

# UNIT 1 INTRODUCTION OF MANAGEMENT

Question- 1 Answers the following

1. Define Management. Explain concept of management.

A. It is define as “ Management is a art getting work done through other.

Management is conserved with utilization of resources of business organization.”

In other words “Management is the crucial factor in economic and social development. It was obvious that the economist’s traditional view of development of as a function of saving and capital investment was not adequate.”

► The term management is used in three alternative ways:

- Management as a discipline,
- Management as a group of people, and
- Management as a process.
- 1.Field of Study (Discipline) -Management principles, techniques, functions, etc-Profession
- 2.Team or Class of people-Individual who performs managerial activities or may be a group of persons
- 3.Process-Managerial activities -planning, organizing, staffing, directing, controlling.

2. Which points should be discussed while discussing management as art?

- A.
- Practical know how
  - Technical skills
  - Concrete results
  - Creativity
  - Personalized nature

For more detail

Refer question no. 3

3. Is management –science or art or both?–Justify it .

#### A. MANAGEMENT: AN ART OR A SCIENCE

A controversy has raged for many years over the concept of management. Is it an art, which depends upon skill or is it a science which depends upon analysis. According to J. Paul Getty, “Management cannot be systematized, or practiced according to a formula. It is an art, even a creative art. Others disagree. It is said that, “The management is the oldest of arts and the youngest of sciences.”

##### (a) Management as an art:

It has been propounded that just like leaders, the managers are also born and not made. It is an inherent trait and it cannot be learned through formal training or knowledge of certain techniques. It is similar to being a painter or a poet. You cannot be trained to become a poet. There have been a number of cases in which some people have become successful managers and entrepreneurs without having been specifically educated for this profession. They have depended upon intuition and experience rather than any formal preparatory education.

According to Jucius and Schlender, management was considered a pure art in the United States in the last century.

A manager was born or was made so in the hot crucible of experience. He thus relied upon intuitive guidance when faced with a decision. So in a sense, he learned nothing from the previous generations and could pass nothing on to succeeding generations as far as management skills were concerned.

The contention of management being an art was rejected by scientific management pioneers like Fredrick W. Taylor, Henry Gantt, Henry Fayol, Frank and Lilian Gilbreths who believed that the management process could be translated into a set of methodologies and techniques which could be learned and communicated. However, the management may be a combination of both art and science elements. The science and the art of it may not be mutually exclusive. In the opinion of a Russian management expert. D. Gvishiani "the managerial activity will always remain a creative field, a field of art. even though it is becoming more and more scientific."

(b) Management as a science.

Science is a systematic knowledge which explains the cause and effect phenomenon with underlying principles which have universal application. In this regard, management has developed certain principles, laws and generalizations which are universal in nature and can be applied under similar circumstances of business environment. According to Luther Gulick.

Management is already a field of knowledge, and is becoming a science, because the inter-relationships being involved are being explained systematically and the emerging theories are being tested and improved by logic and the facts of life.

Both scientific management, which is the scientific study of management principles and management science which is based upon sophisticated quantitative decision making models has common approach, that subjectivity and intuition should be replaced by objectivity and scientific methodology and rule-of-thumb, hunches, guess-work, and trial-and-error approach be replaced with exact knowledge and deductive decisions.

Can the management, however, be an exact science where the same set of rules apply under similar situations? Do similar causes result in similar effects in the area of management? Hardly so. Management cannot be an exact science because it deals with human beings and because their Psychological make-up are highly complex and unpredictable. Additionally the business environment is highly dynamic and ever-changing. Accordingly, the same rules may not always apply because the situations are never similar.

Management may not be an exact science, but the application of scientific methods to management problems have proved to be effective. Objectives are defined, hypothesis formulated necessary data collected, analyzed and interpreted, conclusions tested, solutions arrived at and implemented. Mathematical techniques have been successfully applied in Problems involving inventories, service facilities, assignment of jobs to machines for optimal

results, optimal allocation of scarce and limited resources to different projects etc. More Important than the scientific methodology is the scientific mind and scientific attitude of the manager. The scientific mind is always accepting challenges, is always investigating and reaching objective conclusions. The scientific attitude is selective, objective, and discriminating and it implies creativity.

#### 4. Explain functions of management.

There are basically five primary functions of management. These are :

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

##### 1. Planning:

Planning is future oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves the predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future. Peter Drucker has defined planning as follows :

Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized and systematic feedback.

An effective planning programme incorporates the effect of both external as well as internal factors. The external factors are shortages Of resources, both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments etc.

The internal factors that affect planning are limited growth Opportunities due to saturation requiring diversification, changing patterns of work force, more complex organizational structures, decentralization etc.

## 2. Organizing:

Organizing requires a formal structure of authority and the direction and flow of such authority through which work sub-divisions are defined, arranged and co-ordinated so that each part relates to each other part in a united and coherent manner so as to attain the prescribed objectives. Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

It follows, therefore, that the function of organizing is concerned with :

- (a) Identifying the tasks that must be performed and grouping them whenever necessary.
- (b) Assigning these tasks to the personnel while defining their authority and responsibility.
- (c) Delegating this authority to these employees.
- (d) Establishing a relationship between authority and responsibility.
- (e) Co-ordinating these activities.

## 3. Staffing:

Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees, and maintaining this work-force with proper incentives and motivations.

Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel. This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

#### 4. Directing:

The directing function is concerned with leadership, communication, motivation and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals. The leadership element involves issuing of instructions and guiding the subordinates about procedures and methods. The communication must be open both ways so that the information can be passed on to the subordinates and the feedback received from them. Motivation is very important, since highly motivated people show excellent performance with less direction from superiors. Supervising subordinates would give continuous progress reports as well as assure the superiors that the directions are being properly carried out.

#### 5. Controlling:

The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the prearranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.

All these five functions of management are closely inter-related. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with accordingly.

