ENTREPRENEURSHIP

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MAGESTIC TECHNOLOGY SOLUTIONS (P) LTD.

Entrepreneurship

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DEDICATION

Er. A. C. S. ARUNKUMAR
B.Tech (Hons)., LMISTE., MIET.,(UK)., LMCSI.,
President
Dr. M. G. R. Educational and Research Institute
Chennai, Tamil Nadu, India.

- We take immense pride and heartfelt reverence in dedicating this book to **Er. A C S. Arunkumar, B.Tech (Hons)., LMISTE., MIET.,(UK)., LMCSI.,** who holds the esteemed position of President at our illustrious Dr. M. G. R. Educational and Research Institute, located in the culturally vibrant city of Chennai, Tamil Nadu, India.

Our President's unwavering devotion to cultivating academic excellence and fostering the expansion of knowledge is a testament to his global vision. His educational philosophy not only stimulates us but is a beacon that has helped light the path towards academic and personal growth for countless students, leaving an indelible impact on the landscape of academia.

Our gratitude for our President's leadership is profound, as his guidance persistently propels us to strive for the pinnacle of excellence in all aspects of our pursuits. It is more than an honour; it is a privilege to dedicate this book to such a luminary, a tangible expression of our respect, admiration, and appreciation.

We extend our deepest gratitude to you, sir, for your extraordinary contributions to the field of education and for ceaselessly inspiring us all with your visionary leadership. Like this book, your legacy shall be a beacon of inspiration for future generations.

Dr. Preetha Mary George
Dr. N. S. Shubhashree
Dr. B. Latha

PREFACE

The panorama of entrepreneurship is ever-evolving, evidence of the relentless spirit of individuals who dare to dream and do. "Entrepreneurship" is more than a book; it's a compass for the daring, a guide for the innovative, and a manifesto for the future shapers of the world. It endeavours to light the path from the inception of an idea through the multifaceted journey of bringing it to fruition in a competitive global market.

Entrepreneurship is the backbone of economic innovation and growth, propelled by individuals with an extraordinary mix of vision, resilience, and determination. This book aims to demystify the entrepreneurial journey, making the art and science of starting and nurturing a business accessible to everyone. It comprehensively explores foundational concepts, practical insights, and the critical tools necessary for navigating the entrepreneurial waters.

The journey begins in Chapter 1, where we introduce the essence of entrepreneurship, define the characteristics of entrepreneurs, and dispel prevalent myths, setting the stage for a deeper exploration of the entrepreneurial mindset.

As the narrative unfolds, readers are guided through the nuances of entrepreneurial development, the instrumental role of financial institutions and support mechanisms, and the intricacies of project design and analysis. We delve into innovative problem-solving methodologies like design thinking and shed light on the significance of entrepreneurial training. Additionally, the transformative impact of entrepreneurship on economic development is examined alongside the unique challenges and triumphs encountered by women entrepreneurs.

This book is structured to impeccably blend theoretical frameworks with real-world applications, enriched by case studies that bring to life the successes and setbacks of entrepreneurship. The inclusion of evaluative questions at the book's conclusion invites readers to reflect on their understanding and apply their knowledge practically.

"Entrepreneurship" is designed for anyone who stands on the precipice of creation - aspiring entrepreneurs ready to leave their mark, business students seeking a comprehensive understanding of the entrepreneurial ecosystem, and educators dedicated to cultivating the innovators of tomorrow.

As you observe this book, embark on a journey of exploration and challenge, leading to personal and professional transformation. Herein lies a world of discovery, a testament to the power of entrepreneurial endeavour. Welcome to your entrepreneurial journey.

Let the journey begin! Happy reading!

Dr. Preetha Mary George
Dr. N. S. Shubhashree
Dr. B. Latha

ABSTRACT

"Entrepreneurship" is a comprehensive guide for those starting and nurturing their ventures in today's dynamic global market. This book seeks to demystify the entrepreneurial process, offering a blend of theoretical insight, practical knowledge, and personal anecdotes to illuminate aspiring entrepreneurs' paths. Starting with an overview of what defines an entrepreneur, it addresses common myths. It lays the groundwork for understanding the entrepreneurial mindset. The text delves into the mechanisms of entrepreneurial development, financial structures supporting business growth, and the methodologies that foster innovation, such as design thinking. Special attention is given to the role of entrepreneurial training, the impact of entrepreneurship on economic development, and the unique challenges faced by women in the field. Through a mixture of theory, case studies, and reflective questions, this book aims to equip readers with the tools they need to navigate the complexities of starting and growing a business, making it an invaluable resource for aspiring entrepreneurs, students of business, and educators alike.

Keywords: *Entrepreneurship, entrepreneurial journey, global market, theoretical insight, practical knowledge, entrepreneurial mindset, financial structures, innovation, design thinking, economic development, women entrepreneurs.*

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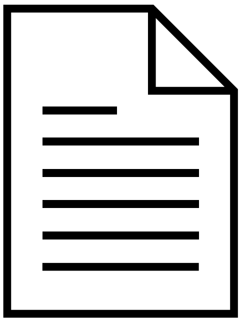
Table of Contents



CHAPTER 1
INTRODUCTION TO ENTREPRENEURSHIP

1.0 Introduction

Entrepreneurship is the process of establishing a business or another kind of organisation. The entrepreneur creates a business plan, obtains necessary resources, and is responsible for the successful or unsuccessful outcome.

