## CHAPTER – II

### ROLE OF WOMEN ENTREPRENEURS IN ECONOMIC DEVELOPMENT

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CHAPTER – II

ROLE OF WOMEN ENTREPRENEURS IN ECONOMIC DEVELOPMENT

2.1 Economic Development and Entrepreneurship

Economic development is a multilateral and multidirectional movement. In fact, economic developmental potential remains a dormant asset, due to the undeveloped or underdeveloped economic man. Man is more crucial to development than any other economic factor. As such, when man plans to initiate change, economic development rolls on. Other factors are subsidiary, though quite necessary. Adequacy of other resources, without the necessary ‘human development will’ may not bring growth to the country. Resources to be developed may exist in plenty but if development-linked human minds are absent, hardly any economic development will take place. So the creation of the ‘development will’ is the key factor which initiates and brings about economic progress. Once such a will emerges, it is necessary to see that the regulatory policies are framed and implemented in an orderly manner to bring about the desired industrial growth.¹

Among the inputs such as capital, industrial resources, scientific research and human resources, that are crucial to industrial development, social scientists emphasize human resource as the most significant asset, indispensable for achieving rapid industrialization. While human skills include manufacturing, technical, supervisory, managerial, administrative and entrepreneurial competence, it is the entrepreneurial quality, which can be considered as the key ingredient for achieving economic growth. It often sets limit to the degree of industrial development and the speed with which economic growth can be achieved in a particular country or region.² Development and growth of entrepreneurship is directly related to the economic development of a particular region.
Jan Tinbergen has suggested five human qualities, which are conducive to economic development.

i) An interest in material wellbeing

ii) An interest in techniques and in innovation

iii) An ability to look ahead and a willingness to take risks

iv) Perseverance

v) An ability to collaborate with other people and to observe certain rules.

According to him the presence of these qualities in individuals helps a nation to achieve development at a more rapid pace.

It is only in the recent years that the role of entrepreneur has been considered of very great significance in shaping the industrial growth and economic development in both the developed and underdeveloped countries. In fact, the crucial role displayed by the entrepreneurs in the development of western countries has made the people of underdeveloped countries too conscious about the significance of entrepreneurship for economic development. People have begun to realise that for achieving the goal of economic development, it is necessary to increase entrepreneurship both quantitatively and qualitatively in the country. It is the only active and enthusiastic entrepreneurs, who fully explore the potentialities of the country's available resources- labour, technology and capital. This is the reason why the significance of their role in economic development has been recognised by several economists in various ways.

Schumpeter considered introducing innovation as the most significant contribution of an entrepreneur in economic development. Parson and Smelser describe an entrepreneur as one of the two necessary conditions for economic development, the other being the increase input of capital. Harbinson considers entrepreneurs among the prime movers of innovation and Sayigh simply describes entrepreneurship as a necessary dynamic force.

Underdeveloped economies usually suffer from paucity of funds, lack of skilled labour and absence of minimum social and economic overheads. Market environment in such economies is less conducive to the emergencies of imitative entrepreneurs.
In the absence of industrial background and well-developed institutional support, entrepreneurs in such economies try to copy innovations introduced by innovative entrepreneurs in developed countries. Enterprising people possessing a high need for achievement in such areas would notice it as not being satisfied with the present status that they have in the society. They would, therefore, venture into some new type of enterprises, which are usually imitative in nature.

2.2 Meaning of Entrepreneurship

Entrepreneurship is the propensity of the mind to take calculated risks with confidence to achieve a pre-determined business or industrial objective. In substance, it is the risk-taking ability of the individual, broadly coupled with correct decision-making. The capacity to take risks independently and individually with a view to making profits and seizing an opportunity to make more earnings in the market-oriented economy is one of the dominant characteristics of modern entrepreneurship. An enterprise, ready for the pursuit of business and responsive to profit by way of producing and/or marketing goods and commodities to meet the expanding and diversifying actual and potential needs and demands of the customers is what constitutes the entrepreneurial stuff.

In the words of A.H.Cole entrepreneurship is the purposeful activity of an individual or a group of associated individual undertaken to initiate, maintain or organise a profit-oriented business unit for the production or distribution of economic goods and services.

