Chapter : 1

Introduction to Entrepreneurship

1.1 Status of Salaried Persons
1.2 Advantages of Becoming Entrepreneurs
1.3 Selected Definitions of Entrepreneur
1.4 Entrepreneurship
1.5 Selected Entrepreneurial Askings
1.6 Characteristics Attributed to Entrepreneurs
1.7 The Myths of Entrepreneurship
1.8 Types of Entrepreneurship
1.9 Entrepreneur Versus Management
1.10 National Benefits of Entrepreneurship
1.11 Hazards & Negative Aspects of Entrepreneurship
1.12 Functions of Entrepreneurship
1.13 Qualities of a Successful Entrepreneur
1.14 Entrepreneur Vs Manager- Characteristics
1.15 Variables Determining Growth of Entrepreneurship
1.16 Entrepreneurial Environment
1.17 Intrapreneurship
1.18 Myths of Intrapreneurship
1.19 Encouragements for Innovative Atmosphere & Intrapreneurship Development
1.20 Advantages and Disadvantages if Intrapreneuring
1.21 Comparative Characteristics of Entrepreneur, Intrapreneur and Traditional Manager
1.22 Myths of Innovation
1.23 Principles of Innovation
1.24 A Comparison of Constant Improvement and Innovation
1.25 Approaches to Creative Problem -Solving
1.26 Constant Self-analysis for Entrepreneurial Success
1.27 Plan of Presentation
1.28 Summing Up
Appendix –1 A
Entrepreneurial Readiness Questionnaire
Appendix - B
Assessment of Entrepreneurial Potential

Initiatives & risks go with entrepreneurship hand in hand. One can not think of entrepreneurship without initiatives & risk. The economic functional analysis of entrepreneurship focuses upon the economic role rather than the individual who performs such a role. The emphasis upon economic role was the historical well-spring of interest. Entrepreneurship and economic development are highly correlated. More recently, observers of the phenomenon of entrepreneurship, have suggested that entrepreneurship involves creation of new enterprises and that the entrepreneur is the founder. Entrepreneurial success comes from perceiving the reality accurately, including not only the product, but also the manufacturing and delivery systems and the resulting economics.

"The honest businessmen [entrepreneurs] will be resurrected on the day of judgment among the Prophets, the most truthful and the martyrs."

-Al-Hadith

The individual entrepreneur is a person who perceives opportunity, finds the pursuit of opportunity desirable in the context of his or her life situation, and believes that success is possible, and these three elements are those that distinguish the individual entrepreneur from the vast majority of the populace. In the individual, these three aspects have certain manifestations. The ability to perceive opportunity is often founded upon deep personal knowledge and experience in products and markets. The desire to pursue opportunity on the part of an individual is often the result of a complex balancing of risk and reward. We would submit that the reason that so many disadvantaged and 'marginal' individuals have had entrepreneurial instincts has been that *any* success was a reward compared to the initial starting position. Conversely, the risk could not be high since there was little money or social status at stake. What was at stake for the individuals at the margin often was reputation and credibility within the local community that provided whatever support and finances that were available. The reward inherent in individual entrepreneurship is only one part of the motivation package; the lack of permanently damaging risk is equally, if not more, important. In general, however, the individual entrepreneur believes that success is possible because of :

[i] the uniqueness of the idea;

[ii] the strength of the product;

[iii] self-perception of quickness and hard work, or some other fact known mainly to the entrepreneur which will guarantee success.

1.1 Status of Salaried Persons

Salaried persons enjoy almost certain employment for a number of years without much risk. These persons at the end of a week or month get a certain income, may not be that big a sum. They may not require doing something very unique for their rise or promotion in the job, in many of the public jobs years of experience is enough. Yet these persons suffer from some limitations which many of them consider heavier relative to their advantages. Some such disadvantages are:

1. Subordinated rights.
2. Limited earnings
3. Curbing of initiatives
4. Possibility of mismatched career
5. Does not enjoy any pleasure of doing anything unique
6. Can not easily provide jobs at their choice for some one they require to do.

1.2 Advantages of Becoming Entrepreneurs

Entrepreneurs on the other hand enjoy relatively more advantages compared to those usually by the persons under employment. The greatest advantage that the entrepreneur enjoy is the sense of ownership besides the pleasure of creating an enterprise and or running the same in the way he like. Other advantages may be seen :

1. Self- expression
2. Growth
3. Community service
4. Self- employment
5. Social relations
6. Advancement
7. Security[none can fire him]
8. Legacy- heirs can inherit wealth.
9. Independence.
10. Enjoy greater prestige & status in the society
11. Proving capability better than others.
12. Desire to supplement income after retirement
13. Desire to occupy time when financially independent, regards of age.
14. Efficient & creative

1.3 Selected Definitions of Entrepreneur

The term entrepreneur has been defined in different ways by many authors. Following are some of such definitions:

1. **The Shorter Oxford Dictionary, 1989.**
   "Person who starts or organises a commercial enterprise, especially one involving financial risk. "
2. **American Heritage Dictionary**
   " a person who organises , operates, and assumes the risk for business venture. "
3. **Dictionary of Social Sciences**
   " a person who exercises the functions of
   [I] initiating, coordinating , controlling of instituting major changes in a business enterprise and or
   [ii] bearing those risk of its operation which arise from the dynamic nature of society and imperfect knowledge of the future and which can not be converted into certain costs through transfer, calculation or elimination. "
   "a contractor acting as intermediary between capital and labor. "
4. **The New Encyclopaedia Britannica**
   "as the individual who bears the risk of operating a business in the face of uncertainty about future conditions and who is rewarded accordingly by his profit or losses. "
5. **Encyclopaedia Americana**
   "who assumes the risk of bringing together the means of production including capital, labor and materials & receives his reward in profit from the market value of his product. "
6. **J B Say**
   "is a person who shifts economic resources out of an area of lower and into an area of higher productivity and yield."
7. **Skinner S J & Ivancevich J M**
   "A person who takes the risks necessary to organise and manage a business and receives the financial profits and nonmonetary rewards."
8. **Nicholas C Siropolis**
   "Entrepreneur is a person who organises, operates, and assumes the risk of his or her own venture."
   "as men and women who create a venture from the raw materials of their own ideas and hard work. "
9. **R Cantilon**
   "the agent who purchased the means of production for combination into marketable products. "
10. **Steinhoff D & Burgess JF**
    "a person who organises, run , and takes the risks of small business. "
11. **Joseph A Schumpeter**
    [i] "as primarily an innovator whose dynamic creative response makes him central to the promotion of material growth. "
    [ii] "one [who is engaged in] producing a new commodity or producing an old one in a new way. "
12. **An Expert**
    [i] "one who starts his or her own new and small business. "
    [ii] " risk- takers who aggressively seek to make something happen. "
    [iii] " Entrepreneur is an individual who is able
    i. to recognise potentially profitable opportunities,
    ii. to conceptualise the venture strategy, and
    iii. to become the key force in successfully moving the idea from the laboratory to the marketplace. "

[iv] "Entrepreneur is an individual who can correctly interpret the risk situation and is capable of determining appropriate policies to minimize such involved risk identified. "

[v] "One who invests personal and borrowed funds into business ownership and stands the personal risk of money, time & other commitments in an attempt to generate cost proceeds greater than the expenses & costs of receiving the business. "

[vi] "an individual who establishes and manages a business for the principal purpose of profit and growth."

[vii] "the individuals who tend to be relatively more creative, aggressive, and determined than others and who by assembling various resources , take risk and create a venture from an idea, hobby or simply a dream are known as entrepreneurs. "

[viii] "one who is making the decisions; is aware of all that is going on, and is the person to whom everyone else turn for direction. "

[ix] "One who undertakes a venture, organizes it, raises capital to finance it and assumes all or a major portion of the risk. "

[x] "People who are "doers" & "achievers", who start and operate their own business. "

[xi] "one who goes where others fear to tread. "

[xii] "anyone who takes the risk to develop and implement an enterprise from a small, one- employee shop run on a part- time basis to a new high- tech firm. "

[xiii] " is the change agent , the source of imagination and creativity, the schemer, the heart & soul of economic growth. "

[ivx] "one who takes initiative or makes necessary preparations for doing or undertaking a task/ a mission/ an enterprise and bears risk including finance. "

[vx] "is the actor, enterpriser, initiator, innovator, risk-taker and coordinator [in relation to a venture]. "

1.4 Entrepreneurship

Entrepreneurship is considered as the act of assuming the risk and the tasks of an entrepreneur. Authorities while discussing small business & its initiators explained this almost in the same way. A few of such definitions are presented hereunder:

Selected Definitions of Entrepreneurship

1. **Kuratko D F and Hodgetts R M**
   "The process of organising, managing and assuming the risks of a business."
2. **Koontz & Fulmer**
   " The ability of a person to see a business opportunity, to get together the capital needed to take advantage of the opportunity, and to start a business, taking the risk of failure in the hope of reaping the rewards of success. "
3. **Nathaniel H Leff**
   "Entrepreneurship is the capacity for innovation, investment, and expansion in new markets, products, and techniques. "
4. **An Expert**
   "The act of starting a business. "

The terms entrepreneur and entrepreneurship are interlinked, one can think of the one without the other. The theme or discipline that suggests the explanations is based on the same principles, whether

the terms are used with reference to large institution or an individual who starts & runs his or her new venture single handedly.

