

ENTREPRENEURSHIP DEVELOPMENT

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UNIT I

Entrepreneur: Traits and Functions – Innovation – Entrepreneurship motivation – Rural Entrepreneurship

OBJECTIVES:

- **To learn the meaning and the historical origin of Entrepreneurship.**
- **To understand the features and functions of Entrepreneurship.**
- **The relevance of innovation and achievements of Entrepreneurship.**
- **Place of Entrepreneurship in transforming the Backwardness of rurality.**

Entrepreneurship Historical Background:

The commercialization of the economy began to make its presence after the discoveries of sea routes to Asian, North American, and South American continents during the end of the 15th c. It further developed into foundations of larger number of trading corporations in Europe. It accelerated the process of scientific thinking called enlightenment resulting in a larger number of scientific and technological inventions. Consequently it affected the existing production patterns by the arrival of Industrial revolutions. The stated changes created space for a new intellectual arena, called the public sphere. These all together played a crucial role in bringing political revolutions across the globe. It was the time of modernity, making rupture with the age-old feudal mode of production system. In the wake of modernity, we see the commodification, commercialisation, and liberalisation of the economy. In that context, the beginning of the 16th century, the early-modern period, could be seen as the byproduct of the historical moment of the birth of Entrepreneurship.

Meaning and Definition

In the 18th C. the French verb “entreprendre”, used with the meaning of “to undertake”. Generally the term “Entrepreneur” meant for those who were involved in a certain form of

adventurism. In the sixteenth century, the term was used for calling the person who was involved in military activities. In the seventeenth century the “Entrepreneur” meant for those who were involved in construction and fortification. Only in the eighteenth century it began to stand for the persons who engaged in commercial activities.

Richard Cantillon, an Irish-French economist, was the first person to use the word “Entrepreneur” in his work “*Essai sur la Nature du Commerce en General*” (1755). According to him, entrepreneurs take risks and purposefully allocate resources in economic activities to pursue maximum profit. Joseph Schumpeter, a 19th century economist, sees that the entrepreneurs engage in creative destruction and innovation for the sake of bringing changes in the economic life of the people.

Theories of Entrepreneurship

Entrepreneurship theories offer a wealth of knowledge that helps us understand the various behaviours, processes, and outcomes associated with entrepreneurial activities. They serve as a guide, helping you to comprehend how entrepreneurs spot opportunities, gather resources, drive innovation, manage risks, and ultimately create value. Whether starting your venture or studying the field, *these theories shed light on the **core principles** behind successful businesses.*

The Importance of Theoretical Frameworks

Theoretical frameworks in entrepreneurship are vital as they provide a structured approach to understanding the complexities of starting and managing a business. They equip you with the tools to tackle challenges, make informed decisions, and strive for **growth** and sustainability with more confidence. These frameworks emphasise the need for market validation before launching a

new product or service, reminding you to tune into **customer needs**, keep an eye on market trends, and evaluate the viability of your business ideas.

In the ever-changing business landscape, *a firm grasp of entrepreneurship theory is invaluable for entrepreneurs and business leaders alike*. It offers insights into what drives **entrepreneurial** success and the crucial role of innovation and flexibility.

Evolution of Entrepreneurial Thought

The evolution of entrepreneurial thought has recognised the need to adapt to changing market conditions and the central role of **innovation**. Theories have expanded to include the study of entrepreneurial networks and social capital, underscoring the importance of collaboration and **partnerships** in fostering a creative and innovative organisational culture. By weaving these theories into your strategic planning, you can proactively spot and seize new growth opportunities, *securing your long-term success*.

Entrepreneurship theory has also evolved to understand better the cultural and contextual factors that significantly influence entrepreneurial outcomes. While past theories might have zeroed in on individual initiative, today's thinking promotes a more inclusive approach that considers social and environmental dimensions. This shift mirrors a broader trend towards sustainable business practices and the integration of insights from various disciplines. *This enhances the practical applications of entrepreneurship theory and broadens its theoretical base*.

A.Schumpeter's Theory of Innovation

Schumpeter identified entrepreneurs as the drivers of economic advancement through their role in introducing novel products or methods of production. He posited that these individuals are agents of change, **disrupting** established market patterns through a process he called ‘creative destruction’. This phenomenon leads to the decline of outdated products and the rise of new innovations, *facilitating progress despite rendering some industries obsolete*.

B. Kirzner’s Theory of Entrepreneurial Discovery

Kirzner’s perspective contrasts with Schumpeter’s by depicting the entrepreneur as an opportunist, *keenly aware of market deficiencies that others overlook*. These entrepreneurs exploit such gaps, initiating a response in the marketplace that eventually reduces the profitability of these opportunities due to heightened competition. Kirzner’s theory positions the **entrepreneur** as a force that drives markets toward equilibrium by fulfilling unmet demands or correcting inefficiencies.

C. Knight’s Theory of Risk-Bearing

Knight’s contribution to entrepreneurial theory centres on the entrepreneur’s capacity to handle uncertainty. He made a clear distinction between calculable risks, which are insurable, and true uncertainty, *which is unforeseeable and incalculable*. Knight contended that entrepreneurs are those who accept this uncertainty in their quest for innovation and market presence.

Knight posited that the entrepreneur’s profit is a result of their willingness to embrace uncertainty. The more uncertainty an entrepreneur can successfully navigate, *the greater the potential for reward*. He also observed that the presence of stable institutions and regulatory frameworks could reduce some of the unpredictability entrepreneurs face, thereby fostering a more

conducive business environment. His insights underscore the significance of differentiating between insurable risks and the intrinsic uncertainties of entrepreneurial activities.

D. McClelland's Need for Achievement

David McClelland, a prominent psychologist from Harvard, proposed a theory that has become instrumental in deciphering entrepreneurial motivation. His Need Theory, also referred to as the Three Needs Theory, posits that human motivation is significantly influenced by three needs: achievement, power, and affiliation.

Entrepreneurs often exhibit a pronounced nACH, characterised by an aspiration for success, accountability, and preference for moderately challenging tasks. Those with a heightened nACH tend to set lofty goals and embrace calculated risks to achieve them. In contrast, individuals with a diminished nACH may shy away from entrepreneurial endeavours due to apprehension of failure or hesitation to assume leadership roles.

E. Locus of Control Concept

The locus of control concept delves into whether individuals attribute their life outcomes to their actions (*internal locus of control*) or external circumstances (*external locus of control*). Research indicates that an internal locus of control is associated with a propensity for entrepreneurial pursuits. Individuals with this outlook are typically proactive, seek opportunities, and have faith in their capacity to triumph through diligence.

Conversely, those with an external locus of control may perceive entrepreneurial success as contingent on chance or the influence of others, potentially leading to anxiety and a diminished inclination to pursue business ventures.

F. The Role of Social Networks

Entrepreneurs leverage social **networks** as vital channels for acquiring resources, gaining knowledge, and obtaining support. These networks enable the creation of strong brands and the cultivation of communities that rally around the entrepreneur's offerings. The reach of social networks extends beyond traditional barriers, providing a powerful tool for enhancing business growth and influence.