Higgins had defined entrepreneurship as "the function of seeing investment and production opportunity, organising an enterprise to undertake a new production process, raising capital, hiring labour, arranging for the supply of raw materials and selecting top managers for the day-to day operation of the enterprise."

Thus one may simply define the term entrepreneurship as the process of innovating, taking the decision, assuming the risk, bearing the uncertainty and making the enterprise a success.
2.3 Theories of Entrepreneurship

In order to understand entrepreneurship and the relationship among variables that govern the emergence of dynamic entrepreneurs, considerable research has been undertaken and theories have been propounded on what promotes entrepreneurship. Social scientists, particularly, psychologists sociologists and economists have advocated theories of entrepreneurial supply. Kilby has broadly classified theories of entrepreneurial supply into psychological and sociological theories, even though the theorists who propounded the theories may have been economists.

a) Psychological theories: The theorists who have emphasized the contribution of psychological factors to entrepreneurship are Schumpeter (1934), McClelland (1961,1969), Hagen (1962), and Kunkel (1963).

b) Sociological theories: The theorists who have stressed on the contributions of sociological variables to entrepreneurship are: Weber (1930,1960), Cochran (1965), and Young (1971).

Schumpeter

Joseph A. Schumpeter, for the first time, put the human agent at the centre of the process of economic development and assigned a critical role to entrepreneurship in his theory of economic development. He considered economic development as a discrete technological change. The process of development can be generalized by four different types of events.

1. It can be the outcome of the introduction of a new product in the market.
2. It can be the result of a new production technology.
3. It may arise on account of a new market.
4. It may be due to the new organisation of any industry.

According to Schumpeter development is not an automatic or spontaneous process, but it must be deliberately and actively promoted by some agency within the system. Schumpeter called the agent who initiates the above changes as an ‘entrepreneur’.

An entrepreneur is a creator, innovator, a catalyst of change, continuously interacting with the environment. The Schumpeterian entrepreneurs are economic leaders
motivated by a will to power, having an inherent capacity to select the correct answer, energy, will and a capacity to withstand social oppositions.

The entrepreneur is an economic man who will try to maximize his profits by innovations. The Schumpeterian entrepreneur is an innovator when he introduces new goals, a new method of production, a new market, a new source of raw material or a combination of the factors of production.

1) David C. McClelland

McClelland\(^9\) concerned himself with economic growth and the factors that influences it. He wanted to find the internal factors ‘i.e. human values and motives that lead man to exploit opportunities, to take advantage of favorable trade conditions.’ McClelland identified three types of basic motivating needs. He classified these as need for power, need for affiliation and need for achievement. His studies reveal that the need for achievement is a distinct human motive that can be distinguished from other needs.

Achievement motivation is a major contributory factor for entrepreneurship. A society constituting individuals with a high level of need for achievement would come up as entrepreneurs. Entrepreneurship involves task accomplishment that embodies a reasonable a challenge to the individuals' competence.

‘Need for Achievement’ is simply the desire to do well not so much for the sake of social recognition or prestige, but for the sake of an inner feeling of personal accomplishment. It is this motive of need for achievement that guides the action of entrepreneurs. ‘People with a high need for achievement behave in an entrepreneurial way.’ McClelland identified two characteristics of entrepreneurship. Firstly, ‘doing things in a new and better way.’ Secondly, ‘decision making under uncertainty’.

McClelland\(^10\) more explicitly, emphasized the need for achievement or achievement orientation as the most directly relevant factor for explaining economic behaviour. This motive is defined as the tendency to strive for success in situations involving an evaluation of one’s performance in relation to some standard of excellence.
2) Everett E Hagen
The theory presents a general role model of society, which considers interrelationship among physical environments, social structure, personality and culture. Everett E Hagen\(^{11}\) supports the idea that economic growth occurs interwoven with political and social change. He also rejects the notion that the solution to economic underdevelopment lies in imitating western technology. This is so because technology is a part of the whole social, cultural complex and transplantation of it into a different socio-cultural set up may not deliver the goods. It is the social group which experienced withdrawal of status respects that turns to a rigorous entrepreneurial activity. They are ‘a group of individuals, creative, alienated from traditional values who are driven by a gnawing burning drive to prove themselves (to themselves as well as to their fellows) seeking an area in which to do, preferably an area in which they can gain power’. He identifies ‘creative innovation’ or ‘change’ as the fundamental characteristic of economic growth.

