

Chapter 1

Entrepreneurship

Definition of Entrepreneurship

An Entrepreneur

One who

Organizes, Manages and Assumes Risk of a Business or

Enterprise

Need of Entrepreneurship

- **Entrepreneurs Create New Businesses**
- **Entrepreneurs Add to National Income**
- **Entrepreneurs Create Social Change**
- **Generation of Employment**
- **Competitive Market**
- **Balanced regional growth**
- **Economic Independance**

Characteristics Of An Entrepreneur

- Initiator
- Opportunity Seeker
- Calculated Risk Taker
- Information Seeker
- Committed to work
- Proper Planer
- Self confident
- Efficient Supervisor
- Quality Conscious
- Efficiency Lover
- Persistent
- Assertive

Function Of Entrepreneur

1. Perceiving Market Opportunities
2. Gaining Command Over Scarce Resources
3. Purchasing Inputs
4. Managing Finances
5. Upgrading process and product
6. Industrial Engineering
7. Managing production
8. Marketing The Products
9. Managing Customer And supplier Relation
10. Dealing with Bureaucrats

Barriers in Entrepreneur

- Management Factors
- Production Factor
- High Fixed Cost
- Marketing problems
- Financial Problem
- Neglect Of Business, Fraud OR Disaster Etc.

Sole Proprietorship

A **sole proprietorship**, also known as the **sole trader** or simply a **proprietorship**, is a type of enterprise that is owned and run by one natural person and in which there is no legal distinction between the owner and the business entity. The owner is in direct control of all elements and is legally accountable for the finances of such business and this may include debts, loans, loss, etc.

Partnership Firm

A **partnership** is an arrangement where parties, known as partners, agree to cooperate to advance their mutual interests. The partners in a partnership may be individuals, businesses, interest-based organizations, schools, governments or combinations. Organizations may partner to increase the likelihood of each achieving their mission and to amplify their reach. A partnership may result in issuing and holding equity or may be only governed by a contract.

Types Of Assistance Available To Entrepreneur From Different Agencies

- Industrial Sheds
- Subsidised Power Supply
- Registration With State Director Of Industries
- Financial Assistant
- Machinery On Instalments
- Availability Of Raw Material
- Marketing Assistances
- Miscellaneous Assistances

Various Institutions Providing Support To Small Entrepreneurs

- COMMERCIAL BANKS
- STATE FINANCIAL CORPORATIONS (SFCs)
- DISTRICT INDUSTRY CENTERS (DICs)
- SMALL INDUSTRIES SERVICE INSTITUTES (SISIs)
- INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)
- INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI)
- SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)
- STATE INDUSTRIAL DEVELOPMENT CORPORATIONS (SIDCs)
- SMALL INDUSTRY DEVELOPMENT ORGANISATION (SIDO)
- SMALL SCALE INDUSTRIES BOARD (SSIB)
- NATIONAL RESEARCH DEVELOPMENT CORPORATION (NRDC)
- TECHNICAL CONSULTANCY ORGANISATIONS (TCOs)
- SMALL INDUSTRIES DEVELOPMENT CORPORATIONS (SIDCO)
- TECHNOLOGY BUSINESS INCUBATOR (TBI)
- NATIONAL SMALL INDUSTRIES CORPORATION LTD. (NSIC)
- SCIENCE AND TECHNOLOGY ENTREPRENEUR PARK (STEP)
- KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)

CHAPTER 2

MARKET SURVEY AND OPPORTUNITY IDENTIFICATION

Scanning Of Business Environment

The six factors of PESTEL analysis are following:-

- Political Factor
- Economical Factor
- Socio-Cultural Factor
- Technological Factor
- Environment factor
- Legal Factor

Inputs Required for New Entrepreneur

- Behaviour Identification Techniques
- Identification Of Business Opportunity
- Project Report Preparation
- Financial aspects
- Accounts
- Sales Promotion, Marketing and Advertising
- Production, Planning and Control
- Different Aspects of Management
- Legal matters
- Sale Tax, Income Tax Etc
- Collection And Analysis of Information For Decision Making

Data Collection For Setting UP Small Ventures

- Raw Material Data
- Machinery and Equipment Data
- Market Data
- Financial Data
- Personnel Data
- General Data

Factor For Sales Forecasting

- Competition
- Changes In Technology
- Government Policies
- Factor Related To The Concern Itself

Methods Used For Forecasting The Demand

Following method are generally used for forecasting of sales :

- Customer's Views
- Salesmen's opinion
- Trend's Opinions

Consideration In Product Selection

- Present Market
- Scope Of Growth Of Market
- Costs
- Availability Of Main Production Factor
- Ricks

Chapter 3

PROJECT REPORT PREPARATION

What is a project report?

