

Chapter 3: Entrepreneurship Development

EXERCISE 1 [PAGES 49 - 51]

Exercise 1 | Q 1.1 | Page 49

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

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

1. Japanese
2. English
3. **French**

SOLUTION

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.

Exercise 1 | Q 1.2 | Page 49

Select the correct option and rewrite the completed sentence:

'Entreprendre' means to _____

1. **Undertake**
2. Enterprise
3. Businessman

SOLUTION

'Entreprendre' means to **undertake**

Exercise 1 | Q 1.3 | Page 49

Select the correct option and rewrite the completed sentence:

Start Up India is an initiative of the _____

1. RBI
2. **Government of India**
3. World Bank

SOLUTION

Start-Up India is an initiative of the **government of india.**

Exercise 1 | Q 1.4 | Page 49

Select the correct option and rewrite the completed sentence:

_____ is the idea of bringing urban residents to rural areas, by empowering to local communities, both socially and economically.

1. **Agro tourism**
2. Medical tourism

3. Entertainment

SOLUTION

Agro tourism is the idea of bringing urban residents to rural areas, by empowering to local communities, both socially and economically.

Exercise 1 | Q 2 | Page 50

Match the pair:

Group 'A'	Group 'B'
A. Gap filling function	1.2016
B. Entrepreneur	2. Employment
C. Agro tourism	3. Old methods of production
D. Technology	4. 2019
E. Startup India	5. Self-motivated
	6. Rural tourism
	7. Entrepreneurship
	8. Latest knowledge
	9. Necessity Based
	10. Medical tourism

Exercise 1 | Q 3.1 | Page 50

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.

Exercise 1 | Q 3.2 | Page 50

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 economic activity. - **Innovation**

Exercise 1 | Q 3.3 | Page 50

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 an innovator who introduces a 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.

Exercise 1 | Q 3.4 | Page 50

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 programs.

SOLUTION

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

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.

Exercise 1 | Q 3.5 | Page 50

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 – **Entrepreneurship**.

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.

Exercise 1 | Q 3.6 | Page 50

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

An employee who has the authority and support of the organisation to implement his creative ideas.

SOLUTION

An employee who has an authority and support of the organisation to implement his creative ideas - **Entrepreneur**

Exercise 1 | Q 4.1 | Page 50

State whether the following statement is True or False.

An entrepreneur should not be ready to work hard.

1. True
2. **False**

SOLUTION

An entrepreneur should not be ready to work hard. - **False**

Exercise 1 | Q 4.2 | Page 50

State whether the following statement is True or False.

Agritourism can support the agricultural economy.

1. **True**
2. False

SOLUTION

Agritourism can support agricultural economy. - **True**

Exercise 1 | Q 4.3 | Page 50

State whether the following statement is True or False.

A successful businessman takes a calculated risk.

1. **True**
2. False

SOLUTION

A successful businessman takes a calculated risk. - **True**

Exercise 1 | Q 4.4 | Page 50

State whether the following statement is True or False.

Entrepreneurship is a full-time job that requires dedication and hard work.

1. **True**
2. False

SOLUTION

Entrepreneurship is a full time job which requires dedication and hard work. - **True**

Exercise 1 | Q 4.5 | Page 50

State whether the following statement is True or False.

Startup India is an initiative of the Government of France.

1. True
2. **False**

SOLUTION

Startup India is an initiative of the Government of France. - **False**

Exercise 1 | Q 5.1 | Page 50

Find the Odd one out:

1. Communicator
2. Innovator
3. Self-starter
4. **Inactive**

SOLUTION

Communicator, Innovator, Self-starter, Inactive. - **Inactive.**

Exercise 1 | Q 5.2 | Page 50

Find the Odd one out:

1. Trekking
2. Wildlife study
3. Horseback riding
4. **Indoor games**

SOLUTION

Trekking, Wildlife study, Horseback riding, Indoor games. - **Indoor games**

Exercise 1 | Q 5.3 | Page 50

Find the Odd one out:

1. Innovation
2. **Lack of communication**
3. Development of market
4. Determining the objectives

SOLUTION

Innovation, Lack of communication, Development of the market, Determining the objectives. - **Lack of communication**

Exercise 1 | Q 6.1 | Page 50

Complete the sentence:

An entrepreneur is a person who starts a _____.

SOLUTION

An entrepreneur is a person who starts a **Business/Enterprise**.

