

E-CONTENT-SERIES ON ENTREPRENEURSHIP AND MSMEs
by
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MOTIVATION, TYPES & BARRIERS TO ENTREPRENEURSHIP

- **Entrepreneurial Motivation**
 - **Factors Responsible For Emergence Of Entrepreneurship**
 - **Types Of Entrepreneurs**
 - **Intrapreneurship**
 - **Barriers To Entrepreneurship**
-

Lets have a look at the resume of Abraham Lincoln

Age 22, Failed in Business.

Age 23, Ran for Legislature and Was Defeated

Age 24, Failed Again In Business

Age 25, Elected to Legislature.

Age 26, Sweetheart Died.

Age 27, Had a Nervous Breakdown.

Age 29, Lost in the election for Speaker.

Age 31, Lost in the Election for Elector.

Age 34, Lost in the Election to the Congress.

Age 37, Elected to Congress.

Age 39, Lost in the Election to Congress.

Age 46, Lost in the Election to the Senate.

Age 47, Lost in the Election for Vice President

Age 49, Lost in the Election to the Senate.

Age 51, Elected President of United State Of America

The above resume of Abraham Lincoln has been presented before you to demonstrate the fact that even failures cannot deter a man who is determined and motivated to succeed. Abraham Lincoln surely exhibits entrepreneurial traits. He had the ability to fight back the reverse circumstance and kept his spirits high so much so that even after the series of failures in his life he was able to make for the top most position in United States of America!

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Entrepreneurial Motivation

In this chapter we discuss the various reasons that motivate a person to opt for entrepreneurship as a career option, the various factors responsible for emergence of entrepreneurship, the different types of entrepreneurs, the concept of Intrapreneurship and the barriers to entrepreneurship.

Lets Begin: The term Motivation has been derived from the word ‘motive’ which means drive, hence motivation is the drive to achieve a target. We are going to concentrate on entrepreneurial motivation. We will discuss the various reasons and factors that are responsible for entrepreneurial motives in a person.

- What is the intrinsic variable that drives a person to start a new venture?
- Is it the financial scarcity or financial abundance that motivates an individual to start a business?
- Is it the family support, social status or dissatisfaction from present life that motivates an entrepreneur to start a new business venture?

Let us find the answer to all the questions above.

We first link them to some of the famous theories on motivation. Maslow had divided human needs that drive an individual into five different categories (he called them motives: Physiological needs, Safety needs, social needs, esteem needs and self-actualization needs.) Classifying Entrepreneurial motives in the Maslow’s Need Hierarchy theory they would fall in the category of sociological needs, esteems needs & self actualization i.e.; Maslows higher order needs tend to motivate entrepreneur more. But this does not mean that the lower order needs don’t contribute to entrepreneurial

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motivation. In some exceptional cases even physiological needs and security needs motivate an individual. If we categorize them on Mc Cllenad's Theory of needs, the entrepreneur would generally be labeled as individuals with high need for achievement, moderate need for power and Low need for affiliation.

Researchers have pointed out varied range of entrepreneurial motivation like need for achievement, dissatisfaction from the present job or status, work & family situations, desire to have control over one's life & decision making etc. But most of the researchers agree on the fact that of all the motives mentioned above need for achievement is the major motive for entrepreneurial motivation. Need for achievement develops when an individual wants to accomplish more than what he has, which can lead to growth in his career. The individual sets goal, draws action plans & implements these plans to attain this motive. Need for achievement would provide a drive in an individual to put in his potential to the fullest so that business venture is successful.

R.A. Sharma in his studies Classified all the factors motivating the entrepreneurs into two types:

1. Internal Factors: The internal factors are:
 - a) Desire to do something new
 - b) Education Background
 - c) Experience
2. External factors: The External Factors are:
 - a) Government Assistance & support
 - b) Availability Of raw material & labour
 - c) Encouragement from big business houses
 - d) Promising demand for the product

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BEVVN Murthy et al studied and classified the motivating factors for entrepreneurs and classified them into three types:

1. Ambitious Factors
2. Compelling Factors
3. Facilitating Factors

Factors Responsible For Emergence Of Entrepreneurship

Individual's decision to pursue an entrepreneurial career is dependent on various factors. They have been discussed below:

1. Background Factors

- a) ***Education, Training & Experience:*** The type of education, training & experience an individual has undertaken affects his choice of setting up an enterprise. Technically qualified persons normally set up their ventures in the field of their specialization mainly because working in ones area of specialization gives confidence & reduces the uncertainty associated with the new venture.
- b) ***Family, role models & association with similar type of individuals:*** If an individual has a supportive family, has role models who have been successful or are in association with same or similar type of individual they have add-on vigor to their desire of setting-up a new venture.
- c) ***Financial Conditions:*** Both adverse and supporting financial conditions can motivate an individual to setup a new venture. When an individual is unemployed or is not able to support his family demands or if he is having surplus funds he may start looking for a new business venture where he

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can put in his time / money to achieve success and hence fulfill his demands.