The project report is a document, which gives an account of the project proposal to ascertain the prospects of the proposed plan/activity. The project report contains detailed information about:

- Land & building required
- Manufacturing Capacity per annum
- Manufacturing Process
- Machinery & equipment along with their prices and specifications
- Requirements of raw materials
- Power & Water required.
- Manpower needs
- Marketing
- Cost of the project and production.
- Financial analyses & economic viability of the project.

Need Of Project Report

- The project report is like a road map. It describe the direction the enterprise is going in, what its goals are, where it want to be and how it is going to get there. It also enable the entrepreneur to know weather he is proceeding in right direction .
- It help the entrepreneur in getting provisional/permanent registration of the project from the DICs
- It help the allotment of industrial plot or shed for the project from state from state industrial development.
- It help in securing supply of scare raw material required for the production to be manufactured
- It helps the entrepreneur in establishing techno-economic viability of the project

Contents of project report

- Objective And Scope OF Report
- Promoter's Profile
- Location
- Land And Building
- Plant And Machinery
- Production Process
- Other Utilities
- Raw Material
- Market Potential
- Personnel
- Financial Implication
- Sources of Finances
- Financial Viability OfThe project
- Schedule Of Project Implementation

Project Appraisal

The exercise of project appraisal simply means the assessment of a project in terms of economical, technical, social and financial viability. Simply speaking project appraisal means the assessment of a project. Hence project appraisal is a multi-dimensional analysis of the project i.e. a complete scanning of the project.

Stages Of Project Appraisal

- Economical Analysis
- Financial Analysis
 - I. Cost Analysis
 - II. Pricing
 - III. Financing
 - IV. Income and Expenditure
- Technical Feasibility
 - i. Process Technology
 - ii. Economic Size Of Project
 - iii. Technical know-how and Consultancy
- Managerial Competence
- Market/Commercial Analysis

Chapter 4

Introduction To Management

Management

Management (or **managing**) is the administration of an organization, whether it is a business, a not-for-profit organization, or government body. Management includes the activities of setting the strategy of an organization and coordinating the efforts of its employees (or of volunteers) to accomplish its objectives through the application of available resources, such as financial, natural, technological, and human resources. The term "management" may also refer to those people who manage an organization.

Need Of Management

- Tough Competition in Market
- Production Efficiency
- Industrial Peace
- Limited Financial Resources
- Expansion Of Industries
- Complexity Of Industries

Characteristics Of Management

- Management Is A Purposeful Activity
- Management Of Social Purpose
- Management Is an Intangible Force
- Management Is An Integrating process
- Management Is An Universal Activity
- Management Is Getting Things Done
- Management Is Separate From Ownership
- Management Is Needed At All Level Organisation
- Management Is Goal-oriented
- Management Is A Process
- Management Is Both Science & Art

Functions Of Management

- Planning
- Organising
- Staffing
- Co-ordination
- Directing
- Motivating
- Controlling

Principles Of Management

- Division To Work
- Authority & responsibility
- Discipline
- Unity Of Command
- Unity Of Direction
- Centralisation Of Authority
- Scalar Chain
- Remuneration
- Initiative
- Stability Of workers
- Equality
- Order
- Team Spirit

Types of Industrial Organisation

- Line Organisation
 - i. Pure Line Organisation
 - ii. Departmental Line Organisation
- Functional Organisation
- Line & Staff Organisation
 - i. The Personnel Staff
 - ii. The specialist Staff
 - iii. The General Staff

Departmentation

The process of grouping of activities into units for the purpose of administration is called Departmentation. It can be defined "as the process by which activities or functions of enterprise are grouped homogeneously into different groups."

Types Of Departmentation

- personnel Department
- Finance Department
- Marketing Department
- Production Department
- Purchase Department

MOTIVATION

The term 'motivation' has been derived from the word 'motive'. Motive may be defined as an inner state of our mind that activates and directs our behaviour. It makes us move to act. It is always internal to us and is externalized via our behaviour. Motivation is one's willingness to exert efforts towards the accomplishment of his/her goal.

Fred Luthans

“process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive”.

Stephen P. Robbins

“motivation is the willingness to exert high levels of efforts toward organisational goals, conditioned by the effort ability to satisfy some individual need”.

