

MODULE-I

I. SHORT TYPE QUESTIONS & ANSWERS :[Each carries 02 marks]

a) What is Intrapreneurship? What are their roles in business. ---2016-17

Ans: Intrapreneurship is the act of behaving like an entrepreneur while working within a large organization. Intrapreneurship is known as the practice of a corporate management style that integrates risk-taking and innovation approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship.

Roles of entrepreneurship in business are:

- identifies opportunities
- generates innovative ideas
- Sell Ideas
- Learn from successes and failures
- Turning ideas into projects

b) How idea is different from opportunity from entrepreneur point of view? ----2015-16, 2016-17

Ans: A business idea is a concept that can be used to make money. Usually it centers on a product or service that can be offered for money.

A business opportunity on the other hand is a proven concept that generates on-going income. In other words, a business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch.

c) Differentiate between an entrepreneur and a manager? ----2015-16, 2016-17

Ans:

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Meaning	Entrepreneur refers to a person who creates an enterprise, by taking financial risk in order to get profit.	Manager is an individual who takes the responsibility of controlling and administering the organization.
Focus	Business startup	Ongoing operations
Primary motivation	Achievement	Power
Approach to task	Informal	Formal

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Status	Owner	Employee
Reward	Profit	Salary

d) How do you classify entrepreneurship? ---- 2016-17

Ans: The most common forms of entrepreneurship are:

- Administrative entrepreneurship
- Opportunistic entrepreneurship
- Acquisitive entrepreneurship
- Initiative entrepreneurship, and
- Incubative entrepreneurship.

e) What is enterprise? ----2014

Ans: Enterprise is another word for a for-profit business or company, but it is most often associated with entrepreneurial ventures. People who have entrepreneurial success are often referred to as “enterprising.” Ultimately, the word enterprise is a synonym for business.

f) Distinguish between an entrepreneur and an innovator?-----2014

Ans:

Basis of Difference	Entrepreneur	Innovator
1. Dictionary Meanings	The word "entrepreneur" is a loanword from French verb "entreprendre" which means 'to undertake.'	The word inventor comes from the Latin verb "invenire" which means 'to find'.
2. Concept	The term entrepreneur applies to someone who creates value by offering a product or service, by carving out a niche in the market that may not exist currently.	The term inventor applies to someone who creates some new product that has not been existed before.
3. Commercialization	An entrepreneur will gather resources, organize talent, and provide leadership to bring a good or service to market and make it a commercial success.	An inventor develops a new product or service, but may not bring it to market.

4. Financial risk	Entrepreneur undergoes serious financial risk as huge amount of money is invested.	There isn't a lot of investment required so financial risk is low.
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g) what is entrepreneurship? ----2014, 2015

Ans: Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit".

h) what is social entrepreneurship?----2014, 2016

Ans: Social entrepreneurship is the use of start-up companies and other entrepreneurs to develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a variety of organizations with different sizes, aims, and beliefs. It is all about recognizing the social problems and achieving a social change by employing entrepreneurial principles, processes and operations.

i) Who is a drone entrepreneur?----2017

Ans: Drone entrepreneurs are those who reluctant to change since they are very conservative and do not want to make any changes in the organization. They are happy with their present mode of business and do not want to change even if they are suffering the losses.

j) Differentiate between entrepreneur and Intrapreneur?---- 2013

Ans:

BASIS FOR COMPARISON	ENTREPRENEUR	INTRAPRENEUR
Meaning	Entrepreneur refers to a person who set up his own business with a new idea or concept.	Intrapreneur refers to an employee of the organization who is in charge of undertaking innovations in product, service, process etc.
Approach	Intuitive	Restorative
Resources	Uses own resources.	Use resources provided by the company.
Capital	Raised by him.	Financed by the company.

II. FOCUSED TYPE QUESTIONS & ANSWERS: [Each carries 06 marks]

Q1. What is entrepreneurial motivation? Explain the sources of entrepreneurial motivation.--2014

Ans: Entrepreneurial motivation is the process of transforming an ordinary individual to a powerful businessman, who can create opportunities and helps in maximizing wealth and economic development. It is defined as various factors stimulate desires and activates enthusiasm in entrepreneurs which make them attain a particular goal.

