

**Vocational Higher Secondary Education (VHSE)**

**.....First Year.....**

**ENTREPRENEURSHIP DEVELOPMENT**

**Reference book**

**Government of Kerala Department of Education**

**Sate Council of Education Research and Training (SCERT)**

**2017**

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## FOREWORD

Entrepreneurship plays a pivotal role in industrial development. The industrially developed countries bear the evidence that an economy is an effect for which entrepreneurship is the cause. In India, business was traditionally considered to be the domain of scholarly challenged individuals or the result of natural inheritance within business communities. Entrepreneurship caught the fancy of the Indian middle class after the economy was liberalized. The recent initiatives of government of India like start up village, start up funds, incubation centers, technology centers, make in India, Digital India, Skill India and Stand up India accelerated the entrepreneurial projects among youth and will definitely empower them to start new ventures for years to come.

In this backdrop the subject entrepreneurship assumes more significance. The learning material is prepared with an objective to develop interest among learners towards entrepreneurship and imparting practical knowledge to start and run new endeavours. Sincere efforts have been taken to make this module simple, comprehensive and self exploratory. Self evaluation and terminal evaluation questions has been included to help the learner to know the progress of learning. Assignments and extended activities were also included to sharpen entrepreneurial management skill.

Hope that the material will make your learning a delightful, interesting and rewarding. Suggestions for improvement are always welcome.

With regards,

Thiruvananthapuram

01.01.2017

Director

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## ABOUT THE COURSE

The VHSE Entrepreneurship Development curriculum for classes XI stands out for its practical significance and hence the need for functional approach. In the current climate of technology induced by knowledge explosion. The society is set to witness dynamic growth in economic activities. Thus the compulsion to modify the Entrepreneurship Development Curriculum at VHSE is felt as also to incorporate the current changes with foresight into the future. The course aims at providing the basic concepts and practical aspects of entrepreneurship, thereby equipping the students with entrepreneurial values, attitudes, motivation and competencies so that they can pursue a career that calls for creativity and innovation.

The curriculum also aims at developing Entrepreneurial culture amongst the students as well as the teachers. The prime focus is to equip students with the skills, which make them eligible for meeting a wide range of career opportunities globally. "Make in India", is a major national programme designed to transform India into global manufacturing hub, which rests on innovative Entrepreneurship and skilled Entrepreneurs.

At VHSE level, students will begin to contemplate on their choice of subjects for higher studies. For some students, this stage may be the end of their formal education, leading to the world of work and employment; for others, it will be the foundation for higher education. They may choose either a specialized academic course or job oriented vocational courses. Entrepreneurship Development would equip them with the necessary skills to make a meaningful contribution towards their personal and professional success in future.

The new curriculum of Entrepreneurship Development consists of Personality Development, Life Skill Training and Practical Business activities that introduce students to market dynamics bringing out their innate entrepreneurial skills. As a whole, the present curriculum is schemed with a

view to inculcating necessary vision in these students so as to enable them to take up any economic mission in their lives.

## Syllabus

### 1. Entrepreneur and Entrepreneurship

Entrepreneur - concepts, definition, characteristics, functions, quality of entrepreneurs - Mind set of employees v/s entrepreneur- Differentiate entrepreneurs and intrapreneur - Entrepreneurship –concept, characteristics, process, significance - Myths of entrepreneurship- Role of entrepreneurship in economic development-challenges of entrepreneurship - Social responsibility of Entrepreneurship.

### 2. Entrepreneurial Competencies

Introduction – competencies of entrepreneurs- (1) Decision Making (2) Problem Solving (3) Risk Taking (4) Leadership(5) Communication (6)Dealing with customers, Entrepreneurial Values and attitude- motivation- Theory of Motivation - Need Hierarchy Theory of Motivation - David McClelland acquired Need theory-- Life Skills - Managing Self and Others, Positive Attitude -Creativity, Team Building and motivation.

1. Demonstration and practice of five core life skills (a) Managing self and others (b) Positive Attitude , (c) Creativity  
(d) Team building (e) Motivation

### 3. Entrepreneurship Journey

Business Ideas: Generating ideas - Ways to generate ideas- Environment Scanning, Creativity and Creative Problem Solving, Brainstorming, Focus Groups- Feasibility study, Types of feasibility study, Market Feasibility, Technical Feasibility, Financial feasibility, and Organisational feasibility - Features of feasibility study - Identify your personality type before starting a

business venture – Trailblazers, Go-getters, Managers, Motivators, Authoritarians, Collaborators and Diplomats- Role of society and family in the growth of an entrepreneur - Rural Entrepreneurship, Agri-preneurship and Social Entrepreneurship -Women Entrepreneurship- Student Entrepreneurship - Assessment of qualities, skills, resources and dreams .

#### **4. Entrepreneur the Innovator**

Innovations leading to entrepreneurial ventures - The role of technology - Social media in creating new forms of business organizations. - Network marketing Concept of Risk Taking - Types of Risk Taking - Entrepreneurship Development Club(E.D.Club) - DIC (District Industry Centre) - Entrepreneur Support Scheme (ESS) - Business incubation - A swot analysis of Entrepreneurial opportunity in your locality with reference to the vocational course.

#### **5. Entrepreneurship Development Programme**

EDP meaning – Objectives – Phases of EDP – Steps in EDP – Problems in conduct of EDP – Strategies for Entrepreneurship Development – Intuitions in aid of EDP - Management Development Institute (MDI) – The National Institute for Entrepreneurship Development Institute of India (EDII) – Science and Technology Entrepreneurship Parks (STEPS) – Use of IT enabled services in entrepreneurship – E licensing – E filing

## UNIT – 1

### ENTREPRENEUR AND ENTREPRENEURSHIP

#### Introduction

In your schooling, you have learnt how vast and diverse our nation is. There is so much to explore and the more you explore, the higher are the chances of you being struck by many entrepreneurial ideas. Right from food to clothes, there is opportunity for successful business ventures in many areas. The most exciting part of entrepreneurship is that you are your own masters. When you are an employee, you work for others according to their plans, whims and fancies. In an entrepreneurship, it is you who set the goals, plans the actions and reap the satisfaction and reward of having achieved the goal. This unit deals with the basic concepts, features and qualities of entrepreneurs and role and functions of entrepreneurship.

#### Learning outcomes

##### The learner:

- explains the concept and features of Entrepreneurship and functions of entrepreneur
- identifies the functions of Entrepreneur
- identifies the mindset of an entrepreneur and employee.
- differentiates entrepreneurs and intrapreneurs.
- identify the concepts, features, significance and process of entrepreneurship
- state the myths of entrepreneurship
- describe the role of entrepreneurs in the economic development of a nation



- state the challenges of entrepreneurship
- identifies various social responsibility programs of entrepreneurs

### **The Inspiring Success Story of Henry Ford**

Henry Ford has been credited with revolutionizing the transportation industry. His innovation that dates back to the 20th century continues to impact our lives even today. He founded Ford Motor Company from the ground to become a world-renowned company. Henry's goal was to build a car for the great multitude Henry Ford didn't enjoy instant success but even through failures, Henry kept innovating. Today his net worth is equal to \$200 billion. 66 years after his demise Henry is still celebrated as a technological genius and creative force in the automobile market.

His story began in Greenfield Michigan where he was born in 1863. His father, William Ford, was a farmer. Ford's father had hoped his son would take over the family farm, but Henry hated the farming as his interests in mechanics were more dominant.

As a young boy, Ford would enjoy tinkering with machines. Watches attracted his interests, and he soon mastered their intricate mechanisms. Henry's curiosity and enthusiasm made him leave his father's farm at the age of 16 to work as a machinist apprentice. After the end of his apprenticeship period , Henry returned to Greenfield in 1882.

He was hired at the Westinghouse where he would operate their steam engines and in his spare moments tinkered a machine he had set up. In 1891, Henry moved back to Detroit where he got a job as an Engineer for the Edison

Illuminating Company. It wasn't long before he rose up the ranks and became the chief engineer.

Henry was living his dreams and in 1896 he made his first vehicle the Quadricycle, which featured four wire wheels. In 1898, a second car followed. Henry decided to start a company that would sell horse carriages.

But he knew nothing about business, his first company collapsed and the second landed the same fate. It was his third attempt at starting a company that finally succeeded and on June 1903 the world saw the birth of the Ford Motor Company.

Henry died in 1947 but through his company, he changed the lives of many people by providing practical and affordable cars to the masses. Ford Motor Company has managed to remain a relevant force in today's market. Today, Ford is the second largest U.S based automaker and fifth largest in the world. All Ford vehicles sport valiant exterior designs and exceptional interior comfort, great handling and performance.

From the above case, you can find that:

- Success is not an accident, it is the result of continuous practice and hard work
- Don't be afraid to take risks.
- Challenges are good. We learn and grow through them.
- Small incremental steps will get you to the top. (Henry Ford's first vehicle had no reverse)
- Failure is an essential part of realizing success.

## 1.1. Concept of entrepreneur

An entrepreneur is a person responsible for setting up a business or an enterprise. He is capable to convert a situation into an opportunity. . He is a catalytic agent of change and works for the welfare of society. The word "entrepreneur" is derived from the French word "entreprendre" which means "to undertake" i.e. individuals who undertake the risk of a new enterprise. Simply, an entrepreneur is someone who perceives an idea, organizes resources and exploiting an opportunity.

## 1.2. Definitions of an entrepreneur

According to Peter F. Drunker, an entrepreneur is “one who always searches for change responds to it and exploits it as an opportunity”.

Joseph A. Schumpeter defined an entrepreneur in an advanced economy as "an individual who introduces something new in the economy– a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like”.

You are familiar with many successful entrepreneurs from your locality as well as globally like Yusuf Ali ,Ravi Pillai, T.S Kalyanaraman, Azim Premji, Bill Gates.

Let us have a detailed look at the story of Karsanbhai Patel,owner of Nirma detergent. The new yellow powder was priced at a cheaper price of Rs. 3.50 per kg, compared to HLL's Surf Rs.15. Soon, there was a huge demand for detergent powder in his locality. He named the powder as Nirma and was able to sell about 15-20 packets a day. By 1985, Nirma washing powder had become one of the most popular detergent brands in many parts of the country. By 1999,

Nirma was a major consumer brand – offering a range of detergents, soaps and personal care products through 400 distributors and over 2 million retail outlets across the country. If we scan the personal characteristics of successful businessmen like Karsanbhai Patel we can discern certain characteristics which are essential to successful entrepreneurs.

### 1.3. Characteristics of Entrepreneur

- **Organizer**

Entrepreneur brings together the various factors of production at the cheapest rate, minimises losses reduces cost of production and aims at profit.

- **Catalyst of change**

Entrepreneur act as a catalyst of change by introducing innovation in the economy, bringing new sources of raw materials, making new markets and promoting new trends in market. Examples, black and white television is replaced by smart TV , cash based economy to cashless economy etc.

- **Optimism**

An optimist is a person who always sees the brighter side of events. A successful entrepreneur is optimistic in situations tend to become favourable to his business in the future.

- **Foresight**

An entrepreneur must have a clear foresight to predict the variables that are to be addressed about the future environment of his business. They are able to foresee what will happen in the economy and the changes likely to take place in the economy.

- **Organizing Capacity**

A successful entrepreneur must have the ability to organize all production resources such as men, materials, money, machinery, methods(5 m's) and to channel in proper way to produce goods and services.

- **Innovative skill**

An entrepreneur must initiate research and innovations to produce goods in such a way as to satisfy the changing needs of the customers.

- **Self Confidence**

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

**Assessment Activity**

List out any 10 people from whom purchase a product or service (for example, vegetable shop, book stall, etc). Observe the entrepreneurial features in them and prepare a brief note.

**1.4. Functions of an entrepreneur**

<b>Functions of an entrepreneur</b>			
<b>Entrepreneurial Functions</b>	<b>Promotional Functions</b>	<b>Managerial Functions</b>	<b>Commercial Functions</b>
Innovation	Investigation of an Idea	Planning	Production
Risk-taking	Detailed	Organising	Marketing

	investigation		
Organisation building	Assembling requirements	the Staffing	Personal
		Directing	Accounting
		Leadership, ,	Finance
		Communication	
		Motivation	
		Coordination	
		Controlling	

#### A. Entrepreneurial Function

**Innovation:** As an innovator, the entrepreneur has to introduce new combinations of the means of production, new product, new market for a product and new sources of raw material

**Risk-taking:** It refers to taking responsibility for a loss that may occur due to unforeseen contingencies in the future.

