CHAPTER I

An Overview of Entrepreneurship

- Conceptual Framework of Entrepreneurship
- Role of Entrepreneurship in Economic Development
- Theories of Entrepreneurship and Entrepreneurial Motivation
Conceptual framework of Entrepreneurship

The word entrepreneur is French and, literally translated, means ‘between taker’ or ‘go–between’. The word derived from 17th century French entrepreneur, refers to individuals who were ‘undertakers’, meaning those who “undertook” the risk of new enterprise. Early references to the entrepreneur in the 14th century spoke about tax contractors – individuals who paid a fixed sum of money to a government for the license to collect taxes in their region. Entrepreneurship was a common topic in economic essays for much of the 18th and 19th centuries. Notable early French, British and Austrian economists wrote enthusiastically about entrepreneurs as the ‘change agents’ of progressive economies.¹

The concept of entrepreneurship evolved naturally over the years. The first economist to have used the term entrepreneurship was Richard Cantillion, a French economist of Irish descent. Cantillion is credited with giving the concept of entrepreneurship a central role in economics. Cantillion described an entrepreneur as a person who pays a certain price for a product to resale it at an uncertain price, thereby making decisions about obtaining and using resources while consequently assuming the risk of enterprise. Cantillon’s work was published posthumously during 1755 in his book Essai sur la nature du commerce en general.²

A little later, Adam Smith in his famous book Wealth of Nations introduced the word ‘enterpriser’ as an individual who undertook the formation of an organization for commercial purposes. He thereby ascribed to the
entrepreneur the role of industrialist and also described his quality of having unusual foresight to recognize potential demand for goods and services. Adam Smith viewed entrepreneurs as instrumental to economic change, thereby becoming the economic agents who transformed demand into supply.  

Jean Baptist Say (1845), the French economist described an entrepreneur as one who possessed the arts and skills of creating new economic enterprises, a person who had exceptional insight into society’s needs and was able to fulfill them. Say therefore combined the ‘economic risk taker’ of Cantillion and the ‘industrial manager’ of Adam Smith in a unique manner. Say’s entrepreneur influenced society by creating new enterprises and at the same time was influenced by society to recognize needs and fulfill them through efficient management of resources.

By 1848, John Stuart Mill, the British economist recognized entrepreneurship as central to economic theory. Mill emphasized on the necessity of entrepreneurship in private enterprise. The term entrepreneur subsequently became common as a description of business founders and the fourth factor of economic endeavor that was essential for ownership of a commercial enterprise.

Carl Menger, the Austrian economist, made a revolutionary contribution in 1871 through his book Principles of Economics where he introduced the model of value – added transformation of resources. Menger expressed economic change does not arise from circumstances but from an individual’s awareness and understanding of those circumstances. The
entrepreneur is thus the change agent who transforms resources into useful goods and services.\textsuperscript{6}

During the 18\textsuperscript{th} century, the \textbf{Oxford Dictionary} of 1897 defined entrepreneur simply as “the director or manager of public musical institution, i.e. one who ‘gets up’ entertainments, specially musical performance.\textsuperscript{7}

Oxford Dictionary further modified the definition in its 1933 edition, as the entrepreneur being one who undertakes an enterprise, especially a contractor acting as an intermediary between capital and labour. Undertaking an enterprise is entrepreneurship, and one who undertakes it --- one who combines capital and labour for the purpose of production is an entrepreneur.\textsuperscript{8}

\textbf{Joseph Schumpeter}, the notable Austrian economist revived the concept of entrepreneurship in his famous works between 1911 and 1950, while serving at the Harvard University. Schumpeter described entrepreneurship as a force of “creative destruction” whereby established ways of doing things are destroyed by the creation of new and better ways. Schumpeter described entrepreneurship as a process and entrepreneurs as innovators who use the process to shatter the status quo through new combinations of resources and new methods of commerce.\textsuperscript{9}

