



ଓଡ଼ିଶା ରାଜ୍ୟ ମୁକ୍ତ ବିଶ୍ୱବିଦ୍ୟାଳୟ, ସମ୍ବଲପୁର, ଓଡ଼ିଶା
Odisha State Open University, Sambalpur, Odisha
Established by an Act of Government of Odisha.

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DIPLOMA IN

ENTREPRENEURSHIP DEVELOPMENT

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Diploma in Entrepreneurship Development (DED)

DED-3

**Development of
Entrepreneurial Skills**

Block

1

ENTREPRENEURIAL SKILLS: AN OVERVIEW

Unit-1

Entrepreneurship and Indian Social System

Unit-2

Entrepreneurial Characteristics and Skills

Unit-3

Entrepreneurial Motivation and Need for Achievement

Unit-1

Entrepreneurship and Indian Social System



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Structure

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1.0 Learning Objectives

After going through this Unit, you will be able to understand the:

- challenges faced by Indian social entrepreneurs in accessing financial support
- perspective of Indian social entrepreneurs on the present regulatory mechanisms
- confidence to succeed in a challenging task
- desire to create a significant social impact
- ability to identify social issues and problems
- feasibility and implementation of a business plan

1.1 Introduction

Entrepreneurship has traditionally been defined as the process of designing, launching and running a new business, which typically begins as a small business, such as a startup company, offering a product, process or service for sale or hire. It has been defined as the "...capacity and willingness to develop, organize, and manage a business venture along with any of its risks in order to make a profit." While definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of businesses have to close, due to a "...lack of funding, bad business decisions, an economic crisis -- or a combination of all of these" or due to lack of market demand. In the 2000s, the definition of "entrepreneurship" has been expanded to explain how and why some individuals (or teams) identify opportunities, evaluate them as viable, and



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then decide to exploit them, whereas others do not, and, in turn, how entrepreneurs use these opportunities to develop new products or services, launch new firms or even new industries and create wealth.

Traditionally, an **entrepreneur** has been defined as "a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk". Rather than working as an employee, an entrepreneur runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes." Entrepreneurs tend to be good at perceiving new business opportunities and they often exhibit positive biases in their perception (i.e., a bias towards finding new possibilities and seeing unmet market needs) and a pro-risk-taking attitude that makes them more likely to exploit the opportunity. "Entrepreneurial spirit is characterized by innovation and risk-taking." While entrepreneurship is often associated with new, small, for-profit start-ups, entrepreneurial behaviour can be seen in small, medium- and large-sized firms, new and established firms and in for-profit and not-for-profit organizations, including voluntary sector groups, charitable organizations and government. For example, in the 2000s, the field of social entrepreneurship has been identified; in which entrepreneurs combine business activities with humanitarian, environmental or community goals.

Entrepreneurs are leaders willing to take risk and exercise initiative, taking advantage of market opportunities by planning, organizing, and deploying resources, often by innovating to create new or improving existing products or services. In the 2000s, the term "entrepreneurship" has been extended to include a specific mindset resulting in entrepreneurial initiatives, e.g. in the form of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship.

1.2 Concept of Entrepreneurship

The concept of entrepreneurship has a wide range of meanings. On the one extreme an entrepreneur is a person of very high aptitude who pioneers change, possessing characteristics found in only a very small fraction of the population. On the other extreme of definitions, anyone who wants to work for himself or herself is considered to be an entrepreneur.

The word 'entrepreneur' originates from the French word, *entreprendre*, which means "to undertake". In a business context, it means to start a business. The Merriam-Webster Dictionary presents the definition of an entrepreneur as one who organizes, manages and assumes the risks of a business or enterprise.

The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In

economics, entrepreneurship combined with land, labour, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

Schumpeter's View of Entrepreneurship

Austrian economist Joseph Schumpeter's definition of entrepreneurship placed an emphasis on innovation, such as;

- New products
- New production methods
- New markets
- New forms of organization

Wealth is created when such innovation results in new demand. From this viewpoint, one can define the function of the entrepreneur as one of combining various input factors in an innovative manner to generate value to the customer with the hope that this value will exceed the cost of the input factors, thus generating superior returns that result in the creation of wealth.

1.3 Entrepreneurship vs. Small Business

Many people use the terms “entrepreneur” and “small business owner” synonymously. While they may have much in common, there are significant differences between the entrepreneurial venture and the small business. Entrepreneurial ventures differ from small businesses in these ways:

1. **Amount of wealth creation** – rather than simply generating an income stream that replaces traditional employment, a successful entrepreneurial venture creates substantial wealth, typically in excess of several million rupees of profit.
2. **Speed of wealth creation** – while a successful small business can generate several million rupees of profit over a lifetime, entrepreneurial wealth creation often is rapid, for example, within 5 years.
3. **Risk** – the risk of an entrepreneurial venture must be high; otherwise, with the incentive of sure profits many entrepreneurs would be pursuing the idea and the opportunity no longer would exist.
4. **Innovation** – entrepreneurship often involves substantial innovation beyond what a small business might exhibit. This innovation gives the venture the competitive advantage that results in wealth creation. The innovation may be in the product or service itself, or in the business processes used to deliver it.



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Who are Entrepreneurs?

There are no specific traits that every entrepreneur shares, but many do possess a few common characteristics. Successful entrepreneurs are typically confident and self-motivated. They are tenacious but understand their own limitations. Instead of following the status quo, entrepreneurs have a healthy disrespect for established rules, and often set out to do things that others may not have the courage to. They are also willing to fail and start over again; taking the lessons they have learned to create something new and improved.

It takes a special kind of person to become a successful entrepreneur. An entrepreneur is someone who can take any idea, whether it be a product and/or service, and have the skill set, will and courage to take extreme risk to do whatever it takes to turn that concept into reality and not only bring it to market, but make it a viable product and/or service that people want or need. Research shows that Americans are increasingly choosing entrepreneurship. Nearly 65 percent of workers would rather be an entrepreneur or independent employee than work in an office.

Tips for Aspiring Entrepreneurs

If you are ready to enter the world of entrepreneurship, here are a few important tips to keep in mind.

- **Learn from others' failures.** Rather than admiring the small percentage of businesses that grow to become successful, study those that end up failing. This will greatly increase your chances of success, because most companies have made common mistakes that have led to their demise. Having the humility to learn from the mistakes of others before making them yourself is the secret to success.
- **Make sure this is what you want.** Because entrepreneurship entails so much hard work, it is critical to ensure you're following the right path. If this is something you really want, then think long-term, and be persistent. The vast majority of great entrepreneurs failed multiple times before they finally found the business idea that took off and brought them success.
- **Solve problems.** Entrepreneurs should always be in search of problems to solve, and not the other way around. In other words, they should not start with a solution looking for a problem.
- **Be passionate.** Successful entrepreneurs are driven primarily by a need for achievement and the desire to make a meaningful difference. The most important traits are passion and persistence, but these must not be confused with arrogance and stubbornness.
- **Get advice from those who have done it.** Business owners to find mentors who are successful, as well as to read books, network with people

they admire and look into great educational programs to help them throughout the process.



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1.4 Entrepreneurial Contributions and Indian Economy

Entrepreneurs who are business leaders look for ideas and put them into effect in nurturing economic growth and development. They play the most important role in the economic growth and development of Indian economy. An entrepreneur plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector. The major roles played by an entrepreneur in the economic development of an economy are as follows:

- **Promotes capital formation:** Entrepreneurs promote capital formation by mobilizing the idle savings of our citizens. They employ resources for setting up their enterprises. Such types of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of India.
- **Employment generation:** Entrepreneurs provide instant large-scale employment to the unemployed which is an unending problem of India. Small entrepreneurs provide self-employment to artisans, technically qualified persons and professionals. As these enterprises grow, they keep providing direct and indirect employment opportunities to many more. In this way, entrepreneurs clear the path towards economic development of our country.
- **Balanced regional development:** Entrepreneurs promote development of industries. They help to remove regional disparities by industrializing rural and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc. They help to reduce the problems of congestion, population in cities by providing employment and incomes to them. They help to improve the standard of living in sub-urban and rural areas.
- **Reduces concentration of economic power:** Industrial development normally leads to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. Entrepreneurs contribute towards the development of society by reducing concentration of income and wealth.
- **Wealth creation and distribution:** It stimulates impartial redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. Entrepreneurial activities also ensure equitable distribution of income and wealthy by inculcating the spirit of



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entrepreneurship amongst people thereby providing them self-employment with limited resources.

- **Increasing GDP and per capita income:** Entrepreneurs are always looking out for opportunities. They encourage effective resource mobilization of capital and skill, bring in new products and services and develop markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in our nation.

- **Improvement in the standard of living:** Entrepreneurs adopt latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

- **Promotes country's export trade:** Entrepreneurs earn valuable foreign exchange through increased exports. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export. This ensures economic independence and development.

- **Induces backward and forward linkages:** Entrepreneurs work in an environment of changing technology and try to maximize profits by innovation. This induces backward and forward linkages which stimulate the process of economic development in the country.

- **Facilitates overall development:** Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units.

1.5 Social Structure of India

India is a country with diverse cultures. Customs and traditions vary from region to region. Yet, of course, some commonality does exist in the social structure, which is a unifying force. Let us try to understand the various social formations that provide the unifying force as well as distinct characteristics to the Indian society.

- **Caste system** – The social structure is based upon the caste system. The society is divided into four major castes- the Brahmans, Kashtriyas, Vaisyas and the Sudras. The Brahmans are the priests and are considered to be the uppermost caste. The Kshatriyas are the warriors, Vaisyas are the business class, the merchants and the Sudras are the working class. Inter-caste marriages are not permitted as a rule, although now it has become quite

common in the urban areas. Untouchability continues to be practiced. The Dalits are treated as untouchables as they do the menial jobs of removing the night soil or cleaning the streets. The Constitution does not permit the practice of untouchability and those practicing it can be persecuted. Now of course, with growing urbanization, the caste system is becoming obsolete.

