CHAPTER I

Introduction
INTRODUCTION

Enterprises and entrepreneurship are the sine-qua-non for industrial growth in any country. It is all the more so in the developing world where there are ample opportunities for innovations to exploit the available resources and initiate entrepreneurial ventures. Hence, all developing nations address themselves to various aspects of development of entrepreneurship.

A better understanding of entrepreneurship in the less developed countries could have a particularly high return for mankind. Entrepreneurship is clearly not a uniformly distributed quality, yet the appearance of the entrepreneurship is considered by most analysts to be non-random. If we could identify the origins of the qualities of entrepreneurship, we might be able to develop educational methods to upgrade the entrepreneurial skills and achievements of political change agents.

It is now being increasingly recognised that entrepreneurship and management are essentially similar - though they look at business from two slightly different perspectives. Entrepreneurship involves, in addition, a dimension of ownership which may not always be present in management (though in many cases managers are beginning to be offered options making them shareholders of the enterprise). In any case, many of the attributes of good
management are similar to those of a successful entrepreneur. In fact, according to Peter Drucker, the well known Management 'Guru', management is the tool that is making the American economy entrepreneurial.

Entrepreneurs are those who perceive an opportunity where others see none or view it only as a problem; they are also 'risk-takers' but not gamblers - the risks they take are calculated ones, for a likely win. It is their ability to forge ahead with a single-minded devotion to their 'pet project' or dream which distinguishes entrepreneurs and leads them to success. Entrepreneurs see change as normal and healthy; they are sensitive to change, respond to it and ride on it to success. Whereas large business grows out of corporate strengths (though based on individual abilities), small (and medium) business is almost entirely dependent on the vision of one or two individuals. It is the entrepreneur that makes (or mars) a small business; banks and state agencies charged with promoting small business will do well to remember that, in the ultimate analyses, it is not the viability of the project that is important but motivation of the entrepreneur to succeed.

But mere motivation is not enough: the practice of entrepreneurship (like all business) is marked by numerous obstacles - both inherent and man-made. Small business is a
field where Murphy's Law (if anything can go wrong, it will) seems to operate without fail. It may be argued that far too much attention is paid by developmental agencies to the 'start-up' phase of a venture and too little to the operational stage till the unit attains a break-even-point - the 'first thousand days' seem to be as critical in small business as in new administration. It implies therefore that entrepreneurs must look for 'survival' in first two years rather than make grandiose plans to 'build for the future'.

Entrepreneurs are not widely spread out, both geographically and amongst all segments of the population - particularly those who are today under-privileged. One of the disquieting facts of the growth of entrepreneurship in India during the last two decades is that it has been confined largely to metropolitan areas in and around Delhi, Bombay, Calcutta, Madras, Hyderabad, Bangalore, Pune, Kanpur and Ludhiana. The vast hinterland of rural and semi-urban India is yet to feel the impact of the new entrepreneurs. Dr Mali has given a picture of the problems for doing so in the North-East - that untapped virgin territory which with its tremendous resources and human potential may prove to the country what the 'wild west' did to the USA. How does one convey the entrepreneurial message to these areas so that the growth is not localised in the big cities but spreads uniformly all over the country?
Similarly, the importance of women to be developed as small business entrepreneurs, both for the addition to the family income and to improve their economic status, can’t be over-emphasised. Women, it is said, make better managers (and better entrepreneurs) than men; they pay greater attention to the details and manage money better. While women control as much as a quarter of all small business in the USA and a third in Canada, their share in India is pitifully low. Even in Kerala, which has a high female literacy rate (60 per cent), the growth of entrepreneurs is still little as seen from a survey by Dr Pillai and Anna V. In Gujarat, the Centre for Economic Development, has trained more than 800 women, of which 40 per cent have set up units of their own in diverse fields such as chemicals, pharmaceuticals, electronics, textiles, food-based industries, and so on. The productive ability of the better half of society can be harnessed for a wider social benefit if adequate attention is paid to the development of women entrepreneurs.

A point worth stressing is that entrepreneurship is not an individualistic effort; it also implies a collective activity where a group works together in harmony for a common purpose. While invention is often the result of an individual, business can rarely succeed unless it is able to weave together diverse skills in a common endeavour. If the so-called 'Japanese Miracle' has any lesson for India,
it is that society can progress only when it commands the willing cooperation of all its members. There can be no 'islands of affluence' in a 'sea of misery'. The true entrepreneur is now seen as one that succeeds not merely for himself but for the welfare of all in the spirit of 'sarvodaya' as propounded by Gandhiji.

However, this will depend on the evolution of an entrepreneurial society which regards such activities as worthwhile and deserving society's support. Nor is entrepreneurship a matter for business or industry; its impact is a wide ranging one and can be felt in all segments of our national life. According to Newalkar, the doyen of the country's advocates for such a society, our concepts of entrepreneurship should be broad based; "only a genuine entrepreneurial culture", he says, "would help the society to prosper".

The Concept of Entrepreneur

Entrepreneur is described as a person who assembles the various means of production, and by mobilising them, renders them operative and useful. He is a promoter or initiator of production. The derivation is from French entre, between, prendre, to take.
organisation. One group of scholars would restrict the term to strategic or innovating decisions, and an overlapping group would apply it only to business organisations. The basis for these differences can be understood from the history of the concept.