Schumpeter thus was undoubtedly more responsible than any other economist of his time for the revival of the interest on the functions and characteristics of the entrepreneur. He saw entrepreneur as innovator-the individual who introduces new production functions. To quote him, “the essence of entrepreneurship lies in the perception and exploration of new
opportunities in the realm of business. It always has to do with bringing about a different use of national resources in that they are withdrawn from their traditional employ and subjected to new combinations”. Thus, Schumpeter brought into sharp focus the role of innovation as an essential entrepreneurial function. He argued that the entrepreneur changes the conditions of supply, combines resources in new ways and thereby sets a new production function. According to him, innovations that produce upswings in economic activity include one or more of the following.

i. Introduction of new goods;

ii. Introduction of a new method of production;

iii. The opening of a new market;

iv. The conquest of a new source of raw material and

v. The creation of a new type of industrial organization.\textsuperscript{10}

**David McClelland** (1961) is most noted for describing three types of motivational needs, elaborated in his book, *The Achieving Society*: \textsuperscript{11}

Achievement motivation (n-ach) – The need for Achievement

Authority/power motivation (n-pow) – The need for Power

Affiliation motivation (n-affil) – The need for Affiliation

**David Mc Clelland's need-based motivational model**

The three needs theory of Mc Clelland can be expressed as follows:

**The Need for Achievement (n-ach)**

The n-ach person is 'achievement motivated' and therefore seeks achievement, attainment of realistic but challenging goals, and advancement in
the job. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment.

**The need for authority and power (n-pow)**

The n-pow person is 'authority motivated'. This driver produces a need to be influential, effective and to make an impact. There is a strong need to lead and for their ideas to prevail. There is also motivation and need towards increasing personal status and prestige.

**The need for affiliation (n-affil)**

The n-affil person is 'affiliation motivated', and has a need for friendly relationships and is motivated towards interaction with other people. The affiliation driver produces motivation and need to be liked and held in popular regard. These people are team players.

McClelland argues that most people possess and exhibit a combination of these characteristics. Some people exhibit a strong bias to a particular motivational need and this motivational or needs 'mix' consequently affects their behavior and working/managing style.

McClelland suggested other characteristics and attitudes of achievement-motivated people:

- Achievement is more important than material or financial reward.
- Achieving the aim or task gives greater personal satisfaction than receiving praise or recognition.
Financial reward is regarded as a measurement of success, not an end in itself.

Security is not prime motivator, nor is status.

Feedback is essential, because it enables measurement of success, not for reasons of praise or recognition (the implication here is that feedback must be reliable, quantifiable and factual).

Achievement-motivated people constantly seek improvements and ways of doing things better.

Achievement-motivated people will logically favor jobs and responsibilities that naturally satisfy their needs, i.e. offer flexibility and opportunity to set and achieve goals, e.g., sales and business management, and entrepreneurial roles.

McClelland firmly believed that achievement-motivated people are generally the ones who make things happen and get results.

Achievement oriented people take calculated or moderate risk.

Another notable contribution to the evolution of entrepreneurship concept was made by Peter Drucker during 1964 when he described the entrepreneurial role as one of gathering and using resources. Drucker emphasized that resources to produce results must be allocated to opportunities rather than to problems. Among the management thinkers, Drucker has been quite eloquent on entrepreneurship ever since his book ‘Practice of Management’ was first published in 1954. He saw innovation and marketing as the two most important functions of business. In all his works, he was fully
appreciative of entrepreneurial function and the contribution of entrepreneurs to the economic development. He was more focused on the subject in his 1985 publication ‘Innovation and Entrepreneurship’. He views entrepreneurship as perceptiveness to change and the entrepreneur as one who ‘always searches for change, responds to it, and exploits it as an opportunity’. For him, entrepreneurial management involves:

a) receptiveness to innovation and willingness to perceive change as an opportunity rather than a threat and which provides policies and practices for the creation of entrepreneurial climate;

b) Systematic measurement, or at least appraisal of a company’s performance as entrepreneur and innovation is mandatory; and

c) Creation of an organizational structure for the entrepreneurial climate.