- **Family** – The family as a unit is given much importance. Divorces as a rule are not very common or appreciated. Couples prefer adjusting rather than breaking up a marriage. Since children are given much importance, divorces are generally shunned. The family system nurtures the well-being of the children. Nowadays, in the urban set-up due to modernization, preference is being given to divorce as a solution to settle an unhappy marriage. But on the whole, people like to retain the family unit.
- **Women** – Historically, women have played a significant role in the social and political structure of India. In the ancient times, women enjoyed much freedom, but with advent of the Muslims the purdah system came into vogue in the northern part of India. In many regions, women remain very submissive, although with the improved education levels, women have become more assertive.
- **Men** – In the Indian society, a man is considered to be the bread-earner and shoulders the responsibility of the family. He is very dominating by nature and prefers to rule over his women.
- **Patriarchal setup** – India is mostly a patriarchal set-up, with the father having control over the family unit. The man controls the reins of the family unit. He is the head of the family. The eldest male member has much say in the matters of the family.
- **Matriarchal setup** – In Kerala, in the south of India, the woman of the house is the dominant force. She decides the issues of the family.
- **Marriage** – This is an important social obligation which most Indians adhere to. It is given much importance by society. Marriages are generally arranged, but now many are choosing their own partners in urban areas. Children born outside marriage are looked down upon. Marriages are conducted with elaborate rituals and much money is spent on this occasion.
- **Birth** – This is an occasion for rejoicing. Ceremonies and rituals are held to celebrate the occasion. The birth of male child is looked up to. In some areas, the birth of a girl is looked down upon.
- **Death** – This is also an important occasion in the family system. Death is considered to be inevitable. Ceremonies are held on this



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occasion and even after the death of a person, yearly rituals are held in remembrance of them.

Thus, Indian society is very complex, but yet remains intact as people follow certain guidelines laid down by the society. They prefer not to deviate from it.

Who is a Social Entrepreneur?

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps.

Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local change makers—a role model proving that citizens who channel their passion into action can do almost anything.

Over the past two decades, the citizen sector has discovered what the business sector learned long ago: There is nothing as powerful as a new idea in the hands of a first-class entrepreneur.

Why "Social" Entrepreneur?

Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

1.6 Social Entrepreneurship in India

India has the world's second largest labour force of 516.3 million people and although hourly wage rates in India have more than doubled over the past decade, the latest World Bank report states that approximately 350 million people in India currently live below the poverty line. With an estimated population of 1.2 billion people, this means that every third Indian is bereft of even basic necessities like nutrition, education and health care and many

are still blighted by unemployment and illiteracy. Social entrepreneurs can help alleviate these issues by putting those less fortunate on a path towards a worthwhile life. Rather than leaving societal needs to the government or business sectors, they can solve the problem by changing the system.

The degrees to which social entrepreneurs pursue social impact as opposed to profitability vary, but in all cases financial sustainability is fundamental. One approach is to create business models revolving around low-cost products and services to resolve social problems. The objective is to create a social benefit that is not limited by personal gain. Social Entrepreneurship is the process of bringing about social change on a major and more effective scale than a traditional Non-Governmental Organization (NGO). They differ from NGOs in that they aim to make broad-based, long-term changes, instead of small-scale and time-limited changes. Furthermore, a NGO raises funds through events, activities and sometimes products. However, raising money takes time and energy, which could be spent in direct working and marketing processes. Above all, Social Entrepreneurs consider the affected people as part of the solution and not as passive beneficiaries.

Growing Number of Social Entrepreneurs in India

Social entrepreneurs are individuals or groups of people or organizations that provide time and solutions to alleviate the society's myriad problems and long standing issues that remain unresolved by the institutional and government sector. As in other countries, India too, social entrepreneurs are a growing phenomenon bringing positive change to several social areas ranging from education to healthcare, renewable energy, waste management, e-learning and e-business, housing and slum development, water and sanitation, violence against women, other issues related to women, children and the elderly etc. The key aim of these Social enterprises is to introduce sustainable and dignified living to the under privileged and the marginalized citizens of India.

Social entrepreneurs do not have a formal recognition as a sector. While this may deprive them from and sector specific benefits such as incentives or tax breaks, there are growing numbers of investors and handholding companies that incubate social entrepreneurs. There are also a growing number of women social entrepreneurs as well as those from the Indian diaspora. Most of these entrepreneurs are highly educated and sector specialists, most of whom may have left lucrative jobs in India or overseas to pursue their commitment towards a social cause or improving the lives of their fellow citizens. India is said to have the largest number of social enterprises in the world. The 'Bottom of the Pyramid' Approach by Dr. C.K. Prahalad is a widely used concept in Social entrepreneurship. This strategy encourages enterprises to approach the market with 'small unit packages, low margin per unit, high volume, and high return on capital employed'.

Typical Sectors of Investment of Social Enterprises

- **Affordable healthcare** - The affordable healthcare sector in India is at a nascent stage. Affordable healthcare providers reduce the cost of



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service delivery through innovative operating models. Over 60 per cent of the population in India lives in villages and small towns while 70 per cent of medium-to-large hospitals are located in metros and large towns. In addition, 80 per cent of the demand is for primary or secondary care and only 30 per cent of hospitals provide these. Thus availability and affordability remain a key concern in healthcare coverage.

- **Affordable housing** - According to the Twelfth Five Year Plan document, the gap in the urban housing market is estimated at 18.8 million dwelling units. Moreover, about 73 per cent of the self-occupied units are in bottom 40 per cent of the urban households. Affordable housing developers create economic value by minimizing construction cost and completion time through integrative technical solutions and process innovations.

- **Water and sanitation** - Water sector can be broadly classified into three areas: water harvesting and storage, water supply and distribution, and piping and waste management. Social Entrepreneurs in water space are both for and not-for profit enterprises. Social entrepreneurs are typically involved in rain-water harvesting, community water treatment, point-of-use filtration, and small-scale water networks. Typical working models for sanitation management are household toilets, pay-and-use community toilets and 'ecosan' toilets where toilet waste is used to create biofuel.

- **Agriculture** - Agriculture and allied sectors provide livelihood to over 70 per cent of the rural population in India. Social enterprises working in this sector create economic and social value by eliminating inefficiencies from the current value chains. These enterprises are broadly categorized as: those supporting the value chain pre-harvest or post-harvest market links as well as those involved in the dairy production and market linkage.

- **Energy** – Social enterprises enter this space in order to enable access to environmentally friendly, affordable energy. They play a key role in improving living standards of poor households. Roof-top solar lighting and low smoke cook stoves are some of the initiatives in this space.

- **Education** - It is estimated that 4 per cent of children never start school, 58 per cent do not complete primary school education because of reasons ranging from inadequate infrastructure to lack of motivation, and poverty. Social enterprises are very active in the education of the under privileged children. They work around these challenges through advocacy and capacity enhancing solutions. These enterprises cater from early childhood to adulthood and exist in formats such as pre-schools and after-school classes, e-learning and vocational and skill development institutes.

- **Livelihood promotion** – Social entrepreneurs in this space are broadly classified into two categories: entities that promote livelihoods and those that facilitate skill development. In most livelihood enterprises, the producers or artisans hold majority ownership. Entrepreneurs in the skill development

sector are mostly structured as for-profit entities, but with low or subsidized or free education to the beneficiary.

- **Financial inclusion** – Micro-finance Institutions (MFIs) act as financial intermediaries, offer products and processes aimed at serving economically weaker sections of the society. At present, only 10 per cent of the total demand for microcredit is met by MFIs. The Self-Help Group Bank Linkage Program by the RBI promotes financial transactions between commercial banks and self-help groups (SHGs). There are four stages in a SE life cycle – Pilot, Start up, Growth and Steady phase.



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Role of Government in the Social Entrepreneurship Landscape

The Government has initiated many public-private partnerships in key development sectors. The National Innovation Council, in partnership with the Ministry of Micro, Small and Medium Enterprises (MSME) has launched the India Inclusive Innovation Fund (IIIF), an impact investment fund with a corpus on Rs. 5,000 crore that will invest in ventures catering to the country's economically weaker sections.

Budget 2014 initiatives

- In order to create a conducive eco-system for venture capital in the MSME sector, it is proposed to establish a Rs. 10,000 crore fund for attracting private capital by way of providing equity, quasi equity, soft loans and other risk capital for start-up companies
- Proposal to allocate Rs. 200 crore to promote innovation, entrepreneurship and agro-industry
- Proposal to set-up a ‘Start Up Village Entrepreneurship Programme’ for encouraging rural youth to take up local entrepreneurship programmes and providing an initial sum of Rs. 100 crore for this.

Challenges faced by Social Enterprises

Hiring/retaining qualified staff	Raising Capital	Building the value chain	Proving the model’s scalability
Navigating the regulatory environment	Regional Inclusiveness	Investment Exits	Developing/refining a business plan

Source: Intelicap – A Study of India’s Social Enterprise Landscape – April 2012 and IMaCS analysis



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Some Established Social Enterprises

1. VAATSALYA HEALTHCARE

- Founded in 2004 by Dr. Ashwin Naik who practiced across the US for over 10 years and Dr. Veerendra Hiremath who worked with the Hinduja Group and Medicom in Malaysia.
- States in which Vaatsalya is present – Karnataka, Andhra Pradesh
- Operates a network of hospitals to provide affordable primary and secondary care in rural and semi-urban India.
- Largest hospital network in India across Tier II and III towns.
- Standardized operations, no-frills but high quality services, recruiting, training and retaining healthcare personnel (doctors, nurses, technicians etc.) and renting buildings. Low operating cost by centralized purchase of equipment and consumables. These hospitals break-even in 18-24 months.
- Grown to 17 hospitals across Andhra Pradesh and Karnataka from 4 hospitals during 2009; opening soon in Maharashtra and Tamil Nadu.
- Serves an average of 280,000 patients per annum which is expected to increase as new hospitals are opened.
- Awards – Inaugural Porter Prize in India for Value Based Healthcare in 2013, Frost and Sullivan Award for Healthcare Excellence in 2010, Sankalp Award for Healthcare Inclusion in 2009, BiD challenge India in 2007 and LRAMP award in the enterprise category in 2008.