Hagen’s view of economic development is seen almost exclusively as a process of technological change, which is brought about by the technological realm and driven by a duty to achieve.

4) Kunkel
Kunkel\(^{12}\) put forth a theory of entrepreneurial supply. He elaborated a behaviouristic model of entrepreneurship. Individuals perform various activities of which some are accepted by society while others are not. The accepted activities are rewarded. The rewards act as a reinforcing stimulus increasing the probability of repeating that behaviour pattern. This pattern of social behaviour is entrepreneurial behaviour.

1) Max Weber
Max Weber\(^{13}\) explained the steadfastness of the Western entrepreneur in terms of the Calvinist ethic, which embodies the preaching that an individual should work not only for lordly ends but also because of business success.
According to Weber this belief provided the psychological foundation for the emergence of a large class of entrepreneurs. Weber's theory was subjected to a lot of criticism.

It is only a force like religion or ideology which makes people put in their best and that immensely contributes to the development. The argument that profits alone cannot induce a person to put into his work immense effort and concentration, unless strengthened by a belief that his work serves a wider purpose is convincing and Calvinism did create such a belief.

Beside the motivation, social approval of entrepreneurial activity plays an important part. Where social standing depends on success in one's occupation, a man has a very strong incentive to devote all his energies to his occupation, particularly if success is measured in terms of income.

6) Thomas Cochran
The theory of Cochran is a sociological theory of entrepreneurial supply. Starting with the premise that fundamental problems of economic development are non-economic, he emphasizes cultural values, role expectations, and social sanctions as the key elements that determine the supply of entrepreneurs. Thus the individual's performance as entrepreneurs will be influenced by his own attitude towards his occupation, the role expectations held by sanctioning groups and the operational requirement of the job. The former two elements will be influenced by change over time in such exogenous variables as population technology, consumer demand or merely 'Cumulative institutional drift'.

7) Frank W. Young
Frank W. Young theory of supply of entrepreneurship was a group theory. Young's theory is solely concerned with intergroup relations. It is a theory of change based on society's incorporation of reactive subgroups. In Young's scheme a group will become reactive, when two conditions coincide: (i) a group is experiencing low status recognition and denial of access to important social networks, and (ii) it possesses a greater range of institutional resources than other groups in society at the same
system-level. He looks at the entrepreneurship as an organizational phenomenon, i.e. a co-ordination of individual efforts and not simply the operation of parallel psychological tendencies.

For economic spurts, according to Young, instead of looking at individuals, one must find clusters, ethnic communities, occupational groups or politically oriented factors (groups). Young maintains that entrepreneurial activity is generated by the particular family backgrounds, experiences as a member of certain kinds of groups and as a reflection of general cultural values. Not all of these will qualify as entrepreneurial groups, for to do so, they must show a certain reactivateness or solidarity.

8) Fredrick Harbinson
Fredrick Harbinson \(^{16}\) states that the ‘organisation building’ ability is the most critical skill needed for the development. According to him entrepreneurship means the skill to build an organisation. Unlike Schumpeter, Harbinson’s entrepreneur is not an innovator but an ‘organisation builder’ who harnesses the new ideas of different innovators to the rest of the organisations. Entrepreneurs need not necessarily be the men with the idea or men who try new combinations of resources. They simply may be good leaders and excellent managers. Harbinson spots the crux of the entrepreneurship in his ability to ‘multiply himself’ by effectively delegating responsibilities to others.

Harbinson’s definition of entrepreneurship lays more stress on the managerial skills and creativity so far as the organisation is concerned. He emphasises on the organisations building ability.

