



#### 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 of 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 Cd)
  - 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.

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