

Chapter 8: Entrepreneurship Development

Question: 1

Select the proper option given from the options given below and rewrite the completed sentence :

The word 'entrepreneur' is derived from the _____ word 'entreprendre'

Options

- Japanese
- English
- French

Solution

Correct option- c

The word 'entrepreneur' is derived from the **French** word 'entreprendre'.

Explanation:

The word "entrepreneur" is derived from the French word "entreprendre", which means to undertake. Thus, it can be said that an entrepreneur is a person who undertakes the risk of running a business.

Question: 2

Select the proper option given from the options given below and rewrite the completed sentence :

'Entreprendre' means to _____.

Options

- undertake
- enterprise
- businessman

Solution

Correct option- a

'Entreprendre' means to **undertake**.

Explanation:

The French word "entreprendre", means to undertake. The word

“entrepreneur” is derived from this word. Accordingly, an entrepreneur is a person who undertakes the risk of operating a business; who coordinates with production resources and who undertakes innovation.

Question: 3

Select the proper option given from the options given below and rewrite the completed sentence :

The oxford English dictionary defines an entrepreneur as the _____ of a business.

Options

- secretary
- employee
- director

Solution

Correct option- c

The oxford English dictionary defines an entrepreneur as the **director** of a business.

Explanation:

According to the Oxford English Dictionary, an entrepreneur is defined as the director or manager of a business, as he/she is the person who sets up and manages the business.

Question: 4

Select the proper option given from the options given below and rewrite the completed sentence :

The term entrepreneur was first used by _____.

Options

- J. Schumpeter
- R. Cantilon
- A.H. Cole

Solution

Correct option- b

The term entrepreneur was first used by **R. Cantilon**.

Explanation:

Richard Cantillon, an Irish economist, first used the term "entrepreneur" in the 18th century. According to him, "an entrepreneur is the person who buys factors services at certain prices with a view to selling its product at uncertain prices."

Question: 5

Select the proper option given from the options given below and rewrite the completed sentence :

13 functions of an entrepreneur were enumerated by _____.

Options

- J. Scumpeter
- R. Cantilon
- Kilby Peter

Solution**Correct option- c**

13 functions of an entrepreneur were enumerated by **Kilby Peter**.

Explanation:

Kilby Peter identified certain roles and functions of an entrepreneur in relation to an enterprise. According to him, these functions such as purchasing inputs, industrial engineering and financial management, if followed, can lead to a successful organisation.

Question: 6

Select the proper option given from the options given below and rewrite the completed sentence :

The inner urge of a person to do something is _____.

Options

- initiative
- hard work
- creativity

Solution

Correct option- a

The inner urge of a person to do something is **initiative**.

Explanation:

Initiative implies taking the first step towards something, i.e., starting up activities like production, providing services or working for the welfare of the society. It is one of the core competencies of an entrepreneur. An entrepreneur is a person/individual who takes the initiative of setting up a business.

Question: 7

Select the proper option given from the options given below and rewrite the completed sentence :

Entrepreneurial _____ is measured in terms of the individual's attitude toward opportunity recognition.

Options

- value
- attitude
- motivation

Solution**Correct option- b**

Entrepreneurial **attitude** is measured in terms of the individual's attitude toward opportunity recognition.

Explanation:

An individual is said to have entrepreneurial attitude when he/she has the characteristic ability of recognising opportunities.

Question: 8

Select the proper option given from the options given below and rewrite the completed sentence :

The basic element of the process of _____ is motive, behaviour and goal.

Options

- value
- motivation

- attitude

Solution

Correct option- b

The basic element of the process of **motivation** is motive, behaviour and goal.

Explanation:

The three main elements of motivation are motive, behaviour and goal. Herein, the motives of an individual influence his or her behaviour in achieving the desired goal. Motivation refers to an ongoing process and the motive is the inner state of mind that directs the activities of an individual towards a desired goal.