Motivation Cycle or Process:

As stated earlier, motivation is a process or cycle aimed at accomplishing some goals. The basic elements included in the process are motives, goals and behaviour. A brief mention of these follows:

Motives:

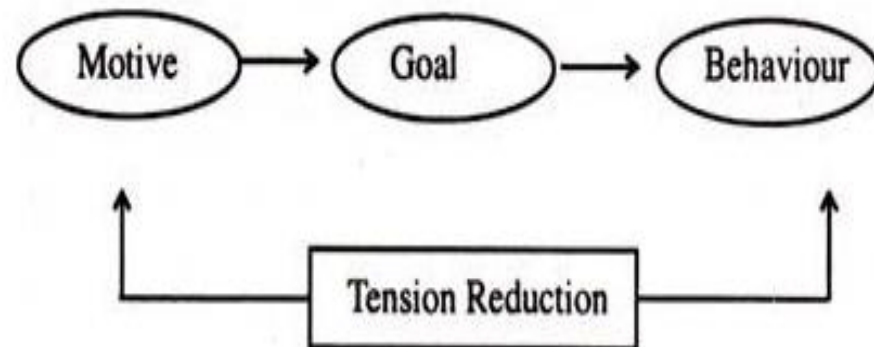
Almost all human behaviour is motivated. It requires no motivation to grow hair, but getting a hair cut does. Motives prompt people to action. Hence, these are at the very heart of motivational process. Motives provide an activating thrust towards reaching a goal. The examples of the needs for food and water are translated into the hunger and thirst drives or motives. Similarly, the need for friends becomes a motive for affiliation.

Goals:

Motives are generally directed towards goals. Motives generally create a state of physiological or psychological imbalance. Attaining goals restores balance. For example, a goal exists when the body of the man is deprived of food or water or one's personality is deprived of friends or companions.

Behaviour:

Behaviour is a series of activities to be undertaken. Behaviour is directed to achieve a goal. For example, the man goes to saloon to cut his hair. Diagrammed simply, the cycle or process of motivation is presented in Figure



IMPORTANCE OF MOTIVATION:

1. Organisations are run by people. Hence, managers cannot afford to avoid a concern with human behaviour at work. This is because the motivated employees are more productive and quality-conscious than apathetic ones.
2. Motivation as a pervasive concept affects and is also affected by a host of factors in the organisational milieu. It enables managers to understand why people behave as they behave.
3. Organisational effectiveness becomes, to some extent, the question of management's ability to motivate its employees. Hence, an appreciation of motivation helps the managers how to motivate their employees.
4. Machines become necessary in case of complex technology. However, these remain inefficient vehicles of effective and efficient operations without man to operate them. Therefore, organisations need to have employees with required capability and willingness to use the advanced complex technology to achieve the organisational goal.
5. With the realisation that organisations will run in more complex milieu in future, an increasing attention has been given to develop employees as future resources (a 'talent bank'). This facilitates

Some of the most important theories of motivation are as follows:

1. Maslow's Need Hierarchy Theory:

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

In essence, he believed that once a given level of need is satisfied, it no longer serves to motivate man. Then, the next higher level of need has to be activated in order to motivate the man. Maslow identified five levels in his need hierarchy as shown in figure:

- 1. Physiological** – these needs must be met in order for a person to survive, such as food, water and shelter.
- 2. Safety** – including personal and financial security and health and wellbeing.
- 3. Love/belonging** – the need for friendships, relationships and family.
- 4. Esteem** – the need to feel confident and be respected by others.
- 5. Self-actualisation** – the desire to achieve everything you possibly can and become the most that you can be.



According to the hierarchy of needs, you must be in good health, safe and secure with meaningful relationships and confidence before you are able to be the most that you can be.

2. Herzberg's Motivation Hygiene Theory:

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

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

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

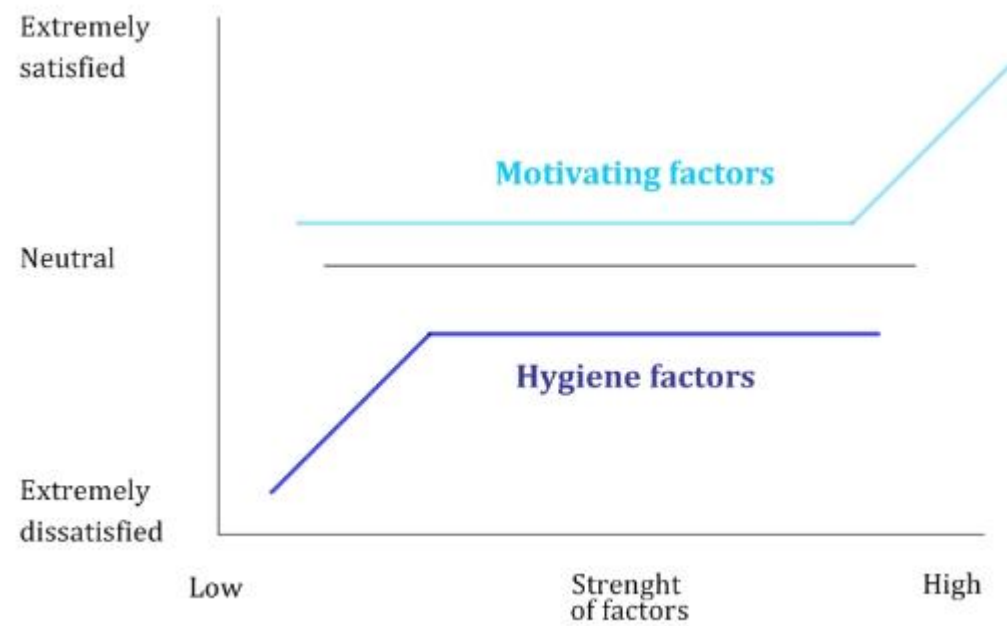
(2) When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

