

UNIT II

ENTREPRENEURIAL BEHAVIOUR

MAIN OBJECTIVE

To help students to develop the Values, Attitudes, Competencies and Motivation related to entrepreneurial performance.

LEARNING OUTCOME

- To understand and develop entrepreneurial Values
- To understand and develop attitudes required for entrepreneurship
- To understand and acquire needed behavior competencies related to entrepreneurial performance
- To analyse human motives and motivational patterns of entrepreneur

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- Entrepreneurial Attitudes
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- Entrepreneurial Motivation

Entrepreneurial Values and Attitudes

Introduction

There are literally dozens and dozens of different definitions of the entrepreneur' and the concept of the entrepreneurship. Researchers and writers often seem to pick the definition that best fits the area they are discussing. For our purposes, entrepreneurs may be broadly defined as people who manage a business with the intention of expanding that business by applying some form of innovation and with the leadership and managerial capacity for achieving their goals, generally in the face of strong competition from other firms, large and small. Entrepreneurs are restless and energetic. They are unwilling to accept "it cannot be done" as an answer. They pursue innovation and push the limits to find solutions because they are not willing accept the status quo. Courage and imagination fuel their progress. The overall aim of this unit, therefore, is to provide you with opportunities to consider and reflect on the personal aspects involved in transforming an innovative idea into an entrepreneurial product.

VALUES

ENTREPRENEURIAL VALUES

In a civilized society, qualities like honesty, truthfulness, cooperation, integrity etc. are important for happy and healthy living. They are a set of beliefs or ideas that provide standards which guide behaviour. Such guiding principles established in a cultured society are called values.

The following are the prominent entrepreneurial values.

1. Innovativeness and creativity
2. Independence or ownership
3. Quest for Outstanding Performance or Achievement
4. Respect for Work

INNOVATIVENESS

Innovativeness is the ability to make the opportunities work in practice by working out new combinations and seeing the new idea through to the end. Entrepreneurs, by the root characteristic of their innovative spirit and creativity, are capable of spotting opportunity and initiating a change. They're never satisfied with the existing products or services and always strive to introduce better products or services by making the existing ones obsolete.

The emergence of the cellular phone is a best example of the nature of the entrepreneurs not satisfied with the status quo of the land line phone and bent upon disturbing it by innovating a cordless and then ultimately the cell phone.

The following are the actions that emerge from the innovative spirit of the entrepreneur.

1. Experimenting with new ideas
2. Enjoying the change
3. Facing uncertainty in order to try out new ideas
4. Not giving up or becoming upset when errors are made in doing the new work.
5. Valuing unconventional behaviour
6. Find problems to solve
7. Finding new use of existing methods or equipment.
8. Demonstrating originality
9. Working on a problem which causes great difficulty for others.
10. Looking for unstructured work assignments
11. Providing critical inputs for new ideas
12. Providing evaluation of proposed ideas

Independence

Entrepreneurs derive great satisfaction in their sense of '**Ownership**'. The following constitute the ingredients of the '**Ownership**' factor.

- Commitment
- Sense of complete identification
- and sincere hard work too achieve their '**mission**'
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Entrepreneurs need to be **independent** to savor the sense of achievement. The sense of Independence or ownership creates a very strong and positive ego which involved in the action plan of all significant entrepreneurial ventures. This enables entrepreneurs to develop a **mission** concept which drives them to achieve their goal with a clear vision. Such an orientation stems from the entrepreneur's propensity to act in an atmosphere of freedom; it implies that the entrepreneurs like to be the master of their destiny. Thus we often hear budding entrepreneurs proclaiming that they could not work under anyone and they would be their own masters. This trait of self-reliance is an important asset because it provides confidence and courage to innovate.

Performance

An entrepreneur is often described as an '**Overcomer**' due to the following characteristics.

- They're always ready to face and resolve the challenges.
- The set for themselves certain standards of excellence and can deal with unexpected obstacles with confidence.
- Most companies experience three or four life-threatening crises in their early years; to survive this period, the true entrepreneur deals with these crises and wins through.
- Sometimes they turn problems into opportunities
- They are persistent and work harder when things go wrong.
- They try not to be beaten and find another way to solve the problem.