2. Motivational Factors

- a) *Need for achievement*: This has been identified as the most important reason for entrepreneurial motivation by various researchers. Need for achievement means the drive to achieve a goal. Entrepreneurs have compelling drive to succeed. They're striving for personal achievement rather than reward per se. They have desire to do something better or more efficiently than it has been done before.
- b) *Personal Motives / expectations*: This has been found to be one of the crucial factors responsible for entrepreneurship amongst individuals. These individuals have internal focus of control i.e.; they consider themselves responsible for their growth & development.
- c) *Business Environment*: Supportive business environment like low rate of competition, high profit margins, good economic condition of the region, high demand - all go in motivating an individual to setup a new venture.

3. Economic Factors

- a) *Supportive Government Policies*: From time to time government keeps formulating policies and programmes to promote entrepreneurs in different fields like tax holidays. These policies & procedures go a long way in catalyzing the entrepreneurial motivation.

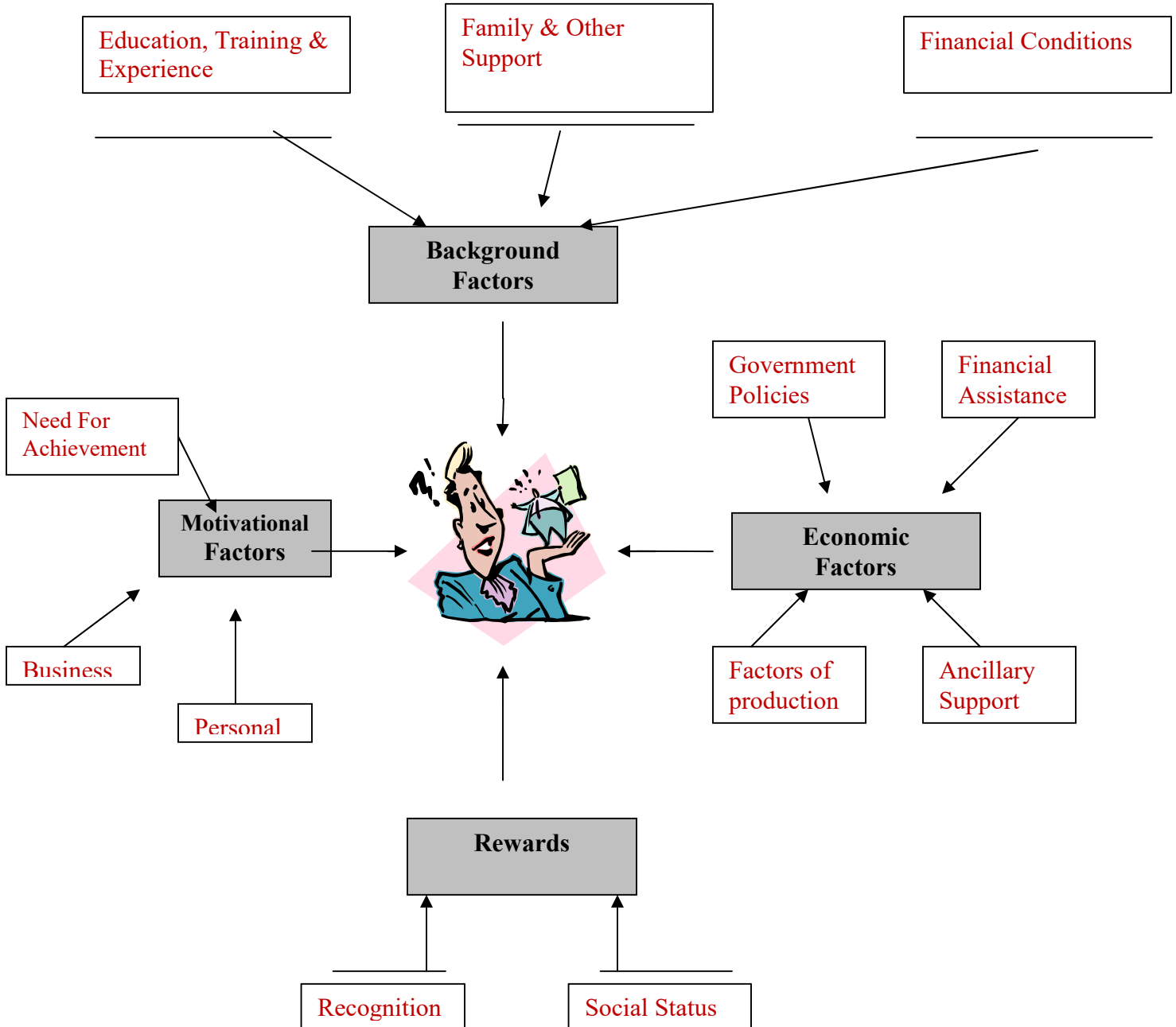
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- b) **Availability of financial assistance from various funding bodies:** An entrepreneur needs funds to setup business and many may not be having the funds to support the requirements of the business setup , in such situation he / she can take assistance from Financial institutions. Hence the financial institutions can facilitate the setting up of new venture by easing out the disbursement of funds to them.
- c) **Ancillary Support:** Ancillary support from suppliers, distributors, retailers etc. , even bigger units can act as great encouragement to the budding entrepreneurs.
- d) **Availability of technical factors like premises, electricity, labor:** Feasibility with which factors of production are available to the entrepreneurs will facilitate / obstruct an entrepreneur in making the final decisions of setting up a business venture and even in the success of a business.