**Organization Building:** They refer to the bringing together of the various factors of production. The purpose is to allocate the productive resources in order to minimise losses and reduce costs in production.

#### B. Promotional functions

**Discovery of an idea:** The entrepreneur visualizes that there are opportunities for a particular type of business and it can be profitably run. The idea may be to exploit new areas of natural resources, more profitable venture, or an existing line of business.

**Detailed Investigation:** After determining the prospective demand for goods entrepreneur will think of arranging finances, along with the availability of power, labour, raw materials and machinery.

**Assembling the Requirements:** After making sure that the proposition is practical and profitable, the entrepreneur proceeds to assemble the requirements.

**Financing the Proposition:** The entrepreneur decides about the capital structure of the enterprise. The requirements of finances are estimated first, then the sources from which money will come up are determined.

### **C. Managerial functions**

**Planning:** Planning is concerned with the mental state of the entrepreneur. It is decision making in advance, what to do, when to do, how to do and who will do a particular task.

**Organizing:** Organizing is the process of establishing authority, responsibility relationship among individuals in the organization.

**Staffing:** It is concerned with the human resources of an enterprise.

**Directing:** It ensures effective performance by subordinates towards the accomplishment of group activities.

**Leadership:** It is the process by which an entrepreneur directs/guides and influences the work of others.

**Communication:** It refers to the exchange of ideas, feelings, emotions, knowledge and information between two or more persons.

**Motivation:** It is the psychological process of creating an urge among the subordinates to achieve desired goal.

**Supervision:** Supervision refers to the job of overseeing subordinates at work to ensure the maximum utilization of resources.

**Co-ordination:** It channelize the activities of various individuals in the organization for the achievement of common goals.

**Controlling:** Control is the process of corrective action if performance is not according to the predetermined standards.

#### **D. Commercial Functions**

**Production :** It is the creation of goods and services. It consists of manufacturing, ancillary and advisory activities.

**Finance :** It is the duty of the entrepreneur to look and analyse into the various sources of finance and appropriately arrange for them as and when required.

**Marketing:** It is primarily concerned with the movement of goods and services from the producer to the ultimate consumer.

**Personnel:** This function is concerned with recruitment, selection, development and compensation for the personnel, the provisions of working conditions and welfare.

**Accounting:** It is a systematic recording of entrepreneurial transactions of an enterprise and to know the financial position of an enterprise.

**Extended Activity.**

Visit an enterprise in your locality and identify the way in which entrepreneurial functions are performed by the entrepreneur.

### **1.5. Quality of Entrepreneur or Entrepreneurial Traits**



1. **Hard work:** Willingness to work hard distinguishes a successful entrepreneurs from unsuccessful one. Most of the successful entrepreneurs work hard endlessly, especially in the beginning and the same becomes their habit for their whole life.
2. **Self- Confidence :** Self-confidence is an important characteristic that enables individuals to handle any situation without having inferiority or any other type of complex. The entrepreneur must have self confidence and believe in him.
- 3.**Problem solving:** An entrepreneur does not get disappointed when he faces problems. He must show strong determination to overcome problems of any dimension. An entrepreneur looks at a problem and knows it's an opportunity.
4. **Optimistic:** The successful entrepreneurs have a positive approach towards things. They do not get disturbed by the present problems faced by them. They become optimistic for future that the situation will become favourable to business in future.

In 1914, Thomas Alva Edison, at the age of 67, lost his factory to fire. It had very little insurance. No longer a young man, Edison watches his lifetime effort go up in smoke and said there is great value in disaster. All our mistakes are burnt up. Thank god we can start anew. In spite of such devastating disaster, three weeks after, he invented the phonograph. What an optimistic or positive attitude

5. **Information seeker:** An entrepreneur must be always an information seeker. Information must be updated from time to time. Decision making is done on the basis of information

**6. Creativity:** Creativity is simply the ability of imagination. Imagination leads someone to reach never before explored areas. Using imagination, an entrepreneur can put aside the practical norms and think of something creative and innovative.

**7. Concern for quality:** A successful entrepreneur must not compromise on quality of products. Customers in general prefer quality products. Satisfaction of customers must be his concern

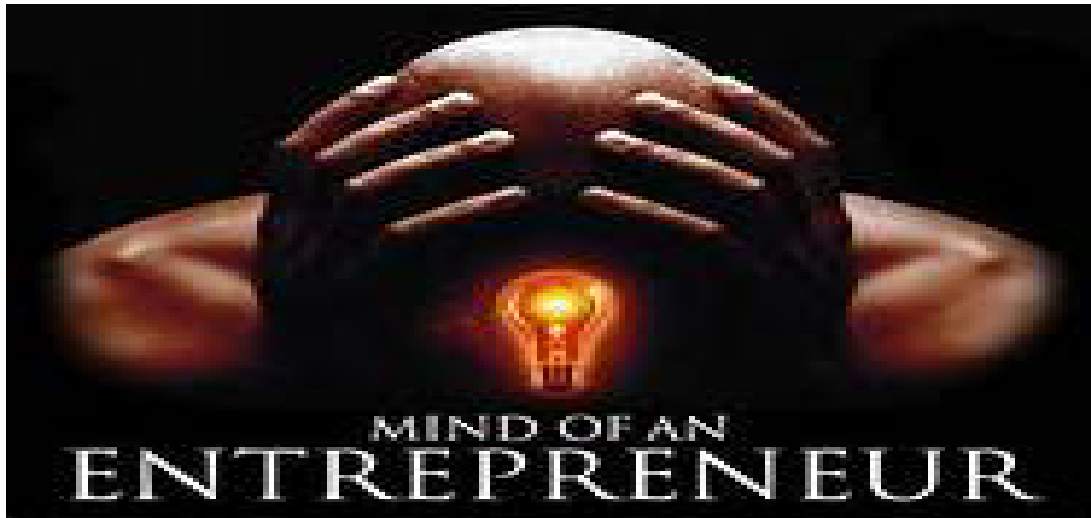
**8. Foresight:** The entrepreneurs have a good foresight to know about future business environment. In other words they well visualize the likely changes to take place in market, consumer attitude and taste, technological development etc and take necessary and timely actions accordingly.

N R Narayana moorthy, presents an excellent example of business foresight, he pursued a career in computer science when there was not too many jobs in this field. The Indian industry business was very much into mortar-and-bricks business and had just about started appreciating the role of computer. Today is the era of computers

**9. Initiative:** Initiative is the freedom to think and execute a plan .An entrepreneur has to be keen observer the society, the commercial trends, the product type, and the consumer trends. An entrepreneur must take speedy steps to execute a plan.

**10. Passion:** Entrepreneurs genuinely love their work. They are willing to put extra hours to make the business succeed because they love their work beyond earning money.

## **1.6 Mindset of employees and entrepreneurs**



<http://businessgross.com/wp-content/uploads/2013/01/entrepreneur-in-a-business.jpg>

The Mindset of employees and entrepreneurs differ in terms of thinking patterns, outlook, level of awareness and behaviour. How their perception differs between them is discussed below

Point of difference	Mind set of Entrepreneur	Mind set of Employee
Preference	Freedom over working	Safety and security job
Focus	Focus on solution, not problem	Complain whenever he/she face problem
Priority	Risk and money	Money and safety
Profile	Create own profile	Egoistic when thinking of updating myself
Approach to failure	Wakeup after failure.	Believe in fear of failure
Passion for work	Work passionately	Assigned task as a part of my duty
Risk tolerance	Always ready to take risk	Do not undertake any

		risk
Attitude	Highly dream full and ambitious	Average ambitious and believe in limited salary

### ASSESSMENT ACTIVITY

Which is your mindset-entrepreneur or employee?
<ul style="list-style-type: none"> <li>✓ Do you limit your tasks / duties to a subset of what is needed for your business to thrive?</li> <li>✓ I will blame/criticize when I am faced with problems?</li> <li>✓ Do you consistently seek outside advise to make even day-to-day decisions ?</li> <li>✓ Do you anticipate regular income?</li> <li>✓ I always fear failures.</li> </ul>

If you answered “yes” to most of these questions, chances are that, you have an employee mindset and vice versa

To sum up

Mind set of Entrepreneur			Mind set of Employee
A vision and create their own path	En	E	Listen to and follow the crowd
Take immediate action			Procrastinate due to fear
Not scared of mistakes			Always worry about what people think.

The ability to sell and understand the importance of sales			Don't like sale and / or have the wrong impression of it.
Self motivated			Always need someone to get them going
Resources and are creative			Limited resources and cannot see outside the box.
Problems but are solution oriented			Problems but they focus on them
Engagement linked to growth of organization			Engagement linked to total rewards perception.

### 1.7. Intrapreneur

#### Additional Information

Google's intrapreneurship programme.

Through this Google intrapreneurship programme, all the employees are empowered and encouraged to spend 20% of their time on projects that interest them, and that they think will benefit google and their costumers. The Google "innovation time off" intrapreneurship programme has a formal process for their selection of entrepreneurial projects, for the formal evaluation process and the monitoring of each Google approved entrepreneurial project. For a google employee, to participate in the program, he needs to submit a project proposal with a timeline. It is critical to note that several of google's newest products and services such as Gmail, Google news, Orkut Ad sense were all originated through this program.

### 1.7.1. Intrapreneur- meaning.

In big organization, the top executives are encouraged to catch hold of new ideas and then convert these into products through research and development activities within the framework of organization. According to Gifford Pinchot “ Intrapreneur is an entrepreneur within an already established organization”.

Here are several examples of some of the best businesses that were born out of intrapreneurship inside a big company.

- Mac, iPod, iTunes, iPhone, iCloud computer inside of Apple
- Gmail, Google News, Google Maps, AdWords, AdSense, Driveless Cars, Google Glasses and other innovations inside of Google
- PlayStation inside of Sony
- Java Programming language inside of Sun Microsystems
- Digital Light Processing Technology inside of Texas Instruments

### 1.7.2 Difference between Entrepreneur and Intrapreneur

Entrepreneur	Intrapreneur
An entrepreneur is independent in his operation	Intrapreneur works under entrepreneur
An entrepreneur himself raises the capital	Funds are not raised by the intrapreneur
An entrepreneur assumes the risks of his enterprise	Intrapreneur doesnot fully bear the risk involved in the enterprise.

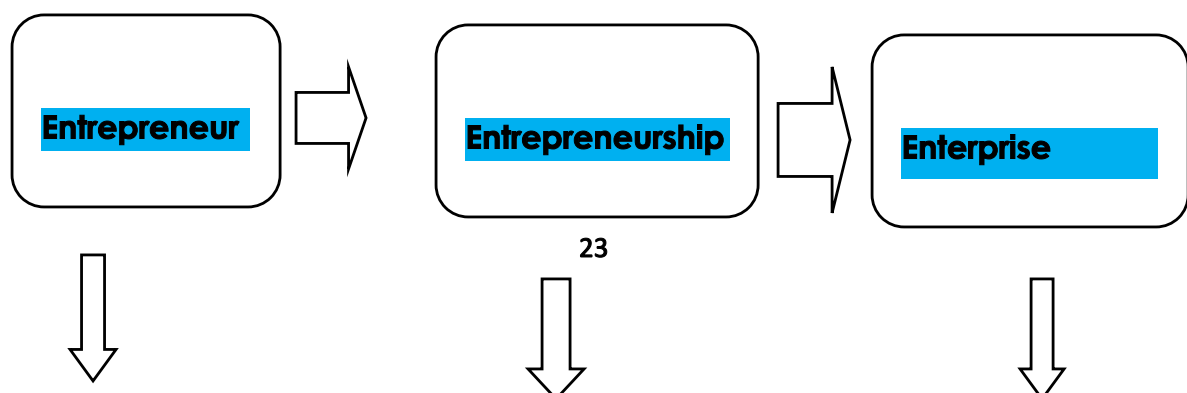
Entrepreneur operates both inside and outside the organization	Intrapreneur operating within the organization.
----------------------------------------------------------------	-------------------------------------------------

## 1.8. The concept of Entrepreneurship

### A journey to entrepreneurship – case study

Yusuf Ali MA, the richest entrepreneur was born in 1955 in the Thrissur district of Kerala. When he was in eighteen years of old he moved to Abu Dhabi to join in a manufacturing company owned by his uncle. Learning the trade from his uncle, Yusuf Ali handled and developed the wholesale distribution and the import business of the group. After acquiring valuable experience and knowledge in the art, YusufAli took his first step in the retail business. In the 1990s, he introduced the supermarket chain called Lulu which has grown enormous in the time of its operation. It is considered a big name in the retail sector of the Middle East, with the group running over 100 stores in the Gulf Corporation Council. He is the managing director of Lulu Group International, which is a hugely diversified group of entrepreneurship in the world.

