

CBCS SCHEME

BEC501



Fifth Semester B.E./B.Tech. Degree Examination, Dec.2024/Jan.2025

Technological Innovation and Management Entrepreneurship

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any FIVE full questions, choosing ONE full question from each module.
2. M : Marks , L: Bloom's level , C: Course outcomes.

Module – 1			M	L	C
Q.1	a.	Explain the different roles played by Managers.	10	L1	CO1
	b.	Describe the managerial skills required using skill-mix diagram.	10	L1	CO1
OR					
Q.2	a.	Explain the various steps involved in planning.	10	L2	CO1
	b.	Explain all the steps in rational decision making with a neat diagram.	10	L2	CO1
Module – 2					
Q.3	a.	Define organization. Briefly explain the principles of organizing.	10	L2	CO2
	b.	What is recruitment? Explain the steps in the selection process.	10	L2	CO2
OR					
Q.4	a.	Explain Maslow's need hierarchy theory with a neat diagram along with examples.	10	L2	CO2
	b.	Discuss Autocratic, Democratic and Free-rein leadership styles.	10	L2	CO2
Module – 3					
Q.5	a.	Define Social Audit. Explain the benefits and limitations of social audit.	10	L2	CO3
	b.	Explain the different views on social responsibility of business.	10	L2	CO3

OR					
Q.6	a.	Explain different types of entrepreneurs by defining an entrepreneur.	10	L2	CO3
	b.	Explain entrepreneurial development cycle.	10	L2	CO3
Module – 4					
Q.7	a.	Explain the different Government policy and development of the small scale sector in India.	10	L2	CO4
	b.	Explain the problems for small scale industries.	10	L2	CO4
OR					
Q.8	a.	Explain the identification of business opportunities in India.	10	L2	CO4
	b.	Explain in detail the project feasibilities.	10	L2	CO4
Module – 5					
Q.9	a.	What are the reasons for failure of some business plans?	10	L2	CO4
	b.	Explain the Government schemes for funding business.	10	L2	CO4
OR					
Q.10	a.	Explain the challenges and difficulties in starting an enterprise.	10	L2	CO4
	b.	Describe the limitations and differences of PERT and CPM.	10	L2	CO4

CMRIT LIBRARY
 BANGALORE - 560 037

1a)

ROLES OF A SENIOR MANAGER

The idea of a role comes from sociology and is *the pattern of actions expected of a person in his activities involving others*. It arises as a result of the position that he occupies in a group in a given situation. Thus a senior manager who occupies different positions in different situations plays different roles because people in each situation have different expectations of him concerning his functions. According to Mintzberg,¹³ a senior manager should be regarded as playing the following ten different roles. (For functions of a senior manager, see Chapter 17.)

Interpersonal Roles

Figurehead In this role, every manager has to perform some duties of a ceremonial nature, such as greeting the touring dignitaries, attending the wedding of an employee, taking an important customer to lunch and so on.

Leader As a leader, every manager must motivate and encourage his employees. He must also try to reconcile their individual needs with the goals of the organisation.

Liaison In this role of liaison, every manager must cultivate contacts outside his vertical chain of command to collect information useful for his organisation.

Informational Roles

Monitor As monitor, the manager has to perpetually scan his environment for information, interrogate his liaison contacts and his subordinates, and receive unsolicited information, much of it as a result of the network of personal contacts he has developed.

Disseminator In the role of a disseminator, the manager passes some of his privileged information directly to his key subordinates who would otherwise have no access to it.

Spokesman A manager is also required nowadays, to spend a part of his time in representing his organisation before various *outside* groups, which have some stake in the organisation. These stakeholders can be government officials, labour unions, financial institutions, suppliers, customers, etc. They wield influence over the organisation. The manager must win their support by effectively managing the social impact of his organisation. Thus, he advises shareholders about financial performance, assures consumer group that the organisation is fulfilling its social responsibilities and satisfies government that the organisation is abiding by the law.

Decisional Roles

Entrepreneur In this role, the manager does not merely adapt to his surrounding situation but proactively looks out for innovation to make things happen. Innovation means creating new ideas. Thus, when demand for his product falls off the manager does not cut back his production but seeks new outlets or new products in order to maintain production.

Disturbance Handler In this role, the manager has to work reactively like a fire fighter. He must seek solutions of various unanticipated problems—a strike may loom large, a major customer may go bankrupt, a supplier may renege on his contract, and so on.

Resource Allocator In this role, the manager must divide work and delegate authority among his subordinates. He must decide who will get what.

Negotiator The manager at all levels has to spend considerable time in negotiations. Thus, the president of a company may negotiate with the union leaders a new strike issue, the foreman may negotiate with the workers a grievance problem, and so on.

1b)

MANAGERIAL SKILLS

A skill is an individual's ability to perform physical or mental tasks with a specified outcome. Skill is not necessarily inborn. It can be developed through practice and through translating one's knowledge and experience into action. In order to be able to successfully discharge his roles, a manager should possess three major skills. These are: conceptual skill, human relations skill and technical skill. Conceptual skill deals with ideas, technical skill with things and human skill with people. While both conceptual and technical skills are needed for good decision-making, human skill is necessary for a good leader.

The **conceptual skill** refers to the ability of a manager to take a broad and farsighted view of the organisation and its future, his ability to think in abstract, his ability to analyse the forces working in a situation, his creative and innovative ability and his ability to assess the environment and the changes taking place in it. In short, it is his ability to conceptualise the environment, the organisation, and his own job, so that he can set appropriate goals for his organisation, for himself and for his team. This skill seems to increase in importance as a manager moves up to higher positions of responsibility in the organisation.

The **technical skill** is the manager's understanding of the nature of job that people under him have to perform. It refers to a person's knowledge and proficiency in any type of process or technique. In a production department, this would mean an understanding of the technicalities of the process of production. Whereas this type of skill and competence seems to be more important at the lower levels of management, its relative importance as a part of the managerial role diminishes as the manager moves to higher positions. In higher functional positions, such as the position of a marketing manager or production manager, the conceptual component, related to these functional areas becomes more important and the technical component becomes less important.

Human relations skill is the ability to interact effectively with people at all levels. This skill develops in the manager sufficient ability (a) to recognise the feelings and sentiments of others; (b) to judge the possible reactions to, and outcomes of various courses of action he may undertake; and (c) to examine his own concepts and values which may enable him to develop more useful attitudes about himself. This type of skill remains consistently important for managers at all levels.

