ਜਗਤ ਗੁਰੂ ਨਾਨਕ ਦੇਵ
ਪੰਜਾਬ ਸਟੇਟ ਓਪਨ ਯੂਨੀਵਰਸਿਟੀ
ਪਟਿਆਲਾ

JAGAT GURU NANAK DEV

PUNJAB STATE OPEN UNIVERSITY, PATIALA

The Motto of the University

(SEWA)

SKILL ENHANCEMENT EMPLOYABILITY WISDOM

ACCESSIBILITY



CERTIFICATE IN ENTREPRENEURSHIP, CREATIVITY AND INNOVATIONS IN BUSINESS

ADDRESS: C/28, THE LOWER MALL, PATIALA-147001
WEBSITE: www.psou.ac.in

SELF-INSTRUCTIONAL STUDY MATERIAL FOR JGND PSOU, ALL COPYRIGHTS WITH JGND PSOU, PATIALA

JAGAT GURU NANAK DEV
PUNJAB STATE OPEN UNIVERSITY
PATIALA

(Established by Act No.19 of 2019 of Legislature of the State of Punjab)

COURSE COORDINATOR:

Dr. Sulakshna, Associate Professor

School of Business Management and Commerce,

JGND PSOU, Patiala

COURSE I – ENTREPRENEURSHIP, INNOVATION AND CREATIVITY

Learning Objectives: The course aims to achieve the following objectives:

1. To understand the need and importance of entrepreneur skills for economic and personal growth
2. To understand the role of entrepreneur in innovation and creativity
3. It also helps students to gain knowledge of Creativity and Entrepreneurship.

Course Content:

Unit 1 -Entrepreneurship Essentials: Concepts and Overview of Entrepreneurship, Evolution and Growth of Entrepreneurship in India, Characteristics of Entrepreneurial mind set. Role and Functions of Entrepreneurship in Economic Development. Characteristics of Entrepreneur. Types of Entrepreneurs
Unit 2 - Entrepreneurship Development: Emerging Trends in Entrepreneurship Development, Entrepreneurial Potential and Potential Entrepreneur, Evaluation of Social Entrepreneurship in India Entrepreneurial Opportunities
Unit 3 - Theories: Economic, Psychological, Sociological theories of Entrepreneurship.
Unit 4 - Management and Leadership Skills **Leadership Skills -** Concept, Leadership Theories - Blake and Mouton's Managerial Grid, Leadership and Management, Leadership Styles – Autocratic, The Laissez Faire, Democrative/ Participative, Bureaucratic leadership, Qualities of Leader – Leadership Ethics, Situational Leadership, Leadership and Subordinate Development, Leadership Theories- Trait Theory, Leadership-Member Exchange (LMX) Theory, Transformational Leadership, Transactional Leadership. **Management Skills -** Hard Skills, Soft skills, Problem solving and building relationship, Team building, Empowering and delegating, Managerial Roles.
Unit 5- Design Thinking and Innovation- Design Thinking-Concept, Origin of Design Thinking, Features, Use of Design thinking, Applications of Design Thinking. Design Thinking vs. Scientific Method, Problem Focused vs. Solution Focused. **Design Thinking Adds Value to Innovation:** Design thinking informs human-centered innovation, Design thinking in leadership, Design Thinking and Growth Mindset, the design-thinking process for innovation.

Unit 6 - Transforming Entrepreneurial Concepts a. Identify requirements of implementing an entrepreneurial concept. b. Identify actions necessary to move from implementing the concept to achieving sustainable success. Goal Setting a. Review goals set by other entrepreneurs and the impact of goal setting on entrepreneurial success. b. Applying the course content, establish individual goals to develop personal entrepreneurial skills.
Unit 7 - Creativity and Entrepreneurship Characteristics of Creative entrepreneur, Personal traits, Interpersonal skills, Critical thinking, Practical Skills, Business Thinking vs Creative Thinking, Creative Process – Preparation, Thinking outside the box, Incubation, Illumination, Verification, Critical Thinking.

References:

1. John Kotter, Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership, Macmillan Audio
2. William Bridges, Managing Transitions: Making the Most of Change, Da Capo Lifelong Books;
3. Kevin Ashton, How to Fly a Horse: The Secret History of Creation, Invention, and Discovery, Anchor
4. Austin Klein, Steal Like an Artist: 10 Things Nobody Told You About Being Creative, Adams Media

UNIT- 1 ENTREPRENEURSHIP ESSENTIALS

STRUCTURE

1.0 Objectives
1.1 Introduction
1.2 Concepts and Overview of Entrepreneurship
1.3 Evolution and Growth of Entrepreneurship in India
1.4 Characteristics of Entrepreneurial mind set
1.5 Role of Entrepreneurship in Economic Development
1.6 Characteristics of Entrepreneur
1.7 Types of Entrepreneurs
1.8 Unit End Questions
1.9 References

1.0 OBJECTIVES

After completing this unit, students will be able to

- Define : Concepts and overview of Entrepreneurship
- Understand : Characteristics of entrepreneur and entrepreneurial mindset
- Define : Types of Entrepreneurs
- Explain : Role of Entrepreneurship in Economic Development,

1.1 INTRODUCTION

Entrepreneurship is the act of creating a business or businesses while building and scaling it to generate a profit. However, as a basic entrepreneurship definition, it‘s a bit limiting. The more modern entrepreneurship definition is also about transforming the world by solving big problems. Like initiating social change, creating an innovative product or presenting a new life-changing solution.

What the entrepreneurship definition doesn‘t tell you is that entrepreneurship is what people do to take their career and dreams into their hands and lead it in the direction of their own choice. It ‘s about building a life on your own terms. No bosses. No restricting schedules. And no one holding you back. Entrepreneurs are able to take the first step into making the world a

better place, for everyone in it.

Entrepreneurship is an evolving phenomenon. With the advancement of science and technology it has undergone metamorphosis change and emerged as a critical input for socioeconomic development. Entrepreneurship is the process of being an entrepreneur, of gathering and allocating the resources, financial, creative, managerial or technological, necessary for the success of new ventures. Entrepreneurship is characterized by creative solutions to problems and ingenuity and innovation are the forte of an entrepreneur. Economies have been characterized by innovations and new products that entrepreneurs have brought to the market. Further, entrepreneurship has acted as the catalyst to transfer a segment of new generation of people into self-employed business owners to provide jobs and motivation for the rest. Entrepreneurship is a phenomenon associated with entrepreneurial activity and entrepreneurs who seek to generate value by identifying and exploiting new products, processes, markets and creating or expanding economic activities

1.2 CONCEPTS AND OVERVIEW OF ENTREPRENEURSHIP

Definition:

The entrepreneur initiates, organizes, manages and controls the affairs of a business unit. He is in the centre of industrial production system. He is the owner of the business unit and works with the profit motive. The maximization of profit depends on many factors, such as the capital output, quality of the product, demand of the product and the internal management.

But above all it requires entrepreneurial skill in the producer.

Kilby examined various theories of entrepreneurship and called the effort of understanding entrepreneurship ―hunting the Heffalump‖ (Heffalump is a large animal which, despite ingenious devices, could not be captured). Likewise, there has always been an unsuccessful search for source of dynamic entrepreneurial performance.

Kilby has evaluated theories of entrepreneurship and suggested some principles on which some traps may be designed. However, the dictionary meaning of the term ‗entrepreneur' is ―the person, who organizes, manages and assumes the risks of a business‖.

Originally, the term ‗entrepreneur' in the French language was used to refer to a person engaged in a leading military operation. Canutillo was perhaps the first to use this concept. According to him, the essence of the function of an entrepreneur was to bear uncertainty. Entrepreneur is a person who buys factor services at certain prices and sells them at uncertain

prices in future. In the late 18th century, Nicolaus Bandeau called the agricultural cultivator an entrepreneur and credited him with the essential characteristics of risk-taking and innovation.

Yale Brazen, following the terminology of Clarence Dalhoff, mentioned four types of entrepreneurs:

1. Innovating entrepreneurs:

They make aggressive assembling of information and have capacity for putting an attractive combination of factors of production.

2. Imitative entrepreneurs:

They have readiness to adopt successful innovations used by the first group.

3. Fabian entrepreneurs:

They are characterized by caution and skepticism but do imitate if they feel that the failure to do so would cause a decline in the relative position of the enterprise.

4. Drone entrepreneurs:

They are characterized by refusal to make any change even at the cost of reduced returns in comparison to others. Technological advancement, according to Brazen, is possible where innovative and imitative types of entrepreneurs are heavily supplied. The sluggishness of the last two types will frustrate the attempt to advance technology rapidly.

This is truer particularly in the case of less developed countries. Redlich himself finds the entrepreneurs of Indian subcontinent to be only imitators and warns them against mere copy and duplication of the American type as it would yield unexpected and detrimental results.

There would hardly be a business leader in the Asian and African countries who is an innovator in the true Schumpeterian sense and perhaps none is visionary enough to strike out for previously unexplored territory. All are imitators and adaptors of experiences gained in the economically more advanced countries keeping in view the existing conditions of their own. The technology they apply is usually borrowed from abroad, the legal marking practices they employ are adaptations of those developed in advanced countries and often the commodities they produce and sell are selected because of the operation of _demonstration effect ‘through which consumption of the more advanced countries becomes popularized and enters the general demand in developing countries.

Subramanyam, however, finds entrepreneurs of England more innovative, whatsoever, than their counterparts in India. Evans also rejects innovation as an essential criterion and defines entrepreneur as ―the person or a group of persons in a firm whose function is to determine the kind of business that is to be conducted‖.

The entrepreneur has to take decisions regarding:

(a) the kinds of goods and services to be offered,

(b) the value of these goods and services, and

(c) the clientele to be served.

It must be borne in mind that the interaction that has advanced between industry and scientific laboratory by now and the growing multiplicity of market and industry-related research institutions has reduced the innovational requirements on the part of entrepreneurs.

Laboratories and market research institutions innovate and explore for entrepreneurs only to employ them in their enterprises.

The entrepreneur now is to be characterized as having a personality formed of strong will to achieve, courage and readiness to utilize resources to the best of capability, ability to arrange and manage the functioning of enterprise and ability to take risk.

The entrepreneur, however, is essentially concerned with small and medium industrial units. Coleman emphasizes this view and entrusts entrepreneurs with the responsibility of continuously adopting to small changes in the market, both for factors and products. Small enterprise in India is defined in terms of initial investment limit in plant and machinery and the limit is Rs. 10 million (Planning Commission, 2001).

Indian entrepreneurs, in most of the cases, are not even near this limit. Most of industrial units are tiny in terms of both size and turnover and work for large industrial enterprises. Most of the entrepreneurs here are mere imitators. They do not dare to carry out radical changes in enterprises. The external factors, particularly

market competition and customer needs, were the major motivating factors for small-scale entrepreneurs to engage in innovations.

Salient Features of Entrepreneurs:

The entrepreneurs 'motivation for creative activity lies in their intense urge for self-realization. The following are some of the important characteristics of an entrepreneur:

(I) High need for achievement

(ii) Acquisitiveness

(iii) Self-confidence and autonomous personality

(iv) Non-dogmatic and non-conformist personality

(v) Aggressiveness and risk-bearing capability

(vi) Rationality and pragmatism

(vii) Creative and technical mind

(viii) Adaptability

(ix) Managerial skill and leadership qualities

(x) Administrative ability

(xi) Sound decision-making ability

(xii) High personal efficacy

(xiii) High commitment to the task

1.3 EVOLUTION AND GROWTH OF ENTREPRENEURSHIP IN INDIA

The growth and transformation of entrepreneurship in India began in the early times when the 'barter system' was a common means of exchange. However, before proceeding, let us understand what entrepreneurship is and who entrepreneurs are.

Entrepreneurs are those individuals or groups who create new businesses and job opportunities. Entrepreneurship is the ability of an entrepreneur to run and operate a business with goal-oriented objectives. In this article, we will focus on the following:

Evolution of entrepreneurship and their classification into different areas.

The importance of entrepreneurship in India

The need of entrepreneurship

Evolution of Entrepreneurship in India

Medieval Age

To discuss the growth or development of entrepreneurship in India, you must understand that India has one of the oldest and most civilized business histories. During the Harappa civilizations around 2700 BC, there was an internal and external trade culture. Also, due to this, most foreign countries recognize Indian entrepreneurial skills.

Moreover, the increase in trade occurred during the era of Mughal rule. The popularity of Indian products, arts, crafts, Vedic tools, foods, and much more attracted attention from different parts of the world. The Arab mainland, western colonial counties and African countries were the major parties involved in the trade.

At the same time, different countries like UK, France and Portugal expanded their colonies in different parts of the world. However, a significant entrepreneurial change occurred when the East India Company started its business from the Bay of Bengal and later occupied parts of Bengal. It indirectly linked the entire Indian state into one business ecosystem.

There were some major downsides to the colonial mindset of England. However, it also played some good aspects in developing entrepreneurship in India.

Modern and pre-independence

This was the era of industrialization in India, where some of India's best entrepreneurs rise. The major events changed the face of entrepreneurship in India.

The first cotton textile mill was revolutionized in 1854 by an Indian entrepreneur, Awaji Dover. It was one of India's boldest steps in the modern development of entrepreneurship development.

Jamsetji Tata founded the company Tata Group in the year 1868. With the foundation of the Tata Group, he has created a bar for entrepreneurship development in India.

1874 Cotton Mill by JRD Tata, TISCO by Daribi Tata, 1932 Tata Airlines, Tata Steel Plant, and more were high-rate businesses in India. At the same time, it has also played a major role in various independence initiatives.

Post-independence

Entrepreneurship in India, along with the national economy, was ground-breaking after independence. There was not much left in the Indian economy at that time. However, the government took major steps to support India's development which is as follows.

Prime Minister Nehru adopted the economic structure line of the Soviet Union. It gave a major push to the New Industrial Policy of 1956. Similarly, this policy liberalized the bar and standards set by the British government, which were the ultimate impediment to industrial development.

Economic reforms were carried out in the initial phase of governance. Also, prominent economists adopted the Mahalanobis model, which primarily aims to support entrepreneurs.

As all these influential policies were in operation, few major industries were established as opposed to the traditional textile and natural resource industries. Since independence, there was a huge growth in entrepreneurship in India.

However, it may seem that most of the top entrepreneurs were already in business. But the reality was different. Economic policies were not giving much support to the entrepreneurs, due to which there was rough growth. However, the transformation of entrepreneurship began in 1990.

Transformation of Entrepreneurship in India

The major transformation of entrepreneurship in India began with the 'Economic Policy Reform' in 1991. The policy was further expanded in 2022. So, you can easily categorize the major transformation of entrepreneurs in India by these two policies and events.

New Economic Policy

The New Economic Policy of 1991 was a huge turning point. This policy has included three major aspects, which are as follows.

Aspects	Role
Liberalization	Providing some provisions in different parts of the industry It boosts the private sector, including banks and the stock market
Privatization	Disinvestment of Public Firms to reduce the burden Promote the national entrepreneurs for good business
Globalization	Welcoming FDIs, and FPI Creating SEZ and Economic Corridor for foreign companies

Aftermath

The major objective was economic reform, which has also served in the transformation of entrepreneurship in India. Before the policy, India's entrepreneurship was based on the model of traditional industries and agro-industries.

However, after the implementation of the policy, major changes were seen in the technology. The rise of Infosys, TCS, Wipro, HCL, and more. Also, in automobiles, Marti, Tata, Mahindra, Bajaj, and more were emerging. But there is a limitation to this policy as it favors a lot of big companies and does not give a chance to a small and new startup to take off.

Growth of Startups

In 2016, startups started to grow. There are some key aspects of this startup initiative whose main objective is to provide and lend support for entrepreneurship development in India. By the year 2015, startups were rampant in India. Moreover, India is also known as the 'poster child of an emerging market'. Some of the key aspects of the 2016 Startup Initiative are as follows.

The MSME ministry swung into action by supporting small and micro startups and firms.

The Make in India initiative allows entrepreneurship to live in India and work on its growth.

The NITI Analog scheme was also launched. Its objective is to develop skills and provide training to become a skilled resource.

New innovators and potential entrepreneurs are helping their businesses in the Indian market daily. If you consider the growth of entrepreneurship since 1990, you will see a sharp growth every year.

The current Indian entrepreneurship world is becoming a highly favorable market for any company to invest in. Also, most Indian companies have marked their potential in international trade and shown the growth of entrepreneurship in India. However, among all other top start-

ups and companies, the IT sector of India is on the boom. It alone handles a large part of the development of the entrepreneur representing India.

1.4 CHARACTERISTICS OF ENTREPRENEURIAL MIND SET

The following resources can be helpful in developing the Entrepreneurial Mindset: -

• **Assertive**: The ability and willingness to put his firm foot ahead to overcome challenges and for promotion of his venture.

• **Persuasive:** The ability to clearly express ideas to others by persuading them to work towards a common goal. For this, he must have to use good communication quality

• **Critical Thinking**: It is the capacity to apply process-oriented thinking, consider an issue from a range of possible perspectives, and use that thinking
while making decisions.

• **Comfort with Risk**: The capacity to move forward with a decision despite inevitable uncertainty and challenges.

• **Initiative**: an entrepreneur has to initiate a new idea to carry business activity working through obstacles independently. The power to take ownership of a
project without any input or guidance.

• **Future Orientation**: An optimistic disposition with a focus on obtaining the skills and knowledge required to transition into a career.

• **Looking for Opportunity**: An entrepreneur must have the practice of seeing and experiencing problems as opportunities. He has to avail these opportunities
for profit earning

• **Creative**: An entrepreneur is out to devise most effective strategies to achieve
the objectives of his enterprise. The ability to think of ideas and create solutions
to problems without clearly defined structures.

• **Comfort with Risk:** For an entrepreneur, he must have the capacity to move forward with a decision despite inevitable uncertainty and challenges. Our attitude to risk shapes our whole life. Behind making business or life decisions, there is always an element of risk. We are all risk takers and take risks every day, driving at 85 when the limit is 70.

• **Persistence:** Continuous efforts describes the notion of taking various unrelated situations and creating something bigger in adverse situations too.

• **Self-confidence**: Entrepreneurs make loads and loads of mistakes. But, they don’t get give up by it. With Self-confidence, they just move on to the workaround or next idea swiftly even in case of failure.

• **Learn quick:** The entrepreneur learns quick, but always shares the results whether good or bad with the team for completing the desired task.

• **Work smart:** Entrepreneurs are often gifted with a meticulous planning. He needs to Work smart to plan activities in the light of his strengths and

Weaknesses

1.5 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

An Entrepreneur should possess all such characteristics with help of which he/she can perform successfully Entrepreneurs have a wide variety of roles and responsibilities to take care of. The more time and energy that an entrepreneur puts into a project, the better are the chance for its success. The following points highlight the role of an entrepreneur.

Role of Entrepreneur

1. Founder of a company

An entrepreneur is an individual who initiates the creation of a business with an idea and develops a plan to make it a reality. They work to identify existing and trending marketing opportunities, launch a business plan, raise funds, and oversee complete operations.

Entrepreneurs sell their business products and services to users not only to earn money, but to experience the joy of fruitful results. Their primary responsibilities are product and market knowledge, building client relationships, managing finances and ensuring smooth operations. The entrepreneur craves out opportunities for himself.

The entrepreneur is the bearer of the highest risk and the key person responsible for securing the capital to support the idea and is primarily responsible for bearing the consequences if the idea fails.

An entrepreneur can be successful if work and personal life are balanced

2. Hire the right candidates

Entrepreneurs play a key role in making significant economic changes in addition to making money. As the business needs grow, entrepreneurs need to hire more employees. Entrepreneurs play a key role in minimizing risk by employing people who can work on the idea and contribute to growth. Such people can be investors or shareholders. That's why they help

businesses succeed. The entrepreneur allocates the organization's resources and the primary one is the workforce. They are essential in recruiting the right staff for effective decision making. It also includes the design of the organizational structure and divisions for efficient workflow. An entrepreneur must first of all build trust and create a great team. Importantly, they must act to establish healthy communication between different departments. They must know how to assess the skills of candidates.

3.Create a strategy

Preparing a business strategy is a key role of an entrepreneur. It helps to stay in tune with market trend. A good entrepreneur must accept challenges, whether it is to finance a new project or to improve an existing company policy that is not suitable. A good strategy is to find the right market and customers that initiate success and create value for customers and employees.

4. The visionary

The role most people associate with entrepreneurship is that of a "visionary". Entrepreneurs are imaginative people who are always looking for opportunities to innovate and find new ways to tackle old challenges. This role doesn't go away once your business takes off. You will need to constantly look for new ways to improve and new directions for your company to grow.

An effective visionary performs two key roles:

(a)A charismatic role which involves establishing support for a vision and direction

(b)He plays an architectural role in order to build an appropriate organization structure. He has to look after various functions of management and discharge them effectively

5. Know about the field

Entrepreneurs must be aware of the ongoing market and recognize methods that help their organization stand out from the competition. The best way to develop it is to be a part of different forums, participate in more events, etc.

6.Develop marketing methodologies

Entrepreneurs need to learn about sales and marketing to stay competitive. Understanding your customers drives you to create information that can garner massive applause through social media platforms and other marketing means.

Advertising, content optimization and branding are different marketing methodologies. A sale is a later marketing event. A good team can guide the process from cold calling to closing deals.

7.Develop a financial budget

An entrepreneur's financial budget is the allocation of funds to meet various expenses such as salaries, rent, etc. To make your business thrive, be clear about how resources and money are

distributed. He just has to figure out how the money flows. He could be betrayed depending on other people knowing the financial activities.

8.Courage to face adversities

Entrepreneur face the adversities boldly and bravely. He has faith in himself and attempt to solve the problem even under pressure. Every unpredictable situation is a challenge before him which he overcome and survive through.

Entrepreneurship is important because it improves the standard of living and generate capital. Let us look at some of the reasons for the importance of entrepreneurship.

Economic Development by Entrepreneurs

It shows the importance of entrepreneurship in the best possible way. New products and services produced by entrepreneurs can fuel the economic development of the companies concerned. This is also true for areas that need to support new business.

For example, the boom of IT industries during the 1990s. The industry grew rapidly and it helped many other businesses. Businesses have grown in related sectors, such as call centre operations, network repair firms and hardware suppliers.

Contribution of Entrepreneurs to National Profit

Entrepreneurial projects help create fresh wealth. Established companies may remain confined to existing markets and reach a threshold in terms of profits. Better goods, services or technology from businesses enable the development of new markets and the creation of new wealth.

Entrepreneurial projects help create new capital. Better goods, services or technology from businesses enable the development of new markets and the creation of new wealth. Also, higher income in the form of increased jobs and higher tax revenue and expenditure leads to better national income.

So, this importance of entrepreneurship helps in making the national income of a country. The government will use these proceeds to invest in the country.

Social Change by Entrepreneurs

This importance of entrepreneurship breaks with tradition and reduces reliance on outdated systems by providing unique products and services. This will improve the quality of life. Such as the smartphone industry continues to grow, tech entrepreneurship will have a huge, long-term impact on the planet.

The indirect effects of entrepreneurship are not so visible, yet they are equally important for economic development. The following are indirect effects:

Money Flow in the Market

The flow of money in an economy is as important. The more it flows, the healthier the economy. Enterprises help in the flow of money in the market by creating employment and increasing production and consumption.

Infrastructural Development

Start-ups thrive in the ecosystem. When an ecosystem is formed in a particular city, there is an increase in the infrastructure of the city or particular area. For example, startups growing in Bangalore, Hyderabad and Delhi. These cities were developed strategically to create a better environment to support start-ups to meet the need for entrepreneurship.

Indirect Employment

Direct employment is the employment created by entrepreneurship within the business. But it is not the only employment. Entrepreneurship also creates a lot of indirect jobs. For example, in an area like Poway in Mumbai, infrastructural development creates a need for hotels, restaurants, transportation, etc.

Increase in Related Services

When entrepreneurs grow and expand their operations, it requires many services. These services may be outside their core expertise. For example, an end-tech start-up would require several services like human resources, marketing, consulting, legal services, etc. Therefore, when the number of entrepreneurs increases, so does the demand for related services.

Need of Entrepreneurship for Economic Growth

Entrepreneurship is an instrument of social change and economic development. Entrepreneurs firmly believe that it is entrepreneurship that will beat and transform the market with new-age technologies.

The following factors define why entrepreneurship is needed in economic development.

1. Innovation

Innovation is the primary element of entrepreneurship. New-age entrepreneurs are passionate about innovations in technology and business models. Some of the primary examples of this are Airbnb, Innova8, Ola, Zinger etc. These companies not only bring innovation in technology but also created unique business models that never existed before. It helps in making your life much easier.

Policymakers of an economy consider innovation while creating a road map for the country's economic development. Innovation creates market ease and new opportunities and encourages consumption. Therefore, entrepreneurship in India is important as it inspires innovation.

2. Employment

Employment is an important factor in the development of any economy. A low employment rate indicates the poor health of an economy. An economy needs to generate more jobs and wage opportunities to accelerate growth. It plays an important role in job creation.

The bigger the enterprise, the more job and salary opportunities are created. Therefore, the need for entrepreneurship in India becomes important for economic development.

3. Living standard

The standard of living is, in a way, directly proportional to employment. Because employment pays people, they spend their money on the purchase of goods and services. Therefore, the consumption rate increases in an economy, and so does the production rate. This eventually raises the basic wage, and people become able to consume higher quality goods and services.

If entrepreneurship in an economy is sector agnostic, it will go a long way in raising the standard of living of the people. Therefore, the need for entrepreneurship in India becomes important for overall economic development.

4. Social change

Social entrepreneurship is a modern term that encourages entrepreneurs to bring about change in society. For example, crowdfunding companies are usually involved in social work such as raising funds for NGOs. Their businesses bring positive changes to society. They not only help the needy but also spread social awareness.

A prosperous society facilitates the path of community development. Therefore, the need for entrepreneurship in India is important as it brings together social reform and economic development.

5. Research and Development

Research and development are the progress of innovation. When an entrepreneur comes up with innovative ideas and builds a business from them, they need to continuously develop their innovation to keep up with the market and improve the user experience. As the enterprise grows, they spend more resources on research and development, which leads to technological progress.

Technological advancement not only supports a particular company but the entire nation. It contributes to the growth of science and technology. The economy further utilizes these developments to implement in various sectors to make progress. Therefore, the need for entrepreneurship in India is necessary for the progress of science and technology.

1.6 CHARACTERISTICS OF ENTREPRENEUR

To be successful, there are definite characteristics that the entrepreneurship must possess.
A few of them are mentioned as follows: -

• **Risk Taker**- Starting any new venture involves a considerable amount of failure risk. An entrepreneur must be bold enough to take risks, which is an essential part of being an entrepreneur. An entrepreneur normally avoids the situation where risk is low.

• **Innovation**- Entrepreneurship should be highly innovative to generate new ideas and start a company. The entrepreneur brings a change for launching of a new product in the market. He may also develop a process that does the same thing in more efficient and economical manner.

• **Visionary and Leadership quality**- With their Leadership quality, leaders influence their employees towards the right path of success. Furthermore, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, he needs a lot of resources and employees. With Open-Mind, every circumstance as an opportunity can be used for the benefit of a company. For example, Repay, Google pay, and Pat etc. in the wake of demonetization acknowledged the need for online transactions.

• **Flexibility**- An entrepreneur should be flexible enough to change according to the situation. He should be equipped to embrace change in a product and service, according to the market needs.

• **Awareness**- An entrepreneur should know the product offerings and also be aware of the latest trend in the market. For this, he must be knowing of the available product or service on the parameters of the current market. Being able alter the product or service as needed, is a vital part of entrepreneurship.

• **Resilient**- A successful entrepreneur must show resilience to all the difficulties. In the times of failure or rejection they must keep pushing forward. To Start your business is a learning process and any learning process comes with a learning curve, which can be frustrating, especially when money is on the line. It's important never to give up through that's important never to give up through the difficult times if you want to succeed.

• **Focused**- A successful entrepreneur must stay focused and must be free from doubts that come in mind while running a business. By not believing in instincts and ideas, entrepreneur may step forward to failure and lose the end goal. A successful entrepreneur must always remember the vision for starting the business and remain on course to see it through.

• **Business Smar**t- An entrepreneur should be smart enough to manage money and financial statements that are critical for running their own business. It is essential for him to check

revenues, costs, and how to increase or decrease them. While implementing a sound business strategy, it is necessary to know target market, competitors, strengths and weaknesses.

• **Communicators**- An entrepreneur must possess efficient communication skills. Successful communication is important in almost every walk of life. It is also of the utmost importance in running a business. Good communication also means that conveying ideas and strategies to potential investors in an efficient manner.

1.7 TYPES OF ENTREPRENEUR

The various types of entrepreneurs are classified on certain parameters. Some important classifications are described below:

I. According to the Type of Business: Depending on the type of business, entrepreneurs are found in different types of business crowns of different sizes. We can broadly classify them as follows

- **Business Entrepreneur:** Business entrepreneurs are individuals who get an idea for a new product or service and then create a business to make their idea a reality. In search, they use both production and marketing resources to create a new business opportunity. They can set up a large establishment or a small business unit. They are called small entrepreneurs when they are in small business units such as a printing house, a textile processing house, an advertising agency; ready-made garments or confectionery. In most cases, entrepreneurs are found in small business and manufacturing businesses, and business thrives when the size of the business is small.
- **Industrial Entrepreneur:** An industrial entrepreneur is essentially a manufacturer who identifies potential customer needs and adapts a product or service to marketing needs. He is a product-oriented man who starts in an industrial unit because of the possibility of making some new product. An entrepreneur has the ability to transform economic resources and technology into a highly profitable enterprise. It is found in industrial units such as electronics industry, textile units, machine tools or video cassette factories and the like.
- **Corporate entrepreneur**: A corporate entrepreneur is a person who demonstrates his innovative abilities in the organization and management of corporate business. A corporate enterprise is a form of business organization that is registered under some law or statute that gives it a separate legal entity. A trust registered under the Trusts Act or a company

registered under the Companies Act are examples of corporate undertakings. A corporate entrepreneur is therefore a natural person who plans, develops and manages a legal entity.

- **Agricultural Entrepreneur:** Agricultural entrepreneurs are those entrepreneurs who engage in agricultural activities such as cultivation and marketing of crops, fertilizers and other agricultural inputs. They are motivated to develop agriculture through mechanization, irrigation and the application of technologies for land-based agricultural products. They cover a wide spectrum of the agricultural sector and include its related occupations.

II. According to the use of technology The application of new technologies in various areas of the national economy is essential for the future growth of business. We can broadly classify entrepreneurs based on the use of technology as follows:

- **Technical Entrepreneur**: A technical entrepreneur is basically likened to a "craftsman". Thanks to its craftsmanship, it develops better quality goods. It focuses more on production than marketing. Not much sales generation and not doing various sales promotion techniques. It demonstrates its innovative capabilities in the field of production of goods and provision of services. The greatest strength a technical entrepreneur has is his skill in manufacturing techniques.
- **Non-Technical Entrepreneur**: Non-Technical Entrepreneurs are those who are not concerned with the technical aspects of the product they are dealing with. They are only concerned with developing alternative marketing and distribution strategies to support their business.
- **Professional entrepreneur**: A professional entrepreneur is a person who is interested in starting a business, but is not interested in managing or operating it once established. A professional entrepreneur sells a running business and starts another business with the proceeds of the sale. Such an entrepreneur is dynamic and comes up with new ideas for the development of alternative projects.

III. According to the entrepreneur and motivation: Motivation is a force that affects the efforts of an entrepreneur to achieve his goals. An entrepreneur is motivated to achieve or demonstrate excellence in work performance. He is also motivated to influence others by demonstrating his business skills.

- **Pure Entrepreneur**: A pure entrepreneur is an individual who is motivated by psychological and economic rewards. He is in business for his personal satisfaction in work, ego or status.
- **Induced Entrepreneur**: An entrepreneur who is induced to undertake

entrepreneurial work as a result of government policies that provide support, incentives, concessions, and necessary overhead and equipment to start a business. Most of the induced entrepreneurs enter the business for a variety of financial, technical and other benefits provided by governmental entrepreneurship promotion agencies. Now a day, import restrictions and the allocation of production quotas have led many to set up small-scale industries.

- **Motivated Entrepreneurs**: New entrepreneurs are motivated by a desire for self-actualization. They arise because of the opportunity to manufacture new products and sell them to consumers. Entrepreneurs are further motivated by profit-oriented rewards once the product is developed to the point where it is ready for sale.
- **Self-motivated entrepreneurs** These entrepreneurs start their businesses as entrepreneurs. They are individuals with initiative, courage and confidence in their ability to inspire entrepreneurship in underage people. Such entrepreneurs have strong beliefs and beliefs in their innate abilities.

IV. According to Growth and Entrepreneurship: New business

development is more likely to be successful. A new open business field for entrepreneurs. Customer approval of a new product brings

psychological satisfaction and huge profits to the customer. Industrial units are identified as high, medium, and low-growth industrial units. So there are growth entrepreneurs and super-growth entrepreneur.

- **Growth Entrepreneur**: Growth Entrepreneurs are those who are forced to enter high-growth industries with significant growth potential.
- **Super Growth Entrepreneurs**: Super Growth Entrepreneurs are people

who have made phenomenal growth in their businesses. Growth

performance is identified by liquidity, profitability and leverage of funds.

V. According to entrepreneurs and stages of development:

Entrepreneurs can also be divided into first generation entrepreneurs,

modern entrepreneurs and classical entrepreneurs according to their stage of development.

- **First Generation Entrepreneurs**: First generation entrepreneurs are industrial units with innovative power. He is an innovator at heart,

  combining different technologies to create marketable products and services.
- **Modern Entrepreneurs**: Modern entrepreneurs are those who undertake ventures that successfully respond to changing market demands. They undertake ventures that meet current marketing needs.

- **Classic Entrepreneur**: A Classic Entrepreneur is someone who addresses customer and marketing needs through the development of an independent business. He is the quintessential entrepreneur whose goal is to maximize financial profit at a level consistent with the survival of the business, with or without a growth factor.

1.8 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Explain the various concepts of Entrepreneurship
2. Explain Evolution and Growth of Entrepreneurship in India
3. Elaborate need of entrepreneurship
4. How does growing entrepreneurship effect the economy of the country
5.Classify entrepreneurs on the basis of use of technology

Short Answer Questions

1.Give an overview of entrepreneurship
2. What is the role of entrepreneurship in economic development of the country
3.Define characteristics of entrepreneurial mindset
4. List down the characteristics of Entrepreneurs
5.List down the various types of entrepreneurs

B. Multiple Choice Question

1. The owner of the business unit and works with the profit motive
    a. Entrepreneur
    b. Employee
    c. Manager
    d. CEO

2. They have readiness to adopt successful innovations used by the first group.
    a. Imitative entrepreneurs
    b. innovative entrepreneurs
    c. Drone

d. Executive

3.These are entrepreneurs that are very careful in their approaches and cautious in adopting any changes.

a. Imitative entrepreneurs
b. innovative entrepreneurs
c. Fabian entrepreneurs
d. Executive

4.Which of these actions of an entrepreneur will most likely result in creative destruction?

a. Lowering prices of your product or service
b. Issuing shares to individuals and institutions
c. Taking over a competitor's business
d. Developing a new product

5. According to Schumpeter, innovative entrepreneurs would

a. Thrive in the market
b. Get absorbed within larger innovative businesses
c. Not survive and disappear from the market.
d. Get absorbed within non-innovative businesses

Answers:

1.a, 2.a, 3.c, 4.d, 5.b

1.9 REFERENCES

Books

- Kotter, J. (1996). Leading Change: An Action Plan from the World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.

- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites

- https://pib.gov.in/PressReleasePage.aspx?PRID=1805853
- https://www.financialexpress.com/industry/sme/cafe-sme/msme-exim-what-msme-exporters-need-beyond-a-big-market-opportunity-to-find-success-overseas/2450351/
- https://www.toppr.com/guides/business-studies/small-business/roles-of-small-businesses-in-india-and-problems-of-small-businesses/#:~:text=In%20an%20economy%20so%20enormous,the%20total%20exports%20from%20India.

UNIT -2 ENTREPRENEURSHIP DEVELOPMENT

STRUCTURE

2.0. Objectives

2.1 Introduction

2.2 Emerging Trends in Entrepreneurship Development

2.3 Entrepreneurial Potential and Potential Entrepreneur

2.4 Social Entrepreneurship

2.5 Evaluation of Social Entrepreneurship in India

2.6 Entrepreneurial Opportunities

2.7 Unit End Questions

2.8 References

2.0 OBJECTIVES

After completing this unit, students will be able to

- Define: Concept of Entrepreneurship Development
- Understand: Emerging Trends and Social Entrepreneurship
- Define: Evaluation of Social Entrepreneurship in India Entrepreneurial Opportunities
- Explain: Entrepreneurial Opportunities

2.1. INTRODUCTION

CONCEPTS OF ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship is regarded as one of the four major factors of production, the other three being land, labor and capital. However, it should surprise you that as regards its French origin, the term _entrepreneurship '(derived from the verb _enterprendre 'meaning _to undertake ') pertained not to economics but to undertaking of military expeditions. So is true of many terms in management such as strategy (a course of action to beat the competition, the _enemy ') and logistics (movement of men and machines for timely availability), etc. Historically, as wars are followed by economic reconstruction, it should be no surprise that military concepts are used in economics and management. It may be pointed out that whereas the wars are rare and far between, in today 's competitive world, entrepreneurs wage wars every day. There is a tremendous pressure to continually develop new products, explore new markets, update technology and devise innovative ways of marketing and so on. The term **_ENTREPRENEUR** 'was first introduced in economics by the early 18th century French economist Richard Canutillo. In his writings, he formally defined the entrepreneur as the ―agent who buys means of production at certain prices in order to sell the produce at uncertain prices in the future‖. Since then a perusal of the usage of the term in economics shows that entrepreneurship implies risk/uncertainty bearing; coordination of productive resources; introduction of innovations; and the provision of capital.

Entrepreneurship is defined as a systematic, purposeful and creative activity of identifying a need, mobilizing resources and organizing production with a view to delivering

value to the customers, returns for the investors and profits for the self in accordance with the risks and uncertainties associated with business. This definition points to certain characteristics of entrepreneurship that we turn our attention to.

2.2 EMERGING TRENDS IN ENTREPRENEURSHIP DEVELOPMENT

There has been a dramatic influx in small business owners and first-time startups over the last few years. People ditching traditional career paths in favor of pursuing their professional dreams.

The pandemic has been a major driver. However, numerous market trends have also spurred this growth in entrepreneurship, which will likely continue into 2022 and 2023.

Let's take a look at the latest entrepreneurship trends to pay attention to over the next few years.

1. Working from home and hybrid work

Remote work was once seen as an option for a select few industries. The pandemic revealed that many people could work successfully from home, especially those in IT-related businesses. These days, lots of entrepreneurs work exclusively or mostly from home, as do many entrepreneurial ventures with small workforces. This is a benefit for many startups. After all, it eliminates a major expense by not having to pay for office space.

That being said, many organizations are trying to shift their employees back to the office. Not every employee or business owner wants remote work as a long-term option. Nor is remote work a suitable option for every kind of organization either.

This is why many businesses embrace a hybrid work model. Employees and contractors will retain the flexibility of working in a remote location. It will also encourage in-person collaboration for more exploratory or hands-on work. Potentially providing the benefits of both remote and in-person, while removing the drawbacks.

2. Mobile optimization

According to a study by Google, 50% of shopping apps installed on a smartphone are used at least weekly. It's also anticipated that global consumer mobile spending will reach $728 billion by 2025.

Companies that want to succeed online need to begin or increase investment in mobile optimization. The mobile version of their online stores must be easy to navigate. It should reflect the capabilities of the desktop version, and ideally, work consistently between the two.

Just remember that being present and optimized for mobile is only one part of the overall equation. You need to be optimized and consider user experience anywhere.

3. Increased diversity in the workforce

Diversity is increasing in the workforce like never before. No longer is the professional and entrepreneurial sphere relegated to men, for example. Women make up a large proportion of working-class professionals and even entrepreneurial leaders. In large part thanks to major societal shifts.

Furthermore, many entrepreneurial companies employ diverse workforces of people from many races, creeds, and religious faiths. This is a great thing, and it ties into profits at the same time. Millennials are more likely to shop at places they know are appropriately diverse and dedicated to social justice.

There is undeniably a revitalized focus on diversity, especially from the consumer perspective. However, there's still a struggle to make businesses and their respective hiring practices more diverse as well. Businesses that truly embrace it will:

Develop more well-rounded teams.

Have a better chance of hiring the best employees.

Ideally, help make the business landscape truly diverse.

But those that fain diversity or ignore it entirely in favor of outdated biases will become left behind.

4. Niche market service

At the same time, many companies are specializing in offering increasingly niche market services. Why? Simply put, lots of people want to be unique.

Therefore, companies are changing their brand identities, taglines, and even offering products to provide niche, specialized things for their target audiences. You can even see this at fast-food companies that claim that customers can order food "their way."

Bespoke options are now the name of the game. Especially for ecommerce businesses or online markets such as Etsy. Simple things like adjusting your email marketing message with a personalizing a greeting are just the baseline.

Having options to create a personalized product or even add a name or color can be incredibly worthwhile. Consumers want something unique that most people will never get their hands on.

5. The rise of the gig economy

It's no surprise that the gig economy has risen in tandem with all these other trends. The gig economy relies on front-line or working-class employees. People constantly moving from gig to gig, always chasing another payday and working for clients on a per-job basis.

Businesses like Uber and Door Dash have proven the profitability of this business model. One where they technically don't employ anyone but which connect independent contractors with customers.

Whether this is a good thing is up for debate, of course. But there's no denying the influence the gig economy has had on the workforce. Freelance websites such as Up work are just the start. They now allow individuals with in-demand skills to advertise themselves, build brands, and essentially run their own businesses.

As more and more workers feel empowered to pursue new endeavors, the need for gig economy platforms will continue to grow. However, the expectations from those that leverage them for work will also increase. There's an increased willingness to step away from poor working conditions. This means current and emerging gig-economy services will need to step up in how they treat contract workers.

6. Long-term cash planning

More entrepreneurs are looking into long-term cash planning for their budgets. Rising inflation alone is pushing entrepreneurs to ensure their cash remains solvent and stable. This includes investing in long-term growth initiatives or commodities associated with your business. While it may be an upfront cost, it encourages long-term stability and insures against rising expenses. It's similar to taking out a life insurance policy. Which requires individuals to pay more initially but save money as they get older. To that end, lots of entrepreneurial companies are investing in their employees, retirement packages, and so on. As a bonus, this is also ideal for attracting top talent across industries.

7. Subscription-based businesses

Subscription-based businesses have exploded due to the pandemic. As lockdowns began in 2020, many people turned to these online purchases initially for safety. According to a recent study by McKinsey, 49% of shoppers currently use a subscriptions service. However, the added convenience is expected to continue stimulating continued growth.

With these businesses, clients rarely purchase or outright own the products or services they use. However, they get constant management support, tech help, and other benefits by subscribing to the ongoing oversight of a company. For items that they do own, they're locked into a monthly membership that may include exclusive items, discounts, etc.

These can be broken down into three types of subscriptions: replenishment, curation, and access. It involves the likes of streaming services, SaaS companies, and more traditional physical retail items like food, beauty, and apparel.

