



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce	Date of submission:
Worksheet 1	Topic: Entrepreneurship concept & functions	05/05/2020

1. Define entrepreneurship.

Ans: Entrepreneurship may be defined as a systematic innovation which consists of the purposeful and organised search for changes, and a systematic analysis of the opportunities that such change might offer for economic and social transformation.

2. Distinguish between entrepreneur and entrepreneurship.

Ans:

Entrepreneur	Entrepreneurship
i) A person who bears the risks, unites various factors of production. ii) carries out creative innovations. iii) attempts to bring about change in terms of factor proportions,	i) entrepreneurship is the set of activities performed by an entrepreneur. ii) process of identifying opportunities in the market place and marshalling the resources. iii) It is the attempt to create value.

3. ENTREPRENEUR is a person who **develops** and owns his own enterprise is a **moderate** risk taker and works under **uncertainty** for achieving the goal.

Fill in the above blanks.

4. An **entrepreneur** is a person who starts an enterprise. The process of creation is called **entrepreneurship**. The entrepreneur is the **actor** and entrepreneurship is the **act**.

The outcome of the actor and the act, is called the **enterprise**.

Fill in the blanks.

5. It is the basic function of an entrepreneur. The entrepreneur has to introduce new combinations of the means of production, new product, new market for a product and new sources of raw material. They introduce something new in any branch of economic activity. He/she foresees a potentially profitable opportunity and tries to exploit it.

Identify the entrepreneurial function mentioned above.

Ans: **Innovation:**

6. It refers to taking responsibility for a loss that may occur due to unforeseen contingencies in the future.

Give the correct response

A. Risk taking. B. Organisation Building. C. Discovery of an idea D. Planning

7. “Assembling requirements” is one of the steps in this function.

(i) Identify the function.

(ii) Explain the other steps taken in this function.

Ans: (i) Promotional functions

(ii) a) Discovery of an idea: The entrepreneur visualizes that there are opportunities for a particular type of business and it can be profitably run. The idea may be to exploit new areas of natural resources, more profitable venture, or an existing line of business. He/she develops the idea with the experts in the field, and if they are convinced, then he/she will go ahead with more exhaustive analysis.

b) Detailed Investigation: The entrepreneur will estimate the total demand for the product. After determining the prospective demand for goods, he/she will think of arranging finances for the venture, along with the availability of power, labour, raw materials and machinery.

8. Match the following.

1. Motivation	(a) It is the process which enables the entrepreneur to get his/her company's policies implemented and take corrective action if performance is not according to the predetermined standards.
2. Controlling	(b) It is the basic managerial function of an entrepreneur. It helps in determining the course of action to be followed to achieve various entrepreneurial objectives.
3. Directing	(c) It is the psychological process of creating an urge among the subordinates to do certain things or behave in the desired manner.
4. Planning	(d) It is concerned with carrying out the desired plans. It initiates organised and planned action, and ensures effective performance by subordinates towards the accomplishment of group activities.

1- (c) 2- (a) 3 - (d) 4- (b)

9. Explain any two advantages of being an Entrepreneur?

Ans: i. Rational salary: Entrepreneurs work on their own and earn the money they should be earning for their efforts rather than being getting paid by working for someone else.

ii. Freedom: Entrepreneurs can work on any idea which they feel and it can eventually turn out to be a successful venture.

10. It refers to the exchange of ideas, feelings, emotions, knowledge and information between two or more persons. It is the process by which an entrepreneur imaginatively directs/guides and influences the work of others in choosing and attaining specified goals by mediating between the individual and organization in such a manner that both will get the maximum satisfaction.

(i) Identify the functions of entrepreneurs stated above.

(ii) Discuss any two commercial functions of the entrepreneur.

Ans: (i) Communication and Leadership.

(ii) (a) Production: It is the key function of an entrepreneur. The activities of production are independent of the size of the undertaking. It is the creation of goods and services. It consists of manufacturing, ancillary and advisory activities.

(b) Finance: It is the most important aspect in all enterprises. It remains a focus of all business activities. The need for money is continuous. It starts with the setting up of an enterprise and remains at all times. The development and expansion of an enterprise rather needs more commitment for funds. It is the duty of the entrepreneur to look and analyse into the various sources of finance and appropriately arrange for them as and when required.

11. “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.

Ans: No, entrepreneurs should not be discouraged. . Economic growth depends on the rate of innovation in the economic field, which in turn, depends on the number and quality of entrepreneurs in the society. The number of entrepreneurs emerging in all fields, but more needs to be done for increased economic growth in our country.