#### 5. Explain planning and organizing in detail.

A. Refer question no. 4

#### 6. Which points should be discussed while discussing management as Science?

A. •Empirically Derived

- Critically tested

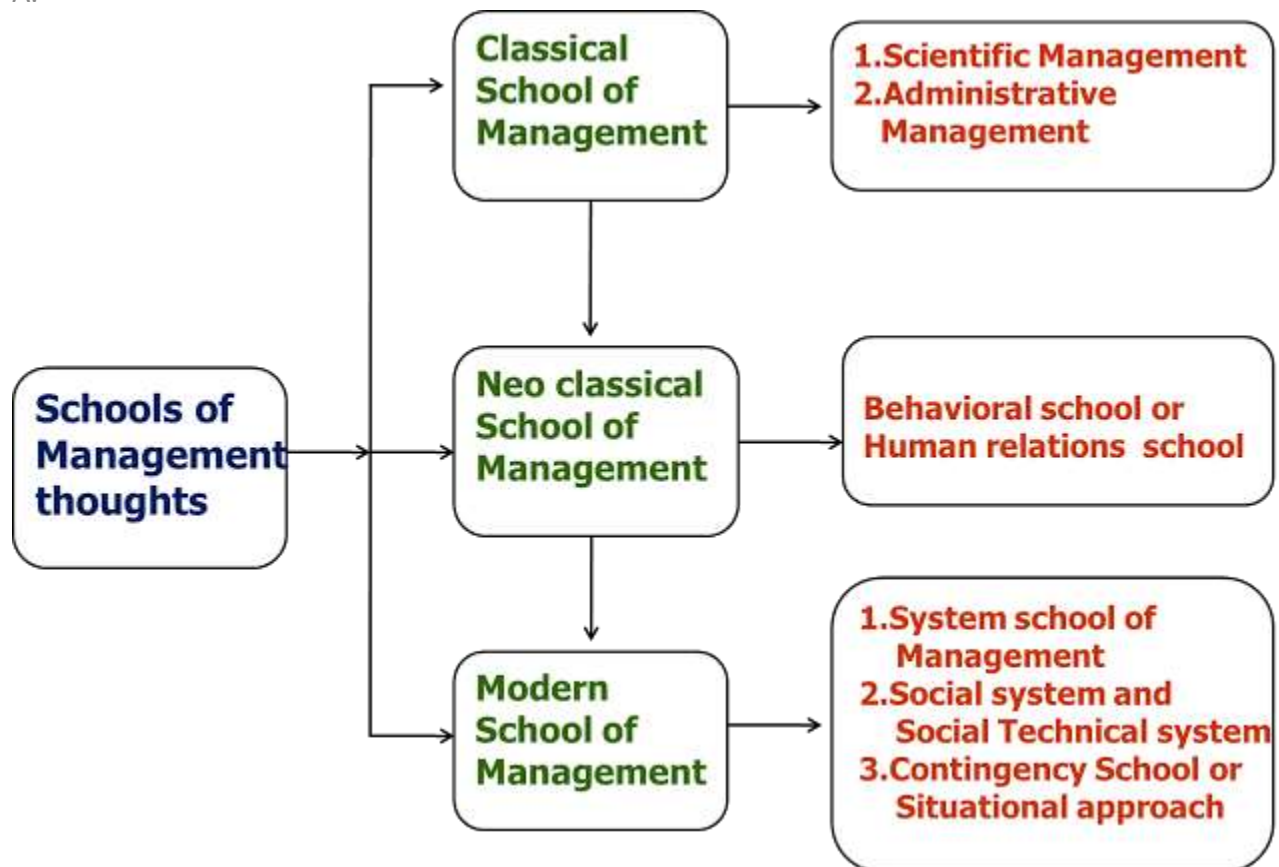
- General principles
- Cause and effect relationship
- Universal applicability

For more detail

Refer question no. 3

7. Provide some outline of evolution of management.

A.



8. Explain various levels in management and their functions.

A. There are basically three levels of management with relative standing in an organization's hierarchy of authority. These levels are:

1. Top management:

The top level management includes top executive such as chief executive officer, chief operating officer, president, executive vice president and various vice president. These managers are primarily involved in board organizational matters such as policy formulation, long range planning, goal setting and development of organizational strategies. In general, the top management effectively deals with all elements and forces that affect the survival, stability, and growth of an organization.

It is the function of top management to watch, interpret, exploit or, where necessary, counter external influences with appropriate decisions and plans and to initiate the appropriate adjustment in the functional authority and status structure of the organization, it is the top management's duty to protect the integrity of the organization, so that it can survive for its own employee's, the shareholder's, supplier's, and the customer's interests and for the general good of the social and economic system within which it operates.

2. Middle management:

The middle management level generally consist of divisional and departmental heads such as plant manager, production manager, marketing manager, personal directors etc. their job is to interpret policies and directions set by the top level management into specific planes and guidelines to action. Their responsibility is to coordinate the working of their departments so that the set objective can be achieved. They are concerned with short-term goals and specific results. They spend more time on operation planning, informational processing and day to day monitoring of their divisional activities.

3. First level supervisory management:

This level of management consists of supervisors, unit heads, foremen, chief clerks etc. their primary concerned with the machines of the job and they are responsible for coordinating the work of their employees. They must posses technical skills so that they can assist their subordinates when necessary. They day to day operations, assign personnel to specific jobs, oversee their activities, evaluated their performances, and become a link between the workers and the middle level management.





9. State importance of management.

*A. The importance of management may be traced in the following contexts:*

- Effective Utilization of Resources
- Development of Resources
- To incorporate Innovations
- Integrating Various Interest Groups
- Stability in the Society

10. Discuss various roles of a manager in brief.

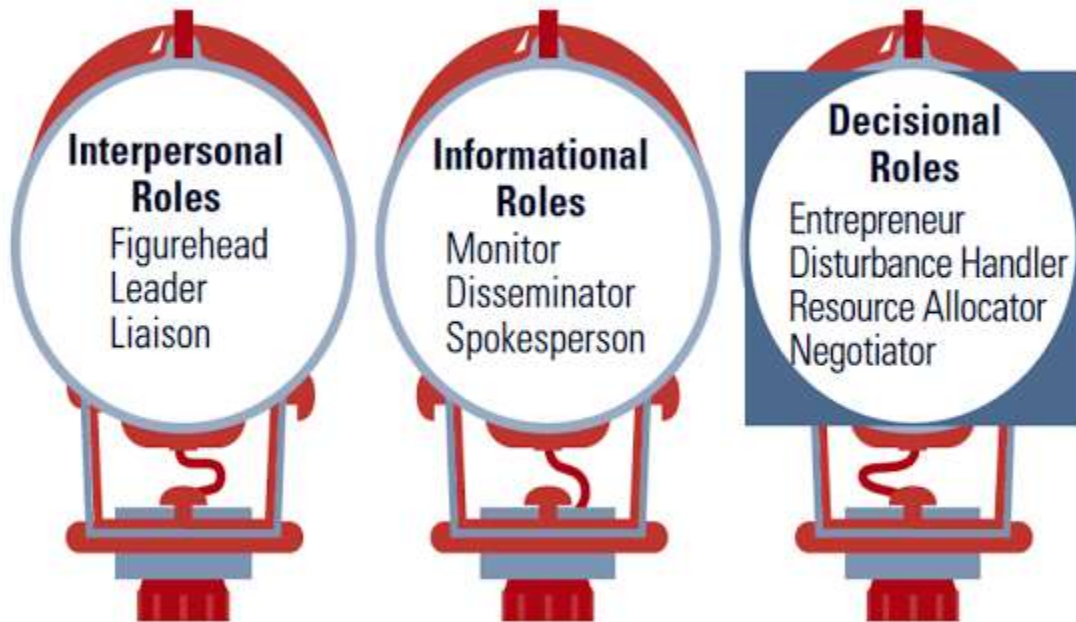
A. A role is a set of specific tasks a person performs because of the position they hold.

