world.

A green job is the coming together of a company or organisation, with an individual motivated and capable of performing the role.

A green job can be with business, non-profit organisations, government or education. Small business, self-employment and entrepreneurship are very much a part of the new green economy.

8.2 Why Green Jobs are Important?

If you cannot find or create a “green job”, it is just as important to green your existing job or company from within. Staff and management at all levels can cooperate to green your workplace.

Terms such as:

- Green Career,
- Green Collar Worker,
- Environmental Employment,
- Environmental Internships,
- Environmental Volunteering

have very similar if not identical meanings, although there is no universal agreement on their meaning. They are often used interchangeably.

Here are some examples of green activities and sectors that offer jobs (Table 3.15):

Table 3.15 Green Activities and Sectors that Offer Jobs

<ul style="list-style-type: none"> • Toxin-free homes • Organic gardening • Bicycling • Energy conservation • Water conservation • Biodiversity • Solar and wind power • Local and natural food • Climate change • Sustainable agriculture 	<ul style="list-style-type: none"> • Environmental health • Waste reduction • Recycling • Green building • Non-motorised recreation • Eco-villages • Wildlife • Parks and nature • Environmental education • Green tourism 	<ul style="list-style-type: none"> • Green business • Green media • Sustainable living • Sustainable development • Sustainable forestry • Rural issues • Appropriate technology • Anything else that contributes to a more sustainable world
--	--	--

A green job has to pay decent wages and benefits that can support a family. These jobs involve protecting wildlife or ecosystems, reducing pollution or waste, and reducing energy usage and lowering carbon emissions. They are found in industries and organisations dealing with renewable energy, energy efficiency, and energy conservation (Box 3.7).

So how do you get started with a green job?

- Start by asking yourself: What type of work you enjoy doing? Do you like to work in an office or on a job site? With computers and technical equipment, or with tools and your hands?
- Check your local newspaper, specialised publications and web sites in your field of interest and look for workshops, classes, articles or other educational materials.
- Talk to people at your local community college or university to find out if they offer courses in the field. Look into certificate programmes or on-the-job training opportunities.

Box 3.7

Green Future and Green Jobs United Kingdom

“We are in a global race and the countries that succeed in that race, the economies in Europe that will prosper are those that are the greenest and the most energy-efficient. Energy consumption is set to grow by a third over the next two decades alone. And in a race for limited resources it is the energy-efficient that will win that race. It is the countries that prioritise green energy that will secure the biggest share of jobs and growth. Britain is one of the best places for green energy, green investment and crucially for green jobs anywhere in the world. But I want to go further; I want to bring our policies for driving energy efficiency together and really explain to the world, and particularly investors, what is available in Britain.”

David Cameron, Prime Minister.

8.3 Global Warming and Climate Change

We all live in the world and we are all affecting it. Since global warming and climate change are widely used in the media to discuss the effects of using fossil fuels and adding carbon dioxide to the atmosphere, you should understand the difference between them.

The terms global warming and climate change are often used interchangeably in newspapers and television reporting, but they are really separated things.

- Global warming refers to the rise in global average temperature. Climate change is how the climate of different areas around the globe changes over time.

There are several effects of global warming. An important one that you should know is that some locations are getting more rain while others will be more likely to have long-term droughts.

■ How Climate Change Affects the Farmers?

Agriculture and fisheries are highly dependent on specific climate conditions. Trying to understand the overall effect of climate change on our food supply can be difficult. Climate change could make it more difficult to grow crops, raise animals, and catch fish in the same ways and same places as we have done in the past.

8.4 Skills for Protecting Environment

Our planet is changing. We need to help it change for the better. There are a lot of things that affect our planet in a bad way, but the good news is that everyone can help to reduce them and do their bit for the environment.

Protecting is a complex task. Here we provide you a list of important topics and with them a list of big ways that you can help to protect environment. For protecting the environment you have to address at least the following important six areas:

- Electricity (energy)
- Pollution
- Food
- Water
- Rubbish
- Rainforests (deforestation)

■ Electricity (Energy)

Energy is everywhere. We use energy to move the mouse for a computer, to jump and shout and walk and run. It takes energy to power a light bulb, and the light that the bulb gives off is also a form of energy called radiant energy. Radiant energy from the sun enables vegetables, plants, trees and us to live and grow. Other forms of energy include heat, chemical energy, kinetic (motion) energy, gravitational energy and nuclear power.