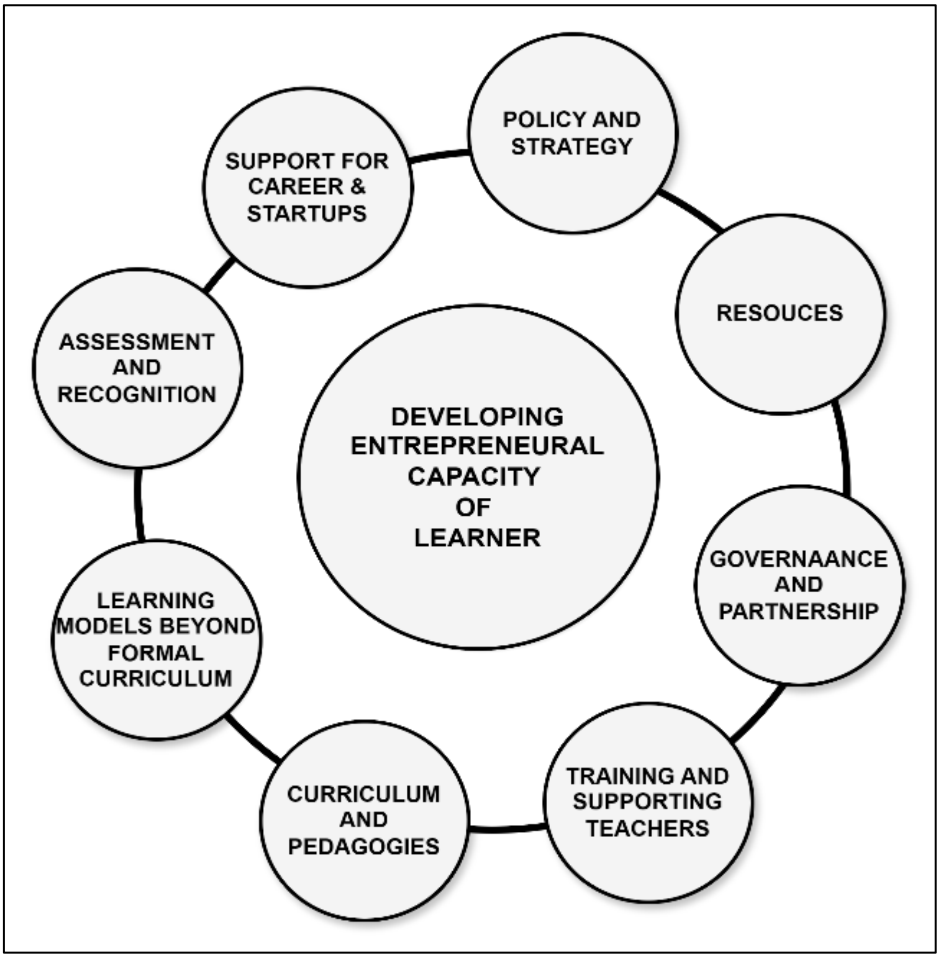


Figure 1.1 Elements of Entrepreneurship

A.H. Cole defined entrepreneurship as the intentional actions of a person or group aimed at starting, managing, or making profits from producing and distributing economic commodities and services. Entrepreneurship is becoming an entrepreneur, described as someone who takes up ideas, financial risks, and commercial acumen to turn inventions into economic products. Entrepreneurship involves establishing new organisations or devising strategies to rejuvenate existing organisations in light of a recognised opportunity. Figure 1.1 represents the elements of Entrepreneurship. It is often shown via establishing a new firm, sometimes called a "startup company." Entrepreneurship involves identifying possibilities, implementing innovative solutions, and achieving financial rewards via one's efforts. The individual surveys the environment for opportunities evaluates their feasibility for developing a potential enterprise, creates an action plan, and then proceeds with activities to bring the product to fruition. Therefore, they transform possibilities into a product or service.

1.1 WHO IS AN ENTREPRENEUR

An entrepreneur is a person who operates a small company and takes on all the risks and benefits associated with a particular business endeavour, concept, or product/service being sold instead of being employed by someone else. The entrepreneur is often seen as a company leader and innovator who introduces new ideas and commercial methods. Dan Sullivan defines an entrepreneur as someone who does not anticipate payment until they have generated value for another individual. Jean-Baptiste Say defines an entrepreneur as someone who increases the productivity of resources by moving them from a lower level to a higher one.

1.1.1 Characteristics of an Entrepreneur:

An accomplished entrepreneur has a blend of characteristics that exhibit creativity and leadership abilities. An entrepreneur has various attributes. Some essential traits include ambition

- Enthusiasm
- Creativity
- Decision-Making
- Perseverance
- Achiever Mindset
- Organising Capacity
- Managerial Skills
- Leadership
- Risk-Taking Ability
- Gap Filling,
- Influence of Religious Beliefs
- Impact of Social, Political, and Economic Structures

1.2 MYTHS ABOUT ENTREPRENEURSHIP

- Financial investment is required for financial gain
  - A unique and innovative concept is essential
  - A well-thought-out business plan is necessary
  - Luck plays a role in success
  - Support from loved ones is crucial
  - A driven and ambitious personality is advantageous
  - Timing is a critical factor
  - Immediate success is the target

1.3 TRAITS OF ENTREPRENEURS

1.3.1 Ambition

A successful entrepreneur is motivated to achieve personal success. He has clear goals and pursues them diligently. His drive to accomplish goals is powerful, and building his reputation may be lengthy. Figure 1.2 indicates attributes of an entrepreneur. Their passion often motivates him to take action, transforming his daydreams into realities.

1.3.2 Enthusiasm

Enthusiasm often accompanies ambition and plays a significant part in the life of an entrepreneur. Ambition is essential for entrepreneurs, but excitement is the ultimate objective. Successful entrepreneurs possess a positive mindset that fuels their pursuit of endeavours. An entrepreneurial initiative will gradually become inactive and collapse without excitement.

1.3.3 Creativity

When problems occur, we rely on imagination to help us. Our creativity likely inspired us to imagine our organisation initially, and it will assist us in finding potential answers to any obstacles we may encounter. Successful entrepreneurs get inspiration at every stage and often identify methods to transform obstacles into opportunities.

1.3.4 Decision-making

Entrepreneurs make the decisions that need to be made. They are men of ideas because of their creative abilities, but they will be men of action because of their capacity to make decisions through their creativity. Business owners' decisions will significantly impact their corporation's future, and it is only through decision-making that things will indeed take place. Poor decision-making skills will result in an entrepreneur being stuck in inactivity and degradation. On the other hand, having good decision-making skills will ensure that the best available measures are taken to bring the business to the forefront of the industry.

1.3.5 Perseverance

The ability to persevere through the challenges of beginning a business may be the most significant thing entrepreneurs possess among all the other attributes. Beginning a new business venture is a very challenging endeavour, and for our venture to be successful, we, as entrepreneurs, need to persevere through the storms and stress we will encounter. There are times when it takes years for a brilliant concept to start bringing us money, but when it does, we will be grateful that he was able to remain resilient in the face of challenges.

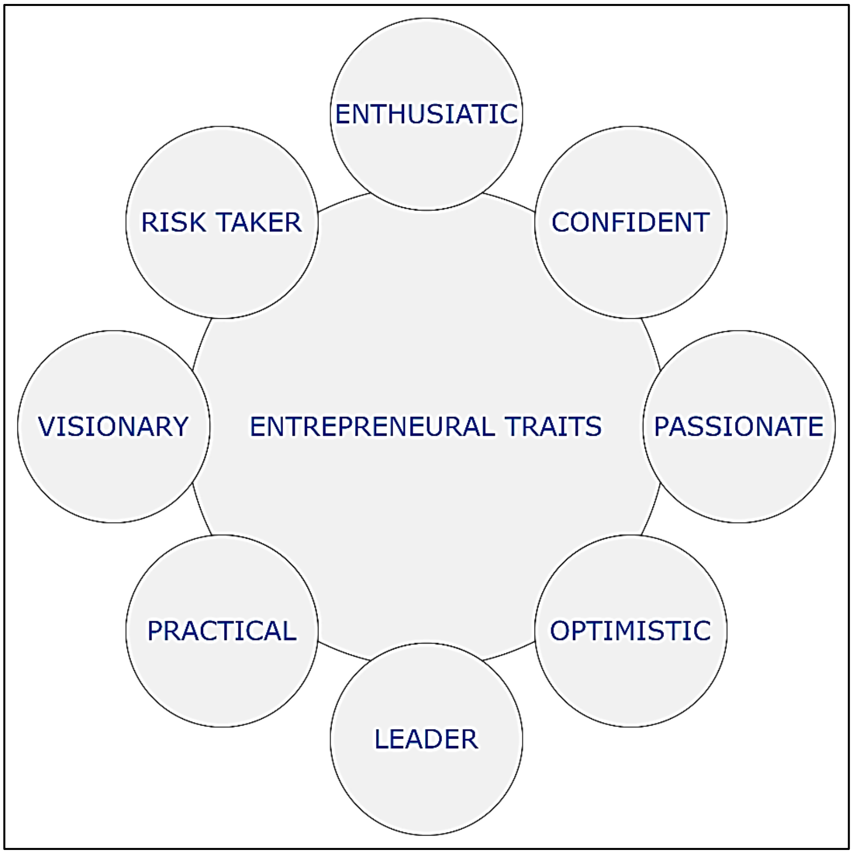


Figure 1.2 Attributes of an Entrepreneur

1.4 TYPES OF ENTREPRENEURS

- Innovators
- Imitators
- Fabian Entrepreneurs
- Drone Entrepreneurs or Laggards.

Figure 1.3 enlists the types of Entrepreneurs.