Adapting a subscription-based business model is a major focus for most established businesses moving forward. Consistent revenue, better engagement and brand loyalty, and increased customer value are all major benefits. However, it will take investing in excellent service and online infrastructure to be truly effective.

8. Eco-friendly business practices and products

Millennials and younger shoppers are increasingly concerned with the health of the planet. They tend to shop with brands that make a show of being eco-friendly or practice green product manufacturing standards.

Entrepreneurs are paying attention to these business trends and are dedicated to reinventing their companies to be eco-friendlier. That may require changes such as:

Auditing and adjusting business partnerships.

Investing in green initiatives for the office like solar panels or emission standards.

Donating a portion of profits to green initiatives and non-profits.

Providing incentives to employees for participating.

Keep in mind, that you don't need to make all of these changes overnight. However, it's worth outlining how to integrate these practices into your business within the next five years. Consumers are beginning to care more and eco-friendly practices are here to stay.

9. Social commerce

Social commerce is where a business sells products directly on social media, and it has risen into an $89.4 billion market. Product or brand discovery, exploration, potentially engaging with micro-influencers and finally purchasing. It's all done on social media platforms.

It's designed to remove friction with your customers and be present where they are most engaged. However, there are often specific requirements to participate meaning you'll need to grow your social following. This may require you to focus more on social media as part of your digital marketing strategy.

Thankfully, it's an investment that will likely pay off. This market is expected to grow past $735 billion in sales by 2025. More and more people are using social for product research. Plus, if you want to attract a younger audience—social media is the place to be.

If you're not or barely using social, now is the time to start. You'll likely be surprised by how cost-effective it is and how well it integrates with other business operations.

10. Crypto acceptance

Cryptocurrency has evolved far beyond a short-term fad. Bitcoin and other crypto coins are now incredibly popular thanks to the ease of selling and buying them. Now, more companies than ever are accepting cryptocurrencies at their online stores.

11. Micro-Influencers

Micro-influencers typically have less than 25,000 followers and operate in super specific niches. Why is this a good thing?

They're highly engaged with their audiences, for one thing. Less followers mean they have more time and energy to dedicate to answering messages and discussing products, which is great news for marketers pushing new merchandise.

According to the Influencer Marketing Hub, businesses can make $5.20 on every $1 spent on influencer marketing, which is a pretty impressive return.

Studies show that 92 percent of customers prefer micro-influencer endorsements over celebrity ad campaigns, and over 82 percent make a purchase thanks to micro-influencer recommendations.

Before your competitors take advantage of micro-influencers, start exploring how they fit into your marketing strategy.

Check out the micro-influencers working in your niche, either by using analytics tools or running your own research.

Connect with the influencers who best resonate with your brand personality.

Set a marketing budget and plan a campaign, e.g., is it Instagram-only or multichannel? How long will the campaign last?

Choose relevant hashtags for influencers to use.

Overall, there's definitely a trend toward hiring influencers who embody a specific brand and engage with audiences on a more personal level, so don't miss out.

This has several important benefits, including:

The ability to accept money from anywhere in the world

The ability to hold currencies that aren't overseen by a national government or bank system

The ability to accept more customers at one's online store

All of these benefits may make crypto tokens very attractive for ecommerce enterprises. Businesses generally make more money as they offer more payment methods. So this trend will likely continue, with more options emerging, for some years to come. The only major drawback to consider is increased government scrutiny over this payment model, which may hamper adoption.

12. Public-Private Community Partnerships

Social innovation encourages a blend of efforts from three parties - social purpose organisation (SPOs), the government, and the community, working together to fulfil societal needs. When initiatives fail to look at the community and involve them in decision-making processes that

affect them, they will be less inclusive. While SPOs provide funds and expertise in an economically viable business model, they need to be guided in the right direction by active participation from the government and community.

13. Creating Shared Value

Social entrepreneurs look at functioning in a framework to maximize economic growth in conjunction with social progress. By creating value on both fronts, the social entrepreneur will also have to focus on the communities' needs where it functions in. Sharing created value will look like expanding the framework, expanding the total wealth of knowledge and expertise for mutual and social gain.

14. Increased Impact Investing

The focus for social entrepreneurs here is to provide funding to sectors such as healthcare, education, conservation, renewable energy, etc. Besides financial profit, the emerging idea is to address the needs with a positive social or environmental impact. Investments in impact-based social enterprises could take the form of blended fund portfolios. Social entrepreneurs will continue to benchmark the investments with an impact return, leading to efficiency.

15. Promise of Technology Adoption

Social entrepreneurship will increasingly need to appreciate the value that technology could bring to social change with proper training and empowerment. Technology can transform social entrepreneurship initiatives by effectively utilizing information, creating value and enriching capabilities. Leveraging technology by social entrepreneurs could have a transformative effect by creating self-sufficiency, employability and opportunity, thereby playing a pivotal role in solving social challenges. Besides, technology adoption will impact the perception of marginalized societies as greater adoption will lead to a realization of potential and capabilities. When the sector boundaries blur, the aspiring social entrepreneur needs to keep up to date and sync with these new trends. The rapid rise of social entrepreneurship assumes crucial dimensions that offer different thought processes.

Some of these trends may feel familiar. Things like mobile optimization, working from home, and environmental considerations have been brewing for years. Others, like subscription services and crypto acceptance, have seen new life due to the pandemic. Regardless, it's becoming natural for consistent entrepreneurial trends to take hold and see consistent growth for years at a time.

While all of these current trends in entrepreneurship may not directly impact you, they're worth keeping in mind. Having a better understanding of the overall business landscape can better

prepare you to successfully start a business. As well as make it easier to strategically navigate your current business through these changes.

2.3 ENTREPRENEURIAL POTENTIAL AND POTENTIAL ENTREPRENEUR

Before there can be entrepreneurship there must be the potential for entrepreneurship, whether in a community setting to develop or in a large organization seeking to innovate. Entrepreneurial potential, however, requires potential entrepreneurs. This paper discusses antecedents of such potential and proposes a model based on Shaper's (1982) model of the entrepreneurial event. We then discuss this model in light of supporting evidence from two different perspectives, corporate venturing and enterprise development

entrepreneurs appear critical to Shaper's (1981) notion of a resilient, "self-renewing" economic environment, whether we examine a community or an organization. Resilience requires a supply of potential entrepreneurs who surface and take the initiative when a personally attractive opportunity presents itself. Taking such initiative helps the local economy or parent organization adapt to our ever-changing world.

The entrepreneurial event requires a preexisting preparedness to accept that opportunity (i.e., "potential") followed by something that precipitates the decision (Shaper. 1982; Reynolds, 1992). Potential entrepreneurs need not have any salient intentions toward starting a business; their potential is latent and is causally and temporally prior to intentions.

To Shaper, "resilience" characterizes communities that are successfully developing; it also characterizes organizations that are successfully innovating (e.g., creating new ventures). In both cases it appears to be absolutely vital to identify and encourage a healthy supply of potential entrepreneurs. The question is: Who are these potential initiative takers, these potential entrepreneurs? How do we encourage the creation of entrepreneurial potential? This paper offers a social psychology perspective on how to conceptualize and test the notion of entrepreneurial potential. This approach might be best described as a process-based, theory-driven micro-model with macro-consequences. The proposed model draws upon a robust, powerful cognition-based literature on intentions and the much-ignored work of Albert Shaper. Those who wish to find the entrepreneur in entrepreneur need to employ social cognitive process models that explicitly recognize the central role of perceived, enacted reality (Shaver & Scott, 1991). Researchers should be explicit in their definitions (Gartner,

1989). We have already distinguished potential from intention, we define "entrepreneurship" as "the pursuit of an opportunity irrespective of existing resources" {e.g., Stevenson, Roberts, Groesbeck, 1989) and define "entrepreneurs" as those who perceive themselves as pursuing such opportunities.

Developing Entrepreneurial Potential

*'Chance Favors the Prepared Mind"

Pasteur's pithy explanation of how science progresses applies equally to the entrepreneurial event. Opportunities are seized by those who are prepared to seize them. Despite a focus on the potential entrepreneur, we fully recognize that entrepreneurial activity does not occur in a vacuum. Instead, it is deeply embedded in a cultural and social context, often amid a web of human networks that are both social and economic (Reynolds, 1992).

We may speak of a group, an organization or a community as being entrepreneurial without necessarily speaking of entrepreneurs per se. Implicit in this is the notion that the group, organization, or community possesses some potential for entrepreneurial activity. The environment need not be already rich in entrepreneurs, but has the potential for increasing entrepreneurial activity. Shaper (1981) argued that such potential characterized economically self-renewing communities and organizations. He further argued that the key to long-term resilience was increasing the supply of individuals who see themselves as potential entrepreneurs, rather than counting coup over each immediate job created (or business attracted). It is from our contexts that we loam our beliefs, attitudes, and assumptions about the world; we do so from our earliest days to adulthood (e.g., Katz, 1992; Scott & Toomey, 1988). Should we not team our beliefs about starting a business? Recent evidence suggests that we do (e.g., Krueger, 1993b; Peterson & Roque Bert, 1993). Economic resilience arises from an environment that Shaper (1981, 1982) described as "nutrient-rich." In this metaphor, he considered "nutrients" to include social and cultural support, information and tacit knowledge, as well as more tangible resources. Regardless of the existing level of entrepreneurial activity, such "seedbeds" establish fertile ground for potential entrepreneurs when and where they perceive a personally viable opportunity. That is, "entrepreneurial potential" requires "potential entrepreneurs." This conclusion applies equally to groups and organizations. Brazil (1993b) shows that an organization may have a considerable supply of potential entrepreneurs even if they do not display any overt intentions to start a corporate venture. Her findings argue that situational perceptions may explain the gap between potential and intention (Brazil, 1993a; Brazil & Weaver, 1990).

This also represents an opportunity for scholars of entrepreneurship to make contributions in a broader arena. In exploring potential entrepreneurship, we may find models usefully applicable to other potential behaviors. The social psychology of "potential" behavior has been little explored. The potential for entry to a given career can persist over time regardless of current intentions: Why not the potential for an entrepreneurial career? Few research studies have conceptualized or measured entrepreneurial potential, though interest in pre-emergence entrepreneurial activity has recently grown (e.g., Gartner. Bird, & Starr, 1992). However, measures of entrepreneurial potential seem to remain wedded to various ad hoc profiles of personality and demographic characteristics with minimal predictive validity (e.g., Carsful. Guagliò, & Kemochan. 1993). As Shaver and Scott (1991) note. if we wish to understand the entrepreneur, we need to look at people's mental representations of career characteristics and how they enact their career environment.

Defining Key Constructs in "Entrepreneurial Potential"

Enterprise Development and Corporate Ventures: We have chosen to examine this model of potential in terms of two different settings because Shaper himself saw strong parallels between the two contexts. Although each setting also illustrates different things, we show that the model appears to generalize across situations. Entrepreneurial events occur in both settings, though they may be less obvious in corporate ventures. By looking at conceptual issues for each component of the model, we should be able to identify some characteristic beliefs and attitudes of potential entrepreneurs. By looking at measurement issues, we gain some insights into identifying potential entrepreneurs in the field. In practice, any such analysis must include a broad cross-section of the population in question. The model argues that predicting potential entrepreneurs on the basis of demographics, personality, or other static criteria could prove difficult in an enacted environment. The beliefs and attitudes of potential entrepreneurs are driven by perceptions more than objective measures. The theory of planned behavior and Shaper’s model of the entrepreneurial event

Overlap considerably. Using Shaper’s terminology. suggests three critical constructs:

Perceived Desirability, Perceived Feasibility, and Propensity to Act. At the risk of oversimplifying the models, perceived feasibility in SEE corresponds to perceived behavioral control in TPB (both correspond to perceived self-efficacy); TPB's other two attitude measures are subsumed by SEE's perceived desirability.

Let us examine each of these.

Perceived Venture Desirability

This construct of perceived desirability subsumes the two attractiveness components of the theory of planned behavior, "attitude toward the act" and "social norms." They are typically intercorrelated, but for clarity we discuss them separately. Conceptual issues related to attitude toward the act. This taps perceptions of what an individual finds personally desirable, which in tum depends on the likely personal impact of outcomes from performing the target behavior. We should distinguish between good and bad outcomes. Prestige may not be important to a potential entrepreneur, but she or he may wish to avoid being thought of as exploiting the community. In the same vein, we should consider both incentives and disincentives. Intrinsic rewards seem crucial. Perceptions of desirability are related to an intrinsic interest in entrepreneurship and innovation. To what extent would an individual be interested in working outside the system? One critical issue here is preference for types of venture. Someone who prefers managing high growth might prefer a new venture over an established business. By the same token, one might prefer low-tech over high-tech. Research has already identified distinctions among entrepreneurs based on preferences (e.g., craftsperson vs. opportunist, high growth vs. low growth, prospector vs. defender). One that is particularly appropriate is the notion of "promoter" versus "trustee." The promoter is the archetypical wheeler-dealer and the trustee is the ultimate bureaucrat (Stevenson, Roberts, & Groesbeck, 1989).

In promoting potential entrepreneurial behavior in a community, too often the community or its representatives offer new businesses what it perceives is needed, rather than what is wanted. Preferences for specific types of business should prove important to understanding what potential entrepreneurs find attractive or unattractive.

In a corporate setting, we should examine the compensation package devised by management for the rewarding of innovative activities. This includes the criteria for rewards and both extrinsic and intrinsic rewards, all as perceived by the potential innovator. A reward system that seems ideal for promoting innovation need not be perceived as such by the rewarded. Also, informal punishments may override the formal reward system.

Measurement issues. We recommend examination of the reward system as it is perceived (and its impact on performance). We advise paying particular attention to intrinsic rewards. We should measure disincentives as well as incentives. A community or organization may offer significant short-term incentives, yet simultaneously offer sizable long-term disincentives.

For corporate ventures, Panchen’s validated Interest in Work Innovation scale taps an individual's desire and motivation to engage in creative activities. For enterprise development, we simply need to identify individuals' perceptions of existing rewards. In either case, it is vital that we identify the actual preferences of potential entrepreneurs, including the

promoter/trustee distinction. Such a scale is under development; preliminary results suggest that there is a sizable pool of corporate managers who prefer an entrepreneurial business environment (Brazil, 1993b).

Conceptual issues related to Social Norms. Social norms are tied to our perceptions of what important people in our lives would think about our launching a venture. In community settings, potential entrepreneurs may have a large, diffuse reference group that definitely includes family and friends. Cultural impacts come from the community at large: Is there a clear sense that important institutions and community leaders truly approve of self-employment or do their actions suggest skepticism?

In a corporate setting, the potential entrepreneur's reference group may not be family and friends, but rather the perceived beliefs of top management and their colleagues (including those who have already started a venture). Thus, social norms here may serve as a vital channel for the influence of organizational culture.

Measurement issues. In a community setting, we often see measures such as the Development Report Card and other tabulations of objective data. However, it is quite clear that the potential entrepreneur may enact a very different environment (Wieck, 1979). Low wages may be a negative element, reflecting low worker skills; strong union activity may be a positive element for someone who wants to set up a worker-leasing business. Various small business lobby groups routinely survey their members about their perceptions. Communities must pay closer attention to subjective data of this nature in order to understand the beliefs and attitudes of potential entrepreneurs.

In a corporate setting, organizational culture may be measured by Kratky, Montagnon and Hornsby's (1991) 48-item scale which addresses an individual's perception of the workplace and environment with attention to the organization's overt and covert encouragement and discouragement of innovative activities. Subscales include work discretion/decision autonomy, incentives for entrepreneurial activity, time availability, management support, and ease of crossing department boundaries for team formation. Such an instrument helps us see what cultural elements are perceived by organization members. We might also consider measuring relevant elements of organizational politics.

Perceived Venture Feasibility (Perceived Venture Self-Efficacy)

Cofueptual issues. Perceived self-efficacy is a person's perceived ability to execute some target behavior. It appears critical to understanding planned, intentional behavior by influencing intentions through situational perceptions of feasibility. In the context of careers, self-efficacy is the perceived personal capability to do a specific job or set of

tasks. Research has begun to identify which competencies are critical to launching and to maintaining a venture (Chandler & Jansen. 1992).

Promoting se!f-efficacy is more than teaching competencies; students and trainees must fully internalize those competencies through perceived mastery. Providing credible models of critical behaviors is also useful. (Non-credible models can actually reduce self-efficacy.) Psychological and emotional support will enhance self-efficacy.

In a community setting, potential entrepreneurs tend to operate with little information about possible obstacles. They are likely to see obstacles that are simply not there and to not see very real obstacles. Someone with well-developed intentions toward starting a business is more likely to have investigated obstacles than someone for whom intentions are not salient. For potential entrepreneurs to formulate actual intentions requires that they not be deterred by apparent obstacles. The community thus needs to avoid policies that intimidate potential entrepreneurs. Threatening to raise business taxes may deter someone already intending to start a business, but it will deter potential entrepreneurs even more.

Economically disadvantaged communities often suffer from deficits in self-efficacy.

Rabow, Berkman, and Kessler (1983) show that the victims of poverty visibly reflect the symptoms of leaked helplessness, a perceived inability to help themselves. Hackett, Betz, Casas. and Rocha-Singh (1992) demonstrate that observed negative effects of gender and ethnicity on achievement by engineering students are fully mediated by self-efficacy. That is, only self-efficacy predicted achievement; however, self-efficacy varied across gender and ethnicity.

In a corporate setting, the organization itself presents obstacles in addition to those presented by the marketplace. Any entrepreneur faces possible obstacles such as underestimation of capital needs, incorrect assessment of market demand, and lack of contingency plans. Some of the most rigorous obstacles that an organization can erect include impatience by top management, lack of top management commitment to innovation, and unrealistic expectations (e.g., MacMillan, Block, & Narasimha, 1986).

These combine in a resulting lack of top management support, an often fatal ailment for corporate ventures. Managers may come to believe that the "best" behaviors are those that represent the status quo, further reducing their self-efficacy for more innovative behaviors. Corporate managers may appear to have all the requisite skills and knowledge to start and run a new venture. Yet, they themselves may also not believe that they

possess those skills.

Measurement issues. MacMillan. Black, and Narasimha (1986) provide a 27-item list of possible obstacles for corporative ventures; we can easily adapt the list for non-corporate ventures. We can measure self-efficacy regarding each obstacle, providing a sense of what obstacles are seen as most inhibiting. On the positive side, we can also easily generate comparable, testable lists of critical competencies. Such results offer ample grist for education and for training programs.

Propensity to Act

Conceptual issues. Shapero (1982) conceptualized propensity to act as a stable personality characteristic. However, research suggests that we can train individuals to behave more autonomously. We can teach self-management skills; we can teach skills at coping with adversity; we can visibly reward initiative taking (including unsuccessful initiative taking).

Measurement issues. Shapero indicated propensity to act was closely related to locus of control. Desire for control is closely linked with initiating and maintaining goaldirected behaviors and is significantly associated with entrepreneurial intentions (Krueger, 1993a), but other measures might also prove of value.

2.4 SOCIAL ENTREPRENEURSHIP

Individuals who start their own business are motivated by many different things. Some people want the freedom of being their own boss or want to pursue their true passion.

Others have dreams of making a lot of money and building an empire. However, in the past several years, a new type of entrepreneur has emerged: the social entrepreneur.

Social entrepreneurship is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world.

While sometimes confused with nonprofit organizations, social entrepreneurship is a for-profit endeavor, even though a greater emphasis is placed on creating social or environmental changes. Read on to learn more about five companies who practice social entrepreneurship.

In the words of Bill Drayton, a social entrepreneur, author and founder of Ashoka: Innovators for the Public, “Whenever society is stuck or has an opportunity to seize a new opportunity, it needs an entrepreneur to see the opportunity and then to turn that vision into a realistic idea

and then a reality and then, indeed, the new pattern all across society. We need such entrepreneurial leadership at least as much in education and human rights as we do in communications and hotels. This is the work of social entrepreneurs."

Journalist and author David Bornstein, while defining social entrepreneurship, says, "What business entrepreneurs are to the economy, social entrepreneurs are to social change."

As per American professor Greg Dees's definition of social entrepreneurship, "Social entrepreneurs are a 'special breed' of leaders."

Social entrepreneurs cannot be defined in a single sentence. They are changing the world in different ways every day. If we look around, we'll find several examples of social entrepreneurship that have affected monumental change.

Examples Of Social Entrepreneurship

Here are some great examples of social entrepreneurs who have brought about tremendous change in India:

Anshu Gupta, Founder of Goon: Anshe, a media professional, wanted to provide proper clothing to the underprivileged. He started collecting old clothes to upcycle them and distribute them among the poor.

Santosh Parulekar, Founder of Papal Tree: Focusing on one of the most underrated segments, jobs in rural India, this organization is the best example of social entrepreneurship. Papal Tree was established to help youth from rural India find suitable jobs.

Urvashi Sani, Founder and CEO of SHEF (Study Hall Education Foundation): Set up to educate girls in rural India, SHEF has transformed more than 1,000 schools, trained tens of thousands of teachers and impacted nearly 5 million students' lives in UP and Rajasthan.

Harish Handed, CEO and Founder, Serco: India's first solar funding program, Serco aims to provide sustainable energy in the country's rural areas.

Trilochan Satyr, Founder of ADR (Association for Democratic Reforms): Trilochan, a professor at the Indian Institute of Management, Bangalore, began his journey as a social entrepreneur by filing a PIL against some political leaders in Delhi High Court. He formed ADR in 1999, which now reviews election procedures to strengthen democracy in India.

These were just a few well-known examples of social entrepreneurship in India. Not all attain the same levels of popularity, but they still have considerable impact on society. These examples prove that you don't need a degree to be a social entrepreneur. An idea and the drive to see it through are what make you a social entrepreneur.

Many people have ideas. But how do they execute them? To understand this, let's review the different types of social entrepreneurship.

Types of Social Entrepreneurship

There are various types of social entrepreneurship. Here we'll look into four types of social entrepreneurship:

1. Community Social Entrepreneur: Community social entrepreneurs are small-scale change makers. A community social entrepreneur can be a young individual teaching underprivileged kids in a town, a group of college students running sanitation and plantation drives in a city or one or more organizations working for social good.

Community social entrepreneurs work in specific geographies and communities but for a wide variety of causes. From hygiene and sanitation to employment and food distribution services and from plantation and environment safety to providing employment to deserving ones, they do it all.

These types of social entrepreneurs are the ones who bring about instant change and strive for more.

2. Non-Profit Social Entrepreneur: These social entrepreneurs believe in reinvesting profits. So, along with the initial cost, they put their profits into the cause.

For instance, if the initial project was to educate kids from underprivileged backgrounds and they received more funds than required to facilitate the initiative, they will utilize the surplus to educate women and expand their portfolio.

People who have a business-oriented mindset prefer this type of social entrepreneurship. Not just that, but companies and organizations chose non-profit social entrepreneurship to utilize their social goodwill for the cause.

3. Transformational Social Entrepreneur: These entrepreneurs focus on establishing a business that can solve a purpose that government initiatives and other businesses can't.

Transformational social entrepreneurship is more like running an organization where you hire skilled people, think of newer ways to stay relevant in the market, follow the guidelines issued by governments and do everything that an enterprise does.

The larger picture for transformational social entrepreneurs includes a collaborative set-up of multiple businesses serving society collectively and individually.

Some examples of transformational social entrepreneurship are CRY (Child Rights and You), Goon and Justina.

4. Global Social Entrepreneur: Global social entrepreneurs think on a larger scale and focus on changes required at the global level. They put social responsibility above profits.

They usually collaborate with organizations working on similar causes in specific regions/countries. One of the most relevant examples of this type of social entrepreneurship is

the Make a Wish Foundation. Headquartered in Phoenix, Arizona, it actively works in around 50 countries, fulfilling the wishes of critically ill children.

Social Entrepreneurship requires people to have the following traits:

Leadership: You Can't Meet Your Goals Without a Highly Motivated Team Assisting You. A Good, Inspirational Leader Is a Must for Every Cause. They Can Influence Opinions as Well as Physical Outputs.

Emotional Balance: Social Work Requires Both Empathy and A Practical Approach at The Same Time. A Highly Emotional Person Might Get Overwhelmed, but an Emotionally Balanced Person Will Handle Difficult Situations Better.

Vision: Visionaries Come Up with The Best Solutions to Social Problems. Why? Because They're Thinking of Long-Term, Permanent Resolutions.

Ability to Multitask: Entrepreneurship and Multitasking Go Hand-In-Hand. Only an Exceptional Manager Can Juggle Meetings, Pitches, On-Site Activities, Sourcing, Production and Whatnot.

Decision-Making: Social Entrepreneurs Must Prioritize and Make Sound Decisions as They Affect the Lives of People in Need. They Need to Think of a Situation Holistically and Make a Sound and Rational Decision.

Open to Collaboration: Social Entrepreneurship Cannot Be Done in Isolation. Entrepreneurs Need to Be Open to Collaboration and Partnerships. Every Project Needs People with A Different Expertise and Skill Set. A Social Entrepreneur Needs to Work with A Wide Range of People to Achieve Their Vision.

There are many social entrepreneurs in the world today and millions of problems that need to be heard and solved. From educating children to providing them with nutrition, from environmental issues to women's safety, from unemployment to mental well-being, the list goes on.

A Social Entrepreneur Needs a Vision

Social entrepreneurs need to have a clear vision to make things happen. To set goals, make a timeline to achieve the goals, and galvanize a team to work towards them, a compelling vision is needed. Many organizations drift to obscurity because they do not have an image of what they want the future to look like.

The visions of social entrepreneurs must be bigger than just alleviating the current conditions. They should aspire to change the equilibrium itself. They need to thoroughly understand the system they work in fully and then make a systematic and specific approach towards achieving their visions.

The youth of the world want to work with entrepreneurs who want to make the world a better place. If you want to become a social entrepreneur, you will find many capable people who will want to work with you to achieve your goals.

Do you want to see how you could become a social entrepreneur and work toward a cause close to your heart? Harappa's Leading Self program will help you develop into an effective leader, problem-solver and change maker.

2.5 EVALUATION OF SOCIAL ENTREPRENEURSHIP IN INDIA

Social entrepreneurship in India is very much shaped by the political context or, more specifically, by the political problems since independence. In India, many social entrepreneurs address the huge gap that exists between formal legislation (which recognizes no discrimination across social strata) and social reality (the prevalence of the caste system). The opportunity space for and activities of social entrepreneurs is also shaped significantly by the natural disasters occurring on a regular basis. Social entrepreneurs have created organizations that complement and substitute for missing action by national and international relief activities.

India has many natural resources, which are untapped. Human resources, agricultural produce, forest products and rural market potential, capital formation are some of the resources, which are grossly underutilized. It is necessary to harness the vast untapped resources of our country and to channelize them towards accelerating total human development.

It is a purposeful activity of an individual and group or a group of associated individuals to undertake economic activities for economic empowerment. They are regarded as an important element of development strategy. Economic development in the country can play social and political role in creating local employment, balancing regional development, generating income among poor, thus promoting a positive change among people.

In India, a social entrepreneur can be a person, who is the founder, co-founder or a chief functionary (may be president, secretary, treasurer, chief executive officer of chairman) of a social enterprise, which primarily is a NGO, which raises funds through some services (often fund raising events and community activities) and occasionally products. Ripen Kapoor of Child Rights and You and Jyotindra Nöth of Youth United, are such examples of social entrepreneurs, who are the founders of the respective organizations. Jay Visas Sutaria of Bhookh.com is a social entrepreneur who is leveraging in the power of the internet to fight hunger in India. Another excellent example of a non-profit social enterprise in India is Rang

De-founded by Ramakrishna and Smite Ram in January 2008. Rang De is a peer-to-peer online platform that makes low-cost micro-credit accessible to both the rural and urban poor in India. The popularity of Social Entrepreneurship is growing at a very high pace in India even through the current economic downturn. Earlier, organizations solving social problems were often assumed to be idealistic, philanthropic and lacking business acumen or the ability to be entrepreneurial. However, as the social sector has been coming in touch with the private sector, both have begun to realize that just one approach either pure philanthropic or pure capitalist is inadequate to build sustainable institutions. Social entrepreneurship is still at a nascent stage in India and it definitely holds great opportunity for any one ready to take the plunge.

Since opening its economy in the early 1990s, India has shown incredible promise demonstrating rapid growth and entrepreneurial spirit. But festering social issues still remain for many of its citizens, including poverty and a lack of opportunities and resources. Many NGOs are devoted to improving the lives of many Indian and government has also been spent more money on social welfare and rural programs in an effort to stimulate more economic growth across this vast country. But social entrepreneurship is also catching on in India. With the belief that individual-not just the government or NGOs-can bring new ideas, resources and energy to solve social and economic challenges, many entrepreneurs are investing in such programs.

Many 'needs gaps' persist because existing businesses or public organizations fail to address them or address them inadequately. Filling one such gap is social entrepreneur David Green who, working the Arvind Eye Hospitals in India, has been able to produce intraocular lenses at a fraction of the traditional cost while still making a profit. Companies often shy away from addressing basic needs as they do not see the business case-the potential to make profits. Governments often shy away from experimenting and engaging in new ways of addressing social problems, simply because their rules of the game are determined by a five year run to re-election.

In India, entrepreneurship among women is very limited in the formal sector. Mostly women undertake self-employment activities in the informal sector as home-based work. Women entrepreneurs in India own only less than five percent of all businesses. These activities are not accounted in official statistics and remain invisible in the national economic contributions of women entrepreneurs. In India the women entrepreneurs representing a group of women who have broken away from the beaten track and exploring new vista of economic participation. Today women are working hard in every field of India and achieving mountains successes. The list of successful women entrepreneurs is quite long. Among some accomplished women

entrepreneurs, Smt. Summate Morori of Shipping Corporation stands as a beacon to women entrepreneurs. Smut Gomuti Kirlosker of Manila Udo Ltd., Smt. Shinas Hussain in Beauty Clinical Cosmetics, Smt. Waleed Rahman in fast food, Smt. Rita Singh of Masco's group, Smt. Parmeshwar Godrej and many more stand out a successful women entrepreneurs. In era of Liberalization, privatization and globalization Indian women as entrepreneurs are fast entering non-traditional areas like electronic, software, consultancy, and furniture, ceramic.

Challenges of Social Entrepreneurs in India

When social entrepreneurs endeavor to bring about a social change, they are confronted with tremendous problems. To begin with, they collect vast amount of information, synthesize them, and then develop an action plan, focusing on the causes of the problem. Communication and leadership skills are essential to acquire basic entrepreneurial qualities, which are, per se, linked to character and personality. Successful entrepreneurs are opportunity-seekers, value-creators and resource-allocators. They are basically bold, patient, resourceful people. Social entrepreneurs are tied to a coal goal fostered by a personal history and feeling that improving society is part of one's personal fulfillment and potential, but they need to equip themselves with a disciplined way of thinking and of approaching problems without forgetting that this training is not enough. The complexities of the reality demand that the social entrepreneurs deal promptly and diligently with problems. Social entrepreneurs need to know that to succeed in their social mission, lifelong learning is essential. Continuous update in their field is the most important challenge they face, to be relevant in the field.

Social entrepreneurs adopt new approaches to many social ills and new models to create wealth, promote social well-being and restore equity and justice within the society. They may encounter extraordinary political, social, cultural and economic resistance but the challenge is that they have to identify structural supports to turn to, for financing, for obtaining information and advice. They listen carefully to people from different backgrounds and gain a detailed understanding of their ideas and life histories, without announcing their presence and putting their ideas into their minds. They do not impose their plans and programmers because they believe in unraveling people's potentials, idea, plan, knowledge and resources. They do not start with the perfect plan; they just have a complete commitment to solving a problem. They flow around obstacles of status quo, regulations, lack of funding, program design flaws and changing needs, always adjusting and maneuvering to reach their goals. No matter whatever the leanings and obstacles, they should continue their committed service, striking a balance between positions of power and authority. These profiles demonstrate that there is no stopping.

Social entrepreneurs are eager to identify more resources and channelize them systematically to the community for optimum utilization and resource conversion. Hence the society appreciates ethically motivated social entrepreneurs to break out of the negative patterns and to initiate new orders of things. It means to take concentrated, persisting effort to achieve the goal. The degree to which a social goal has been fulfilled depends on the patterns, which stem form an understanding to allocate the resources to the target population. Thus, they need to be equipped with business skills. This understanding should be confronted with the constraints and opportunities of the local reality. They prepare individual and group to attack large scale problems with very little resources. They do not believe in developing human resources, but consider people as their asset, capital and resource. They concentrate on abilities rather than pondering over the disabilities and helplessness. There is vision bound social entrepreneur who present their goals with fixed determination of an indomitable will and even quit their other jobs to concentrate on their ideas. They prefer action instead of stagnancy, good solutions instead of persisting problems, justice and opportunity instead of poverty and neglect. They dream of solving a problem or making a positive change in the environment. They are opportunity seekers so they try to win optimum excellence in all that they do and advocate. They help small producers to capture greater profits. They promote the concept of production of the mass based on labor intensive as against the "mass production" based on capital intensive.Social workers as social entrepreneur is not happy just with an idea, but they are happy when they solve the problem in the most indigenous way. To solve a problem and cause fundamental social change trustworthiness and integrity are their most important assets.

Social entrepreneurs need to be prepared for unexpected demands and challenges to build community-based organizations to expedite the social change. They can empower the youth, women, children, artisans, craftsmen and farmers to develop skills and confidence to solve a major resource problem. Some social entrepreneurs focus on adding value to productive processes by linking excellence to economic development and environmental protection. They have a greater attachment to finding solutions than to being right, rich, or recognized. It is the very basic of social mission. Therefore, the social entrepreneurs have the duty to impart sound values, professional ethics, value based spirituality through their commitment and service.

The new economic policy poses a threat to our country's development and sovereignty. The policy is creating more disparity and a new poor. It is the challenge to the social entrepreneur to prepare people to face such problems with creative and collective strategy. The social entrepreneur can provide or help people to arrive at a creative solution, to look for new ways to unleash and redirect the creative energies of people within the present scenario and to reduce

the burden of unemployment problem through various income generation activities and by setting up small and medium size enterprises.

Social enterprise has emerged as a major issue among entrepreneurial thinkers. Social enterprise consists of obligations a business has to society. The diversity of social enterprise opens the door to questions concerning the extent to which corporations should be involved. S. Prakesh Seth, a researcher in social enterprise, has established a framework that classifies the social actions of corporations into three distinct categories: social obligation, social enterprise and social responsiveness. Some firms simply react to social issues through obedience to the laws (social obligation): others respond more actively, accepting responsibility for various programs (social responsibility); still others are highly proactive and are even willing to be evaluated by the public for various activities (social responsiveness). The environment stands out as one of the major challenges of social enterprise. The reawakening of the need to preserve and protect our natural resources has motivated businesses toward a stronger environmental awareness. Our recent "throwaway" culture has endangered our natural resources, from soil to water to air. They confront enormous challenges as they attempt to build socially responsible organization for the future. They are beginning the arduous task of addressing social-environmental problems. Entrepreneurs need to take the lead in designing a new approach to business in which every day acts of work and life accumulate into a better world. One theorist has developed the term Eco vision to describe a possible leadership style for innovative organizations. Eco vision encourages open and flexible structures that encompass the employees, the organization and the environment, with attention to evolving social demands. It will be critical to maintain an elevated social status for social entrepreneurs. The challenge in the coming years will be to find a good balance between attributing 'social hero' stories to social entrepreneurs and creating a solid role associated with status in our societies the biggest task, that of sustaining the role of social entrepreneurs in economic and social life, is faced by the governments.

2.6 ENTREPRENEURIAL OPPORTUNITIES

Albert Einstein once said "Anyone who has never made a mistake has never tried anything new". His statement focuses on the idea of doing new things and doing until do not get succeed. The same spirit is required as a keyword for developing any one as an entrepreneur. A person is said to be an entrepreneur only if he holds the skills to create business, taking risks and enjoy

its rewards whereas entrepreneurship is the process of establishing a business in real world. The country like India with highest working population has the potential to developing entrepreneurship opportunities in India. The success of business depends on innovation, new idea development and chasing new business opportunities. As second highest leading economies India have various opportunities for entrepreneurships.

The various business opportunities, for example, available in the environment include but are not confined to the following only:

1. Tourism:

By now, tourism has emerged as number one largest smokeless and fast growing industry in the world due to its ample promises and prospects. Presently, it accounts for 8% of the world trade and around 20 % of service sector in the world.

Evidences indicate that many countries have progressed from backward to developing to developed, mainly due to tourism development. For example, tourism industry contributes to more than 70% of the national income of some of the countries like Malaysia and Singapore. However, its share to the national income of India is still dismally low at 2.5%.

Though India shelters around 15 % of the world population with its 2.5% of the world territory, it accounts for only 0.40 % in the world tourism market. However, the prognostic picture of the Indian tourism is not because of lack of tourism potential, but because of unleashing of the ample tourism potential she is endowed with.

In fact, India too is a treasure trove for tourism development. She possesses long, unspoiled beaches of golden sands and swaying coconut trees; from winding trails that take you gently up the snowy slopes of a great mountain range like the Himalayas unfurling images of quaint, timeless communities; from sprawling forts and breathtaking palaces that hide in their bosoms so many tales of intrigue and ambitions, love and betrayal; from wildlife sanctuaries and sea worlds, Disney lands and shopping festivals.

There hardly appears to be a thing that is not worthy of some showering of tourist's attention and attraction. Recognizing the India's vast tourism potential, the World Travel and Tourism Council (WTTC) has predicted: "India has potential to become number one tourist destination in the world with the demand growing at 10.1% per annum."

2. Automobile:

India has made much headway in automobile industry and by now has emerges as a hot spot for automobiles and auto-components. A cost- effective hub for auto components sourcing for global auto makers, the automobile sector is by all indications a potential sector for entrepreneurs in India.

This is confirmed by a record increase registered by automobile industry in India. The automobile industry recorded a 26 per cent growth in domestic sales in the year 2009-10. It is India's strong sales that have made her the second fastest growing automobile market after China in the world.

India being one of the world's largest manufacturers of small cars with a strong engineering base and expertise, there are still many segments untapped and un-served those entrepreneurs can focus on in India's automobile and auto components sector in future.

3. Textiles:

India is famous for its textiles since long time. What is worth mentioning that the style of apparel is unique from region to state, thus, offering a diversified market for apparel / textile products in the country? In view of this, India holds good potential to grow as a preferred location for manufacturing textiles taking into account the huge demand for garments.

Places like Tripura and Ludhiana are, for example, now export hubs for textiles in the country. A better understanding of the textiles markets and the varied customer needs can greatly help unleash the potential this sector holds in our country.

4. Social Ventures:

Like many other developmental activities, entrepreneurship development is also context-specific. The recent social issues providing a different entrepreneurial context has given emergence to yet another breed of entrepreneurship called' social entrepreneurship. With a view to ameliorate the social fabric of the society, increasing number of entrepreneurs has started their social ventures.

SEWA and Liza Papads, for example, are such two social ventures hardly get missed while mentioning about social entrepreneurship. Muhammad Yuns' 'Garmin Bank' in Bangladesh is the worldwide known social venture of the recent times.

There is myriad of social issues or problems in the countryside in India, thus, offering opportunity to young entrepreneurs to plunge into this sector. However, plunging into social ventures is as much useful is so much challenging also.

5. Software:

India is known for its largest pool of world class software engineer's world over. IT sector has contributed substantially to the Indian economy. With one of the largest pool of software engineers, Indian entrepreneurs can set higher targets in hardware and software development.

With more overseas companies outsourcing contracts to India, business to business solutions and services emerge as potential activities for the knowledge-based entrepreneurs in future.

Entrepreneurs can cash in on the rise in demand for IT services with innovative and cost effective solutions.

6. Engineering Goods:

India continues to be one of the fastest growing exporters of engineering goods, growing at a rate of 30.1 per cent. The government has set a target of $110 billion by 2014 for total engineering exports. Entrepreneurs must capitalise on the booming demand for products from the engineering industry.

7. Franchising:

As a boon of New Economic Policy 1991 of the Government of India, India is now well connected with the world economies. Hence, franchising with leading brands to spread across the country could also offer ample opportunities for young entrepreneurs especially in services sector like education and health. With many small towns developing at a fast pace in India, there is vast scope for spreading franchising business in the countryside in future.

8. Education and Training:

Knowledge being power, on the one hand, and Government's increasing emphasis on spreading education, on the other, there is a good demand for education and online tutorial services in the country. With good facilities at competitive rates, India can attract more students from abroad in coming years signs of which have already started. Need-based educational programmers with innovative teaching methods can help in a big way make education develop and flourish as an industry in the country.

9. Food Processing:

Broadly, food processing industries include cannery, meat packing plant, slaughterhouse, sugar industry, vegetable packing plants, industrial rendering, etc. India's mainstay is agriculture. Entrepreneurs can explore many options in the food-grain cultivation and marketing segments. Inefficient management, lack of infrastructure, proper storage facilities leads to huge losses of food grains and fresh produce in India.

Unfortunately, very small portion of our food production is processed for manufacturing purposes as is evident from the following figures:

Food Production is Processed for Manufacturing Purposes

Likewise, the level of processing in perishable foods like fruits and vegetables (2.2%), milk and milk products (35%), meat (21%), poultry (6%) and marine products (8%) is also at a quite low level of total production. Thus, it is evident from above figures that there remains a lot of

scope for agri-business or agro- premiership development in the country. As such, entrepreneurs can add value to these produce with proper management and marketing initiatives. The processed food market opens a great potential for entrepreneurs be it fast food, packaged food or organic food.

That there will be more and more demand for readymade or processed food in coming days is already indicated by the meteoritic growth of Mumbai's Dabbawala. Thus, food processing industry offers yet more opportunities for entrepreneurship development to establish and run food-based industries.

10. Corporate Demands:

There will be a good demand for formal attire with more companies opening their offices in India. People who can meet this demand in a cost-effective way can make a good business. With corporate gifting getting very popular, this is also a unique business to explore in growing urban culture in India.

11. Ayurveda and Traditional Medicine:

India is well known for its herbal and Ayurveda products. With increasing awareness about the ill-effects of allopathic medicines, there will be a huge demand for cosmetics, natural medicines and remedies in coming time.

12. Organic Farming:

Organic farming has been in practice in India for long time. That the importance of organic farming will assume increasing importance in the country is evident by the fact that increasing number of consumers especially foreigners have been preferring to only organic products.

Therefore, the prospective entrepreneurs can focus on business opportunities in this promising sector of the country. Yes, many small-time farmers have already adopted organic farming but the huge demand is still unmet which offers good opportunities for those agri-preneurs who can promote organic farming on a large-scale in the country.

13. Media:

The media industry has also huge opportunities to offer to young entrepreneurs. With the huge growth of this segment, any business in this field will help entrepreneurs reap huge benefits. Television, advertising, print and digital media have seen a boom in business in the recent times and is likely to grow more in coming times.

According to a report prepared by the Federation of Indian Chamber of Commerce and Industry (FICCI), digitization, regionalization, competition, innovation, process, marketing and distribution will drive the growth of India's media and entertainment sector furthermore in coming times.

14. Packaging:

With China invading the markets with cheap plastic goods and packaging materials, there is a good opportunity to develop good packaging materials to meet domestic and foreign demand. There is a huge demand from various sectors like agriculture, automotive, consumer goods, healthcare infrastructure and packaging sectors for plastics.

