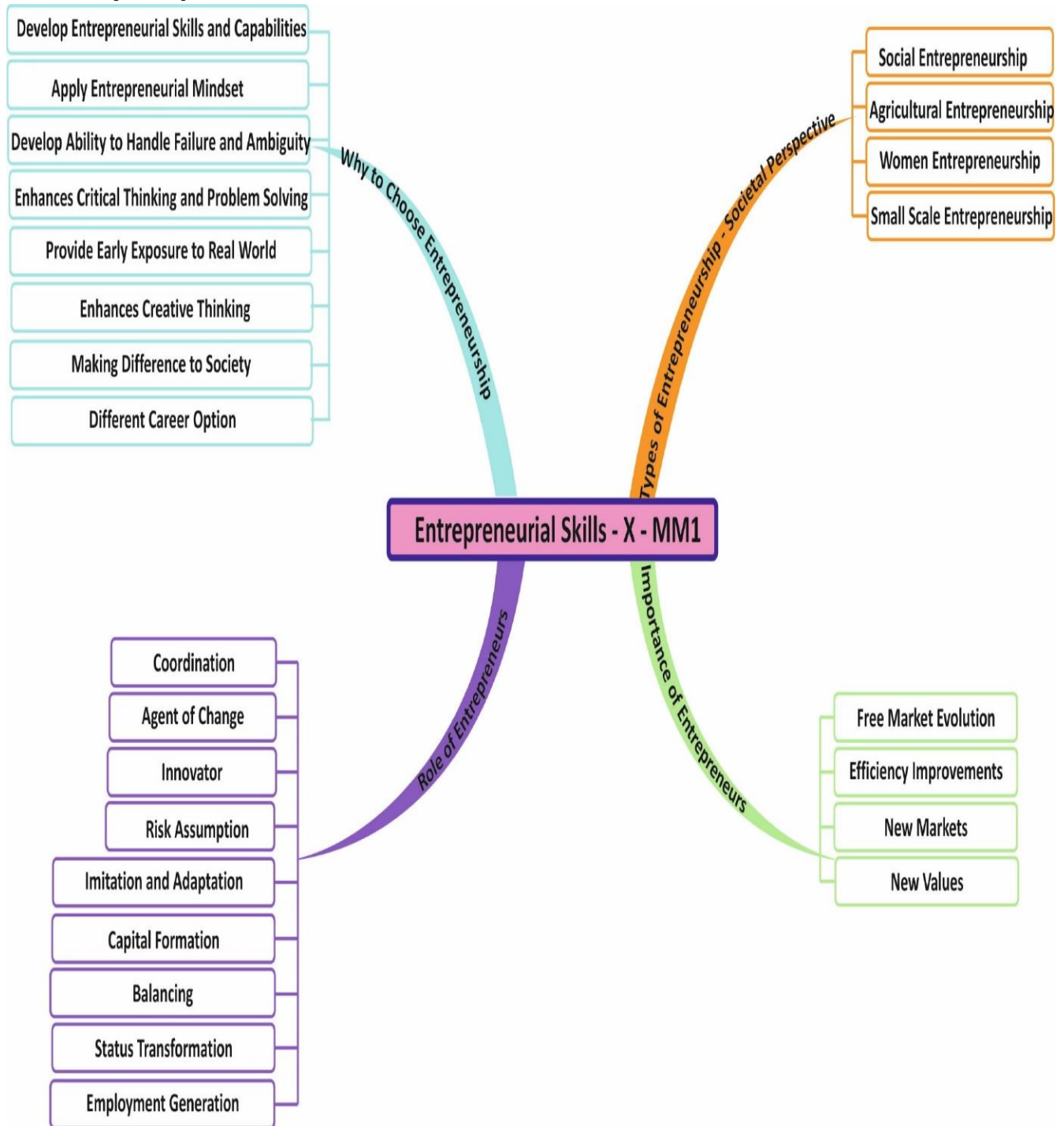