Drucker sees the essence of economic activity as the commitment of present resources to future expectations, and that means to uncertainty and risk. He, therefore, argues that people who need certainty are unlikely to make good entrepreneurs.

He viewed entrepreneurship in a broad perspective in that:

i) Entrepreneurship is behavior and by no means confined to solely economic activities.

ii) It may manifest itself in all human endeavors, be it business or non-business.
iii) An enterprise need not be small either to be entrepreneurial. Entrepreneurship could be practiced by any firm regardless of size; and

iv) not every business is entrepreneurial for there has to be something new in the business.

On innovation, Drucker was very articulate. He says entrepreneurs innovate and innovation is the specific instrument of entrepreneurship. For him, innovation is the act that endows resources with a new capacity to create wealth. There is no such thing as a resource until man finds a use for something in nature and thus endows it with economic value. Until then, every plant is a weed and every mineral just another rock’.  

Albert Shapero during 1975 examined the concept from a socio cultural viewpoint. Shapero conducted studies across nations, peoples, and ethnic groups and their connection to entrepreneurship. He concluded that individuals often become entrepreneurs when they are displaced from their normal lives due to war, natural calamity, poverty, unemployment or forced immigration. Shapero found a high correlation between “economically displaced” people and starting of new ventures.

Karl Vesper could shed new light to the concept during 1980. Vesper states entrepreneurship is expressed according to one’s perception. Vesper explained psychologists will perceive them as achievement oriented individuals facing challenges for new accompaniments. Marxist philosophers may see them as exploitative adventurers and professional corporate managers may
view them as small businesspersons lacking in professional qualification to do corporate management.\textsuperscript{15}

Another noteworthy contribution came from \textit{Gifford Pinchot} who attempted to separate entrepreneurial initiatives in the existing organizations from that of start of units. He has coined a new term “Intrapreneurship” to refer entrepreneurial activities within a running organization. In his book ‘\textit{Intrapreuning}’ published on 1983, Pinchot states “These courageous souls form underground teams and networks that routinely bootleg company resources or steal company time to work on their own missions.” Pinchot describes the corporate entrepreneur as someone who violates policy, ignores the chain of command, defies established procedures, and, perhaps come up with a great new product for the company.\textsuperscript{16}

\textbf{Benjamin Higgins} in 1961 defined “Entrepreneurship is the function of seeing investment and production opportunities, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging for a supply of raw materials and finding site, and combining these factors of production into a going concern; introducing new techniques and commodities, discovering new sources of natural resources; and selecting top managers for day to day operations of the enterprise”.\textsuperscript{17} Higgins covered all the aspects of management in his definition but the risk taking factor was not stressed.

\textbf{Robert Ronstadt} (1984) defines as entrepreneurship as “the dynamic process of creating incremental wealth”. This wealth is created by individuals who assume the major risks in terms of equity, time, and /or career
commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value may somehow be infused by the entrepreneur by securing and allocating the skills and resources. Ronstadt’s definition focused more on the risk taking factor and on the wealth and value creating capacity of the entrepreneur.

Hirsh Peter’s (1998) definition of the term sums up the essence of entrepreneurship in the modern context as, “Entrepreneurship is defined as the process of creating something new with value by devoting the necessary time and effort; assuming the accompanying financial, psychic, and social risks; and receiving the resulting results of monetary and personal satisfaction and independence.”

From the foregoing analysis it may be understood that the concept of entrepreneurship has evolved over time. Since its beginning in the Middle Ages, when it was used in relation to specific occupations, the notion of the entrepreneur has been refined and broadened to include concepts that are related to the person rather than the occupation. Risk taking, innovation and creation of wealth are examples of the criteria that have been developed as study of new business creations has evolved.