15. Floriculture:

India's floriculture segment is small and unorganized. There is a lot to be done in this lucrative sector. The global trade in floriculture products is worth $9.4 billion. With an 8 per cent growth, it is expected to grow to $16 billion by 2010. India's share in world trade is just 0.18 per cent. This is a huge market to be tapped considering the rising demand for fresh flowers. More awareness and better farming and infrastructure can boost exports of flowers in coming times.

16. Toys:

Another evergreen industry is toy manufacturing. India has potential to manufacture cost-effective and safe toys for the world. With Chinese toys being pulled up for toxins, the market for safe and good quality, toys beckon Indian entrepreneurs.

17. Healthcare Sector:

India's healthcare sector dismal till the other day has now good prospects to develop in future. The private sector, that is, individual entrepreneurs can play a vital role in developing this sector. With medical tourism also gaining momentum, the sector can attract foreigners who are looking for cost- effective treatment in countries like India.

18. Biotechnology:

After the software sector, biotechnology opens a huge potential for entrepreneurs in India. Global evidences confirm that agricultural bio-technology has a major impact on agricultural productivity. That is why increasing emphasis has been given to research and development in the agro-biotech sector with an aim to produce crops with high level of tolerance against cold, heat and salinity.

A number of improved food products have also been developed. It is expected that with increase in investment in research and development in India, agro-bio technology will further develop and, in turn, Indian agriculture will develop. The future entrepreneurs can, therefore, look at a plethora of options available with the application of biotechnology in agriculture, horticulture, sericulture, poultry, dairy and production of fruits and vegetables.

19. Energy Solutions:

In a power starved nation like ours, the need to develop cost-effective and power-saving devices is gaining ever increasing significance. There is a huge demand for low-cost sustainable energy saving devices as well. The government has already unveiled the National Solar Mission which has set a target of 20,000 MW of solar generating capacity by the end of the 13th Five Year Plan.

Prime Minister Manmohan Singh had urged the industry to see the huge business opportunity and set up 'Solar Valleys' on the lines of the Silicon Valleys. These solar valleys can become hubs for solar science, solar engineering and solar research, fabrication and manufacturing. So there is a big opportunity for entrepreneurs in this sector as well in our country.

20. Recycling Business:

E-waste will rise to alarming proportions in the developing world within a decade, with computer waste in India alone to grow by 500 per cent from 2007 levels by 2020, according to a UN study. Therefore, this sector also opens new vistas of viable business opportunity for entrepreneurs in terms of e-waste management and disposal activities in

2.7 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Explain the Concept of Social entrepreneurship
2. What are the emerging trends in Entrepreneurship Development
3.What are challenges faced by Social entrepreneurship
4. Elaborate the concept of entrepreneurship development
5.List down some of the entrepreneurial opportunities

Short Answer Questions

1.Give an overview of entrepreneurship development
2. Explain the concept of subscription based business as emerging trend
3. What is hybrid model of business and why it is considered as one of the emerging trends of the business
4. Elaborate the various entrepreneurial opportunities in India
5.List down social entrepreneurship examples in India

B. Multiple Choice Question

1. Potentially providing the benefits of both remote and in-person is known as _____

a. hybrid model
b. work from home
c. work from anywhere
d. work from office

2. Companies that want to succeed online need to begin or increase investment in

a. mobile optimization.
b. innovativeness
c. creating websites
d. marketing

3. _____ is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues.

a. Imitative entrepreneurs
b. innovative entrepreneurs
c. social entrepreneurship
d. Executive entrepreneurship

4. These entrepreneurs focus on establishing a business that can solve a purpose that government initiatives and other businesses can't.

a. Lowering prices of your product or service
b. Issuing shares to individuals and institutions
c. Taking over a competitor's business
d. Transformational Social Entrepreneur

5. SEWA and Liza Papads, are examples of

a. Thrive in the market
b. social ventures
c. Not survive and disappear from the market.
d. Get absorbed within non-innovative businesses

Answers:

1-a, 2-a, 3-c, 4-d, 5-b.

2.8 REFERENCES

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites

- https://pib.gov.in/PressReleasePage.aspx?PRID=1805853
- https://www.financialexpress.com/industry/sme/cafe-sme/msme-exim-what-msme-exporters-need-beyond-a-big-market-opportunity-to-find-success-overseas/2450351/
- https://www.toppr.com/guides/business-studies/small-business/roles-of-small-businesses-in-india-and-problems-of-small-businesses/#:~:text=In%20an%20economy%20so%20enormous,the%20total%20exports%20from%20India.

UNIT- 3 THEORIES

STRUCTURE

3.0 Objectives

3.1 Introduction

3.2 Economic theory of entrepreneurship

3.3 Sociological theory of entrepreneurship

3.4 Psychological theory of entrepreneurship

3.5 Unit End Questions

3.6 References

3.0 OBJECTIVES

After completing this unit, students will be able to

- Define: Concepts and overview of Entrepreneurship theories
- Understand: Economic theory of entrepreneurship
- Define: Psychological theory of entrepreneurship
- Explain: Sociological theory of entrepreneurship

3.1 INTRODUCTION

It is a well-known fact that entrepreneurship plays a significant role in economic growth. An entrepreneur takes risks and operates in an unpredictable environment. However, economists made no attempts to develop a systematic theory of entrepreneurship. William J. Baume asserts that the economic theory has not adequately analyzed either the function of entrepreneurship or its supply.

The traditional notion of an entrepreneur is that he brings together the factor inputs and organizes productive activity. The traditional models treat the entrepreneurial function like a managerial function.

Similarly, in modern growth theory also, any contribution of entrepreneurship is typically contained in a residual factor. This residual, variously termed as ‘technical change’ or ‘coefficient of ignorance’. It includes among other things, technology, education, institutional organisation and entrepreneurship.

There are different types of entrepreneurs and the term entrepreneurship has been defined differently by many authors. Thus, some of the theories of entrepreneurship evolved over a period of time, have been described as follows: -

1. Economic theories: Schumpeter's Theory of Innovation, Mark Caisson Theory

According to this theory, an entrepreneur executes all activities due to economic incentives. The main aim of this theory is profit motive.

2. Sociological theories: Max Weber's Theory of Social Change, E. E. Hagen's Theory

Entrepreneurship is a sociological concept and process. According to this concept, the sociological factors are the secondary source of entrepreneurship development. As such, the social factors like social attitudes, values and institutions significantly influences the entrepreneurial supply in a society.

3.Psychological theories: (Kunkel's Theory)

Entrepreneurship is a psychological process and concept. According to this concept, psychological factors are the primary source of entrepreneurship development. When there are sufficient number of persons having the same psychological characteristics in the society, then there are bright chances of development of entrepreneurship.

Let us explain theories of entrepreneurship in detail: -

3.2 ECONOMIC THEORY OF ENTREPRENEURSHIP

1. **Economic theories**: Economists such as Schumpeter and Mark Caisson have contributed towards theories of entrepreneurship as follows: -

• **Schumpeter's theory of innovation**:

Joseph Schumpeter originated innovative theory of entrepreneurship. He takes the case of a capitalist closed economy which is in stationary equilibrium. He believed that entrepreneurs take the economy to a new level of development by introducing innovation and thereby, bring changes in the circular flow of the economy. According to Schumpeter the entrepreneur is not a man of ordinary managerial ability, but having the ability to introduce something entirely new. Schumpeter also differentiated between invention and innovation. He described that invention refers to creation of new materials and by innovation means the application of new materials into practical use in industry. Similarly, between an innovator and an inventor; The inventor is the one who invents new materials and new methods, whereas, the innovator is the one who utilizes these inventions and discoveries in order to make new combinations.

In practice, new combination theory covers five cases which are given below:

(I) The introduction of a new good which consumers, are not yet familiar—or of a new quality of a good.

(ii) The introduction of a new method of production, that one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially.

(iii) The opening of a new market i.e. a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.

(iv) The conquest of a new source of supply of raw materials or half manufactured goods, irrespective of whether this source already exists or whether it has first to be created.

(v) The carrying out of the new organisation of any industry like the creation of a monopoly position (for example, through russification) or the breaking up of a monopoly position.

Criticism: Schumpeter's theory has been subjected to the criticism that it ignored the organizing aspects of entrepreneurship and over emphasized on innovative functions of the entrepreneur only.

However, Schumpeter's theory suffers from following limitations:

(I) It excludes individuals who merely operate an established business without performing innovative functions.

(ii) Innovating entrepreneur represents the most vigorous type of enterprise. However, this type of entrepreneur is rarely available in developing countries like India.

(iii) It laid too much emphasis on innovative functions. But it ignores the risk taking and organizing aspects of entrepreneurship.

(iv) It assumes an entrepreneur as a large scale business man. He is a person who creates something new. But in practice, an entrepreneur cannot have large scale operations from the very beginning,

(v) It fails to provide a suitable answer to question like— why some countries had more entrepreneurial talent than others?

• **Mark Caisson Theory:**

According to Mark Caisson's theory, there is no established economic theory of the entrepreneur. Entrepreneur can be a property developer or a small businessman. He provided a balanced view on the topic of entrepreneur.

The Mark Caisson's book the Theoretical Reconstruction proceeds on two fronts. The first one describes that the individuals differ not only in their tastes but in their access to information.

Individuals with similar taste but with different information may take different decisions. The second one describes that the area of reconstruction stems from recognition of the difficulty that is inherent in organizing a market. Mark Caisson suggested that in reality transaction involves a significant resource cost, therefore, the entrepreneur's success depends on how he minimizes the transaction cost. Thus, according to Mark Caisson, the entrepreneur is defined as someone who specializes in taking judgmental decisions about the coordination of scarce resources.

3.3 SOCIOLOGICAL THEORY OF ENTREPRENEURSHIP

Sociological theories: These theories are comprised of Max Weber's Theory of Social Change (Emphasis on Impact of Religion), E. E. Hagen's Theory (Emphasis on Withdrawal of Status Respect) discussed as follows: -

• **Max Weber's Theory of Social Change**:

According to Max Weber, religion had a profound influence on the growth of entrepreneurship. He felt that sociological explanation for the growth of entrepreneurship must also be considered. He opined that the entrepreneurial energies of a society generated and supplied by religious believes. According to some religions, it is the foremost duty to earn and acquire money. Whereas, some religions put less emphasis on it. Max Weber claimed spirit of capitalism as a fundamental concept. Capitalism means the economic system where market forces of demand and supply play freely. Therefore, the spirit of capitalism promotes the entrepreneurs to engage in entrepreneurial pursuits and earn more and more profits. Weber felt that the belief systems of Hinduism didn't encourage entrepreneurship. Because, Hinduism laid less emphasis on wealth accumulation and materialism. Weber was of the opinion that the Protestant ethic provided the mental attitude in a society for capitalism and favors entrepreneurship. The Protestants advanced in establishing capitalism in Europe. Protestant ethic granted them the attitude of accumulating assets, and materialism

Criticism: Max Weber's theory is based on unrealistic and invalid assumptions and have been found empirically invalid. He has been criticized by many sociologists on his assumptions about Hinduism and entrepreneurship. As in the post-independence period in India, the expansion of entrepreneurship disproved his views about Hinduism. Also, the views on Protestant ethic were disapproved. Capitalism also flourished where Protestant ethic was not present.

Critical Evaluation:

The theory of social change propounded by Max Weber is based on the invalid assumptions. So expected results are not valid in all cases.

These assumptions are as follows:

(I) There is a single system of Hindu value.

(ii) The Indian community internalized those values and translated them in to day to day behavior and

(iii) These values remained immune to and insulated against external pressures and change. The studies further show that Hinduism is not averse to the spirit of capitalism and to adventurous spirit. The Hinduism has contributed a lot in entrepreneurship development in India which is based on capitalism.

• **Hagen's Theory**:

E. E. Hagen presumes a general model of the society. His theory viewed the entrepreneur as a creative trouble shooter who contributes to economic development. The entrepreneur brings about social transformation and economic development. He didn't encourage the entrepreneurs to imitate western technology. According to Hagen, the social group that experiences the withdrawal of status respect turns into aggressive entrepreneurism. In such a situation the status loosing group its members try to regain their status by an entrepreneurial drive.

Hagen described four possible reactions to the 'Withdrawal of status respect': -

(I) The retreats – An individual working in the society but indifferent to the work and position.

(ii) The ritualist – An individual who works according to the manner approved by the society but does no hope for improving his/her position.

(iii) The reformist – A person who fights against the injustice and tries to form a new society.

(iv) The innovator – An individual who makes efforts to bring about new changes. This personality has bearing upon the personality of an entrepreneur.

Criticism: Hagen's Theory has been criticized on the grounds that the social groups must behave in the manner proposed in the theory does not always hold true. This theory ignores other factors which can be accountable for development of entrepreneurship

agent opined that creative innovation or change is the basic feature of economic growth. He describes an entrepreneur as a creative problem shooter interested in things in the practical and technological realm. Such type of individual feels a sense of increased pleasure when facing a problem and tolerates disorder without discomfort. In traditional societies, position of authority is granted on the basis of status, rather than individual ability. That is why he visualized an innovative personality.

There are 4 responses:

(1) One who combines to work in the society but remains indifferent to work and position is called Retreats.

(2) One who adopts a kind of defensive behavior and acts in the ways accepted and approved in his society but with hopes on of improving his position is called Ritualist.

(3) One who forms a rebellion and attempts to establish a new society is called Reformist.

(4) A creative individual who is likely to be an entrepreneur is called Innovator.

Innovation requires creative and such creative individuals cause economic growth. Whenever there is a withdrawal of status respect, it would give rise to birth of innovation of a creative individual who is likely to be an entrepreneur.

Critical Evaluation of E. Hagen's Theory:

This theory acts as dis-tinction between entrepreneurship and intrapreneurship. There are different factors within the organisation which motivate the executives and professionals to do some innovative behavior leading to new product and services.

Actually, they are not governed by status withdrawal. The theory only suggests that the people who had enjoyed social standing at some stage in their histories fall into a retreats phase with an urge to regain the lost status and emerge as an entrepreneurship personality.

3.4 PSYCHOLOGICAL THEORY

- **Kunkel's Theory**

  (Emphasis on Entrepreneurial Supply) John H. Kunkel advocated the theory on the edifice of entrepreneurship supply. He was of the opinion that the sociological and psychological are the main determinants for the emergence of entrepreneurs. Supply of entrepreneurs has a functional relationship with the social, political and economic structure. According to Kunkel, the supply of entrepreneurship depends on the following factors of the economy: -

- **(I) Demand Structure**: It means the demand situation prevailing in the economy. The demand structure of an economy can be enlarged by rewarding the entrepreneurs with material rewards for their entrepreneurial activities. The demand structure is of economic nature. This structure is changing day by day according to economic progress and govern-ment policies. The behavior of individual can be made enterprising by affect-ing the main elements of demand structure.

(ii) Limitation Structure It means the entrepreneurs and other members of a society restricts specific activities. We can say that the limitation structure is social and cultural. This structure affects the development of an entrepreneur.

(iii) Opportunity Structure: This structure includes the existing market structure, the available managerial and technical skills, information about production techniques, supply of labor and capital. The opportunity structure is formed by combination of supply of capital, managerial and technical skill production methods, labor and market, training opportunity establishment of an enterprise and conducting different activities.

(iv) Labor Structure: This structure includes the availability of skilled labor willing to work. In Kunkel's theory, the behavior of the individuals is highly subjected to the conditioning procedure surrounding the environment of the individuals. The labor structure is directed by several factors such as source of livelihood, traditional outlook and life ambitions. The quality of labor influences the emergence and growth of entrepreneurship. Rather than capital intensive, labor intensive will serve our interest in a better manner. The problem of labor immobility can be solved by providing infrastructural facilities including efficient transportation wherever an entrepreneurship is promoted.

Criticism:

- Kunkel's theory is based on unrealistic postulates. The different structures that influence supply of entrepreneurship are not realistic. It also ignored the ambiguous concepts like values, personality etc. social networks.

Assumptions of Kunkel Theory:

- The theory assumes the ideal structures for the supply of entrepreneur. But generally there is discrepancy between objectives, structures and the actual incidence of entrepreneurs. It is due to the fact that there are inadequate or incorrect perception. In practice, entrepreneurship is also governed by the specific combination of circumstances which are generally not available in the environment.
- At last but not the least, we conclude that all the authors i.e., J. A. Schumpeter, David C. McClelland, Everett E. Hagen and John H. Kunkel have given their own opinion on concept of psychological theory of entrepreneurship. This theory presents the certain psychological motives that are responsible for the evolution of entrepreneurship.
- Schumpeter's theory is one of the most important concepts of entre-preneurship which is richer and relevant. He has laid emphasis on innovativeness or creativity of an individual which makes him an entrepreneur.

- McClelland theory has numerous practical implications. The person with high need achievement needs great concern for exercising influence and control.
- Hagen's theory laid more stress on technological changes which is the result as individual's creativity. His concept depended upon withdrawal of status.
- John H. Kunkel theory laid more stress on types of structure i.e., demand, opportunity, labor and limitation. All the structure affects development of an entrepreneur.
- The main point which is focused on all the theories is on the individual and his personality inference by environment factors in general and internal values in particulars.

3.5 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Write a short note on theory of innovation
2. Explain Max Weber's Theory of Social Change
3. Write a short note on Hagen's Sociological theory of entrepreneurship
4. Write down the assumptions and criticisms of Kinkel's theory
5. Explain Kunkel's Psychological Theory of entrepreneurship

Short Answer Questions

1. Write down the criticisms of theory of innovation
2. What are the five points of innovation given by theory of innovation
3. Explain the concept of sociological theory of entrepreneurship
4. Write a short note on Hagen's Theory
5. According to Kunkel, the supply of entrepreneurship depends on which of the following factors

B. Multiple Choice Question

1. _____ innovated theory of innovation
    a. Joseph Schumpeter
    b. Henry fail

c. Adam Smith
d. Johnson

2. The _____is the one who invents new materials and new methods

a. Inventor
b. entrepreneurs
c. Managers
d. Leaders

3. According to_____ the entrepreneur is defined as someone who specializes in taking judgmental decisions about the coordination of scarce resources.

a. RR Carlson
b. John Schumpeter
c. Mark Caisson
d. Emerald

4. According to Max Weber, _____had a profound influence on the growth of entrepreneurship.

a. understanding
b. Education
c. Experience
d. Religion

5. An individual working in the society but indifferent to the work and position.

a. The ritualist
b. The retreats
c. The reformist
d. The innovator

Answers:

1-a, 2-a, 3-c,4-d, 5-b.

3.6 REFERENCES

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites

- https://www.economicsdiscussion.net/entrepreneurship/theories-of-entrepreneurship/31823

UNIT- 4 MANAGEMENT AND LEADERSHIP SKILLS

STRUCTURE

4.0. Objectives

4.1. Introduction

4.2 Leadership Theories

4.3 Blake and Mouton’s Managerial Grid

4.4 Leadership and Management

4.5 Leadership Styles
4.6 Qualities of Leader
4.7 Leadership Ethics
4.8 Situational Leadership
4.9 Leadership and Subordinate Development
4.10 Management Skills
4.11 Unit End Questions
4.12 References

4.0 OBJECTIVES

After completing this unit, students will be able to

- Define: Describe nature of Leadership
- Understand: Identify trait and functions of leader
- Define: List the functions of Leader
- Explain: Qualities of Leader & Leadership Ethics,

4.1 INTRODUCTION

To understand how perplexing and fluctuated the definitions can be, Warwick University accumulated a rundown of famous definitions. These are great at showing a portion of the qualifications in how individuals view leadership. The following are a couple of famous meanings of leadership:

• Leadership is the method involved with affecting the activities of an individual or gathering in endeavors toward objective accomplishment in a given circumstance. - Hersey and Blanchard

• Leadership is the craft of affecting others to their greatest performance to achieve any assignment, objective or venture. - Cohen

• Leadership is the craft of assembling others to need to battle for the common yearnings. - Kouzes and Posner

• Leadership is the conduct of a person when he is coordinating the activities of a gathering toward a common objective. - Hemphill and Coons

Furthermore, with regards to characterizing leadership, it's regularly more straightforward to zero in on the angles that are not piece of leadership rather than those that characterize it. Leadership 2 isn't tied in with having a particular title or a, influential place. Being at the highest point of an organization doesn't make anybody a decent leader. In any case, maybe some conflict comes from whether leadership is viewed as a power for great or for awful. Travis Brad berry and Kevin Kruse characterized leadership in their article What Makes a Leader as "a course of social impact which amplifies the endeavors of others toward the accomplishment of a greater decent". However, as history has demonstrated to us, there can be leaders who are utilizing leverage and direction to do terrible things. Considering the different definitions and conversations encompassing leadership, it very well may be contended the theories share a couple of things practically speaking. They will generally characterize leadership as an interaction:

- Of impact
- Of expanded consideration and exertion by others
- Of seeking after a pre-decided objective

As the accompanying segments will show, the method for doing any of the above can vary greatly between various theories and style.

Difference between Leadership and Management

One of the normal misinterpretations encompassing leadership is to conflate it with management. Individuals who are essentially managing can be viewed as leaders, while leaders may not really be driving however just managing. Be that as it may, how might you differentiate?

Warren Bennis expounded widely on the distinctions of these ideas in his 1989 book On Becoming a Leader.

The thing that matters is basically about the bearing or development of the gathering. This differentiation is clear even from the words: leadership is tied in with driving, of taking the gathering towards something, while management is tied in with managing, of controlling what is going on and clutching the norm. As it were, leadership is generally about a particular target or objective, which isn't yet accomplished. Then again, management is tied in with guaranteeing the accomplished advancement doesn't get away.

Furthermore, the targets of the leader or manager can fluctuate greatly. Management is worried about the assignments and cycles of keeping up with the state of affairs. This implies the consideration is separated more towards cycles and assets. Management frequently thinks about what errands are required, how they can be improved or kept up with, and what the best

utilization of current assets is. Therefore, the job of management is tied in with arranging, sorting out and checking.

John Kotter, Konosuke Matsushita teacher of leadership at Harvard University, told in a Guardian meets that: "Management is a bunch of cycles that keep an association working. They make it work today - they make it hit this current quarter's numbers. The cycles are tied in with arranging, planning, staffing, explaining occupations, estimating performance, and critical thinking when results didn't go to design." Then again, you have leadership, which isn't about the present time and place, however what could be and the future the association should move towards. Leadership is therefore more worried about what the targets ought to be and the way that the group can be inspired to arrive at the objectives together. Educator Kotter recognized leadership to be "tied in with adjusting individuals to the vision that implies purchase in and correspondence, inspiration and motivation".

For leadership, the cycles are not really the concentration; it's more about enabling the adherents to pursue these set goals. In the book, he recorded the distinctions, which are illustrated in the accompanying picture

One further key area of contrast comes from the methodologies management and leadership take in speaking with the group. The customary view is one where management isn't tied in with enabling or motivating. Its errand centered and so the goal of the manager is to assist the group with completing the systems as proficiently as could really be expected. There is a sure degree of correspondence, yet it is centered on managing the gathering, not lifting it to reach higher. Management isn't planning to essentially support the gathering or cause it to accomplish something extraordinary; as the objective is to traverse the set undertakings as productively as could really be expected. Be that as it may, management is gradually changing on this viewpoint, as relationship building abilities are expanding in their importance in all parts of the work area.

Therefore, the conventional hands-off approach, where management just responds is beginning to change into an additional group centered. Nonetheless, management is still essentially keen on taking care of business as set out, yet it's beginning to go with regards to it in a more open manner. Then again, leadership is regularly worked around the communication with the group. In many leadership theories, albeit not all (see dictator leadership, for instance), the onus is on engaging the subordinates to accomplish more and follow the leader's vision. The leadership isn't tied in with managing existing gatherings, yet acquiring the fascination and regard of the groups that get tied up with the vision.

It's difficult to make any leadership style to work on the off chance that the subordinates are not ready to pay attention to the message. Since the style depends intensely in the group becoming tied up with the vision, leaders need to zero in on relationship building abilities. As it was, rather than managing errands, leadership manages individuals and enables them to accomplish more. At last, an Inc. article referenced an intriguing point regarding how the two ideas vary in responsibility. As indicated by the post, management can regularly run over more appointing as far as responsibility.

Managers share liability with the group and therefore are eliminating liability away from their own work areas. On the other leadership will in general clutch responsibility, in any event, when the leader adopts a casual strategy to being in control. Since the vision is by and large made by the leader, the disappointments end route to accomplish it mean the leader has a definitive obligation. The above doesn't mean leaders can't be managers as well as the other way around. Truth be told, leadership and management really do frequently go hand in hand.

A decent leader frequently must have the option to assemble and impact the group, while likewise zeroing in on coordinating individuals and guaranteeing conformance. While the distinctions are there, it's not to say management and its characteristics wouldn't be a significant idea for leaders to understand.

4.2 LEADERSHIP THEORIES

In spite of the fact that we've had leaders and leadership all through the human history, individuals haven't been 100% of the time as zeroed in on analyzing the distinctions in leadership. The genuine blast in leadership theories began in the twentieth century, when more centers started pouring in to settling the great secrets of successful and great leadership. Leadership theories are frequently sorted in light of what the theory accepts to be the characterizing trait or normal for the leader or the system the individual in question employments.

While there are various theories, the most well-known theories include: The Great Man Theory, Trait Theories, Behavioral Theories, Contingency Theories, Transactional Theories, and Transformational Theories. Every one of these classes has different leadership styles, which can marginally contrast from one another, yet nonetheless, have a place with the center gathering. We should inspect the theories and the suspicions they make about leadership.

The Great Man Theory

The Great Man Theory is among the most established leadership theories and it advanced during the mid-nineteenth century. The reason of the leadership theory was basically the contention that great leaders are brought into the world with inborn traits. It contended leaders aren't created or educated, yet you basically either have the characteristics and characteristics to be a great leader or you don't.

Furthermore, as the name suggests, the leadership theory expected just a man would have these characteristic characteristics - females are not destined to lead. The theory turned out to be particularly famous after Thomas Carlyle, an essayist and instructor, distributed a book approached Heroes, Hero-Worship, and the Heroic ever. In his book, Carlyle inspected and looked at leaders from history and composed, "There needs not a great soul to make a legend; there needs a divine being made soul which will be consistent with its starting point; that will be a great soul!" To Carlyle and other individuals who upheld the Great Man Theory, leadership was regularly something imparted by a divine being, with the leader being bound to accomplish greatness.

The Great Man Theory didn't put together its contentions with respect to any logical information or exploration. In 1860, the theory pulled in a ton of analysis from Herbert Spencer, an English rationalist, who started discussing the importance of climate and society in molding leaders.

Trait Theories

The trait theories are fairly like the Great Man Theory in that they accept specific characteristics in the leader will ensure accomplishment in leadership. In any case, dissimilar to the Great Man Theory, trait theories don't accept these are essentially something individuals are brought into the world with or that no one but men can gang them.

All things being equal, they understand that these can be instructed or created during one's lifetime, giving everybody the chance of being a leader. The trait model is basically centered on addressing the inquiry "What are the characteristics that make a decent leader?" According to these theories, characteristics like knowledge, development, and a feeling of obligation are a portion of the characteristics you should be a compelling leader.

The possibility of specific traits ensuring better leadership results has stayed well known right up 'til today. Studies on leadership characteristics are normally led, with comparative traits regularly referenced in the discoveries. In any case, it's not at any point been demonstrated that by having a particular arrangement of traits you would be destined to be a decent or an effective leader.

An American analyst Gordon All port concentrated on trait theories and observed that character traits are can be problematic when estimated. Furthermore, the connection between a particular trait and its effect on leadership frequently ambiguously clarified.

Behavioral Theories

From the inadequacies of the trait theories, the center moved to behavioral theories. Rather than taking a gander at the traits of an individual, the point is to find what practices drive fruitful leadership. The inquiry became "What are the activities and practices of a decent leader?" Quite possibly the most persuasive arrangements of conduct leadership theory were created during the 1930s by Kurt Lewin. He distinguished three particular leadership practices as far as direction and direction: tyrant style, participative/democratic style, and assignment/free enterprise style.



Fig :4.1 Behavioral Theories

Furthermore, the behavioral theories were either centered on the undertakings or individuals. The undertaking centered theory, frequently alluded to as the Role Theory, inspected how individuals' practices change by the job they are doing. It contended that various jobs may cause various responses. Then again, individuals based theories considered the various degrees of concern leaders show towards the subordinates and its effect on performance.

Behavioral theories are well known on the grounds that they understand leadership is something individuals can turn out to be better at. Regardless of this, the theory has lost some ground because of the acknowledgment that different behavioral styles don't constantly suit what is happening and while explicit conduct may yield great outcomes in specific conditions, it very well may be devastating in others.

Contingency Theories

The following stage of development saw the inquiry move to posing about the conditions of leadership. "How does what is happening impact powerful leadership?" turned into the assessment point for theories. The focal contention of these theories was the possibility that leadership styles' viability relies upon the circumstance. It accepts individuals who perform well in a particular circumstance, can really perform seriously in others.

There is a sure comparability between contingency theories and trait theories. Both understand that individual characteristics are connected to the circumstances wherein the leaders utilize their leadership. Certain traits, generally, perform better under explicit leadership styles. There have been various renowned contingency theories, for example, the Cognitive Resource theory and the Path-Goal theory. Maybe the most widely recognized illustration of this style is the Situational Leadership created by Hersey and Blanchard.

- **Transactional Theories**

Transactional theories are additionally frequently alluded to as trade theories. These theories center around the power and impact of leadership and the various ways leaders can use these to accomplish goals. The reason for the theory is the assessment of the exchanges between the leader and the adherents, zeroing in on understanding how to construct a positive and powerful relationship. The transactional theories give close consideration to the inspirations driving the activities. Therefore, the theories are keen on understanding the prize and discipline frameworks and their utilization in adjusting the necessities of the association to the requirements of the subordinate.

While the transactional style has been famous and it tends to be effective in making significant connections between the leader and the subordinates, it's additionally drawn in analysis.

The most well-known issue with the style is its presumption that humans work just to boost joy or prize. It can at times excuse other inspirational factors altogether and simply accept monetary benefit is all subordinates look for, for instance.

- **Transformational Theories**

The last significant classification of leadership theories is transformational leadership. The focal point of these theories is on the individual relationship the leader manufactures with the devotees. The theories accept powerful leadership is tied in with changing the devotees into something else, besides basically accomplishing the hierarchical vision. The leaders who can do this are magnetic and uplifting, making a feeling of trust that assists the supporters with feeling more inspired. The well-known transformational theories incorporate James McGregor Burns' transformational leadership theory, which was subsequently grown further by Bass' theory. Consumes' center thoughts are:

• Approach is more all-encompassing and strong

• Exclusive standards for the gathering

• Show others how it’s done

• Work together with the gathering to challenge and support

• Rouse bunch around its motivation and help each gathering part to remember his value

Both the transformational and the transactional leadership theories have additionally been created and utilized as leadership styles, some of which we will dive into in the following area.

The Leader-Member Exchange Theory

The Leader-Member Exchange Theory first emerged in the 1970s. It focuses on the relationship that develops between managers and members of their teams. The theory states that all relationships between managers and subordinates go through three stages. These are:

Role-Taking.

Role-Making.

"Reutilization."

Let's look at each stage in greater detail.

Role-Taking

Role-taking occurs when team members first join the group. Managers use this time to assess new members' skills and abilities.

Role-Making

New team members then begin to work on projects and tasks as part of the team. In this stage, managers generally expect that new team members will work hard, be loyal and prove trustworthy as they get used to their new role.

The theory says that, during this stage, managers sort new team members (often subconsciously) into one of two groups.

In-Group: if team members prove themselves loyal, trustworthy and skilled, they're put into the In-Group. This group is made up of the team members that the manager trusts the most. Managers give this group most of their attention, providing challenging and interesting work, and offering opportunities for additional training and advancement. This group also gets more one-to-one time with the manager. Often, people in this group have a similar personality and work-ethic to their manager.

Out-Group: if team members betray the trust of the manager, or prove that they're unmotivated or incompetent, they're put into the Out-Group. This group's work is often restricted and

unchallenging. Out-Group members tend to have less access to the manager, and often don't receive opportunities for growth or advancement.

Reutilization

During this last phase, routines between team members and their managers are established.

In-Group team members work hard to maintain the good opinion of their managers, by showing trust, respect, empathy, patience, and persistence.

Out-Group members may start to dislike or distrust their managers. Because it's so hard to move out of the Out-Group once the perception has been established, Out-Group members may have to change departments or organizations in order to "start over."

Once team members have been classified, even subconsciously, as In-Group or Out-Group, that classification affects how their managers relate to them from then on, and it can become self-fulfilling.

For instance, In-Group team members are often seen as rising stars and the manager trusts them to work and perform at a high level. This is also the group that the manager talks to most, offering support and advice, and they're given the best opportunities to test their skills and grow. So, of course, they're more likely to develop in their roles.

This also holds true for the Out-Group. The manager spends little, if any, time trying to support and develop this group. They receive few challenging assignments or opportunities for training and advancement. And, because they're never tested, they have little chance to change the manager's opinion.

How to Use the Leader-Member Exchange Theory?

You can use the Leader-Member Exchange Theory to gain awareness of how you perceive members of your own team. The following three steps will show you how you can do this by identifying the Out-Group, reestablishing your relationship with its members, and providing means and ways for team members to grow.

1. Identify Your Out-Group

Chances are, you know who's in your Out-Group already. Take a moment to note their names down.

Next, analyze why these people have fallen "out of favor." Did they do something specifically to lose your trust? Do they exhibit bad behavior at work? Are they truly incompetent, or do they have low motivation?

Analyze what they've actually done, and compare the facts with your perceptions. Do these match, or have you (perhaps subconsciously) blown things out of proportion?

2. Reestablish the Relationship

It's important that, as the leader, you make a reasonable effort to reestablish a relationship with Out-Group team members. Research published in the Leadership Quarterly journal in 1995 showed that team members who have high-quality relationships with their leader have higher morale, and are more productive than those who don't. So you, and your organization, can benefit from creating a better relationship.

Keep in mind that this group will likely be wary of any attention or support from you; after all, they may not have had it in the past.

First, meet each team member one-on-one. Take the time to find out if they're happy with their job. What are their career goals? What can you do to make their work more challenging or engaging?

A one-on-one meeting can also help you identify that person's psychological contract with you – that is, the unspoken benefits they expect from you, as their leader. If they're in the Out-Group, they may feel that the psychological contract has been broken.

You also need to discover what truly motivates them. Use McClelland's Human Motivation Theory or Herzberg's Motivators and Hygiene Factor Theory to find out what drives them to succeed.

Once you've had a chance to reconnect with your team members through one-on-one meetings, do what you sensibly can to continue to touch base with them. Practice management by walking around, or drop by their office to see if they need help on projects or tasks. Work on getting to know these team members on a personal level.

3. Provide Training and Development Opportunities

Remember, the biggest advantage to the Leader-Member Exchange Theory is that it alerts you to the preference you might unconsciously – and possibly unfairly – be showing some team members. This allows you to offer all of your team members appropriate opportunities for training, development, and advancement.

Your Out-Group team members may benefit from a mentoring or coaching relationship with you.

You may also want to provide them with low-risk opportunities to test and grow their skills. Use task allocation strategies to make sure you're assigning the right task to the right person. Also, take our Bite-Sized Training session, Setting Goals for Your Team, to learn how to set effective and realistic goals for these team members.

You can also use the Nine-Box Grid for Talent Management to re-assess their potential from time to time, and to give them the right development opportunities.

4.3 BLAKE AND MOUTON'S MANAGERIAL GRID

The grid consists of two dimensions, one is the Concern for People and the other one is Concern for Production. The managerial grid helps the managers to identify their leadership style with 5 basic leadership styles, (I) Country Club Management, (ii) Authority-Compliance Management, (iii) Impoverished Management, (iv) Middle-of-the-road Management, and (v) Team Management.

What constitutes a good manager? Based on behavioral research studies on leadership and management (e.g. Ohio State Studies and Michigan Studies), two basic management behaviors can be identified as important: task-oriented behavior and people-oriented behavior. Even though these two factors are not the only important management behaviors, concern for both the task and the people must have been shown at some reasonable level. Inspired by these findings, Blake and Mouton from the University of Texas proposed a two-dimensional Managerial Grid based on a manager's concern for production (task-oriented) and concern for people (relationship-oriented). Each axis on the grid consists of a nine-point scale with 1 meaning a low concern and 9 a high concern. Depending on a manager's score on each of the two axis, you can assign different types of management styles to managers. This article will elaborate on these different kind of styles and its implications.

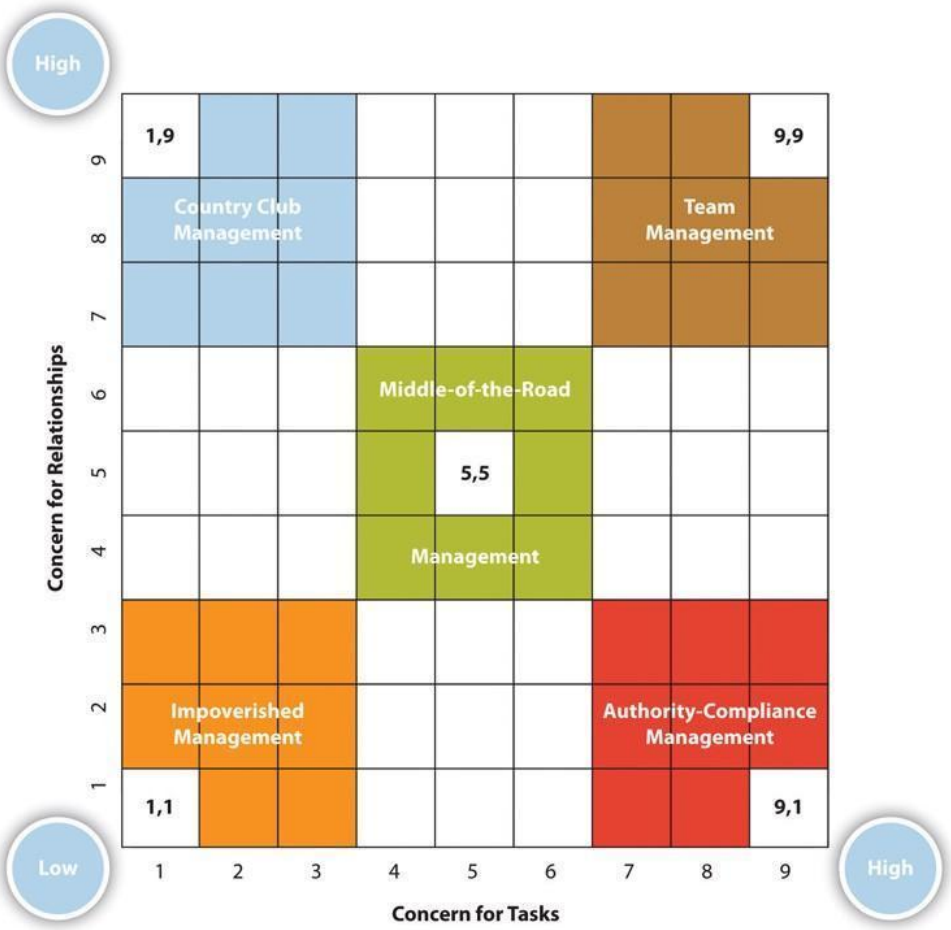


Fig :4.2 Concern for tasks

Country Club Management (1,9): It is a leadership style where the leader is more concerned and inclined towards the social requirements of the members of his group rather the task. In such cases, employees work in a very friendly environment but might not be productive. Employees might not have strict schedules to follow and be disorganized. A leader following such a leadership style will not be able to impose persistent powers upon his members. The productivity of such group will be low even though there will be quite well understanding among them.

Authority-Compliance Management (9,1): It is a leadership style where the leader is more concerned about productivity rather than the feelings of the members. The employees should be obedient and adhere to the rules set by the leader strictly to obtain the desired results. Such a leader feels that needs of the employees are not necessary or considers them as trivial. Such a leader can be named as an autocratic one who believes in strict schedules and maximum productivity to accomplish the objectives.

Impoverished Management (1,1): It is a type of leadership style where the leader directs and divides the tasks, authorities and responsibilities but does not go for a follow up of the plans

made. Such a leader has low concern for both the employees and the productivity. Their main agenda is not to face any trouble even if it occurs and lets the members handle everything. Employees under such a leader become disorganized due to workload and pressure and lack coordination.

Middle-of-the-road Management (5,5): It is a type of leadership style where the leader is not highly ambitious regarding both, the employees and the productivity. Such leaders make a balance between the requirements of the employees and the objectives of the organization. But such a leader is not able to fulfill both the needs and often conflicts arise. Such a leader communicates well with the employees about the tasks as well as their concerns but that is not of great help for the long-run. Such leaders experience only half-success in productivity and satisfaction of employees.

Team Management (9,9): It is a type of leadership style where the leader has high concern for the requirements of the employees as well as the productivity. This is a model style which keeps the employees motivated and satisfied along with high productivity as required by the organization. Employees under such a leader have high team spirit and are committed to the task assigned. Such a team has well-defined division of tasks and members are greatly organized. Such a leader finds out the obstacles and helps solve the issues with outstanding solutions with team work, bring out effective results for every issue and organizational objectives.

Conclusion —

The managerial grid theory is useful for the managers for the creation of personal development ideas, how to keep the members intact, satisfied and competent and it also helps them to identify their style of leadership and other improvements. This theory's disadvantage is that it is schematic and does not cover many other areas of leadership management but focusses only on two aspects, employees and productivity.

4.4 LEADERSHIP AND MANAGEMENT

Individuals working in IT enterprises are for the most part familiar with two words manager and leader while working under an undertaking. Not just in IT have ventures even in the majority of different enterprises who chips away at any task had their leaders and managers for the undertaking. For the most part called as Project Leader and Project Manager.

There are a few distinctions in characteristics, jobs and obligations in the middle of a leader and a manager. We should examine about the distinction beneath.

1. Leader: A leader is an individual who drives a specific group and impacts its colleagues to perform well and accomplish the objective. Leaders follow groundbreaking interaction as they foster vision and track down a way forward to accomplish the objective. So a leader generally cares for a group. A leader shows key view, group the board, receptive outlook and advances development. A leader makes circles of impact and lead by motivating.

2. Manager: A manager is an individual who deals with the association or a venture by arranging, provide guidance, keeping up with coordination and control. Managers follow conditional cycle as they delegate errands, meet goals. So a manager supervises a group. A manager displays hierarchical abilities, the executive's abilities, critical thinking abilities and congruity. A manager makes circles of force and lead by power.

Difference between Leader and Manager:



4.5 LEADERSHIP STYLES

There are likewise a lot of various leadership styles. While leadership hypotheses are centered around getting what makes leaders effective, the leadership styles center specifically around the attributes and practices of leaders under a specific hypothesis. In this manner, the leadership hypothesis frequently contains various styles.

How about we currently look at the absolute most well-known leadership styles. Lewin's Leadership Style Analyst Kurt Lewin fostered his structure of leadership styles during the 1930s, giving the establishment to numerous different styles following later.

As per Lewin, there are basically three center leadership styles, every one of which is in a matter of seconds summed up underneath.