Exercise 1 | Q 6.2 | Page 50**Complete the sentence:**

'Start- up' India initiative was launched in _____

SOLUTION'Start- up' India initiative was launched in - **2016**.**Exercise 1 | Q 7 | Page 51****Select the correct option.**

(Innovation, Niche Tourism, Agro tourism, Entrepreneurship)

Group A	Group B
1) The idea of bringing Urban resident to agricultural farm	_____
2) Agro- tourism is a form of	_____
3) _____	To introduce new combination of products & features
4) _____	A full time job which requires, dedication & Hard-work.

SOLUTION

Group A	Group B
1) The idea of bringing Urban resident to agricultural farm	<u>Agro-tourism</u>
2) Agro- tourism is a form of	<u>Niche tourism</u>
3) <u>Innovation</u>	To introduce a new combination of products & features
4) <u>Entrepreneurship</u>	A full-time job which requires, dedication & Hard-work.

Exercise 1 | Q 8.1 | Page 51**Answer in one sentence.**

What is Agro - tourism?

SOLUTION

Agro - tourism offers tourists a chance to reconnect with the land and provides a "hands-on experience" with local foods.

Exercise 1 | Q 8.2 | Page 51

Answer in one sentence.

Who is 'Entrepreneur'?

SOLUTION

An entrepreneur is "a person who starts a business and is willing to risk loss in order to make money".

Exercise 1 | Q 8.3 | Page 51

Answer in one sentence.

Who described 'Entrepreneurship' as the founding of a private enterprise?

SOLUTION

In 1848, the famous economist John Sturt Mill described 'Entrepreneurship' as the founding of a Private enterprise.

Exercise 1 | Q 9.1 | Page 51

Correct the underlined word & rewrite the sentence.

The word 'Entrepreneur' comes from the German verb entreprendre, it means 'to undertake'.

SOLUTION

The word 'Entrepreneur' comes from the French verb entreprendre, it means 'to undertake'.

Exercise 1 | Q 9.2 | Page 51

Correct the underlined word & rewrite the sentence.

Entrepreneurs try to make home a better place where the needs of consumers can be satisfied.

SOLUTION

Entrepreneurs try to make Market a better place where the needs of consumers can be satisfied.

Exercise 1 | Q 9.3 | Page 51

Correct the underlined word & rewrite the sentence.

The loan taken under the stand-up India scheme is repayable in ten years.

SOLUTION

The loan taken under the stand-up India scheme is repayable in seven years.

EXERCISE 2 [PAGE 51]

Exercise 2 | Q 1 | Page 51

Explain the following term/concept:-

Entrepreneur

SOLUTION

Entrepreneurs are the people who have the courage to offer and to share an idea or a product or a service with the world. They try to make the market a better place where the needs of consumers can be satisfied.

Exercise 2 | Q 2 | Page 51

Explain the following term/concept:-

Agro-tourism

SOLUTION

Agro-tourism focuses on travel that is empowering to local communities, both socially and economically. Agro-tourism can support the agricultural economy when local producers can no longer compete economically.

Exercise 2 | Q 3 | Page 51

Explain the following term/concept:-

Start-ups

SOLUTION

A start-up is defined as an entity having its headquarter in India, which was opened less than 10 years ago and has an annual turnover of fewer than Rs.100 crores. Start-up India is an initiative of the Government of India. It was launched in 2016.

Exercise 2 | Q 4 | Page 51

Explain the following term/concept:-

Stand-ups

SOLUTION

The objective of the Stand-Up India scheme is to facilitate bank loans between Rs.10 lakh and Rs.1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise.

Exercise 2 | Q 5 | Page 51

Explain the following term/concept:-

Intrapreneur

SOLUTION

An intrapreneur is an employee who has the authority and support of his company/employer to implement his own innovative and creative ideas. His idea or product may or may not earn immediate revenue for the company. Still, the employee keeps receiving his salary.

EXERCISE 3 [PAGE 51]

Exercise 3 | Q 1 | Page 51

Study the following case/ situation and express your opinion.

Mr. Soham is a young MBA degree holder, Mr. Navin is a B.Com graduate. Mr. Soham is willing to start a dairy farm at his village. Mr. Navin is willing to work as a cashier in a Private Company.

- i) Find out the dream of Soham and Navin.
- ii) State any one feature of Entrepreneur.
- iii) To become a successful entrepreneur, which qualities Mr. Soham should have?