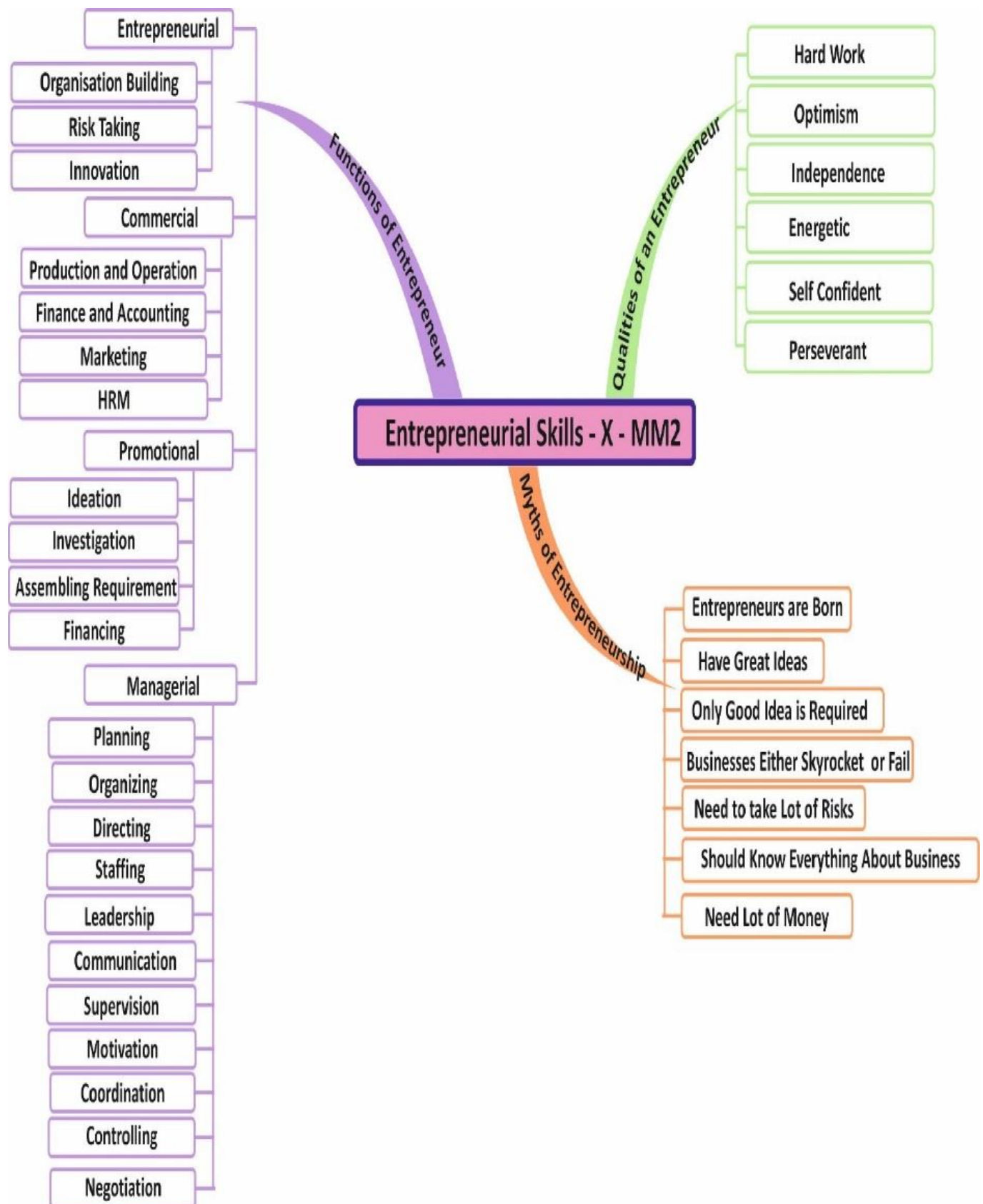


