

## Skills and behaviour of a successful entrepreneur in the entrepreneurship development

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### Abstract

Entrepreneurship is defined as the process of designing; launching and running a new business, which begins as a small business, such as a start-up company, offers a product, process or service for sale or hire. The people who do so are called 'entrepreneurs'. In this paper entrepreneurial behaviours are discussed. Characteristics, skills and functions of the entrepreneur are significantly mentioned here. There is a detailed description of different types of entrepreneur. There is a focus on the sustainable achievement of entrepreneurship development. The main objective is to study various dimensions of entrepreneurial leadership and factors predicting the success of entrepreneur.

**Keywords:** entrepreneurship, business

### Introduction

Entrepreneurship is defined as the process of designing; launching and running a new business, which begins as a small business, such as a start-up company, offers a product, process or service for sale or hire, and the people who do so are called 'entrepreneurs'. It is defined as the capacity and willingness to develop, organize, and manage a business venture along with its risks in order to make a profit. It also explains how and why some individuals identify opportunities, evaluate them, and then decide to exploit them, whereas others do not, how entrepreneurs use these opportunities to develop new products or services, launch new firms or even new industries and create wealth.

Entrepreneur is the person who starts, organizes and manages any enterprise, especially a business, usually with considerable initiative and risk. An entrepreneur runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. He does not work as an employee. He is a business leader and innovator of new ideas and business processes. Entrepreneurs tend to be good at perceiving new business opportunities and exhibit positive biases in their perception and a risk-taking attitude. It makes them to exploit the opportunity.

An entrepreneur acts as the manager and oversees the launch and growth of an enterprise. Entrepreneurship is the process by which an individual identifies a business opportunity and acquires and deploys the necessary resources required for its exploitation. The exploitation of entrepreneurial opportunities includes developing a business plan, hiring the human resources, acquiring financial and material resources, providing leadership, and being responsible for the venture's success or failure. The role of the entrepreneur in the economy is "creative destruction"— launching innovations that

simultaneously destroy old industries while ushering in new industries and approaches.

"Entrepreneurial spirit is characterized by innovation and risk-taking." Entrepreneurship is associated with new, small, for-profit start-ups, entrepreneurial behaviour can be seen in small-, medium- and large-sized firms, new and established firms and in for-profit and not-for-profit organizations. It includes voluntary sector groups, charitable organizations and government. E.g. in the 2000s, the field of social entrepreneurship has been identified; in which entrepreneurs combine business activities with humanitarian, environmental or community goals.

Entrepreneurship is an important engine of growth in the economy. Entrepreneurship operates within an entrepreneurship ecosystem which includes government programs and services that promote entrepreneurship and support entrepreneurs and start-ups; non-governmental organizations such as small business associations and organizations that offer advice and mentoring to entrepreneurs, small business advocacy organizations that lobby the government for increased support for entrepreneurship programs and more small business-friendly laws and regulations; entrepreneurship resources and facilities; entrepreneurship education and training programs offered by schools, colleges and universities; and financing (e.g., bank loans, government and private foundation grants etc.).

### Entrepreneurial Behaviours

It is a multidimensional competence that involves actively searching for new ideas, generating resources and designing and implementing a strategic renewal or innovation within existing organisations.

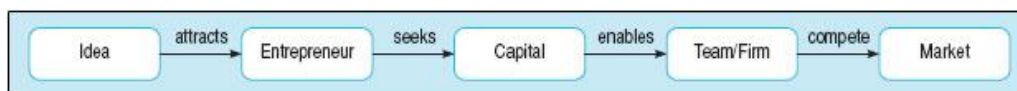


Fig 1: Business Competition Chain

Behavioural characteristics of entrepreneurs are:

- Drive and energy
- Self-confidence
- High initiative and personal responsibility
- Internal locus of control
- Tolerance of ambiguity
- Low fear of failure
- Moderate risk taking
- Long-term involvement
- Money as a measure not merely an end
- Use of feedback
- Continuous pragmatic problem solving
- Use of resources
- Self-imposed standards
- Clear goal setting

Business situations consist of real challenges, constraints and opportunities that affect the business performance of a firm. It is how entrepreneurs perceive their judgments and actions (which is accurate market information and why, the ability to learn and experience). Business perceptions are also influenced by personal and business motivations, peer pressures and cultural influences. Entrepreneurial behaviour is determined by the entrepreneur's expectations rather than a rigid set of strategic objectives. This process is not static but very dynamic with feedback and signals from the market consciously and indirectly affecting later decisions and actions.