- Roles are directed inside as well as outside the organization.
- There are 3 broad role categories:

*1. Interpersonal*

*2. Informational*

*3. Decisional*



Roles managers assume to coordinate and interact with employees and provide direction to the organization.

- Figurehead- represents organization and its authority
- Leader- give direct commands and orders to subordinates and make decisions
- Liaison- makes contacts with peers and other managers
- Associated with the tasks needed to obtain and transmit information for management of the organization.

- Monitor- Gathers information , evaluate the performance of managers in different functions
- Disseminator- communicate to employees the organization's vision and purpose
- Spokesperson- give a speech to inform the local community about the organization's future intentions

Associated with the methods managers use to plan strategy and utilize resources to achieve goals.

- Entrepreneur - commit organization resources to develop innovative goods and services
- Disturbance handler- to take corrective action to deal with unexpected problems facing the organization from the external as well as internal environment
- Resource allocator- allocate existing resources among different functions and departments
- Negotiator- work with suppliers, distributors and labor unions, customer, etc

## Unit -2 Planning and organizing

### Question 3 . Answers the following (short question)

Define planning.

Planning has been defined previously one of the five major functions of management. However, since planning is a bridge between the present and the future, it has been called the primary management function. Planning is particularly important because of scarce resources and uncertain environment with a fierce competition for these resources.

Planning is a decision making activity requiring the process of ascertaining objectives and deciding on activities to attain these objectives.

It means, “ the determination of what is to be done, how and where it is to be done how is to do it and how the results are to be evaluated.”

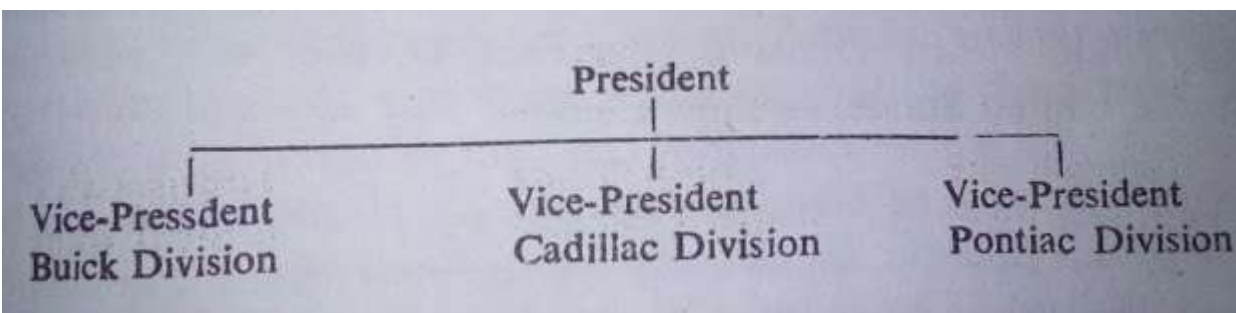
defining goals and objectives.

deciding what type of activities the company will engage in

determining the resources needed to achieve the organization’s goals & objectives.

Discuss in brief Product based Departmentation.

Departmentation by Product:



In this case, the units are formed according to the type of Product and is more useful in multi-line corporations Where product expansion and diversification and manufacturing and marketing characteristics of the products are of primary concern. For example, General Motors has six divisions which are decentralized and independent. These are: Chevrolet, Buick, Pontiac, Oldsmobile, Cadillac, and GMC trucks. The departmentation by product would be as follows:

Each division is autonomous and each division strives to improve and expand its own product line and each divisional General Manager is responsible for its cost, profits, failures, and successes. In this type of division, the responsibility as well as accountability is traceable, thus making the division heads sensitive to product needs and changing consumer tastes. It thus facilitates the measurement of managerial as Well as operative results and the contribution of each product line to the organization’s total profits can be evaluated.

The major disadvantage of this type of departmentalization is that it promotes fierce internal competition which may or may not, be healthy and there is a lack of coordination among different divisions unless the central management retains the policy making and financial management authority.

Give meaning of centralization system.

Centralization is a system of company where authority and powers are divided into few hands.

They take the major decisions for the company and others follow it.