The word entrepreneur appeared in the French language long before there was any general concept of entrepreneurial function. By the early sixteenth century, men engaged in leading military expeditions were referred to as entrepreneurs. From this usage, it was easy to move to applying entrepreneur to other types of adventures. After about 1700, entrepreneur was frequently applied by the French to government road, bridge, harbour, and fortification contractors and, somewhat later, to architects. Seeing such activities as entrepreneurial function, the mid-eighteenth French writer Bernard F. Belidor further defined it as buying labour and materials at uncertain prices and selling the resultant product at a contracted price.

The term entrepreneur was used by Richard Cantillon in his *Essai sur la nature du commerce en général* (1755) to designate those dealers who 'buy the wares of the country ... give for them a fixed price to sell them again wholesale and retail at an uncertain price'. The essence of the
function of the entrepreneur was to bear uncertainty. It is obvious that there is no contradiction between Belidor and Cantillon in theory, but merely in the type of examples chosen. Except for princes, land owners, and salaried workers, Cantillon regarded everyone engaged in economic activity as an entrepreneur.

The distinguishing characteristic of the entrepreneur was thus the bearing of uncertainty. Among French writers, the distinction between the capitalist, or passive investor, and the entrepreneur was common, together with the parallel distinction between interest and profit. But among English economists down to J.S. Mill, the distinction was absent, the single term capitalist and the single income category of profit being used. The new attention, towards the end of the nineteenth century, to the special function of the entrepreneur and to profit as distinct from interest on loan funds must be largely attributed to the influence of Francis A. Walker. J.B. Clark and less explicitly Marshall are the foremost among recent economists to lay special stress on the unique importance of this function.

There remains, however, no agreement as to the essence and the frontiers of this function. Among many writers the work of co-ordination or management has been stressed. The entrepreneur has been identified with the captain of industry, ordering and marshalling the company under his control. Profit has been defined as the wages of management.
or the gross earnings of management, and a distinction was drawn between profit and interest parallel to that between the shares of the active and of the sleeping partners in a business. *Marshall* described "the supply of business power in command of capital .... as consisting of three elements, the supply of the capital, the supply of the business power to manage it, and the supply of the organisation by which the two are brought together and made effective for production" (*Principles, 8th ed.*).

Other writers, however, following Cantillon, have stressed the facing of uncertainty as a unique function qualitatively different from other economic functions and have represented this as the essential mark of entrepreneur. In so far as the uncertainty as to the future is an integral feature of economic change the bearing of uncertainty must necessarily be identified with the making of the ruling decisions in the economic system. Hence the entrepreneur is in a very special sense the key factor in the economic system. This conception has been carried farthest by *Knight*, who has pointed out that the significant feature of economic change is precisely the incalculability of the result of economic activity. The entrepreneur in taking the ruling decisions is the person who gains or loses according as the actual outcome of events exceeds or falls short of the anticipated outcome. According to *Knight*, "with
uncertainty absent, man's energies are devoted altogether to doing things; ... in a world so built that perfect knowledge is theoretically possible, it seems likely that all organic readjustments would become mechanical, all organisms automatic. With uncertainty present, doing things, the actual execution of activity, becomes in a real sense a secondary part of life. The primary problem or function is deciding what to do and how to do it.

This difficulty of definition is more complex than would appear at first sight, and the confusion which exists in economic literature on the subject seems rooted in a formal difficulty rather than a practical one; that is, in a question of logic rather than in any inability to decide what the business man actually does. It is most conspicuously in the theory of entrepreneur and of profits that contradiction seems to arise from the common failure to realise whether one is solving a logical problem or pursuing a purely empirical enquiry. Economic theory in its classic forms has essentially been a theory of equilibrium concerned with the pricing of a collection of commodities and services, the unknown of the problem being determined by the requisite number of known contestants in the situation. It is clear that in such a problem, uncertainty, in the sense of incalculable, has no meaning: the very possibility of a solution of the problem excludes any deviation of the actual
from the calculable. In a system of economic equilibrium, the work of the entrepreneur cannot be different from that of any other agent of production. But in so far as a given set of historical circumstances necessitates that the work of management and coordination should be combined with certain other attributes, with the possession of capital and certain business connections and good will, a realistic theory of distribution must include a category entrepreneur profit separate and distinct from the categories of wages, interest and rent. The entrepreneur function is in fact a composite function, the elements of which are not completely separable; and since the conditions of supply and demand for this composite function are different from those for its separate elements in isolation, the price of the whole is not equal to the sum of the prices of its separate parts. For this reason, capitalist profit, as the historically conditioned income of the capitalist entrepreneur, is essentially an institutionally determined category, and least of all economic incomes, is at a "natural" category of distribution.

As soon, however, as the concept of incalculable is introduced, the problem becomes totally different and incapable of solution within the framework of economic theory as customarily conceived. To "explain" the entrepreneur's function and his reward in terms of uncertainty is not an explanation in any deterministic use
of the term, but rather the negation of it. There is no normal profit, since ex hypothesi profit is the incalculable deviation of the actual from the anticipated. Because the entrepreneur is simply a gambler in the economic lottery, one cannot interpret his actions in terms of any rational calculus; for in this lottery, the size and number of the prizes as well as their distribution are unknown.

