TIME (BEC501) - IAT-II- Solution

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Internal Assessment Test - II

Sub:	Technological Innovation & Management and Entrepreneurship							Code:	BEC501
Date:	17/12/2024	Duration:	90 mins	Max Marks:	50	Sem:	5th	Branch:	ECE
Answer Any FIVE FULL Questions									

		Marks	OBE	
			CO	RBT
1.	Explain the different views of social responsibilities of a business.	[10]	CO3	L2

Different Views on Social Responsibility

There are four different views on the social responsibility of business. These are as under:

Communist View This view advocates the imposition of social responsibilities on business through the instrumentality of the State. Communists hold that free industrial civilisation is not good because its values are of the wrong order. Business has been concerned only with material gain. Economic expediency is taken to be the sole criterion of decision. Therefore, business is evil. Compromise is impossible between the church and the idolatry of wealth which is the practical religion of capitalist societies. Because of this immorality of business standards, this view advocates an imposition of social responsibilities through legislation or force.

Capitalist View This view holds that economic expediency alone is a just standard for business decisions and that business has an unbridled and an uncontrolled right to make money *free from all sorts of social responsibilities*. It is argued that by maximising its profit objectives, business gratifies its personal desires and at the same time satisfies the needs of society. Therefore, *business should not have any responsibility beyond obeying certain legal codes in achieving its goals*. Welfare of society is not the corporation's business. Its business is to make money. If business once begins to serve the public, it will never be able to serve enough. Levitt[3] in a powerful attack on social responsibility of businessmen points out that if business assumes a large measure of social responsibility for employee welfare, it will lead to a sort of neofeudalism with all its paternalistic and autocratic ills. The result would be socially less desirable than in the days before businessmen were concerned with social responsibility. Milton Friedman,[4] who won a Nobel Prize in 1976, holds the view that business should go on with the business of producing goods and services efficiently and leave the solution of social problems to government agencies and concerned individuals. In short, managers should focus on what they know best: how to make a profit.

Pragmatic View This view acknowledges the importance of profits but simultaneously stress the need for social responsibility. It holds that a company cannot make a social contribution if it is n profitable. Profits are the test of the efficient functioning of a business enterprise. A sick and bankru organisation is a social liability and can hardly contribute in the area of social responsibility. Hence businessman's first responsibility is to keep his business solvent. But he must also voluntarily assum social responsibilities beyond the legal minimum. This can be done at three levels. At the first level, th manager goes beyond the legal minimum and caters also to *public expectations*—moving as the wind of public opinion blow. At the second level, he *anticipates* public expectations and acts accordingl At the third and highest level, he *creates* new public expectations by voluntarily setting and followin the loftiest standards of moral and social responsibility.

Trusteeship View This view advocates the retention for personal use of so much as is necessary for an honourable livelihood, no better than that enjoyed by million others; and the utilisation of the rest for the welfare of the community. The trusteeship slogan is *enjoy thy wealth by renouncing it.* Earn your crores by all means but understand that your wealth is not yours; it belongs to the people.

