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Internal Assessment Test 2 – July 2024										
Sub:	<b>TIME (Technological Innovation Management &amp; Entrepreneurship)</b>				Sub Code:	<b>21EC61</b>	Branch:	ECE		
Date:	08-07-2024	Duration:	90 minutes	Max Marks:	50	Sem/Sec:	6 <sup>th</sup> (A,B,C,D)			OBE
ANSWER ANY 5 FULL QUESTIONS								MARKS	CO	RBT
1	Define Recruitment & explain sources of recruitment. Explain the steps involved in the selection process.					10	CO2	L3		
2	Explain Maslow's need hierarchy theory and Herzberg's two factor theory as applicable to an organization.					10	CO2	L3		
3	Explain the meaning, importance and purposes of communication.					10	CO2	L2		
4	Define Controlling. Explain the needs and benefits of a control system. Also explain the steps involved in the control process.					10	CO3	L3		
5	What is the meaning of social responsibility? Explain social responsibility of business towards different groups.					10	CO3	L2		
6	Explain Entrepreneurship. Explain ways in which an entrepreneur can participate in the development of an economy.					10	CO4	L3		
7	Explain capacity building for entrepreneurs and the four areas to be focused in order to build an entrepreneurial society.					10	CO4	L2		

Course Instructor

Chief Course Instructor

HOD



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## RECRUITMENT

Once the requirement of manpower is known, the process of recruitment starts. It can be defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. In other words, recruitment is the generating of applications or applicants for specific positions. According to Dalton E. McFarland<sup>3</sup>, it is the process of attracting potential employees to the company.

The management should have a proper plan of recruitment regarding the quantity and quality of personnel required and the time when it is needed. The process of recruitment and the cost involved in it depends on the size of the undertaking and the type of persons to be recruited. In the case of small concerns the process of recruitment is simple and inexpensive, while in the case of large concerns the process is complicated and expensive particularly if technical and managerial personnel are to be recruited.

### Sources of Recruitment

The sources of recruitment can be broadly classified into two categories: *internal* and *external*. Internal sources refer to the present working force of a company. Vacancies other than at the lowest level may be filled by selecting individuals from amongst the existing employees of the company. Among the more commonly used external sources are the following:

1. **Re-employing former employees** Former employees who have been laid-off or have left for personal reasons may be re-employed. These people may require less initial training than that needed by total strangers to the enterprise.
2. **Friends and relatives of present employees** Some industries with a record of good personnel relations encourage their employees to recommend their friends and relatives for appointment in the concern where they are employed.
3. **Applicants at the gate** Unemployed persons who call at the gates of the factories are interviewed by the factory representative and those who are found suitable for the existing vacancies are selected. This is an important source in countries where there is a lot of unemployment.
4. **College and technical institutions** Many big companies remain in touch with the colleges and technical institutions from where young and talented persons may be recruited.
5. **Employment exchanges** An employment exchange is an office set up by the government for bringing together those men who are in search of employment and those employers who are looking for men. Employment exchanges register unemployed people and maintain the records of their names, qualifications, etc. The employers on their part intimate the exchange about the vacancies which occur in their factories and types of employees they require for filling up these vacancies. Whenever any vacancy is intimated, the exchange selects some persons from among the registered employment seekers and forwards their names to the employers for consideration. Employment exchanges are considered a useful source for the recruitment of clerks, accountants, typists, etc.
6. **Advertising the vacancy** One more source that is tapped by the companies is advertising the vacancy in leading papers. This source may be used in case the company requires the services of persons possessing certain special skills or if there is an acute shortage of labour force.
7. **Labour unions** In companies with strong labour unions, persons are sometimes recommended for appointment by their labour unions. This may also be done in pursuance to an agreement between the union and the management.

## Steps in the Selection Procedure

Though there is no standard procedure adopted by all organisations, the following is an example of a popular sequence of steps:

1. Application blank
2. Initial interview of the candidate
3. Employment tests
4. Checking references
5. Physical or medical examination
6. Final interview

**1. Application blank** Filling of the “application blank” by the candidate is the first step in the process of selection. In this form, the applicant gives relevant personal data such as his qualification, specialisation, experience, firms in which he has worked, etc. The application blanks are carefully scrutinised by the company with reference to the specifications prescribed for the jobs to decide the applicants who are to be called for interview.