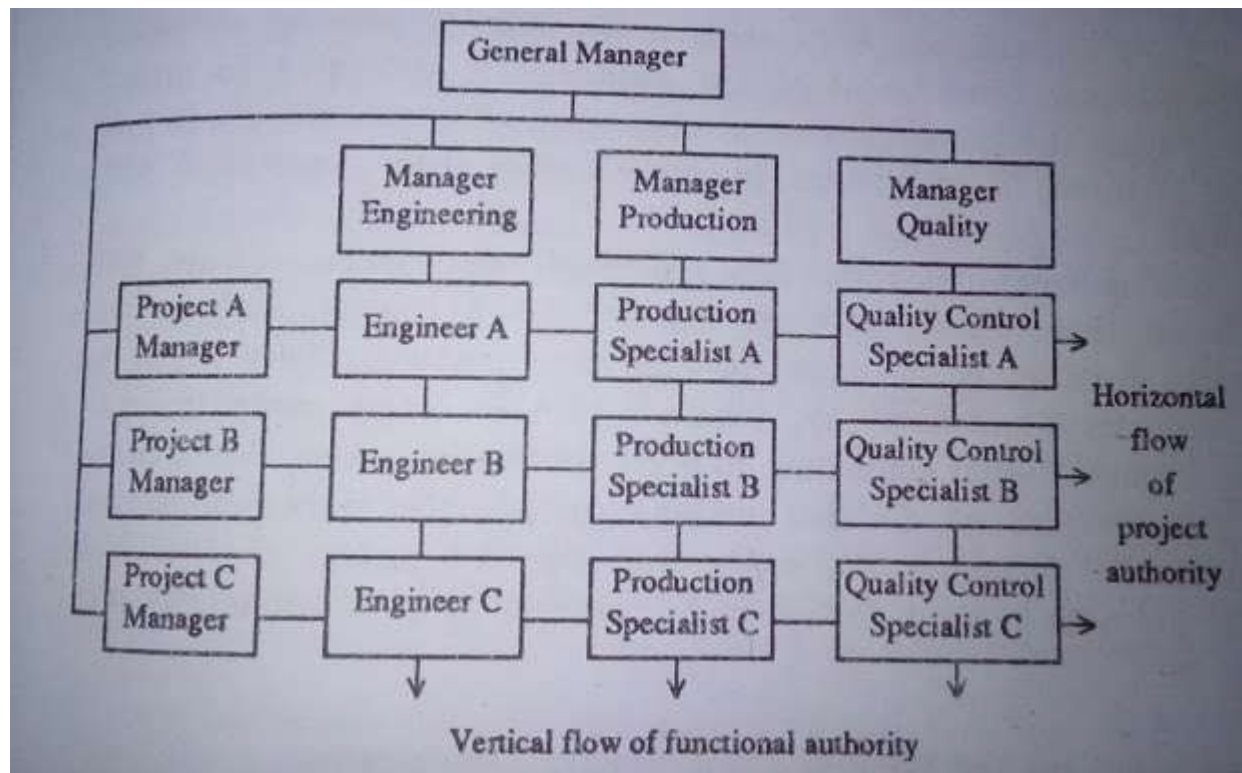
The degree to which decision making is concentrated at a single point in the organizations.

Organization in which top managers make all decisions and lower level employees simply carry out those orders.

Centralization suitable for SSI where employment is less.

Briefly explain matrix structure.

Matrix Organization



Matrix organization is the concept of project structure but much more complex and comparatively more permanent. It is used Primarily for unique custom tasks to achieve new and sophisticated products or services. It requires that diverse technical expertise be co-

ordinated quickly and closely. These organizations cope With dynamic and rapidly changing conditions much more efficiently and are used highly successfully in advanced weaponry systems development and space projects. Greiner sees Matrix organization in which cross-functional teams are used, as a response to growing complexity associated with the organizational growth. These complexities both internal (size, technology), as well external (markets, competitors, collaboration with other organizations etc.), create problems of information processing and communications that are best dealt with by Matrix type of organization.

Mention factors affecting span of control/span of management.

Similarity of functions.

If the subordinates are involved in the same or similar activities, then it is possible for the manager to supervise more subordinates. Since the problems that may arise would be similar in nature, these would be easier to handle. Conversely, if these subordinates are doing diversified operations, the situation would be more complex and hence the span of control should be narrow.

Complexity of functions.

If the operations that the employees are performing are sophisticated and complex and require constant supervision, then it would be more difficult for the manager to manage too many employees.

Geographical closeness of employees.

The closer the subordinates are in a Physical location, the easier it will be for the supervisor to manage more employees.

Direction and co-ordination.

The Span of control would also be determined by the degree of coordination required, both within the unit and with other units of other divisions. If the unit needs continuous directions and extra time of the manager in coordinating the activities then fewer subordinates will be better supervised.

Capacity of subordinates.

Subordinates who are trained, developed and experienced, need little supervision in discharging their duties. In such situations, more subordinates can be effectively supervised.

These subordinates can further be assisted by providing them with “standing plans” which are applicable in repetitive actions and recurring problems, requiring less direct supervisory assistance.

The working staff of the manager.

If the manager has supporting staff that is equally skilled in handling situation. Then it would be possible to manage a wider span of control because the responsibilities of supervision would be shared.

planning:

The effectiveness of supervision would also depend upon how much time managers spend upon planning activities. If the managers spend too much time in systems planning then they will not have time to supervise the activities of too many subordinated.

States the steps of planning.

Steps of planning:

Determining the goals or objectives for the entire organization.

Making assumptions on various elements of the environment.

To decide the planning period.

Examine alternative courses of actions.

Evaluating the alternatives.

Real point of decision making

To make derivative plans.

Enlist the types of organizational structure.

1. Product structure
2. Functional structure
3. Processed structure
4. Geographical structure
5. Line structure
6. Line and staff structure
7. Tall and flat structure
8. Wide and narrow structure
9. Matrix structure

Mention any two differences between centralization and decentralization.

Centralization	Decentralization
Environment is stable	Environment is complex and uncertain
Lower level managers are not as capable or experienced at decision making as upper level managers	Lower level manager are capable and experience at decision making
Lower level managers do not want to have an opinion in decisions	Lower level managers want a voice (opinion) decisions



Decisions are relatively minor	Decisions are significant
Organization is facing a critics or the risk of company failure	Corporate culture is open to allowing managers to have an opinion in what happens.
Company is large	Company is geographically dispersed

Give meaning of span of management.

Span of management also know as span of control it means how many employees can be handle by effectively and efficiently.

The number of employees handle by a single manager is know as his span (area)

Ex, in Pepsi company the span are is 1:56

. Briefly explain line organization structure.

Line Organization

This is the simplest type Of organization where the authority is embedded in the hierarchical structure, and it flows in a direct line from the top of the managerial hierarchy down to different levels of managers and subordinates and down to the operative level of workers. It clearly identifies authority, responsibility, and accountability at each level. These relationships in the hierarchy connect the position and tasks of each level with those above and below it. There is clear unity of command so that a person at each level is independent of any other man at the same level but only is responsible to the person, above him. The line personnel are directly involved in achieving the objectives of the company.

This type of organizational structure is specially useful when the company .is small in size and the employees have a sense of belonging and they become involved. Also, the decision making process is easier and quicker. A simple line structure is given below.

. Give meaning of corporate planning and functional planning.

Corporate planning

Corporate planning is prepared by top level management and it cover the entire organization.