2.	What is entrepreneurship. Explain the functions of an entrepreneurship. Entrepreneurship can be defined as a process of action an entrepreneur undertakes to establish his enterprise. According to D.C. McClelland, entrepreneurship is doing things in a new and better way and decision-making under the condition of uncertainty. Benjamin Higgins has defined entrepreneurship as the function of foreseeing investment and production opportunity, organising an enterprise to undertake a new production process, raising capital, hiring labour, arranging for the supply of raw materials, and selecting to managers for the day-to-day operation of the enterprise. According to Peter F. Drucker, entrepreneurship is neither a science nor an art. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, the ends largely define what contributes knowledge in practice. Entrepreneur a process creates an Enterprised called entrepreneurship Creativity, Innovation, Dynamism, Leadership, Team building, Achivement, motivation, problem solving Functions of an Entrepreneur An Entrepreneur has to perform a number of functions right from the generation of idea up to the establishment of an enterprise. He also has to perform functions for successful running of his enterprise. The following are the main functions of an Entrepreneur. 1. Idea generation: The first and the most important function of an Entrepreneur is idea generation. Idea generation implies product selection and project identification. Idea generation is possible through vision, insight, keen observation, education, experience and exposure. This needs scanning of business environment and market survey. 2. Determination of business objectives: Entrepreneur has to state and lay down the business objectives. The Entrepreneur must be clear about the nature and type of business in accordance with the objectives determined by him. 3. Rising of funds: All the activities of the business depend upon the finance and hence fund raising is an important function of an Entrepreneur. An Entrepreneur can raise the fund from internal source as well as external source. He should be aware of different sources of funds. He should also have complete knowledge of government sponsored schemes such as PMRY, SASY, REAP etc. in which he	[10]	CO3	L2

can get government assistance in the form of seed capital, fixed and working capital for his business.

4. Procurement of machines and materials: Another important function of an Entrepreneur is to procure raw materials and machines. Entrepreneur has to identify cheap and regular sources of raw materials which will help him to reduce the cost of production.

While procuring machineries he should specify the technical details and the capacity. He should consider the warranty, after sales service facilities etc before procuring machineries.

5. Market research: Market research is the systematic collection of data regarding the product which the Entrepreneur wants to manufacture. Entrepreneur has to undertake market research to know the details of the intending product, i.e. the demand for the product, size of the market/customers, the supply of the product, competition, the price of the product etc.

6. Determining form of enterprise: Entrepreneur has to determine form of enterprise depending upon the nature of the product, volume of investment etc. The forms of ownership are sole proprietorship, partnership, Joint Stock Company, co-operative society etc. Determination of ownership right is essential on the part of the entrepreneur to acquire legal title to assets.

7. Recruitment of manpower: To carry out this function an Entrepreneur has to perform the following activities.

a) Estimating man power requirement for short term and long term.
b) Laying down the selection procedure.
c) Designing scheme of compensation.
d) Laying down the service rules.
e) Designing mechanism for training and development.

8. Implementation of the project: Entrepreneur has to develop schedule and action plan for the implementation of the project. The project must be implemented in a time bound manner. All the activities from the beginning to the end are to be accomplished by him in accordance with the implementation schedule to avoid cost and time over run. He has to organize various resources and coordinate various activities. This implementation of the project is an important function of the Entrepreneur.

	All the above functions of the Entrepreneur can precisely be put into three categories of innovation, risk bearing, and organizing and managing functions. **(a) Based on Functional Characteristics** 1. **Innovative entrepreneur:** Such entrepreneurs introduce new goods or new methods of production or discover new markets or reorganise their enterprises. Entrepreneurs in this group are characterised by an aggressive assemblage of information for trying out a novel combination of factors. Such entrepreneurs can do well only when a certain level of development has already been achieved; they look forward to improving upon the past. 2. **Imitative or adoptive entrepreneur:** Such entrepreneurs do not innovate themselves, but imitate techniques and technology innovated by others. Entrepreneurs in this group are characterised by their readiness to adopt successful innovations by successful entrepreneurs. Such entrepreneurs are particularly suitable for underdeveloped economies as adoption saves costs of trial and error. 3. **Fabian entrepreneur:** Such entrepreneurs display great caution and skepticism in experimenting with any change in their enterprise. They change only when there is an imminent threat to the very existence of their enterprise. 4. **Drone entrepreneur:** Such entrepreneurs are characterised by a die-hard conservatism and may even be prepared to suffer the loss of business.			
3.	Discuss about the Government policies and development of the small scale sector in India. India's concern and support for small-scale enterprises has focused excessively on the small-scale industry. This can, perhaps, be traced back to Mahatma Gandhi's special concern for handicrafts and village-based industries. Various measures taken by the Central and State governments, for the development of the SSI have included product reservations, fiscal concessions, preferential allocation of credit and interest subsidy in a credit-rationing framework, extension of business and technical services, preference in government procurement, marketing assistance including export promotion by institutions such as National Small Industries Corporation, Small Industries Development Organisation, Handicrafts and Handloom Promotion Corporation, and Khadi and Village Industries Commission, as also promotion of ancillarisation, and so on. Administratively, India's SSI sector is divided into seven industry groups. **Traditional Sector** 1. Handicrafts 2. Handlooms 3. Khadi, village and cottage industries 4. Coir 5. Sericulture **Modern Sector** 6. Powerlooms 7. Residual small-scale industries The first five sectors are collectively called the traditional sector and the last two are known as the modern sector. The eligibility of SSI firms to take advantage of the various incentives offered depends on the definition of SSI used. Whereas most	[10]	CO4	L2