There is left then only the purely empirical definition of the entrepreneur as the recipient of the non-contractual, or residual, income. The entrepreneur bargains with all the agents of production, the agents necessary for the actual doing of things, contracts to give them a certain income and appropriates the difference between the sum of these contracts and the actual outcome of the productive process. The entrepreneur is, as it were, the windrall absorber of the economic system. But the role is not a merely passive one, since his work of contracting for the hire of the agents of production inevitably implies the taking of the ruling decisions of economic life, decisions which will themselves influence the incompletely calculable future. All the productive functions concerned with the execution of decisions already made, routine management and coordination, can theoretically at least, be delegated to particular persons and hired for a contractual income. But the inseparable nucleus which remains consists of the taking of
those decisions with regard to the future which involve uncertainty; and it is this political, as distinct from executive, element in the conduct of economic affairs that is the entrepreneur function par excellence.

The distinction on which this definition rests is both actual and important. But it is by no means easy to establish in concrete situations. It does not necessarily follow personal lines: certain persons may combine in their income both contractual and windfall elements, and it may be difficult to attach the label of entrepreneur to any clearly defined class of persons. Bond holders and debenture holders are clear cases of contractual capitalists. But what are the holders of preferred stock? Are ordinary holders of common stock to be classified as entrepreneurs? Or only the chosen few of them who exercise control in a modern corporation and hence make the ruling decisions? And do not fluctuations in earnings and employment as the part of wage earners represent a partial shifting of fruits of uncertainty upon labour? In earlier types of business, preceding the joint stock company, it was much easier to single out the active partner of a business as the entrepreneur. With the modern prevalence of joint stock enterprises it is difficult to localise actual control over key decisions; it is difficult to identify such control with the bearing of the results of uncertainty, and it is
difficult to draw a clear line of demarcation between contractual and non-contractual income.

A guiding motive behind modern theories of the entrepreneur has been to rebut the Marxist estimation of the capitalist as an exploiter, performing merely a historically transitional role and receiving an income created by certain historical institutions and not by a natural or inevitable order of relationships. The justification of the entrepreneur which has been implicit in most of these modern theories has consisted in postulating certain functions which are not merely institutional and historically relative but possess some absolute significance in the sense that they would be required in any conceivable economic order, and in showing that the entrepreneur's income is related to these functions in some particular way. The function of routine management and coordination, to which most of the older writers made reference, clearly need not be associated with capital ownership and the receipt of profit: with the growth of corporations this function has increasingly been delegated to persons remunerated by a contractual salary or wage. There remains the function of bearing uncertainty and of taking those ruling decisions which involve uncertainty. In an alternative economic order, say a socialist system, uncertainty would be borne by the community as a whole and the taking of crucial decisions would presumably rest with those persons to whom the
community agreed to delegate them. The question then becomes a purely administrative one: would wiser or less wise decisions be made under the one system than under the other? And to the extent that such decisions are *ex hypothesi* a gamble, in the dark, it is hard to conceive of any rational answer to the question. At any rate, a merely empirical definition of the entrepreneur seems to sustain no a priori implication that the association of this function with a particular class of persons is necessarily desirable or inevitable.\(^5\)

The entrepreneur is a very contentious subject in economics. Few scholars have agreed on the place that should be given to the entrepreneur in formal economic logic. Everyone, though, is agreed that '... by ignoring the entrepreneur we are prevented from accounting fully for substantial portion of our historical growth ... and our body of theory as it has developed offers us no promise of being able to deal with a description and analysis of the entrepreneurial function'.\(^6\) Penrose reinforces this by stating that 'Enterprise or Entrepreneurship, as it is sometimes called, is a slippery concept, not easy to work in formal economic analysis, because it is so closely connected with the temperament or personal qualities of individuals.'
Penrose thus indicates the complexity of the subject by indicating the overlap between economics and the other disciplines such as sociology and psychology. Only a study of all these disciplines can help us in determining aspects of the entrepreneur hitherto unknown. Recent ideological and religious trends need to be taken into account, if only to determine their impact on entrepreneurial performance. In a given social milieu, cultural factors are difficult to ignore. In this grey area much earlier discussion was focussed on economic and non-economic factors, on human and non-human resources, on supply and demand and on the need to evolve quantitative measurements in development economics. Entrepreneurs, given the complexities of human beings, have managed to defy any kind of quantification. Scholars have failed to arrive at consensus on their attributes or activities.

The Views of Early Economists

Despite its inter-disciplinary nature, it is in the field of economics that the entrepreneur has been the subject of much study. As early as the eighteenth century, Cantillon defined the entrepreneur as one 'who buys factor services at certain prices, with a view to selling their products at an uncertain price in the future, and as such becomes a bearer of an uninsurable risk'. He went on to say
that, as risk-acceptors, 'all entrepreneur seeks to secure all they can in their state' (and hence maximise income). Cantillon excluded princes and landlords from his studies and divided the rest between the entrepreneurs (which included farmers and merchants) and hired labour. Put simply, then, entrepreneurs were to carry on the production and exchange of goods. It was then the demand for goods was depressed, bringing the danger of bankruptcy, that the risk factor appeared.