SOLUTION

- i. The dream of Soham is to become an entrepreneur and the dream of Navin is to take up a job in a private company and get a fixed income as salary.
- ii. An entrepreneur is a person who is willing to take risk in order to earn money and start a business.
- iii. To become a successful entrepreneur Mr. Soham should have qualities like innovator, creator, reactive, and risk bearer.

EXERCISE 4 [PAGE 51]

Exercise 4 | Q 1.1 | Page 51

Answer in brief.

Define an entrepreneur.

SOLUTION

Definition:

Webster dictionary gives a definition, "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money."

Successful business people have many Qualities in common with one another.

Exercise 4 | Q 1.2 | Page 51

Answer in brief.

Explain the characteristics of entrepreneur.

SOLUTION 1

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 for 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 a 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 strong support for 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. have 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 :

An 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 the 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 that 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.

SOLUTION 2

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.

Exercise 4 | Q 2.1 | Page 51

Answer in brief.

Define an entrepreneur.

SOLUTION

Definition:

Webster dictionary gives a definition, "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money." Successful business people have many Qualities in common with one another.

Exercise 4 | Q 2.2 | Page 51

Answer in brief.

Explain the qualities of a successful entrepreneur.

SOLUTION

1. Disciplined:

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. An entrepreneur has comprehensive strategies and outlines the tactics to accomplish them. A successful entrepreneur is disciplined enough to take steps every day towards the achievement of his objectives.

2. Confidence:

The entrepreneur does not ask questions about whether he can succeed or whether he is worthy of success. He is confident with the knowledge that he will make his businesses succeed. He

shows confidence in everything he does.

3. Open-Minded:

Entrepreneur realizes that every event and situation is a 'business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills, and potential new businesses. He has the ability to look at everything around him and focuses it towards his goals.

4. Self Starter:

An entrepreneur knows that if something needs to be done he should start it himself. He sets the parameters and makes sure that projects follow that path. He is proactive, not waiting for someone to give him permission.

5. Competitive:

Many companies are formed because an entrepreneur knows that he can do a job better than others. He needs to win the game of business. An entrepreneur will highlight his own company's track record of success.

6. Creativity:

One aspect of creativity is being able to make connections between seemingly unrelated events or situations. The entrepreneur often comes up with solutions which are the synthesis of other items. He will repurpose products to market them to new industries.

7. Determination:

An entrepreneur is not thwarted by his defeats. He looks at defeat as an opportunity for success. He is determined to make all of their endeavors succeed, so will try and try again until it does. A successful entrepreneur does not believe that something cannot be done.

8. Strong communication skills:

The entrepreneur has strong communication skills to sell the product and to motivate employees. A most successful entrepreneur knows how to motivate his employees so the business grows overall. He is very good at highlighting the benefits of any situation and coaching others to their success.

9. Strong work ethic:

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. He will come on his days off to make sure that an outcome meets his expectations. His mind is constantly on his work, whether he is in or out of the workplace.

10. Passion:

Passion is the most important trait of a successful entrepreneur. He genuinely loves his work. He is willing to put in those extra hours to make the business succeed because

there is a joy his business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

EXERCISE 5 [PAGE 51]

Exercise 5 | Q 1 | Page 51

Justify the following statement.

Entrepreneurship is the best source for self-employment.

SOLUTION

1. **Intellectual capabilities:** An entrepreneur is a creative thinker. He always thinks more creatively and better than others. He always gives innovative ideas which are the sign of his intellectual capabilities. He has the ability to analyze any situation and take the proper decisions.
2. **Future vision:** The entrepreneurs have the ability to foresee the future market conditions. He can take appropriate decisions by considering the recent market situation and changes in market conditions. He must have knowledge of the external business environment. This enables them to take timely actions.
3. **Technical knowledge:** The entrepreneur should have advanced technical knowledge about the products and services, plans of production, etc. An entrepreneur should also update his technical knowledge from time to time to understand the latest changes that take place in technology.
4. **Risk-bearing capacity:** This is one of the main characteristics of an entrepreneur. He should be calculative in taking a risk. He should be prepared to face challenges and look for opportunities in every adverse situation of the business. Thus Entrepreneurship is the best source of self-employment.

Exercise 5 | Q 2 | Page 51

Justify the following statement.

A successful businessman takes a calculated risk.

