



Question 4. Answer the following in about 150 words:

What do you mean by entrepreneurs? Mention the types of entrepreneurs. 'Motivation is a process.' Explain by a model.

"Entrepreneurs cannot survive and grow without fulfilling the ethical responsibilities of the society." Explain.

Explain in detail the McClelland Theory of Motivation.

Explain the type of business entrepreneurs.

Explain any four entrepreneurial competencies.

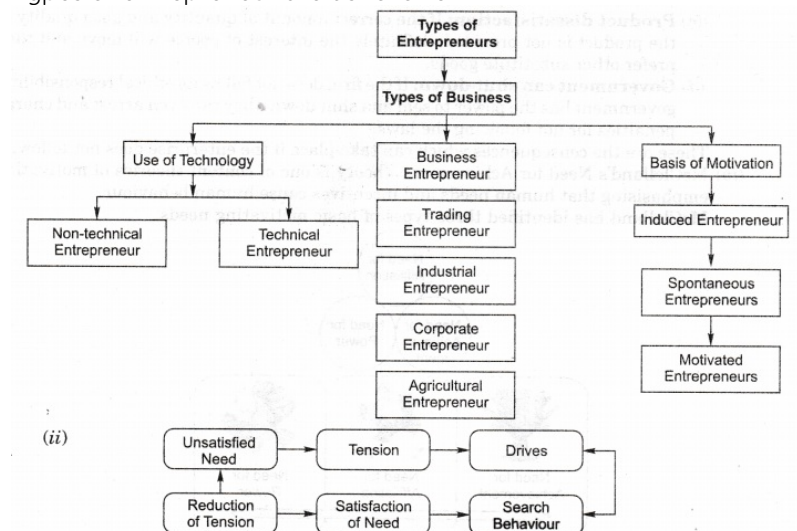
Explain features of attitudes.

How do systematic planning and persistence help entrepreneurs become effective leaders?

Answer:

(i) Entrepreneur is one who starts an enterprise, undertakes risk, problem solver, bears uncertainty and also performs the managerial functions of decision-making and coordinate with all employees.

Types of entrepreneur are as follows:



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.

(iii) Yes, it is true. Entrepreneurs cannot survive and grow without fulfilling the ethical responsibilities of the society. Ethics is the knowledge of what is wrong and what is right. Business ethics are often guided by law, and it provides a basic framework that a businesses may chose to follow in order to gain public acceptance. An entrepreneur has to follow his ethics to make sure the proper usage of human resources, country's natural resources, serve the society and the proper development of the country.

It includes:

- Giving proper wages to workers.
- Prohibiting child labour.
- Not polluting the environment with harmful industrial smoke

and wastages.

- Ensuring proper and fuller utilization of natural resources.

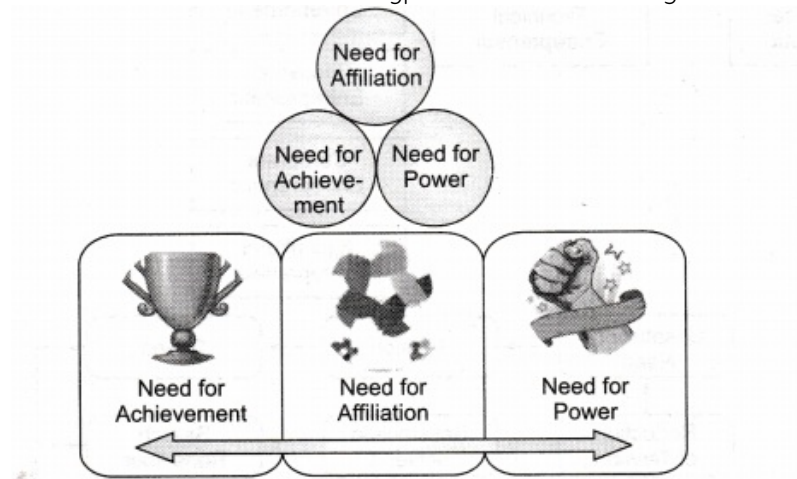
There are many duties and responsibilities of a person towards a society, and towards nation. An entrepreneur as a part of the society and nation must follow ethical standards and if the enterprise abide the social and ethical responsibility then his /her business will flourish and then:

- (a) Reputation in the society: The reputation of the firm will be badly affected and the people would not like the company and, who does not serve the society.
- (b) Employees may leave: If the company/firm does not provide actual wages to the workers/employees then they may strike or may leave the organisation which will result in loss of production.
- (c) Product dissatisfaction: If the correct amount of quantity and good quality of the product is not provided, definitely the interest of people will move and they prefer other substitute goods.
- (d) Government can shut-down: If the firm does not follow its ethical responsibility, government has the power to seal and shut down, they can even arrest and charge penalties for not following the laws.

These are the consequences which can take place if the enterprise does not follow.