G. Cultural and Environmental Influences

The cultural context in which entrepreneurs operate can profoundly affect their likelihood of engaging in entrepreneurial activities. The work of scholars like **Max Weber** has pointed out the role of cultural ethics, such as the Protestant work ethic, *in shaping economic progress in Europe*.

The economic achievements of nations like America and Japan during certain periods have been attributed to their respective societies' religious and cultural values. The propensity for entrepreneurship varies significantly across different cultures and can be a lasting trait within communities. For instance, *individuals with immigrant backgrounds may be more predisposed to entrepreneurship if they come from a culture with a strong entrepreneurial ethos*. This indicates that current economic conditions do not solely determine the drive for entrepreneurship but are also deeply embedded in cultural history.

H.The Institutional Theory Perspective

Institutional theory views **entrepreneurship** as an activity governed by the norms and regulations of the surrounding social and economic environment. Entrepreneurs must understand and adhere to these norms to secure legitimacy and support. Those who fail to conform to the prevailing institutional norms may struggle to obtain the necessary resources and recognition to prosper.

This theory highlights entrepreneurs' need to comprehend the broader social dynamics that influence success beyond just economic factors. Institutional entrepreneurs aim to succeed within the existing framework and innovate and potentially transform the entrepreneurial landscape.

Conclusion

Understanding the various Theories of Entrepreneurship thus provides a comprehensive view. The factors influence Entrepreneurial behaviour and success. Be it via economic incentives, social networks, psychological traits, or institutional support, Entrepreneurship remains a dynamic phenomenon. It continues to influence progress and transformation in the workplace.

Entrepreneurs Traits and Functions

1. Curiosity
2. Willingness to Experiment
3. Adaptability
4. Decisiveness
5. Self-Awareness
6. Risk Tolerance
7. Comfort with Failure
8. Persistence
9. Innovative Thinking
10. Long-Term Focus

1. Curiosity

Successful entrepreneurs have a distinct personality trait that sets them apart from other organizational leaders: a sense of curiosity. An entrepreneur's ability to remain curious allows them to continuously seek new opportunities. Rather than settling for what they think they know, entrepreneurs ask challenging questions and explore different avenues. Entrepreneurship is described as a "process of discovery." Without curiosity, entrepreneurs can't achieve their main objective: discovering new opportunities. The drive they have to continuously ask questions and challenge the status quo can lead them to valuable discoveries easily overlooked by other business professionals.

2. Willingness to Experiment

Along with curiosity, entrepreneurs require an understanding of structured experimentation, such as design thinking. With each new opportunity, an entrepreneur must run tests to determine if it's worthwhile to pursue. For example, if you have an idea for a new product or service that fulfills an underserved demand, you'll have to ensure customers are willing to pay for it and it meets their needs. To do so, you'll need to conduct thorough market research and run meaningful tests to validate your idea and determine its potential.

3. Adaptability

Entrepreneurship is an iterative process, and new challenges and opportunities present themselves at every turn. It's nearly impossible to be prepared for every scenario, but successful business leaders must be adaptable. This is especially true for entrepreneurs who need to evaluate situations and remain flexible to ensure their business keeps moving forward, no matter what unexpected changes occur.

4. Decisiveness

To be successful, an entrepreneur has to make difficult decisions and stand by them. As a leader, they're responsible for guiding the trajectory of their business, including every aspect from funding and strategy to resource allocation. Being decisive doesn't always mean being correct. Entrepreneurs need the confidence to make challenging decisions and see them through to the end. If the outcome turns out to be less than favorable, the decision to take corrective action is just as important.

5. Self-Awareness

A great entrepreneur is aware of their strengths and weaknesses. Rather than letting shortcomings hold them back, they build well-rounded teams that complement their abilities. In many cases, it's the entrepreneurial team, rather than an individual, that drives a business venture toward success. When starting your own business, it's critical to surround yourself with teammates who have complementary talents and contribute to a common goal.

6. Risk Tolerance

Entrepreneurship is often associated with risk. While it's true that launching a venture requires an entrepreneur to take risks, they also need to take steps to minimize it. While many things can go wrong when launching a new venture, many things can go right. Entrepreneurs who actively manage the relationship between risk and reward position their companies to "benefit from the upside." Successful entrepreneurs are comfortable with encountering some level of risk to reap the rewards of their efforts; however, their risk tolerance is tightly related to their efforts to mitigate it.

7. Comfort with Failure

In addition to risk-management and calculated decision-making, entrepreneurship requires a certain level of comfort with failure. "Of startups that have more than one employee, 70 percent survive at least two years, half last at least five years, and a quarter last 15 years," says Harvard Business School Professor William Sahlman in "Entrepreneurship Essentials". "Even then, only a small fraction of the survivors get to be significant employers." The reasons for failure are vast

and encompass everything from a lack of business scalability to low product-market fit. While many of these risks can be avoided, some are inevitable. Despite this, entrepreneurs must prepare themselves for, and be comfortable with, failure. Rather than let fear hold them back, they maintain a positive attitude to allow the possibility of success to propel them forward.

8. Persistence

While many successful entrepreneurs are comfortable with the possibility of failing, it doesn't mean they give up easily. Rather, they see failure as an opportunity to learn and grow. Throughout the entrepreneurial process, many hypotheses turn out to be wrong, and some ventures fail altogether. Part of what makes an entrepreneur successful is their willingness to learn from mistakes, ask questions, and persist until they reach their goal.

9. Innovative Thinking

Innovation often goes hand-in-hand with entrepreneurship. While innovation in business can be defined as an idea that's both novel and useful, it doesn't always involve creating an entirely new product or service. Some of the most successful startups have taken existing products or services and drastically improved them to meet the changing needs of the market. Although innovation doesn't come naturally to every entrepreneur, it's a type of strategic mindset that can be cultivated. By developing your problem-solving skills, you'll be well-equipped to spot innovative opportunities and position your venture for success.

10. Long-Term Focus

Most people associate entrepreneurship with starting a business. While the early stages of launching a venture, such as securing funding, are critical to its success, the process doesn't end once the business is operational. According to "Entrepreneurship Essentials", "it's easy to start a business, but hard to grow a sustainable and substantial one. Some of the greatest opportunities in history were discovered well after a venture launched." Entrepreneurship is a long-term endeavor, and entrepreneurs must focus on the process from beginning to end to ensure long-term success.

Entrepreneurship and Innovation

Innovation and entrepreneurship are closely related concepts that drive the modern business world. Innovation can be best defined as creating an idea that improves the way we see things and adds value to the existing dimension of performance. Where on the one hand creativity is the ability to create something new, and innovation on the other hand is the implementation of those new ideas into reality. In other words, innovation is the process of creating new ideas, products, or services, while entrepreneurship is the process of turning those ideas into successful businesses.