4. Reward

- a) **Recognition:** Since the success of a business is usually in proportionate to the efforts put in by the entrepreneurs, setting up of new ventures gives an entrepreneur an individuality the fate of which is highly dependent on him. Since success of an enterprise is associated with the efforts and success of an entrepreneur he / she gets enough recognition to suffice his self-esteem.
- b) **Social status:** Entrepreneurship is the way to get large profit margins which a salaried employee cannot even think of hence if the business runs successfully it automatically raises the social status of an individual. Moreover the idea of being responsible for ones fate, employing number of individual, taking important decisions all go a long way in giving a higher social status to an individual.
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Diagrammatic View of Factors for Emergence of Entrepreneurship

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Types Of Entrepreneur

Who are the entrepreneurs? By text book definition - All active owner-managers are entrepreneurs. They can be classified into following categories

Classification on the basis of ownership:

1. Founders - Or “Pure Entrepreneurs”: As the term suggests they are those individuals who are the founders of the business. They are the ones who conceptualize a business plan and then pour in efforts to make the plan a success. Like Dhirubhai Ambani Of Relaince Group.

2. Second-generation operators of family-owned businesses - They are the ones are the individuals who have inherited the business from their fathers and forefathers. Like Mukesh Ambani & Anil Ambani -son of Dhirubhai Ambani of Relaince Group Now split into two: Reliance – Reliance Industries Limited & Anil Dhirubhai Ambani Group.

3. Franchisees - Franchisee has been derived from a french word which means free. It is a method of doing business wherein a the parent owner (the *franchisor*) licenses his trademarks and ***tried and proven*** methods of doing business to a *franchisee* in exchange for a recurring payment. Hence franchisee has not conceptualized the business but have invested money and time in business. Like NIIT has given its franchisee operations to local players after through scrutiny and proper training. These franchisee’s follow the same curriculum, use the same set of books, have same pricing strategy and award the same degree. They share the profit margins and get training, curriculam design and books from the parent company ie; NIIT.

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4. Owner-Managers - When a person buys a business from the founder and then invests his time and resources in it he is called owner manager. Like Sabeer Bhatia is the founder entrepreneur of Hotmail whereas Microsoft's Bill gates became the owner manager after buying it for \$400 million.

Classification on the basis personality traits and their style of running the business:

1. The Achiever: These types of entrepreneurs have personal desires to excel. The only drive that kicks them is the desire to achieve something in life, the desire to make a mark in the society, the desire to prove their excellence. No matter how many hurdles come in their way they are fully determined. They do not need any external stimulus but are self-driven. Their characteristics can be termed as Achievement Personified. They can rightly be called go-getters. This personality often will cause them to build their business around their own personal brand. These entrepreneurs have dream and dare to fulfill their dreams. Like Narayan Murthy who had a settled life and was working quit the job and went on his own to start a Infosys.

2. The Induced Entrepreneur: These types of entrepreneurs are induced by some external factors to start a business. The external factors could be like supporting government policies, unemployment, family support, facilitating institutional support, etc. These types of entrepreneur turn out to be more realistic in their approach. Like when government announced for subsidies, tax rebates and financial support to Small Scale Industries several entrepreneurs started their business as SSI's.

3. The Idea Generator: These kinds of entrepreneurs are highly creative people who are always in search of innovative ideas for setting up new business ventures. They have the ability to sense the demands much ahead of others they get the First Movers Advantage and are able to skim higher profits from the market. They can rightly be given the title of

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‘Essence of Entrepreneurship’. Like Bill Gates of Microsoft started the manufacturing of Microcomputer Softwares.

4. The Real Manager: The Real Managers run the business in a systematic manner. They analyze business situations, assess the demands of future both in terms of opportunities and threats and then take actions based on the above assessments. They believe in incremental changes rather than radical transformations.

5. The Real Achievers: The real achievers are full of life. They are looking for the achievement of not even their own goals but also of people associated with him like employees, suppliers and distributors.

Classification based on the type of Business

- 1) **Industrial entrepreneur:** Industrial Entrepreneur is an entrepreneurs that is into manufacturing of a product. He identifies the needs and wants of customers and accordingly manufactures products to satisfy these needs and wants. It would include all the entrepreneurs essentially into manufacturing like
- 2) **Trading Entrepreneurs:** Trading Entrepreneur is who undertakes trading activities (buying and selling of goods and services) and is not concerned with the manufacturing of products. He identifies potential markets, stimulates demands and generates interests among buyers to purchase a product.
- 3) **Corporate Entrepreneur:** Corporate Entrepreneur is a person who demonstrates his innovative skill in organizing and managing a corporate undertaking (which is registered under some statute or act which gives it a separate legal entity.)

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- 4) **Agricultural Entrepreneur:** Agricultural entrepreneurs are those entrepreneurs who undertake business which are related to agricultural activities. Like Farm equipments, fertilizers and other inputs of agriculture. They provide supportive products that can increase the agricultural production through biotechnologies, mechanization and improvement in agricultural yield.