**Role of Entrepreneurship in Economic Development**

Entrepreneurship is considered as an important pre-requisite for economic development. Entrepreneurs, who imbibe the quality of entrepreneurship, play a major role not only in organizing production, but in a broader sense, promote the process of economic development. According to
Joseph Schumpeter the function of an entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or more generally an untried method of producing a new commodity or producing an old one in a new way, by opening up a new source of supply of raw materials or new outlet for product by organizing an industry. To undertake such new things is not an easy task and constitutes a distinct economic function, first because they lie outside of the routine tasks which everybody understands and secondly, because the environment resists in many ways that vary according to social conditions from simple refusal either to finance or buy new things to physical attack on man who tries to produce it. To act with confidence beyond the range of familiar options and to overcome the resistance requires aptitudes that are present in only a small fraction of the population and that define the entrepreneurial type as well as the entrepreneurial function.  

Entrepreneur is the kingpin of the growth process. He is the propeller of change and a catalyst. As Meier and Baldwin have put it, “Development does not occur spontaneously as a natural consequence when economic conditions are in some sense right, a catalyst or agent is needed, and this requires entrepreneurial activity. The development or underdevelopment is the reflection of the abundance or scarcity of entrepreneurship in any society.”

Entrepreneurship entails the ability to identify the resources, to perceive their economic potential, the ability and willingness to utilize these resources and to invest in their development deferring immediate rewards in favour of future investment. Needless to say that all these activities
associated with entrepreneurship bring forth economic and social development. According to G. Anjaneya Swamy (2010)\textsuperscript{21} entrepreneurship plays a dominant role in the nation’s advancement in the following ways:

**Economic Independence:** The desire for independence is one of the strong forces that drive an individual to seek entrepreneurial careers. They prefer independence to dependence. They believe in self-reliance. They don’t like working for others. The love for pursuing goals to realize their potential results in the creation of organizations which did not exist before. New processes, products and services are created. Social changes are brought out. Thus, entrepreneurial activities displayed by motivated individuals, on the whole, help the nation to attain self-reliance and to gain respectability in the comity of nations. A wonderful example can be cited in our own country in form of the Green Revolution, the tremendous entrepreneurial qualities exhibited by Indian farmers in the 1960s and 70s enabled to transform India into a net exporter of food grains from the state of an importer.

At the micro level too, promotion of entrepreneurship fosters economic empowerment of the people who otherwise would look up to the Government for their livelihood. This has amply been demonstrated in many regions of the country by the various NGOs and developmental agencies’ initiatives by spreading micro and tiny enterprises through the availability of micro-credit. These experiences show empowerment of people which in turn contributes to the empowerment of a nation over a period of time.
**Wealth Creation:** Entrepreneurs create organizations. They bring into use resources which otherwise would remain idle. They combine the available resources judiciously in such a way that new combinations of resources are conceived. New asset bases are created through which wealth creation process is ignited. Entrepreneurial function thus is appropriately compared to that of a spark plug in an internal combustion engine. With one decision taken by an individual to strike, the whole process is set in motion. An organization is born when economic activity is triggered. Along with his/her unit, a number of ancillary/supporting services units come into existence. The whole place/region, depending on the size, volume and scope of enterprise gets new life. It enhances the employment generation potential of a place and consequently leads to a higher income and quality of life both directly and indirectly. Improvements in infrastructural facilities like banking, transport, telecommunications, housing and other civic amenities take place in the process.

