

and family needs and wants; improving own status in the society and so on. One important perception commonly held by these people is that the whole process of starting and successfully managing a venture gives them great joy. They draw satisfaction from their self-acquired wealth, achievements, possessions and positions. Another similarity noticed among these people relates to their life-style. Fully committed to the task of managing tirelessly the day-to-day affairs of their own enterprises, they hardly get time to escape from business work and often they cannot participate actively in community and daily family matters. These people are single-minded and good-tempered, and they can persevere, despite discouragements, to get things done by others.

However, several research studies conducted to ascertain the specific characteristics of entrepreneurs have led to divergent findings. Different authors continue to maintain different viewpoints. Author Arnold Cooper suggests that the factors that encourage entrepreneurs to exert themselves physically and mentally may be broadly classified in three groups. These are: (a) personal characteristics including age, education, occupational experience and family background; (b) workplace or the incubator enterprise from where one gains inspiration for an independent venture; and (c) external inducements, including ways and means facilitating easy access to venture capital, market, technical guidance, personnel and suppliers.

Yet, some people observe that the entrepreneurial personality is influenced by an individual's: (a) personal background such as experience from parental relationship in childhood and/or family business; (b) behaviour patterns involving self-confidence, assertiveness, optimism, emotional stability and personal capability; and (c) own life-style including attitude towards self-fulfillment, determination, decision-making, time management and readiness to assume responsibility. Many tend to believe that entrepreneurs are mainly induced by self-seeking motivations that primarily include money, autonomy, material possessions, power and social status.

Overall, the theory that certain special inherent characteristics are essential to entrepreneurial culture is beyond any dispute. However, the divergent views expressed about the number and nature of personal traits needed for the making of competent entrepreneurs are open to question. Again, most of the attributes considered advantageous to owner-entrepreneurs are also required of corporate managers. Nevertheless, an individual wishing to start an independent venture should first make self-assessment and develop or improve even more of the salient characteristics that are most commonly possessed by established entrepreneurs. This exercise must be aimed at striking an appropriate balance between what one already possesses and what more should one necessarily acquire.

In consideration of the foregoing discussion, however, some of the inherent characteristics that make up or identify entrepreneurs as a distinctive class are listed in Table 1.1.



**Table 1.1 Some of the major characteristics of entrepreneurs**

Energetic	Inquisitive
Health conscious	Foresighted
Hardworking	Alert to grab opportunity
Ambitious	Single-minded
Self-confident	Persevering
Keen to assume responsibility	Good-tempered
	Eager to possess wealth

## ENTREPRENEURIAL QUALITIES AND SKILLS

Entrepreneurial function requires certain distinctively special qualities and skills. Individuals aspiring to become successful entrepreneurs are expected to possess distinctive abilities, rather the requisite qualities and skills, to achieve their desired goals. As a matter of practical significance, questions are often asked as to what precisely are the requisite abilities? In this context, many research studies have been carried out, but they have failed to arrive at a uniform conclusion. None could ascertain with extreme precision the entire range of typical qualities and skills that make successful entrepreneurs. In all probability, therefore, there is no way of identifying for certain all the peculiar qualities and skills belonging exclusively to one particular group classified as entrepreneurial class or entrepreneurs. Nevertheless, studies have revealed that all entrepreneurs crowned with success do not and need not necessarily possess a specified range of exactly similar attributes. In other words, no two entrepreneurs will ever have their competencies absolutely identical in nature, intensity and combination. However, a belief strongly held by many suggests that most entrepreneurs commonly share quite a few distinctive qualities and skills that are not evident in average people.

### Distinctive Qualities

In the first place, the primary attributes said to be closely associated with the most enterprising individuals are (i) inquiring mind studying the business environment and looking for opportunities to penetrate into the market, and (ii) unceasing alertness adjusting business strategies so as to reach their targets. Entrepreneurs, in particular, have foresightedness to ascertain market trends and the ability to assess consumer needs and wants for change. These people are alert to grab unexploited opportunities to their advantage. Individuals with entrepreneurial outlook recognize that to enter into an existing system or to exploit promising opportunities, it is necessary to come out of the traditional mould and offer new and useful things. Simply stated, entrepreneurs understand that in the struggle to gain ground or to survive in a competitive free market economy, the need for innovations becomes all the more important.



