

Entrepreneurship as Innovation and Problem Solving

TEXTBOOK QUESTIONS SOLVED.

Question 1. Answer each of these questions in about 15 words:

- (i) Name any two institutions involved in Entrepreneurship Development Program.
- (ii) Who is a social entrepreneur?
- (iii) What are insurable risks?
- (iv) What are non-insurable risks?
- (v) What is economic barrier?
- (vi) Give an example of a social entrepreneur.

Answer: (i) 1. National Institute for Entrepreneurship and Small Business Development (NIESBUD).

2. Indian Institute for Entrepreneurship.

3. National Institute for Micro, Small and Medium Enterprises (NIMSME).

(ii) According to Martin and Osberg, "The Social Entrepreneur aims for value in the form of large-scale transformational benefit that accrues either to a significant segment of society or to society at large." Moreover, "The social entrepreneur targets his/her programs at the underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own."

(iii) These are the risks which are related to life and property against fire, theft, accidents, etc. They are covered and protected by insurance.

(iv) These are the risks whose probability cannot be determined and which cannot be insured against. **For example:** Fluctuations in price and demand. These are further divided into two types

(a) Internal Risks: Those risks which arise from the events taking place within the business enterprise.

(b) Business risks: These are of a diverse nature and arise due to innumerable factors. These risks can be insurable or non-insurable.

(v) The factors of production land, labour, capital, material, etc. contribute equally towards the development of entrepreneurship in any country. If all the factors are readily available to the entrepreneurs, then entrepreneurship is naturally promoted and developed. But if any of the factor of production are not available or not readily available or available in inadequate quality and quantity, they can become barriers to entrepreneurship.

(vi) **(a) Vinoba Bhave:** He was the founder of the Bhudaan Andolan, which resulted in redistribution of more than 7,000,000 acres of land to aid India's untouchables and landless.

(b) Ela Bhatt: She founded Self-Employed Women's Association (SEWA) in 1972 is a trade union of poor, unorganised, self-employed women who work as vendors, hawkers and labourers.

Question 2. Answer each of these questions in about 50 words:

(i) What is business incubation?

(ii) Explain business intelligence.

(iii) List two examples of incubation centres in India

(iv) Write about any two innovations which led to entrepreneurial ventures.

(v) Differentiate between social entrepreneurship and entrepreneurship.

Answer: (i) Business incubation are programs designed to support the successful development of entrepreneurial ventures through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Business support resources and services comprises of providing physical space, capital, coaching, networking connections, etc.

(ii) Business intelligence is the ability of an organization to collect, maintain, and organize data.

(iii) NZTE, Technology NZ.

(iv) **(a) Potato Chips:**

Aim: George Crum, a chef at the Carey Moon Lake House was trying to make a plate of fried potato.

Creation: One day, a customer repeatedly sent back the plate of potatoes for more frying and having thinner fried potatoes. In anger Crum sliced the potatoes insanely thin and fried them until they were hard as a rock. On serving it to the customer, the customer loved it and wanted more. This is how potato chips came into existence.

(b) The Pacemaker:

Aim: John Hopps, an electrical engineer was trying to use radio frequency heating to restore body temperature.

Creation: During his experiment, he realized that if a heart stopped beating due to cooling, it could be made to beat again by artificial stimulation. This led to the creation of pacemaker.

(v) Following is the difference between Entrepreneurship and Social Entrepreneurship:

(a) The entrepreneur's final objective is wealth creation but for the social entrepreneur, wealth creation is simply a means to an end.

(b) The entrepreneur participates in entrepreneurial venture with the aim of earning profit. On the other hand, the social entrepreneur participates in profit seeking business ventures if only to use the profits generated to create valuable social programs for the whole community.

(c) Entrepreneur has individual motive of self-development whereas social entrepreneur has the motive of societal development.

Question 3. Answer each of these questions in about 75 words:

(i) What is cloud computing?

(ii) How did KFC begin its operations?

(iii) Explain the various external factors which lead to business risk?

(iv) Enumerate three ways as to how incubators help start-ups get funding.

Answer: (i) The origin of the term cloud computing appears to be derived from the practice of using drawings of stylized clouds to denote networks in diagrams of computing and

communications systems. The word cloud is used as a metaphor for the internet, based on the standardized use of a cloud-like shape to denote a network.

Cloud computing helps the firms to upload all its data on to a cloud and then it can be used it remotely wherever it is required.

(ii) In 1930, Sanders was operating a service station in Corby, USA and he observed that travellers who stopped for gas were normally hungry and they wanted to eat something. Sanders saw and understood the problem. He knew how to cook, and so he cooked chicken recipe for the travellers. This spicy chicken recipe became super hit among travellers. This prompted him to start a restaurant which was beginning of the world famous fast food chain "KFC – Kentucky Fried Chicken".

(iii) The various external factors which may give rise to such risks are as follows:

1. Economic factors: These arise due to prevalent economic condition and changes in the prevailing market conditions. **These can be of following types:**

- changes in demand
- price fluctuations
- changes in tastes and preferences of the consumers
- changes in income, output or trade cycles
- increased competition for the product
- inflationary tendency in the economy
- rising unemployment
- fluctuations in world economy

For example: Audio cassette player to CD player

2. Natural factors: These are the unforeseen natural calamities like earthquake, flood, famine, cyclone, lightening, etc. These may cause loss and damage to life and property. Entrepreneurs have very little or no control. For example, the land slide in Uttarakhand damaged the business and have adversely affected the whole economy of the State.

3. Political factors: These are due to political changes in a country like

- fall or change in the Government,
- communal violence
- civil war
- hostilities with the neighbouring countries.
- changes in Government policies and regulations

4. Change in taste and preference: Tastes change with the change of time and factors.

For example: Earlier home made food was preferred and fast food was considered as luxury.

In the present scenario, there has been an increase for the liking towards fast food.

(iv) Incubators help the companies/firms to secure capital in the following ways:

- Helps in connecting companies with angel investors (high-net-worth individual investors).
- Working with companies to perfect venture capital presentations and connecting them to venture capitalists.
- Helping and guiding companies in applying for loans.
- Helping and guiding companies in accessing government agency.

Question 4. Answer each of these questions in about 150 words:

(i) Explain the various internal factors which lead to business risk?

(ii) Explain in detail the personal barriers.

(iii) Explain.

(a) Smart, (b) Explain Information Collection as new business forms.

Answer: (i) Every business organization contains various risk elements while doing the business.

Business risks implies uncertainty in profits or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business to fail. The Business risk is classified into **different 5 main types:**

1. **Strategic Risk:** They are the risks associated with the operations of that particular industry. These kind of risks arise from
 - Business Environment: Buyers and sellers interacting to buy and sell goods and services, changes in supply and demand, competitive structures and introduction of new technologies.
 - Transaction: Assets relocation of mergers and acquisitions, spin-offs, alliances and joint ventures.
 - Investor Relations: Strategy for communicating with individuals who have invested in the business.
2. **Financial Risk:** These are the risks associated with the financial structure and transactions of the particular industry.
3. **Operational Risk:** These are the risks associated with the operational and administrative procedures of the particular industry.
4. **Compliance Risk (Legal Risk):** These are risks associated with the need to comply with the rules and regulations of the government.
5. **Other Risks:** There would be different risks like natural disaster(floods) and others depend upon the nature and scale of the industry.