SOLUTION

A successful businessman should be calculative in taking a risk. He should be prepared to face challenges and look for opportunities in every adverse situation of the business. He should be self-confident to achieve his organizational goals. He should always keep himself confident and motivated to face various obstacles and come out victorious every time in every challenge he faces. A businessman has to undertake many risks including fall in prices, changes in fashion, earthquake, etc. All these risks cannot be insured with insurance companies. A risk that cannot be insured against and measured is called uncertainty. businessman buys factors of production at certain prices to combine their contributions into the products and then sell those products at uncertain prices in the future. Thus, a Successful businessman takes a calculated risk.

Exercise 5 | Q 3 | Page 51

Justify the following statement.

Entrepreneur must be a good communicator.

SOLUTION

An entrepreneur needs to communicate effectively with different people like customers, suppliers, creditors, employees, etc. from time to time. He should have good communication skill and command over the language he speaks, to be able to express his ideas and strategies effectively. Good communication skills mean proper understanding between sender and the receiver of the message.

Exercise 5 | Q 4 | Page 51

Justify the following statement.

An entrepreneur must be an innovator.

SOLUTION

Innovation is a dynamic change brought by an entrepreneur by bringing new combinations of factors of production. Innovation by the entrepreneur is a must for the development of an organization. An entrepreneur can be an innovator in many ways. They are :

1. Introduction of a new product: Entrepreneur through his dynamic skill and intelligence create new products by fulfilling innovation to commercialization by embedding it in an environment where it did not exist previously.

2. Introduction of a new method of production:

By introducing new and latest technology an entrepreneur brings new life and energy in methods of production. The introduction of new technology, new machinery, scientific methods of production will save money and time for the organization .

3. Opening of a new market:

An innovative entrepreneur creates and opens new avenues, new ideas with new products. It opens a new market which is not existing previously.

4. Carrying out new forms of organization for industry:

An innovative entrepreneur is the one who discovers new methods and new materials. He utilizes inventions and discoveries in order to make new combinations. Thus, the entrepreneur must be an innovator.

Exercise 5 | Q 5 | Page 51

Justify the following statement.

With creativity, farmers can expand their Agro-tourism Business.

SOLUTION

With creativity, farmers can expand their Agro tourism business through recreation, fun, entertaining activities. The valuable activities which farmers can do creatively are :

1. Outdoor recreation:

The farmer can add value and can expand their agro-tourism business by outdoor recreation like trekking, fishing, hunting, wildlife study, horseback riding, etc. All such activities are the point of attraction for a tourist and this can be enjoyed with family and friends too.

2. Educational experiences :

Farmers can also be more creative in farming tours, rice plantation, cooking classes on chulha. All such activities help customers to get the hands-on experience which they enjoy adding educational values.

3. Entertainment:

Entertainment through harvest festivals like 'Hurda Party' in Maharashtra, local dances, folk songs is recreation also the main attraction for a customer for agro-tourism.

Entertaining activities such as a contest, adult and children classes, games, etc. can be arranged. This innovative touch helps the farmer to expand their business.

4. Hospitality services:

Hospitality services like farm stays, guided forms make a customer happier. The farmer can add value to guest experience by offering them refreshments, fresh fruits, juice, fresh food, etc. A happy customer will definitely return and also spread good word of mouth to their family and friends. Thus, with creativity, farmers can expand their agro-tourism business.

EXERCISE 6 [PAGE 52]

Exercise 6 | Q 1 | Page 52

Attempt the following

Explain the characteristics of Entrepreneurship Development?

SOLUTION

Meaning:

Entrepreneurship is a purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain, and aggrandize profit by production and distribution of economic goods and services.

Characteristics of Entrepreneurship

Entrepreneurship is a process of setting up a new business organization. It is the process where one decides to build a business career by finding the market options and mobilizing the available resources. The following are the characteristics of entrepreneurship.

1. Innovation- Entrepreneurship is an innovation. The introduction of a new combination of various factors of productions is innovation. A new product arrives in the

market, uses new production technology, discovers a 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 focuses on the research and development to produce goods to satisfy the customers.

2. Economic activity- An entrepreneur produces a new product for the customers as per their needs. He feels the need of this to satisfy human wants and as well in exchange earn a better livelihood. It is a systematically planned activity as per the skills and knowledge of entrepreneurs. Hence entrepreneurship is an economic activity.

3. Organization Building- It is an activity where various factors of production have to be organized. Place utility, time utility, form utility, etc. has to be considered to collect them under one roof for new production.