Figure 1.3 gives an idea about the required change in the skill-mix of a manager with the change in his level. At the top level, technical skill becomes least important. That is why, people at the top shift with great ease from one industry to another without an apparent fall in their efficiency. Their human and conceptual skills seem to make up for their unfamiliarity with the new job's technical aspects.

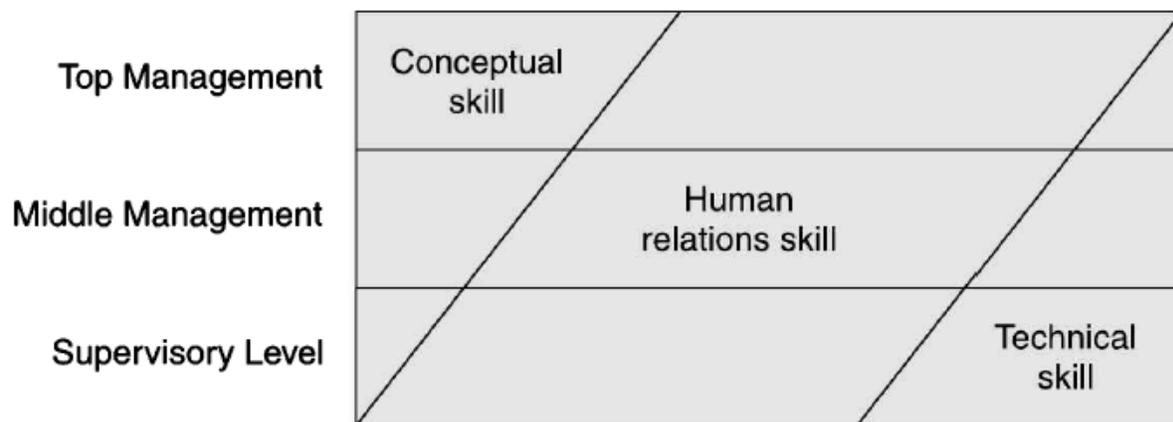


Fig. 1.3 Skill-mix at different management levels

2a)

STEPS IN PLANNING

The steps generally involved in planning are as follows.

1. Establishing Verifiable Goals or Set of Goals to be Achieved The first step in planning is to determine the enterprise objectives. These are most often set by upper level or top managers, usually after a number of possible objectives have been carefully considered. There are many types of objectives managers may select: a desired sales volume or growth rate, the development of a new product or service, or even a more abstract goal such as becoming more active in the community. The type of goal selected will depend on a number of factors: the basic mission of the organisation, the values its managers hold, and the actual and potential abilities of the organisation.

2. Establishing Planning Premises The second step in planning is to establish planning premises, i.e., certain *assumptions about the future* on the basis of which the plan will be ultimately formulated. Planning premises are vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, the general economic conditions, production costs and prices, probable competitive behaviour, capital and material availability, governmental control and so on. Since managers at different levels generally differ in their views about these premises it is imperative for the chief executive to arrive at a common set of premises that all can accept. If any one part of the organisation utilises a different set of premises, the result will be lack of coordination.

Planning premises can be variously classified as under:

- (a) Internal and external premises
- (b) Tangible and intangible premises
- (c) Controllable and non-controllable premises

Internal and external premises Premises may exist within and outside the company. Important internal premises include sales forecasts, policies and programmes of the organisation, capital investment in plant and equipment, competence of management, skill of the labour force, other resources and abilities of the organisation in the form of machines, money and methods, and beliefs, behaviour and values of the owners and employees of the organisation. External premises may be classified in three groups: business environment, factors which influence the demand for the products of the enterprise and the factors which affect the resources available to the enterprise. These external premises may include the following:

- (i) General business and economic environment
- (ii) Technological changes
- (iii) Government policies and regulations
- (iv) Population growth
- (v) Political stability
- (vi) Sociological factors
- (vii) Demand for industry's product

Tangible and intangible premises Some of the planning premises may be tangible while some others may be intangible. Tangible premises are those which can be quantitatively measured while intangible premises are those which being qualitative in character cannot be so measured. Population growth, industry demand, capital and resources invested in the organisation are all tangible premises whose quantitative measurement is possible. On the other hand, political stability, sociological factors, business and economic environment, attitudes, philosophies and behaviour of the owners of the organisation are all intangible premises whose quantitative measurement is not possible.

Controllable and non-controllable premises While some of the planning premises may be controllable, some others are non-controllable. Because of the presence of uncontrollable factors, there is need for the organisation to revise the plans periodically in accordance with current developments. Some of the examples of uncontrollable factors are strikes, wars, natural calamities, emergency, legislation, etc. Controllable factors are those which can be controlled and normally cannot upset well-thought out calculations of the organisation regarding the plan. Some of the examples of controllable factors are: the company's advertising policy, competence of management members, skill of the labour force, availability of resources in terms of capital and labour, attitude and behaviour of the owners of the organisation, etc.

3. Deciding the Planning Period Once upper-level managers have selected the basic long-term goals and the planning premises, the next task is to decide the period of the plan. Businesses vary considerably in their planning periods. In some instances plans are made for a year only while in others they span decades. In each case, however, there is always some logic in selecting a particular time range for planning. Companies generally base their period on a future that can reasonably be anticipated. Other factors which influence the choice of a period are as follows: (a) lead time in development and commercialisation of a new product; (b) time required to recover capital investments or the pay-back period; and (c) length of commitments already made.

Lead time in development and commercialisation of a new product For example, a heavy engineering company planning to start a new project should have a planning period of, say, five years with one or two years for conception, engineering and development and as many more years for production and sales. On the contrary, a small manufacturer of spare parts who can commercialise his idea in a year or so need make annual plans only.

Time required to recover capital investments or the pay-back period These are the number of years over which the investment outlay will be recovered or paid back from the cash inflow if the estimates turn out to be correct. If a machine costs Rs 10 lakh and generates cash inflow of Rs 2 lakh a year, it has a pay-back period of five years. Therefore, the plan should also be for at least five years.