Electricity is a form of energy and this is what powers the TV, the kettle, dishwasher, hairdryer, toaster, remote control, mobile phone, fridge, stereo, electric toothbrush, mp3 player and more.

(Can you guess how many things need electricity in your house? Take a guess, then go on a detective mission and write down all the things you find. Set up a competition in your family and see whose guess is the closest).

Our growing need for energy is one of the problems facing the world today, because producing electricity also produces our next topic - pollution.

■ How You Can Help?

When you are using electricity, think about where it comes from and how you can use less to take the strain off the environment - here are some simple ways to make a big difference:

On or Off: Leaving televisions, stereos and computers on standby with the little red light showing still uses up electricity, even though they might look like they are turned off. To stop this you can turn them off.

Lights out: Turning lights off when you are not in the room, make sure no one else is in the room too. This can save a lot of energy.

Putting the kettle on: People drink large amount of hot beverages such as tea, coffee, cocoa, etc. The kettle consumes a lot of electricity too. That is why it

is important to only boil as much water as you need in your kettle. It is best to boil enough water for one cup, not three or five - plus you will not have to wait long, which is a bonus.

Refrigerator: The fridge is an important part of the kitchen. It keeps food fresh, cool and healthy. But it takes a lot of energy to keep cool, so help it by not leaving the fridge door open or putting hot things inside.

Shopping: Many products are now helping you to reduce your energy use and your energy bills. Check new products for their efficiency grade and rating and keep an eye out for the Energy Efficiency Recommended logo.

Harness the solar energy: An increasing number of people are fitting solar panels to their houses. Photovoltaic (PV) solar panels create electricity from sunlight, which can then be used to power homes. Solar heating panels make hot water, reducing the need for electricity or gas to heat water or run the central heating system.

■ Pollution

Pollution is caused when harmful or poisonous substances are released or found in the air, rivers, seas, animals, plants or even our bodies. Now, we live on a strong planet with robust plants and hardy animals and humans - but we are prone to so many killing diseases as well.

For instance, pollution is one of the main causes of asthma, which affects a whopping 1.1 million children in the UK.

Unless we are using renewable energy sources such as solar panels or wind turbines, producing the electricity that powers our homes and gadgets causes pollution. Some of the petrol or diesel that we put into our cars turns into pollution, which is contained in exhaust fumes. Diesel fumes contain particulates - a fine dust, which is not good for asthmatics, for example.

What about cow dung and animal fart? It has a massive impact on farming.

The livestock we rear for meat emit more greenhouse gas than the total world's transport. The greenhouse gas that livestock produce is called methane. Methane, together with other greenhouse gases like carbon dioxide, contributes to global warming.

Chemical waste from factories and sewage works can also cause pollution that can get into our rivers and seas, which soon carry the harmful particles for miles. Litter is considered pollution as it can cause harm to wildlife and disrupt rivers, streams, seas and other habitats. Harmful chemicals can also be found in many household and garden items, from plastics to cleaning products, weed-killers and sprays.

But all is not lost. We all can learn a few little tips to help protect the environment and its future.

■ How to Help

Do not drop litter: Birds and animals can mistake litter for food. Litter can end up in rivers and block drains, or in the sea and be eaten by fish. Also, some litter will stay around for thousands of years.

Save it: All of the electricity saving tips in the above section will also help reduce pollution.

On your bike: Instead of taking the car, get your bicycle out or take the “shoelace express” - also known as walking.

Pleasing products: Many household cleaning products contain harmful chemicals which are washed down the drain. The best way is to encourage people to buy eco-friendly products or even make your own from natural substances like vinegar and lemon juice.

Detectives: If you spot pollution, such as oil on the beach, report it to the town municipality or local council. If you suspect a stream is polluted, report it to the environment agency.

There's a lot more to know about pollution and knowing more will help you do more to protect the environment.

■ Food

We cannot live without food. With more than 7 billion people on earth the demand for food has never been bigger.

The first question is - where is all this food coming from? Our food comes from all over the world - your green tea from China, coffee from Africa, kiwi from New Zealand, and so on and so forth. All of these "food miles" amount to a lot of transport and transport means fuel and fuel means pollution.

What else does food need to grow? Water and good soil are sources. Plants and trees that give us fruit need to eat too. Some countries and farms add pesticides and insecticides to food to keep away pests and insects. These chemicals can sometimes be harmful to wildlife and their habitats and sometimes to humans too.