2.4 Indicators of Entrepreneurship

I Conceptual Model
Entrepreneurship is a function of several factors. At least four sets of factors which mainly influence it could be identified. In the first place, entrepreneurship is generated in a society by individuals who for some reasons, initiate, establish, maintain and expand new enterprises. The socio-cultural traditions constitute the second factor. It has been observed that entrepreneurs grow in the tradition of their families and the
society, and internalize certain values and norms from these sources. In addition to these two indirectly influencing factors, two other aspects directly influence entrepreneurship. The socio-political and economic policies of the government and other financial institutions; and the opportunities available in a society as a result of such policies, may be considered the factors that play a crucial role in exerting direct influence on entrepreneurship. The other directly influencing factor is the effective functioning of the support system, which would include financial and commercial institutions, research, training extension and consultancy services.\(^{17}\)

**Diagram 2.1 Interaction of the Factors That Influence Entrepreneurship**

![Diagram 2.1 Interaction of the Factors That Influence Entrepreneurship](image)

Diagram 2.1 shows the interaction of the factors that influence entrepreneurship. While the individual, the environment and the support systems directly influence entrepreneurship, socio-cultural milieu influences it indirectly. Each set of these factors has been discussed in some detail in the following paragraphs.

**A The Individual**
The individual constitutes the most important element in entrepreneurship. The entrepreneur as an individual takes the decision either to start or not to start an enterprise. It is necessary, therefore to understand the various factors that influence the individual. The three main factors which influence the behaviour of the individual are his/her motivational factors, factors concerning various skills that the entrepreneur possesses and the factors relating to his/her knowledge of several relevant aspects that are likely to contribute to the success of the entrepreneurial roles.

1) Motivational Factors
Motivational factors may be considered crucial to entrepreneurship. The inner urge of the individual to do something new and unique in a particular field has been found to be an important factor. The motivational factor in itself has three major elements: entrepreneurial motivation, personal efficacy and stress management.

i) Entrepreneurial Motivation: The most important motivation on which extensive work has been done by McClelland, his associates and some others McClelland and Winter 18, Hauckhausen, 19, Levine, 20 is achievement motivation.

Achievement motivation can better be termed as efficiency motivation. This concern for efficiency reflects through competition with others or with one’s own standards of performance, and the urge to do something unique or to make the maximum utilisation of resources around.

ii) Personal Efficacy: This is related to entrepreneurial motivation. It implies a sense of being effective and having control over the situation.

iii) Stress Management: While the success of the individual as an entrepreneur partly depends on her motivation and efficacy, the process itself generates several stresses. The enterprise increasingly demands more attention, time and energy, eventually the entrepreneur may experience stress in relation to the family. She has to be sensitive to outside forces like the market. She is, thus, both ‘inner directed’ as well as ‘other directed’. Such a duality of demand on her role may produce stress. The conflict between her urge to think of new and large challenges and the need to pay greater attention to minor details of her existing enterprise is also, likely to produce stress.
One individual may be able to effectively cope with such stress while another may be overwhelmed by them and may tend to adopt coping strategies that may not be functional.

2) Skills: To be successful, an entrepreneur needs several kinds of skills. They constitute an important contributing factor to be entrepreneurship. The following three sets of skills may be considered as crucial.

i) **Project Development**: An entrepreneur, in order to be effective should know how to conceive the project, the stages through which she should go to establish it, the information that she may have to collect, the factors that she may have to consider in taking the investment decisions and so on.

ii) **Enterprise Management**: Once an enterprise is established, its proper management, which is crucial to its survival and growth, has to be ensured. Managerial skills relate to business functions of accounting and financial control, marketing, product planning and inventory control and managing the people who work in the enterprise.

iii) **Knowledge**: The entrepreneur needs to have knowledge about several areas of activity relevant to her domain of enterprise. Knowledge about environment, industry and technology are considered important in this sense.

**B Environment**

Knowledge about the economic and political environment, more particularly about the economic policies of the government, financial as well as commercial institutions, are crucially important for the entrepreneur. She may be required to be conversant with taxation policies regarding sales tax, income tax and excise duties, which could affect her area of operation.

The entrepreneur should know about the general availability of raw materials and labour in the region in which she intends to work. She should know what raw
materials are available where. She would have to be well informed about the infrastructure facilities, power, market etc. in the proposed place for her enterprise.

i) **Availability of Materials**: Easy availability of materials attracts more individuals towards entrepreneurship. Easy availability of any particular material in any area gives specific support to certain entrepreneurs to establish and develop industries related to the materials.