Thus an entrepreneur, due to his quest for excellence is an overcomer who can resolve problems even under pressure. All this indicates the value of performance of high order.

Respect to work

The entrepreneurial culture respects and values the work. Hard work constitutes an important value for all entrepreneurs. Successful entrepreneurs believe that they achieve anything through hard work. This value provides goal direction which encourages entrepreneurs to pursue a path and career in which the rewards and incentives are linked to the degree and quality of efforts made. This fact is evident from the surveys conducted in USA where in the persons who became entrepreneurs substantially increased their working hours. In India too, we see that even small merchants put in more than 12 hours in work each day. All this proves that the '**respect for work**' becomes a value for entrepreneurs.

ATTITUDE

MEANING OF ATTITUDE

An attitude is the psychological response to a person, an object to a situation, to a society and to life itself that generally influence our behavior and actions. Attitudes are either positive or negative. Attitude influence an individual's choice of action, and response to challenges, incentives and rewards.

Four major components of attitude are (1) Affective: emotions or feelings.(2) belief or options held consciously.(3) Conative: inclination for action. (4) Evaluative: positive or negative response.

MEANING OF ENTREPRENEURS ATTITUDE

Knowledge, skills and talents are important to be a successful entrepreneur. However many competitors have the same traits. The key to beat the competition and achieve success is good attitude and is totally controlled by the individual and requires no cash. Many organizational and leadership shortcomings can be overcome or mitigated with good attitudes. All can be learned except passion, which comes from within. Therefore an entrepreneur should have passion in all his work.

Attitude influence an individual's choice of action, and response to challenges, incentives, and rewards.

TYPES OF ENTREPRENEURS ATTITUDES

1. Entrepreneur should have passion for his business

Work should be fun. Entrepreneur passion will help him to overcome difficult moments and persuade people to work for you and want to do business with you. Passion can't taught. When it wanes, as it surely will in difficult times, take some quiet time. Whether it be an hour or a week, take inventory of all the reasons you started the business and why you like being your own boss. That should renew your passion.

2. Set an example of trustworthiness

People have confidence in trustworthy individuals and want to work for them in a culture of integrity. The same is true for customers.

3. Be flexible, except with core values

It's given that your plans and strategies will change as time goes on. This flexibility for rapid change is an inherent advantage of small business over large business. However, no matter the pressure for immediate profits, do not compromise on core values.

4. Don't let fear of failure hold you back

Failure is an opportunity to learn. All things being equal, venture capitalists would rather invest money in an individual who tried and failed founding a company than in someone who never tried.

5. Make timely decision

The entrepreneur should take timely decisions on the business matters.

6. The major company asset is you

Entrepreneur should treat himself as the asset of the company. He should take good care of his health. Health is more valuable than the most expensive machinery or computer software for the company.

7. Entrepreneur should keep his ego under control

Don't take profits and spend them on expensive toys to impress others. Build a war chest for unexpected needs or opportunities. This also means hearing out new ideas and suggestions no matter how difficult they sound.

8. Believe in himself

Entrepreneur needs to believe in himself, in his company, and that he will be successful. This confidence is contagious with his employees, customers, stakeholders, suppliers and everyone he deal with.

9. Encourage and accept criticism graciously. Admit your mistakes

Entrepreneur need to constantly work on convincing his employees that it's okay even necessary to state their honest opinions even it if conflicts with the boss's opinion. Even though he is a boss he should admit his mistake.

10. Maintain a strong work ethic

Your employees will follow your lead. It will also help you beat your competition by outworking them, particularly when your product or service is very similar.

11. Rebound quickly from setbacks

There surely will be plenty of ups and downs as you build the business. He should learn from the setbacks and move on.

12. Periodically get out of your comfort zone to pursue something important.

Many times you will feel uncomfortable in implementing a needed change in technology, people, mission, competing, etc. for the company and you to grow personally, you sometimes have to step out of you comfort zone.

