

ME 708

Organization and Management

Chapter 3: Motivation, Leadership and Entrepreneurship – Full Answer Guide

Complete exam-ready answers for 39 unique/duplicated questions

Covering: Motivation · Theories of Motivation · Leadership
Leadership Styles and Approaches · Managerial Grid · Entrepreneurship



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1 Motivation

Q1. Define the term motivation and explain different techniques of motivation. [8 Marks]

Definition: The word motivation comes from the Latin word ‘*mover*’, which means **to move**. Motivation is the process of influencing or stimulating a person to take action by creating a work atmosphere in which the goals of the organization and the needs of the person are both satisfied. It refers to the internal and external factors that create desire and energy in people to stay interested in and committed to a job. Different people are motivated in different ways, such as through rewards, punishment or monetary incentives.

Techniques of Motivation: It is very important for an organization to keep its employees motivated so that they do their best to achieve the organizational goals. The main techniques are:

1. **Provide meaningful and challenging work:** When employees feel that their work is meaningful and challenging, they feel internally motivated. If an employee feels that his or her work has a big impact on the overall operation of the organization, the employee becomes more engaged and energized.
2. **Set clear targets and expectations and measure performance:** Employees cannot perform better if they are not clear about the targets to meet or about what management expects from them. Management must clearly explain the objectives of the organization and its expectations so that better performance can be brought out of everyone.
3. **Give regular, direct and supportive feedback:** Regular feedback helps employees focus on their job and make improvements when needed. The feedback should be timely and specific so that the employee is clear about which behaviors or skills to change or continue.
4. **Value the employees:** Some employees motivate themselves and value their responsibility. Management should give such people credit for their work and respect them.
5. **Training and development programs:** Regular training and development programs prepare employees for the future. Employees feel motivated when they know

that the organization is investing in them and that they have a better future in it.

6. **Incentive programs:** Managers can motivate employees through rewards, promotions, benefits, profit sharing and freedom at work.

If these techniques are applied properly, employees stay motivated and work willingly towards the goals of the organization.

Q2. Define intrinsic motivation. [2 Marks]

Intrinsic motivation is the type of motivation that comes from **within** the individual. The person is driven by interest or enjoyment in the task itself and does not depend on external rewards. The person does the task willingly and also tries to improve his or her skills. For example, an engineer who enjoys solving design problems and works on them because he wants to, not for a bonus, is intrinsically motivated. In simple words, it is the feeling of “I want to complete this task.”

Q3. Why do we need incentives in an organization? [4 Marks]

Incentives are the rewards given to employees for their good performance. Incentives are needed in an organization because:

- They **motivate** employees to work harder and give their best towards achieving the organizational goals.
- They give employees a feeling that their effort is **recognized and valued**, which increases job satisfaction.
- They help **retain** good employees and reduce the chance of talented people leaving the organization.
- They improve the **quality and quantity of work**, because better motivation schemes lead to better quality of work.
- They create a healthy sense of **competition** among employees, which increases pro-

ductivity.

Examples of incentives: rewards, promotions, benefits (medical, vehicle), profit sharing, share options, better pay and freedom at work.

Q4. What role does management play in motivating employees? [3 Marks]

Employers and managers must understand what motivates their subordinates to be more productive. The better the motivation schemes, the better the quality of work produced. The main roles of management are:

- To create a work environment where individuals can work efficiently and feel work satisfaction while achieving organizational goals.
- To study the nature of each individual and find the best motivation strategy for each, because every human being is unique and has different needs and behavior.
- To provide necessary training, knowledge and information about the jobs employees are performing.
- To collect feedback from employees and apply it to the work being done.
- To fix an adequate salary and wage system.
- To make the workplace environment fun and interesting.

Q5. Discuss the existing theories of motivation in an organization. [4 Marks]

Theories of motivation are divided into two main groups:

1. Content theories: These explain *why* people have different needs at different times. Examples are:

- **Maslow's Needs Hierarchy Theory:** Human needs exist in five levels – physiological, safety, social, esteem and self-actualization.
- **Alderfer's ERG Theory:** Needs are divided into Existence, Relatedness and

Growth.

- **McClelland's Theory of Learned Needs:** People are motivated by the need for achievement, power and affiliation.
- **Herzberg's Hygiene–Motivator Theory:** Some factors cause job satisfaction (motivators) and some cause dissatisfaction (hygiene factors).

2. Process theories: These explain the *process* through which needs are translated into behavior. Examples are:

- **McGregor's Theory X and Theory Y:** Explains behavior based on the assumptions managers make about workers.
- **Vroom's Expectancy/Valency Theory:** Motivation depends on expectancy, instrumentality and valence.
- **Fear and Punishment (Reinforcement) Theory:** Some people are motivated by fear of punishment.

Q6. Differentiate between attitude, group and executive motivation. [4 Marks]

Attitude Motivation: It is about how people think and feel. It includes a person's self-confidence, belief in himself or herself, attitude towards life (positive or negative), and how he or she feels about the future and reacts to the past. If both employers and employees keep a positive attitude towards themselves, others and the situation, it leads to better performance.