Length of commitments already made The plan period should, as far as possible, be long enough to enable the fulfilment of commitments already made. For example, if a company has agreed to supply goods to the buyers for five years or has agreed to work out mines for ten years it need also plan for the same period to fulfil its commitments. However, if the length of commitment can somehow be reduced, the plan period can also be reduced. Thus, if the company can grant sub-lease of its mines to other parties, then it can reduce its plan period also.

4. Finding Alternative Courses of Action The fourth step in planning is to search for and examine *alternative courses of action*. For instance, technical know-how may be secured by engaging a foreign technician or by training staff abroad. Similarly, products may be sold directly to the consumer by the company's salesmen or through exclusive agencies. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best.

5. Evaluating and Selecting a Course of Action Having sought alternative courses, the fifth step is to evaluate them in the light of the premises and goals and to select the best course or courses of action. This is done with the help of quantitative techniques and operations research.

6. Developing Derivative Plans Once the plan for the organisation has been formulated, middle and lower-level managers must draw up the appropriate plans for their sub-units. These are the plans required to support the basic plan. Thus, where an airline decides to acquire a fleet of new planes, a number of derivative plans dealing with the hiring and training of various types of personnel, the purchase of spare parts, the development of maintenance facilities, scheduling, advertising, financing and insurance need to be drawn up. In developing these derivative plans, lower-level managers take steps similar to those taken by upper-level managers—selecting realistic goals, assessing their sub-units' particular strengths and weaknesses and analysing those parts of the environment that can affect them.

7. Establishing and Deploying Action Plans Managers possessing little understanding of how the organisation operates may not know how to turn the derivative plans into action. The action plan identifies particular activities necessary for this purpose and specifies the who, what, when, where and how of each action item. A draft version of the action plan should be communicated to inform those directly affected and gain their cooperation.

8. Measuring and Controlling the Progress Obviously, it is foolish to let a plan run its course without monitoring its progress. Hence the process of controlling is a critical part of any plan. Managers need to check the progress of their plans so that they can (a) take whatever remedial action is necessary to make the plan work, or (b) change the original plan if it is unrealistic.

2b)

STEPS IN RATIONAL DECISION-MAKING

What is a rational decision? A decision is rational if appropriate means are chosen to reach desired ends.

Following are the seven steps involved in the process of rational decision-making: as portrayed in Fig. 5.1.

1. Recognising the problem
2. Deciding priorities among problems
3. Diagnosing the problem
4. Developing alternative solutions or courses of action
5. Measuring and comparing the consequences of alternative solutions
6. Converting the decision into effective action
7. Follow-up

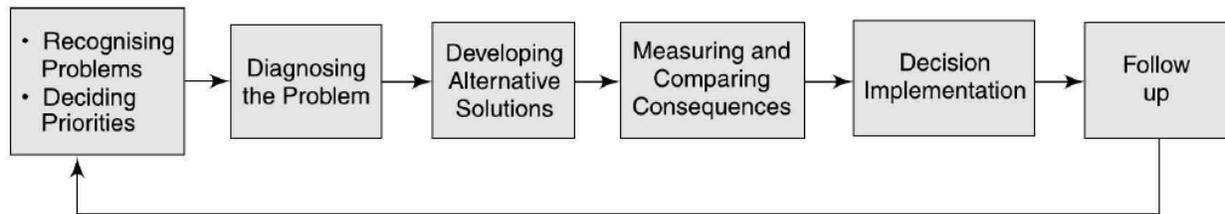


Fig. 5.1 Flow diagram of the rational decision-making process

Recognising the Problem

First of all, it is necessary to search the environment for the existence of a problem. A problem exists:

1. *When there is a deviation from past experience* For example, this year's sales are falling behind last year's; expenses have suddenly increased; employees' turnover has grown; too many defective products are suddenly coming off the assembly line.
2. *When there is a deviation from the plan* For example, profit levels are lower than anticipated; a department is exceeding its budget; a project is off schedule.
3. *When other people bring problems to the manager* For example, customers may complain about late deliveries, a lower level manager may complain about the high performance standard set for him, workers may complain about poor working conditions and so on.
4. *When competitors outperform the manager's organisation* For example, other companies might develop new processes or improvements in operating procedures.

Deciding Priorities among Problems

A manager should not allow himself to be bogged down by all sorts of problems. On examination he will find that some of his problems are such which can be solved best not by him but by his subordinates because they are closest to them. All such problems should be passed on to the subordinates. Then, some problems may need to be referred upward because they affect other departments or require information available only at a higher level. Some problems may be deferred because it may not be the best time to act. For example, in many product development areas, delaying a decision may be advisable until the outcome of anticipated technical breakthrough is known. Some problems may even be procrastinated and allowed to be solved without any effort. The classic example of this principle concerns Napoleon, who was reputed to let incoming mail pile-up on his desk for three weeks or more. When he finally read the accumulated mail, he was pleased to find that most matters had been resolved in the interim. Ultimately, there would be only very few problems requiring the manager's attention.

Diagnosing the Problem

Every problem should be correctly diagnosed. A manager should remember that the symptoms of a problem that he observes may sometimes mislead him. They may lead him to suspect one part of the system or operation when, in fact, the defect may lie hidden in another part which is perhaps less visible. For example, if the sales decline, the management may think that the problem is one of poor selling procedures, sharp competition, or the saturation of old markets. But the real problem may be the tightfisted control of the firm and its consequential inability to move quickly enough to meet changes in customers' demand. Hence the efforts made by the management in other directions may not help in increasing sales.

How can a manager make sure that he has correctly diagnosed the problem? Unfortunately, there is no simple answer. The same problem may be looked at differently by different individuals having different background orientations and trainings. However, one thing which can be said for certain is that a manager should follow the systems approach in diagnosing a problem. He must make a thorough study of all the sub-parts of his organisation which are connected with the sub-part in which the problem seems to be located. In other words, he must explicitly recognise that the boundaries of a decision problem are not necessarily identical to formal organisational boundaries.

Developing Alternative Solutions or Courses of Action

After having diagnosed the problem, the next step is to develop alternative solutions. Generally, for every problem there are alternative solutions. In fact, if there seems to be only one way of doing a thing, that way is probably wrong. In other words, in every course of action alternatives exist. For instance, if a factory manager is considering a proposal to raise production to meet increased demand, there are several alternatives which can be considered. These might be: (i) build a new plant, or (ii) buy better equipment, or (iii) add an extra shift, or (iv) authorise overtime.

