Chapter- 7

Resource Mobilization

MEANING OF RESOURCES

- An economic or productive factor required to accomplish an activity, or as a means to undertake an enterprise and achieve the desired outcome is referred to as 'Resource'. Therefore, 'resource' refers to —anything or means (physical tangible/non-physical-tangible) required or required to support the activities of an organization to achieve pre-determined organizational goals. These resources form the very foundation of economic activity.

BUSINESS RESOURCES: PROCUREMENT

- Human, financial, physical, and knowledge are the basic factors that provide business, the means to perform its business processes, and are therefore referred to as 'business resources'. Their successful and timely identification, procurement, and utilization ensure the success of an organization.
- The most basic resources, for any enterprise, are:

a) Land b) Labor c) Capital

- Though 'other resources' required vary from enterprise to enterprise, but commonly comprise of:

a) Entrepreneurship b) Energy c) Expertise d) Information

e) Management f) Machines g) Materials and Methods

PLANNING EFFECTIVE 'RESOURCE MOBILIZATION'

- An organization 's resource mobilization plan should be tightly integrated with organizational goals and be chalked out step-by-step as follows:

➢ Evaluate and judge the need for resources

➢ Identify the type of resources

➢ Locate the availability of resources

➢ Effective communication with the suppliers of resources

➢ Evaluate the quality and quantity of resources required

- Identify problems about the mobilization of resources
- Arrange funds for the acquisition of resources
- Plan out inventory management for the procured resources.
- A resource mobilization plan must follow closely, the vision, mission, and goals of the organization. Thus, the success of any enterprise lies in the capacity and ability of the entrepreneur to:

(1) Mobilize the resources

(2) Organize the resources

(3) Manage them efficiently and effectively as they are always scarce regarding their demand.

FACTORS AFFECTING THE RESOURCES REQUIRED FOR A BUSINESS

- A firm's resources are the basic inputs into the production process, combined in different ways to provide firm capacity to achieve superior performance. Different firms need different resources. The requirement of resources depends upon:

(a) Nature of activity

(b) Size of activity

(c) Product specification

(d) Type of business activity

(e) The business strategy pursued by them

TYPES OF RESOURCES

- Business resources can usefully be grouped as follows:

I. Physical

II. Human

III. Financial

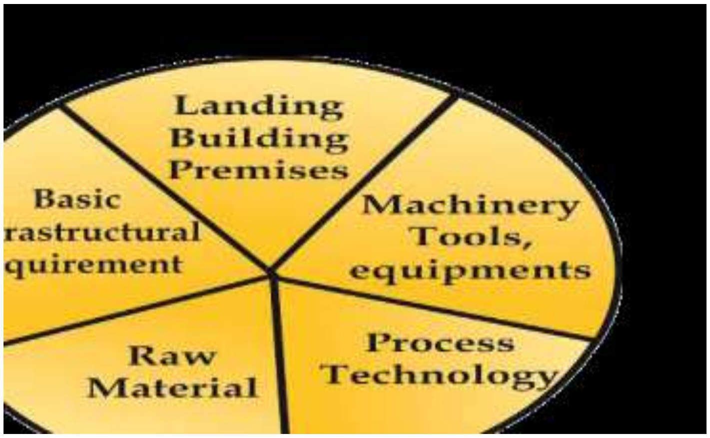
IV. Material

V. Intangible

PHYSICAL RESOURCES

- Physical resources are those that are made by a human through his abilities and skills. They are available to an organization in the form of buildings, plants, types of machinery, etc. required for running of an enterprise.

- The category of physical resources covers a wide range of operational resources concerned with the physical capability of the enterprise, encompassing mainly:



Land and building premises

- Capital Cost
- Access to other resources
- Transport and Communication Cost
- Availability of manpower and its cost (wages, salaries)
- Cost of production
- Availability of other utilities like water, gas, fuel, etc.
- Access to market for both raw material and finished goods
- Pollution concerns involved
- Degree of legal requirements like taxes etc.

Other physical resources

- Short and long term cost of the project.
- Durability and utility (usefulness) expected from these assets.
- Possibility of growth potential.
- Market needs 'help to decide the range of products and the type of technology.
- Market size to be covered will indirectly help to assess the size/capacity of the plant.
- Quality concerns.
- Feasibility for transfer of technology i.e. is it possible to acquire and
- Implement the technology/technique so selected.