J.B. Say developed this argument and provided a key role for the entrepreneur. To him, the entrepreneur may have provided capital but it is his functioning that makes him different from the capitalist. For Say, the functions attributed to the entrepreneur were the application of acquired knowledge to the production of a good for human consumption. In order to be successful, Say maintained, the entrepreneur must have the ability to assess future demand (a factor of judgement), to determine the appropriate quantity of goods and their timing (market research and analysis), to calculate probable production costs and selling prices and to possess the art of administration (management). In terms of giving functions to a skeletal firm, Say was definitely a forerunner of modern economists, although he completely missed the concept of innovation when
he said '... the adventurers (the entrepreneurs) were a kind of brokers between the vendors and the purchasers, who engage a quantum of productive agency upon a particular product proportionate to the demands of the product'. Say added the concept of management in a form with which modern industry is all too familiar.

Walras\(^9\) probably gave the most exalted position to the entrepreneurs by calling them the 'fourth sector of production'. The role and functions assigned to them consisted principally of hiring others. In this capacity, they were buyers of productive services from the market and sellers of the goods produced. This was compatible with the General Theory of Equilibrium propounded by Walras whereby under free competition, the entrepreneurs as profit-maximisers ensured that free markets move towards equilibrium. Walras thus provided a blending of the French School of Thought, which had until then considered the entrepreneurs as workers charged with the special task of managing firms, with that of the English economists, who equated entrepreneurs with capitalists.

Although Walras had managed to bridge a significant gap between English and French economists, few English economists have written on the concept of entrepreneurship. The classical economists did not distinguish between interests and profits, and therefore did not differentiate the capitalist from the entrepreneur. The belief of the classical school that economic relationships were dependent
on natural laws may well have been responsible for this attitude and lack of identification of the entrepreneur as an acceptable concept. Although this may be so, the influence of these economists was profound. The belief of Adam Smith\(^{10}\) that, by furthering their own selfish ends, individuals would unwittingly and inevitably be adding to the wealth and welfare of the nation, free industrialists from the stigma of exploitation and instead presented them as agents for social improvement. However, despite Adam Smith's powerful influence on economic thought, the general failure to differentiate between profits and interests remained.

With the growing division of labour, Alfred Marshall introduced a fourth factor, which he called 'organisation'. The concept was vague and the functions attributed to entrepreneurs very diverse, ranging from the co-ordination of capital and labour to superintending minor details. These 'organisers' (entrepreneurs) introduced improved methods, thus increasing their earnings, only to have these earnings reduced when competitors entered the markets. The concept of improved methods was to be forerunner to the Schumpeterian idea of innovators and which has had such an impact on the study of entrepreneurs.

In the Schumpeterian system, the entrepreneur engineers change and is a special type of coordinator in that he
provides new services notably (1) introducing new goods or an improvement in their quality, (2) discovering new methods of production, (3) finding new ways of marketing goods, (4) discovering new sources of raw-materials supply and (5) reorganising production methods.

Accordingly, economic leaders were individuals motivated by a will to found a kingdom and to conquer with the joy of creating. Only with the motivational condition, 'a will to found a kingdom', does Schumpeter consider the profit motive to be important. This has the added advantage of providing a quantitative measure of success and was used as a criterion of success in the many research studies that followed.

Of the early economists, F.H. Knight (1921) projected Cantillon's concept of risk further by stating that entrepreneurs bear the responsibility and consequences of making decisions under conditions of uncertainty. Knight's entrepreneurs specifically commits their capital and bear the resultant uncertainty and risk. The control and decision making lie with the entrepreneurs and, although in the modern corporate state, risk can be covered through institutional insurance and decisions may lie with management, Knight felt that uncertainty defied definition, as every uncertain condition was unique and depended on a number of imponderables in the market place. The subject
was not pursued further as economists became preoccupied with the Depression and the Second World War, but it was raised again in the late 1940s and 1950s culminating in the setting up of the Entrepreneurial Research Centre at Harvard University through the efforts of A.H. Cole, who had continuously advocated the study of the various aspects of development of entrepreneurship.

Relevance of the Concept to India and Other Less Developed Countries

Some of the major concepts elucidated in the preceding pages must be examined in the context of India and other less developed countries. For simplicity, three concepts may be considered: (1) Walras’ fourth factor in production, (2) the Schumpeterian innovator and (3) Knight’s entrepreneur who commits the capital and bears the risk.

In the Walrasian definition, entrepreneurs are examined within the concepts of the General Equilibrium Theory, entering and leaving the industry at will and dependent, of course, on their profit-maximising abilities. As the fourth factor, he hires land, labour and capital. Considered from the economic point of view, the definition is difficult to apply empirically because of the complexity in identifying such people. Again, the concepts of a free market and of entering and leaving industry at will are difficult to apply.
to India. Schumpeter's entrepreneurs would be innovators under all conditions, but since requirements of India can be viewed in terms of less complex adaptation, entrepreneurs here could hardly be termed innovators. So far as new markets are concerned, every product that was adopted for a particular market would be an innovation. Depending on the definition of the word 'innovation', one would have considerably away in defining any number of actions as innovations. Schumpeter further considered innovation in the context of competition, where there would be a continuous effort by entrepreneurs to improve on a marketable commodity, bearing in mind the customer's preference of the entrepreneurs' ability to influence this choice. Although there have been empirical studies using this concept, notably by Sayigh, it is difficult to agree with Schumpeter's concept of innovation.