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Quite often, entrepreneurs value usefulness and ultimate monetary worth of systematic innovatory endeavours. These individuals, unlike ordinary businesspersons, possess a creative frame of mind and the desire to break away from the age-old traditional practices. They tend to think deeply of varied untried ideas aimed at creating new means of production, new devices, products or services as possible alternatives to conventional practices. These people conceptualize new ideas and possess independent energetic spirit to translate their thoughts into realities. Entrepreneurs have ample confidence in their own powers and abilities. And this self-reliance adds to their mental strength to settle themselves in business independently and thereby shape their own destinies. They decide very clearly what they want, determine the course of action and prioritise the steps they must execute. These individuals have the ability to assemble required resources, risk uncertainties and face challenges.

The sole responsibility for sustainable progress of a risky venture, and more so in case of small businesses, rests with its owner. Accordingly, owner-entrepreneurs exercise persevering attention, clear thinking and good judgment in dealing with day-to-day operations. They have interest and knowledge in practical business matters, and power to grasp and sort out problems. They are adept in coping with difficult situations and dealing with all sorts of people. Most entrepreneurs possess sound health, dynamic leadership, emotional stability and organizing ability. Above all, the noteworthy typical personality traits commonly possessed by the vast majority of entrepreneurs include sharp intelligence, keenness of perception in practical business matters, optimism, determination, high-level energy, persuasiveness, single-mindedness and hard work.

### Classification and Rating

No matter how strong one's desire to start and run one's own business is, no single individual is expected to possess all the qualities or attributes described in the foregoing paragraphs. Queries may be raised as to which qualities are of utmost importance. Analysts suggest that the qualities in order of importance or superiority will vary depending on diverse factors, including the nature, size and techno-commercial complexity of a particular business. No single business has its exact counterpart; whether manufacturing, trading or otherwise, and each has its own specific problems and requirements. Enterprises from different industries call for different essential qualities at different stages of operations. The important qualities required in different phases of entrepreneurial activities and at different places or times, more so under varying circumstances, will not be identical either in kind or strength.

Depending on the requirements and responsibilities specific to a particular business or occasion, the aspiring entrepreneur should first estimate the capabilities that are absolutely necessary and then classify them under three broad categories in order of superiority, namely: most



desirable, desirable and least desirable. Furthermore, qualities classified under each of the three categories should be assigned relative ratings in order of priority. For instance: Most desirable 1, 2, 3... ; desirable 1, 2, 3... and so on. It is also significant to remember that an individual need not necessarily be equally proficient in all the specific qualities, and hence the evaluation of each quality according to its relative classification and rating.

One who has an innovatory idea and conceives an entrepreneurial project should first make a self-assessment and determine the special traits that he or she is already in possession of and also those he or she is deficient in. This is regarded as a meaningful exercise in knowing one's own strengths and shortcomings. A beginner should know exactly whether or not his or her capabilities are enough to turn his or her dreams into reality. Therefore, before starting the groundwork, the prospective owner-entrepreneur should cultivate or further improve the capabilities that, according to his or her own assessment, are very important in the matter of a particular venture and in a given situation. This will prove beneficial if it has to be ensured that the hard work put in at the beginning does not end up in massive frustration.

### **Managerial and Technical Skills**

Many with only a few requisite qualities may take up new ventures and succeed, while some people with many special qualities may initiate efforts, but fail. Few may already have the experience of working in a family-owned business or elsewhere, but still lack individual dexterity in execution or performance; in fact they may not even have the entrepreneurial spirit to do something new independently. Some may have creative talents to generate new ideas, but may not have the resources to kick-start new ventures. Few may have resources, but may not be able to wisely utilize the supports available due to inadequate managerial proficiency or special operational aptitude that are derived from learning, training, experience and practice. Many may have the mastery of technical skills, but lack in innovatory attitude and managerial skills essential to entrepreneurship.

Lack of managerial and, in many cases, basic technical skills make impossible the forward progress of a business. For instance, medical consultants, lawyers, computer or electronic engineers and many others may have professional or technical expertise for independent practice, but lack of knowledge and practical experience in business matters may lead many of them to failure in entrepreneurial endeavours. This is particularly true in small businesses where the owner has to manage all the affairs single-handedly.