2. KHOSLA VENTURES

- Founded in 2004 by Mr. Vinod Khosla, co-founder of Sun Microsystems; Headquartered in California, USA.
- Provides venture assistance and strategic advice to entrepreneurs working on breakthrough technologies.
- US\$ 3 billion worth assets under management.
- Focus is on building profitable technology products that solve large scale problems in financial inclusion and unorganized retail.
- Current focus areas: mobile payments and banking, retail efficiency, big data analytics and healthcare.
- Portfolio consists of companies such as Climate Corporation, Ayasdi, EcoMotors, Fundera, HackerRank, HealthTap, Piazza, Metamarkets, LanzaTech and Quanttus.
- Khosla Labs has been set up in India during 2012 for start-up incubation with focus on Mobile Payments and Banking, Retail Efficiency, Healthcare Delivery and Big Data Analytics.
- State: Khosla Labs is based in Karnataka but provides pan-India assistance.



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3. MILAAP

- Founded in 2010 by Mr. Sourabh Sharma – a Computer Science honours graduate from National University of Singapore (NUS), Mr. Anoj Viswanathan – Bachelor’s in Engineering and Minors in Economics and Technology Management from NUS, and Mr. Mayukh Choudhury – Electrical Engineer from IIT Madras and a PGDM from IIM Lucknow.
- State: Based in Karnataka but funds projects across India.
- Online fund-raising platform that enables people worldwide to fund and impact communists in need of basic facilities in India.
- Powering the next generation of livelihood-focused credit programs by attracting a new class of “crowd sourced, low-cost, risk tolerant” capital.
- Milaap and its field partners (NGOs and MFIs) facilitate and disburse the loans from online lenders to the borrowers. The loans are given out to borrowers at interest rates that are 50 per cent lower than existing interest rates available to microcredit borrowers. These loans give people access to basic needs like clean drinking water, sanitation and renewable energy, as well as skills development via vocational training.

4. ENZI

- Enzi was founded by Ms. Ashni Mohnot, an international student at Stanford, who had no access to federal loans interest rates available to US citizens. Ms. Mohnot is a 2010 Echoing Green fellow and attended Stanford University where she studied Human Biology with a focus on International Health. Ms. Mohnot blogs for PopTech on social entrepreneurship and has worked for two social ventures - Mobile Metrix and Gumball Capital. Currently she works as Director of Education for Stanford’s Martin Luther King, Jr. Research and Education Institute.
- Enzi provides assistance to students of all Indian states.
- Enzi helps increase the numbers of students opting for tertiary education in India, helping them acquire technical skills and improve their employability.

5. EARTHEN LIFE

- Earthen Life provides a sustainable and a decentralized waste management solution by converting organic waste to renewable energy at source while taking an inclusive approach of integrating the waste pickers and other low income communities in the value chain.
- State: Earthen Life is based in Maharashtra with offices at Mumbai and Pune.



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- Management Team – Mr. Pradeep Rathi, Dr. Priyadarshini Karve and Dr. Sarika Rathi. Mr. Pradeep completed his MBA from the University of California, Berkeley and specialized in Social Entrepreneurship and Sustainability. Dr. Priyadarshini is presently the MD at Samuchit Enviro Tech Pvt. Ltd., a company that is focused on providing environmentally sustainable energy and waste management solutions. She holds a PhD degree in Physics from University of Pune. Dr. Sarika has extensive experience in the field of solid waste management in India and USA. She holds a PhD in Development Studies from Indira Gandhi Institute of Development Research, Mumbai. Her PhD thesis was on Mumbai's Municipal Solid Waste system.

6. AKANKSHA FOUNDATION

- Ms. Shaheen Mistri graduated with a Bachelor's degree in Sociology from St. Xavier's College, University of Mumbai and later obtained a Master's in Education from the University of Manchester. Before launching the Akanksha Foundation, Ms. Mistri's interest in children's education led her to volunteer as a teacher in various organizations across Mumbai, such as the 'Happy Hom' and 'School for the Blind' and the 'E.A.R. school for the Hearing Impaired'.
- State: Akanksha is based in Maharashtra. Akanksha also has offices in the US, the UK and Canada.
- Awards for Ms. Mistri- Ashoka Fellow (2001), Global Leader for Tomorrow at the World Economic Forum (2002) and Asia Society 21 Leader (2006).
- The Akanksha Foundation is a non-profit organization with the vision to equip all students with the education, skills and character they need to lead empowered lives. Akanksha works primarily in the field of education, addressing non-formal education through the Akanksha centre and also formal education by initiating school reform through 'The School Project'.
- At present, Akanksha reaches out to over 4,600 children through two models: the after-school or Centre model and the 'School Project'. Akanksha has 15 centres and 15 schools in Mumbai and Pune.

7. SAMASOURCE

- Ms. Leila Janah is the Founder and CEO of Samasource. Ms. Janah graduated from Harvard with a degree in Development Studies, researching with the World Bank and Ashoka, and directing non-profit efforts in the USA and the U.K.
- Samasource is a non-profit organization founded in 2008 that utilizes a unique micro-work model to bring the poor women and youth to dignified employment in the digital economy by breaking down small computer-based tasks from larger projects.
- Headquartered at San Fransisco, California and provides employment with in-country partners in Haiti, India, Kenya, Pakistan, South Africa and Uganda.

- Has support from leading individual donors and philanthropic organizations including The MasterCard Foundation, The Rockefeller Foundation, Ford Foundation, the U.S. Department of State, Cisco Foundation, eBay Foundation and Google.org.
- Ms. Janah was named one of the Most Influential Women in Technology by Fast Company in 2009. In 2010, she received the Prix NetExplorateur from the French Senate and a World Technology Award for Social Entrepreneurship for her work with Samasource.



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8. FRONTIER MARKETS

- Ms. Ajaita Shah is the Founder and CEO of Frontier Markets. Ms. Shah's mission is to bring high quality and affordable products to bottom of the pyramid and rural households in India. Ms. Shah has been working in India for eight years in microfinance and clean energy distribution. She is a 2006 Clinton Service Corp Fellow, 2012 Echoing Green Fellow and 2013 Cordes Fellow, has been awarded the most influential award in MFI for people under 30, and Business Week's 30 under 30 award, and most recently, Forbes Magazine's Top 30 Under 30's Social Entrepreneur of the Year. Ms. Shah is an active member of the UN Practitioner's Network, Asian Development Bank's 'Energy For All Partnership'. She holds a B.A. degree in International Relations from Tufts University.
- Frontier Markets responds to the market failure to provide rural BOP villagers in India with access, training, and servicing for clean-energy products. Frontier Markets offers a unique distribution model as part of its inclusive business commitment, partnering with local entrepreneurs who sell clean-energy products under the brand name 'Saral Jeevan.
- State: Frontier Markets is based in Rajasthan.

9. THINKCHANGE INDIA

- Ms. Shital Shah completed her Bachelor's degree at Northwestern University and her Master's in Public Administration at NYU and then went on to work in different capacities with organizations like the United Nations, Oxfam, the World Bank, and Acumen Fund. Ms. Shah now works as a strategy consultant focused on mobile money start-ups globally with ShoreBank International.
- Ms. Shah helped start ThinkChange India (TC-I), the one-stop website for keeping up with social entrepreneurship and social innovation in India. Through this effort, she started developing networks and relationships with social enterprises, making TC-I a demanded media partner in the country. The website had achieved 150,000 page-views, and averages more than 4,000 unique hits a



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Week. She is now interested in cultivating an intentional start-up ecosystem in her base of Ahmedabad, India.

- TC-I merged with online platform – YouStory.in during June 2013.

10. SAMHITA SOCIAL VENTURES

- Ms. Priya Naik is the Founder and Managing Director of Samhitha Social Ventures. She has three Master’s degrees – from Yale University, University of Michigan-Ann Arbor and University of Mumbai. She has worked at the Poverty Action Lab, Massachusetts Institute of Technology and Arthur Andersen among several other ventures. Prior to Samhitha, Ms. Naik co-founded The Spark Group, an education company that delivered affordable education to low income communities.

- Samhitha is a philanthropic initiative of the Nadathur Trust, the philanthropic arm of Nadathur Group. Since 2009, Samhitha has provided structured and professional services to enable companies, donors and NGOs to collaborate with each other. Through the “Samhitha ecosystem”, the organization provides a credible platform and thought leadership to enable NGOs, companies, donor agencies, individuals, philanthropists, foundations and researchers to achieve their specific goals and make informed decisions that translate into purposeful action and large-scale social impact.

- State: Samhitha is based in Maharashtra.

11. DESICREW

- Ms. Saloni Malhotra is the founder of DesiCrew, a for-profit organization employing over 300 people that is focussed on creating knowledge-based livelihood opportunities in small towns and rural areas. Ms. Malhotra is an engineer from the University of Pune.

- State: DesiCrew was initially started in Tamil Nadu and is now present in Karnataka and Haryana.

- Ms. Malhotra has been nominated for Business Week Asia's Best Youngest Entrepreneurs, MTV Youth Icon 2008, E&Y Entrepreneur of the Year 2008 and also facilitated in the presence of the President of India by the CII. She is the recipient of FICCI’s Best Women Social Entrepreneur Award (2009) and TIE Stree Shakthi Award (2011). Ms. Malhotra stepped down as the CEO in March 2012 to hand over to a professional management team and continues to participate on the Board.

- DesiCrew was started in 2005 as a test project sponsored by Mr. Ashok Jhunjhunwala’s TeNet group from IIT-Madras. DesiCrew was incubated by the Rural Technology Business Incubator (RTBI) of IIT-Madras. Its business model involves setting up delivery centres in rural India and servicing the clients across different countries.

- Services of DesiCrew include Data Management, Digital Supply Chain and Customer Experience Management.

