

1. Who is an entrepreneur?

Basically an entrepreneur is an innovator, job and wealth generator. In addition to the above he is also

- Change agent
- Problem solver
- Pace setter
- Excellence seeker
- Marketing executive
- Concept promoter

2. List the key functions of an entrepreneur.

In order to be an entrepreneur, the individual performs various functions. Among the various functions performed, the following functions, also known as entrepreneurial functions, are specifically considered as the characteristics of an entrepreneur.

1. Sensing an entrepreneurial opportunity.
2. Converting ideas into Reality.
3. Developing the business plan.
4. Resourcing
5. Establishing an enterprise.
6. Managing the enterprise
7. Growth and development.

All these functions are known as entrepreneurial functions. The success and the quality of the output of the performance of the entrepreneur depends on how well he performs these functions. Therefore these functions performed describe the intensity of the relationship of the entrepreneur with the enterprise. For this reason, we can say that the relationship between the entrepreneur and entrepreneurship can be described as that between the body and the soul.

4. Why is entrepreneurship important for a country?

Entrepreneurship is important for a country because entrepreneurship facilitates the rate of development of a country by significantly contributing to the following factors.

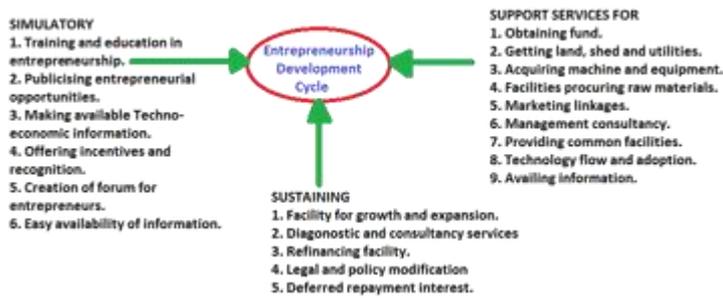
- By increasing the rate of growth in GDP of a country
- Increasing productivity.
- Growing employment opportunity.
- Increasing economic diversification.
- Optimum use of local resources
- Continued innovation in techno – managerial practices
- Improving in international competitiveness.

5. List the stages of growth and development of entrepreneurship.

The process of entrepreneurial development consists of creating an entrepreneurial person by

- i. Imbibing entrepreneurial quality and motivation.
- ii. Developing capacity of sensing, selecting, planning and establishing an enterprise.
- iii. Acquiring ability to successfully manage the set enterprise.

The main methodology can be best classified into simulatory, support services and sustaining. This is best explained through the following diagram.



6. What is the relationship between human activities and entrepreneurship?

Human needs represent a wide range.

- Economical
- Physical
- Political
- Psychological
- Spiritual
- Social

To satisfy these needs, every human being is continuously engaged in a variety of activities. For performing these activities, people need

- Certain tools and techniques
- Means and methods
- Products and services
- Facilities and environment.

This creates perpetual entrepreneurial opportunity in the society for

- continuous innovation
- Production
- Distribution
- Maintenance
- Modification
- Improvement

in such and services to enable people to perform the required human activities. Thus the entrepreneurial opportunities and human activities are positively associated in terms of nature, growth and continuity. In other words, entrepreneurial opportunity lies in meeting human needs.

7. What are the social motives in entrepreneurial motivation?

Definition: Motivation is regarded "as the inner state that energizes activities and directs or channels behavior towards the goal". It can also be seen as a process that arouses action, sustains the activity in progress and that regulates the pattern of activity.

The motives can be categorized as social and psychological motives.

Few of the social motives are

- Self esteem
- Social acceptability
- Competence building
- Wealth generation
- Self actualization

Motives are not necessarily the gifts of heredity but are the outcome of the individual's interactions with others or the society.

II. Answer the following questions:

1. How do people generally earn their living?

According to the famous quote by Rober Louis Stevenson (R.L.Stevenson), “**Every one lives by selling something**”.

This quote proves out to be true with any person. If we carefully observe the society, we can notice that people will either

- Sell goods : people selling clothes, electronic goods, food items, industrial goods, automobiles etc come under this class.
- Sell services : people who provide engineering services, medical services, legal services, educational services etc come under this class.