ENTREPRENEURIAL COMPETENCIES

It is often said that entrepreneurs are born and not made. This is partially true. Nobody is a born entrepreneur. Entrepreneur skills or competencies are not inborn or at least not all of them. These competences or skills can be developed through exposure, education and training. Most under developed countries have highly specialized institutions that turn potential youngsters into successful entrepreneurs. Experts have studied the success stories of entrepreneurs and have decided the package of competencies that go a long way in making a successful entrepreneur. Good results have been achieved through Entrepreneurial development programmes organized by national or state level organizations, universities etc. These competencies mix is developed after deep deliberation and discussion between experts of different fields. The competencies or skills of successful entrepreneurs are broadly classified as:

I Behavioral competencies

II Enterprise launching competencies

III Enterprise management competencies

It would be worth a while to touch upon each of these entrepreneurial competencies.

I BEHAVIOURAL COMPETENCIES

These are the traits or skills that form the type of behavior that an entrepreneur should possess. Behavioral competencies are as follows:

a) Risk -taking

Uncertainties and risks are associated with various aspects of business an entrepreneur who aspires to be a successful one should be ready to face the risk involved in the type of business he undertakes. There are many areas of business where important decisions are to be taken like product identification, resource mobilization, location of business, technology to be used, production process, costing, pricing, market planning, distribution, advertising, completion, etc,. An entrepreneur should not gamble or take blind chances with forces beyond his control. He should take well calculated risk to turn his business into a successful one.

b) Problem solving

In business here are a number of problems which an entrepreneur has to face in the day to day of running his business. These business problems should not discourage him but should motivate him to overcome his problems. Problem solving competencies are

prepared to size up the problem, develop alternative best solutions and select the best from among them.

c) Initiative- the spark plug

This is perhaps the most important quality. An entrepreneur has to take initiative in doing things even if involves hard work. He has to be at the forefront in all his activities. His ability to take initiative is reflected in the activities of modification, expansion, diversification, simplification, standardization, downsizing etc. This competence is acquired by exposure of oneself to the new ideas people places situations, and a keen sense of observation.

d) Innovation and creativity

Creativity does not mean developing something out of nothing. Creative thinker I the process of bringing clearly a problem before the mind, visualizing and contemplating it and then originating with an idea to solve the problem. It is a matter of reflection

rather than action. It is the ability of an individual to formulate new combinations from two or more concepts already present in the mind.

Innovation on the other hand is the act of discovering something new or inventing something new. Entrepreneur behavior is featured by

Innovation and creativity: To bring a new product in the market an entrepreneur has to follow new techniques of production and distribution.

e) Persistence

Persistence is the ability to tolerate beyond ones limit. It is the ability to withstand the test of times. An entrepreneur has to face many complex situations. Business involves extreme ends of adversity and prosperity. An entrepreneur should welcome both with eagerness and vigor. Business problems continue to persist, as soon as one problem is solved another crops up. These problems challenge the brains, grit, will and patience of an entrepreneur however he should not give up but persist in achieving his goal of business.

f) Information seeking

An entrepreneur has many people working as his subordinates. He is the coordinator, director, and controller of the business therefore he needs feedback or reports on the happening of events in the organization. On the basis of daily weekly and quarterly report an entrepreneur can assess his success or failure and take necessary action to keep the business on the right track of progress. Information is the basis for decision-making and rating of the performance of the business. Therefore an entrepreneur should be able to collect, analyze and interpret information for his use.

g) Influencing others

An entrepreneur should have the ability to influence other. How far he can influence others depends on the cooperation and contribution of others in the business. To gain cooperation and contribution the entrepreneur has to develop his skills of persuasion, convincing and influencing others. Communication plays an important role in achieving this objective.

II ENTERPRISE LAUNCHING COMPETENCIES

Launching of an enterprise requires a specific competencies or skills to identify an item of product of service, to see a market for it and organize all the inputs required to start the product as per the chosen line of business. It is a visionary work followed by self – confidence and mental maturity which are the following.

a) Environment scanning and opportunity sensing

Business environment is made up of many elements such as social economic, ethical, political, physical and technological forces. Social forces relate to sociological, psychological and anthropological forces. Economic forces are made up of consumer, competition, prices and so on. An entrepreneur has to scan or scrutinize the business environment to identify his project. He has to know the government policies, programs and incentives offered and also the institutional network. Based on his knowledge about the products and services government support provided for various sectors he has to choose product or service for launching his business enterprise.

