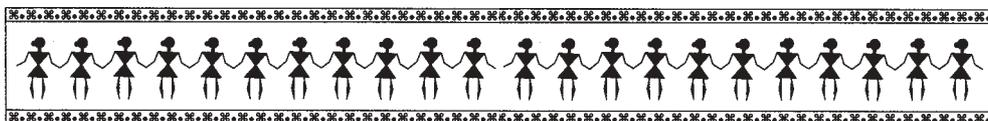


## Developing Entrepreneurial Qualities: Attitudes, Competencies and Skills



### General Objectives

After studying this Unit, you should be able to help participants in your training session to develop certain competencies and skills which would lead to entrepreneurship development and promotion.

### Specific Objectives

This Training Unit will help to enable trainees to:

- Identify certain characters and qualities essential in entrepreneurial activities; and
- Recognize the qualities that can be developed to perform entrepreneurial functions successfully.

### Planning

- Time** : Two hours thirty minutes
- Training Methodology** : Group discussion and exercise on 'boat making'
- Training Materials** : Boat making paper, charts and posters.
- Trainer's preparation** : Prepare charts and posters. Cut and prepare paper for boat making.

### Background Material

#### Introduction

The process of establishing and managing an enterprise is substantially governed by entrepreneurial competencies, which are primarily behavioural. It is this group of competencies, which enable a person to initiate and manage enterprises, successfully. Many may have the ideas, resources, and opportunities but these are never acted upon in the absence of entrepreneurial competencies. Some of the critical competencies are aroused during training particularly through simulation exercises. Experiences generated through such simulation exercises are very close to real life situations and therefore very relevant.

#### Women, Enterprise and Entrepreneurship

Entrepreneurship is the character and practices of a person who initiates, owns and manages an enterprise. Creativity and innovation are the two most

striking characteristics illustrating entrepreneurship. Such characteristics or practices can be developed and acquired through training. Once poor women are empowered with entrepreneurship, they are bound to improve their income and thereby attain better socio-economic status.

Once women are empowered with entrepreneurship they are bound to improve their income and thereby attain better socio-economic status. The significance of an initiative to promote collective entrepreneurship for women cannot be overstated. Providing them access to an opportunity, to develop their capacities to access resources, generation of assets is a major breakthrough in the process of empowering women. In promoting women's microenterprises, a significant shift is implicit from perceiving women as invisible supplementary workers to recognizing them as significant contributors and actors in the realm of economic activity.

A programme to promote entrepreneurship among women is of crucial importance. Its viability, however, lies in building the capacity of women to organize, raise resources, acquire management and technical skills and finally to establish and run enterprises either individually or jointly. Since their personal resources are limited, it may be quite apt to organize women in groups and pool their individual resources to start a micro enterprise. These competencies are important for anyone to become successful as an entrepreneur and these are particularly vital for women. A programme for empowering women with entrepreneurship would need to focus on the aspects and processes of entrepreneurship at two levels:

1. The enterprise and its various processes,
2. The entrepreneur and her environment, i.e. entrepreneurial competence and gender dimensions.

#### **Advantages of being an Entrepreneur**

- Better income from enterprise activity than paid employment
- Master of own business
- Work according to one's likes and circumstances
- Increased labour, yielding increased income
- Best way to generate surplus
- Economic independence.

The significance of an initiative to promote collective entrepreneurship for women cannot be overstated. Providing them access to an opportunity, to develop their capacities to access resources, generation of assets is a major breakthrough in the process of empowering women. In promoting women's microenterprises, a significant shift is implicit from perceiving women as invisible supplementary workers, to recognizing them as significant contributors and actors in the realm of economic activity.

Experiences at Udyogini under WEMTOP pilot project in India have shown the possibility of empowering women to seek opportunities for sustained earning through collective process by addressing the enterprise issues in a gender framework through a training and follow up. In addition, it has initiated processes of empowering these women in other spheres as well. In fact the experiences have revealed that the shift from survival to enterprise is much more gradual and needs sustained follow up. But the application and use of learnt behaviour have been much faster and quicker in the less tangible areas of gender relations, such as increased mobility and participation in decision making in spheres beyond enterprise.