4. Creative activity- Innovation should have a strong support for creativity. Introducing creativity in producing something new is a big challenge for the entrepreneur. Thus creativity is an essential part of entrepreneurship.

5. Managerial skill and leadership- A person who wants to be a successful entrepreneur should have more passion for doing something new than just earning profit. Leadership and managerial skills are the most important facets of entrepreneurship. Other skills can be considered secondary. An entrepreneur must have the ability to lead and manage.

6. 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.

7. Risk Bearing- Uncertainty is defined as a risk that cannot be insured against and is incalculable. An 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 the future. Thus they too are risk-bearing agents in production.

8. 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 that always exist in the knowledge about the production function.

Exercise 6 | Q 2 | Page 52

Attempt the following

What is Entrepreneurship Development Program?

SOLUTION

Entrepreneurship Development Programmes (EDP)

An entrepreneurship development program has been defined as 'a program designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role efficiently'.

EDP is a device through which people with latent entrepreneurial traits are identified, motivated to take up new industrial ventures, trained in managing the unit, and guided in all aspects of starting a venture/an enterprise. EDP was first introduced in Gujarat in 1970 and was sponsored by the Gujarat Industrial Investment Corporation. The EDP's are based on McClelland's experiments in the Kakinada District of

Andhra Pradesh where businessmen were provided with motivation and training.

The EDP includes the following steps:

1. Arrangement of Infrastructure.
2. Selection of potential entrepreneurs.
3. Identification of enterprise.
4. Actual training program
5. Selection of training personnel.
6. Selection of the method of training.
7. Actual training.
8. Monitoring and follow-up.

Objectives of EDP:

The following objectives of EDP are identified.

1. To foster entrepreneurial growth in the country.
2. Optimum use of available resources.
3. Development of backward regions and improving the economic status of socially disadvantaged groups.
4. Generation of employment opportunities.
5. The widening base for small and medium scale industries.

EXERCISE 7 [PAGE 52]

Exercise 7 | Q 1.1 | Page 52

Answer in brief.

Define an entrepreneur.

SOLUTION

Definition:

Webster dictionary gives a definition, "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money."

Successful business people have many Qualities in common with one another.

Exercise 7 | Q 1.2 | Page 52

Answer in brief.

Explain the characteristics of entrepreneur.

SOLUTION 1

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 for 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 a 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 strong support for 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. have 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 :

An 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 the 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 that 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.

SOLUTION 2

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.

Exercise 7 | Q 2.1 | Page 52

Answer in brief.

Define an entrepreneur.

SOLUTION

Definition:

Webster dictionary gives a definition, "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money." Successful business people have many Qualities in common with one another.

Exercise 7 | Q 2.2 | Page 52

Answer the following

Explain the characteristics of an entrepreneur

SOLUTION

Characteristics of entrepreneur.

Entrepreneurs have some special characteristics like creative thinking, imagination, enthusiasm, sincerity etc. The characteristics of an entrepreneur may be briefly stated as follows:

1. Intellectual Capabilities:

An entrepreneur is a creative thinker. He has reasonably good intelligence. He has ability to analyze business situations. This ability will help him to take proper decisions.

2. Future Vision:

The entrepreneur has a good foresight about future market situation. He should

also have knowledge about external business environment. This will help him to take proper decisions according to the situations and changes in the market. So, he can take timely actions for the same.

3. **Hard Work:**

An entrepreneur is ready to work hard. It is more necessary when a new venture is started. He has to work for long hours. Many a times he has to handle the main areas of business independently. This will make him successful.

4. **Technical Knowledge:**

An entrepreneur has good technical knowledge about his business. The entrepreneur has the ability to update himself with the latest knowledge about the product, process and technology.

5. **Communication Skills:**

An entrepreneur needs to communicate with different people like customers, suppliers, creditors, employees, etc. He must be able to express his ideas and strategies effectively. It is necessary that there is a proper understanding between the sender and the receiver of the message.

6. **Highly Optimistic:**

An entrepreneur has to always think positively. He is always hopeful and confident about the market situations even in failure times. Such positive attitude helps him to run his business successfully.

7. **Risk bearing capacity:**

Successful entrepreneur takes calculated risks. He is ready to face challenges and always seeks new and more opportunities.

8. **Self Confidence:**

An entrepreneur has self-confidence. He has positive desires to achieve his goals. Such self-motivation keeps him strong and confident to face various obstacles.