1.5 Selected Entrepreneurial Asking

The subject entrepreneur and entrepreneurship are increasingly getting attention of many irrespective of their age and status. Only a few are seen to have them involved in deep rooted lengthy discussion while quite a good number are looking for some essential queries only in short drive. For the latter, some important selected queries with possible appropriate reactions are presented:

French word from which "Entrepreneur" is originated	"**Entreprendre**"
The meaning of the original French word entreprendre is	"To undertake, to persue opportunities, to fulfill needs and wants through innovation and starting business"
Entrepreneur is one who	Takes initiative for doing a task.
Entrepreneur is one who	Makes necessary preparations for doing a task and bearing risks.
Entrepreneur is one who	Goes where others fear to tread.
Entrepreneur is	"Doer" and "Achiever"
Entrepreneur is one who	Makes the important decisions.
Entrepreneur is one to whom	Everyone around him turns/looks for directions.
Entrepreneur is acting as an intermediary between	Capital and labor.
Entrepreneur is an agent who combines	The means of production into marketable products.
Entrepreneur is considered a person who	Organizes, runs and takes the risk of the enterprise.
The goals with which an entrepreneur establishes and manages an enterprise are	Profit and growth.
The year in which the term "Entrepreneur" was brought into economics	**1725**.
The social scientist who first brought the term "Entrepreneur" into Economics is	**Richard Cantillon**
The social scientist who first introduced the notion of entrepreneur as innovator is	**Joseph Schumpeter** in **1934**.
Schumpeter characterizes entrepreneurs as	Very special managers with rare aptitudes for generating continuing uniqueness.
The expert who gave first the theory of entrepreneurship growth	**David C. McCelland**, "The Achieving Society", 1961.
How **Vesper** in his work "**New Venture Strategies**" in 1980 introduced an entrepreneur?	Entrepreneur is one who finds better ways to utilize resources and reduce waste, and who produces jobs others are glad to get.
Who and when in his work "Analysis and Assessment of Internal Corporate Entrepreneurship Strategies" stated the five types of entrepreneurship? Name those five types.	**Hans Schollhammer** in 1980 ⇒ Administrative Entrepreneurship ⇒ Opportunistic Entrepreneurship ⇒ Acquisitive Entrepreneurship ⇒ Incubative Entrepreneurship ⇒ Imitative Entrepreneurship.
Who and when. indicated the importance of the	**Gordon Baty** in 1981 in his work

"Entrepreneurial State of Mind"	**"Entrepreneurship for the Eighties"**
How is wealth related to entrepreneur-ship?	There can be no significant wealth nor major increase in the level of wealth without entrepreneurship. As such, **"entrepreneurship is the dynamic process of creating incremental wealth".**
Who among the social scientists coined term "Political Entrepreneur" or "Social Entrepreneur"?	**John Gardner, founder of common cause.**
Are the entrepreneurs only "doers"—not "thinkers"?	**No,** Entrepreneurs are not mindless doers nor gamblers willing to risk all on a hunch and a throw of the dice. They are thinkers, often very good thinkers, who carefully calculate their moves before deciding to act. As such, **entrepreneurs are both thinkers—thoughtful movers and doers with care and caution.**
Are entrepreneurs "Born" or "Made"?	It is true that family environment, religio-cultural conditioning and commercial orientation of a region may create a favourable atmostpere for entrepreneural growth. But these genetic factors are necessary conditions rather than sufficient ones. It has been observed that a great many highly intelligent & energetic persons never become entrepreneurs. Studies all over the world throw lot of evidences that " Entrepreneurial traits and tendencies are acquired characteristics or learned behaviour." One can, therefore, conclude that Entrepreneurs are mostly "Made" not "Born".
How does pure entrepreneurs differ from nonpure ones?	Pure entrepreneurs create own ventures from the scratch. But nonpure entrepreneurs take over ventures started by somebody else either by purchase or by heritage or by a gift made by some body.
Are all innovators necessarily entrepreneurs?	No. Men and women, for example, may invent or innovate while working for somebody else. As such, they are entrepreneurial but not entrepreneurs. One example might be the computer programmer at IBM who develops a package of programs to serve small businesses in a specific industry.
How may parents encourage entrepreneurial behavior in their children?	Parents may encourage entrepreneurial behavior in their children by setting high standards for their performance, by encouraging habits of self- reliance, and by avoiding being strict disciplinarians. Attractive rewards for high achievements may be declared for the purpose.
Why is education so vital to entrepreneurial success?	The better educated the entrepreneurs, the greater the likelihood he or she can adapt to changes in markets and technology. In fact, it is likely that entrepreneurs may have to look upon education as a lifetime process of renewal ----- just to survive and grow. It is vital that entrepreneurs keep abreast of the changes taking place in their industry, the better to serve their customers. With knowledge exploding at an ever—increasing rate,

	entrepreneurs must also keep renewing themselves through education. Otherwise, they may find themselves incapable of exploiting the opportunities of the time and that of the future.
What is the difference between a job and a career?	A job is the specific assignment a person has with a specific company. A career is a job or a series of jobs in an occupation or profession.
What are two ways the govt. of a country could have an effect on entrepreneurship?	The government could have a significant effect on entreneurship by: i. Offering investment tax credit that would give tax breaks to businesses that make the kinds of investments that will create jobs. ii. Institute a plan of public investment to build the nation's infracture --- bridges, roads, and so forth.
List six American companies that entrepreneurs took from small beginnings to among the largest companies in America.	The six American companies are : [i.] DuPont [ii] Campbell Soup [iii] Ford [iv] Kodak [v] Avon [vi] Procter & Gamble Some of the Bangladeshi companies are i) Khaleq Enterprise, ii) Akij Enterprise iii) Showash Trading Corp. iv) Islam Group of Industries.
Describe four reasons why people are willing to take the risk of ownership.	The four reasons that make people interested to take the risk of ownership are : [i] Opportunity – although many new entrepreneurs do not have the skills to work in today's organizations, they do have the drive and initiative to work the long hours demanded by entrepreneurship. [ii] Profit ---- The profit potential of entrepreneurship is very high. However, it is only one reason that people are lured to entrepreneurship. [iii] Independence--- Many entrepreneurs do not enjoy working for someone else. [iv] Challenge ---- In general entrepreneurs seek achievement in taking risks.
List seven ways in which an entrepreneur can reduce the amount of risk taken in starting his own business.	The seven ways in which the entrepreneurs can reduce their risks of starting a business are : [I] Research your market [ii] Work for other people first [iii] Be sure to have a customer. Try your venture as a sideline first. [iv] Plan specific objectives [v] Set specific time frames for your objectives. [vi] Get outside advice, including a good accountant, and [vii] Don't be afraid to fail.
Identify five differences between traditional entrepreneurs and modern entrepreneurs.	Compared to traditional entrepreneurs modern entrepreneurs are : [i] More educated [ii] Have more experiences [iii] Relatively older

	[iv] Reliant on deliberation and judgement than on instinct and reflex. [v] Use management styles in planning, organizing and controlling rather than the whims & hunches.
What do you mean by Entrepreneurial Teams? Indicate the advantages of such teams over isolated individual entrepreneur.	An Entrepreneurial Team is a group of experienced people from different areas of business who join together to form a managerial team with the skills needed to develop, make and market a new product. *Advantages:* [I] It combines the skills of many business areas. This helps to prevent poor decisions in an area in which an individual entrepreneur may be weak. [ii] Because managers work as a team, there is more coordination and cooperation among all the areas.