Category	Innovation	Entrepreneurship
Definitiosn	Introducing new ideas, methods, products, or services	Identifying opportunities, taking risks, and creating a business
Role	Catalyst for progress	Vehicle for transforming innovations into businesses

Relationship to entrepreneurship	Starting point for entrepreneurship	Takes innovation further by bringing ideas to market
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Innovation and entrepreneurship are often collaborative efforts that involve multiple actors, such as inventors, entrepreneurs, and customers. Some factors that can contribute to the development of innovations include:

- Knowledge in various forms, such as education and research
- Location, which can affect a company's ability to access knowledge resources

Innovation in Entrepreneurship

Innovation in Entrepreneurship can be defined as a major catalyst for improving the creativity, character, and thought process of a company. By stimulating the imagination of employees, an organization can attain desired heights.

Innovation in Entrepreneurship can open the doors to various opportunities by helping the business keep up with current market demands and trends.

What is Innovation?

A solid business innovation strategy can be integral to a company's growth and success. But if you ask a dozen different people, "What is business Innovation?", you'll likely get a dozen different answers. That's because the role of innovation in business evolves along with the company.

Innovation can be best defined as the art of implementing new ideas, strategies, and thought processes with a vision to introduce or improve the present. Everybody has their own definition of innovation but the common component in the definition is a focus on newness, improvement, and the spread of ideas and technologies.

What is Innovation in Entrepreneurship?

Innovation in entrepreneurship means the practice of creating new business ideas and plans with the intention of generating profits, helping the community, and accompanying company goals.

Who is an Innovative Entrepreneur?

An innovative entrepreneur is a person who has the potential of designing and bringing innovative products into the market. Innovative entrepreneur in the name itself reflects a responsibility over a person's shoulder to generate and bring new ideas into business which can later be converted into life-changing products.

Innovative entrepreneurs design business models to meet the corporate needs of businesses and improve their competitiveness in the market. Innovative entrepreneurs are individuals with innovative ideas to create long-lasting solutions for common problems shared by a large number of people or countries.

Importance of innovation in entrepreneurship

The importance of innovation in entrepreneurship has become a necessity for a business to adopt as we can see markets are constantly changing and so are customers' needs and satisfaction. Companies in order to survive in the market are looking for innovative solutions for their customers to make them satisfied and thus workplace innovation comes into place.

In today's fast-paced entrepreneurial landscape, harnessing the power of innovative video marketing, empowered by cutting-edge online video editors, is the key to staying ahead and making a lasting impact.

According to surveys taken over the profound amount of years, it has been observed by the executives of the companies that innovation is the key to business growth and sustainability but only a few are satisfied with the innovative efforts of their employees.

To say this from a different perspective companies are seeking innovative strategies but they are struggling to create and implement them. So it is important for companies to build innovative structures for their organisations that help them to stay ahead in this competitive market.

Motivation and its importance in entrepreneurship

The desire and motivation to keep focusing on the tasks and to work hard are the keys to becoming successful entrepreneurs. Entrepreneurs must be self-motivated to convince investors of the practicality of their ideas. With a unique business idea comes many challenges at all stages of its implementation. For entrepreneurs, self-belief is crucial to motivation. It is a tough task to start something new, and it becomes even tougher when people are doubtful about the practicality of the venture. For instance, if an entrepreneur does not have the capital to start the venture, they need funding from external sources such as investors or government institutions. To convince potential investors of an idea, they need motivation and self-belief, especially in the beginning.

Types of entrepreneurial motivation

There are several types of entrepreneurial motivation. These may vary depending on the type of entrepreneur and their motive. These may also be classified as financial and non-financial motivations. The most common motivations are:

- **Monetary gains:** every business venture, whether it is entrepreneurial or conventional, has the ultimate motive of generating profit. Entrepreneurs also want maximum gains in terms of money, but they get more satisfaction in the process. Firstly, they are working for themselves, which is quite a big motivation in itself. Secondly, they believe that while making money, they are also offering innovative business solutions to the industry.

- **More freedom:** entrepreneurial systems grant more freedom than conventional ones. Entrepreneurs want to have a working structure that ensures more flexibility. They have more freedom to make choices that they think will benefit the venture in the long run.
- **More authority:** entrepreneurs have more authority, which also makes them self-accountable. Since they have these business ideas, they want to be involved in every aspect of it. From product development to ensuring a sustainable customer base, entrepreneurs have the final say in each of these decisions.
- **Creative control:** It is a motivation that keeps entrepreneurs going and helps them achieve their goals. Every creative decision must be aligned with the vision of entrepreneurs. For instance, a product is launched to target a younger customer base. To attract a particular base, every creative decision must be taken to achieve this goal, from product design to marketing strategies.

Rural Entrepreneurship

A rural entrepreneur is someone or a group who identifies opportunities for businesses in the rural area and takes the initiative to start and operate these ventures. In addition to promoting sustainable livelihoods and promoting economic growth, it also drives economic growth.

In recent years, rural entrepreneurship has received increasing attention as policymakers and development organizations recognize its potential for reducing rural poverty, reducing urban migration, and promoting inclusive growth.

Characteristics of Rural Entrepreneurship:

a. Local Focus:

Rural entrepreneurs typically focus on businesses that cater to local needs and demands. In rural areas, they usually deal with agriculture, agribusiness, food processing, handicrafts, tourism, and services that directly meet local needs.

b. Resourcefulness and Resilience:

In rural areas, entrepreneurs face challenges related to limited infrastructure, access to finance, and market links, so they need to be resourceful and resilient. The organizations must overcome these barriers and adapt to changing circumstances in an innovative way.

c. Inclusive Growth:

A rural entrepreneur can promote inclusive growth by creating employment opportunities for local residents, including women and marginalized groups. Involving people and communities in the economic development process is part of it.

d. Sustainable Practices:

A number of rural entrepreneurs adopt sustainable practices to protect the environment and ensure long-term viability, such as organic farming, eco-friendly production, and renewable energy. Cultural preservation and ecological respect are often intertwined with sustainability.

Importance of Rural Entrepreneurship:

a. Employment Generation:

Rural entrepreneurship creates much-needed employment in rural areas, reducing agricultural dependency, and is crucial to stemming urban migration and stabilizing rural communities.

b. Income Generation:

As rural communities generate income through entrepreneurship, they experience increased purchasing power, which leads to better living standards and better educational opportunities.

c. Economic Diversification:

Rural economies have traditionally been heavily dependent on agriculture. In addition to introducing new business activities beyond agriculture, rural entrepreneurship makes rural economies more resilient to agricultural fluctuations by introducing new business activities.

d. Poverty Reduction:

A rural entrepreneurship program has the potential to significantly reduce poverty in rural areas. It provides individuals with economic opportunities and enables them to support their families while escaping poverty.

e. Local Development:

Entrepreneurs who are successful in rural areas often commit themselves to improving the conditions in their immediate communities through investments in infrastructure, schools, healthcare, and social services.

f. Value Addition to Local Resources:

The use of local resources to add value to raw materials and generate increased economic returns for rural regions is common among entrepreneurs in rural areas.

g. Preservation of Traditional Knowledge and Culture:

Rural entrepreneurship helps preserve the local cultural heritage and indigenous knowledge of the community, passing it on to future generations as part of preserving the traditional knowledge and culture.