Group Motivation: Teams are the life of any organization, and the success of an organization depends on the performance of employees as a team. Team leaders must understand how to influence the motivation of team members. Recognizing individuals for their performance increases their motivation as well as the team's. Team-building exercises, training, incentives and social recognition are used.

Executive Motivation: It is about motivating and retaining managerial talent in the company. Top management should identify talent and motivate it to stay and perform even better. Profit-sharing incentives, bigger and more challenging responsibilities, share options, benefits (medical, vehicle), public recognition and better pay are used.

Key Difference: Attitude motivation focuses on the **mindset of the individual**, group motivation focuses on **teams**, and executive motivation focuses on **managers and top-**

level talent.

Q7. What is the difference between Theory 'X' and Theory 'Y'? Explain on the basis of different theories of motivation (McGregor). [8 Marks]

Theory X and Theory Y were proposed by **Douglas McGregor in the 1960s**. The theory explains human behavior based on the participation of workers, and it shows two opposite views that managers hold about their employees.

Theory X assumes that the average person:

- Dislikes work and tries to avoid it.
- Has no ambition, wants no responsibility and would rather follow than lead.
- Is self-centered and does not care about organizational goals.
- Is resistant to change by nature.
- Avoids making decisions and is not particularly intelligent.

Theory X managers must persuade and push employees to perform. Employees must be strictly controlled, supervised, directed and threatened with punishment.

Theory Y assumes that people by nature:

- Do not necessarily hate work; work can be as natural as play and rest.
- Will be self-directed to meet work objectives if they are committed to them.
- Desire to achieve organizational goals.
- Seek responsibility and are capable of directing their own behavior.
- Make decisions according to their commitment.

Theory Y managers use less control, give employees more control and responsibility over their own work, and create an environment where employees get greater job satisfaction and motivation.

Key Differences:

- **View of workers:** Theory X views workers as lazy and unwilling; Theory Y views them as self-motivated and responsible.

- **Control:** Theory X needs strict control and supervision; Theory Y gives freedom and self-direction.
- **Motivation method:** Theory X uses threats and punishment; Theory Y uses responsibility, participation and job satisfaction.
- **Management style:** Theory X is authoritarian; Theory Y is participative.

Example: A factory supervisor who watches workers constantly and warns them about punishment follows Theory X, while a software team lead who lets developers plan their own work follows Theory Y.

Q8. What do you mean by human needs? Describe Maslow's hierarchy of needs theory in detail. [8 Marks]

Human needs are the basic requirements a person feels the lack of, and which push the person to act. Unsatisfied needs create tension, and the person behaves in a way that satisfies them.

Maslow's Needs Hierarchy Theory: The theory was given by **Abraham Maslow in the 1940s**. According to it, employee behavior is motivated by several needs arranged in a hierarchy. A lower-level need must be satisfied before the person moves to the next higher-level need. The five levels (from bottom to top) are:

1. **Physiological Needs:** The basic needs for sustaining human life, such as food, water, shelter and sleep. An organization can satisfy them by providing a comfortable workspace, adequate wages and suitable working hours.
2. **Safety Needs:** After physiological needs are fulfilled, people look for protection from physical danger and economic security. An organization can provide safe working conditions, pensions for the future and other income protection plans.
3. **Social Needs:** A person wants to belong to a group, gain acceptance from fellow workers, and have interaction with others in the form of friendship, giving and receiving love. This is an important motivator of behavior.
4. **Esteem Needs:** A feeling of personal achievement, recognition, respect from others and self-esteem. An organization can publicly recognize achievements through newsletters or company programs and assign more important work.

5. **Self-Actualization Needs:** The highest level, a feeling that the person's full potential has been realized. According to Maslow, only a few persons reach this level. An organization can offer challenging and meaningful assignments that require innovation and creativity.

Conclusion: Managers should identify the level at which an employee currently stands and offer rewards that satisfy that need. Once a need is satisfied, it no longer motivates and the next higher need becomes the motivator.

Q9. Why is the theory proposed by Maslow on hierarchy of human needs called satisfaction progression process? Explain with examples. [5 Marks]

Maslow's theory is called the **satisfaction progression process** because a person moves **step by step** from one need level to the next only **after the lower-level need is satisfied**. Satisfaction of one level makes the next higher level active, so the person progresses upward through the hierarchy.

Explanation with examples:

- A newly hired employee first worries about **physiological needs**. He wants an adequate salary to buy food and rent a room.
- Once he gets a regular salary, he starts to look for **safety needs**, such as job security, a pension and medical insurance.
- When he feels secure, he wants **social needs**, such as friendship with colleagues and being part of a team.
- Then he seeks **esteem needs**, such as promotion, a good designation and public recognition.
- Finally, he moves to **self-actualization**, wanting to do challenging and creative work that uses his full potential.

Thus, the satisfaction of a lower need leads to the emergence of the next higher need, which is why the theory is called the satisfaction progression process.