Functional planning

This planning formulated for major functions of the department. Functional planning likes production, planning, sales & marketing planning, human resources planning & financial planning.

. Provide meaning of decentralization system.

Decentralization is a system of company where authority and powers are divided into more hands.

They jointly take major decisions for the company and also enjoy the freedom of power.

Organizations in which decision making is pushed down to the managers who are closest to the action.

Decentralization suitable for large scale industry where employment is more.

. Briefly explain flat organizational structure.

Flat organizational structure have fewer management level at which controlling a board area or group.

It focus on empowering employees rather than adhering to the chain of command

By encouraging autonomy and self direction flat structure attempt to tap into create challenges to solve problems by collaboration.

. Write advantages and disadvantages of centralization system.

Advantages

Used in small scale industry

Quick decision making is possible

Suitable in emergency

Disadvantages

Few people can enjoy authorities and power as well as less chance of advancement and growth.

. Enlist the types of Departmentation.

There are following:

Departmentation by function

Departmentation by product

Departmentation by customers

Departmentation by area

Departmentation by time

. Provide importance of planning.

Importance of planning

Primary of planning

To focus attention on objectives

To offset uncertainty and change

To help in coordination

To help in control

To increase organizational effectiveness

. Briefly explain process Departmentation.

Departmentation involves grouping of people or activities with similar characteristics into a single department or unit. This facilitates communication, coordination and control, thus contributing to organizational success. It creates semi-autonomous units with independent responsibilities, providing satisfaction to the managers which in turn improves efficiency and effectiveness. Additional, it facilitates control and supervision thus making the expansion of the organization easier to handle.

. States the advantages and disadvantages to decentralization system.

Advantages

Used in large scale industry

More people can enjoy the power and authority

More chance for development  
People can enjoy involvement in top management  
Poorer decision can be mutually possible

#### Disadvantage

Quick decision making is not possible  
Time consuming system

- . Explain in brief tall organizational structure.

Tall structure:

Large complex organization often require a taller hierarchy.

It simplest form a tall structure reasons is a long chain of command.

Compound and similar to the military.

As an organization grows taller

In a tall structure managers from many ranks and each has a small area of control although fall structure.

There is no structure draw line between two employees.

- . Give meaning of long term planning and short term planning.

Long term Planning

Long term planning also cover the whole organization.

Time period of this planning is 1 year to 10-20 years.

#### Short term Planning

Time period 1 year duration or less.

- . Define the term 'Organizing'.

It refers to the systematic arrangement of different aspects of the business operation to which the firm objective.

Organization is the process of so combining the work which individual or groups have to perform with the facilities necessary for its execution, that the duties so performed provide the best channels for the efficient, systematic, positive and coordinated application of the available efforts.

- . Briefly explain Departmentation by territories/Geographic.

Departmentation by area:

If an organization serves different geographical areas, the division may be based on geographical basis. It is specially useful for large scale enterprises which are geographically spread out such as banking, insurance, chain stores or a product which is nationally distributed. For example, a Vice-President of Marketing may be responsible for promotion of the product in Eastern Region, North Western Region, Southern Region etc. In case of multi-national organizations, the divisions may be European Division, Middle East Division, Far East Division etc., with head office in "the United States, as shown below:

In these cases, the local population is served by the divisional personnel while the policies are formulated at the headquarters. Local management is in close contact with the people, taking advantage of the local factors such as customs, culture, styles, and preferences. The

one problem is the difficulty in communications which can delay important decisions and create problems with coordination of inter-related activities.

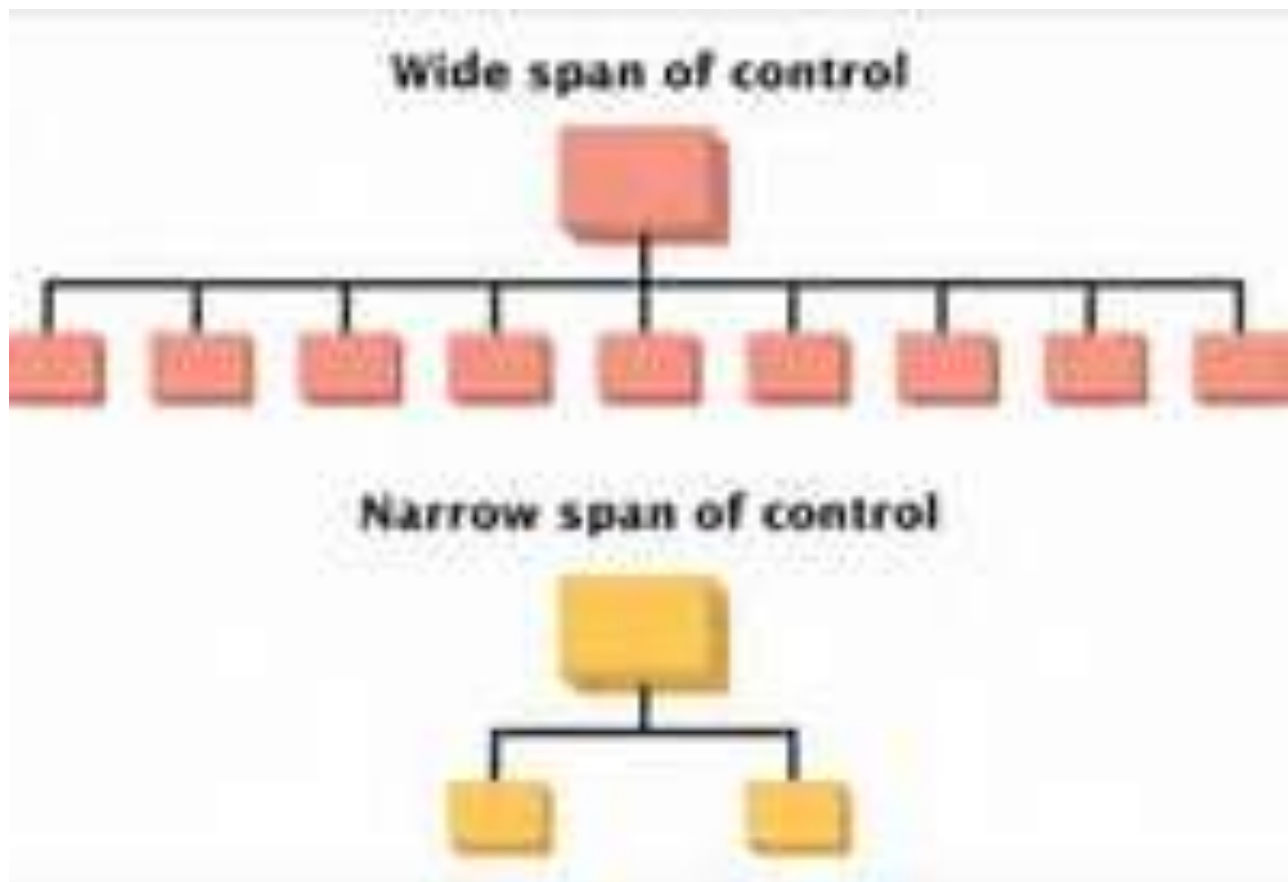
. Provide meaning of wide and narrow span of management.