(ii) Following are the personal barriers to entrepreneurship:

1. **Perceptual:** Perceptual barriers that can adversely affect the progress of an entrepreneur and the enterprise. Lack of proper knowledge, lack of clear vision, misunderstanding of a situation, etc. can result in a faulty decisions. These features leave the entrepreneur with limited options and stubbornness in the decisions.
2. **Motivational:** Regular motivation is an essential for keeping the same tempo in the enterprise. Lack of motivation becomes a strong barrier to entrepreneurship. Many entrepreneurs start with enthusiasm, but when they face some difficulties in the execution of their plans, they lose motivation.

(iii) **(a) Smart Mobility:** Those devices which are mobile help in the growth of business.

Smart mobility is changing the way people interact. Smart devices have become a part of our lives. It includes Mobiles, smart phones, I-pads, I-phones, etc.

In the last quarter of 2010, sales of smart phones overtook the sale of Personal Computers for the first time.

- By 2014, more smart devices could be used to access the internet than traditional computers.
- More mobile world is creating new players and new opportunities for a variety of industries.
- Smart mobility will enable firms to profit more quickly from new technology.

(b) Need of customer detail: In order to attract a customer, the entrepreneurs have to know the customer in detail so that they can know about those customers who are loyal to their product and the company. ,

Understanding taste and preference of customers: Information collected about the customers related to age, regularity of customer to the shop, preference of purchase, etc. enable the firm to understand the taste and preference of the customer so that customer services can be improved in a better way. Competition: Firms are now competing on analytics to differentiate themselves. The growing number of methods of data collection, growing number of data collecting firms, ways of analysis are generating immense quantities of information.

Question 5. Answer each of these questions in about 250 words:

(i) Enumerate the characteristics of social entrepreneurs.

(ii) Explain in detail three new forms of business which is created because of technological changes.

(iii) Explain 'barriers to entrepreneurship'.

Answer: (i) Social entrepreneurs have following characteristics:

1. Social Catalysts: Social entrepreneurs are the visionaries who create fundamental, social changes by reforming social systems and creating sustainable improvements. Their efforts and actions have the potential to bring global improvements in the various fields like education, health care, economic development, the environment, the arts, etc.

2. Socially aware: Social improvement, is the ultimate goal of the social entrepreneurs. The success of their efforts is measured by their social changes and impact on various social groups of the society.

3. Opportunity-seeking: Social entrepreneurs view every obstacle as an opportunity. They develop their business on the same grounds.

4. Innovative: Social entrepreneurs are creative, willing to think differently and ready to apply ideas to new situations. They see failures as learning opportunities.

5. Resourceful: Social entrepreneurs' visions are not limited by the resources which they acquire or have but they actively expand their resource pool through positive collaboration with others.

6. Accountable: Social entrepreneurs are accountable to their beneficiaries like customers, investors, etc. and they often take measures to keep themselves on the right track by asking themselves,—Am I creating value for the people I am serving? Do I understand their needs?

(ii) (A) Business intelligence: Sales data during an off season discount produces large amounts of information. This can be use for developing new opportunities. Implementing an effective strategy for the new opportunity for gaining competitive edge and having long-term stability.

The importance of business intelligence is as follows:

(a) Strategy: Business intelligence is used to make better strategic decisions.

(b) Data: Business intelligence, enables organizations to gather quantifiable data on each area of the organization.

(c) Analysis: Business intelligence, enables organizations to analyse data in a way that yields information they can act on.

(d) Efficiency: It helps firms to enhance decision-making, improve performance and mitigate risk.

(B) Smart Mobility: Those devices which are mobile help in the growth of business. Smart mobility is changing the way people interact. Smart devices have become a part of our lives. It includes mobiles, smart phones, I-pads, I-phones, etc.

- In the last quarter of 2010, sales of smart phones overtook the sale of Personal computers for the first time.
- By 2014, more smart devices could be used to access the internet than traditional computers.
- More mobile world is creating new players and new opportunities for a variety of industries.

- Smart mobility will enable firms to profit more quickly from new technology.

(iii) **(a) Environmental Barriers to Entrepreneurship Following are the environmental barriers:**

1. Economic: The factors of production land, labour, capital, material, etc. contribute equally towards the development of entrepreneurship in any country. If all the factors are readily available to the entrepreneurs, then entrepreneurship is naturally promoted and developed. But if any of the factor of production are not available or not readily available or available in inadequate quality and quantity, they can

2. Social: Sociological factors such as religion, caste structure, age groups, standard of living, mobility of labour, cultural heritage, respect for senior citizens, values, etc. have a deep impact on business. In India, attitudes have changed with respect to food and clothing, due to changes in educational pattern, rise in standard of living, increase in literacy rate among men and women, employment of women in factories and offices, etc. Due to it there is growth of food processing and garment manufacturing units.

3. Cultural: Every society has its own culture, cultural values, customs, beliefs and norms. If the culture of a society is encouraging creativity and risk-taking, entrepreneurship gets encouragement leading to development.

4. Political: Political factor provides the legal framework for the functioning of the enterprises in the economy. Political environment poses challenge in front of entrepreneurs. Political environment is affected by political parties, stability of the government, government's interference in business world, taxation and subsidies policies, etc.

(b) Personal barriers. Following are the personal barriers to entrepreneurship:

1. Perceptual: Perceptual barriers that can adversely affect the progress of an entrepreneur and the enterprise. Lack of proper knowledge, lack of clear vision, misunderstanding of a situation, etc. can result in a faulty decisions. These features leave the entrepreneur with limited options and stubbornness in the decisions.

2. Motivational: Regular motivation is an essential for keeping the same tempo in the enterprise. Lack of motivation becomes a strong barrier to entrepreneurship. Many entrepreneurs start with enthusiasm, but when they face some difficulties in the execution of their plans, they lose motivation.

Question 6. Higher Order Thinking Skills

Application based exercise:

Explain the success story of Lijjat Papad.

Answer: Lijjat Papad

- Started with a loan of Rs 80, the cooperative now has annual sales exceeding ? 301 crore.
- Lijjat was the brain child of seven Gujarati women from Bombay (now Mumbai).
- The women lived in Lohana Niwas, a group of five buildings in Girgaum. They wanted to start a venture to create a sustainable livelihood using the only skill they had i.e. cooking.
- The women borrowed Rs 80/- from Chhaganlal Karamsi Parekh, a member of the Servants of India Society and a social worker.
- They took over papad making venture which was running in loss owned by Laxmidas Bhai, and bought the necessary ingredients and the basic infrastructure required to manufacture papads.
- On March 15, 1959, they gathered on the terrace of their building and started with the production of 4 packets of papads. They started selling the papads to a known merchant in Bhuleshwar.
- Initially, the women were making two different qualities of papads, in order to sell the inferior one at a cheaper rate.
- Chaganbapa advised them to make a standard papad and asked them never to

compromise on quality.