- Feasibility for the training of manpower, i.e., is it possible to provide the required training to the workers on the selected technology?

HUMAN RESOURCES

- The most important assets that a firm must have and that management must be most concerned with, are the human assets of the enterprises, in whose absence all other nonliving resources are useless. An organization 's performance and resulting productivity are directly proportional to the quantity and quality of its human resource. 'Right man at the right job at the right time'— is the mantra for successful enterprises because it ensures:

(1) Benefits of specialization to the firm

(2) Minimizes wastages of resources

(3) Reduces inefficiencies

(4) Reduces labor turnover ratio and rate of absenteeism

(5) Saves the cost of production

FACTORS TO BE CONSIDERED FOR BUILDING UP EFFICIENT MANPOWER

- **What kind of people does he/she need?**
  - The human resources required by an enterprise can be broadly classified as follows:

1. Managerial Manpower
2. Non-Managerial Manpower
3. Professionals
4. Trained technical Manpower
5. Administrative Manpower

- **How many people does he/she need?** This question deals with the quantity of personnel the enterprise needs. The number of people required for various positions throughout the enterprise gets affected by:

(a) Finding out the total amount of works to be done and then dividing it into different sets of activities.

(b) The total number of tasks and jobs required to be accomplished under different activities.

(c) How much work can the average person do in a specified period?

(d) The level of absenteeism is expected.

(e) Level of labor turnover.

(f) The present number of employees.

(g) The plans for expansions, diversification, and growth.

SELECTION OF PERSONNEL

- Selecting the right number of people and right kind of people with appropriate skills at the right place and the right time to do work for which they are economically most suitable, needs on the part of the entrepreneur, a careful, comprehensive, in-depth, and scientifically evolved strategy for selection of personnel comprising of:

(1) Efficient tapping and scientific selection.

(2) Appropriate and cost-effective training.

(3) Proper induction, orientation, and familiarization with the organization and its climate.

(4) Periodic performance appraisal.

(5) Feedback and scope for development.

(6) Proper motivation and remuneration schemes.

(7) Ensuring scope for participation in management.

EXPERT PROFESSIONAL ASSISTANCE

- Today is an era of specialization. Competitive advantage can be realized only when businesses become more efficient in their operations and reduce the cost of their inefficiencies. Even the most successful companies have realized that:

(a) They cannot do justice to all aspects of the business – production, distribution, marketing, legal, researching, etc.

(b) They do not have ample expertise, resources, time, and energy in their hands to meet out the never-ending requirements of the enterprise. Thus, either outsourcing or availing of professional services from outside the firm, has become a major trend in human resources over the past decade.

FINANCIAL RESOURCES

- Finance is one of the important prerequisites to start an enterprise. It is the availability of finance that facilities an entrepreneur to bring together, personnel, machines, materials, methods, land, and convert a dream into reality. An entrepreneur must work out on the following:

- **How much finance is needed?**
- At first, an assessment is to be made regarding the right amount of capital required. Neither should there be a paucity of funds, nor there any excess, as finance is raised against a cost.
- **Terms for which finance is required**
- Finance is required for:

(a) Long term: It is generally a period of 5 or more years for:

(I) Procuring Fixed assets

(ii) Meeting out Expansion or Diversification plans

(iii) Conduct research work

(b) Short term: It is generally a period of up to 1 year. To meet working capital requirements short term finance is to be raised.

(c) Medium-term: A period, where finance is required for more than one year but less than 5 years, is called medium-term requirement. To meet especially modernization requirements, finance is required for the medium term.

- **Sources for Generating Finance:**
- There are various sources from where finance can be arranged. Most entrepreneurs invest small capital from their funds and remaining from outside. Thus, selecting a proper balance between owners' funds and borrowed funds is the next step.

(a) Owner's Fund: This is that part of the capital that belongs entirely to the entrepreneur in the form of:

(I) Equity capital

(ii) Preference capital

(iii) Margin money/seed money

(b) Borrowed Funds: Entrepreneur can if required raise capital from outside through:

(I) Issue of debentures

(ii) A loan from financial institutions

(iii) Loan from banks

(IV) Private lenders of money

MATERIAL RESOURCES

- For successful operation, a business enterprise needs several material resources. To successfully convert raw material into finished products with value addition, a wide array of arrangements needs to be worked out by the entrepreneur.

(1) Size of the unit and its installed capacity.

(2) Identifying machinery and the technical know-how required.

(3) Technical training involved.