She should be conversant with help and assistance (financial, material as well as consultancy) available and their source. Familiarity with the schemes offered by banks and other financial institutions, besides the industries department, and about the efforts being made to help new entrepreneurs by voluntary agencies like small industries association and their like would be an added advantage.

ii) **Industry**: The entrepreneur makes a choice while setting up an enterprise. The choice can be more rewarding if there is a wide range of alternatives available to her. This is possible if the entrepreneur has adequate knowledge about the various alternate industries, and more detailed knowledge about the industry which she wants to set up. This knowledge would cover aspects like required investments, marketability of products, skills required for the enterprise, raw materials and other materials needed competitors in the field etc. She should also know about the manufacturing process, choice of products and about their commercial feasibility.

iii) **Technology**: Once an entrepreneur selects a particular industry, in-depth knowledge about the technological aspects of that industry would be of vital importance. She should know the details about the process of manufacturer and the various technologies available for the processes. She should also know about the costs and benefits of the respective technologies so as to help her in making an appropriate choice.

**C Socio-Cultural Factors**

Socio-cultural factors like family background and the norms and values of the immediate socio circle contribute substantially to entrepreneurial development. The
values and attitudes that an individual has, are functions of the socio-cultural milieu. The individual works under some pressure of the values inherited from her family. Behaviour which reflects inclination towards initiative and risks taking, dependence or independence (self reliance), working with one's own hands on tasks requiring manual handling etc. are a result of the socialization process in the family, school and society.

I) Normative Behaviour: The following aspects of normative behaviour are relevant for entrepreneurship.

i) Family Expectations and Pressures: The pressure of expectations from the family plays an important role in developing entrepreneurs. When the family expects an individual to undertake some independent work, to earn enough for the family to maintain their standard of living, to employ or involve other members of the family in business etc. the individual may respond by searching for ways to meet such expectations and pressures.

ii) Independence: The value attributed to independence is important for entrepreneurship. Instead of waiting for suggestions or directions from others an entrepreneur works out a plan on her own, searches and explores resources and experiences an inner urge to make to enterprise a success. This makes her self reliant and independent.

II) Socialization: The values supporting or influencing entrepreneurship are developed through the process of socialization. The family and other social institutions play a crucial role in training individuals to show certain behaviour pattern.

i) Independence: Training in independence has been found to contribute much towards the development of achievement motivation McClelland 1961. When a child is encouraged to do things on his/her own, and seek guidance and help only when needed, he/she is being trained for independence. Overprotection and over guidance in childhood or later in the work organisation lead to dependence.
ii) Initiative and Risk-taking: Training in taking initiative and risk is an important factor in promoting values, which are supportive to entrepreneurship. When failure of an individual gets severely punished, it is quite likely that she develops what is called 'fear of failure' motive or the motive to avoid all possibilities of failure. The best way to avoid possibilities of failure is not to take risks. Risk-taking behaviour on the contrary blossoms when an individual is encouraged and helped to set realistically challenging goals and to pursue them with perseverance.

D Support System

Possibility of the success of an entrepreneur generally gets enhanced by efficient and effective operation of the support systems. Several agencies and organisations operate to help and support the entrepreneur. A few of these are listed here:

a) Corporations specially set up to develop entrepreneurship and small industries in a region.

b) Financing institutions including banks.

c) Non-government organisations of small industries or entrepreneurs, consultants, private agencies doing research or providing services to entrepreneurs, training institutions etc.

d) Educational institutions working in the field of entrepreneurship like Institutes of Management, Universities, Engineering Colleges etc.

Entrepreneurs often have to interact with these support systems. The way these systems function may encourage or discourage them. They may reinforce one kind of behaviour. The style of working of these systems, therefore, is a crucial factor in promoting entrepreneurship.

2.5 Significance of Women Entrepreneurship in Economic Development

The world as it is today is by and large, a rapidly changing one, and the change is noticeable in a variety of directions. Socially, one of the most fundamental and remarkable changes brought about since India’s independence has been the
comparative emancipation of womankind – their emergence from the exclusive seclusion of the home into the activities of the world.

The emergence of women on the economic scene as entrepreneurs has been a significant development in the process of their emancipation and in their securing their deserved place in society. Women entrepreneurs are achieving nation-wide recognition and are making a valuable contribution to the national economy. The social changes that India has experienced over the last sixty years has affected practically its entire population. Among the middle class, urban, educated population these changes have affected women much more than men. The changed socio-economic conditions, particularly after independence, have increasingly widened opportunities for women's education and employment and have provided them with new avenues to express and assert their equality.