Narrow span management

Allows for closer supervision

More cause in the hierarchy may be required

Help more communication



Wide span management

Give subordinates the chance for more independence

More appropriate if labour costs are significant

Reduce number of manager

## **Unit 4: Entrepreneurs and Entrepreneurship.**

1. Provide meaning of entrepreneur and entrepreneurship.

A. Entrepreneur:

An agent who buy means of production at certain price in order to combine them into a product that he is going to sell at price which are uncertain.

Entrepreneur is the economic agent who units all means of production.

Entrepreneur is the person who decided and choose to undertake opportunity and provide goods and services to the people by creating an entity(money) for the purpose.

Entrepreneurship: (process or collection of business activity)S

It is a function of seeing investment and production process, raising capital, hiring labours, arranging supply of raw materials, introducing a new technique, discovering new source of raw material and selecting top managers for day to day operations.

Entrepreneurship as a purposeful activity of an individual or group to maintain profit oriented business and distribution of economic goods and services.

Entrepreneurship is essentially a function of co-ordination, organization and supervision.

2. State importance of entrepreneurship in current era.

A. Entrepreneurship offers the following benefits:

Improving standards of living:

By creating productive organizations, entrepreneurship helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people.

Means of economic development:

Entrepreneurship involves creation and use of innovative ideas, maximization of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country.

Creation of organizations:

Entrepreneurship results into creation of organizations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills

Development of managerial capabilities:

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.

### 3. Enlist characteristics of entrepreneur.

A.

- Innovative person

- Independent
- Commitment to task
- They choose a moderate risk
- Seizing opportunities
- Sense of efficiency
- Objectivity
- Open to feedback
- Hope for the success
- Optimist in novel situation
- Attitude towards money
- Proactive management
- Competition and collaboration
- Flexible relationship
- Sound decision making ability
- Good at work
- Visionally person
- Self confidence
- Positive attitude
- Dedication and devotion

4. Provide different phases in entrepreneurial process.

A. (i) Identification and evaluation of opportunities

(II) Drawing of a business plan



(iii) Determination of required sources

(iv) Creating the venture

(v) Managing the enterprise

5. Enlist barriers to entrepreneurship.

A.

- Competition
- Availability of qualitative resources
- Lack of ability / skill to manage the enterprise
- Lack of technical skill
- Lack of motivation
- Monopoly
- Lack of market knowledge
- Lack of capital
- Social disturbance or norms
- Legal constraints and regulation
- Right time, right opportunity at right idea / strategies

6. Explain in brief concept of entrepreneurship.

A. Refer question no. 1

7. Provide non-economic factors influencing entrepreneurship.

A.

- Social norms and values
- Role model
- Social pressure
- Respect and status
- Security

8. Which areas should be discussed while explaining role of entrepreneurs in economic development?

A. The economy of a nation depends on the number of entrepreneurs present in the society. They are known as driving force of an economy.

- National product
- Balanced regional development
- Dispersal economic power
- Reinvestment of profit
- Employment generation
- Harnessing youth

9. Enlist different types of entrepreneur.

A. Based on readiness to adopt new technology, product or market.

(i) Innovative entrepreneur

- (ii) Imitative entrepreneur
- (iii) Fabian entrepreneur
- (iv) Drone entrepreneur

10. State personal barriers to entrepreneurship.

A. Refer question no. 5

11. Provide meaning of Innovative and Imitative entrepreneurs.

A. Innovative entrepreneur:

Show high tendency under taking risk.

Always look out for new product, new market, new technology and new method of manufacturing.

Most of the innovative entrepreneurs are found in develop countries.

Example, Steve jobs = Apple

Bill gates = Microsoft

Imitative entrepreneur:

Imitative entrepreneurs are not very innovative, they do not enter in market for making new product or services they sometime even copy and already existing product do some creativity in it and put it into the market.

Example, Samsung

12. Briefly explain 'commitment to task', a characteristic of entrepreneur.

- A. By natural ability I mean those qualities of intellect and disposition which urge and qualify a man to perform acts that lead to reputation. I do not mean capacity without zeal, nor zeal without capacity, nor even a combination of both of them, without an adequate power of doing a great deal of very laborious work. But I mean a nature which, when left to itself, will, urged by an inherent stimulus, climb the path that leads to eminence and has strength to reach the summit -- on which, if hindered or thwarted, it will fret and strive until the hindrance is overcome, and it is again free to follow its laboring instinct.<sup>10</sup>

13. Mention environmental barriers to entrepreneurship.

- A. Refer question no. 5

14. State economic factors influencing entrepreneurship.

- A. Capital (money)

Availability of human resources (labours)

Availability of raw material

Market opportunities

15. "Entrepreneurs must have vision and leadership skills"- Explain in brief.

A.

- One of the most important leadership skills an entrepreneur must have is the ability to develop a vision for the company and to inspire the company employees to pursue that vision as a team. The expression "people would rather be led than managed" applies especially well to an entrepreneurial venture.
- To have vision a key skill for entrepreneurs. They must be able to develop plans to meet goals in a variety of areas, including finance, marketing, production, sales and personnel (hiring and maintaining productive and satisfied employees).

16. Provide relationship between words 'Entrepreneur', 'Entrepreneurship' and 'Enterprise'.

A. Refer question no. 1

Entrepreneur is a person/ businessman

Entrepreneurship is process or collection of activities

Enterprise is a object of result of the efforts of entrepreneur

17. "Entrepreneurs choose moderate risk"-Are you agree with it?-Justify.