Q10. What do you mean by human need? How is a need used for motivation? Explain Herzberg's hygiene theory of motivation. [8 Marks]

Human need: A human need is a lack or requirement that a person feels and wants to satisfy, such as food, safety, friendship or recognition.

How need is used for motivation: An unsatisfied need creates tension in a person, and the person acts to reduce that tension by satisfying the need. Managers use this by finding out the unsatisfied needs of employees and providing the rewards and working conditions that satisfy them, such as salary, security, recognition or growth. In this way, needs become the source of motivation.

Herzberg's Hygiene-Motivator Theory: The theory was proposed by **Frederick Herzberg in 1959**. According to him, some factors in a workplace lead to **job satisfaction** and some lead to **job dissatisfaction**. The satisfying factors are called **motivators** and the dissatisfying factors are called **hygiene factors**.

1. **Hygiene Factors:** These are lower-level needs such as job security, working conditions, company policies, relationship with fellow employees and superiors, and salary and wages. When these are fulfilled, dissatisfaction moves to **no dissatisfaction**, but it does not necessarily lead to satisfaction.
2. **Motivators:** These are higher-level needs such as achievement, recognition for accomplishment, feeling of responsibility, and opportunities for growth and advancement. When these are fulfilled, the employee moves from no dissatisfaction to **job satisfaction** and works better.

Conclusion: Managers should first provide good hygiene factors to avoid dissatisfaction and then provide motivators to actually motivate employees.

Q11. According to Herzberg's motivation-hygiene theory, where does motivation at work come from? [4 Marks]

According to Herzberg's motivation-hygiene theory (1959), motivation at work comes from the **motivators**, that is, from the higher-level needs of the employee and not from the hygiene factors.

Sources of motivation (motivators):

- Achievement of work goals.

- Recognition for accomplishment.
- A feeling of responsibility.
- Opportunities for growth and advancement.

When these needs are fulfilled, the employee moves from no dissatisfaction to **job satisfaction**, and this motivates the person for better work performance.

Hygiene factors such as salary, job security, working conditions, company policies and relationships only prevent dissatisfaction. They do not by themselves create motivation. Hence real motivation comes from the work itself and from the higher-level rewards attached to it.

Q12. Explain Vroom's expectancy theory of motivation. [8 Marks]

Vroom's Expectancy (Valency) Theory was proposed by **Victor Vroom of the Yale School of Management**. According to the theory, a person decides to behave in a certain way because he or she expects a particular result from that behavior. People select the behavior that they think will give the most desirable result.

Formula:

$$\text{Motivation (M)} = \text{Expectancy (E)} \times \text{Instrumentality (I)} \times \text{Valence (V)}$$

1. **Expectancy (E):** The person's belief that **effort will result in performance**. Management should find out what resources, training or supervision employees need so that they can perform.
2. **Instrumentality (I):** The person's belief that good performance will actually **lead to the reward** he or she desires. Management should make sure that promised rewards are fulfilled and that employees are aware of it.
3. **Valence (V):** The **value** the individual places on the reward, based on his or her needs, goals and values.

Important point: Since the three factors are multiplied, if any one of them is zero, the total motivation becomes zero.

Example: A student works hard to score 90% (expectancy: effort will lead to marks), believes the college will give a scholarship for 90% (instrumentality), and values the

scholarship highly (valence). All three are high, so his motivation is high. If he does not want the scholarship, valence is zero and so is motivation.

Q13. Vroom's Valency theory is known as a type of process theory, justify it. [4 Marks]

Motivation theories are divided into **content theories** and **process theories**. Content theories explain *what* needs motivate people, while process theories explain the **process through which needs are translated into behavior**.

Vroom's theory is a process theory because:

- It does not list specific needs. Instead it explains **how** a person decides to act, through the process of expectancy, instrumentality and valence ($M = E \times I \times V$).
- It explains that a person first thinks whether effort will lead to performance, then whether performance will lead to a reward, and then how valuable the reward is. This is a thinking process behind behavior.
- It shows that people choose one behavior over other behaviors because of what they expect the result to be.

Hence, since Vroom's theory explains the mental process of choosing behavior rather than the content of needs, it is known as a process theory.

Q14. Fear and punishment theory. [4 Marks]

The Fear and Punishment Theory was given by **B.F. Skinner** and is also called the **Reinforcement Theory**.

- As assumed in Theory X, some individuals dislike their work, hate responsibility, avoid challenging jobs and have no ambition.
- For such people in a workforce, it becomes necessary to use the **fear and punishment** scheme to motivate them.

- Some people get motivated by rewards, while some people must be feared and controlled by management in order to make them work towards organizational goals.

Example: Warning letters, salary deduction or the threat of termination for repeated lateness make careless employees follow the rules.

Limitation: This method may create resentment and fear among employees, so it should be used carefully and only where other methods fail.