1.6 Characteristics Attributed to Entrepreneurs

Many authors who dealt with the topic either as researchers or as writers of texts discussing small business and or entrepreneurs/ entrepreneurship identified a number of characteristics of entrepreneurs. These are sometimes found to be related and often diverse. Some of such characteristics are:

1	Confidence	16	Orientation
2	Perseverance, determination	17	Positive response to challenge
3	Energy, diligence	18	Independence
4	Resourcefulness	19	Responsiveness to suggestions criticism
5	Ability to take calculated risks	20	Time competence, efficiency
6	Dynamism, leadership	21	Ability to make decisions quickly
7	Optimism	22	Responsibility
8	Need to achieve	23	Foresight
9	Versatility; knowledge of product, market, machinery, technology	24	Accuracy, thoroughness
10	Creativity	25	Cooperatives
11	Ability to influence others	26	Profit orientation
12	Ability to get along well with people	27	Ability to learn from mistakes
13	Initiative	28	Sense of power
14	Flexibility	29	Aggressiveness
15	Intelligence	30	Capacity for enjoyment
31	Pleasant personality	37	Efficacy
32	Egoism	38	Commitment
33	Courage	39	Ability to trust workers
34	Imagination	40	Sensitivity to other
35	Perceptiveness	41	Honesty, integrity
36	Toleration for ambiguity	42	Maturity, balance

Source: John A. Hornadoy, "Research about Living Entrepreneurs," in Encyclopedia of Entrepreneurship, ed. Kent/Sexton/ Vesper, © 1982, 26-27.

1.7 The Myths of Entrepreneurship

People both in the east and the west for decades do hold some opinions rather misconceptions & misunderstandings about the entrepreneurs. These are not tested and proved by research as such known as entrepreneurial myths. Such untested myths are, dozens in number, of which only important ones are provided with hints of reaction:

1. Entrepreneurs seek success but experience high failure rates.
   - True that many suffer a number of failures before they are successful. Failures teach how to avoid them in future.
2. Entrepreneurs, not thinkers.
   - very pragmatic & rationale thinkers, no useless imagination & daydreaming
3. Entrepreneurs are born, not made.
   - are mostly made[see 1.6(24) above]
4. Entrepreneurs must resort to modern technology to reap the best benefits.
   All lines of activity are yet to be tech- oriented, hence , often , low-and no-tech can earn better.
5. Entrepreneurs are always inventors.
   - not necessarily, though some are so.
6. Entrepreneurs are academic and social misfits
   - not today, it was thought so earlier. Nowadays they are considered as hero, not only economically but also from both social and academic view points.
7. Entrepreneurs must fit the "Profile"
   - a standard Entrepreneurial profile is hard to compile. An entrepreneurial perspective within individuals is more understandable than a particular profile.
8. All entrepreneurs need is luck.
   - "Luck happens when preparation meets opportunity." What appears to be luck really is preparation, determination, desire, knowledge, and innovativeness.
9. Any one can start a business.
   It requires a lot of thinking, idea generation, opportunity hunting , & hitting at the right time which every can hardly do.
10. Entrepreneurs need is money.
    - money is a resource but never an end in itself. Having money is not the only safeguard against failure.
10. Entrepreneurs do better working single-handedly
    Owning an enterprise alone is possible but managing that effectively without others is difficult.
11. Ignorance is bliss for Entrepreneurs
    - they say overanalyzes leads to paralysis- does not hold good in today's competitive markets.
    Better careful planning – not ignorance of it – is the mark of an accomplished entrepreneur.
13. Entrepreneurs are independent- need not care others
    They need to care all others like partners, investors, customers, employees, creditors, etc.
14. Entrepreneurs are extreme risk takers [gamblers].
    - the fact is Entrepreneurs usually work on a moderate or calculated risk.
15. Entrepreneurs are proud and unsociable
    Entrepreneurs in order to create repeat customers & goodwill behave more courteously than others.

1.8 Types of Entrepreneurship

Entrepreneurial initiatives may emerge & grow from different sources on the basis of which there may be five types of entrepreneurs. These are:

i. **Administrative Entrepreneurship:**
   This is, in fact .the traditional R & D management approach. It is the joint efforts of both the general management and scientific technical personnel to identify areas for R& D and the development of new products, techniques or the improvement of the existing ones.

ii. **Opportunistic Entrepreneurship**
Ability to catch at the right time the fruits of the internal as well as external technological developments. Detecting at the very first time the promising innovative achievements and taking opportunity to adopt the same for raising the quality reducing the cost and thus marching ahead of many of the competitors.

iii. **Incubative Entrepreneurship**
This is nothing but the ability to initiate and nurture new venture developments within the original company with special care. These venture development units are intended as incubators for innovative, high-risk business endeavors and for providing an environment that is supportive of entrepreneurial efforts.

iv. **Imitative Entrepreneurship**
This stresses the replication or creative imitation of innovative technical achievements made by another firm--- ***done with appropriate modifications and refinements in case protected property rights are involved***. An executive characterized this particular approach to internal entrepreneurship as 'learning from innovator's heartaches and prospering by refinements'. In essence, it is innovative imitation and the internalization of externally made technological developments.

v. **Acquisitive Entrepreneurship**
This is the ability of the internal management/entrepreneurs to acquire competitors' technical capabilities. Acquisitive entrepreneurs make accelerated growth, diversification through horizontal or vertical integration by gaining access to others' technological developments.

1.9 Entrepreneur Versus Management

Entrepreneurship is different from management. Entrepreneurship involves *initiating changes* in production, whereas management involves the on going coordination of the production process. The entrepreneur always searches for change, responds to it, and exploits it as an opportunity. In 1980,Thomas Beglay and David P Boyd identified five dimensions of distinction between Entrepreneurs and Managers.

1. **Need - Achievement:** High in case of entrepreneurs while managers are with moderate scale.
2. **Locus of Control:** Both of them feel that not luck or fate but themselves control their own lives.
3. **Tolerance for Ambiguity:** Every manager faces some amount of ambiguity but entrepreneurs face more as they take more risk.
4. **Tolerance for risk:** Entrepreneurs bear moderate risk others limited only with reference to their jobs.
5. **Type "A" behaviour :** This refers to the drive to get more in less time .
   Both the groups have this type of behaviour.

Entrepreneurs tend to value self respect, freedom, a sense of accomplishment, and an exciting lifestyle. Managers, on the other hand, tend to value true friendship, wisdom, salvation, and pleasure.
Entrepreneurs want something different out of life than managers. Clearly, the entrepreneurs needs self-confidence, drive, optimism, and courage to launch and operate a business, without the safety of a steady paycheque which is the main target of the managers.
Entrepreneurs are individuals who

[i] conceive the idea for a new business venture;
[ii] gather the necessary inputs to start the venture;
[iii] start the operations and grow it; and
[iv] bear the risk of starting & operating the venture.

Professional managers, on the other hand, are hired to perform the basic management functions of the ongoing and the growing organisation.

Therefore, the traditional concepts of managers have been associated with medium- sized to large organisations, whereas entrepreneurial concepts have been linked with small organisations.

	Successful Entrepreneur	Unsuccessful Entrepreneur	Professional Manager
Role and job demands	Own values and standards Hard work Sacrifice Long hours in early years Five to 10 years to build business Innovation and creativity Business comes first Knows business Team builder	Same as successful entrepreneur but doesn't meet many of the demands.	Oriented to organization's values, status, rewards Security builds up More routine work pattern Less risky Management skills crucial Maintenance-and efficiency-oriented.
Personal attributes and characteristics	Personal drive[highly dedicated to business] Competitive Independent Takes educated risk Builder Has realistic goals Ethics Persistent Strong character	Self-centered Unwilling to listen to others Money more important than building a business. Takes big or small risk Unclear goals	Proven skills and expertise Can establish goals Competitive Thinking about next job Cautious risk taker. Can direct and motivate Self-confident Decisive

Perceptions of characteristics and role demands of entrepreneurs and managers

1.10 National Benefits of Entrepreneurship

Entrepreneurship brings many gains [shown in 1.3 earlier] for the person(s) who is/are so. But collective gains of these individuals known as entrepreneurs are surely benefits occurring to the nation. Entrepreneurship has at least four national benefits. These are as under:

1. **Entrepreneurship fosters economic growth:**
   Provides most of the new jobs in our economy. David Birch estimated that in the USA alone 3/4ths of all the new job openings come from small business initiated by the entrepreneurs.
2. **Entrepreneurship creates new technologies, products & services:**
   Entrepreneurship play a very vital role in promoting innovative technologies, products, and services. Many people who have developed new technologies, products, or services were employees of large corporations that refused to use the new inventions --- forcing the inventors to become entrepreneurs. Sometimes one entrepreneurial invention gives rise to many others.
3. **Entrepreneurship changes and rejuvenates market competition:**
   Entrepreneurs stir up the waters of competition in the marketplace. Zoltan. Acs calls small business created by entrepreneurs "agents of change in a market economy." The international market also provides entrepreneurial opportunities for companies.
4. **Entrepreneurship increases productivity:**
   Entrepreneurship has been recognised for its dynamic role in raising productivity. Higher productivity is simply a matter of improving production techniques, and this task, according to John Kendrick, is "the entrepreneurial function per excellence." Two keys to higher productivity are R&D and investment in new plant & machinery. Kenrick found close relationship of these two and entrepreneurship.

