



# The Entrepreneurial Personality

**W**hile addressing a group of IIMA students on entrepreneurship, Shantanu Prakash asked them to estimate the salary they would earn in the next 5 years, after graduating from IIMA. On a liberal estimate with a starting CTC of 18 lakhs, they estimated their likely income to be around 1.0 crore at Rs 20 Lakhs a year. Shantanu then asked them, “how much do you think you can save in 5 years?”. There came a modest estimate of Rs 3 to 5 lakhs a year, amounting to 15-25 lakhs of saving. Shantanu stated, “I started a company in 1994 and now after 15 years, it’s turnover is 1000 crores, with a profit of around 400 crores. After all the education at famous colleges and IIMA, do you want to make Rs 5 to 10 lakhs a year or set up something you can call your own, to meet the various educational needs of the country and still make more than what you would make as an employee?”. He continued, “Besides earning money, I touch and improve the education standards of lakhs of students and make life exciting for thousands of teachers, and enable thousands of schools to make an impact”. Educomp Solutions limited was founded in 1994 by Shantanu Prakash and today, it reaches out to over 29,000 schools, and 19 million + learners and educators in the world. It started with a vision to find innovative solutions to solve critical problems, on quality of education.

**Sharath Babu** in 2006 did not opt for placement, in a year that offered a \$ 1,85,000 salary. His mother raised 3 children single handed, with Rs 30 as a cook in a school. He started with an ambition to run a catering business that employs 50,000 people in ten years. He started a company called Food King Catering Services Pvt Ltd which now has presence in 6 locations and a turnover of Rs. 8 crore. In 2010, he started Hunger Free India Foundation, an initiative to free India of hunger in 20 years. To achieve this was his childhood passion. Before joining IIMA, he worked for 2 years with Polaris to pay back loans. Now he employs 250 people.

**Dr. Kaza Gandhi** retired as Director of AP Forensic Laboratories, a few years ago. During the final years of his retirement, he saw the dearth for scientific laboratories that facilitate crime investigations. After he retired, he set up Truth Labs in 2007. It currently has offices in Jaipur, Chandigarh, Delhi, Chennai and Bangalore besides one in Hyderabad. Truth Labs is India’s first independent Forensic Science Lab, established to provide scientific investigation and detective services, using forensic tools and techniques at affordable costs, with international quality. Even before he retired, he demonstrated many entrepreneurial qualities, by



Prof. T.V. Rao

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### About the Author...

Dr T V Rao is currently Chairman, of T V Rao Learning Systems Pvt. Ltd. and Adjunct Professor, IIM, Ahmedabad. He was Professor at the Indian Institute of Management, Ahmedabad for over 20 years beginning 1973. He has also worked as L&T Professor of HRD at XLRI, Jamshedpur during 1983-85. Dr. Rao is the Founder President of the National HRD Network and was President of the Indian Society for Applied Behavioral Science (ISABS).

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making Andhra Pradesh Forensic Science Labs, a model lab with ISO Certification (9001 & 170 25). Today, they serve around 1500 clients a year and are growing.

**Dr. Samuel Paul**, was a director at IIMA and a professor of Economics. After he left IIMA, he was working as a senior advisor to the World Bank in the early 90's. He decided to cut short his high paying job with the World Bank, and return back to Bangalore. Post his retirement, he had planned to share his experiences and work with Institutions which showed interest. With a background in Development Economics and Governance, he undertook a study of the Public Services in Bangalore. He surveyed 2000 households and got their satisfaction levels established with water, electricity, transport, telephones, education, health and other municipal services in the city. With the results, he established 'Bangalore Score Card' and made feedback presentations to these agencies. What started as a study, later lead to the establishment of the Public Affairs Centre, a not - for - profit organization devoted to promoting good governance through research, advocacy and action. It is internationally known for its tool kits like citizen report Card and (CRC) Community Score Cards (CSC's) and social audit tools. The impact of its work is immeasurable in economic terms as a lot of good gets done to the citizens.