12. M.PAANI

- Ms. Akanksha Hazari graduated in Politics from Princeton University and an MBA from the University of Cambridge. She led the Cambridge team that won the Hult Prize in 2011, and was honoured by former President Bill Clinton and the Clinton Global Initiative.
- Ms. Hazari founded m.Paani, a social venture that designs and implements mobile-based loyalty programs for underserved communities. m.Paani harnesses the power and reach of mobile phones to address access to key basic services including safe water, education, healthcare, energy, and nutrition. The firm designs and implements mobile-based loyalty programs, where users are awarded loyalty points based on their spending on products used for daily use. These loyalty points, which can be shared with family members as well, can be redeemed for rewards in areas such as education, healthcare, safe water and energy. The firm has won awards from Sankalp Forum, Echoing Green, and Conquest.
- M.Paani took its business to Africa, before turning to India. Starting with a seed capital of US\$ 500,000, m.Paani launched formally in 2013 with a pilot project in Mumbai. As a firm, m.Paani receives its revenues from the partner organization that buys the loyalty programs from it.
- State: m.Paani is based in Maharashtra.

13. MAKE A DIFFERENCE

- Make A Difference (MAD) was founded in 2006 by Ms. Gloria Benny, Mr. Jithin C Nedumala and Mr. Sujith Abraham Varky. Ms. Benny has worked with Google for five years before she co-founded MAD.
- MAD is a platform that empowers youth to take responsibility and provides children at risk a positive learning ecosystem that will help them unleash their potential.
- MAD volunteers implement projects that provide children with required skills for securing employment, role models they can relate to and exposure that helps them dream big. Programmes include English Programme, Placements Programme, Infrastructure Projects, Life Skills Project, Youth Development Project and Innovation Hub.
- State: MAD is headquartered in Karnataka. MAD was initially started in Cochin, Kerala and now has spread its wings to 22 other cities in India.
- MAD has won many recognitions such as Ashoka: Innovators for the Public Staples Inc. Youth Social Entrepreneur competition, 2008, Indiya Shines Competition, organized by Great Non Profits.



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com, 2009, Noble Laureate of the Karmaveer Puraskaar awarded by Icongo, Youth Action Net Global Fellow, 2010, Cordes Fellowship, 2010 Opportunity Collaboration and 'Leader in Volunteer Engagement' Award at the iVolunteer Awards 2012.

1.7 Let's Sum-up

Social entrepreneurship—the practice of responding to market failures with transformative, financially sustainable innovations aimed at solving social problems—has emerged at the nexus of the public, private, and nonprofit sectors. It is a new breed of entrepreneurship that exhibits characteristics of nonprofits, government, and businesses—including applying to social problem-solving traditional, private sector entrepreneurship's focus on innovation, risk-taking, and large-scale transformation. While social entrepreneurship is not a new phenomenon, the field has experienced enormous growth over the past 15 years, receiving increasing recognition from journalists, philanthropists, researchers, and policymakers as an important and distinctive part of the nation's social, economic, and political landscape.

The concept of entrepreneurship has a long history in the business sector. A major theme has been the creation of value through innovation (Schumpeter, 1951; Drucker, 1985). As applied more recently to social concerns, the concept has taken on a variety of meanings. Some, for example, have focused on social entrepreneurship as combining commercial enterprises with social impacts. In this perspective, entrepreneurs have used business skills and knowledge to create enterprises that accomplish social purposes, in addition to being commercially viable (Emerson & Twersky, 1996). Not-for-profit organizations may create commercial subsidiaries and use them to generate employment or revenue that serves their social purposes; for-profit organizations may donate some of their profits or organize their activities to serve social goals. These initiatives use resources generated from successful commercial activities to advance and sustain their social activities. Social entrepreneurs are focused on social problems. They create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems, rather than in response to the dictates of the market or commercial criteria.

Social entrepreneurship is the recognition of a social problem and the uses of entrepreneurial principles to organize create and manage a social venture to achieve a desired social change. While a business entrepreneur typically measures performance in profit and return, a social entrepreneur also measures positive returns to society. Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors but this need not preclude making a profit. Social entrepreneurship practiced with a world view or international context is called international social entrepreneurship.

1.8 Key Terms

Start-up company, Entrepreneurial spirit, Innovation and risk-taking, Social entrepreneurship, Capital formation, Employment generation, Balanced regional development, Economic power, Per-capita income, Wealth creation, Standard of living, Economic independence, Social structure, Patriarchal set-up, Matriarchal set-up, Social enterprise, Livelihood promotion, Sustainable living, Regulatory environment.

1.9 Self-Assessment Questions

Q 1 What are the characteristics of a successful entrepreneur?

Q 2 Explain the role of entrepreneurship in economic development.

Q 3 What factors affect entrepreneurial growth?



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1.10 Further Readings

1. Bhatt, Ela. (1989). *Toward empowerment*. World Development, 17(7): 1059-1065.
2. Bornstein, D. (2004). *How to Change the World: Social Entrepreneurs and the power of new ideas*. New Delhi: Penguin Books.
3. Desai, Vasant. *Small-Scale Industries and Entrepreneurship*.
4. Drucker, Peter F. (1985) *Innovation and entrepreneurship*. New York: Harper & Row, Publishers.
5. Mohanty and Sangram Keshari. *Fundamentals of entrepreneurship*.
6. Prabhu, G. N. (1999) *Social entrepreneurship leadership*. Career Development International, 4(3): 140-145. Public Sector Management, 15(5): 412-432.
7. Shukla, M., Farias, G., & Tata, R. (2012 , November). *Emerging Ecosystem of Social Entrepreneurship in India: A Framework*. Jamshedpur.

1.11 Model Questions

- Q 1 How new is social entrepreneurship in India?
- Q 2 What is the difference between social innovation, social entrepreneurship and social enterprise?
- Q 3 Is India really a hotbed for social enterprise?
- Q 4 Explain the cultural, social, economic and personality factors that affect entrepreneurial growth.

UNIT – 2

Entrepreneurial Characteristics and Skills

Learning Objectives:

After completion of this unit you should be able to:

- Identify the Characteristics of Entrepreneurs
- Identify the skills needed to run an enterprise
- differentiate between acquired skills and potential skills
- Introspect about the Characteristics and skills within self

Structure:

- 1.1 Introduction
- 1.2 Characteristics of Entrepreneurship and Entrepreneur
- 1.3 Entrepreneurial Skills
- 1.4 Role of Entrepreneurs
- 1.5 Let's Sum-up
- 1.6 Key Terms
- 1.7 Self-Assessment Questions
- 1.8 Further Readings
- 1.9 Model Questions

1.1 Introduction

Entrepreneur is not a simple man who lives normally like the other people but he is one who continuously thinks something for his progress, challenges, business, new ideas etc. Most of the characteristics of the entrepreneur are his achievement motivation. A successful entrepreneur must be the combination of qualities like innovation, initiation, leadership, self-confidence, creativeness and so many qualities that ultimately help the entrepreneur to achieve his goals. The following are the characteristic features of a successful entrepreneur: If you think you want to be your own boss and run your own business, but are not sure you have the right qualifications to be an entrepreneur, read on. What are the characteristics of an entrepreneur? How does an entrepreneur think? Is your personal profile similar to that of a successful entrepreneur?



Entrepreneurial Characteristics and Skills



Entrepreneurial Characteristics and Skills

1.2 Characteristics of Entrepreneurship and Entrepreneurs

Scholars do not agree on the characteristics possessed by entrepreneurs. Hence, several scholars through various studies identified several characteristics or traits possessed by entrepreneurs some of which are discussed as follows. For instance, Rockstar (2008) recognized the characteristics of entrepreneurship as:

Creative Activity: Entrepreneurship entails innovations. It deals with product innovation, production techniques innovation while bearing in mind the market;

Dynamic Process: Entrepreneurship is a dynamic process that has to bear in mind the dynamic business environment.

Purposeful Activity: Entrepreneurship is an activity embarked upon for a specific purpose. This could be for profit making purposes, for humanitarian purposes or to bring a difference to the market.

Involves Risk: Entrepreneurship is a very risky venture; entrepreneurial decisions can have far-reaching impact on the organization, people in the organization and even the economy. These decisions are critical, enormous and cannot be easily reverted.

Rockstar (2008) then identifies the following characteristics of entrepreneurs as: risk bearing ability, technical knowledge, and ability to gather financial and motivational resources. Di- Masi (2010), on the other hand, regards the major characteristics of entrepreneurs as: self-confidence and being multi-skilled, confidence in the face of difficulties and discouraging circumstances, risk-taking, innovative skills, results-oriented, total commitment. Stephenson (2010) believes that entrepreneurial characteristics are: **seriousness, planning ability, prudence, and team work.** Hadzima and Pilla (2010) conclude that the characteristics of highly effective entrepreneurs include: ability to deal with risk, being results oriented, enthusiasm and energy, growth potential, team work, multitasking ability and improvement orientation.

Driessen and Zwart (2010), after carefully studying various researches conducted into the characteristics of successful entrepreneurs, identified three main characteristics and five secondary characteristics of successful entrepreneurs. According to them, the main characteristics are: need for achievement (n Ach), internal locus of control (ILOC) and risk taking propensity (RTP), while they also stated the five secondary characteristics as: need for autonomy (n Aut), need for power (n Pow), tolerance of ambiguity (ToA), need for affiliation (n Aff), and endurance (End). They then concluded that in these studies, successful entrepreneurs score significantly higher on these characteristics than less successful entrepreneurs, small business managers, and non-entrepreneurs (Driessen & Zwart, 2010). Other characteristics identified are: discipline, vision or creativity, calmness, risk

tolerance: Focused, balance, (LifeHack, 2008), commitment, perseverance, **initiative, versatility, dynamic, knowledgeable/skilled**, emotional or mental strength, and resilience. A careful look at the characteristics listed above reveals that some of them overlap while most of them are divergent thereby further fuelling the debate. Some of these characteristics are briefly discussed below.