According to Herzberg, two kinds of factors affect motivation, and they do it in different ways:

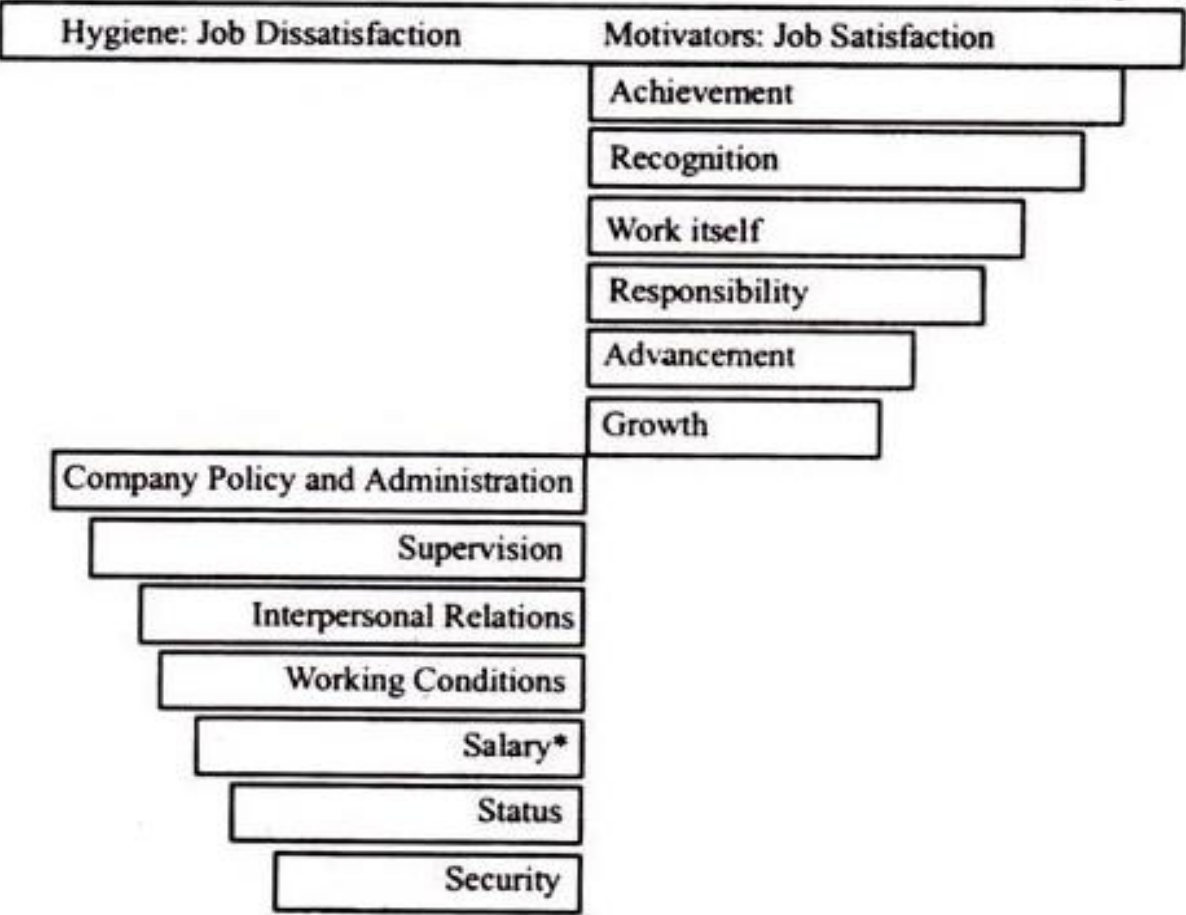
- hygiene factors.** These are factors whose absence motivates, but whose presence has no perceived effect. They are things that when you take them away, people become dissatisfied and act to get them back. A very good example is heroin to a heroin addict. Long term addicts do not shoot up to get high; they shoot up to stop being sick -- to get normal. Other examples include decent working conditions, security, pay, benefits (like health insurance), company policies, interpersonal relationships. In general, these are extrinsic items low in the Maslow/Alderfer hierarchy.