**Employment Generation:** The oft repeated saying that entrepreneurs are ‘job makers and not job seekers’ is more than true. Bulk of the jobs is created by entrepreneurial ventures. Compared to the western industrialized nations, creation of jobs for millions of young women and men is a major challenge faced by many Asian nations, given the size of populations in these countries. The problem is more acute for nations like India which is the second largest populous nation, next to China in the world. Government cannot by itself absorb such a large number of people in gainful
employment. Government’s primary task is governance of the nation. Therefore, much is expected through private initiative. Entrepreneurs are called upon to play an important role in job creation through their initiative. Meaningful employment to the vast masses is possible only through the entrepreneurial ventures across the nation—be it organized or unorganized, manufacturing or services, urban or rural sectors. Apart from industrial entrepreneurship, social entrepreneurship aimed at economic and social empowerment of rural, less privileged weaker sections and illiterate people through NGOs and self-help groups (SHGs) is gaining increased attention, of late. The latest buzz is ‘inclusive growth’—a multi-pronged approach involving Government, private sector and independent social service agencies is the need of the hour. It calls for a high degree of entrepreneurial initiatives at various levels across the nation.

**Improvement in Standard of Living:** Many of the products and services that we take for granted today are the gifts to the mankind by the creative efforts of enterprising people. It is somewhere someone’s imagination and the willingness to try out new things that has been changing the quantity of life. Imagine for a while how human life would have been, but for the contributions of Thomas Edison, Wright brothers, Alexander Graham Bell, down to the present day innumerable entrepreneurs whose contributions touch almost every aspect of human life—be it products or services like healthcare, transportation, banking and insurance, telecommunications, media and entertainment and social awakening.
Thus, the progress of the mankind is invariably interwoven with the achievements of the entrepreneurs. It is everybody’s knowledge that today we are just a mouse click away from the supply of many products and services.

**Balanced Regional Development:** Different regions of the world are endowed with different resources. Nature has been kind to some regions while it is harsh to some regions leading to wide variances in respect of economic development. Such variances obviously contribute to the differences in the economic and social development causing social tensions leaving a feeling of economic and social exclusion among the people of less developed regions. One of the root causes for the social tensions, disturbances and upheavals is the uneven development of various regions. The problem is more pronounced in developing nations like India. The divide between urban and rural, developed and underdeveloped states as reflected in the wide disparities in income and consumption levels, quality of life and general awareness have become issues of major concern to the policy makers. Government has accordingly initiated several measures to address this lopsided growth and uneven distribution of income generating opportunities. One important initiative in this direction is through the promotion of entrepreneurship in the less developed regions, empowerment of the people belonging to less privileged segments of the society. The emphasis now is to reach out to such sections through appropriate entrepreneurship models. Provision of capital, incentives, schemes, tax rebates, development and infrastructural facilities, launching of entrepreneurship development campaigns -all aim at
promoting entrepreneurial ventures in the less developed regions. ‘Inclusive Growth’, thus has become the central issue of policy making in the recent past. Promotion of entrepreneurship consequently has emerged as a political tool to address the imbalances and to ensure balanced regional development.

The role of entrepreneurship in economic development involves more than just increasing per capita output and income; it involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output, which allows more to be divided by the various participants. The factor responsible for change, development, and ultimately economic growth is innovation. Innovation is the key for not only in developing new products (or services) for the market but also in stimulating investment interest in the new ventures being created. This new investment works on both the demand and supply sides of the growth equation: the new capital created expands the capacity of growth (supply side), and the resultant new spending utilizes the new capacity and output (demand side). According to Hisrich Peters (1998), the product evolution is a process through which innovation develops and commercializes through entrepreneurial activity, which in turn stimulates economic growth. 22

Over the recent years, policy makers have shown increasing interest in the role of entrepreneurship to generate economic growth and development. On one hand this has been stimulated by the rapid growth of the private sector in economies such as Brazil, China, India, and South Africa, (described as
‘Southern Engines of Growth’) and on the other by realization of the need for strengthening the private sector in many fragile and failed States such as Somalia, DR Congo, and others. Understanding development – or the lack thereof – and identifying suitable policies to foster development may require that the dynamics of entrepreneurship in these environments is a fact that is well understood. Even in the developed economies also, governments began to take a fresh look at entrepreneurship in order to regain competitive advantage in the global context. For instance in the US, vigorous support to the entrepreneurs, is seen as indispensable to regain a competitive lead in the world economy (Schramm 2004; Baumol et al. 2007). While in developing countries the concern centers around starting and accelerating growth and in providing impetus to the structural transformation of economies; in the advanced economies the concern largely relates to obtaining new sources of productivity growth (which underlines competitiveness).

