



Question 5. Higher Order Skills

1. Differentiate between entrepreneurial functions and managerial functions of an entrepreneur.
2. “Innovation is the hallmark of entrepreneurship”. Why is “innovation” referred as the basic function of an entrepreneur?
3. “Entrepreneurs, in their drive and pursuit to create something new, at times, results in causing major loss to the Nation’s natural resources. Shouldn’t they be discouraged? Justify giving reasons for your answers.
4. Starting a venture is not an easy task. A series of activities needs to be planned and undertaken to create an enterprise. Discuss them briefly.
5. Why are entrepreneurs called agents of progress for a nation? What role do they play in the Nation’s development?

Answer:

- | Managerial Functions | Entrepreneurial Functions |
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| An entrepreneur is a person who bears the managerial functions include all various activities of an enterprise to be performed by all people (employees from top level to lower level management) involved in an enterprise with efficiently and effectively to accomplish desired goals and objectives using available resources. | Entrepreneurship is the set of activities. It is the basic function of an entrepreneur which includes all various activities of an entrepreneur to start an enterprise. |
| It includes planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. | It includes innovation, creativity, risk-building and organisation building. For purpose of converting dream into reality. |
| Possess managerial knowledge and experiences. | Possess technical knowledge and experience in the innovative field. |
| Involve the ongoing coordination of the production process. | Involves initiating changes in production. |
| The basic aspects of managerial functions are establishing goals, objectives and procedures; organizing daily or periodic duties of employees; recruiting and training employees; providing proper direction to employees; and maintaining control over employees’ job performances. The process of managing employees-guiding workers to reach certain goals. | Entrepreneurial function involve innovate new products, services, ideas and informations for the enterprise. The entrepreneur assumes all possible risks of business which emerges due to the possibility of changes in the tastes of consumers, modern techniques of production and new inventions. And by assembling all various factors of production starting a new venture. |
1. “Innovation is the hallmark of entrepreneurship”. Yes, it is correct. It inspires entrepreneurial thinking, dream big and make things happen.” It is the specific tool of entrepreneurs, by which they exploit change as an opportunity for a different business services. It is capable of being presented as a discipline, capable of being learned, capable of being practised.
The ‘dictionary’ meaning of innovation is “Introduction of new things”. Innovation involves problem solving and entrepreneur is a problem solver. So innovation is the mean of exploiting a business opportunity.
All goods and services are produced by combining three factors:
 1. Natural, physical and mental labour and capital. An innovation is a new combination of these three things.
 2. According to Schumpeter, the basic function of entrepreneur was to innovate.
 3. He says that entrepreneur is basically an innovator and he introduce something newr in the economy.

4. According to him, an entrepreneur is one who carries out new combination of mean of production.

The process of innovation-may be in following forms:

- Introduction of new products, totally new to the consumers.
- Use of new method of production, which is not yet introduced by any other.
- Find new market for a product or services.
- A new form of organization like monopoly position in the market.
- Find new use of a product/services.
- Improve an existing product or services.

3. An entrepreneur is someone who organizes, manages, and assumes the risks of a business or enterprise. An entrepreneur is an agent of change. Entrepreneurship is the process of discovering new ways of combining resources. When the market value generated by this new combination of resources is greater than the market value these resources can generate elsewhere individually or in some other combination, the entrepreneur makes a profit. An entrepreneur who takes the resources necessary to produce a pair of jeans that can be sold for thirty dollars and instead turns them into a denim backpack that sells for fifty dollars will earn a profit by increasing the value those resources create. This comparison is possible because in competitive resource markets, an entrepreneur's costs of production are determined by the prices required to bid the necessary resources away from alternative uses.

4. To start a venture an entrepreneur perform and plan a series of activities they are as follows:

1. Self-discovery:

- Entrepreneur enjoys doing different things and learn out of it,
- Examine their strengths and weaknesses,
- Understand his abilities, talent, knowledge and feelings relating it to potential opportunities.

2. Identifying opportunities: Entrepreneur see for needs, wants, problems, challenges and craft opportunities that other people miss or that are not yet being met and convert it into different forms effectively.

3. Generating and evaluating ideas: He uses his creativity conscious endeavour and past experience to collect ideas from different sources and find out a creative and innovative solution, and ends as a creative venture.