(PART A)CHAPTER-04
ENTREPRENEURIAL SKILLS

Memory Map





Introduction:

A successful entrepreneurs have the following qualities:

- They are confident. They believe in themselves and their abilities.
- They keep trying new ideas in their business.
- They are patient.
- They are creative and think differently about business ideas.
- They take responsibility for their actions.
- They take decisions after thinking about them.
- They work hard.
- They do not give up when they face a difficulty.

Session 1: Entrepreneurship and Society

Entrepreneurs run their businesses in a market. The market has people who buy products and services and people who sell them also. When people are buying and selling from each other, it is helpful for everyone because everyone involved makes money. This is how entrepreneurs help in growing the area and society they live in.

What do entrepreneurs do when they run their business?

- **Fulfil Customer Needs**

Demand means a product or service that people want. Entrepreneurs find out what people want. Then, they use their creativity to come up with a business idea that will meet that demand.

- **Use Local Materials**

Entrepreneurs use the material and people available around them, to make products at low cost.

- **Help Society**

Entrepreneurs have a positive relationship with society. They make profits through activities that benefit society. Some entrepreneurs work towards saving the environment, some give money to build schools and hospitals. This way, the people and area around them becomes better.

- **Create Jobs**

With the growth of a business, entrepreneurs look for more people to help them. They buy more material, and from more people. They also hire more people to work for them. In this way, more people have jobs. Sharing of Wealth means having enough money to live a comfortable life. As entrepreneurs grow their business, the people

- **Lower Price of Products**

As more entrepreneurs sell the same product, the price of the product goes down. For example, when more mobile phones were getting sold in India, the cost of the phone became lesser.

Bharti, the Jewellery Queen (A Story)

Bharti is a young woman from Bihar. Many girls in her area like to wear earrings. She buys jute from a farmer and makes earrings from that. Her business is called Manavi Natural Handicrafts. She sees that most women in her village do not work. So, she hires two women to help her. As her orders increase, she buys more jute. She hires three more women to work for her. The farmer, and the women working for her now earn more money.

Session 2: Qualities and Functions of an Entrepreneur

Qualities of an Entrepreneur



Functions of an Entrepreneur

FUNCTIONS OF AN ENTREPRENEUR

<p>MAKING DECISIONS</p> <p>An entrepreneur makes decisions everyday.</p> <p>This includes what to produce or sell, how much and where to sell.</p>	<p>MANAGING THE BUSINESS</p> <p>An entrepreneur plans the future of his or her business.</p> <p>He/she arranges for raw material, hires people for work and tells everyone what to do. They also check if the plan is being followed.</p>	<p>DIVIDE INCOME</p> <p>The entrepreneur divides the business money to many groups.</p> <p>He/she spends money to buy material, pays rent of the building and salaries to people.</p>	<p>TAKING RISK</p> <p>Risk is the chance of something going wrong.</p> <p>An entrepreneur takes risks against fires, lost items and theft.</p>	<p>CREATE A NEW METHOD, IDEA OR PRODUCT</p> <p>An entrepreneur is always trying new things.</p> <p>He/she does this to increase their importance and income.</p>
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Session 3: Myths about Entrepreneurship

Misconceptions

1. The misconception is that every business idea needs to be unique or special.
2. The misconception we have is that a person needs a lot of money to start a business.
3. A misconception we have is that only a person having a big business is an entrepreneur.
4. A misconception we have is that entrepreneurs are born, not made.

Session 4: Entrepreneurship as a Career Option

A career is a line of work that a person takes for life. There are two ways a person can earn a living.

1. self-employment
2. wage employment

A person who becomes an entrepreneur goes through a career process. This process is as follows:

ENTER

When an entrepreneur is starting, they are just entering the market to do business. For example, Sanjana is starting a small grocery store in a locality.

SURVIVE

There are many entrepreneurs in the market. The entrepreneur has to remain in a competitive market. For example, there are many other grocery stores in the area. Yet, Sanjana's store survives the competition and does well. She also expands the store to two more floors.

GROW

Once the business is stable, an entrepreneur thinks about expanding his or her business.

For example, after five years, Sanjana has opened a chain of four more grocery stores in the same city. In the next two years, she plans to expand to two other cities.

Link for gaining more on this Unit:

<https://drive.google.com/file/d/1uXpYhfp-80TudPmJeqVIVHUTxzflsIlgB/view>

Question and Answers

Session 1 Entrepreneurship and Society

A. State whether the following statements are True or False

1. Entrepreneurs can create jobs in the market. **True**
2. When many entrepreneurs sell mobile phones in a market, the prices of phones increase. **False**
3. Entrepreneurs identify a need in the market and build a product or service for it. **True**

B: Subjective question

1. **List the ways in which an entrepreneur affects a society.**

Ans: Entrepreneurs have a positive relationship with society. They make profits through activities that benefit society. Some entrepreneurs work towards saving the environment, some give money to build schools and hospitals. This way, the people and area around them becomes better.

2. **Identify the role of entrepreneurs and how they help in the growth of society.**

Ans: **Create Jobs:** With the growth of a business, entrepreneurs look for more people to help them. They buy more material, and from more people. They also hire more people to work for them. In this way, more people have jobs.

Sharing of Wealth: Wealth means having enough money to live a comfortable life. As entrepreneurs grow their business, the people working for them and in related businesses also grow. They have more money to live a better-quality life.