- Lijjat expanded as a cooperative system. Initially, even younger girls could join, but later eighteen was fixed as the minimum age of entry.
- Within three months there were about 25 women making papads.
- Soon the women bought some equipment for the business, like utensils, cupboards, stoves, etc. In the first year, the organization's annual sales were ₹ 6196/-. The broken papads were distributed among neighbours.
- During the first year, the women had to stop production for four months during the rainy season as the rains would prevent the drying of the papads. The next year, they solved the problem by buying a cot and a stove. The papads were kept on the cot and the stove below the cot so that the process of drying could take place in spite of the rains. By the second year of its formation, 100 to 150 women had joined the group, and by the end of the third year it had more than 300 members. The members were called as Ben/Sister.
- They have accountants in every branch and every centre has to maintain daily accounts.
- Profit (or loss, if any) is shared among all the members of that branch. They have a committee of 21, that decides how the profits are to be distributed.
- Each branch calculates its profit and divides it equally among all its members.
- Mumbai has 12,000 members, the rest of Maharashtra has 22,000, and Gujarat has between 5,000 to 7,000 members. Exports alone account for ₹ 10 crores.

MORE QUESTIONS SOLVED

I. Very Short Answer Type Questions [1 Marks]

Question 1. What are the distinguishing marks of an entrepreneur?

Answer: Creativity and innovation are the distinguishing marks of the entrepreneur.

Question 2. How was Ink-Jet Printer created?

Answer: A Canon engineer accidentally rested his hot iron on his pen, ink was ejected from the pens point a few moments later. This principle led to the creation of the inkjet printer for the world.

Question 3. What is Social Entrepreneurship?

Answer: According to J. Gregory Dees, Social entrepreneurship is which combines the passion of a social mission with an image of business-like discipline, innovation, and determination.

Question 4. Who is a Social Entrepreneur in the words of Martin & Osberg?

Answer: According to Martin and Osberg, "The Social Entrepreneur aims for value in the form of large-scale transformational benefit that accrues either to a significant segment of society or to society at large." Moreover, the social entrepreneur targets his/her programs at the underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own."

Question 5. Who is referred as the father of Green Revolution?

Answer: Father of Green Revolution in India is M.S. Swaminathan and in the world is Norman Borlang.

Question 6. How the social entrepreneurs improve their standard of living?

Answer: Social entrepreneur can assess a social problem and find a solution to remove

poverty among the masses and thus improve their standard of living.

Question 7. Define Risk.

Answer: Risk is the chance of loss and refers to the possibility of some adverse occurrence.

Question 8. What are external risks?

Answer: External risks are the risks that arise due to the events occurring outside the firm or the business venture. These are beyond the control of entrepreneurs as they cannot be forecasted. Probability occurrence cannot be determined.

Question 9. What do you mean by Business Intelligence?

Answer: Business intelligence is the ability of an organization to collect, maintain, and organize data.

Question 10. Explain Business Intelligence using example.

Answer: Sales data during an off season discount produces large amounts of information. This can be used for developing new opportunities. Implementing an effective strategy for the new opportunity for gaining competitive edge and having long-term stability.

Question 11. What do you mean by Smart Mobility?-

Answer: Those devices which are mobile help in the growth of business. Smart mobility is changing the way the people interact. Smart devices have become a part of our lives. It includes mobiles, smart phones, I-pads, I-phones, etc.

Question 12. Cloud-based services is expected to grow sophisticatedly in the future. Give one example in support.

Answer: By 2016, Gartner-a consultancy firm, expects all Forbes' Global 2000 companies to use public cloud services, transforming much of the current IT hardware, software and database markets into infinitely flexible utilities.

Question 13. What is the future of cloud computing?

Answer: Over time, cloud-based services is expected to grow sophisticatedly and is expected to evolve into full-scale business processes as a service. It enables the firms to reduce cost, increase efficiency and will enable the firms to reduce risk.

Question 14. What are the distinguishing marks of an entrepreneur?

Answer: Creativity and innovation are the distinguishing marks of the entrepreneur.

Question 15. What do you understand by business risk?

Answer: Business risk means the possibility of some favourable occurrence.

Question 16. How B.O. Wheeler has defined the term Business Risk?

Answer: According to B.O. Wheeler, "Risk is the chance of loss. It is the possibility of some adverse occurrence".

Question 17. 'Fluctuations in price and demand'. Name the type of risk involved into it.

Answer: The type of risk is non-insurable risk.

Question 18. What do you understand by social media?

Answer: Social media refers to an interaction among people in which they create, share, and/or exchange information and ideas between various people around the world and through networks.

Question 19. Give an example of economic barrier to entrepreneurship.

Answer: If a prospective entrepreneur does not have access to capital for setting up his/her new enterprise. He or she will feel discouraged to proceed further.

Question 20. How does systematic study of barriers help an entrepreneur?

Answer: Systematic study of barriers will lead to a proper understanding of the fields/areas in which they occur.

Question 21. Write some qualities an entrepreneur must have to become a successful entrepreneur.

Answer: Innovativeness, creativity and potential for hard work are some qualities an entrepreneur must have to become a successful entrepreneur.

Question 22. For an entrepreneur, what is the main motivating factor which urges them to continue in their entrepreneurial pursuit?

Answer: For an entrepreneur, the main motivating factor which urges them to continue in their entrepreneurial pursuit is challenge.

Question 23. Which qualities enable the entrepreneurs to enjoy challenge?

Answer: When the entrepreneurs are more intelligent, persistent and competent they enjoy a challenge.

Question 24. To be a successful entrepreneur, one has to have which quality?

Answer: To be a successful entrepreneur, one has to be a problem solver.

Question 25. Who is an entrepreneur?

Answer: Any person who undertakes risks, enjoys challenge and habitually creates and innovates to build something of recognised value around perceived opportunities can be referred to as an entrepreneur.

Question 26. Why are entrepreneurs called problem solvers?

Answer: Entrepreneurs take efforts to solve problems faced by the people due to which they are referred to as problem solvers. When one problem is solved a new commodity is created i.e. a new value is created.

II. Short Answer Type Questions [2/3 Marks]

Question 1. Mention the features of problem solvers.

Answer: Problem solvers:

- take risks,
- often create value by solving a problem faced by customer or market.
- able to create a profitable enterprise.
- the more or larger problems are solved by them, the more profit they generate.

Question 2. Describe the beginning of world famous fast food chain KFC.

Or

How did KFC begin its operations?

Answer: In 1930, Sanders was operating a service station in Corby, USA and he observed that travellers who stopped for gas were normally hungry and they wanted to eat something. Sanders saw and understood the problem. He knew how to cook, and so he cooked chicken recipe for the travellers. This spicy chicken recipe became super hit among travellers. This

prompted him to start a restaurant which was beginning of the world famous fast food chain "KFC – Kentucky Fried Chicken".

Question 3. Give examples of problem solution.

Answer: Following are the examples of problem solution:

- Bigger boats were used for carrying more fishes.
- Installation of freezers on the big boats for storing the fishes.
- Installation of fish tanks for providing fresh fish in the market.
- To improve taste of the fresh fish in the tank shark were kept along with the fishes.

Question 4. Describe one example explaining solving problems to meet the needs and wants of people.

Or

"Most entrepreneurial ventures have survived when they solve problems of people, understanding their needs and accordingly changing the product to their needs." Give an example in the support of this statement.