Autocratic leadership

Autocratic or dictator leadership style underlines the job of the leader as far as the dynamic interaction. The leader will not include or even counsel the group with regards to choosing the following game-plan. The style is productive as far as simply deciding, and can frequently be compelling in emergencies or in conditions where the leader approaches information the subordinates don't. Regardless, autocratic leadership style can likewise prompt high staff turnover.

Democratic leadership

Lewin's subsequent leadership style was the democratic model. Lewin's style saw leaders under this structure still accountable for official choices, yet rather than dismissing input from the subordinates; the leader looks for and empowers commitment. Along these lines, the subordinates are more associated with the undertakings or strategies, despite the fact that they probably won't have real ability to choose. The democratic style can eliminate the issues of low assurance and high turnover through the more participative methodology. Then again, choices can consume most of the day to make and the subordinate's capacity to understand the complexities of specific conditions probably won't be equivalent.

Laissez faire leadership

The last leadership style Lewin recognized was the laissez faire leadership. Under this structure, the subordinates are provided a definitive ability to conclude how they need to accomplish the vision put forth by the leader. The leader's job is basically to give the subordinates the right assets and exhortation, if necessary. Like the democratic leadership style, this can assist with expanding position fulfillment, yet the absence of construction can make

issues inside the association. It additionally needs experienced and energetic representatives to work productively.

Goleman's 6 leadership styles

After Lewin's three hypotheses, various styles utilized these models and fostered the thoughts further. In 2002, Daniel Goleman distributed a book Primal Leadership along with Richard Boyatzis and Annie McKee in which he presented six leadership styles. As indicated by Goleman, every one of these styles is based around the emotional condition of the subordinate and leaders need to comprehend both the styles and the emotional reactions to succeed. To Goleman, the six styles weren't independent, yet rather bits of a riddle the leader can use to accomplish the ideal result.

Visionary leadership

Visionary leadership is tied in with making a reasonable vision for the association and guaranteeing everybody inside the association follows it. Goleman's visionary leadership style is frequently alluded to as the definitive style, as it includes clear direction on what should be finished. However, it likewise gives a great deal of independence as far as how subordinates can accomplish the targets. It can help associations that are deficient in course, yet it has comparable disadvantages as the laissez faire style.

Coaching leadership

Coaching style accentuates leadership improvement and it is practically similar to a charismatic leadership style. The leader's job is to foster subordinates in their expert methodology and assist them with working on how they might interpret the strengths and weaknesses they face expertly. The point is to make arrangement with the objectives of the association and the subordinate. Coaching style can be incredible in propelling subordinates and further developing the progression plan of the association. Then again, the drawn out center can be hazardous in any association for the time being, as far as benefit or efficiency.

Offshoot leadership

The point of offshoot leadership is to carry concordance into the work environment and make an association in light of sound connections. The member style is associated with compromise and the style is successful in conquering conflicts, betraying the assignments.

Democratic leadership

Like Lewin's hypothesis, Goleman's democratic style is about upgraded investment and dynamic correspondence. The leader needs to get the subordinates in question and it looks for coordinated effort, rather than guiding them. It tends to be successful as far as advancement

and representative resolve, yet the style doesn't constantly fundamentally make the most effective frameworks for reacting the issues quickly enough.

Pacesetting leadership

Exclusive requirements and accomplishment of targets are at the core of Goleman's pacesetting leadership style. The leadership puts momentary objectives at the focal point of its concentration and utilizations them to drive up execution in the association. The style regularly requires a component of speedy prizes to spur the subordinates to act and make fast returns. The style can be compelling temporarily, however it's among the styles Goleman accepts might conceivably contrarily affect an association.

Commanding leadership

At last, there is the coercive or commanding leadership style. The style's close military way to deal with leadership could likewise be alluded to as the paternalistic style. The center message of the style is that the leader realizes best and the subordinates' job is to consent. Despite the fact that it gives direction and clear guidelines on the most proficient method to accomplish the association's goals, the leader may appear to be a 'know-everything'. The absence of contribution from subordinates and the coercive components behind it can prompt absence of assurance and low efficiency. Specific leadership styles The above bunches are frequently referenced when leadership styles are examined. As you saw, they give a thorough analysis and premise to a wide range of various ways a leader can use feelings, navigation and authority. However, there are additionally famous styles that don't really fall under the styles recognized by Goleman and Lewin. The following are a couple of the most well-known of these styles.

Charismatic leadership

Charismatic leadership has its establishments in crafted by the German humanist Max Weber. Weber wrote in his book The Protestant Ethic and the Spirit of Capitalism that charismatic leadership was "a unique character trademark that gives an individual… outstanding powers that outcome in the individual being treated as a leader". The style is centered on the leader's characteristics and frequently their own desires. Charismatic leadership doesn't stress the advancement of the subordinates as much as their skill.

Bureaucratic leadership

Bureaucratic leadership style is one more leadership style initially instituted by Max Weber. He recognized the bureaucratic style, generally speaking based framework, where the accentuation 22 is on accomplishing assignments. The style depends on guaranteeing the setting up of clear rules and methods for work and ensuring subordinates observe these rules as intently as could be expected. It's a style focused on associations managing upgraded dangers

or routine errands. Yet, the style's concerns emerge from absence of adaptability and advancement.

Servant leadership

The servant leadership style depends on the compositions of Robert Greenleaf. The thoughts were additionally evolved during the 1990s by Larry Spears. The fundamental reason of the style is an accentuation on the subordinate and their necessities. The leader's job is to offer help for the subordinates and assist them with accomplishing all the more expertly, as well as secretly. The style benefits from its emphasis on qualities and morals, however it tends to be especially precarious to execute and doesn't function admirably in circumstances where fast and vital choices should be made. Authentic leadership The authentic leadership style is among the freshest styles created in the field. It was first authored by Dr. Bruce Avoid and Fred Lathan’s. The style centers around four vital parts of leadership: mindfulness, social straightforwardness, adjusted handling and disguised moral point of view. The thought is that leaders and subordinates the same should elevate practice that lead to positive activities and the improvement of oneself.

Situational leadership

Dr. Paul Hersey and Dr. Ken Blanchard fostered the situational leadership style, which falls under the class of the possibility hypothesis. The style depends on the possibility that leaders should know about the different development levels of the subordinate and when they know it, select the right methodology. The situational leadership style can be successful in light of the fact that it perceives that not all subordinates or circumstances are similar. Regardless, it's generally expected thought about all the more an administration style and can lead disarray inside the working environment on the off chance that the leader changes their methodology starting with one then onto the next.

Resonant Leadership

Reverberation implies building up sound by continuing on a similar frequency. Leaders have the ability to affect the emotional conditions of individuals around them. They can have a constructive outcome, maneuvering everybody onto a similar cheery frequency. Or then again, they can make cacophony, where their pessimism knocks facing the feelings of others. Resonant leaders utilize their emotional intelligence to guide the sentiments to assist a gathering with meeting its objectives.

The Four Styles of Resonant Leadership in Primal Leadership, which I coauthored with Richard Boyatzis and Annie McKee, we depict four styles of leadership that make reverberation in a gathering: Visionary, Coaching, Affiliative, and Democratic.

Each style fabricates reverberation, emphatically affects a gathering's environment, and, utilized properly, can deliver.

Visionary Visionary leaders appreciate the situation completely of where they're going, share that viewpoint with the gathering, and rouse them to cooperate to arrive at their objectives. While they articulate where the gathering is going, they don't let them know how to arrive. Individuals who know the 10,000-foot view, how their work fits in, and why it is important get what's generally anticipated of them. In the event that they resound with the organization's qualities, objectives, and mission, they'll keep close by. This style fabricates reverberation by pushing individuals toward their fantasies. It is suitable when changes require another vision, or when there is a requirement for clear heading.

Coaching The coaching style of leadership happens most frequently in one-on-one associations. This style centers on the self-improvement of staff individuals. By showing veritable interest in people, this style assists leaders with building trust and compatibility. The coaching style can prompt more inspired workers and better outcomes. This style constructs reverberation by associating what individuals need with the association's objectives. Use it when you need to assist a representative with further developing execution by building long haul capacities.

Affiliative The affiliative style of leadership is tied in with building connections and coordinated effort. Utilizing compassion, a center expertise of emotional intelligence, affiliative leaders help spirit by esteeming individuals and their sentiments. This style assembles reverberation by making congruity through interfacing individuals to one another. Pick the affiliative style to recuperate cracks in a group, propel during unpleasant times, or reinforce associations. The cooperative connections this style assembles can further develop execution and efficiency in the long haul.

Democratic The democratic style of leadership draws on the information on the gathering either to give input or to really work together in simply deciding. Leaders utilizing this style need a few emotional intelligence abilities, including: cooperation and joint effort, peacemaking, and impact. Likewise, they impart actually and are wonderful audience members

4.6 QUALITIES OF LEADER

Leadership characteristics are not something otherworldly. The attributes and characteristics expected for leadership are likewise not something you either have or you don't have.

These characteristics can be learned throughout your profession and grew further. Everything necessary is concentration and assurance to comprehend the structure squares of a strong leadership.

Awareness

Leadership requires mindfulness on the grounds that the leader must have the option to see the environmental factors, comprehend the complexities of various components, and have the option to scientifically see the activities of others and his-or herself. Mindfulness requires the leader to comprehend the extraordinary position the individual is in. This isn't tied in with thinking you are superior to others as the leader, yet about recognizing the one of a kind obligations and difficulties you face as a leader.

A vital piece of improving mindfulness is about self-information. The more capable you are with distinguishing your own strengths and weaknesses, the better you'll be at recognizing them in others. Information overall is a significant component in mindfulness, regardless of whether it is information about the business, the association, or the human awareness. Upgrades around there can assist leaders with growing better mindfulness.

Certainty

Certainty is a perspective - the sensation of trust and dependence on you and the things around you. Without certainty, leadership would disintegrate. Nobody needs to follow a leader who doesn't believe in their capacities, or the vision they've put out. Assuming that the leader is sure, it doesn't simply assist with drawing in others to pursue the vision, it breeds more certainty inside the group.

There are various approaches to building certainty, yet the way to comprehend is that it can require some investment and cognizant work to change propensities for low confidence and absence of conviction. To fabricate trust in yourself and in others, attempt the accompanying advances:

• Focus on your internal voice. Your internal voice plays a significant part to play by the way you are seen by the world. Guarantee you center on an uplifting vibe. Rather than thinking, "I'll fizzle", tell you, "I can do this, I simply need to attempt".

• Shift consideration away from correlations. Quit giving such a lot of consideration to how others are treating maintain your emphasis on your

• Leave the safe place. Accomplishing something you've never done before will support your certainty since it gives you a feeling of achievement.

Coue

Leadership is based on mental fortitude. The capacity to make a dream, present it and get

individuals to follow. Realizing that assuming your arrangement comes up short, the fault is probably going to fall around your work area as the leader isn't something the vast majority can endure. Without boldness and the mindfulness that everything in life is somewhat unsure, a leader can't make positive change. Moving starting with one approach to doing things then onto the next will continuously require diligence.

Sympathy

As referenced above, leadership varies from the board because of its accentuation on worker improvement. Large piece of the strengthening and advancement is driven by sympathy. The best leaders are the individuals who look to make significant relationship with the group and who are truly inspired by how the worker is doing. At the point when leaders notice issues with subordinates, they don't transform it into an individual attempt at finger pointing; yet rather help the subordinate track down productive answers for the issues.

It may appear as though sympathy is a leadership attribute you either have or you don't. Be that as it may, studies have shown individuals can be educated to be more empathetic. Things like sympathy preparing - where you intentionally show more empathy for yourself, your family, outsiders and even individuals you don't like - can make changes in your cerebrum and assist you with showing more compassion in daily existence.

Lowliness

Leadership can without much of a stretch be viewed as an unadulterated component for power, yet the best leaders are likewise ready to show modesty. Leadership gives you an enormous obligation and power, and this should cause you to feel humble. Leadership is tied in with being responsible and stepping in when you've committed an error.

Humble individuals don't regret liability or attempt to stow away from the spotlight. Modesty implies figuring out how to regard and to comprehend the worth of others and frameworks around you, and recognizing the effect they played on your excursion to being a leader.

Trustworthiness

Trustworthiness is another significant trademark characterizing leadership. It's with regards to the capacity to remain consistent with yourself and the vision, in any event, when circumstances become difficult. It's likewise about the capacity to take in analysis, as well as to give it, without it making more issues. Most importantly, trustworthiness implies sharing data straightforwardly with the group.

Normally, it doesn't mean letting out delicate data, however it infers the leader having an entryway and doing whatever it takes not to effectively stow away data from the group - leadership isn't about turn control. Beam Davis, CEO of Umpqua Bank, put it well in his book

leading through Uncertainty, when he said:

I generally let our kin know that they're qualified for find solutions to get a kick out of the chance to replies. However, it will be honest, and I realize they can manage reality. This may make extra inquiries, yet we'll overcome them. What's more we do.

Conviction

Leadership depends intensely on conviction since you can't advance a dream in the event that you're not dedicated to the point of owning it. Conviction implies that you trust and have confidence in your thought, and you will face the hardships to accomplish the vision. On the off chance that you show conviction as a leader, you'll rouse others to follow.

It's urgent to comprehend conviction isn't equivalent to dazzle determination. Trust in your vision doesn't mean you're not ready to tune in, to improve, and to change your way on the off chance that the proof advises you to do as such. It essentially implies you don't surrender since somebody disagrees with you or on the other hand on the off chance that you experience an issue.

The World Economic Forum distributed a post by Dr. Travis Brad berry, the honor winning creator and business visionary, who clarified exhaustively why conviction matters and how to rehearse it. The central issues to detract from the article, as far as the activities that show conviction, include:

• Begin thinking decidedly and stay sure.

• Figure out how to trust your instinct and show strength notwithstanding difficulty.

• Show others how it’s done, however keep away from a proclaiming mentality. Do what you believe is correct, don't guide others.

• Stop re-thinking what may occur and live at the time.

Adaptability

As referenced previously, conviction doesn't value to obstinacy and in this manner, leadership requires adaptability. A decent leader comprehends that circumstances change, individuals are unique, and subsequently, arrangements may not be a similar all the time. Adaptability is a quality guaranteeing the leader can peruse the occasion, foresee the future, and respond to change without it causing unsettling influence in the vision.

Self-assured

Now and again confidence is blended in with forceful conduct or being 'bossy'. In any case, it's really a trait of having the option to defend what you have confidence in. Decisive conduct isn't tied in with utilizing your leadership position to menace individuals or be forceful. Self-assuredness basically implies getting your point and vision across in a positive way.

The picture underneath diagrams the vital characteristics of a self-assured individual. Analyze it and begin involving both the verbal and non-verbal prompts in your day to day existence and Correspondence

Inspirational

Maybe the main characteristic for a leader is the capacity to motivate. Leadership is dependably about making a dream of a something better or new. Yet, since the human psyche is regularly careful about change, the leader's job is to impart the vision in a manner that rouses the group to activity. Leadership is generally about establishing a climate that propels others to follow and seek after the objectives, regardless of whether they appear to be far away and hard to accomplish.

Forbes supporter Erika Anderson expounded on a review by Keas, a representative wellbeing and Wellness Company, which analyzed the HR botches leaders will generally make most. The top responses and the least demanding ways of turning out to be more helpful were:

• 64% of respondents said leaders don't have the foggiest idea what propels the representatives - Therefore, you really want to begin understanding and investigating the interests and interests of the subordinates.

• 41% of respondents felt leaders don't show others how it’s done - If you expect a particular conduct from your subordinates, you should show others how it’s done.

• 32% of respondents told leaders don't focus on organization culture - Leadership's significant spotlight ought to constantly be on making a solid organization culture that upholds the vision.

Relationship building abilities

Leadership is tied in with drawing in individuals to your vision and getting the group to perform undertakings that carry the association nearer to the objectives. Without the skills to cooperate, work and guide others, the leadership is ill-fated to self-destruct.

The center components to further developing relationship building abilities are:

• Figuring out how to assign. Leaders must have the option to share liability, track down the perfect individuals for explicit assignments, propel and direct individuals through the interaction.

• Knowing how to give and get criticism. Leadership requires a lot of criticism, at times heading down the two paths: to and from the leader. It's indispensable to know how to give useful criticism that will further develop execution and help with accomplishing the destinations.

• Getting conduct. This is like capacity to understand anyone on a deeper level, it might be said that leaders should have the option to peruse the purposes for individuals'

activities. It's urgent to get everything feelings can say to you and how to coordinate conduct into something more good.

• Having the option to fill in collectively. While leadership is frequently about driving others, there are still a lot of components of co-activity. Leaders should have the option to work additionally as a component of a group, not simply be great at assuming responsibility.

Correspondence

Connected with relationship building abilities is the expertise of correspondence. Leaders are basically visionary narrators who should have the option to persuade and rouse others?

with their message. Correspondence is likewise considerably more than the capacity to talk in a rousing manner. Correspondence is worked through the capacity to tune in, to arrange and by making significant associations.

Navigation

As we'll find in the later segments, independent direction can vary in various leadership styles, yet it's regardless a fundamental expertise to have. We all need to settle on choice on various occasions a day, and it's generally expected something we manage without giving a lot of consideration. Leadership is tied in with having the option to settle on choices in an effective way and with certainty that you've settled on the best decision.

In an instructive article on direction, Skills You Need recommends there to be two separate approaches to settling on a choice: instinct and thinking. Instinct is tied in with paying attention to you inward inclination, about depending on everything your feelings are saying to you, while the thinking strategy is about the usage of statistical data points.

It eliminates the inclination out of your direction and depends on the obvious end results. It may appear as though thinking is the best game-plan to take, however it can really be useful to utilize the two procedures.

Critical thinking

Having the option to settle on choices is a significant ability, yet to supplement it, leadership needs to take care of issues also. John Foster Dulles, previous US Secretary of State, has once said, the proportion of achievement isn't whether you have an intense issue to manage, yet regardless of whether it is a similar issue you had a year ago.

On the off chance that you can't tackle issues, you can't move towards the vision.

Whenever there is an issue, you should carry out the accompanying advances:

• Distinguish the issue. To begin with, you really want to perceive there's an issue and

quit keeping away from it. You should then recognize precisely what the issue is and characterize it obviously.

• Structure the issue. It's really smart to notice the issue and cautiously take apart it into more modest pieces. For instance, on the off chance that client grumblings are about insufficient client assistance, focus on how the framework works and recognize the various components making the greater issue.

• Search for arrangements. When you know about the various components, you can begin searching for answers for every issue. Make sure to utilize individuals' skill and don't be reluctant to ask others for suppositions.

• Settle on a choice. After you have arrangements accessible, pick the ones you believe are awesome. Ponder the master plan. While certain arrangements may give handy solutions, they may be costlier, etc. Show up these components and pick the best for the association and for the mission you are accomplishing.

• Carry out your answer and screen progress. Make a reasonable game plan for execution and begin checking the viability of your answer.

Strategic thinking

Maybe quite possibly the most fundamental leadership ability is vital reasoning. Key reasoning is frequently considered as an ability just a chose not many gangs, yet it very well may be learned and created. What is key reasoning? It's basically the capacity to have a drawn out vision joined with transient activities.

Further developing your essential reasoning is easy. The systems to apply it can likewise be utilized during a wide range of activities, both in private and business lives. Improvement of a procedure comprises of:

• Acknowledging where you are. You really want to begin by dissecting and understanding your present position.

• Recognizing the position, you need to be. The following stage is tied in with envisioning the position you ought to be at a specific time. You need to be itemized on what the ideal position resembles and distinguish the positions you certainly need to stay away from.

• Thinking about the fundamental components there. Distinguish the key components that matter later on or the current position. These could be things, for example, the association's qualities or development figures.

• Making an activity plan between the current and what's to come. Your subsequent stage is tied in with working out the means and activities that should be taken among 'from time to time' to ensure a good outcome. Think as far as activities, yet additionally moderate

achievements that assist with estimating achievement.

4.7 LEADERSHIP ETHICS

Ethics refer to the desirable and appropriate values and morals according to an individual or the society at large. Ethics deal with the purity of individuals and their intentions. Ethics serve as guidelines for analyzing "what is good or bad" in a specific scenario. Correlating ethics with leadership, we find that ethics is all about the leader's identity and the leader's role.

Ethical theories on leadership talk about two main things: (a) The actions and behavior of leaders; and (b) the personality and character of leaders. It is essential to note that "Ethics are an essential to leadership". A leader drives and influences the subordinates / followers to achieve a common goal, be it in case of team work, organizational quest, or any project. It is an ethical job of the leader to treat his subordinates with respect as each of them has unique personality. The ethical environment in an organization is built and developed by a leader as they have an influential role in the organization and due to the fact that leaders have an influence in developing the organizational values.

An effective and ethical leader has the following traits / characteristics:

Dignity and respectfulness: He respects others. An ethical leader should not use his followers as a medium to achieve his personal goals. He should respect their feelings, decision and values. Respecting the followers implies listening effectively to them, being compassionate to them, as well as being liberal in hearing opposing viewpoints. In short, it implies treating the followers in a manner that authenticate their values and beliefs.

Serving others: He serves others. An ethical leader should place his follower's interests ahead of his interests. He should be humane. He must act in a manner that is always fruitful for his followers.

Justice: He is fair and just. An ethical leader must treat all his followers equally. There should be no personal bias. Wherever some followers are treated differently, the ground for differential treatment should be fair, clear, and built on morality.

Community building: He develops community. An ethical leader considers his own purpose as well as his followers' purpose, while making efforts to achieve the goals suitable to both of them. He is considerate to the community interests. He does not overlook the followers' intentions. He works harder for the community goals.

Honesty: He is loyal and honest. Honesty is essential to be an ethical and effective leader. Honest leaders can be always relied upon and depended upon. They always earn respect of their followers. An honest leader presents the fact and circumstances truly and completely, no matter how critical and harmful the fact may be. He does not misrepresent any fact.

It is essential to note that leadership is all about values, and it is impossible to be a leader if you lack the awareness and concern for your own personal values. Leadership has a moral and ethical aspect. These ethics define leadership. Leaders can use the above mentioned traits as yardsticks for influencing their own behavior.

Leaders are essentially people who know their goals and have the power to influence the thoughts and actions of others to garner their support and cooperation to achieve these goals. In-case of leaders these goals are rarely personal and generally to serve the larger good.

Ever since man was a hunter gatherer and lived in closely knit groups, they had leaders who led the hunting expeditions and took greater risk than the rest of the group members. In turn they were bestowed with larger share of hunting, respect and a higher position in the group. With changing times, how leadership is perceived has also changed, but, it remains an important aspect of social fabric nevertheless.

The initial theories proposed that leaders are born and cannot be created, there are certain distinct characteristics possessed by few men which make them leaders. [Read Great Man Theory and the Trait Theory]. However, for the current discussion we would try and take a closer look at another interesting theory which was proposed called Situational Leadership Theory. This theory says that the same leadership style cannot be practiced in all situations, depending upon the circumstance and environmental context the leadership style also changes. The pioneers of this theory were Kenneth Blanchard and Paul Hersey.

The model encourages the leaders to analyze a particular situation in depth and then lead in the most appropriate manner, suitable for that situation. The three aspects that need could be considered in a situation are:

Employees' competences

Maturity of the employees

Complexity of the task

Leadership style

In the Situational Leadership model, the leadership style has been divided into 4 types:

S1: Telling - Telling style is associated with leaders who minutely supervise their followers, constantly instructing them about why, how and when of the tasks that need to be performed.

S2: Selling - Selling style is when a leader provides controlled direction and is a little more open and allows two-way communication between him/herself and the followers thus ensuring that the followers buy in the process and work towards the desired goals.

S3: Participating - This style is characterized when the leaders seek opinion and participation of the followers to establish how a task should be performed. The leader in this case tries creating relationship with the followers.

S4: Delegating - In this case, the leader plays a role in decisions that are taken but passes on or delegates the responsibilities of carrying out tasks to his followers. The leader however monitors and reviews the process.

It is also represented by a diagram most often which is below:



Fig :4:3 The four leadership styles

The developmental level of follower is an important indication for a leader to decide the most appropriate leadership style for them:

D4 - High Competence, High Commitment - The followers who are identified in this category are the ones who have high competence and high commitment towards tasks to be performed. It might happen so that they turn out better than their leaders in performing these tasks. (For e.g. cricketing legend Sachem Tendulkar playing in the Indian cricket team under the captainship of Mahindra Singh Dhobi)

D3 - High Competence, Variable Commitment - This category consists of followers who have the competence to do the job but their commitment level is inconsistent. They also tend to lack the confidence to go out and perform task alone. (E.g. President Barack Obama)

D2 - Some Competence, Low Commitment - In this case, the followers have a certain level of competence which might be sufficient to do the job but they are low on commitment towards

the tasks. Despite of having relevant skills to perform the task they seek external help when faced with new situations. (A team member made the trainer for new joiners)

D1 - Low Competence, High Commitment - This category of followers may not have the specific skill required but they display a high level of commitment towards the task they have to perform, with confidence and motivation, they figure out ways to complete the tasks. (E.g. Mohandas Karamchand Gandhi, a lawyer by profession who spearheaded the Indian Freedom Struggle)

The above information regarding the style of leadership and the type of followers sure has a correlation to each other which forms the basis of situational leadership. So, a situational leader would try to accommodate his leadership style as per the situation and the level of competence and commitment of his followers. This information is also an important aspect to consider when senior leaders act as coaches for their subordinates in the organizations.

4.8 SITUATIONAL LEADERSHIP

Adapting a leader's style of leadership to the demands of a team or the current work environment is known as situational leadership. This leadership style is built on a leader's capacity to adapt to the needs of a team or organisation in order to be a better and more effective leader, not on the talents of the leader.

This leadership approach was created by Ken Blanchard and Paul Hersey during the writing of the book Management of Organizational Behavior. It is also known as "Situational Leadership Theory" or the "Situational Leadership Model." Depending on the circumstance, a situational leader may employ one of the following leadership behavioral styles, claim Blanchard and Hersey:

Telling. This style is when a team requires close supervision and constant guidance. Leaders using a telling style may make all of the decisions and then communicate these decisions to the team. The telling style is most commonly used when repetitive results are needed or when a team is at the novice level.

Selling. This type of leadership is typically used when a team or employee is unmotivated to perform a task or job duty.

Participating. The participating behavioral leadership style is most commonly used when a team is competent in particular tasks but do not have the willingness or confidence needed to complete them.

Delegating. The delegating leadership style is when a team is efficient and effective at their jobs and requires little guidance.

4.9 LEADERSHIP AND SUBORDINATE DEVELOPMENT

We have often heard about leadership development as an essential element for any organization to succeed and many programs are being initiated in an organization to develop and engage potential leaders.

For a leader it is essential to ensure that the team which works beneath you also grow professionally and are able to emerge as future leaders. How many organization gives emphasis on this? Just by sending an employee for a day training will not suffice this as it is an ongoing process and a leader should continuously focus on subordinate or employee development. The development of subordinate is an essential leadership trait of a leader as they are assisting in developing the talent pool for an organization.

How this can be done by a leader: In the Armed forces the leader develops a subordinate on various parameters like physical fitness, ethics, courage disciple, loyalty and leading from the front. The basics are ingrained during the training in the academy and the rest is done in the units which is an ongoing process.

Physical fitness: This is a core quality which is needed in every leader. In today's stressful environment it is essential to remain physically fit and devote some time on your fitness so that you are able to handle various situation. In Armed forces the officer garners respect from the men they command when they are able to rub shoulders equally in various physical exercises and activities.

Moral Courage and Ethics: For a leader it is essential to take stand for his/her team in every situation. A leader should always keep team before self. This will give the team a confidence that their leader is there to look after them in all the times and situations. In order to ensure that the team does the right thing.it is imperative for the leader to do the right thing always and every time.

Discipline: The success of any organization, corporate or armed forced heavily depends how disciplined the team is. Discipline cannot be forced upon. It is the duty of the leader to ensure that he/she display this value in their daily routine so that the team members follow them as role model. Leaders should ensure that when they are developing their subordinate they train them on this value also from the beginning of their career so that this becomes as a habit

Professional Competence: In today's fast changing environment professional competence becomes an important hallmark for growth. It is essential for leaders to ensure that they are sending their subordinates for various training programs where they are able to learn new technology so they don't become redundant in their professional journey. Learning for both leader and subordinate should never stop.

Delegate: Leaders should learn to delegate so that their subordinate develops a confidence in carrying out a task. Delegation is an important attribute which every leader should have so that they can have time to work on other important matters. Delegation leads to a win win situation for both but a leader should not expect that the subordinate should complete the task in the same manner in which he/she is doing. Obviously, this need to be checked that an employee does not adapt unethical means of doing a task.

Subordinate development is an on going process and by investing their time in development of future leader is the most rewarding thing which a leader can do. By developing their team members, leaders are also ensuring that the hiring cost is reduced and organizations are getting a vast talent pool.

4.10 MANAGEMENT SKILLS

Management skills can be defined as certain attributes or abilities that an executive should possess in order to fulfill specific tasks in an organization. They include the capacity to perform executive duties in an organization while avoiding crisis situations and promptly solving problems when they occur. Management skills can be developed through learning and practical experience as a manager. The skills help the manager to relate with their fellow co-workers and know how to deal well with their subordinates, which allows for the easy flow of activities in the organization.

Good management skills are vital for any organization to succeed and achieve its goals and objectives. A manager who fosters good management skills is able to propel the company’s mission and vision or business goals forward with fewer hurdles and objections from internal and external sources.

Hard Skills

Hard skills, also called technical skills, are job-specific, relevant to each position and seniority level. In other words, each position in every company will require a unique hard skills list. For example, an accountant needs to know how to reconcile bank statements, while that knowledge

is unnecessary for a developer. At the same time, reconciliation is important for accountants no matter their level of experience, but preparing business budgets is a skill that's not usually required of a junior accountant.

Soft Skills

Soft skills are general characteristics, relevant to personality traits. Some soft skills you'd like to see in all employees regardless of their position or expertise, while other soft skills make sense in certain jobs and are less important in others. For example, if you value collaboration in your company, you want to hire employees who are great team players and can communicate well with others. On the other hand, networking and relationship-building skills might be essential for sales and marketing roles, but irrelevant for engineering roles. Likewise, leadership abilities make sense for people who'll manage a team no matter their department.

Developing hard skills vs. soft skills

Employees develop hard skills through education and on-the-job practice, while they develop soft skills through various, life-long professional and personal experiences. For example, marketers can learn marketing techniques and tools by attending a marketing course, whereas they could grow their collaboration skills by participating in a sports team.

Measuring hard skills vs. soft skills

Hard skills are measurable and can be described using numerical or yes/no criteria. On the other hand, soft skills are often intangible or hard to quantify and are usually described with qualitative scales. For example, one salesperson might be:

an excellent user of X CRM software having used its features on a daily basis for the past 5 years and;

a good communicator being able to explain 'fairly well' the benefits of a product to a potential customer.

Management and leadership skills are often used interchangeably as they both involve planning, decision-making, problem-solving, communication, delegation, and time management. Good managers are almost always good leaders as well.

In addition to leading, a critical role of a manager is to also ensure that all parts of the organization are functioning cohesively. Without such integration, several issues can arise and failure is bound to happen. Management skills are crucial for various positions and at different levels of a company, from top leadership to intermediate supervisors to first-level managers.

Types of Management Skills

According to American social and organizational psychologist Robert Katz, the three basic types of management skills include:

1. Technical Skills

Technical skills involve skills that give the managers the ability and the knowledge to use a variety of techniques to achieve their objectives. These skills not only involve operating machines and software, production tools, and pieces of equipment but also the skills needed to boost sales, design different types of products and services, and market the services and the products.

2. Conceptual Skills

These involve the skills managers present in terms of the knowledge and ability for abstract thinking and formulating ideas. The manager is able to see an entire concept, analyze and diagnose a problem, and find creative solutions. This helps the manager to effectively predict hurdles their department or the business as a whole may face.

3. Human or Interpersonal Skills

The human or the interpersonal skills are the skills that present the managers' ability to interact, work or relate effectively with people. These skills enable the managers to make use of human potential in the company and motivate the employees for better results.

Examples of Management Skills

There is a wide range of skills that management should possess to run an organization effectively and efficiently. The following are six essential management skills that any manager ought to possess for them to perform their duties:

1. Planning

Planning is a vital aspect within an organization. It refers to one's ability to organize activities in line with set guidelines while still remaining within the limits of the available resources such as time, money, and labor. It is also the process of formulating a set of actions or one or more strategies to pursue and achieve certain goals or objectives with the available resources.

The planning process includes identifying and setting achievable goals, developing necessary strategies, and outlining the tasks and schedules on how to achieve the set goals. Without a good plan, little can be achieved.

2. Communication

Possessing great communication skills is crucial for a manager. It can determine how well information is shared throughout a team, ensuring that the group acts as a unified workforce. How well a manager communicates with the rest of his/her team also determines how well outlined procedures can be followed, how well the tasks and activities can be completed, and thus, how successful an organization will be.

Communication involves the flow of information within the organization, whether formal or informal, verbal or written, vertical or horizontal, and it facilitates smooth functioning of the organization. Clearly established communication channels in an organization allow the manager to collaborate with the team, prevent conflicts, and resolve issues as they arise. A manager with good communication skills can relate well with the employees and thus, be able to achieve the company's set goals and objectives easily.

3. Decision-making

Another vital management skill is decision-making. Managers make numerous decisions, whether knowingly or not, and making decisions is a key component in a manager's success. Making proper and right decisions results in the success of the organization, while poor or bad decisions may lead to failure or poor performance.

For the organization to run effectively and smoothly, clear and right decisions should be made. A manager must be accountable for every decision that they make and also be willing to take responsibility for the results of their decisions. A good manager needs to possess great decision-making skills, as it often dictates his/her success in achieving organizational objectives.

4. Delegation

Delegation is another key management skill. Delegation is the act of passing on work-related tasks and/or authorities to other employees or subordinates. It involves the process of allowing your tasks or those of your employees to be reassigned or reallocated to other employees depending on current workloads. A manager with good delegation skills is able to effectively and efficiently reassign tasks and give authority to the right employees. When delegation is carried out effectively, it helps facilitate efficient task completion.

Delegation helps the manager to avoid wastage of time, optimizes productivity, and ensures responsibility and accountability on the part of employees. Every manager must have good delegation abilities to achieve optimal results and accomplish the required productivity results.

5. Problem-solving

Problem-solving is another essential skill. A good manager must have the ability to tackle and solve the frequent problems that can arise in a typical workday. Problem-solving in management involves identifying a certain problem or situation and then finding the best way to handle the problem and get the best solution. It is the ability to sort things out even when the prevailing conditions are not right. When it is clear that a manager has great problem-solving skills, it differentiates him/her from the rest of the team and gives subordinates confidence in his/her managerial skills.

6. Empowering

The ability to motivate is another important skill in an organization. Motivation helps bring forth a desired behavior or response from the employees or certain stakeholders. There are numerous motivation tactics that managers can use, and choosing the right ones can depend on characteristics such as company and team culture, team personalities, and more. There are two primary types of motivation that a manager can use. These are intrinsic and extrinsic motivation.

7. Building good working relationships with people at all levels.

Recommended by 79.9% of managers surveyed.

The most important management skill, the survey found, is the ability to build good relationships with people at all levels. For example, an approach to relationship building described in the book focuses on creating "high-quality connections" through respectful engagement.

Bottom Line

Management skills are a collection of abilities that include things such as business planning, decision-making, problem-solving, communication, delegation, and time management. While different roles and organizations require the use of various skill sets, management skills help a professional stand out and excel no matter what their level. In top management, these skills are essential to run an organization well and achieve desired business objectives.

4.11 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Elaborate on the concept of leadership along with qualities of successful leader
2. Explain the Blake and Mouton’s Managerial Grid with the help of diagram
3. Explain any four leadership theories
4. Explain the concept of Leadership Ethics.
5. Define Hard skills and Soft skills of Managers

Short Answer Questions

1. Distinguish between leadership and mangement
2. Explain any four leadership styles
3. What are the qualities of good and successful leader
4. Explain the concept of Leadership and subordinate development
5. What are the various economic and non economic reasons for women to become and entrepreneur?

B. Multiple Choice Question

1 _____ are the approaches to the study of leadership which emphasise the personality of the leader:

a. Trait theories
b. Group theories
c. Inspirational theories
d. Contingency theories

2. Leadership is best defined as _____.

a. The ability to influence a group toward the achievement of a vision or set of goals
b. The ability to induce the team members to focus on individual goals rather than collective goals
c. The ability to reduce the dependence of team members on each other
d. The ability to merely project one's abilities in the lack of actual accomplishments

3. Which of the following is a desirable feature of leadership?

a. One-directional influence from the leader to the follower
b. Coercive power and authority
c. Lack of freedom
d. Coexistence of leaders and managers

4.Trait theories of leadership focus on _____..

a. The special relationship that leaders establish with a small group of their followers
b. The way the leader makes decisions

c. The personal qualities and characteristics that differentiate leaders from non-leaders
d. The extent to which followers are willing and able to accomplish a specific task

5. Contingency theories focus on the _____ that impact leadership success.
   a. Situational variables
   b. Leader's abilities to inspire and transform followers
   c. Values and ethics
   d. Conflicts

Answers:

1-a, 2-a, 3-d, 4-c, 5-a

4.12 REFERENCES

Books

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites:

- https://corporatefinanceinstitute.com/resources/careers/soft-skills/management-skills/
- https://www.telegraph.co.uk/business/challenges/sme-success-location/
- https://smallbusiness.chron.com/attract-fresh-new-talent-company-22250.html
- https://www.shrm.org/hr-today/news/hr-magazine/book-blog/pages/the-top-10-management-skills-you-need.aspx

UNI T- 5 DESIGN THINKING AND INNOVATION

STRUCTURE

5.0 Objectives
5.1 Introduction
5.2 What is Design Thinking
5.3 Origin of design thinking
5.4 Features of Design thinking
5.5 Use of Design Thinking
5.6 Applications of Design thinking
5.7 Design thinking Vs Scientific Method
5.8 Problem focus Vs Solution Focused
5.9 Design thinking adds value to innovation
5.10 Unit End Questions
5.11 References

5.0 OBJECTIVES

After completing this unit, students will be able to

- Define: –The applications of design thinking.
- Understand: Examine the use of design thinking.
- Define: the design thinking vs. scientific method.
- Explain: Team Work and Collaboration

5.1 INTRODUCTION

Design thinking is a problem-solving framework that is ideal for tackling ill-defined or unknown problems. This makes it very effective for addressing the multifaceted problems faced by today's increasingly complex organisation. In the words of IDEO Founder, Tim Brown, for businesses, "design thinking is all about upgrading within constraints" – meaning companies must innovate without disruption to drive growth and stay relevant.

The successful ones are those which are always seeking new ways to compete in their sector – and design thinking is one framework that can help them achieve this.

What Is Design Thinking?

Design thinking was developed by Stanford Professor David Kelley who is also the founder of the design agency IDEO. His work was also influenced by Professors Terry Win grad and Larry

Lifer at the school at Stanford University. Unfortunately there is no single, agreed upon definition of design thinking. However, in a study conducted by the Nielsen Norman Group, the majority of the UX and design professionals define it roughly the same, regardless of industry and experience. Still, there is no agreement on the specifics.

A concise sentence that defines design thinking would be the following:

Design Thinking is a human-centric, iterative, solution-based, problem-solving framework

Whoa! Let us break this down.

Design thinking is:

A problem-solving approach: It is a methodology that is ideal for tackling complex problems that are ill-defined or unknown. This is because design thinking helps us define a problem, challenge any assumptions and thus reframe it in a way that will help us come up with solutions that may potentially solve it.

Human-centric: In design thinking, we seek to understand the user. This is why the user – the person for whom we are designing our products or services for, is considered at each stage of the design thinking process.

Iterative: This means that in the different stages of the design thinking process, you will use the results to review, question and improve any initial assumptions, understandings and outcomes. This makes the design thinking approach a non-linear one.

Solution-based: The design thinking process provides a very hands-on approach to problem-solving. You will formulate several potential problem-solving approaches, prototype them and test them in the context of the problem being solved. Due to the iterative nature of design thinking, you will be able to re-shape and optimise these approaches until an optimal solution is chosen.

Characteristics Of The Design Thinking Process

Design thinking can be seen as ‘out-of-the-box’ thinking since it encourages you to explore alternatives by creating different, and often innovative solutions that you might not have thought about. At the same time, it focuses on the users’ needs, and thus, it will help you address the problem as experienced by the user, and that includes contextual and cultural factors.

Another critical aspect of design thinking is that it encourages collaborative, multidisciplinary teamwork to leverage skills, personalities and thinking styles of different persons. This will come in handy in all the stages of the design thinking process.

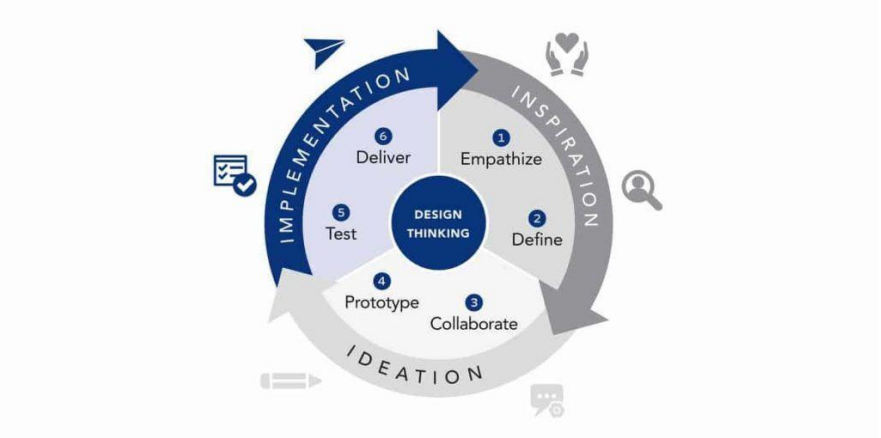


Fig :5.1 Design Thinking

Configuration believing is a critical thinking system that is great for handling not well characterized or obscure issues. This makes it exceptionally successful for resolving the diverse issues looked by the present progressively complex associations. In the expressions of IDEO Founder, Tim Brown, for organizations, "plan believing is tied in with updating inside imperatives" - significance organizations should enhance without interruption to drive development and remain applicable. The fruitful ones are those which are continuously looking for better approaches to contend in their area - and configuration believing is one system that can assist them with accomplishing this.

In this article, we will initially talk about inside and out what configuration believing is. Then, at that point, we will cover the plan thinking process, by which we will likewise go through the five phases of the plan thinking process: Empathize, Define, Ideate, Prototype and Test.

Configuration believing is a term used to address a bunch of mental, vital and functional cycles by which plan ideas (recommendations for items, structures, machines, interchanges, and so on) are created. A considerable lot of the vital ideas and parts of configuration thinking have been recognized through investigations, across various plan areas, of plan insight and plan action in both research facility and normal contexts. An iterative, non-direct course of getting clients, testing suppositions, reclassifying issues, and making creative answers for model and test is called plan thinking.

Configuration believing is likewise connected with remedies for the advancement of items and administrations inside business and social contexts. Some of these solutions have been condemned for misrepresenting the plan interaction and minimizing the job of specialized information and abilities.

