



Question 5. Answer the following in about 250 words:

- (i) Explain any six essential attitudes of an entrepreneur.
- (ii) Explain Maslow's Theory of Motivation.
- (iii) Differentiate between an entrepreneur and an employee.
- (iv) "Competencies is a set of defined behaviours." State the types of competencies required by an entrepreneur? Explain.
- (v) "Entrepreneur's decisions can strengthen or seriously weaken a firm's future business viability." Discuss this statement in the light of necessity of ethics for society and development of business.

Answer:

(i) The following twelve attitude attributes can put one in the right mindset for achieving entrepreneurial success.

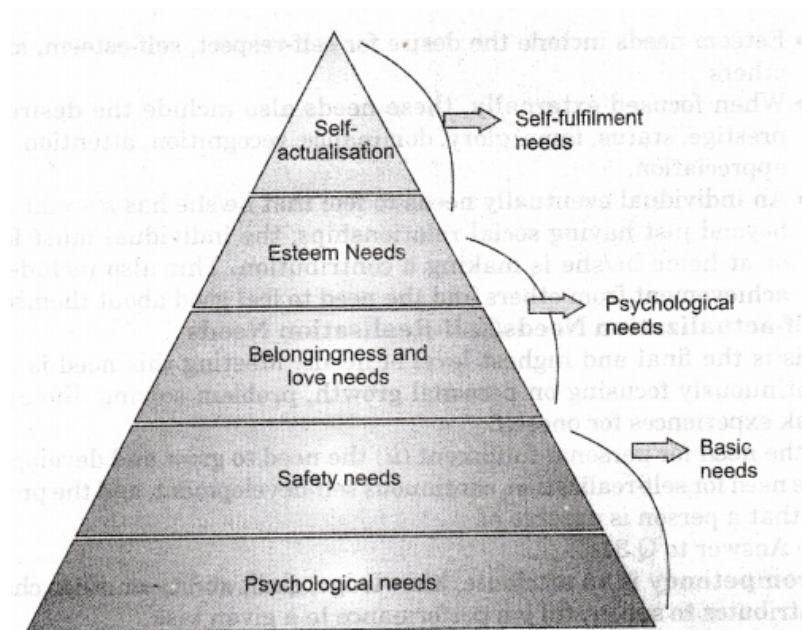
1. Have passion for the business: Entrepreneur's should always work with fun and in passion, which will help to overcome difficult moments and he will be able to persuade people to work for him. Passion can't be taught. When it wanes, as it surely will in difficult times, take some quiet time. Whether it be an hour or a week, take inventory of all the reasons one started the business and why one likes being one's own boss.
2. Set an example of trustworthiness: Trustworthy entrepreneurs are always welcomed by the people/employees, as they feel confident and want to work for them in a culture of integrity. The same is true for customers.
3. Be flexible, except with core values: Entrepreneurs make plans and strategies and it will change as time goes on. It is the ability of an enterprise able to anticipate changes in environment, consumer preferences, government policies, fashion and style of living and to adapt to changing circumstances and thus remain a profitable enterprise. A responsible entrepreneur strikes a balance between making profits, flexibility in plans and core values i.e. doing good for their employees, customers, vendors, the environment and other stakeholders.
4. Don't let fear of failure hold one back: Failure is an opportunity to learn. All things being equal, venture capitalists would rather invest money in an individual who tried and failed founding a company than in someone who never tried.
5. Make timely decisions: Failures flow from bad decision, decision-making is like moving from darkness to light, it is creating events and shaping a future. To use one's intuition is good but procrastination leads one to miss opportunities. So it is suggested to make timely decisions.
6. The major company asset is oneself: Health is wealth. It means each one should take care of oneself. The most important and valuable asset of an enterprise is health of each people involved in the business. One doesn't have to choose between one's family or company, play or work. Maintain one's own health for balance and energy, which will, in turn, enhance one's outlook.
7. Keep one's ego under control: Don't take profits and spend them on expensive toys to impress others. Build a war chest for unexpected needs or opportunities. This also means hearing out new ideas and suggestions no matter how crazy they sound.