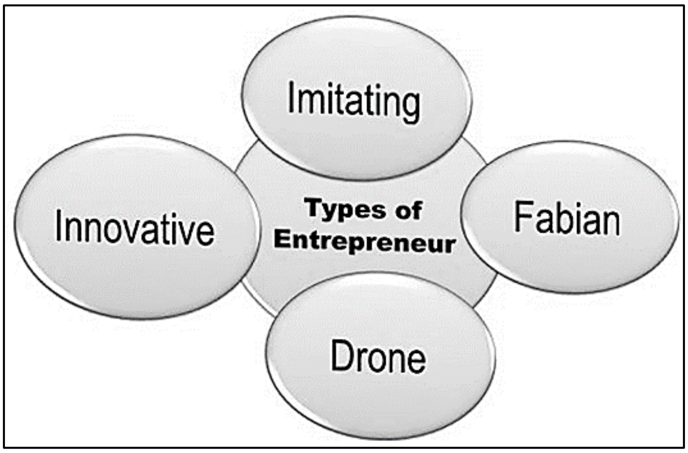


Figure 1.3 Types of Entrepreneurs

1.4.1 Innovators:

Innovative individuals are the only ones who are considered to be entrepreneurs. It is the responsibility of the innovative entrepreneur to fulfil a particular function. He recognises the possibility of introducing a novel production process method and finds the opportunity. Figure 1.4 repressents inclusiveness of an Entrepreneur.

1.4.2 Imitators:

Their character does not lend itself to innovation. On the other hand, they are prepared to commit to making successful innovations in their way of life. Adoptive or imitating entrepreneurs are the names given to these individuals.

1.4.3 Fabian Entrepreneurs:

These would always be cautious, and they would not introduce any innovations, nor would they desire to adopt any new approaches that the most enterprising businesspeople have revolutionised.

1.4.4 Drone Entrepreneurs:

In terms of their creation and how they operate, these never let any alterations be made. They are not willing to take risks or take advantage of fresh prospects.

In addition to this particular classification of entrepreneurs, a few additional sorts of entrepreneurs may be found in the context of society. They are:

Institutional Entrepreneurs: It is essential for developing nations to have a government that can create entrepreneurs through various financial and promotional organisations. The term "institutionalised entrepreneurs" refers to the group of business owners whom organisations employ.

Entrepreneurs by Inheritance: It is becoming increasingly common for family members to accept entrepreneurship as a career by inheriting the family firm. This is referred to as "entrepreneurs by inheritance." Within specific communities, the members are the ones who carry on the family business that was passed down from their ancestors.

Technologist Entrepreneurs: If a man has completed his technical education, he is qualified to become an entrepreneur under the current circumstances. This category includes entrepreneurs who are also technicians. Those who are technically oriented and build their businesses are techie entrepreneurs.

Forced Entrepreneurs: People forced out of other professions and forced to create their businesses to maintain their standard of living are called forced entrepreneurs. Those who fit into this category include, for example, the moneylenders of the past, the wealthy Indians who have returned from overseas, and the educated individuals who are currently without jobs.

1.5 ENTREPRENEUR & INTRAPRENEUR:

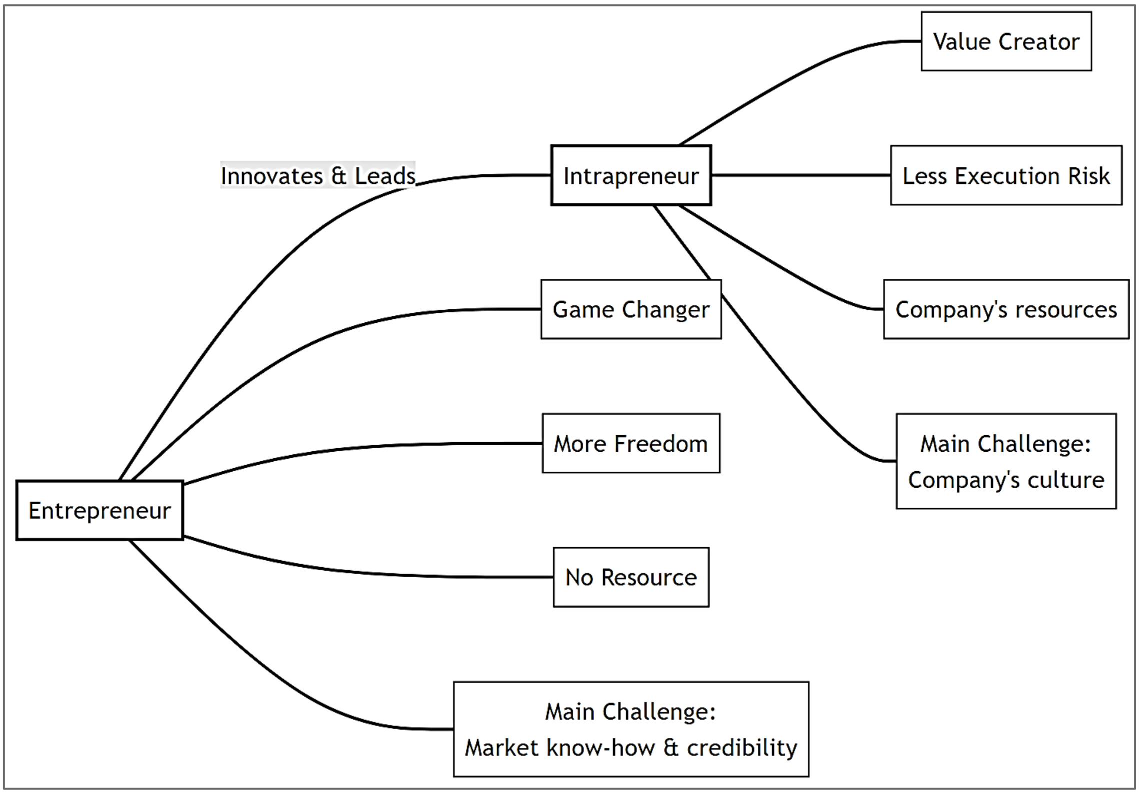


Figure 1.4 Inclusiveness of an Entrepreneur

"An individual working for a vast organisation willing to take direct responsibility for transforming a concept into a finished product that generates a profit through innovative and risk-taking strategies".

Entrepreneurs	**Intrapreneurs**
Provides sparks	Keeps flame going
Found anywhere their vision takes them.	Confines within an organization
Faces many hurdles, ridiculed and	Deals with conflict within the

riddled with setbacks	organization
Difficult to get resources	Resources readily available
Lose everything when they fail.	Will have a paycheck to look forward to if they fail
Knows business on a macro scale	Highly skilled and specialized

1.5.1 Essential Elements of Intrapreneurship

The key factors involving the Intrapreneurship is shown in Figure 1.5.