While developing various alternatives, a manager should always keep in mind their feasibility. He should have clear recognition of all those *limiting factors* which can make the accomplishment of an alternative difficult or impossible. Thus, in the above example, various limiting factors might be non-availability of cash and credit, late delivery of capital equipment, anti-expansion laws, or hostile attitude of employees.

Nemawashi i.e., the process of discussing problems and potential solutions with all of those who might be effected by the decision helps *broaden the search for solutions* and *builds consensus*.

Creativity and innovation Two simple ways of developing alternatives are to review the past experience of a similar situation and to scrutinise the practice of other companies. But sometimes these ways may not yield the right types of alternatives because yesterday's solutions may be found inadequate for today's problems or the practices of other companies may not be wholly transferable to one's own company. In such cases, the manager has to depend upon his own ability to develop new and useful ideas. This is called "creativity" (read Exhibit 5.1). To be creative and to be "innovative" is one and the same thing. *Innovation is successfully bringing into use an invention*. The invention may or may not originate in an organisation but if the organisation successfully uses that invention then that organisation has innovated. Psychologists¹ point out that one important cause of a person's creativity is his *divergent thinking*. This is in contrast to convergent thinking which leads him to generate responses that are based mainly on knowledge and rational logic. In the crooked tailpipe problems, convergent thinking led to the shaping of tailpipe to suit the make and model of a car but divergent thinking resulted in shaping a straight tail pipe.

3a)

There is no standard definition of the word “organisation”. Different writers have defined the word differently. According to Amitai Etzioni¹ an organisation is a social unit or human grouping *deliberately structured* for the purpose of attaining specific goals. Sehein² defines an organisation as the *rational coordination of the activities* of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility. Allen³ defines the term as the process of *identifying and grouping of the work* to be performed, *defining and delegating responsibility and authority* and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing their objectives. According to Pfiffner and Sherwood⁴, an organisation is the pattern of ways in which large numbers of people, too many to have intimate face to face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the *conscious, systematic establishment and accomplishment of mutually agreed purposes*.

PRINCIPLES OF ORGANISING

In order to develop a sound and efficient organisation structure, certain principles need to be followed because if an organisation is not founded on principles, then those directing it have nothing to fall back on, but personalities. In the words of E.F.L. Brech⁷, “if there is to be a systematic approach to the formation of organisation structure, there ought to be a body of accepted principles.” These principles are as follows:

Objectives The objectives of the enterprise influence the organisation structure and hence the objectives of the enterprise should first be clearly defined. Then every part of the organisation should be geared to the achievement of these objectives.

Specialisation Effective organisation must promote specialisation. The activities of the enterprise should be grouped according to functions and assigned to persons according to their specialisation.

Span of Control As there is a limit to the number of persons that can be supervised effectively by one boss, the span of control should be as far as possible, the minimum. That means, an executive should be asked to supervise a *reasonable number* of subordinates only say six.

Management by Exception Principle As the executives at the higher levels have limited time, only exceptionally complex problems should be referred to them and routine matters should be dealt with by the subordinates at lower levels. This will enable the executives at higher levels to devote time to more important and crucial issues.

Scalar Principle This principle is sometimes known as the “chain of command”. The line of authority from the chief executive at the top to the first-line supervisor at the bottom must be clearly defined.

Unity of Command Each subordinate should have only one superior whose command he has to obey. Multiple subordination must be avoided, for it causes uneasiness, disorder, indiscipline and undermining of authority.

Responsibility The superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates.

Authority The authority is the tool by which a manager is able to accomplish the desired objective. Hence, the authority of each manager must be clearly defined. Further, the authority should be equal to responsibility.

Efficiency The organisation structure should enable the enterprise to function efficiently and accomplish its objectives with the lowest possible cost.

Simplicity The organisation structure should be as simple as possible and the organisation levels should, as far as possible, be minimum. A large number of levels of organisation means difficulty of effective communication and coordination. Too many committees and excessive procedures also unduly complicate the structure.

Flexibility The organisation should be adaptable to changing circumstances and permit corrections of demonstrated deficiencies in the existing structure without dislocation and disruption of the basic design.

Balance There should be a reasonable balance in the size of various departments, between centralisation and decentralisation, between the principle of span of control and the short chain of command, and among all types of factors such as human, technical and financial.

Unity of Direction There should be one objective and one plan for a group of activities having the same objective. Unity of direction facilitates unification and coordination of activities at various levels.

Personal Ability As people constitute an organisation, there is need for proper selection, placement and training of staff. Further, the organisation structure must ensure optimum use of human resources and encourage management development programmes.

Acceptability The structure of the organisation should be acceptable to the people who constitute it. Two things generally happen if people oppose the structure: it is modified gradually by the people, or it is used ineffectively.

3b)

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.McFarland³, 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.

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,⁴ 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

of intelligence tests are: reading and summarising a paragraph in the allotted time, writing 10 to 15 words that begin with the same letter in one minute, adding up of some figures in the allotted time and so on.

(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.

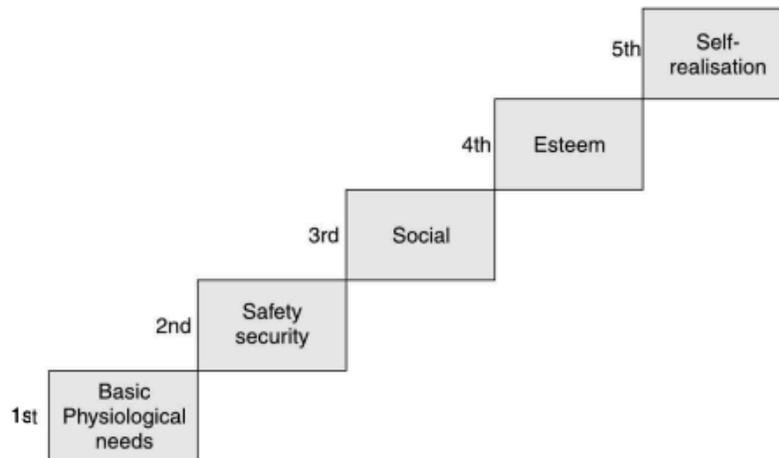
5. Physical or medical examination Physical or medical examination is another step in the selection procedure. The objectives of this examination are: (i) to check the physical fitness of the applicant for the job applied for; (ii) to protect the company against the unwarranted claims for compensation 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.