(4) Quality control systems are required.

(5) Type of technical staff required.

(6) Maintenance cost

(7) Availability of spares parts and support services

(8) Wear and tear the rate of assets.

INTANGIBLE RESOURCES

- The intangible resources are those which can neither be seen nor touched, but enables a business to continue to earn a profit that is more than the normal basic rate of profit earned by other business of similar type. They generally comprise of:

- Goodwill
- Reputation
- Brands
- Intellectual property

BUSINESS FINANCE

- Business finance may be defined as the acquisition and utilization of capital funds in meeting the financial needs and overall objectives of a business enterprise. Business finance is that activity that is concerned with the planning, raising, controlling, and administering of the funds to be used in the business.
- The demand for finance is not only recurring but ever mounting to meet out ever-increasing requirements of capital for:

a) Commencement
b) Day to day operation
c) Modernization activities
d) Expansion
e) Diversification
f) Research and development activities

SOURCES OF BUSINESS FINANCE

- Internal sources: This source comprises of entrepreneur's saving. The cost of this source is profit or dividend.
- External source: An entrepreneur can borrow or raise loans from relatives, friends, or financial institutions. The cost of this source is 'interest'.

FINANCIAL DECISION -MAKING

- Business finance mainly involves raising of funds and their effective utilization, keeping in view the overall objectives of the firm. This requires great caution and wisdom on the part of the entrepreneur. The two major areas where the entrepreneur needs to make a financial decision:

  (a) Funds requirement decision

  (b) Financing decisions
- Funds requirement decision is concerned with the estimation about the total funds or capital requirements for the enterprise, while financing decision is concerned with the sources from which the funds are to be raised.

FINANCIAL PLANNING

- This decision making by the entrepreneur, well in advance regarding the future financial aspects of the enterprise, is called "Financial Planning". It is the process of estimating the fund requirement, specifying the sources of funds, and utilizing them in an optimum manner.
- The proper planning for procurement and disbursement of funds makes it mandatory for the entrepreneur to explore in detail, the following three aspects:

(a) The total amount of finance required for implementing the business plans (How much money is needed?)

(b) The forms and proportion of various securities to be used for collecting the desired amount, such as, where the money will come from.

(c) The policies of utilization and administration of capital. (How can the firm utilize these funds in the best possible manner?)

IMPORTANCE OF FINANCIAL PLANNING

- It entails policies and procedures for proper coordination between the various functional areas of business.
- It involves the proper allocation of resources amongst the various departments.
- In the absence of an accurate plan, the enterprise may have to face frequent difficulties that hamper its growth.

OBJECTIVES OF FINANCIAL PLANNING

(a) To assess the different types of financial requirements, viz. long, medium and short-term funds, i.e. capitalization.

(b) To procure the funds from suitable sources, keeping in view the principles of economy, convenience, financial commitments, ownership, etc. i.e. capital structure.

(c) To allocate the funds to various departments to achieve the predetermined objectives.

(d) To establish effective control of financial matters.

(e) To provide an optimum amount of working capital requirement of the enterprise.

(f) To build up reserves for future contingencies.

FINANCIAL PLAN

- A financial plan is a comprehensive evaluation of an enterprise's current and future financial state by using currently known variables to predict future cash flows and asset values.
- Through proper financial planning, an entrepreneur can easily predetermine, the amount and type of capital required by the enterprise and at the same time ensure its optimum utilization, because if arranging for funds is a problem, returning the procured amount as and when due is threatening. Thus, the financial plan must:

(a) Estimate the capital requirement and the capitalization.

(b) Decide the capital structure of the enterprise.

ESTIMATE CAPITAL REQUIREMENT

- The capital requirement of a business enterprise can broadly be classified into two main categories. They are:

(I) Fixed capital requirements

(ii) Working capital requirements

FIXED CAPITAL

- The capital which is required for meeting the permanent or long term needs of the business is referred to as fixed capital.
- **Features:** Fixed capital exhibits the following characteristics:
  - Not easy to withdraw this capital from the business, as it‘s more like a permanent capital.
  - Generally procured through long term financial resources.
  - Invested in procuring fixed assets.
- Forms the basis for the income generation capacity of the enterprise.
- **Sources of fixed capital:**

(1) Issue of shares

(2) Issue of debentures

(3) Inviting public deposits

(4) Plowing back of profits

(5) Long term borrowings from banks and financial institutions.