Entrepreneurial Characteristics and Skills

Risk Bearing Ability: The entrepreneur must have the capacity to bear risk. This is because the new venture is created in an uncertain and risky environment. Di-Masi (2010, however, noted that although risk bearing is an important element of entrepreneurial behavior, many entrepreneurs have succeeded by avoiding risk where possible and seeking others to bear the risk. Basically, what he is saying here is that entrepreneurs bear calculated risks and are more than glad to let others bear their risk when it is convenient for them.

Technical Knowledge: Depending on the kind of venture created, the entrepreneur must have technical expertise about production techniques and marketing.

Ability to Gather Financial and Motivational Resources: Financial and motivational resources are needed for the creation of the new business. Sometimes the entrepreneur, as an individual may not have these resources but he/she/they should have the ability to gather it from those who have it.

Self Confidence and Multi-Skilled: The entrepreneur must have self confidence and believe in him/herself. Self-confidence is an important characteristic that enables individuals to handle any situation without having inferiority or any other type of complex. The entrepreneur also has to be a jack of all trade and master of all. He/she must possess different skills unlike other individuals. For instance, assuming an entrepreneur is a marketer, the entrepreneur should not only possess marketing skills and interpersonal skills but also language skills i.e. ability to speak more than one language. This definitely will be an added advantage!

Confidence in the Face of Difficulties and Discouraging Circumstances: The entrepreneur must be steadfast and resolute and be ready to move on even in the face of adversity. He/she should be a 'never say never' kind of person; everything is possible for the entrepreneur.

Innovative skills: The entrepreneur may not necessarily be an 'inventor' but the one that can make a difference; he/she should be able to see what others cannot see and be able to carve out a new niche in the market place.

Results-Orientated: The entrepreneur is one who knows how to get results under any circumstances either with others or through others. The entrepreneur does this by setting goals and ensuring that such goals are doggedly pursued by all concerned willingly and with joy.



Entrepreneurial Characteristics and Skills

Risk-Taker: The business environment is dynamic and filled with uncertainties and risk. In order to succeed the entrepreneur has to take risk. Successful entrepreneurs take calculated risks and in some cases shift the risks to others.

Total Commitment: Starting /creating a new business is a serious exercise that requires a lot of commitment and hard work. It is like bringing a child into the world and nurturing the child to adulthood. This requires commitment, dedication, hard work, energy and single-mindedness, otherwise the 'child' (i.e. business) may die prematurely (Di-Masi, 2010).

Calm: Entrepreneurs need to be cool, calm and collected. They have to remain calm even when exposed to stress, emergency or crisis situations.

Focused: In getting things done and starting and maintaining a business attention has to be paid to a lot of details. Small things when not handled properly or noticed on time may lead to disastrous outcomes.

Tolerance: The entrepreneur has to relate with people. People vary in terms of their perceptions, personality, motivations and attitudes amongst other things. The entrepreneur needs to be tolerant while not being weak, in order to get things done.

Balance: Though, the entrepreneur is a human being, he/she has to be like a super human being in order for him to succeed. To this effect, he/she has to be able to balance all emotions and characteristics and remain focused and objective while having emotional or mental strength and resilience. Balance is important because too much of everything is bad.

Versatility: The entrepreneur has to be versatile and be ready to learn and use information technology and other technology to the best advantage.

Seriousness: The entrepreneur has to believe in him/herself and the business and get things done with total seriousness. As mentioned earlier, starting a new business is like giving birth to a child; it is indeed a very serious business.

Planning Ability: The entrepreneur must be a planner; he/she must formulate goals and develop action plans to achieve them. Planning is important for he/she who fails to plan, plans to fail!

Prudence: The entrepreneur must be versatile in financial management. This is because finance is the life-wire of the business. Also, to achieve the profit objective, the entrepreneur must engage in efficient and effective financial management, and have sound financial policies and practices.

Customer-Centric: Businesses are created to satisfy unmet needs. A successful entrepreneur must be able to anticipate customers' needs and

satisfy them through his/her product offerings. To do this effectively, the entrepreneur has to adopt a customer-centric or customer-focused approach.

Team Player: Creating a successful business is a one man business but maintaining and sustaining the business cannot be done by one person. The entrepreneur needs others to work with him hence he has to have a formidable or winning team. To this effect, the entrepreneur has to be an effective team manager and recruit the right team members but the entrepreneur's most important team members are the customers for without customers a business cannot survive.



Entrepreneurial Characteristics and Skills

1.3 Entrepreneurial Skills

As with any sport, having the right attitudes and characteristics can carry you only so far. You also need the **skills** that will help you succeed. However, unlike personal characteristics and attitudes—which can often be hard or impossible to change—entrepreneurs **can acquire** skills if they are willing to learn them. Additionally, they can hire people to work for them who have the needed skills. Either way, the following skills are important if the entrepreneur's business is to succeed.

Ability to Plan

The ability to plan is a key skill for entrepreneurs. They must be able to develop plans to meet goals in a variety of areas, including finance, marketing, production, sales and personnel (hiring and maintaining productive and satisfied employees).

Communication Skills

Entrepreneurs should be able to explain, discuss, sell and market their good or service. It is important to be able to interact effectively with your business team. Additionally, entrepreneurs need to be able to express themselves clearly both verbally and in writing. They also should have strong reading comprehension skills to understand contracts and other forms of written business communication.

Marketing Skills

A business's success or failure is very dependent on whether the business reaches the market (its potential customers), interests the market and results in those in the market deciding to buy. Many entrepreneurs who failed started with an innovative good or service that with proper marketing could have been very successful. Good marketing skills—that result in people wanting to buy your good or service—are critical for entrepreneurial success.

Interpersonal Skills

Entrepreneurs constantly interact with people, including customers and clients, employees, financial lenders, investors, lawyers and accountants, to name a few. The ability to establish and maintain positive relationships is crucial to the success of the entrepreneur's business venture.



Entrepreneurial Characteristics and Skills

Basic Management Skills

The entrepreneur must be able to manage every component of a business. Even if entrepreneurs hire managers to attend to daily details, they must understand if their business has the right resources and if those resources are being used effectively. They must ensure that all the positions in their business are occupied by effective people.

Personal Effectiveness

In order to handle the pressures of their busy lifestyles, entrepreneurs must have the ability to manage time well and to take care of personal business efficiently. Because first impressions are so important, entrepreneurs must also pay attention to such things as personal appearance and telephone skills. For example, think of the difference in the impression made by someone who answers the phone by saying, “Yeah?” versus saying, “Computer Support Services, this is Alex. How may I help you?” Additionally, entrepreneurs benefit a great deal by being aware of their own strengths and weaknesses.

Team Building Skills

Because entrepreneurs usually assemble a team of skilled people who help them achieve business success, they must be able to effectively develop and manage the team.

Leadership Skills

One of the most important leadership skills an entrepreneur must have is the ability to develop a vision for the company and to inspire the company employees to pursue that vision as a team. The expression “people would rather be led than managed” applies especially well to an entrepreneurial venture.

Few entrepreneurs possess every skill needed to ensure business success. For example, they often look to outside experts for help in areas such as strategic planning, accounting and finances, contracts and legal issues, and specialized marketing.

1.4 Roles of Entrepreneurs

In order to perform their functions effectively and operate a successful business, entrepreneurs have to perform certain roles. These roles are the same as the basic managerial roles which are identified by Henry Mintzberg in 1973. They are as follows:

Figure Head Role

The entrepreneur has to act as figure head in the organization, as such; he/she has to perform ceremonial duties. This is done by representing the organization in formal and informal functions.



Entrepreneurial Characteristics and Skills

Leader Role

The entrepreneur has to act as a leader because the entrepreneur is the one who brings other people together in order to create the business. Thus, he/she has to lead the people in the organization by hiring, firing, training and motivating them.

Liaison Role

The entrepreneur has to act as the link between the business and the parties outside the business.

Monitor Role

The entrepreneur acts as a monitor; he monitors both the internal and the external environment of the business constantly.

Information Disseminator Role

The entrepreneur has to act as the organizational representative and transmit information both within and outside the business.

Spokesperson Role

The manager has to act as the spokesman of the business; he/she is the person for the business both inside and outside.

Entrepreneurial Role

This is the basic role of the entrepreneur; he/she launches new ideas for the business and bears the risk.

Disturbance Handler

The entrepreneur also acts as arbitrator in situations of conflict so as to maintain organizational harmony.

Resource Allocator

The entrepreneur decides on how the scarce resources of the business are allocated among its competing ends so as to achieve organizational goals and objectives.

Negotiator Role

The entrepreneur has to negotiate on behalf of the business both with the other categories of labour and other outside sources.

The specific entrepreneurial roles noted earlier on have a number of activities in each role. They are specified below:

Social Roles of Entrepreneur

- Transformation of traditional indigenous industry into a modern enterprise.
- Stimulation of indigenous entrepreneurship.
- Job or employment creation in the community.
- Provision of social welfare service of redistributing wealth and income.



Entrepreneurial Characteristics and Skills

Economic Roles of Entrepreneur

- Bearing the ultimate risk of uncertainty.
- Mobilizing savings necessary for the enterprise.
- Providing channel for the disposal of economic activities.
- Utilizing local raw materials and human resources.

Technological Roles of Entrepreneur

- Stimulation of indigenous technology in the production process.
- Adapting traditional technology to modern system.
- Adapting imported technology to local environment.
- Developing technological competence in self and the workforce through innovation.

1.5 Let's Sum-up

The present unit identifies characteristics of entrepreneurship and that of entrepreneurs. It also highlights the traits possessed by entrepreneurs. It also examines the roles played by the entrepreneur in ensuring that the business created survives in the dynamic business environment. Finally the study session identifies the different types of entrepreneurs that can emerge. Passion stands out as the most important of all. The entrepreneurship skills include : Interpersonal skills , basic management skills, personal effectiveness, team building skills, leadership skills, communication skills, marketing skills and the skill to innovatively manage finance. Entrepreneurs play several types of distinct roles in order to effectively discharge their duties and responsibilities.