Berna confirms that a country with little or no industry is incapable of producing innovators until a large number of small entrepreneurs are developed. Hans Singer states that the Schumpeterian system is not really a theory of how economic development starts from a very low income level but how it continues and proceeds once it has reached a stage which is characterised by the creation of innovating private entrepreneurs. Knight, in speaking of decision-making and risk-taking, is probably nearest to the concept
of the entrepreneurs in the Third World, where modern ideas of ownership have not yet been developed, where management has not evolved, where accounting techniques used by the corporate sector in the West are completely lacking and where ownership and management are more or less synonymous. In the Third World, capital markets are not yet fully established and credibility relies on personal contact. Decisions under such 'risk-oriented' conditions assume paramount importance.

CHARACTERISTICS OF AN ENTREPRENEUR

Previous studies on entrepreneurship have brought to light a number of entrepreneurial characteristics. Selection of candidates by identifying such characteristics would ensure a minimum level of eligibility for developing into an entrepreneur. We discuss below the common characteristics of entrepreneurs with an assumption that more these characteristics are present in a person, the more effective is he likely to be an entrepreneur. These entrepreneurial characteristics can be categorised into two groups namely, socio-personal and human resource characteristics.

Socio-Personal Characteristics

The most common socio-personal characteristics reported by researchers are caste, family occupation, age and education. To these, one may add certain others such as size and type of family, working hands, earning members and
social participation which are likely to have an influence on entrepreneurship, particularly in cases of Indian rural entrepreneurs. Economic factors, no doubt, occupy a place of prominence in determining entrepreneurial success but socio-personal factors do add to the chances of success. In the following paragraphs, we are going to give a brief account of these socio-personal factors.

(I) Caste and family background: Caste and family background help create entrepreneurial environment and occupational awareness for the entrepreneurs. There are certain castes which are traditionally involved in certain types of work. For example, a survey conducted over six Indian states by Sharma in 1973 revealed that more than 50 per cent of entrepreneurs were vaisyas, a business community. Matching of castes with trades, therefore, appears to be logical.

It was observed that the familiar tasks are easy to perform as compared to the unknown ones. Most people prefer to accept familiar tasks easily. If an entrepreneur chooses a trade which is being carried on in his family, it is obvious that he would be more at ease with it.

(II) Age: Another important characteristics for entrepreneurship is age. Several past studies have revealed that younger people are more successful entrepreneurs. This may be due to the fact that those belonging to the older age group, especially in developing societies, are more
concerned with avoiding failure than achieving success and so are more reluctant to take even a reasonable risk to undertake a venture.

(III) Education: An entrepreneur has to deal with a number of formal situations such as meeting officials and functionaries etc., which requires a minimal level of education. A basic level of education is reported to be important for an entrepreneur. A World Bank staff working paper (1973) referring to studies on several African economies infers that entrepreneurs who are able to read and write - the minimum level of functional literacy - show significantly better performance than illiterates. It goes on to say that education beyond the level of functional literacy does not appear to contribute significantly to the profitability of the enterprise and may in fact be correlated with poor entrepreneurial performance. This, however, requires substantiation in the Indian context.

(IV) Working hands: A small entrepreneur will depend on his family members for help in running his enterprise as he generally cannot afford to hire workers. The scale and type of unit would thus depend on the assured help from within the family. The number of earning members could have a direct bearing on the responsibility of an entrepreneur towards his family. An entrepreneur from a large family with very few earning members may feel compelled to take up wage earning jobs to cater to the immediate needs of the
family, rather than to undertake an enterprise with all its uncertainties at least in the initial stage.

(V) **Size and type of family**: The size of the family and the entrepreneur's position in the family may have a bearing on his entrepreneurial activity. In a large family, for instance, the entrepreneur may occupy a lower position within the hierarchy resulting in his having only little of authority vested in him. However, in such a family, there may be other earning members who would provide the entrepreneur the necessary support that would enable him to pay undivided attention to his enterprise.

Similarly, the type of family, i.e. joint or nuclear, also affects the unit. In a nuclear family, the entrepreneur has full command on the resources owned by the family whereas in a joint family, he may have this command only partially or may not have it at all. Also, a joint family generally has a greater risk bearing capacity since the enterprise in this case does not become the sole source of earning for it. The entrepreneur in this case also has a great family support.

(VI) **Social participation**: This determines the amount of influence the entrepreneur will be able to muster outside his immediate family circle. Social participation will have an effect on the success of entrepreneur, as the ability to influence is an important quality of entrepreneurship.
This preference, while selecting candidates for an EDP, need to be given to those having experience in the trade, in functional level of education, young, having family resources, financial support and authority.

**Human resource factors**

Human resource factors are the traits in the individual either inherited or acquired. The following characteristics have been found in the available literature as important for entrepreneurial success:

(I) **Achievement motivation**: Achievement motivation has been found to form the basis for entrepreneurship. Entrepreneurs have high drive and activity level and struggle to achieve something which they regard as their own accomplishment. Such individuals in general behave like successful rationalizing business entrepreneurs. That is, they set moderately difficult goals for themselves, neither too easy nor too hard, so as to maximize the likelihood of achievement satisfaction. Several studies also suggest that achievement motivation leads one into the parlour of entrepreneurship (though it may not be adequate to secure success).

