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ENTREPRENEURSHIP DEVELOPMENT

Question 1:

Entrepreneurs undertake

- (a) Calculated risk
- (b) High risk
- (c) Low risk
- (d) Moderate and calculated risk

ANSWER:

Risk refers to the probability that the realised profits are less than the expected profit. When an entrepreneur sets up a venture, he is not sure of its success. There is no assurance of returns or profits. Moreover, he also takes up the risk of choosing entrepreneurship as a career over practice of a profession that involves an assured pay off. However, an entrepreneur always takes calculated risk. As per their skill, training and confidence, they try to minimize the risk. For example, an entrepreneur might enter into prior contracts with the customers and thereby, ensure the sale of the product. Thus, it can be said that entrepreneurs undertake moderate and calculated risk.

Question 2:

In economics, which of the following is not a function of the entrepreneur?

- (a) Risk-taking
- (b) Provision of capital and organization of production
- (c) Innovation
- (d) Day to Day conduct of business

ANSWER:

An entrepreneur performs various functions such as risk-taking, provisioning of capital and organisation of production and day to day conduct of business. Although innovation is an important 'characteristics' of an entrepreneur but, it is not his core function. While, an entrepreneur needs to be innovative while planning and deciding upon business activities as to fulfill the public demand but, it is not his duty to innovate new technology or products. Thus, innovation is not a function to be performed rather an essential characteristic of a successful entrepreneur.

Question 3:

Which of the following statements does not clearly distinguish between entrepreneurship and management?

- (a) Entrepreneurs found the business; managers operate it
- (b) Entrepreneurs are the owners of their business; managers are employees
- (c) Entrepreneurs earn profits; managers earn salaries
- (d) Entrepreneurship is once for all activity; management is a continuous activity

ANSWER:

The sentence that does not clearly distinguishes between entrepreneurship and management is 'Entrepreneurship is once for all activity; management is a continuous activity'. It is often said that once the business starts up, the role of entrepreneur ends and the manager comes in to run and stabilise it. However, entrepreneurs, even after the business is established, remain attached to the day-to-day activities. They also take up managerial role as and when required. In other words, as the managers are expected to play entrepreneurial role when needed, the entrepreneurs are also expected to handle the managerial function when needed.