R. A. Sharma classified the factors motivating the entrepreneur into two types as follows :

1) Internal factors include the following

- (a) Desire to do something new
- (b) Educational background
- (c) Occupational background or experience.

2) External factors include :

- (a) Government assistance and support
- (b) Availability of labour and raw-material
- (c) Encouragement from big business houses
- (d) Promising demand for the product.

While studying entrepreneurial motivation, Murthy studied and classified the motivating factors on different basis. According to them, entrepreneurs are motivated to start business enterprises due to the following three types of factors :

- (1) Ambitious factors
- (2) Compelling factors
- (3) Facilitating factors.

In another study on motivating factors, which was undertaken by P.N.Mishra regarding Indian Entrepreneurs, the factors prompted them to promote their companies are divided into two major sub-heads viz., internal factors and external factors.

Internal Factors

- Educational Qualifications
- Occupational Experience
- Desire to work independently in manufacturing line
- Desire to branch out to manufacturing from present occupation.
- Wanted to utilise excess money To earn profits and to possesses wealth
- Family background

- To engage family members along with himself
- To possess social prestige

External Factors

- Assistance from Govt.
- Assistance from financial Institutions
- Availability of technology/ raw-materials
- Demand of a particular product
- Financial help from nongovernment sources

All the factors cannot be equally important for all types of entrepreneurs and, therefore, entrepreneurs make their own preferences for different types of factors.

Q2. State the relationship between entrepreneurial motivation and achievement?

Ans: Some observations regarding the relationship between achievement motivation and entrepreneurship motivation are given hereunder

1. Entrepreneurs facing the multitude of goals which are not towards off to each other but they are supplementary to each other.
2. David McClelland in his later studies given the importance to authority motivation in place of achievement motivation. Endorsing his statement he further makes it clear that for organisational control higher authority achievement with personal authority is essential.
3. Uday Parikh states that for “social reforms” achievement motivation and expansion achievement are to be developed (increased) and dependence achievement should be reduced (decreased).
4. Rao and Mehta state that in developing countries for social reforms and economic growth, instead of the entrepreneurs having very narrow concepts regarding the economic growth, the entrepreneurs having the social consciousness are needed.
5. According to S. N. Chattopadhyay following characteristics are included in the list of motivation to an entrepreneur – high achievement, high expansion, medium authority, low attachment and low dependence.

Q3. Explain the entrepreneurial traits and skills?---2017

Ans: The traits of successful entrepreneurs are:

1. Business focus:- Decisions are made based on the effect of profit, whether observed or anticipated.
2. Confidence:- The entrepreneurs know themselves and have an understanding of others.
3. Creative thinker:- The people in this study exhibited creativity in taking an existing product or idea and turning it into a better one.
4. Delegator:- Successful entrepreneurs aren't afraid to let others assist. They realize that they cannot do everything themselves and are willing and able to allow a shift in style and control.

5. Determination:- Every entrepreneur goes through difficult times. While some throw in the towel, subjects in this study persevered through difficulties.
6. Independent:- Independence doesn't necessarily mean working alone, as these successful entrepreneurs have shown. They are able to do whatever is needed to be done to make the venture successful.
7. Knowledge-seeker:- Those who succeed are always seeking relevant knowledge that will help their business.
8. Promoter:- Nobody promotes the business better than its owner. This person is able to clearly convey what the business is about and convince others of its value.
9. Relationship-builder:- Entrepreneurs realize that it's the people around them that can help them the most and build relationships with those who can benefit the business for its survival and growth.
10. Risk-Taker:- Any new venture or growth involves risk. The successful entrepreneur has an instinctive knowledge of how to mitigate and manage high-risk situations.

The following skills are important if the entrepreneur's business is to succeed.