The ever-increasing importance of the role of women in the economy and the need for their fuller participation in the development process are now widely acknowledged. There is a steady increase in the number of entrepreneurial women, however the economic value of their contribution to the industrial development is as yet very limited.

The very fact that women are entering into hitherto unventured occupations and professions, even though their number is quite small provides enough evidence of a change in the social attitude in women. Today enterprising women are trying to constructively utilise their latent talents in their attempt to achieve a definite place in the prestigious occupational spheres, which had traditionally the premise of men. This definitely indicates a vital change in the perception of these women with regard to their own capacities and their own place and status in society. Howsoever small they may be numerically, but qualitatively they are of great importance and their role in enhancing and raising the status of women in society has been of vital significance.

Modern economic development is enormously dependent on the effective harnessing of human resources both manpower and womanpower. Human resources thus constitute a valuable national wealth. Any neglect, under-utilisation, non-utilisation of human resources is a callous waste of vital resources. It is thus essential to harness
womanpower if substantial economic advancement and development needs to be achieved. For harnessing womanpower, the professional, technical and physical skills of women have to be efficiently and economically utilised.

Educated women have all the more an important role to play in the economy of our nation. To quote Nixon “the full and equal participation of women is crucial to the strength of the country”. He also stated “Women must have full equality of opportunity and freedom of choice to pursue their careers, whether they be in the home or outside the home”.

Entrepreneurs are human agents needed to mobilise capital and add value to natural resources, produce goods and services, create employment and develop the means by which trade is carried on. However, ‘Women Entrepreneurship’ has yet to take deep roots in this country. Numerically, even though women are almost equal in numbers to men and participation-wise even though they have entered into all lines of activity, the number of women entrepreneurs is conspicuously low. In reality, increasing number of women are getting into the employment category and are competing in the employment market. The need, therefore, is to bring more and more women in the purview of entrepreneurship and more so in technology based industries. It will perhaps be more productive specifically if women are drawn into the small scale sector where the scales of operations have strong links with creativity, technology, flexibility of operation, independence and decision-making.

2.6 Contribution of Women Entrepreneurs in Economic Development

Out of the total of approximately 940.98 million people in India, in the 1990s females comprised 437.10 million representing 46.5 per cent of the total population. There were 126.48 million women in the workforce (representing 28.9 per cent of the female population), but as per the 1991 census, only 1,85,900 women accounting for only 4.5 per cent of the total self-employed persons in the country were recorded. Majority of women are engaged in the unorganized sectors like agriculture, agro-based industries, handlooms, and cottage-based industries. Participation of women as industrial entrepreneurs, however, is comparatively a recent phenomenon
commencing from the 70s onwards. There were more than 2,95,68 women entrepreneurs claiming 11.2 per cent of the total 2.64 million entrepreneurs in India during 1995-96. This is almost double the percentage of women (5.2%) among the total population of self-employed during 1981. Of this, majority were concentrated in low-paid, low-skilled, low-technology and low-productivity jobs in the rural and unorganized sector. 90% (79.4 million) women workers were in the rural areas as against only 10% (8.6 million) in urban areas. Only 2.5 million women workers were in the organized sector— a mere 12.4% of the total employed.22

During the Eighth Five Year Plan, the number of small scale industries were expected to rise from 1.7 million to 2.5 million, adding 0.8 million in the 5-year period or 1.60 lakh every year. A rough estimate showed that amongst the SSI entrepreneurs approximately 9% were women entrepreneurs. Their participation, however, is increasing. Considering the trend, women participation in another five years was 20% more, raising the number of women entrepreneurs to about 5,00,000. Therefore, one could aim at developing at least 3,50,000 women entrepreneurs during the Eighth Five-Year Plan through training and other development efforts. The present rate of 30% success in EDP training was likely to go up to 45% with growing experience and improved techniques of training and follow-up. Based on this assumption, in order to get 3.5 lakh women entrepreneurs it was necessary to train and support about 7.78 lakh entrepreneurs during the Eighth Five Year Plan.23

2.7 Entrepreneurial Characteristics

Research findings indicate that a variety of factors have promoted entrepreneurship in different societies.