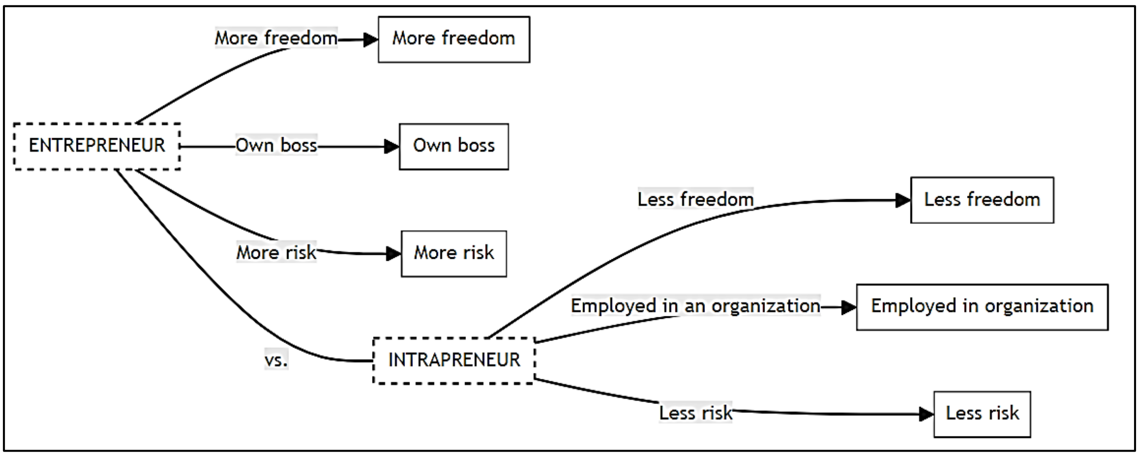


Figure 1.5 Key factors of Intrapreneurship

The following is a list of the most critical factors that contribute to the success of intrapreneurship:

- It is essential that the organisational environment, both strategically and structurally, is in good shape. The atmosphere should not stifle innovation, and employees should be allowed to engage with one another and share their ideas openly.

- Through scientific recruitment, an adequate workforce of people with entrepreneurial spirit should be set up. The employees' vital skills and talents should be trained, and their talents should be recognised.
- The invocation of the dormant abilities of employees requires establishing a support system, working together in teams, sharing information, and learning.
- Employees who achieve more success should be appropriately rewarded. The atmosphere of an entrepreneurial organisation ought to be magnetic, and the management style ought to be more coaching than educational. Workplaces should be places that employees like working in.

1.6 ENTREPRENEURIAL STYLE

The capacity to turn an idea or innovation into a profitable business distinguishes an entrepreneur's style from that of other business owners. On the other hand, contrary to what we might believe, not all business owners are produced equal. Diverse tactics, objectives, and distinct mentalities distinguish one entrepreneur from another. There is also the possibility that the changes are not always as noticeable. The following are some examples of the entrepreneurial styles that successful businesspeople have observed:

- **Aspirants**

They only engage in the activity of theorising, however. People interested in starting their businesses are constantly full of ideas about how they could generate money, but only if they had some resources or funding. Their ambitious ambitions are based on the fundamental premise that they want to escape their life as an employee at an organisation. They are drawn in by the allure of freedom, choice, and success; nevertheless, because they lack the capabilities and skills necessary, they can never move beyond where they are currently employed.

- **Survivalists**

When the only thing that matters is surviving, there is little to no opportunity to gain long-term rewards. In addition, this is precisely what occurs to the entrepreneurs who fall into this category. They put in much effort to keep their businesses going. However, if they do not have any long-term objectives, they can only rely on the money they earn daily. Moreover, they never manage to turn their efforts into a profitable business enterprise.

- **Managers**

Before venturing out on our own, having prior experience working in a company is beneficial. This is especially true for managers. On the other hand, if we cannot leave that position, we will never be able to work for our company; we will constantly be working within it. The day-to-day activities of the complete team are the primary focus of organisational managers and business owners. Furthermore, they ignore its other significant components during this process. Furthermore, their businesses continue to be successful but never reach greatness.

- **Innovators**

Those who can think independently are innovators because they can simultaneously approach and deal with various challenging situations. Having the right mindset is what differentiates a successful inventor from a loser. Traf-O-Data, the first business venture that Bill Gates attempted, was unsuccessful. On the other hand, he did not give up and became one of the most successful business people in the history of their profession.

- **Revolutionaries**

Concentrating on how we may affect change in the world is beneficial. However, as entrepreneurs, we must concentrate on other, more pressing challenges that are currently at hand. Regarding earnings, an entrepreneur needs to pay attention to the situation. Moreover, after that, we need to concentrate on the opportunity that benefits the human race. However, if we move in the opposite direction, we will be in a precarious situation.

- **Calculators**

Similarly, if we are just concerned with the amount of money we produce, the numbers will quickly consume us. Thinking about profits like Uncle Scrooge would be a pleasant experience. If we want to be successful as an entrepreneur, it is critically necessary to generate revenues. However, it is also essential to emphasise developing new products, enhancing existing services, etc.

- **Opportunists**

It is not a very appealing-sounding phrase. However, this is our most effective strategy if we want to be a successful entrepreneur. Much thought goes into these entrepreneurs' desires; many adore the liberty to do whatever they want.

1.7 THE GAME CHANGER – ENTREPRENEURSHIP IN ECONOMIC GROWTH

Let us look at how the country has been experiencing significant growth, which has accompanied an increase in the number of entrepreneurs. There are many reasons entrepreneurship can potentially improve the world, and these are some of them.

Economic Development: Not all business owners come from families with much money. They always work towards achieving achievement. As a result, this guarantees that the nation is flourishing to achieve economic development and equilibrium. Additionally, the government assists individuals attempting to establish themselves in rural or semi-urban areas by means of small companies that require relatively little capital. This also brings in new and more enormous job prospects, ultimately resulting in a higher standard of life for the people. New workspaces are being constructed daily, and this is a positive development. These kinds of advances tend to avoid the economic inequities that have previously been prevalent in society.

Self-Sufficiency: When more options are available in the market for people, this tends to encourage people to engage in more economic activities, which in turn leads to increased levels of self-sufficiency. Because of this, individuals can achieve economic independence and self-sufficiency. They experience a significant reduction in their dependence on other people and are freed from the constraints of economic obstacles.

Improved Lifestyles of the People: As a result of the establishment of better jobs in the market, people will be able to make more money and take home more money. This will result in improved lifestyles for the people. They will be motivated to adopt a more healthy lifestyle and raise their living level as a result. Being an entrepreneur helps people improve their lives and those linked with them, allowing them to have better and more fulfilling lives.

Technological Advancements: The innovative and creative ideas of the entrepreneur lead to the creation of novel products, which necessitate a high level of technology and equipment. Dynamic technology is a blessing because it allows users to access a wide variety of information with just the click of a mouse. By providing employees with access to technology, an organisation can improve its working standards and become more dynamic. In addition to providing support and instilling a great deal of confidence in the minds of young people, the government of India is taking this step to move forward. In addition, the government continues to assist the business owners.

1.8 KEY FACTORS TO ENTREPRENEURIAL SUCCESS

Five factors will be a key to entrepreneurial success. They are

- Creativity
- Tolerance for risk
- Responsiveness to opportunities
- Leadership
- Ability to take advantage of the rights afforded to us.

1.8.1 Creation and Accumulation of Ideas

To be creative is a struggle, but we should not let it discourage us. To improve upon a stone cylinder, we do not need to be the person who invented the wheel in the first place. It is possible to take existing concepts and make little enhancements if we believe we are standing on the shoulders of giants. When we are about to sleep or shower, we might conceive of some of our most brilliant ideas. We should be able to identify when we have a new thought and not allow it to escape our grasp. Record them in writing! There is no requirement that every idea be a hit. By gathering our ideas, we can separate the greatest ones from the others and be prepared to go with the most successful ones.

1.8.2 Risk Tolerance and Opportunity Utilization

Rewards are rarely entirely risk-free. Our level of comfort with taking risks will play a role in determining whether we can make the most of an opportunity. When we are the founder of a start-up company, investors will anticipate that we will have a personal stake in the success of our company. The compendium of entrepreneurial skills are listed in the Figure 1.6. Why should anyone else bet on our concept if we are unwilling to do so ourselves?