Ability to Plan: The ability to plan is a key skill for entrepreneurs. They must be able to develop plans to meet goals in a variety of areas, including finance, marketing, production, sales and personnel (hiring and maintaining productive and satisfied employees).

Communication Skills: Entrepreneurs should be able to explain, discuss, sell and market their good or service. It is important to be able to interact effectively with your business team. Additionally, entrepreneurs need to be able to express themselves clearly both verbally and in writing. They also should have strong reading comprehension skills to understand contracts and other forms of written business communication.

Marketing Skills: A business's success or failure is very dependent on whether the business reaches the market (its potential customers), interests the market and results in those in the market deciding to buy. Many entrepreneurs who failed started with an innovative good or service that with proper marketing could have been very successful. Good marketing skills—that result in people wanting to buy your good or service—are critical for entrepreneurial success.

Interpersonal Skills: Entrepreneurs constantly interact with people, including customers and clients, employees, financial lenders, investors, lawyers and accountants, to name a few. The ability to establish and maintain positive relationships is crucial to the success of the entrepreneur's business venture.

Basic Management Skills: The entrepreneur must be able to manage every component of a business. Even if entrepreneurs hire managers to attend to daily details, they must understand if their business has the right resources and if those resources are being used effectively. They must ensure that all the positions in their business are occupied by effective people.

Personal Effectiveness: In order to handle the pressures of their busy lifestyles, entrepreneurs must have the ability to manage time well and to take care of personal business efficiently. Because first impressions are so important, entrepreneurs must also pay attention to such things as personal appearance and telephone skills.

Team Building Skills: Because entrepreneurs usually assemble a team of skilled people who help them achieve business success, they must be able to effectively develop and manage the team.

Leadership Skills: One of the most important leadership skills an entrepreneur must have is the ability to develop a vision for the company and to inspire the company employees to pursue that vision as a team. The expression “people would rather be led than managed” applies especially well to an entrepreneurial venture.

Few entrepreneurs possess every skill needed to ensure business success. For example, they often look to outside experts for help in areas such as strategic planning, accounting and finances, contracts and legal issues, and specialized marketing.

Q4. What are the roles played by an entrepreneur?

Ans: A lot of hard work goes into starting and eventually expanding an enterprise. This hard work starts with the entrepreneur and trickles down the entire organization. But this is a very broad definition and does not really appreciate and highlight the actual role of entrepreneurs with respect to their enterprises.

So to explain it in a better way, let us break it down into points about how an entrepreneur is vital to the enterprise.

Initiator:- The entrepreneur is the one who initiates the process of creating an enterprise by coming up with the idea for the business and planning out how to turn that idea into a reality.

Risk Taker:- In an enterprise, the entrepreneur, being the owner, is the biggest risk taker. He is the one who finds the capital to back up his idea and also the person who is accountable in the face of the failure of that particular idea.

Reduces Risk:- It is also one of the most important roles of entrepreneurs to reduce the risk of an enterprise failure by bringing in people that can help the organization grow. These people can be shareholders or investors that have a stake in the company and therefore are motivated to help the company succeed.

Allocator:- An entrepreneur procures and allocates various resources in the organization. The most important of these resources is manpower. The entrepreneur is responsible for hiring an efficient staff to help him carry out his business. This is important because a good manager can take a business to new heights, while a bad manager can destroy the business.

He is also responsible for creating an organizational structure and departments for a more efficient functioning of the enterprise.

Adhering to Legal Norms:- To ensure that the enterprise adheres to legal norms and policies, such as obtaining a license is also the duty of the entrepreneur. Not pertaining to these can mean serious legal consequences for the enterprise. These could be in terms of financial losses for the organization or something even more serious such as shutting down of an enterprise.

Forecasting:- Last but far from least, the role of entrepreneurs involve acting as a forecaster. The enterprise works in a business environment and is affected by changes occurring in various aspects of this environment. It could be internal, such as strikes, machinery breakdowns, budget cuts etc. or these could be external, such as legal policy changes, political or social unrest, technological advancements, etc.