(II) **Risk-taking willingness**: The term risk taking willingness, in the case of entrepreneurs, refers to one's seeking challenge in his activity; challenge here means such task in which there is a reasonable chance of success.
Success depends not on chance but on one's own effort. An entrepreneur likes to exert and test his own ability. He shows a tendency to take moderate risk and seek challenging situations. Setting of a moderately difficult goal leaving aside the very safe and very risky goal, is an important characteristic of an effective entrepreneur.

This moderate risk-taking quality among entrepreneurs is reflected in the efforts they make to ensure market for all their products before actually setting up their plants or going into production. It has been observed that such entrepreneurs spend a consolidated amount of time on planning their enterprises. Before making their final decision, they study the market situation, explore possibilities in alternative lines of business, products, machinery, technology and processes, finance, etc.

This indulgence in planning is indicator of the fact that the entrepreneurs are very much calculating in their risk-taking behaviour.

(III) Influence motivation: It has been defined as the desire for influencing other people and the surrounding environment. Though achievement has been proved essential for entrepreneurship, it need not be the only factor in making him successful. To be successful, an entrepreneur requires not as much as a concern for excellence as a high need to influence and lend other.
In the context of economically and socially deprived sections of the community, entrepreneurship would imply the ability to assert within the limitation of the socio-economic environment. An entrepreneur has necessarily to interact with the support system consisting of institutions like credit and import agencies, development agencies and government departments. In order to succeed in dealing with these diverse agencies and forces, the entrepreneur would need sufficient motivation to both influence them and control the means to achieve the end.

(IV) **Aspirations:** Aspirations are goal statements concerning future level of achievement according to Preston Bayton. Experimental studies on level of aspiration reviewed by Frank reveal that individuals with lower socio-economic background have a higher discrepancy between their aspiration and achievement than individuals from a better one. This suggests that low socio-economic groups are unrealistic in their aspiration levels. It would be more meaningful to study an individual's achievement motivation in relation to his aspiration as it is the latter which would motivate a person to achieve. Unrealistic aspiration levels would not lead to achievement because they are bound to fail in their endeavour. A person with low aspirations, on the other hand, will be a person who will not act and will not develop into entrepreneur. A potential entrepreneur would therefore have a reasonable level of aspiration.
(V) **Personal efficacy:** Entrepreneurs tend to present themselves as persons striving towards goals that involve action. Being confident about their own abilities and resources, they see themselves as problem-solvers rather than problem avoiders, as initiative-takers rather than followers. Such characteristics denote personal efficacy. Pareek and Rao defined personal efficacy as the general sense of adequacy in a person. It has been conceived as an important factor contributing to entrepreneurial behaviour of a person. Personal efficacy is the tendency in an individual to accept success or failure which are within his control.

**Openness to Feedback and Learning from Experience**

For entrepreneurs, learning from experience and replanning on the basis of feedback is one of the important attributes. The feedback which the environment provides helps much in modifying the goals of the entrepreneurs. It may be termed as "Toy-assembly exercise". To illustrate it, it is generally observed that if entrepreneurs undertake to assemble a certain number of toys and realize that they could not accomplish it in the first trial, they modify their goals in the next round, using the results of their first experience. Whenever an opportunity arises which is open to feedback, they are basically inclined to test out their capabilities.
Need for Independence

For starting their own business and preferring not to be controlled by others, the entrepreneurs must have a sense of independence and a strong determination, the two chief qualities of good entrepreneurship. Some of the entrepreneurs over-emphasizing those qualities report that they left service under some external agency. However, as a consequence of their high need for independence, they may have had adjustment problems in their jobs in conformistic organisations. An analysis of the survey of the family background of the entrepreneurs indicates that in their family environment as children, their individuality was reinforced and they enjoyed ample freedom.

Dignity of labour

As researches reveal, high sense of dignity of manual labour is found in conscious entrepreneurs. The experience of industries suggest that where persons having low resistance to manual labour have succeeded as entrepreneurs whereas those who hesitated to work with hands failed. It has also been noticed that in certain conditions, a small entrepreneur has to work himself with his hands in order to run his enterprise and to make it a success. In a situation like this, it is essential that he possesses a sense of dignity of labour and exhibits readiness to put in manual work.
Saving for future

The tendency to save for the future constitutes an important quality required on the part of the entrepreneur. And in this sense, the persons who live only for the present cannot prove to be a successful entrepreneur. The entrepreneur should have a long term involvement with his goal. They should not think in terms of immediate gain. They have to defer satisfaction of some of their needs, in order to ensure better future. This kind of future orientation, coupled with pragmatic approach to the problem in the present may be considered essential for successful entrepreneur. Due to scarce financial resources, this is particularly true of developing countries. By his habits of austerity and futuristic orientation, a self-employed small entrepreneur may have to generate his own capital.

Social consciousness

The social consciousness much depends on the fact that how much conscious an entrepreneur is for the good of the people and what concern he has for the society. The entrepreneurs can better understand and appreciate the contours and reasons of socio-economic backwardness and significance of employment and industrialisation in the context of social change. Their consciousness should be alive of the undesirable social implications of black-marketing, hoarding and such other practices which are likely to flourish under the spade of self-centered entrepreneurs.
The socially conscious and successful entrepreneur would certainly possess strong need for achievement, adequate need for power and strong concern for others in terms of motivational drives.