By and large, fashioners would in general be involved uniquely in the later pieces of the course of new item improvement, concentrating on the style and usefulness of items. Numerous

organizations and different associations currently understand the utility of inserting plan as a useful resource all through hierarchical strategies and practices, and configuration thinking has been utilized to help a wide range of sorts of business and social associations to be more useful and innovative. In the 2000s there was a huge development of interest in plan thinking as an impetus for acquiring upper hand inside business, yet questions around configuration thinking as a panacea for progress have likewise been expressed. Designers bring their techniques into business either by participating themselves from the earliest phases of item and administration advancement processes or via preparing others to utilize plan techniques and to assemble creative thinking abilities inside associations. All types of expert plan training can be thought to be creating configuration thinking in understudies, regardless of whether just certainly, yet configuration believing is presently unequivocally instructed overall as well as expert schooling, across all areas of training. Plan as a subject was brought into optional schools' instructive educational programs in the UK during the 1970s, bit by bit supplanting or potentially creating from a portion of the conventional craftsmanship and specialty subjects, and progressively connected with innovation review. This improvement ignited related examination studies in both schooling and design.

New courses in plan thinking have additionally been presented at the college level, particularly when connected with business and advancement studies. An eminent early course of this kind was presented at Stanford University in 2003, the Hasso Plattner Institute of Design, known as the d.school.

In the K-12 schooling area, plan believing is utilized to improve learning and advance inventive reasoning, cooperation, and understudy liability regarding learning. A plan based way to deal with instructing and learning has likewise grown all the more broadly all through training.

Drawing on mental investigations of innovativeness from the 1940s, like Max Wertheimer's "Useful Thinking" new imagination procedures during the 1950s and plan techniques during the 1960s prompted plan thinking as a specific way to deal with imaginatively tackling issues. Among the principal writers to expound on plan believing were John E. Arnold in "Innovative Engineering" (1959) and L. Bruce Archer in "Methodical Method for Designers".

In his book "Innovative Engineering" (1959) Arnold recognizes four areas of plan thinking:

i. Novel usefulness, for example arrangements that fulfil an original need or arrangements that fulfil an old need in a completely new manner.
ii. Better execution levels of an answer.
iii. Lower creation expenses or
iv. Expanded saleability.

Arnold suggested a fair methodology - item engineers should look for open doors in every one of the four areas of configuration thinking: "It is somewhat fascinating to investigate the formative history of any item or group of items and attempt to order the progressions into one of the four regions ... Your gathering, as well, could have gotten into a trench and is coincidentally doing all of your plan thinking in one region and is missing great wagers in different regions.

Albeit L. Bruce Archer's "Methodical Method for Designers "was concerned essentially with a precise course of planning, it likewise communicated a need to widen the extent of traditional plan: "Ways have must be found to fuse information on ergonomics, artificial intelligence, promoting and the executives science into configuration thinking". Bowman was additionally fostering the relationship of configuration thinking with the board: "The time is quickly moving toward when plan navigation and the executives dynamic procedures will share such a great amount for all intents and purpose that the one will turn out to be something like the augmentation of the other".

Arnold started a long history of configuration thinking at Stanford University, stretching out through numerous others, for example, Robert McKim and Rolfe Faste who educated "plan thinking as a technique for inventive action", and going on with the shift from imaginative designing to advancement the executives in the 2000s. Design believing was adjusted for business purposes by Faste's Stanford partner David M. Kelley, who established the plan consultancy IDEO in 1991.

Bryan Lawson's 1980 book How Designers Think, basically tending to plan in engineering, started a course of summing up the idea of plan thinking. A 1982 article by Nigel Cross, "Designerly Ways of Knowing", laid out a portion of the characteristic characteristics and capacities of configuration imagining that likewise made it applicable in everyday training and in this way for more extensive audiences. Peter Rowe's 1987 book Design Thinking, which depicted techniques and approaches utilized by modelers and metropolitan organizers, was a huge early use of the term in the plan research literature. A global series of examination symposia in plan thinking started at Delft University of Technology in 1991. Richard Buchanan's 1992 article "Underhanded Problems in Design Thinking" communicated a more extensive perspective on plan thinking as tending to unmanageable human worries through plan.

Configuration believing is an idea utilized in numerous unique situations and it is fairly not well characterized. Most frequently it is utilized to portray a sort of plan strategy. Dorst

recognizes two standards of current plan technique: plan considered to be a sane critical thinking cycle and configuration considered as an intelligent practice.

As per Callahan "Specialists have directed examinations inside and outside the plan fields to work on comprehension and control of the plan cycle. Inside the plan fields, these analyst try to comprehend the nonverbal cycles of planners and how these cycles are connected to plan hypothesis and practice. Outside the fields, the longing to comprehend the plan cycle is driven by a need to bridle its imaginative power. The expression "plan thinking" connects these two ways to deal with the examination of plan."

Configuration thinking ordinarily infers a client focused methodology that incorporates prototyping. There are likenesses between configuration thinking drives in bigger associations and the "creator" development. "The most common way of making, ideating, and pondering the interaction in advanced manufacture conditions has a nearby likeness to configuration thinking (for example Nelson and Stolterman, Cross. Cross). In cycles of computerized manufacture and plan thinking,the understudy professional draws in with not well characterized or "underhanded" issues, and investigations of experimentation, to settle on their own decisions in light of bits of knowledge or previous experience."

Configuration believing isn't equivalent to plan science. Inside plan science one can observe different sorts of configuration thinking, however configuration thinking likewise exists in different regions, for example the executives and, all the more as of late, instruction.

Here and there, plan believing is introduced as a solution to current muddled issues. Brown closes: "Regardless of where we look, we see issues that can be tackled distinctly through advancement These issues all have individuals at their heart. They require a human-focused, inventive, iterative, and functional way to deal with tracking down the smartest thoughts and extreme arrangements. Configuration believing is simply such a way to deal with development."

Configuration thinking presumably started in item configuration, however at that point spread to different regions, for example business: "Plan thinking, first used to make actual items, is progressively being applied to perplexing, in-substantial issues, for example, how a client encounters a help. No matter what the specific situation, plan scholars will generally utilize actual models, otherwise called plan relics, to investigate, characterize, and convey. Those models-essentially outlines and portrays supplement and sometimes supplant the spread-sheets, details, and different records that have come to characterize the conventional hierarchical climate. They add a liquid aspect to the investigation of intricacy, taking into consideration nonlinear idea while handling nonlinear issues." (Harvard Business Review). One more

illustration of more interest to instructive innovation is additionally portrayed by Kolko: "The MIT Media Lab formalizes this in its adage, "Demo or pass on," which perceives that main the demonstration of prototyping can change a thought into something genuinely important all alone, thoughts are very common.".

Prototyping is just a single part of configuration thinking in business associations, the other, related, alludes to more adaptable perspectives.

Configuration thinking can be connected to advancement. As per the executives researchers Carlgren, Rauth, and Elmquist, M. "The advancement potential in plan has been featured by a few researchers". The creators likewise bring up that "In the administrative talk, DT commonly doesn't allude to exemplary plan trains, for example, designing plan, modern plan or correspondence plan; rather it is introduced as a general human-centred way to deal with critical thinking, imagination and advancement Roger Martin contends that organizations should turn out to be more similar to configuration shops, with the principle accentuation on the mental cycles of planners, which in his view could likewise help supervisors. Martin depicts these cycles as 'integrative reasoning', which is a perspective that 'joins the age of novel thoughts' (abductive rationale) 'with their investigation and assessment of how they apply.

As per Carlgren et al. "Despite the uncertainty in these fundamental works (e.g., discipline versus approach versus perspective), a few famous colleges, for example, Rotman School of Management and Stanford University have presented DT programs The d.school at Stanford University (2010), which has been incompletely credited for the spread of DT, has proposed a stepwise, iterative cycle system which is frequently portrayed as a grouping of exercises that can be deciphered as straight: relate (assortment in light of, for instance, ethnographic examinations), characterize (information union to acquire a refined issue understanding), ideate (recommend thoughts for tackling the issue), model (foster unmistakable and experienceable portrayals of the thoughts) and test (with likely clients)."

5.2 WHAT IS DESIGN THINKING

Design thinking is a collaborative approach to problem-solving that can also be used to develop organizational strategy.

According to Tim Brown, CEO of IDEO, design thinking is “a human-centered approach to innovation that draws from the designer’s toolkit to integrate the needs of people, the possibilities of technology, and the requirements for business success.”

Here are the basic steps:

Empathize: Set aside your own assumptions and understand the problem.

Define: Use different activities and exercises to clearly define the problem.

Ideate: Choose from a wide variety of techniques to generate ideas.

Prototype: Create a model or simple version of the final product (or process).

Test: Does the prototype solve the problem? What are the issues?

Deliver: After multiple iterations, tests, and rounds of problem-solving, deliver the solution.

Design thinking not only works for designing tangible products, but also as a leadership approach. Design thinking helps the Florida Institute of Technology test and improve their spacesuit design. Similarly, it can help an HR team develop a new approach to managing the employee life cycle.

Design Thinking Can Be Your Superpower, Even If You Don’t Develop A Product

Many organizations that we work with already use design thinking in their product development process. However, the real magic happens when they implement design thinking, also known as human-centered design, into their leadership approach.

Design thinking applies tools from the field of design for use in any industry. Above all, it puts the customer at the center of the innovation process. Anna Bracco, our in-house expert on design thinking and leadership, highlights the simplicity of design thinking and its ability to adapt to your organization’s needs. “It’s not rocket science. It’s just a different way of thinking about leadership.”

Think about a process that you would like to test or improve. Consider the problems you’re trying to solve based on the goals for your organization.

What Does A Design Thinking Organization Look Like?

Applying aspects of design thinking to your company can be incredibly valuable in promoting organizational adaptability.

First off, let’s look at a well-known example of two companies on opposite ends of the organizational adaptability spectrum. Netflix and Blockbuster were two video industry heavyweights with drastically different outcomes based on their ability to be flexible and empathize with their customers.

In 2004, Blockbuster was doing what worked: renting physical videos. Netflix, on the other hand, was “constantly re-evaluating what their customers want and need,” says Bracco.

“Netflix was doing mail-order DVDs and then they launched online. This ended up disrupting their whole business. If Blockbuster had done something like that, maybe they’d still be around.”

Above all, organizations with a more agile approach are more apt to react to what’s happening in the environment. However, others are slow to move and slow to make changes. Therefore, by constantly ideating, evaluating, and testing their own processes, agile organizations are able to stay one step ahead.

Bracco underlines that you can react more quickly to changes in the industry and the landscape if you “have a constant understanding of what your customer wants and needs. Therefore, you can react to that versus being surprised like some of these large companies that have failed.”

You don’t have to disrupt an entire industry. Are you doing enough to disrupt and push the limits on your current processes? Do you have a culture of innovation?

Define Your Customer (Hint: They Might Not Be The End Customer)

Design Thinking’s first two steps, Empathize and Define, require you to determine who your customer actually is and then look at the problem from their point of view.

Your customer isn’t always the end customer. If you work for Netflix, your end customer might be the binge-watching Grey’s Anatomy fan. If you’re the head of Human Resources at Netflix, your customer may be the employee or the team that reports to you, instead of the end customer.

Let’s look at another example. The financial and international accounting department of a large company needed to define their real customer. This team had no contact with the end customer. Therefore, to determine their actual customer, the team asked themselves questions such as:

Who receives our numbers?

Who interacts with those numbers?

Do they need those numbers presented in a different way?

How would it help them if we delivered the numbers in a different way?

After you define your customer, it’s easier to highlight what is important to them. As a result, you can ensure that the process or product you are designing fits their needs.

In your role, what are the questions you need to ask yourself and your team in order to discover your actual customer?

Innovate And Reduce Risk With Design Thinking

Bracco also works closely with space flight organizations in her work as a facilitator for our Launch Point Leadership Experience.

Understandably, risk is a main concern for these organizations. Risk is inherent in space flight. However, design thinking's focus on identifying problems and testing solutions allows for problem-solving in the middle of production. As a result, this saves time and reduces risk at the end of production.

Consider the Human Spaceflight Laboratory at the Florida Institute of Technology. The Lab is helping develop Federal Aviation Administration guidelines for safer commercial spaceflight. By using human-centered design – and rigorous testing with a 500-pound simulator for human subjects – they anticipate various risks.

"There's not a lot of incentive for commercial companies to spend money and time thinking about human factors," says Ondrej Doule, Founder and Director of the Human Spaceflight Laboratory. Doule is also our Subject Matter Expert at our Launch Point Leadership Experience.

"They're really focused on getting their vehicles to work. That usually means making a rocket work and putting a person in it. As a result of implementing design thinking, they collaborate with end-users such as astronauts and potential commercial flight customers. Therefore, they are able to make beneficial changes to spacesuit requirements."

Your end product might not be as high-risk as spaceflight. But you can certainly minimize risk for leadership processes by following the design thinking methodology. Therefore, when you get to the high-stakes environment, you've already identified and addressed the potentially high-risk problems.

Configuration Thinking is an iterative cycle wherein we look to comprehend the client, challenge suppositions, and reclassify issues trying to recognize elective systems and arrangements that probably won't be right away evident with our underlying degree of comprehension. Simultaneously, Design Thinking gives an answer based way to deal with tackling issues. It is a perspective and filling in as well as an assortment of involved techniques. Configuration Thinking rotates around a profound interest in fostering a comprehension of individuals for whom we're planning the items or administrations. It helps us notice and foster sympathy with the objective client. Configuration Thinking helps us during the time spent addressing: scrutinizing the issue, scrutinizing the suppositions, and scrutinizing the ramifications. Configuration Thinking is incredibly helpful in handling issues that are not well characterized or obscure, by re-outlining the issue in human-driven ways, making numerous thoughts in meetings to generate new ideas, and embracing an active methodology in prototyping and testing. Configuration Thinking additionally includes continuous trial and error: outlining, prototyping, testing, and evaluating ideas and thoughts.



Fig :5.2 Design Thinking

Configuration thinking is certifiably not an elite property of creators generally incredible pioneers in writing, craftsmanship, music, science, designing, and business have polished it. Things being what they are, the reason call it Design Thinking? Exceptional with regards to Design Thinking that architects' work cycles can assist us with deliberately removing, instruct, learn and apply these human-focused strategies to take care of issues in an inventive and imaginative manner - in our plans, in our organizations, in our nations, in our lives.

A portion of the world's driving brands, like Apple, Google, Samsung and GE, have quickly taken on the Design Thinking approach, and Design Thinking is being instructed at driving colleges all over the planet, including d.school, Stanford, Harvard and MIT. Be that as it may, do you have at least some idea what Design Thinking is? What's more why it's so well known? Here, we'll get to the point and stop for a minute it is and why it's so sought after.

People normally foster thought processes displayed on monotonous exercises and usually got to information. These help us in rapidly applying similar activities and information in comparative or recognizable circumstances, however they additionally can possibly keep us from rapidly and effectively getting to or growing better approaches for seeing, comprehension and tackling issues. These thought processes are regularly alluded to as blueprints, which are coordinated arrangements of data and connections between things, activities and

contemplations that are animated and started in the human brain when we experience a few natural boosts. A solitary blueprint can contain a tremendous measure of data. For instance, we have an outline for canines which includes the presence of four legs, fur, sharp teeth, a tail, paws, and various other discernible attributes. Whenever the ecological improvements match this outline - in any event, when there is a dubious connection or a couple of the attributes are available - a similar example of believed is brought into the brain. As these blueprints are stiulated naturally, this can block a seriously fitting impression of the circumstance or keep us from seeing an issue such that will empower another critical thinking system. Inventive critical thinking is otherwise called "thinking outside about the container".

Thinking outside about the crate can give a creative answer for a persistent issue. Nonetheless, thinking outside about the case can be a genuine test as we normally foster thought processes that are displayed on the dull exercises and ordinarily got to information we encircle ourselves with.

A few years prior, an episode happened where a transporter attempted to pass under a low extension. Be that as it may, he fizzled, and the truck was stopped solidly under the extension. The driver couldn't keep passing through or invert out.

The story goes that as the truck became stuck, it caused enormous traffic issues, which brought about crisis faculty, specialists, firemen and transporters social affair to devise and arrange different answers for dislodging the caught vehicle.

Crisis laborers were discussing whether to destroy portions of the truck or work on pieces of the extension. Each discussed an answer which fitted inside their separate degree of aptitude.

A kid strolling by and seeing the serious discussion took a gander at the truck, at the extension, then, at that point, checked out the street and said casually, "Why not simply let the air out of the tires?" to the outright shock of the multitude of trained professionals and specialists attempting to unpick the issue.

At the point when the arrangement was tried, the truck had the option to drive free easily, having experienced just the harm brought about by its underlying endeavour to pass under the extension. The story represents the battles we face where as a rule the clearest arrangements are the ones hardest to drop by as a result of the purposeful limitations we work inside.

5.3 ORIGIN OF DESIGN THINKING

As a mindset and methodology, design thinking is relatively young. In comparison, the scientific method has stood centuries of rigorous investigation; and modern management practices such as Six Sigma and lean manufacturing have benefited from decades of practice and examination. Design thinking has seen just 15 or so years of widespread adoption. For the most part, it's still largely a set of heuristics for guiding team-based collaboration.

The essence of the practice was a response to the question of what design had to contribute to the modern world. Designer and scholar Richard Buchanan framed this ongoing challenge for design thinking in 1992 through the notion of "wicked problems," though scholars trace the term farther back, to 1935, with John Dewey and the melding of aesthetics and engineering principles for a new age. Buchanan built on theorist Horst Rittel's challenge to designers in the early 1970s to move from solving simple problems to "wicked problems"—problems that are complex, open-ended, and ambiguous. These are problems that do not lend themselves to easy judgments of "right" or "wrong."

Today, design thinking has become common parlance in many industries and disciplines. The approach is fresh and effective, and newcomers can easily learn and engage productively with it. But it's also easy to get stuck in the basic motions of design thinking, while missing opportunities for fuller integration. As the concept has spread, it hasn't always retained a consistent meaning, nor a uniform depth. The term "design thinking" can be used as currency without a true commitment to understanding and applying the practice. At IDEO, we believe that applying design thinking with integrity means continuing to deepen and refine—to be lifelong learners and practitioners at the same time.

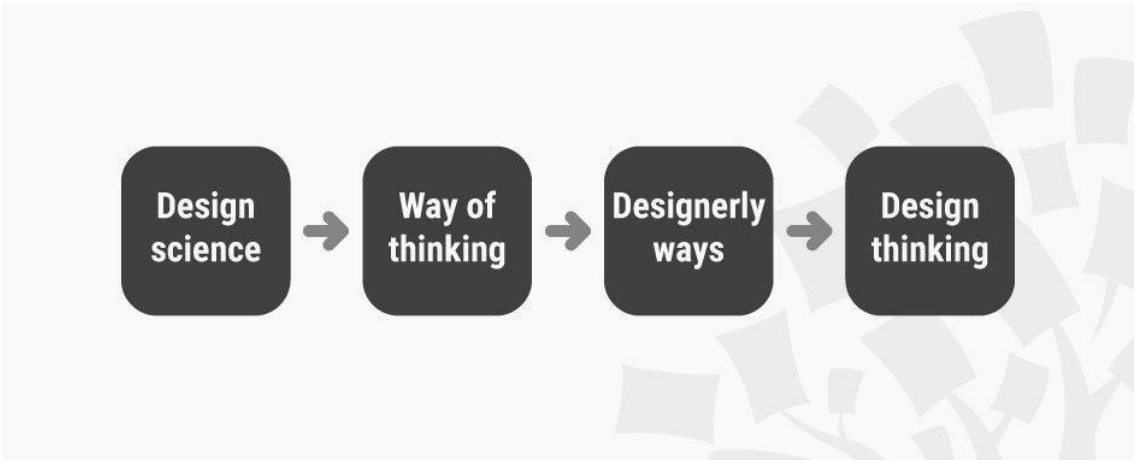


Fig :5.3 Origin of Design Thinking

We need to appreciate the roots and origins of a concept to truly understand it—we need to know how it came to be. Let's take a look at how design thinking emerged from an exploration

of theory and practice to become one of the most effective ways to address the human, technological and strategic innovation needs of our time.

It's virtually impossible to list all of the influential factors that led to the contemporary understanding of design theory, process and practice. Business analysts, engineers, scientists and creative individuals have studied the methods and processes behind innovation for decades. Early glimpses of design thinking date back to the 1950s and 1960s, although these references were more within the context of architecture and engineering — fields which struggled to grapple with the rapidly changing environment of that era.

World War II did have a profound effect on strategic thinking, however, and we have looked for new ways to solve complex problems ever since. In fact, we can say this huge world event fundamentally changed the way we apply ourselves to management, production and industrial design in the modern world. Let's take a look at the history of design thinking, decade by decade, and see how the story unfolds from this point onwards.

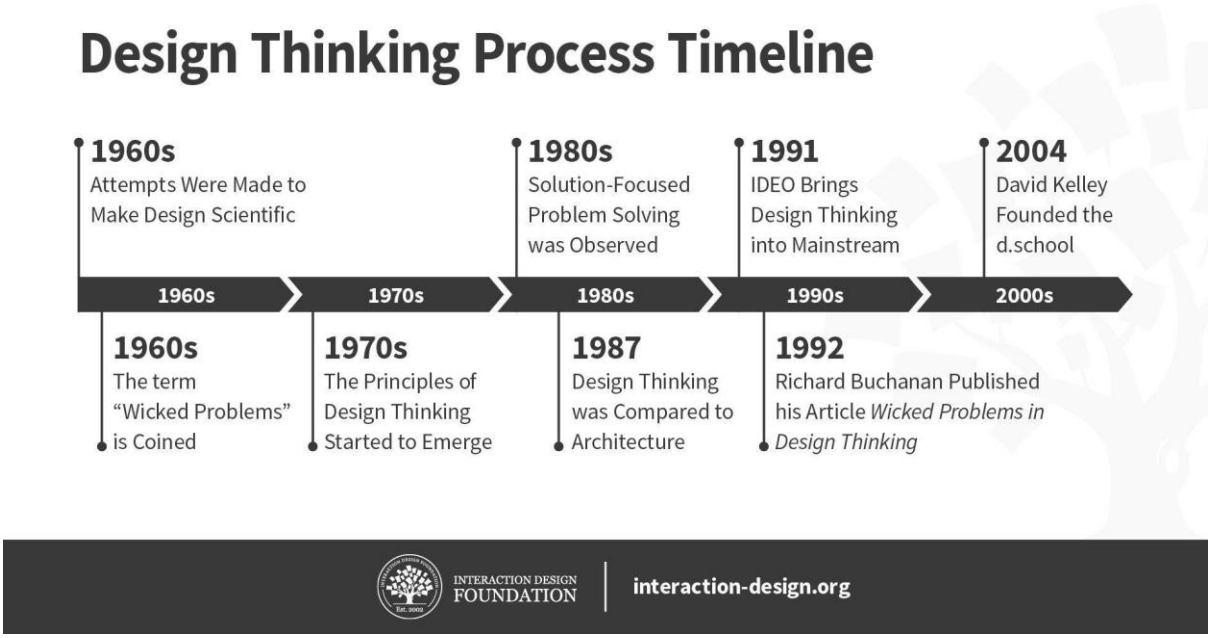


Fig :5.4 Desing Thinking process Timeline

The 1960s: Attempts Were Made to Make Design Scientific

In the '60s, people applied scientific methodology and processes in an attempt to understand every aspect of design—how it functions and what it's influenced by, for example.

Nigel Cross—Emeritus Professor of Design Studies at The Open University, UK—unpicks the struggle that began to unfold in the early 1960s in the paper "Designerly ways of knowing: design discipline versus design science" (2001). Cross highlights statements made by radical technologist Buckminster Fuller, in which he refers to the "design science decade":

"[Fuller] called for a ‘design science revolution', based on science, technology and rationalism, to overcome the human and environmental problems that he believed could not be solved by politics and economics."

– Nigel Cross

The struggle continued throughout the decade as further attempts were made to bring the field within the objective of rational sciences and, ultimately, make design scientific.

The term “Wicked Problems” is Coined

In the mid-1960s, Horst Rittel wrote and spoke extensively on the subject of problem-solving in design… so much so that he’s known as the design theorist who coined the term “wicked problem” to describe problems which are multidimensional and extremely complex. Rittel specifically focused on how design methodologies could be used to tackle wicked problems and how these methodologies were influential to the work of many design practitioners and academics of the time.

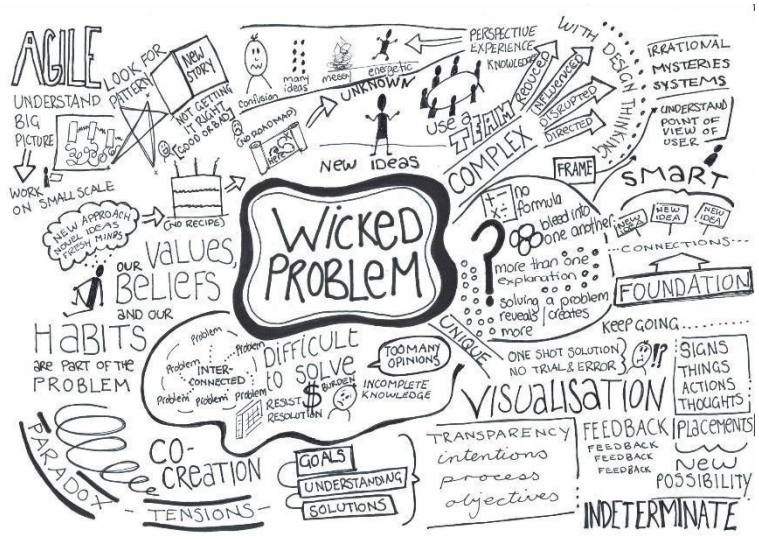


Fig :5.5 Wicked problem

Wicked problems are at the very heart of design thinking because it is precisely these complex and multidimensional problems that require a collaborative methodology to gain a deep understanding of humans’ needs, motivations and behavior.

The 1970s: The Principles of Design Thinking Started to Emerge

Cognitive scientist and Nobel Prize laureate Herbert A. Simon was the first to mention design as a way of thinking in his 1969 book, The Sciences of the Artificial. He then went on to contribute many ideas throughout the 1970s which are now regarded as principles of design thinking.

Simon is noted to have spoken about rapid prototyping and testing through observation, for example—concepts which form the core of many design and entrepreneurial processes today, including two of the major phases in the typical design thinking process. Simon touched on the subject of prototyping as early as 1969 when he stated the following in The Sciences of the Artificial:

"To understand them, the systems had to be constructed, and their behaviour observed."

Early research in the field of artificial intelligence, such as the work by Herbert Simon, Allen Newell and Cliff Shaw involving chess software, also resulted in a better understanding of design as a way of thinking.

Image courtesy of Carnegie Mellon University.

What's more, a large proportion of his work was focused on the development of artificial intelligence and whether human forms of thinking could be synthesized—a topic which is very prevalent in the design world today.

Robert H. McKim, Emeritus Professor of Mechanical Engineering, also referred to the notion of design thinking in his 1973 book, Experiences in Visual Thinking. McKim differed from Simon in that he is best described as an artist and engineer—he focused his energies more on the impact visual thinking had on our ability to understand things and solve problems. McKim's book unpicks various aspects of the visual thinking and design methods used to solve problems. He places an emphasis on the combination of left and right brain modes of thinking, to bring about a more holistic form of problem-solving. The ideas discussed in his book ultimately underpin the design thinking methodology we use today.

The 1980s: Solution-Focused Problem-Solving was Observed

In 1982, Nigel Cross continued to make history in the design thinking world when he discussed the nature of how designers solve problems in his seminal paper "Designerly Ways of Knowing". (Please note, this is not to be confused with his series of articles and papers similarly titled "Designerly Ways of Knowing", published much later in the 2000s). In his 1982 paper, Cross compared designers' problem-solving processes to the non-design-related solutions we develop to problems in our everyday lives.

Bryan Lawson, Emeritus Professor at the School of Architecture, University of Sheffield, UK, also discussed the insights he'd gathered from a series of interesting tests. The main goal of the tests was to compare the methods used by scientists and architects when they attempted to solve the same ambiguous problem.

Lawson conducted the tests on postgraduate architectural students (i.e., the "designers") and postgraduate science students (the "scientists"). The problem he set for each group required the

students to arrange colored blocks according to a set of rules—some of which were unknown to the students.

The results were as follows:

Scientists	Designers
Systematically explored every possible combination of blocks.	Quickly created multiple arrangements of colored blocks.
Formulated a hypothesis about the fundamental rule they should follow to produce the optimal arrangement of blocks.	Tested their arrangement of blocks to see if it fit the rules.

1987: Design Thinking was Compared to Architecture Once Again

Peter Rowe, then Director of Urban Design Programs at Harvard, published his book Design Thinking in 1987. It focuses on the way architectural designers approach their tasks through an inquisitive lens.

"This book is an attempt to fashion a generalized portrait of design thinking. A principal aim will be to account for the underlying structure and focus of inquiry directly associated with those rather private moments of “seeking out,” on the part of designers, for the purpose of inventing or creating buildings and urban artifacts."

– Peter Rowe (1987)

As you can see, the progression of design thinking as a subject made its journey through various fields of specialization over the decades. Thinkers within those various fields explored the cognitive processes within the scope of their own knowledge until design thinking finally became a separate concept and moved into a space of its own.

The 1990s to the Present

1991

It is widely accepted that IDEO is one of the companies that brought design thinking into the mainstream. They developed their own customer-friendly terminology, steps and toolkits over the years, and made the process more accessible to those not schooled in design methodology.

1992

Richard Buchanan, then Head of Design at Carnegie Mellon University, published his article "Wicked Problems in Design Thinking", which discussed the origins of design thinking. In the article, he discusses how the sciences developed over time to become more and more cut off from each other until they finally became specializations in their own right. He clarifies that design thinking is a means to integrate these highly specialized fields of knowledge so they can be jointly applied to the new problems we face in the world today—and from a holistic perspective.

2004

David Kelley founded the Hasso Plattner Institute of Design at Stanford—commonly known as the d.school. The d.school has made the development, teaching and implementation of design thinking one of its central goals since inception, and it serves as a source of huge inspiration to design thinkers across the world, including us here at the Interaction Design Foundation.

Present Day

At present, the design thinking movement is rapidly gaining ground—with pioneers like IDEO and the d.school paving out a path for others to follow. Other prestigious universities, business schools and forward-thinking companies have adopted the design thinking methodology to varying degrees, and have sometimes even re-interpreted it to suit their specific context or brand values.

The understanding and use of the term 'wicked problems' has matured too, and Human-Centered Design pioneers and leaders like Don Norman now prefer the term 'complex socio-technical systems'.

5.4 FEATURES OF DESIGN THINKING

Design thinking is a non-linear, iterative process that teams use to understand users, challenge assumptions, redefine problems and create innovative solutions to prototype and test. Involving five phases—Empathize, Define, Ideate, Prototype and Test—it is most useful to tackle problems that are ill-defined or unknown.

"Design thinking is a human-centred approach to innovation that draws from the designer's toolkit to integrate the needs of the people, the possibilities of technology, and the requirements for business success." — Tim Brown, chair of IDEO.

Design thinking refers to the cognitive, strategic and practical processes by which design concepts (proposals for products, buildings, machines, communications, etc.) are developed.-
As an organization, if you are looking to adopt the design thinking methodology it is important to understand the key elements that are core to this method.

Features of Design Thinking

1 – Process

IDEO, the creator of the design thinking approach, has developed a well-structured process of design thinking. This process is based on years of experience of IDEO, which has been strengthened with time. They have validated the process through many innovations and organizations.

When you have a process in place, it saves a lot of time for you to understand the concept. And also gives direction to the team.

The design thinking process has 3 phases i.e. Inspiration, Ideation, and Implementation.

Inspiration includes research and understanding of the problem. Ideation involves coming up with ideas and solutions based on the research in the inspiration stage. And implementation is launching the idea out in the market.

These phases are further expanded into multiple steps

Design Thinking Phase 1 – Inspiration

Framing the problem statement or design challenge.

Observing and meeting people – It includes tasks like user interviews, group interviews, and user behaviour analysis.

Design Thinking Phase 2 – Ideation

Generate Ideas – Brainstorming on all ideas.

Make Ideas Tangible – Build prototypes of the shortlisted ideas using minimum viable tools. It could be as basic as a paper cutout.

Test Prototypes – Test prototypes with actual users. Gather feedback and gain insights.

Design Thinking Phase 3 – Implementation

Share the story – Once you have the ultimate solution, share it with the relevant people.

Launch – Launch the ultimate solution in the market.

The process looks linear, but it works in iteration, especially the ideation phase where you keep testing prototypes till you have the ultimate solution. An ultimate solution is that which solves the user problem and is validated by actual users.

This process is the key element of the design thinking approach as it gets the team aligned on where to start and what to do next. This process will lead to a successful solution.

2 – Empathy

The users for whom we are solving a problem have unique characteristics, personality, and needs. Most of the time, we assume user characteristics and cannot relate ourselves to the user. Thus, creating a solution that is not well accepted in the market.

To build a successful product or solution, the design thinking team needs to get into the user's psyche. They need to build a complete understanding of user behaviour and thought process.

It's like being an actor in a movie, play the role of the user while you are working on their problem.

"Design thinking is a human-centred process and knowing the humans you are designing for is the core. Remove your self-reference idea and focus on the user."

One of the greatest examples of building a solution by creating a strong empathy towards the user is the scanning machine GE Healthcare designed for paediatric patients.

Doug Dietz, an industrial designer at GE Healthcare, one day observed a little girl who was crying on her way to a scanner that was designed by him. It clicked to him that the machine he has designed scares users and is a very uncomfortable experience for patients, especially kids. That's where he got back to the drawing board to solve a problem, to build a scanner that children will love. He started by observing and gaining empathy for young children and by talking to child specialists. Finally, he came up with a design that was like an adventure ride for the kids.

Many of the world's most successful brands created breakthrough ideas that are inspired by a deep understanding of consumers' lives. Some brilliant advertising campaigns have come from a specific deep consumer insight.

A successful product is not the one that is first in the market but the one that builds a stronger connection with the user. iPod was not the first MP3 player. Building empathy is one of the key element of Design Thinking.

3 – Team Work and Collaboration

The design thinking approach is not a single man act. It requires an excellent team to collaborate and coordinate with each other. It works best with the synergy of unique minds aligned to a single goal and objective.

The team members need to have a mindset where they are not biased towards their own ideas and should be open to other's ideas as well.

To have more creative juices flowing, it is essential to have different perspectives and viewpoints. With more variations in ideas, there is more scope to innovate. It's like jamming and toasting of ideas.

Consider it as a music band where you have unique members like guitarist, vocalist and drummer to create a brilliant piece of music.

The team needs to be multidisciplinary. Have a few professionals who have expertise in the industry for which you are trying to solve the problem. Have a few generalist design thinking professionals. It's also good to have a marketing or sales professional to understand the market potential of the solution.

Also, include unique personality characteristics. The team should include thinkers (people with high imaginative skills), makers (who can design a prototype using minimum resources in a short time), and doers (who will test the prototype among themselves and in the market)

One of the key element in getting the team to work together is holding effective brainstorming meetings. These brainstorming sessions are were idea jamming and toasting will happen. It's important to follow the key principles of brainstorming meeting.

Get your team to toast on many ideas and perspectives to form a single ultimate solution.

4 – Un-Learn and Relearn

"You must unlearn what you have learned" – Master Yoda

Before you apply the design thinking process in your organization, you and your team should go through a shift in mindset. Design thinking is a process that works best when you start by accepting that you know nothing. That's when you will respect and accept many data points.

Unlearn what you know about the problem, and be ready to relearn. Unlearning is a process that means forgetting what we know so that we can learn from a fresh perspective. We have so much information and data that sometimes there is no space for new information, thus limiting your understanding of the problem.

If you start with a certain belief or perspective of the problem, then you will only try to find points that validate those beliefs. You may ignore the points that will conflict with your belief. This could cause not reaching the most ideal solution and missing certain points of the problem.

When you and your team start the process, make sure you are open to all kinds of information and learn from the start the problem you are trying to solve.

Example of applying un-learn and learn in design thinking process

By analysing things from a fresh perspective, Mobisol was able to reinvent the solar panel in rural Tanzania. Mobisol provides clean, reliable energy to rural off-grid households in the Sub-Saharan African region.

While starting the project, the common belief among top advisers was to make an affordable system, as people will only pay €5/month. But Mobisol realized: if people really want something, they find ways to pay for it — also in small Tanzanian villages.

People did not want just light. Their needs were more advanced, like radio (information), TV (status) and cell phone charging (communication). They were ready to pay more to meet those needs. With this insight, Mobisol built a product with a higher monthly cost and power output. They also had an option to own the panel with 36 monthly instalments. As another insight was rent will win games but ownership wins championships. Mobisol has over 35,000 customers and has helped 100K+ students to study at night.

Make sure you are not analysing the problem from your own perspective and biases. Throw out what you know. Relearn the problem you are trying to solve from the scratch.

5 – Creative Confidence

Creativity does not come naturally to many people. It is a trait that is present among all humans. Each one of us is creative. Some steps and processes can tap into our creative side. It is something that can be learned.

Creative Confidence is the belief in us that we can be creative and that we will find the ultimate solution. Creative Confidence is the concept coined by David Kelly and Tim Kelly, founders of IDEO. Based on several success stories of IDEO, they identified the principles that allow us to tap into our creative potential.

There is a lot of creativity and innovation required while working on a design thinking project. And most of us feel we won't be able to find the best solution as we are not creative. But the process is designed in a way that naturally taps into each one of our creative potentials.

While working on the project, trust the process and have a belief that you will reach the solution. It may take time, there will be times when you will feel stuck but keep following the process and you will find the solution. Be okay with not knowing the answer for a prolonged time. Building that creative confidence is a very important element of design thinking.

Another important aspect of creative confidence is being open to failure. To find the right solution, you will go through many rejected solutions. You will fail many times to succeed in the end. As Albert Einstein famously says

5.5 USES OF DESIGN THINKING

1. Assists in enhancing team collaborations: Creating a successful design is a team effort that requires input from the entire team as well as inspiration from other sources. You can suggest the same type of notion in an approach to any business difficulties by using a design thinking technique.

If a company is having trouble keeping customers, the design strategy may inspire employees to find fresh, creative approaches to sales instead of only using tried-and-true methods.

2. Aids in Brainstorming: Design thinking is the process of creating new goods and services while reevaluating elements that can be enhanced in the present. Continuous idea and concept testing can assist organisations in making significant advancements and implementing improved methods of operation.

3. Assists in Overcoming Creative Obstacles: Design thinking enables you to examine creative obstacles from a unique angle. Your designers can develop original concepts that can broaden the knowledge of the learners by using brainstorming.

Additionally, it enables your designers to interact, work on consumer input, and provide them with better experiences.

4. User-Focused: One of design thinking's main advantages is that it is user-focused. Understanding your target user is essential for each new technology or project management solution that you design.

5. Effectively Supports Client Requirements: Design thinking encompasses MVP-stage product prototype and experimentation. You may provide your customers with unique items by conducting numerous rounds of testing and incorporating user input. This will enable you to directly involve them in the design process and meet their expectations.

6.Aids in Knowledge Enhancement: The design thinking method calls for numerous evaluations and analyses. Additionally, the process is ongoing and doesn't end even when the product is finished.

Businesses measure the outcomes based on customer feedback to guarantee that the final customer has the best possible experience with the product.

This aids design thinkers in bridging gaps in their knowledge of clients and increasing their productivity.

5.6 APPLICATIONS OF DESIGN THINKING

In 2009, a hospitality company from San Francisco, California, was on the verge of bankruptcy. Desperate for solutions, one of the founders remembered a simple, human-centered design process from design school which could be used to discover innovative solutions to problems. By using the design thinking process, the founder discovered a creative solution to help customers publish appealing advertisements so they could rent their private homes and

apartments in New York City. Without employing design thinking to solve customers' issues, this company may not have revolutionized the tourism industry, by producing more than 1,500,000 ads in 192 countries and 34,000 cities [1]. This company is known as Airbnb.

Many believe the design thinking process can be applied only for design-related industries; however, research shows that design thinking is a relevant and helpful strategy for innovation across all types of industries, benefiting organizations, employees, and customers alike. Numerous companies have experienced great success as a result of employing the design thinking process. Design thinking can be applied to all industries because of its potential for innovation, focus on serving customers, and added value to products and services.

The design thinking process entails a structured set of phases. According to the Journal of Strategic Innovation and Sustainability, the most central aspect of design thinking methodology is its focus on deep user understanding. This aspect enables companies to acquire rich user insights and discover their implicit needs, which eventually leads to creativity and innovation. Design thinking integrates what is desirable from the human point of view with what is technologically feasible and economically viable [2]. Figure 1 shows the steps included in the design thinking process.

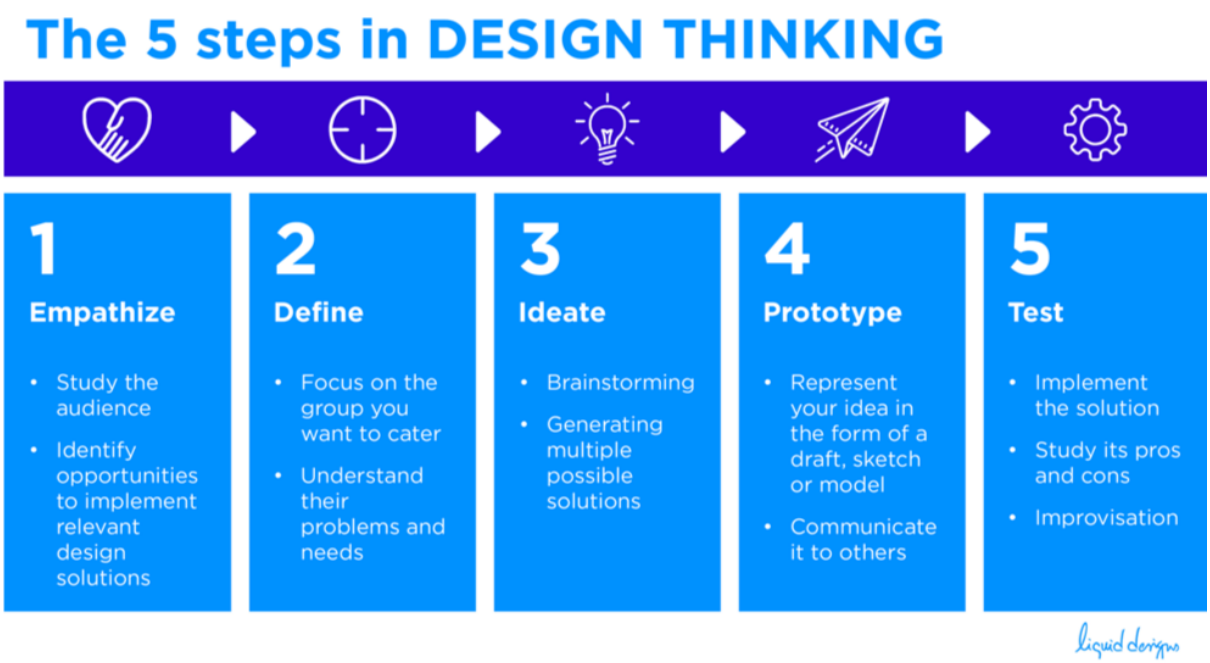


Fig :5.6 The 5 Steps in Design Thinking

Design thinking enables individuals who have no prior experience as designers to use creative tools to address a vast range of challenges. IDEO U, an online school that champions design thinking, suggests to start practicing this process by identifying your end-user, their needs, and

what problem needs to be fixed in the empathy stage. Next, you gather inspiration in the define stage by looking for solutions that could possibly help you to rethink the way you're working. Use that to push past obvious solutions and arrive at breakthrough ideas in the ideation stage. Then, the prototyping stage involves building rough prototypes to make those ideas come to life and find what's working and what's not. Gather feedback, go back to the drawing board, and keep going. Finally, once you have arrived at the right solution, introduce your ideas to your colleagues, clients, and users in the testing stage. Some of these steps may happen several times, and you may even jump back and forth between them. However, design thinking can take you from a blank slate to a new, innovative idea [4].