Based on the Stages of Development

- 1) **First Generation Entrepreneur:** A first-generation entrepreneur is one who starts an industrial unit by means of an innovative skill. He is essentially an innovator combining different technologies to produce a marketable product or service.
- 2) **Modern Entrepreneur:** A modern entrepreneur is one who undertakes business to satisfy the contemporary demands of the market. They undertake those ventures which suit the current socio-cultural trends.
- 3) **Classical Entrepreneurs:** A classical entrepreneur a stereo-type entrepreneur whose aim is to maximize the economic returns at a level consistent with the survival of the firm with or without element of growth.

Others:

- 1) **Innovative Entrepreneurs:** Innovative Entrepreneurs are the forerunners of change in the business. They are full of creative ideas and offer innovative products to the society. Thanks to these innovative entrepreneurs that our society changes. They experiment and conduct permutation and combination of ideas to yield new products and services. Thanks to these innovative entrepreneurs that our society is more

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networked now, we started of networking by tranfer of letters through a messenger (stories even states pigeons as messengers), then came formal postage system, then communication evolved to telephonic conversation, mobile, internet, email, video conferencing. The innovations in networking have been tremendous and are still happening which is bringing the world closer everyday. One need not invent but add incremental values (like ringtones, camera, mobile tv, mobile radio), or change utility of the same thing.

2) Imitative Entrepreneurs: Imitative entrepreneurs adapt to a successful innovation. They are risk aversive and so they do not try out new ideas or products but if a new idea is accepted by the market they imitate the new idea and hence join in the competition.

3) Fabian Entrepreneurs: Fabian entrepreneurs are highly cautious and skeptic in their approach. They are not readily interested in introducing any change in their organization and when they do so it is because lest the change they would be out of the market.

4) Drone Entrepreneurs: Drone entrepreneurs are not open to creativity & change. They do not like changing the working of organizations with the changing times. They prefer facing losses to including changes in their present processes, equipments and policies. In the present competitive world these entrepreneurs are simply kicked out of the business for not being able to adapt themselves to the changing dynamics of business.

5) Women Entrepreneurs : In 1988, for the first time, the definition of Women Entrepreneurs' Enterprise was evolved that termed an SSI unit/industry-related service or business enterprise, managed by one or more women entrepreneurs in

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propriety concerns, or in which she/they individually or jointly have a share capital or not less than 51 percent as company/ members of a cooperative society, as a Woman Enterprise.

6) Copreneurs: When both husband and wife together start and run a business venture then they are called as copreneurs. Emergence of copreneurs in the present times is a reflection of the fact that women's role in business is increasing.

Meet the Couple- Reena Wal & Akshaya Wal (Platinum Memembr of Amway India). Akshay was a marine engineer by profession, and so was on sail for six months a year, when their kids started going to school Reena started looking for something to remain busy, then she luckily hit Direct Marketing giant Amway and became the member. She took the business opportunity as a challenge and got wonderful returns so much so that her husband left his merchant navy job and joined her. Now both of them are Joint members (Co-preneurs) working together to make their fortune. Working as co-preneurs gives them an advantage of flexibility in the business so that they have enough time for the family, better understanding amongst each other and wonderful means of sharing the responsibilitv.

INTRAPRENEURSHIP

The term 'intrapreneur' emerged in seventies. Several senior executives if big corporations left their jobs to start their own small businesses because the top bosses in these corporations were not receptive to innovative ideas. These executives turned entrepreneurs achieved phenomenal success in their new ventures posing a threat to the corporations they had left. These types of entrepreneurs came to be known as 'intrapreneurs'. This kind of brain drain phenomena is now not limited to the U.S. but has spread all over the world. Companies, as a result have started devising ways and means to stop this outflow of talent, experience and innovation.

The notion of intrapreneurship requires that managers inside the company should be encouraged to be entrepreneurs within the firm rather than go outside. For an entrepreneur to survive in an organization he/she needs to be sponsored and given adequate freedom to implement his ideas otherwise the entrepreneurial spark will die.

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The entrepreneur who starts his own business generally does so because he aspires to run his own show and does not like taking orders from others.

What is needed in large bureaucratic companies is a strong and healthy risk taking culture where risk taking managers are assured security and rewards. An entrepreneurial culture requires constant generations of ideas. It needs managers who listen and respond to new ideas and are willing to risk future, a system that rewards managers who may fail but who have generated and experimented with ideas.

Investigate any big innovation in an organization and you will find an entrepreneur.

- Don Estridge, an employee at IBM posted at Boca Raton, florida far away from his bosses at IBM headquarters spearheaded the creation of Personal Computer.
- Paul Scagnetti, an engineer at Intel came up with the concept of Handheld computer aimed at helping people do just one thing – record and plan their fitness & nutrition. The gizmo ‘Vivovic Fitness Planner’ hit the market successfully.
- Steve Jobs and group of 20 young engineers created Macintosh Computer without any adult supervision.

“ Look back at any great business or invention at just any big company and you will find that an intrapreneurs created it,” says Gifford Pinchot, who invented the word and popularized the term in his book *Intrapreneuring*.

Though Pinchot invented the term but the concept (of internal entrepreneurial efforts in an organization to alter its status quo, harness energies of talented employees and sponsorship to promising ideas & innovations by them) was being relied upon by forward thinking organization for decades.

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Intrapreneuring: Definition

Intrapreneuring means the entrepreneurial activities that acquire organizational sanctions and commitments of resources for the sole objective of innovative results. Intrapreneuring aims at boosting up the entrepreneurial spirit with the limits of organization hence creating an environment to develop.