1.11 Hazards & Negative Aspects of Entrepreneurship

Advantages & benefits that usually flow to the entrepreneurs have already presented earlier in this chapter [1.3]. But to all entrepreneurs and to an entrepreneur who proved to be a successful one, the task of entrepreuring is not all through an unmixed pleasure & blessing. Not surprisingly, the costs of failure are also monetary and psychological- financial ruin and a shattered ego.

1. Risk of losing invested capital
2. Irregularity or uncertainty of income often facing bankruptcy.
3. Lack of suitable temperament [one persons 'meat' is another person's poison.]
   -- negotiation with unions, crazy customers, suppliers and regulatory agencies often become irritating .
4. Uncertain leisure.
5. Cannot give time for family ceremonies resulting familial misunderstandings.
6. Cannot participate social obligations in person, may funds provided.
7. Cannot make reasonable visits to relatives & friends- losing close relations.
8. As always remain absorbed in business problems can not be open and frank to enjoy pleasure.
9. Remain tensed & heavy for days together when facing any serious business problem.
10. Become sometime unnecessary victim of conspiracies by partners, competitors, mastans. aggrieved powerful politicians, etc.

1.12 Functions of Entrepreneurship

The functions of entrepreneurs are varied and multifaceted. They are to perform any action that are required to do in order to be successful in their endeavor. Many authors attempted to identify such functions.

Clearence H. Danhof divides the functions into three categories:

1. Obtaining relevant business information
2. Evaluating the information with regard to profit, and
3. Setting the operation in motion.

Many a functions are being performed by an entrepreneur of which the important ones indicated are as under:

1. Take initiative.
2. Formulate business ideas & concepts
3. Communication with the useful parties
4. Perform legal formalities
5. Make judicious investment
6. Ensure quality product/service
7. Arrange R&D for innovation and newness
8. Collect technologies to adapt/adopt
9. Manage risk & uncertainties
10. Develop manpower by appropriate training
11. Get right persons for right jobs
12. Manage capital from the relatively easier & cheaper sources on favorable term
13. Select appropriate marketing channels of distribution
14. Appoint motivated salesforce capable of making augmented sales.
15. Reasonably distribute the business surplus among the interested groups.
16. Make reinvestment wherever safe & profitable.
17. Introduce cost control measures without compromising with the quality of the products
18. Maintain useful social contact.
19. Make realistic plans
20. Recruit skill & able persons
21. Oversee the overall affairs of the enterprise
22. Arrange judicious publicity.

TheWorld Belongs to the Energetic
-Emerson

1.13 Qualities of a Successful Entrepreneur

To become a successful as an entrepreneur in his business life, a business man should possess quite a number of essential qualities. These qualities need be in balanced proportion without which desired success is difficult to achieve. Essential qualities are presented in the picture :

This generally found in high-achieving entrepreneurs

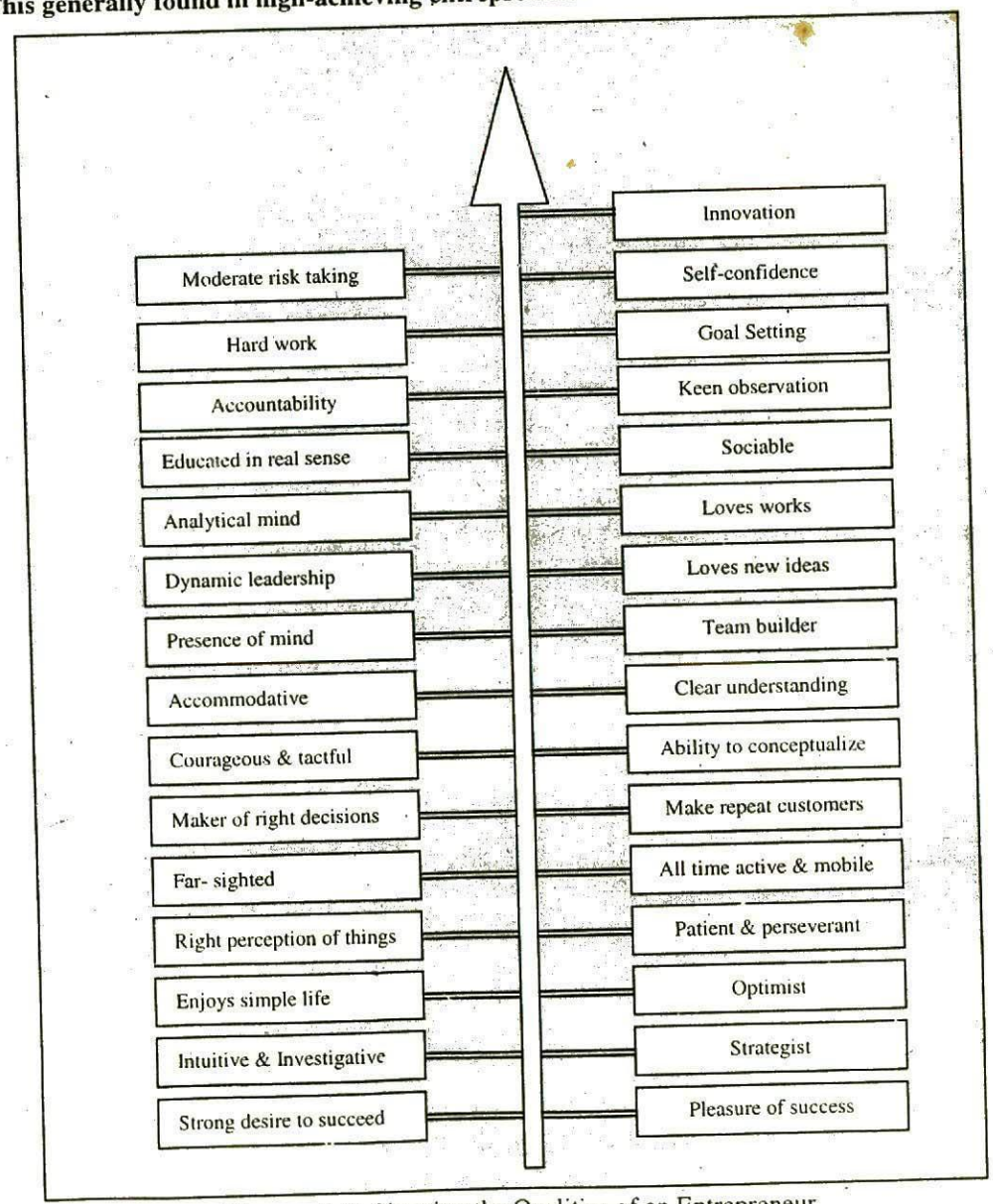


Figure – 1.A: Showing the Qualities of an Entrepreneur

Ability to develop new product/ new method/ explore new market etc are considered useful all through the life of an entrepreneur. He should pursue a "give and take policy"—smilingly sacrifices something currently in exchange of a expected future service/ product/opportunity and the like [selfish people can not make repeat customers/ odd days rescuers/ appreciates & admirers]

Ability to feel sympathetically for fellow partners/employees/friends & relatives in addition to the valued clients is also considered to be needful traits. Ability to remain up-to date/well aware/well informed not to speak about the business but also about current national as well as global changes with regard to politics, economics and the like is helpful to be a successful entrepreneur.

1.14 Entrepreneur VS Manager Characteristics

Entrepreneurs are owners of a firm while managers are responsible persons employed in the firm. But in many of the small businesses often owners act as the managers. However, there is difference in the characteristics of entrepreneurs and managers.

CHARACTERISTICS	MANAGER	ENTREPRENEUR
Time Orientation	Immediate to medium range, uses daily, weekly, monthly or annual reports to measure performance, seeking next performance.	Medium to long range, will use year for growth projections 3-10 years planning
Others Orientated	Works with or manipulates others, desires power over others.	Self-oriented, seeks achievement for self.
Risk Trading	Lower risk taker, has developed a conservative nature and will try to ensure a steady organization posture.	Moderate risk taker, calculated risks appear low, will chance income and net worth.
Structure	Dependent upon structure for organization, formal, department lines of control very important to maintain operations.	Is developing structure, informal, whatever is best for the situation, not very important.
Thinking	Concrete, absolute, low tolerance for ambiguity, seeks certainty, organizational.	Abstract, high tolerance for ambiguity and uncertainty, creative, imaginative, creative, imaginative
Communication	Most often one-way, seeks positive feedback.	Two-way, desirous of positive and negative feedback.
Managerial Skills	Broad, highly developed, often has received formal management education, developed theoretical and practical base for managing.	Limited, generally skilled in technical areas of business, often without formal management education.
Operations	A link in total organizations, a component part of the larger plan.	Control figure, all operations and decisions will be made by this person.