Individuals ambitious of engaging themselves and investing in risky ventures independently should not only have the essential qualities, but also possess managerial competence and basic technical knowledge. This means that for starters, efforts should be made to place proportionate and balanced emphasis on developing personal traits and also acquiring fundamental



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knowledge in practical commercial and technical aspects in the field of interest. After all, one professing to play the role of the entrepreneur must bear in mind the compulsion to run a venture smoothly and gainfully not only during the first few crucial years, but also in the years to come.

One who combines the essential qualities with good managerial and technical skills and who has a good understanding of business strategies may find better and quicker access to marketplace. Keeping this objective in view, the owner-promoter should consider the possibility of bringing in one or more partners who may have expertise and experience in some vital operational areas. Such an arrangement, which will serve to complete or rather make perfect the combination of typical qualities and skills, is highly desirable to run an enterprise successfully. The prospect of survival and progressively sustainable growth of a business will improve, if from the very beginning, the owner-entrepreneur gets into it well prepared in the right earnest and direction.

In the foregoing paragraphs, references have been made to a wide range of entrepreneurial qualities and skills. Prominent among these, however, have been listed in Table 1.2.

Table 1.2 Entrepreneurial qualities and skills

High general education	Ability to recognize market opportunity
Sharp intelligence	Taste for creativity
Initiative	Ability to conceptualize innovatory ideas
Preparedness to accept risks	Basic technical knowledge
Good judgment	Ability to mobilize resources
Firm determination	Wise decisions on use of resources
Persuasiveness	Communication skills
Emotional stability	Amiable human relationship
Perception in practical business matters	Dynamic leadership
Knowledge of market trends	Organizational ability

### FUNCTIONS OF ENTREPRENEURS

Traditionally, ordinary business operates as per the conventional practices. Contrarily, entrepreneurship is essentially concerned with innovations. Innovation or introduction of a useful thing never done or seen earlier, is vital to achieving one or more of the following objectives—entry of a new venture into an existing system; survival or expansion of an already established unit; better operational efficiency; higher productivity; use of non-conventional resources; optimum use of unutilized or underutilized resources; value addition to existing goods or services; savings in costs of inputs; larger market share; and/or increase in profit. In few words, innovatory attitude is fundamental to entrepreneurial function. This is why, entrepreneurs favour innovations; rather they are basically innovationists.



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Entrepreneurs work for changes primarily for commercial benefit, and hence their positive attitude towards innovation. But the scope to benefit from an innovation lies mainly in right identification and analysis of an unmet market opportunity and making gainful use of it. Entrepreneurs would, therefore, examine closely consumer needs and wants, locate potential opportunities, conceptualize creative ideas, develop new things and introduce them on business basis for profit. Both identification of promising opportunities and subsequently undertaking systematic innovating activities to convert new ideas into business realities are at the heart of the dynamic process of entrepreneurship.

After identification of a possible market opportunity followed by conceptualization of a creative idea, it is necessary to find answers to a number of typical issues. For instance, prior attention must be given to determine whether it is practicable—technically, financially and commercially—to translate the idea into an actuality. The aspiring entrepreneurs will have to undertake self-assessment of own strengths and weaknesses and thereby know for sure whether they have the requisite capacity and skills to accomplish related tasks and cope with all the problems. It is also relevant to assess realistic estimates of the resources needed and locate their sources. Skilful marketing involves choosing suitable marketing strategy and using effective marketing techniques. Marketing strategy and techniques together make a combination of determination and application of marketing tools, useful in a given situation to arouse consumer interests. The tools used to attain predetermined marketing goals are collectively called a marketing mix. Entrepreneurs formulate an appropriate marketing mix and execute the action plans aimed at achieving the marketing goals.

Entrepreneurs pay watchful attention to details of performance with a view to ensuring that resources are used efficiently, goods are produced or services are provided at the least possible costs, and finally best comparable return is earned on the money invested. The return on investment is surely a measure of success of an organization as well as its owner-operator. Successful entrepreneurs are known not merely for their perception in practical business matters, but also for the way they perform in planning, organizing, directing and coordinating the use of available factors of production (natural resources, capital, labour and organization).