Intrapreneurship centers around the restructuring and reemergence of the firm's capacity to develop innovative skills and new ideas. Intrapreneurship is not just limited to germination of new ideas but includes even implementation of those ideas.

Characteristics Of Intrapreneurs

- Intrapreneurs bridge the gap between inventors & managers. They take new ideas & turn them into profitable realities.
- They have a vision & the courage to realize it.
- They can imagine what business realities will follow from the way customers respond to their innovations.
- They have the ability to plan necessary steps for actualization of the idea.
- They have high need for achievement & they take moderate calculated risks
- They are dedicated to their work so much so that they shut out other concerns including family life.

Reasons for promoting Intrapreneurs

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- Intrapreneurs thrive & vibrate in all organizations – Big or Small. Several executives with rich experience & expertise in corporations leave their jobs to own small business because the top management in these corporations were not receptive of their innovative ideas. These executives termed as ‘entrepreneurs’ achieved phenomenal success in their new ventures posing a threat to the corporations they had left. Companies as a result started devising ways and means to stop this outflow of talent, experience and innovation and hence nested the development of intrapreneurs.

- Through their expertise and rich experience in the organization, Intrapreneurs understand the needs & wants of the customers. They generate innovative ideas from these needs & wants. Intrapreneurs do not just limit their energies to the development of these innovative ideas as they have inevitable desire to achieve & success. They are hungry to materialize their ideas into business enterprise. The Venture capitalist with their wide opened eyes welcome them with open arms. And hence the organization not only loses rich experience & expertise but also create competitors for self.

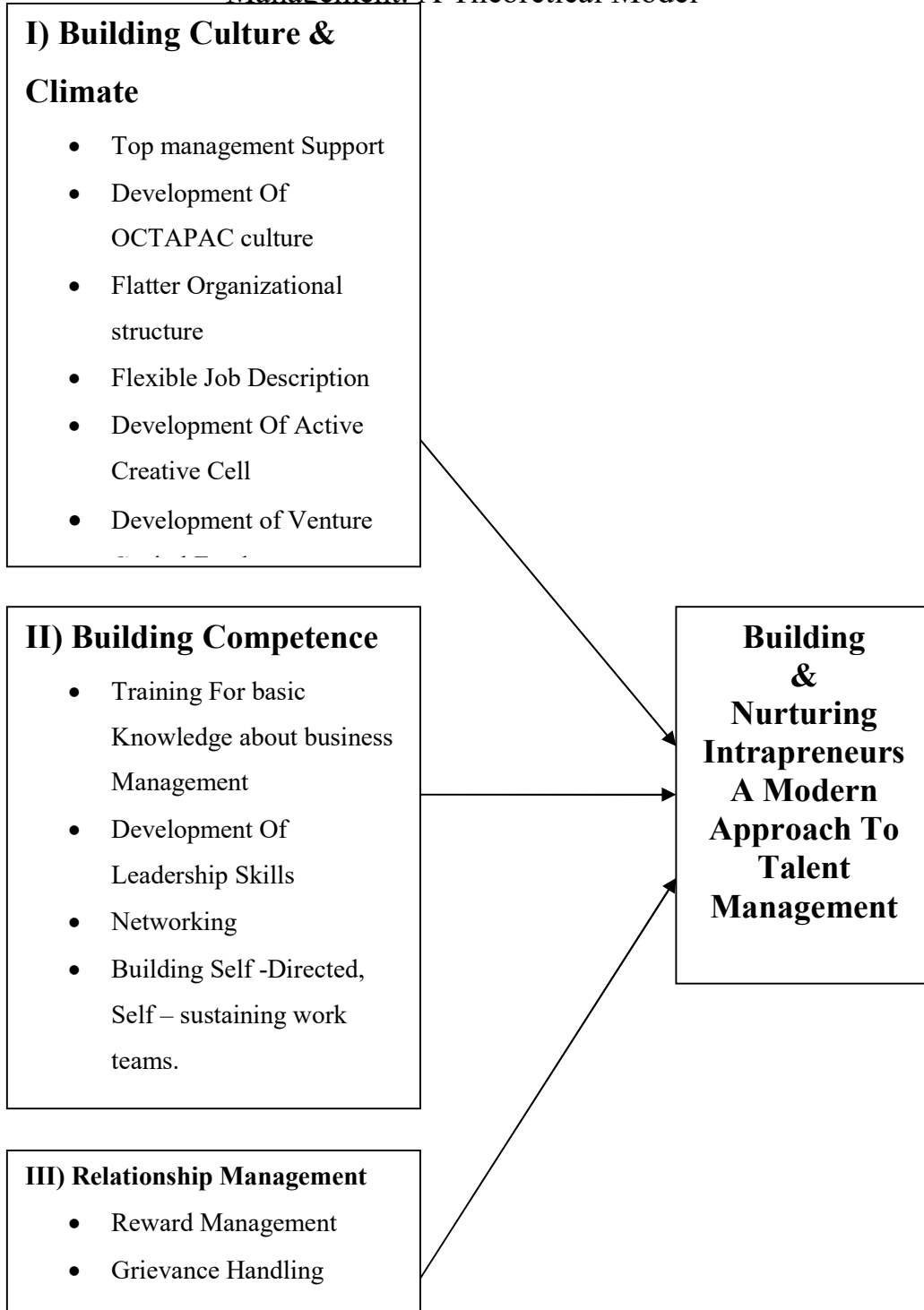
Following is a table giving an insight into the basic differences between Managers, Entrepreneurs and Intrapreneurs .