Lower Price of Products: As more entrepreneurs sell the same product, the price of the product goes down. For example, when more mobile phones were getting sold in India, the cost of the phone became lesser.

Session 2 Qualities and Functions of an Entrepreneur

A. Here are some stories of some entrepreneurs. Tick the option for the quality they are showing.

1. **Ravi's customer comes to his store and starts shouting at him. He does not get angry. He listens to what his customer is saying. He is _____.**

- A: Hard working
- B: confident
- C: Patient
- D: prying new ideas

Ans: (c) patient

2. **Susheela decides to sell her company tyres in Sri Lanka. It does not sell and she has a loss. She apologises to the people who work for her. She says she will plan better next time. She _____.**

- A: Takes responsibility for your mistakes

- B: thinks before making a decision
- C: Does not give up
- D: is creative

Ans: (a) takes responsibility for your mistakes

B: Tick the correct option for the function that the entrepreneur is doing.

1. **Ali has a diamond factory. He pays his employees on the 1st of every month.**
 - A: Creates a new product
 - B: Manages the business
 - C: Takes risk

Ans: (b) Manages the business

2. **Mary buys bulbs for her business from Noida. She learns that bulbs are cheaper in Faridabad. So, she decides to start buying bulbs from there.**
 - A: Makes decisions
 - B: Divide's income
 - C: Takes risk

Ans: (a) Makes decisions

3. **Rehnuma has two people who work for her. Every day, she spends one hour with them to learn about what they've done that day.**
 - A: Creates a new product
 - B: Divide's income
 - C: Manages the business

Ans: (c) Manages the business

C: Subjective question

1. **What do you think is the most important function of an entrepreneur? Write your answer giving suitable examples.**

Ans: MAKING DECISIONS: An entrepreneur makes decisions every day. This includes what to produce or sell, how much and where to sell.

MANAGING THE BUSINESS: An entrepreneur plans the future of his or her business. He/she arranges for raw material, hires people for work and tells everyone what to do. They also check if the plan is being followed.

DIVIDE INCOME: The entrepreneur divides the business money to many groups.

He/she spends money to buy material, pays rent of the building and salaries to people.

TAKING RISK: Risk is the chance of something going wrong. An entrepreneur takes risks against fires, lost items and theft.

2. **CREATE A NEW METHOD, IDEA OR PRODUCT:** An entrepreneur is always trying new things. He/she does this to increase their importance and income.

1. Identify the qualities of successful entrepreneurs.

- Ans: Confidence
- Take decision
- Keep trying new idea
- Patient
- Creative
- Take responsibility
- Self-analysis
- Wok hard
- Never give up

Session 3 Myths about Entrepreneurship

A: Subjective questions

1. What is the difference between a misconception and reality? Give an example.

Ans: The difference between misconception and reality are:

Misconception: A myth, or a misconception, is a false belief or opinion about something. For example, if we think tall people run faster than short people, we have a misconception. It is not true. The truth is that short people can also run fast.

Reality: Reality is the state of things as they actually exist, rather than as they may appear or might be imagined. In other words, reality includes everything that is and has been, whether or not it is observable or comprehensible.

B: Match each story below with the misconception about entrepreneurship.

Story	Misconception
1) Ramu owns a large clothes shop. Shamu has a small store selling handmade sarees. Shamu does not call himself an entrepreneur.	(a) Every business idea needs to be unique or special.
2) Anna has a great idea for a website. She has ` 5,000. She is waiting for ` 20,000 more, so that she can start it.	(b) Entrepreneurs are born, not made.
3) In a city of thousands of tailoring shops, Gauri is a tailor who stitches good quality clothes and has a very successful business.	(c) A person needs to have a big business to be called an entrepreneur.

list the misconceptions around entrepreneurship and the truth behind them.

Ans:

1. c) A person needs to have a big business to be called an entrepreneur.

- 2. b) Entrepreneurs are born, not made.
- 3. a) Every business idea needs to be unique or special.

Session 4 Entrepreneurship as a Career Option

A. Write against the option, if the business idea is of self-employment or wage employment.

- (a) Cooking in a restaurant
Ans: - wage employment
- (b) Owning a clothing business
Ans: self-employment
- (c) Having a dosa selling stall
Ans: self-employment

B: Match the columns

1. Surabhi opens 5 painting stores across India.	a. Enter
2. There are many coaching classes in Mumbai. Jacob owns one of them. He is starting morning batches to attract more students to his classes.	b. Survive
3. Salma has started her clothing line on the Internet.	c. Grow

Ans: 1.c) Grow

2.b) Survive

3.a) Enter

Q Define the meaning of a career.