8. Believe in oneself: To be a successful entrepreneur one needs to believe in one's own self, in one's company, one's employees, customers, stakeholders, suppliers and must be capable of with everyone with full confidence.
9. Encourage and accept criticism graciously: Admitting one's mistakes: An entrepreneur must play a dual role, as he needs to constantly work on convincing one's employees by encouraging them and other side even when necessary to state their honest opinions wherever required.
10. Maintain a strong work ethic: When an enterprise is beating other competitors, particularly those who are dealing with the same product or services. As a responsible entrepreneur he must follow the various business ethics and maintain a strong work ethic.
11. Rebound quickly from setbacks: The entrepreneur should be aware of the obstacles and certain ups and downs which is likely to occur in a business. He must learn and understand it from the setbacks and always try to move ahead.
12. Periodically getting out of one's comfort zone to pursue something important: Many times one feels uncomfortable while implementing a needed change in technology, people, mission, competing, etc. For the company and one to grow personally, one sometimes has to step out of one's comfort zone.

(ii) Maslow's Hierarchy of Needs:

- In 1943, Abraham Maslow developed one of the earliest theories of human motivation, commonly referred to as Maslow's Hierarchy of Needs. Maslow's theory of motivation is called the "hierarchy of needs". Maslow believes that people would not move down on this list to be motivated by the next set of needs until the previous set(s) had been satisfied.
- Maslow believes that people have five main needs in the following order of importance:

Physiological Needs:



These are deemed to be the lowest-level needs. These needs include:

- (a) the need to eat
- (b) the need to drink
- (c) the need to work
- (d) the need to sleep

(e) the need to reproduce.

- As long as physiological needs are unsatisfied, they exist as a driving or motivating force in a person's life.
- A hungry person has a felt need. This felt need sets up both psychological and physical tensions that manifest themselves in overt behaviours directed at reducing those tensions (getting something to eat). Once the hunger is stated, the tension is reduced, and the need for food ceases to motivate. At this point (assuming that other physiological requirements are also satisfied) the next higher order need becomes the motivating need.

Safety Needs:

The needs for shelter and security become the motivators of human behaviour. This include the following twelve motivating factors:

- (1) job security and stability,
- (2) sympathetic help with personal problems,
- (3) personal loyalty to employees,
- (4) interesting work,
- (5) good working conditions,
- (6) tactful discipline,
- (7) good wages,
- (8) promotions and growth in the organization,
- (9) feeling of being in on things,
- (10) full appreciation of work done,
- (11) freedom from fear and anxiety, and
- (12) need for structure, order and law.

In the workplace this needs translates into a need for at least a minimal degree of employment security; the knowledge that we cannot be fired on a whim and that appropriate levels of effort and productivity will ensure continued employment. Social Needs/Belonging Needs include the need for belongingness and love.

- (a) The need to feel part of a group
- (b) The need for acceptance

- Generally, as gregarious creatures, human have a need to belong.
- In the workplace, this need may be satisfied by an ability to interact with one's co-workers and perhaps to be able to work collaboratively with these colleagues.

Self-Esteem Needs:

- After social needs have been satisfied, ego and esteem needs become the motivating needs.
- Esteem needs include the desire for self-respect, self-esteem, and the esteem of others.
- When focused externally, these needs also include the desire for reputation, prestige, status, fame, glory, dominance, recognition, attention, importance, and appreciation.
- An individual eventually needs to feel that he/she has a social status. This goes beyond just having social relationships; the individual must feel that in work or at home he/she is making a contribution. This also includes recognition of achievement from others and the need to feel good about themselves.

Self-actualization Needs/Seif-Realisation Needs:

This is the final and highest level of needs. Meeting this need is characterized by continuously focusing on personal growth, problem solving, life appreciation, and peak experiences for oneself.

- (i) the need for personal fulfilment
- (ii) the need to grow and develop.

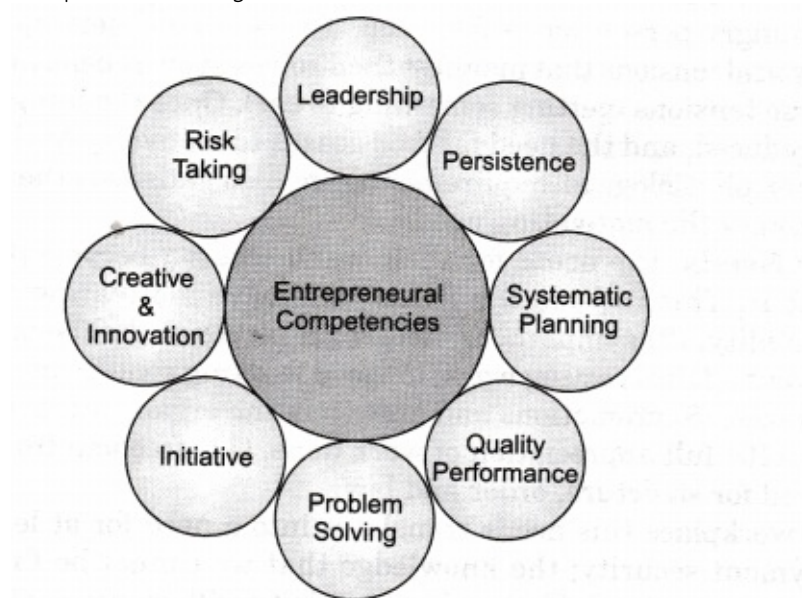
The need for self-realization, continuous self-development, and the