Challenges of Rural Entrepreneurship:

a. Limited Access to Finance:

Entrepreneurs in rural areas often face challenges when accessing formal financial services, which prevents them from investing in expanding their businesses.

b. Lack of infrastructure:

In rural areas, poor infrastructure, such as poor roads and electricity, prevents rural entrepreneurs from effectively reaching markets and distributing their products.

c. Market Linkages:

It is challenging for rural entrepreneurs to find reliable, profitable markets for their products. A lack of market connections can lead to low returns and hinder rural businesses' growth.

d. Skills and Training:

It is challenging for rural entrepreneurs to find reliable, profitable markets for their products. A lack of market connections can lead to low returns and hinder rural businesses' growth.

e. Climate and Environmental Risks:

Rural enterprises, especially those involved in agriculture, are vulnerable to risks associated with the climate, including droughts, floods, and extreme weather events.

Government Initiatives to Promote Rural Entrepreneurship

In order to encourage rural entrepreneurship, the government has taken the following measures:

i. Financial Inclusion:

The government encourages rural banking services and microfinance institutions, including the provision of credit guarantees to support rural entrepreneurship, to promote financial inclusion.

ii. Skill Development:

In rural areas, skill development and training programs are offered to develop the entrepreneurial capabilities of rural people, focusing on imparting relevant managerial and technical skills.

iii. Developing Rural Infrastructure:

To facilitate business activities and provide an enabling environment for rural entrepreneurs, the government invests in improving rural infrastructure, such as roads, electricity, and internet connectivity.

iv. Market Access:

Creating market linkages between rural entrepreneurs and urban markets is one of the most effective strategies for reaching a broader audience for rural products. Farmer markets, cooperatives, and e-commerce platforms help meet this need.

v. Incentives and Subsidies:

There are a number of government incentives, tax breaks, and subsidies that are offered to promote rural entrepreneurship and to encourage investment in rural areas. Government incentives are designed to assist rural enterprises in developing and establishing their operations.

Examples of Rural Entrepreneurship:

1. Agricultural business:

Rural entrepreneurs often engage in agribusiness to enhance agricultural products through processing, packaging, and marketing. These enterprises may range from food processing to dairy farms to fruit and vegetable preservation enterprises.

2. Arts and Crafts:

Rural artisans produce crafts and handicrafts that are characteristic of their region, contributing to cultural preservation as well as tourism development.

3. Rural Tourism:

The rural tourism industry is founded by entrepreneurs setting up tourist accommodations like homestays, eco-lodges, and adventure tourism ventures, which promote local culture, provide income to residents, and protect natural resources in rural areas.

4. Renewable Energy:

Small-scale initiatives such as solar panels or biogas plants are established by rural entrepreneurs in order to meet their communities' energy needs. These projects, which promote sustainability, help reduce dependence on fossil fuels.

5. Social Enterprise:

- A social enterprise is an enterprise that is designed to meet specific local needs, such as education or healthcare. These enterprises follow a social impact philosophy and aim to benefit the community as a whole.
- In rural areas, rural entrepreneurship is a powerful force that empowers individuals and communities to take charge of their economic destiny. The program promotes inclusive growth, reduces poverty, and promotes sustainable development. Rural entrepreneurs face many challenges, including a lack of access to finance, infrastructure problems, and limited market access.
- In order to support rural entrepreneurship, governments and other stakeholders must continue to develop initiatives such as financial inclusion, skill development, infrastructure development, and market access facilitation. Our goal is to unlock the potential of rural communities, promote inclusive growth, and achieve sustainable rural development by creating an enabling environment for rural entrepreneurs.
- A balanced and equitable development can also be achieved by promoting rural entrepreneurship, where both urban and rural areas contribute equally to the national economy. Through concerted efforts and support, rural entrepreneurship can help rural

communities achieve a brighter and more prosperous future. With it, millions of lives can be uplifted and society can become more inclusive and vibrant

SELF ASSESSMENT QUESTIONS:

- **Why the term and process 'Entrepreneurship' acquire prominence since 18th C?**
- **How innovation is much more relevant for one to become better Entrepreneur—Explain.**
- **Entrepreneurship occupies central place in connection with erasing the backwardness of rurality—Analyse.**

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UNIT II

Steps for starting a small industry: Identification of Business opportunity – Selection of Product –Government Subsidies and Incentives

OBJECTIVES:

- To have a familiarity with the steps for starting a small Industrial unit.
- To learn about the marketability of the product.
- To know about technical training and financial supports from the Government.

Small scale industries: Meaning and Types

Small scale industries are those industries that are labour-intensive yet require less or limited capital. These industries are also characterised by the use of smaller machines and fewer employees. Small scale industries have thrived and flourished in the Indian economy in the last three decades. About 95 per cent of the industrial units in India are small-scale industries. The Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 classifies the Micro, Small and Medium Enterprises into two divisions, such as **Manufacturing industries**, and **Service industries**. But it can broadly be classified that there are three types of small scale industries which are as follows:

1. **Manufacturing industries:** The industries that produce finished goods either for consumption or other industries are manufacturing industries. These are generally owned by a single individual. One such example of a small scale manufacturing business is the food processing industry. It is engaged in the manufacture or production of goods which are connected to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951). Also, they may operate through plant and machinery towards

value addition to the final product. The final product may be having a distinct name or character, or use. The Manufacturing Enterprise is defined in terms of investment in Plant and Machinery. As mentioned above, the first schedule contains a list of 38 industries. Some examples are Metallurgical, fuel, boilers, and others. All of these are defined as industries using manufacturing processes.

2. **Ancillary Industries:** These industries help the big or multinational companies manufacture finished goods by providing them with some of the parts necessary for manufacturing the finished goods. These industries can be identified as those industries which make machines for those multinational companies. They are those industries that can hold the status of a small ancillary industry on the condition that the supplies are minimum 50 percent of its product to another business that is the parent unit. They hold the status also if they can produce components, machine parts, standard products or tools for the parent unit.
3. **Service industry:** the industry that helps repair and maintain a product is classified as the service industry.

Since we discussed earlier that the small scale industries require less capital. Therefore small business owners and entrepreneurs are always willing to start their own small scale industry business. So here are few tips for those who wish to start their small-scale industry business.

Steps to start a small scale industry in India

1. Product Selection

The first and foremost step which should be taken while launching a small scale industry is to choose a product to be produced. Before choosing that product, one must also conduct market research on various products and then only choose to produce it. Some factors which must be kept in mind while researching on the market are:

1. The product must be unique.
2. The product must have little or low competition from its competitors in the market.
3. The product should be new and innovative.
4. The raw materials needed to produce these products must be readily available.
5. The production of the product must be in the budget.
6. The product should be easily accessible in the market

The potential business entrepreneur must have clear small scale industry ideas before production because the product is the core of the business. Some small scale industries examples are producing handmade chocolates, making handmade soaps, producing spices, papad, and other dry food items, producing hair oil, etc.

2. Location of the Enterprise

Location is a crucial factor while setting up a small scale industry. Location affects a lot of other important factors such as transportation costs, availability of raw materials, availability of land at low rates. Suppose the location of the production unit is in the proximity of the source of raw materials. In that case, the transportation costs reduce and it maximises the profit. In India, the

government also offers pre-built areas or developed plots to develop small scale industries. So if a person wants to start a small scale manufacturing business, he/she can easily start one by registering with the government.