Ans: an occupation or profession, especially one requiring special training, followed as one's lifework: He sought a **career** as a lawyer. a person's progress or general course of action through life or through a phase of life, as in some profession or undertaking

Q Present your opinion about entrepreneurship as a life option.

Ans: Entrepreneurship is important as it has **the** ability to improve standards of living and create wealth, not only for **the entrepreneurs**, but also for related businesses. **Entrepreneurs** also help drive change with innovation, where new and improved products enable new markets to be developed.

Extra Question

Fill in the blanks

1. An **Entrepreneur** is a person who establishes a business or a venture that generates some value to the customer and proves to be profitable for him.
2. Entrepreneurship has a crucial role in the **Functioning** of the society.
3. Functions of an entrepreneur Rajesh Marwaha and J. S. Mehandipur have given a comprehensive classification of the functions of entrepreneurs in their book **Entrepreneurship and Small Business**
4. **Entrepreneurship** simply described as starting a business using the resources available to a person.
5. An entrepreneur combines factors in a **creative** manner in order to generate value for customers and create wealth.

Q1. How Entrepreneurship and Society are interdependent on each other?

Ans: Entrepreneurship has some positive impact on society such as:

- ❖ Accentuates economic Growth
- ❖ Fosters Creativity
- ❖ Stimulates Innovation and Efficiency
- ❖ Creates Jobs and Employment Opportunities
- ❖ Solves the problems of the society
- ❖ Encourages welfare of the society
- ❖ On other hand Society plays a role in boosting entrepreneurship by:
- ❖ Creates needs and demands
- ❖ Provides raw materials
- ❖ Enables financial support
- ❖ Creates a need for education
- ❖ Catalyses policy formation and reform
- ❖ Facilitates networking
- ❖ Supports infrastructure development

Q2. List some common entrepreneurship activities related to society?

Social Entrepreneurship: Social entrepreneurship can be understood as creation of sustainable solutions for social problems includes quality education, health and sanitation, unemployment, child labour etc.

Agricultural Entrepreneurship: Agricultural Entrepreneurship is related to the marketing and production farm products. It has led to low-cost innovations in farming processes.

Women Entrepreneurship: Women entrepreneurship is the process where women organise all the factors of production, undertake risks, and provide employment to others.

Small Scale Entrepreneurship: Small scale entrepreneurship refers to starting industries in which manufacturing, trading, providing services, productions are done on a small scale or micro scale. These businesses serve as the backbone of many developing countries.

Q3. What are the qualities of an entrepreneur?

1. **Hard working:**
2. **Optimistic:** Successful entrepreneurs should have a positive approach to life.
3. **Independent:** They do not prefer working for others and are the masters of their own.
4. **Energetic:** Entrepreneurs should possess a high level of energy as they have to put in more hard work and time for making their venture a success.
5. **Self-confident:** An entrepreneur should have a strong belief in his/her abilities.
6. **Perseverant:** Successful entrepreneurs never quit his/her venture even if s/he fails. They keep on finding ways to succeed.

Q4. What are the functions of an entrepreneur?

1. Entrepreneurial functions:

Organisation Building and Management: Organisation building is about bringing together different factors of production and allocating these resources to bring down costs and losses.

Risk taking: Risk taking is about taking responsibility and planning for a loss or mishap that may occur in the future due to unforeseen contingencies

Innovation: Entrepreneurs innovate by introducing new concepts, products, services, designs, ideas etc. They may introduce something new and innovative in any branch of economic activity.

2. Promotional functions

Idea Discovery: The first step towards entrepreneurship is discovery of a business idea.

Detailed Investigation: While coming up with ideas can seem like an easy process, the challenge is to understand if the idea has the potential to turn into a viable business venture.

Assembling the Requirements: Some basic business requirements include infrastructure or office space, human resources, key vendors or partners, working capital etc

Financing: Raising capital for a business is one of the core functions that entrepreneurs perform themselves, not just at the initial stage of the business, but even to grow and scale the business

3. Managerial functions Planning:

Organizing: Organizing in the managerial context refers to setting specific and attainable goals and objectives to be achieved by different departments and by each employee.