Murphy et al (1991) emphasize ‘entrepreneurial talent’ (ability) and show that firm size and the growth of the economy is determined by entrepreneurial ability. Nelson and Pack (1999) use a dual economy model to explain the structural transformation of economies such as Korea and Taiwan from being characterized by a ‘craft sector’ to a ‘modern economy’. They assign a key role to effectiveness of entrepreneurship which they see as a vital determinant of the rate of assimilation of technology. Since the modern sector requires a higher level of skilled labour, entrepreneurs cause an increase in the demand for educated labour. This leads to an overall improvement in human
capital in a country, in turn facilitating the initiation and adoption of foreign technology. Their model implies that a rapid expansion of skilled labour can only be absorbed if entrepreneurial ability is high, and that without entrepreneurial ability the returns to physical and human capital is low.\textsuperscript{25}

**Theories of Entrepreneurship and Entrepreneurial Motivation**

This section of the chapter focuses on the major theories of entrepreneurial motivation. As human behaviour is largely motivated to accomplish a certain goal or objective, an attempt is made to find out factors that actually drive the entrepreneurs to success. The main features of these theories are presented as follows:

**David McClelland’s Needs Theory of Motivation**

David McClelland (1961) is most noted for describing three types of motivational needs, elaborated in his book, *The Achieving Society*:\textsuperscript{26}

- Achievement motivation (n-ach) – The need for Achievement
- Authority/power motivation (n-pow) – The need for Power
- Affiliation motivation (n-affil) – The need for Affiliation

These needs are found in varying degrees in all workers and managers, and this mix of motivational needs characterizes a person's behaviour, both in terms of being motivated and in motivation others.

i) **The need for achievement (n-ach)**

The n-ach person is 'achievement motivated' and therefore seeks achievement, attainment of realistic but challenging goals, and advancement in
the job. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment.

ii) **The need for authority and power (n-pow)**

The n-pow person is 'authority motivated'. This driver produces a need to be influential, effective and to make an impact. There is a strong need to lead and for their ideas to prevail. There is also motivation and need towards increasing personal status and prestige.

iii) **The need for affiliation (n-affil)**

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**Entrepreneurship Innovation Theory**

Joseph Schumpeter a pioneer in innovation management expressed in his book “Capitalism, Socialism and Democracy,” -- the opening up of new markets, foreign or domestic, and the organizational development -- illustrate the same process of industrial mutation, that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.” He called this process *Creative Destruction* that explained how the capitalist system was affected by market innovations.
In Schumpeterian model, the entrepreneur helps the process of development in an economy. He is innovative, creative, and has a foresight. According to him, innovation occurs when the entrepreneur:

- Introduces a new product
- Introduces a new production method
- Opens up a new market
- Finds out a new source of raw material supply
- Introduces new organization in any industry

**Economic Theory**

Economists right from the classical down to the modern ones look at entrepreneurs as people driven by economic incentives. In this view, the opportunities for entrepreneurs are often limited by the economic environment which surrounds them. Although entrepreneurs share some common abilities, all entrepreneurs are different, and their successes depend on the economic situations in which they attempt their endeavors. The salient features of the theory are as follows:

- Entrepreneurship and economic growth take place when the economic conditions are favorable;
- Economic incentives are the main motivations for entrepreneurial activities;
- Economic incentives include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities, access to information about market conditions, technology etc.
The Push and Pull theories of Entrepreneurship

Empirical research on entrepreneurial motivation has produced two broad, competing hypotheses. These are popularly known as the push and pull theories of entrepreneurial motivation.