FACTORS AFFECTING THE REQUIREMENT OF FIXED CAPITAL

- Nature of his/her business: viz. trading, manufacturing, services
- Size of the business: small business needs less fixed capital in comparison to large scale enterprises.
- Technology to be used in production: i.e. whether capital intensive or labor-intensive.
- Range of production: If more diversified products are manufactured, more is a fixed capital requirement in comparison to those who deal in a single type of product range.

- Type of product to be manufactured: It may range from being simple (e.g. soap) to a highly complicated machinery, thus demanding more investment in fixed assets.
- Method of acquisition of fixed assets: The option of buying a fixed asset demands more capital in comparison to acquiring an asset on the lease or hire purchase system.

WORKING CAPITAL

- Working capital refers to that part of the capital which is needed for the financing of the working or current requirements of the enterprises and for meeting out day-to-day operational expenses.
- Factors determining the amount of working capital:

(I) Nature and size of business: The business that is engaged in the production process requires more working capital in comparison to the one rending trade services. Similarly, enterprises working on large, demands higher working capital than small scale units.

(ii) Business Cycle: Boom period is marked by more demand, more production, and thus more working capital as compared to the depression phase having declaimed demands.

(iii) Gestation Period: Longer the time gap between commencement and end of the manufacturing process more is required working capital as compared to industries having shorter gestation periods.

(iv) Volume and procurement of raw material: If the amount to be spent on raw material is more in total investment, automatically, the requirement for working capital will be higher as compared to those enterprises where the raw material cost involved is smaller.

(v) Manual v/s automation: In labor-intensive industries, large working capital will be required than in the highly mechanized ones.

(vi)Terms of Credit: Those enterprises who believe in selling goods on credit, need more working capital than the ones selling goods against cash.

Sources of working capital

(i) Short/medium term borrowing from commercial banks/financial institutions.

(ii) Public deposits

(iii) Other finance companies

(iv) From internal sources

CAPITALIZATION

- Capitalization is the total amount of long-term funds received by a business from its shareholders and creditors. It includes shares, debentures, long-term loans, and free reserves.
- Capitalization determines the optimum amount of funds required in different situations by the enterprise. It helps to avoid the situations of both the surplus and shortage of funds i.e. being either:

(a) Over capitalized

(b) Undercapitalized

DECIDING THE CAPITAL STRUCTURE

- Capital structure is the composition or mix of different types of long-term capital whether owned or borrowed. It includes all the long term funds consisting of share capital, debentures, bonds, loans, and reserves.
- **Patterns:** In case of a new company, the capital structure may be of any of the following patterns with:

(1) Equity shares only

(2) Both equity and preference shares

(3) Equity and debentures

(4) Equity, preference, and debentures.

FACTORS AFFECTING CAPITAL STRUCTURE

(a) Characteristics of the company

(b) General economic conditions prevailing

(c) Circumstances under which the company is operating.

FINANCE

- Finance refers to capital funds and credit funds invested in the business. Finance means making money available when it is needed.
- Types of Sources:

I. Equity Financing/Ownership Financing

II. Personal financing

III. Venture capital finance

IV. Debt financing

EQUITY FINANCING

- Equity refers to the capital invested in an enterprise by its owners. Equity means that, in return for money, the investor receives a percentage of ownership in the company. The entrepreneur is under no obligation to repay the equity, to that extent, it is a 'risk' of the investor on the enterprise.
- **Features:**

1. Equity results in sharing of the ownership with the investors.
2. It's a permanent source of raising finance.
3. No fixed obligation in the form of dividend payment.
4. No charge over assets.
5. Maximum controlling rights through voting power.

METHODS OF EQUITY FINANCING

(a) Retained Profits/Ploughing Back of Profits:

- Retained profits are a technique of financial management, under which all profits of a company are not distributed amongst the shareholders as a dividend, but a part of the profits is retained and reinvested in the business. This process of retaining profits year after year and their utilization back into the business is called plowing back of profits. This is not a source to be used by new entrepreneurs.

(b) Equity Shares:

- Equity shares are those shares which do not preference shares. Equity shareholders are the virtual owners of the company. Thus, the company is under no obligation to pay them either the principal amount or dividend and that makes them true risk bearers.

(c) Preference Shares: Preference shares are those shares which are entitled to a priority in:

(1) The payment of a dividend at a fixed before any dividend is paid on equity shares;

(2) The return of capital in the event of winding up of the company.