From the discussion it is clear that Entrepreneurship can be described as a process of executing the work of a business in a new and better way



PERSON

PROCESS OR ACTION

OUTCOME

The term “entrepreneurship’ has been defined as the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize profit oriented business unit for production or distribution of economic goods and services”.

### 1.9. Characteristics of Entrepreneurship

The main characteristics of entrepreneurship are as follows;

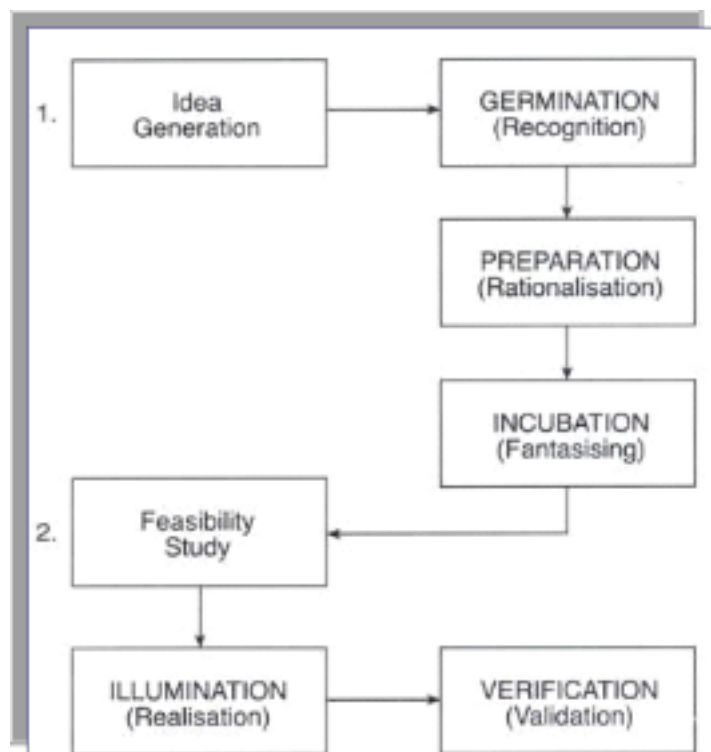
- **Dynamic process:** Entrepreneurship is a dynamic function. Entrepreneur is the person who recognizes the need for change and directs it. This flexibility is the hallmark of successful entrepreneur.
- **Innovation:** Entrepreneurship is an innovative function as it involves doing things in a new and better way.
- **Risk taking:** Risk is an inherent and inseparable element of entrepreneurship. It refers to taking responsibility for a loss that may occur due to unforeseen contingencies in the future.



- **Organization building function:** Entrepreneurship implies the coordination and control the effort of all the persons engaged in his organization.
- **Gap filling function:** The most important characteristics of entrepreneurship is gap filling. Entrepreneurship identifies the gap between human needs and the available products and services and takes necessary steps to fill the gap.
- **Skilful management:** Skilful management refers to effective and viable management of resources of the firm.

#### 1.10. Entrepreneurial Process:

Entrepreneurship is a process, to establish an enterprise it consists of two steps, generation of an idea and preparation of feasibility report.



## *The Entrepreneurial Process*

### **1.11 Significance of Entrepreneurship**

- **Development of Managerial capabilities:** It helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.
- **Creation of organizations:** Entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.
- **Improving standards of living:** By creating productive organizations, entrepreneurs help in making a wide variety of goods and services available to the society which results in improving the standard of living of the people.

Possession of luxury cars, computers, mobile phones, rapid growth of shopping malls, etc. are pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

- **Means of economic development:** Entrepreneurs create and use innovative ideas. New and improved products from entrepreneurs enable to develop new market. Besides the effect of increased employment and higher earnings contribute to better national income.

### **1.12 Myths of Entrepreneurship**

Many entrepreneurs believe a bunch of myths about entrepreneurship so here some of the most common and the realities in entrepreneurship.

- **Entrepreneurs are born and not made:** Some entrepreneurs transfer their enterprises from one generation to other. However the experts generally agree that most entrepreneurs are not born; they are trained to become entrepreneurs.
- **Entrepreneurs are high risk takers:** Entrepreneurs are risk takers. But entrepreneurs know that taking high risk is dangerous. Entrepreneurs take risk studying the situation, analysing the environment and are reluctant to enter into unknown areas.
- **Starting a business is easy:** It is another important myth that the starting of a business is the surest way to generate profit within a short period of time. But the reality is that it takes a considerable period of time to earn profit from the business. The first priority is to survive and create a company with a strong financial base for future expansion.
- **Entrepreneurs are workaholics:** Though all eminent achievers in business work long hours, it doesn't mean they are workaholics. Rather, they do better scheduling of their various activities. A competent entrepreneur has time for everything including his personal life and activities.
- **Entrepreneurs are often high-tech wizard:** Entrepreneurship is the wrong impression that high-tech wizard succeed by leaps and bounds, that only high tech wizard have made it. That is not right. Technology alone never succeed a business

### 1.13. Role of Entrepreneurship in Economic Development

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is one of the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. He 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.

**(1) Promotes Capital Formation:** Entrepreneurs promote capital formation by mobilising the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities leads to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

**(2) Creates Large-Scale Employment Opportunities:** Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem. With the setting up of more and more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

**(3) Promotes Balanced Regional Development:** Entrepreneurs help to remove regional disparities through setting up of industries in less developed 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. Setting up of more industries leads to more development of backward regions and thereby promotes balanced regional development.

**(4) Reduces Concentration of Economic Power:** Economic power is the natural outcome of industrial and business activity. Industrial development normally leads to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power.

**(5) Wealth Creation and Distribution:** Entrepreneurship stimulates equitable 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.

**(6) Increasing Gross National Product and Per Capita Income:** Entrepreneurs are always looking for opportunities. They explore and exploit opportunities,, encourage effective resource mobilisation of capital and skill, bring in new products and services and develops 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 a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.

**(6) Improvement in the Standard of Living:** Increase in the standard of living of the people is a characteristic feature of economic development of the country. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale at a lower cost..

**(7) Promotes Country's Export Trade:** Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development.

**(8) The entrepreneur designs products to address to the all sections of the society:** Certain products are appealing to the upper or middle class only. Entrepreneur will look after the lower middle class interest or the all sections of the societies interest also to redefine the dynamics of the market. Eg. Branded

washing soap users numbers only 12% among the urban households and a large number of commoners use non-branded washing soap.

### **Extended activity**

Collect the pictures of Indian entrepreneurs, their enterprises and contributions of the Indian economy?

### **1.14 Challenges of Entrepreneurship**

Following are the challenges of entrepreneurship

1. Lack of sufficient infrastructural facilities.
2. Non-availability of capital.
3. Fear of risk.
4. Non-availability of skilled labour.
5. Lack of education and training
6. Absence of technical know-how.
7. Less importance in entrepreneurship subject in academic curriculum.
8. Difficult procedures to start a business.
9. Social Stigma.
10. Low status for entrepreneur and entrepreneurship

### **1.15 Social Responsibility of Entrepreneurship**

Social responsibility has been an integral part of Tata group with a wide focus on varied socio-economic and environmental issues enabling the rural households to improve their lives. The Tata group has undertaken several CSR projects through the years. There are more than 500 self-help groups currently operating under various poverty alleviation programmes; out of which over 200 are engaged in activities of income generation through micro enterprises. The group also supports social welfare organizations all over the country. Its healthcare projects include facilitation of child education, immunization and childcare, plantation activities, creation of awareness of AIDS etc. A programme aiming at economic empowerment through improvised agriculture has been taken up in three backward tribal blocks in Jharkhand, Orissa and Chhattisgarh. It has hosted 12 Lifeline Expresses in association with the Ministry of Railways, Impact India Foundation and the Government of Jharkhand serving over 50,000 people. Pollution control, restoring ecological balance, education, employment generation, vocational training, agriculture etc. are other relevant issues addressed.

The entrepreneur cannot do anything without the help of society, on the other hand society is also getting benefits from entrepreneurs. Development of a new product, improvement in the life style is only possible through active efforts undertaken by an entrepreneur. So, we can say that is only a give and take policy between entrepreneurs and society.

The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups.

Generally social responsibilities of an entrepreneurship are as following;

### **1.15 .1.Responsibility for consumers.**

In this World of consumerism it is rightly said that consumer is king. So the success of an organization depends upon its ability to satisfy the consumer's needs and wants. The responsibilities of Entrepreneurship towards the consumers are

1. The goods must be reasonably priced, of dependable quality and of sufficient variety.
2. Avoiding misleading false and exaggerated advertisements.
3. The goods/products must be meet the needs of the consumers of different , tastes and purchasing power.
4. To provide the required after sales service.

### **1.15.2 Responsibility for Employees**

Employees are the life blood of the organization. Without them an entrepreneur cannot achieve the organizational goals. Satisfied employees are the assets of the business. The responsibilities of the entrepreneurship towards employees include;

1. Payment of fair and reasonable wages to labor and fair salaries to the staff
2. The provision of labour welfare facilities such as medical facilities, accommodation, canteen facility, drinking water etc.
3. Arrange for proper training and education of the workers.
4. Offering job security and promotion opportunities.

### **1.15.3 Responsibility towards community**



It has many responsibilities to the community or to the society or to the local public; these responsibilities include:

1. Providing employment opportunities.
2. Taking all efforts to prevent environmental pollution and preserve the ecological balance.
3. Protecting and improving the natural environment including forests, rivers, Wild etc.

#### Additional information

Activities covered under schedule vii of the companies act 2013 regarding corporate social responsibility

Ministry of Corporate Affairs has come up with the modified Schedule VII which covers wide range of activities which can be undertaken by the Companies as a part of their CSR initiatives.

The activities involve the following:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

4.Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

5.Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;

6. Measures for the benefit of armed forces veterans, war widows and their dependents;

7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;

8.Contribution to the Prime Ministers' National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

9. Contributions or funds provided to technology incubators located within academic institution which are approved by the Central Government;

10. Rural development projects.

An entrepreneur is a person who intakes business activity with the help of societal resources. He is associated with different groups of the society like consumer, employees, investors, government

### Extended Activity

Identity the relevant provision of Companies Act 2013 regarding CSR and list out the activities under taken by business unit in your locality as part of their Social Responsibility

## TE QUESTIONS

Fill in the blanks

- 1.....is the possibility of some unfavorable occurrence in future.
2. When innovation is put into commercialization it is called----
3. The word entrepreneur is derived from the French word enterprendre which means -----
4. Entrepreneur = Entrepreneurship + -----
5. ----- is a person one who always searches for change, responds to it and exploits as an opportunity.
6. ----- is one who possess all the qualities of an entrepreneur but does not have a business or venture of his won.

Descriptive questions:

7. Ruby would like to start an enterprise in rural area. What are the probable challenges she is going to face?
8. “Entrepreneurs are assets of the country” Do you agree? Give your answers in the light of their statement?
9. Why entrepreneurs called “agents of progress for a nation”. What role do they play in the nations development?
10. Entrepreneurs are born and not made, explain your opinion.
11. Entrepreneur operates both inside and outside the organization, but Intrapreneur operating within the organization, State any three differences between Entrepreneur and Intrapreneur.

12. To be a successful Entrepreneur no qualification is required, but some qualities are required. Comment on the statement.
13. Compare the mindset of an Entrepreneur and an employee.
14. List and explain any Five managerial functions of an Entrepreneur.
15. “Satisfied employees are the assets of the business”. Comment on this statement the responsibilities of the entrepreneurship towards employees.
16. Saleena wants to start a textile shop near Kollam. Discuss the commercial functions which she will require to plan and perform the same.
17. Identify the founder of the following enterprises

Lulu group of companies	?
Amul	?
Wipro	?
Reliance Group of Industries	?
Kalyan Silks	?

