

CHARACTERISTICS OF AN ENTREPRENEUR

The important characteristics needed for a successful entrepreneur are the following :

(1) Willingness to work hard

Willingness to work hard is a distinguishing characteristic of a successful entrepreneur. His tireless, tedious and laborious work enables him to revive his business, even at the face of peril.

(2) Desire for high achievement

An entrepreneur must have a strong desire to achieve high goals in business. This high achievement motive provides him sufficient strength to overcome obstacles and anxieties, repair misfortunes, devise remedial actions and to run the business successfully.

(3) Stubborn optimism

A successful entrepreneur does not get worried by the problems faced by him. He is optimistic that situation tend to become favourable to his business in the near future. Problems do not dishearten him.

(4) Independence

A successful entrepreneur does not like to be guided by others. He strictly adheres to his own routine. He likes to be independent in all matters regarding his business.

(5) Clear foresight

An entrepreneur must have a clear foresight on the future environment of his business. In other words, he must have the ability to visualise the likely changes that may take place in the market, consumer attitude, technological development and also to take timely actions accordingly.

(6) Organising capacity

A successful entrepreneur must have the ability to organise all production resources like men, materials and money and to channelize them in such a way as to set up the enterprise and develop it to a successful venture.

(7) Innovative skill

Production is essentially consumer oriented. So, in view of the changing taste and attitude of the customers from time to time, an entrepreneur must initiate research and innovations to produce goods in such a way as to satisfy the changing needs of the customers. The research institutes/centres established by Tata, Birla, Kirloskar, etc. are examples of the innovative skill exhibited by the successful entrepreneurs in our country.

(8) Self confidence

Entrepreneurs should have confidence in their abilities to make strategic and day-to-day decisions relating to their business.

(m) **Instigated Entrepreneurs** : Instigated entrepreneur as those who are compelled to become entrepreneurs due to the pressure exerted on them by circumstances. For example, traditional money lenders are compelled to continue money lending business due to the severity of government policies and the slow growth of banking. In addition to this, the problem of severe unemployment also instigates young men in our country to earn their livelihood by trying their luck at the business field.

QUALITIES OF A SUCCESSFUL ENTREPRENEUR

The main qualities needed for a successful entrepreneur are the following :

(1) Capacity to assume risk

An entrepreneur must have sufficient self confidence to assume risk. He should be able to shift investments in search of larger profits. He should be patient enough to tie up his capital and wait for good returns. Since he has to guarantee wages to his employees, interest to his creditors and rent to his land lords, he should be willing to assume risk. Risks and rewards are mutually complementary. The greater is the risk, the greater will be the reward.

(2) Technical knowledge and willingness to adopt changes

Economic growth of a country is accelerated by technological advancements. The process of development all over the world is speeded up by inventions and innovations. So the primary goal of the entrepreneurs in developing countries should be a constant search for new technologies and their timely application. Technical knowledge means the ability to devise and use new and better methods of producing and marketing goods and services. A good entrepreneur should concentrate in changing the pattern of production in such a way as to suit changing tastes of the customers.

(3) Ability to mobilise resources

Scarcity of resources is an inherent draw back experienced by developing countries. So an entrepreneur in such a country should be able to mobilise necessary resources in the best possible manner and utilise them most economically for achieving his business objectives. He should be able to minimise the cost of production without affecting the quality of the product or service. To materialise this, an entrepreneur needs the ability to take sound judgement and to make accurate forecasting.

(4) Ability to organise and administer

A successful entrepreneur is one who has the ability to organise and administer a business organisation successfully. He should select the right persons and wisely delegate authority in order to multiply himself. He should select, train and develop persons who can manage and control the labour force. He should try to motivate his employees in order to accomplish the objectives of the enterprise a successful

entrepreneur should be able to inspire the loyalty of his employees, extract hard work from them and thus to raise their productivity and efficiency.

(5) Mental ability

He should have good intelligence and ability to analyse business situations.

(6) Clear-cut objectives

An entrepreneur should have clear cut objectives about the nature of business, type of products, markets, profit etc.

(7) Capacity to Guard Business Secrets

Secrecy is one of the important aspects of a successful business. A good entrepreneur should have the capacity to guard business secrets. The business secrets should not be disclosed to any one.

(8) Capacity to interact with people

One of the most important characteristics of an entrepreneur is his capacity to interact with people. He should have sufficient maturity and be tactful in dealing with, suppliers, customers and those who deal with his business.

(9) Effective communication

A good entrepreneur should be able to communicate his ideas, message and information effectively to others.

(10) Self-confidence

Only one with self confidence and who is courageous enough to take risk can succeed as an entrepreneur.

(11) Motivator

As leader of the business unit, he should be able to motivate the members to achieve the business goals.

(12) Decision-maker

An entrepreneur should have the capacity to analyse the various aspects of the business and in arriving at a decision.

(13) Watching for opportunities

An entrepreneur is like a watch dog. He looks for favourable business opportunity and takes necessary action accordingly.

(14) Persistence

An entrepreneur should have clear cut objectives. In attaining these objectives some obstacles may come across. A successful entrepreneur is one who takes extreme efforts to get rid of the obstacles coming in the way of attaining the ultimate goal.

(15) Quality conscious

An entrepreneur always puts effort to excel better than the existing standards of performance.

(16) Efficient monitoring

An entrepreneur supervises the work to ensure that the work is accomplished according to the standards set forth.