(iv) McClelland's Need for Achievement Theory is one of content theories of motivation emphasising that human needs and incentives cause human behaviour.

McClelland has identified three types of basic motivating needs:



(1) Need for Achievement or Achievement Motive:

- It refers to one's desire to accomplish something with own efforts and an intense desire to achieve.
- This theory has identified four basic characteristics of high achievers:

(a) Moderate risks: Taking moderate risks is the simple most descriptive characteristic of the person possessing high achievement need.

(b) Immediate feedback: Person with high need for achievement desires activities which provide immediate and precise feedback information how he is progressing towards a goal.

(c) Accomplishment: Person with high need for achievement finds accomplishing a task intrinsically satisfying in and of itself, or he does not expect or necessarily want the accompanying material rewards.

(d) Preoccupation with the tasks: Once a high achiever selects a goal, he tends to be totally preoccupied with the task until it is successfully completed. He will not feel satisfied unless he has put his maximum effort in completing the task. The need for achievement is characterized by the wish to take responsibility for finding solutions to problems, master complex tasks, set goals and

get feedback on level of success.

(2) Affiliation Motive or Need for Affiliation (N-Affil):

- This refers to needs to establish interact and maintain friendly relations with others.
- According to this theory, people with high need for affiliation usually derive pleasure from being loved and tend to avoid the pain of being rejected.
- They are concerned with maintaining pleasant social relationships, understanding, and enjoy consoling and helping others in trouble.
- It is characterized by a desire to belong, an enjoyment of teamwork, a concern about interpersonal relationships, and a need to reduce uncertainty.

(3) Need for Power or Power Motive (N-Pwr):

- The ability to induce or influence behaviour is power.
- These means the one's desire to dominate and influence others by using actions.
- The need for power is characterized by a drive to control and influence others, a need to win arguments, a need to persuade and prevail.

Such individuals are generally seeking positions of leadership; they are forceful, outspoken, hard headed and demanding. According to McClelland, the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways. Therefore, from a manager's perspective, recognizing which need is dominant in any particular individual affects the way in which that person can be motivated.

People with achievement motives are motivated by standards of excellence, delineated roles and responsibilities and concrete, timely feedback. Those with affiliation motives are motivated when they can accomplish things with people they know and trust. And the power motive is activated when people are allowed to have an impact, impress those in power, or beat competitors.

(v) Types of Business

Depending on the nature, size and type of business, entrepreneurs are divided into five categories:

1. Business Entrepreneur:

- Business entrepreneurs are those who develop an idea for a new product or service and then establish an enterprise to materialise their idea into reality.
- Generally these types of entrepreneurs are found in the field of small trading and manufacturing concerns.

2. Trading Entrepreneur:

- Entrepreneurs who undertake trading activities, whether domestic or overseas.
- They deal in buying and selling of manufactured goods.
- Before launching the business they identify the potential market for the product in order to stimulate the demand.
- They believe in creating a demand in the market, do market survey and push many ideas ahead of others in the form demonstration to promote their businesses.
- For example: Vegetable sellers, fruit sellers, grocery shops, retail shops, supermarkets, wholesalers, etc.

3. Industrial Entrepreneur:

- Industrial entrepreneurs are also known as manufacturing entrepreneurs generally they convert the raw material into finished product.
- They manufacture products and offer services, which have an

effective demand in the marketing.

- They have the ability to convert economic resources and technology into a profitable venture.
- For example: Enterprises like Hero Motorcorp and Hyundai Corporation. Carpentry workshops, pottery, mat and basket weaving, tailoring, welding, making cars, saucepans, etc.
- Other manufacturing businesses process agricultural products to produce different products, for example, milling factories, food processing and packaging, etc
- Textiles manufacturing businesses, which make clothes.

4. Corporate Entrepreneur:

- Corporate entrepreneurs are those who through their innovative ideas and skill able to organise, manage and control a corporate undertaking very effectively and efficiently.
- They are promoters of the undertakings/corporations, engaged in business, trade or industry.

5. Agricultural Entrepreneur:

- Agricultural entrepreneurs are those who undertake agricultural as well as allied activities in the field of agriculture.
- They engage in raising and marketing of various agricultural base products.
- Ex: crops, fertilisers and other inputs of agriculture through employment of modern techniques, machines and irrigation.

Types of Agriculture Business:

(a) Crop production: The businesses are engaged in the production and selling of crops like fruits, vegetables, coffee, cotton, maize, tea, flowers, tobacco, etc.

(b) Livestock production: The businesses are engaged in the rearing and selling of different animals for their meat and other products like milk and skins, etc.

(c) Poultry keeping: The businesses concentrate on rearing and selling different types of birds for their meat, eggs, skins and feathers.

(d) Agricultural support businesses: Such businesses provide extension services, inputs like fertilizers, drugs, etc.