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	Managers	Entrepreneurs	Intrapreneurs
<u>Prime Objective</u>	Promotion, Reward	Control over destiny, Money	Freedom to take decisions, reward
<u>Time Scale</u>	Time scale for achieving targets determined by the corporate	Time Scale for achieving targets is determined by the Entrepreneurs themselves	Times scale for targets are self designed but give due weight to corporate time-tables.
<u>Participation</u>	No direct participation in the work, they infact delegate and supervise work.	Direct involvement in all the activities of the business	Direct participation more than supervision.

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**Building & Nurturing Intrapreneurs- A Modern Approach to Talent
Management: A Theoretical Model**



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Building & Nurturing Intrapreneurs- A Modern Approach to Talent Management: A Theoretical Model: EXPLANATION

I) Building Culture & Climate

Developing and harnessing entrepreneurs can provide competitive advantage to large corporations, which contain some of the best people & resources. But to accomplish this the organizations need to build the right culture & climate. The following Climate has to be developed:

- **Top Managements Support:** For successful intrapreneuring, top managements support is imperative. This support will only come when top management believes in the fact that harnessing intrapreneurs would reap profits and competitive advantages to the organization. Support can come either from top management themselves (if they understand the benefits) or support has to be generated from the top management by the change agent (it could be intrapreneurs himself, His coworkers, HR manager or external consultant).

Once the top managements support is generated, the viability of intrapreneurs and their ideas is possible.

- **Development Of OCTAPAC Culture:** When intrapreneuring has won its support & confidence from top management, the right culture i.e.; OCTAPAC culture has to be developed. The elements of OCTAPAC (Openness, Confrontation, Trust, Autonomy, proactively, Authenticity & Collaboration) have to be valued and promoted by top management for facilitating intrapreneuring.

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Openness is there in organization climate when employees feel free to discuss their ideas, activities and feeling with each other. And top management is also transparent about its policies. Confrontation is bringing out problems and issues into open with a view to solving them rather than hiding them for fear of hurting others or getting hurt. Trust is taking people at their face value and believing in what they say. Autonomy is giving freedom to let people work independently with responsibility. Proactively is encouraging employees to take initiatives and risks. Authenticity is the tendency on the part of people to do what they say. Collaboration is to accept interdependencies to be helpful to each other and work as team. Successful implementation of OCTAPAC culture would require OCTAPAC by top management. Once Top management starts practicing OCTAPAC it can seep down the hierarchy.

- **Flatter Organization Structure:** Since Intrapreneuring would require lot of autonomy & empowerment, organizations need to graduate themselves to flatter organizational structure.

- **Flexible Job Description:** Trends in the past have shown that intrapreneurs do not limit their intrapreneurial abilities to just innovations and creative ideas but they also want to venture into market research for pilot testing and actual implementation / launch of their product/ service/ process. Hence the job description of entrepreneurs should be flexible enough to accommodate marketing, financial, operational activities involved in implementing/ launching their product/ service/ process.

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- **Development Of Active Creative Cell:** A creative cell, which rewards and promotes new ideas, concepts should be developed. The cell should be approachable to all the members of organization (because you never know where your Intrapreneur is hiding). R & D people and other creative people have a great desire to be able to implement their concept/ idea into a successful business venture and they should have an approachable route for implementation of their ideas through an active creative cell.

- **Build Venture Capital Fund:** Every intrapreneur would require a capital fund for developing successful product/ services and for successfully implanting their ideas and marketing them. The top management can initially provide Venture Capital Fund and it can be further increased by the company's share of profit from the Intrapreneurial activities.

- II) **Build Competencies:** An individual with intrapreneurial traits (see the characteristics of intrapreneurs discussed earlier) needs to build certain other competencies to become successful intrapreneurs. Training For basic Knowledge about business Management, Developing leadership skills, networking.
 - **Training For Basic knowledge About Business Management:** Since intrapreneurs (like entrepreneurs) has to independently handle and run the business he proposes, he needs to be business savvy. He should have intricate knowledge on the following areas:

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- i) Marketing: How to carry out a market research, how to implement new product development, how to do market analysis, how to conduct marketing communication, how to develop pricing strategies, how to develop customer relationship management etc.
- ii) Finance: Intrapreneur should be able to make and read various financial statements: Balance sheet, P&L account, Trading balance, Cash Flow, Break Even & ratio Analysis.
- iii) Apart fro this he should have fair knowledge about Production/ Operation (Quality, inventory, process etc.), Human Resource Management and Income Tax and other laws effecting the business he proposes.

➤ **Leadership Skills:** Intrapreneurs have to collaborate with others in realizing their dream project. In doing so they should exhibit effective leadership qualities. Effective leadership skills would include ability to create climate for open communication, empowerment, skills to lead a team, ability to make realistic vision, intitutive ability to sense and react to the changes in the dynamic business environment, humanistic approach towards team members, technically sound, enthusiastic, energetic & positive about future. He should be able to communicate the vision in ways to attract & excite members of the organization & encourage employees to partake in fulfilling the vision. He should do intentional modeling of self for focusing on people’s attention, energy and effort on expected behavior. Be flexible & persistence in

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managing work. And last but no the least develop healthy interpersonal communication.