Question: 9

Match the correct pairs:

Group 'A'	Group 'B'
a. Economic activity b. Highly optimistic c. External values d. Internal values e. Motivation	1. Self fulfillment 2. Entrepreneurship 3. Passion 4. A sense of belonging 5. Entrepreneur 6. Positive or negative 7. Benefit 8. Dimension 9. Necessity Based 10. Market opportunity

Solution

The above columns can be correctly matched as:

Group 'A'	Group 'B'
a. Economic activity b. Highly optimistic c. External values d. Internal values e. Motivation	2. Entrepreneurship 5. Entrepreneur 4. A sense of belonging 1. Self fulfillment 6. Positive or negative

Explanation :

a. Entrepreneurship is an economic activity, as an entrepreneur produces goods and services and sells them in the market with the objective of earning profits. Hence, we can say that it is an economic activity.

b. An entrepreneur is highly optimistic, as he/she never loses hope in times of failure and quickly learns from his/her mistakes. He/she looks at things with a positive attitude.

c. Sense of belonging is an external value. It is a part of the List of Values (LOV), which was prepared by some researchers. Other values of LOV include excitement, fun and enjoyment in life, warm relationships with others, self-fulfilment, sense of accomplishment, feeling of being well respected, security and self-respect.

d. Self-fulfilment is an internal value. Other internal values also include sense of accomplishment and self-respect.

e. Motivation can be positive as well as negative. A person can be motivated using positive techniques like rewards, incentives and promotions and negative techniques like warning and demotions. The kind of motivation to be followed depends on the needs and attitude of the employee.

Question: 10

Write a word or phrase or a term which can substitute the following:

An undertaking or adventure involving uncertainty and risk and requiring innovation.

Solution

An undertaking or adventure involving uncertainty and risk and requiring innovation – **Enterprise**.

Explanation:

An enterprise is an organisation or industry that works for earning profits. It undertakes the innovation of goods and services along with the risk involved.

Question: 10

Write a word or phrase or a term which can substitute the following:

A function of creating something new for an economic activity.

Solution

A function of creating something new for an economic activity – **Innovation**.

Explanation:

Innovation is one of the most important functions of an entrepreneur. Through innovation, the entrepreneur either produces new goods and

services or upgrades the existing goods and services as per new trends with a view of creating something new for the society.

Question: 11

Write a word or phrase or a term which can substitute the following:
A person who is an innovator who introduces new combinations of means of production.

Solution

A person who is innovator who introduces new combination of means of production – **Entrepreneur**.

Explanation:

An entrepreneur is an innovator, as he introduces a new combination of means of production. This combination of means of production can be made by introducing new products, new techniques, new markets, new sources of raw materials, etc.

Question: 12

Write a word or phrase or a term which can substitute the following:
The process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes.

Solution

The process of enhancing entrepreneurial skills and knowledge through structural training and institution-building programmes – **Entrepreneurial development**

Explanation:

Entrepreneurial development refers to the development of entrepreneurial skills and knowledge through various training and development programmes. The prime objective of entrepreneurial development is to enlarge the base of the entrepreneurs so as to increase the pace at which new ventures are started.

Question: 13

Write a word or phrase or a term which can substitute the following:

The process that motivates a person into action and induces him to continue the course of action for the achievement of goals.

Solution

The process that motivates a person into action and induces him to continue the course of action for the achievement of goals – **Motivation**.

Explanation:

Motivation is the process of encouraging or urging employees to perform to the best of their capabilities so as to achieve the desired goals of the organisation. It is a continuous process, as human wants are unlimited and never ending.

Question: 14

Distinguish between the following.
Entrepreneur and manager.

Solution

Basis of Difference	Entrepreneur	Manager
Status	Is the owner of a business.	Is not the owner of any business but works as an employee in the organisation.
Qualification required	Should be hardworking and optimistic.	Educational or technical skills are required.
Motive	The motive of an entrepreneur is to successfully run the organisation.	The motive of a manager is to give services to the organisation.
Benefits	Earns profit.	Earns a fixed salary.
Risk bearing	The risk related to the business is borne by the entrepreneur.	The manager does not bear any risk of the business.
Decision making	Has the power to take decisions on the organisation's behalf.	Does not have the authority to take decisions on the organisation's behalf.

Question: 15

Write short notes on the following.

What are entrepreneurial values?

Solution

Values are a set of beliefs and thoughts that are socially or individually acceptable and preferred. To put in other words, it is a specific code of conduct or behaviour which is preferable personally, or by society, over the opposite code of conduct. Some researchers developed a List of Values (LOV) comprising nine values such as excitement, a sense of belonging and

self-fulfilment. These values are further subdivided into three main categories namely, internal, external, and fun and excitement values.

Question: 16

Write short notes on the following.

How is motivation important in the development of an entrepreneur?

Solution

The main objective of an entrepreneur is to achieve organisational objectives by putting in maximum efforts. For this, the entrepreneur needs to have the required skill, ability and willingness. Skill and ability come with educational qualification or training, whereas willingness comes with motivation. Thus, it can be said that motivation is important for the development of an entrepreneur.