6. Use of Technology: The entrepreneurs may be classified into the following categories on the basis of application of new technology in various sectors of the economy.

(a) Technical Entrepreneur: The entrepreneurs who are technically skill by nature in the sense of having the capability of developing new and improved quality of goods and services out of their own knowledge, skill and specialisation are called a technical entrepreneur. They are essentially compared to craftsmen who concentrate more on production than marketing.

Example, The roots of India's tech entrepreneurship boom extend back to the early 1980s, when a group of software engineers decided to form a business to provide technology services to overseas clients, based on the wide availability and low cost of India's human talent base. They called their company Infosys (INFY). It became the company that would go on to flatten the world.

(b) Non-technical Entrepreneur: Non-technical entrepreneurs are those who are mainly concerned with developing alternative marketing and distribution strategies to promote their business. They are not concerned with the technical aspects of the product and services they are dealing with.

7. Professional Entrepreneurs:

- Professional entrepreneurs make it their profession to establish business enterprise, initially they work hard, and put

maximum efforts and efficiency get a reputation with a purpose, to sell them once they are established.

- He/she is always looking forward to develop alternative projects by selling the running business.
- They are not interested in managing operations of the business established by him. By nature they are dynamic.

8. Motivation: Based on their motivating factors, entrepreneurs can be classified into three types such as spontaneous, induced and motivated entrepreneurs.

(a) Spontaneous Entrepreneurs: Spontaneous entrepreneurs are otherwise known as pure entrepreneurs, who are motivated by their desire for self-fulfilment and to achieve or prove their excellence in job performance. They undertake entrepreneurial activities for their personal satisfaction in work, ego, or status. Their strength lies in their creative abilities. They are the natural entrepreneurs in any society. They do not need any external motivation.

(b) Induced Entrepreneurs: Induced entrepreneurs enter into entrepreneurship because of various governmental supports provided in terms of financial assistance, incentives, concessions and other facilities to the people who want to set up their new enterprises. Sometimes prospective entrepreneurs are induced or even forced by their special circumstance, such as loss of job or inability to find a suitable job according to their talent and merit to adapt to entrepreneurship.

(c) Motivated Entrepreneurs: Motivated entrepreneurs are motivated by their desire to make use of their technical and professional expertise and skill in performing the job or project they have taken up. They have enough confidence in their abilities. They are highly ambitious and are normally not satisfied by the slow progress in their jobs. They enter entrepreneurship because of the possibility of making and marketing of some new products or service for the use of the prospective consumers. If the product or service is developed to a saleable stage and the customers accept the same, the entrepreneur is then further motivated by reward in terms of profit.

McClelland theorized that individuals have three basic motivational needs: affiliation, power and achievement. The affiliation motive can be explained as a strong desire for individual and/or group approval, and it reflects the desire for social acceptance and friendship. The power motive can be satisfied by being in control, and it can be expressed as a strong desire to change events and to exercise influences over others. The achievement motive is based on the need to achieve and win; it is characterized by working hard, and succeeding. For management, all three motives—affiliation, power, and achievement are important when it comes to motivating employees.

(vi) Following are four entrepreneurial competencies:

(a) 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.

(b) 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.

(c) 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 aware about the share market.

(d) Problem Solving:

Entrepreneur must be aware that he has started a new business and many problems are bound to hinder 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.

(vii) Features of Attitude:

1. Affects behaviour: People have a natural tendency to maintain consistency between attitude and behaviour. Attitudes can lead to intended behaviour if there is no external intervention.
2. It is invisible: It constitutes a psychological phenomenon which cannot be directly observed. However, we may observe an attitude indirectly through observing its consequences. For example, if a person is highly productive, we may infer that he has a positive attitude towards his/her work.
3. Attitudes are acquired: Attitudes are gradually learnt over a period of time. The process of learning attitudes starts right from childhood and continues throughout the life of a person. However, in the beginning, the family members have a greater impact on the attitude of a child.
4. Attitudes are pervasive: They are formed in the process of socialisation and may relate to anything in the world. For instance, a person may have positive and negative attitudes towards religion, politics, politicians or countries.

(viii) Systematic means “in an orderly way”. Planning is deciding what action you are going to take in future. All entrepreneurs before going to start an enterprise must make a systematic plan which will help them to prepare an action plan for every area of operation in order to achieve the pre-determined goals and persistence refers a ‘never say die’ attitude, not giving up easily, striving continuously until success is achieved. Entrepreneurs have the determination to persevere in the face of obstacles.

Whenever any problem arises he takes the following steps:

- Take action in the face of significant obstacles and challenges;
- Take persistent actions, or switch to an alternative strategy to

meet a challenge or obstacle; and

- Take personal responsibility for the performance necessary to achieve goals and objectives.

It means after making a systematic planning, whenever an entrepreneur faces certain obstacles/barriers in business, he continues in his pursuit of excellence and become an effective leader.

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