- motivators.** These are factors whose presence motivates. Their absence does not cause any particular dissatisfaction, it just fails to motivate. Examples are all the things at the top of the Maslow hierarchy, and the intrinsic motivators.

So hygiene factors determine dissatisfaction, and motivators determine satisfaction. The two scales are independent, and you can be high on both.



Dissatisfaction – Low level	Hygiene factors
No dissatisfaction-High level	
No satisfaction – Low level	Motivating factors
Satisfaction – High level	



According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason, he says, is that removal of dissatisfying characteristics from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum. The opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dissatisfaction' is 'no dissatisfaction'.

According to Herzberg, today's motivators are tomorrow's hygiene because the latter stop influencing the behaviour of persons when they get them. Accordingly, one's hygiene may be the motivator of another.

However, Herzberg's model is labeled with the following criticism also:

1. People generally tend to take credit themselves when things go well. They blame failure on the external environment.
2. The theory basically explains job satisfaction, not motivation.
3. Even job satisfaction is not measured on an overall basis. It is not unlikely that a person may dislike part of his/ her job, still thinks the job acceptable.
4. This theory neglects situational variable to motivate an individual.

3. McGregor's Participation Theory:

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

Theory X is based on the following assumptions:

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

On the contrary, Theory Y assumes that:

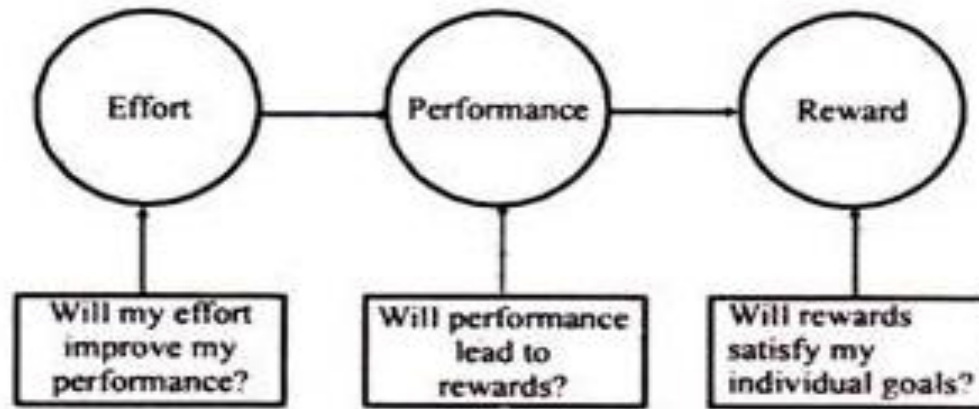
1. People are not by nature passive or resistant to organisational goals.
2. They want to assume responsibility.
3. They want their organisation to succeed.
4. People are capable of directing their own behaviour.
5. They have need for achievement.

What McGregor tried to dramatise through his theory X and Y is to outline the extremes to draw the fencing within which the organisational man is usually seen to behave. The fact remains that no organisational man would actually belong either to theory X or theory Y. In reality, he/she shares the traits of both. What actually happens is that man swings from one set of properties to the other with changes in his mood and motives in changing environment.

4. Vroom's Expectancy Theory:

One of the most widely accepted explanations of motivation is offered by Victor Vroom in his Expectancy Theory” It is a cognitive process theory of motivation. The theory is founded on the basic notions that people will be motivated to exert a high level of effort when they believe there are relationships between the effort they put forth, the performance they achieve, and the outcomes/ rewards they receive.

The relationships between notions of effort, performance, and reward are depicted in Figure



Thus, the key constructs in the expectancy theory of motivation are:

1. Valence:

Valence, according to Vroom, means the value or strength one places on a particular outcome or reward.

2. Expectancy:

It relates efforts to performance.

3. Instrumentality:

By instrumentality, Vroom means, the belief that performance is related to rewards.

Thus, Vroom's motivation can also be expressed in the form of an equation as follows:

Motivation = Valence x Expectancy x Instrumentality



Being the model multiplicative in nature, all the three variables must have high positive values to imply motivated performance choice. If any one of the variables approaches to zero level, the possibility of the so motivated performance also touches zero level.