3. The pattern of the Organisation

Small scale industries can be chosen to be in three main forms of ownership. These are Proprietary, Partnership, and Company.

Proprietary implies all the rights that the proprietor or the property owner can exercise and all the items or products produced and marketed under exclusive rights. By exclusive right, we mean that those rights are to be exercised only by the proprietor. The proprietary also has a registered trade name. This trade name also protects the business from unethical works such as copying.

A partnership is an association of two or more people. The individuals involved in the small scale industry business invest their money together in the partnership and carry on the company as a joint venture. While being in a joint venture, the benefits and the losses are immense because of the profits, losses, and risks shared by all the individuals involved. The partnership is also characterised by the fact that the business gets the combined capital and managerial skills of all the individuals involved. There the "partners" get a mutual benefit.

A company abbreviated as co. is a legal entity that is created by the state whose liabilities and assets are separate from its owner. A company represents an association of people who may be natural legal or a mixture sharing a specific objective. Therefore according to the above guide, a person can decide the pattern of his organisation.

4. Project Appraisal

Project appraisal signifies the analysis of a scheme or project that has to be prepared according to all the aspects such as financial aspect, technical aspect, marketing, and management. This is done so that it will become the most feasible enterprise. It also helps the entrepreneur to acquire data that will help him in the future. This will help it to become one of the best small scale industries.

Analysis of the project is done by researching the product's performance in the market, its demands, and consumption. One can also analyse a certain idea by researching it, just like it was stated above. So that if the idea about a certain product works and helps in more sales, it will be incorporated by the company or enterprise for a long period. But if the idea doesn't work, it can be discarded as soon as possible.

5. Registration with Authorities

After all the above steps are done, the small scale industry should be registered with higher authorities like DGSD, RBI, RLA and State Directorate of India. This should be done so as the government will recognise one's industry. Small scale industry registration has become hassle-free as, under the Udyog Aadhaar scheme, one can easily fill the online registration form to get the registry done. It is free of cost one doesn't even need to pay for the processing. After registration, one will get the registration certificate on the email id only after the documents verification is completed. Some information that is compulsory to be shown is contact details, bank details, and business details, number of employees. An Aadhaar card is also one of the mandatory documents to be shared.

These were a few steps that should be taken if a person wants to be an entrepreneur of a small scale industry business. This is a basic guide for a person who does not know how to start a small scale industry. Some small scale industry examples are Rice mills, potato chips, beverages, toys, etc.

Government Subsidies and Incentives

A government subsidy is a benefit given to individuals, businesses, or institutions to help remove a burden or promote a social good or economic policy. Subsidies can be direct, such as cash payments, or indirect, such as tax breaks. The Government has been focused on boosting the economy by introducing various incentive schemes from time to time. These incentives provide various fiscal and non-fiscal benefits to the industry thereby promoting manufacturing, services, employment opportunities and infrastructure development of the economy. Typically, these schemes are focused on a particular sector or region and use varied thresholds to incentivize, such as investment, incremental production, employment generated, research and development, etc. Interestingly, these schemes also have the option of customised packages of incentives for large projects.

The Central as well as State Governments of India provide various incentives to the industry in the form of subsidies, exemptions, concessions, duty deferral under industry- or state-specific policies, foreign trade policy, etc. These incentives provide fiscal as well as non-fiscal benefits for eligible investments such as greenfield and brownfield projects, and research & development activities. Businesses can often avail of a combination of incentives extended by the Central and the State Governments.

To name some kinds of subsidies are

- 1.Capital Subsidy
- 2.Power Subsidy
- 3.Generators Subsidy
- 4.Interest Subsidy
- 5.Energy Efficiency
- 6.Quality Certification
- 7.Payroll Subsidy

UDYOG AADHAR MEMORANDUM (UAM)

Udyog Aadhar is a twelve digit Unique Identification Number provided by the Ministry of Micro, Small and Medium Enterprises, Government of India for Micro, Small and Medium Enterprises in India. It is also known as Aadhar for Business.

MUDRA LOAN

Micro Units Development and Refinance Agency Ltd. [MUDRA] is an NBFC supporting development of micro enterprise sector in the country. MUDRA provides refinance support to Banks / MFIs for lending to micro units having loan requirement upto 10 lakh. MUDRA provides refinance to micro business under the Scheme of Pradhan Mantri MUDRA Yojana.

Unemployed Youth Employment Generation Programme (UYEGP)

The Micro, Small and Medium Enterprises Department of Government of Tamil Nadu has introduced the scheme Unemployed Youth Employment Generation Programme (UYEGP). The key objective of this UYEGP scheme is to diminish the unemployment problems of socially and economically weaker section of the society, particularly among the educated and unemployed to become self-employed by setting up Service, Manufacturing, Business enterprises by availing loan with subsidy assistance from the State Government.

Start Up India Scheme

Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).

NIC ACTIVITY CODE FOR UAM

Activities under UAM has been classified with unique code as per NIC 2008.

Pradhan Mantri Employment Generation programme(PMEGP)

PMEGP is a central sector scheme, administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme

will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme will be routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts.

MSME SAMADHAAN

The Ministry of Micro, Small & Medium Enterprises (MSME) has launched MSME Delayed Payment Portal – MSME Samadhaan for empowering micro and small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Government.

Stand Up India

Stand-Up India Scheme facilitates bank loans between Rs 10 lakh and Rs 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or woman entrepreneur

Interplay between Tax and Sustainability

Given the increasing importance of ESG reporting across the globe, the interplay of tax and sustainability has also gained significance. Right from carbon levies to green subsidies to tax transparency, the landscape is quite vast. This requires businesses to understand emerging tax transparency policies, make adequate disclosures for stakeholders and navigate their way through the levy of carbon taxes on supply chains. The emergence of new carbon levies, complex

computation mechanisms for the same and new tax transparency disclosure requirements across jurisdictions will be witnessed in the coming years.

Given the Indian government's increasing impetus on ESG reporting, corporations in India need to focus on disclosure of their tax practices and strategies, including their tax payments, incentives, and structures. In the near future, the Government is also expected to roll out critical tax disclosure policies aimed at promoting increased transparency and accountability, reducing tax avoidance and evasion, and aggressive tax planning. It is also important for businesses to understand the impact of the carbon levies on their supply chain. Businesses would need to re-evaluate their global supply chains not only to mitigate these carbon levies but also to lower their carbon footprint.

Other Supports from Government:

- National Small Industries Corporation(NSIC) works to support and promote the growth of small businesses all across the country operating throughout the nation by various Professional Centres and its offices.
- Small Industries Development Organisation (SIDO) are autonomous bodies. Some examples are various training institutions, tool rooms, project and process centres, and other such development centres.
- National Bank for Agriculture and Rural Development (NABARD) is an apex establishment; it finances the projects of rural development.
- The Rural Small Business Development Centre (RSBDC) is Sponsored by NABARD, and it works for both socially and financially downtrodden people. It covers those in

rural India who are jobless, young, and including women by providing them scope for small businesses.