### Characteristics of Entrepreneur

An entrepreneur requires much more than just big idea. A true entrepreneur follows a unique traits, skills and characteristics that enable them to beat the odds and go after their dreams. Some of the characteristics of successful entrepreneurs which tend to possess in abundance are:

- **Goal-oriented:** Entrepreneurs are all about setting goals and putting their all into achieving them. They are determined to make their business succeed and will remove any obstacle that may stand in their way. They also tend to be strategic in their game plans and always have a clear idea in mind of exactly what they want to achieve and how they plan to achieve it.
- **Committed to their business:** Entrepreneurs are not easily defeated. They view failure as an opportunity for future success, and if they don't succeed the first time, they'll stay committed to their business and will continue to try again and again until it does succeed. A true entrepreneur doesn't take 'no' for an answer.
- **Hands-on:** Entrepreneurs are inherently proactive, and know that if something really needs to get done, they should do it themselves. They have to do, not think only, and tend to have very exacting standards. They view their business as an extension of themselves and like to be integral in its day-to-day operations.
- **Thrive on uncertainty:** Not only do they thrive on it; they also remain calm throughout it. If things go wrong in business, but when you're at the helm of a company and making all the decisions, it's essential to keep yourself cool in any given situation. True entrepreneurs know this and secretly flourish and grow in the wake of any challenges.
- **Continuously look for opportunities to improve:** Entrepreneurs realize that every event or situation is a business opportunity, and they're constantly generating new and innovative ideas. They have the ability to look at

everything around them and focus it toward their goals in an effort to improve their business.

- **Willing to take risks:** A true entrepreneur doesn't ask questions about whether or not they'll succeed. They truly believe they will. They bear this confidence in all aspects of life, and they are never afraid to take risks.
- **Willing to listen and learn:** The most important part of learning is listening—and a good entrepreneur will do this.
- **Great people skills:** Entrepreneurs have strong communication skills, and this strength enables them to effectively sell their product or service to clients and customers. They are also natural leaders with the ability to motivate, inspire and influence those around them.
- **Passionate and always full of positivity:** Passion is the most important trait of the successful entrepreneur. They love their job genuinely and are willing to put in those extra hours for business growth. They get a sense of pleasure from their work.

### Skills of an Entrepreneur

Successful entrepreneurs have many qualities in common with one another. They are confident and optimistic, disciplined self-starters. They are open to any new ideas which cross their path. They must be disciplined, open-minded, self-starters, competitive, creative, determined and passionate. They should possess strong communication skills and work ethics. They should be active listener and have good sense of humor. They must be calm and patient and practice regularly.

### Functions of Entrepreneur

The important functions performed by an entrepreneur are mentioned below:

1. **Innovation:** An entrepreneur is an innovator who tries to develop new technology, products, markets, etc. It involves doing new things or doing existing things differently. An entrepreneur uses his creative faculties to do new things and exploit opportunities in the market. He does not believe in status quo and is always in search of change.
2. **Assumption of Risk:** An entrepreneur is risk taker and not risk shirker. He is always prepared for assuming losses that may arise on account of new ideas and projects undertaken by him. The willingness to take risks allows an entrepreneur to take initiatives in doing new things and marching ahead in his efforts.
3. **Research:** An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his ventures. Entrepreneur finalizes an idea only after considering a variety of options, analyzing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative and then he applies his ideas in practice. The selection of an idea involves the application of research methodology.
4. **Development of Management Skills:** The work of an entrepreneur involves the use of managerial skills which he develops while planning, organizing, staffing, directing, controlling and coordinating the activities of business. His managerial skills get strengthened when he enrolls himself in attaining equilibrium between his organization and its environment. When the size of business grows considerably, he can employ professional managers for the effective management of business operations.