The need for Entrepreneurship can be highlighted as follows:

i) Life-line of a nation: No country can progress without the development of entrepreneurship. Every country is trying to promote its trade so that it is able to share the benefits of development. Therefore, entrepreneurship is the yardstick to measure the level of development of a country.

ii) Provides innovation: Entrepreneurship provides new ideas, imagination and vision to the enterprise. An entrepreneur is an innovator as he tries to find new technology, products and markets. He increases the productivity of various resources.

iii) Change of growth /Inclusive growth: An enterprise operates in a changing environment. The entrepreneur moulds the enterprise in such a changing environment. The latter moulds not only the enterprise, but also alters the environment itself, to ensure the success of the enterprise.

iv) Increased profits: Profits can be increased in any enterprise, either by increasing the sales revenue or reducing cost. To increase the sales revenue is beyond the control of an enterprise. Entrepreneurship, by reducing costs, increases its profits and provides opportunities for future growth and development.

v) Employment opportunities: Entrepreneurship and its activities provide the maximum employment potential. Large numbers of persons are employed in entrepreneurial activities in the country.

vi) Social Benefits: It is not only beneficial to the business enterprise, but to the society at large. It raises the standard of living by providing good quality products and services at the lowest possible cost. It also makes the optimum use of scarce resources and promotes peace and prosperity in the society.

12. Many entrepreneurs believe a set of myths about entrepreneurship. Explain the myths associated with entrepreneurship.

Ans: The myths associated with entrepreneurship are discussed below:

- a) Starting a business is easy. Actually it is not. Most people, who begin the process of starting a company, fail to get one up and running. It takes few years to have positive cash flow after starting the business. But small entrepreneurs are comparatively easier to start.
- b) It takes a lot of money to finance a new business: The typical start-up only requires about Rs.1,50,000. The successful entrepreneurs, who don't believe the myth, design their businesses to work with little cash. They rent instead of buying and they turn fixed costs into variable costs by paying people commissions instead of salaries.
- c) Start-ups can't be financed with debt: Actually, debt is more common than equity. A lot of entrepreneurs use debt rather than equity to fund their companies.
- d) Banks don't lend money to start-ups: This is another myth. Banks and various government schemes have been implemented with the idea of providing finance to budding entrepreneurs.
- e) Most entrepreneurs start businesses in attractive industries: It is not true, there are many entrepreneurs who think differently and take up ventures which are unconventional and uncommon with a high risk and they turn out to be successful.
- f) The growth of a start-up depends more on an entrepreneur's talent than on the business: This is not true as the industry that an entrepreneur chooses to work has a huge effect on the risks that it will grow.
- g) Most enterprises are successful financially: This is also another myth. Entrepreneurship creates a lot of wealth, but it is very unevenly distributed. A typical entrepreneur earns less money than he/she otherwise would have earned, working for someone else.

13. Describe the process of entrepreneurship?

Ans: The process of entrepreneurship:

- i) Self-Discovery: Entrepreneurs learn what they enjoy doing, also examine their strengths and weaknesses. This stage also involves examining work experience and relating it to potential opportunities.
- ii) Identifying opportunities: Looking for needs, wants, problems, and challenges that are not yet being met, or dealt effectively.
- iii) Generating and evaluating ideas: Using creativity and past experience to devise new and innovative ways to solve a problem, or meet a need, and then narrowing the field to one best idea.
- iv) Planning: Researching and identifying resources needed to turn the idea into a viable venture. Doing the research in the form of a written business plan preparing marketing strategies.
- v) 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.
- vi) Start-Up: Launching the venture, developing a customer base, and adjusting marketing and operational plans as required.
- vii) Growth: It involves developing and following strategic plans, adapting to new product/market/branches.
- viii) Harvest: It means selling the product and harvesting the rewards. For many entrepreneurs, this also means moving on to new venture and new challenges.

14. State the disadvantages of entrepreneurship.

Ans: The disadvantages of entrepreneurship are as follows:

- a) Salary: Starting an own business means one must be willing to give up the security of a regular pay that would have been received in case of employment.
- b) Benefits: There will undoubtedly be fewer benefits, especially when considering that the business is just starting off.
- c) Work schedule: The work schedule of an entrepreneur is never predictable; an emergency can come up in a matter of a second and late hours may become the norm.
- d) Administration: All the decisions of the business must be taken by the entrepreneur so the fear of a wrong decision can have its own effect.

e) Incompetent staff: Entrepreneurs may find themselves working with employees who are incompetent and lack experience. This can affect the speed and quality of work.