Question: 17

Write short notes on the following.

Define entrepreneur, entrepreneurship and enterprise.

Solution

The three terms "entrepreneur", "entrepreneurship" and "enterprise" are different yet interrelated to each other. An entrepreneur refers to a person or an individual who starts up a business. He/she is the one who takes up the basic idea of setting up the business. In the process of setting up the business, he/she undertakes risk, coordinates production resources and undertakes innovation. This whole process of setting up a new business is called entrepreneurship.

The final result, i.e., the business established after undertaking the process of entrepreneurship, is called an enterprise. Thus, an entrepreneur is a person who undertakes the process of entrepreneurship to set up an enterprise.

Question: 18

State with reason whether the following statement is 'true' or 'false'.

Training broadens the vision of entrepreneurs.

Options

- True

- False

Solution

Training broadens the vision of entrepreneurs – **True**

Explanation:

The above statement is correct. Training enhances the skills and competences of an entrepreneur, as he/she learns through practical exposure. With training, an entrepreneur gains experience by interacting with people inside as well as outside the industry. Thus, we can say that training makes an entrepreneur efficient.

Question: 19

State with reason whether the following statement 'true' or 'false'.

Attitudes build an entrepreneur.

Options

- True
- False

Solution

Attitude builds an entrepreneur – **True**

Explanation:

Yes, it is correct to say that attitude builds an entrepreneur. Attitude of an entrepreneur is judged by how quickly he/she identifies new opportunities. There are some traits that a successful entrepreneur should have in his/her attitude such as passion for the business, trustworthiness, timely decision-making quality and strong work ethics.

Question: 20

State with reason whether the following statement 'true' or 'false'.

Motivation is an important factor in the development of an entrepreneur.

Options

- True
- False

Solution

Motivation is an important factor in the development of an entrepreneur –
True

Explanation:

The basic objective of an entrepreneur is to accomplish the goal of the organisation for which he/she needs skills and willingness. Skills can be achieved through education and training, while willingness is something that comes with motivation. An entrepreneur should be motivated from within to work towards the fulfilment of the organisational goal. Hence, we can say that motivation leads to entrepreneurial development.

Question: 21

Write short answer of the following.

Discuss the various competencies of entrepreneurship

Solution

Introduction: -In simple terms, competence **is an** underlying characteristic of a person which led to his or her effective or superior performance in a job. **The term 'competence' refers to a combination of knowledge, skills, motive, attitude, and habits.** Every role or function requires some particular competencies.

The entrepreneur has to have certain competencies or abilities to have superior results. He may possess certain competencies that can be developed through training, guidance, and experience.

Following are the important competencies of an entrepreneur:

1. **Initiative:** -An entrepreneur is a person who takes the initiative or starts something first to set up an enterprise. The initiative is an inner urge (advice) of a person to do something. People who are innovators usually have the quality of taking initiative. Entrepreneurs take the initiative to carry out new combinations and innovate something new in the process of economic development.
2. **Sound Knowledge:** -An entrepreneur always wants to receive new information which can help him update his knowledge and help him in realizing his goals. He also refers to different markets, takes expert advice and does researches to gain complete to bring his ideas into reality.
3. **Proper Planner:** -An entrepreneur believes in following a perfect plan to execute his ideas. He develops the future courses of action keeping in mind the goals to be achieved. They believe in a realistic planning and ensure proper execution of the same. This helps them in achieving success.

4. **Efficiency**: -An entrepreneur always has high efficiency in whatever act he does. He believes in hard work to attain efficiency. They are ready to try and involve new methods to make the working pattern easier, simpler, better and economical.
5. **Opportunity seeker**: -The entrepreneurs regularly keep studying the market and business environment. They observe and wait for the best opportunity for their enterprise or organization in the market. They grab the best opportunities available for their organization.
6. **Self-confidence**: -The successful entrepreneurs have complete confidence over their knowledge, skills, abilities, strengths, and competencies. They show great persistence in difficult situations and future uncertainties.
7. **Positive attitude**: -An entrepreneur always thinks positively even in failure times. He is never disheartened (**discouraged**) by failures. He believes in 'Try and try until you succeed' formula. He takes any failures as a new experience and lesson.
8. **Persuasive**: -An entrepreneur is in a position to convince his superior and subordinates to get the work done according to his ideas by sound arguments and logical reasoning. He uses his intelligences to convince others the way he want them to do things for him.
9. **Quality consciousness**: -Entrepreneur who wishes to succeed believes in quality performances. They do not compromise with moderate or average performance. As they want to be the best, they set high quality standards for themselves. They put in all efforts to achieve excellence for their organization.
10. **Problem solver**: -Any problem is taken up as a new challenge and the best strategy is found out to solve the problems. The entrepreneur puts in the best for finding out the most appropriate solution for the same. He must have an intense desire to complete a task or solve a problem.