process of becoming all that a person is capable of.

(iii) See Answer to Q.3 (v).

(iv) A competency is an attribute, knowledge, skill, ability or other characteristic that contributes to successful job performance to a given task.

Yes, it is a set of defined behaviours as it can be observable and measurable, it also includes knowledge, skills, abilities, teamwork, cooperation and communication contribute to individual success in the organization. It provides a structured guide enabling the identification, evaluation and development of behaviours in an individual. Entrepreneur should also acquire and follow certain basic competencies. They are as follows:



These relate to the type of behaviour exhibited in the performing of various tasks in the discharge of his functions.

Some of these competencies are latent in the entrepreneur, which need to be identified, nursed and nurtured. Others are acquired through training and practice.

Initiative:

- It is the first step in the enterprise.
- It is the ability to make decisions and take action without asking for the help or advice of others.
- It is essential for an entrepreneur to be active quick decision-maker.
- An entrepreneur has to be keen observer of the society, the commercial trends, the product types, the change dynamics and the consumer trends.

Creativity and Innovation: Competency in creativity and innovation are sometimes basic traits of certain individuals.

- He/she might not have any new ideas.
- He/she may use the creative ideas and innovative products and services to meet the challenges of a situation, take advantage of the utility of an idea or a product to create wealth.
- Example, changes in the packaging of potato chips.

Risk Taking and Risk Management:

- Risk refers to the condition of not being able to predict the outcome of an activity or decision. He/she treads into areas of uncertainty.
- It provides the entrepreneur with the set of controls to monitor the venture.
- Every entrepreneur must identify the risk, by considering all factors, economic conditions, political factors, market

research and financial resource mobilization, demand supply in the market, acceptability of the product design and service which throw a potential challenge to the entrepreneur.

- In order to attune oneself in the skill of risk taking and management he should practice in several areas of entrepreneurial functions such as entering into new market.
- For example, when Dhirubhai Ambani faced cash crunch he took the risk of issuing shares in 1977 to the public when they were not that aware about share market.

Problem Solving:

Entrepreneur must be aware that he has started a new business and many problems are bound to come in the path of progress and he cannot escape from them. He/she should—

- understand that there is more than one way of solving problems,
- look for alternative strategies,
- resources that would help to solve the problem,
- generate new ideas, products, services, etc.

In problem solving an entrepreneur has to take various decisions which should be effective and arriving at creative solution and give better results thereof.

For example: When an entrepreneur faces cash crunch he should look for alternative sources for receiving funds. Ratan Tata shifted the manufacturing plant of Nano cars from Singur to Sanand due to unforeseen complexities.

Leadership:

- Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goals.
- Entrepreneurs as the effective leaders should provide the necessary spark to motivation by guiding, inspiring, assisting and directing the entire team for achievement of unity of action, efforts and purpose.
- An entrepreneur should also be an effective leader who should be able to guide and motivate his/her entire team.
- Whenever a company faces problem it is the will power and effective business acumen and communication skills, sense of confidence and conviction which oversees the success of the corporation.

Persistence:

- A 'never say die' attitude, not giving up easily, striving information seeking continuously until success is achieved.
- Creating a need in the market for the enterprise is one of the main requirements of the entrepreneur. This calls for intense perseverance on the part of the entrepreneur. Failures or Roadblocks to success should not deter the entrepreneur.
- For example:(a) Mixers when introduced, did not have many customers but today, we find it to be an essential part of kitchen accessories. (b) When Mahima Mehra brought out her product - Haathi Chaap, she had experimented on various other material before using elephant dung to manufacture hand-made paper.