b) Market assessment

Market assessment is market probing. An entrepreneur has to study about industry demand, market share, sales potential etc. In other words he has to do market research. There is also the need for demand analysis, future product development and market strategies to be followed. The entrepreneur should develop a methodology for updating market information and finally decide upon the product or service to be selected.

c) Project selection

Project selections has two aspects namely project identification that is generating the ideas for selection of projects and undertaking swot analysis – weighting the project against its internal strength and weakness and external opportunities and threats. If the project passes this then the entrepreneur can go ahead with the project.

d) Project formulation

Project formulation involves the activities of understanding the format and contents of the project report. Determining the project size keeping in view the investment possibilities, production and marketing aspects, selection of appropriate technology, selection of plant and machinery, determining the requirement of labour and raw – materials, estimating the cost of the project, product, distribution etc and finding out the break –even point and profitability rates.

e) Availing Incentives

As an opportunity seeker the entrepreneur has to avail the incentives granted from time to time by the government therefore the entrepreneur has to understand the role and functions of institutional network set-up for promotion and support of his industry. The entrepreneur has to master the scope and benefit of assistance and incentives given at different institutions. He has to understand the procedures and formats of applications forms of institutions supporting the entrepreneurs.

f) Resource mobilization

Resource mobilization is a critical task which covers the activities of estimating the resource requirements, identifying the officials from whom resources are to be mobilized and developing the art of making contacts and influencing others.

g) Establishing the unit

This is the last stage of enterprise launching. Establishing the unit calls for mastering the procedures of setting up an enterprise, fulfilling the legal formalities and determining the constitution of the firm and its registration requirements.

III ENTERPRISE MANAGEMENT COMPETENCIES

Management competences are very important as it determines the fate of any business management and is the art of getting the work done from others. It is the process of decision making planning, organizing, directing, coordinating, motivating and controlling. As a manager and entrepreneur has to have the following managerial competencies.

a) Decision making

Decision making is an intellectual process which is fundamental to human behavior whatever manager does, he does after making decisions. There cannot be a manager

without the ability of making decision. The decision making process touches all functions of management right from planning to controlling the business. Decisions making is both managerial and organization functions. Decision making is the soul of managerial process. A person with vision, sound judgment, fertile imagination and critical-bent mind can make sound and timely decisions.

b) Production management

Production management is a specialized field of general management which is concerned with manufacturing operations. In this field an entrepreneur is supposed to know the concept of production management, quality control, plant maintenance and Industrial safety.

c) Financial management

Financial management has to do with financial resources and their management. Here the manager has to have a clear concept of finances-capital both fixed and working, sources of finance, book-keeping and accounting, cost accounting techniques, financial monitoring and control through preparation analysis and interpretation of final accounts and statements namely – income statements and balance sheet through ratio analysis.

d) Marketing management

A person may produce a good product but unless he finds a market for it he is a failure because he is not able to convert resources invested in the business back to revenue to continue the cycle of production. As marketing manager the entrepreneur has to know the concept of marketing and selling, know to design the market mix that is meant for the targeted market. He should know the channels of distribution both direct and indirect consisting of merchant and agent middlemen. He must know the basis of advertising, sales-promotion, publicity and the art of salesmanship.

e) Industrial relations and personnel management

Personnel management deals with decisions on recruitment, selection, training, placement, motivation and control of manpower for the organization. The labour class is now undergoing a sweeping change and getting themselves organized. Therefore an entrepreneur should have a legal background and know the various enactment s and acts and laws that govern the industrial labour. An entrepreneur should know to keep good and lasting relations with employees. A person who succeeds in maintaining sweet relations with his employees is a successful manager. Today management means management of people.

f) Growth and development

Once the business is started an entrepreneur cannot assume that his goal is achieved. He should have a clear concept of sustaining or maintaining the entrepreneurship. Later he is expected to think of expansion, modification diversification of his business. Therefore he has to master the skill of growth and development of his enterprise. With globalization there are chances that the entrepreneur can be a global player therefore he should know about merger, amalgamation and absorption of business.

Thus an entrepreneur has to develop and harness behavior competencies to be in line and to outshine others with his excellent performance.