TABLE 1.2 Evolution on Investment Limits for Small-scale Industries

Year	Investment limit	Additional condition
1950	Up to Rs 0.5 million in fixed assets	Less than 50 to 100 persons with or without power
1960	Up to Rs 0.5 million in fixed assets	No condition
1966	Up to Rs 0.75 million in plant and machinery	No condition
1975	Up to Rs 1 million in plant and machinery	No condition
1980	Up to Rs 2 million in plant and machinery	No condition
1985	Up to Rs 3.5 million in plant and machinery	No condition
1991	Up to Rs 6 million in plant and machinery	No condition
1997	Up to Rs 30 million in plant and machinery	No condition
1999	Up to Rs 10 million in plant and machinery	No condition

countries define SSEs in terms of employment levels, the Indian definition has been based largely on the cumulative amount of investment in plant and machinery. These investment limits have been periodically revised upwards (Table 1.2).

4.	Describe the various methods used for generating the business ideas.	[10]	CO4	L3

Selection of project, product or service selection
Brain Storming – generating the possible ideas
Encourage the ideas lead to specific topic, the solution of the problem, Focus groups, problem inventory, prepare models, psychological model, sociological model, integrated model, stimulation, identification, Development, promotion, follow up
+ Explanation

1. Brainstorming

Group Sessions: Gather a diverse team to generate ideas through open discussion. Encourage all contributions, no matter how unconventional.

Mind Mapping: Visualize connections between ideas to explore different avenues and possibilities.

2. Market Research

Surveys and Interviews: Engage with potential customers to understand their needs and preferences.

Trend Analysis: Study market trends and consumer behavior to identify gaps and opportunities.

3. Observation

Identify Pain Points: Look for problems in everyday life that lack effective solutions.

Competitive Analysis: Observe competitors to spot areas where they fall short or where customer needs are unmet.

4. Reverse Engineering

Analyze Successful Businesses: Break down what makes existing businesses successful and identify ways to improve or adapt those concepts.

5. Networking and Collaboration

Engage with Industry Peers: Attend conferences and networking events to exchange ideas and gain insights from others' experiences.

Collaborative Workshops: Work with others in brainstorming sessions or hackathons to generate innovative ideas.

6. Personal Experience

Leverage Skills and Interests: Reflect on your own experiences, skills, and passions to identify business ideas that resonate personally.

7. Design Thinking

Empathy Mapping: Understand the user experience deeply to create solutions that truly address customer needs.

Prototyping: Create early models of your ideas to test and refine them based on feedback.

8. Technology Scouting

Stay Updated on Tech Trends: Monitor emerging technologies that could open up new business opportunities.

Adopt Innovations: Explore how existing technologies can be applied in novel ways.

9. Scenario Planning

Explore Future Trends: Consider different future scenarios to identify potential opportunities that could arise under various circumstances.