A. Yes, Risk-taking is almost synonymous with entrepreneurship. To start and support your own business, you'll have to put your career, personal finances and even your mental health at stake. For most, the prospect of making your own decisions and being in charge of your own destiny is worth it. But if you're going to be successful as an entrepreneur, you have to be prepared for the risks and challenges that come with it.

18. How entrepreneurship contributes in balanced regional development?

A. Perhaps the most exceptional aspect of the current era of globalisation is that entrepreneurship has become the engine for local processes of economic, social and cultural development throughout the world. This important new book brings together a number of leading scholars in the field to explore the development aspects of globalisation, in particular those that foster the evolution of entrepreneurs in local-global processes.

The expert contributions consider local processes such as entrepreneurship, new firm formation, creativity, media clustering, migration, and many more. They examine how the footprints of these processes reveal themselves in the contemporary global context, characterized by increasing economic interdependence as evidenced by the expanding trade in goods and services, and the growth in capital, knowledge and technology flows. The authors highlight the fact that global patterns of change are the result of innumerable local processes driven by economic, political and social entrepreneurs in localities, regions and nations around the world.

With a variety of geographic perspectives, this book will appeal to researchers, students and policymakers in a range of fields including urban and regional economics, economic geography, international trade, and entrepreneurship and innovation policy.

19. State meaning of Fabian and Drone entrepreneurs.

A. Fabian entrepreneur:

They are highly traditional in nature and prefer their traditional area of operation.

They missed out great opportunities.

Example, sword making, gardening, traditional hotels

Drone entrepreneur:

Drone entrepreneur refuse to adopt and use opportunity to make changes in production. Such entrepreneur are very lazy. Sometime they may suffer loss.

20. “Fabian Entrepreneurs adopt all changes and new methods of production”-Are you agree?- Justify.

A. Refer question no. 19

21. Mention any one recent initiative that has been taken by Indian government for entrepreneurship development.

A. The Entrepreneurship Development Institute of India (EDII), an autonomous body and not-for-profit institution, set up in 1983, is sponsored by apex financial institutions, namely the IDBI Bank Ltd, IFCI Ltd, ICICI Ltd and State Bank of India (SBI). The Institute is registered under the Societies Registration Act 1860 and the Public Trust Act 1950. The Government of Gujarat pledged twenty-three acres of land on which stands the majestic and sprawling EDII campus.

22. Provide list of various resources needed to start a new enterprise.

A.

- capital
- labour
- land
- infrastructure
- Availability of raw material
- Readily available market

Etc.

23. “Entrepreneurship is very important tool to generate employment in country”-Explain in brief.

A.

24. “Economic power can be dispersed through entrepreneurship”-Explain in brief.

A.

## **Unit -5 Business Plan and Start Up**

### **Question - 5. Answers the following (long questions)**

States the steps of marketing plan. Explain any two.

Steps of marketing plan

Market research

Segmentation

Market positioning

Market mix strategies

Packing and labeling

Pricing mix

Promotional mix

Distribution mix

Channels levels

Strategies for distribution intensity

Budgeting the market strategies

Segmentation:

“Market segmentation is the process of dividing the market into different or distinct groups of buyers who have different needs, wants, characteristics and who might require separate products or services.”

Segmentation is the process of dividing of market into district subsets of customers.

1)Demographic segmentation:-

Age: consumer wants and need change with age

Gender: in this products are divided according to gender

Income

Generation

Social class

2) Geographic segmentation:-

Based on region like northern, southern, western, eastern, urban or rural.

Example, Lifebuoy is more common in rural areas than the urban areas.

3) Psychological segmentation:-

Personality traits

Life style

Value

4) Behavioral segmentation:-

Occasion

Benefits



User status  
Usage rate

## 2) Market positioning:-

It can be defined as the act of projecting the company's product in such a way that it appears attractive to them.

It is based on

Price

Packing

Types of product

Product lifestyle

Discuss types of plant layout with suitable examples.

Types of plant layout

Process layout

Production layout

Fixed-position layout

### Process layout:-

It is also called functional layout. In this process layout all similar operational machines are grouped together.

Or

Grouping equipment / machineries which performing similar operation.

Example, all lathes grouped together in turning section.

Process layout are primarily found in job shops.

Example, auto shop (you might see that screwdrivers are located in one location while car parts are located in different location)

Example, Departmental store you see that women's clothes in one area, men's clothes in another area, toys are yet in another area.

### Production layout:-

In this type of layout equipment, tools and machines are located according to how production is made. In this, products are passed down the line from station to station as they are being made.

Example, McDonald's burger production layout

1. Order
2. Bun toasting
3. Assembly with condiments
4. Wrapping of patty with bun
5. Order picked up
6. Customer services ( order delivered and payment)

Fixed-position layout:-

Here the product remains at a fixed position but machinery, tools, manpower moved.  
Example, Hospital room where doctors, nurses and medical equipment are brought to the patient.  
Example, Construction ( for making building)

Discuss the steps of business planning.

The steps of business planning

Preliminary investigation

Idea generation

Environmental scanning

Feasibility analysis

Project report preparation

Evaluation, controlling and review

Preliminary investigation:-

Before preparing a plan

Review available business plan

Keep in mind key business assumptions

Ex, inflection, market growth, competition

Scan internal and external environment.

Seek professional advice from a friend

Idea generation:-

Entrepreneurship is not just limited to innovation but also mean value addition to the existing concept / product / services.

Entrepreneurship needs to keep in mind value addition while degenerating new ideas. It is the first stage of business planning process it involves generation of new concepts, ideas, products and services to satisfy the customer demand.

Sources of new idea generation:

Customers, existing companies, research, employees, dealers, retailer.

Environmental scanning:-

This step carried out to analyze the prospective SWOT analysis of the business enterprise.

Feasibility analysis:-

This study is done to find whether the proposed project would be feasible or not.  
Ex, market analysis, technical analysis, financial

Project report preparation:-

It guides the entrepreneur in actually starting up and running the business.  
It helps to monitor business growth, documenting cost estimates of the business used as a handy tool to persuade investors and financial institution to fund, proper utilization of resources. It can finally lead to a sustainable development of the organization.

Explain the marketing mix strategies with suitable examples.  
Marketing mix strategies

Product can be offered to a market to satisfy the needs or wants of customers.  
A company's product mix has certain

Width- It means numbers of product lines company carries. (total numbers of product)

Length- It means numbers of items in each product line.

Depth- It means numbers of variants of each product line.