5. **Overcoming Resistance to Change:** New innovations are generally opposed by people because it makes them change their existing behavior patterns. An entrepreneur always first tries new ideas at his level. It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. Thus, an entrepreneur paves the way for the acceptance of his ideas by others. It is the reflection of his will power, enthusiasm and energy which helps him in overcoming the society's resistance to change.
6. **Catalyst of Economic Development:** An entrepreneur plays an important role in accelerating the pace of economic development of a country by discovering new uses of available resources and maximizing their utilization.
7. **Co-ordination of the Factors of production:** The main function of the entrepreneur is to co-ordinate different factors of production in proper combinations, so that the cost of production is reduced to the minimum.
8. **Division of Labour:** The splitting up of production into different parts and entrusting them to different workers is also the function of an entrepreneur. Thus, the entrepreneur decides the level and type of division of labour.
9. **Quality of Product:** Keeping in view the competition in the market, the entrepreneur has to determine the quality of his product. He is to decide whether the goods produced should be of superior quality only or both of superior and ordinary qualities.
10. **Sale of Goods:** The responsibility of the entrepreneur is not only to produce goods but also to sell his product. He employs a number of salesmen to market the goods. He makes arrangement for publicity to push up the sales. He adopts both informative as well as persuasive methods to achieve his goal.
11. **Advertisement:** It is the duty of an entrepreneur to do advertisement explaining the superiority and quality of his goods through newspapers, magazines, radio, TV, etc. Advertisement is done to create and increase the demand or sale of his goods.

### Types of Entrepreneur

There are different types of entrepreneurs depending upon the level of willingness to create innovative ideas. These are:

1. **Innovative entrepreneurs:** They have the ability to think newer, better and more economical ideas of business organization and management. They are the business leaders and contributors to the economic development of a country. E.g. Inventions like the introduction of a small car 'Nano' by Ratan Tata, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.
2. **Imitating entrepreneurs:** These are the people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own. These are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas. E.g. Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers are the imitating entrepreneurs.
3. **Fabian entrepreneurs:** Fabian is 'a person seeking victory

by delay rather than by a decisive battle'. Fabian entrepreneurs do not show initiative in visualizing and implementing new ideas and innovations wait for some development which would motivate them to initiate.

4. **Drone entrepreneurs:** Drone is a person who lives on the labour of others. Drone entrepreneurs are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. They are die-hard conservatives and are ready to suffer the loss of business.
5. **Social Entrepreneur:** Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development. They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. E.g. Dr. Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.

### Entrepreneurship development

Entrepreneurship development is concerned with the study of entrepreneurial behaviour, the dynamics of business set-up, development and expansion of the enterprise. It is the process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes. It aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. This accelerates employment generation and economic development.

It focuses on the individual who wishes to start or expand a business. Small and medium enterprise (SME) development, it also focuses on developing the enterprise, whether or not it employs or is led by individuals who can be considered entrepreneurial. It concentrates more on growth potential and innovation than SME development does.

Entrepreneurship is promoted to help alleviate the unemployment problem, to overcome the problem of stagnation and to increase the competitiveness and growth of business and industries. Various attempts have been made to promote and develop entrepreneurship. By giving specific assistance to improve the competence of the entrepreneur and his enterprise so as to enhance his entrepreneurial objectives and accommodate more people to become entrepreneurs as well.

Entrepreneurial development programmes may have to include support for:

- Entrepreneurship orientation and awareness.
- Development of the competencies (skills, experience and attitudes) necessary to recognize a market opportunity and organize the resources to meet it.
- Improvement of business performance for growth and competitiveness.

### Achieving Sustainable Entrepreneurship Development

Sustainable entrepreneurs are those who attempt to combine the environmental, economic and social components of sustainability in a well manner and have a different organizing logic to more conventional entrepreneurs. Sustainable entrepreneurs seek to use the enterprise as a tool for perpetuating resources involving 'whole enterprise design' focused on sustainable development. Sustainable entrepreneurs are said to operate their businesses in ways that

run counter to popular perceptions of entrepreneurial behaviour.

- It should be about helping people to start and grow dynamic business.
- It should be formulated to identify the factors of risk and success.
- It requires a selection process to identify the targets.
- It should inspire entrepreneurs to recognize and design unique business opportunities based on analysis of local conditions.
- It also depends on the concerned government policies.

**Economic Role of Entrepreneur:** The entrepreneur looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. The major roles played by an entrepreneur in the economic development of an economy are discussed in a systematic manner as follows.