Q15. Compare Alderfer's ERG theory and Herzberg's hygiene maintenance theory with Maslow's need theory. [6 Marks]

Alderfer's ERG Theory (Clayton Alderfer, 1969): Human needs are divided into three categories:

- **E – Existence:** Physical needs such as food, shelter, clothes, sleep and safety.
- **R – Relatedness:** Interpersonal needs in personal and professional settings.
- **G – Growth:** The need for personal development.

Comparison with Maslow's Hierarchy:

- Existence = Physiological and Safety needs.
- Relatedness = Social and Esteem needs.
- Growth = Esteem and Self-actualization needs.

Herzberg's Theory (1959) compared with Maslow:

- **Hygiene factors** (salary, job security, working conditions, relationships) correspond to Maslow's **lower-level needs** (physiological, safety and social).
- **Motivators** (achievement, recognition, responsibility, growth) correspond to Maslow's **higher-level needs** (esteem and self-actualization).

Main Differences:

- Maslow gives **five** levels, ERG gives **three** categories, and Herzberg gives **two** groups of factors.
- Maslow says a lower need must be satisfied before moving up; Herzberg says hy-

giene factors only remove dissatisfaction and only motivators create satisfaction.

- Maslow and Alderfer talk about human needs generally, while Herzberg focuses specifically on the workplace factors causing satisfaction and dissatisfaction.

2 Leadership

Q16. Define leadership and explain different qualities of a good leader. [8 Marks]

Definition: Leadership is the process of influencing people and providing an environment for them to achieve team or organizational goals. It is the art of motivating a group of people to act towards achieving a common goal. The leader is an inspiration and director of the action. Leaders arrange the work environment by allocating resources and defining organizational goals. Without good leadership skills, a company will struggle to survive in the long run.

Qualities of a Good Leader:

1. **Honesty and Integrity:** A leader must be trustworthy and live with honesty and integrity, being the same on the outside and the inside. Ethical behavior earns the trust of the followers.
2. **Personality/Confidence:** A good leader appears confident in order to lead and set direction. A leader who shows confidence in the objective inspires the best effort from team members.
3. **Human Skills:** A leader should know how to treat and talk to members, give respect and give credit when due. When people feel fairly treated, they reward the leader with loyalty and dedication.
4. **Initiative:** A good leader always takes initiative, makes and implements his or her own plans, and does the right thing at the right time without being told.
5. **Innovative:** A leader must have good imagination and visualization skills and be able to combine new ideas with old ones to solve problems.
6. **Communication Skills:** A leader must be an excellent speaker and writer, using simple language to give information, instructions and guidance.

7. **Discipline:** A leader must respect the rules and regulations of the organization because followers follow the leader's example.
8. **Committed to Excellence:** A good leader maintains high standards and raises the bar to achieve excellence in all areas. There is no greater motivation than seeing the boss working alongside everyone else.

Q17. What characteristics differentiate a leader from regular employees? [4 Marks]

A leader differs from regular employees in the following characteristics:

- **Influence over others:** A leader has strong influence over other members and can guide them towards a common goal, while regular employees mainly do their assigned tasks.
- **Honesty and integrity:** A leader is trusted and ethical, and sets an example for others.
- **Confidence and initiative:** A leader takes action without being told, while regular employees usually wait for instructions.
- **Vision and innovation:** A leader thinks ahead, uses imagination and finds new ways to solve problems.
- **Communication and human skills:** A leader communicates clearly, respects others and gives credit to people.
- **Commitment to excellence:** A leader keeps high standards and works with the team to raise them.

Hence, a leader inspires and directs the action, while a regular employee mostly follows it.

Q18. What are the challenges for a good leader in modern times? [2 Marks]

A good leader faces the following challenges in modern times:

- **Adapting to change:** A leader must adapt his or her behavior and style to changing situations, technology and the business environment.
- **Motivating a diverse workforce:** Every person is different, so leaders must find the right motivation for each individual and keep the team engaged.
- **Keeping talent:** Motivating and retaining talented employees is a major challenge.
- **Maintaining ethics and trust:** Leaders must remain honest and trustworthy while making difficult decisions.

Q19. A leader is a reader. Elaborate it in terms of leadership styles. What are the differences between a leader and a manager? [8 Marks]

Leader and leadership styles: A leader must adopt the style that best fits the situation. The style of leadership is the behavioral pattern which a leader adopts, and it is determined by the leader's personality, experience, values, the nature of followers and the environment. A good leader "reads" the situation and the followers and then chooses the suitable style among:

- **Autocratic style:** Best when quick decisions are needed.
- **Democratic style:** Best when group participation and morale are important.
- **Laissez-faire style:** Best when the group is skilled and experienced.

Great leaders should be able to adapt their behavior and style according to the situation.

Differences between a Leader and a Manager:

- **Position:** A manager holds a formal higher position in the organization, while a leader can be any one of the team members with strong influence over others.
- **Functions:** A manager's functions vary from planning and directing to controlling, while a leader inspires, motivates and guides people.
- **Authority:** A manager gets authority from the position, while a leader gets influence from personal qualities and trust.

- **Relationship:** All managers, to be successful, must possess leadership skills; but all leaders need not be managers.