Consistency- How closely related the various product lines are in end use.

Ex, TATA Group.

A product line of TATA (width)

Agricultural inputs

Automotive

Chemical

Communications

Consultancy

Energy

Engineering

IT

Food products

. Hospitality

. Electronics

. Publishing

Length of TATA:-

EX, In automotive there are different brands like Tata Johnson Automotive, Tata motors

Depth of TATA:-

It means total no. of variations for each product. (variations can include size, color)

Ex, TATA land rover has various similar products like Freelander, defender, discover.

Write notes on 'Market segmentation'.

Refer question no. 1

Give meaning of organizational plan. Discuss form of ownership.

Organizational plan:

Organizational plan is the biggest and the most important challenge faced by business enterprise. This plan at the very first instance would involve deciding the form of ownership.

Form of ownership:

Single individual or sole owner:-

A single individual who starts his business is the sole owner of the company.

Partnership:-

When two or more individuals associate to pool in their resources to own a business enterprise, such association is called partnership. The Indian partnership Act 1932, section declares that partnership created by contract.

Company:-

A company maybe formed by coming together of certain number of members, getting the same registered and incorporated under the company law.

Demonstrate the 'Organizational Plan'.

A.

Demonstrate the 'Production Plan'.

A.

Explain the terms 'long term liability', owner's equity, and break even analysis.

Long term liability: (accounts payable)

All the operations owed is outsiders that are not due within one year or normal operation cycle whichever is longer are called long term liabilities. It includes secured loans (public deposit, long term loan) unsecured loans (debentures, bonds).

Owner's equity:

The owner's equity section of balanced sheet is the claim of the owner on the resources of business. The form of ownership will decide the entry of variable under this heading. If it is a proprietorship firm the owner's equity will show a single capital account. For partnership firm it would show accounts of all the proprietors as partner's capital account. For a corporation it would mean Stockholder's equity.

Owner's equity represents the owner's investment in the business minus the owner's draws on withdrawals from the business + the net income.

The amount of owner's equity is the amount of assets – the amount of liabilities

Owner's equity=Assets- Liabilities

Break even analysis:-

Break even analysis shows the relationship between costs and profit with sales volume.

It determine the activity where total cost is equal to total seals.

Ex, point of zero profit and zero loss. If it can be used to determine probable profits at any level of activity.

Break even points (rs)= fixed cost / p/v cost

Break even point (units) = fixed cost / contribution per unit

p/v ratio= contribution/net seals \*100

contribution = seals-marginal cost

. Explain various levels of marketing channel with examples.

Channel levels

All the market intermediaries that participate in the final delivery of the product to the customer called channels levels.

Channel 0 :- No intermediaries

Manufacturer                      customer

Channel 1 :- One intermediaries

Manufacturer                      Retailer                      Customer

Channel 2 :- Two intermediaries

(wholesaler)                      Manufacturer                      Distributor  
Retailer                      customer

Ex,

Channel 0 / direct marketing

Dell online sales is zero level channel

Bakery may sell cakes directly to customer

Channel 1

Ex,

Insurance in which there is an insurance agent between the insurance company and the customer.

LIC->Agent->Customer

Channel 2

Ex,

This channel widely used in FMCG and consumer durable industry.

AMUL->wholesaler->retailer->customer

. Demonstrate the 'Financial Plan'.

- . Write notes on training and development and performance assessment.

Training and development

The training and development process

Identify training need

Choose training method

Design training program

Conduct the training program

Evaluate the training program

Constantly upgrade and improvise the training program

Performance assessment;

Performance assessment is the process of appraising the performance of the employees in their present job. It helps in identifying the training needs for the present job, recording employees for good performance and assessing the potential for future jobs.

The various methods of performance appraisal.

Ranking method

Grading method

Check list method

Paired comparison method

Forced choice method

Easy evaluation method

180 degree appraisal

360 degree appraisal

MBO and assessment centre

- . Give meaning of business plan. Explain business planning process.

Meaning of business plan

A business plan is the blueprint of the step by step procedure that would be followed to convert a business ideas into a successful business venture.

For business plan first of all identifies an innovative ideas, research the external environment, list the opportunities, threats, identifies internal strengths and weakness, assesses the feasibility of the idea, allocation of resources, in the best possible manner to make the plan successful.

Business planning process

Preliminary investigation

Idea generation

Environmental scanning

Feasibility analysis

Project report preparation

Evaluation, controlling and review

Preliminary investigation:-

Before preparing a plan  
Review available business plan  
Keep in mind key business assumptions  
Ex, inflection, market growth, competition  
Scan internal and external environment.  
Seek professional advice from a friend

Idea generation:-

Entrepreneurship is not just limited to innovation but also mean value addition to the existing concept / product / services.

Entrepreneurship needs to keep in mind value addition while degenerating new ideas. It is the first stage of business planning process it involves generation of new concepts, ideas, products and services to satisfy the customer demand.

Sources of new idea generation:

Customers, existing companies, research, employees, dealers, retailer.

Environmental scanning:-

This step carried out to analyze the prospective SWOT analysis of the business enterprise.

Feasibility analysis:-

This study is done to find whether the proposed project would be feasible or not.  
Ex, market analysis, technical analysis, financial

Project report preparation:-

It guides the entrepreneur in actually starting up and running the business.  
It helps to monitor business growth, documenting cost estimates of the business used as a handy tool to persuade investors and financial institution to fund, proper utilization of resources. It can finally lead to a sustainable development of the organization.

. Write note on –ISO 9000 and Total quality management.

ISO 9000:-

ISO is the acronym of international organization for standardization. ISO 9000 lays down uniform quality standards for design, installation and operation of quality management systems.

ISO 9000 standard consist of six part like  
ISO 8402 – Standardization of quality definitions  
ISO 9001 – For quality assurance

ISO 9002 – For quality inspection and test

ISO 9003 – Measurement and quality system guidelines

Total quality management (TQM)

According to Wake and Moti, 1999 “Total quality management is a management philosophy the focuses on perpetual enhancement through the prevention of problems and errors.

Thus, TQM involves concern for continuous improvement in quality, customer orientation and empowerment of employees.

TQM roots include

Scientific management

Group dynamics

Training and development

Motivation

Employee involvement

Socio-technical system

Organizational development

Corporate culture

New leadership theory

. The linking pin concept of organizations.

. Strategic planning