**Kiran Mazumdar Shaw** started Biocon in a garage, in spite of the many hardships she had to face. In days when technology was always borrowed and when India was rated as one of the lowest in

R&D investments, she showed how Indian Technologists and R&D can do wonders. Kiran chose to do business in a virgin field, leading the biotechnology revolution in India from the front. She strongly believed in social causes and community development. A person, who was refused a job as a brewer in spite of being qualified, because she is a woman, went on to set up the world's leading, bio-technology industry in India. She continues to contribute to society by participating in a number of local government and other national and International projects.

Today, India has many such cases in every corner. All of them have something in common-a sense of purpose, wanting to be different, wanting to do something on their own, a knack of sensing what the world needs, utilizing their own talent and technology and developing others, relentlessly working to achieve what they believe in, translating ideas into actions etc.

This is what can be called as the entrepreneurial personality. Each of them had some form of family influence. They were not necessarily from business families. Paul's grandfather was in a business in Kerala. Gandhi's father was a sugar factory employee and his mother was a home maker. Shantanu's father was an employee at a PSU. And, Sharath Babu's mother used to sell idlis.

There are two interpretations of entrepreneurs-one that limits entrepreneurship to business, profit, money and economic orientation and the second that treats entrepreneurship to a set of behaviours and personal qualities and extends it to all sectors.



In the olden days, entrepreneurship was largely limited to economic work or business. In recent years, the definition has extended to education, health, social development, government etc. It is not uncommon to use the term entrepreneurial or enterprise to civil servants, educationists, doctors, students, teachers, change agents, managers, etc. Thus, the term “entrepreneurial personality” has come to stay.

What is an Entrepreneurial Personality?

Any constellation of characteristics, that enable a person in any setting to do unusual things and contribute to some useful goal, can be considered as an entrepreneurial personality. The first in the category are business entrepreneurs, those who set up their own business, small or big, provide services and make money. Shantanu Prakash, Sharat Babu and many others like them fall in this category. They are self employed people and also creators of employment for others. The bigger the enterprise you build, and larger the empire you have, the more successful entrepreneur you are. In this category, there are first generation entrepreneurs, second generation, third generation etc. Just because you are born in a business family does not make you an entrepreneur. The second, third or other generation entrepreneurs get their title as entrepreneurs by virtue of taking up the business and expanding it, diversifying it and building on it. At best, they should take interest in business and maintain it in order to be called an entrepreneur. Only ideas do not make you an entrepreneur but conversion of these ideas into

economic activity, or some activity that results in generation of income or profit, makes you an entrepreneur. There are many who can be called as ‘idea men’ but they fail to be entrepreneurs as they lack the other qualities required from an entrepreneurial personality. On the other hand, there are entrepreneurs who may not have original ideas, but are sensitive to the opportunities in the environment or ideas of others and, translate them into economic activity. They are considered entrepreneurs.

**Social Entrepreneurs:** In the second category of entrepreneurs are social entrepreneurs. They are also entrepreneurs, but set up organizations, institutions or agencies purely with a service orientation. These organizations are set up as ‘not for profit’ organizations and often depend on government or other party grants and charity work. Kaza Gandhi and Paul belong to this category. They are mission driven people. In order to make their venture successful, they also need similar type of qualities as the first category i.e. business entrepreneurs.

**Employees as Entrepreneurs:** The term ‘Intrapreneur’ is often used to represent employees with entrepreneurial qualities. Employees are those who are employed by someone else to perform certain roles, activities, tasks etc. and deliver results of varying nature. Not every task, activity, result is directly linked to economic activity but the coordinated work of many leads to generation of income or money. Intrapreneurs are unusual employees. They are initiative takers, opinion makers, and change

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agents. They think differently and challenge status quo. Their unusual thinking may not always lead to direct economic benefits to them, but at some point or the other, it does lead to profit or cost saving etc. to the organisation.