Answer: Dr. John Harvey Kellogg was superintendent of a famous hospital and health spa in Battle Creek, Michigan. His hospital stressed healthful living and kept its patients on a diet that eliminated caffeine, meat, alcohol and tobacco.

One day, after cooking some wheat, the men were called away. When men returned, the wheat had become stale. They decided to force the tempered grain through the rollers anyway.

But surprisingly, each wheat berry was flattened and came out as a thin flake. On baking the flakes and were realized that they have made a new invention i.e. a delicious cereal. Keith Kellogg, brother of Dr. Kellogg eventually opened his own cereal business which became the famous brand Kellogg's Corn Flakes.

Question 5. Write in brief about creativity is a continuous activity for the entrepreneur.

Answer: As creativity is a continuous activity for the entrepreneurs they keep on disturbing markets and keeps on challenging large established businesses. Entrepreneurs always see new ways of doing things with little concern creativity in the entrepreneur is a mixture of ability to innovate, to take the idea and make it work in practice. Once the project is accomplished, the entrepreneur look for new venture.

Question 6. How were Microwave Ovens created? Describe.

Answer: Percy Spencer, an engineer was conducting a radar-related research project with a new vacuum tube. During his research he realized that the candy bar in his pocket began to melt during his experiments. On putting pop corn into the machine, the pop-corns are started to pop. This led to the creation of commonly used household item Microwave Oven.

Question 7. What is the difference between Entrepreneurship and Social Entrepreneurship?

Answer: Following is the difference between Entrepreneurship and Social Entrepreneurship:

- The entrepreneur's final objective is wealth creation but for the social entrepreneur, wealth creation is simply a means to an end.
- The entrepreneur participates in entrepreneurial venture with the aim of earning profit. On the other hand, the social entrepreneur participates in profit seeking business ventures if only to use the profits generated to create valuable social programs for the whole community.
- Entrepreneur has individual motive of self-development where as social entrepreneur has the motive of societal development.

Question 8. What are the similarities between Entrepreneurship and Social Entrepreneurship?

Answer: Following are the similarities between Entrepreneurship and Social Entrepreneurship:

1. **Creation:** Both, entrepreneur and the social entrepreneur believe in creation of something new.
2. **Profit:** Both aim for earning profit from the venture.
3. **Development:** Both work for development of the society though with different motives.

Question 9. Why is there a growing need for Social Entrepreneurs?

Answer: There is a growing need for Social Entrepreneurs because of following reasons:

1. Social problems: In the current economic crisis, financial pressures are becoming a reason for the increase of intensity of social problems such as poverty and unemployment.
2. Financial repercussions: According to J. Gregory Dees, social entrepreneurship is essential to reduce the financial consequences among vulnerable.
3. Creativity and Innovation: With pay-cuts and job losses a common phenomenon all over the world, the need of the present is new ideas, innovations, creative solutions and fresh perspectives. These new ideas, etc. have potential to deal with the changing market demands, emerging economies and a new world, economic order.

Question 10. Social entrepreneurs keep on asking themselves, –Am I creating value for the people I am serving? Do I understand their needs? Why did they do so?

Answer: Social entrepreneurs do so:

- to know how they are actually making an impact.
- to reply to investors who want to know whether their contributions are indeed stimulating social improvements as was promised.

Question 11. What are the views of J. Gregory Dees on Social entrepreneurs as social catalysts?

Answer: According to J. Gregory Dees, though (Social entrepreneurs) they may act locally, their actions have the potential to stimulate global improvements in their chosen arenas, whether that is education, health care, economic development, the environment, the arts, or any other social field.

Question 12. Mention the functions performed by SEWA.

Answer: Following functions are performed by SEWA:

- Initially, SEWA provided the required capital to the co-operatives.
- The members of the co-operatives share their skills and expertise, develop new tools, designs and techniques.
- Members are engaged in joint marketing efforts.
- SEWA is helping women to get regular employment, easy access to credit, childcare, healthcare facilities.

Question 13. Describe the various types of Risk Taking.

Answer: Risk are of following types:

1. **Insurable Risks:** These are related to life and property against fire, theft, accidents etc.
2. **Non-insurable:** These are the risks whose probability cannot be determined and which cannot be insured against. For example: Fluctuations in price and demand. These are

further divided into two **types**:

- (a) **Internal Risks:** Those risks which arise from the events taking place within the business enterprise.
 - (b) **Business risks:** These are of a diverse nature and arise due to innumerable factors. These risks can be insurable or non-insurable.
3. **Dynamic risks:** Risks which are caused by changes in the economy are known as 'dynamic risks'. These are generally less predictable because they do not appear frequently.

Question 14. Describe the types of risks on the basis of place of origin.

Answer: On the basis of place of origin the risks are of two types:

1. **Internal Risks:** These risks arise from the events taking place within the firm during the ordinary course of a business. These can be forecasted. Their probability of occurrence can be determined. These are controllable.
2. **Business Risks:** These risks are of varied nature and may arise due to innumerable factors. These can either be insurable or non-insurable. The probability of an insurable risk can be determined. These risks can be forecasted.

Question 15. Give one example describing the role of technology in making the complex process easier.

Answer: In Kenya, mobile phones are used to collect data and report on disease-specific issues from more than 175 health centres serving over 1 million people. This has reduced the cost of the country's health information system by nearly 25%. The data is being obtained and collected very fast i.e. from four weeks to one week.

**Question 16. Describe the role of Information Collection in the present business scenario?
Or**

Explain Information Collection as new business forms.

Answer: Need of customer detail: In order to attract a customer, the entrepreneurs have to know the customer in detail so that they can know about those customers who are loyal to their product and the company.

Understanding taste and preference of customers: Information collected about the customers related to age, regularity of customer to the shop, preference of purchase etc. enable the firm to understand the taste and preference of the customer so that customer services can be improved in a better way.

Competition: Firms are now competing on analytics to differentiate themselves. The growing number of methods of data collection, growing number of data collecting firms, ways of analysis are generating immense quantities of information.

Question 7. What are the findings and suggestions of the IDC?

Answer: IDC, a market research firm, suggests that:

1. the amount of digital information created each year will increase to 35 trillion gigabytes by 2020.
2. this will require 44 times more data storage than in 2009,
3. telemetric applications, similar to GPS (global positioning systems), will allow organizations to send, receive and store information via telecommunications devices while controlling remote objects,
4. telemetric applications are now being used in medical informatics, healthcare and other fields.

Question 18. Describe the importance of business intelligence.

Answer: The importance of business intelligence is as follows:

1. **Strategy:** Business intelligence is used to make better strategic decisions.
2. **Data:** Business intelligence, enables organizations to gather quantifiable data on each area of the organization.
3. **Analysis:** Business intelligence, enables organizations to analyse data in a way that yields information they can act on.
4. **Efficiency:** It helps firms to enhance decision-making, improve performance and mitigate risk.

Question 19. Smart mobility is changing the way people interact. Support the statement.

Answer:

- In the last quarter of 2010, sales of smart phones overtook the sale of Personal Computers for the first time.
- By 2014, more smart devices could be used to access the internet than traditional computers.
More mobile world is creating new players and new opportunities for a variety of industries.
- Smart mobility will enable firms to profit more quickly from new technology.

