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Internal Assessment Test 2

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|-------|---------------------------------|-----------|-------|------------|----|
| Sub: | MANAGEMENT AND ENTREPRENEURSHIP | | | | |
| Date: | 08/05/2017 | Duration: | 90min | Max Marks: | 50 |
| | | | | Sem: | 6 |

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| Code: | 10AL61 |
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Note: **Answer to the point. Sketch figures wherever necessary.**

Answer any five of Q1 to Q6.

Q1 a. Explain various types of leadership styles

[6]

1. Autocratic Leadership

Autocratic leadership style is centered on the boss. In this leadership the leader holds all authority and responsibility. In this leadership, leaders make decisions on their own without consulting subordinates. They reach decisions, communicate them to subordinates and expect prompt implementation. Autocratic work environment does normally have little or no flexibility.

In this kind of leadership, guidelines, procedures and policies are all natural additions of an autocratic leader. Statistically, there are very few situations that can actually support autocratic leadership.

Some of the leaders that support this kind of leadership include: Albert J Dunlap (Sunbeam Corporation) and Donald Trump (Trump Organization) among others.

2. Democratic Leadership

In this leadership style, subordinates are involved in making decisions. Unlike autocratic, this leadership is centered on subordinates' contributions. The democratic leader holds final responsibility, but he or she is known to delegate authority to other people, who determine work projects. The most unique feature of this leadership is that communication is active upward and downward. With respect to statistics, democratic leadership is one of the most preferred leadership, and it entails the following: fairness, competence, creativity, courage, intelligence and honesty.

3. Strategic Leadership Style

Strategic leadership is one that involves a leader who is essentially the head of an organization. The strategic leader is not limited to those at the top of the organization. It is geared to a wider audience at all levels who want to create a high performance life, team or organization.

The strategic leader fills the gap between the need for new possibility and the need for practicality by providing a prescriptive set of habits. An effective strategic leadership delivers the goods in terms of what an organization naturally expects from its leadership in times of change. 55% of this leadership normally involves strategic thinking.

4. Transformational Leadership

Unlike other leadership styles, transformational leadership is all about initiating change in organizations, groups, oneself and others.

Transformational leaders motivate others to do more than they originally intended and often even more than

they thought possible. They set more challenging expectations and typically achieve higher performance.

Statistically, transformational leadership tends to have more committed and satisfied followers. This is mainly so because transformational leaders empower followers.

5. Team Leadership

Team leadership involves the creation of a vivid picture of its future, where it is heading and what it will stand for. The vision inspires and provides a strong sense of purpose and direction.

Q1 b. Briefly explain the steps in controlling

[4]

Setting Performance Standards:

The first step in the process of controlling is concerned with setting performance standards. These standards are the basis for measuring the actual performance.

Thus, standards act as a lighthouse that warns & guides the ships at sea. Standards are the benchmarks towards which efforts of entire organisation are directed. These standards can be expressed both in quantitative and qualitative terms.

Measurement of Actual Performance:

Once the standards have been determined, the next step is to measure the actual performance. The various techniques for measuring are sample checking, performance reports, personal observation etc. However, in order to facilitate easy comparison, the performance should be measured on same basis that the standards have.

Comparing Actual Performance with Standards:

This step involves comparing the actual performance with standards laid down in order to find the deviations. For example, performance of a salesman in terms of unit sold in a week can be easily measured against the standard output for the week.

Analysing Deviations:

Some deviations are possible in all the activities. However, the deviation in the important areas of business needs to be corrected more urgently as compared to deviation in insignificant areas. Management should use critical point control and management by exception in such areas.

Taking Corrective Action:

The last step in the process of controlling involves taking corrective action. If the deviations are within acceptable limits, no corrective measure is required. However, if the deviations exceed acceptable limits, they should be immediately brought to the notice of the management for taking corrective measures, especially in the important areas.

Q2 a. What are the different types of motivation theories?

[6]

Maslow's Need Hierarchy Theory:

It is probably safe to say that the most well-known theory of motivation is Maslow's need hierarchy theory. Maslow's theory is based on the human needs. Drawing chiefly on his clinical experience, he classified all human needs into a hierarchical manner from the lower to the higher order.