Quality Performance:

A successful entrepreneur values outstanding performance, one of the behavioural skills necessary is the sensitivity to and concern for the 'standards' and 'quality of work'.

One develops the skill of comparing the quality of the product/services with certain standards, which he/she himself evolves or are set by others.

For example: Steve Jobs, the brain behind Apple and I-pod, is

known to value quality in all the products introduced by the company.

Information Seeking:

- Information plays a very crucial role at every stage of enterprise building and management. An entrepreneur has an urge to look for the required information in order to make an informed decision.
- The success and failure of any business totally depend upon the information collected (should be quality information) and decision-making by the collected information, for example, selecting, starting and successfully managing the desired business.

The information collected can be of different sources like—

- by personally conducting research,
- using feedback from previous related experience, etc.
- by personally observing the on-going and related business or activities,
- by personally conducting research, trials and developing prototype and organizing trials on smaller scales,
- by establishing contacts with the reliable information network.

Systematic Planning:

- All entrepreneurs before going to start an enterprise, he must have systematic planning which will help him to prepare an action plan for every area of operation in order to achieve the pre-determined goals.
- Every entrepreneur has limited resources in terms of time, finance, and manpower and he cannot to loss or waste. Before putting the whole enterprise into operation, he is required to develop a detailed blueprint.

Persuasion and Influencing Others:

- Persuasion in entrepreneurship refers to the ability of entrepreneurs to link, convince and influence other individuals, groups, agencies, creditors, debtors, customers and even competitors in order to create a contact, good foothold in the market and maintain good rapport.
- Each and every entrepreneur has to influence the environment comprising of individuals and institutions, for mobilizing resources, obtaining inputs, organizing production and selling products and services.
- All these require skill of persuasion and convincing and have to practice highlighting the strong points of their products and services in the market explaining the technological competencies of their enterprise to produce quality goods and services.

Enterprise Launching Competencies:

Opportunities exist, but not all people respond to them. Large groups in society can perceive only the apparent and traditional openings of earning.

At the same time, resources are also available to all members of the society, but very few make efforts to ensure best use of these resources.

Entrepreneurs should identify and avail the facilities and resources needed to launch their enterprises.

Enterprise Management Competencies:

The enterprise may be small or big but it demands management abilities on the part of its owner or manager. Various management functions such as production, marketing, finance, etc., are crucial functions to entrepreneurs. These influence the result directly, and therefore, are necessary determinants for the sustenance of an

enterprise

(v) Entrepreneur's decision can strengthen a firm's future business viability, by following some ethical standards in their business practices:

- (a) Providing quality and correct quantity of goods to consumers
- (b) Keeping in mind the environmental issues during production
- (c) Paying the minimum and correct wages to the workers
- (d) Not to use child labour in their production
- (e) Judicious use of natural resources.

(f) Integrity, promise keeping, commitment, and truthfulness towards employee, consumers other competitors, etc.

For example: Karsan Bhai Patel, the creator of Nirma Washing Powder, who was working as a factory chemist in Gujarat Mineral Development Corporation, started making detergent powder in his kitchen for poor rural women of Gujarat and selling his product by visiting different villages. His efforts culminated in the whitish yellow detergent powder named Nirma. The idea behind was need and the problem of the society that could not afford other brands of detergent powders because of their high cost. Today, Nirma is one of the world's biggest detergent powder manufacturer. The strength of being capable is the plus point in an entrepreneur.

Entrepreneurs make choices and take actions that affect many, usually without the moral guidance available in established organisations. "Entrepreneur's decisions can seriously weaken a firm's future business viability." Some common types of unethical action by an enterprise or an entrepreneur. Theft, manipulating suppliers, bribery, embezzlement, evading taxes, failure to withdraw a defective product from the marketplace, adulteration, stealing supplies, falsification, etc.

For example: The cases of Enron, World Com are the examples of results of unethical decisions by key personnel of those enterprises.

For example: The collapse of Enron is a scandal of a major energy provider that used to be the seventh largest corporation in America and became the biggest bankruptcy in the US corporate history.

Unethical issues are:

- Enron used many manipulative accounting practices,
- Sophisticated accounting techniques to keep its share price high,
- Raise investment against its own assets,
- Artificially inflated profits, questionable accounting practices and fraud.
- For example: Ramalinga Raju. We all are aware of the fraud at Satyam - a case of unethical practice.

***** END *****