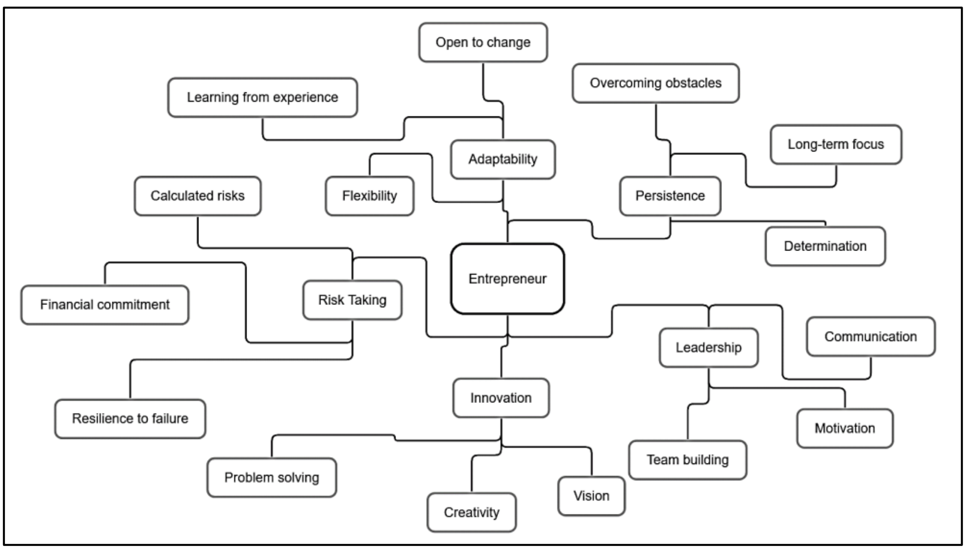


Figure 1.6 Compendium of Entrepreneural skills

We may make decisions that are too hesitant to be effective if we cannot afford the risk, either financially or emotionally. An entrepreneur needs to have a high sense of self-efficacy to think that the risk will be able to be overcome to succeed.

1.8.3 Responsiveness to Opportunities

The opportunity may disappear in a flash. As a result of the proliferation of information and ideas brought about by the internet, competition to be the first mover has become more intense and more rapid. The capacity to react to changes in the market and new business possibilities can be the deciding factor in whether or not an entrepreneur is successful or their business model is unsuccessful.

In order to be responsive, an entrepreneur needs to possess the mental flexibility and resources required to recognise and capitalise on new and forthcoming opportunities. When it comes to implementing change, organisations may stay afloat by learning from their failures as well as the faults of others. On the other hand, calcifying rigidity has the potential to reduce a startup from a startup to dust.

1.8.4 Leadership and Inspiration

The entrepreneur is responsible for gathering all of the assets. The issue that leaders have is having the ability to take opportunities and transform them into motivating visions for their followers. Figure 1.7 shows the essentials of leadership behaviour.

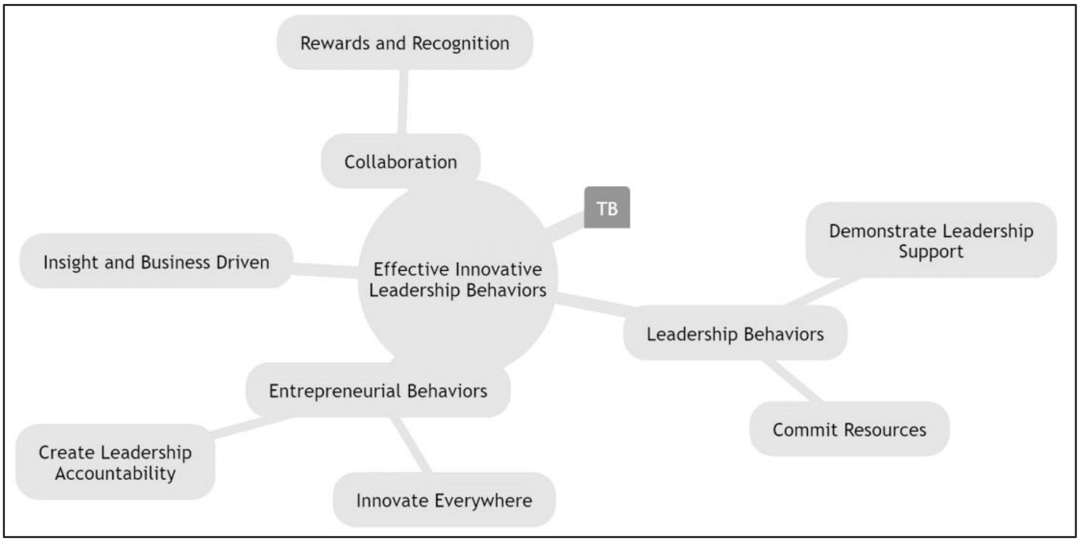


Figure 1.7 Essentials of Leadership behaviour

In order to get started in the world of entrepreneurship, we will unavoidably be required to sell either our product or our idea. The entrepreneur is the one who will be responsible for taking the idea and transforming it into actions and products in order to make the most of the potential. The concept of leadership can be expressed in a variety of ways, but it is unquestionably necessary for business owners. For our ideas to become a reality, we must take the initiative.

1.8.5 Intellectual Property Rights

Following intellectual property laws, we may be granted exclusive business rights to our ideas. If we do not safeguard our ideas, individuals may copy them cheaply. When a concept enters the public domain, it is probable that it will no longer be feasible to employ that concept to gain a competitive advantage. The concepts and ideals of society need to be communicated.

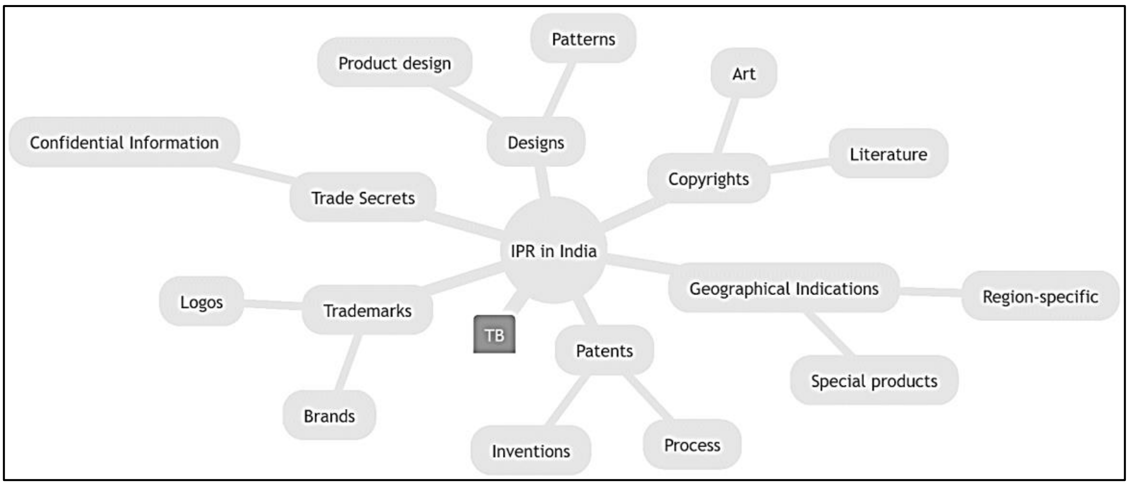
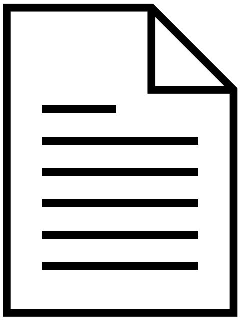


Figure 1.8 Categories of IPR

Categories of IPR representing various traits are given in Figure 1.8. The diagram presents the various categories of Intellectual Property Rights (IPR) recognized in India. Here's a breakdown:

- **Patents**: Represented as a branch on the mindmap, indicating the protection of inventions and processes that are novel, non-obvious, and useful.
- **Trademarks**: Another branch, showing the protection for brands and logos that distinguish the goods or services of one enterprise from another.
- **Copyrights**: This branch covers literary works, artistic creations, and may also include software, databases, and other creative works.
- **Designs**: Highlighted as a separate branch for the protection of product designs and patterns, ensuring the aesthetic aspect of a product is safeguarded.
- **Geographical Indications**: These are indications used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that origin.
- **Trade Secrets**: This part of the mindmap includes confidential business information that provides an enterprise with a competitive edge.