In simple words, **a good manager is a leader, but a good leader is not necessarily a manager.**

Q20. Describe different leadership approaches. [4 Marks]

The main leadership approaches (theories) are:

1. **Trait Approach:** Based on the personal traits, abilities and personality of the leader. It believes that these traits distinguish great leaders from others.
2. **Behavioral Approach:** Studies what behaviors make leaders effective. It says leaders are made, not born, and identifies people-oriented and task-oriented behavior.
3. **Contingency (Situational) Approach:** The best leadership approach depends on the situation. The leader must adapt to what the situation demands.
4. **Integrated Approach:** Combines the characteristics of the leader, the followers and the situation to decide the most effective style. It is the most realistic and effective approach.

Q21. Describe the Trait approach of leadership. [4 Marks]

The Trait Approach is based on the personal traits, abilities, personality, background, physical characteristics, intelligence, attitudes, learning behavior and maturity of the leader. According to it, these traits distinguish great leaders from the rest of us. A set of core traits of effective leaders has been identified:

- **Achievement drive:** High level of effort, ambition and inner motivation to pursue goals.
- **Leadership motivation:** An intense desire to lead others to fulfill organizational

goals.

- **Honesty and integrity:** Trustworthiness, reliability and turning words into deeds.
- **Self-confidence:** Belief in one's self, ideas and ability.
- **Intelligence/cognitive ability:** Good judgment and strong analytical ability.
- **Knowledge of business:** Knowledge of the organization and technical matters.
- **Self-monitoring personality:** Sensitivity to situations and ability to adapt behavior properly.

Q22. Explain the Behavioral approach of leadership. [4 Marks]

The Behavioral Approach answers the question: *what behaviors make leaders effective?* It argues that **great leaders are made, not born**, meaning that leadership capability can be learned. It identifies two distinct behaviors:

1. People-oriented behavior:

- Shows mutual trust and respect for subordinates.
- Shows genuine concern for their needs and welfare.
- Listens to employee suggestions and does personal favors when needed.
- Treats employees equally and supports their interests.

2. Task-oriented behavior:

- Assigns employees to specific tasks and ensures they follow rules and procedures.
- Pushes them to reach their performance capacity.
- Emphasizes getting the work done by the given deadline.

Earlier it was thought that a leader strong in one behavior is weak in the other. But studies now show that effective leaders can show **high levels of both**, and the two behaviors are independent of each other.

Q23. Describe the Democratic leadership style. [4 Marks]

The Democratic or Participative style is one in which the leader **gives orders after consulting the group**.

- Policies are worked out through group discussions, and praise and blame are shared by the group members.
- Group members feel more engaged in the process and are encouraged to share ideas and opinions, though the leader keeps the final say over decisions.
- Researchers have found this to be one of the most effective styles, leading to higher productivity, better contributions from members and increased group morale.

Example: A project manager who discusses the design options with the engineering team before choosing the final one is following the democratic style.

Q24. Describe the Autocratic leadership style. [3 Marks]

The Autocratic or Authoritarian style is one in which the leader **gives orders and insists that they be obeyed**.

- The leader makes all decisions based on his or her own ideas and judgment, and rarely accepts advice. There is little or no input from group members.
- It can be useful when decisions must be made quickly without consulting a large group.
- If abused, the leader is seen as bossy, controlling and dictatorial, which creates resentment among group members.

Example: A site engineer giving strict orders during an emergency at a construction site.

Q25. Which leadership style is appropriate in the modern engineering project? Explain. [5 Marks]

In a modern engineering project, the **Democratic (Participative) style**, applied with a **contingency (situational) approach**, is the most appropriate.

Reasons:

- Engineering projects involve skilled and educated professionals such as designers, site engineers and technicians. They give better results when their ideas and opinions are consulted.
- The democratic style leads to higher productivity, better contribution from members and increased morale.
- Since the leader keeps the final say, the project stays under control and deadlines are met.
- The laissez-faire style is unsuitable when members lack experience, and a purely autocratic style causes resentment.

Situational use: However, the leader should adapt to the situation. In an emergency or safety risk, a quick autocratic decision is better; for an experienced expert team, a free-rein style may work. Great leaders adapt their style according to the situation.

Q26. Which style do you recommend as the most effective leader in an industrial organization? [8 Marks]

In my opinion, the most effective style for an industrial organization is the **Democratic style combined with the Team Style (9,9) of the Managerial Grid**, applied according to the situation (contingency approach).

Reasoning:

- **High concern for production and people:** Industry needs high output, but output comes from motivated workers. The Team Style (9,9) has high concern for both and encourages teamwork and commitment among employees.
- **Democratic style:** Discussion with the group improves productivity, member contribution and morale. Workers feel engaged because they share ideas, though the leader retains the final decision.

- **Weakness of other styles:** The autocratic style causes resentment; the laissez-faire style is not ideal where workers lack knowledge or experience; the (1,1), (1,9) and (5,5) styles do not achieve both production and people needs fully.
- **Situational flexibility:** In emergencies (machine breakdown, safety hazards), the leader may use the autocratic style for fast decisions. For a skilled group, more freedom can be given.

