



II. SHORT ANSWER TYPE QUESTIONS

Q1. "Sensitivity to environmental factors is crucial for an entrepreneur." Do you agree?

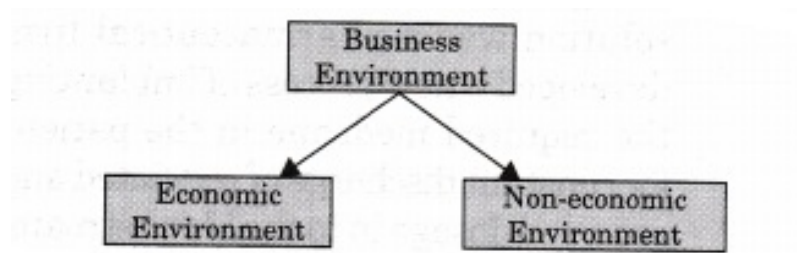
Ans: Sensitivity to environmental factors is crucial for an entrepreneur. If a company is able to adapt to its environment, it would succeed in the long run. E.g., Sony failing to understand the changing trends in mobile phones and therefore losing its market share.

Q2. Why is environment an important factor for entrepreneurship?

Ans: Environment means surroundings. Environment of a business means forces (economic, social, political technological), etc. and institution (suppliers, customers, competitors, etc.) Outside the firm with which an entrepreneur must deal to achieve its goal.

Q3. Define Environment.

Ans: A term used by A. Marshall as an alternative to conjunction, to indicate the condition that makes it possible for a person to enjoy consumer's surplus.



Q4. Enumerate two important points that an entrepreneur has to ensure before selecting an opportunity.

Ans: Before selecting an opportunity, the entrepreneur has to ensure two things:

(i) There should be a good market for the product he is going to introduce/ produce.

(ii) The rate of return on the investment should be maximum and attractive and can be accepted by him.

Q5. Can all ideas be converted into opportunities? Give reason.

Ans: No, all ideas may not be converted, into opportunities because if an entrepreneur conceive an idea and start its business without even analysing the market and as per the needs and problems of the people and only try to satisfy his own ego, then the result/outcome of launching a business and a product will end with only few customers.

Q6. How an entrepreneur perceive an opportunity?

Or

How is entrepreneurs different from others in perceiving opportunities?

Ans: The entrepreneurs perceive opportunities, synthesize the available information and analyse emerging patterns that escape the attention of other people. They are people with vision, capable of persuading others such as customers, partners, employees and suppliers to see the opportunity, share and support it.

Q7. "Many times creative products and services are born as results of problem solving". Give examples.

Ans:

- (i) Problem was over tightening of screwdriver and the solution came in the form of a self-adjusting screwdriver which prevented over tightening.
- (ii) Problem was when doctors found monitoring of dosage of medicine to be administered to patients on a regular basis through traditional methods using a syringe cumbersome and a solution was a pharmaceutical firm developed a new process of implanting the required medicine in the patient for constant discharge of regulated and required dosage in to the blood stream.

Q8. Why do we need to scan our environment?

Ans: In rapidly changing environments, one rule of thumb applies: If you don't adapt, you don't endure. That's the core idea behind environmental scanning. Definitions of the term abound, but in essence it refers to the means by which organizations gather information on changing conditions and incorporate those observations into a process where necessary changes are made. The right information, combined with the right adaptations, can determine an organization's future viability. If an entrepreneur is not aware of what the environment surrounding his business he is sure to fail. E.g., HMT watches lost its market to Titan.

Q9. What do you mean by environment analysis?

Ans: Environment analysis is the process of monitoring the economic and non-economic environment to determine the opportunities and threats to an organisation.

Q10. State the factors involved in environment analysis.

Ans: Such an analysis involves data collection, information processing and forecasting to provide a rational basis for developing goals and strategies for business survival and growth.

Q11. What do you mean by scanning of environment?

Ans: Scanning of environment refers to a close examination of the environment so that it can develop an understanding between all the environmental factors like sociocultural, economic, political and other developmental factors in order to ensure that the perceived entrepreneurial opportunity is compatible with them.

Q12. "Creativity is a continuous activity for the entrepreneur". Explain.

Ans: 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.

Q13. "Often times, a company will improve or change their existing products". Give reasons.

Ans: Improvisation or change in the existing product can:

- (i) Make a substantial difference in the success of the company,
- (ii) Take a firm/company as a whole new direction by increasing sales.

Q14. State any two pros to changing or improving your existing product line by an entrepreneur.

Ans:

- (i) keep up with the competition
- (ii) increase sales

Q15. Mention any two important variables, which are considered under economic factors.