Potential for Innovation

The design thinking process can be applied to any industry due to its potential for innovative thinking. The more a company knows about its customers, the more potential for better ideas and innovations. For example, a health company start-up, MeYouHealth, partnered with an established industry incumbent, Healthways, to figure out how to use social networking to increase well-being by helping individuals take healthier practices one step at a time. MeYouHealth could more easily find solutions to improve its customer's health as a result of capitalizing on Healthways's depth of knowledge about its customers and experience in the industry

Another example of the influence that design thinking has on innovation can be observed in business operations. Toyota employed design thinking to analyze one of its West Coast customer-contact centers from the ground up, engaging a cross-functional team of frontline call reps, software engineers, business leaders, and change agents in a redesign process that transformed the service center experience for both customers and associates [6]. Across all industries, the design thinking process enables individuals to work in cross-functional teams, which increases a company's ability to innovate according to customer needs.

Focus on Serving Customers

Next, customers are more effectively served through companies that employ design thinking. Companies should seek customer feedback throughout each of the design stages, especially during the empathy and define phases. The insights companies gain from customers counteract previous human biases and misconceptions. Through the design thinking process, innovators are encouraged to step into their customers' shoes in order to live the customer experience. By involving the customers, companies achieve broad customer commitment to change.

Furthermore, by interacting with customers, companies gain valuable insights to design criteria that fit the customers' needs. Consequently, a company's enhanced innovative offering can lead to better financial performance and more satisfied customers.

Added Value to Offerings

Not only can design thinking lead companies to create new products, services, or processes, but design thinking can add value to these aspects. Applying the design thinking methodology to existing products and services leads to creating unique customer value, differentiating a company's offerings from its competitors. Creating this competitive advantage over competitors builds a premium brand image by more closely aligning with customers' needs. The design thinking process encourages customers to be involved in every step of product and service development.

Consider what happened at the Kingwood Trust, a UK charity helping adults with autism and Asperger's syndrome. One design team member, Katie Gaudion, got to know Pete, a nonverbal adult with autism. The first time she observed him at his home, she saw him engaged in seemingly damaging acts—like picking at a leather sofa and rubbing indents in a wall. She started by documenting Pete's behavior and defined the problem as to how to prevent such destructiveness. But on her second visit to Pete's home, she asked herself: What if Pete's actions were motivated by something other than a destructive impulse? Putting her personal perspective aside, she mirrored his behavior and discovered how satisfying his activities actually felt. Katie's immersion in Pete's world not only produced a deeper understanding of his challenges but called into question an unexamined bias about the residents, who had been perceived as disability sufferers that needed to be kept safe. Her experience caused her to ask herself another new question: Instead of designing just for residents' disabilities and safety, how could the innovation team add value by designing for their strengths and pleasures?

Design thinking finds its application across a variety of professions. From sports, education and research to business, management and design, design thinking is widely used by professionals around the globe.

Design thinking is halfway between analytical thinking and intuitive thinking. Analytical thinking involves purely deductive reasoning and inductive logical reasoning that utilize quantitative methodologies to come to conclusions. However, intuitive thinking refers to knowing something without any kind of reasoning.

These are two extreme kinds of thinking. Design thinking makes use of both the extremes in an optimum manner. The intuitive thinking helps in invention for the future, whereas analytical

thinking to create something creative in the present, which is replicable. The willingness to use these futuristic solutions is what is called abductive logic.

Business

Design thinking helps in businesses by optimizing the process of product creation, marketing, and renewal of contracts. All these processes require a companywide focus on the customer and hence, design thinking helps in these processes immensely. Design thinking helps the design thinkers to develop deep empathy for their customers and to create solutions that match their needs exactly. The solutions are not delivered just for the sake of technology.

Information Technology

The IT industry makes a lot of products that require trials and proof of concepts. The industry needs to empathize with its users and not simply deploy technologies. IT is not only about technology or products, but also its processes. The developers, analysts, consultants, and managers have to brainstorm on possible ideas for solving the problems of the clients. This is where design thinking helps a lot.

Education

The education sector can make the best use of design thinking by taking feedback from students on their requirements, goals and challenges they are facing in the classroom. By working on their feedback, the instructors can come up with solutions to address their challenges.

For example, Michael Schurr, a 2nd grade instructor from New York, realized that his students would be more comfortable with bulletin boards lowered. He also found the idea of creating comfortable semi-private space for working students as it provided them space to study. As a result, his students became more engaged and felt free to move.

Healthcare

Design thinking helps in healthcare as well. The expenditure on healthcare by the government and the cost of healthcare facilities is growing by the day. Experts worldwide are concerned about how to bring quality healthcare to people at low cost.

Venice Family Clinic in Venice, California has come up with innovative solutions to the challenge of opening a low-cost children's clinic to serve the low-income families. Problems of finance, transportation, and language barriers had to be solved. And all this had to be done at low cost for the poor kids. Fostering good health along with profits was a challenge, as it does not sound sustainable. Using design thinking, the inefficiencies in the system and the perennial crises were addressed.

This was followed by mind-blowing innovations to serve the children. How they solved the various issues will be seen in the later sections of the tutorial.

Whether in the healthcare, manufacturing, digital technology, engineering, or education industries, the design thinking process can serve as a valuable approach to create or improve any type of business offering. Much like Airbnb, organizations, and employees across all industries can empathize, define, ideate, prototype, and test to empower innovation, focus on serving customers, and add value to products and services.

5.7 DESIGN THINKING VS. SCIENTIFIC METHOD

Design thinking is a human-centred approach in which intangible things such as emotion and visual design play a key role. This is less important in the scientific process which focuses on tangible, objective and measurable results.

Design thinking starts with a problem, it tests assumptions about the solution to the problem and creates innovative solutions to things that do not exist yet.

Scientific education starts with a question, it tests hypotheses and looks at what is already exists in the world. You could say that design thinking images the future and the scientific process examines the past (or observable).

Looking at the steps of design thinking and the scientific process there are a few similarities and differences

Empathy vs Question

Researchers start by asking questions and following their curiosity. Designers start by empathising with the people they are designing for. They use their curiosity to step into the shoes of others so they can identify with what it is to experience this problem.

Define vs Research

When scientists have formulated a question, they start to research how others have answered this question and how they can add to gaps in the knowledge around the topic.

After designers have empathised with their users, they will start to define the problem more clearly, so they are solving the right problem. This problem might be quite different to what you started with. In this phase, designers also record what requirements are needed in the solution.

Ideate vs Hypothesis

Designers brainstorm different solutions to the problem and choose the solution they think is best to start building in as a prototype.

Scientists in this phase will formulate hypothesis around their research question. These hypotheses will be tested during the experiment.

Prototype vs Experiment

The goal of the prototype is to gather data on whether the solution is really solving the problem. The difference in this phase is that there is usually one experiment in a research project, in the design process there will almost always be multiple prototypes.

Test vs Analyse

During the test phase in design thinking the data is gathered and interpreted. This is like the analysis phase in research where you interpret the results of your experiment.

As mentioned before, design thinking is an iterative process. Within one design project designers go back and forth between the phases. Even though the scientific process is mostly displayed as a linear process, scientists will tell you that it is an iterative process.

Analysts in administration science and other sociologies progressively search for the results of their exploration to offer some incentive straightforwardly to specialists of the field, as well as fulfilling the afflictions of value scholastic grant. Such examination looks to recommend general arrangement ideas for pragmatic settings. By and large, these settings have been perceived and examined through conventional examination with a more logical direction. The writing talking about this point depicts the overall arrangements as curios or innovative guidelines. As indicated by Tranfield, cited in Huff mechanical principles are results of examination that "give model answers for original issues". Such innovative principles or relics are ipso facto the results of a plan interaction, and numerous scientists have embraced plan science as the worldview to impact the point of specialist pertinence. Plan science has gathered a significant writing and there is a creating understanding among its specialists regarding what it is, the thing it isn't, and what it involves. This paper adds to this agreement. Herbert Simon addressed the all-inclusive nature of plan as a study of the fake. His was essentially a positivist, rationalistic worldview that focussed on plan as a science. We comprehend 'science' here to mean an unbiased, lucid assemblage of information got and approved by thorough pragmatist techniques. Similarly, the more extensive plan local area has a voluminous writing on the idea of configuration, portraying the way that its concentration and hypotheses have created in the course of the last century. Bousbaci portrays this improvement as far as the 'models of man', closely resembling the 'homo-economicus' or 'sane' man that was implied in the conventional investigation of financial aspects before Simon's presentation of the idea of limited levelheadedness. As per Bousbaci, the model of man verifiable in plan talk preceding 1950s was of a natural and creative architect. This gave way in the last part of the 1950s to a legitimate

and pragmatist model, which is the predecessor of present day plan science. Through the 1980s, the plan model took its lead from Simon and took a limited reasonableness viewpoint. This changed again during the 1990s to the model of creator as an intelligent professional who takes part in a 'discussion' with materials and clients, after Schön.

It isn't in the extent of this paper to survey in full the writing on the ways of thinking and models of plan. In any case, obviously the entirety of commitments regarding this matter grasp configuration as being in excess of a pragmatist or positivist science. This is in accordance with well-known view of plan, we accept, where inventiveness, instinct and human-intelligence would be high on the rundown of characterizing plan qualities. An extensively perceived model of configuration frets about human practices, mentalities, values and sensibilities notwithstanding item attributes, implications and styles. This isn't simply in the public insight. Researchers, for example, Cross, Bousbaci, Findeli and others concur. Cross suggests the conversation starter about "… the turn of events, explanation and correspondence of plan information. Where do we search for this information?" accordingly, he says that plan information has three sources: "individuals, cycles and items. Plan information dwells right off the bat in individuals: in fashioners particularly, yet additionally in everybody somewhat."

Conversely, cycle, content and objectivity are the main issues of science. The cycles should show thorough check or falsifiability of new information (Popper). Other than the age and confirmation of information, great science should be worried about the order, attachment and intelligibility of the information base. Also, positivist science assumes a free, objective truth that has presence outside of the individual or ancient rarity. Configuration doesn't assume this; it worries about the evil definition and vulnerability of comprehensive critical thinking or complex circumstance improvement. To do this, important information is perceived to be fused in the specialist of plan as well as in the actual antique.

From the above brief history and outline of plan, the clear division in the characterisation of plan between natural, relativist creativity on the one limit and sane, positivist science on the other limit recommends that there might be beyond what one way that plan can go about as mechanism for the executives studies to carry advantageous importance to the board specialists. This is without a doubt the case. The last option (pragmatist) sort of configuration is intervened as plan science; the previous (instinctive) kind of configuration is interceded as configuration suspecting. Configuration Thinking frets about the "investigation of the mental cycles that are appeared in plan activity". Then again, plan science adjusts the course of plan to the logical strategy necessities of the board science research. As opposed to plan science for research, plan thinking accentuates plan's capacity to manage human awareness’s, socio-social agreement,

vulnerability and integrative treatment of not well characterized issues, which are more attribute of the 'chaotic' field of the board practice and most particularly for development the executives. In this paper, we embody the vital qualification between configuration thinking and plan science in the circle of the board concentrates as follows. Plan science adjusts and supplements the purposeful, positivist and realist strategies, which are utilized in ordinary planning, as a strategy for remedy situated sociology research, the result of which is brought to settings of sociology practice through a developing bank of completely commented on true information. Configuration thinking outfits and fosters the natural, inventive, integrative, visual thinking, constructivist aspects of master configuration practice and brings these to intricate and 'mischievous' settings of training, thanks to the human professionals.

Like Star Trek, 'the mission of configuration believing is to strikingly go where no science has gone previously - or is probably going to go sooner rather than later'. Both plan thinking and plan science are gotten from plan and expect to help the executives studies' importance. However, shockingly, there is little intercourse between the two fields. It is hard to track down a distribution that alludes to both plan science and configuration thinking. Cross depicts the 'designedly' perspective as various and corresponding to a science perspective, with regards to the recorded advancement of plan theory as portrayed previously. Anderson et al give a portrayal of a use of plan science to Chevron's advancement cycle that verges on connecting the two yet neglects to do as such expressly. Different models are intriguing. We could guess that the shortfall of intercourse and cross referring to between the types of configuration thinking and plan science should be because of an absence of common commonality, comprehension or regard. If valid, this is unfortunately unexpected. Both draw from the rich well of plan's heritage with a similar extreme reason. Both are moving toward similar objective according to alternate points of view. The positivist viewpoint of plan science sees its centre functional commitments as curios that aggregate the information base. There is an implied supposition that the information is level headed and somewhat generalisable. In its centre working (for example doing it as unmistakable from learning about it), plan believing is exemplified in the plan mastermind, as far as practices, values, perspectives, instinct, imagination. This is a relativist and constructivist point of view where information is fundamentally occupant in the scholar or setting. Obviously, the last option is more fit to circumstances which are exclusively novel or 'messy' as are numerous pragmatic settings and every mischievous issue. By the way, it is in some cases failed to remember that a college's job is to educate, for example to frame understudies' psyches, in equivalent or much higher measure as to investigate. Newman in his original work The Idea of a University, said: "A university is

a position of showing general information. This suggests that its article is … the dissemination and augmentation of information rather than the progression of knowledge. In the event that its item were logical and philosophical disclosure, I'm not sure why a university ought to have understudies obviously, research is these days perceived to be a fundamental and significant job. On a basic level, obviously the act of plan science and configuration thinking individually focus on the two jobs of exploration and instructing, and that they complete one another in this manner. Obviously, to help a plan thinking mastery for educating, it is thusly important to investigate the actual point and this is a developing examination region.

Hevner depict the attributes of good plan science research and give seven rules to directing and assessing great plan science research.

These are issue significance, plan assessment, research commitments, research meticulousness, plan as a pursuit interaction, correspondence of exploration. All the more concisely, Hevner portrays a three-cycle perspective on plan science research. This is repeated with some variation of format. He depicts it subsequently: "The pertinence cycle spans the relevant climate of the examination project with the plan science exercises. The meticulousness cycle interfaces the plan science exercises with the information base of logical establishments, experience, and skill that illuminates the examination project. The focal plan cycle repeats between the centre exercises of building and assessing the plan antiques and cycles of the examination." Hevner places that "these three cycles should be available and obviously recognizable in a plan science research project".

5.8 PROBLEM FOCUSED VS. SOLUTION FOCUSED.

Every person approaches a problem in a different way. Some focus on the problem or the reason why a problem emerged (problem focused thinking). Others prefer to think about possible solutions that help them to solve a problem (solution focused thinking). Problem Oriented Thinking: Approaching a difficult situation problem-oriented might be helpful if we attempt to avoid similar problems or mistakes in the future, but when it comes to solving the problem we simply waste large amounts of our precious time! Problem-focused thinking does not help us at all to solve difficult situations, which is especially necessary in times where one must find quick solutions to an upcoming problem. Furthermore, the problem focused approach can have negative effects on one's motivation, but more on this later.

The whole “problem vs. solution oriented thinking” – approach does not only apply when a person faces a problem or a difficult situation (as previously mentioned), but is also being applied in one’s everyday life, when we have to face a challenging task or when having to perform several duties. In fact: if we really focus our attention on this topic we can discover that the majority of our decisions and our attitudes towards tasks, problems and upcoming situations will either be problem or solution oriented. In order to demonstrate you the problem and solution focused approach I have chosen to give you the example of a college student:

Let’s say there is a college student that really does not like math at all (it doesn’t matter what subject he does not like, but I do not like math as well). Just like every other college student, he will have to do some homework for math and if he wants to pass the exams he will have to study a lot, whether he likes math or not. The student would be approaching the subject math problem-oriented if he would continuously imagine all the negative aspects of math that he does not like and might ask himself the question, “Why do I have to study for math? For what kind of reason?”. The college student would be talking with his fellow students about the pointlessness of math, which will only strengthen his negative opinion about math. Rather than focusing his energy on studying for math he will get uptight and spends large amounts of his time in an ineffective way, that won’t help him to pass the exams.

When I was in school I heard similar questions whole the time, especially when it came to subjects that the majority of my classmates did not like. To be honest, when I was younger I was asking myself these questions as well, especially in subjects that I knew were pointless for the profession I wanted to become. When I grew older I started to scrutinize this behavior and noticed how senseless it was to focus all my attention on problem focused thinking, especially as this only decreased my motivation and strengthened my resentment towards these subjects.

Discovering that one is majorly approaching tasks and challenges problem focused can be really difficult, but once we are aware of this we can start to change our focus from the problem towards the solution and make use of the solution-focused thinking.

Let us come back to the example of the college student that was thinking problem oriented. In order to think solution oriented, he would need to completely accept the fact that math is a part of his schedule and will, therefore, be tested in his exams, whether he likes math or not. By accepting this fact he will easily destroy the root cause for questions that focus on the reason for something (“Why?”) and that only waste his time.

We start to think solution oriented once we are aware that we cannot change certain facts/problems and will only spend our time in an inefficient way when we seek for the possible reasons for these situations. By clarifying the reasons why the task we have to face (e.g. math)

might be important, for example, to get accepted to a good university or to increase our GPA, we can bring the solution focused thinking to a further level.

It is really astounding to see how many people are thinking problem oriented, especially as this behavior starts in school and can be found in the professional world as well, for example when an employee has to face a new task that he is not familiar with, or has little to no knowledge about. Those that think problem-oriented would be imagining all the negative consequences they might have to face or all the mistakes they might commit when trying to solve the task. The employee will talk about his difficult situation with different colleagues, his partner or friends, which will only increase his fear of the upcoming task.

The employee that quite in the contrary knows of the benefits of solution focused thinking does not struggle with the new task for a second, as he is too busy to take necessary preparations to solve it. He will completely accept the new task as a challenge, or even consider the task as a chance to prove his boss that he is capable of solving even the more advanced tasks.

How to avoid problem focused thinking?

#1 Self-knowledge:

In order to avoid problem focused thinking and to replace it with solution-oriented thinking we firstly need to discover that we approach different tasks, problems, challenges, etc. in a problem-oriented way. This is the utmost important step to do. You can identify whether you approach tasks problem-oriented by paying attention towards the questions that arise when you have to face a task that you do not like, which might be indicators for problem focused thinking:

Why do I have to perform this task?

What is the reason that I have to study this subject?

Why do I even spend time with this?

#2 Fight problem-oriented questions:

The very first step to approach problems with solution focused thinking is to avoid questions that mainly focus on the reason or the problem in general. You need to clarify yourself that the question for the “WHY” will only waste important time that you could have invested to solve a given problem.

#3 Clarity:

When you come to the conclusion that a task needs to be done you will see the pointlessness of further evaluating the usefulness or non-usefulness of a task. So when you have to face a task that you dislike you could ask yourself the question, “Has this task to be fulfilled?” and when you conclude that the answer is “Yes”, then you know that every further attempt to evaluate the reasons and the “Why’s” is a waste of time.

#4 Why is it important to solve this task?

Questioning and clarifying the importance of a task will finally erase the root cause of every problem-oriented question. By clarifying the reasons why a task needs to be performed we can effectively change our focus from the problem to possible solutions.

#5 Think about the solution:

The final step to profit from solution focused thinking the most is to ask yourself different questions on how you can solve a given task or problem:

How can I solve this task?

How can I address this problem?

What would be the first step to solving this problem?

What kind of preparations will be necessary for this task?

Why does problem focused thinking decrease motivation?

Just imagine yourself having to study for an upcoming test (whether it is for school or a professional development is unimportant). While you are sitting in front of your table you start thinking about the exam and how much you dislike the whole subject. Questions that address the reason why you have to study for this subject start to arise and will ensure that you lose even the slightest interest in your task. Without being interested and a dozen of different questions that start to arise we finally lack the motivation to study for the exam!

Problem vs. Solution oriented thinking was presented by our Personality Growth Website. What is your preferred way of thinking? We're excited to hear about your experiences in the comments section below.

5.9 DESIGN THINKING ADDS VALUE TO INNOVATION

Design-led companies such as Apple, Coca Cola, IBM, Nike, Procter & Gamble and Whirlpool have outperformed the S&P 500 over the past 10 years by an extraordinary 211%, according to a 2015 assessment by the Design Management Institute.

Great design has that "wow" factor that makes products more desirable and services more appealing to users. This explains why McKinsey, Deloitte, IBM, Facebook and Capital One have bought design firms.

Great design is an outcome of design thinking, a methodology used by designers to solve complex problems and find desirable solutions for customers. Entire corporations have adopted design thinking to re-invent the way they innovate, including P&G, GE, IBM, Pepsi and SAP.

The focus of innovation has shifted from being engineering-driven to design-driven, from product-centric to customer-centric, and marketing-focused to user-experience-focused.

Singapore has identified design as an important business tool for its growth in Asia. Fortune magazine reports that design will become crucial in the ASEAN market. Singapore is a member of ASEAN, the combined members of which make up the seventh largest economy in the world with a GDP of $2.4 trillion. With a population of 600 million people growing at an average of 5% for the past decade—growth projected to continue for the two decades—the ASEAN states, along with China and India, are massive markets of unmet consumer needs. Singaporean firms making design a key part of their business strategy increased 27% to 31%, translating to a business spend of $25 billion from 2011 – 2015.

What is design thinking?

Design thinking draws on logic, imagination, intuition and systemic reasoning to explore the possibilities of what could be and to create desired outcomes that benefit the end user (the customer). A design mindset is not problem-focused, it's solution-focused and action-oriented. It involves both analysis and imagination. Design thinking is linked to an improved future and seeks to build ideas up—unlike critical thinking, which breaks them down.

Design thinking informs human-centred innovation

Human-centred innovation begins with developing an understanding of customers' or users' unmet or unarticulated needs.

"The most secure source of new ideas that have a true competitive advantage, and hence, higher margins, is customers' unarticulated needs," says Jeanne Liedtka, author of Solving Problems with Design Thinking, in an article in the Batten Review. "Customer intimacy—a deep knowledge of customers and their problems—helps to uncover those needs."

Design thinking minimizes the uncertainty and risk of innovation by engaging customers or users through a series of prototypes to learn, test and refine concepts. Design thinkers rely on customer insights gained from real-world experiments, not just historical data or market research.

Design thinking in leadership

Leadership has changed in today's competitive marketplace. Paternalistic decision-making and bureaucratic red tape are things of the past. Millennial and Gen Z employees want leaders who empower them to make choices and overcome obstacles, while providing the training and mentoring necessary to achieve great things.

Like it or not, the leaders who excel in today's workplace look nothing like the bosses of days of yore; they need to be nurturing, intuitive and empathetic to employee needs.

The best way to develop those skills is by learning and using design thinking.

Design thinking teaches us to engage with end users by listening to their needs, cultivating empathy and brainstorming related solutions. As a leader, these skills will help you connect with the next generation of employees, inspiring them to do more innovative work on behalf of your whole business.

Here are 5 things design thinking will teach you to do:

Put customers first – knowing profits will follow. One of the reasons design thinking has such a powerful business impact is that it teaches leaders to focus on meeting the needs of end users first, knowing profits will follow. That can be a tough lesson for bottom-line-focused business people. But once you learn the art of design thinking and see its impact, you'll realize that focusing on the customer is the best way to maximize profit.

Drive more productive collaborations. A big part of design thinking is creating stronger and more creative collaborations. A leader who understands how design thinking works and why it adds value will assign company challenges to diverse groups of employees. Whether you are building an app, designing a new product or addressing a customer-service problem, tapping the collective knowledge of your best people propels innovation.

Listen up. A design-minded leader understands the value of letting others speak. They recognize that great ideas come from everywhere and that encouraging team autonomy and sharing will improve products and services. Design thinking can help transform a top-down corporate culture into an environment where everyone feels comfortable contributing.

Innovate and iterate. Design thinking provides you with a toolbox full of strategies to narrow down your ideas, test them rapidly at low cost and iterate using customer feedback. Forget months-long pilot projects; design thinking's test and iterate approach can give you insights quickly.

Push your people to excel. In order to do their best work, employees need to be empowered. An effective boss will encourage employees to challenge assumptions and do things differently. Design thinking teaches leaders how to give that power to their people so that the entire company reaps rewards.

You don't have to be a designer to think like one. While learning to be a good designer takes years, you can think like a designer and design the way you lead, manage, create and innovate. Design begins by setting a strategic intention. If you are mapping out a strategy, you are designing.

Creativity, lateral thinking, and intuition

Effectively clarifying and communicating concepts and ideas through models, sketches, and stories

Being solution-focused—meaning designers make sense of a problem space by proposing and trying solutions

Focusing on how things ought to be versus how things are

"Design-thinking leaders see the world in terms of problems and products."

Design thinking is a way of thinking based on cognitive processes typically employed by designers. Tim Brown of Ideo listed the following as characteristics of a design thinker: empathy, integrative thinking, optimism, experimentalism, and collaboration.

Characteristics of a design-thinking leader

Sees the world in terms of problems and products. Richard Buchanan adopts a broad view of products that includes information, artifacts, activities, services, systems, and environments. All of these can be designed in order to solve specific problems. All of these entities are within the scope of practice of leaders.

Views self as product. A leader viewing themselves as a product means adopting a designerly approach to their own attitude, behavior, and outlook. Design-thinking leaders iterate on versions of themselves that will lead to exceptional team performance.

Rigorously cultivates the abilities of a designer—especially empathy and optimism. Tim Brown did an excellent job of identifying the traits of a design thinker, many of which have direct correlations to the tenets outlined in the theory of transformational leadership. Once again, these include: empathy, integrative thinking, optimism, experimentalism and collaboration.

"Design-thinking leaders know how to act as a catalyst for creativity."

Deeply understands the process of creative problem solving and knows how to act as a catalyst for creativity. Within the creative process, leaders should seek to be conduits, provocateurs, shepherds, and motivators.

Collaborates and communicates outside of PowerPoint. Design-thinking leaders think of new ways to engage groups, drawing upon methods from books like Game storming and Thinkertoys.

Embraces ambiguity and seeks opportunity to use models and other forms of making to tame chaos and create order. It's not a new concept that leaders should embrace ambiguity and chaos, but doing this with a design attitude empowers leaders to tame this through designerly activities like modeling, sketching, and storytelling. This is echoed in Jon Kolko's latest Harvard Business Review article, The Evolution of Design Thinking. [11]

Prototypes visions, not just products. Prototypes are typically used to test out products in various stages of fidelity in order to get meaningful feedback from stakeholders. Design-thinking leaders should look for ways to prototype and test out different visions for their organization. This could include things like role-playing, or writing magazine articles about the future success of the company. There are always opportunities to "prototype" a more desirable future.

"Design-thinking leaders prototype visions, not just products."

Design thinking is undoubtedly emerging as a hot topic, gaining wider awareness and adoption. These practical qualities of a design-thinking-focused leader will hopefully help you apply this approach in your discipline and practice of leadership.

Problem-solving, flexibility, and reacting to the new challenges of each day can be some of the biggest advantages in leadership. Design thinking, a familiar idea for product development, is also a powerful process for innovative problem-solving.

Did you know that design thinking can improve leadership, adaptability, and leading change? Regardless of your industry, you can use it to create a more innovative culture for leadership and problem-solving.

Therefore, we will show you the biggest advantages of using design thinking in your approach to leadership. Ultimately, we will give you tips and ideas to immediately implement in your organization.

Design thinking requires a growth mindset

Design Thinking Requires a Growth Mindset, because, in essence, it is a journey of learning and experimentation.

Carol S. Dweck, a noted researcher on learning, says, "The growth mind-set—with its willingness to embrace mistakes—ultimately fosters greater creativity, innovation and achievement." When a workplace culture embraces a growth mindset, it creates the psychological safety for people to take risks, create, and collaborate.

Leaders need to create a culture that rewards risk taking and teamwork, instead of individual talent. Encourage experimentation and place small bets on new projects. Make it safe to fail early on because when you are leading people into the future you cannot predict outcomes. Treat failure as an opportunity for learning.

The mind plays a vital part in the existence of humanity. Spiritualists, psychologists and institutional theorists have been studying the mind for a very long time. A single method of defining what the mind is (or is not) and how to tame or control the mind, in my view, does not exist.

The mind can be defined as a bundle of thoughts – and is often linked to energy patterns. Personal development books tend to relate one's mindset as being either positive or negative – with the former state leading to successful personal and organisational outcomes.

In 2015, after several years of sound research working with various groups including kindergarten children, Carol Dweck wrote a seminal paper about the growth mindset. She suggests that people with a growth mindset (relative to a fixed mindset) can perform better and achieve higher outcomes in a given activity. Specifically, she states that:

"In a growth mindset, people believe that their most basic abilities can be developed through dedication and hard work—brains and talent are just the starting point. This view creates a love of learning and a resilience that is essential for great accomplishment." –Dweck, 2015



Fig :5.7 Growth Mindset And Fixed Mindset

So what is a growth mindset? How do people with a growth mindset set themselves apart? One can examine the growth mindset from several different dimensions, as shown in Figure 1. This article examines six dimensions of having a growth vs a fixed mindset and its potential impact on organisations.

Dimension 1: Talent development

Employees with a growth mindset believe that their potential can be harnessed via learning from others, having a good strategy and being diligent. Hard work coupled with good strategies and guidance from others are seen as opportunities to harness their talent.

In contrast, individuals with a fixed mindset believe that talent is predetermined and cannot be developed easily. They also see others as a threat and view the corporate machine as being in a 'rat-race'.

Dweck in this context argues that an organisation that fosters a growth mindset amongst its employees – and plants this mindset as the bedrock of its corporate culture – can become more innovative and achieve greater results.

Dimension 2: How we see failure

Individuals with a growth mindset see failure as an opportunity to succeed. They are inbuilt with a 'never give-up' attitude and use failure as a powerful learning mechanism to further refine and improve themselves, e.g. refining ideas or prototypes that they are working on based on feedback and critism received.

People with a fixed mindset, relate failures to a self-fulfilling prophecy that they have limited abilities and talent. These people see failure as a limitation. Naturally they tend to give up easily on projects or ideas.

In organisations, having a growth mindset relates to cultivating employees who thrive on failures – taking every failure as powerful antidotes towards success. Companies such as Google, Amazon, Apple and Alibaba are examples of companies that encourage employees to use failure as stepping-stones to accomplish something great.

Dimension 3: Approach to learning

Individuals with a growth mindset focus on what and how they can learn. These people also use every possible opportunity to learn from others, either formally, informally or vicariously. Individuals with a fixed mindset focus on why they cannot learn and look for the slightest excuse to circumvent learning possibilities.

Again, companies that set themselves apart seem to have mastered the art of a collaborative and open learning culture. Information and knowledge is shared across divisions and functional units seamlessly.

Dimension 4: Feedback

Individuals with a fixed mindset do not take feedback constructively – rather, they often take feedback as a personal attack or perceive the feedback mechanism as a threat. They seldom use feedback as opportunities to grow.

People with a growth mindset in contrast, welcome feedback as opportunities to grow – they tend to use feedback to further refine and improve on projects or ideas that they are working on. These individuals view feedback as a constructive process. They also see the person giving feedback as an ally, as partners who offer co-creative possibilities.

Successful start-ups thrive on feedback loops and use the process as opportunities to refine their product and service offering. Companies driven by a growth mindset work from an

‘outside-in’ perspective – i.e. they value feedback from potential consumers prior to full-scale commercialisation.

Companies that breed employees with a fixed mindset, work in an ‘inside-out’ perspective – they go to market without understanding market requirements and customer pain points. In the end, products and services that are launched could end up as failures.

Dimension 5: When others succeed

We can have two possible worldviews when we learn that others are successful. A person with a fixed mindset often visualises and sees other successful people as a threat, and reinforce their self-limiting abilities. In extreme cases, the success of others is viewed with an envious lens. Fixed mindset individuals also often use statements such as, “she was lucky”, “the boss likes him”, “she is smart to begin with”, “he comes from a good background” and “I would be the same if I were in her shoes”, etc. to justify the success of others.

People with a growth mindset, on the contrary, celebrate the success of others. They use the success of others as inspiration to grow further. They have a deep sense of appreciating why others are successful and seek opportunities to learn and emulate success. Companies that celebrate success often have formal and informal methods of using success to inspire others. Knowledge sharing sessions, coaching and mentoring are examples used by high-powered organisations such as NASA.

Dimension 6: Coping with challenges

Employees with a fixed mindset do not like to be challenged. They see challenges as growth limiting obstacles and often relate challenges given as an attempt to lead them to failure. With a growth mindset, individuals and teams often use challenges as opportunities to grow. Challenges are welcomed and are used as platforms to try something new.

A corporate culture that encourages employees to have a growth mindset will keep coming up with challenges for individuals and teams to work on. Forward thinking companies and leaders get employees to work on challenges that solve vital issues for humanity, e.g. addressing core issues related to the environment, food sustainability, and new technology to help us live and function better as a global community.

The design-thinking process for innovation

There are many ways to think like a designer. . Here’s an outline of a 10-step process to use design thinking to solve problems

1. Discovery

Choose a strategic topic to focus on and learn about. Design thinking starts with an end goal, a desired future, and approaches to how you can make it happen. The topic should be one you

find compelling and motivating. Research your topic for insights. What do you need to understand? What are the opportunities embedded in problems?

2. Observe

Observe users as they interact with your product, service or process. What do you see? Is there a disconnect between what someone says and what they do? Has she created shortcuts or workarounds?

3. Empathize

To create meaningful innovation you need to know your customers (internal as well as external) as real people, not just users, and to care about their experiences. Ask open-ended questions such as, “What problems are they having? What does success mean to them? What do they stand to gain or lose?” Ask “why” questions to dig deeper.

4. Leverage stories to discover insights

What stories are your customers telling about their experiences? What are the hopes, fears and goals that motivate them? What insights can you draw from their problems and aspirations?

5. Frame and reframe

Shift your perspective to that of your end users or stakeholders and what they value. Framing the right problem is the only way to create the right solution. Make sense of research by seeing patterns, themes, and larger relationships between the pieces of information. Uncover customer insights to reframe problem areas into opportunities.

For example, in his book Cracking Creativity: The Secrets of Creative Genius, Michael Michalko describes how Toyota asked employees for ideas on how they could become more productive. They received a few suggestions. When they reframed the question to: “How can you make your job easier?” they were inundated with ideas.

6. Ideate

Now that you have some deep insights about your customers, the most powerful question you can ask to spark creativity is “What if?” Brainstorm ideas for offerings that will deliver value to your customers. Build on ideas by asking “What else?” Ideating is more than writing on Post-it notes. When I work with clients, I engage them in activities involving diverse stimuli such as drawing, painting, storytelling and improvisation to create a lively idea-friendly atmosphere.

7. Decide

Display your ideas on a wall and ask, “What wows?” Vote for the best options based on criteria such as desirability, technical feasibility and business viability. The team can then choose one

to three ideas to prototype and test. This will save you from draining everyone's energy by debating every single idea.

8. Prototype

Use prototypes to explore potential solutions. Rapid prototyping allows you to test out your ideas quickly and cheaply. Prototypes can be digital, diagrammatic or three-dimensional. The value of prototypes is in the reactions you get from users.

9. Validate your idea

Invite users to test out and respond to your prototype. How do they feel about your ideas? What feedback do they have? Their responses will inform whether you move forward or kill your idea before investing additional resources.

10. Iterate

Treat your initial ideas as stepping stones to the right solution. Design is not linear. It is an iterative process. Use feedback to improve on your ideas and keep iterating until there is nothing more to add or subtract.

Design thinking is a co-creative, collaborative process that helps people become more creative and innovative. It is especially useful in solving complex human problems.

What would be different if you applied design thinking to the way you lead or manage innovation in your organization?

Design Thinking Innovation Workshops & Team Facilitation

In my experience, when teams explore challenges and innovation opportunities by using a design thinking process, they are much more engaged and energised. The process also helps them produce higher quality ideas than by being purely analytical.

5.10 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Explain the design-thinking process for innovation.
2. Illustrate the concept of design thinking in leadership.
3. Explain the Features of design thinking.
4. Examine the applications of design thinking.

Short Answer Questions

1. How design thinking helps to have a growth mindset
2. Illustrate the difference with problem focused vs. solution focused.
3. Explain the Origin of design thinking
4. How design thinking can make you better leader
5. How Design thinking adds value to the innovation

B. Multiple Choice Question

1. What is design thinking?
    a. Thinking after design
    b. Think only about the existing solution
    c. Plan different types of thinking
    d. Workout the optimal solution based on users' perspectives

2. Design thinking starts with
    a. Empathize
    b. Prototype
    c. Test
    d. Ideate

3. A good approach to empathy should not have the following attribute
    a. Judgment of other’s opinion
    b. Curiosity
    c. Optimism
    d. Respect for other’s opinion

4. Which of the following design principles provides limitations to the user?
    a. Constraint
    b. Discoverability
    c. Feedback
    d. Visibility

5. Making of interaction models takes place in which step of the interaction design process?
    a. Identifying needs
    b. Developing alternative designs
    c. Building prototypes
    d. Evalubating

Answers:

1-d, 2-a, 3-a, 4-b, 5-c

5.11 REFERENCES

Books

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites:

- https://www.interaction-design.org/literature/topics/design-thinking#:~:text=Design%20thinking%20is%20a%20non,are%20ill%2Ddefined%20or%20unknown.
- https://simplicable.com/new/design-thinking-vs-scientific-methods
- https://www.creativityatwork.com/how-design-thinking-adds-value-to-innovation/#:~:text=Design%20thinking%20minimizes%20the%20uncertainty,historical%20data%20or%20market%20research.
- https://ideatoasters.com/ideation/key-elements-of-a-design-thinking-process/

UNIT- 6 TRANSFORMING ENTREPRENEURIAL CONCEPTS

STRUCTURE

6.0 Objectives

6.1 Introduction

6.2 Identify Requirements of Implementing an Entrepreneurial Concept

6.3 Identify Actions Necessary to Move from Implementing the Concept to Achieving Sustainable Success

6.4 Goal Setting

6.5 Goal Set by other entrepreneurs

6.6 The impact of goal setting on entrepreneurial success

6.7 Unit End Questions

6.8 References

6.0 OBJECTIVES

After completing this unit, students will be able to:

- Define : the need of entrepreneurial concepts
- Understand: Discuss goal setting
- Define : Evaluate the how to achieve sustainable success
- Explain: List individual goals to develop personal and entrepreneurial skills

6.1 INTRODUCTION

Genesis of the Word Entrepreneur

'Entrepreneur' as a word was in use in the French language long before its emergence as a functional concept. In the early sixteenth century it referred to those who were involved in military expeditions. In the seventeenth century, it was, extended to cover those engaged in construction and fortification. Only towards the beginning of the eighteenth century one finds it being applied to economic activities. Perhaps the essential connotation of its evolving application has been adventurism of some kind or the other. In the eighteenth century, Richard

Cantillon, an Inshrnan living in France, emphasized the unique non-insurable risk bearing function of the entrepreneur. He used the term 'entrepreneur' for all those who buy factor services at 'certain' prices with a view to sell their product at 'uncertain' prices in the future. Though not clearly spelt out, he distinguished between the owner and the entrepreneur. He stressed the risk involved in carrying on the production and exchange of goods which the entrepreneur was supposed to undertake like facing the consequence of bankruptcy in situations of depression. After a few decades, an aristocratic industrialist, Jean Baptise Say, who had an unpleasant experience, was probably the first person to distinguish between the function of the entrepreneur and that of the capitalist. Taking into consideration the element of risk involved, he broadened the term. According to him, "coordination, organisation and supervision" were also essentially entrepreneurial functions. He regarded the entrepreneur as "the most important agent of production who provides continuing management and brings together factors of production." Along with "judgment, perseverance, and knowledge of the world and that of business", Say insists that, the entrepreneur "must possess the art of super-intendance and administration."

Transformation is about change and nowhere is that more apparent than in the field of entrepreneurship. Entrepreneurs create products, services, and organizations by bringing resources and people together and combining them in new ways. This chapter examines individual and idea transformation that leads to purpose-driven entrepreneurship. We consider changes to university entrepreneurship programs, consumer and market transformations, and reach even further to societal and global transformations. Throughout all of these transformations, we hold the development of empathy to be most central to entrepreneurs seeking to change the markets and communities in which they do business

The slow decline of industrial manufacturing in developed nations and recent failures of financial capitalism across the globe have sent us searching for a new model of economic growth. I see the two movements of Technology Entrepreneurship and Social Entrepreneurship beginning to converge into a promising solution. An increasing number of entrepreneurs are awakening to the possibility of combining the scalable tools and methodology of Technology Entrepreneurship with the world-centric value system of Social Entrepreneurship. Together they create a new type of entrepreneurship that could become our primary source of socioeconomic value creation. What do we call this movement? I propose we call it “Transformational Entrepreneurship.”*

Over the last few decades, nearly all the economic growth and job growth in the U.S. has come from high-growth technology companies. That growth is driven by companies like Amazon,

Google, Salesforce, and VMware (which didn't even exist 15 years ago), and companies like Facebook, Twitter, Groupon and Zynga (which didn't even exist 10 years ago). Then of course there's Apple, which brought itself back from the grave in the beginning of this decade and is now the world's most valuable public company. Collectively these companies have created almost a trillion dollars in new wealth over the last decade and a half.

All of these companies were created by high growth technology entrepreneurs, making inner workings of entrepreneurship ecosystems like Silicon Valley the stuff of legend. Yet although Silicon Valley has mastered the art of building technology companies, it hasn't yet developed the moral compass to figure out which companies are worth building. There are simply too many talented entrepreneurs today building meaningless ventures. From advertising products that get people to buy things they don't need, to social games that are designed to addict people to wasting their time, to "mobile-local-social" products that attempt to leverage the latest technological trends without giving much thought to the importance of the problem being solved. The unquenchable thirst for growth that fuels much of this wealth creation must be carefully watched; it could easily turn malignant and lead technology entrepreneurs to commit the same kind of economic atrocities as the financial sector.

The emergence of "Social Entrepreneurship" attempts to fill this moral void by refocusing energy and resources on important social problems. While Social Entrepreneurship is promising, its impact has been limited to date as its solutions are rarely devised with scalability and true economic sustainability in mind. Furthermore, while the Social Entrepreneurship community is full of well-intentioned people, many of their solutions fail to take into account the complexities of the problems they are attempting to solve, which can lead to doing more harm than good. This backfiring is far too common because the community's propensity to descend into self-congratulation starves the founders of the critical feedback required for them to find the holes in their vision. The standards must be set higher than good intentions.