## Helping Women to Understand Who is an Entrepreneur

An entrepreneur is a person who identifies a market need and invests money or other resources to produce a product or service. This woman then manages the business for a profit. During the process of production she makes several decisions regarding quantity, quality of production, where to market, costing and pricing of the product or service and areas of growth or change in the product or service.

The facilitator can explain these facts by organizing a visit to a microenterprise run by a woman who explains the different steps involved in running the business.

These steps can be stated as follows:

1. Entrepreneur has the desire to invest money or other resources: Resources include money, knowledge about the product/service, technology required, material required and human resources required.
2. Entrepreneur has capability (inherent or acquired) to manage the enterprise. Under this the complete process of planning and organizing of the resources has to be done so as to produce a product/service which enables an entrepreneur to earn PROFIT.
3. Entrepreneur is well aware of the risks involved in setting up and managing the enterprise. These risks may be of several kinds – for example there may not be power supply to run the machines, or the machines may themselves not be the most appropriate, or, the quality of the product may not be accepted by the market, or the product/service may not have a demand in the market, or she may not be able to procure the material required for production. etc. The point to be remembered here is that the entrepreneur has the capacity to bear these risks and also attempts to overcome them.
4. Entrepreneur undertakes the responsibility of the entire process of running an enterprise and takes decisions on every aspect of the enterprise – from acquiring material to end product and marketing it for a profit.
5. Entrepreneur has the skills to expand business for greater profit. She is always looking for opportunities to grow and expand business and this may lead to increase in product range or increase in human resources, or increase in investments etc. The entrepreneur is conscious about the changes in the market and is regularly updating the requirements of the buyer so as to be able to match the demand with the product that she produces.
6. Entrepreneur is bound by a time schedule. She has no freedom to set her own timings – on the contrary she has to stick to commitments. Time is a very valuable element in business and non-compliance with delivery dates may lead to disastrous consequences such as cancellation of orders or rejection of material. This may also lead to loss of credibility of the entrepreneur woman, which may not be very desirable.

## Entrepreneurial Competencies

Entrepreneurial functions being performed by women require development of certain qualities. These are termed 'competencies', as they are necessary ingredients for success. Let us study a list of these competencies.

### *Goal Setting*

- Articulates long range vision and goals; and
- Continuously sets and revises short range objectives;

*Risk Taking*

- Takes personal responsibility
- Welcomes changes; and
- Shows willingness to take moderate and calculated risks.

*Initiative Taking*

- Does things before being asked or forced to;
- Takes action that goes beyond job requirement or demand of the situation; and
- Acts to extend the business into new areas, products or services.

*Persistence*

- Takes repeated actions to meet a challenge or overcome an obstacle;
- Senses and acts on opportunity; and
- Sees and acts on new and unusual business.

*Information Seeking*

- Takes action on her own to get information to help achieve objectives or clarify doubts.

*Concern for Quality, Innovation and Efficiency*

- Looks for or finds ways to do things better, faster, or cheaper; and
- Takes action to improve things or achieve standards of excellence

*Problem Solving*

- Generates new and potentially unique ideas or innovative solutions to reach a goal; and
- Switches to alternate strategies to reach a goal.

*Self Confidence*

- Has a strong belief in her own ability.

*Systematic Planning*

- Develops and uses logical, step by step plans to reach goal; and
- Makes plans by breaking a large task into sub-tasks.

*Persuasion and Influencing Strategies*

- Uses a variety of deliberate strategies to influence or persuade others.

These competencies can be acquired and developed through training.