People in the West eat 7 times more than people in poorer countries. And the things western people eat a lot are meat and dairy food. What do these types of food have in common? Meat and dairy food both come from animals, and animals also need food and water. And as we saw above, they also fart a lot. Livestock farts produce a greenhouse gas called methane and all this amounts to 20% of the world's climate-changing gases.

■ How to Help

Meat free Fridays: Meat free Fridays, for example, are an easy and effective way to cut down on meat. Make one or even two of your days meat-free.

Eat organic: Organic food has had no insecticides and pesticides added to it, so it is more natural and healthy. Eating organic food reduces many chemicals made and spread across the countryside.

Get worms: Food waste is an important issue as 7 billion of us lunch our way through millions of tonnes of food. Give your leftovers to worms. They will turn it into rich and healthy compost for your vegetable garden and flowers.

Washing: Always wash your hands before eating to prevent the spread of invisible bad stuff like bacteria and chemicals. It is also good to wash fruit and vegetables before eating or cooking.

■ Water

Turn on the tap and there it is. Getting water is so easy that you would be mistaken for thinking that there was an endless supply. But the world has a water shortage. 70% of the world is covered in water - we should call our planet “ocean” not “earth”. But most of the water is salt water, leaving only a small percentage of fresh drinking water. Countries including Spain, Italy, Peru, China and South Africa actually import water from exporting countries such as the US, Australia and Argentina. A staggering 1.1 billion people on earth have no access to clean drinking water. This global shortage is predicted to get worse as global temperatures rise.

For example, every person in the UK uses about 150 litres of water a day - compare this to some countries where they only have 5-10 litres. Poor countries would be shocked to hear that most western countries use drinking water to flush their toilets. There are many simple ways that we can reduce our water use.

■ How to Help

Get your teeth into it: We brush our teeth twice a day. By turning the tap off while we brush, we can save 5-10 litres of water. If every adult does this, then we would save enough water for 500,000 homes. So, kids - let us show them how it is done!

Rain gain: Collecting rainwater in a water butt in your garden is a great way of collecting and re-using the water to keep plants healthy in the summer.

■ Rubbish

Every year your community produces thousand tons of waste. We throw away unwanted food, glass bottles, plastic bottles, cans, wrappers, paper and cardboard.

Many of these things are made up of natural resources such as trees, coal, oil and aluminium and one day some of these resources will be used up completely.

Do you recycle at home and at school? Why recycle? Well, this takes us back to the topic of energy. Recycling glass, paper, cardboard and plastic should save the energy it would take to make new paper, glass bottles and plastic containers.

Recycling is not a new thing. During World War II, the British people recycled everything they could to help. Toys were made with scraps of fabric and metal pots and pans were melted down to be re-used. So, is all our rubbish really rubbish?

You might have seen some great projects where schools have collected all their waste and weighted it every week – the results over one school-year can be shocking! Why not see how much your school, class or family chucks out and try and set targets to reduce the waste.

■ How to Help

Thinking more about what we waste helps to protect the environment by saving energy, reducing pollution, cutting costs and preserving our natural resources.

Sort it out: Not all of our recycling is taken by helpful dustmen. Unwanted or leftover food such as tea bags and potato peelings can be added straight to a compost heap. Plenty of mini beasts will be on-hand there to help! Little insects help break down food and plant matter and make it into scrumptious soil which plants, trees and other animals love. Several local bodies have now started to include compostable waste in their recycling collections.

Recycle bank: Some local bodies do not collect plastics or cardboard, but there is always somewhere nearby with big recycling banks where you can take them.

Save trees: Save trees by recycling your own paper. Paper with a clean side can be made into notepads with a simple staple or a hole to tie a piece of string. These are great for notes. If you are buying paper, buy recycled paper.

Fashion statement: Give any unwanted clothes to charity shops or to organisations such as UNICEF. A lot of our unwanted clothes go to the homeless to keep them warm or alternatively, the clothes are sent to developing countries. There is always someone who will want that knitted jumper.

Would you like a bag: If you can carry your shopping home without a bag then carry it home. If you cannot why not take a bag you already have with you. Re-using bags is a cool way to shop.

Packaging: Packaging is a big problem for the environment because once the product is open, you don't need it, and it is thrown out. So avoid buying products that have a lot of paper and plastic around them.

■ Rainforests (Deforestation)

Rainforests are valuable habitats. About half of all the species of animals and plants in the world live in rainforests and thousands of rainforest plants contain substances that can be used in medicines. The tribal people and villagers have great knowledge of them. Rainforests are also important because the huge number of plants and trees there provide us with oxygen through a process called photosynthesis and help to regulate the world's climate and atmosphere.