To successfully make the transition to the new socioeconomic era of the information age, we need to learn to focus the enormous power and efficiency of capitalism on the world's most important problems. To do so will require figuring out how to unite the scalable tools of Technology Entrepreneurship with the moral ethos of Social Entrepreneurship. This is the essence of what we at the Startup Genome are calling Transformational Entrepreneurship.

Transformational Entrepreneurs earn their name by creating innovative solutions to the world's biggest problems that are scalable, sustainable and systematic. To ground this idea, we created a matrix that positions Transformational Entrepreneurship, Technology Entrepreneurship and Social Entrepreneurship on the landscape of socioeconomic value creation.

6.2 IDENTIFY REQUIREMENTS OF IMPLEMENTING AN ENTREPRENEURIAL CONCEPT

The word entrepreneur originated from the French word meaning “To Undertake” which was first introduced and used by the Irish French - Economist Richard Cantillon. In the 19th century, a French economist ‘Jean-Baptiste Say’ is believed to have coined the term ‘entrepreneur’. He defined an entrepreneur as one who undertakes an organization, specifically a contractor, acting as an intermediary between capital and labor.There has been considerable attention paid to the term entrepreneurship over the past few years, as many people realized that entrepreneurs organizing small firms immensely contribute to the economic growth of a country. Developing countries have introduced taxes and policies to encourage the planning and implementation of small businesses with the belief that small businesses can potentially develop into large businesses. Read the following article to know the 4 key elements of becoming a successful entrepreneur.

The various functions of entrepreneurship are **Innovation and creativity**, **Risk taking and achievement** and **organization and management, Catalyst of Economic Development, Overcoming Resistance to Change and Research.** These have been depicted, at a glance, with the help of the given Figure and are being discussed, in brief, below.



Fig :6.1 Functions of entrepreneurship

(i) Innovation and Creativity – Innovation generally refers to changing processes or creating more effective processes, products and ideas. For businesses, this could mean implementing new ideas, creating dynamic products or improving your existing services. **Creativity** is defined as "the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others. Creativity and innovation have always been recognized as a sure path to success. Entrepreneurs think **outside of the box** and explore new areas for cost-effective business solutions.

(ii) **Risk taking and Achievement –** Entrepreneurship is a process in which the entrepreneur establishes new jobs and firms, new Creative and growing organization which is associated with **risk,** new opportunities and achievement. It results in introducing a new product or service to society. In general, entrepreneurs accept four types of risks namely Financial Risk, Job Risk, Social & Family Risk & Mental & Health Risk, which are as follows:

(a) Financial Risk – Most of entrepreneurs begin by using their own savings and personal effects and if they fail, they have the fear of losing it. They take risk of failure.

(b) Job Risk – Entrepreneurs, not only follow the ideas as working situations, but also consider the current risks of giving up the job & starting a venture. Several entrepreneurs have the history of having a good job, but gave it up, as they thought that they were not cut out for a job.

(c) Social and Family Risk – The beginning of entrepreneurial job needs a high energy which is time consuming. Because of these undertakings, he/she may confront some social and family damages like family and marital problems resulting on account of absence from home and not being able to give adequate time to family.

(d) Mental Health Risk – Perhaps the biggest risk that an entrepreneur takes it is, the risk of mental health. The risk of money, home, spouse, child, and friends could be adjusted but mental tensions, stress, anxiety and the other mental factors have many destructive influences because of the beginning and continuing of entrepreneurial activity. This can even lead to depression, when faced with failure.

(iii) Organization and Management – The entrepreneurial organization is a simple organizational form that includes, one large operational unit, with one or a few individuals in top management. Entrepreneurial management means the skills necessary to successfully develop and manage a business enterprise. A small business start-up under an owner-manager is an example of an **entrepreneurial organization.** Here, the owner-manager generally maintains strict control over business operations. This includes directing the enterprise's core management functions. **According to Mintzberg,** these include the **interpersonal roles,**

informational roles and decision-making roles. The smaller the organization, the more concentrated these roles are in the hands of the owner-manager. The entrepreneurial organization is generally unstructured.

(*iv*) Research – An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his/her ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analysing their strengths and weaknesses by applying analytical techniques, testing their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he/she applies the ideas in practice. The selection of an idea, thus, involves the application of **research methodology**.

(*v*) Overcoming Resistance to Change – New innovations are generally opposed by people because it makes them change their existing behaviour patterns. An entrepreneur always first tries new ideas at his/her level. It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. His/her will power, enthusiasm and energy help him/her in overcoming the society's resistance to change.

(*vi*) 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. Today, when India is a fast developing economy, the contribution of entrepreneurs has increased multi-fold.

6.3 IDENTIFY ACTIONS NECESSARY TO MOVE FROM IMPLEMENTING THE CONCEPT TO ACHIEVING SUSTAINABLE SUCCESS

In the past, many organizations considered sustainability issues outside the wheelhouse of business. And yet, there's an important business case to be made for sustainability. More and more companies are embracing the concept of the triple bottom line, recognizing that there's room to realize profit and social and environmental benefits—and that doing so can sometimes bring unexpected business advantages.

This realization has led to the development of a whole new business model known as corporate social responsibility (CSR), wherein even for-profit businesses work to achieve social and environmental goals in addition to their organizational objectives.

With this in mind, businesses seeking to embrace sustainability in its various forms can pursue several different strategies. Below is an overview of four different types of sustainable business practices you may want to consider pursuing.

Examples of Sustainable Business Practices

1. Partner With Nonprofit Organizations

Many organizations interested in embracing sustainability stop short of implementing any concrete initiatives simply because it's new to them, and the learning curve can be quite extensive. An employee or sustainability board tasked with generating a sustainability plan for the organization can quickly become overwhelmed, leading to inaction.

One way around this, especially for businesses new to the world of sustainability, is to form partnerships with nonprofit organizations in the space that interests them. Many such organizations exist and have the resources and experience necessary to help you get your efforts off the ground. Even those that cannot help you conceptualize or implement policies in your organization will be happy for support, which can help you make an impact even while you're first getting started.

Whether you're interested in racial or gender equity, labor concerns, environmental issues, or something else, a nonprofit likely exists that aligns with your organization's specific goals.

2. Educate Your Employees

Often, the businesses with the most impactful sustainability initiatives are successful because they educate their employees about the issues and include them in the process.

This is important for multiple reasons. First, educating your employees increases buy-in throughout the organizational chart, making it less likely that you'll slip back into old ways. Second, it empowers your employees to do their part, which can go far in boosting morale and helping everyone realize they have a role to play.

Exactly how you go about educating your employees about the issues that your organization cares about will depend on your situation. Some options include weaving language around sustainability into company addresses; organizing webinars, lectures, or lunch-and-learns for employees to attend; or even purchasing corporate social responsibility training.

3. Encourage Volunteerism

Another excellent means of involving your employees in the sustainability process is to take steps that encourage volunteerism. There are many strategies you might pursue to achieve this goal.

For example, you might provide paid time off for employees who wish to volunteer, sometimes known as volunteer time off (VTO). Even providing as little as one or two days of VTO per

year can go a long way in empowering your employees. Similarly, you can consider organizing a company-wide volunteer drive or day of giving, wherein your employees are encouraged to volunteer at local charities or for causes they're passionate about.

4. Rethink Your Supply Chain

If your business produces and sells a physical product, analyzing your supply chain has the potential to illuminate significant opportunities to embrace sustainability, such as:

• Sourcing materials responsibly: If you source raw materials or individual components from outside vendors, do you know how these materials are procured? The simple act of ensuring that your partners follow fair labor practices, such as disavowing child labor or embracing fair-trade agreements, can have a lasting impact on your company's social footprint.

• Reducing consumption of natural resources: While it may not be obvious at first glance, there may be significant opportunities to reduce the number of natural resources your company consumes as a part of doing business. You might, for example, rethink your packaging or streamline your manufacturing process to reduce plastic waste.

• Reducing carbon emissions: Likewise, there are many ways you might reduce your organization's carbon emissions. Installing smart sensors within your facilities can ensure that heating, cooling, and electricity are automatically shut off when it isn't necessary. Moving the production of physical goods closer to the end customer can significantly reduce transportation-related emissions. On-site solar- or wind-power installations can allow you to replace some, if not all, of your electrical needs.

ONE DESTINATION, MANY PATHS

There are many different paths a business can take to become more socially and environmentally sustainable. The one you choose will ultimately depend on several factors, including your organization's size and structure, whether you produce a physical product, and your specific sustainability goals. Partnering with nonprofit organizations, educating your employees about the issues, encouraging volunteerism, and rethinking each aspect of your supply chain can all be excellent methods of becoming more sustainable.

In Sustainable Business Strategy, you'll acquire the sustainability skills needed to analyze the different business models capable of driving change and explore how a business can consciously address some of today's widest-reaching challenges, such as climate change and income inequality. You'll also examine the role of the government, investors, and customers in driving demand for sustainability.

As sustainability becomes more of a strategic and operational imperative, executives must lead the way to set up a sustainability organization that's right for their companies.

ustainability and environmental, social, and governance (ESG) issues affect how all companies do business—and increasingly so in recent years. More companies, and their investors, are recognizing sustainability as a strategic priority that involves significant business risks and opportunities. But historically, few companies have organizational structures that are designed to treat sustainability as a material business issue. Instead, sustainability activities—and the organizations that support them—have focused primarily on investor relations, PR, and corporate social responsibility.

The "sustainability organizations" that still operate that way (and there are many) are tasked with managing stakeholder communications, target setting, and reporting. While those tasks are important, they are also insufficient for sustainability organizations to be successful. Our experience suggests that success is more likely when executives empower sustainability organizations to engage proactively and strategically hold them responsible for creating measurable impact. Only then will companies be able to maximize the value at stake from their sustainability initiatives (see sidebar, "A leader's guide to embedding sustainability in corporate strategy").

To get sustainability programs right, companies have big decisions to make. To start, they should choose which issues under the broader sustainability umbrella should be the responsibility of their sustainability organizations and which issues should be left to other parts of their businesses. The issues range widely, from building new low-carbon businesses and commercializing green products to managing environmental compliance and ESG reporting more proactively. As companies mobilize to respond to increasing sustainability concerns, many have struggled with the differences between sustainability and other business issues in the trade-offs involved, decision-making and governance processes, and even employee and leader mindsets.

So how do executives build sustainability organizations that are well placed and empowered to help their companies meet stakeholders' increasing expectations, manage sustainability-related risks, and capture business opportunities? In this article, we outline four ways that leaders can guide the organizational redesign of their sustainability work and why they must think differently about sustainability compared with other, more traditional business issues.

Design according to sustainability topics, not sustainability overall

Sustainability is often used as a catchall term covering a great many topics. But for any given company, few topics will be of equal importance. Our work shows that companies address sustainability issues more effectively when they design their sustainability organizations to

focus on each sustainability topic the company is prioritizing (for example, green hydrogen or its subtopic, operational decarbonization).

To do this well, companies should define the list of sustainability topics that matter for the organization, either because they are important to the business or because they are the areas in which the company is uniquely positioned to make a difference. One way to do so is with evergreen materiality assessments,1 which account for the potential impact from, and likelihood of, a range of issues that could affect the company. Based on its materiality assessment, a company can then develop a short list of priority topics for its sustainability organization to cover. This will help companies make better decisions on resourcing and organizing around the issues that matter to their business.

When it comes to supporting sustainability work at the topic level, our experience suggests that a modular organizational design—rather than one holistic, central sustainability organization—often works best. A modular design gives companies the nimbleness to address emerging topics in a more agile way. Indeed, many sustainability topics arise quickly: for example, in 2018, the number of earnings calls that mentioned "plastic waste" increased 340 percent year over year.2 In practice, even if there's a dedicated center of excellence for a certain topic, it doesn't necessarily need to be part of the central team. Instead, it could be embedded in a business unit that has particular expertise on the topic or will be primarily responsible for leading the company's response to it.

To support sustainability work at the topic level, our experience suggests that a modular organizational design—rather than one holistic, central sustainability organization—often works best.

One company we worked with built a carbon-management organization that distributed initiatives among different parts of the company, rather than relying on a central organization that covered all sustainability topics or that managed all of the organization's carbon initiatives. The R&D department, for example, focused on researching and developing new low-carbon innovations. A separate business unit was created to commercialize low-carbon offerings to customers. Meanwhile, manufacturing sites set their own carbon-reduction targets, embedded their decarbonization initiatives in line with site-level turnaround schedules, and were held accountable for implementing those initiatives. The procurement team focused on decarbonizing the company's supply chain. Finally, a lean central team coordinated carbon-emissions reporting and other carbon-related activities across the company.

Give your central sustainability team the decision rights to execute change

In our experience, it's important for companies to have a central sustainability team to coordinate their work on these topics. Our experience also suggests that companies don't need large central teams to implement their sustainability agendas successfully. While we have seen many companies start their sustainability transformations by allocating more central resources to these issues, we have also seen that having a smaller central team and more dedicated resources in the business lines that execute the detailed planning and implementation of sustainability can be most effective. In fact, among the companies we have worked with, some of those with highly effective sustainability programs have lean central sustainability organizations whose mandate is to incubate new sustainability ideas and integrate sustainability initiatives across the company.

What makes the central team particularly effective is having the decision-making authority to execute change, particularly regarding priority sustainability topics that affect multiple functions or that have a material impact on the overall organization. This authority has several dimensions. First, the central group should also engage the board of directors on critical sustainability topics, since the board holds the ultimate decision rights on such issues and the company's strategic direction. The central team should also be empowered to hold others accountable, which it can do by setting centralized targets. Individual sites or businesses then come up with specific initiatives, timelines, and plans for pursuing those targets, and the central team tracks their progress while also maintaining a corporate-wide view of the company's performance on the topic.

To ensure broad engagement in and commitment to common sustainability goals, the central team can enlist the company's leaders to develop and define a corporate-level sustainability agenda. When the central team has a clear mandate from the business, it can better see that the sustainability agenda cascades through the organization and that business units have clear guidance on which priorities to take on.

At one company with a successful sustainability organization, an existing business unit worked closely with the central sustainability team to incubate a new business for end-of-life products. Once the idea reached a defined financial milestone and level of technological maturity, the responsibility of business building shifted away from the central team to that business unit. Since the business unit was involved in the effort from the start, the transition of the business's decision rights was smooth.

To be clear, not all decisions need to be made by the central team, which could overstretch it (especially if it's a small group) and divert attention from specific priorities. Rather, cross-functional decisions and those that are highly material to the full company are best suited for

central-team oversight.3 The right to make other decisions, such as those that involve single functions, can be assigned to leaders or teams that are more closely associated with those units.

Find the structure that best fits your sustainability agenda—and your organization as a whole

Reporting structure is usually the first topic that comes to mind when companies consider organizational redesigns, and so the first question we are often asked is, "Which organizational structure is ideal for capturing the full potential of sustainability?" In reality, there is no single "right" answer for the design of a sustainability organization and no one-size-fits-all approach, beyond the general principle that the structure should be well integrated into—and compatible with—the rest of the company's setup.

There is no single 'right' answer for the design of a sustainability organization beyond the general principle that the structure should be well integrated into—and compatible with—the rest of the company's setup.

Compared with two other models that we see most often today in which sustainability is embedded in a support function or fully decentralized within business units, these three models help link sustainability to an overall strategy and give a sustainability organization real decision rights:

• Large central team with few business-unit resources. In this model, a large central team plans—and maintains the decision rights to—most sustainability initiatives and also coordinates with individual business units that are actively working on specific sustainability issues or have expertise related to the topic. The central team incubates sustainability initiatives before handing them off to the business units and supports activities that have no other natural owners in the organization. It also ensures that sustainability priorities across the company have sufficient budgets and staff and that the organization stays focused on its priority topics. A central team may also have the best view of broader sustainability trends and stakeholder demands, though it's likely less equipped than business units to respond to new sustainability-related market opportunities and risks. As an example, Newmont Goldcorp (a leading gold-mining company) was prompted by shareholders and its board to improve its management of sustainability issues after completing a merger. It responded quickly, creating a centralized sustainability group from 2002 to 2007 to design and drive the implementation of global environmental standards across its operational sites. This central group also managed decision making and the allocation of execution resources to sustainability issues.

• Lean central team with decision rights and many business-unit resources. In this structure, the prioritization of sustainability topics is largely a top-down process, led by the lean central team, to ensure that a common company-wide agenda and targets are in place. Business units

have a mandate to develop specific initiatives to achieve company-wide goals, which they do by deploying their own resources. Business units also have the flexibility and resources to set up and work on sustainability initiatives of their own, in line with the central team's guidance. In our experience, this structure can be most effective at companies that have already embedded sustainability in the organizational culture, which increases the likelihood that sustainability becomes a true cross-functional effort. Since 2019, this model has been in place at International Paper, a leading pulp-and-paper company. Its lean central team sets the company-wide sustainability agenda and focuses on both managing external relationships and integrating internal efforts. Meanwhile, business-line leaders drive the sustainability agenda. They set targets, develop the company's sustainability initiatives, assume responsibility for delivering on those initiatives (including the coordination of resources), and embed sustainability into day-to-day operations.

• Central team that deploys agile or SWAT teams to business units. This structure puts a central team in charge of deploying sustainability-focused task forces to individual business units. Once a task force is embedded in a business unit, it helps with the planning and initial execution of that unit's priority sustainability initiatives and builds capabilities so that the business can eventually run its own initiatives, once the task force leaves to support another unit. This facilitates the deployment of sustainability expertise and the sharing of best practices across the company, as well as the nimble reallocation of resources in response to the rapidly changing sustainability landscape. From a talent-development perspective, this model (what we call the "helix organization") also allows for a clearer separation of leaders—between those who help individuals develop capabilities and those who oversee employees' day-to-day work. The result is that sustainability talent can be developed both ways.

Prioritize the design of processes and governance—rather than reporting lines—that account for sustainability's complexity and dynamic nature

In our work on organizational redesign, we have found that many companies' default mode is to focus solely on reporting structure. But we know from experience and research that going beyond "lines and boxes" corresponds with a much higher chance for redesign success: in a McKinsey Global Survey on organizational redesigns, respondents were nearly three times more likely to report successful redesigns if they focused on improving multiple elements of the organization (for example, performance management, business processes, and culture), not just on changing reporting lines. With respect to sustainability, which involves reorganizations that are more complicated and multifaceted than those of a typical function—and priorities that can shift much more quickly than in other areas of the business—we have found that it's critical

to think about redesigning sustainability-related processes and governance early on. Several guiding principles can help with this kind of effort.

For one, companies' processes for making sustainability-related decisions should be robust and clearly define when an issue or decision should be escalated from the business unit to the central sustainability team. Decision-making processes should also include frequent discussions among stakeholders and fast decision cycles so that cross-functional or high-level topics can be identified and resolved quickly.

In most cases, the central team should be empowered to make decisions on topics that individual business units can't resolve on their own. If the central team, in turn, finds it can't resolve high-priority issues, it can escalate them to the executive team or a C-suite sustainability council. We have seen many companies fail to adapt their cadence on engaging with sustainability issues as they would with other topics. But that's what sustainability necessitates, since many of these topics require quicker decision making and responses than other business issues. For many companies in traditional and mature sectors (for example, petrochemicals, cement, steel, and other heavy industrials) that are used to longer decision-making cycles, this may require a significant mindset shift. The executive team can help effect such a shift by clarifying that sustainability is a strategic priority that requires different decision-making approaches.

Another principle of effective sustainability processes and governance pertains to capital allocation. Sustainability investments often have different risk–return profiles and greater uncertainty than other, more traditional investment types. In our experience, many companies that lead on sustainability have set aside a separate pool of funds dedicated to sustainability initiatives, defined different hurdle rates for sustainability investments, introduced an internal carbon price to account for carbon impact and related risks, and put in place integrated financial and sustainability criteria to facilitate capital-allocation and M&A decisions.

Finally, it's valuable for companies to develop sustainability-specific performance metrics. While the specific metrics will vary depending on the topic, the same principles of good performance management of other business activities also apply to sustainability: setting measurable targets (both financial and nonfinancial), establishing incentives (such as linking compensation to sustainability performance), and putting in place regular performance reviews of sustainability.

Sustainability is no longer an issue of compliance for most companies but rather a strategic and operational one. Once senior leaders integrate sustainability into their corporate strategy, they will benefit from having a dedicated organization to support their sustainability efforts. There

is no right structure that applies to every company; each will need a structure of its own and will likely need to adjust this structure as business conditions and requirements change. A well-designed sustainability organization, we find, can give the company the capabilities that it needs to capture value and manage risks from sustainability in a systematic and even transformational way.

6.4 GOAL SETTING

Experts define goal setting as the act of selecting a target or objective you wish to achieve. Fair enough. That definition makes sense, but I think there is a much more useful way to think about setting goals.

What is Goal Setting?

Most goal setting exercises start with an overpaid consultant standing by a whiteboard and asking something like, “What does success look like to you? In very specific terms, what do you want to achieve?”

If we are serious about achieving our goals, however, we should start with a much different question. Rather than considering what kind of success we want, we should ask, “What kind of pain do I want?”

This is a strategy I learned from my friend and author, Mark Manson. What Mark has realized is that having a goal is the easy part. Who wouldn't want to write a best-selling book or lose weight or earn more money? Everybody wants to achieve these goals.

The real challenge is not determining if you want the result, but if you are willing to accept the sacrifices required to achieve your goal. Do you want the lifestyle that comes with your quest? Do you want the boring and ugly process that comes before the exciting and glamorous outcome?

It's easy to sit around and think what we could do or what we'd like to do. It is an entirely different thing to accept the tradeoffs that come with our goals. Everybody wants a gold medal. Few people want to train like an Olympian.

This brings us to our first key insight. Goal setting is not only about choosing the rewards you want to enjoy, but also the costs you are willing to pay.

Entrepreneur goal setting is when business professionals create specific objectives for the future. These can include both long-term and short-term goals. When creating a new business, entrepreneurs can set realistic and achievable goals to help them succeed. In this article, we

will explain what entrepreneur goal setting is and provide tips on how to set goals for your own business.

What is an entrepreneur?

An entrepreneur is an individual who creates an idea for a new business. They may design an innovative product, service or organization, and they often have primary control over the business operations. A successful entrepreneur sets goals and actively seeks to broaden their skills to manage their new business successfully.

Why is entrepreneur goal setting important?

Entrepreneur goal setting is important because starting a successful business takes time, patience and dedication. If you're launching a new company, defining your goals can help you track your company's progress. Goal setting helps you visualize your thoughts and ideas more clearly. With proper planning, you can make necessary adjustments at every step of your entrepreneur journey, which could improve your efficiency.

How to set entrepreneurial goals

If you are starting a new business, consider following these six steps to set goals:

1. Define goals

Once you've defined the type of business you want to start, you can begin creating a list of goals. Try to make each goal actionable, specific and realistic. The goals you choose can differ depending on what your business venture is. For example, if you are starting a sales company, you might set a goal to sell 100 items in our first month.

2. Set deadlines

After you have created your goals, it's helpful to set deadlines for them. Deadlines can create a specific timeline for your business. For example, if you want your business to launch in four months, you can use this deadline to ensure your launch occurs on time.

3. Write the steps that you need to take to achieve the goal

Next, write the steps for each goal. Clearly define all the steps you need to take to achieve each goal on your list. Try to divide each large goal into manageable tasks. This can help you create an actionable plan.

4. Prioritize the steps

After creating steps for each goal, you can prioritize and organize these tasks. Consider how you want to order the tasks. For example, if you want to reach 10 new customers in the first month of business, you may need to first contact your target audience.

5. Define the obstacles of the goal

One of the best ways to manage your goals is to define the obstacles you may face. By defining potential obstacles, you can better prepare for working through them. The more prepared you are for handling obstacles, the more likely you are to save time and valuable resources.

6. Start taking action

Now that you've defined your goals, you can begin taking action. Try to work on a small task or step daily to help you move closer to your goals. Consider taking time to review your goals regularly. This can help you make adjustments as your business grows.

3 Tips for Entrepreneur Goal Setting

Here are three tips you can use to help you set efficient goals for your entrepreneur career:

1. Use the SMART method

The SMART method is one of the most common methods for goal setting in entrepreneurship. This method can help you create achievable goals. These goals should be:

Specific

Measurable

Achievable

Realistic

Time-based

Read more: SMART Goals: Definition and Examples

2. Use a daily planner

A daily planner is a great way to track your entrepreneur goals. After you have written all your goals, you can track them in your daily planner. You can also use a planner to schedule the steps or tasks for each goal.

3. Remember to reward yourself

One of the best ways to stay motivated when completing your goals is to create a reward system. These rewards can be items you purchase or actions you take. For example, you can give yourself 30 minutes to take a nap during your busy schedule if you meet your first goal.

Example goals for entrepreneurs

Here are a few examples of goal setting for entrepreneurs in different career paths:

Example 1

Here is an example for a new jewelry business;

Moira wants to make and sell jewelry, so she decides to set her first goal:

- Define goal: Moira wants to make 100 gold bracelets.*
- Set deadline: She wants to make 100 bracelets before she opens her store next year.*

- Create steps: She needs to order the gold, set a budget, find the right vendor and make the bracelets.*
- Prioritize: She decides she needs to set her budget first. Then she can find a vendor and order the gold. Once she has the materials, she can begin making her bracelets.*
- Define obstacles: She considers her potential challenges, which are shipping delays and budget constraints. S*he plans to call several vendors to compare prices and learn about their shipping policies to help her overcome these challenges.
- Take action: She creates a daily schedule to help her accomplish her tasks on time.*

Example 2

Here is an example for an entrepreneur in a different industry:

Josh wants to start a dog walking business, so he sets his first goal. He can repeat this process for multiple goals. He sets his goal by following these steps:

- Define goal: Josh wants to find 10 new clients.*
- Set deadline: He wants to find 10 new clients in three weeks.*
- List steps: He creates a list of steps to help him gain new clients, including making phone calls to his neighbors, creating flyers, posting flyers and making a website.*
- Prioritize: He decides he should create a website first to help him generate new clients. Then he can create a flyer, post the flyer and contact his network connections.*
- Define obstacles: One challenge he might face is there might not be enough dogs in the local area. He decides to post his flyers in the next town to overcome this challenge.*
- Take action: He creates a daily schedule to accomplish the tasks in his goal plan.*

6.5 GOALS SET BY OTHER ENTREPRENEURS

Below are 14 common goals for entrepreneurs and their businesses:

1. Develop a business plan

A business plan helps an entrepreneur focus their actions and gives them a goal to work toward. Business plans detail things such as:

- Your business's mission statement
- Your products or services
- Financial information
- Employee information
- Plans for growth

Business plans help entrepreneurs plan out their business before they get started. This makes it a good first goal for entrepreneurs.

2. Launch your first product

Launching your first product is a major milestone for any entrepreneur. It often takes many hours of preparation and work in order to create that first product. It is your first product that will begin to bring in revenue, an essential element for any new business. Decide what you want your first product to be, how much you plan to sell it for and how you're going to sell it.

3. Create an online presence

Regardless of the type of business you're starting, an online presence allows you to reach more people. An online presence typically includes elements such as a website, an email contact address and social media activity. A common goal for entrepreneurs is to establish an online presence early so that they can begin to attract a wider audience. You can start by creating a website for your new business.

4. Achieve financial stability

Financial stability occurs when a new business is bringing in enough revenue to support itself. Many entrepreneurs fund their ventures primarily through savings. Therefore, an ideal goal is to be able to run your business off of the revenue it is generating rather than using your savings. This is the first step before your business begins to generate a profit.

5. Hire the right people

Many entrepreneurs have the goal of growing to the point where they need to hire additional help. This is seen as a sign of strong growth and allows the entrepreneur to delegate some of their responsibilities. If you're setting goals for your new business, consider making one of them hiring the right people. This means you're not only hiring new people for your business, but you're hiring people that will continue to help the business grow. New hires can also bring their own positive attributes to the business.

6. Delegate effectively

It's important to not only hire the right people but also delegate your responsibilities to them effectively. Many entrepreneurs take on too much responsibility. By delegating key tasks, entrepreneurs can improve the efficiency of their business and their enjoyment from working for the company.

To delegate effectively, entrepreneurs need to go through each of their current responsibilities and decide which ones are more suitable for someone else on their team. They can determine this by analyzing the strengths of their team members and looking at their past work experience before choosing how to reassign important tasks.

7. Work with ideal clients

One of the great things about working as an entrepreneur is that you often get to pick who you work with. However, when you're first starting out, you may be less judicious about your clients in order to generate more revenue. A worthy goal for entrepreneurs is to get to the point where they can work only with their ideal clients. For example, they can choose to work on projects that interest them the most or with companies that have similar values. Working with your ideal clients often makes work more enjoyable and rewarding.

8. Connect with like-minded individuals

Some entrepreneurs who primarily work alone often seek out connections to other entrepreneurs. Developing a network with like-minded individuals provides entrepreneurs with a few benefits. First, it gives you people to talk to who also have a passion for building their own business. Second, you can receive feedback and advice from this network and use it to improve your new business. It's for this reason that some entrepreneurs make it a goal to meet new people who also have an interest in entrepreneurship.

9. Establish a brand identity

A brand identity is the visible elements of your business that provide a specific feeling or impression in an audiences' mind. Establishing a specific brand identity allows a new business to differentiate itself from other businesses in the same market. Entrepreneurs first identify the visible elements of their business that they want to control, such as its color scheme, logo and tone of voice. Then they modify these elements to better represent the desired brand image and continue to do so until their brand's identity is firmly established within their audience.

10. Implement a marketing strategy

A strong marketing strategy helps a business grow its reach and sell its products. Every new business uses a marketing strategy in order to grow. The design and implementation of a marketing strategy, therefore, becomes an early goal common for entrepreneurs. The launching of an email marketing campaign or social media advertising campaign is a significant milestone for a young company.

11. Find a healthy work/life balance

Another important milestone for entrepreneurs is when they are able to have a healthy balance between the amount of time they spend on work and free time. When first starting out, many entrepreneurs lack free time because they are spending most of it working on their business. Once they are able to grow their business to a point where it doesn't need as much attention, the entrepreneur can take more time to relax.

12. Maintain steady business growth

Entrepreneurs like when they can predict how much their business will grow over a certain amount of time. This makes it easier to make decisions for the business, such as how much they can afford to invest in different areas. It's for this reason that entrepreneurs will aim to have steady business growth, rather than large fluctuations from month to month. To do this, they may implement strategies within the business designed to reduce variations such as standardizing project management techniques.

13. Focus on personal growth

Besides focusing on the growth of the business, some entrepreneurs also make it a goal to focus on personal growth. For example, they may want to learn a new skill or obtain a new professional certification. Sometimes these skills can directly benefit the business, such as learning new software, and other times are just for personal enjoyment, like learning a new language.

14. Research new tools and methods

If an entrepreneur learns of a tool or method that could benefit their business, they may make it a goal to research it. For example, there may be a new project management tool for sale or a better way to handle customer service requests. The entrepreneur researches this new tool or method and determines whether it would improve their business.

6.6 THE IMPACT OF GOAL SETTING ON ENTREPRENEURIAL SUCCESS

As an entrepreneur, you want nothing more than to make sure your business is being steered in the right direction. The path your business takes will determine its failure or success–and of course, we all want success. But how do you know which is the right direction or the correct path for your business? Well, in order to know what direction to go in, you need to first know where you want to end up.

This is where goal-setting comes into play.

Setting goals for your business is incredibly important. It provides a clear path to follow and the motivation to reach a predetermined destination. Without goals, your business is just operating instead of achieving. Goals give employees a reason and a purpose to work hard because they know they are working toward something. Check out these tips on getting started with setting goals for your business:

Make them specific and measurable. Take time to think about what your goals are before you set them in stone. They need to be detailed so that you know exactly what you are working toward. They also need to be something measurable so you can actually know when and how you've reached them. Don't just throw out a simple goal like, "we want to grow." Push yourself to clarify, grow in what way, and how much? Use specific numbers (e.g., "grow by 1,000 customers") and details (e.g., "increase revenue 10% every month over the next 6 months") so you can actually measure and know when you've hit your mark..

Stick to it. You can set goals, but if you don't stick to them, then they're worthless. It's important to continue to be motivated toward reaching your goals and to not allow yourself to get stuck in the day-to-day. Revisit your goals often with your employees and re-evaluate the work you are doing to ensure it is still on the correct path. You can even hold goal check-ins to talk to those you work with about how their work is contributing to achieving a certain goal for your company.

Create deadlines. This is a big one. If you just have a bunch of goals floating around with no real deadlines, they will be ignored and put on the back burner every single time. You need to have deadlines so that you and employees understand that they are real, achievable goals that need to be completed. Large company goals are too easy to ignore if they don't have deadlines and aren't frequently revisited.

Reward yourself when you reach your goals. Otherwise, what's the point? You set out to do something and you did it. Now enjoy it! Rewarding yourself and employees makes the work worthwhile and provides the reinforcement needed that things are, indeed, being accomplished. If you make your team members feel good about accomplishing something, they are more likely to want to accomplish even more!

Follow these tips when it comes to goal setting for your business and you'll be on your way to becoming a goal-accomplishing machine! It is very true what they say – you can do anything you set your mind to. Your business is capable of achieving more than you think. You just have to set the right goals to get you there.

The Importance of Goal Setting for Entrepreneurs

As an entrepreneur, you want nothing more than to make sure your business is being steered in the right direction. The path your business takes will determine its failure or success–and of course, we all want success. But how do you know which is the right direction or the correct path for your business? Well, in order to know what direction to go in, you need to first know where you want to end up.

This is where goal-setting comes into play.

Setting goals for your business is incredibly important. It provides a clear path to follow and the motivation to reach a predetermined destination. Without goals, your business is just operating instead of achieving. Goals give employees a reason and a purpose to work hard because they know they are working toward something. Check out these tips on getting started with setting goals for your business:

Make them specific and measurable. Take time to think about what your goals are before you set them in stone. They need to be detailed so that you know exactly what you are working toward. They also need to be something measurable so you can actually know when and how you've reached them. Don't just throw out a simple goal like, "we want to grow." Push yourself to clarify, grow in what way, and how much? Use specific numbers (e.g., "grow by 1,000 customers") and details (e.g., "increase revenue 10% every month over the next 6 months") so you can actually measure and know when you've hit your mark..

Stick to it. You can set goals, but if you don't stick to them, then they're worthless. It's important to continue to be motivated toward reaching your goals and to not allow yourself to get stuck in the day-to-day. Revisit your goals often with your employees and re-evaluate the work you are doing to ensure it is still on the correct path. You can even hold goal check-ins to talk to those you work with about how their work is contributing to achieving a certain goal for your company.

Create deadlines. This is a big one. If you just have a bunch of goals floating around with no real deadlines, they will be ignored and put on the back burner every single time. You need to have deadlines so that you and employees understand that they are real, achievable goals that need to be completed. Large company goals are too easy to ignore if they don't have deadlines and aren't frequently revisited.

Reward yourself when you reach your goals. Otherwise, what's the point? You set out to do something and you did it. Now enjoy it! Rewarding yourself and employees makes the work worthwhile and provides the reinforcement needed that things are, indeed, being accomplished. If you make your team members feel good about accomplishing something, they are more likely to want to accomplish even more!

Goals Versus Wishes

Separate statements from goals. "My company will make money this quarter" is a statement, not a goal. To turn statements into goals, businesses must follow proven goal-setting procedures; otherwise, goals are merely unattainable wishes.

S.M.A.R.T. Goals

One proven goal-setting procedure is called S.M.A.R.T.: Specific, Measurable, Attainable, Realistic and Time sensitive. Goals must also be written, and a plan set forth that outlines probable methods of attainment. Modify goals along the way, but never abandon them unless absolutely necessary. Regularly monitoring goals and producing status reports is helpful in establishing future goals.

Team Effort

Set goals for individuals, departments or the business as a whole. Consider publicizing the goals for the latter two within the company. This can result in a team effort, if properly presented, and employees may feel a sense of responsibility and camaraderie. This can can help boost morale and aid in bringing goals to fruition. Input from employees during the goal setting and implementation processes can also help keep goals realistic and attainable.

Set Goals Always

Goal setting is not a one-time event when formulating your business plan, but an ongoing process. Markets change and both the economy and sales fluctuate, so the savvy business owner must take advantage of every situation. Even small goals set in the middle of a crisis can have a positive impact when things improve. When your business is flourishing, goals help maintain or increase the good times, and can act as a safeguard during inevitable slumps.

Applying the course content

Applying the course content, establish individual goals to develop personal entrepreneurial skills

While becoming a successful entrepreneur is natural for some, others require certain essential skills to start and lead a business to success. These skills determine your entrepreneurial success. Successful entrepreneurs have mastery over both hard and soft skills. Hard skills like accounting, marketing and financial planning are critical for running and managing a business and soft skills like communication, problem-solving and decision making help you scale up your business. Mastery of entrepreneur skills requires practice and a dedicated learning plan.

What are entrepreneur skills?

Entrepreneur skills include various skill sets such as leadership, business management, time management, creative thinking and problem-solving. You can apply these skills in many job roles and industries. These entrepreneur skills are vital for promoting innovation, business growth and competitiveness. Developing these skills means developing many skills together. For example, to be a successful entrepreneur, you may need to develop your risk-taking skills and sharpen your business management skills.

Examples of entrepreneur skills

Often, entrepreneurs may take up several roles to build and grow a business. This requires a variety of skill set. Here are a few examples of entrepreneur skills you must develop and master:

Business management skills

Business management skills are traits an entrepreneur must have to run a business and ensure all business goals are met. Entrepreneurs with this skill set can oversee and manage operations of different departments because they possess a good understanding of each function. Business management skills include multitasking, delegating responsibilities and making critical business decisions.

Communication and active listening skills

Every entrepreneur must be able to communicate effectively with clients, team members and all other stakeholders. Whether through verbal communication during meetings or sending reports and messages through emails about the project, entrepreneurs require superior written and verbal communication. Apart from communication skills, entrepreneurs must be excellent listeners to understand the project's requirement and discussion during project meetings.

Risk-taking skills

Being able to take calculated and intelligent risks is one of the essential entrepreneur skills to learn. Employees with an entrepreneur mindset never shy away from taking risks because they understand that calculated risks result in tremendous success. They know that risk is an opportunity to learn and grow a business to the next level. Employers want candidates who can take risks in pursuit of potential gains and profit.

Networking skills

Networking involves building and managing relationship with other professionals to grow and promote a business. Effective networking skills open up future opportunities and help build a solid brand. Networking allows entrepreneurs to meet like-minded professionals, build future teams and stay up-to-date with industry trends. It is one of the most desirable skills for entrepreneurs because, through a solid network, they can meet professionals to fund their ideas, access professional business expertise and get feedback on their new venture or idea.

Critical thinking skills

Critical thinking is an entrepreneur skill that objectively analyses the information and draws a rational conclusion. It helps entrepreneurs assess a situation and come up with a logical solution. Employers look for candidates with critical thinking because it helps solve problems and build strategies for business growth. Usually, a critical thinker is independent, competent and reflective. This skill helps entrepreneurs logically connect ideas, scrutinise information,

evaluate arguments, find inconsistencies in work and solve complex issues. Instead of memorising information, such candidates use the information to deduce meaningful insights.

Problem-solving skills

Often, entrepreneurs face challenging and unexpected situations. It could be a venture capitalist refusing further funding or a team member refusing to work as per the project guidelines; an entrepreneur must possess excellent problem-solving skills to handle stressful situations and calmly identify alternate solutions. Exceptional problem-solving skills ensure they reach their business goal.

Creative thinking skills

Creativity is a valuable yet underappreciated skill in the digital world. Creative thinking is the backbone for innovation and it forces employees to think differently. Entrepreneurs with creative thinking skills are never hesitant to try solutions that others may overlook because of fear of failure. Such people think out-of-the-box and always seek input from professionals in a different field for understanding a new perspective. It is one of the most sought-after entrepreneur skills because it allows them to see patterns (even when there are no patterns) and develop innovative ways to solve business issues.

Customer service skills

Quality customer service promotes the brand and increases loyalty. Regardless of the industry, excellent customer service skills are essential for business success. From talking to clients to discussing funding opportunities, customer service skills help entrepreneurs connect with their potential customers.

Financial skills

The ability to handle resources, assess investments, calculate ROI is a must for entrepreneurs. Apart from this, they must know how to use accounting and budgeting software to keep track of all the financial processes. By learning financial skills, entrepreneurs avoid overspending and optimally allocate resources.

Leadership skills

Being able to inspire colleagues, empower the workforce and lead from the front requires excellent leadership skills. Exemplary leaders lead by examples and can take a leadership role and work as a part of a team. Entrepreneurs with leadership skills motivate their employees, manage operations and delegate tasks to reach the business goal.

Time management and organisational skills

Effective time management increases productivity and organises your workspace. Entrepreneurs with time management and organisational skills understand different ways to

prioritise tasks and avoid procrastination. For ensuring timely completion of projects, entrepreneurs analyse their and their team's time, set time limit for each task, complete priority tasks first, delegate work to others, create a to-do list and use technology to keep the workspace organised.

Technical skills

Technical skills are hard skills that are gained by using digital tools and software. Entrepreneurs must know how to use planning, marketing and budgeting software. Knowledge of software helps in managing projects, tracking sales and allocating a viable budget for the project.

How to improve entrepreneur skills?

Mastery of these entrepreneur skills can help you outperform at your job and steer your business to success. To improve your skills, you may read books, take a course or attend seminars. Here are some steps you must follow to improve your entrepreneur skills:

1. Read business books

Reading books encourages self-improvement and is an excellent way to get advice on effective business strategies. It improve your cognitive ability, increases your decision-making and you get to learn from the failure of others. Therefore, read books to achieve success as an entrepreneur.

2. Enrol in a course

Another way to sharpen your skill set is by enrolling in a management, marketing or finance course. Taking and completing a professional course may help boost your business management and financial planning skills.

3. Attend workshops

Always attend entrepreneurial workshops and networking events. Many of these workshops may have experienced business owners as speakers. It helps fill the knowledge gap and you may gain valuable insights on how to run your business to success. Such workshops are a great way to build networks and talk with industry leaders.

4. Listen to podcasts

One of the best ways to consume business-related information on a busy day is listening to a podcast of successful entrepreneurs. Listening to business podcasts may give you insights into how different entrepreneurs use technology to speed up their business growth. It also improves your listening skills.

5. Hire an experienced business mentor

Experienced mentors can help you develop the skills that you are lacking. You can either work under a successful business owner for some time to understand how to manage a business. You can also meet up regularly with a professional group of like-minded people and discuss different ways of building and marketing a brand. Mentors help in providing valuable insights and professional advice that is necessary for success.

How to highlight the entrepreneur skills during the hiring process?

You can apply the entrepreneur skills in different job roles, so it is good to highlight them in your CV and interview. Here are two ways to highlight your entrepreneur skills:

1. In your CV

Mentioning the most relevant entrepreneur skills required for the job gets your resume noticed. You can mention these skills as a bulleted list under the skills section or briefly describe in your employment history. Ensure you write about the impact these skills had on the outcome and quantify the result wherever possible. Also, use skills words so that your CV becomes ATS-compliant and gets shortlisted.

2. In the interview

Whenever you face a personality or behavioural question during the interview, talk about your entrepreneurial streaks and achievements. Discuss your strengths and give examples from your past employment to showcase how you completed different projects. Tell the interviewer how mastering these entrepreneur skills helped you create a like-minded team that constantly works toward achieving a common business goal. When you showcase these skills, you tell the interviewer about your capabilities to build and grow their business.