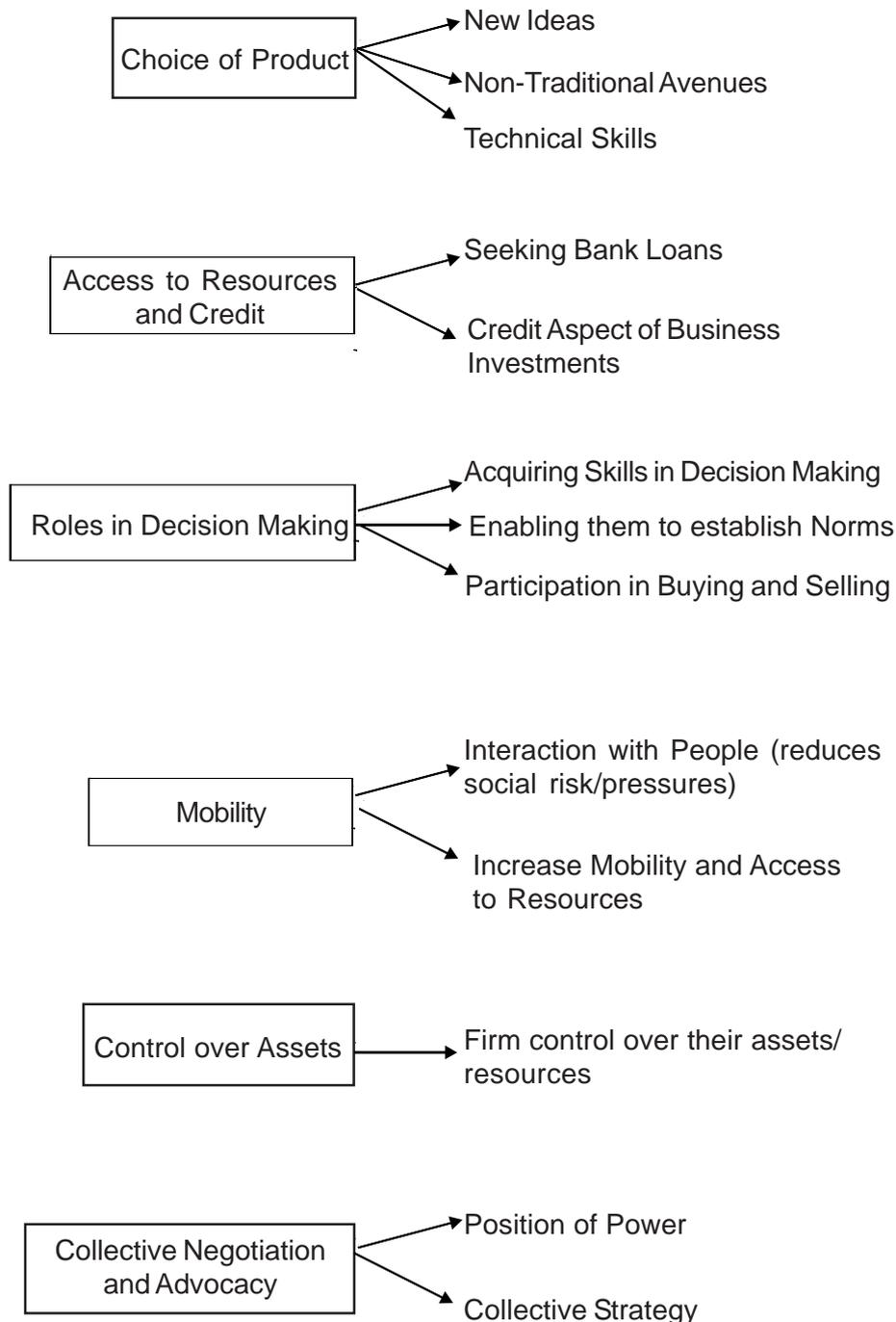
**Helping Women to Assess their Business Ideas**

Answer the following **issues** leading to successful enterprise development:

- Do they really want to do this?
- Will they be happy being in this business?
- Is there a market for their idea?
- Can they provide what their customer wants?

- Can they get their idea across to their customer?
- Do they have the resources needed to convert their idea into running a business?