- **Preference shares may be:** (i) Cumulative or non-cumulative

(ii) Participating or non-participating (iii) Convertible or non-convertible

(d) Seed Capital:

- The basic initial capital which is like the 'start-up' capital of the enterprise is said to be Seed Capital. Seed Capital is the financing of the internal product development or the capital provided to an entrepreneur to prove the feasibility of a project or qualify for start-up capital.

PERSONAL FINANCING

- It means that the entrepreneur himself arranges for the funds needed for his venture, without seeking outside help. The entrepreneur always makes the initial investment capital available. Either he invests his cash or converts his assets into cash for investment.
- **Sources**

a) Personal Savings: Past savings, if any, is the most conventional source of financing, dependable, readily available, and without incurring any liability. This accumulated form of minor or major savings done by an entrepreneur is an internal source and meets out small, short term requirements.

b) Friends and Relatives: Arranging finance from near and dear ones viz. friends, relatives, known persons, in an informal manner is even a popular source of financing.

c) Chit Funds: This customary source was in some members who might be friends, or known, etc., form a type of club, committee, party, association, etc., keep paying monthly deposits privately and can claim the 'chit' if his sudden demand for money i.e. like 'kitty'. This premature encashing of the deposited amount is like an internal source of financing.

d) Deposits from Dealers: When the dealers or distributors are appointed by the business firm, the dealers selected are required to give "security deposits" to the entrepreneurs, depending upon the reputation, goodwill, and creditability of the enterprise. This can be used as a short term source of financing.

VENTURE CAPITAL FINANCING

- It refers to fulfilling the finance needs of new ventures through equity. New business generally faces difficulty in raising external equity to meet their financial needs related to:

(a) Early-stage financing

(b) Expansion or Development financing

(c) Acquisitions and Leveraged Buyout financing (Diversifying)

- These three stages are at times funded by two strong groups of capitalists/investors, referred to as:

(a) Angel Investors

(b) Venture Capitalist

VENTURE CAPITALIST

- These are investors and investment companies whose specialty is financing new, high potential, high-technology oriented entrepreneurial ventures. Venture capitalists exhibit the following characteristics:

(i) They are more interested in financing ventures which are in their second or third stage of development.

(ii) They often provide initial equity investment to start-up business too, provided such ventures are about software, biotechnology, high-potential ventures, and high-technology ventures or are venture having high potential prospects and returns expected.

(iii) Venture capitalists look for a high rate of return. Thus, they want equity or some share of ownership in return for their capital.

(iv) They are willing to take a higher risk of losing their capital for a chance of profit from the business's success.

(v) The venture capitalist sells his or her percentage of the business to either another investor or back to the entrepreneur after a specific number of year’s association or when he finds returns lowering down.

(vi) Mostly small businesses resort to venture capitalists when they want to start or grow a business but couldn't persuade banks to lend money.

(vii) Though these investors have a deep insight into the fields in which they make their investment, they behave like more or less as non-working partners i.e. do not meddle or interfere in the management of the enterprise.

ANGEL INVESTOR

- Early-stage financing is usually the most difficult and costly to obtain if the entrepreneur fails to do it himself/herself. Two types of financial requirements arise during this stage:
- Seed Capital
- Start-up Capital

STAGES OF BUSINESS DEVELOPMENT FUNDING

- Early-Stage Financing:

• Seed Capital: Relatively small amounts to prove concepts and to finance feasibility studies.

• Startup: Product development and initial marketing, but with no commercial sales yet: funding to get company operations started.

- Stages of Expansion or Development Financing:

• Second: Working capital for the initial growth phase, but no clear profitability or cash flow yet.

• Third: Major expansion for a company with rapid sales growth at break-even or positive profit levels.

• Fourth: Bridge financing to prepare the company for public offering.

- Acquisitions and Leveraged Buyout Financing

• Traditional acquisitions: Assuming ownership and control of another company.

• Leveraged Buyouts (LBOs): Management of a company acquiring company control by buying out the present owners.

• Going Global/Private: Some of the owners/managers of a company buying all the outstanding stock, making the company, privately held again, franchising, foreign collaborations, joint ventures, marges, etc.

DEBT FINANCING

- Debt-financing is a financing method involving interest-bearing instruments, usually a loan, the payment of which is only indirectly related to the sales and profits of the venture. Typically, debt financing called asset-based financing requires that some assets e.g. car, house, etc. be used as collateral. Here, the entrepreneur is to pay back the number of funds borrowed as well as a fee expressed in terms of the interest rate.

