



[Frequently Asked Questions]

Entrepreneur and Economic Development-II

Subject:	Business Economics
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Unit No. & Title:	Unit – 3 Entrepreneur and Economic Development
Lecture No. & Title:	Lecture – 2 Entrepreneur and Economic Development – II

Frequently Asked Questions

Q1. What do you mean by New entries?

A1. New entry refers to offering a new or established product in established or the new market by creating a new organization.

Q2. Define Entrepreneurial strategy.

A2. Entrepreneurial strategy represents the set of decisions, actions and reactions that it first generates, and then exploit over time, a new entry in a way that maximizes the benefits of newness and maximizes its costs.

Q3. Give any two elements of an entrepreneurial strategy.

A3. –The generation of a new entry opportunities.
– The exploitation of a new entry opportunity.

Q4. When the entry warrants exploitation, and then on which factor the performance of a firm depends on?

A4. When the entry warrants exploitation, then firm performance depends on the entry strategy; the risk reduction strategy, the way the firm is organized, the competence of the entrepreneur and the management team.

Q5. Explain Entrepreneurial Resources.

A5. The ability to obtain and then recombine resources into a bundle that is valuable, rare and inimitable. An entrepreneur combines the resources into such a different ways as this bundle of resources provides a firm its capacity to achieve superior performance.

Q6. Which features should must be as an entrepreneurial resource?

A6. An entrepreneurial resource must be valuable, rare and inimitable.

Q7. What is the market knowledge?

A7. Market Knowledge is the Possession of Information, technology, know-how, and skills that provide insight into a market and its customers.

Q8. What is the advanced technological knowledge?

A8. The advanced technological knowledge is Possession of information, technological innovation, know-how and skills that provide insight into ways to create new knowledge.

Q9. What is window of opportunity?

A9. Window of opportunity is the period of time, when the environment is favourable for entrepreneurs to exploit a particular new entry.

Q10. When does the error of commission occur?

A10. Error of Commission occurs from the decision to pursue this new entry opportunity, only to find out later that the entrepreneur had overestimated his or her ability to create customer demand and to protect the technology from imitation by competitors.

Q11. When does the error of omission occur?

A11. Error of Omission occurs from the decision not to act on the new entry opportunity only to find out later that the entrepreneur

had underestimated his or her ability to create customer and protect the technology from imitation by competitors.

Q12. Give any two competitive advantages of 'being first'.

A12. a. First mover develops a cost advantage.

b. First mover faces less competitive rivalry.

Q13. Why does new venture entrepreneur fail?

A13. A new venture entrepreneur fails owing to lack of a proper business idea, lack of preparation, flaws in the business plan, changes in the environment, competition, changes in government laws, failure to predict the end of the product life cycle, lack of finance, labour unrest and rapid expansion.