1.6 Key Terms

- Innovation
- Leadership
- Self-control
- Self-confidence
- Interpersonal Relationship
- Emotional stability
- Risk taking
- Non-conformity
- Positive mindset
- Complacency



1.7 Self Assessment Questions

1. What are the prominent Characteristics of Entrepreneurs?

2. Explain the skills that make an entrepreneur successful.

1.8 Further Readings

1. Satish Taneja & S.L.Gupta, Entrepreneur Development - New Venture Creation, Galgotia Publishing Company
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3. The Dynamics of Entrepreneurial Development and Management by Vasant Desai, Himalaya Publishing House Mumbai.
4. Entrepreneurship by Rajeev Ray, Oxford University press, New Delhi.
5. Entrepreneurship by Madhuima Lall and Shikha Sahai, Excel Books, New Delhi.

1.9 Model Questions

1. Describe the relationship between characteristics and skills of entrepreneur.
2. Examine the different roles that entrepreneurs play in discharging their duties and responsibilities.

Unit – 3

Entrepreneurial motivation and Need for Achievement



Entrepreneurial Motivation and Need for Achievement

Learning Objectives

After completion of the unit, you should be able to:

- Understand the concept of motivation and achievement motivation
- Understand the concept of power motive
- Understand the concept of affiliation motive
- Realize that entrepreneurs are supposed to have all three motives
- Realize that Achievement motivation can be developed through training

Structure

- 1.1 Introduction
- 1.2 Concept of Motivation
- 1.3 Achievement Motivation
- 1.4 Variations in Motivation Triggers for Entrepreneurs
- 1.5 McClelland's Need for Achievement
- 1.6 Famous Kakinada Experiment
- 1.7 Achievement Motivation Lab
- 1.8 Let's Sum-up
- 1.9 Key Terms
- 1.10 Self-Assessment Questions
- 1.11 Further Readings
- 1.12 Model Questions

1.1 Introduction

In the last two decades, there has been a resurgence of entrepreneurship in higher education. This revival is not from the traditional discipline of economics but from the discipline of business management. The business schools have instituted new courses in entrepreneurship .

While entrepreneur is a person who sets up business, “entrepreneurship” is considered as a process or action of setting up of the new venture and the venture so set up is called the enterprise.

Entrepreneurship has been considered as the propensity of mind to take a calculated risk with confidence to achieve a pre-determined business objective. It is the motivation of the individual coupled with risk taking ability and correct decision making. Schumpeter described it as a process and the entrepreneurs as motivated innovators who use the process to shatter the status quo through the combination of resources and new methods of commerce.



Entrepreneurial Motivation and Need for Achievement

In spite of a good number of studies on ‘entrepreneurial traits’ there are no well defined profiles that describes all the characteristics to which entrepreneurs generally confirm.

In attempting to understand employee motivation, Abraham Maslow proposed the hierarchy of needs. David Mc Clelland further this idea in his learned needs theory. McClelland’s experimental work identified sets of motivators present to varying degrees in different people. He proposed that these needs were socially acquired or learned. That is, the extent to which these motivators are present varies from person to person and his or her background.

MOTIVATION TO ACHIEVE

Some theoretical explanations of what motivate entrepreneurs includes the following:

- The ‘Achievement Orientation’ or the desire to achieve purely for the sake of achievement alone.
- The interrelations religion, norms, values, behavior and the economy in a, particular epoch.
- The ability to comprehend opportunity i.e; to interpret the meaning of things, fit them together in new ways, and see what others have missed, such as an unsatisfied demand.
- The capacity to sustain a high degree of interest in the achievement and technology development of the industrial process and improvements in the scale of industrial operations.
- The ability to make the best of what one has, in order to get what one needs, i.e; the capacity to innovate in figuring out the best ways to reach the market with maximum expenditure of time, effort and money.

1.2 Concept of Motivation

McClelland’s experiment- the Thematic Aperception Test(TAT)- consisted of showing individuals a series of pictures and asking them to give brief description of what was happening in the pictures. The responses were analyzed in terms of the presence or absence of certain

Themes:. The themes Mc Mlelland and his associates were looking for revolved around the following motivators:

According to David McMclland, regardless of culture or gender, people are driven by three motives:

- Achievement
- Affiliation
- Power

Since McMlelland's first experiment , over 1000 studies relevant to achievement motivation have been conducted. These studies strongly support the theory.



Entrepreneurial Motivation and Need for Achievement

1.3 Achievement Motivation

1. Achievement (nAch)

The need for achievement is characterized by the wish to take responsibility for finding solutions to problems, master complex tasks, set goals, get feedback on levels of success. Specifically, achievement motivation is defined as a non-conscious concern for achieving excellence through individual efforts. Such individuals set challenging goals for themselves , assume personal responsibility for goal accomplishment, are highly persistent in the pursuit of these goals, take calculated risk to achieve the goals and actively collect and use information for purposes of feedback.

High achievement motivated managers are also strongly inclined to be personally involved in performing their organizational task. However, they may also be reluctant to delegate authority and responsibility. Thus, high achievement motivation may be expected to result in poor performance of high level executives in large organizations.

High achievement motivation is predicted to contribute to effective entrepreneurship and effective leadership of small task oriented groups.

Achievement motivation is positively related to the effectiveness of high level managers in complex organizations or in political situations.

2. Power(Np)

The need for power is characterized by a drive to control and influence others, a need to win arguments, a need to persuade and prevail.

According to McMlelland the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways. Therefore, from a manager's perspective, recognizing which need is dominant in any particular individual affects they in which that person can be motivated.

Power motivation is defined as the concern for acquiring status and having an impact on others. McClelland used power motivation as a measure of social influence behaviours. Clearly, since most management activities require the use of social influence , the power motive is important for leadership effectiveness.

David McMlelland proposed the Leader Motive Profile Theory(LMP Theory) in which he argued that a high power motivation, greater than the affiliation motive , is predictive of leader effectiveness.



Entrepreneurial Motivation and Need for Achievement

Highly power-motivated individuals obtain great satisfaction from the exercise of influence. Consequently, their interest in the exercise of leadership is sustained.

High power motivation is predicted to result in effective managerial performance in middle and high level positions. However, unless constrained in some manner, some power-motivated managers may also be predicted to exercise power in an aggressive manner for self-aggrandizing purposes, to the detriment of their organizations.

1.3.2 Affiliation Motive

3. Affiliation (nAff)

The need for affiliation is characterized by a desire to belong, an enjoyment of team work, a concern about interpersonal relationship and a need to reduce uncertainty.

Affiliation motivation is defined as a non-conscious concern for establishing, maintaining and restoring close personal relationships with others. Individuals with high affiliative motivation tend to be non-assertive, submissive and dependent on others.

Such managers are expected to manage on the basis of personal relationships with subordinates. This may result in them showing favoritism towards some

As managers, highly affiliative individuals are predicted to be reluctant to monitor the behavior of subordinates, give negative feedback to others or discipline their subordinates. However, when the power motive is higher than the affiliative motive, individuals are disciplined to engage in dysfunctional management behavior such as submissiveness, reluctant to monitor and discipline subordinates and favoritism.

1.4 Variations in Motivation Triggers for Entrepreneurs

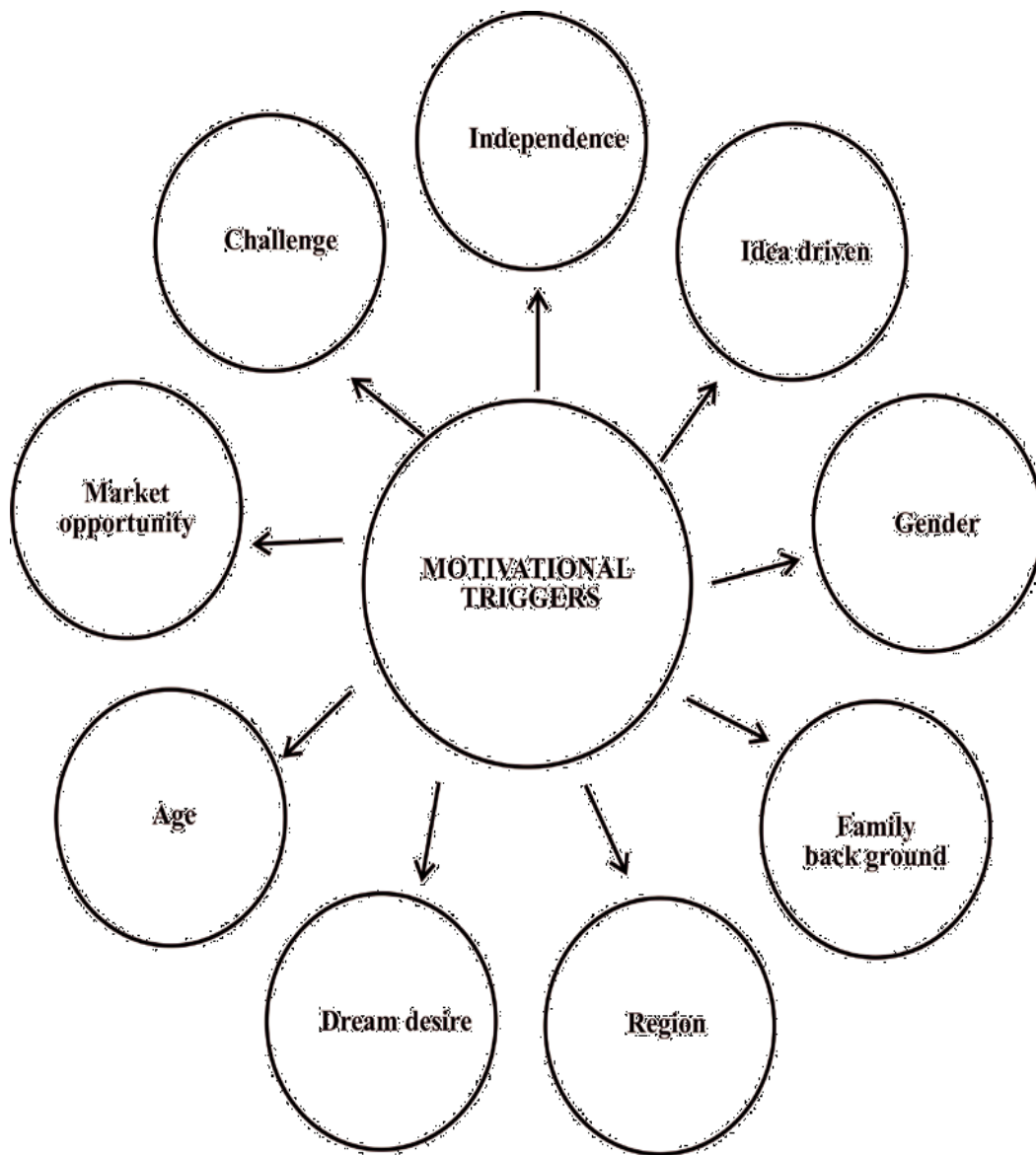
There are so many triggers for entrepreneurs; some of them are region, gender, age, family background, time period, and levels of work experience.

