

EMPLOYABILITY SKILLS

(Class IX)

Common to All Sectors



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UNIT 4 : ENTREPRENEURSHIP SKILLS

Session 4: Distinguishing Characteristics of Entrepreneurship and Wage Employment

Content

Title	Slide No.
Session Objectives	04
Introduction	05
Characteristics of Entrepreneurship	06
Profit	07
Risk	08
Wage Employment	09
Benefits of Entrepreneurship	10-11
Summary	12

Session Objectives

The students will be able to:

- ❑ Describe the characteristics of entrepreneurship; and
- ❑ Describe the benefits of entrepreneurship.

Introduction

Entrepreneurship is not without risks but entrepreneurs are not afraid of taking calculated risks. Taking risks can lead to failure but failure is acceptable and entrepreneurs continue their course of action till they succeed.

Characteristics of Entrepreneurship

Let us now look at some of the distinguishing characteristics of entrepreneurship.

- Effective planning and execution.
- Ability to take up risks
- Believe in hard work and discipline
- Adaptable and flexible to achieve the goals of enhancing quality and customer satisfaction
- Knowledge of the product and services and their need or demand in the market
- Financial literacy and money management skills

Profit

Profit is the gain amount that is earned in a business or trade after selling the product or service.

M/s Ram Prasad owns a sweet shop in a remote village. He incurs a total cost of Rs 35 per kg of sweets and sells at a rate of Rs 42 per kg to customers.

The amount of profit earned by Ram Prasad's sweet house amounts to Rs 7/kg, i.e., $\text{Rs } 42 - 35 = \text{Rs } 7$ per kg.

The profit earned is the excess earning after deducting all expenses.

Risk

A situation where the result is not known and could lead to a loss, is risk in business terms.

For example, if we are making 10 kg of sweets and spend Rs 300/- on buying milk, sugar, *maida* and at the same time some other person also starts the same business in the same area who could sell sweets at a lower price. Then we are at risk of running into a loss. Similarly, an entrepreneur may be at risk, if he/she starts a new business or expand the business with some innovative idea.

Wage Employment

Wage is normally an assured amount (which is agreed upon by both the parties) given to the employee on a daily or weekly basis for his work. In case of wage employment, there are always two parties. One is known as the employer and the other is the employee.

Wage employment not only assures a regular and steady income but also ensures various other benefits like medical facilities, housing facility, travel concessions, loans and advances, insurance, old age benefits, etc. Wage employment does not involve too much risk but entrepreneurship involves taking certain amount of calculated risks

Benefits of Entrepreneurship

The various benefits include the following:

- ❑ **You can do what you are interested in:** Entrepreneurship allows you to start and do something you like or want to achieve in life.
- ❑ **Work for yourself, and not for others:** Unlike wage employment, an entrepreneur, can work for self and not for someone else. He/she can decide the kind of work he/she would like to do and how he/she wants to do.

Benefits of Entrepreneurship

- ❑ **Make profits for yourself:** As an entrepreneur, you can decide how much money you want to earn and how you want to earn it.
- ❑ **More risk, more profit:** Even though there are risks in entrepreneurship, it allows you to decide how much risk you want to take. Usually, the larger the risk, the bigger could be the profit! But one should take calculated risk.

Summary

In this session, you have learnt the difference between entrepreneurship and wage employment. You have also learnt about the unique features of entrepreneurship.

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