Conclusion: A leader who cares for both production and people, consults the group, and adapts the style to the situation is the most effective in an industrial organization.

Q27. In your opinion, which leadership approach best suits the current situation in Nepalese start-ups and why? [6 Marks]

In my opinion, the **Contingency (Situational) Approach**, mainly using the **Participative and Achievement-oriented** styles, best suits Nepalese start-ups.

Reasons:

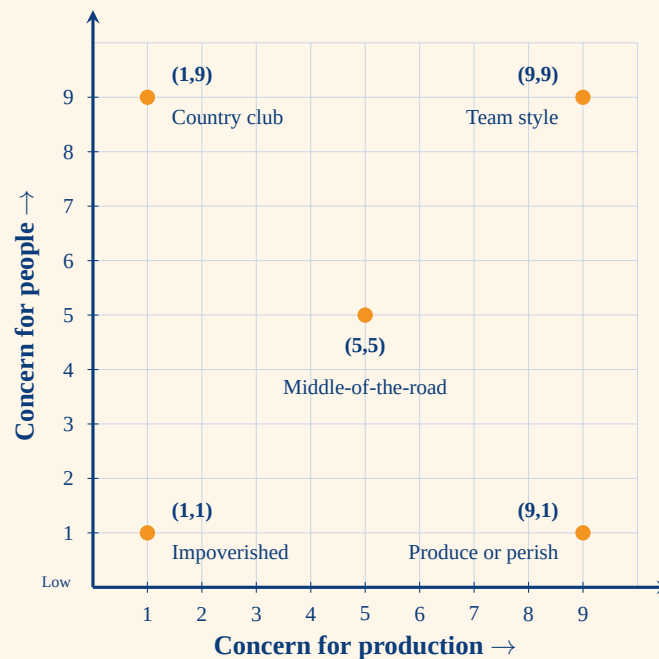
- **Situations keep changing:** Start-ups face uncertain markets, limited resources and quick changes. The contingency approach says that the best leadership depends on the situation, so the leader can adapt.
- **Participative style:** Start-up teams are small and creative. Consulting employees and taking their ideas seriously improves innovation and commitment.
- **Achievement-oriented style:** Leaders set challenging goals and show confidence in workers' ability to take responsibility, which suits the high-growth needs of a start-up.
- **Directive style when needed:** When deadlines or funding are tight, the leader can clearly explain tasks and standards.
- **Supportive style:** Since young start-up teams may work with low pay and high pressure, a friendly and respectful leader keeps morale high.

Hence, a flexible approach that changes according to the situation gives the best results for start-ups in Nepal.

Q28. Define leadership and explain Blake and Mouton's Managerial Grid. [8 Marks]

Definition: Leadership is the process of influencing people and providing an environment for them to achieve team or organizational goals.

Managerial Grid: The Managerial Grid was developed by **Robert R. Blake and Jane Mouton**. It is drawn as a grid with **concern for production** on the X-axis and **concern for people** on the Y-axis. Each axis ranges from 1 (low) to 9 (high). Based on these concerns, five leadership styles are identified.



1. **Impoverished / Indifferent Style (1,1):** Low concern for both production and people. The leader's main aim is not to be held responsible for mistakes, which results in fewer innovations.
2. **Country Club / Accommodating Style (1,9):** Low concern for production and high concern for people. The leader pays much attention to the comfort of employees. The atmosphere is friendly but not necessarily productive.
3. **Produce or Perish / Dictatorial Style (9,1):** High concern for production and low concern for people. Employee needs are seen as unimportant; the leader gives money and expects performance, using rules and punishment to pressure employees.
4. **Team / Sound Style (9,9):** High concern for both production and people. The manager encourages teamwork and commitment among employees. This is considered

the best style.

5. **Middle-of-the-Road / Status Quo Style (5,5):** The manager balances company goals and workers' needs. By giving some concern to both, a bit of each is given away, so neither production nor people needs are fully met.

Q29. How do you see the significance of Blake and Mouton's managerial grid for organization's growth? Explain. [8 Marks]

Blake and Mouton's Managerial Grid is significant for an organization's growth because it helps leaders **evaluate their own style** and move towards the best style, which balances production and people.

Significance:

- **Shows two key concerns:** Organizational growth depends on both **production (results)** and **people (employees)**. The grid displays both at once, so leaders can see which one they are neglecting.
- **Helps identify weak styles:** The Impoverished (1,1) style causes fewer innovations; the Country Club (1,9) style gives a friendly but unproductive atmosphere; the Produce or Perish (9,1) style pressures workers with punishment. Recognizing these helps organizations avoid them.
- **Promotes Team Style (9,9):** High concern for both people and production encourages teamwork and commitment, which leads to high productivity, morale and long-term growth.
- **Guides leadership training:** Organizations can train managers to shift from lower styles towards (9,9).
- **Warns against compromise:** The (5,5) style gives some concern to each but fully satisfies neither, showing that mere balance is not enough for growth.
- **Improves employee satisfaction and retention:** Caring for people together with results keeps talented employees in the organization.