## *UNIT 2*

### ENTREPRENEURIAL COMPETENCIES

#### INTRODUCTION

You may notice lot of successful entrepreneurs and how could they succeeded in their endeavours, even many successful entrepreneurs have failed in their initial stage. Have you ever been thought of the reasons behind this phenomenon? In this juncture, one has to have a clear understanding about his

abilities, competencies and passions and should be determined to work very hard for fructifying his dreams. This unit is mainly concerned with entrepreneurial competencies in everyday business.

## LEARNING OUT COME

The learner will be able to:

- *explains various competencies of an entrepreneur.*
- *internalizes the values required for an Entrepreneur.*
- *classify human needs based on motivation theories.*
- *acquires the skills of managing self and others, positive attitude, team building, creativity and motivation.*
  
- *develops entrepreneurial competencies to become an entrepreneur.*

## 2.0 Entrepreneurial Competency

At the entrepreneur's level business is no more about everyday operations; it is about what is new, what is next or what is expecting generation after generation. Competencies are a set of skills, related knowledge and attributes that helps an individual to perform an activity within a specific function or job. It is the underling characteristics possessed by an entrepreneur for the superior performance. The below picture represents the components of competency.



## *Components of competencies*

<http://teresachinn.co.uk>

The entrepreneurial competencies can be classified under the following categories:

1. Decision- making competency
2. Problem solving competency
3. Risk bearing competency
4. Leadership competency
5. Communication competency
6. Competency in dealing with customers.

### **2.1. Decision making competency**

Decision making can be regarded an outcome of mental process ( cognitive process) leading to the selection of a course of action among several alternatives. Decision making is a process of thinking before doing. It is an intellectual exercise. Rational thinking and cautious deliberation are the prerequisites of decision making.

There are many models which can be used in the process of decision making, one of them have been described below-

The DECIDE can be elaborated as-

D—Describe the situation you need to make

E-- Explore your options

C-- Cross out the negative options

I-- Investigate the positive options

D-- Determine best course of action

E-- Evaluate what happens as a result.

In the entrepreneurial point of view, an entrepreneur as a manager has to take number of decisions to run the business firm. Decision making process involves the following aspects.

(a) Conceiving and identifying business ideas.

(b) Establishing an industrial concern to put those ideas into practice.

(c) Converting that industrial concern into a fast growing and profit making unit.

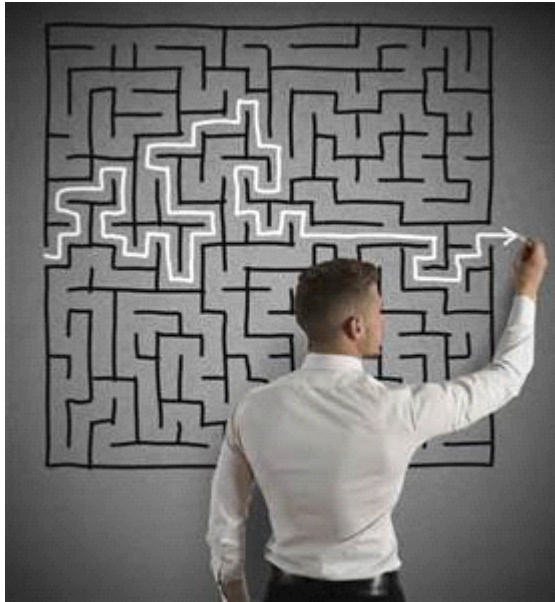
In the first stage, the entrepreneur has to identify a suitable business idea. After conceiving or identifying the business idea, one has to decide where it must be started, when it must be started, etc.

In the second stage, the entrepreneur has to decide the size of the organization, whether plant and machinery must be purchased or take it on lease, what must be the form of organization, etc.

In the third stage, the entrepreneur decides how to raise funds from different sources, what should be the proportion of funds, what sort of pricing to be followed, whether to diversify or not, make or buy the product, etc.,

## 2.2 Problem solving competency

Problem solving helps us to deal constructively with problems in our lives. It empower us not only to control our problem, but also turns them to opportunities. The problem solving process involves various steps. It requires clearly identifying and understanding the problem, exploring the available alternatives and deciding on the best options. A few tips in problem solving process are as follows.



*Presentation of problem solving*

1. **Identify:** What is the real problem? In simple words, write down the key issues in the problem.
2. **Explore:** Why is there a problem? What has caused this problem? Usually a problem has more than one cause. List them all. Also write any important circumstances or explanations about the problem.
3. **Set goals:** What outcome are we hoping for? What is your objective?
4. **Look at alternatives:** How can we solve it? Brainstorm! This is where you can use your imagination. During this stage, first come up with all the ideas you can think of. Let some ideas be wild. This is “Thinking out of the box” and is the way many new inventions took place. Look at it from different perspectives.
5. **Select:** Which solution is most appropriate given your circumstances? You have a collection of possible solutions. What are the positive and negative consequences of each solution? . And choose the finest solution among them.
6. **Implement:** Act on your solution. if it doesn't work you have to try another one. While solving a problem, we always keep in mind the best interest to improve your ability to create good solutions.



7. **Evaluate and reflect:** Is the problem solved or partially solved? Was the strategy useful? Can it be repeated? If not, then go back to step number 1 and re-look the problem and options again.

The entrepreneurial point of view, the following points are to be borne in mind while solving a problem:

- 1) Identify the business problem in a business unit;
- 2) Collect necessary sources of information from his own experiences or from counter entrepreneurial units;
- 3) Define the problem properly with the available information;
- 4) List down alternative solutions for the given business problem;
- 5) Select the most appropriate solution from the alternatives;
- 6) Implementation of the selected solution; and
- 7) Follow up action

### **2.3. Risk bearing competency of entrepreneur**

Risks are inherent in all business activities. A trade-off between risk and return in every business context is natural. The entrepreneur has to face a number of risks. He may not be able to sell all that is produced due to change in fashion, change in attitude of the customers, reduction in the purchasing power of customer, severe competition in the market, etc. Risk can also be due to fire, accidents and natural calamities like earthquake, flood, etc.

The detailed description of the types and competence of risk is given in chapter 4 (innovation) refer page No.....

Management of risk no risk means any gain. So an entrepreneur must be ready to face risk. There is no known panacea to eliminate risks from business.

Instead, he can divide the risk into insurable and non insurable. For insurable risks, insurance policies can be taken. In the case of non-insurable risks, a successful entrepreneur can try to minimize or reduce the evil effects by taking timely and wise decisions. By taking precautionary measures risks due to fire, theft, accidents, strikes, etc., can be minimized.

#### 2.4 Leadership competency of entrepreneur :-

Leadership is the process of influencing the behaviour and work of others in a group effort towards the realization of goal of the organization. It is the process of influencing group activities towards the accomplishment of goal in a given situation. An entrepreneur as a leader must be ahead of the group in formulating and executing business ideas



*A good leader inspiring others*

#### A Good Leader

1. Helps in guiding and inspiring employee;
2. Secures cooperation of members of the organisation;
3. Creates confidence among the staff by appreciating the qualities and capabilities.
4. Develops and maintains an environment conducive to maximum work effort.

### 2.4.1 Types of Leaders

There are various types of leaders in modern business houses. Some of the important types are given below:

#### 1. Democratic leaders:



#### *Democratic leadership style*

A democratic leader always consults his subordinates before taking decisions. Important decisions are taken after holding discussions with the subordinates and getting their opinion. The decisions are not unilateral. Then the staff will have a feeling of participation or involvement and they will render maximum service to the enterprise.

**2. Autocratic leaders:** An autocratic leader issues orders and insists on getting them done. The subordinates are not given any involvement in the decision making process. This style is quite contrary to democratic type.

**3. Intellectual leaders:** Intellectual leaders use their wisdom and knowledge to establish their domain and to win the respect and confidence of the subordinates. Highly complicated problems can be easily solved by these leaders. Adverse business situations may be effectively managed by these persons.

**4. Laissez-faire leaders:** These leaders do not take any personal responsibility in framing the policies and programmes of the enterprise. The subordinates are free and they will rise to the occasion and frame policies for their survival and growth via the growth of the organisation.

5. **Creative leaders:** These leaders encourage their subordinates to innovate new ideas and encourage them to do the work in a better and meaningful way.

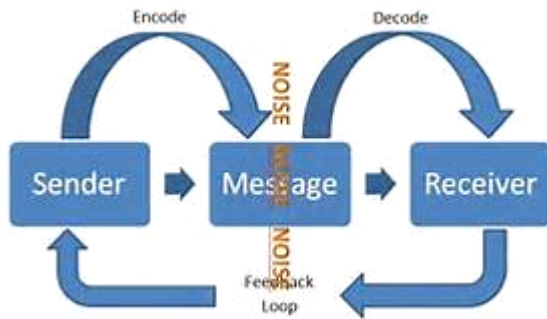
6. **Persuasive leaders:** These leaders possess magnetic and inspiring personalities that enable them to get maximum efforts done by the subordinates for the benefit of the organisation. They will appreciate the work of the subordinate and the workers will do difficult work without complaints. ,

A good leader does have certain peculiarities like: inter-personal influence, uneven power sharing, common goals , demands of the situation in which he is to function as a leader , continuous process of influencing behaviour etc.

## 2.5 Communication competency of entrepreneur

Communication is the exchange of information between people, e.g. by means of speaking, writing, or by using a common system of signs or behaviour. Man is a social animal, and communication is intrinsic to human nature. Communication may be defined as “A process of sharing facts, ideas, opinions, thoughts and information through speech, writing, gestures or symbols between two or more persons”. It is something that is universal and happens all the time. We are communicating all the time with others. While you are reading this, we are trying to communicate to you.

The communication always contains messages, which are to be transmitted between the parties. In this process, a cycle of communicating messages is formed between the sender and the receiver. The sender is required to conceive the message he/she wishes to send, encode this message and then transmit. The receiver then is required to receive the message, decode it and clarify his/her understanding of the message.



### *Presentation of communication model*

<https://purchasingdecisions.files.wordpress.com/2011/05/comms-model.jpg>

### 2.5.1 Means of Communication

There are various ways through which we communicate with each other. In face-to-face contact, we use different parts of our body or we directly talk to others while communicating our message. Where face-to-face communication is not possible, we take the help of some other means through which we usually convey our messages. For example, we may use letters, e-mails, SMS to convey written messages; talk to others over telephones; send telegrams and use various other modern machines like computers, fax machine, etc. to communicate our messages. The means to be used in our communication process depend upon the purpose of communication. For example, to send any urgent message we generally use telephone; for any important matter for which a written document is required, we use letter, telegram, fax, etc. Now a days modern technology has given us a wide option to choose the means according to our requirement and liking, including teleconferencing, either audio or video.

In the entrepreneurial point of view, there are three types of communication according to the direction of flow.

(a) **Upward communication:** Upward communication flows from a subordinate to his employer or entrepreneur. It may consist of information relating to the work performance of the subordinate, problems relating to work,

opinions / grievances / suggestion of the subordinate, etc. It may also relate to clarifications needed with regard to instructions.

**(b) Downward communication:** It refers to the flow of communication from the top authority to the operating level or subordinates. This communication relates to organizational plans and policies.

**(c) Horizontal communication:** Flow of communication between persons holding positions at the same level in the organisation is known as horizontal communication. Example: Exchange of information between two departmental heads. This communication is necessary to coordinate different activities or to solve interrelated problems of two or more departments.

### **2.5.2 Tips for improving Communication Skills:**

- Prepare well, think before you speak
- Start in an interesting manner
- Use the right words
- Use short words and short sentences.
- Speak slowly and clearly pronouncing words correctly
- Emphasize main points by letting your voice rise and fall
- Use appropriate volume

### **ASSESSMENT ACTIVITY**

Read out a paragraph from a newspaper. Ask your friend to observe the exercise with a checklist. After the presentation, identify merits/demerits of your presentation.