ENTREPRENEURIAL MOTIVATION

What makes a man or woman to be an entrepreneur? It is really difficult to say. One thing is that many motivating factors are responsible to make a person an entrepreneur. A motive is an inner state that activates, energizes, moves, and prompts an individual and influences his or her behavioural pattern towards goals. Motive is an impulse, drive, urge, desire, and stress, tension in particular way to reduce his or her state of tension. Motivation drives an individual to act in a particular way to reduce his or her state of tension by satisfying his or her needs (goals) towards which behavior is directed.

Entrepreneurial Motivation is the drive of an entrepreneur to maintain an entrepreneurial spirit in all their actions.

Entrepreneurs are motivated primarily by the desire to create something new, the desire for autonomy, wealth and financial independence, the achievement of personal objectives. The excitement of entrepreneurship is another major motivator. Entrepreneurs stress that the objective of starting any business is never money for its own sake. They want to leave a legacy in the form of a profitable long lasting business.

THE MOTIVATING FACTORS

Experts in entrepreneurial development are of the opinion that there are certain motives which can be grouped in certain categories that motivate a man or a woman to be an entrepreneur. These motives are 'Internal' and 'External'.

INTERNAL MOTIVES

- Strong desire to be something independent in life
- Technical knowledge and manufacturing experience

- Business experience in the same or related line

EXTERNAL MOTIVES

- Financial assistance from institutional sources
- Accommodation in an industrial estate
- Machinery on hire – purchase
- Attitude of government to help new hands or new persons
- Financial assistance from non-government source
- Encouragement from big business
- Heavy and lasting demand
- Profit margin
- Unsound units available at throw away prices

OTHER MOTIVATING FACTORS

1 ENTREPRENEURIAL AMBITIONS

Each and every person has his or her goals or ambitions to be fulfilled in life. Ambitions motivate men, activate them, broaden their vision and make their lives more meaningful and perfect. Ambition is an index of one's resourcefulness. Ambition speaks of not a mere goal; or aim but unique achievement. These entrepreneurial ambitions can be.

a) TO MAKE MONEY

In this material world money is everything. To support a family in today's world money is essential. Though an entrepreneur is not lured by money alone but other psychological needs of excellent performance, creative achievement, etc, money still plays a prominent role. That is why youngsters go after such opportunities which are safe legally, reputable, socially respected yet spinning money. Thus making sufficient money in short period is a big factor.

b) TO CONTINUE FAMILY BUSINESS

Some families have their household business for generations. Though the younger generation do not like to continue the family business, after getting formal education they go back to occupy the seats of their family business. Parents today give their sons and daughters professional education management before occupying the position in the family business. There are countless examples where sons and daughters of business families have gone abroad to learn the tricks of the trade and excel in their business ventures.

c) TO SECURE SELF-EMPLOYMENT

Self-employment prompts many youngsters to become entrepreneurs. Employment exchanges are registering an increasing number of educated unemployed-case. The

supply of employees has exceeded the demand for job, therefore the alternative is to search self-employment schemes and opportunities where these budding entrepreneurs can start business activities with or without government assistance. Self-employment opportunities provide a person with dignity of labour beside, he may employ others to assist him in his business venture.

d) TO FULFILL THE DESIRE OF DEAR AND NEAR ONES

Many a times in spite of having good educational background many youngsters give much weightage to the priorities of their parents, relations, spouses, etc. it may be his desire, his parents desire, or the desire of his better half that prompts him to be an entrepreneur. This is the case of fulfillment of desire for self-achievement in life supported by the family. In such cases there is a greater chance of success in business as the support of his near and dear ones is with him in his business.

e) TO GAIN SOCIAL PRESTIGE

Human beings are social animals. Each member of the society is measured by his level of achievement and what he or she contributes to the society. Many a times a person takes up a business venture which is looked down upon, changes it by his or her creative skills and gets name, fame, money and recognition in society. Examples: toy making out of plastic waste rags etc, home delivery services and so on. For a person who wants social recognition there are ample opportunities in entrepreneurship.

II COMPELLING REASONS

There are certain compelling reasons to go in for entrepreneurship. These are the compulsions which make it mandatory to go in for self-development.