Herzberg's Motivation Hygiene Theory:

The psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory popularly known as Herzberg's Motivation Hygiene (Two-Factor) Theory. Herzberg conducted a widely reported motivational study on 200 accountants and engineers employed by firms in and around Western Pennsylvania.

He asked these people to describe two important incidents at their jobs:

(1) When did you feel particularly good about your job, and

(2) When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

McClelland's Need Theory:

Another well-known need-based theory of motivation, as opposed to hierarchy of needs of satisfaction-dissatisfaction, is the theory developed by McClelland and his associates'. McClelland developed his theory based on Henry Murray's developed long list of motives and manifest needs used in his early studies of personality. McClelland's need-theory is closely associated with learning theory, because he believed that needs are learned or acquired by the kinds of events people experienced in their environment and culture.

He found that people who acquire a particular need behave differently from those who do not have. His theory focuses on Murray's three needs; achievement, power and affiliation. In the literature, these three needs are abbreviated "n Ach", "n Pow", and "n Aff" respectively'

McGregor's Participation Theory:

Douglas McGregor formulated two distinct views of human being based on participation of workers. The first basically negative, labeled Theory X, and the other basically positive, labeled Theory Y.

Theory X is based on the following assumptions:

1. People are by nature indolent. That is, they like to work as little as possible.
2. People lack ambition, dislike responsibility, and prefer to be directed by others.
3. People are inherently self-centered and indifferent to organisational needs and goals.
4. People are generally gullible and not very sharp and bright.

On the contrary, Theory Y assumes that:

1. People are not by nature passive or resistant to organisational goals.
2. They want to assume responsibility.
3. They want their organisation to succeed.
4. People are capable of directing their own behaviour.
5. They have need for achievement.

What McGregor tried to dramatise through his theory X and Y is to outline the extremes to draw the fencing within which the organisational man is usually seen to behave. The fact remains that no organisational man would actually belong either to theory X or theory Y. In reality, he/she shares the traits of both. What actually

happens is that man swings from one set of properties to the other with changes in his mood and motives in changing environment.

Q2 b. Discuss the functions of entrepreneur.

[4]

Functions of an Entrepreneur:

The important functions performed by an entrepreneur are listed below:

1. Innovation:

An entrepreneur is basically an innovator who tries to develop new technology, products, markets, etc. Innovation may involve doing new things or doing existing things differently. An entrepreneur uses his creative faculties to do new things and exploit opportunities in the market. He does not believe in status quo and is always in search of change.

2. Assumption of Risk:

An entrepreneur, by definition, is risk taker and not risk shirker. He is always prepared for assuming losses that may arise on account of new ideas and projects undertaken by him. This willingness to take risks allows an entrepreneur to take initiatives in doing new things and marching ahead in his efforts.

3. Research:

An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analyzing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he applies his ideas in practice. The selection of an idea, thus, involves the application of research methodology by an entrepreneur.

4. Development of Management Skills:

The work of an entrepreneur involves the use of managerial skills which he develops while planning, organizing, staffing, directing, controlling and coordinating the activities of business. His managerial skills get further strengthened when he engages himself in establishing equilibrium between his organization and its environment.

However, when the size of business grows considerably, an entrepreneur can employ professional managers for the effective management of business operations.

5. Overcoming Resistance to Change:

New innovations are generally opposed by people because it makes them change their existing behavior patterns. An entrepreneur always first tries new ideas at his level.

It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. In this manner, an entrepreneur paves the way for the acceptance of his ideas by others. This is a reflection of his will power, enthusiasm and energy which helps him in overcoming the society's resistance to change.

6. Catalyst of Economic Development:

An entrepreneur plays an important role in accelerating the pace of economic development of a country by discovering new uses of available resources and maximizing their utilization.

3 a. Describe the following:

TECSOK, DIC, NSIC and SIDBI

[8]

TECSOK

TECSOK is a multidisciplinary management consultancy organization promoted by the Government of Karnataka to provide reliable consultancy services in India. TECSOK has been excelling its expertise in a wide range of services. The package of services includes feasibility studies, market research, valuation of assets, environment impact studies, energy management and audit, management studies like corporate plan, reorganization and restructuring of enterprises, man power planning, budgetary control systems, mergers and acquisitions, investment opportunities, technology transfers, diagnostic studies and also designing and organizing training programmes in all related areas. Of late, TECSOK is also concentrating on studies relating to Cleaner Production technologies and methods.