Question 20. Explain the meaning of cloud computing.

Answer: The origin of the term cloud computing appears to be derived from the practice of using drawings of stylized clouds to denote networks in diagrams of computing and communications systems. The word cloud is used as a metaphor for the internet, based on the standardized use of a cloud-like shape to denote a network.
Cloud computing helps the firms to upload all its data on to a cloud and then it can be used it remotely wherever it is required.

Question 21. Describe the power of social media for the entrepreneurial ventures.

Answer: The power of social media for the entrepreneurial ventures can be understood as under:

- **Needs and wants:** Through the new possibilities for social listening, businesses are able to better understand the needs and wants of the customers.
- **Changes:** More change are expected as the generation that has grown up with new technologies and instant information gratification joins the workforce after completing their desired educational attainment.
- **New form of businesses:** Creation of new forms of business enterprises is expected in the near future which is going to change the way business ethics and the procedures.

Question 22. What is business incubation? Explain.

Answer: Business incubation are programs designed to support the successful development of entrepreneurial ventures through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Business support resources and services comprises of providing physical space, capital, coaching, networking connections, etc.

Question 23. How do incubators help start-ups get funding?

Or

Enumerate three ways as to how incubators help start-ups get funding.

Answer: Incubators help the companies/firms-to secure capital in following ways:

- Helps in connecting companies with angel investors (high-net-worth individual investors).
- Working with companies to perfect venture capital presentations and connecting them to venture capitalists.
- Helping and guiding companies in applying for loans.
- Helping and guiding companies in accessing government agency.

Question 24. Enlist some sector specific schemes run by the government for the growth and development of Entrepreneurship in India.

Answer: Various sector specific schemes of the government are as follows:

1. Schemes implemented through KVIC (Khadi and Village Industries Commission)
2. Schemes implemented through Coir Board
3. Schemes for priority sector 4. Animal Husbandry Schemes
4. Dairy Development Schemes 6. Fisheries Development Schemes
5. Agriculture Development Schemes 8. Tea Board Schemes
6. Tourism Industry Schemes 10. Scientific and Engineering Research Schemes

Question 25. Name the factors giving rise to internal risk.

Answer: The various factors giving rise to internal risk:

- Human Factors: Due to involvement of human beings.
- Technological Factors: Due to unforeseen changes in the techniques of production.
- Physical Factors.

Question 26. Write down the features of insurable risk.

Answer:

- Insurable risks are those which can be covered through different types of insurance policies.
- The probability of an insurable risk can be determined, means can be forecasted.
- It is related to life and property against fire, theft, riots, etc.

Question 27. Write down the features of internal risk.

Answer:

- Internal risks are those risks which arise from the events taking place within the business enterprise.
- Such risks arise during the ordinary course of a business.
- These risks can be forecasted and the probability of their occurrence can be determined.
- They can be controlled by the entrepreneur to an appreciable extent.

Question 28. What is the outcome of human factor risk?

Answer: They may result from:

- strikes and lock-outs by trade unions;
- negligence and dishonesty of an employee;
- accidents or deaths in the industry;
- incompetence of the manager or other important people in the organization.

Question 29. What is the outcome of natural factor risk?

Answer: They may result from:

- Events like earthquake, flood, famine, cyclone, lightening, tornado, etc.
- Such events may cause loss of life and property to the firm or they may spoil its goods.

Question 30. What is the outcome of political factor risk?

Answer: They may result from:

- Political changes in a country like fall or change in the Government, communal violence or riots in the country, civil war as well as hostilities with the neighbouring countries.
- Changes in government policies and regulations may also affect the profitability and position of an enterprise.

Question 31. "The Gujarat earthquake caused irreparable damage not only to the business enterprises, but also adversely affected the whole economy of the State". Name the risk factor involved in it.

Answer: Risk is due to natural factor.

Question 32. "Emerging markets will create plenty of opportunities related to smart technology". How? Explain with the help of an example.

Answer: Emerging markets will create plenty of opportunities related to smart technology, by interconnecting with the world by providing more powerful devices and applications, at the same time introducing more cost-effective technology and meeting the demand of the consumers. In Kenya, for example, mobile phones are being used to collect data and report on disease-specific issues from more than 175 health centres serving over 1 million people. This technology has reduced the cost of the country's health information system by 25% and cut the time needed to report the information from four weeks to one week.

Question 33. Name five government schemes implemented by the Government for entrepreneurs.

Do you agree? How?

Answer: Yes, a conducive and stable political environment that encourages and rewards personal endeavour and hard work and favourable political policies can help and support the growth of entrepreneurial ventures in a country.

Question 34. What do you understand by dynamic risk? Give one example.

Answer: Dynamic risk occurs due to changes in the economy like changes in demand for the product inflationary tendency in the economy, rising unemployment and fluctuations in the world economy and this type of risk are generally less predictable because they do not appear at regular intervals.

For instance,

- Due to market fluctuations, a well-known product of a firm may either lose its demand or may occupy a larger market share.
- Black and White TV to Flat screen, high definition TV.

III. Short Answer Type Questions [4 Marks]

Question 1. "Invention is the mother of necessity." How does an entrepreneur proves this statement? Give some example.

Answer: Following are the examples:

- Bigger boats were used for carrying more fishes.
- Installation of freezers on the big boats for storing the fishes.
- Installation of fish tanks for providing fresh fish in the market.
- To improve taste of the fresh fish in the tank shark were kept along with the fishes.

Question 2. "Creativity is a continuous activity for the entrepreneur". Explain.

Answer: As creativity is a continuous activity for the entrepreneurs they keep on disturbing markets and keeps on challenging large established businesses. Entrepreneurs always see new ways of doing things with little concern. Creativity in the entrepreneur is a mixture of ability to innovate, to take the idea and make it work in practice. Once the project is accomplished, the entrepreneur look for new venture.

Question 3. What are the different forms of social media used frequently by the people and how these tools are helpful?

Answer: Here are the different forms of social media platforms today; Google, Facebook, Twitter, smart phones, tablets and e-readers, –MySpace, Orkut, Hi5, LinkedIn 3.– technologies that originated in the consumer space, are now reshaping the way companies communicate and collaborate with employees, partners and customers.

There is an increasing trend towards using social media tools that allow marketers to search, track, and analyze conversation on the web about their brand or about topics of interest.

This can be useful in campaign tracking, allowing the user to measure return on investment competitor-auditing, and general public engagement. These changes will definitely lead to the creation of new forms of business enterprises which will surely change the way business will be conducted in the future scenario.

Question 4. State any four ways adopted by incubators to help resident companies securing capital. Flow?

Answer: Incubators help resident companies secure capital in a number of ways:

- Connecting companies with angel investors (high-net-worth individual investors).
- Working with companies to perfect venture capital presentations and connecting them to venture capitalists.
- Assisting companies in applying for loans.
- Assisting companies in accessing government agency (example NZTE, Technology NZ) business assistance grant programmes.

Question 5. Name five government schemes implemented by the Government for entrepreneurs.

Answer: Various government schemes have been implemented for entrepreneurs by the government.

1. Schemes implemented by the Ministry of MSME (Micro, Small and Medium Enterprises).
2. SIDBI (Small Industries Development Bank of India) Micro Finance Programme.
3. Memorandum of Understanding (MOUs) with foreign countries.
4. MSME National Award Scheme.
5. NSIC Schemes (National Small Industries Corporation).