1.15 Variables Determining Growth of Entrepreneurship

Entrepreneurship is the outcome of the interaction between several social, demographic, economic and political variables. These variables may be classified as follows:

1. Family background and other economic factors
2. Personality characteristics
3. Economic factors
4. Socio-cultural factors
5. Political support
6. Psychological factors

1. **Family background :** People belonging to merchantile families and communities can more easily enter industry. For example, children in Marwari families are brought up in an environment which develops in them entrepreneurial qualities at an early age.
2. **Personal characteristics:** Personality and personal skill developing economy. It cats as a critical factor in self development and growth of the organisation. Young persons tend to be more optimistic in facing the challenges of life. Being exposed to latest developments in science and technology, they are expected to be more innovative.
   Education provides these and thereby improves the competitive strength. It also serves as contact factor to the new entrepreneurs without much social base and resources. Personal experience also contributes to efficiency in entrepreneurship. Such experience is very important for small scale entrepreneurs who have to perform most of the functions themselves. Past experience reduces dependence on hired employees and provides an edge over un-experienced people.
3. **Economic factors:** Since entrepreneurship is essentially the promotion o economic change, the same factors that promote economic growth and development account for the emergence of entrepreneurship. Market incentives, available capital, financial institutions that provide capital to entrepreneurial projects, etc. help to promote entrepreneurship.
4. **Socio-cultural factors:** In countries like the United States, entrepreneurs and entrepreneurial behaviour enjoy a legitimacy they do not have in the Soviet Union: Political and economic ideologies and legal structure in some countries encourage free enterprise ad protect the rights of individuals. Another factor that affects entrepreneurship is social mobility.
5. **Political support:** In order to build up such contacts it is necessary to work with prestigious groups either individually or through relatives, friends and associations. Political affiliation, social participation and such other linkages serve as an important factor contributing to entrepreneurship. Favorable Government policy and social recognition influence a person to become an entrepreneur.

6. **Psychological factors:** Need for achievement is acting as an important psychological factor in determining the supply of entrepreneurs in country. This has been discussed in Chapter- 2 of this Part of the book.

1.16 Entrepreneurial Environment

Entrepreneurship does not emerge and grow spontaneously. Rather it is dependent upon several economic, social, political and psychological factors. These environmental factors many have both positive and negative influences on the growth of entrepreneurship. Positive influences imply facilitating and conducive conditions whereas negative influences refer to factors inhibiting the emergence of entrepreneurship. Various environmental factors influencing the emergence of entrepreneurship are given below:

(1) Economic Conditions: Economic environment exercises perhaps the most direct and immediate influence on entrepreneurship Markets Capital,, Labour, and Raw Materials are the main economic factors.

Markets: The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in the market becomes more influential for entrepreneurship than a competitive market. However, the disadvantages of competitive market can be cancelled, to some extent, by improvement in transportation, system facilitating the movement of raw materials and finished products and increasing the demand for producer goods

Capital: Availability of capital facilitates the entrepreneur to bring together the labour of one, machine of another and raw material of yet another to combine them to produce goods.

Labour: Division of labour as an important element in economic development. According to him. division of labour which itself depends upon the size of the market leads to improvement in the productive capacities of labour due to an increase in the dexterity of labour. Not withstanding, it appears that the labour problem clearly does not prevent entrepreneurship from emerging.

Raw Materials: In the absence of raw materials, neither and enterprise can be established nor an entrepreneur can emerge. Of course, in some cases, technological innovations can compensate for raw material inadequacies. The Japanese case, for example, witnesses that lack of raw material clearly does not prevent entrepreneurship from emerging but influenced the direction which entrepreneurship took place.

(2) Social Factors: Social environment in a country exercises a significant impact on the emergence of entrepreneurship. The main components of social environment are as follows:

Social Mobility: Social mobility is crucial for entrepreneurial emergence is not unanimous. Some hold the view that a high degree of mobility is conductive to entrepreneurship. Both need for 'openness' of a system and need for flexibility' in role relations imply the need for the possibility of mobility within a system for entrepreneurship development.

Security: Entrepreneurial security is an important facilitator of entrepreneurial behaviour. Insecurity does not hinder entrepreneurship, but rather that different kinds of insecurity will result in different kinds of entrepreneurship.

Legitimacy of Entrepreneurship: In professional vocabulary, such system is referred to as the legitimacy of entrepreneurship in which the degree of approval or disapproval granted entrepreneurial behaviour influences its emergence and its characteristics if it does emerge.

(3) Psychological Factors: Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate specifically upon psychological factors. We consider these theories separately for that reason.

Withdrawal of Status Respect: Hagen believes that the initial condition leading to eventual entrepreneurial behaviour is the loss of statues by a group. He postulates that hour types of events can produce status withdrawal:

(a) it may drift into situation of status inconsistency; and
(b) it may not be accepted into expected status on migration in a new society.
(c) the group may be displaced by force;
(d) it may have its valued symbols denigrated;

He further postulates that withdrawal of status respect would give rise to four possible reactions and create four different personality types:

(a) *Reformist:* He his a person who foments a rebellion and attempts to establish a new society; and
(b) *Innovator:* He is a creative individual and is likely to be an entrepreneur.

(c) *Retreatist :* He who continues to work in a society but remains indifferent to his work and position;

(d) *Ritualist :* He who adopts a kind of defensive behaviour and acts in the way accepted and approved in his society but no hopes of improving his position;

Need Achievement: If the average level of need achievement in a society is relatively high, one would expect a relatively high amount of entrepreneurship in the society.

(4) Governmental Influence: Any interested government in economic development can help, through its clearly expressed Industrial policy, promote entrepreneurship in one way or other. By creating basic facilities, utilities and services and by providing incentives and concessions, the government can provide the prospective entrepreneurs a facilitative socio-economic setting. Such conductive setting minimizes the risks which the entrepreneurs are to encounter.

1.17 Intrapreneurship

The term intrapreneurship refers to **entrepreneurial** activities that receive organisational sanction and resource commitments for the purpose of innovative results. The major thrust of intaprenering is to develop the entrepreneurial spirit within organisational boundaries, thus allowing an atmosphere of innovation to prosper.

Intrapreneur

Any individual employed in a large organisation known as corporation who by his own choice make new products/ services, and or develops newer methods of producing the same. Some definitions are

1. **Skinner S J & Ivancevich J M**
   i. "An entrepreneurial person employed by a corporation and encouraged to be innovative and creative".
   ii. "a person with entrepreneurial characteristics who is employed within a large corporation."
   iii. "are usually found in enterprises that encourage experimentation , tolerate failure , recognize success and share the wealth".
2. **Dictionary of Social Sciences**
   "an official of a corporation might qualify as entrepreneur if he excercises leadership & control and if its stockholders are inactive in the corporate management".

1.18 Myths of Intrapreneurship

Some of the myths about entrepreneurs have carried as myths about intrapreneurs.Still some other myths about intrapreneurs are:

1. Intrapreneurs are power- hungry and ambitious of building an empire – they just want the venture to grow as big and as fast as it can.
   * As they are calculative and conservative they focus on doing things right rather than doing big only. They are, of course, interested in profit and growth rather than empire building over night.
2. The primary motivation of intrapreneurs is a desire for wealth; hence, money is the prime objective.
   * Money is a tool & symbol of success but freedom and ability to motivate is the prime motivator.
3. Intrapreneurs lack analytical skill and they " shoot from the hip"- " luck is all you need".
   * Extremely analytical – well prepared and perceive market needs.

4. Intrapreneurs lack morals or ethics due to their strong desire to succeed.

* As they are educated & well respected they are seen to be highly ethical having moral convictions consistent with society's expectations.

5. Intrapreneurs are gamblers who at the cost of others play for high stakes with high risk.
   * Calculated & analysed risk are the realistic stepping- stones.

1.19 Encouragements for Innovative Atmosphere & Intrapreneurship Development

Dynamic owners and management take steps to nurture environment for promoting innovative atmosphere and intrapreneurship development following some measures. These are also called rules of creating an innovative corporate atmosphere for development of intrapreneurship. The sole purpose is to save costs , raise quality and productivity. The steps usually taken by them for the purpose include the following:

1. Encourage action.
1. Early identification of potential intrapreneurs.
2. Development of collaboration between intrapreneurial participants and the organization at a large.
3. Recognize innovation for innovation's sake.
5. Expect clever of **bootlegging** of ideas – secretly working on new ideas on company time as well as on personal time.
6. Encourage personnel to circumvent rigid procedures and bureaucratic red tape.
7. Reward and promote innovative personnel.
8. Put people on small teams for future – oriented projects.
9. Top management sponsorship of intrapreneurial projects.
10. Creation of both diversity and order in strategic activities, and
11. Promotion of intrapreneurship through experimentation.
12. Use informal meetings whenever possible.
13. Tolerate failure and use it as a learning experience.
14. Persist in getting an idea to market.
15. Plan the physical layout of the enterprise to encourage informal communication.