TECSOK has been considered by the Government of Karnataka, Government of India, State & Central Financial Institutions, Commercial Banks, Asian Development Bank and a host of other institutions of the Government and Private as the recognized consultancy agency.

DIC

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. The finances for setting up DICs in a state are contributed equally by the particular state government and the central government. To facilitate the process of small enterprise development, DICs have been entrusted with most of the administrative and financial powers. For purpose of allotment of land, work sheds, raw materials etc., DICs functions under the 'Directorate of Industries'. Each DIC is headed by a General Manager who is assisted by four functional managers and three project managers to look after the following activities :

Activities of District Industries Centre (DIC):

- i. Economic Investigation
- ii. Plant and Machinery
- iii. Research, education and training
- iv. Raw materials
- v. Credit facilities
- vi. Marketing assistance
- vii. Cottage industries

Objectives of District Industries Centre (DIC):

The important objectives of DICs are as follow :

- i. Accelerate the overall efforts for industrialisation of the district.
- ii. Rural industrialisation and development of rural industries and handicrafts.
- iii. Attainment of economic equality in various regions of the district.
- iv. Providing the benefit of the government schemes to the new entrepreneurs.

v. Centralisation of procedures required to start a new industrial unit and minimisation- of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

Functions of District Industries Centre (DIC):

i. Acts as the focal point of the industrialisation of the district.

ii. Prepares the industrial profile of the district with respect to :

iii. Statistics and information about existing industrial units in the district in the large, Medium, small as well as co-operative sectors.

iv. Opportunity guidance to entrepreneurs.

v. Compilation of information about local sources of raw materials and their availability.

vi. Manpower assessment with respect to skilled, semi-skilled workers.

vii. Assessment of availability of infrastructure facilities like quality testing, research and development, transport, prototype development, warehouse etc.

viii. Organises entrepreneurship development training programs.

ix. Provides information about various government schemes, subsidies, grants and assistance available from the other corporations set up for promotion of industries.

x. Gives SSI registration.

xi. Prepares techno-economic feasibility report.

xii. Advices the entrepreneurs on investments.

xiii. Acts as a link between the entrepreneurs and the lead bank of the district.

xiv. Implements government sponsored schemes for educated unemployed people like PMRY scheme, Jawahar Rojgar Yojana, etc.

xv. Helps entrepreneurs in obtaining licenses from the Electricity Board, Water Supply Board, No Objection Certificates etc.

xvi. Assist the entrepreneur to procure imported machinery and raw materials.

xvii. Organises marketing outlets in liaison with other government agencies.

NSIC

National Small Industries Corporation (NSIC), is an ISO 9001-2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country. NSIC operates through countrywide network of offices and Technical Centres in the Country. To manage operations in African countries, NSIC operates from its office in Johannesburg, South Africa. In addition, NSIC has set up Training cum Incubation Centre managed by professional manpower. Schemes of NSIC

NSIC facilitates Micro, Small and Medium Enterprises with a set of specially tailored scheme to enhance their competitiveness. NSIC provides integrated support services under Marketing, Technology, Finance and other Support service.

Marketing Support

Marketing has been identified as one of the most important tool for business development. It is critical for the growth and survival of MSMEs in today's intensely competitive market. NSIC acts as a facilitator and has devised a number of schemes to support enterprises in their marketing efforts, both domestic and foreign markets. These schemes are briefly described as under :

Consortia and Tender Marketing

Small Enterprises in their individual capacity face problems to procure & execute large orders, which deny them a level playing field vis-a'-vis large enterprises. NSIC forms consortia of Micro and Small units manufacturing the same product, thereby pooling in their capacity.

NSIC applies the tenders on behalf of single MSE/Consortia of MSEs for securing orders for them. These orders are then distributed amongst MSEs in tune with their production capacity.

Single point Registration for Government Purchase

The units registered under Single Point Registration Scheme of NSIC are eligible to get the benefits under "Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012" as notified by the Government of India, Ministry of Micro Small & Medium Enterprises, New Delhi vide Gazette Notification dated 23.03.2012.