Proponents of the push theory argue that people are pushed into entrepreneurship by negative situational factors such as dissatisfaction with existing employment, loss of employment, and career setback. These negative events, they contend, tend to activate latent entrepreneurial talent and push individuals into business activities.

Psychological evidence supporting the push theory includes in addition to direct studies of the relationship between job satisfaction and the decision to become an entrepreneur, studies which variously describe entrepreneurs as ‘misfits’, ‘rejects’ from society, and displaced individuals. According to this group of studies, entrepreneurs perceive their environment as hostile and turbulent. In order to prove their self–worth in an unfavorable situation, they react by establishing their own businesses.

The alternative hypothesis, the pull theory postulates that the existence of attractive, potentially profitable business opportunities attract individuals into entrepreneurial activities. The pull theory is also supported by many studies. Mancuso J. R. (1973), one of the main exponents of this theory presents evidence suggesting that a high percentage of adult entrepreneurs were already active in business during childhood. From this conclusion follows that entrepreneurs have the ability to perceive profitable opportunities even when
young, before they have experienced a negative career encounter. It is also firmly established that a high percentage of entrepreneurs come from homes where one or more family members have had an entrepreneurial experience. These families create an environment in which entrepreneurial initiatives are encouraged.

**Migration Network Theory**

The main exponent of this theory was Douglas S. Massey. According to Massey et al (1987) migrations forge networks which then feed the very migrations that produced them. In effect, migrations in process self-levitate above the conditions that caused them to begin, leading, thereafter and an independent existence. Massey (1988) defines migration networks as “Sets of interpersonal ties that link migrants, former migrants, and non–migrants in origin and destination areas through the bonds of kinship, friendship and shared community origin.”

Networks promote the independence of migratory flows for two reasons:

*First*, once network connections reach some threshold level; they amount to an autonomous social structure that supports immigrations. Network–supported migrants have important help in arranging transportation, finding housing and jobs at the place of destination, and in effecting a satisfactory personal and emotional adjustment;

*Second*, one after the other families allocates member labour within the constraint of their own needs and aspirations in a cost–efficient and risk–minimizing way. In the absence of other ways to insure against risk of drought,
crop failure, natural disasters at third world households; diversification of family members’ location minimizes overall family income risk. (Massey 1989).  

Study of major theories of entrepreneurship helped the researcher to identify the environmental factors as well as the inherent qualities that help making of entrepreneurs. The researcher further identified major entrepreneurial motivation concepts in terms of specific human abilities that are present in entrepreneurs, with the objective of investigating these among tourism entrepreneurs of Bangalore.

Entrepreneurial Traits

Based on an understanding of the various theories of entrepreneurship and the supporting empirical evidence, the following factors are found to be universally common in all successful entrepreneurs.

Need for achievement

Mc Clelland (1961) agreed that individuals who are high in ‘Need for achievement’ are more likely than, those who are low in ‘Need for achievement (nAch)’ to engage in activities or tasks that have a high degree of individual responsibility for outcomes, require individual skill and effort, have a moderate degree of risk and include clear feedback on performance. Further, Mc Clelland argued that entrepreneurial roles are characterized as having a greater degree of these attributes than other careers; thus it is likely that the people
high in nAch will be more likely to pursue entrepreneurial jobs than other types of roles.  

**Risk taking**

Risk–taking propensity is another, motivation of interest, which emerged from McClelland’s (1961) research on entrepreneurs. McClelland established that entrepreneurs take calculated or moderate risk. They are not speculators nor do they indulge in gambling. This is interesting because the entrepreneurial process involves acting in the face of uncertainty. Liles (1974) argued that entrepreneurs often must accept uncertainty with respect to financial well–being, psychic well-being, career security, and family relations.  