Entrepreneurs can be gregarious or taciturn, analytical or intuitive, cautious or daring. The most significant motivating trigger for was found to be wide ranging across regions—from 'family background' being the prime trigger in Ahmedabad and Kolkata 'market opportunity' as the most important motivator in Bangalore. The NKC (National Knowledge Commission) study found that 'market opportunity' has been an increasingly motivating trigger since the economic liberalization gathered momentum. 'Idea driven' triggers are very important but they are found to be a greater significance for those who start

out without any work experience than for those with substantial work experience. Most of entrepreneurs in India are entrepreneur because they do not want to be in a routine job, signifying that they are satisfied with their vocation and do not regret their initial decision to become entrepreneurs.



Entrepreneurial Motivation and Need for Achievement



MOTIVATIONAL TRIGGERS



Entrepreneurial Motivation and Need for Achievement

1.5 McClelland's Need for Achievement Theory

In the early 1940s, Abraham Maslow created his theory of needs. This identified the basic needs that human beings have, in order of their importance: physiological needs, safety needs, and the needs for belonging, self-esteem and "self-actualization".

Later, David McClelland built on this work in his 1961 book, "The Achieving Society." He identified three motivators that he believed we all have: a need for achievement, a need for affiliation, and a need for power. People will have different characteristics depending on their dominant motivator.

According to McClelland, these motivators are learned (which is why this theory is sometimes called the Learned Needs Theory).

1.6 Famous Kakinada Experiment

Achievement depends on how badly one wants to achieve. The need for achievement, therefore, plays an important role in making an entrepreneur as successful. It is an inner spirit that activates an entrepreneur to strive for success. In simple terms, need for achievement is the desire to do well. The empirical evidences support the hypotheses that need for achievement contributes to entrepreneurial success. Hence, there is the need for developing achievement motivation for developing entrepreneurship in an economy. Then, the question is how to develop achievement motivation? David C. McClelland, a well-known Behavioural scientist of USA holds the view that achievement motivation can be developed through training and experience. For this, McClelland conducted his experiments with groups of businessmen in three countries, i.e. Malawi, India, and Ecuador.

He carried out a separate full-fledged training programme in India to instill achievement motivation in the minds of entrepreneurs. His successful experiment is popularly known as "Kakinada Experiment" Following is a brief description of this experiment.

Kakinada Experiment:

Kakinada is an industrial town in Andhra Pradesh. The experiment started in January 1964. The main objective of the experiment was to break the barrier of limited aspirations by inducing achievement motivation. A total of fifty two persons were selected from business and industrial community of the town. They were given an orientation programme at Small Industry Extension Training Institute (SIET), now NIESIET, and Hyderabad.

The participants were grouped into three batches. They were put under training for 3 months. The training programme was designed in such a way that it could help the trainees improve imagination and enable them to have introspection of their motivation.

Accordingly, the programme included the following items in its syllabi:

1. The individuals strived to attain concrete and regular feedback.
2. The participants sought models of achievement to emulate.
3. The participants thought of success and accordingly set plans and goals.
4. The participants were encouraged to think and talk to themselves in a positive manner.

The impact of this training programme on the participants' behaviour was observed after a period of two years. The observations were quite encouraging. It was found that those attended the programme performed better than those did not.

The participants' need for achievement was assessed by using Thematic Apperception Test (TAT). In this TAT, ambition related pictures were displayed to the trainees and then they were asked to interpret the pictures and what is happening in the picture.

Thereafter, all the themes related to achievement were counted and, thus, the final score represented one's need for achievement. McClelland reached to this conclusion that the training programme positively influenced the entrepreneurial behaviour of the participants. As regards caste, the traditional beliefs and imitation of western culture, they did not determine one's behaviour as an entrepreneur.

That the need for achievement motivation can be developed more especially in younger minds is well supported by the cross-country experiments. For example, Junior Achievement Programme' is started in the United States of America with a view to instill achievement motivation in the minds of younger generation. Similarly, in United Kingdom, "Young Enterprise" programme has been started in the same objective of inducing achievement motivation in younger minds.

The above said experiments/programmes have made us realize that entrepreneurship is to be developed from a very young age. Accordingly, efforts have been made to develop a school curriculum that would result in a high need for achievement among the students.

For this purpose, the success stories drawn from history and legends of the indigenous culture are introduced in course curriculum to induce in young minds the 'need for achievement' and strong desire to do something good/ great they grow up. This is because the younger minds are more susceptible to change.



Entrepreneurial Motivation and Need for Achievement



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1.7 Achievement Motivation Laboratory

Achievement Motivation

Over the years behavioral scientists have observed that some people have an intense need to achieve; others, perhaps the majority, do not seem to be as concerned about achievement.

This phenomenon has fascinated David C. McClelland. For over twenty years he and his associates at Harvard University studied this urge to achieve.

McClelland's research led him to believe that the need for achievement is a distinct human motive that can be distinguished from other needs. More important, the achievement motive can be isolated and assessed in any group.

Characteristics of people with a high need for achievement

McClelland illustrates some of these characteristics in describing a laboratory experiment.

Participants were asked to throw rings over a peg from any distance they chose. Most people tended to throw at random—now close, now far away; but individuals with a high need for achievement seemed carefully to measure where they were most likely to get a sense of mastery—not too close to make the task ridiculously easy or too far away to make it impossible.

They set moderately difficult but potentially achievable goals. In biology, this is known as the overload principle.

In weight lifting, for example, strength cannot be increased by tasks that can be performed easily or that cannot be performed without injury to the organism. Strength can be increased by lifting weights that are difficult but realistic enough to stretch the muscles.

Do people with a high need for achievement behave like this all the time?

McClelland maintains, only if they can influence the outcome. Achievement-motivated people are not gamblers. They prefer to work on a problem rather than leave the outcome to chance.

With managers, setting moderately difficult but potentially achievable goals may be translated into an attitude toward risks. Many people tend to be extreme in their attitude toward risks, either favoring wild speculative gambling or minimizing their exposure to losses.



Entrepreneurial Motivation and Need for Achievement

- Gamblers seem to choose the big risk because the outcome is beyond their power and, therefore, they can easily rationalize away their personal responsibility if they lose.
- The conservative individual chooses tiny risks where the gain is small but secure, perhaps because there is little danger of anything going wrong for which that person might be blamed.
- Achievement-motivated people take the middle ground, preferring a moderate degree of risk because they feel their efforts and abilities will probably influence the outcome. In business, this aggressive realism is the mark of the successful entrepreneur.

Rewards and achievement-motivated people

Another characteristic of achievement-motivated people is that they seem to be more concerned with personal achievement than with the rewards of success. They do not reject rewards, but the rewards are not as essential as the accomplishment itself.

They get a bigger "kick" out of winning or solving a difficult problem than they get from any money or praise they receive.

Money, to achievement-motivated people, is valuable primarily as a measurement of their performance. It provides them with a means of assessing their progress and comparing their achievements with those of other people.

They normally do not seek money for status or economic security.

Feedback

A desire by people with a high need for achievement to seek situations in which they get concrete feedback on how well they are doing is closely related to this concern for personal accomplishment. Consequently, achievement-motivated people are often found in sales jobs or as owners and managers of their own businesses.

In addition to concrete feedback, the nature of the feedback is important to achievement-motivated people. They respond favorably to information about their work.

They are not interested in comments about their personal characteristics, such as how cooperative or helpful they are.

- Affiliation-motivated people might want social or attitudinal feedback.
- Achievement-motivated people might want job-relevant feedback. They want to know the score.



Entrepreneurial Motivation and Need for Achievement

Why do achievement-motivated people behave as they do?

McClelland claims it is because they habitually spend time thinking about doing things better.

In fact, he has found that wherever people start to think in achievement terms, things start to happen.

Examples

College students with a high need for achievement will generally get better grades than equally bright students with weaker achievement needs.

- Achievement-motivated people tend to get more raises and are promoted faster because they are constantly trying to think of better ways of doing things.
- Companies with many such people grow faster and are more profitable.
- McClelland has even extended his analysis to countries where he related the presence of a large percentage of achievement-motivated individuals to the national economic growth.

1.8 Let's Sum-up

Entrepreneurship has been considered as the propensity of mind to take a calculated risk with confidence to achieve a pre-determined business objective. It is the motivation of the individual coupled with risk taking ability and correct decision making. Achievement depends on how badly one wants to achieve. The need for achievement, therefore, plays an important role in making an entrepreneur as successful. It is an inner spirit that activates an entrepreneur to strive for success. In simple terms, need for achievement is the desire to do well. The empirical evidences support the hypotheses that need for achievement contributes to entrepreneurial success. Hence, there is the need for developing achievement motivation for developing entrepreneurship in an economy.