1.20 Advantages and Disadvantages if Intrapreneuring

Intrapreneuring initiatives when succeed earn efficiency, productivity and increased profit for the organization. But when fails cause dissatisfaction and people involved incur displeasure of the owners and the management. However, intrapreneuring initiatives have both some advantages as well as some disadvantages to the involved. These may be seen:

Advantages	Disadvantages
1.Higher employee morale	1. Less glory
2. Better access to financial backing	2. Owners often kooks with suspicion
3. More and better people to look for help	3. Costs for experiments are not always honored
4. Access to information resources	4. No prompt recognition , incentives & promotions
5. More marketing clout	5. Profits go to the company
6. Larger technology base	6. Discredit for failures

1.21 Comparative Characteristics of Entrepreneur, Intrapreneur and Traditional Manager

By now we know the entrepreneur, intrapreneur and the traditional manager. All the three are very important for the organization. Still they are not the same, there are differences among them according to their characteristics. This may be gauged as under: -

Characteristic	Entrepreneur	Intrapreneur	Traditional Manager
Primary Motives	Wants freedom; goals oriented, self-reliant, and self-motivated.	Want freedom and access to corporate resources; goal-oriented and self-motivated, but also responds to corporate rewards and recognition.	Wants promotion and other traditional corporate rewards; power motivated
Skills	Knows business intimately more business acumen than managerial or political skill; of ten technically trained if in technical business; many have had formal profit-and-loss responsibility in the company.	Very much like the entrepreneur, but the situation demands greater ability to prosper within the organization.	Professional management; often business-school trained; uses abstract analytical tools, people management and political skills.
Attitude toward courage and destiny	Self-confident, optimistic, and courageous	Self-confident and courageous; many are cynical about the system but optimistic about their ability to outperform it.	Sees others being in charge of his or her destiny; can be forceful and ambitious but may be fearful of others' ability to do him or her in
Focus of attention	Primarily on technology and market place	Both inside and outside; sells insiders on needs of venture and marketplace but also focuses on customers	Primarily on events inside corporation
Attitude toward risk	Likes moderate risk; invests heavily buy expects to succeed	Likes moderate risk; generally not afraid of being fired, so sees little personal risk.	Cautious
Use of market research	Creates needs; creates products that often can not be tested with market research; potential customers and forms own opinion.	Does own market research and intuitive market evaluation, like the entrepreneur	Has market studies done to discover needs and guide product conceptualization
Attitude toward status	Happy sitting on an orange crate if job is getting done	Considers traditional status symbols a joke; treasures symbols of freedom	Cares about status symbols (corner office, etc.)

Characteristic	Entrepreneur	Intrapreneur	Traditional Manager
Attitude toward failure and mistakes	Deals with mistakes and failures as learning experiences	Sensitive to need to appear orderly; attempts to hide risky projects from view mistakes with our political cost of public failure	Strives to avoid mistakes and surprises; postpones recognizing failure
Decision-making style	Follows private vision; decisive, action oriented	Adept at getting others to agree with private vision; somewhat more patient and willing to compromise than the entrepreneur but still a doer	Agrees with those in power; delays making decision until a feel of what losses is obtained
Who serves	Pleases self and customer	Please self, customers, and sponsors	Pleases others
Attitude toward the system	May rapidly advance in a system; then, when frustrated, may reject the system and form his or her own company	Dislikes the system but learns to manipulate it	Sees system as nurturing and protective; seeks position within it.
Problem-solving style	Escapes problems in large and formal structures by leaving and starting over alone.	Works out problems within the system or bypasses them with out leaving	Works out problems within the system
Relationship with parents	Absent father or poor relations with father	Better relations with father by still stormy	Independent of mother; good relations with father but slightly dependent
Socioeconomic background	Lower class in some early studies; middle class in more recent ones	Middle class	Middle class
Educational level	Less well educated in earlier studies; some graduate work but Ph. D in later ones	Often highly educated, partcualarly in technical fields, but sometimes not	Highly educated
Relationships with others	Perceives transactions and deal making as basic relationship	Perceives transactions within hierarchy as basic relationship	Perceives hierarchy as basic relationship
Family history	Entrepreneurial small-business, professional, or farm background	Entrepreneurial small-business, professional, or farm background	Family members worked large organizations

1.22 Myths of Innovation

People connected with the organizations directly or indirectly do hold some opinions about the intrapreneurs and their innovations over years. These are not tested and proved by research as such known as myths. Such untested myths are dozens in number of which only important five are provided with hints of reaction:

1. Inovation is planned and predictable
   ➢ Unpredictable, may be introduced by anyone
2. Creativity relies on dreams and blue-sky ideas
   ➢Not daydreams but opportunities left by reality
3. Big projects will develop better innovations than smaller ones
   ➢Smaller ones often generate creative ideas
4. Technology is the driving force of innovation and success
   ➢ Technology is surely one but not the only driving force-market-driven or customer based innovations have the highest probability of success.
5. Technical specifications should be thoroughly prepared
   ➢Try/test/ revised approach

1.23 Principles of Innovation

Potential entrepreneurs need to realize innovation principles exist. These principles can be learned and when combined with opportunity, can enable individuals to innovate. The major motivation principles follow:

- Be action oriented, innovators always must be active and searching for new ideas, opportunities, or sources of innovation.
- Aim high. Innovators should aim high for success by seeking a niche in the marketplace.
- Try/test/revise. Innovators always should follow the rule of try, test and revise. This helps work out any flaws in the product, process, or services.
- Learn from failures, innovation does not guarantee success. More important, failures often give rise to innovations.
- Follow a milestone schedule. Every innovator should follow a schedule that indicates milestone accomplishments. Although the project may run ahead or behind schedule, it still is important to have the schedule in order to plan and evaluate the project.
- Reward heroic activity. This also means tolerating and, to a limited degree, accepting failures as a means of accomplishing innovation. Innovative should be rewarded and given the proper amount of respect. This also means tolerating and, to a limited degree, accepting failure as a means of accomplishing innovation. Innovative work must be seen as heroic activity that will reveal new horizons or the enterprise.
- Work, work, work. This is a simple buy accurate exhortation with which to conclude the innovation principles. It takes work, not genius or mystery, to innovate successfully.
- Make the product, process, or services simple and understandable. People must readily understand how the innovation works
- Make the product, process, or service based on customer. Innovators always must keep the customer in mind. The more an innovator has the end user in mind, the greater the chance the concept will be accepted and used.
- Start small. Innovators should not attempt a project or development on a grandiose scale. They should begin small and then build and develop, allowing for planned growth and proper expansion in the right manner and at the right time.

1.24 A Comparison of Constant Improvement and Innovation

Improvements and innovations - both are directed to better productivity. But these differs:

Items	Innovation	Constant Improvement
Effect	Short term and dramatic	Long term and long lasting but not dramatic
Pace	Large steps	Small steps
Time frame	Intermittent and nonincremental	Continuos and incremental
Change	Abrupt and volatile	Gradual and constant
Practical requirement	Large investigation, little effort to maintain improvement	Little investigation, great effort to maintain improvement
Effort orientation	Technology	People
Evaluation criteria	Results for profit	Process and effort for better results
Advantage	Works well in fast-growth economy	Works well in slow-growth economy
Involvement	A select few "champions"	Everyone in the firm
Approach	Rugged individuals	Group efforts
Mode	Scrape and rebuild	Maintain and improve
Spark	Technological state-of-the-art breakthroughs, new inventions, new theories	Conventional know-how

1.25 Approaches to Creative Problem Solving

Entrepreneurs can solve many of their venture problems in two ways- making suitable adaptation of the methods & technologies developed by others and alternatively by developing suitable methods & technologies through innovation inside their own enterprise. Both the problem-solving methods are popular. These two have both similarities as well as dissimilarities. The main differences between the adaptor and the innovator are:

Adaptor	Innovator
Employs a disciplined, precise, methodical approach	Approaches tasks from unusual angles
Is concerned with solving, rather than finding, problems?	Discovers problems and avenues of solutions
Attempts to refine current Practices	Questions basic assumptions related to current practices
Tends to be means oriented	Has little regard for means; is more interested in ends
Is capable of extended detail work	Has little tolerance for routine work
Is sensitive to group cohesion and cooperation	Has little or no need for consensus; often is insensitive to others

Source: Michael Kirton, "Adaptor and Innovators; A Description and Measure," Journal of Applied Physichology (October 1976): 623

1.26 Constant Self-analysis for Entrepreneurial Success

Entrepreneurial success is mostly the result of taking correct & appropriate decisions on time. To be a successful entrepreneur one has to know his position where he stands as a decision maker. An entrepreneur may make defective or even wrong decisions but he can remedy those before any

irreparable loss is caused to him. It is possible only through constant self-analysis done consciously in a planned way regularly at the end of every week but better if possible after the day's business is over. Entrepreneur must continuously ask the key questions, which can be grouped in two areas: internal areas & external areas.