4a)

Maslow's Need-Hierarchy Theory All people have a variety of needs. At any given time, some of these needs are satisfied and others are unsatisfied. *An unsatisfied need is the starting point in the motivation process.* It begins the chain of events leading to behaviour.

When a person has an unsatisfied need, he or she attempts to identify something that will satisfy the need. This is called a goal. Once a goal has been identified, the person takes action to reach that goal and thereby satisfy the need. According to A.H. Maslow, needs are arranged in a hierarchy or a ladder of five successive categories as shown in Fig. 15.2. Physiological needs are at the lowest level, followed by security, social, esteem, and self-fulfilment needs.



Physiological needs are those which arise out of the basic physiology of life, for example, the need for food, water, air, etc. These needs must be at least partially satisfied for continued survival.

Security needs are the needs to feel both economically secure and psychologically secure. The former include protection from arbitrary lay-off and dismissal, disaster, and avoidance of the unexpected. The latter relates to a man's confidence that he will be able to deal with the problems that might confront him in future.

Social needs are needs to associate with other people and be accepted by them; to love and be loved. These needs are variously referred to as “the hard instinct”, “gregariousness” and the like, but at base, they point to the fact that man finds a satisfaction in association with others and feels a real deprivation when it is not possible.

Egoistic or esteem needs are those which relate to respect and prestige. A need for dominance may be thought of as one of the egoistic needs. These are of two types: self-esteem and esteem from others. Self-esteem is an individual’s need to feel inside himself that he is worthy. He has also the need that others think he is worthy.

Self-fulfilment needs are needs for realising one’s potential. These include the need for realising one’s capabilities to the fullest—for accomplishing what one is capable of accomplishing, for becoming what one is capable of becoming. A musician must make music, an artist must paint, a poet must write if he is to be ultimately happy. This need is also called need for self-realisation or self-actualisation. This term, first coined by Kurt Goldstein, refers to a person’s motivation to transform his perception of self into reality.

According to Maslow, people attempt to satisfy their physical needs first. As long as these needs are unsatisfied, they dominate behaviour. As they become reasonably satisfied, however, they lose their motivational power and the next level of needs, security needs, becomes the dominant motivational force. This process continues up the need hierarchy. As each level of needs becomes relatively satisfied, the next higher level becomes dominant.

Characteristics of human needs: Human needs can also be classified as (a) lower order needs, and (b) higher order needs.⁴ The first two needs of Maslow’s classification constitute the lower order needs. The other three are called higher order needs. Table 15.1 presents some important characteristics of these needs.

Table 15.1 Characteristics of Human Needs

<i>Lower-order needs</i>	<i>Higher-order needs</i>
1. Being related to the physiology of an individual, these needs are explicit and not hidden. It is, therefore, easy to understand these needs.	1. Being related to the mind and spirit of an individual, these needs are hidden and nebulous. It is, therefore, very difficult for others, even for the individual himself to understand them.
2. These needs are finite.	2. These needs are infinite.
3. These needs are universal but vary in intensity from individual to individual.	3. These needs are not universal and may even exist as opposites in two persons. One person may find satisfaction in being aggressive, another in being submissive.
4. These needs are conditioned by social practice, e.g., if it is customary to eat breakfast in the morning then the body comes to respond accordingly	4. These needs are strongly conditioned by experience, and maturity.
5. These needs are primarily satisfied through the economic behaviour, i.e., by earning more money.	5. These needs are primarily satisfied through symbolic behaviour of the psychic and social content.

4b)

Behavioural Leadership styles are broadly classified based on three points of view:

- Motivation,
- Authority and
- Supervision.

On the basis of motivation leadership style can be positive or negative style. In positive style a leader motivates his followers to work hard by offering them rewards, for example, higher bonus. In negative styles, a leader forces his followers to work hard and punishes them for lower productivity.

On the basis of Authority, leadership styles are divided into three types namely autocratic, democratic and free-rein.

Autocratic leadership: An autocratic leader is one who dominates and drives his subordinates through coercion, command and the instilling of fear in his followers. An autocratic leader alone determines policies, plans and makes decisions. He demands strict obedience. Such leaders love power and love to use it for promoting their own ends. They never like to delegate their power for they fear that they may lose their authority.

The merits of this type of leadership is that, it can increase efficiency, save time, and get quick results under emergency conditions, chain of command and division of work are clear.

The demerits are people are treated machine-like cogs without human dignity, one way communication without feedback and the leader receives little or no input from his subordinates for his decision-making which is dangerous in the current dynamic environment.

Democratic leadership: This style of leadership is also known as participative leadership. As the name itself indicates, in this style, the entire group is involved in goal setting and achieving it. A democratic leader follows the majority opinion as expressed by his group. Subordinates have considerable freedom of action. The leader shows greater concern for his people's interest, is friendly and helpful to them. He is always ready to defend their subordinates individually and collectively. This type of leadership encourages people to develop and grow, receives information and ideas from his subordinates to make decisions, and boosts the morale of employees.

The demerits of this type of leadership are

- (1) Some leaders may use this style as a way of avoiding responsibility,
- (2) Can take enormous amount of time for making decisions.

Free-rein: In this type of leadership, the leaders exercise absolutely no control. He only provides information, materials and facilities to his subordinates. This type of Directing and Controlling leadership is employee centered and the subordinates are free to establish their own goals and chart out the course of action. This type of leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom.

5a)

SOCIAL AUDIT

A social audit is a systematic study and evaluation of the organisation's social performance as distinguished from its economic performance. The term "social performance" refers to any organisational activity that effects the general welfare of society.

Benefits

1. It supplies data for comparison with the organisation's social policies and standards. The management can determine how well it is living up to its social objectives.
2. It develops a sense of social awareness among all employees. In the process of preparing reports and responding to evaluations, employees become more aware of the social implications of their actions.
3. It provides data for comparing the effectiveness of different types of programmes.
4. It provides data about the cost of social programmes, so that the management can relate this data to budgets, available resources, company objectives, etc.
5. It provides information for effective response to external groups which make demands on the organisation.