1.9 Key Terms

- Motivation
- Entrepreneurial Motivation
- Need for Achievement
- Need for Affiliation
- Need for Power



1.10 Self-Assessment Questions

1. Explain the concept of motivation. Do all entrepreneurs have the need for achievement?

2. Do people with a high need for achievement motivation need to behave differently?

1.11 Further Readings

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3. Dr.A. K. Singh , Entrepreneurship Development and Management, Laxmi Publications Pvt Limited
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5. Prof. Fiona Murray, Managing Innovation and Entrepreneurship, University of Chicago Press, New York.
6. Drucker, Peter F. (1985) *Innovation and entrepreneurship*. New York: Harper & Row Publishers.

1.12 Model Questions

1. Do you consider entrepreneurial motivation as an important variable for the ultimate success of entrepreneurs?
2. Explain McClelland's motivation theory and differentiate between need for achievement and need for power.

Answers to Self-Assessment Questions

Unit - 1.

Q. 1.

What are the characteristics of a successful entrepreneur?

Ans.

To be a successful entrepreneur, you must have -- or develop -- certain personality traits. Here are nine characteristics you should ideally possess.

1.Motivation

Entrepreneurs are enthusiastic, optimistic and future-oriented. They believe they'll be successful and are willing to risk their resources in pursuit of profit.

2.CreativityandPersuasiveness

Successful entrepreneurs have the creative capacity to recognize and pursue opportunities. They possess strong skills and are both persuasive and persistent.

3.Versatility

As an entrepreneur, you'll typically start out as a "solopreneur," meaning you will be on your own for a while. You may not have the luxury of hiring a support staff initially. Therefore, you will end up wearing several different hats, including secretary, bookkeeper and so on.

4.BusinessSkills

Entrepreneurs are naturally capable of setting up the internal systems, procedures and processes necessary to operate a business. They are focused on cash flow, sales and revenue at all times.

5.RiskTolerance

Launching any entrepreneurial venture is risky. Are you willing to assume that risk? You can reduce your risk by thoroughly researching your business concept, industry and market. You can also test your concept on a small scale.

6.Drive

As an entrepreneur, you are in the driver's seat, so you must be proactive in your approaches to everything. Are you a doer -- someone willing to take the reins -- or would you rather someone else do things for you?

7. Vision

One of your responsibilities as founder and head of your company is deciding where your business should go. That requires vision. Without it, your boat will be lost at sea. Are you the type of person who looks ahead and can see the big-picture?

8. Open-Mindedness

While entrepreneurs need a steadfast vision and direction, they will face a lot of unknowns. You will need to be ready to tweak any initial plans and strategies. New and better ways of doing things may come along as well. Can you be open-minded and flexible in the face of change?

9. Decisiveness

As an entrepreneur, you won't have room for procrastination or indecision. Not only will these traits stall progress, but they can also cause you to miss crucial opportunities that could move you toward success. Can you make decisions quickly and seize the moment?

Q. 2.

Explain the role of entrepreneurship in economic development.

Ans.

Economic Roles of Entrepreneur

- Bearing the ultimate risk of uncertainty.
- Mobilizing savings necessary for the enterprise.
- Providing channel for the disposal of economic activities.
- Utilizing local raw materials and human resources.

Social Roles of Entrepreneur

- Transformation of traditional indigenous industry into a modern enterprise.
- Stimulation of indigenous entrepreneurship.
- Job or employment creation in the community.
- Provision of social welfare service of redistributing wealth and income.

Technological Roles of Entrepreneur

- Stimulation of indigenous technology in the production process.
- Adapting traditional technology to modern system.
- Adapting imported technology to local environment.

- Developing technological competence in self and the workforce through innovation.

Q. 3.

What factors affect entrepreneurial growth?

Ans.

Following factors contribute to the success of entrepreneurship:

1. Personality Factors

Personal factors, becoming core competencies of entrepreneurs, include:

- (a) Initiative (does things before being asked for)
- (b) Proactive (identification and utilization of opportunities)
- (c) Perseverance (working against all odds to overcome obstacles and never complacent with success)
- (d) Problem-solver (conceives new ideas and achieves innovative solutions)
- (e) Persuasion (to customers and financiers for patronization of his business and develops & maintains relationships)
- (f) Self-confidence (takes and sticks to his decisions)
- (g) Self-critical (learning from his mistakes and experiences of others)
- (h) A Planner (collects information, prepares a plan, and monitors performance)
- (i) Risk-taker (the basic quality).

2. Environmental factors

These factors relate to the conditions in which an entrepreneur has to work. If the environment that a individual is working in is unsatisfactory, that is, not conducive to his growth needs, it is likely that the individual will quit his job and start his own business as an entrepreneur.

3. Political

Some researchers felt that the growth of entrepreneurship cannot be explained fully unless the political set-up of a country is taken into consideration. Political stability in a country is absolutely essential for smooth economic activity. Frequent political protests, strikes, etc. hinder economic activity and entrepreneurship. Unfair trade practices, irrational monetary and fiscal policies, etc. are a roadblock to the growth of entrepreneurship

4. Socio-Economic Factors

The entrepreneurial activity at any time and place is governed by varying combination of socio-economic factors:

- Caste and creed
- Family background
- Level of Education
- Level of perception
- Legitimacy of Entrepreneurship
- Migratory character
- Social Mobility
- Social Security
- Investment capacity
- Ambition/motivation

Unit –2.

Q. 1.

What are the prominent characteristics of entrepreneurs?

Ans.

Be passionate. Successful entrepreneurs are driven primarily by a need for achievement and the desire to make a meaningful difference. The most important traits are passion and persistence, but these must not be confused with arrogance and stubbornness.

Solve problems. Entrepreneurs should always be in search of problems to solve, and not the other way around. In other words, they should not start with a solution looking for a problem.

Be passionate. Successful entrepreneurs are driven primarily by a need for achievement and the desire to make a meaningful difference. The most important traits are passion and persistence, but these must not be confused with arrogance and stubbornness.

Risk-taking Ability: Entrepreneurship is a very risky venture; entrepreneurial decisions can have far-reaching impact on the organization, people in the organization and even the economy.

Creative Activity: Entrepreneurship entails innovations. It deals with product innovation, production techniques innovation while bearing in mind the market;

Dynamic Process: Entrepreneurs need to manage the ever changing business process. Entrepreneurship is a dynamic process that has to bear in mind the dynamic business environment.

Purposeful Activity: Entrepreneurship is an activity embarked upon for a specific purpose. This could be for profit making purposes, for humanitarian purposes or to bring a difference to the market.

Q. 2.

Explain the skills that make an entrepreneur successful.

Ans

1. Passion & Motivation If there's one word that describes *the* fundamental trait/skill in an entrepreneurship, it would be passion.

- Is there something that you can work on over and over again, without getting bored?
- Is there something that keeps you awake because you have not finished it yet?
- Is there something that you have built and want to continue to improve upon, again and again?
- Is there something that you enjoy the most and want to continue doing for the rest of your life?

2. Risk Taking Entrepreneurs are risk takers ready to dive deep into a future of uncertainty. But not all risk takers are successful entrepreneurs. What differentiates a successful entrepreneur from the rest in terms of risk? When evaluating risk, a successful entrepreneur will ask himself, is this risk worth the cost of my career, time and money? And, what will I do if this venture doesn't pay off?

3. Self-belief, Hard work & Disciplined Dedication Entrepreneurs enjoy what they do. They believe in themselves and are confident and dedicated to their project. Occasionally, they may show stubbornness in their intense focus on and faith in their idea. But the flip side is their demonstrated discipline and dedication.

4. Adaptability & Flexibility Remember, an entrepreneurial venture is not simply about doing what you believe is good, but also making successful business out of it. Market needs are dynamic: changes are a recurring phenomenon. Successful entrepreneurs welcome all suggestions for optimization or customization that enhances their offering and satisfies client and market needs.

5. Money Management It takes time to get to profitability for any entrepreneurial venture. Till then, capital is limited and needs to be utilized wisely. Successful entrepreneurs realize this mandatory money management requirement and plan for present and future financial obligations. Even after securing funding or going fully

operational, a successful businessman keeps a complete handle on cash flows, as it is the most important aspect of any business.

7. Planning (But not Over-planning) Entrepreneurship is about building a business from scratch while managing limited resources (including time, money and personal relationships). It is a long-term commitment, and attempting to plan as much as possible at the beginning is a noble impulse. In reality, however, planning for everything and having a ready solution for all possible risks may prevent you from even taking the first step.

Unit –3.

Q. 1.

Explain the concept of motivation. Do all entrepreneurs have the need for achievement?

Ans.

Motivation is an essential ingredient of management. Therefore management must provide adequate motivation to people to make them work for the organization. Motivation may be explained as a planned managerial process, which stimulates people to work to the best of their capabilities, by providing them with motives, which are based on their unfulfilled needs. It is generally regarded as the process of attempting to influence others to do their best through the possibility of gain or reward. Motivation is, in fact, pressing the right button to get the desired human behaviour.

In general all entrepreneurs do have a strong desire of need for achievement. The need for achievement is characterized by the wish to take responsibility for finding solutions to problems, master complex tasks, set goals, get feedback on levels of success. Specifically, achievement motivation is defined as a non-conscious concern for achieving excellence through individual efforts. Such individuals set challenging goals for themselves, assume personal responsibility for goal accomplishment, are highly persistent in the pursuit of these goals, take calculated risk to achieve the goals and actively collect and use information for purposes of feedback.

Q. 2.

Do people with high need for achievement motivation need to behave differently?

Ans.

People high in N-Ach are characterised by a tendency to seek challenges and a high degree of independence. Their most satisfying reward is the recognition of their achievements. Sources of high N-Ach include:

Parents who encouraged independence in **childhood**

Praise and rewards for success

Association of achievement with positive feelings

Association of achievement with one's own competence and effort, not luck

A desire to be effective or challenged

Intrapersonal Strength

Desirability

Feasibility

Goal Setting Abilities