5.	Explain the need and scope of a business plan.	[10]	CO5	L2

Business plans – Roadmap, illustrating ideas and tactics, Business concept as well as thought through as possible, preparing Business model understanding what to focus on clear plan and strategy, focus your mind, Raise finance, approach potential sources of finance, manage business effectively, help to focus [illegible] short term and long term objectives, product life cycle, market analysis, etc + explanation

A **business plan** is a formal document that outlines the goals of a business, the strategy for achieving those goals, and the necessary resources required. It typically includes sections such as an executive summary, market analysis, organizational structure, product or service offerings, marketing strategies, and financial projections.

Purpose of a Business Plan

Strategic Direction

Provides a clear roadmap for the business, detailing objectives and strategies to achieve them.

Funding

Essential for attracting investors or securing loans, as it demonstrates the viability and profitability of the business.

Market Analysis

Offers insights into market conditions, target customers, and competitive landscape, helping to inform business decisions.

Operational Planning

Outlines organizational structure, staffing needs, and operational processes,

	ensuring clarity in roles and responsibilities. **Performance Measurement** Establishes benchmarks against which progress can be measured, helping to track success and make necessary adjustments. **Risk Management** Identifies potential challenges and outlines strategies to mitigate risks, increasing the chances of business sustainability. **Communication Tool** Serves as a communication tool for stakeholders, including employees, partners, and investors, aligning everyone on the business vision and strategy.			
6.	Discuss the role of angel investors and Debt financing in financing a business ? Angel investors: are wealthy individuals who mostly invest in entrepreneurial firms, usually during start up. Angels invest their money and actively mentor the company. Angels usually expect a lower return on investment than venture capital firms. Debt financing: money that is borrowed to run the business. Borrowing money from a source outside the company Eg. Terms loans, debentures.	[10]	CO5	L2
7.	Discuss the essential qualities of a business idea to become a business opportunity. A business idea refers to a concept or vision for a potential product or service, while a business opportunity involves a viable, market-driven path for turning that idea into a profitable, sustainable enterprise. Here are the essential qualities: 1. Innovation and Uniqueness A business idea must be innovative or unique to stand out in the market. It should offer something new or significantly improve existing products or services. Innovation can be technological, procedural, or even in terms of business models. In the modern competitive market, innovation is a driving force behind business success. For example, Apple's business opportunity evolved from the simple idea of a mobile phone to a revolutionary device (iPhone) with integrated features like touchscreen technology, App Store, and ecosystem integration. 2. Market Demand A business opportunity must be driven by a clear market need. It is essential to validate whether there is genuine demand for the product or service. The business idea should address a specific problem or fulfill a need that exists in the market. Market research plays a crucial role here. Entrepreneurs should evaluate customer preferences, conduct surveys, or analyze trends to gauge whether the idea will translate into demand.	[10]	CO5	L2

3. Feasibility and Practicality

For a business idea to become a viable opportunity, it must be feasible in terms of technical, operational, and financial aspects. This includes assessing whether the resources, technology, and skills required to execute the idea are available.

Financial feasibility is especially crucial. An idea may be great but may require resources (money, time, expertise) that are not accessible. Business ideas must also be scalable — able to grow over time.

4. Profitability

A key criterion for any business idea to evolve into a business opportunity is profitability. There needs to be a clear path for generating revenue and earning profits.

A solid business model is essential to this process. The entrepreneur must be able to determine how to monetize the product or service, what pricing strategy to use, and how to ensure long-term sustainability.

5. Sustainability

Sustainability refers to the ability of the business to continue growing and thriving in the long term. This includes considerations of market trends, competition, and changes in customer behavior.

A sustainable business model ensures that the business can adapt to evolving market conditions and external factors like economic downturns or changes in technology.

6. Competitive Advantage

A business opportunity must have a competitive edge or differentiating factor that sets it apart from others in the market. This could be due to product differentiation, brand strength, cost advantage, location, or exclusive partnerships.

Identifying the unique selling proposition (USP) of the business idea is critical. It should offer something that competitors either cannot easily replicate or that appeals to a niche market.