Conclusion: By moving leaders towards the (9,9) team style, the grid supports higher productivity, committed employees and steady organizational growth.

Q30. Describe how you envision yourself as a leader in your future professional career. [4 Marks]

As an engineer, I envision myself as a leader who leads by example and motivates the team. My vision includes:

- **Being honest and trustworthy:** I will keep honesty and integrity so that my team can trust me.
- **Using a flexible style:** I will use a democratic style by listening to team ideas, but I will take quick decisions when the situation demands.
- **Caring for both work and people:** I will follow the Team Style (9,9) by giving importance to both results and the welfare of team members.
- **Communicating clearly and setting clear targets:** I will explain goals and expectations and give regular feedback.
- **Continuous learning:** Since leadership can be learned, I will keep improving my technical and human skills through training.
- **Giving credit and developing others:** I will recognize the work of team members and help them grow.

3 Entrepreneurship

Q31. Define the term entrepreneurship. [3 Marks]

The word **entrepreneurship** comes from the French word *entreprendre*, which means **to undertake**. Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. In simple terms, it means starting a new business.

Entrepreneurship ranges in scale from solo projects (even part-time) to major undertakings that create many job opportunities. An **entrepreneur** is a person of high aptitude who pioneers change and wants to work for himself or herself and start a business using the knowledge and new innovations he or she possesses.

Q32. “Entrepreneurship plays a vital role in the economic development of a country.” Elaborate this statement with your logic. [8 Marks]

The statement is true because entrepreneurs introduce change and create economic activity. An entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who identifies and seizes opportunities to achieve economic benefit.

Role of entrepreneurship in economic development:

- **Adoption of new forms of business and technology:** Entrepreneurship involves new forms of business organizations, new technologies and new enterprises producing goods that were not available.
- **Employment creation:** Entrepreneurial ventures, especially small businesses, create many job opportunities and reduce unemployment.
- **Promotes small business:** Many economists agree that small businesses are an essential part of future economic prosperity and a necessary ingredient for stimulating economic growth.
- **Supports the corporate sector in tough times:** Entrepreneurship and creativity can save the corporate sector from troubled economic conditions like unemployment and downsizing.
- **Creativity and innovation:** Entrepreneurs turn new ideas into opportunities and use their knowledge to benefit both themselves and the economy of the country.
- **Schumpeter’s view:** According to Joseph Schumpeter, entrepreneurs introduce new products and methods of production, develop new markets, find fresh sources of raw materials, and bring about change.

Conclusion: Because entrepreneurs create jobs, introduce innovation and increase production, they are the driving force of a country’s economic development.

Q33. Describe the role of entrepreneurship in the development of the IT sector in Nepal. [5 Marks]

Entrepreneurship plays an important role in the growth of Nepal’s IT sector in the following ways:

- **Starting new IT businesses:** Entrepreneurs use their knowledge and innovation to start software companies, web development firms and IT service providers.
- **Job creation:** IT ventures create employment for engineers and young graduates and reduce the need to go abroad for jobs.
- **Innovation:** Entrepreneurs bring new ideas and technologies, such as digital payment systems and online services, that were not previously available.
- **Economic growth:** IT products and services can be exported, which brings foreign income and supports the national economy.
- **Low starting cost:** IT businesses can be started on a small scale with limited capital, matching the idea of small-scale enterprises.
- **Promoting a culture of entrepreneurial thinking:** Successful IT entrepreneurs inspire youth to explore their own ideas and creativity.

Q34. Why does government need to promote entrepreneurship? Justify. [4 Marks]

The government needs to promote entrepreneurship because entrepreneurship has the potential to support economic growth. Governments should help develop a culture of entrepreneurial thinking.

Justification:

- **Economic growth:** Entrepreneurs bring new products, new methods of production and new markets, which increase national income.
- **Employment:** Entrepreneurship and creativity help reduce problems like unemployment and downsizing.
- **Support for small business:** Small businesses are essential for future prosperity, and they need government support such as easy registration, loans and training.
- **Youth motivation:** Programs such as *Global Entrepreneurship Week* expose youths to the benefits of entrepreneurship and motivate them to explore their own ideas and innovation.

Q35. Why do we need to promote entrepreneurship in developing nations like Nepal? [5 Marks]

Developing nations like Nepal need entrepreneurship promotion for these reasons:

- **Economic growth:** Entrepreneurship is a potential source of economic growth, and small businesses are necessary for stimulating it.
- **Reducing unemployment:** New ventures create job opportunities for the growing youth population.
- **Bringing innovation:** Entrepreneurs introduce new products and production methods, and find new markets and sources of raw materials.
- **Making use of local resources:** Entrepreneurs use local knowledge and resources for the benefit of the country's economy.
- **Strengthening the economy in hard times:** Entrepreneurship and creativity protect the economy against downturns like unemployment and downsizing.
- **Developing an entrepreneurial culture:** Governments should help build a culture of entrepreneurial thinking so that youth become job creators rather than job seekers.