4. Planning: Making a written business plan including requirement of resources financial. Human resources, technical resources, material resources according to size of business, prepares applicable marketing strategies and turn the idea into a viable venture.

5. Raising Start-up capital: Using the business plan to attract investors, venture capitalists and partners. This stage can involve producing prototypes or test-marketing services.

6. Start-up: Entrepreneur launches the venture as per the requirement, need, taste and preferences of a customer, and keeps a margin of flexibility in marketing strategy and operational plans as required.

7. Growth: Time to time scanning of environment, making sure of constant flow of ideas, by adapting to new, different strategies, different economic policies, changing technology, innovation diversification facilitate growth and expansion.

8. Harvest: Harvesting is the final phase in the entrepreneurial value creation process where the owners can simply sell the business and reap the value of their investment in the firm and harvesting the rewards.

5. Economic growth of any country depends on the rate of

innovation in the economic field, and increases rate of growth in GDP, i.e. total value of goods and services (production) in an economy in a year, more production means the more number of entrepreneurs and quality of entrepreneurs in the society. Country's economy progresses only when more number of entrepreneurs emerge in all fields. Entrepreneur is the only person who bear the costs and risks of launching a new venture, developing a new product, commercializing an invention, adapting a technology and developing a new market, start a new enterprise. More number of enterprise means more entrepreneurs, more entrepreneurs means more growth equivalent to progress of nation. Therefore, entrepreneurs are "agents of progress" for a nation. Entrepreneur plays an important role in the nation's development:

- Increase in the rate of growth in GDP (Total value of goods and services produced in an economy in a year),
- Increasing productivity,
- Providing employment opportunities,
- Increasing economic diversification,
- Optimal use of available resources,
- Continued innovation in techno-managerial practices and finally international competitiveness.

Question 6. Application -Based Exercise:

1. Shivi, a dropout from 10th std is forced by her mother to start working as help. Shivi agrees on the condition to do only "cooking" in 2-3 houses. One family turns out to be Punjabi, other Gujarati and the third one is Rajasthani. She cooked their kinds of food for an year and to everyone's surprise, she expressed her desire to open up a small eating joint of her own. All alone, determined, she finally opens "Apna Bhoj", a small eating joint with her savings and it became a hot spot because of the fusion food platter being offered. Do you think Shivi is an entrepreneur? Give reasons for your answers.
2. Karan, a rural boy, identifies the potential of organic farming in the village. He meets the zonal agricultural officer, who, looking at the determination of this 20 years old, helps him arrange and procure multiple resources required for his farm land. Then Karan takes a loan of Rs. 50,000/- from SBI as his seed money of Rs. 10,000/- is not enough to cater the requirement. Karan ties up with a nearby city's vegetable shop owner to sell his yield. His hard work pays and the organic vegetables are a hit. This organic vegetable producer exhibits to be a good entrepreneur with good entrepreneurial skills. Do you agree? Justify giving reasons for your answer.

Answer:

1. Yes, Shivi is an entrepreneur.
 - Shivi's one year occupational experience provides her confidence to start her own business.
 - Is converted her hobbies into reality by sheer hard-work and application of mind.
 - Her desire to work independently and potential efforts, helped her to reduce the element of uncertainty.
 - Is innovative.
 - Understanding of the area/market in which she is going to start her business.
 - She is a creative entrepreneur as, she has taken initiative and created an opportunity for innovation, experimentation and production.
 - Her competitiveness which means willingness to compete honestly with others and providing quality product and services and reduction in price.

- She is an innovator of ideas, products, practices, services to meet the perceived opportunity, a lot of effort has done by Shivi to convert her dream into reality
 - Is a moderate risk taker and works under uncertainty for achieving the goal.
 - Is a persuader of deviant pursuits.
 - Her vision, original idea, decision-making exhibit a sense of leadership.
 - Reflects a strong urge to be independent.
 - Persistently tries to do something better.
 - Is dissatisfied with routine activities.
 - Is prepared to withstand the hard life.
 - Exhibits a sense of leadership.
 - Takes personal responsibility.
 - Is oriented towards the future.
 - Tends to persist in the face of adversity.
2. For Self Attempt.

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