- 1) **Promotes Capital Formation:** Entrepreneurs promote capital formation by mobilizing the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises.
- 2) **Creates Large-Scale Employment Opportunities:** Entrepreneurs provide immediate large-scale employment to the unemployed. With the setting up of more and more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others. As the enterprises grow, it provides direct and indirect employment opportunities to many more. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country.
- 3) **Promotes Balanced Regional Development:** Entrepreneurs help to remove regional disparities by setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc. Setting up of more industries leads to development of backward regions and hence promotes balanced regional development.
- 4) **Reduces Concentration of Economic Power:** Economic power is the natural outcome of industrial and business activity. Industrial development leads to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. It will help reduce the concentration of economic power amongst the population.
- 5) **Wealth Creation and Distribution:** It stimulates equal redistribution of wealth and income in the interest of the country to more people and geographic areas. It gives benefit to larger sections of the society.
- 6) **Increasing Gross National Product and Per Capita Income:** Entrepreneurs explore and exploit opportunities, encourage effective resource mobilization of capital and skill, bring in new products and services and develop markets for growth of the economy. Thus, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.
- 7) **Promotes Country's Export Trade:** Entrepreneurs help in promoting a country's export-trade, which is an important

ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development.

- 8) **Induces Backward and Forward Linkages:** Entrepreneurs like to work in an environment of change and try to maximize profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

### Dimensions of Entrepreneurial Leadership

Various dimensions of entrepreneurial leadership are:

- **Identification of Opportunities:** It measures skills and behaviours related with the ability to identify and seek out high-potential business opportunities.
- **Vision and Influence:** It measures skills and behaviours associated with the ability to influence all internal and external stakeholders that must work together to execute a business strategy.
- **Comfort with Uncertainty:** It measures skills and behaviours required to move a business agenda forward in the face of uncertain and ambiguous circumstances.
- **Assembling and Motivating a Business Team:** It measures skills and behaviours needed to select the right members of team and motivate them to reach business goals.
- **Efficient Decision Making:** It measures skills and behaviours to make effective and efficient business decisions, even in the case of insufficient information.
- **Building Networks:** It measures skills and behaviours providing the ability to assemble necessary resources and to create the professional and business networks.
- **Collaboration and Team Orientation:** It measures skills and behaviours associated with being a strong team player who is able to subordinate a personal agenda to ensure the success of the business.
- **Management of Operations:** It measures skills and behaviours associated with the ability to successful management of the operations of a business.
- **Finance and Financial Management:** It measures skills and behaviours of the successful management of all financial aspects of a business venture.
- **Sales:** It measures skills and behaviours needed to build an effective sales organization and sales channel that can successfully acquire, retain, and serve customers, while promoting strong customer relationships and engagement.
- **Preference for Established Structure:** It measures preference for operating in more established and structured business environments rather than a preference for building new ventures where the structure must adapt to an uncertain and rapidly changing business context and strategy.

### Factors predicting success of an Entrepreneur

Factors that may predict entrepreneurial success include the following:

- a) **Methods**
  - Establishing strategies for the firm, including growth and survival strategies
  - Maintaining the human

- Ensuring the availability of required materials
- Ensuring good organizational design, sound governance and organizational coordination
- Congruency with the culture of the society

**b) Market**

- Business-to-business (B2B) or business-to-consumer (B2C) models can be used
- High growth market
- Target customers or markets that are untapped or missed by others

**c) Industry**

- Growing industry
- High technology impact on the industry
- High capital intensity
- Small average incumbent firm size

**d) Team**

- Large, gender-diverse and racially diverse team with a range of talents, rather than an individual entrepreneur
- Graduate degrees
- Management experience prior to start-up
- Work experience in the start-up industry
- Employed full-time prior to new venture, as opposed to unemployed
- Prior entrepreneurial experience
- Full-time involvement in the new venture
- Motivated by a range of goals, not just profit
- Number and diversity of team members, social ties and breadth of their business networks

**e) Company**

- Written business plan
- Focus on a unified, connected product line or service line
- Competition based on a dimension other than price (e.g., quality or service)
- Early, frequent, intense and well-targeted marketing
- Tight financial controls
- Sufficient start-up and growth capital
- Corporation model, not sole proprietorship

**f) Status**

- Wealth can enable an entrepreneur to cover start-up costs and deal with cash flow challenges
- Dominant race, ethnicity, or gender in a socially stratified culture

**Conclusion**

Entrepreneurship is the process of designing, launching and running a new business. The people who do so are entrepreneurs. Various functions of entrepreneurs are studied. They work for the development of the country by working on innovative ideas. They have to consider all the risks, and manage the organization. They also considered the economy as a major factor. Dimensions of entrepreneurial leadership are thoroughly discussed and factors predicting the success are also mentioned in brief.

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