In my book 'Managers Who Make a Difference', I have categorized managers as Doers, Achievers, Visionaries, and Missionaries. Entrepreneurs and Intrapreneurs belong to the latter three categories. Cutting across the various categories the following may be considered as constituting entrepreneurial personality:

**Creativity:** An entrepreneur is an idea man, a creative person. He solves problems by generating alternatives and thinking out of the box.

**Spot opportunities:** They have a nose to sense business or other social opportunities.

**They are action driven:** Entrepreneurs continuously engage in some activity or the other.

**Ambitious:** The entrepreneur is an ambitious personality, motivated with a drive to do something.

**Initiative:** Entrepreneur is an initiative taker.

**Achievement Driven:** They want to excel in whatever they do. This comes from the drive, motivation or ambition to achieve. David McClelland calls it as Achievement Motivation or Achievement Syndrome.

**They have a high need for independence.**

**They are characterised as perseverant.** They do not give up easily.

**They learn from their own and others experiences.**

**They are well networked.** They maintain contacts and use them to achieve their goals.

In addition, Social entrepreneurs are value driven. When entrepreneurs set up institutions and work for social purpose, they are referred to as institution builders.

How does entrepreneurship develop?

Research studies have indicated that entrepreneurial qualities may be formed early on in childhood, by the way the child is treated by parents and significant others. Early socialisation practises where parents encourage achievement, autonomy, independence, and develop the self confidence of children, later result in development of entrepreneurial adults. By themselves, they may not complete entrepreneurship, but with a goal or sense of purpose they are set to be entrepreneurs. Add action orientation to it; the story gets complete. Thus, faculties who stress on hard work, sacrifice, promote self confidence and a sense of purpose, develop an entrepreneurial personality.

Can an entrepreneurial personality be developed?

The answer is yes. Some entrepreneurial qualities get manifested in the early years, while others may get manifested later.

Several years ago, David McClelland and David Winter came to India and demonstrated that entrepreneurship can be developed through achievement motivation training. They took groups of people from different parts of Andhra Pradesh and





Tamil Nadu and conducted an experiment at SIET Institute at Hyderabad. They gave a week's training to all the adults who were either agriculturists or employees in various organizations. In this one week, they were helped on assessing their own level of achievement drive, and learned to speak achievement language in a variety of settings. For e.g.: They wrote stories in response to some pictures, described themselves in a questionnaire, played games like building a tower from wooden cubes, blindfolded and using the non-dominant hand etc. Their behaviour in all these tests and exercises were analyzed and they were given feedback about their level of achievement motivation. In most cases, the achievement motivation was low. Later, they were told stories about those who have high achievement motivation and who had become famous entrepreneurs, innovators, scientists etc. This stimulated the participants to enhance their desire to be achievement driven. The rest of the programme focused on helping them to develop achievement language through more exercises, stories etc. One of the exercises included the candidates writing their own obituaries and analyzing them for the kind of motivation that it reflected. During the entire week, they used achievement language and practiced to use the same. Through this experiment, McClelland and David Winter demonstrated that entrepreneurial motivation can be developed through Achievement Motivation Training (AMT). The experiment is well documented in their book 'Motivating Economic Achievement'.

The theory of achievement motivation is simple. If you want

to produce entrepreneurs, get the person to think like Entrepreneurs. To think like an entrepreneur is the use of entrepreneurial language. Use of language leads to thought and thought leads to action. So, McClelland and team proved that by developing entrepreneurial language, entrepreneurship can be developed. In fact, McClelland's earlier work across different countries demonstrated that economically progressive nations used entrepreneurial or achievement driven language in their stories, media, literature and folk lore.