An entrepreneur must be able to correctly forecast these changes and prepare the organization to deal with these changes.

Q5. Write a notes on women entrepreneur? ----2016-17

Ans: Women entrepreneurship is the process in which women initiate a business, gather all resources, undertake risks, face challenges, provides employment to others and manages the business independently. Approximately 1/3rd of the entrepreneurs in the world are women entrepreneurs. According to definition given by Government of India – “A women entrepreneur is defined as an enterprise owned and controlled by woman having a minimum financial interest of 51% of the capital and giving at least 51% employment generated to women”

Women Entrepreneurship refers to business or organization started by a woman or group of women. There has been a change in role of women due to growth in education, urbanization, industrialization and awareness of democratic values.

Industries promoted by Women Entrepreneurs →

- Agarbatti making
- Papad making
- Embroidery
- Handicrafts
- Catering services
- Running restaurant, snack bars etc.
- Small retail shops
- Beauty parlors
- Pickle manufacturing etc.

Women entrepreneurs can be broadly categorized into five categories:-

- ◆ Affluent entrepreneurs – These are daughters and wives of wealthy businessmen. These women have the financial aid and the necessary resources to start a new enterprise and take business risks.
- ◆ Pull factors – These are educated women living in urban areas with or without work experience who take the risk of a new enterprise with the help of financial institutions and commercial banks. These women take up a new business as a challenge in order to be financially independent.
- ◆ Push factors – These women take up some business activity in order to overcome financial difficulties. Generally widows and single women manage an existing family business or develop a new business due to difficult family situations.
- ◆ Rural entrepreneurs – These women belong to rural areas and choose a business suiting their resources and knowledge. Business carried out involves low investment, minimum risk and does not require any special skills.
- ◆ Self-employed entrepreneurs – They are uneducated women who fall below the poverty line. They choose tiny and small enterprise which are convenient to manage and adequate for the sustenance of her family.

Reasons for growth of Women Entrepreneurship→

- Growth in Literacy level
- Industrial and economic growth
- Awareness of democratic values
- Organizations promoting women entrepreneurship
- Financial assistance and consultancy services provided by financial institutions

Problems faced by Women Entrepreneurs→

- ◆ Women's problem in India – Women entrepreneurs face a difficulty due to specific women problems in India arising due to old traditions, socio-cultural norms, male dominant society, family responsibilities, Indian values and ethics.
- ◆ Entrepreneurial problems –Corruption in government agencies, Price and availability of raw materials, High competition in low technology products , Financial problems,Face technological obsolesce due to lack of support.
- ◆ Specific problems to women – Mobility problems, Family responsibilities and lack of support from family members.

Q6. Write the types of entrepreneurs based on Functional Characteristics & developmental angle? - -- 2017.

Ans: Based on Functional Characteristics: Based on Functional Characteristics

Innovating Entrepreneur : One who introduces new goods, inaugurates new methods of production, discovers new market and reorganizes the enterprise.

Imitative Entrepreneur : One who is ready to adopt successful innovations inaugurated by innovating entrepreneurs.

Fabian Entrepreneur : One who is very cautious and sceptical about experimenting any change in the enterprise.

Drone Entrepreneur : One who refuses to adopt opportunities to make changes in production even at the cost of severely reduced returns.

Based on Developmental Angle: Based on Developmental Angle

Prime Mover: this entrepreneur sets in motion a powerful sequence of development, expansion, and diversification of business.

Manager: Such an entrepreneur does not initiate expansion and is content just staying in business. Minor innovator: this entrepreneur contributes to economic progress by finding better use for existing resources.

Satellite: This entrepreneur assumes a supplier's role and slowly moves towards a productive enterprise.

Local trading: Such an entrepreneur limits his enterprise to the local market.

III. LONG TYPE QUESTIONS & ANSWERS: [Each carries 16 marks]

Q1. Define Enterprise, Entrepreneur and Entrepreneurship? Discuss the nature/ characteristics of the entrepreneur. ---2016-17

Or

Outline few important characteristics of which a person should possess to be a successful entrepreneur. ---2015-16

Ans: Enterprise is another word for a for-profit business or company, but it is most often associated with entrepreneurial ventures. People who have entrepreneurial success are often referred to as “enterprising.” Ultimately, the word enterprise is a synonym for business.