15. Using the business plan to attract investors, venture capitalists and partners. This stage can involve producing prototypes or test-marketing services.

(a) Identify the step in Entrepreneurship Process referred above.

(b) Discuss the steps that follows the step identified in (a).

Ans: (a) Raising Start-up capital.

(b) Start-Up: Launching the venture, developing a customer base, and adjusting marketing and operational plans as required.

Growth: It involves developing and following strategic plans, adapting to new product/market/branches.

Harvest: It means selling the product and harvesting the rewards. For many entrepreneurs, this also means moving on to new venture and new challenges.

16. Differentiate between Entrepreneurial functions and Managerial functions of an Entrepreneur?

Ans:

Entrepreneurial Functions	Managerial Functions
The types are innovation, risk taking and organization building.	It includes planning, organizing, staffing, directing, leadership, motivation, coordination, communication and controlling.
To perform these functions, entrepreneurs should possess technical knowledge and experience in innovative field.	To perform these functions, entrepreneur should possess managerial knowledge and experience.

17. Shivi, a dropout from 10thstd is forced by her mother to start working as a domestic help. Shivi agrees on the condition to do only „cooking“ in 2-3 houses. One family turns out to be Punjabi, other Gujrati and the third one is Rajasthani. She cooked their kind of food for a 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.

Ans: **Yes, Shivi is an entrepreneur, as she has the desire to open her own enterprise, for which she arranged finance on her own, from her savings and she also took the risk and innovated different types of food products.**

18. Karsan Bhai Patel, the creator of Nirma Washing Powder, who was working as a factory chemist in Gujarat Mineral Development Corporation, started making detergent powder in his kitchen for poor rural women of Gujarat and selling his product by visiting different villages. His efforts culminated in the whitish yellow detergent powder named Nirma. The idea behind was need and the problem of the society that

could not afford other brands of detergent powders because of their high cost. Today, Nirma is one of the world's biggest detergent powder manufacturer. The brand sells over 8 lakh tonnes annually. It holds 40% of the Indian market, with a turnover of more than Rs. 2500/- crores. This is creative effort and risk taking ability of a person who turned out to be an entrepreneur. The strength of being capable is the plus point in an entrepreneur.

Explain the promotional functions of the entrepreneur mentioned above.

Ans: The promotional functions are as follows:

- i) Discovery of an idea: The entrepreneur visualizes that there are opportunities for a particular type of business and it can be profitably run. The idea may be to exploit new areas of natural resources, more profitable venture, or an existing line of business. He/she develops the idea with the experts in the field, and if they are convinced, then he/she will go ahead with more exhaustive analysis.
- ii) Detailed Investigation: The entrepreneur will estimate the total demand for the product. After determining the prospective demand for goods, he/she will think of arranging finances for the venture, along with the availability of power, labour, raw materials and machinery.
- iii) Assembling the Requirements: After making sure that the proposition is practical and profitable, the entrepreneur proceeds to assemble the requirements. He persuades some more people to join him on board. He may also be required to acquire some patent rights if he has invented something new. The entrepreneur selects the factory site, decides about plant and machinery and contacts suppliers of raw materials.

19. Mansukhbhai Prajapati remoulded his family's struggling pottery business to produce the Mitticool range of ingenious earthenware, including a fridge that works without electricity. That headline proved to be a game-changer for Wakaner-based potter, Mansukhbhai Prajapati, who literally picked up the pieces to begin afresh on a remarkably innovative idea — the Mitticool refrigerator, which is made of mud/clay and works without electricity. Originally from Morbi village in Rajkot, South Gujarat, Prajapati, a tenth standard dropout, began working at a tea-stall after his father discouraged him from entering the family's pottery business as the income was negligible. Later, he became a supervisor at a roof-tile manufacturing company and eventually, in 1989, returned to his passion for pottery by producing tavdi or tawa (frying pan) from clay.

Identify the qualities of entrepreneur mentioned in the above case study.

Ans: Develops and owns his own enterprise.

Is innovative.

Is prepared to withstand the hard life.

Is prepared to withstand the hard life.

Persistently tries to do something better.

20. "Innovation is the hallmark of Entrepreneurship".

Why is "innovation" referred as the basic function of an entrepreneur?

Ans: It means act of doing something new. As an innovator an entrepreneur can:

Introduce new combinations of the means of production.

Introduce new products.
Find new market for the product.
Identify new source of raw material.

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