- **Sources of Raising Debt:**

(1) Debentures: A debenture is a written instrument acknowledging a debt and containing provisions as regards the repayment of principal amount and the payment of interest at a fixed rate.

(2) Public Deposits: When an entrepreneur invests the general public to deposit their savings with his company, for a period not exceeding 36 months at the rate of return (interest) which is generally higher than the rate applicable on bank deposits is called to raise funds through public deposits. The depositors have no rights in the management and are like creditors of the company.

(3) A loan from Bank: Commercial banks, generally extends the short term to medium term loans to firms of all sizes and in many ways like:

- Overdraft
- Cash credit
- Discounting of bill
- Factoring
- Loans and advances
- Term loan
- Demand loans
- Loans from a financial institution
- Loans from specialized financial institutions
- Grants
- Private money lender
- Trade credits

FACTORS CONSIDERED BEFORE SELECTING THE SOURCES OF CAPITAL

- Cost
- Loss of control

BUSINESS

- An economic activity that is conducted regularly to earn profit through sale, exchange, or transfer of goods and services, is referred to as a business.
- **Characteristics:**

(1) Business is an economic activity.

(2) It deals with an exchange, sale, transfer of goods, and/or services.

(3) There is regularity in dealings.

(4) Business is conducted with a profit motive.

(5) Every business has an element of risk.

(6) Business deals with the creation of utility.

(7) To be business the activity should be capable of consumer satisfaction.

CLASSIFICATION OF BUSINESS

- Based on ACTIVITY
- Industry
- commerce
- Based on OWNERSHIP
- Sole proprietorship
- Partnership business
- Hindu undivided family business
- Company form of ownership
- Based on SIZE
- Small scale industries
- Medium-scale industries
- Large scale industries

DIFFERENT TYPES OF SMALL- SCALE INDUSTRIES

- Tiny sector/ tiny units
- Ancillary units
- Microbusiness units
- Small scale units owned and managed by women entrepreneurs

- Export-oriented units
- Cottage and rural units

MICRO, SMALL AND MEDIUM ENTERPRISES

- Manufacturing enterprise
- Service enterprise

MENTORSHIP

- Mentorship is a developmental partnership through which one person shares knowledge, skills, information, and perspective to foster the personal and professional growth of someone else.
- A mentor is a trusted guide, advisor, wise intellect person who uses the mind creatively especially in occupational settings.
- What does a mentor do?

➢ Teaches the mentee about a specific issue
➢ Coaches the mentee on a particular skill
➢ Facilitates the mentee growth by sharing resources and networks
➢ Challenges the mentee to move beyond his or her comfort zone
➢ Creates a safe learning environment for taking risks
➢ Focuses on the mentee's total development.

BUSINESS MENTOR

- A business mentor is one, who guides a business owner or an entrepreneur regarding his/ her business.
- Rendering of mentoring services exhibits the following features:

1. Takes place outside of a line manager-employee relationship, at the mutual consent of a mentor and the person being mentored.
2. Is career-focused or focuses on professional development that may be outside a mentee's area of work.
3. The relationship is personal–a mentor provides both professional and personal support
4. The relationship may be initiated by a mentor through a match initiated by the organization.
5. Relationship crosses job boundaries.

TYPES OF MENTORING

- **Mode of construction**
- **Informal:**
- Goals of the relationship are not specified
- Outcomes are not measured
- Mentor and mentee self-select based on personal chemistry.
- **Formal:**
- Mentor and mentee are paired based on compatibility
- Goals are established from the beginning by the organization
- Outcomes are measured.
- **Mode of delivery**
- One-on-one: This mentoring matches one mentor with one mentee.
- Group mentoring: This requires a mentor to work with 4-6 mentees at one time.
- Online mentoring: Mentoring relations through computerized programs.
- Peer mentoring: Mentoring relations, formally or informally with colleagues.

BENEFITS FOR MENTEES

(a) Help in diagnosing in order, to define and understand the current situations in the enterprise.

(b) Help a mentee to assess his/her areas of shortcomings and strengths, giving critical feedback to him in key areas.

(c) Assist in finding the necessary information.

(d) Assist in the preparation of documentation for the enterprise and enterprise support programs.

(e) Provides guidance and support in preparation and implementation of development activities/plans/projects, to achieve the best possible business results.