Based on the above experiences, four corporations in Gujarat (GIIC, GIDC, GSFC, GSIC), launched an Entrepreneurship programme. In its early stages this programme consisted of training unemployed youth, technology graduates and others who were working in various agencies, to become entrepreneurs. The first few batches did not have any achievement motivation training. In subsequent years, the different batches were given achievement motivation training along with the above mentioned inputs. A comparison of entrepreneurial activities by both these groups indicated that those who received AMT, showed a significantly higher level of entrepreneurial activity. This study indicated that, AMT increases entrepreneurial activity among the candidates receiving AMT. Both these studies have proved beyond doubt that entrepreneurial behaviour or personality can be developed or enhanced. In conclusion entrepreneurial orientations can be developed through the following:

**S**peaking an entrepreneurial language at home.



Exposure to stories and life histories of entrepreneurs.

Getting people to read achievement motivation related literatures.

Encouraging people to undertake entrepreneurial activities through field studies, education projects, etc

Creating learning experiences in schools and colleges through appropriate curricular changes.

Entrepreneurship has no age bar Though the incidence of entrepreneurial activity is extraordinarily high in the younger generation, there is no age bar to be an entrepreneur. Many retired people from the armed forces, have become very successful entrepreneurs. Professors retiring

from academic institutions, have a good chance to establish knowledge centres. Similarly, scientists and technologically skilled people can set up their own advisory services or, start entrepreneurial activities. For example, a retired bank employee with banking knowledge and skills can set up coaching centres, to prepare new recruits for banking, insurance etc. Many of them prefer to set up not-for-profit organizations as their economic needs are limited and their main aim is to keep themselves busy through socially useful purposes. Thus, older and experienced people, who carry high knowledge and intellectual capital, will ensure that, the same is available for others at a price.

Image Source:

<http://www.benzinga.com/analyst-ratings/analyst-color/12/05/2603790/the-definitive-biotech-etf-guide-ibb-xbi-fbt>

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## Test Your Entrepreneurial Quotient:

Answer each of the following, on a 5-point scale where:

5 The statement is a highly accurate description of you

4 The statement is a fairly accurate description of you

3 The statement is somewhat characteristic of you

2 You tend to be that way only occasionally

1 This is not at all true for you.



- 1. I am restless, if I am not occupied in some activity or the other.
- 2. I take initiative to do things on my own and don't wait for instructions
- 3. Usually, I like to be independent in my thinking and actions
- 4. As a student in school, I always took initiative and was involved in some activity or the other
- 5. I enjoy reading stories of people who make a difference-visionaries, businessmen, leaders etc.
- 6. When my mind is idle, I keep planning for the next activity, accomplishment or goal.
- 7. My parents always encouraged me to think independently
- 8. I always like to succeed in whatever I undertake
- 9. I am a goal directed person-I have great goals in life (to do better than before or to set new standards or bench marks etc).
- 10. I often dream to become a well known business man, professional or an individual who made an impact on those around him.
- 11. I try to learn from my own experiences through reflection of my own style of functioning etc.
- 12. I like to try out new ideas or experiment with new things.
- 13. I believe that each individual makes his own future.
- 14. Hard work has always paid me back and my effort has been rewarded in most situations
- 15. I tend to reflect on mistakes and failures and draw lessons.
- 16. I am a careful spender. I think of the returns or benefits before spending or investing on anything.
- 17. I take calculated risks or take decisions after a thorough evaluation
- 18. I keep sharing my ambitions or dreams with others.
- 19. I am known as a "no nonsense person". If I decide to do something, I can be counted on to do it.
- 20. I have great capacity to mobilise support or resources when required.
- 21. I always think of the great opportunities today's world offers for those interested in doing things.
- 22. I enjoy planning my activities or projects in detail, once I am given the idea.
- 23. I don't easily give up once I decide to do something.
- 24. I often have sleepless nights as my mind is filled with ideas or activities that need to be done.
- 25. I am connected through social and professional networks and am a well networked person.

Scoring pattern:

Total the score for all the 25 items (simple mathematical total). Scores higher than 60 indicate an entrepreneurial bent of mind.