**2. Initial interview** Those who are selected for interview on the basis of particulars furnished in the application blank are called for initial interview by the company. This interview, according to Mandell,<sup>4</sup> is the most important means of evaluating the poise or appearance of the candidate. It is also used for establishing a friendly relationship between the candidate and the company and for obtaining additional information or clarification on the information already on the application blank. The interview must be properly planned and the interviewers, consisting of specialists in different fields, must make the applicants feel at ease, discount personal prejudices and note their opinion about the applicants interviewed.

**3. Employment tests** For further assessment of candidate’s nature and abilities, some tests are used in the selection procedure. Psychologists and other experts have developed certain tests by which a candidate’s particular traits or abilities, his likes and dislikes, his intelligence, manual dexterity, his capacity to learn and to benefit from training, his adaptability, etc. can be estimated. There are several types of tests that are used in selection procedure. The more commonly used are:

**(i) Aptitude test** This test measures the applicant’s *capacity to learn* the skill required for a job. It helps in finding out whether a candidate is suitable for a clerical or a mechanical job. His test helps in assessing before training as to how well the candidate will perform on a job after he is given the necessary training.

**(ii) Interest test** This is used to find out the *type of work in which the candidate has an interest*. For example, whether a candidate has a liking for a sales job requiring contact with other people can be assessed by means of this test. An interest test only indicates the interest of a candidate for a particular job. It does not reveal his ability to do it. Interest tests are generally used for vocational counselling. Usually, well-prepared questionnaires are used in interest tests.

**(iii) Intelligence test** This test is used to find out the *candidate’s intelligence*. By using this test, the candidate’s mental alertness, reasoning ability, power of understanding, etc. are judged. Some examples

**(iv) Trade or performance or achievement or job-specific test** This test is used to measure the *candidate's level of knowledge and skill* in the particular job in which he will be appointed, in case he is finally selected. It may be of 3 types:

- (a) Performance work sample test
- (b) Written work sample test
- (c) In-basket test.

In the performance work sample test, the candidate is asked to do a simple operation which is a part of, or similar to his proposed job. For example, a candidate for a driver's post may be asked to drive the vehicle to assess his proficiency, or a typist may be asked to type out some letters to find out his speed and accuracy, or a candidate for a post of salesman may be asked to attend to a prospective customer who enters the shop.

In the written work sample test, the candidate is required to give answers to various questions in writing. In-basket test is a type of simulation applicable to management performance. It consists of an assortment of items such as a manager might find in an in-basket—letters, reports, memoranda, notes and related materials. The candidate is asked to note down what action he would take about them if in a manager's job.

**(v) Personality test** Personality test is used to measure those *characteristics of a candidate* which constitute his personality, e.g., self-confidence, temperament, initiative, judgement, dominance, integrity, originality, etc. Personality tests are very important in the selection process, particularly in the case of appointments to the posts of supervisors and higher executives. In a personality test, the candidate may be asked to answer a series of questions and from his response, his personality may be judged or in some special test situations, the candidate's reaction may be assessed, or the candidate may be asked to grade his own examination papers in order to know his honesty.

**4. Checking references** If the candidate has been found satisfactory at the interview and if his performance is good in employment or proficiency tests, the employer would like to get some important personal details about the candidate, such as his character, past history, background, etc. verified from the people mentioned in the application. For this purpose, the employer may also contact his friends residing in the locality where the candidate is residing or he may contact the present or former employers of the candidate. With the increase in the percentage of fake resumes, seeking the help of *external screening agencies*, which undertake verification of educational and professional qualifications, pre-employment status and past criminal records of job applicants, is gaining ground.

**5. Physical or medical examination** Physical or medical examination is another step in the selection procedure. The objectives of this examination are: (i) to check the physical fitness of the applicant for the job applied for; (ii) to protect the company against the unwarranted claims for compensation under certain legislative enactments, such as Workmen's Compensation Act; and (iii) to prevent communicable diseases entering the business concern.

**6. Final interview** This interview is conducted for those who are ultimately selected for employment. In this interview, the selected candidates are given an idea about their future prospects within the organisation.

2. The hierarchy was originally conceived by American psychologist Abraham Maslow in 1943. Maslow had a humanistic approach to psychology, and his work put focus on the whole person instead of individual psychological symptoms. His hierarchy of needs describes several levels of the human experience with examples of how each need can be fulfilled. The corresponding theory poses each level must be sufficiently met before someone is prepared to tackle the next level.