1) Need for Achievement: In entrepreneurship the critical motive identified by McClelland is the need for achievement. Also called the “urge to improve” McClelland & Winter24 the motive carries with it various habits of thought and action which are essential for building enterprise and consequently, economic development.
Indian scholars Pareek and Nadkarni 1978, Patel 1975, Rao 1974, Mehta & Mehta 1974 have also established that achievement motivation is a critical factor for entrepreneurship.

The need to excel, known as achievement, is a critical factor in the personality of an entrepreneur. McClelland and McClelland and Winter have demonstrated that achievement motive is a critical factor of entrepreneurship. The study conducted by T.V.Rao 1974 for evaluating the effects of achievement motivation training has also shown that the contribution of achievement motivation is basic in helping people to become entrepreneurs. People with a high need for achievement have a desire for success in competition with others or with a self-imposed standard for excellence. They try to accomplish something new and try to involve themselves in long-term goals. They try to accomplish challenging tasks. They know their strengths and weaknesses; the facilitating factors and constraints in the environment and the resources needed to accomplish their tasks. Entrepreneurs, by and large, have been found to be people with a high drive, high activity level and goal-orientation.

2) Risk- Taking Propensity: Risk taking has long been the subject of study among economists in entrepreneurial research. Palmer argues that 'the entrepreneurial functions primarily involve risk measurement and risk-taking'.

Liles 1974 speculates that while becoming an entrepreneur an individual risks financial well being, career opportunities, family relations, and psychic well being. The personal financial obligation to an unsuccessful enterprise can result in major losses to the entrepreneur as an individual and can jeopardize his future standard of living. Liles suggests that the potential entrepreneur should analyse carefully the risks associated with his specific business proposal and then determine whether he is willing to undertake them.

Leibenstein 1986 sees in the entrepreneur “the ultimate uncertainty and – or-risk bearer.” In his study industries Stepanek identifies the entrepreneur-manager as willing to take risks: “He stands to lose not only his capital but reputation and prestige”.

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The moderate risk taking quality among entrepreneurs is apparent from the efforts that they make and the considerable amount of time that they spend in studying the market, the products, planning out their enterprise, working out minute details before setting up their enterprise and going into production as well, when introducing a new product.

According to Meredith, Nelson and Neck\textsuperscript{36} most entrepreneurial traits are interrelated. This is particularly so with risk—taking behaviour and some of the interrelations are the following: a) Risk-taking is related to creativity and innovation, and it is an essential part of turning ideas into reality. b) Risk-taking is related to self-confidence. The more confidence one has in one's own abilities, the greater confidence one will have in being able to affect the outcome of one's decisions and a greater willingness to take what others see as risks; and c) Realistic knowledge of one's own capabilities is also important. Such realism serves to restrict one's activities to situations in which one can affect the outcome.

3) Responsibility: A sense of individual responsibility is another characteristic associated with those who have a high need for achievement, implying that individualism is tolerable when one embraces both the credit for success and the blame for failure.

4) Need for Influencing Others: McClelland and Burnham\textsuperscript{37} found that an entrepreneur has a high need for influencing others and a high capacity to discipline one's own self. It means that the need for achievement is essential to establish an enterprise, but in order to be successful, as an entrepreneur one should have a high need to influence others. Once an entrepreneur builds his organisation, he would have to increasingly deal with people. Dealing with people effectively needs a drive which influences people, sells them ideas, and leads them to implement the ideas. In the process it helps the entrepreneur to establish, stabilize and expand the enterprise. Such a drive is called a need for power and influencing others.

5) Sense of Efficacy: Another dimension contributing to the success of entrepreneurship is the sense of self-effectiveness. According to Rao and Mehta\textsuperscript{38} they have clear goals for the future and tend to live fully involved in the present. Their
descriptions of themselves reflect self-confidence, a capacity for action-orientation and problem solving' and effecting persons.

6) Openness to Feedback and Learning from Experiences: McClelland\(^\text{39}\) 1961 emphasized feedback or learning from experiences and replanning on the basis of the feedback as an important attribute of an entrepreneur.

7) Independence Orientation: Need for independence and a sense of determination are the two chief characteristics that drive entrepreneurs to start their own business.