The word ‘Entrepreneur’ is derived from the French word “Entreprendre” means, “to undertake.” Entrepreneurs are action-oriented highly motivated individuals who take risks to achieve goals.

Herberton G. Evans (1957) defines, “Entrepreneur Is the person or group of persons who have the task of determining the kind of business to be operated.”

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit".

Characteristics of an Entrepreneur

An entrepreneur is a person who initiates a business venture. there are some essential feature of an entrepreneur which are describe below.

- Risk taking capability: every business has risk of time money etc .so an entrepreneur must have the risk taking capability.
- Creativity and innovation: an entrepreneur has an initiator possesses creativity and innovative power.
- Need for achievement: the entrepreneur has strong desire to achieve the goal of business. he is always driven by the needs for achievement.
- Need for autonomy: an entrepreneur does not like to be under anybody. it is the need for autonomy which drives a person to be an entrepreneur.
- Internal locus of control: an entrepreneur believes in him his work.
- External locus of control: he also believes in fate for ultimate result.
- Self confident: an entrepreneur has confidence in him.
- Leadership capability: an entrepreneur must have leadership capability to lead works under him
- Industriousness: a successful entrepreneur must have leadership capability to lead workers working under him.
- Decision making capability: the entrepreneur has capability to take quick decision
- Adaptability: he has the capacity to adapt with any kind of situation that arise in the enterprise

Q2. What are the functions and importance of an entrepreneur?---- 2014

Ans: The following points highlight the top five functions of an entrepreneur.

The functions are:

1. Decision Making
2. Management Control
3. Division of Income
4. Risk-Taking and Uncertainty-Bearing
5. Innovation.

Function # 1. Decision Making: The primary task of an entrepreneur is to decide the policy of production. An entrepreneur is to determine what to produce, how much to produce, how to produce, where to produce, how to sell and so forth. Moreover, he is to decide the scale of production and the proportion in which he combines the different factors he employs. In brief, he is to make vital business decisions relating to the purchase of productive factors and to the sale of the finished goods or services.

Function # 2. Management Control: Earlier writers used to consider the management control one of the chief functions of the entrepreneur. Management and control of the business are conducted by the entrepreneur himself. So, the latter must possess a high degree of management ability to select the right type of persons to work with him. But, the importance of this function has declined, as business nowadays is managed more and more by paid managers.

Function # 3. Division of Income: The next major function of the entrepreneur is to make necessary arrangement for the division of total income among the different factors of production employed by him. Even if there is a loss in the business, he is to pay rent, interest, wages and other contractual incomes out of the realised sale proceeds.

Function # 4. Risk-Taking and Uncertainty-Bearing: Risk-taking is perhaps the most important function of an entrepreneur. Modern production is very risky as an entrepreneur is required to produce goods or services in anticipation of their future demand.

Broadly, there are two kinds of risk which he has to face. Firstly, there are some risks, such as risks of fire, loss of goods in transit, theft, etc., which can be insured against. These are known as measurable and insurable risks. Secondly, some risks, however, cannot be insured against because their probability cannot be calculated accurately. These constitute what is called uncertainty (e.g., competitive risk, technical risk, etc.). The entrepreneur undertakes both these risks in production.

Function # 5. Innovation: Another distinguishing function of the entrepreneur, as emphasised by Schumpeter, is to make frequent inventions — invention of new products, new techniques and discovering new markets — to improve his competitive position, and to increase earnings.

Importance

The following is the importance of the willingness to venture into entrepreneurship.

1. Provision of a variety of job opportunities:- Establishment of new businesses creates jobs in the business formed. The more enterprising people are the more the chances of investing in new ventures and creating new jobs.