7. Scalability

Scalability refers to the potential for growth without being hampered by resource constraints. For a business to become a long-term opportunity, it should have the ability to scale, meaning that its operations, production, and sales should expand as demand increases, without a proportional increase in costs.

Many tech startups are scalable because they can reach a global audience with minimal physical infrastructure, like software products or digital services.

8. Risk Assessment and Management

Every business opportunity involves risk, but a successful entrepreneur assesses and manages those risks. Identifying the possible challenges, competitors, and uncertainties that the business might face is crucial.

Risk management strategies include diversifying the business portfolio, planning for contingencies, and using insurance or financial instruments to protect the business from unpredictable market shifts.

9. Customer Orientation

A customer-focused approach is essential for turning a business idea into a

	sustainable opportunity. Understanding customer needs, preferences, and behaviors allows the entrepreneur to tailor the product, service, and marketing strategies effectively. A business idea without a customer base or a clear value proposition for customers will struggle to gain traction. Entrepreneurial success depends on consistently meeting or exceeding customer expectations. 10. Entrepreneurial Passion and Commitment The entrepreneur's passion and commitment to the idea play a crucial role in driving the business opportunity forward. Passion fuels perseverance, and the entrepreneur's belief in the idea can attract investors, partners, and customers. Charantimath notes that an entrepreneur's ability to remain committed to the vision, even in the face of obstacles, is often what separates successful ventures from those that fail. 11. Legal and Regulatory Compliance Business ideas need to align with local laws and regulations to become legitimate opportunities. Entrepreneurs must ensure that they have the necessary licenses, permits, and intellectual property protections in place. Compliance issues also cover areas like environmental regulations, labor laws, and consumer protection laws, which must be carefully considered to avoid legal complications down the line. 12. Timing and Market Trends Timing is critical for business success. A business idea that is ahead of its time might fail to gain traction, while one that is too late to the market might face stiff competition. Entrepreneurs must be able to spot trends early on and determine when the market is ready for the product or service they plan to offer. 13. Effective Team and Leadership A great business opportunity often relies on the strength of the team executing it. Entrepreneurs need to surround themselves with individuals who complement their skills and bring expertise in various areas such as marketing, finance, operations, and product development. Leadership is crucial for guiding the team, making strategic decisions, and maintaining momentum toward the business's goals. In summary, transforming an idea into a business opportunity requires a combination of factors: innovation, market demand, feasibility, sustainability, competitive advantage, and strong leadership. By ensuring that these elements are in place, an entrepreneur can maximize the chances of their business idea evolving into a successful, profitable business.			
8.	**Compare and contrast Program Evaluation Review Technique (PERT) with Critical Path Method (CPM).** PERT and CPM are techniques of project management useful in the basic managerial functions of planning, scheduling and control. PERT stands for "Programme Evaluation & Review Technique" and CPM are the abbreviation for "Critical Path Method".	[10]	CO5	L2

DIFFERENCE BETWEEN PERT AND CPM

SL.NO	PERT	CPM
1	Its origin is military	its origin is industry
2	Event oriented approach	Activity oriented approach
3	Allows uncertainty	Does not allow uncertainty
4	It has three time estimates	Single time estimates
5	Time based	Cost based
6	Probabilistic model	Deterministic model
7	No demarcation between critical and non-critical activities	Marks critical activities
8	It averages time	Does not average time
9	Suitable where high precision is required	Suitable where reasonable precision i required

Meaning	PERT is a project management technique, used to manage uncertain activities of a project.	CPM is a statistical technique of project management that manages well defined activities of a project.
What is it?	A technique of planning and control of time.	A method to control cos and time.
Orientation	Event-oriented	Activity-oriented
Model	Probalistic model	Deterministic model
Estimates	Three time estimates	One time estimate
Crashing concept	Applicable	Not applicable
Suitable for	Research and development	Non research