Studies conducted on entrepreneurs indicate that the need for independence is the prime characteristics that has driven them to start their own business. These entrepreneurs do not like to be controlled by others. They have original thoughts and ideas, and generally do not conform to routine jobs and practices. They set their own challenging goals and make efforts to achieve these goals. The independence provides an opportunity for trying out new ideas and helping them to achieve their life goals.

8) Decision-making: Meridith, Nelson and Neck\(^\text{40}\) state that to be entrepreneurial, one must be creative, especially when it comes to decision-making. It is this decision-making ability that is the distinguishing mark of an entrepreneur. Simon \(^\text{41}\) regards 'deciding' (or making a decision) and 'doing' (or implementing a decision) as integral parts of the administrative process, which he defines as 'the art of getting things done'.

Decision-making consists of the following steps: a) recognition of a situation that calls for a decision about what action should be taken; b) identification and development of alternative courses of action; c) evaluation of the alternatives; d) choice of one of the alternatives; and e) implementation of the selected course of action.

9) Leadership: Meridith, Nelson and Neck \(^\text{42}\) state that "successful entrepreneurs are successful leaders, whether they lead a few employees or a few hundred employees. By the very nature of their work, entrepreneurs are leaders because they must seek opportunities, initiate projects; gather the physical, financial and human resources
needed to carry out projects; set goals for themselves and others; and direct and guide others to accomplish goals.

10) Future Planning: Planning according to Peter Drucker is the “process of making present entrepreneurial decisions systematically and with the best possible knowledge of their futurity, organising systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized, systematic feedback.”

The planning process consists of eight elements, according to Drucker and these are: a) objectives of the plan; b) assumptions which are believed to be ‘real conditions’ in the external and internal universe of business; c) expectations of results; d) alternative courses of action; e) the decision itself; f) structure of decisions; g) impact stage; and h) results.

Planning brings purpose and a sense of order to one’s actions as an entrepreneur.

11) Time Management: Successful entrepreneurs use time effectively. Hisrich and Peters suggests that the basic principles of effective time management is to do the things right in other words, prioritization of activities. An entrepreneur necessarily establishes priorities consciously or by default. Effective time management implies investing time to decide what one wants out of life, including what one wants out of the venture created. This definition assumes that entrepreneurs know what they want out of life-goal oriented action. It implies that entrepreneurs have focussed values about venture, work, family, social activities, possession and themselves.

12) Ambitions and Competitiveness: People with high a need for achievement or entrepreneurs who are ambitious and competitive because of what they are interested in is something that will give them achievement satisfaction. All entrepreneurs may not compete with others in their business, but their competition is against the goals set for themselves.

13) Self-confidence: A man with relevant knowledge, skills and information and having successful experiences in the past possesses a greater degree of self-
confidence. A person attempting simple to complex tasks and utilizing feedback for corrective measures has greater chances of success, and in the process, may build his self-confidence. A man with self-confidence generally has clear thoughts and well-defined goals to achieve in life.

14) Need for Power: High need for achievement leads one into launching an enterprise, however the need, need not necessarily be adequate enough to contribute to its success. Once an entrepreneur starts his enterprise and wants to manage it successfully, he also needs to influence and lead others. Dealing with people effectively needs a drive which influences people, a drive which sells ideas and lead them to the process of establishing and expanding the organisation. Such a drive to influence people and to lead them to implementing their ideas may be called the need for power.

15) Creativity: Entrepreneurs are highly creative people. They always try to develop new products, processes or markets. They are innovative, flexible and are willing to adapt to a change. They are not satisfied with conventional and routine methods of doing things. They involve themselves in thinking and finding new ways of doing things in a better way. Their thinking is divergent and they are on a look out for new scientific theories and knowledge to improve products and processes.

16) Foresight: An entrepreneur a visionary in his own right. He is able to perceive the opportunities in the environment, which other people are unable to see. He is future oriented. Knowing the present and the past, he is able to predict the future events about the business more accurately than other people. He is able to anticipate problems that his business is likely to face and keeps himself prepared for these events.
References


22. Desai, Vasant, *op. cit.*, p 123


29. McClelland, D. C., *op. cit.*


44. Drucker, P. F., *op. cit.*