The mindmap's structure with branches and sub-branches helps to visually organize the types of IPR and their respective subcategories, providing a clear and easy-to-understand overview of IPR in India.



CHAPTER 2
ENTREPRENEURIAL DEVELOPMENT AGENCIES

2.0 INTRODUCTION

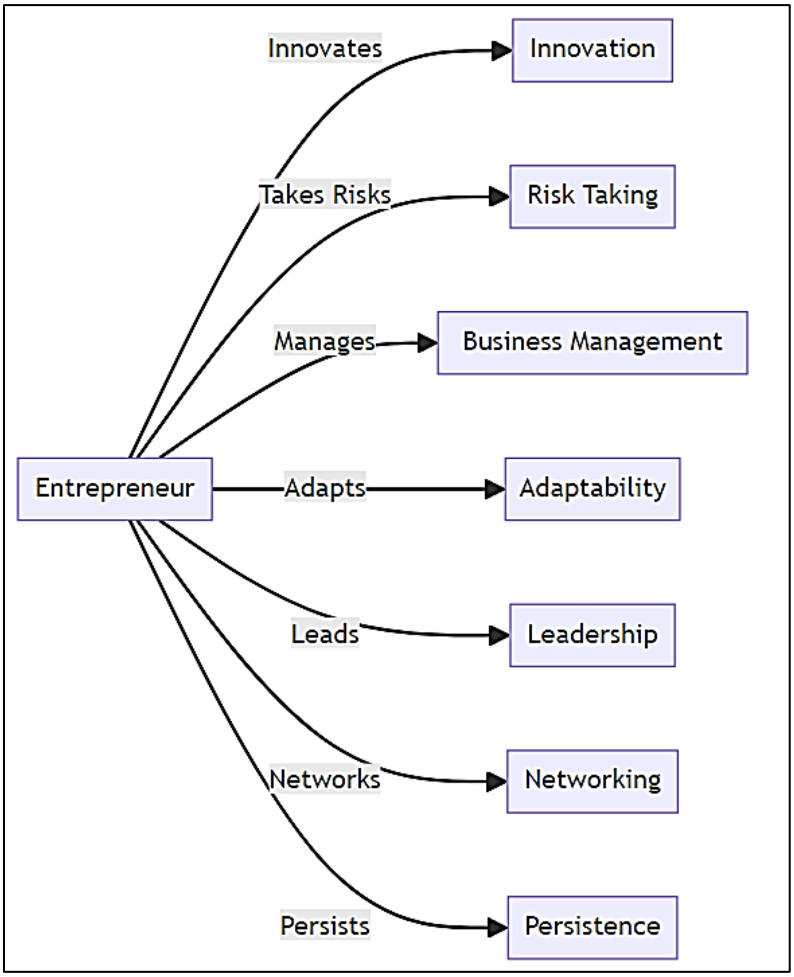


Figure 2.1 Primary Functions and Qualities

Mac Donald and Keith claim that "Bank" originated from the German word "Bank" and has since evolved into American English. Figure 2.1 indicates the

23. Which of the following is used by entrepreneurs to acquire experience in an international market before making a major commitment?
a) Merger
b) Minority Interest
c) Joint venture
d) Majority interest
Answer (b) Minority Interest

24. GATT was established in 1947 under:
a) German leadership
b) U.S. leadership
c) French leadership
d) U.K. leadership
Answer (b) U.S. leadership

25. The entrepreneur was distinguished from the capital provider in:
a) Middle ages
b) 17th-century
c) 18th century
d) 19th and 20th century
Answer (c) 18th century

26. A person who managed a large project was termed as the entrepreneur in the __________.
a) Earliest period
b) Middle ages
c) 17th century
d) 19th and 20th century
Answer (d) 19th and 20th century

27. What is the process by which individuals pursue opportunities without regard to resources they currently control?

a) Startup management
b) Entrepreneurship
c) Financial analysis
d) Feasibility planning
Answer (b) Entrepreneurship

28. Having less than 50 per cent of equity share in an international venture is called:
a) Joint Venture
b) Majority interest
c) Minority interest
d) Exporting
Answer (c) Minority interest

29. Having more than 50% ownership position that provides the entrepreneur with managerial control is called:
a) Joint venture
b) Majority interest
c) Horizontal merger
d) Diversified activity merger
Answer (b) Majority interest

30. Which one of the following is the process of entrepreneurs developing new products that, over time, make current products obsolete?
a) New business model
b) Anatomization
c) None of the given options
d) Creative destruction
Answer (d) Creative destruction

31. Which of the following factors is the most important in forcing U.S. companies to focus on new product development and increased productivity?

a) Entrepreneurship
b) Hypercompetition
c) Governmental laws
d) Organizational culture
Answer (b) Hyper competition

32. Which of the following is alternatively called corporate venturing?
a) Entrepreneurship
b) Intrapreneurship
c) Act of starting a new venture
d) Offering new products by an existing company
Answer (b) Intrapreneurship

33. Individuals influencing an entrepreneur’s career choice and style are known as which of the following?
a) Moral-support network
b) Role model
c) Professional support network
d) Support system
Answer (b) Role model

34. The activity which occurs when the new venture is started is called:
a) Motivation
b) Business skills
c) Departure point
d) Goal orientation
Answer (c) Departure point

35. The level at which an individual is viewed by society is called
a) Financial status
b) Qualification
c) Social status

d) Achievement

Answer (c) Social status

36. Which one of the following is an important source of idea generation due to their familiarity with the needs of the market?

a)Existing products and services

b) Distribution channels

c) Federal government

d) Consumers

Answer (b) Distribution channels

37. Members of distribution channels are excellent sources for new ideas because

a) They earn a handsome profit from new business

b) They are familiar with the needs of the market

c) They do not bother if the entrepreneur bears a loss

d) They have a well-developed sales force

Answer (b) They are familiar with the needs of the market

38. Which one of the following is the most important characteristic of a successful business website?

a)Innovation

b) Speed

c) Graphics

d) Products

Answer (b) Speed

39. Which of the following is the next concept stage of the Product Planning and Development Process?

a) Idea Stage

b) Product Planning Stage

c) Product Development Stage

d) Test Marketing Stage

Answer (c) Product Development Stage

40. SBA stands for:

a) Small business accountants

b) Small business administration

c) Small business adequacy

d) Small business advisors

Answer (b) Small business administration

41. Why should an entrepreneur do a feasibility study for starting a new venture

a)To identify possible sources of funds

b) To see if there are possible barriers to success

c) To estimate the expected sales

d) To explore potential customers

Answer (b) To see if there are possible barriers to success

42. Information regarding all of the following is related to operations, EXCEPT:

a) Location

b) Promotion

c) Raw materials

d) Labor skills

Answer (c) Raw materials

43. The MSME Ministry has launched a performance and credit rating scheme to assess the creditworthiness and capabilities of industries in the sector. What is it called?