**Concern for society**

In the context of the universal urge for social change and economic development experienced in developing countries, the old concept of an entrepreneur seeking certain advantages for himself is no longer tenable. The changing conditions call for a social consciousness. Directly opposed to it, he acts in full awareness of social implications of his actions. As a result, his entrepreneurial endeavour may create jobs for others. With the help of innovative ways of doing things, he may invent new products and new manufacturing methods which have apparent social consequences. In a nutshell, it can be said that in developing countries, entrepreneurship has to be a socially desired behaviour which flourishes under social rather than personal goals.

In such a situation, the attention and thought of an entrepreneur is directed towards the good and welfare of the larger segments of the society. At the same time, this concern helps him to think of projects of social significance and of importance to others. As a corollary to it, such a concern would help him expand entrepreneurial activity in order to help create conditions for social
change and for development of enterprise which benefit the society. This concern for general public raises the level of entrepreneurship from that of an individual activity to a meaningful social endeavour.

**Hope of success**

Hope of success is the greatest factor in accomplishment of goals. Whenever an entrepreneur starts some enterprise, he starts with the will to succeed. He attempts any task in the hope that he will succeed rather than with a fear of failure. This sense of hope of success brings tremendous confidence in the minds of the entrepreneurs.

Entrepreneurs believe that they can change the environment. The entrepreneurs are confident enough that they can influence the environment on the basis of their own capacity. They hardly try to depend on luck and god or to the forces beyond their control. They try to do everything on their own. They believe in shaping their own destiny and trust on themselves. However, in common, they tend to keep up good relations both with people in and outside the plant.

**Competition and collaboration**

It has been observed that all entrepreneurs cannot compete with their counterparts in business or products. If some collaboration is to the advantage of entrepreneurs, they try to unite in such collaborations, in spite of the
fact that they are competitive in their orientation. Instead of playing win-lose games, they prefer to play win-win games. Their competition is against the goals set by themselves rather than with the goals set by others.

Flexible authority relationship

Entrepreneurs, being the manager of their units, have to work with people. As such, at different stages of the growth of enterprise, they are expected to exhibit different leadership of an entrepreneur presenting himself as very protective of his employees, setting personal example of hard work, taking care of their needs, giving them direction in such a way that they happily accept him and follow whatever he says may be called as "benevolent style of leadership". In the stages of enterprise such type of close, guided but supportive, supervision proves beneficial. During this period, the need for socializing with the employees is felt by the entrepreneur. But such style of leadership is changed very soon and the entrepreneur leadership becomes "self-dispensing" type. They delegate responsibility to their employees, thrust them more, give them increased autonomy and probably bring the unit to a stage where it can run on its own. This is such a stage, where entrepreneurs think of expanding their enterprise, increasing their production or initiating new ventures. Corresponding with the growth of units, those entrepreneurs who don't change their style, and tend to remain benevolent all along, are likely to create dependency in the employees.
This is likely to make them possessive. However, it has been observed that beyond a certain point, such styles result in arresting the growth of the organisation. An entrepreneurial manager is found to possess flexibility in style and display high psychological maturity.

A number of other variables such as leadership, innovation, self-confidence, initiative, creativity, adaptability, assimilation of modern values etc. have been reported by various researchers as correlates of entrepreneurship.

**Entrepreneurship A package of characteristics**

If one looks into the characteristics of an entrepreneur, it represents a special type of person and everybody cannot become an entrepreneur. But this impression does not give a cent per cent picture of entrepreneurship. Nonetheless, an entrepreneur would certainly be different from the non-entrepreneur in terms of his psychological and social dispositions. However, he need not have all these characteristics together. This never means that an entrepreneur cannot be successful without some of these characteristics. Without possessing many of these characteristics, an entrepreneur with strength in creative abilities may succeed.

In regard to characteristics of entrepreneurs, certain generalisations could, however, be made. Certain characteristics of entrepreneurship might be developed in an
individual by way of psychological education. Secondly, presence of these traits increases probability of an entrepreneur emerging out successful. We may present here a list of characteristics of entrepreneurs:

**Personality characteristics of entrepreneurs**

1. Creative  
2. Calculated risk-taking  
3. Not too discouraged by failures  
4. Future-oriented  
5. Hard working (on things he wants to do)  
6. Persistent  
7. Takes personal responsibility  
8. Sees goals and realistic step by step subgoals  
9. Drive for power - but not excessive  
10. Drive for independence - but can cooperate when necessary for his goals  
11. Desirfs feedback and learns from experience, recognizing errors  
12. Goal-oriented  
13. Ability to exploit situation  
14. Willing to learn and does not suffer from complex  
15. Self-confidence  
16. Constantly under stress  
17. Person of integrity  
18. Likes to excel in work  
19. Pleasant personality  
20. Non-structured  
21. Decision-making ability  
22. Success-oriented  
23. Opportunity seeker  
24. Egoist  
25. Competitive  
26. Positive attitude  
27. Family and friends second to business  
28. Wants to make a lot of money  
29. Dreamer  
30. Time is important  
31. Imaginative  
32. Realistic  
33. Courageous  
34. Self-starter
35. Failure as step toward success 36. Individual
37. Multi-faceted interests 38. Innovative
39. Likes changes
40. Dynamic-identified with creating and changing
41. Takes initiative 42. Higher energy level
43. Easily bored/impatient (with routine tasks)
44. Sensitive and perceptive to people and environment
45. "There is always a better way"
46. High tolerance of ambiguities
47. Good communication with people
48. Mentally hyperactive 49. Intuitive
50. Ability to grasp quickly 51. Belief in god
52. Aggressive 53. Enjoys living, work and play
54. Leader 55. Dissatisfied with general life situation
56. At least average intelligence

Objectives of the Study

The present study is about women entrepreneurs in Delhi city. The objectives of the study may be summarised as follows:

(i) The purpose of the study is to trace the socio-economic origins of the entrepreneurs. It also would help in identifying the advantages and constraints associated with the socio-economic background of the entrepreneurs.