- Issue of the Tender Sets free of cost;
- Exemption from payment of Earnest Money Deposit (EMD),
- In tender participating MSEs quoting price within price band of L1+15 per cent shall also be allowed to supply a portion upto 20% of requirement by bringing down their price to L1 Price where L1 is non MSEs.
- Every Central Ministries/Departments/PSUs shall set an annual goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs. Out of annual requirement of 20% procurement from MSEs, 4% is earmarked for units owned by Schedule Caste /Schedule Tribes (as per PPP Order dated 23.03.2012 overall procurement goal shall be mandatory w.e.f. 01/04/2015)
- In addition to the above, 358 items are also reserved for exclusive purchase from SSI Sector

SIDBI

The primary function and objectives of the Directorate of Industries are supervision and control of District Level functionaries, i.e., the District Industries Centres in implementation of the various schemes and programmes of the Department. The basic objective of the Department is also to act as the Nodal Promotional Agency in the development of industries and industries activities in the State as a whole. And to promote and achieve the above-mentioned purpose, the Department organises and implements various programmes and schemes to provide the basic infrastructural facilities for the creation of industrial awareness and atmosphere viz. ,Investment Awareness Programmes Entrepreneurship Development Programmes Workshop and seminars etc.

Q3 b. Give a short note on KSFC

[2]

KSFC is one of the fast track term lending financial institutions in the country with assistance to over 1,70,355

units amounting to nearly Rs 14,542 crore over the last 57 years in the State of Karnataka. KSFC is one of the robust and professionally managed State Financial Corporations.

Q4 a. What are the difference between intrapreneur and entrepreneur

[6]

| Bases of Difference | Entrepreneur | Intrapreneur |
|----------------------------|---|--|
| 1. Dependency | An entrepreneur is independent in his operations. | But, an intrapreneur is dependent on the entrepreneur, i.e., the owner. |
| 2. Raising of Funds | ADVERTISEMENTS: Funds are not raised by the intrapreneur. | Funds are not raised by the intrapreneur. |
| ----- | | |
| | An entrepreneur himself raises funds required for the enterprise. | |
| 3. Risk | Entrepreneur bears the risk involved in the business. | An intrapreneur does not fully bear the risk involved in the enterprise. |
| 4. Operation | An entrepreneur operates from out-side. | On the contrary, an intrapreneur operates from within the organisation itself. |

Q4 b. What was the effect of liberalization, privatization and globalization on SSI? [4]

Before the introduction of new economic reforms in 1991 following the inevitable globalization, the SSI sector was overprotected. The small scale industry never had a strong desire to grow to medium and large scale because of the benefits of protection given to it. Many of the policies also discouraged the growth of small scale units into large ones and had a stunting effect on manufacturing, employment and output growth. With the globalization, the SSIs are now exposed to sever competition both from large-scale sector, domestic and foreign and MNCs. The effect of globalization can be summarized as below.

(1) The new policies of the government towards liberalization and globalization without ensuring the interest or priority of small-scale sector resulted in poor growth rate of SSI sector. The SSI sector has suffered because of the lending institutions and promotional agencies, whose main agenda is to serve big units and multinationals.

(2) The problems of SSI in liberalized environment have become multidimensional- delay in implementation of project, inadequate availability of finance and credit, marketing problems, cheap and low quality products, technological obsolescence, lack of infrastructural facilities, deficient managerial and technical skills, to name some.

(3) Globalization resulted in opening up of markets, leading to intense competition. For example, the World Trade Organization (WTO) regulates multilateral trade,

requiring its member countries to remove its import quotas, restrictions and reduce import tariffs. India was also asked to remove quantitative restrictions on import by 2001 and all export subsidies by 2003. As a result every enterprise in India whether small-scale or large scale has to face competition. The process was initiated for small-scale units by placing 586 of its 812 reserved items on the open general license list of imports.

(4) With the removal of restrictions of foreign direct investment, multinational companies entered India which further intensified the competition in the domestic market. The 1990's witnessed the entry of multinational companies in areas such as automobiles, electronics and IT based sectors.