### **2.5.3 Common Barriers to Effective Communication**

#### **(A) Listening barriers:**

- interrupting the speaker
- Not maintaining eye contact with the speaker
- Rushing the speaker to complete what he has to say

- Making the speaker feel as though he is wasting the listener's time
- Being distracted by something that is not part of the ongoing communication
- Getting ahead of the speaker and completing his thoughts
- Ignoring the speaker's requests
- Topping the speaker's story with one's own set of examples
- Forgetting what is being discussed

**(B) Barriers while speaking:**

- Unclear messages
- Lack of consistency in the communication process
- Incomplete sentences
- Not understanding the receiver
- Poor eye contact
- Mumbling words and sentences

A successful entrepreneur must have the skill and competency to communicate the entrepreneurial functions like planning, organising, coordinating, controlling, motivating, etc. These can be effectively carried out only with the help of proper communication system. In the following way, the entrepreneur can develop his communication competency:

1. The instructions/ orders to be communicated should be clear, simple and precise.
2. Communication must be done at the right time. If it is delayed, action from the other part will also be delayed.
3. The entrepreneur must make sure that the message is properly understood by the persons to whom it is meant.

4. The message to be communicated should be prepared in such a way as to get the attention of the receiver.
- 5 . The message should be in line with the policies, objectives and programme of the enterprise. Otherwise, there can be confusion in the mind of the receiver.
6. The timing of communication is important. See that the communication is done when the person to receive the message is not busy or engaged otherwise. If so, the very purpose of communication may be defeated.

## **2.6 Competency of the entrepreneur in dealing with customers**

As far as an entrepreneur is concerned the customer is the king. His activities are essentially customer oriented. He must be competent to deal with the customers to their fullest satisfaction. The following guidelines may help in developing his competency in dealing with customers.

1. **Fair and friendly dealings:** The entrepreneur must treat the customers in a friendly manner. He should not adopt unfair and unethical trade practices while dealing with customers.
2. **Give priority for customer needs:** The entrepreneur must act as a guide in selecting articles to suit the customer requirements. The attitude must be different from that of a seller who is eager to sell out his stocks.
3. **Patience and Politeness:** The entrepreneur should not lose his temper but give a patient hearing to the complaints of the customers. He must treat the customer as his benefactor.
4. **Try to win public support:** Entrepreneur must try to have good relationship with the public. Simple complimentary gifts, festival presents, greeting cards,' etc., may be sent to the customers as surprise gifts.

## **2. 7. Competency of the entrepreneur in discharging social responsibilities**



Business and entrepreneurship form an integral part of society. No business activity or entrepreneurial activity can be undertaken in isolation. The entrepreneur must therefore fulfil the expectation of society. Entrepreneurial activities must be conducted according to what people consider desirable. The entrepreneur should not undertake undesirable activities. Manufacture of duplicate goods or sale of adulterated goods is always against the interest of society. If he/she is doing so, he/she cannot stay in the business for long. Therefore the social objectives should form a part of the business objective. The entrepreneur is bound to discharge social responsibilities also. The areas where the entrepreneur must show competency for social responsibilities are:

1. **Supply of desired quality of product:** Society expects that the entrepreneur will come forward to supply goods of the right quality at the right price.
2. **Avoidance of anti social and unfair trade practices:** Society never expects an entrepreneur to undertake anti social practices like hoarding, black marketing, over charging the buyers, etc.
3. **Generation of employment:** Society visualizes the entrepreneur as a job giver. When more and more employment opportunities are created by the entrepreneur, society will be benefited.
4. **Welfare of the employees:** Another important responsibility of the entrepreneur is to look after the welfare of employees provide good working conditions, pay decent salary, provide medical and housing facilities, etc.

## **2.8 Entrepreneurial Values and attitude**

Milton Rokeach has defined values as “beliefs that guide actions and judgement across a variety of situations.” Values determine what people consider to be good or bad for a civilised society. A civilized society considers qualities like honesty, truthfulness, integrity etc., as important for happy and

healthy living. These set of belief that provide standards which guide behaviour is known as values. In relation to business, social values define the objectives of business as well as the manner in which business affairs should be conducted. Entrepreneurs share some of these qualities that guide and direct them and hence they have come to be called entrepreneurial values.

### 2.8.1 The differences between values and attitudes

- (a) Value is generic aspect where as attitude is a specific one;
- (b) Values are abstract ideals which shape the thinking and behaviour of an entrepreneur and that of attitude is one who feels about something ,ie ;events, situations etc.
- (c) Values include attitude and behaviour whereas attitude remains attitude only and may subject to change. Values is always same. It doesn't change situation to situation. Eg. honesty, equality, fraternity etc.

## 2.9 Life Skills

Life skills are a group of psychosocial competencies and interpersonal skills that help people make informed decisions, communicate effectively, and develop coping, and self management skills to lead a healthy and productive life.

Life skills are abilities for adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life. Self awareness, empathy, creative thinking, effective communication, interpersonal relationships, decision making, problem solving, coping with stress and coping with emotion are the core life skills.

In the contest of business, the entrepreneur should possess the following life skills.

1. Managing self and others

2. Positive attitude

3. Creativity

4. Team building

5. Motivation

## 2.10 Managing self and others

It can be surprisingly noted that we have a little awareness of ourselves, though we spend enormous amount of time to think of ourselves. When we become successful in identifying ourselves we can be broad minded and observe others with such a broad outlook.

Ability to look into one self and to manage oneself will lead us to better understanding of others. One can meet with his /her strength, weakness, opportunities and threats, by these knowledge. We can analyse all the positive and negative factors in us and overcome the threats by converting the weakness into strength.

### Activity 1

Each learner is requested to take an A-4 size paper and then draw an outline of a square, then divide the square into four sections.

Encourage them to write down the following inside the square

- Meaning or significance of their names- in the top left section.
- Their likes and dislikes- in the top right section
- Mention two good qualities they possess and two qualities they want to change - in the bottom left section.

- What others think about them (two qualities) – in the bottom right section.

Let each participant take turns to read the contents of one square. The exercise will enable the participants to come closer to each other and will help them to know of their own /other's talents. The consolidation enables to understand that each participant has unique and distinctive qualities. Every person has his/her exclusive strengths and weaknesses. It is impotent to identify and accept the weakness of one to make an effort to change it into strengths.

Learners are instructed to write their strength, weakness, opportunities and threats one by one. And invites the participants who are willing to present their strength, weakness, opportunities and threats randomly.

We have many strengths, weaknesses, opportunities and threats in our life. Strengths and weakness are internal while opportunities and threats are external.

Strengths are the qualities that enable us to accomplish our goal. Weaknesses are the qualities which prevent us to accomplish our goal. We must reduce our weaknesses and overcome the threats in our life. We must utilize our full strength and opportunities to develop our professional excellence. Our abilities and skills are well expressed in the right kind of opportunities. Our weaknesses are revealed when we face threats. For more description see page no... in chapter 4 (innovation).

### **Assessment Activity**

1. List out your strengths and weaknesses?
2. What are your dreams for the future? What steps are you taking to achieve your dreams?

### **2.11 Positive attitude**

Attitude is a state of mind. It guides our activity. Positive thinking will bring positive energy and one can do more work effectively and efficiently. Entrepreneurs often find fault with their poor or non-performing subordinates. Similarly subordinates also find excuses for their non-performance. We are not ready to look into ourselves. If we do so we can solve many of the problems in our life.

### **Case analysis**

A young man was passing through a site of construction. He saw three labourers working in the site. He went to one of them and asked “What are you doing here” ? The worker answered, don’t you see? I am pulling in to earn a living. I am working and earning. The young man moved towards the second. Now, he asked the second man the question “What are you doing”? He replied, I am constructing a wall. The young man now asked the third person the same question and he replied don’t you see? I am building a beautiful mansion.

Why did these three persons respond differently in the same situation?

The following are causes:

- Individual difference
- Different thoughts
- Different attitude
- State of mind

#### **2.11.1 Essential attitude of an entrepreneur**

The following attitudes are essential for achieving entrepreneurial success.

1. Have passion for the business:
2. Be flexible
3. Don't let fear of failure.
4. Make timely decisions:
5. The major company asset is oneself:

6. Keep one's ego under control:
7. Believe in one self:
8. Encourage and accept criticism graciously.
9. Maintain a strong work ethic
10. Periodically getting out of one's comfort zone to pursue something important:

### Assessment Activity

Many years ago, two salesmen from very different companies were sent to a remote third-world island, to find out if there was any market for shoes sales. Upon arrival, they each noticed that none of the locals were wearing shoes... They were all barefooted. Salesman 1 immediately called his company, and said, "This is terrible! No one here wears shoes! There is no market here!" Salesman 2 also called his company immediately, and said, "This is fantastic! No one here wears shoes! There is a huge market here!"

Why did one sales man view the situation as positive for sale when other sales man viewed as negative ?

If so, what are the factors that influence the formation of attitude?

Additional information :		
Ten words for making you positive.		
I	The most selfish one- letter word	Avoid it
WE	The most satisfying two-letter word	Use it
EGO	The most poisonous three letter word.	Overcome it
LOVE	The most used four letter word.	Value it
SMILE	The most pleasing five- letter word	Keep it
Rumour	The fastest spreading word	Ignore it

Success	The most sought after seven -letter word	Achieve it
Jealousy	The most enviable eight letter word	Distance yourself from it
Knowledge	The most powerful nine letter word	Acquire it
Friendship	The most valued ten letter word	Maintain it

## 2.12 Creativity

Creativity is a mental process leading to the generation of new ideas or concepts. It can be new associations and relationships between existing ideas or concepts. Innovation is the process of both generation and application of such creative ideas in some specific context. So, creativity is developing something new, original and unique. Innovation is an attempt at producing specific and new things.

### Case study 1 Square watermelon

Japanese grocery stores had a problem. Watermelons are big and round, wasted a lot of space. Most people would simply tell the grocery stores that watermelons grow round and there is nothing that can be done about it. Do you know how the issue was resolved?



The solution to the problem of round watermelons wasn't nearly as difficult to solve for them. They place them into a square box when they are growing and the watermelon will take on the shape of the box.

This made the grocery stores happy and had the added benefit that it was much easier and cost effective to ship the watermelons. Consumers also loved them because they took less space in their refrigerators which are much smaller.

- What are lessons that can take away from this story?
- Share your similar experiences with regarding creativity?

To solve a problem, creative thinking is required, i.e., thinking out of the box or beyond the usual frame of reference. Specifically, it means finding solutions beyond our usual or traditional way of reacting to a problem. We are often limited by our past experiences, and we dread to think differently. To go beyond the traditional boundaries of doing things, it is necessary to empower Creativity is the ability to imagine or invent something new. Creativity is not the ability to create out of nothing, but the ability to generate new ideas by



combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good, practical ideas that no one seems to have thought of yet.

#### **Assessment Activity: Making 3D models**

You are given with one packet straws, one packet ball-pins and a blade. Try to make as much as three dimensional models as possible within 15 minutes.

### **2.13 Team building**

Teams are groups of people with complementary skills who are committed to a common purpose and hold themselves mutually accountable for its achievement. They develop a distinct identity and work together in a coordinated and mutually supportive way to fulfil their goal. Simply bringing people together does not necessarily ensure the effective functioning as a team. Teams are composed of people who have a variety of emotional and social needs which can either frustrate or help the team members. Effective teamwork may be undermined by a variety of problems, for example: disorganization, poor communication, misunderstandings or inadequate procedures for problem-solving. Team functioning can be weakened by obstacles faced by individual members within the team, as well as by difficulties linked to the task. Team leader has to emerge and tackle the situation.

#### **Case analysis of Dabbwala**

A dabbawala (one who carries Tiffin box) is a person in the Indian city of Mumbai whose job is to carry and deliver the homely lunch boxes to office workers. Dabbawalas are sometimes called tiffin-wallas. Indian businessmen are the main customers for the dabbawalas, and the service often includes

cooking as well as delivery. Everyone who works within this system is treated as an equal. Regardless of a dabbawala's function, everyone gets paid about two to four thousand rupees per month. More than 175,000 or 200,000 lunches get moved every day by an estimated 4,500 to 5,000 dabbawalas, all with an extremely small nominal fee and with utmost punctuality. According to a recent survey, there is only one mistake in every 6,000,000 deliveries.