2. Economic growth:- Creation of new businesses creates wealth which is eventually distributed to all members in various forms. Business owners, suppliers, financiers, distributors and other parties are all beneficiaries to the wealth created.
3. Standard of living:- Entrepreneurship enables a country to produce quality products and services which are sold at reasonable prices. Consumption of high quality goods at low prices improves the consumer's living standard.
4. Investment opportunities:- The success of one new business produces many additional entrepreneurial and investment opportunities. Initial entrepreneurial activity may serve as a role model to inspire new generation of entrepreneurs and become a breeding ground for new business ventures.
5. Profits:- The key share holders in entrepreneurship are the entrepreneurs and venture capitalists. These reap huge rewards for themselves when a business is successful.
6. Tax base:- New businesses become tax payers, thus returning revenue to the government. More revenue is also accruing to the government from business employees when they pay income tax.
7. Technological Development:- Entrepreneurs develop new products from new ideas. Every business strives for profitability. Competition dictates that great stride be made in technology.

Q3. Explain the theory of Achievement motivation propounded by David McClelland?

Ans: In his in his 1961 book 'The Achieving Society', David McClelland expounds on his acquired-needs theory. He proposed that an individual's specific needs are acquired over time and are shaped by one's life experiences. He described three types of motivational need. A person's motivation and effectiveness in certain job functions are influenced by these three needs.

n-ach - achievement motivation:- 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. People with a high need for achievement seek to excel and thus tend to avoid both low-risk and high-risk situations. Achievers avoid low-risk situations because the easily attained success is not a genuine achievement. In high-risk projects, achievers see the outcome as one of chance rather than one's own effort. High n-ach individuals prefer work that has a moderate probability of success, ideally a 50% chance. They prefer either to work alone or with other high achievers.

n-pow - authority/power motivation :- 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.

A person's need for power can be one of two types - personal and institutional. Those who need personal power want to direct others, and this need often is perceived as undesirable. Persons who need institutional power (also known as social power) want to organize the efforts of others to further the goals of the organization. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power.

n-affil - affiliation motivation:- The n-affil person is 'affiliation motivated', and has a need for friendly relationships and is motivated towards interaction with other people. They need harmonious relationships with other people and need to feel accepted by other people. The affiliation driver produces motivation and need to be liked and held in popular regard. These people are team players. They tend to conform to the norms of their work group. High n-affil individuals prefer work that provides significant personal interaction. They perform well in customer service and client interaction situations.

McClelland's acquired needs theory states 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 behaviour and working/managing style.

Q4. Explain the different types of entrepreneur?

Ans: On the basis of nature Clarence Danhof classified entrepreneurs into four categories. These are:

1) Innovative entrepreneurs: An innovative entrepreneur is one, who introduces new goods, inaugurates new method of production, discovers new market and recognizes the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved and people look forward to change and improvement.

2) Imitative entrepreneurs: These types of entrepreneurs creatively imitate the innovative technical achievement made by another firm. Imitative entrepreneurs are suitable for underdeveloped countries as it is hard for them to bear the high cost of innovation.

3) Fabian entrepreneurs: Fabian entrepreneurs are characterized by very great caution and skepticism to experiment any change in their enterprises. They usually do not take any new challenge. They imitate only when it becomes perfectly clear that failure to do not so would result in a loss of the relative position in the enterprise.

4) Drone entrepreneurs: These entrepreneurs are reluctant to change since they are very conservative and do not want to make any changes in the organization. They are happy with their present mode of business and do not want to change even if they are suffering the losses.

Some other types of entrepreneurs:

A) Solo operators: These are the entrepreneurs who essentially work alone and if needed at all employ a few employees. In the beginning most of the entrepreneurs start their enterprises like them.

B) Active partners: Active partners are those entrepreneurs who start or carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business.

C) Innovators: Such entrepreneurs with their competence and creativity innovate new products. Their basic interest lies in research and innovative activities.

D) Buyers' entrepreneurs: These are the entrepreneurs who do not like to bear much risk. They do not take the risk of production but take the risk of marketing a product i.e. wholesaler and retailer.