Question: 22

Write short answer of the following.

Discuss the objectives of entrepreneurial development programmes

Solution

Entrepreneurial development programmes (EDPs) are the ones that primarily focus on developing and enhancing the entrepreneurial role. They help the entrepreneurs by motivating them to acquire necessary skills and attitudes so as to make the best use of their capabilities and play the

entrepreneurial role efficiently. Following are the objectives of the entrepreneurial development programme:

- i. Encouraging entrepreneurship throughout the nation
- ii. Making optimum use of scarce resources
- iii. Working towards the betterment of socially backward areas
- iv. Generating and providing employment opportunities
- v. Increasing the role of small- and medium-scale industries

Question: 23

Write short answer of the following.

Discuss the factors motivating the entrepreneur.

Solution

State the factors motivating the entrepreneur.

Meaning: Motivation is the process of attempting to influence others to do your will through the possibility of gain or reward.

(A) Internal factors:

- (1) Strong desire to do something.
- (2) Educational background and technical knowledge.
- (3) Business experience in same or related line.

(B) External factors:

- (1) Financial assistance from government and other knowledge.
- (2) Demand for the product.
- (3) Availability of raw material, labour and machinery.
- (4) Encouragement for big house.
- (5) Profit Margin.

Question: 24

Write short answer of the following.

What is the need of an entrepreneur in our society?

Solution

An entrepreneur is needed in the society because of the following reasons:

i. Innovation - The entrepreneur provides goods and services to customers by introducing new and innovative techniques of production which facilitate economic activities.

ii. Bears risks - By venturing into the new and uncertain areas, the entrepreneur also bears the risks involved in the project.

iii. Adds to the economic development - By creating employment opportunities in the society, an entrepreneur contributes towards the economic development of a country.

iv. Market development - The entrepreneurs constantly strive to establish new techniques of productions and products which in turn helps in the market growth and development.

Question: 25

Long Answer:

Define entrepreneur. Explain the characteristics of entrepreneur.

Solution: 1

According to Cantillon, "An entrepreneur is a person who buys factor services at certain prices with a view to sell the product at uncertain prices".

Characteristics of an entrepreneur are as follows:

i. Foresees future- An entrepreneur can look into the future and identify upcoming opportunities and threats. Thus, this quality helps an entrepreneur to take proper and timely decisions.

ii. High goals- An entrepreneur always sets high goals and tries to achieve them in the best possible manner. He/she also removes the hindrances that come in his/her way, thereby achieving the objectives so framed.

iii. Positive attitude- An entrepreneur works with a positive attitude towards all activities. He/she takes all decisions confidently and never loses hopes during failures.

iv. Hardworking- An entrepreneur works hard to achieve organisational goals on time. He not only works for long hours but also handles the problems independently.

v. Creative- An entrepreneur is creative in nature. He/she either produces new things or upgrades the existing things in a new way. Thus, innovation is an essential characteristic of a successful entrepreneur.

vi. Good communicator- A successful entrepreneur needs to be a good communicator as he is required to communicate effectively with various parties such as buyers, sellers and employees.

Solution: 2

The following are the characteristics of entrepreneurship :

1. Economic activity : An entrepreneur produces a new product for the consumers as per their needs. He feels the need of this to satisfy human wants and as well in exchange earn a better livelihood. Hence entrepreneurship is an economic activity.
2. Innovation : Entrepreneurship is an innovation. He brings a new product in the market, uses new production technology, discovers new source of supply of raw materials and opens a new market for the specific product. In view of changing taste of consumers from time to time, entrepreneurship is of research and development to produce goods to satisfy the customers.
3. Creative activity : Innovation should have a strong support of creativity. Introducing creativity in producing some new is a big challenge for the entrepreneur. Thus creativity is an essential part of entrepreneurship.
4. Organization building : It is an activity where various factors of production have to be organized. Different factors like place utility, time utility, form utility, etc. has to be considered to collect them under one roof for new production.
5. Managerial skill and leadership : Leadership and managerial skills are the most important facts of entrepreneurship. Other skills can be considered secondary. An entrepreneur must have the ability to lead and manage.
6. Risk bearing : Entrepreneur is an agent who buys factors of production at certain prices. In order to combine them into a product, to sell them at uncertain prices in future. Thus they too are risk-bearing agents of production.
7. Gap filling function : The most significant feature of entrepreneurship is gap filling. It is the entrepreneur's job to fill the gap or make up the deficiencies which always exist in the knowledge about the production function.
8. Skillful management : The success of any entrepreneurship depends on the management of the organization. With professional management and skilled managers, entrepreneurship becomes a successful activity.