(ii) The study aims to assess the difficulties faced by the entrepreneurs in promoting their units.
(iii) The study also attempts to study the factors that encourage women to start their own enterprises.

(iv) The study also assesses stress on women in their role as housewives and as entrepreneurs.

(v) The study attempts to evaluate how far the incentives announced by government/financial institutions, from time to time, have influenced their decision and whether the respondents are aware of these incentives. Attempt is also made to find out as to whether the incentives actually helped them or do they exist on paper.

(vi) The study also tries to know their social acceptability as women entrepreneurs.

(vii) The study also aims to assess the status of women entrepreneurs: treatment of society, their colleagues and their own perception.

(viii) The study attempts to determine reaction of children, role of husband and overall impact on family system due to the fact of women becoming an entrepreneur.

**Techniques of research**

A. **Universe of the Study and Study Samples**: For the study of women entrepreneurs it is decided to undertake the study in Delhi city which is the centre of all business activities and is a place where different industrial and trading units are located. Delhi is the national capital, where most of
the educated women do not want to confine themselves to household affairs. In leisure time they intend to pursue some business just to make a better living. As such the number of women entrepreneurs in Delhi is increasing day by day. Moreover, Delhi provides them better opportunities and facilities to settle in self-employed ventures. Delhi is selected for the present study also due the fact that the researcher is enrolled and staying at Jawaharlal Nehru University, New Delhi and it is easy to carry out the field work.

In order to study women entrepreneurs it was appropriate to draw a sample from the total population of such women who are working as entrepreneur in Delhi. The sample was selected based on quasi-random sampling technique.

Sources of data, and research instrument

Neither the government nor any private organisation has a complete and up-to-date census of all women entrepreneurs in Delhi. The complete list of women entrepreneurs was thus prepared with the help of different sources. The main source was a list of women members in the Federation of Indian Chambers and Commerce (FICCI): Lady’s Organisation (FLO). Other sources include various organisations such as NAYE (women’s wing), AIMA, DMA, Delhi State Financial Corporation etc.
A tentative schedule of information to be sought from the entrepreneurs was prepared initially on the basis of the objectives of the study. A draft questionnaire was then prepared and pretested through a pilot survey. The final questionnaire was then canvased and completed personally after discussions with all the respondents. We chose 50 number of women entrepreneurs whom the questionnaire was served and information gathered.

Besides the data collected through questionnaire, it was necessary to use many other sources of information, both recorded and unrecorded. Reports, official records, books, journals, mimeographs and unpublished works were used extensively,

During the course of field study it was found that the desired information was not coming out due to the formal environment of interview. Therefore, we had to depend on informal discussion which proved to be very useful.

Problems in the field study

Now, the researcher is going to delineate some of the problems he faced during the course of the field work. Most of the women entrepreneurs were not co-operative at all. They were under the impression that this research study is simply an infringement on their time and it is not going to help them in any way. The common question they
what benefit I will get if I spare time for you from my busy schedule? So, it required a lot of effort in convincing that the basic value and utility of the work was academic one. It will help future researchers into this area. Moreover, the conclusions and recommendation can be used by policy makers in their effort to improve the existing work milieu and promote the entrepreneurship among potential and prospective women entrepreneurs.

The second problem related to the difficulty in seeking appointment for interview. No entrepreneur fixed an appointment on a single telephonic request. Therefore, one has to contact them repeatedly for fixing the time for interview. In most of the cases, on appointed time and day it was distressing to find out on arrival at the office/residence of women entrepreneurs that she is not available as she has gone away due to some sort of emergency. So, a visit to entrepreneurs' office/house twice or thrice was necessiated in order to complete the interview schedule. Lot of time and energy was thus consumed in completing the field study because of their reluctant attitude as well as busy schedule of the women entrepreneurs of Delhi. On an average, two to three sittings of in-depth interview were required to complete the questionnaire schedule in order to have the detailed information about various aspects of entrepreneurship.
In some of the cases, I was asked to leave the schedule with them with a promise that after it was filled up, it would be returned by post. I had to concede to their demand. But despite many telephonic reminders they did not return back the schedule either in filled up form or without filling it up. In such a situation, the other entrepreneurs were contacted for interview purpose. Despite all these difficulties and problems associated with the field study, I was able to complete the field work.

After collection of data through different techniques and subsequent analysis and interpretation of the data, certain conclusions were drawn which has been discussed in the last chapter..

The second chapter discusses the various theories on entrepreneurship whereas in chapter III, a summary of different empirical studies in entrepreneurship has been presented. The last but one chapter is about women entrepreneurs in the setting of Delhi: tabulation and interpretation of the statistical data and the final chapter consists of the summary and conclusions of the study followed by epilogue.
References


2. Ibid., pp. 198-199.