Question 6. Write down the main objectives of various Government Schemes for entrepreneurs.

Answer: The main objectives/functions of the various Government schemes:

- To provide financial assistance (long-term, medium term and short-term) to all forms of

organization like sole tradership, partnership firms and joint stock company.

- To provide financial assistance enterprises engaged in service sector.
- To provide administrative and technical assistance for the promotion and expansion of the enterprise.

Question 7. Briefly discuss the personal barriers to entrepreneurship.

Answer: The personal barriers to entrepreneurship can be classified into two types:

1. **Motivational:** Once the venture starts functioning, the obstacles faced in the initial stages can make the entrepreneurs to lose their commitment and consequently their level of motivation dips. The entrepreneurs who lack toughness and perseverance often quit.
2. **Perceptual:** Certain perception barriers can hamper the progress of the entrepreneur. Lack of a clear vision and misunderstanding can result in faulty perception. If the entrepreneur demands everything to be clear and well-defined in order to develop a perception, it will lead to disappointment. As entrepreneur's world is basically disorderly and ambiguous, the people who excessively depend on order will find it a barrier to entrepreneurship.

Question 8. Cite any three ways in which political environment can work against the interest of entrepreneurs?

Answer: The political environment can work against the interest of entrepreneurs in the following ways:

- A political environment that is characterised by instability and insecurity will discourage entrepreneurs.
- Political policies can retard the growth of entrepreneurial ventures in a country.
- Excessive interference in the form of controls, delays etc. from the government can discourage prospective entrepreneurs.

Question 9. How does environment play an important role for entrepreneurship?

Answer: In an entrepreneurial process, environment plays a vital role because all the opportunities exist in the environment and the entrepreneur is a part of it. A conducive environment throws up more entrepreneurs than an inhibiting environment.

Question 10. How can the economic environment create negative influence for an entrepreneur?

Answer: The economic environment can create barriers for an entrepreneur because of the following reasons:

- The capital for setting up the new venture is not accessible for the entrepreneur.
- Non-availability of labour at reasonable cost.
- If the labour market is unreliable and is fraught with indiscipline and selfishness, it will also become a barrier for entrepreneurship.
- Shortfall in the availability of raw materials is the desired quality and quantity.
- Inadequate infrastructure to transport the raw material to the factory.
- Non-availability of easy access to the market for the finished goods.

Question 11. How can the economic environment create positive influence for an entrepreneur?

Answer: The factors which are responsible for economic development such as land, labour, capital, material, market, etc. are equally responsible for the development of entrepreneurship.

Thus, an environment, where all these factors are available to the entrepreneurs, will naturally support and promote entrepreneurship.

Question 12. How can the cultural factors create positive influence for an entrepreneur?

Answer: Every society has its own cultural values, beliefs and norms. If the culture of a society is conducive to creativity, risk-taking and adventurous spirit, in such a cultural milieu entrepreneurship will get encouragement.

For example: An entrepreneur will have to keep in mind the cultural reference of the region that he/she is going to cater to, this will enable him/her to get a quicker acceptance in that region.

Question 13. How can the cultural factors create positive influence for an entrepreneur?

Answer: Political: It provides the legal framework within which business is to function. The viability of business depends upon the ability with which it can meet the challenges arising out of the political environment. This environment is influenced by political organisations, stability, government's intervention in business, constitutional provisions etc.

For example: War tension between two countries can also stop the trade between these countries.

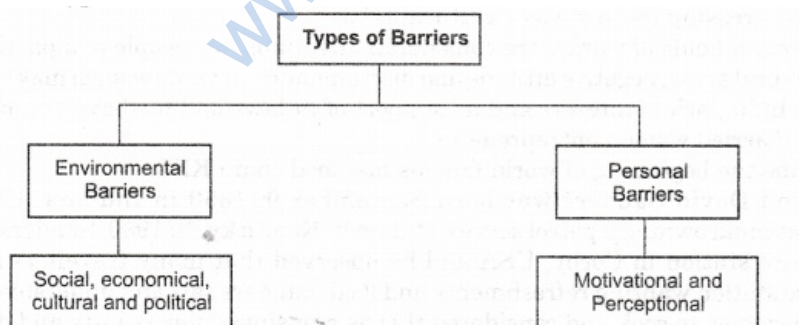
Question 14. Give one example each of environmental factors.

Answer:

- **Social factor:** Readymade garments, fast food, vending machines for tea and eatables are the result of social factors.
- **Political factor:** War tension between two countries can also stop the trade between the two countries.
- **Economic factor:** Unavailability of cash deters an entrepreneur from starting a new venture.
- **Cultural factor:** Selling of more vegetarian food in the region comprising of vegetarians in majority.

Question 15. Mention two types of barriers.

Answer:



Question 16. Give three examples of how some innovations became successful ventures in the past.

Answer: Following are the examples:

1. **Penicillin:**

Aim: Sir Alexander Fleming, was trying to make "wonder drug" that could cure diseases. However, it wasn't until Fleming threw away his experiments that he found what he was looking for.

Creation: Fleming found that a contaminated and discarded Petri dish, contained a mold that was dissolving all the bacteria around it. When he grew the mold by itself, he learned that it contained a powerful antibiotic, penicillin.

2. **Potato Chips:**

Aim: George Crum, a chef at the Carey Moon Lake House was trying to make a plate of fried potato.

Creation: One day, a customer repeatedly sent back the plate of potatoes for more frying and having thinner fried potatoes. In anger Crum sliced the potatoes insanely thin and fried them until they were hard as a rock. On serving it to the customer, the customer loved it and wanted more. This is how potato chips came into existence.

3. **The Pacemaker:**

Aim: John Hopps, an electrical engineer was trying to use radio frequency heating to restore body temperature.

Creation: During his experiment, he realized that if a heart stopped beating due to cooling, it could be made to beat again by artificial stimulation. This led to the creation of pacemaker.

Question 17. How can the social factors create positive influence for an entrepreneur?

Answer: Social factors such as caste structure, mobility of labour, customer needs, cultural heritage, respect for senior citizens, values, etc. might have a far reaching impact on business. In India, attitudes have changed with respect to food and clothing as a result of industrialisation, employment of women in factories and offices, and the increased level of education. This has resulted in the growth of food processing and garment manufacturing units thus the emergence and growth of a new class of entrepreneurs. For example: Readymade shirts, instant food, vending machines for tea and eatables.

Question 18. Do you think there are cultural barriers (Negative influence) to entrepreneurship in our society? Discuss with examples.

Answer: Yes, I agree that there are cultural barriers to entrepreneurship in our society. Every society has developed its own cultural values, if the culture of a society is conducive for creativity, risk-taking and adventurous spirit, in such a cultural milieu entrepreneurship will thrive. At the same time, if the cultural values are bound by conventionalism, status-quo, rituals and strong cultural taboos, they may curb entrepreneurial spirit.

For Example:

- In the past, some societies in India discouraged people from going abroad believing that crossing the sea was a cultural taboo.
- Certain fields of work were considered unsuitable for people of a particular culture.
- In rural areas, negative attitude and discrimination towards women may curb their spirit.
- In India lack of interest and no support of in-laws and husband can be a big barrier to married women entrepreneurs.