“Human needs arrange themselves in hierarchies of pre-potency,” Maslow wrote in the „A theory of human needs” which first described the model. “That is to say, the appearance of one need usually rests on the prior satisfaction of another, more pre-potent need. Man is a perpetually wanting animal. Also no need or drive can be treated as if it were isolated or discrete; every drive is related to the state of satisfaction or dissatisfaction of other drives.”

### **Level 1: Physiological needs**

According to Maslow, the most essential human needs are the ones that keep us alive, like food, water, shelter and air. Without this basic level of survival, a person can't be expected to do much in the way of higher thinking or achievement.

“A person who is lacking food, safety, love, and esteem would most probably hunger for food more strongly than for anything else,” Maslow explained in his paper. Everything else, he posited, has to come after.

### **Level 2: Safety needs**

With basic needs fulfilled, the next level of needs moves to safety. These are things like financial security, freedom from fear, stable health and anything that can lend our day-to-day lives a level of predictability and security.

Maslow argued that it's this level of safety-seeking that leads humans to prize systems that bring order to their existence, perhaps in the form of law or religion. Some challenges to this level, he suggested, could be “wild animals, extremes of temperature, criminals, assault and murder, (and) tyranny.”

### **Level 3: Needs of belonging**

Once basic survival and a modicum of security are established, human needs change a little bit. The third level of the hierarchy includes concepts like friendship, community, love, shared experiences and anything that gives humans a sense of belonging among themselves.

In this model, Maslow assumed, with the fulfillment of one level, humans will generally develop a longing to fulfill the next.

“Now the person will feel keenly, as never before, the absence of friends, or a sweetheart, or a wife, or children,” Maslow wrote. “He will hunger for affectionate relations with people in general, namely, for a place in his group, and he will strive with great intensity to achieve this goal. He will want to attain such a place more than anything else in the world and may even forget that once, when he was hungry, he sneered at love.”

### **Level 4: Esteem needs**

The top of Maslow's Hierarchy — the ultimate condition of human opportunity — has to do with self-actualization. But first, humans must fulfill needs of esteem. Esteem, in this sense, refers to a person's sense of self and their sense of self in relation to others. This level includes things like dignity, personal achievement and maybe even a sense of prestige in a certain area.

“Satisfaction of the self-esteem need leads to feelings of self-confidence, worth, strength, capability and adequacy of being useful and necessary in the world,” Maslow wrote.

### **Level 5: Self-actualization needs**

Finally, once a person has all they need to survive, function, and understand their position in the world and their community, they can enter the final portion of the hierarchy. Self-actualization can mean many things, but many of the examples center around a desire to explore, create or expand ones skills. Concepts like beauty, aesthetics and discovery translate into real-world examples like art, learning a new language, refining one's talents and becoming the best one can be.

“A musician must make music, an artist must paint, a poet must write, if he is to be ultimately happy,” Maslow wrote. “What a man can be, he must be. This need we may call self-actualization.” (Despite the pronouns, one assumes the process of self-actualization is also applicable to humans who are not men.)

### **Appearance and variations**

The hierarchy of needs is tradition represented as a pyramid. Over time, other thinkers have tweaked and re-visualized Maslow's hierarchy in splitting the levels, or proposing models where needs are differently ordered . The general idea remains the same, however: Humans have different sets of needs that rely upon each other, and one must have basic needs fulfilled before they can reach their potential.

Herzberg classified these job factors into two categories-

1. **Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent/if these factors are non-existent at workplace, then they lead to dissatisfaction.

In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work.

Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

- **Pay:** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
  - **Company Policies and administrative policies:** The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
  - **Fringe benefits:** The employees should be offered health care plans (mediclaime), benefits for the family members, employee help programmes, etc.
  - **Physical Working conditions:** The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
  - **Status:** The employees' status within the organization should be familiar and retained.
  - **Interpersonal relations:** The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
  - **Job Security:** The organization must provide job security to the employees.
2. **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance.

**These factors are called satisfiers.** These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- **Recognition:** The employees should be praised and recognized for their accomplishments by the managers.
- **Sense of achievement:** The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- **Growth and promotional opportunities:** There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- **Responsibility:** The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

- **Meaningfulness of the work:** The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

3. 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.”