In the changed environment after globalization and liberalization, the policies and projects for the SSI sectors will have to be effective and growth oriented (not just protecting) so as to achieve competitiveness.

In order to protect, support and promote small enterprises, a number of protective and promotional measures have been undertaken by the central government.

The promotional measures cover the following:

- Industrial extension services

- Institutional support in respect of credit facilities

- Provision of developed sites for construction of sheds

- Provision of training facilities

- Supply of machinery on hire purchase terms

- Assistance for domestic marketing as well as exports

- Special intensive for setting up enterprises in backward areas

- Technical consultancy and financial assistance for technological upgradation

Q5 a. Explain in detail the meaning and importance of communication

[8]

Meaning and Nature of Communication:

The exchange of information or passing of information, ideas or thought from one person to the other or from one end to the other is communication. According to McFarland communication is, "a process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understandings are reached among human beings." Newman and summer defined communication as "an exchange of facts, ideas, opinions or emotions by two or more persons."

Communication is the process of passing information from one person to another. The purpose of communication understands of information. Whatever one wants to say to someone should be clearly understood by him else the very purpose of the communication would be defeated.

In an organisation communication facilitates the flow of information and understanding between different people and departments through different media using all the channels and networks. This flow of information is vital for managerial effectiveness and decision making in general and for human resource manager in particular as he has to be in contact with the managers of various departments, employees and workers and trade union leaders.

Communication thus helps understand people better removing misunderstanding and creating clarity of thoughts and expression. It also educates people. The communication may be written or oral, formal, informal, and upward, downward, horizontal, diagonal, interpersonal, intrapersonal, interdepartmental, intra-organisational.

The communication brings people together, closer to each other. The communication is an important management function closely associated with all other managerial functions. It bridges the gap between individuals and groups through flow of information and understanding between them. Information is the most vital aspect for communication. It is the information which is transmitted, studied, analyzed and interpreted

and stored. The manager therefore has to spare time to collect, analyze and store the information for decision-making and routine day to day business.

Purpose of Communication:

Management is getting the things done through others. The people working in the organisation should therefore be informed how to do the work assigned to them in the best possible manner. The communication is essential in any organisation.

The purpose of the communication can be summed up into the following:

1. Flow of Information:

The relevant information must flow continuously from top to bottom and vice versa. The staff at all levels must be kept informed about the organisational objectives and other developments taking place in the organisation. A care should be taken that no one should be misinformed. The information should reach the incumbent in the language he or she can understand better. The use of difficult words should be avoided. The right information should reach the right person, at right time through the right person.

2. Coordination:

It is through communication the efforts of all the staff working in the organisation can be coordinated for the accomplishment of the organisational goals. The coordination of all personnel's and their efforts is the essence of management which can be attained through effective communication.

3. Learning Management Skills:

The communication facilitates flow of information, ideas, beliefs, perception, advice, opinion, orders and instructions etc. both ways which enable the managers and other supervisory staff to learn managerial skills through experience of others. The experience of the sender of the message gets reflected in it which the person at the receiving end can learn by analyzing and understanding it.

4. Preparing People to Accept Change:

The proper and effective communication is an important tool in the hands of management of any organisation to bring about overall change in the organisational policies, procedures and work style and make the staff to accept and respond positively.

5. Developing Good Human Relations:

Managers and workers and other staff exchange their ideas, thoughts and perceptions with each other through communication. This helps them to understand each other better. They realize the difficulties faced by their colleagues at the workplace. This leads to promotion of good human relations in the organisation.

6. Ideas of Subordinates Encouraged:

The communication facilitates inviting and encouraging the ideas from subordinates on certain occasions on any task. This will develop creative thinking. Honoring subordinates' ideas will further motivate them for hard work and a sense of belonging to the organisation will be developed. It will provide them with the encouragement to share information with their superiors without hesitation. The managers must know the ideas, thoughts, comments, reactions and attitudes of their subordinates and subordinates should know the same from the lowest level staff of their respective departments.

Importance of Communication:

Effective communication is vital for efficient management and to improve industrial relations. In modern

world the growth of telecommunication, information technology and the growing competition and complexity in production have increased importance of communication in organisations large and small irrespective of their type and kind. A corporate executive must be in a position to communicate effectively with his superiors, colleagues in other departments and subordinates. This will make him perform well and enable him to give his hundred percent to the organisation.