- Rural and Women Entrepreneurship Development strives to promote and encourage the entrepreneurial ventures of rural India and especially women.
- Small Industries Development Bank of India (SIDBI) provides financial assistance under various schemes for the benefit of small-scale enterprises.
- The National Commission for Enterprises in the Unorganised Sector (NCEUS) functions are to focus on approaching the difficulties faced by small enterprises.
- World Association for Small and Medium Enterprise (WASME) is a global non-governmental body that approaches the difficulties of a small business. For industrialisation in rural India, it has an 'International Committee'.
- Rural and Women Entrepreneurship Development (RWED) supports the small business development of rural masses and especially women.
- Scheme of Funds for Generation of Traditional Industries(SFURTI) is a body that deals with industries which are traditional like that of Khadi or other village industries. The Coir Board is also important for this scheme.
- District Industries Centres implement central and state-level schemes and work under State Directories.

SELF ASSESSMENT QUESTIONS:

- **India needs the constant development of larger number of small—analyze.**
- **Selection of the product is important in concern to increase marketability and avoid loss.**
- **Why Government’s supports in the form of training and incentives is necessary for the small scale enterprises- Elaborate.**

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UNIT III

Quality Assurance and Testing of Product – Total Quality Management – Quality Control and Assurance Techniques

OBJECTIVES:

- **To learn the methods of assuring the quality of the product.**
- **To understand the relationship between quality of the product and its popularity**
- **Methods of creating a branded name for the products.**

Quality Assurance and Quality Management

What is Quality Assurance?

Quality assurance (QA) is a systematic approach utilized by various industries to make sure that pre-determined quality requirements are met and fulfilled. It is composed of principles, methods, protocols, and procedures established and maintained by a company to ensure that the quality of its products and services is consistently high and compliant with organizational and regulatory standards. QA assists workers in meeting quality objectives for each product or service rendered.

What is Quality Control?

Quality control (QC) is a methodical procedure used to ensure that a product or service meets specified requirements and standards. It involves systematic actions and measures to verify that a product or service being developed meets a business's predefined criteria for quality.

Quality Assurance vs Quality Control

Whereas quality assurance is focused on the processes involved in producing the output, quality control (QC) is more on the inspection of the quality of the products. This is performed by evaluating if they pass specific quality standards before being shipped out to customers. As both parts of the bigger umbrella of quality management, QC aims to catch deficiencies in quality while QA aims to prevent those deficiencies from even occurring.

The Importance of Both

Good quality assurance and quality control are two of the most important elements of a successful operation in various industries, such as manufacturing and engineering. Achieving, ensuring, and maintaining the quality of your goods and services are paramount to making your customers happy and keep them coming back.

Quality in Manufacturing

This can serve as a beginner's introduction to the common ISO standards in use today, especially in the industry of manufacturing. The scheme aims to encourage MSMEs to acquire quality standards/certifications for process and product, such as ISO 9000/ISO 14001/ISO 22000/Hazard Analysis and Critical Control Point (HACCP)/ Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP) Certifications, BIS Certification, Zero Defect and Zero Effect (ZED) Rating or any other international quality certification recognized in India by a competent authority. For example, the government of Tamilnadu reimburses payments made to Consultancy and certification agencies towards acquiring such Quality Certification subject to a ceiling of Rs.2.00 lakhs for National level certification and Rs.10.00 lakhs for International level Certification. During the financial year 2020-21, a sum of Rs.60.35 lakhs has been disbursed to 92 MSMEs in the State of Tamilnadu.

What is ISO and Why is it Important?

ISO is the International Organization for Standardization, with a current membership of 165 countries or national standards bodies. It is the world's leading authority and regulatory body for safety and quality standards in manufacturing and service.

What are ISO Standards?

ISO standards are specific criteria set by ISO to cover different aspects of business and manufacturing operations. To earn a coveted ISO standard certification, a company has to request and pass a third-party ISO audit performed by a national or regional certification body.

Common ISO Standards

To date, ISO boasts almost 22,000 standards and certifications covering a wide variety of operational aspects. Below are some of the most common standards companies strive for:

ISO 9001:2015 – Quality Management Standard

Last updated in 2015, ISO 9001:2015 specifies the requirements for a company's QMS (Quality Management System). It aims to assess an operation's ability to consistently deliver high-quality products and services while meeting customer expectations and relevant statutory and regulatory requirements.

ISO 22000 – Food Safety Standard

ISO 22000 provides requirements for developing and implementing a Food Safety Management System (FSMS). This certification is a must-have for companies in the food processing and food service industries.

India: AGMARK:

AGMARK is a certification mark for agricultural produce, assuring that they conform to a grade standard notified by Directorate of marketing and Inspection(DMI). Department of Agriculture. Cooperation and Farmers Welfare under Agricultural Produce (Grading Marking) Act, 1937. Till date, grade standards for 222 agricultural products have been notified. These include fruits, vegetables, cereals, pulses, oilseeds, vegetable oils, ghee, spices, honey, creamery butter, wheat, atta, besan etc.

India: FSSAI

The Food Safety and Standards Authority of India (FSSAI) is a statutory body under the administration of the Ministry of Health and Family Welfare, Government of India. The FSSAI has its headquarters at New Delhi. It regulates the manufacture, storage, distribution, sale, and import of food articles, while also establishing standards to ensure food safety. The FSSAI was established by the Food Safety and Standards Act, 2006, which consolidated all former acts and orders related to food safety that were previously handled by various ministries and departments. The authority also has four regional offices located in Delhi, Mumbai, Kolkata, and Chennai. There are 22 referral laboratories notified by FSSAI, 72 State/UT laboratories located throughout India and 112 laboratories are NABL accredited private laboratories notified by FSSAI.

The main aim of FSSAI is to

1. Lay down science-based standards for articles on food

2. To regulate the manufacture, storage, distribution, import, and sale of food
3. To facilitate the safety of food

ISO 45001:2018 – Workplace Safety Standard

Last updated in 2018, ISO 45001 sets the international standard for Occupational Health & Safety (OH&S) Management Systems. Failure to comply can lead to incidents, cost overruns, and even lawsuits. Other notable ISO standards include ISO 14001 (Environmental Management), ISO 17025 (Laboratory Testing), and ISO 13485 (Quality Management of Medical Devices).

SELF ASSESSMENT QUESTIONS:

- **Quality of the products attracts the customers—critically examine.**
- **How to understand the standards of the products through quality testing Organizations?**
- **How International and National organizations of quality assurance satisfy the customers?**

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UNIT IV

OBJECTIVES:

- To find innovative methods of introducing the product and attract the customers.
- To understand the importance of packing the product attractively.
- To conceive new ideas for advertising the products and absorb the customers.

Marketing Strategies

What Is a Marketing Strategy?

A marketing strategy refers to a business's overall plan to convince customers to buy its products or services. A marketing strategy determines how to reach prospective consumers and turn them into customers. It contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements. A thorough marketing strategy covers the four Ps of marketing: product, price, place, and promotion.