### **Empowerment through Enterprise**

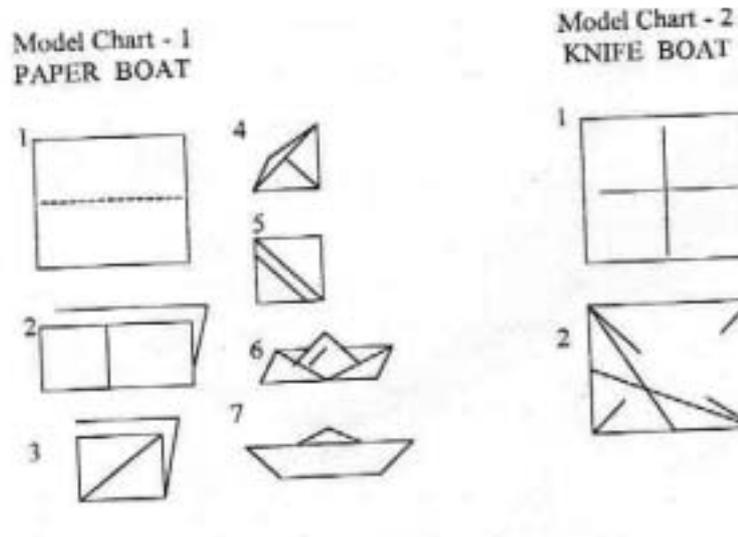


### **Group Activity 1**

#### **Boat Making Exercise**

Participants take part in an exercise in which one of them acts as an entrepreneur, i.e. owner/manager of a microenterprise. In this enterprise participants produce 'paper boats'. Special type of paper is used as raw material for production of paper boats. A period of 5 minutes is allowed for

production. Paper boats produced within these 5 minutes will be sold to a contractor who will pay the set price. However, the price will be paid for only those boats, which meet the set standards. To start the activity (enterprise), a bank will give them loan on fixed rate of interest, which they have to return to the bank at the end of the exercise.



### Model Chart

The raw material for this exercise is glossy paper coloured on one side and cut into 6" squares. This is available only in one store (trainer). The unused raw materials become wastage, since it can't be used or sold in the market. The cost of raw material is 2 coins (equal to Rs. 200) each, but there is discount available for purchasing more than 2 pieces as indicated in the following cost return chart.

### Cost and Return Chart

Cost for Raw Material		Price for Product ( Boat)	
Quantity of paper pieces	Cost in coins (Rupees)	No. of boats sold after quality test	Price earned in coins (Rupees)
1	2	1	4
2	4	2	8
3	5	3	12
4	7	4	16
5	9	5	20
6	10	6	24
7	12	7	28
8	14	8	32
9	16	9	36
10	18	10	40

The produced paper boats are inspected for quality standard. If these meet the set standards, they are purchased by the contractor (trainer) for a price of 4 coins (equivalent to Rs. 400) each.

The **quality requirement** of the boat is specified:

- The coloured side of the paper should be outside of the boat.
- The three corners of the boat should be pointed and not flat.
- There should be sharp folds with one edge falling on the other edge.
- Unscrambled paper – paper that is not crushed or crumpled.

If the quality standards are not met, their paper boats will not be sold and therefore they may not be able to earn profit.

A sample of the paper boat is circulated to explain the quality requirements.

### **Information about Average Production Time**

For production of one boat:

An average worker takes 50 seconds,

A fast worker takes 40 seconds

### **Initial Finance**

Participants can borrow money from bank (trainer) on fixed rate of interest, which is 1 coin (Rs. 100) for a loan of 12 (Rs. 1200). They are required to pay their loan along with interest at the end of the exercise. In case they incur loss they will be given 'red card'. They will use the money they borrow for buying raw materials.

### **Estimates**

The participants make the first estimate after they see the product and the rules of the game are explained to them. They make the entry of the estimate in the record sheet.

The second estimate they make after taking the 'time trial'. In case of change in the first and second estimates, the participants are required to pay the bank an additional 1 coin, which is termed as a 'penalty'.

### **Profit & Loss**

On the basis of the number of boats sold after meeting the quality standards, the cost incurred for purchase of raw materials, amount paid as penalty for difference in first and second estimates if any and the interest paid for the loan taken from the bank, participants are assisted to calculate the profit or loss that they made during the exercise.