Question 9. Describe the beginning of world famous fast food chain KFC.

Answer: Harland David Sanders was born September 9, 1890 in Indiana, USA. He was a businessman owning a petrol service station in Kentucky. In 1930, Sanders was operating a service station in Corby, USA and he observed that many travellers stopped at his service station wanting refreshments and food. Sanders saw and understood the problem. He knew how to cook and considered this as a business opportunity and decided to offer chicken recipe to these customers. The Colonel enjoyed making his customers happy – he was passionate about entertaining them with excellent food and superb service. This spicy chicken recipe became super hit among travellers.

This prompted him to start a restaurant which was beginning of the world famous fast food chain "KFC—Kentucky Fried Chicken".

Question 20. Give the list of Institutions involved in Entrepreneurship Development Program

(EDP).

Answer: Institutions involved in Entrepreneurship Development Program (EDP):

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD).
2. Indian Institute for Entrepreneurship.
3. National Institute for Micro, Small and Medium Enterprises (NIMSME).
4. National Small Industries Corporation (NSIC).
5. Rural Entrepreneurship Development Institute (REDI).
6. Training and Development Centre (TDC).
7. Centre for Entrepreneurship Development (CEI).
8. Small Industries Service Institutions (SISI).
9. Small Industries Development Organisation (SIDO).
10. Entrepreneurship Development Institution of India (EDII).
11. National Alliances of Young Entrepreneur (NAYE).

Question 21. List the various government schemes that have been implemented for entrepreneurs.

Answer: Following are the various schemes/programs started by the government for the:

1. Schemes implemented by the Ministry of MSME (Micro, Small and Medium Enterprises).
2. SIDBI (Small Industries Development Bank of India) Micro Finance Programme.
3. Memorandum of Understanding (MoUs) with foreign countries.
4. MSME National Award Scheme.
5. NSIC Schemes (National Small Industries Corporation).
6. SIDBI Schemes.
7. Tax Holiday Scheme.
8. Composite Loan Scheme.
9. Industrial Estate Scheme.
10. Factoring Services.
11. Small Industry Cluster Development Programme.
12. National Equity Fund Scheme.

Question 22. Describe the role of technology and social media in creating new forms of business.

Answer: The role can be described under the following headings:

1. **Digital Revolution:** The digital revolution has changed the working system and the working procedure. World is now more interconnected and the technology is now going for 100% interconnectivity worldwide.
2. **Consumer Choices:** Consumers' taste and preference have undergone tremendous changes. Consumers now demand more powerful devices and applications. Business world on the other hand prefer more cost-effective technology to face the complex challenges of the business world.
3. **Consequences:** Satisfying the demands of consumers and the firms will lead to an explosive growth in data and analytics, intense competition and realignment of many industries.
4. **Opportunities:** New and emerging markets are going to create plenty of opportunities related to smart technology, and they will not be limited to for-profit enterprises.

IV. Long Answer Type Questions [6 Marks]

Question 1. How can the economic environment create barriers for an entrepreneur?

Answer: Economic Environment: All entrepreneurs need some important prerequisites to start an enterprise, they are capital, labour, raw material and market. If all these factors of production are easily available to an entrepreneur in an environment, then it will give a natural support to him and easily he can promote entrepreneurship and contribute to economic growth of the country. But, if any of these or all of these factors are either not available or any of them are of inadequate quality or less in quantity, they can become barriers to entrepreneurship.

For instance,

- If a prospective entrepreneur does not have access to capital for setting up his/her new enterprise, he or she will feel discouraged to proceed further.
- If capital is available but at an exorbitant rate of interest, it will also discourage entrepreneurship. In olden days it was only due to greedy money-lenders that many people were not able to start their own business.
- Another problem is the availability of labour. However, if the labour is not productive, it will in itself become a barrier.
- If labour of high productivity is not available at reasonable cost, it will inhibit entrepreneurial activities.
- In the labour market, if labour climate is unreliable and is fraught with indiscipline and selfishness then definitely it can discourage entrepreneurs.
- Cut-throat competition in the market.
- Lack of availability of raw materials in desired quantity and quality and availability of raw-materials at high prices.
- Problem of infrastructure to transport raw-materials to the factory.
- Inaccessible market for the finished goods can become a serious barrier to entrepreneurship.

Question 2. How can an entrepreneur overcome the hurdles that he comes across during the course of entrepreneurship?

Answer: In the entrepreneurial process the environment plays a vital role because all the opportunities exist in the environment and the entrepreneur is a part of it. A conducive environment throws up more entrepreneurs than an inhibiting environment. An environment where all these factors are available to the entrepreneurs will naturally support and promote entrepreneurship.

- Self-esteem is a very important motive for personality development in the path of an entrepreneur.
- All successful entrepreneurs are highly motivated and their drive to achieve becomes their engine of accomplishment.
- Adequate quality or quantity all of these factors access to capital for setting up his/ her new enterprise.
- Availability of cheap labour of high productivity promotes entrepreneurship. Labour includes skilled, unskilled and technical workforce.
- Availability of raw materials in desired quantity and quality, infrastructure to transport them to the factories and an easily accessible market for the finished goods are some pre-requisites for economic development.
- Every society has developed its own cultural value. If the culture of a society is conducive for creativity, risk-taking and adventurous spirit, in such a cultural milieu entrepreneurship will thrive.
- A conducive political environment that encourages and rewards personal endeavour and hard work and that does not penalize the entrepreneur.

- Toughness and perseverance are certain emotional qualities that are required to boost the level of motivation.
 - Sustained motivation is an important asset for an entrepreneur.
 - Some political policies can help the growth of entrepreneurial ventures in a country.
 - Counselling and support services.
 - Government procurement programs for small businesses.
 - Restrictions on imports and exports.
 - All successful entrepreneurs are highly motivated and their drive to achieve becomes their engine of accomplishment.
 - In some societies it can be seen even now that businessmen do not command a high social status. Rather, business is considered a profession of lower hierarchy.
- All these above mentioned factors are interlinked and support entrepreneurship. An entrepreneur must understand and analyse social, cultural, economic technological, continuous change in demand of people, so that he can easily overcome the hurdles during the course of entrepreneurship.

Question 3. Give two examples of barriers arising out of social environment.

Answer: Social Environment:

- People are to a great extent bound by the norms, practices of the society in which they live. As a result, the society influences the thought pattern and mind-set of its members. As a matter of fact, the rules of social behaviour are learnt at a very early age.
- If the social norms expect the people to value discipline and conformity over adventure, creativity and independence, it is likely to thwart entrepreneurial spirit. Similarly, if a society puts premium on safety and security in matters of securing a livelihood, such a value can become a strong social barrier to entrepreneurship.
- In some societies it can be seen even now that business people do not command a high social status rather, business is considered a profession of lower hierarchy. They are considered inferior to office-goers, engineers, doctors etc. Such a social response to entrepreneurs can be a big hurdle in developing and nurturing entrepreneurs.
- An excessively protective attitude to children in their formative years, and discouragement to mobility can all thwart creativity, innovative spirit and a sense of adventure, the values that are essential for entrepreneurship.
- Self-esteem is a very important motive for personality development and a society that denies access to it will be placing hurdles in the path of an entrepreneur.