2. How do entrepreneurs differ from employers?

Employee: Employed under some one and works for them to earn their income, for living.

Entrepreneur: Work for themselves and own their business/venture. They take complete accountability of the business and consider themselves responsible for the success or failure of their enterprise.

3. When does a problem become an opportunity?

A problem becomes an opportunity when it is considered as a challenge to solve leading to an economically viable solution.

4. How are entrepreneurs different from others in perceiving an opportunity?

Entrepreneurs are different from other in perceiving an opportunity in the following ways:

- They are quick in perceiving the opportunity.
- They will be able to collate the available information.
- They will be able to analyze the patterns which are not usually ignored by others.

5. What are the two basic roles of an entrepreneur?

The two basic roles of an entrepreneur are:

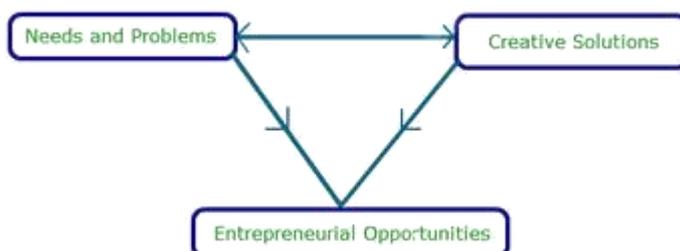
- Opportunity spotter
- Project champion

III. Answer the following questions in about 200 words each :

1. What is meant by ‘Sensing Entrepreneurial Opportunities’? Explain the important factors involved with suitable examples.

Sensing entrepreneurial opportunities: It is a process of

1. perceiving the opportunities from the problems and needs of people and society (quickly)
2. or create or craft business opportunities (by innovating new products/services that are not already in existence)
3. synthesize the available information
4. analyze the pattern emerging out of this information
5. arrive at creative solutions to meet the needs or resolve the problems.



The following factors play a key role in sensing of entrepreneurial opportunities.

- a. Ability to perceive and preserve basic ideas.

The following are the various sources which lead to the emergence of basic ideas.

- **Problems:** When a problem exists and an idea leads to a solution to resolve that problem, it emerges as a business opportunity.
- **Change:** A change in social, legal, technological aspects etc. leads to new opportunities to start a business.
- **Inventions:** Invention of new products or services leads to new business opportunities.
- **Competition:** Competition often results in emergence of new and better ideas that result in new business opportunities.

Various sources like magazines, journals, books, seminars, trade shows, family members, customers, friends etc help in getting information that helps in evolution of basic ideas.

- b. Bring together various sources of information and knowledge, and analyze it to the best possible extent. The analysis helps in the identification of the right opportunity to start a new business.
- c. Creativity in innovating a solution and vision. The entrepreneur should be able to creatively identify an idea to generate a valuable solution to a problem. Once the solution is identified their vision to convert the solution into business opportunity help them to move forward, overcoming all the obstacles. They constantly
- overcome the adversity
 - will be able to exercise control over the business
 - will be capable of making significant difference.

2. What are the major categories of entrepreneurial ideas? Discuss them with an example each from your observations and reading.

The (sources of) entrepreneurial ideas can be majorly classified under the following four categories.

1. **Problems:** Most often an innovative solution to a problem leads to an entrepreneurial business opportunity. Cable telephones were a major limitation in terms of mobility. They were always confined to a limited area and communication was very limited. This led to the research for mobile and wireless technology that led to the emergence of cell phones.
 2. **Change:** A change in either
 - Social
 - Legal or
 - Technologicalwill lead to new business opportunities.

The social change has led to a change in the fashion technologies. For example the evolution of the Jeans and T-Shirt market to dominate conventional formal dresses is best example. Another major example is a development in cooking technology that is slowly replacing the cooking gas stoves with induction cooking devices.
 3. **Inventions:** Creation of new products or services that have value falls under this category. It can also be innovative improvements to an existing product or service. A change from conventional key pad operated mobile phones to the modern smart phones is an example of invention.
 4. **Competition:** To dominate the market and to overcome the competition from the competitors, entrepreneurs rely on new and improved ideas. Inclusion of the smart technology in the television where in the hand movements are recognized by television to operate it and to play games is a best example. The 3D television market emerging is also an example where in new and improved ideas are included into the products to beat the competition.
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