E) Life timers: These entrepreneurs believe business as an integral part of their life. These entrepreneurs actually inherit their family business i.e. goldsmith, potter etc.

F) Challengers: These are the entrepreneurs who initiate business because of the challenges it presents. They believe that 'No risk, No gain'. When one challenge seems to be met, they begin to look for new challenges.

Q5. Write a note on Entrepreneurial personality along with its Big Five dimensions and Approaches?

Ans: Personality as "the combination of characteristics or qualities that form an individual's distinctive character". Personality traits include the human characteristics, abilities, motives, attitudes and values which shape the individual person's experiences and actions. Hence, personality traits cause the mental and behavioural processes of individuals.

The Big-5 model is a multidimensional approach towards defining personality, through measuring openness, conscientiousness, extraversion, agreeableness, and neuroticism. It has been the predominant model for personality traits since the 1980s, and the Big-5 traits have been found to influence career choice and work performance (e.g., Costa and McCrae, 1992; Digman, 1990; Goldberg, 1990; John et al., 2008; Rauch, 2014). The five “macro traits” cover a distinct set of characteristics, as described in John et al. (2008, p. 138):

- Openness to experience: describes the breadth, depth, originality, and complexity of an individual’s mental and experimental life
- Conscientiousness: describes socially prescribed impulse control that facilitates task- and goal-orientated behavior
- Extraversion: implies an energetic approach toward the social and material world and includes traits such as sociability, activity, assertiveness, and positive emotionality
- Agreeableness: contrasts a prosocial and communal orientation toward others with antagonism and includes traits such as altruism, tender-mindedness, trust, and modesty
- Neuroticism: contrasts emotional stability and even-temperedness with negative emotionality, such as feeling anxious, nervous, sad, and tense

Approaches to Entrepreneurial Personality

Single trait approaches: Achievement Motivation (n-Ach)

David McClelland in his pioneering 1961 book *The Achieving Society* developed the concept of Achievement Motivation:

Defined as - A desire to do well for the sake of an inner feeling of personal accomplishment. A desire to excel. To have personal responsibility for solving problems. To achieve a goal in relation to a set of standards.

Chell et al (1991) conclude that: ‘despite the claim of empirical support, there are lingering doubts as to the predictive power of the achievement motive’

Single trait approaches: Risk-Taking Propensity

Entrepreneurs have been described as ‘moderate’ risk-takers; who take ‘calculated risks’ (Timmons et al, 1985). Also argued that successful entrepreneurs have ability to minimise the risks they take

Number of studies have found no significant differences between entrepreneurs and managers or the general population

A complex issue, regards an individual’s perception of risk: ‘Perhaps in some instances, as the entrepreneur becomes more aware of his business environment, he realises that the venture has been more risky than he originally thought’

Single trait approaches: Locus of Control

The psychologist Rotter (1966) developed personality measure of ‘locus of control’ – which regards the degree to which people believe they are in control of their own destinies:

High internal locus of control: Individuals have strong belief that they are in charge of their own destiny. Events are contingent on their own behaviour and their own relatively permanent characteristics – ‘I make things happen’

High external locus of control: Individuals feel events are outside their control and are the result of luck, chance, fate or powerful others – ‘things happen to me’.

Again, inconclusive and contradictory findings Notion that these traits are not static, open to change and tempered by experience

Multi-trait approaches

Timmons et al (1985) proposed the most extensive list of entrepreneurial traits:

- Total commitment, determination and perseverance
- Drive to achieve and grow
- Orientation to goals and opportunities
- Taking initiative and personal responsibility
- Persistence in problem-solving
- Veridical awareness and sense of humour
- Seeking and using feedback
- Internal locus of control
- Tolerance of ambiguity, stress and uncertainty
- Calculated risk-taking and risk-sharing
- Low need for status and power Integrity and reliability
- Decisiveness, urgency and patience
- Dealing (positively) with failure
- Team builder and hero maker
- Other commonly cited traits include independent, innovative, creative, visionary, assertive, self confident, proactive and so on...