➤ **Networking:** Intrapreneur needs to network with following class of people:

a) Every innovation needs a network of higher level. Supporter/ sponsors who create a coalition to keep the project active. Intrapreneur needs to show their potential sponsors that they have the ability to ‘can do’ and ‘will do’ creativity.

b) Networking has to be established with customers, suppliers in order to understand their needs & demands to understand their receptivity to the innovation product/ services offered by them.

➤ **Building Self -Directed, Self – sustaining work**

teams: low cost, high productivity, world class quality & cut throat competition are the key objectives the intrapreneur must be able to achieve to make the business venture successful. Intrapreneurs need to develop self-directed work teams to materialize these objectives. The most widely accepted definition of Self Directing Work teams is from Katzenback and Smit (1993). "A Self Directed work team is small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable. Intrapreneurs can develop Self Directing Self Sustaining Work teams by inviting interested and capable individuals to join hands and form team for making the business idea into a successful business reality.

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Self Directing Self Sustaining Work team would require that its members share vision & responsibility to achieve vision get freedom to work, trust each other, have autonomy to work, have variety of skills & expertise, team will assign jobs to all its members, team members own up to the results, co-operate & collaborate, encourage individual's self accountability & responsibility, looks forward to creative ideas & innovation and does not bother much on negative results arising thereon, have ability to support, take risk & develop climate of openness.

III) **Relationship Management:** organization who want to build & nurture harness intrapreneurs in the organization need to develop relationship with intrapreneurs.

➤ **Reward Management:** The rewards of success in an intraprise must be shared between the corporation & intrapreneurs in a well-defined & equitable way. Since there is an element of risk in an intrapreneurial venture a pre-negotiated reward cannot be made. Hence trust between the team members and also with the organization on financial issues is demanded. The organization should design some mathematical formula to share the profits & losses with the intrapreneurs.

➤ **Grievance Handling:** The energetic, creative intrapreneurs have the potential of setting a business venture on their own and if conducive environment is not provided they leave the organization to set their own enterprises. To avoid this

E-CONTENT-SERIES ON ENTREPRENEURSHIP AND MSMEs
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organizations should have an effective, approachable grievance handling system to solve the problems of Intrapreneur

The model discussed above would not only build & nurture Intrapreneurs but would also act as an effective means for Talent Management and hence can lead to Organizational Effectiveness. Intrapreneurs reinvigorate corporate departments that have become stagnant & stale. By recognizing opportunities, drawing up a business plan with marketing & financial perspectives & then building a team to implement a project, intrapreneurs fill the corporate office with entrepreneurial spirits.

Now Companies are figuring out how to keep talented employees upright – Corporates are realizing that Intrapreneuring can be an answer for that. A Change agent (A consultant or HR manager) who has complete support and faith from top management can implement the model suggested above for building & nurturing Intrapreneurs, so that organization finally reaps the benefits of Intrapreneuring.

Barriers To Entrepreneurship

Environmental Barriers

Raw Material: Non-availability of raw material required for production of goods especially during peak season causes impediment in the growth of the business. In such kind of situation competition causes increase in the price of the raw material. This problem becomes more severe if there are alternative goods or services available in market. E.g. If the plastic granules required for production of glasses, is not present then the demands can shift to the alternative thermocol glasses. It becomes very difficult to shift consumer back to the product.

E-CONTENT-SERIES ON ENTREPRENEURSHIP AND MSMEs

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Labour: Human Resource has been identified as the most important resource in an organization. But unfortunately there is always a dearth of the desired manpower in an organization- either it is because of the lack of skilled labour in the market or because of lack of committed and loyal employees in the organization. Both these factor cause impediment in the growth of the organization.

Machinery: Good machineries are required in the organizations in production and operation of goods. These machineries come at a cost and because of rapid technological developments they become obsolete very soon and need to be replaced which requires lot of cash-in-hand which is very difficult to maintain especially in small business organization.

Land & Building: Acquisition of land and construction of building at prime location with respect to business requires expenditure of large amount scarce cash especially in the small organizations. An alternative approach could be taking land on lease or rent. But this becomes a matter of continuous concern for the entrepreneur.

Other Infrastructure Requirements: Apart from the factors of production mentioned above there are other infrastructure requirements of the business and which when not present in adequate amount can further cause as barrier to the growth of business. Any business organization requires some basic infrastructure support like adequate power supply, proper roads, water & drainage facilities etc. This support has to come from the various development authorities which again is a chained in a long bureaucratic system which suffers from problems like corruption and red-tapeism.

Financial Barriers: Availability of funds is one of the important ingredient required for the successful running of the business. There are various methods by which entrepreneur arranges for funds like his own savings, borrowing from friends & relatives, banks and

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other institutional bodies supporting new ventures. If there is delay in the release of payments by the source of finance it causes delay in starting and / or running business.