Yet despite their value, the rainforests are destroyed every year, and this is called deforestation. One and a half acres are cleared every second, an area about the size of a football pitch. Rainforests now only cover 6% of the world as we cut down the trees for materials such as paper and wood, and we use the land for farming and crops.

Sometimes they are burnt down to make space to grow soya which is an animal feed and to grow palm oil. Palm oil is a bio-fuel used as an alternative to petrol and diesel, as well as being in 33 per cent of products in the local supermarket. Everyone can do their bit to help reduce the need for deforestation, just follow our tips below.

■ How to Help

Good wood: Tropical hardwoods such as teak and mahogany are grown in rainforests and take hundreds of years to grow, so avoid any products made with these woods. It is better to have products made with pine, beech, ash or oak. These trees do not come from the rainforest and can be more easily replaced as they grow a lot faster.

Protected pet: Some pets such as parrots and macaws are unfortunately still being exported to countries to be sold as pets. See how you can stop the illegal trading of pets.

Teach others about the importance of the environment and how they can help save rainforests.

Restore damaged eco-systems by planting trees on land where forests have been cut down.

Encourage people to live in a way that does not hurt the environment.

Establish parks to protect rainforests and wildlife.

Support companies that operate in ways that minimise damage to the environment.

■ Notion of a Green Village

We all have a part to play in reducing our impact on the planet. The Green Village is a programme that helps local residents lead more sustainable lifestyles.

The programme that aims to encourage residents to live sustainably, provides a space for everyone to contribute green ideas and connect people with experts who are working towards a greener, healthier earth.

It organises workshop where the topics of training, for example, include edible gardens, composting and worm farming, up-cycling, natural cleaning products, and much more.

The programme starts with a Going Green and begins at your home and extends far beyond your front door. Here you will find some handy hints for your home, work and even holidays. Other green ideas include the best local collaborative consumption items, and water and energy-saving advices.

In most cases the village and/or district development council support projects that add to what you love about your village and help different people in the community come together for something great.

Part of the programme moves towards locally grown foods. Community Gardens can significantly reduce the carbon impact of transported fruits and vegetables. The programme also provides technical know-how and skills training about native plants and animals that call the local area home.

9 CONCLUSION

The majority of the world's poorest people live in rural areas. Lack of income is a central feature of poverty. There are not enough employment opportunities for rural youth and adults especially in the developing world. In the absence of typical employment opportunities in rural areas, they often migrate to cities. But without having skills suited to the urban labour market, these youth cannot find employment opportunities in urban areas. The situation of girls and women in this regard is worse.

Unemployment problem in most developing countries is one of the greatest challenges that governments face. In order to address this particular problem and other poverty-related problems, we can mobilise the rural private sector for developing micro, small, medium and community enterprises for rural youth and adults. For youth there are two types of employment opportunities available, namely, self-employment and wage-employment opportunities. Availability of wage employment depends primarily on the local or regional job vacancies, but we can always become self-employed analysing local demands. To reduce poverty and involve themselves in income generation, rural and urban youths can establish rural enterprise and can become entrepreneur.

Experience in promoting entrepreneurial skills among rural youth suggests that they face critical problems in setting up and running the enterprise mainly due to lack of knowledge on existing market, competition, consumer needs and quality of the product. As a local government representative, our role is to assist them in identifying these opportunities and in obtaining all the necessary inputs from the partners and stakeholders to promote development of such trades in rural areas.

“Green” encompasses virtually all sectors of society: food, energy, transportation, education, government, etc. Green future or green economy is “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities”. We need to emphasise on Green job or self-employment that genuinely contributes to a more sustainable world. A green job can be with business, non-profit organisations, government or education. Small business, self-employment and entrepreneurship are very much a part of the new green economy.

The green village is a programme that helps local residents to lead more sustainable lifestyles.

10. FOLLOW-UP

Please discuss your learning from reading the contents and information of this module with your colleagues and relate it to your experience. Identify activities and make a plan which you can individually or jointly implement.

11. CONTENTS OF MODULE IV

In the next module “Empowering Women” we will focus following major topics:

- What are the role and status of rural women?
- What is women empowerment?
- What are role and responsibilities of stakeholders in women empowerment?
- How to conduct gender and situation analysis?
- What are productive, reproductive and community role of women and their implications?
- What are the differences of farm and non-farm activities?
- How to develop entrepreneurial skills among rural women?