Directing: Directing is about initiating planned action and ensuring that each employee is performing effectively.

Staffing: Staffing refers to different sub-processes such as manpower planning, recruitment, selection, placement, training, transfer, salary, promotion, payroll, appraisal etc. The objective of staffing is to fill a particular position with the right employee at the right time.

Leadership: Leadership is more of a skill than a function for an entrepreneur as he or she has to lead, guide and supervise people who work for the business

Communication: An entrepreneur has to communicate every single day, in the form of writing, responding, drafting emails, verbal instruction, discussion etc. It has been established that entrepreneurs spend 75% to 90% of their working time communicating with others.

Supervision: After issuing instructions, the entrepreneur has to see that the given instructions are carried out. Supervision refers to the job of overseeing subordinates at work to ensure the maximum utilisation of resources, to get the required and directed work done, and to correct the subordinates whenever they go wrong.

Motivation: Along with guiding employees, an entrepreneur also plays a role of motivating them and encouraging positive behaviour and culture within the organization.

Co-ordination: Co-ordination between different departments of the business helps to ensure that work happens in a timely manner

Negotiation: An entrepreneur negotiates terms and conditions for many parts of the business such as payment terms and timelines, salaries of employees, vendor quotations etc.

4. Commercial Functions

Production and Operations: Depending on whether it is a service business or product business, an entrepreneur has to perform the function of managing production.

Finance and Accounting: While finance is more focused on raising funds and managing them, accounting helps to record and analyse the financial position of the business. Thus, an entrepreneur has to prepare and analyse cash flow statements, income sheet, balance sheet etc.

Marketing: Marketing refers to promoting products and services. Marketing plays a significant role in promoting the well-being of the business enterprise. An entrepreneur has to perform this function to make people aware about the offerings of the business and makes sales.

Human Resource Management: Human Resource Management (HRM) refers to recruitment, employment, selection, training, development and compensation of the employees with an organization. An entrepreneur performs this function as no business can function without people.

Q5. List the Role of Entrepreneurs

- i. Coordinating role
- ii. Agent's role
- iii. Innovator's Role
- iv. Risk assumption role
- v. Imitating role
- vi. Capital formation role
- vii. Balancing role
- viii. Status transformation role
- ix. Employment Generation role

Q6. What is the importance of Entrepreneurs?

1. Entrepreneurs are important in a free market because they help the market respond to changing prices and consumer preferences. For example, with the rise in the use of internet, an entrepreneur may see the potential to set up a new home delivery service which uses an app for consumers to buy.
2. A successful entrepreneur increases their own efficiency by changing and introducing new technologies which significantly move on an industry.
3. An Entrepreneur can often 'redefine the rules' of an established industry. They do this by creating new markets for existing products and slightly innovating in small ways to suit the needs of a new target market.
4. An entrepreneur may be motivated to enter an industry to offer a more ethical product or provide a service to a community.

Q7. Write the myths related to Entrepreneurship.

There are many myths about characteristics and traits of entrepreneurs.

1. Entrepreneurs are high risk takers: They are neither high nor low risk – takers. They always prefer situations which lead to generating profits.
2. Entrepreneurs become rich as they start a new business: Starting a business does not mean that person will become rich overnight. A new business always needs a span of year or two to become successful.
3. Entrepreneurs are Job hoppers. They are not job hoppers. They are the ones who create job opportunities for the people. They work for many years and gain experience before starting any new venture.
4. Entrepreneurs have limited dedication: Dedication is the key to success. An entrepreneur can never be successful unless he is dedicated towards his work.
5. Entrepreneurs are born that way: Many people assume that entrepreneurial qualities are innate and that only people who have certain natural talents can be entrepreneurs.
6. All entrepreneurs have great ideas
7. The only requirement is a good idea
8. Businesses either flourish or fail
9. One must know everything before starting a business

Q8 Why should anyone choose an entrepreneurship as a Career?

- (a) Nurture's development of entrepreneurial skills and capabilities: Entrepreneurship cultivates unique skills and encourages outside the box thinking.
- (b) Enables application of an entrepreneurial mind-set.
- (c) Develops the ability to handle failure and ambiguity.
- (d) Enhances critical thinking and problem-solving ability.
- (e) Provides early exposure to the real world.

- (f) Inspires to think about one's career differently.
- (g) Leads to creating difference in society: Entrepreneurs not only economically impact society but also identify the real needs and problems of people and solving them.