Limitations

A social audit is a *process audit* rather than an *audit of results*. This means that a social audit determines only what an organisation *is doing* in social areas and not the amount of social good that *results* from these activities. An audit of social results is not made because:

1. They are difficult to measure. If, for example, following a company's S.C./S.T. employment programme in a certain region, there is a fall in the violent crime rate by 4 per cent, it is difficult to measure how much of the benefit is caused by this programme.
2. Their classification under "good" or "bad" is not universally accepted. In other words, the same social result may be classed as "good" according to one opinion, and as "bad" according to another.
3. Most of them occur outside the organisation, making it difficult for the organisation to secure data from these outside sources.

Even though social results cannot be proved, an audit of what is being done is still considered desirable, because it shows the amount of effort that a business is making in area deemed beneficial to society. Further, if effort can be measured, then informed judgements can be made about potential results.

Social audits can be made either by internal experts, outside consultants, or a combination of the two. The internal auditor has the advantage of familiarity with the business, but his judgements may be influenced by company loyalties. An outside consultant has the advantage of an outsider's view, but he lacks familiarity with organisational activities, so he may overlook significant data. In any case, if audit information is to be released to the public, the outside auditor has more credibility.

There is a difference of opinion on the issue whether social audit should be made public by means of a social performance report or not. Some say that these reports are too imprecise and inconcrete to satisfy the public and anyone can find reasons for criticising a firm's performance, which can increase social conflict. But some others assert that these reports contribute to public understanding for they replace rhetoric with facts.

The Tata Iron and Steel Company is the first industrial organisation in India to have carried out a social audit of its performance in 1979. The social audit was conducted by a committee under the chairmanship of Justice S.P. Kotval, former Chief Justice of Mumbai High Court. The committee's terms of reference were to examine and report whether, and the extent to which the company had fulfilled the objectives contained in clause 3A of its Articles regarding its social and moral responsibilities to the consumers, employees, shareholders, society and the local community. The Committee in its report praised TISCO's social welfare work and made a number of suggestions to improve its programmes.

5b)

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. Levitt³ 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 stresses the need for social responsibility. It holds that a company cannot make a social contribution if it is not profitable. Profits are the test of the efficient functioning of a business enterprise. A sick and bankrupt organisation is a social liability and can hardly contribute in the area of social responsibility. Hence a businessman's first responsibility is to keep his business solvent. But he must also voluntarily assume social responsibilities beyond the legal minimum. This can be done at three levels. At the first level, the manager goes beyond the legal minimum and caters also to *public expectations*—moving as the winds of public opinion blow. At the second level, he *anticipates* public expectations and acts accordingly. At the third and highest level, he *creates* new public expectations by voluntarily setting and following 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.

6a)

“Entrepreneur” is a person who creates an enterprise. The process of creation is called as “entrepreneurship”. The word “entrepreneur” has been taken from French, where it was originally meant to designate an organiser of musical and other entertainment.

Various Definitions of an Entrepreneur

An individual who bears the risk of operating a business in the face of uncertainty about the future conditions.

Encyclopedia Britannica

He is the one who innovates, and introduces something new in the economy.

—**Joseph A. Schumpeter**

He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.

—**J. B. Say (French economist)**

He searches for change, responds to it and exploits opportunities. Innovation is the specific tool of an entrepreneur.

—**Peter F. Drucker**

CLASSIFICATION OF ENTREPRENEURS

(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.

(b) Based on the Developmental Angle

1. **Prime mover:** This entrepreneur sets in motion a powerful sequence of development, expansion, and diversification of business.
2. **Manager:** Such an entrepreneur does not initiate expansion and is content just staying in business.
3. **Minor innovator:** This entrepreneur contributes to economic progress by finding better use for existing resources.
4. **Satellite:** This entrepreneur assumes a supplier's role and slowly moves towards a productive enterprise.
5. **Local trading:** Such an entrepreneur limits his enterprise to the local market.

(c) Based on Types of Entrepreneurial Business

1. **Manufacturing:** An entrepreneur who runs such a business actually produces the products that can be sold using resources and supplies. For example, apparel and other textile products, chemical and related products, electronics and other electrical equipment, fabricated metal products, industrial machinery and equipment, printing and publishing, rubber and miscellaneous plastic products, stone, clay etc.
2. **Wholesaling:** An entrepreneur with such a business sells products to the middle man.

3. **Retailing:** An entrepreneur with such a business sells products directly to the people who use or consume them.
4. **Service:** An entrepreneur in this business sells services rather than products.

(d) Based on the Nine Personality Types of Entrepreneurs

Your business personality type is the traits and characteristics of your personality that blend with the needs of the business. If you better understand your business personality, then you can give your company the best part of you. Find others to help your business in areas you may not be prepared to fulfill. There are 9 key types of personality and understanding. Each will help you enjoy your business more and provide your company with what it needs to grow. Begin identifying your dominant personality theme and understand how you operate in your business.

1. **The Improver:** If you operate your business predominately in the improver mode, you are focused on using your company as a means to improve the world. Your overarching motto is: morally correct companies will be rewarded working on a noble cause. Improvers have an unwavering ability to run their business with high integrity and ethics.

Personality Alert: Be aware of your tendency to be a perfectionist and over-critical of employees and customers.

Entrepreneur example: Anita Roddick, Founder of The Body Shop.

2. **The Advisor:** This business personality type will provide an extremely high level of assistance and advice to customers. The advisor's motto is: the customer is right and we must do everything to please them. Companies built by advisors become customer focused.

Personality Alert: Advisors can become totally focused on the needs of their business and customers that they may ignore their own needs and ultimately burn out.

Entrepreneur example: John W. Nordstrom, Founder Nordstrom.

- 3. The Superstar:** Here the business is centered on the charisma and high energy of the Superstar CEO. This personality often will cause you to build your business around your own personal brand.

Personality Alert: Superstarts Can be too competitive and workaholics.

Entrepreneur example: Donald Trump, CEO of Trump Hotels & Casino Resorts.

- 4. The Artist:** This business personality is the reserved but a highly creative type. Often found in businesses demanding creativity such as web design and



Visit <http://sbinformation.about.com> to know about various classifications of entrepreneurs.

ad agencies. As an artist type you'll tend to build your business around the unique talents and creativities that you have.

Personality Alert: You may be overly sensitive to your customer's responses even if the feedback is constructive. Let go the negative self-image.

Entrepreneur example: Scott Adams, Creator of Dilbert.