(17) Concern for employees

An entrepreneur has to consider the well being of the employees. He should take proper measures to improve the welfare of the employees working in his enterprise.

ENTREPRENEURIAL FUNCTIONS

An entrepreneur has to perform multifarious activities for achieving his business objectives. The following are the important functions to be performed by the entrepreneur.

(1) Planning the project

Planning is the first step in the direction of setting up of an enterprise. The entrepreneur has to prepare a blue-print of the proposed project. This blue-print is submitted to the authorities concerned for obtaining the legal sanction for the venture.

(2) Innovation

The basic function of an entrepreneur is innovation. Innovation may be doing new things or doing an existing deed in a new manner. The transformation of creative ideas into useful applications by combining resources in new or unusual ways to provide value to society for new or improved products, technology or services is known as innovation. It may involve the introduction of new products, the creation of new markets, the application of new production process, the finding out of new and better raw materials or the discovery of new and better forms of organisation. Innovation is different from research or invention. While research aims in expanding knowledge, invention aims at applying the knowledge derived from research. Innovation leads to research and invention.

(3) Risk-taking

Risk is inborn to business. The success of entrepreneurship depends greatly on the ability of the entrepreneur to minimise risk. 'Risk-taking' may be explained as the willingness to face losses which may arise due to unforeseen uncertainties.

The entrepreneur shall have the awareness that financial uncertainty always eclipse his actions when he attempts to innovate, he must always be on the look out of unexpected and uncertain risk and he must always be equipped to minimise the risk he is forced to face. As far as possible he should try to proceed according to his planning.

(4) Organising and Management

Organising and management are the most important entrepreneurial functions. 'organising' means together of various factors of production. The organising function should be performed in

such a way as to minimise losses and to reduce the cost of production to the possible extent. At the time of organising an enterprise, the entrepreneur who acts as the promoter shall have to take all the decisions by himself. When the enterprise faces its growth phase after its incorporation, the entrepreneur delegates several of his authorities to his subordinates.

ROLE OF ENTREPRENEURS IN ECONOMIC DEVELOPMENT

The growth and development of any country depend on industrial development. Industrial development in turn depends on the availability and quality of dynamic entrepreneurs.

The economic history of advanced countries supports the fact that economic development is an outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by the entrepreneurs in the economic development of the advanced countries has made the people of under developed and developing countries conscious of the importance of entrepreneurship for economic development. Now they have begun to realise that for achieving the goal of economic development, it is necessary to develop entrepreneurial mentality among people. It is now a widely accepted fact that active and enthusiastic entrepreneurs only can explore the potentialities of the country's available resources such as labour, technology and capital. Since development does not occur spontaneously as a natural consequence, even if, the economic conditions in some sense 'favourable', a catalyst or a driving force is needed and entrepreneurial ability can perform this function very well. Due to this ability an entrepreneur perceives opportunities which other either overlook or ignore to care about.

FACTORS INFLUENCING ENTREPRENEURIAL GROWTH

The factors that influence the emergence of entrepreneurship in an economy may be classified into economic factors and non-economic factors.

Economic factors

(1) **Capital** : Capital is one of the factors that influence entrepreneurial growth. It is the resource that helps to mobilise other resources like men, materials and machines. Entrepreneurship in any society increases with the increase in the capital formation. Therefore, availability of sufficient capital leads to entrepreneurial development.

(2) **Labour** : Availability of cheap and skilled labour is an important factor that influences the emergence of entrepreneurship.

(3) **Raw-materials** : Availability of quality raw materials at reasonable rate is essential for the smooth running of an enterprise. Therefore, continuous availability of raw material leads to entrepreneurial development.

(4) **Market** : The size and composition of the market also influence entrepreneurship growth. For instance, monopoly of a particular product in a market becomes a more influential factor for entrepreneurship than a product which suffers hectic competition. The rate at which the market is expanding is the most significant market factor that govern entrepreneurial emergence and growth.

NON-ECONOMIC FACTORS

Social factors

(1) **Legitimacy of entrepreneurship** : A system of norms and values within a socio-cultural setting for the emergence of entrepreneurship can be referred to as a 'legitimacy of entrepreneurship'. In order to improve the legitimacy of entrepreneurship, there should be a change in the traditional values which oppose entrepreneurship.

(2) **Social mobility** : Social mobility within a social system is essential for entrepreneurship development. 'Social mobility' is a term which involves the degree of both social and geographical mobility.

(3) **Family background** : Family background is one of the factors influencing entrepreneurial growth. A family with entrepreneurial background will produce more entrepreneurs with initiative and dynamism.

(4) **Security** : Entrepreneurial security is considered as an important factor which influences entrepreneurship. The entrepreneurs should have a feeling of security that they will not lose their investments in the enterprise. They should also have a confidence that they will get a reasonable return on their investments.

PSYCHOLOGICAL FACTORS

The entrepreneurs should have high aspirations and they should try to achieve them. Entrepreneurs always look for achievement though they are risk bearing in nature. The achievement need not be in terms of profit alone. It may be for getting satisfaction as to doing something for development.

GOVERNMENT ACTIONS

The actions of the government can influence both economic factors and non-economic factors for entrepreneurship development. A Government which is interested in the economic development of the country can assist and promote entrepreneurship through its well formulated industrial policy. It can do this by creating basic facilities, utilities and services and also by providing encouraging incentives and concession to entrepreneurs. This, the supportive actions of the Government appear as the most conducive setting for entrepreneurial development.