Ordinarily, where the inventor's job ends with the invention of a new thing, the entrepreneur's task begins to make the new invention a commercial success. This is why, most entrepreneurs strive to mobilize resources, induce market demand for their products or services, assume all risks and responsibilities, face challenges from competitors, overcome hurdles that stand in the way, motivate others, provide leadership and look after the interests of those who help them run their enterprises smoothly.

Entrepreneurs are a distinct class of businesspersons who share common traits and responsibilities of performance. They tend to move out of traditional norms and introduce unique products, processes or services. As promoters of technological, industrial and economic advances, most entrepreneurs have a typical creative urge, and they undertake determined



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efforts to accomplish changes continually. These are the people who contribute to the growth in national product, employment generation and economic wealth of a country. Accordingly, many economic historians focus on the exemplary roles played by entrepreneurs and portray them as the leading figures instrumental in bringing about waves of creative change in the economic life of a nation. Capitalists, generally speaking, provide finance and retain business ownership and control. But in modern times many entrepreneurs deal with the prime functions of an innovator—capitalist, planner, decision-maker, manager, merchant and salesman. They exemplify a new type of the complete businessperson in a single individual.

However, in summing up the discussion so far, the variety of complex tasks that the successful entrepreneurs usually perform may be broadly classified under the major functional areas such as:

- Understanding one's own capability
- Identifying new venture opportunity
- Planning a new venture
- Organising and setting up a new venture
- Managing finance
- Managing production operation
- Managing workforce and
- Managing market

Under these broad areas, an overview of the entrepreneurial functions—as may be marked by a close attention to details of their nature and interrelationship—is presented in Table 1.3.

Table 1.3 Functions of entrepreneurs

<i>Major functional areas</i>	<i>Functions</i>
Understanding own capability:	<ul style="list-style-type: none"> <li>• examine dominant aspects of the business environment that influence survival and growth of an enterprise;</li> <li>• identify and compare own personal qualities and skills vis-à-vis those particularly essential to entrepreneurial success;</li> <li>• know own strengths, weaknesses and the overall capability to translate a creative idea into a business reality.</li> </ul>
Identifying a new venture opportunity:	<ul style="list-style-type: none"> <li>• study market needs and wants for a change;</li> <li>• recognize innovation possibilities;</li> <li>• think about a new idea, process, device, product or service;</li> <li>• carry out market research and analyse techno-economic feasibility of an idea conceived in mind;</li> <li>• be well aware of competitors, their products/services and their strengths, weaknesses and marketing strategies;</li> </ul>

(Contd.)



Table 1.3 Functions of entrepreneurs (Contd.)

<i>Major functional areas</i>	<i>Functions</i>
Planning a new venture:	<ul style="list-style-type: none"> <li>• know the answers to internal and external risk factors;</li> <li>• ascertain the workable new venture opportunity; and</li> <li>• accomplish development of a new product or service.</li> </ul>
Organising a new venture:	<ul style="list-style-type: none"> <li>• prepare a project report;</li> <li>• estimate technical know-how, plant, machinery, and supporting services needed and know their suppliers.</li> <li>• know legal requirements for setting up a new unit;</li> <li>• understand layout of production operation and space requirement;</li> <li>• select business/manufacturing location, and decide whether to acquire it on ownership or rental;</li> <li>• estimate both permanent and working capital needed to start with and in the immediate future; and</li> <li>• plan capital structure.</li> </ul>
Managing finance:	<ul style="list-style-type: none"> <li>• choose the form of ownership of the proposed firm;</li> <li>• determine organizational structure;</li> <li>• ensure proper maintenance of office records;</li> <li>• initiate steps for observance of related statutory and non-statutory requirements;</li> <li>• obtain "Consent to establish/operate" from environmental protection authority and clearance, if necessary, from the state-level Pollution Control Board;</li> <li>• obtain certificate of registration (first provisional and later permanent registration) of the proposed firm from the District Industries Centre;</li> <li>• arrange business location, factory shed, and power and water supply;</li> <li>• obtain necessary permits, trade licence etc. from the government departments and local municipal or panchayat authority concerned;</li> <li>• negotiate with suppliers of machinery, equipment, raw materials and other components;</li> <li>• arrange insurance coverage against risks of fire, theft, damage and loss;</li> <li>• engage office staff and factory workers; and</li> <li>• secure patent and/or trademark rights, if necessary.</li> </ul>

(Contd.)