- 5. The Visionary:** A business built by a Visionary will often be based on the future vision and thoughts of the founder. You will have a high degree of curiosity to understand the world around you and will set-up plan to avoid the landmines.

Personality Alert: Visionaries can be too focused on the dream with little focus on reality. Action must precede vision.

Entrepreneurial example: Bill Gates, Founder of Microsoft Inc.

- 6. The Analyst:** If you run a business as an Analyst, your company focus is on fixing problems in a systematic way. Often the basis for science, engineering or computer firms, Analyst companies excel at problem solving.

Personality Alert: Be aware of analysis paralysis. Work on trusting others.

Entrepreneurial example: Intel Founder, Gordon Moore.

7. The Fireball: A business owned and operated by a Fireball is full of life, energy and optimism. Your company is life energizing and makes customers feel the company has a get it done attitude in a fun playful manner.

Personality Alert: You may over commit your teams and act impulsively. Balance your impulsiveness with business planning.

Entrepreneurial example: Malcolm Forbes, Publisher of Forbes Magazine.

8. The Hero: You have an incredible will and ability to lead the world and your business through any challenge. You are the essence of entrepreneurship and can assemble great companies.

Personality Alert: Over promising and using forceful tactics to get your way will not work long term. To be successful, trust your leadership skills to help others find their way.

Entrepreneurial example: Jack Welch, CEO of GE.

9. The Healer: If you are a Healer, you provide nurturing and harmony to your business. You have an uncanny ability to survive and persist with an inner calm.

Personality Alert: Because of your caring, healing attitude toward your business, you may avoid outside realities and use wishful thinking. Use scenario planning to prepare for turmoil.

Entrepreneurial example: Ben Cohen, Co-Founder Of Ben & Jerry's Ice Cream.

Each business personality type can succeed in the business environment if you stay true to your character. Knowing firmly what your strong traits are can act as a compass for your small business. If you are building a team, this insight is invaluable.

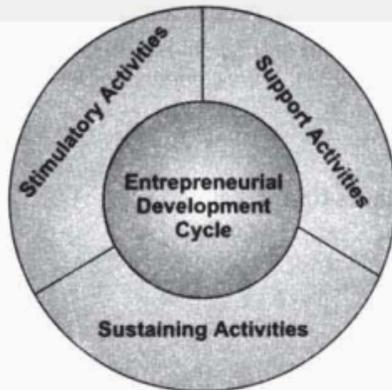


Figure 2.2 ■ Entrepreneurial Development Cycle

computers, Internet connectivity, offering consultancy and training, and providing all required information as to how a person should groom himself as an entrepreneur. Financial assistance for projects and seminars could also promote entrepreneurship. These activities can be promoted in the incubation centre to groom a person to become an entrepreneur. The various support activities are given below.

- ◆ Making available techno-economic information and product profiles
- ◆ Evolving locally suitable new products and processes
- ◆ Availability of local agencies with trained personnel for entrepreneurial counselling and promotions
- ◆ Creating entrepreneurial forums
- ◆ Recognition of entrepreneurs

2. Support activities: These activities help a person to develop into an entrepreneur. They nurture and help entrepreneurship to grow. This can be done by providing the necessary infrastructure in the form of

- ◆ Registration of unit
- ◆ Arranging finance
- ◆ Providing land, shed, power, water, and so on.
- ◆ Guidance for selecting and obtaining machinery
- ◆ Supply of scarce raw materials
- ◆ Getting licences/import licences
- ◆ Providing common facilities
- ◆ Granting tax relief or other subsidy
- ◆ Offering management consultancy services
- ◆ Help marketing the product
- ◆ Providing information

3. Sustaining activities: These activities are all those that help in the continuous and efficient functioning of entrepreneurship. These include modernisation of infrastructure, encouraging diversification, providing opportunities and supporting industry-institute interaction through consultancy, promoting quality, and organising need-based common facilities centres. The various sustaining activities are as follows.

- ◆ Help modernisation
- ◆ Help diversification/expansion/substitute production
- ◆ Additional financing for full capacity utilisation
- ◆ Deferring repayment/interest
- ◆ Diagnostic industrial extension/consultancy services
- ◆ Production units legislation/policy change

- ◆ Product reservation/creating new avenues for marketing
- ◆ Quality testing and approving services
- ◆ Need-based common facilities centres

7a

Government Policy Initiatives for MSMEs

- Government of India periodically revises policies and programs to encourage, support and promote MSMEs.
- Following are the Government policy initiatives for promoting MSMEs in India.
 1. MSME development act, 2006
 2. Ease of registration process
 3. RBI guidelines
 4. Public procurement policy
 5. Make-in-India policy

1. MSME development act, 2006

- This Act came into effect from 2 October 2006 with the core purpose of strengthening the Indian MSME and making them globally competitive.
- The salient features of the Act are the following:
 - i. The act provides separate definitions for micro, small and medium enterprises, based on their annual revenue.
 - ii. The Act is responsible for the establishment of a National Board for MSME
 - iii. The Act has simplified the process of registration as well as the closure of business.
 - iv. Introduction to public procurement policy by giving preference in government procurements to products and services of MSMEs.

2. Ease of registration process

- To enable speed and ease of registration of MSMEs, a simple one page registration form for online filing of “[Udyog Aadhaar Memorandum](#)” (UAM) is introduced.
- UAM is a one-page registration form which constitutes a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/owner’s [Aadhaar](#) details and other minimum information required.
- There shall be no fee for filling the [Udyog Aadhaar Memorandum](#).

3. RBI guidelines

- The RBI has given MSMEs an extension of up to 180 days to clear their loans to banks.

4. Public procurement policy

- The objective of Policy is promotion and development of Micro and Small Enterprises by supporting them in marketing of products produced and services rendered by them.

5. Make-in-India policy

- The Make-in India Strategy adopted by the Indian Prime Minister Shri Narendra Modi aims to facilitate investment, foster innovation, enhance skill development and build a sustainable eco-system for the manufacturing infrastructure in the country.
- These measures have succeeded in raising the business confidence in India.
- The stage has been set through these industry and MSME interventions for a larger share of global business in India which presents opportunities for MSME integration in almost all industry sectors.
- The Indian MSME sector is poised for rapid growth and integration with major global value chains.