Base for Action:

Communication acts as a base for any action. Starting of any activity begins with communication which brings information necessary to begin with.

2. Planning Becomes Easy:

Communication facilitates planning. Planning is made easy by communication. Any type of information regarding the human resource requirement of each department of the organisation with their qualifications, the type and kinds of job etc. can be collected through communication which helps in human resource planning. Policies and programmes for their acquisition can be prepared and implemented. In the entire process communication plays a vital role, it also facilitates managerial planning of the organisation.

3. Means of Coordination:

Communication is an important tool for coordinating the efforts of various people at work in the organisation.

4. Aids in Decision-Making:

The information collected through communication aids in decision-making. Communication facilitates access to the vital information required to take decisions.

5. Provides Effective Leadership:

A communication skill bring manager near to his subordinates and exchange ideas and submits appropriate proposals, knows their opinions, seeks advices and make decisions. This enables a manager to win confidence of his subordinates through constantly communicating with them and removing probable misunderstandings. In this way he leads his people to accomplish the organisational goal.

6. Boosts Morale and Motivation:

An effective communication system instills confidence among subordinates and workers ensuring change in their attitude and behaviour. The main cause of conflict and dissatisfaction is misunderstanding which can be removed through communication skills. The removal of misunderstanding makes manager and his subordinates understand each other and create good industrial relations. This boosts up the morale of the people and motivates them to work harder.

Q5 b. Define and explain SSI

[2]

Small-Scale Industries :

In Indian economy small-scale and cottage industries occupy an important place, because of their employment potential and their contribution to total industrial output and exports.

Government of India has taken a number of steps to promote them. However, with the recent measures, small-scale and cottage industries facing both internal competition as well as external competition.

These are the industrial undertakings having fixed investment in plant and machinery, whether held on

ownership basis or lease basis or hire purchase basis not exceeding Rs. 1 crore.

Characteristics of Small-Scale Industries:

(i) Ownership:

Ownership of small scale unit is with one individual in sole-proprietorship or it can be with a few individuals in partnership.

(ii) Management and control:

A small-scale unit is normally a one man show and even in case of partnership the activities are mainly carried out by the active partner and the rest are generally sleeping partners. These units are managed in a personalised fashion. The owner is activity involved in all the decisions concerning business.

(iii) Area of operation:

The area of operation of small units is generally localised catering to the local or regional demand. The overall resources at the disposal of small scale units are limited and as a result of this, it is forced to confine its activities to the local level.

(iv) Technology:

Small industries are fairly labour intensive with comparatively smaller capital investment than the larger units. Therefore, these units are more suited for economics where capital is scarce and there is abundant supply of labour.

(v) Gestation period:

Gestation period is that period after which teething problems are over and return on investment starts. Gestation period of small scale unit is less as compared to large scale unit.

(vi) Flexibility:

Small scale units as compared to large scale units are more change susceptible and highly reactive and responsive to socio-economic conditions.

They are more flexible to adopt changes like new method of production, introduction of new products etc.

(vii) Resources:

Small scale units use local or indigenous resources and as such can be located anywhere subject to the availability of these resources like labour and raw materials.

(viii) Dispersal of units:

Small scale units use local resources and can be dispersed over a wide territory. The development of small scale units in rural and backward areas promotes more balanced regional development and can prevent the influx of job seekers from rural areas to cities.

The Four Steps & The Entrepreneurial Process

The entrepreneurial process is a methodical way of starting a new venture which involves four steps. The entrepreneur realizes, evaluates, and develops an opportunity by defeating forces of resistance (Dhenak, 2010). The four phases include identifying and evaluating an opportunity, developing a business plan, ascertaining resource needs, and managing the resulting enterprise (Barringer & Ireland, 2010). Each of these steps is in an order one to four in ranking as to the importance of each method. The elements in the steps in this discussion will be from an individual entrepreneurial and corporate entrepreneurial perspective. Lastly, this paper analyzes the importance of the entrepreneurial process and how it influences and shapes health care delivery.