a) Performance and Credit Rating Scheme

b) Zero Defect Zero Effect Certification

c) Performance and Economy Rating Scheme

d) None of the above

Answer (a) Performance and Credit Rating Scheme

44. A Micro Enterprise is an enterprise where investment in plant and machinery does not exceed (According to MSMED Act, 2006):
a)Rs. 15 Lakh
b) Rs. 20 Lakh
c) Rs. 25 Lakh
d) Rs. 30 Lakh
Answer (c) Rs. 25 Lakh

45.EDP (Entrepreneurship Development Programmes) is required to help:
a) Existing entrepreneurs
b) First-generation entrepreneurs
c) Future generations of entrepreneurs
d) None of the above
Answer (b) First-generation entrepreneurs

46.A corporate manager who starts a new initiative for their company, which entails setting up a new distinct business unit and board of directors, can be regarded as?
a)Ecopreneur (b) Technopreneur (c) Intrapreneur (d) Social Entrepreneur
Answer c
47.A women entrepreneur is supposed to have a minimum financial interest in the share capital of the entrepreneur's enterprise:
a)35 per cent (b) 51 per cent (c) 25 per cent (d) None of the above
Answer c
48. Family business always interested in handover the change of his business to:
a) Indian Administration Officers
b) Professional Managers
c) Next generation
d) None of the above

Answer (c) Next generation

49. A corporate manager who starts a new initiative for their company, which entails setting up a new distinct business unit and board of directors, can be regarded as?
a) Ecopreneur
b) Technopreneur
c) Intrapreneur
d) Social Entrepreneur
Answer (c) Intrapreneur

50. Venture capital is concerned with:
a) New project having potential for higher profit
b) New project of high technology
c) New project having high risk
d) All the above.
Answer (a) New project having potential for higher profit

Short Questions

1. What do you understand by the concept of entrepreneurship?
2. What is the role and function of business incubators?
3. Who are the angel investors, and what is their role?
4. Differentiate between Internal and External growth strategies.
5. Describe briefly various determinants of entrepreneurship.
6. Define Micro, Small and Medium Enterprises.
7. What are the functions of the Small Industries Development Organisation?
8. What is a Business Idea? Describe in brief various sources of business ideas.
9. What is Feasibility Analysis? What are its benefits?
10. What is Venture Capital? Describe its merits for a new venture.

Long Questions

1. Write a note on entrepreneurship and creative response to societal problems and at work.
2. "Entrepreneurship and Intrapreneurship are not mutually exclusive. These depend on each other to develop an economy". Elucidate.
3. What types of conflict are possible in the family business? How can these conflicts be averted or overcome? Answer these questions in the light of business families.
4. Explain the role of the Entrepreneur's Association and self–help Groups as facilitators.
5. "Self-employment is the best method of solving the growing unemployment problem in the country." Do you agree? Suggest a suitable strategy for the identification and development of entrepreneurs.
6. Examine critically the government policies and programs to foster the growth of entrepreneurship. What changes should be made to them?
7. What is industry analysis? Describe the types of industries and the strategies needed for each type.
8. E-commerce is a win-win situation for both entrepreneur and consumers." Explain.
9. What is Creative Thinking? Examine its techniques of Brainstorming, Attribute Analysis and Synectics.
10. How can a business determine the right product price? In this essence, it explains all the determinants of pricing a product for a small organization.

APPENDIX

Differences between an entrepreneur and a Manager.

S. No.	Entrepreneur	Manager
1	To start a venture setting up an enterprise	Renderservices in an enterprise already set by someone else.
2	Owner	Servant

3	Assumes risk and uncertainty	A manager does not bear any risk tothe enterprise.
4	Profits,whicharehighly uncertain and not fixed	The salary is specific and fixed.
5	An entrepreneur himself thinks about what and how to produce goods to meet the customers' changing needs. Hence, he acts as an innovator.	A manager executes plans prepared by the entrepreneur.
6	An entrepreneur needs to possessqualitiesandqualifications like highachievement motive, originality inthinking,foresight, riskbearing ability.	A manager must possess distinct qualifications in terms of sound management theory and practice knowledge.

Differences between an Entrepreneur and a Promoter

Entrepreneur	Promoter
An entrepreneur is a person who takes the risk of starting and managing a business.	A promoter is a person who undertakes to form a company concerning a given project and, to get it going, takes the necessary steps to accomplish that purpose.
The entrepreneur's work is to bear the risk and innovate in business.	Promoters work to set up the business and make it operational.
Entrepreneurs may or may not be specialists in the field of business.	Promoters are specialists working to set up a new business, expand an existing one, or combine two or more business firms.
An entrepreneur can be a promoter	A promoter may or may not be an entrepreneur.

BARRIERS TO COMMUNICATION

The barriers to effective communication can be of many types, such as linguistic, psychological, emotional, physical, and cultural.

Linguistic Barriers

The language barrier is one of the main barriers limiting effective communication. Language is the most commonly employed tool of communication. The fact that each significant region has its language is one of the barriers to effective communication. Sometimes, even a thick dialect may render communication ineffective.

Psychological Barriers

Various mental and psychological issues may be barriers to effective communication. Some people have stage fear, speech disorders, phobia, depression, etc. These conditions are challenging to manage sometimes and will limit the ease of communication.

Emotional Barriers

The emotional IQ of a person determines the ease and comfort with which they can communicate. An emotionally mature person will be able to communicate effectively. On the other hand, people who let their emotions take over will face specific difficulties. A perfect mixture of emotions and facts is necessary for effective communication. Emotions like anger, frustration, and humour can blur the decision-making capacities of a person and thus limit the effectiveness of their communication.

Physical Barriers to Communication

They are the most prominent barriers to effective communication. It includes barriers like noise, closed doors, faulty equipment used for communication, closed cabins, etc. Sometimes, in a large office, the physical separation between various employees and faulty equipment may result in severe barriers to effective communication.

Organisational Structure Barriers

Each method has problems and constraints that may become barriers to effective communication. Most of these barriers arise because of misinformation or lack of appropriate transparency available to the employees.

Attitude Barriers

Certain people like to be left alone. They are introverts or just people who are not very social. Others like to be social or sometimes extra clingy. Both these cases could become a barrier to communication. Some people have attitude issues, like huge egos and inconsiderate behaviours.

BODY LANGUAGE

- Positive body language
- Relaxed posture fidgeting
- Keeping hands out of pockets, looking at your watch
- Looking at the interviewer leaning towards the door
- Smiling, rubbing your nose

Benefits & Importance of Entrepreneurship.

The following are the benefits of Entrepreneurship to an Organization:

1. **Development of managerial capabilities:**

The most significant significance of entrepreneurship is that it helps identify and develop entrepreneurs' managerial capabilities. An entrepreneur studies a problem, identifies alternatives, compares the alternatives regarding cost and benefits implications, and finally chooses the best alternative. Entrepreneurs use these managerial capabilities to create new technologies and products instead of older ones, resulting in higher performance.

2.Creation of organisations:

Entrepreneurship results in the creation of organisations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achieving objectives through managerial skills.

3.Improving standards of living:

By creating productive organisations, entrepreneurship helps make a wide variety of goods and services available to society, resulting in higher living standards for the people. Possession of luxury cars, computers, mobile phones, the rapid growth of shopping malls, etc., are pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

4.Means of economic development:

Entrepreneurship involves creating and using innovative ideas, maximising output from given resources, developing managerial skills, etc., and all these factors are so essential for the economic development of a country.

Functions of an Entrepreneur.