Personal Barrier

Personal Barriers: The barriers that are caused by Emotional Blocks of an individual. These barriers cause mental obstruction to the individual and lead to the failure in business. Some of the personal barriers have been discussed below:

Lack Of Confidence: Many people think that they lack what it takes to become an entrepreneur. They look at successful and think that they could never emulate them. To be fair, they probably couldn't. They think that they would never be able to find a successful idea or would be unable to attract the resources required and dismiss the thought of becoming self employed as an irrelevance. They may regard themselves as risk averse and feel that running a business is too risky. They may not feel that they could master all the necessary skills.

Lack Of Dependability On Others: Many entrepreneurs aim to gain their additional expertise through the trial and error of experience rather than seeking further personal development or assistance from others. As businesses grow, they increasingly need to replace the initial, largely informal management arrangements with more formality (Flamholtz, 1987). They also need to think more strategically (Burns and Harrison, 1996). Often this is uncomfortable for the entrepreneur, who is far more interested in spotting and filling market needs than in devising effective management systems, but is essential if the business is to grow and prosper. Those who do recognize that they need support when they start to do things for the first time – employing people, exporting, introducing total quality management, raising equity – are far more likely to be successful in the long run.

E-CONTENT-SERIES ON ENTREPRENEURSHIP AND MSMEs

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Lack Of Motivation: When an individual starts a new business venture he is filled with enthusiasm and drive to achieve success, but when he faces the challenges of real business, bears losses or his ideas don't work he loses interest / motivation. This causes further loss of interest and the entrepreneur starts withdrawing herself / himself from the mainstream competition.

Lack Of Patience: This barrier is more dominant amongst youth entrepreneurs. The desire to achieve success in first attempt or to become rich instantly is the motivating factors of modern youth. They want to achieve success through cakewalk. When such desires are being hindered by business challenges / problems they lose interest. Apart from it the inability to get into the details of business

Inability To Dream: It is being rightly said, "Think Big to achieve Big". The entrepreneurs who are short of vision or become complacent (satisfied) with what they achieve sometimes lose interest in further expansion / growth of the business, which further impedes the growth of the business.

Sense Of Pride and / or Embarrassment: Entrepreneur has a great feeling – being responsible for one's decisions and one's future. It is extremely rewarding, talking to customers, taking orders, fulfilling those orders and getting paid. Entrepreneurs are, understandably, proud of what they have achieved but are often, also, embarrassed about what they still do not know. This is the point at which most entrepreneurs suffer particular problems. No matter how much assistance they sought and received whilst they were planning and developing their business ideas, too many entrepreneurs are either too proud or too embarrassed to seek further support after they have started in business. This is even truer once the business starts to employ extra staff. A problem for many entrepreneurs, particularly during and shortly after the start up period, is that they do not

E-CONTENT-SERIES ON ENTREPRENEURSHIP AND MSMEs

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have a sufficient repertoire of behaviors to cope with every situation (Chell, 1995). Those entrepreneurs who can overcome their pride or embarrassment will go on to seek support, either externally, or by additional staff with the required skills and expertise. But lack of seeking support or expert advice for their pride or embarrassment causes hindrance in the growth of their business.

Societal Barrier

The first, and traditionally the hardest, barrier to overcome is the societal barrier, which inhibits many people even from thinking of starting in business. In the north-east, in particular, there has been an “us and them” (that is, workers and employers) culture for many years. If you started your business, you became one of “them”! Whilst that is undoubtedly diminishing, there are still external pressures, however subtle, that need to be overcome. For example, it is still rare that teachers or careers officers suggest, as an active choice, that people should consider starting their own business. There is still pressure on people, especially graduates to “get a real job”. Conversely, people whose parents have run their own business are usually more disposed to consider their own business. Arguably, therefore, more needs to be done to raise awareness of the option of starting in business – peer group case studies can be particularly effective. Starting in business needs to be seen as a positive option.

Summary

Need for Achievement, Money, Desire to have control over ones life are some of the important variables responsible for entrepreneurial motivation. Mc Clennad’s in his theory of needs described that the entrepreneur would generally be labeled as individuals with high need for achievement, moderate need for power and Low need for affiliation.

Various Factors Responsible For Emergence Of Entrepreneurship a) background factors
(Education, Training & Experience, Family, role models & association with similar

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type of individuals, Financial Conditions,) b) Motivational factors (need for achievement, personal factor, business environment) c) economic factor (supportive government policies, *Availability of financial assistance from various funding bodies, Ancillary Support, Availability of technical factors like premises, electricity, labor.* C) reward (Recognition & social Status)

The Chapter Exercises

- Q1. Define Entrepreneurial Motivation
- Q2. What does need for achievement mean?
- Q3. Discuss the Factors responsible for emergence of entrepreneurship
- Q4. Discuss the types of entrepreneurs
- Q5. Classify Entrepreneurs on the basis of business, technology, motivation, growth & stages of development
- Q6. Define Intrapreneurship. Discuss the characteristics of Intraprenurs.
- Q7. Differentiate Entrepreneurship & Intrapreneurship.
- Q8. Discuss the barriers to entrepreneurship.

The Chapter Project

- Q1. Visit Two organizations of your choice and identify and list Intraprenurial characteristics by having a discussion with some senior mangers.
- Q2. Interview Five Women entrepreneurs to discuss the barriers faced by them in running their business venture.



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