Question: 26

Long Answer:

Define entrepreneurship. Explain the characteristics of entrepreneurship.

Solution

Entrepreneurship is the process where an entrepreneur derives some new way to produce goods and services or brings about innovation in order to earn profits. In words of B.C.Tandon, 'entrepreneurship is the ability to create something new, organizing, coordinating and undertaking risks and

handling economic uncertainty'. Characteristic of entrepreneurship are as following.

i. Economic activity: entrepreneurship is an economic activity as entrepreneur provides goods and services for the satisfaction of human wants with the objective of earning profit.

ii. Innovation: Entrepreneurship is all about innovation such as innovation in method of production, finding new markets, looking for new sources of supply of raw materials, etc.

iii. Creativity: Innovation comes along with creativity. Entrepreneurship is regarded as a highly creative activity as it is said that entrepreneurship adds or creates 'value'.

iv. Building of organisation: In the entrepreneurship, various factor of production are arranged and managed for the successful running of the business.

v. Bearing risk: By venturing into the new and uncertain areas, the entrepreneur bears the risks involved in the project. Thus, entrepreneurship involves risk bearing.

vi. Leadership quality: Leadership forms an important characteristic of entrepreneurship as an entrepreneur is not only required to earn profits but also to lead and manage the organisation efficiently.

Question: 27

Long Answer:

Explain the process of entrepreneurship development.

Solution

Entrepreneurial development is the process of sharpening entrepreneurial skills and knowledge through numerous training and institution-building programmes. The process of entrepreneurial development includes:

i. Training– It involves a set of instructions and guidelines to improve the efficiency of an entrepreneur. It broadens his/her vision by offering experience in different fields and builds the necessary skills of new entrepreneurs. It not only includes training programmes for them but also, imparts knowledge and education to work in an efficient manner.

ii. Entrepreneurial Development Programme (EDP)– Such programmes help an entrepreneur in acquiring new skills and capabilities along with developing and enhancing the entrepreneurial role so as to perform in a

better and efficient manner. Some of the objectives of EDPs are as follows.

1. Encouraging entrepreneurship throughout the nation
2. Making optimum use of scarce resources
3. Working towards the betterment of socially backward areas
4. Generating and providing employment opportunities
5. Increasing the role of small- and medium-scale industries

iii. Specialised entrepreneurship development agencies- These are specialised agencies set by the government for the development of entrepreneurs. Some of such agencies are as follows.

1. Institute for Rural Management and Administration
2. National Small Industries Corporation
3. Small Industries Service Institutes

Question: 28

Long Answer:

Explain the role of an entrepreneur in the development of our nation.

Solution

The role of entrepreneur and entrepreneurship in economic development can be highlighted with the help of the following functions performed by entrepreneurs:

i) Generating Income- Economic development of any economy is related to the increase in its GDP. As an entrepreneur takes up production activities, he/she directly contributes to the income.

ii) Forming Capital- The GDP of an economy is directly related to the rate of capital formation. An entrepreneur invests his/her own savings and mobilises the savings of others. Thus, an entrepreneur contributes to the process of capital formation.

iii) Generating Employment- By setting up a business, an entrepreneur provides employment directly or indirectly. He/she provides employment to labourers for building a factory or hires people who can work in the production process.

iv) Creating Business Linkages- An entrepreneur helps in creating a chain of business linkages. An enterprise provides opportunities to both the suppliers of the raw materials and the marketers who will be selling the final product.

v) Increasing Efficiency- An entrepreneur improves economic efficiency by avoiding the wastage of resources. He/she focuses on the optimisation of

resources and aims at producing greater output from the available inputs. He/she also works on the technological aspect to contribute to the productivity.

vi) Increasing the Range of Economic Activities- Entrepreneurs always look out for fresh areas to invest their savings or to start up a new business. By doing so, they help in increasing the scale of economic development.