Question 4. In a given society some people are unable to avail entrepreneurial start in spite of many facilities and incentives. Explain the personal factors which prevent them.

Answer: Motivational:

- Certain shortcomings in the motivational aspect act as barriers to entrepreneurship.
 - Many entrepreneurs after starting a new venture faces obstacles in the initial stages, they tend to lose their commitment and consequently their level of motivation dips.
 - Lack of tolerance, toughness and perseverance often quit.
 - Lack of sustained motivation.
- Perceptual: There are certain perception barriers that can hamper the progress of an entrepreneur.
- Lack of a clear vision and misunderstanding a situation can result in faulty perception.
 - All entrepreneurial venture involves some amount of risk taking, however not analysing perception of the risk and the strategy to manage could hamper the growth of an entrepreneur.
 - If the entrepreneur demands everything to be clear and well-defined in order to develop a

perception, it will lead to disappointment.

- An entrepreneur's world is basically disorderly and ambiguous, and the entrepreneur should learn to cope with inevitable uncertainties that crop up.
- People who excessively depend on order will find it a barrier to entrepreneurship. They should have a high level of intolerance for ambiguity and chaos because they are breakers of status-quo.

Question 5. Describe the environmental barriers to entrepreneurship.

Answer: Following are the Environmental Barriers:

(1)Economic (2) Social (3) Cultural (4) Political

1. **Economic:** The factors of production land, labour, capital, material, etc. contribute equally towards the development of entrepreneurship in any country. If all the factors are readily available to the entrepreneurs, then entrepreneurship is naturally promoted and developed. But if any of the factor of production are not available or not readily available or available in inadequate quality and quantity, they can become barriers to entrepreneurship.
2. **Social:** Sociological factors such as religion, caste structure, age groups, standard of living, mobility of labour, cultural heritage, respect for senior citizens, values, etc. have a deep impact on business. In India, attitudes have changed with respect to food and clothing, due to changes in educational pattern, rise in standard of living, increase in literacy rate among men and women, employment of women in factories and offices, etc. Due to it there is growth of food processing and garment manufacturing units.
3. **Cultural:** Every society has its own culture, cultural values, customs, beliefs and norms. If the culture of a society is encouraging creativity and risk-taking, entrepreneurship gets encouragement leading to development.
4. **Political:** Political factor provides the legal framework for the functioning of the enterprises in the economy. Political environment poses challenge in front of entrepreneurs. Political environment is affected by political parties, stability of the government, government's interference in business world, taxation and subsidies policies etc.

Question 6. Describe the main characteristics of social entrepreneurs.

Answer: Social entrepreneurs have following characteristics:

1. **Social Catalysts:** Social entrepreneurs are the visionaries who create fundamental, social changes by reforming social systems and creating sustainable improvements. Their efforts and actions have the potential to bring global improvements in various fields like education, healthcare, economic development, the environment, the arts etc.
2. **Socially aware:** Social improvement, is the ultimate goal of the social entrepreneurs. The success of their efforts is measured by their social changes and impact on various social groups of the society.
3. **Opportunity-seeking:** Social entrepreneurs view every obstacle as an opportunity. They develop their business on the same grounds.
4. **Innovative:** Social entrepreneurs are creative, willing to think differently and ready to apply ideas to new situations. They see failures as learning opportunities.
5. **Resourceful:** Social entrepreneurs' visions are not limited by the resources which they acquire or have but they actively expand their resource pool through positive collaboration with others.
6. **Accountable:** Social entrepreneurs are accountable to their beneficiaries like customers, investors, etc. and they often take measures to keep themselves on the right track by asking themselves—Am I creating value for the people I am serving? Do I understand

their needs?

Question 7. Mention some names and their contributions as social entrepreneurs of India.

Answer:

1. **Vinoba Bhave:** He was the founder of the Bhudaan Andolan, which resulted in redistribution of more than 7,000,000 acres of land to aid India's untouchables and landless.
2. **Ela Bhatt:** She founded Self-Employed Women's Association (SEWA) in 1972 is a trade union of poor, unorganised, self-employed women who work as vendors, hawkers and labourers.
3. **Dr. Varghese Kurien:** He is the founder of the AMUL Dairy Project.
4. **Bunker Roy:** He is the founder of Barefoot College, which promotes rural development using new and innovative education programs.
5. **Nand Kishore Chaudhary:** He is the founder of Jaipur rugs, which promotes rural development through capacity building in rural area.
6. **Harish Hande:** He is the founder of Selco India, a solar electric light company in 1995, which emerged as India's leading solar technology firm.

Question 8. Describe the various internal factors giving rise to internal risk.

Answer: The various internal factors giving rise to such risks are:

- **Human factors:** These are mainly due to human behaviour and various related aspects. Like strikes lock-outs by trade unions; negligence, dishonesty of an employee; accidents, deaths, failure of suppliers to supply raw materials, default in payment, etc.
- **Technological factors:** These are unforeseen changes in the techniques of production or distribution and may result in technological obsolescence. For example: The packaging industry has increased the shelf-life of various products like chips, milk, etc. so small producers of these products are affected.
- **Physical factors:** These factors result in loss or damage to the property of the firm. These may be due to failure of machinery and equipment used in business; fire, theft, damages in transportation, etc. They also include losses to the firm arising from.

Question 9. Explain the various external factors which give rise to external risks.

Answer: The various external factors which may give rise to such risks are as follows:

1. **Economic factors:** These arise due to prevalent economic condition and changes in the prevailing market conditions. These can be of the following types:
 - (a) changes in demand
 - (b) price fluctuations
 - (c) changes in tastes and preferences of the consumers
 - (d) changes in income, output or trade cycles
 - (e) increased competition for the product
 - (f) inflationary tendency in the economy
 - (g) rising unemployment
 - (h) fluctuations in world economyFor example: Audio cassette player to CD player.
2. **Natural factors:** These are the unforeseen natural calamities like earthquake, flood, famine, cyclone, lightening, etc. These may cause loss and damage to life and property. Entrepreneurs have very little or no control. For example, the land slide in Uttarakhand damaged the business and have adversely affected the whole economy of the state.
3. **Political factors:** These are due to political changes in a country like:

- (a) fall or change in the Government
 - (b) communal violence
 - (c) civil war
 - (d) hostilities with the neighbouring countries
 - (e) changes in Government policies and regulations.
4. **Change in taste and preference:** Tastes change with the change of time and factors. For example: Earlier home made food was preferred and fast food was considered as luxury. In the present scenario, there has been an increase for the liking towards fast food.

Question 10. Explain the cloud computing.

Answer: The origin of the term 'cloud' computing appears to be derived from the practice of using drawings of stylized clouds to denote networks in diagrams of computing and communications systems. The word cloud is used as a metaphor for the internet, based on the standardized use of a cloud-like shape to denote a network.

Cloud computing helps the firms to upload all its data on to a cloud and then it can be used it remotely wherever it is required.

By 2016, Gartner—a consultancy firm, expects all Forbes' Global 2000 companies to use public cloud services, transforming much of the current IT hardware, software and database markets into infinitely flexible utilities.