Q36. Explain the different characteristics of an entrepreneur. [5 Marks]

The main characteristics of a successful entrepreneur are:

1. **Initiative:** Takes action that goes beyond job description and requirements.
2. **Opportunity seeking:** Is quick to seize opportunities and does things before being asked or forced by the situation.
3. **Disciplined and confident:** Takes steps every day towards objectives and is confident that the business will succeed.
4. **Risk taking:** Is not afraid of uncertainty. Entrepreneurs are not gamblers; they calculate risks and take **moderate risks**.
5. **Creative:** Uses imagination and innovation to find different solutions to problems.
6. **Competitive:** Has the desire to win and be successful, and believes he or she can

do better than others.

7. **Committed and determined:** Is committed to excellence, puts in extra effort when required, and keeps trying after failure until success is achieved.
8. **Strong people skills:** Knows how to motivate employees and coach others towards success.
9. **Strong work ethic:** Often the first to arrive and last to leave, and motivates the team to think and act in the same way.

Q37. Define entrepreneurship and describe the steps for establishing a small-scale unit of entrepreneurship. [8 Marks]

Definition: Entrepreneurship (from the French *entreprendre*, “to undertake”) is the capacity and willingness to develop, organize and manage a business venture along with its risks in order to make a profit. In simple terms, it is starting a new business.

Importance of small-scale units: They contribute greatly to economic growth, produce export-quality goods, create thousands of jobs and are easy to set up.

Who can start: An existing entrepreneur or a fresh person, with or without a business background, educated or uneducated, including rural or backward area persons and minorities. A strong will, essential skills, ability to work hard and ability to take calculated risks are the key requirements.

Steps for establishing a small-scale unit:

1. **Product identification:** Design a new product as an innovator or imitate an established product. Describe the product or service and conduct market research to learn about the competition.
2. **Form of ownership:** Decide whether to be a corporation, sole proprietorship or partnership, choosing the one that is economically viable and feasible.
3. **Location:** Choose a location considering nearness to raw materials and market, transportation, availability of labor, power and energy supply, waste disposal facility and political patronage.
4. **Approvals:** Obtain government approval, taxation registration, licenses and other required paperwork following rules and regulations.

5. **Finance:** Arrange fixed capital (land, building, machinery) and working capital (operating costs, raw materials). If funds are insufficient, take long-term loans from private parties or financial institutions.
6. **Production management:** Allocate space for operations, choose the production method, follow quality testing practices, buy the required raw materials and hire the required workers.
7. **Marketing:** The last but most important step. Decide the prices keeping profit margin in mind and ensure sales and flow of revenue.

Planning in advance is useful, and the plan should be assessed and improved at every stage.

Q38. Entrepreneurship is not only the creativity of the entrepreneur but also strongly needs a conducive environment. Elaborate with your own logic. [8 Marks]

The statement is correct. Creativity and innovation are the sources of new ideas and the inner drive to start a business, but ideas alone cannot succeed unless the surrounding environment supports them.

Role of creativity: Creativity turns ideas into opportunities. An entrepreneur without imagination cannot come up with different solutions to problems. Creativity gives the inner drive to work for oneself and use one's knowledge.

Need for a conducive environment:

- **Government support:** Easy approvals, taxation, licensing and registration are needed. Governments should help develop a culture of entrepreneurial thinking.
- **Availability of finance:** Fixed and working capital and loans from financial institutions are required to turn an idea into a business.
- **Infrastructure:** Transport, power and energy supply, and waste disposal facilities are needed for operation.
- **Availability of raw materials and labor:** A location near raw materials, markets and labor makes production possible.
- **Political stability and patronage:** Political support is a consideration in choosing a location and running a business.

- **Education, training and social culture:** Programs like Global Entrepreneurship Week motivate youth to explore their ideas.

Example: A talented software developer in Nepal may have a great idea, but without internet infrastructure, easy company registration and access to funding, the idea cannot become a successful business.

Conclusion: Creativity provides the idea, but the conducive environment provides the base for that idea to grow. Both are needed for successful entrepreneurship.

Q39. What are the risks and challenges for an aspiring entrepreneur in the Nepalese IT sector? [3 Marks]

An aspiring entrepreneur in the Nepalese IT sector faces the following risks and challenges:

- **Financial risk:** Arranging fixed and working capital is difficult, and loans are hard to obtain, so there is a risk of losing invested money.
- **Market competition:** Entrepreneurs compete with established companies and foreign IT products, so they must be competitive and creative.
- **Uncertainty:** Since success is not guaranteed, entrepreneurs must take calculated risks and be ready to try again after failure.
- **Government approvals:** Registration, licensing and taxation procedures take time and effort.
- **Infrastructure limits:** Limited power and internet infrastructure can affect operations.
- **Skilled manpower:** Finding and keeping skilled employees is a challenge, so the entrepreneur must motivate them well.

End of Chapter 3 Answer Guide

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