An entrepreneur performs all the functions, from conceiving an idea to establishing an enterprise. He is an opportunity seeker. He organises and coordinates the factors of production. His primary functions are discussed below:

Generating Business Idea: Idea generation is an entrepreneur's first and foremost function. Essentially, there are only two ways in which business ideas can be created: (1) Generating an idea, or (ii) developing someone else's idea. The second is far more common because virtually every successful business is a development of an earlier business concept. These include management buy-outs or buy-ins, corporate spin-offs, franchising, and buying existing business terms to generate business ideas.

Determining business objectives: The following function of an entrepreneur is determining objectives. He should lay down his objectives. He should clearly state the nature and type of business. In other words, he has to specify clearly whether the business he decides to start belongs to manufacturing activities, trading or service-oriented organizations. It will enable him to carry on with the activities without any hesitation.

Product Analysis: The following important function of an entrepreneur is product analysis and market research. He should contact market research so that the data regarding the product he likes to manufacture can be systematically collected. It should be carried on persistently because it gives him information regarding the product's demand, supply, price, and size of the customers, etc.

Deciding the form of an enterprise: Another essential function of an entrepreneur is deciding the form of an enterprise. It should be decided by considering factors such as the nature of the product, volume of investment, nature of activities, types of products, quality of products, quality of human resources and so on.

Promoting the enterprise: Once the form of ownership is decided, the next step is undergoing the necessary legal formalities as required under the relevant statute, if any, to establish an organization. In sole trading, concern and partnership firms, there are few legal formalities compared to joint stock companies and cooperative societies.

Raising necessary funds: Finance is the lifeblood of any business because all the activities of a business depend on it. Hence, raising finance is considered the most essential function of an entrepreneur. He needs funds to purchase assets, carry out day-to-day activities, meet established expenses, etc. He raises funds internally as well as externally.

Procurement of machines and materials: The following function is procuring machines and raw materials. Machines and equipment are purchased and installed in the initial stage itself. While purchasing them, he should consider aspects like technology adapted, installed capacity of technology adapted, installed capacity of the machines, details of manufacturers and suppliers, and the country in which the machines are manufactured (whether they were made domestically or in a foreign country). Availability of after-sales service facilities, warranty period given, and so on. It enables entrepreneurs to buy quality machines at cheaper rates.

Recruitment: Recruiting suitable personnel for the various activities of the enterprise is another essential function of an entrepreneur. First of all, the entrepreneur has to estimate the human resources needs of the enterprise. Then, he has to lay down the selection procedure. He should devise a suitable method of compensation. Arrangements should be made to train personnel for their recruited jobs.

Undertaking the activities: This is the stage of implementing the project. It should be done in a time-bound manner. He should perform it as per schedule. This will enable him to avoid cost, time overrun, and competition.

Are entrepreneurs born or made?

An entrepreneur is an individual who establishes a business, regardless of its scale, whether it be a large corporation or a tiny enterprise. The individual innovates by developing exceptional business strategies, novel concepts, and innovative services. This contributes to the growth of a nation's economy and creates job prospects. An entrepreneur's primary resources are capital, land, and labour. Devoid of these essential elements, an individual will be incapable of realising their aspirations in their entrepreneurial pursuit. An entrepreneur possesses the aptitude and expertise that can propel them towards a trajectory of triumph, enabling them to attain widespread recognition. Subsequently, they seek more prospects for expansion. Additionally, it can result in a financial setback and a decrease in popularity within the industry.

Are Entrepreneurs Born?

There is considerable validity to the claim that an entrepreneur possesses innate qualities. There are two distinct categories of entrepreneurs who possess innate qualities and abilities. The first category refers to those born into a family already possessing a business. The second sort of entrepreneur is characterised by a lack of money and investing knowledge but possesses a wealth of ideas. There is no requirement for an entrepreneur's offspring to become entrepreneurs.

Nevertheless, it is advantageous for an individual born into a family that already operates a business enterprise to join the family business. The reason is that entrepreneurship is hereditary. Entrepreneurs necessitate financial cash, physical land, and human labour. Obtaining these resources is typically not challenging because they are already accessible within the family business. In such circumstances, the disadvantage is that the entrepreneur born into a business-oriented family hesitates to initiate their business venture. The individual concentrates solely on managing the family enterprise and ensuring the continued legacy of the business for future generations.

Are Entrepreneurs Made?

Many folks strive to establish their own business. Those who possess a robust and intense longing to work for themselves are the ones who dare to envision ambitious goals. These individuals are willing to accept risks to the fullest degree.

Indeed, entrepreneurs are not born but developed through various factors and experiences. These folks possess a positive mindset and exhibit strong self-assurance. They desire to be revered as a self-made individual. These individuals do not experience sudden growth but develop gradually over time. It may be an aspiration or a perception they have long desired to accomplish since their early years.

Throughout the years, they have effectively monitored the surrounding environment. Navigated numerous challenges and acquired valuable experiences in life, which have facilitated their journey towards being an entrepreneur. Entrepreneurs are driven by their urge to innovate and produce something novel. It might be argued that education plays a crucial role in the development of an entrepreneur. By acquiring knowledge through instructional lessons, individuals are exposed to novel ideas.

Education enables individuals to uncover and develop their inherent skills and talents. It enables individuals to apply their skills to become entrepreneurs effectively. Nevertheless, education is incapable of imparting the skill of embracing risks. An independent entrepreneur possesses the ability to tolerate risks and embrace new challenges.

Advantages of being an Entrepreneur

Management- They can select tasks that align with their preferences and effectively utilise their inherent abilities and expertise. The outcome may lead to increased job satisfaction.

Enthusiasm- Entrepreneurship may be exhilarating, but numerous entrepreneurs find their work immensely pleasurable. Every day has a fresh opportunity to test and push their abilities, skills, and determination.

Adaptability- Entrepreneurs can easily arrange work hours to accommodate other obligations, such as dedicating meaningful time to their families.

Liberty- The allure of entrepreneurship lies in the autonomy to choose one's working hours, location, and methods. Many entrepreneurs may not perceive their work as laborious because they are engaged in activities they are passionate about.

Reasonable compensation- An entrepreneur's income is directly proportional to the effort they put in and the level of success their business achieves.

Disadvantages/Obstacles of an Entrepreneur:

Management- Although having complete autonomy over decision-making might be advantageous, it can also be a source of stress and responsibility. Being an entrepreneur entails dealing with a substantial amount of administrative tasks that can consume significant time and effort.

Competition- Maintaining competitiveness is crucial for small business owners. In order to establish a solid customer base and achieve profitability, it is imperative to distinguish our firm from others in the same industry.

Isolation- Assuming full responsibility for the success or failure of our firm may be both isolating and intimidating.

No fixed or consistent income- Being an entrepreneur typically entails relinquishing the stability of a consistent salary. If there is a decline in corporate activity, there is a possibility that our income may be jeopardised.

Schedule of work- An entrepreneur's work schedule can be erratic. One significant drawback of being an entrepreneur is the increased workload and longer working hours than an employee.

PERT & CPM

BASIS FOR COMPARISON	PERT	CPM
Meaning	PERT is a project management technique used to manage uncertain project activities.	CPM is a statistical technique of project management that manages well defined activities of a project.
What is it?	A technique of planning andcontrol of time.	A method to control cost and time.

Focus on	Event	Activity
Model	Deterministic Model	Probabilistic Model
Estimates	Three-time estimates	One time estimate
Appropriate for	High-precision time estimate	Reasonable time estimate
Management of	Unpredictable activities	Predictable activities
Nature of jobs	Non-repetitive nature	Repetitive nature
Critical and Non-Critical activities	No differentiation	Differentiated
Suitable for	Research and Development Project	Non-research projects like civilconstruction, shipbuilding etc.
Crashing concept	Not Applicable	Applicable

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