### **3. 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:**

#### **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.

3. One of the most essential **qualities** required in a manager is that he should command the respect of his team. This allows him to direct and control their actions. In fact controlling is one of his more important functions. Let us learn the importance and meaning of controlling function.

## **Meaning of Controlling**

Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.

- Controlling is a goal-oriented function.
- It is a primary function of every manager.

## **4. Controlling the function of a manager is a pervasive function. Importance of Controlling**

After the meaning of control, let us see its importance. Control is an indispensable function of management without which the controlling function in an organization cannot be accomplished and the best of plans which can be executed can go away. A good control system helps an organization in the following ways:

### **1. Accomplishing Organizational Goals**

The controlling function is an accomplishment of measures that further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guide organizational goals which can be achieved by performing a controlling function.

### **2. Judging Accuracy of Standards**

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control system also helps in keeping careful and progress check on the changes which help in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

### **3. Making Efficient use of Resources**

Another important function of controlling is that in this, each activity is performed in such manner so as in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

#### 4. Improving Employee Motivation

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

#### 5. Ensuring Order & Discipline

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer as a part of their control system.

#### 6. Facilitating Coordination in Action

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

5.Social responsibility is an ethical focus for individuals and companies that want to take action and be accountable for practices that benefit society. It's become increasingly important to investors and consumers who want to put their money into or purchase products from companies that take steps to contribute to the welfare of society and the environment

#### **Responsibility towards owners and Investor**

These are the primary Social Responsibility of Business Towards Different Groups, investors, and owners:

- Run the business well-organized,
- Proper usage of assets and other resources,
- Expansion and appreciation of assets,
- A consistent and reasonable return on capital invested,
- Assuring the safety of their investment,
- Fixed retrieval of interest, and
- On-time compensation of the principal amount.

#### **Responsibility towards Creditors**

In Social Responsibility of Business Towards Different Groups there are responsibilities toward creditors.

For example,

- Timely payment,
- To ensure the safety of credit approved by them, and
- To follow standards of business as observed by others.

### **Responsibility towards employees**

These are the Social Responsibility of Business Towards Different Groups and their workers:

- On-time and regular payment of salaries and wages,
- Proper working conditions and well-being facilities,
- Opportunity for better job possibilities,
- Job safety and social security include provident funds, group insurance, pensions, and retirement privileges.
- Proper living conditions like home, transportation, restaurant, etc.; and
- Timely education and improvement.

### **Responsibility towards suppliers**

These are the responsibilities of businesses towards suppliers:

- Regular delivery of orders for the purchase and sale of goods,
- Adaption on reasonable terms and conditions,
- Availing sensible credit period, and
- Duly payment on time.

### **Responsibility towards customers**

These are the responsibilities of businesses towards their consumers:

- Goods and services should be able to meet the needs of customers,
- Goods and services should have a high quality,
- Regularly supplement of goods and services,
- There should be a reasonable and affordable price for goods and services,
- All profits and losses of goods and procedures to use the goods must be informed to the consumers,
- Proper function of after-sales service,
- Prioritize the grievances of the consumers and quick settlement,
- Unlawful means like under weighing the goods, corruption, etc., must be avoided.

### **Responsibility towards competitors**

The responsibilities of business towards its rivals should not be as follow:

- Offering unusually high sales commission to distributors, agents, etc.,
- Offering huge discounts or free products in every sale to the customers, and
- Defame rivals through false or vague advertisements.

## **Responsibility towards government**

These are the responsibilities that business has towards the government:

- Setting up units as per rules and regulations of the government,
- Payment of fees, charges, and taxes consistently and honestly,
- Not to indulge in **monopolistic** and restrictive business practices,
- Adaptive to pollution control standards set up by the government, and
- Not to engage in adulteration through bribing and other illegal activities.

## **Responsibility towards society (community)**

A community includes individuals, groups, organizations, people, etc.

They communicate with each other and are also reliant on each other in almost all activities.

There are direct and indirect relationships between them.

Business, being a part of the community, keeps its relationship with all other community members.

Therefore, it has specific responsibilities towards the community that are as follows:

- To help the vulnerable and backward parts of the society,
- To maintain and promote social and cultural importance,
- To create employment,
- To preserve the environment,
- To save natural resources and wildlife,
- Support sports and culture, and
- To assist in progressive research on knowledge, education, medical science, and technology.

