TEXTBOOK QUESTIONS SOLVED
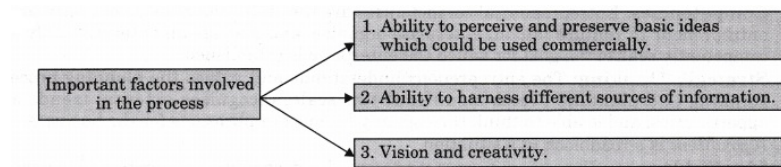
A. VERY SHORT ANSWER TYPE QUESTIONS
Q1. What is a business opportunity?
Ans: It refers to an attractive and accessable economic idea which could be implemented to create a business, earn maximum profit, and leads to further growth.

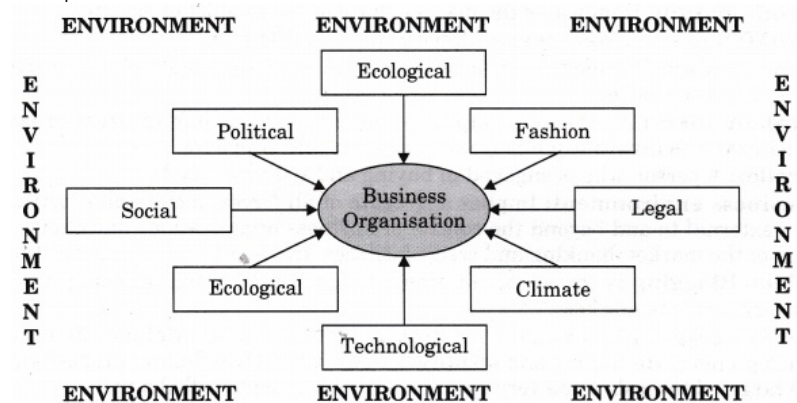Q2. What factors are involved in the process of sensing an entrepreneurial opportunity?
Ans:

Q3. Define the term environment scanning.
Ans: Environment scanning refers to careful monitoring of an organization's internal and external environments for detecting early signs of opportunities and threats that may influence its current and future plans.

Q4. List the environmental factors affecting external environment.
Ans: Climate, technology, social, economy, ecological, political, legal, competition, media and fashion.

Q5. What is the meaning of trend spotting?
Ans: It is an immediate identification of new trends like fashions, activities, designs, assumptions, etc.

Q6. What is required to convert an idea into opportunity?
Ans: Sensing entrepreneurial opportunities is only a process of converting an idea into an opportunity and then into an enterprise.

Q7. What is Idea Generation?
Ans: The process of creating, developing, and communicating ideas which are in an abstract, concrete, or visual form. It includes the process of constructing through the idea, innovating the concept, developing the process, and bringing the concept to reality.

B. SHORT ANSWER TYPE QUESTIONS - I
Q1. What is the purpose to scan the environment?

Ans: The main purpose of environmental scanning is to know the rapid changes occurring in the environment by which organizations gather information on changing conditions and incorporate those observations into a process where necessary changes can be made.
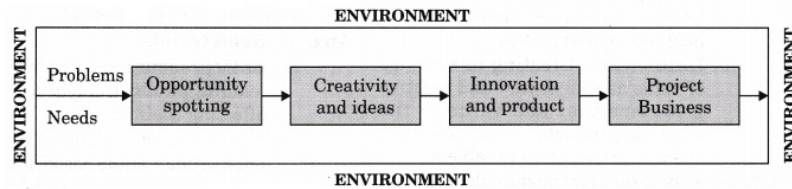
Q2. What are the factors involved in sensing opportunities?
Ans: The most important factors involved in the process are:
(i) Ability to perceive and preserve basic ideas which could be used commercially,
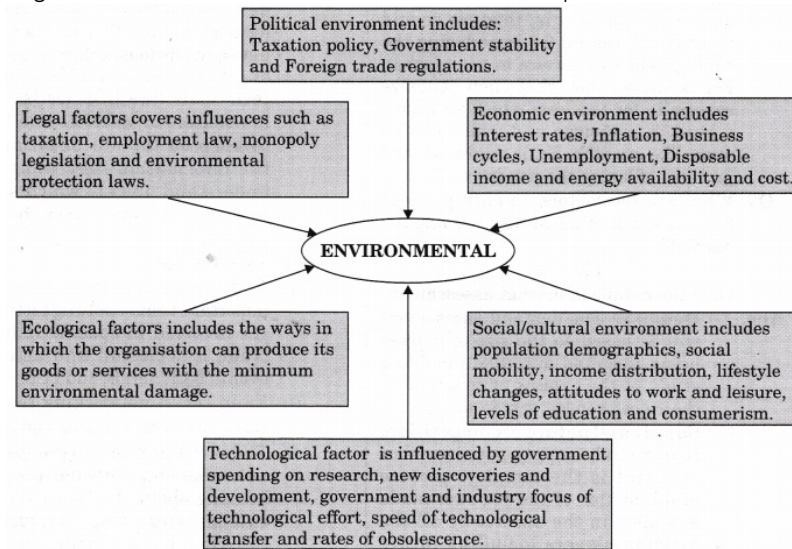(ii) Ability to harness different sources of information,
(iii) Vision and creativity.

Q3. Draw the enterprise process diagram.
Ans:

ENVIRONMENT

ENVIRONMENT | Problems / Needs → Opportunity spotting → Creativity and ideas → Innovation and product → Project Business | ENVIRONMENT

ENVIRONMENT

Q4. What is PESTEL model? Explain it.
Ans: "PESTEL model involves the collection and portrayal of information about external factors which have, or may have, an impact on business." It is an analysis of the political, economic, social and technological factors in the external environment of an organization, which can affect its activities and performance.

Political environment includes: Taxation policy, Government stability and Foreign trade regulations.

Legal factors covers influences such as taxation, employment law, monopoly legislation and environmental protection laws.

Economic environment includes Interest rates, Inflation, Business cycles, Unemployment, Disposable income and energy availability and cost.

ENVIRONMENTAL

Ecological factors includes the ways in which the organisation can produce its goods or services with the minimum environmental damage.

Social/cultural environment includes population demographics, social mobility, income distribution, lifestyle changes, attitudes to work and leisure, levels of education and consumerism.

Technological factor is influenced by government spending on research, new discoveries and development, government and industry focus of technological effort, speed of technological transfer and rates of obsolescence.

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