The BBC has produced a documentary on dabbawalas, and Prince Charles, during his visit to India, visited them. Owing to the tremendous publicity, some of the dabbawalas were invited to give guest lectures in top business schools of India, which is very unusual. The major landmarks are:

- History started- 1880
- Charitable trust registered in -1950
- Average literacy rate -8th std
- Total area coverage -80 kms
- Employee strength- 5000
- Number of tiffins-200000 boxes
- Every day transactions-400000
- Time taken-3hours
- Performance success 99.99%
- Technology back up -nil

Analysis the case, following conclusions are drawn for the success of Dabbawala?

- Proper leadership
- Social support
- Sufficient infra structure
- Team rather than a group
- Co-ordination
- Leadership

From the above discussion it can be concludes that the group performance needs a definite purpose, mutual understanding and interaction. Thus behind every winning team there will be a powerful leader.

Entrepreneur must be like a captain of foot-ball team. Captaincy is valued on how he is building a good team. The entrepreneur must see that the entire staff members are moving as a team to accomplish the goal. He has to motivate them to do more than what they can do normally. A good team can bring more synergy. The team can generates more creativity than a single individual.

### **Assessment Activity**

The participants are divided into 5 groups (gender wise grouping) consisting 8 members and distributes one foolscap news paper to each group and ask them to spread it on the floor. All the group members are asked to stand on the news paper together. They should not touch their feet on floor. After they have done this, the sheet has to be folded to make it smaller (half of its size). Again the group members are asked to get on the sheet. Continue this process for a third or fourth attempt. Eventually the sheet will be so small that participants will need to use a great deal of co-operation, co-ordination,

adjustment, patience etc to get all members on the sheet without anyone falling out of the sheet.

After completing the activity, answer the following questions

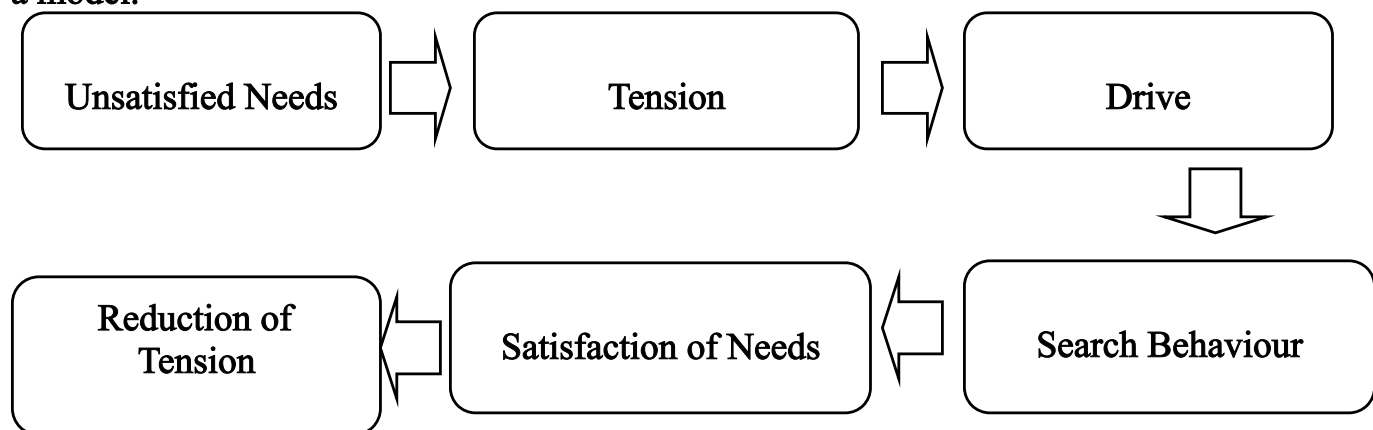
1. Why did some groups perform well?
2. What went wrong with other groups?
3. How can you do it in a better way?

## 2.14 Motivation

Motivation aimed at inducing the behaviour of subordinates for better performance and accomplishing the desired results. It deals with actuating people to work. It means a process of stimulating people to action.

### 2.14.1 Process of Motivation

Motivation is essentially a process. It can be well expressed in the form of a model.



On a careful analysis of the model, it can be understood that every individual possesses an urge or a need, or a multitude of needs, desires or expectations. The unsatisfied need leads to tension within the individual and motivates one to search for ways to relieve one's own tension. That tension leads one to certain drives and searching alternatives to achieve one's goal which will eventually reduce tension.

### 2.14.2 Motivation Theories

Prominent motivation theories particularly relevant to entrepreneurship are Maslow's Need Hierarchy Theory and McClelland's Need for Achievement Theory. These are described one by one.

#### A. Maslow's Need Hierarchy Theory

Abraham Maslow's Motivation Theory is based on the human needs. These needs are classified into a sequential hierarchy from the lower to higher order as five need clusters as shown in the following figure.2.1



### *Maslow's Need Hierarchy Theory*

**Physiological needs :** These needs are the lowest- level and most basic needs of human being. These needs include the need for food, air, water, cloth and shelter. Entrepreneur as a human being has to meet his physiological needs for survival. Hence he/she is motivated to work in the enterprise to have economic rewards to meet his/her basic needs.

**Safety and security needs:** Safety and security needs include a desire for security, stability, dependency, protection, freedom from fear and anxiety, and a need for structure, order, and law. Meeting these needs requires more money and, hence, the entrepreneur is prompted to work more in his /her entrepreneurial pursuit.

**Social needs:** These include the need for belongingness, affiliation and love. Man is a social animal. All individuals want to be recognised and accepted by others. Likewise an entrepreneur is motivated to interact with fellow entrepreneurs, his employees and others.

**Esteem needs:** These needs refer to self-respect and self-esteem. These needs include self confidence, achievement, competence, knowledge, reputation, prestige, status, fame, glory, dominance, recognition, and appreciation. In case of entrepreneurs the ownership and self control over enterprise satisfies their esteem needs by providing them status, respect, reputation and independence.

**Self- Actualization:** The highest need in Maslow's hierarchy is that of self-actualization . This refers to self fulfilment. An entrepreneur may be achieving self actualization in being a successful entrepreneur.

### **B. McClelland's Need for Achievement Theory**

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

- Achievement
- Affiliation
- Power

**Achievement:** The need for achievement is refers to take responsibility for finding solutions to problems, set goals and get feedback on level of success. McClelland found that people with a high need for achievement perform better than those with a moderate or low need for achievement.

**Affiliation:** The need for affiliation is defined as a desire to establish and maintain friendly and warm relations with other people.

**Power:** The need for power is concerned with making an impact on others, the desire to influence others, the urge to change people and the desire to make a difference in life. People with high need for power are people who like to be in control of people and events. These result in ultimate satisfaction to man.

### **Assessment Activity**

All of you are familiar with the story of Abraham Lincoln. At the age of seven, a young boy and his family were forced out of their home. The boy had to work to support his family. At the age of nine, his mother passed away. When he grew up, the young man was keen to go to law school, but had no formal education. At 22, he lost his job as a store clerk. At 23, he ran for state legislature and lost. The same year, he went into business. It failed, leaving him with a debt that took him 17 years to repay. At 27, he had a nervous breakdown. Two years later, he tried for the post of speaker in his state legislature. He lost. At 31, he was defeated in his attempt to become an elector. By 35, he had been defeated twice while running for Congress. Finally, he did manage to secure a brief term in Congress, but at 39 he lost his re- election bid.

At 41, his four-year-old son died. At 42, he was rejected as a prospective land officer. At 45, he ran for the Senate and lost. Two years later, he lost the vice presidential nomination. At 49, he ran for Senate and lost again. At 51, he was elected the President of the United States of America.

- What were the factors motivated Abraham Lincoln
- Did he set a goal in his life?

### **T E Questions**

1. ----- means a process of stimulating people to action.
2. -----are abstract ideals which shape the thinking and behavior of Entrepreneurs.
3. Exchange of information between two or more persons is called-----
4. Observe the first and answer the second:
  - a. Abraham Maslow - Need hierarchy theory  
 McClands Theory - .....
  - b. Upward communication - Bottom to top  
 Downward communication - .....
  - c. Social Needs - Love and esteem  
 Esteem needs -.....
5. “ No risk means no gain, So an Entrepreneur must be ready to face risks”,  
 Comment?
6. Identify the human needs basid on Maslow’s Need Hierarchy theory of Motivation with a diagram.
7. What are the various points to develop communication competency of an Entrepreneur ?



8. Entrepreneurial activities are essentially customer oriented, what are the various guidelines may help in developing his competency dealing with customers?
9. Creativity is a mental process leading to the generation of new ideas or concepts. Innovation is an attempt at producing specific new things. State any three
10. differences between creativity and innovation.
11. Suggest the Entrepreneurial competency for the statements are given below:
  - a. It is a process of thinking before doing.
  - b. Exchange of information between two or more persons
  - c. It is the process of influencing group activities towards the accomplishment of goals in a given situation.
12. Risk is akin to all business activities. Suggest some feasible measures in managing risk.
12. "Raju is a 16 year young boy, working hard to earn his living. He also tries to save some part of his earnings to acquire basic education". He falls in which level of Need as propounded by Maslow in his Motivational Theory?
13. "Competencies is a set of defined behaviours." State the types of competencies required by an entrepreneur? Explain.
14. Explain any six essential attitudes of an entrepreneur
15. "Human beings require respect in the society." Explain the esteem needs in the Maslow - Hierarchy of Needs Theory.
16. What is understood by managing self and others?
17. List the areas where the entrepreneur must show competency for social responsibility
18. What is meant by the entrepreneurial competency to deal with customers??

19. Recalling the video vision of “Nehru trophy Boat Race” You are invited for the opinion regarding the desirable qualities of a good leader.

### Unit 3

## ENTREPRENEURSHIP JOURNEY

### Introduction

Establishing yourself as a successful entrepreneur depends upon choosing a good idea. When you are searching for an idea, don't pursue one idea at a time. Develop many ideas in parallel until one emerges so appropriate that it begins to dominate your thoughts and fantasies. In the initial stage, suggestions for new products are obtained from all possible sources- customer, competitors, and distributors. How can you finalise an idea among many? You can figure out an idea after undergoing through environment scanning and feasibility study.

### Learning Outcomes

Learner will be able to:

- describes the concept of entrepreneurial journey
- explains the meaning of business idea and various ways to generate business ideas
- evaluates the feasibility of ideas
- realizes the personality type based on entrepreneurial traits.
- justifies the need of society and family for developing entrepreneurship
- identifies the concept of rural entrepreneurship
- suggests strategies to develop agri-preneurship

- explains the concept of social entrepreneurship ,women entrepreneurship and student entrepreneurship
- assess the Entrepreneurial personality with a standardized tool.

Before going into the detail, let us have glimpse over the journey of a successful entrepreneur .

Captain Gopinath was born in a remote village in Karnadaka, he completed his schooling military school. Later he graduated from the Indian Military Academy (IMA) as a commission officer. Having served for eight years in army, he left to do the things for the benefit of weaker sections of society. He started farming by initiating agricultural operations in a barren land.

During his agricultural pursuit for six years, Captain Gopinath led a difficult life. He virtually slept under a thatched roof and tried to make living by growing bananas, cereals, coconuts, and vegetables in the Government provided barren land. After six years, he switched to silkworm rearing, i.e. sericulture. Then he started a heli-charter company Deccan Aviation. His first Air Deccan flight caught fire and every one wrote his company off. Caption Gopinath started his second inning in aviation in 2009 by launching Air cargo business branded Deccan 360 .

After reading the case, try to answer the following questions.

- Why did Captain Gopinath is more successful in Deccan aviation 360 ?
- Do you think Captain Gopinath is best motivator for new Entrepreneurs. Why?

Based on the discussion learner is able to realises the concept of business idea.



*Symbolic representation of entrepreneurship journey*

### **3.1 Business ideas**

A business idea is a concept that can be used for financial gain that is usually centered on a product or service that can be offered for money. A business idea is the first milestone in the process of building a successful business. Generating and evaluating business ideas is an important step in the entrepreneurial process. Generation of ideas is the key to success of an enterprise. Entrepreneurship journals, books and available literature are filled with stories of Entrepreneurs striking it rich because they had great ideas about business success. A wide variety of sources are to be tapped to obtain a good business idea.