Steps One Through Four

Stage one of the entrepreneurial process deals with opportunity identification. An opportunity by definition is a favorable set of circumstances which creates a need for a new product, business, or service (Barringer & Ireland, 2010). Opportunity identification is the process by which the entrepreneur comes up with a prospective idea for a new venture. Identifying the opportunity is not simple. Identification takes research, exploration, and evaluation of current needs, demands, and trends from consumers and others (Dhenak, 2010). With researching and surveying, the product or service can develop. The organization or individual can now innovate what is lacking as long as the market exists for the opportunity to present itself. If the market is mature the window of opportunity is closed (Barringer & Ireland, 2010). Qualities through innovation add value to a product, service, or business. The qualities are attractiveness, durability, timeliness, and fixation to the product (Barringer & Ireland, 2010). These four conditions are what the consumer and end user want. Evaluating the opportunity through observing environmental forces, social forces, technology advances, and political or regulatory changes are attributes to thriving in any industry (Dhenak, 2010). From an individual perspective, opportunity identification and evaluation is the most important element because it identifies general trends, needs, and risks that involve the original idea which the entrepreneurial process can improve.

The second stage is developing a business plan. Business plan development is an integral piece for submitting a proposal for an entrepreneurial or intrapreneurial business (Harjai, 2012). The organization or entrepreneur develops a description of the future direction of the business. A good business plan must be in place that displays a distinct opportunity (Harjai, 2012). The process in business plan formulation can be the most time-consuming stage for the individual entrepreneur or organization (Harjai, 2012). An example of this is researching and doing a feasibility analysis for business plan formulation (Barringer & Ireland, 2010). Testing the viability of the idea gives the ability to change the thought process from idea to a business plan. Business plan development is part of strategic thinking and planning and works well with organizational activities. On an individual basis, the sole entrepreneur must rely on brainstorming in smaller focus groups. From a corporate perspective, business planning is the essential element to the entrepreneurial process.

The third stage is determining and allocating resources. Ascertaining resource needs is a requirement to opportunity and business plan implementation (Dhenak, 2010). Assessing the risks in association with insufficient or inappropriate resources must be set apart from useful ones (Harjai, 2012). The question that needs an answer here is: Can the organization or individual propositioning the venture be capable of obtaining sufficient resources to move forward (Barringer & Ireland, 2010)? The entrepreneurial process calls for securing financial and non-financial resources as well as intellectual proprietary protection where it applies (Barringer & Ireland, 2010). Financial resources include start-up costs, the financial performance of like business, and economic attractiveness (Barringer & Ireland, 2010). Non-financial resources include skill sets and labor pools for potential employees (Barringer & Ireland, 2010). In the health care setting, for example, the skill set for nurses is different from radiology technicians. Organizations and individuals performing a resource assessment must be aware of the community the business exists in and whether or not this is a major factor. Resource allocation and availability are important to corporations because sustainability and profit depend on proper planning and understanding the physical internal and external environments. For the individual gaining funding from investors and loans and knowing where to cut cost in execution and implementation is the most important issue with resource determination and allocation (Barringer & Ireland, 2010). An example from an

individual perspective is making a product via a manufacturer that already exists as opposed to manufacturing the product themselves (Barringer & Ireland, 2010).

The fourth stage is managing the enterprise. Once resources are secure with the entrepreneurial process business plan implementation can take place. Managing the company means examining operational issues that will occur when implementation begins and throughout the entire business plan cycle (Barringer & Ireland, 2010). The management process involves implementing structure and business style while determining variables for success (Harjai, 2012). Establishing a control system to identify and resolve any problem areas will help the management process. Lack of experience can give the individual entrepreneur issues with business growth and administration (Harjai, 2012). Organizations understand the business development, growth, and sustainability better than individuals in many cases because resources are easier to be had and utilize as well as methods with strategic management and system development cycles (Harjai, 2012). Individuals fare better in the entrepreneurial process improving on existing ideas that have a strong consumer focus and demand.

Role in economic development

1. **Wealth Creation and Sharing:** By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

2. **Create Jobs:** Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *StartupIndia* to promote and support new startups, and also others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

3. **Balanced Regional Development:** Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

4. **GDP and Per Capita Income:** India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

5. **Standard of Living:** Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

6. Exports: Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

7. Community Development: Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.