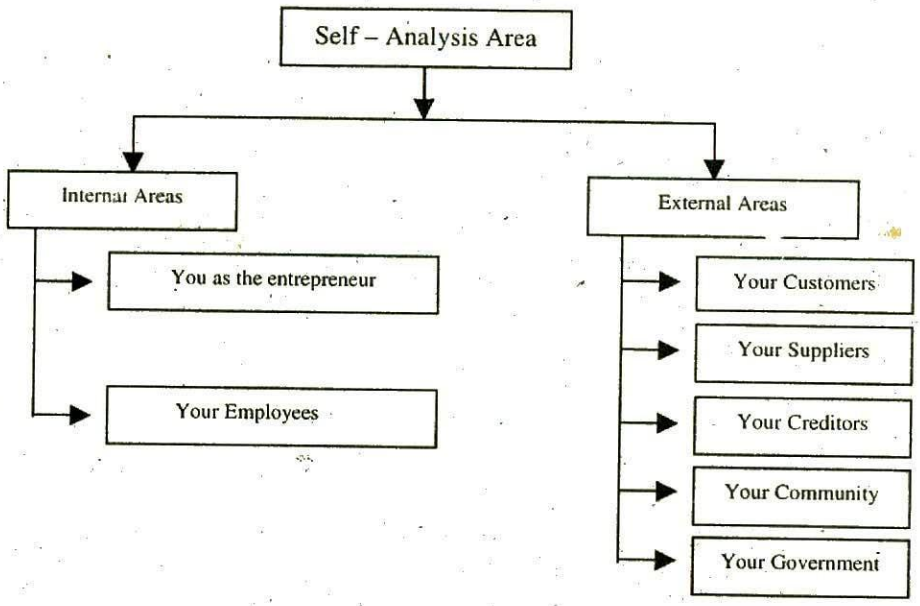


Figure-1.B: Showing the Areas of Constant Self-analysis by an Entrepreneur

Entrepreneur's growth & continuity depends on his capacity to earn reasonable rate of profit which is dependent on the ability to maintain optimum level of productivity. Increased productivity is possible if the decisions involving the major interested parties are appropriate and taken on time.

You as an entrepreneur, after the business gets going, should piously keep a vigilant look on the matters connected and also on those through whom you operate the business. You and your personnel form a team aiming at reaching the goal set earlier. This team must work sincerely and ask: are we doing things right? Are we doing the right things? But the main key is You – entrepreneur. Ask yourself for self- analysis selected pertinent questions starting you first.

The Internal Areas

You

You must learn and grow as an entrepreneur if your business is to grow and prosper. Your own personal growth will be reflected in the continually increasing productivity of your venture. Here are some questions to test the quality of your personal growth:

- Do you know more about understanding & managing your business well now than you did a month ago?
- Do you know the parties interested in your business? What for?
- Are you able to see more relationships in knowledge than you did before? Are you developing wisdom by being able to correlate and apply different kinds of knowledge purposefully for achievement?

- Are you more creative, more innovative than you were before, through combining what you know in newer, better, more effective ways?
- Do you tolerate and deal with ambiguity and uncertainty more effectively than in the past?
- Are you able to work cooperatively with others while preserving your unique qualities?
- Are you showing real growth through the acquisition of increasingly higher levels of competence?
- Do you know how much risk you can take & to what direction?

Your Employees

Productivity increases with satisfying working conditions, as does morale. Your employees' morale may be judged by their attitudes toward work and their cooperation in trying to achieve the objective of your business; high morale is a key test of a well-managed organization. You'll have satisfied workers and the desirability of high morale if you possess and demonstrate the characteristics of the ideal entrepreneur. As your business expands, you might ask yourself these kinds of questions about factors that influence morale of your employees:

- Do I let my employees know what's expected of them?
- Am I sensitive to their needs?
- Am I open and honest in dealing with them?
- Do I let them have some control and let them alone to do it their way?
- Are they paid adequately compared with other businesses?
- Do they feel a sense of participation, pride in the business, and believe they're doing something worthwhile?
- Do I encourage them to come forward with their ideas?
- Do I communicate clearly with them and listen actively to what they have to say?

High morale doesn't necessarily guarantee high productivity. Employee attitude towards the job and your business will also be affected by outside conditions beyond your control. But high morale indicates as strong predisposition toward increased productivity and presents clear evidence of sound management of human resources.

The Eternal Areas

Your business will have important relationships with the customers, suppliers, creditors, community, and government. These relationships effect both the input and output sides of productivity.

Your Customers

Developing and maintaining a consumer orientation has been a persistent theme for entrepreneurial success. Your business will thrive or fail depending on how consumers cast or withhold their money votes. Some questions to guide you in assessing productivity of your marketing efforts are:

- Am I maintaining or improving the quality of my products or services?
- Is the right quantity of my products or services available at the right place, at the right time?
- Is my promotion strategy reaching potential customers with an effective message and conveying the image I want for my business?
- Am I keeping track of competition and staying ahead of it?
- Do I have new products or services in development to satisfy present customers better or to tap new market segments?
- Are my marketing expenditures related to specific marketing objectives?
- Am I maintaining expertise and improving the technical knowledge of my product or service?
- Am I constantly gathering new information about the market my business serves? Am I alert for changes in consumers' needs?

These question and other like them will have to be raised to guide your business towards its ultimate goal-consumer satisfaction that produces profit. Remember, the consumer is now your boss in the market you serve.

Your Suppliers

Suppliers are a major input, but they can also affect the output side of productivity. The businesses that supply your firm with operating materials, equipment, or inventory can become an extension of your business. Establish and nurture good working relationships and they will become assets that supply much more than physical goods. They'll be able to give you advice on technical matters and keep you informed of what other companies in your industry are dong. Some questions to test your responsiveness with the suppliers follow:

- Am I prompt in paying my accounts to the suppliers?
- Am I fair in negotiating transactions with the suppliers?
- Do I display and promote the suppliers' inventory as I assured them I would?
- Do I allow enough lead time for the supplier with my reorders?
- Do I thoroughly and fairly analyze cost and service before switching to a new supplier?
- Do I take full but fair advantage of purchase discounts offered?
- Am I receptive to suggestions made by them ?

Your Creditors

Commercial banks or other institutions will be lending you working capital as inputs to enable you to purchase tangible resources. Having financial dealings with other small businesses, the banker will know first-hand some of the pitfalls to avoid. Some questions to help you assess your relations with creditors are:

- Am I meeting my loan repayment commitments on time?
- Have I let my banker know enough about my business and my problems to be able to help me?
- Am I planning far enough ahead to get working capital when I need it?
- Am I keeping my banker informed of the progress of my venture?

Your Community

Your business must pay its civic rent. This requires your active participation in local affairs and local clubs or organizations to gain community goodwill. From informal relationships with community business leaders, you'll learn about changes in the local market, new business techniques, new sources of supplies or business services. You may even pick up hints for new products or services your business might offer or economical ways you haven't tried before to reach potential customers.

The questions here are straightforward:

- Am I an active member in appropriate civic organizations?
- Have I contributed to or has my business sponsored any local drive, charities, or fund-raising activities?
- Have I assumed or can I attain leadership in any local clubs, committees, or civic groups?

You should know that a reasonable proportion of your annual profit for social work will prove to be investment raising goodwill and ultimately resulting in increased sales.

Your Government

Your relations with the national, provincial/ state, and local governments affect productivity too-both positively and negatively. Taxes reduce the financial results or outputs of your business. But the services of government available for small business from time to time can be major inputs in the form of capital or technical and management assistance. You should take full advantage of these services since you'll be helping to pay for them with the taxes your business pays. Ask yourself:

- Am I aware of all the financial and non- financial assistance that are allowed by the government?

- Do I fill out business forms properly and am I paying taxes on time to avoid reprimands, censures, or penalties?
- Am I exploiting the governmental resources available, both financial and human, to help make my business successful?

To be successful in his endeavor, an entrepreneur must proceed in such a way so that all connected with his business remain satisfied and look at his business with positive attitude. We can conclude saying: Make the interest- parties satisfied to continue as a successful entrepreneur.