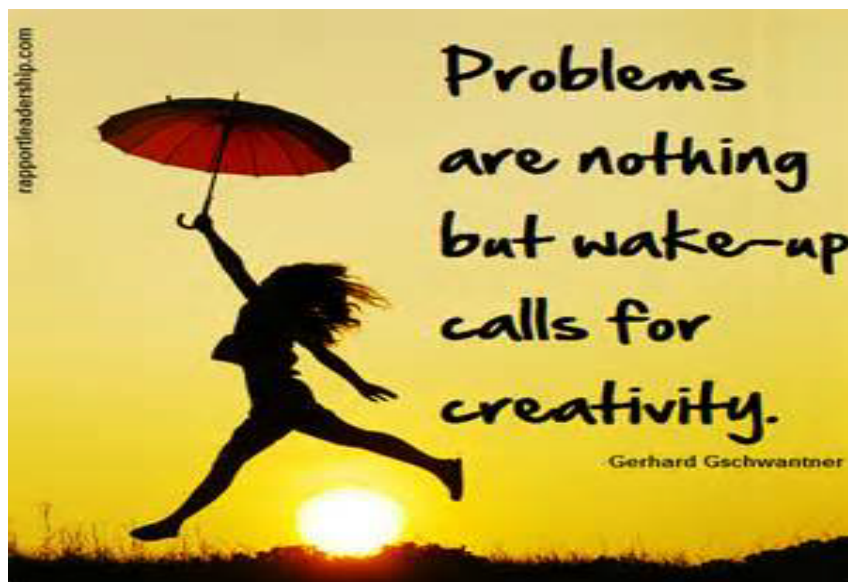
Generating ideas is an innovative and creative process. Business ideas are required not only in the beginning stages of the entrepreneurial venture but also throughout the life of the business.

### **3.2 Ways to Generate Ideas**

The different structured approaches that might be adopted to generate ideas are:

1. **Environment Scanning:** One of the important techniques that can be used to generate ideas is environment scanning. Environment scanning means monitoring the environment of each organisation and identifying the constraints and opportunities before them. The information from popular news magazines, reviews, government and consumer publications, trade publications, commercials, etc. will have to be scanned.

2. **Creativity and Creative Problem Solving:** Creativity is the ability to combine ideas in a unique way or to make unusual associations between the ideas. It means cross thinking by seeing new angles, connections and approaches. The role of creativity and creative problem solving as a structured technique for generating ideas is that a number of specific creative approaches can be used.



*creativity emerge from problem*

<http://rapportleadershipinternational.org/wp-content/uploads/2013/09/creativity.png>

3. **Brainstorming:** A group of persons sit together and generate a number of business ideas by innovating alternative ways of meeting the needs and solving problems. It is usually an unstructured discussion in which one idea leads to another. This is a very productive method for generating as many ideas as possible.

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[https://openclipart.org/image/800px/svg\\_to\\_png/227174/Business-Team-Brainstorming.png](https://openclipart.org/image/800px/svg_to_png/227174/Business-Team-Brainstorming.png)

4. **Focus Groups:** These groups of individuals provide information about proposed products or services in a structured setting. In a typical focus group a moderator focuses the group discussion or whatever issues are being examined. For instance, a focus group might look at a proposed product and answer the specific questions asked by the moderators. A focus group can provide an excellent way to generate new ideas and to screen proposed ideas and concepts.

**5. Market Research:** This is a method of gathering information about products/services that already exist in the market. A systematic and in-depth study is undertaken to obtain useful data to determine demand and supply position for a particular product or service that is already available in the market. Such a research will help in getting new ideas for products and services.

### **3.3 Sources of generating ideas**

The following sources may be suggested to obtain good business ideas.

- 1. Analyze the profitability of selected industries:** A study of the profitability, capacity utilization and breakeven level of selected industries indicates promising investment opportunities. This enables us to find out profitable and relatively risk free opportunities. Eg:- IT related sector (Infosys)
- 2. Analyze the inputs and outputs of various industries:** The analysis of the inputs required for the existing industries may throw up project ideas. Opportunities exist when the supplies or materials required by these industries are provided at a lower cost. Eg; Muthoot group starting Star hotels.
- 3. Analyze the Imports and Exports statistics:** The analysis of import and export statistics is helpful in understating the trends of imports and exports of various goods. Eg- Ready to eat products
- 4. Analyze the plan outlays and Government policies:** The proposed outlays by the Government in different sectors provide useful pointers towards investment opportunities. This helpful the demand for goods in various sectors.
- 5. Analyze the reports of financial institutions and development agencies:**  
Various development agencies conduct studies and prepare feasibility reports and offer suggestions to identify promising projects.

6. **Analyze the availability of materials and other resources locally:** An investigation into local resources and skills is helpful identifying good projects ideas. Eg. Ayurveda factory.
7. **Study the economic and social trends:** An analysis of economic and social trends indicates the potential demand for various goods and services. Eg:- Modular kitchen.
8. **Analyze the technological changes :** The changes of technological environment may be examined to develop new products .Eg:- Bosch developed an electronic system that will help in reducing fuel consumption.
9. **Study the projects or sources used abroad :** The Entrepreneurs are ready to take higher risks may identify projects for the manufacture of products or supply of services. Eg:- Amusement parks, Fast food Restaurants.
10. **Draw clues from Trade fair and Exhibition:** National and International Trade fair and exhibition provide new product ideas. Environment

#### **Assessment activity**

A Success story of an Entrepreneur Mr. Mohan, went to Ernakulum to meet a film Director with a desire to produce a film. But he was not able to meet him on the same day and was forced to stay that night in a hotel. During that night he couldn't sleep due to mosquito bite. He used a mosquito repellent but it caused serious suffocation. This incident inspired him to think about the possibility of inventing a smell free electric mosquito mat. Now he is a Successful Entrepreneur. The Journey of Goodnight company mosquito mat begins.....

Based on the above case, suggest possible ways, and would have been applied by Mr. Mohan to generate business idea.

#### **3.4 Feasibility study**



Centre for Entrepreneurship at University of Rochester explained that “a feasibility study can be defined as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes, and assessing the range of costs and benefits associated with several alternatives for solving a problem.”

The information gathered and presented in a feasibility study will help entrepreneurs to:

- List in detail all the things need for business success
- Identify logistical and other business related problems and solutions
- Develop marketing strategies to convince a bank or investor that their business is worth considering as an investment.
- Serve as a solid foundation for developing their business plans.

#### 3.4.1 Types of feasibility study

1. **Market Feasibility:** This includes assessment of :

- (a) The type of industry being setup
- (b)Prevailing market
- (c) Future market growth/prospects
- (d) Competitors
- (e) Potential Customers
- (f) Projection of sales.

2. **Technical Feasibility:** The following are the various resources that are examined under technical feasibility.

- (a)Technology (both software and hardware)

(b) Manpower

(c) Transportation

(d) Location, etc

3. **Financial Feasibility:** This includes the assessment of :

a) Initial investment

b) Various sources to procure the capital

c) ROI (return on investment)

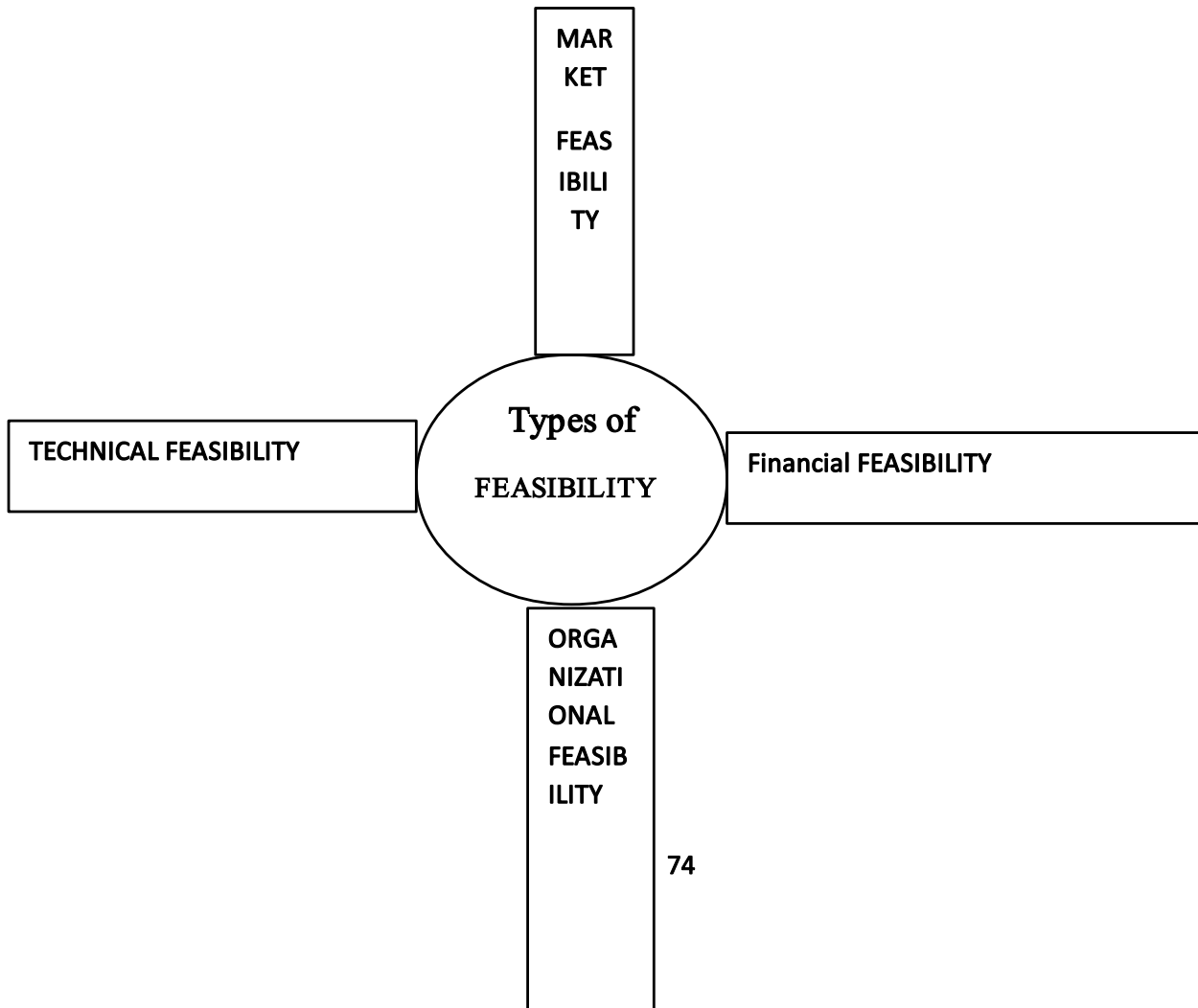
4. **Organisational Feasibility:** This includes the study of :

a) Business structure

b) Legal structure

c) Management competency

d) Professional skills and experience



### **3.4.2 Features of feasibility study**

- 1. Highly systematic**
- 2. Cost effective**
- 3. Value addition**
- 4. Organized**
- 5. Flexible.**
- 6. Objective oriented**
- 7. Reliability and validity**

#### **Assessment activity**

A feasibility study can test the ability of organization to reach a specific goal, list out types and features of a feasibility study.

### **3.5 Assessment of Personality type**

As you know, personality is differing from person to person. Before starting an enterprise, you have to assess your own personality, skills, resources and dreams to be successful in the venture. According to Bill Wagner, entrepreneurs can be divided into seven types according to their behaviour and outlooks.



**1. Trailblazers:** Trailblazers are very competitive, ambitious, and goal oriented, tend to be aggressive. They are energetic, logical, analytical, practical, realistic and calculated risk takers. They are usually better leaders than managers and need to surround themselves with others.

**2. Go-getters:** Go-getters are dominant personality type. They are sociable, independent and competitive. They show a great deal of initiative, and are typically good leaders and managers. They work well in ambitious and unfamiliar environments. They start new business without the help of experts.

**3. Managers:** Managers are dominant and independent personality type. They are goal-oriented, analytical and focusing more on processes and outcomes than on people. They have a tendency to look at people as vehicles for helping them accomplish their goals. They consider their employees to be an extension of their family. They can deal well with customers and competitors.

**4. Motivators:** They are dominant, social and independent in nature. They will be a great consensus builder, a good collaborator and a driver of change. Just like the name suggests, they are the consummate motivator. They do well in business with partners. Motivators are keeping good human relationships with customers.