These compelling reasons are as follows:

a) UNEMPLOYMENT

Unemployment or under-employment are a common scene in under-developed nations or developing nations like ours where jobs are few and men running after them are many. Acute poverty and growing population makes employment as the only solution. Whenever a person is fed up with job hunting he goes for self-development as an option where he can create job for himself and others. Unemployment is a blessing in disguise as it turns a person into an employer instead of a mere worker in any organization.

b) JOB-DISSATISFACTION

There are good many individuals who are having jobs but are not happy with their work situation. Such individuals pull on with their jobs as there is no other alternative. Man is a rational animal and is always searching for new jobs that give him job-satisfaction. If a worker is satisfied with his work environment he will be a dedicated worker putting in his best in his work. It will make him bring about improvements in the organization. But

individuals who are not happy with their work situations are a stumbling block to progress of the organization. Such individuals many a times leave their present jobs and start new ventures of their own liking and excel in business.

c) MAKE USE OF IDLE FUNDS

Though capital is a major stumbling block for starting and running a business enterprise, there are a handful of people who have funds which are not utilized in the best possible manner. On the other hand there are some people who have the business skills but may not have the funds to do business. Such people, may come together to form a partnership and start fruitful line of business where both are benefited and in turn the society is also benefited. A person with creative thinking and backup of adventurism, shortage of money is not a problem as he makes use of idle funds of other people and ventures into productive or yielding line of business activity.

d) MAKE USE OF TECHNICAL OR PROFESSIONAL SKILLS

In India there is no shortage of people with technical and professional skills to their credit. The knowledge and experience they have can be fully exploited in case they take up entrepreneurship. Such brilliant and gifted people usually take up a job, gain experience over a period of two to five years or more and then say goodbye to the job in hand and start their own business and become successful entrepreneurs.

III FACILITATING FACTORS

There are certain factors that facilitate or support a willing person to be entrepreneur.

These may be internal or external forces that encourage a person in venturing into entrepreneurship.

These facilitating factors are as follows:

a) SUCCESS STORIES OF ENTREPRENEURS

Success stories of well-known entrepreneurs influence a lot of youngsters into taking up entrepreneurial ventures. There are usually unique stories behind every successful entrepreneur. When life sketches of famous entrepreneurs are known to the younger generation they are inspired to follow in their foot-steps and try to achieve success. Especially when a person coming from a poor background turns into a successful entrepreneur he inspires a lot of people from his own background to become entrepreneurs.

b) PREVIOUS EXPERIENCE

Experience is not something that is easily available for a price in the market. A person after having qualifications and learnt the skills needs to apply them in solving problem. In other words he needs to use his knowledge and skills which he has acquired in solving

problems, only then he will be able to handle all sorts of odd situation in any organization. Experience is unique and has no substitute. It is widely noticed that many persons in various fields after gaining experience have utilized it in a better way by becoming entrepreneurs.

c) PREVIOUS EMPLOYMENT

Many persons use their qualifications and seek employment in other organizations. There they are exposed to the challenges and opportunities of the trade, they gain experience in the line of business of their interest, know the strengths and weaknesses, opportunities and threats in that line of business, etc. In short they know the ins and outs of the business. Such persons then leave their jobs in the organization and start their own business elsewhere and become entrepreneurs.

d) PROPERTY INHERITED AND GIFTED

There are some people who inherit property by birth or sometimes it is gifted to them by others in marriage. These legal heirs, if they are wise will utilize it and go in for fruitful business ventures after due education and training. Some families in Goa on the coastal belt have used their inherited properties for environmental-friendly industrial activity like tourism and have become rich. These lands would have been dead investment if left unattended. Property here means not only land but could mean gold, silver, foreign currencies and valuables. The point is utilizing the inherited property to make more and more money.

e) WISE ADVICE AND ENCOURAGEMENT

One may have knowledge, money and other input to start business but what is more important is good and sound use of knowledge and wealth which is possible by wise advice and encouragement from family members, relations and friends. When the relationship between family, relations and friends is on war-footings they look at each other as rivals and each one wants to do better than the other. However if family, friends and relations advice, support and give encouragement to a person, he can scale the heights of success in entrepreneurship. Wise advice and encouragement from elders, family, relations and friends can turn budding and willing people to improve their economic lot through venturing. This is the secret of entrepreneurship.