1.27 Plan of Presentation

As stated before, the book has two Parts – it is the First Part devoted to Entrepreneurship & Small Business. Materials in this Part of the book are presented as planned earlier. Chapter –1 with the caption: Introduction, contains among other related matters, the meaning of entrepreneur, his characteristics, functions, roles along with his essential qualities. Entrepreneurship, intrapreneurship and innovations, in some details, are also shown. Theories & assistance for entrepreneurship development are examined and presented in Chapter- 2. Introducing small business with its meaning, characteristics, roles, causes of failure and ways to get into small business are presented in the Chaper-3. Each of the major three ways of getting into small business is separately taken up for discussion: matters relating to becoming small businessperson through buying an existing business are presented in Chapter- 4. Those of starting a new business in Chapter- 5 and franchising in Chapter- 6. Small business plan and the connected issues are shown in Chapter- 7. Different aspects in managing small business are presented in Chapter- 8. Important functions required to succeed as an entrepreneur are dealt with in the Chapters: accounting and computerization [9], taxation and risk management [10] financing [11] and production and marketing in 12. Life of selected successful Bangladeshi entrepreneurs are presented in the last Chapter [14] while entrepreneurial cases are presented in Chapter 13. At the tail of this Part of the book, three appendixes-A- Checklist for organizing and operating a small business, B- Selected terms & concepts and C- An exhaustive list of selected books & references are enclosed for further use.

1.28 Summing Up

A. Main concepts:
   i. Entrepreneur: is an individual who establishes and manages a business for the principal purpose of profit and growth.
   ii. Entrepreneurship : ability & actions of an entrepreneur
   iii. Entrepreneuring : performing the expected tasks and actions by an entrepreneur.
   iv. Intrapreneur: individual employed in a large organisation who by his own choice innovates new products/ services, and or develops newer methods of production.
   v. Innovation: innovations means active searching for new ideas & opportunities.
   vi. Adaptation: capability & attempts to use current practices and methods in a refined way.

B. Points to be noted:
   i. Disadvantages of salaried employment include subordinated rights, curbing of initiatives possibility of mismatched career and limited earnings
   ii. Entrepreneurs enjoy better prestige and higher income than the persons under employment.
   iii. Entrepreneurship is the dynamic process of creating incremental wealth.
   iv. Entrepreneurs are both thinkers—thoughtful movers and doers with care and caution
   v. Entrepreneurial traits and tendencies are acquired characteristics or learned behaviour." One can. therefore, conclude that Entrepreneurs are mostly "Made" not "Born

vi. An Entrepreneurial Team is a group of experienced people from different areas of business who join together to form a managerial team with the skills needed.

vii. Entrepreneurship involves *initiating changes* in production, whereas management involves the on going coordination of the production process.

viii. National benefits of entrepreneurship include growth, productivity, technology, and market innovations

ix. Entrepreneurship is the outcome of the interaction between several social, demographic, economic and political variables. These are family background, personality characterics, psychological factors, Socio-eco- cultural factors beside political support.

x. Dynamic owners and management take steps to nurture environment for promoting innovative atmosphere and intrapreneurship development following some measures.

xi. Entrepreneurs can solve many of their venture problems in two ways- making suitable adaptation of the methods & technologies developed by others and alternatively by developing suitable adaptation of the methods & technologies through innovation inside their own enterprise.

Model Questions

Broad Questions

1. Define entrepreneurship and small business. Can we think of one without the other? Examine the roles that are being played by an entrepreneur in the economic development of a society.
2. What is Entrepreneur and Entrepreneurship? Compare salaried employment and business ownership on the basis of their relative merits and demerits.
3. Is an entrepreneur different from an executive? How? Examine the functions of an entrepreneur with reference to the promotion & development of a small business.
4. Is one a born entrepreneur? Explain with reference to the importance of entrepreneurial education & training. Indicate the qualities of a successful entrepreneur.
5. Is entrepreneurship different from management? How? Examine the favourable as well as unfavorable factors of entrepreneurship development.
6. What are the characteristics attributed to entrepreneurs? Discuss the different types of entrepreneurs?
7. Briefly trace out the qualities of a successful entrepreneur? Distinguish between the characteristics of entrepreneurs and those of management.
8. How entrepreneurial environment influences the growth of entrepreneurship in a country?
9. What are the steps to encourage an entrepreneurial initiatives? Mention briefly the advantages & disadvantages of entrepreneuring.
10. How comparative characteristics of entrepreneur, intrapreneur and traditional managers differs from each other? - Discuss.
11. Do you agree that a person who takes over a business from its founder is not a pure entrepreneur? Why or why not?
12. Define the terms entrepreneur, entrepreneurship, management, innovation, risk taking, and accountability.
13. What are the traits of successful entrepreneurs? Which trait is the most often identified one with entrepreneurship? Why?
14. What are the disadvantages of salaried employment? How can a salaried person overcome the disadvantages by becoming an entrepreneur?
15. Examine the functions of an entrepreneur. What qualities are required to become successful as an entrepreneur?

Short Questions

1. Define entrepreneur & Entrepreneurship.
2. Who is an adapter?
3. Show the main sources of entrepreneurial information.
4. "Entrepreneurs are born, not made" – Justify.
5. Is entrepreneur a risk taker or a risk avoider – why or why not?
6. What are the benefits of entrepreneurship?
7. Distinguish between an entrepreneur & a manager.
8. Write the main areas of the external environment?
9. What are the steps to encourage an entrepreneurial initiative?
10. Is an entrepreneur different from an executive?
11. What are the differences between an adaptor & an innovator?
12. What are the main disadvantages of entrepreneuring?
13. Are all innovator necessarily entrepreneurs? why or why not?
14. What are the reasons for willing to take the risk of ownership? How an entrepreneur minimizes his risk?

If you would create something,
you must be something.
- Johann Goethe

I never did anything worth doing by accident, not did
any of my inventions come by accident. They came by work.
- **Thomas A. Edison**

Fortune may find a pot.
But your own industry must make it boil
- **Gay**

Appendix –1 A
Entrepreneurial Readiness Questionnaire

Statements about the respondent	Responses				
	Agree Completely	Mostly Agree	Partially Agree	Mostly Disagree	Disagree completely
1. I am generally optimistic.					
2. I enjoy competing and doing things better than somebody else.					
3. When solving a problem, I try to arrive at the best solution first without worry about other possibilities.					
4. I enjoy associating with co-workers after working hours.					
5. If betting on horse race I would prefer to take a chance on a high-payoff "long short"					
6. I like setting my own goals and working hard to achieve them.					
7. I am generally casual and easy-going with others.					
8. I like to know what is going on and take action to find out.					
9. I work best when someone else is guiding me along the way.					
10. When I am right I can convince others.					
11. I find that other people frequently waste my valuable time.					
12. I enjoy watching football, baseball, and similar sports events.					
13. I tend to communicate about myself very openly with other people.					
14. I don't mind following orders from superiors who have legitimate authority					
15. I enjoy planning things more than actually carrying out the plans.					
16. I don't think it's much fun to bet on a "sure thing"					
17. If faced with failure, I would shift quickly to something else rather than sticking to my guns.					
18. Part of being successful in business is reserving adequate time for family.					
19. Once I have earned something I feel that keeping it secure is important.					
20. Making a lot of money is largely a matter of getting the right breaks					

Statements about the respondent	Agree Completely	Mostly Agree	Partially Agree	Mostly Disagree	Disagree completely
21. Problem solving is usually more effective when a number of alternatives are considered					
22. I enjoy impressing others with the things I can do.					
23. I enjoy playing games like tennis and handball with someone who is slightly better than I am.					
24. Sometimes moral ethics must be bent a little in business dealings.					
25. I think the good friends would make the best subordinates in an organization.					

Scoring: Give yourself one point for each 1 or 2 response you circled for questions 1,2,6,8,10,11,16,17,21,22,23.
Give yourself one point for each 4 or 5 response you circled for questions
3,4,5,7,9,12,13,14,15,18,19,20,24,25.
Add your points and see how you are in the categories below:
21---- 25 = Your entrepreneurial potential looks great if you have a suitable opportunity to use it. What are you waiting for?
16---- 20 = This close to high entrepreneurial range. You could be quite successful if your other talents and resources are right.
11---- 15 = Your score is in the transitional range. With some serious work you can probably develop the outlook you need for running your own business.
6------ 10 = Things look pretty doubtful for you as an entrepreneur. It would take considerable rearranging of your life philosophy and behavior to make it.
0----- 5 = Let's face it. Entrepreneurship is not really for you. Still, learning what it's all about won't hurt anything

Appendix - B
Assessment of Entrepreneurial Potential

Assess your entrepreneurial potential:

	Yes	No
1. Are you self-starter?	----	----
2. Do you have a positive, friendly interest in others?	----	----
3. Are you a leader (do you inspire confidence and loyalty)?	----	----
4. Can you handle responsibility (do you enjoy taking charge)?	----	----
5. Are you a good organizer?	----	----
6. Are you prepared to put in long hours?	----	----
7. Do your make mind quickly?	----	----
8. Can people rely on you?	----	----
9. Can you withstand setbacks without quitting?	----	----
10. Can you adapt to changing situations?	----	----

Source: S Norman Feingold and Leonard G. Periman, "A Quiz for Would-Be Entrepreneurs," Nation's Business, March 1986. pp. 26-27.