(f) Helps in the identification, procurement, and utilization of resources required for the proposed venture.

(g) Assists in finding business partners.

(h) Provides consultation, and helps in coordinating activities aimed at accessing funds, new technologies, etc.

(i) Introduce the mentee to relevant consultants, trainers, suppliers, lawyers, accountants, etc. for that will help him boost confidence.

(j) As the mentor has the experience of witnessing 'highs' and 'lows' during his venture starting, he/she can be a great source of introducing mentee to threats, can risks of the market.

(k) Helps mentee in learning, specific skills, knowledge, unspoken rules critical for the success of the business.

BENEFITS FOR MENTOR

- Gains insights from the mentee's background and history that can be used in the mentor's professional and personal development.
- Gains satisfaction in sharing expertise with others.
- Re-energizes the mentor's career.
- Gains an ally in promoting the organization's well-being.
- Learns more about other areas within the organization.

BENEFITS FOR THE ORGANIZATION

- Enhancing strategic business initiatives
- Encouraging retention
- Reducing turnover costs
- Improving productivity
- Enhancing professional development.
- Linking employees with valuable knowledge and information to other employees in need of such information.
- Using their employees, instead of outside consultants, as internal experts for professional development.

INFORMATION AND ITS SOURCES

- Information is processed data that can be used to make intelligent and rational decisions.
- Information sources can be:

1. Observations 2. People 3. Speeches
4. Documents 5. Pictures 6. Organizations

- **Producers/Originators of Information:** There are 3 main producers/originators of information. These are the:

a) Government Agencies

b) Academic Institutions

c) Private sector

d) Individuals

TYPES OF INFORMATION SOURCES

- PRIMARY SOURCES
- Primary sources are original materials on which other research studies are based. To be a primary source:

(i) The data is collected by the investigator himself/herself, for the first time.

(ii) Primary source report, a discovery or share new information.

(iii) They present firsthand accounts and information relevant to an event.

(iv) They present information in its original form, not interpreted, condensed, or evaluated by other writers.

(v) They are usually evidence or accounts of the events, practices being researched and created by a person who directly experienced that event.

(vi) Primary sources are the first formal appearance of results in print or electronic formats.

METHODS OF COLLECTION

- The different methods of collecting data are as follows:

(1) Direct personal investigation: Here, the investigator collects the information personally from the source concerned.

(2) Indirect oral investigation: The investigator approaches certain sources which are connected with the information directly or indirectly.

(3) Local Correspondents: The investigator appoints local agents or correspondents in different parts of the area under investigation.

(4) Mailed Questionnaire: The investigator prepares a questionnaire keeping in view the objective of the inquiry and sends it to informants by post.

(5) Questionnaire through Enumerators: Here, the enumerators go to informants along with the questionnaire to help them record the latter 's answer.

SECONDARY SOURCES

- Information about primary, or original information, which usually has been modified, selected or rearranged for a specific purpose or audience.
- **Secondary sources:**

(1) One that was created by someone who did not have firsthand experience or did not participate in the events/situations being researched.

(2) Secondary sources describe, analyze, interpret, evaluate, comment on, and discuss the evidence given by primary sources.

METHODS OF COLLECTION

(i) Published: Government publications, International Publications, Reports of Commission and Committees, Publications of Research Institute Magazines, Reports of Trade Associations, Publications of Personnel Investigation.

(ii) Unpublished: Not published, but available in official records like some research work, etc.

TERTIARY SOURCES

- The information which is a distillation and collection of primary and secondary sources:

(1) Not considered to be acceptable material on which to base academic research

(2) Are usually not credited to a particular author

(3) Are intended only to provide an overview of what the topic includes, its basic terminology, and often references for further reading

(4) Are materials in which the information from secondary sources has been "digested" reformatted and condensed, to put it into a convenient, easy-to-read form.

(5) Are once removed in time from secondary sources

(6) Some reference materials and textbooks where their chief purpose is to list, Summarize or repackage ideas or other information.

METHODS OF COLLECTING DATA

- Techniques of collecting data are:

1. Census:

- When all the units associated with a particular problem are studied, it's called the census method or complete enumeration survey method.

2. Samples:

- In sample technique data is collected about the sample on a group of items taken from the population for examination and conclusions are drawn on their basis. Here a sample is considered to be a representative of the whole. It is for the entrepreneur to decide which method will serve his interest the best.