**Tolerance for ambiguity**

Schere (1982) argued that tolerance for ambiguity is an important trait for entrepreneurs because the challenges and potential for success associated with business startups are by nature unpredictable.  

Budner (1982) defined tolerance for ambiguity as the propensity to view situations without clear outcomes as attractive rather threatening. Because entrepreneurs continually face more uncertainty in their everyday environment than do managers of established organizations, entrepreneurs who remain in their jobs are likely to score high on tests for this trait than would managers.
Locus of Control

Another personality trait that has received attention is locus of control—the belief in the extent to which individuals believe that their actions or personal characteristics affect outcomes. Individuals, who have an external locus of control, believe that the outcome of an event is out of their control, whereas individuals with an internal locus of control believe that their personal actions directly affect the outcome of an event, (Rotter 1966). As McClelland (1961) discussed earlier, individuals who are high in nAch prefer situations in which they feel that they have direct control over outcomes or in which they feel that they can directly see how their effort affects outcomes of a given event. This point was extended by Rotter (1966) who argued that individuals with an internal locus of control would be likely to seek entrepreneurial roles because they desire positions in which their actions have a direct impact on results. 34

Self-Efficacy

Self-efficacy is the belief in one’s ability to muster and implement the necessary personal resources, skills, and competencies to attain a certain level of achievement on a given task (Bandura, 1997). In other words, self-efficacy can be seen as task-specific self-confidence. Self-efficacy for a specific task has been shown to be a robust predictor of an individual’s performance in that task and helps to explain why people of equal ability, can perform differently. An individual with high self-efficacy for a given task will put in more effort for a greater length of time persists through setbacks, set and accept higher
goals, and develop better plans and strategies for the task. A person with high self-efficacy will also take negative feedback in a more positive manner and use that feedback to improve their performance. Baum (1994) found that self-efficacy, had a strong positive relationship with realized growth. In fact, it was the single best predictor in the entire array of variables.  

**Goal Setting**

The ability of goal setting was also a motivating factor for the continuity of entrepreneurial ventures. Tracy, Locke and Renard (1998) conducted a study of the owners of small printing firms on four factors, viz financial management, performance, growth and innovation. The quantitative goals the entrepreneurs had set for each outcome were significantly related to their corresponding outcomes.

**Independence**

Independence entails taking the responsibility to use one’s own judgment as opposed to blindly following the assertions of others. It also involves taking responsibility for one’s own life rather than living off the efforts of others. Entrepreneurial role necessitates independence: *First*, the entrepreneur takes responsibility for pursuing an opportunity which did not exist before. *Second* entrepreneurs are in the end, responsible for results, whether achieved or not achieved.

Further individuals may pursue entrepreneurial careers because they desire independence. For example in interviews with U.S. female firm
founders, Hisrich (1985) found that one of the prime motivations for starting a business was a desire for independence.\(^{38}\)

**Drive**

Drive is referred to the willingness to put forth effort–both the effort of thinking and the effort involved in bringing ones ideas into reality. When entrepreneurs pursue opportunity, they must take action to make it real. Drive has four aspects (Scott Shane et al. 2003) as: *ambition, goals, energy, stamina and persistence*. Ambition influences the degree to which entrepreneurs seek to create something great, important, and significant when they pursue opportunities. The nature of the entrepreneurial ambition may include making money or the desire to create something new, from conception to actuality.\(^{39}\)

**Egoistic passion**

It is the passionate, selfish love of the work that actually drives an entrepreneur. Some commentators as Baum et al (2001) say businessmen’s core motive is to selflessly serve their employees and society. They also express that ego is a central motive. The true or rational egoist passionately loves the work; he loves the process of building and organizing and making it profitable. He is motivated to do what is actually in his own interest – that is, to do everything.\(^{40}\)

**REFERENCES**


8. Ibid. p33.


10. Ibid p78.


22. Ibid.


27. No 15 Ibid.