4. **Authoritarians:** They are the backbone of society. They make their products, service, systems, and always do it right. As an Authoritarian, they may not always be the best founders of an enterprise. They can do well when they purchase an ongoing operation. They are detail- and tactic-oriented, and motivated by doing things in the right way. They are cautious, deliberate, logical analytical and a great team player also.

5. **Collaborators:** Collaborators usually aren't comfortable with pitching new ideas. They like to follow prescribed rules and guidelines. Collaborators are good at running retail businesses. Collaborators do well within structured environments where people are an element of success. Collaborators can be great sales man in a warm selling market because they use their sociability to sell their expertise.

6. **Diplomats:** Diplomats are restless and enjoy working under a certain amount of pressure. They get things done quickly and work well with deadlines. They adjust easily to change and deal well with new situations. They work at their full capacity. Active and energetic, they vigorously attack the parts of their business that they enjoy. Diplomats are considered to be the best of the specialist entrepreneurs. Both outgoing and empathetic, they tend to be well-liked. To successfully lead a company, they typically need to hire stronger, more results-oriented personalities.

Types of Personality	Nature of behaviour
TRAILBLAZERS	competitive, ambitious, goal-oriented, energetic logical, analytical, practical and realistic

<b>GO-GETTERS</b>	competitive, independent, sociability
<b>MANAGERS</b>	Dominant, independent, goal-oriented and loyal, driver of change
<b>MOTIVATORS</b>	social, dominant, independent, good collaborator, consummate motivator
<b>AUTHORITARIANS</b>	Cooperative, Authoritarians, tactic-oriented, accidental and entrepreneurs
<b>COLLABORATORS</b>	Sociability, customer service oriented and good salesmen ship
<b>DIPLOMATS</b>	Restless, energetic, active , empathetic and result oriented

### **3.6. Role of society and family in the growth of an entrepreneur**

Among many factors which support entrepreneurial growth, family and society have crucial role to play. Family can support by providing initial finances. Similarly the perception of society also become a deciding factor for shaping an entrepreneurship.

Family and Community play a very significant role in directing and guiding the youth in pursuing their future. The social and cultural background of the families and community support enterprising culture and behaviour. A community that is sensitive to the development of aspirations of the youth to creates a trend for self-employment. The education of society too plays an important role to help the youth to attain their dreams and aspire to become an

entrepreneur. The outlook of the community and family towards money, standard of living as well as their aspirations guide their thought process for the growth of Entrepreneurship. Coming out of the cultural mindsets, nations, have recognized the need to build and train their youth by providing education and skills necessary to make them job creators rather than job seekers.

### 3.7 Rural Entrepreneurship

Rural Entrepreneurship is the creation of a new organisation that introduces a new product, serve or creates a new market or utilise a new technology in a rural area. In other words, establishing industrial units in the rural areas refers to rural entrepreneurship. Rural entrepreneurship plays a vital role for employment generation and rural development. Eg. Food processing, cottage and handicraft industry, agro based industry etc.

Entrepreneurship emerging in rural area is called rural entrepreneurship. It symbolizes rural industrialisation. Rural industrialisation provides the best solution to tackle with the twin problems of unemployment and poverty stricken in the rural areas of the country.



*Rural based products under rural entrepreneurship*

### 3.8 Agri-Entrepreneurship

Agri-entrepreneurship means developing entrepreneurship in agricultural sector which is termed as ‘agribusinesses. It helps to generate employment, promotes regional development, and reduces regional imbalances in development. It enables the use of local resources, increases income and boosts up foreign exchange earnings. Eg. Horticulture, aromatic and herbal plants, bio-technology, animal husbandry, fishery, sericulture, food processing etc

### 3.9. Social Entrepreneurship

Ella Bhatt, the founder of “SEWA” (Self Employed Women’s Association) organized a cooperative movement with poor women in unorganised sector having petty jobs, like garment makers, vegetable vendors, handcart pullers,



milkmaids, hawkers etc., to supplement their family income. About 97% of the women lived in slums and 93% were illiterate. By 1977, six other groups- used garment dealers; handcar Later SEWA provided a variety of services that were otherwise unavailable to their members. With approximate 3,15,000 members , SEWA is the first and largest Trade Union of informal sector workers. SEWA now provides improved working conditions like health care, credit facilities to its members .SEWA could influenced the international labour organization to pass standards for home workers including minimum wage and working conditions.

From the above case you might have got the idea about how a social entrepreneur (Ella Bhatt) addresses the social issue.

Social entrepreneurship is an application of entrepreneurial attributes combined with the drive to solve the most pressing social problems. The social entrepreneurs target their programs at the underserved, neglected, or highly disadvantaged population. Social entrepreneurship differs from business entrepreneurship in the sense that the former aims at solving the social problem to make impact on society whereas the latter concerns with earning profit for itself only.

The entrepreneur's final objective is wealth creation. However, for the social entrepreneur, wealth creation is simply a means to an end. The social entrepreneur participates in profit seeking business ventures, if only to use the profits generated to create valuable social programs for the whole community.



### *Imagination of a social Entrepreneur'*

#### **3.9.1. Social entrepreneurs of India**

1. **VinobaBhave:** Founder and leader of the BhudaanAndolan (Land Gift Movement), he caused the redistribution of more than 7,000,000 acres of land to aid India's untouchables and landless.
2. **Ella Bhatt:** Founded of SEWA in 1972.
3. **Dr. Abraham M. George:** Founder of "The George Foundation" It was established in January 1995 in Bangalore, India. Their mission is to work towards poverty eradication, promote environmental health, and strengthen democratic institutions and values in developing countries.
4. **Dr. Varghese Kurien:** Founder of the AMUL Dairy Project.

#### **3.10. Women Entrepreneurship**

The Government of India has defined a woman entrepreneurship as "an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

Women Entrepreneurs are the women or group of women who initiate, organise and operate a business enterprise. Women entrepreneurs face a series of problems right from the beginning till the enterprise functions. The problem of Indian women pertains to her responsibility towards family, society and huge workload. They face tough resistance from men. They are considered as helpers. The attitude of society towards them and constraints in which they have to live and work are not very conducive. The following are some of the limitations faced by women entrepreneurs.

### **3.10.1 Limitations faced by women entrepreneurs**

- 1. Difficulty for raising funds:** In a male dominated social set up, landed properties are usually in the name of male members. To get loans and advances from banks or financial institutions, collateral security cannot be given by women.
- 2. Limited mobility:** Unlike men, women's mobility in India is highly limited due to social and religious restrictions.
- 3. Family responsibilities:** Many efficient and motivated women could not enter in the field of entrepreneurship due to family responsibilities. Family obligations prevent them from becoming successful entrepreneurs. The support of family members is a determinant factor in the realization of the dreams of women as an entrepreneur.
- 4. Social barriers:** The traditions and customs prevailing in Indian society stands as an obstacle for the women to grow and prosperity. In rural areas, they face more social barriers. This can be overcome through education and positive legislation.

**5. Lack of Education:** In India, major percentages of women are still illiterate. Due to the lack of qualitative education the women are not aware of business and technology.

**6. Low desire for achievement:** In general comment, women are not as ambitious as men and their achievement motivation is less compared to men. They are satisfied with moderate success and do not go for expansion and diversification beyond what is just need for survival.

### **3.11 Student Entrepreneurship**

Student entrepreneurship is a programme or activity that takes students through the process of learning what it takes to become a successful entrepreneur. It helps the student to understand all aspects of running a business. Entrepreneurship may be undertaken on or off the school site, but must be part of the school's course work. Kerala Government has decided to set aside 1% of its annual budget allocation for the student entrepreneurship programme. Kerala Start up Mission has been actively initiating various programmes for developing the student entrepreneurship in the State. Government of Kerala declared the following start up policy with an aim to accelerate the growth of student entrepreneurship.

- Kerala Start Up Mission
- Start up boot camp ,
- Learn To Code (Raspberry pi Programme),
- Start up Box,
- Kerala Start Up Mission - Erns and Young Accelerator (KSUM-EY Accelerator),

- FAB Labs,
- Technology Innovation Zone (TIZ)

### **3.12 Entrepreneurial Self assessment tool**

As you know the success of an enterprise depends on the skill and competency of the entrepreneur. An internationally accepted Entrepreneurial Self Assessment tool (GET test) developed by Durham University is available. GET TEST Assess the following competencies:

1. Need for achievement
2. Need for autonomy/independence
3. Creative tendency
4. Moderate/calculated risk taking
5. Drive and determination

Details of questions, answer key and interpretation of GET test are given in appendix - 1

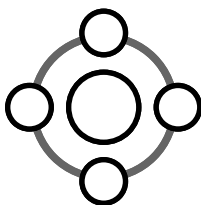
**TE questions:**

1. Entrepreneurship emerging in rural areas are called-----
2. Careful monitoring of an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans are called-----
3. ----- is a method of gathering information about products already exist in the market.
4. The ability to bring something new into existence is called-----

**5. Match the following:**

A	B
Social Entrepreneurship	Start up mission
Rural Entrepreneurship	Vinoba Bhave
Agri Entrepreneurship	Food processing
Student Entrepreneurship	Horticulture

**6. Complete the following:**



7. Describe the characteristics of go-getter type of personality.
8. Explain feasibility study. List out various types of feasibility study?
9. Why do you think the role of family is important in the life of an entrepreneur?
10. Discuss various sources of business ideas.
11. Explain any six problems faced by women entrepreneurs.
12. Write a short note about the following  
(a) Student entrepreneurship (b) Agri-preneurship (c) Social entrepreneurship
13. Write an article for the newspaper about the challenges faced by women entrepreneurs.
14. Discuss various ways to generate ideas.
15. Differentiate between managers and authoritarians
16. An entrepreneur decides to sell his woollen garments in the month of February on discount. Name and explain the environmental factor which prompted him to take this decision.

- ▶ Are intuitive and guess well
- ▶ Enjoy new challenges
- ▶ Like novelty and change

#### **SECTION 4 -Moderate/calculated risk taking**

( Maximum score – 12 Average score – 8)

- ▶ Act on incomplete information
- ▶ Judge when incomplete data is sufficient
- ▶ Accurately assess your own capabilities
- ▶ Be neither over nor under-ambitious
- ▶ Evaluate likely benefit against likely costs
- ▶ Set challenging but attainable goals

#### **SECTION 5 Drive and determination**

(Maximum score – 12 Average score – 8)

- ▶ Take advantage of opportunities
- ▶ Discount fate
- ▶ Make your own luck
- ▶ Be self confident
- ▶ Believe in controlling your own destiny
- ▶ Equate results with effort
- ▶ Show considerable determination



## Appendix-1I

### FORMAT APPLYING FOR FINANCIAL ASSISTANCE FOR ENTREPRENEURSHIP DEVELOPMENT CLUB

1. Name of Institution :
2. Address in full :
3. No. of members enrolled :  
(Enclose list of members with details)
4. Name and designation of Co-Ordinator :  
(Enclose Bio-data of Co-ordinator)
5. Bank Account No. :
6. Address of Bank :
7. Activities proposed to be undertaken :  
By EDC (Enclose separate sheet if Necessary)
8. Whether I or II Instalment :  
If this is for II Instalment, proceedings No. and  
Date of Instalment and enclose Status Report.

We certify that the conditions for grant of assistance to the club have been complied with...

Signature of the Coordinator  
Principal

Signature of the

Place:

Date : Office seal


Recommendation of the General Manager DIC.

(Appendix-I)

## Directorate Of Industries And Com

	INCUBATION	
	CENTRE	
	REGISTRATI	
	ON FORM	
	Name Of	
	Entrepreneur*	<input type="text"/>
	Residential	<input type="text"/>
	Address*	<input type="text"/>
	District*	<input type="text"/>
	Sex*	<input type="text"/>
	Mobile	
	Number*	<input type="text"/>

Email ID\*

DOB\*  

Age\*

Educational Qualification

Student if study Name and Address of College with

Phone Number Name Of Project

Type\*

Proposed Service

Brief Description Of Project

Industrial Experience

Entrepreneurial Experience

Research Development Experience

Market Experience

**Present Status**

**Of Project\***

**Support**

**Required\***

**Date**

**Of**

**Request**