Identify Goals

While sales are the ultimate goal for every company, a marketing strategy can also include short-term goals such as:

- Establishing authority
- Increasing customer engagement
- Generating leads

These smaller goals offer measurable benchmarks for the progress of your marketing plan. Think of strategy as the high-level ideology and planning as how you accomplish your goals.

Create a Customer Profile

Every product or service has an ideal customer, and you should have a profile outlining what you know about yours. It can include:

- Who they are
- What they are most interested in
- What problems they want to solve
- What is holding them back from solving those problems
- What solutions your competitors offer them
- What types of media are ideal for reaching them

If you sell power tools, for example, you'll choose marketing channels where general contractors may see your messaging. This could be TV ads, or it might be social media accounts focused on home renovation and DIY.

Develop a Message

Now that you know your goals and who you're pitching to, it's time to create your message. Your clients have a problem that needs to be solved and something that is standing in the way of that solution. Your marketing message needs to communicate how your product or service will solve their problem and improve their lives.

This is also when you differentiate your solution from the one provided by your competitors and show how it's the best option for your customers.

Define Your Budget

How you disperse your messaging may depend on how much you can afford. Will you be purchasing advertising? Working with thought leaders or influencers? Hoping for a viral moment on social media organically? Sending out press releases to the media to try to gain coverage? Your budget will dictate what you can afford to do.

Select Your Channels

Even the best message won't work unless it is communicated through the appropriate medium. Selecting the best channel for your marketing efforts will depend on who your customers are, who they trust, what types of media they consume, and what budget you have to work with.

Some companies may find the most value in creating blog posts for their website. Others may find success with paid ads on social media channels. Find the most appropriate venue for your content.

Track Measurable Benchmarks

To target your marketing, you need to know whether it is reaching its audience. Determine your metrics and how you'll judge the success of your marketing efforts. Make sure these are clearly defined and measurable. For example, you may decide to track:

- New leads

- Customer signups
- Revenue
- Sales of an individual product
- Social media followers
- Customer retention
- New accounts opened

Packaging and Advertisement

Packaging plays a crucial role in product success in today's market. It is not just a means of safe transportation but also a silent salesman. The right packaging can capture consumers' attention, convey essential brand messages, and differentiate products from competitors on the shelves. It's an integral part of the marketing strategy for any product, especially when considering environmental concerns and the shift toward sustainable solutions.

The Importance of Packaging in Marketing

Effective packaging goes beyond just wrapping up a product. It's a pivotal marketing tool that influences consumer behavior and brand perception. First, it protects the product, ensuring it reaches the consumer in the best possible condition, which is fundamental for maintaining brand reliability. Secondly, packaging is often the first point of contact with the customer, making it a critical moment to make a positive impression.

Well-designed packaging communicates the product's benefits and the brand's values at a glance. For instance, using custom paper tape with a company logo can enhance brand recognition each time a package is sealed. This kind of customization secures the product and turns each package into a mobile advertisement, spreading brand awareness.

What Makes Packaging a Great Advertising Tool

1. Better Shopping Experience

Packaging significantly impacts the consumer shopping experience. A well-designed package makes a product easy to identify, appealing to pick up, and simpler to use. It can also offer convenience features like resealable closures or easy-to-open designs that enhance usability. For example, a tear strip on paper bubble wrap protects the product inside and makes it effortless for the customer to open, reducing frustration and enhancing the overall shopping experience. Such thoughtful design details can turn first-time buyers into loyal customers.

2. Enhancing Brand Image

The aesthetic and functional aspects of packaging can profoundly influence a brand's image. Opting for high-quality, custom-designed packaging materials, such as custom paper tape and branded paper bubble wrap, reflects a commitment to quality and attention to detail. This reinforces the brand's promise of delivering excellence and helps position the brand as premium in the market. Companies that invest in innovative and visually appealing packaging can stand out on the shelf and positively shape consumer perceptions, aligning the product presentation with the brand's values.

3. Highlights Crucial Information

Effective packaging design strategically places important product information where it's most likely to catch the eye. This can include nutritional information, usage instructions, or unique selling points like eco-friendliness. For instance, displaying recycled packaging can attract environmentally conscious consumers. This informs and reinforces the brand's commitment to sustainability, a significant selling point in today's eco-aware market.

4. Influence Purchasing Decisions

Packaging is a key element in the decision-making process at the point of sale. The package's color, material, and design can influence emotions and perceptions, making a product more or less attractive to consumers. Bright colors attract younger shoppers, while minimalist designs appeal to a premium audience. Additionally, the tactile experience of packaging can affect purchasing decisions; high-quality materials can convey luxury, while lightweight or flimsy packaging might suggest inferior quality.

5. Attractive Branding

At its core, packaging is a branding opportunity. Every element, from the shape of the box to the type of material used, contributes to brand recognition. Custom elements like embossed logos on eco-friendly packaging materials can enhance brand recall. Using custom paper tape is a simple yet effective way to brand every package that leaves your store or warehouse, turning each one into a traveling billboard that extends the reach of your advertising. Attractive branding on packaging not only captures attention but also ensures that the product remains memorable long after it has been purchased.

Why Opt for Sustainable Packaging for Marketing?

1. Save Energy

Choosing sustainable packaging materials is a significant step towards reducing the energy consumption associated with production processes. Traditional packaging solutions often require extensive resources and energy to produce, which can contribute to environmental degradation. On the other hand, sustainable materials, such as recycled paper or biodegradable plastics, typically consume less energy in their manufacturing. This reduction in energy use helps conserve natural resources and reduces greenhouse gas emissions, making it a responsible choice for businesses looking to decrease their environmental footprint.

2. Minimize Solid Waste

One of the most pressing environmental issues today is solid waste management. Conventional packaging materials can take hundreds of years to decompose, leading to significant waste accumulation that pollutes ecosystems. Sustainable packaging offers a solution by incorporating materials that are either biodegradable or easier to recycle. For example, paper bubble wrap can be recycled more easily than its plastic counterpart, significantly reducing waste in landfills. Companies can play a crucial role in minimizing waste and promoting recycling by adopting sustainable packaging.

3. Consumer Preference

Today's consumers are more environmentally conscious than ever. Many people prefer to purchase products from companies that are committed to sustainability. In response, businesses that integrate eco-friendly packaging materials into their operations often see a boost in consumer preference and loyalty. This shift in consumer behavior makes sustainable packaging a powerful

tool in attracting and retaining customers keen to support brands that align with their values of environmental responsibility.

4. Positive Brand Image

Implementing sustainable packaging strategies significantly enhances a brand's image. Consumers, investors, and even regulatory bodies increasingly recognize and reward businesses that take proactive steps toward sustainability. By opting for eco-friendly packaging, companies comply with evolving regulations and position themselves as leaders in corporate responsibility. This positive brand image can be a decisive factor for consumers when choosing between competing products, providing a competitive advantage in the marketplace.

5. Unique Advertising Opportunity

Sustainable packaging is not just about protecting the environment; it's also an innovative advertising tool. For instance, using custom paper tape made from recycled materials offers a unique branding opportunity. It is a visual cue communicating a company's commitment to sustainability every time a package is sent or received. This type of branding can enhance a company's reputation and appeal to a broader audience, particularly those who value environmental considerations in their purchasing decisions.