Ans: The economic environment includes interest rates, inflation, business cycles, etc.

Q16. What do you mean by market driven idea or demand driven ideas?

Ans: If the idea is generated through the market research. Such studies gives an entrepreneur information about trends of demand, supply consumer taste and preferences.

Q17. Explain the importance of creativity for an entrepreneur.

Ans: Creativity is important to entrepreneurs because it is the first stage in the process of innovation, providing the stimulus for opportunity discovery and new venture creation.

Q18. How do hobbies help in generating business idea?

Ans: If any individual is master/talented in any skills (hobbies) and are ready to teach others with passion then he can easily convert his/her hobbies into business idea.

For example, teaching piano lessons (any other instrumental classes), teaching cooking classes, or teaching another language, spoken English and personality classes, coaching classes, selling handmade confectioneries, bakery items, handmade handicrafts, own small restaurant, etc. Example: "Mahila Griha Udyog Lijjat Papad" hobbies converted into business.

Q19. What is the basic function of the process of environment scanning?

Ans: Spotting and generating ideas is the most important function in the process of environment scanning.

Q20. What will be the level of operation for metal-based handicraft item?

Ans: Small cottage industries.

Q21. What will be the level of operation for automobile spare parts?

Ans: Small scale industries.

Q22. Enumerate the main objectives of problem identification.

Ans: Objectives of problem identification:

- (i) State the problem
- (ii) The target group who is facing the problem
- (iii) Market acceptability of the solution for the problem.

Q23. What is the difference between creativity and innovation?

Ans:

S.No.	Creativity	Innovation
(i)	Creativity is the ability to bring something new into existence.	Innovation is the process of doing new things or bring new ideas or new process or new products or new services into reality.
(ii)	Creativity is pre-requisite for innovation.	Innovation is a process that transforms creative ideas into useful realities.
(iii)	A creative individual may be visionary but may not have the necessary resources or ability to convert the idea into action.	An innovator may have the right ability to translate or transform a useful idea into an application which has some commercial value.

Q24. How marketing research helps an entrepreneur?

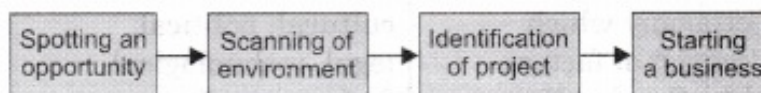
Ans: It helps an entrepreneur to take decisions related to:

- (i) The type of product,
- (ii) The pricing policy,
- (iii) The channel of distribution,
- (iv) And sales promotion techniques can be made rightly with the help of marketing information at the right time.

For example, the owner of a food court (small restaurant) should find out what all services are needed to satisfy its customers.

Q25. Explain the process of analysis of environment with the help of chart.

Ans: The flow chart shows that an opportunity received by the entrepreneur should be tested against important environmental parameters to arrive at a sound business choice. This interface is an evaluative process leading to a judgement. Is it a viable idea? Does it make sound business sense? If yes, the entrepreneur can proceed to the next stage of product or service identification.



Q26. State some service sector based ideas related to commercial establishment.

Ans: Following are few of the service sector based ideas related to commercial establishment:

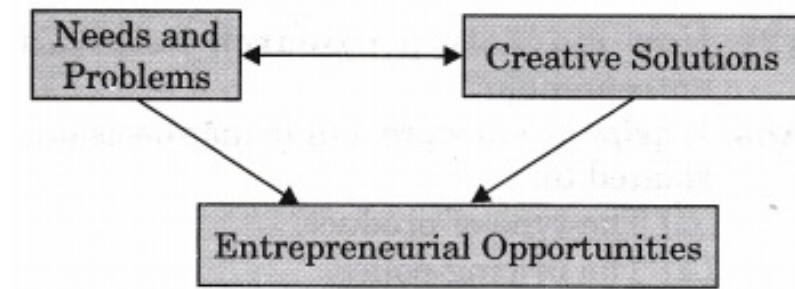
- (i) Speciality tourism
- (ii) Indian fast food.
- (iii) Personal grooming salons
- (iv) Career counselling centres
- (v) Chain of repair and maintenance services for electrical/electronic products.

Q27. Describe Perceiving and Sensing Opportunities.

Ans: Entrepreneurs perceive opportunities, synthesize the available information from various sources.

They analyse changing and emerging patterns that other people

fail to note. Entrepreneurs are people with vision, capable of persuading others to see the opportunity, share and support it.



Q28. Why does an entrepreneur need to scan environment? Explain.
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Ans: The right information combined with the right adaptations can determine an organization future viability.

If an entrepreneur is not aware of the environment surrounding his or her business, he/she will not succeed.

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