## **7.Capacity building for entrepreneurs:**

Create the right eco-system:

- ❖ There is a need to scale up and enrich the ecosystem.
- ❖ The various elements of the ecosystem for commercialization are venture capitalists, institutional support systems, government schemes, and incubators.
- ❖ An ecosystem is a system of interconnected stakeholders – institutions and individuals whose linkages enable efficient production, and the spread of new and economically useful knowledge.
- ❖ There is a need to kill silos and capitalize on the power of collaboration.

Build skills:

- ❖ Experiential learning is a part of entrepreneurship.
- ❖ The five most important skills needed for an entrepreneur are personal skills, communication skills, negotiation skills, leadership skills, and sales skills.
- ❖ The education system in India can ensure that the curriculum in schools, colleges, and universities is modified to address business needs and to build centres of entrepreneurial excellence in institutions that will actively support entrepreneurship.

Provide access to capital:

- ❖ For a long time, Indian entrepreneurs have faced a shortage of capital.
- ❖ Determining capital requirements, crafting financial and fund-raising strategies, and managing the financial process are critical to a new venture's success.
- ❖ Government policy should be congenial for foreign investors, financial institutions, venture capitalists, and angel investors to enable them to invest in new ventures.

## 6. Entrepreneurship

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

### 1. Raises Standard of Living

A significant role of entrepreneurship in economic development is that it can greatly enhance the standard of living for individuals and communities by setting up industries and creating wealth and new positions. Entrepreneurship not only provides large-scale employment and ways to generate income, it also has the potential to improve the quality of individual life by developing products and services that are affordable, safe to use, and add value to their lives. Entrepreneurship also introduces new products and services that remove the scarcity of essential commodities.

### 2. Economic Independence

Entrepreneurship can be a path to economic independence for both the country and the entrepreneur. It reduces the nation's dependence on imported goods and services and promotes self-reliance. The manufactured goods and services can also be exported to foreign markets, leading to expansion, self-reliance, currency inflow, and economic independence. Similarly, entrepreneurs get complete control over their financial future. Through their hard work and innovation, they generate income and

create wealth, allowing them to achieve economic independence and financial security.

### **3. Benefits of New Firms and Businesses**

Entrepreneurs identify market needs and develop solutions through their products and services to begin their business venture. By starting new firms and businesses, entrepreneurs play a key role in shaping the economy and creating a more dynamic and diverse business landscape. Entrepreneurship also promotes innovation and competition, leading to new and improved products and services that contribute to economic growth and development.

### **4. Creation of Jobs**

Entrepreneurship is a pivotal driver of job creation. Running the operations of new businesses and meeting the requirements of customers results in new work opportunities. Entrepreneurship also drives innovation and competition that encourages other entrepreneurs and investments, creating new jobs in a wide range of industries, from manufacturing and construction to service and technology sectors.

### **5. Encourages Capital Formation**

Capital formation is the process of accumulating resources, such as savings and investments, to fund new business ventures and support economic growth. Entrepreneurship can encourage capital formation by attracting investment. In addition, the creation of new businesses and the growth of existing firms can also contribute to the development of a more diverse and dynamic economy that encourages capital formation and opens the door to a wide range of investment opportunities.

### **6. Elimination of Poverty**

Entrepreneurship has the potential to lift people out of poverty by generating employment and stimulating economic activity. Entrepreneurship also contributes to the development of local economies and helps improve the overall standard of living.

### **7. Community Development**

Entrepreneurship promotes economic growth, provides access to goods and services, and improves the overall standard of living. Many entrepreneurs also make a positive impact on their communities and improve their well-being by catering to underserved areas and developing environment-friendly products. Their work can help build stronger, more vibrant communities and promote social and economic development.

## **8. Optimal Use of Resources**

Entrepreneurship can help identify market opportunities and allocate resources in the most effective way possible. Entrepreneurs also play a key role in developing innovative products and services that meet the needs of customers while optimizing the use of available resources.

## **9. Increases Gross National Product and Per Capita Income**

Entrepreneurship can play a significant role in increasing economic growth and prosperity by increasing Gross National Product (GNP) and Per Capita Income (PCI). GNP measures the total economic output of a country while PCI calculates the average income per person. The increase in GNP can lead to a rise in PCI. Entrepreneurship can contribute to GNP by creating new businesses and industries, which can lead to job creation, increased consumer spending, and higher tax revenue.