7b

Problems faced by the MSME sector

- The common problems that MSME face are high interest rates, the rising cost of raw materials, obsolescence of technology, restricted access to market, availability of skilled labour, and compliance with regulatory systems.
- The main problems faced by the MSME sector are briefly discussed below:
 - Lack of availability of adequate and timely credit
 - Inadequate infrastructural facilities
 - Technological backwardness and lack of product innovation
 - Lack of access to market
 - Difficulty in finding and retaining human resources
 - Impact of World Trade Organization (WTO) compliance and regulatory systems

8a

Identification of Business Opportunities

- This step requires a thorough **research** on many aspects of the **business concept**.
- One needs to keep in mind the viability of **financial resources**, the required **skill sets** for the entrepreneurial venture, the **competition** and other resources needed.
- Taking reasonable steps to verify that your **decisions are based on well-researched and accurate information**.
- It means thoroughly researching **potential pursuits**, asking detailed **questions**, and **verifying information**.
- One of the more common questions entrepreneurs must ask is whether **now is a good time** to start a business.



8b

Marketing Feasibility

- Market analysis is concerned primarily with two questions –

- ✓ What would be aggregate demand of the proposed product/service in the future?
- ✓ What would be the market share of the project under appraisal?



Following information is required to answer the above questions:

- ✓ Consumption trends in the past and the present
- ✓ Past and present supply position
- ✓ Production possibilities and constraints
- ✓ Imports and exports, consumer behaviour
- ✓ Structure of competition, elasticity of demand
- ✓ Cost structure, intentions, motivations, attitudes, preferences and requirements
- ✓ Distribution channels and marketing policies in use
- ✓ Administrative, technical and legal constraints

Financial Feasibilities

Following financial aspects have to be looked into are:

- Investment outlay and cost of project
- Means of financing
- Projected profitability
- Break-even point
- Cash flows of the project
- Investment worthiness judged in terms of various criteria of merit
- Projected financial position
- Level of risk



Economic Feasibility

- Also known as social cost-benefit analysis.
- Following questions need to be answered:
 - ✓ What are the different economic benefits and costs of the project measured in terms of shadow prices and not in terms of market prices?
 - ✓ What would be the impact of the project on the level of savings and investment in the society?
 - ✓ What would be the contribution of the project towards the fulfilment of certain criteria like self-sufficiency, employment and social order?



Social and Legal Feasibilities



- In this impact of the project on the ecological implications such as power plants and irrigation schemes, and for environment-polluting industries.
- The important question to be answered are:
 - ✓ What is the likely damage caused by the project to the environment.
 - ✓ What is the cost of the restoration measures required to ensure that the damage to the environment is contained within the acceptable limits ?

Technical Feasibility



- Following questions are considered to be important in the technical analysis:
 - ✓ Have the preliminary tests and studies been done or provided for?
 - ✓ Has the availability of raw materials, power, and other inputs been established?
 - ✓ Is the selected scale of operation optimal?
 - ✓ Is the production process chosen suitable?
 - ✓ Are the equipment and machines chosen appropriate?
 - ✓ Have the auxiliary equipment and supplementary engineering works been provided for?
 - ✓ Is the proposed layout of the site, buildings, and plan sound?

Managerial Feasibility

Managerial feasibility study comprises of the following parts:

- A history of the business
- An overview of the market conditions
- A description of any products or services that will be offered
- A financial analysis
- Any legal requirements and ramifications
- Any tax obligations
- Details of management and operations

9a

Why some business plans fail?

- Goals set by the entrepreneurs are unreasonable
- Goals are not measurable
- The entrepreneur has not made a total commitment to the business or to the family
- The entrepreneur has no experience in the planned business
- The entrepreneur has no sense of potential threat or weakness to the business
- No customer need was established for the proposed product or service

9b

The Indian government offers a variety of schemes to help businesses, including loans, subsidies, and other financial assistance:

Credit Guarantee Scheme for Startups (CGSS): Offers collateral-free loans to Indian startups

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): Provides collateral-free business loans to MSMEs with a low guarantee fee

Pradhan Mantri MUDRA Yojana (PMMY): Offers low-interest loans to MSMEs and startups in the non-corporate and non-farming sectors

Prime Minister's Employment Generation Program (PMEGP): A credit-linked subsidy scheme from the Ministry of MSMEs

Stand-Up India Scheme: A loan scheme for businesses

Agriculture Infrastructure Fund Scheme (AIF): A popular scheme for MSMEs

Startup India Seed Fund Scheme: A scheme that offers financial assistance

Government e-Marketplace (GeM): A platform where businesses can register to list their products and services, participate in government tenders, and expand their market reach

10a

Internal Problems of Entrepreneurs

1. Planning
2. Implementation
3. Production

External Problems of Entrepreneurs

- Infrastructural
- Financial
- Marketing
- Taxation
- Raw material
- Industrial and financial regulations
- Inspections
- Technology
- Government policy
- Administrative hurdles
- Rampant corruption
- Lack of direction
- Competitive and volatile environment

10b

Limitations of PERT

- a) The basic difficulty comes in the way of time estimates for the completion of activities because activities are of non-repetitive type.
- b) This technique does not consider resources required at various stages of the project.
- c) Use of this technique for active control of a project requires frequent updating and revising the PERT calculations and this proves quite a costly affair.

Limitations of CPM

- a) CPM fails to incorporate statistical analysis in determining the time estimates.
- b) It operates on the assumption that there is a precise known time that each activity in the project will take but this may not be true in actual life.
- c) It may be remembered that CPM was initially developed as a static planning model and not as a dynamic controlling device.

Differences between PERT and CPM

PERT

- The origin is military
- It is an event-oriented approach
- There is allowance for uncertainty
- It has three time estimates
- It is probabilistic model

CPM

- The origin is industrial
- It is an activity-oriented system
- No such allowance
- There is only one single estimate of time and the emphasis os on cost.
- It is a deterministic model

Differences between PERT and CPM

PERT

- It does not demarcate between critical and non-critical activities
- It is especially suitable when high precision is required in time estimates, e.g., defence projects.
- Time is averaged.
- The concept of crashing is not applied.
- It is time-based.

CPM

- It marks critical activities.
- It is suitable when reasonable precision is required, e.g., civil construction projects, industrial expansion schemes, etc.
- No averaging of time is involved.
- The concept of crashing is applied.
- It is cost-based.