Profit or Loss = Price of total boats – (cost of raw materials purchased + penalty paid if any + interest on loan paid to the bank)

In case the total return is equal to total cost, there is no profit, no loss. In case the total return is more than the total cost, there is profit. Otherwise, the enterprise is running at a loss.

### **Repeat the Exercise**

After completing the profit and loss statement followed by processing the data of the first exercise, you as the trainer may ask the participants if they want to try again to improve their performance. Very often they express such a desire. In case they want, you may announce another exercise not with the same but a similar product i.e. 'knife boat'. The complete process – from first practice of making the boat to calculation of profit and loss would be similar. The steps in making a 'knife boat' are explained to them. Quality standards,

cost of raw materials, penalty charge and interest amounts are the same. Participants are given a loan of 12 coins (Rs. 1200) and one time interest of 1 coin is announced. Before making the first estimate, they are informed that this model will take 3-4 seconds more time. After giving time for preparation, the exercise should be repeated. As in the case of first exercise, a suggestion is made to participants to record their data in the second column of the record sheet.

**Processing**

Processing is an important step and is participatory. Participants are facilitated to learn from their own experiences. There would be a realization that even though the conditions were same for all the results differ in terms of profit and loss. This is primarily because of the variations in entrepreneurial characteristics of individuals. As the trainer you need to help participants relate experiences to various entrepreneurial characteristics.

The exercise offers rich personal experiences to every individual participant. Participants are facilitated to process their experience with reference to entrepreneurial competencies. They are encouraged to express their experiences and correlate these with entrepreneurial characteristics as illustrated below:

<b>Participants' Experiences</b>	<b>Reflected Competencies</b>
In making an initial estimate the use of data about "average" has been different. Some used it to set a higher target to set a realistic but challenging goal	Goal setting – sets challenging goal
Data related to time taken during trial run have been used by some in calculating the final estimate. Others have just not cared or completely neglected this data.	Risk taking – takes calculated, moderate risk
Experience related to changing estimate in the light of time trial has also been influenced by the fear of paying penalty.	Shows flexibility based on the feedback to attain success
Allocating some time and effort for quality improvement or neglecting this aspect directly affected the performance	Concern for quality
A lot of innovative steps displayed by many in planning their activities like arranging papers in a particular way etc., illustrated use and misuse of the habit of planning	Systematic planning
Asking for another opportunity to try, practising in between, changing or trying new strategies of production influenced outcome	Initiative, persistence and problem solving
Some attribute success or failures to themselves while others refer to other materials or environment. Owning personal responsibility ensures improvement and encourages information gathering	Taking personal responsibility and information seeking.

Processing may start with analysis of the participant's experiences and data related to:

- Making the first estimate;
- Response and use of information about average production time;
- Reaction to stress experienced during time trial;
- Use and application of data gathered during time trial in making a final estimate;
- Planning done prior to starting production;
- Defining and setting purpose for the self;
- Stress experienced during production of boats;
- Reaction to the results;
- Responsibilities for the results; and
- Final motivation.

These experiences are to be related to entrepreneurial characteristics such as:

- Goal Setting;
- Risk Taking;
- Initiative and Persistence;
- Information Seeking and Feedback;
- Systematic Planning; and
- Concern for quality and commitment

Discussions on the above will lead to learning and an insight into the qualities possessed and qualities which need to be developed.

**Data Record Sheet**

<b>Information</b>	<b>Trial 1</b>	<b>Trial 2</b>
1. Your initial estimate of boats you propose to make in a 5 minute period		
2. Time taken by you in making one boat during 'time trial'		
3. Your revised and final estimates of the boats you propose to make in the 5 minute period		
4. Penalty for change in estimate (coin1) in case your first and second estimates are different		
5. Cost of raw materials as per your final estimate		
6. Total costs (cost of materials + penalty, if any)		
7. Number of boats that you completed in 5 minutes		
8. Number of boats sold meeting set quality		
9. Total price of boats received		
10. Profit/Loss incurred (deduct the total cost as in item 6 from the total receipt as in item 9)		