The definition of advertisement

To understand what an advertisement is, we must first understand what advertising is. The definition of advertising is an industry used to call the attention of the public to something, typically a product or service. The definition of advertisement is the means of communication in which a product, brand or service is promoted to a viewership in order to attract interest, engagement, and sales. Advertisements (often shortened to ads or adverts) come in many forms,

from copy to interactive video, and have evolved to become a crucial feature of the app marketplace.

Why are advertisements important?

Advertisements are a guaranteed method of reaching an audience. By creating an engaging ad, and spending enough to reach your target users, advertisements can have an immediate impact on business. This effect could be seen in improved trade or boosted brand recognition, among many different metrics. An advertising strategy typically includes a KPI to measure this impact.

What do in-app ads look like?

In-app advertising can take many forms, including text, banners, push notifications and pre or post-roll video ads. Such video adverts are usually around 10-15 seconds long (though they can vary) and normally showcase the product within that time. Increasingly, advertising is becoming interactive, providing more engagement for users in the era of scrolling. One such example is the use of deep linking, a feature which allows advertisers to send users directly to an install page in a single click. As CTV continues to gain prominence in the advertising space we're seeing creative, interactive methods emerge, including the use of QR codes to direct users from their TVs to the source of the ad on mobile.

Which ad format should be used?

Choosing the right format can be a make-or-break decision in advertising. Let's take a look at some of the most common ad formats in mobile advertising and when they can be particularly effective.

Banner ads

With banner ads, the aim is to display an image and wait for users to view, click and convert – making quality graphics and a compelling call to action (CTA) essential components.

Interstitial ads

Interstitial ads offer a full-screen experience. These can be used to avoid ‘banner blindness’, when users become so accustomed to seeing banner ads that they no longer take notice. Interstitial ads can also be expandable (known as expandable ads), which start out as regular banner ads before taking up the whole screen.

Native ads

Native advertising is when ads are designed to match the environment in which they are placed. For example, when you see a ‘sponsored’ tag attached to a YouTube video, this is native advertising on that particular platform.

Video ads

As their name suggests, video ads are advertisements in video format. By their nature, video ads are a popular advertising method because they can be highly engaging, offering great CTR (click through rate).

Playable ads

By giving users access to interactive game play, playable ads let you try before you buy. This gives users a limited look at an app, offering highlights that should push users to install. Because users can gauge their interest before purchasing the app, playable ads can be used to reduce app uninstall rates.

Ads and Adjust

Since advertising is a financial investment, you want to know that it's working as intended. An attribution tool is invaluable. Ad tracking is easy with Adjust; it's as simple as integrating an SDK and creating an Adjust tracker URL. After that, our dashboard will show you precisely how well your advertisements are performing and which channels and campaigns are driving growth. We can also put you in sync with any of our hundreds of partners so you can advertise to the best sources at a budget which is right for you.

SELF ASSESSMENT QUESTIONS:

- Inventing the innovative strategies are important for marketability of the product--Explain
- Better packing does create positive opinions about the product among the customers--
Examine.
- Advertisement of a product acts as address for the product among the customers--
Examine.

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UNIT V

Management of Self and understanding Human Behaviour – Stress Management – Social Responsibility and Business Ethics

OBJECTIVES:

- Common causes for stress.
- The ways in which the stress affects individuals and its consequences.
- Role of stress in shaping the relationship between Entrepreneur and labors.
- The ways of getting relief from stress or the methods of stress management.

Stress Management

What is stress?

Feeling stressed or overwhelmed is a common response to challenging or new situations. Stress has both mental and physical aspects that bring on changes in your body which help you respond to the stressful situation.

Some stress is normal, but ongoing stress can cause further health problems, negatively affect your business or result in high turnover of staff and low productivity.

Common causes of stress for business owners

Stress can be triggered by different life experiences, such as the loss of a family member or friend, financial problems, health concerns or family or friendship breakdowns.

Everyone is stressed by different things, but some of the common situations that may cause business owners stress include:

- workload and long hours
- changes to your industry
- the impacts of COVID-19
- responsibility for employees
- business finances and cash flow.

Signs of stress

There are a common physical warning signs of stress such as:

- your heart beating faster
- feeling panicked or anxious
- muscle tension
- headaches
- poor sleep

- feeling irritable.

All of these feelings should pass after the stressful situation is over. If they don't pass, it may be a sign that you are too stressed.

The point where stress is no longer productive is different for everyone, but you might look out for the following clues:

1. feeling overwhelmed or unable to cope
2. feeling 'on edge' or unable to stop worrying
3. changes in sleep patterns, feeling exhausted
4. changes in appetite
5. difficulty concentrating
6. withdrawal from friends and family
7. reliance on alcohol or other substances to cope
8. thoughts of self-harm or suicide.

Social Responsibility and Business Ethics

Business ethics and social responsibility are both important concepts that guide how a company operates, but they differ in their focus:

Business Ethics

A company's values and principles that guide its operations and behavior. Business ethics are often codified in a company's code of conduct. These values include honesty, integrity, respect, fairness, transparency, and accountability.

Social Responsibility

A company's commitment to doing what is right for society and the environment. Social responsibility is based on the idea that businesses have a duty to society and the environment, and that their actions should contribute to the greater good. Social responsibility is built on business ethics, and companies should ensure that their actions are ethically validated before taking them. For example, a company might reduce waste, use renewable energy, and engage in philanthropy to fulfill its social responsibility.

Why business ethics and social responsibility are important?

Business ethics and social responsibility are two concepts that are closely intertwined. Let's understand why it's important for any business to adhere to them.

Create a better working environment

Business ethics promote fairness, trust, and transparency among all members of the organization. Adhering to business ethics protects the interests of everyone involved, and ensures that the organization is operating in an ethical manner. Businesses that respect the right of the employees and treat them fairly can create a better working environment with a strong and unified team of employees.

Better sales and profitability

In this age of social media, where customers are becoming more vocal about their experiences, it is important for businesses to maintain a positive reputation. Customers are more likely to purchase from a company that they know is honest and trustworthy. Business ethics

provide a framework for organizations to adhere to and helps to build customer trust and loyalty, which leads to increased sales and profitability.

Minimize legal risks

Businesses that practice ethical principles ensure that their business practices and behaviours are within the boundaries of the law. Such companies are less likely to be accused of unethical practices, which minimizes their legal risks.

Maintain a positive reputation

Social responsibility encompasses the idea of corporate social responsibility, which involves organizations taking responsibility for the impact of their actions on society and the environment. By taking responsibility for their actions, organizations can help to combat climate change and improve public health. Companies that are socially responsible often have a better reputation and attract more customers, as well as employees who are committed to the company's mission.

SELF ASSESSMENT QUESTIONS:

- **Why one must possess better understanding about the self in Entrepreneurship.**
- **Illuminate the ways of stress management in Entrepreneurship.**
- **Why social responsibility and Business ethics are important for in Entrepreneurship?**

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