STARTING SETTING GOALS

You have to start setting your goals in every major area of your life and your business. It does not matter how young or old you are, without something to focus on, the decision and actions we take daily will not have any long-term direction and will not converge to any form of success. Even when you have your own business, without any direction you will be caught up with short term outcomes, like paying the bills, going to the movies, and just making it through a long work week. You will still be on the thread-mill going around in circles in just another rat race. There are a lot of distractions – even more-so with the Internet and social media. Your mind needs to be focused on something that can lead you to success, or you may waste too much time on short-term goals, and myriad distractions, and end up throwing your opportunities away.

WHY DO PEOPLE NOT PLAN?

There are various reasons why some people do not set clear goals for themselves.

1. Limiting Beliefs It is a very easy to dream about what you would love to have, but when it comes to committing to a specific target and plan, many don't even try. Try still think: "Why bother . . . Its impossible". These are nothing but limiting beliefs and generalizations about ourselves. Unless we break them, we can never design goals that would propel us forward.

2. "I don't know" A very common answer to "What specific goals do you have?" is "I don't know." Our formal education has taught us to conform and to obey. I feel that most people may have stopped dreaming. After many failures and disappointments, and constantly getting told, "It can't be done.". "That's impossible." Our rational mind often forbids us to dream anymore. It is not really that they don't know what they want – they have stopped daring to dream.

3. Fear of Failure The fear of failure, of rejection, and embarrassment paralyzes many people from even starting to plan. They fear failing once they have a specific goal. Many people do not learn to swim, because of the fear of drowning, even if this sounds ironic. So. . . for the people who set goals, have they no fear? I don't believe so, as I feel that everyone hates the feeling of failure. So what gives them the courage to set high goals and go for it? Remember, the only ones who can tell us that we failed and make us feel bad are . . . ourselves. By repositioning your failure as the first attempt towards success, learning from the failure, these people "do not fail" as they make it "step one" towards their success. This belief drives them forward to do anything, since they alone decide when to quit.

4. Inertia Many people who do not set goals have too much inertia and are satisfied with the way they live. Unless their comfy lifestyle is seriously under threat, they will not do anything that calls for a change. Setting goals means changing habits and sacrificing time from watching TV or YouTube. That is why these people make half-hearted attempts. As soon as they feel inconvenienced by their new path, they revert to their old ways. There are no shortcuts to success. Sacrifices need to be made.

5. Failed and Gave Up Many people have a common response, "I have tried setting goals, but they failed me." Many people set goals and give up once they failed. If you remember the formula of success, you need to develop a strategy, follow up with your goals, take actions, change strategy from feedback, and repeat process. When you do not have a specific goal, you move towards what short-terms goals you have. You are like an amoeba, moving towards food. After son time, you have traveled everywhere, and end up nowhere. When you have a clear goal and focus towards it, you make decisions and actions to reach it. You move towards what you want. This is much easier said than done, as this path is rarely straight and smooth. There will be obstacle and you will encounter frustrations. Nobody ever succeeds all the time, every

time – and for many of these people who have set goals before and did not succeed, they gave up. Sometimes they give up after their second attempt. To really succeed, you will have to be able to pick yourself up and keep taking actions. Come back even stronger, even after major blows.

SECRETS TO POWERFUL GOALS

For you to set goals that you can achieve, they must be:

1. Specific and Measurable The more specific the goals are, the more focused your mind and your effort will be. Specific and measurable outcomes will lead to effective strategies and action. Goals like “Having five thousand followers on Twitter in ninety days” and “Run 2.4 km in under ten minutes, in thirty days.” The more specific the goal, (Timeframe, date of accomplishment, magnitude), the easier to plan and ultimately, easier to move towards.

2. Passionate and Exciting We must set goals that we are passionate about and which give us a high level and excitement. Have you ever been so passionate about something that keeps you awake all night, and you constantly think about it? When you are passionate about something, it gives you a higher level of energy when you are doing it. If you are passionate about your goals, they can charge you and keep you moving forward. The same thing is true when you choose your business. It is important that your passion fuels your business, and you like doing it. People who achieve their goals despite all odds and setbacks, got there because of one reason – PASSION. They love doing what they do. We are constantly driven by emotions and not logic. Many smokers know that smoking is bad, and yet they cannot quit when our goals are truly aligned with what is important to us, we will automatically have the drive and discipline that allows us to follow through.

3. HUGGs HUGGs (Huge, Unbelievable Greatly Goals) are very goods ways to increase what you would like to have. HUGGs are goals that are set a lot higher than your current level. Incremental goals are goals that are slightly higher than what you are already achieving. For example, your company may have sales of Php 50,000 a month and an incremental goal would be Php 60,000. A HUGG, however, would be one aiming for Php 500,000 per month. There are two main reasons why people set HUGGs.

a. HUGGs are extremely powerful. They are far more exciting than incremental goals. The thought of achieving something so much bigger than your current level will boost your energy level, excitement, and drive. If you are an athlete, the thought of winning a gold medal at an international event far beats the thought of just winning at your regional level, which you are already playing in.

b. As you move towards your goal, in your stretch goal, the thought of possibly succeeding such as goal that many may think “impossible”, will certainly drive you a lot more to take more actions. It will become less of a chore, and more of an adventure. Example of HUGG: • Become a published author.

• Start a charitable organization.

• Move to another country.

• Establish your own company.

• Become a millionaire.

• Win a gold medal at the Olympic Games.

• Be nominated for Nobel Prize.

HUGGs require creative strategies.

Imagine if you were given Php 1,000 and your goals is to make it Php 10,000 in 1 day. After setting up a car wash in your garage and using the money to get cleaning equipment, getting some friends to promote the car wash, the target of earning Php 10,000 from Php 1,000 is not really that hard. This is an incremental goal, and often, without much planning, the goal can, eventually, be reached. However, if I had Php 1, 000 and you wanted a house. Many you would think that it is impossible, and there is no way it is ever going to happen. They may be right if you just use the current way of thinking and strategy. But, if you were given no choice but to succeed, and you really dared to come up with many different out-of-the-box ideas to challenge the problem, eventually, you could find a way to succeed. Setting incremental goals are what we have a tendency to do. If we save Php 10, 000 am month, it is not hard to save Php 15, 000 a month by the end off the year. However, if we keep setting these incremental targets, we will just keep working harder and harder, doing the same thing over and over again. However, once we use a HUGG, our brain knows that it is impossible to reach the goal, if we continue the path. It then forces us to think of new ways to come up with revolutionary ideas to change and achieve that goal. If you still think that, if you started with Php 1,000 and you wanted to get a house, is impossible, I would like to inform you that Kyle MacDonald has done it. He traded on red paperclip a house. Of course, the journey would not be a smooth sailing one, but there are so many proverbs that teach us, “No pain, no gain!” and “If you want it, earn it.” You need to use out-of-the-box strategies. People who make history are those who set goals that everyone else believe it to be “impossible”, is still impossible because a strategy has not been found yet. Many things we take for granted today were deemed “unrealistic” not too long ago. Just ten years ago, if you wanted a phone that you could carry in your pocket, that allows you to play hours of music, have a built in GPS, and take photos, people would think that such things exist

only in spy movies. However, today you can easily find such a phone, even in a secondhand store.

6.7 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Define the process of goal setting
2. Explain the different types of entrepreneurial skills
3. How to highlight the entrepreneur skills during the hiring process?
4. Explain the ways in which business can practice sustainable business?

Short Answer Questions

1. What is Goal Setting?
2. What are entrepreneur skills?
3. How to improve entrepreneur skills?
4. Explain the impact of goal setting on entrepreneurial sucess?
5. Explain the functions of entrepreneurship

B. Multiple Choice Question

1. A _____ is an aim or purpose.

a. Goal
b. Goal setting
c. Short term goal
d. Mind term goal

2. What is goal setting?

a. Finding something that you want to accomplish and figuring out a plan to reach it.
b. Picking up a coffee mug and setting it down on a table that says goal.
c. Figuring out a plan to not use any money for the rest of your life
d. Accomplishing all of your goals in two minutesa

3. What is an example of a realistic goal?

a. Never spending any money for the rest of your life
b. Saving enough money in a day to buy a plane
c. Saving money from doing your chores for the next month to buy the new video game you wanted
d. Not saving any money and trying to buy a car

4. Entrepreneurship can……the Gross National Product

a. Increase
b. Decrease
c. Neither increase nor decrease
d. None of them

5. Role of an Entrepreneurship in Economic Development

a. Promotes Balanced Regional Development
b. Encourages Capital Formation
c. Rural Development and Reduction in Migration.
d. All of them

Answers:

1-a, 2-a, 3-c, 4-a, 5-d

6.8 REFERENCES

Books

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites:

- https://cleartax.in/s/aspire
- www.youraticleslibrabry.com
- www.managementstudyguide.com

UNIT –7 CREATIVITY AND ENTREPRENEURSHIP

STRUCTURE

7.0 Objectives
7.1 Introduction
7.2 Characteristics of Creative Entrepreneur
7.3 Personality Traits of an Entrepreneur
7.4 Interpersonal Skills
7.5 Critical Thinking
7.6 Practical Skills
7.7 Business Thinking Vs Creative Thinking
7.8 Start Up India
7.9 Unit End Questions
7.10 References

7.0 OBJECTIVES

After completing this unit, students will be able to:

- Define : – Characteristics of Creative entrepreneur,
- Understand : Personal traits, Interpersonal skills of entrepreneur
- Define : Objectives of startup India
- Explain: Critical thinking and Practical skill of entrepreneur

7.1 INTRODUCTION

Over the years, entrepreneurs have become more and more associated with creativity. So much so that when you meet an entrepreneur (especially a successful one), you automatically assume that they must have some creative and innovative qualities. But why is this assumption and association made?

Well, one of the most important requirements of a successful entrepreneur is to offer something of unique value to the marketplace and to fill a niche gap in the market. To pull this off effectively, it usually requires some levels of creativity and innovation. The ‘creative

entrepreneur' stereotype has been further cemented by eccentric, highly creative, and famous entrepreneurs such as Richard Branson, Elon Musk and the like.

In this article, we have a look at the distinct and interesting links between creativity, innovation, and entrepreneurship and why some of the most successful entrepreneurs are known for being exceptionally creative.

The difference between creativity and innovation

People often get confused about the difference between creativity and innovation and use the terms synonymously.

Creativity can be defined as the ability to develop original concepts and ideas. Aesthetic flair is an important factor when it comes to creativity.

Innovation is the ability to create offshoots, create changes to, or build on already existing ideas, services, and products.

Essentially, creative concepts are usually new and original that take inspiration from outside sources, while innovative concepts are usually built upon a pre existing idea. Inventions would be ideas, products or concepts that are entirely new and never seen before. They represent a leap in forward-thinking and, often, technology.

Entrepreneurs and creativity

Creativity helps entrepreneurs with one of the most important steps in their business journey: coming up with a business idea. Entrepreneurs with high levels of creativity are often able to come up with exceptionally creative business ideas that fill a niche gap in the market.

Entrepreneurial creativity and artistic creativity are very similar in that entrepreneurs may find inspiration from their favourite books, TV shows, nature, conversations, as well as existing products and services. Brainstorming and mind mapping are the two main methods in which entrepreneurs may use creativity to come up with ideas (coming up with ideas is also known as ideation).

But creativity does not only assist entrepreneurs in the initial stages of coming up with a business idea. Creativity will also be highly valuable in terms of:

Coming up with branding and marketing ideas

Ideas for blogs, other SEO-related content

Finding creative solutions to everyday business problems

Fun and exciting social media strategies

A good balance of linear and lateral thinking

Does an entrepreneur need to possess high levels of creativity to be successful? Of course not, but it definitely helps! Creativity is all around us, and when you start noticing it, it is hard not to be inspired! Creativity can be found in fine art, nature, advertisements, and so much more. But remember, creativity is practically useless if it is not properly harnessed and implemented.

Entrepreneurs and innovation

Innovation is a change that adds value to an existing idea, product, service or concept. Many business ideas are innovations of things that already exist. There should be a focus on the 'adding value' of innovation because just because you change up an existing product or business model slightly does not mean that you are creating a better version of it in order for innovations to be successful.

Innovation is often a response to changes in the market as well as progressions in outside markets. It should be noted that all innovations are purely creative, and many can be primarily logical in their conception.

Having a good hold on innovation is very important for entrepreneurs. We live in a fast-paced and ever-changing society, with new advances in technology occurring all the time. If an entrepreneur can embrace these changes and find ways to add additional value to them, they are bound to find success in their respective field.

Not only will an innovative mindset be advantageous in coming up with products, services, and business ideas, it will also be exceptionally helpful when it comes to adapting to change and finding new and improved ways of doing things in your business structure.

Disruptive innovation should also be mentioned. Disruptive innovation is a process of innovation that significantly affects the market by making a certain product more accessible and affordable to more consumers and has the ability to reshape an entire industry. A great example of this would be Uber.

Can creativity and innovation be cultivated?

Some people believe that you are either born with creative and innovative tendencies…or not. What is more likely is that your creativity levels are developed in your formative years, depending on what activities you were exposed to as a young child. In adulthood, most adults clearly define themselves as either being very creative or not creative at all.

The truth is that even those who do not deem themselves to be creative have dormant creativity lying inside of them. This creativity can be awakened through simple activities such as drawing, creative writing, mind mapping, reading fiction, and more. There are even apps that you can download on your phone that help cultivate your creativity.

Aspiring entrepreneurs that feel that they are not inherently creative could find immense value in dedicating time to expanding their creativity.

More than just creativity and innovation

While innovation and creativity play a big role in the potential success of an entrepreneur, entrepreneurs also need to possess somewhat opposing skills such as organisation, analytical mindset, attention to detail, etc. An entrepreneur cannot only be a dreamer. They need to have the practical skills to bring their dreams and great ideas to life.

What many creatives lack is a sense of direction, as well as a hard work ethic. They can often be somewhat lazy and procrastinate when it comes to putting ideas into motion.

On top of personal skills, they'll also need to gain knowledge on how the economy works, be aware of their competition and know about the regulations surrounding starting up a business. Only then will they know which ideas can be implemented successfully.

7.2 CHARACTERISTICS OF CREATIVE ENTREPRENEUR

For the last seven years, much of my day-to-day work has focused on helping entrepreneurs get ideas out of their heads and onto paper so they can turn those ideas into dream businesses. Along the way, I've learned a lot about the personality traits that are essential if you want to make a living from something that starts with a single thought.

We entrepreneurs are not like other people. We are a special breed. We are dedicated to our ideas and obsessed with bringing them to fruition. Setbacks and failures can be hard blows to us because the course we've chosen is so personal. These aren't someone else's ideas we are trying to make happen; these are our best ideas and strategies. When they don't work, we have to recover quickly and find ways to put positive spins on what we've just learned. We constantly think and talk about how to improve our craft or make our product or service just a little bit better. Because of this, we can be impossible company for our partners and friends.

Entrepreneurs make important contributions to our society. For example, we are narrowing the gender gap in leadership roles. For every 10 men who start their own businesses, seven women are doing the same. We're evading the glass ceiling by designing our own buildings. Plus, most entrepreneurs start businesses to pursue their goals, not because of financial necessity. This tells me we have more opportunities to be happier. In fact, entrepreneurs are more likely to describe their lives as "excellent" and "close to ideal." Working for yourself is so much better than working for someone else's goals, isn't it?

If you’re not already one of us, you may be dreaming of the life you’ll have when you finally become an entrepreneur. But first you need to consider if you have what it takes to make your great idea a viable business.

Here are the Top 10 Characteristics of a Successful Entrepreneur:

Passion and drive to turn ideas into success stories.

A “big picture” view. Entrepreneurs want to change the world, or at the very least make an ordinary thing so much better. We clearly see how our products or services influence the ways people interact/live/play. This is the fuel we drive on.

Ability to take hard hits. The road to success is littered with small, medium, and large failures. (Some of which can be very costly.) We must shake off failures and emerge stronger.

Refusal to quit. If it’s not this, then we find something different. Entrepreneurs keep looking, adjusting, and fine-tuning. There must be a way to bring an idea this good to market—and we will make it happen.

Good dose of narcissism. We carry the belief that we are the only right person to do this and our idea is simply better than anything else out there.

Desire to work hard. Contrary to what most people think, being an entrepreneur involves hard work and long hours. Even the best idea needs a solid business structure, a logical implementation, and constant tweaking.

Courage to take risks. It takes money to fund an idea, often from our own savings or from generous family and friends. There is no risk-free start-up. Entrepreneurs have the courage to overcome their fears on a daily basis.

Ability to think of the business as its own entity. This is a hard one! All business owners I know feel about their businesses as if they are children. But, you need to take a step back. Aside from love, constant affirmation, and attention, we also have to run it with discipline.

Willingness to learn. Nobody can know everything. Successful entrepreneurs go to conferences, take classes, and read books not just about their own fields but also about business and self-improvement. They continuously want to learn how to run their businesses better.

Contagious optimism. As entrepreneurs, we focus on ‘how we can make it work’ instead of ‘can we make this work?’ We see the payoff of our ideas and we make our businesses our priority.

1. They constantly look for patterns.

It's called Apophenia: the ability to perceive meaningful patterns within random data. It is a pronounced trait among innovative thinkers. Intentionally looking for patterns and drawing connections will allow you to spot potentials for innovations. The ability to "predict" or foresee

a problem is highly valuable. Great innovators can see the subtle thread that produces the outlier.

2. They're brilliantly lazy.

Bill Gates said, "I choose a lazy person to do a hard job. Because a lazy person will find an easy way to do it." Gates could substitute "a lazy person" with "an innovative person." Innovators will indeed find the best and easiest route to get a project done. It boils down to efficiency. Innovators live by the saying, "Work smart, not hard." They don't just strive to create the best product, but also the best process.

3. They're obsessive note-takers.

Your conscious mind (working memory) can only process small chunks of information at a time. With a cacophony of streaming ideas, great innovators are incessant note takers. Thomas Edison left 3,500 notebooks behind at his death.

When Richard Branson revealed a key business tool, it wasn't a complicated gadget, but an old fashioned notepad. He's always seeking feedback from flight passengers and cabin crew and using that information to innovate.

Your million-dollar idea can come from anywhere; while you're waiting for your coffee or getting groceries. Keep a compendium of your ideas, it'll be your trail leading to gold.

4. They preach perfection, but practice progress.

Perfectionism is seen as the bad guy. It can be crippling, but discarding it opens the door for mediocrity. Great innovators still fervently preach perfection, yet they live in the reality of progress. It's a healthy pendulum-swing between the two. They strive for the ideal and get work done in the real. Millionaire trader, Timothy Sykes says to "aim for perfection, but keep firing to make progress."

5. They're allied with their fear.

Described as a "quirky creative genius," founder of Kidrobot and Ello, Paul Budnitz says the key to innovation is changing your relationship with fear:

"Every one of my successful ventures has faced bankruptcy, come close to losing key employees, or just collapsed along the way. But by welcoming fear you get the benefit of what being afraid brings -- heightened awareness, compassion for others you are working with, and an unbreakable commitment to survive at all costs."

Fear can enable progress and innovation. When the feeling of fear arises, rather than a fight/flight response, embrace it as an advantageous adrenaline rush.

6. They don't wait for things to break.

You've heard the adage, "Why fix it if it ain't broke?" Great innovators don't wait for things to break; they're constantly fixing and iterating. CEO of Selfie Stick Gear Alynah Patel says the key to staying ahead and being a pioneer in your business is to live by the mantra, "It can always be better."

Rather than wait for a problem and then provide a solution, great innovators find ways to ensure the problem will never even exist.

Related: Innovation Can Happen in Small But Meaningful Ways

7. They understand the creative process.

Preparation, Incubation, Illumination, Implementation. Those are the four classic stages of the creative process. One of the most crucial stages, just before the eureka moment is "Incubation." Great innovators find novel ways to nurture this stage of creativity; taking long showers, going for a walk in nature, doing yoga headstands.

Incubation requires mental disengagement. It allows for the unconscious process of synthesizing all the information you've consciously encountered. The conscious detachment results in a "marination" of ideas and then solutions coming "out of the blue."

8. They pursue multiple streams.

Elon Musk has Tesla and Solar City. Mark Cuban has too many to name, on top of the Mavericks. It's more than just maximizing income, a hallmark of great innovators is nurturing multiple interests. Just like the creative process, alternative interests overlap and feed off each other. Having multiple projects breaks the psychological-bottleneck and pressure of succeeding in one single venture. It will also expand your breadth of knowledge and overall business acumen.

9. They possess a healthy arrogance.

It may come across as arrogance, but successful entrepreneurs and great innovators are highly confident. When Gallup studied entrepreneurial talent they found that people with high confidence performed better in stressful situations. When others see risk, highly confident and innovative entrepreneurs see opportunity; when others see roadblocks and potential failure, they see victory.

CEO of National Pearl, Emma Schrage says, "A key part of innovation is implementation -- it's not the first to come up with the idea, but the first to produce it." Having a healthy arrogance helped her take action in a saturated field, and against more "competent" competition.

10. They embrace paradoxical thinking.

Great innovators do not see the world in black and white. While many people come to "either/or" conclusions, they strive to see "both/and." When cell phones only made calls, and music devices only played music, innovators overlooked these conventional boundaries.

F. Scott Fitzgerald, the great American novelist said it best, "The test of a first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function."

7.3 PERSONALITY TRAITS OF AN ENTREPRENEUR

There are many factors that can contribute to the success of an entrepreneur as they launch, operate, and scale their business. These factors can include the timing of their business launch, how competitive their market is, the reliability of their supply chain, the amount of capital they are able to obtain, and the current economic climate.

In addition to these elements, there are a number of traits successful entrepreneurs have in common that contribute to their business success. Let’s dive into what they are.

Successful Entrepreneur Personality Traits

Discipline

Creativity

Self-Awareness

Resourcefulness

Process-Oriented

Empathetic

Communicative

Self-Motivated

Confident

Flexible

Risk-Taker

Resilient

"1. Discipline

Starting and operating a business is no easy feat. Unlike a traditional job where you often have upper-level management driving business objectives and keeping you accountable, being an

entrepreneur requires the ability to hold yourself accountable when you don’t have a "boss" to do so.

Those who are able to create and execute plants even without external factors holding them accountable have a competitive edge in business. When an entrepreneur has self-discipline they are able to manage the urge to procrastinate and can take decisive action when needed.

Three-time entrepreneur Bill Aulet recognizes that focus and discipline are critical for startup success, and it's even the focus of his book, Disciplined Entrepreneurship. He goes so far as to say that, "It is disciplined execution that makes people successful entrepreneurs." His book outlines a 24-step framework for bringing products to market. The rigorous (but fun) methodology comes from Aulet's experience building startups, raising capital, and creating value from shareholders.

2. Creativity

Though creativity is often associated with artistic output, it is an important trait for all entrepreneurs to have. Creativity doesn’t only apply to visual elements or branding. Entrepreneurs who are able to creatively solve problems and think outside of the box when facing everyday business challenges, they are able to quickly pivot and implement necessary solutions that lead to business growth.

Inspired by a financial guru and the high cost of sweets in her area, Mignon Francois went from "household manager" to founder and CEO. "I got the idea of having a bake sale everyday while listening to a financial guru on the radio. I was a household manager of 6+1 (aka stay at home mom) and I really couldn’t afford the luxury of taking my children out for sweets because everything was expensive and we were struggling. Once I started to get my recipes together I would practice all day."

Originally, she didn't even know how to bake, relying on her daughters and grandmother for help. However, her hard work and ingenuity turned a condemned home into a full-blown bakery and a creative endeavor into a ten-million-dollar business.

3. Self-Awareness

Entrepreneurs who have a sense of self-awareness that they are able to apply professionally to achieve business success. When an entrepreneur is self-aware they are able to own up to their strengths and weaknesses related to running their business.

With this awareness, they are able to zero in on the tasks and elements of running the business they can excel in and are more willing to delegate the areas they are not as strong in. Another benefit of being self-aware is that it increases one’s ability to give, receive, and apply meaningful feedback.

Gary Vaynerchuk, lifelong entrepreneur and social thought leader, says that self-awareness is a trait he wishes the business world paid more attention to, more so than hustle or smarts.

"Self-awareness at its finest is accepting your shortcomings and accentuating your strengths." In his blog post on the topic, he says that the moment you decide to do so, "things will change."

4. Resourcefulness

Many entrepreneurs are faced with tasks and challenges they have never faced before. The ability to be resourceful is a mindset that helps entrepreneurs reach lofty goals without a clear way to achieve them.

When entrepreneurs are able to work resourcefully, they can effectively problem-solve and grow and scale their businesses without having all of the answers or resources to do so. Being resourceful requires a can-do attitude and willingness to work creatively to effectively manage a business without having the immediate know-how.

Mark Cuban — entrepreneur and investor — says that entrepreneurs must have a "willingness to outwork and outlearn everyone." While having access to money and resources can make a difference, a key part of being an entrepreneur is cultivating those resources yourself. "There are no shortcuts, you have to work hard and try to put yourself in a position where, if luck strikes, you can see the opportunity and take advantage of it."

5. Process-Oriented

Having solid processes in place is essential for any successful entrepreneur. In the world of business, a process is a repeatable series of steps that help those working within a business to complete necessary tasks. Processes can apply to various aspects of the business including sales, onboarding new team members, production, and product fulfillment.

When business owners have a process-oriented mindset, they are able to work smarter, not harder. Implementing processes in various areas of the business can prevent waste, allowing business owners to scale and grow their businesses. Additionally, when business owners have repeatable processes in place, they are able to easily train new team members to fulfill important aspects of the business without sacrificing time or quality.

Masaaki Imai, management consultant and founder of the Kaizen Institute Consulting Group, says this about processes and systems: "The message of the Kaizen strategy is that not a day should go by without some kind of improvement being made somewhere in the company."

He is, of course, referring to a principle called Kaizen that champions the guiding philosophy of "continual improvement" often applied in lean business and productivity processes. Kaizen's impact can be found in the snowball effect that incremental changes to process can make, and

it has been practiced throughout the world — most notably at Toyota as part of the Toyota Way Fieldbook and at Trader Joe's as one of the company's core values.

6. Empathetic

Empathy is an essential trait for entrepreneurs. Whether a business owner manages a large team of employees or works directly with their customers as a high-performing solopreneur, they must be able to connect with others on a genuine level.

Successful entrepreneurs are able to put themselves in others' shoes, considering the perspectives of their employees and customers as they navigate key business decisions. In business, empathy can look like anticipating your customer's needs, empowering your team members to take time off to recharge when they need it, and giving both employees and customers space to voice their opinions and concerns.

Business owners who have the soft skills necessary to connect with others, they may experience benefits such as increased customer loyalty, more customer referrals, and increased employee productivity.

Dharmesh Shah, co-founder of HubSpot, considers empathy such an important core value that he modified the organization's Culture Code to include it. "Not too long ago, I found a bug in our Culture Code that needed fixing. We use the acronym HEART to describe qualities we value in our coworkers. For years, these qualities were: Humble, Effective, Adaptable, Remarkable, and Transparent. But something wasn't right. HEART did not clearly capture one of the values that I think is fundamental and part of our core at HubSpot. That value is: empathy."

7. Communicative

According to research from Wroclaw University, the top three communication skills for leaders are effective listening, getting a message across clearly and vividly, and providing feedback in a supportive manner.

These skills can put entrepreneurs at a competitive advantage. When a business owner is able to effectively listen to their customer, they are able to implement customer feedback that can help them improve their offerings. Additionally, when business leaders exhibit these skills with their own employees and team members, they are able to build trust which can improve productivity and business performance.

Communication is a big part of Simon Sinek's message to business leaders. In fact, Sinek's TED talk Start With Why covers the topic and is one of the most popular to date. "Communication is not about speaking what we think. Communication is about ensuring others hear what we mean." According to Sinek, this is a vital part of leadership.

8. Self-Motivated

Simply put, when you're your own boss you have to be able to keep yourself motivated to work effectively and consistently. Entrepreneurs must be able to work through creative ruts and points of feeling uninspired to keep their businesses going. This starts with knowing what drives you to keep going and drawing upon necessary inspiration when motivation is low.

A great example of this is entrepreneur Noëlle Santos, who didn't intend to open a book store — she worked in HR for an IT firm — but was shaken by the news that the Barnes & Noble she frequented was closing.

The joy of reading was important to her, so she had to do something. "I was disgusted knowing that there was just one bookstore at the time. So that petition galvanized the property owners and Barnes & Noble and the politicians, they came to an agreement that they would extend the lease two years. So in my mind, I was like, 'Okay, that means I have two years to open a bookstore.' I took responsibility for it."

Dedicated to her mission, she even worked at other bookstores for free over the course of two and a half years to learn the industry. From there, Santos fundraised and energized a community behind The Lit. Bar, bringing a bookstore back to the Bronx. The lesson here being that grit has to be inspired by something.

9. Confident

If you have an idea you want to bring to life and share with others, you have to have the confidence to see it through. Whether you are introducing a new product to market, or are seeking outside funding for your business, you must be able to speak to what you offer clearly and confidently. Successful entrepreneurs stand behind their ideas without letting concern over what others may think get in the way.

In an article on women entrepreneurs in tech, Monica Eaton-Cardone emphasizes the importance of confidence, even in the face of failure. "We fail our way to success. It means you had the courage to try and there's no way you can get to success without confronting failures." To Eaton-Cardone, failure isn't an obstacle for confidence, especially when it's so important for entrepreneurs to market themselves. Instead failure can become strength.

She encountered such failure herself on her journey to revolutionize solutions in payment processing, and such obstacles nearly caused her business to crumble. On her website, she says, "Instead of folding up shop, I decided to dig myself out of this pit ... I built an entire program based on every trial and error lesson I had learned — and it worked. Before long, the very same banks that had tried to shut down my business were calling and asking for my assistance."

10. Flexible

To have a sustainable business and see long-term success, entrepreneurs must be willing to pivot when necessary. Whether it is reformulating a product to make it better, or revising a business strategy to remain competitive, entrepreneurs who are too rigid and afraid to embrace change are at a disadvantage.

When an entrepreneur is flexible in their approach, they are able to take advantage of new opportunities as they come which can pay off in the long run. Business owners who are slow to adapt to change can miss out on valuable opportunities to innovate and adapt to their customer's needs.

The lesson of flexibility is one that entrepreneur Hyungsoo Kim learned during the development of Eone's first product, a tactile wristwatch for the visually impaired. The first iteration of the watch relied on braille, didn't have a strong visually aesthetic appeal, and wasn't functional for non-visually impaired individuals.

During a focus group meeting, Kim and his team found out that their customers wanted a product that would be attractive and inclusive even for those who didn't have a visual impairment. This was something the design team hadn't considered, and they had to go back to the drawing board.

"After that meeting, our concept prototype literally went into the trash bin. We were building something that we thought they wanted based out of common misconceptions and stereotypes." However, this lesson influenced their brand and its values. "We changed our name to Eone which is short for Everyone." Read more about their pivot here.

11. Risk-Taker

The ability to take a calculated risk is one of the most valuable skills an entrepreneur can have. When business owners are willing to take risks, they are able to learn valuable lessons in business that can help their company in the long run.

Taking risks also helps businesses find new ways to differentiate themselves from the competition, which is especially helpful in saturated markets. In the event the risk doesn't have the intended result, the entrepreneur can still apply the valuable lessons learned to future business decisions.

Microsoft's Bill Gates is credited with the quote, "To win big, you sometimes have to take big risks." Gates certainly took risks throughout the history of Microsoft, but perhaps his most notable risk was leaving Harvard during his sophomore year in 1975 to found the company. His vision was "a computer on every desk and in every home," which was something no one

could have conceived of at the time. The risk he took to make that vision a reality paid off, and Microsoft is worth more than a Harvard degree.

12. Resilient

"Last but certainly not least, successful entrepreneurs must have a sense of resiliency. While running a business, it is common for entrepreneurs to face closed doors and to be told "no" often from potential customers and those they are seeking funding from.Many entrepreneurs may find themselves starting multiple businesses if their initial idea doesn't take off. According to the Bureau of Labor Statistics, nearly half of small businesses fail within the first four years. Some successful business owners may find their first few business ideas weren't sustainable in the long run but can apply those learnings to new businesses. Whether an entrepreneur isn't granted a sale or opportunity or has to start at square one, being resilient and inventive in the face of challenges is a must.Kimberly Bryant, founder and CEO of Black Girls Code, encountered adversity along her career path as a Black woman in electrical engineering and biotechnology. It was when her daughter shared her interests in math and science that Bryant became a champion for STEM education for young girls of color. She founded her organization, Black Girls Code, and was originally met with opposition. In an interview with Shondaland, Bryant details how "People did not want to fund something called Black Girls Code (BGC) — they would try to get us to change our name. Even the few organizations that were doing something similar didn't take us seriously."These roadblocks didn't stop her, and she funded the organization with her own 401k. With perseverance and resilience, the organization gained steam and became a voice for social activism.These traits along with a vision for what you want to accomplish are paramount to your success as an entrepreneur. Once you internalize your drive, you can then begin putting goals to paper and build out concrete action items to realize them

7.4 INTERPERSONAL SKILLS

Entrepreneurship is all about networking and sharing and it cannot exist as a one-man show. Therefore, interpersonal skills are just as valuable as personal ones to make a good entrepreneur. However, there are researchers who argue that some entrepreneurs function better by themselves and it is true that the online environment as a business environment allows for indirect relations. Considering these instances, generally, entrepreneurship relies on communication and good people skills.

a) Four essential people skills of an entrepreneur

There are countless lists of people skills to possess as an entrepreneur. However, some four key elements are always taken into account:

1. Empathy - you need to be able to understand a client, a team member or a potential investor if you are going to interact with them in a productive way and if you want to convince, sell and gain trust. Therefore, being empathic is essential when building your network. Try to put yourself in the other person's shoes and anticipate their needs, wishes and concerns in order to deliver the best product, solution, service or business proposal. People need to know that you will answer their wishes, resonate with them, and not get the feeling that they are forced into something they didn't agree to.

2. Good listener skills - being a good listener also means being an active one, so listen carefully and show people you understand their point of view, even if you don't agree with them. This will take a little more effort than just hearing what the other person says, but it is worthwhile. Keep in mind that the most important part in learning is listening.

3. Leadership skills - good leadership is what transforms a group of people in a team oriented towards a common goal. It can make or break the entrepreneurial pursuit. The most successful entrepreneurs out there are also the most inspirational people and true leaders. The difference between a boss and a leader is that a leader inspires his team to be dedicated, he shares the success, creates a family like atmosphere and can communicate accurately a vision so that others can understand and adhere to it.

4. Persuasive and inspiring - being persuasive is all about good storytelling, so instead of selling things to people, try to tell the story. In order to act, people need to feel inspired. The secret to persuading people is to tell an effective story with an engaging introduction and a compelling narrative. Closely related to persuasion, inspiration is a step above it. When you persuade someone, all you are doing is convincing them to share your beliefs and ideals. Inspiration, however, means that you are persuading a group of people not just to align their beliefs with yours, but you're also persuading them to take action based on these beliefs.

b) How to improve your people skills

As with most endeavours, optimising your people skills is a simple task and it will provide you with great feedback in your everyday life, and also in your business relations. The changes you need to make in order to become more sociable are pretty intuitive and you would not guess they have such a significant impact. Simply acknowledging the others and focusing on them rather than always thinking about yourself can modify their reaction to you and the way you feel about yourself.

This next action is elementary, but often overlooked: do not be aggressive in your tone, choice of words, body language and actions, because no one wants to converse with an aggressive person.

Learn positive body language: smile, keep your hands in sight, nod when people speak, point your feet and body directly towards them, since this shows interest and openness; don't cross your arms, don't tap your foot or fingers for a conversation to end, don't gaze into the distance; stay away from your wristwatch and phone.

Being an entrepreneur sometimes feel like you are spinning ten dinner plates on ten sticks without letting any fall. It takes a lot of concentration, consistency, and broken plates to do it perfectly.

Any person that follows the entrepreneurial path needs to master various skills in marketing, sales, bookkeeping, finance, management, leadership, and much more at the same time. No matter if you excel in all these, if you're a poor communicator you'll face difficulties. Poor communication is the falling plate that can ruin the entire performance.

The importance of interpersonal skills

The most valuable advice that you can find when asking how to get things done and achieve your goals is to establish good and strong relationships with all the people around you or that you will meet during your path. If you're doing something focused on others, you can't achieve it without collaborating with other people like you that share the same goals. It is crucial that all relationships are in place when you are working toward a goal or when you're part of a team.

Good speaker, attentive listener

Among many other skills, effective communication requires the ability to be a good speaker and listener at the same time. These two skills are key to effective working relationships between you and other people and they impact your relationship with the customer or. You need to listen carefully, to keep eye contact, and to ask questions in order to make sure that you understood things correctly.

In the meantime, you need to be able to communicate your ideas, plans, and expectations correctly and in a simple way, in order that everyone understands you. Good communication skills verbal and non-verbal result in more productive brainstorming processes.

Good manners

The fast pace of tech development requires that we meet new people not only in person. It is common to contact someone stranger by email or to have a video chat.

Good manners and etiquette are essential in business interaction both for the people that you know better and with perfect strangers that can become perfect business partners. What to consider.

Try to be punctual

Dress appropriately

Be kind and smile

Show interest in what to other persons are saying, be there physically and mentally

Don’t be rude and don’t interrupt

Empathize

Remember to use good manners with everyone, be humble no matter what’s your title or position, and always show respect. These will help you in keeping strong relationships, to make decisions, to negotiate, to make people around you feel good, and what’s most important to reach your goal within the set deadline.

If you need to learn more entrepreneurial skills, take the free training courses offered by the Entrepreneurship Campus.

7.5 CRITICAL THINKING

Critical Thinking Defined

Critical thinking means making reasoned judgments that are logical and well-thought out. It is a way of thinking in which you don't simply accept all arguments and conclusions you are exposed to but rather have an attitude involving questioning such arguments and conclusions. It requires wanting to see what evidence is involved to support a particular argument or conclusion. People who use critical thinking are the ones who say things such as, 'How do you know that? Is this conclusion based on evidence or gut feelings?' and 'Are there alternative possibilities when given new pieces of information?'

In essence, critical thinking requires you to use your ability to reason. It is about being an active learner rather than a passive recipient of information.

Critical thinkers rigorously question ideas and assumptions rather than accepting them at face value. They will always seek to determine whether the ideas, arguments and findings represent the entire picture and are open to finding that they do not.

Critical thinkers will identify, analyse and solve problems systematically rather than by intuition or instinct.

Someone with critical thinking skills can:

Understand the links between ideas.

Determine the importance and relevance of arguments and ideas.

Recognise, build and appraise arguments.

Identify inconsistencies and errors in reasoning.

Approach problems in a consistent and systematic way.

Reflect on the justification of their own assumptions, beliefs and values.

Critical thinking is thinking about things in certain ways so as to arrive at the best possible solution in the circumstances that the thinker is aware of. In more everyday language, it is a way of thinking about whatever is presently occupying your mind so that you come to the best possible conclusion.

Additionally, critical thinking can be divided into the following three core skills:

Curiosity is the desire to learn more information and seek evidence as well as being open to new ideas.

Skepticism involves having a healthy questioning attitude about new information that you are exposed to and not blindly believing everything everyone tells you.

Finally, humility is the ability to admit that your opinions and ideas are wrong when faced with new convincing evidence that states otherwise.

Critical thinking should become a second-nature skill for leaders and employees across your organization.

Critical thinking in the workplace ensures objective and efficient problem-solving; it's essential for your business's success.

When teams employ critical thinking, they gain enhanced analytical competency, communication, emotional intelligence and general problem-solving skills.

Patiently teach critical thinking in the workplace until it becomes a second-nature skill for employees across your organization.

This article is for small business owners and managers who want to improve critical thinking in their companies to enhance problem-solving and reduce costly mistakes.

Many professionals hope to pursue careers they're passionate about so they can find joy and meaning in their work. Caring deeply about your work is vital for engagement and productivity, but balancing emotions with critical thinking is essential in the workplace.

When employees engage in critical thinking, they use an independent, reflective thought process to evaluate issues and solve problems based on knowledge and objective evidence.

Critical thinking skills can guide your organization toward success, but to truly maximize the problem-solving benefits of critical thinking, it's crucial to teach this skill to your entire team. We'll explore critical thinking skills and how to teach them in the workplace to help your business improve its decision-making and problem-solving.

What is critical thinking?

Jen Lawrence, co-author of Engage the Fox: A Business Fable About Thinking Critically and Motivating Your Team, defines critical thinking as "the ability to solve problems effectively by systematically gathering information about an issue, generating further ideas involving a variety of perspectives, evaluating the information using logic, and making sure everyone involved is on board."

This is a complex definition for a challenging concept. Though critical thinking might seem as straightforward as stepping back and using a formal thinking process instead of reacting instinctively to conflicts or problems, it is actually a much more challenging task.

Critical thinking's ultimate goal is ensuring you have the best answer to a problem with maximum buy-in from all parties involved – an outcome that will ultimately save your business time, money and stress.

Why is critical thinking essential in the workplace?

A World Economic Forum report revealed that critical thinking is one of the most in-demand career skills employers seek when trying to attract and retain the best employees – and employers believe critical thinking skills will become even more necessary in the coming years.

Critical thinking in the workplace guarantees objective and efficient problem-solving, ultimately reducing costly errors and ensuring that your organization's resources are used wisely. Team members employing critical thinking can connect ideas, spot errors and inconsistencies, and make the best decisions most often.

Employees with critical thinking are also more likely to accomplish the following:

Analyzing information

Thinking outside the box

Coming up with creative solutions to sudden problems

Devising thought-through, systematic plans

Requiring less supervision

Did you know?Did you know?: Critical thinkers are sure about the reasoning behind their decisions, allowing them to communicate with employees clearly. This level of communication enhances employee engagement.

What are critical thinking skills?

Critical thinking is a soft skill that comprises multiple interpersonal and analytical abilities and attributes. Here are some essential critical thinking skills that can support workforce success.

Observation: Employees with critical thinking can easily sense and identify an existing problem – and even predict potential issues – based on their experience and sharp perception. They're willing to embrace multiple points of view and look at the big picture.

Analytical thinking: Analytical thinkers collect data from multiple sources, reject bias, and ask thoughtful questions. When approaching a problem, they gather and double-check facts, assess independent research, and sift through information to determine what's accurate and what can help resolve the problem.

Open-mindedness: Employees who demonstrate critical thinking are open-minded – not afraid to consider opinions and information that differ from their beliefs and assumptions. They listen to colleagues; they can let go of personal biases and recognize that a problem's solution can come from unexpected sources.

Problem-solving attitude: Critical thinkers possess a positive attitude toward problem-solving and look for optimal solutions to issues they've identified and analyzed. They are usually proactive and willing to offer suggestions based on all the information they receive.

Communication: When managers make a decision, they must share it with the rest of the team and other stakeholders. Critical thinkers demonstrate excellent communication skills and can provide supporting arguments and evidence that substantiate the decision to ensure the entire team is on the same page.

What are the benefits of critical thinking in the workplace?

Many workplaces operate at a frantic tempo that reinforces hasty thinking and rushed business decisions, resulting in costly mistakes and blunders. When employees are trained in critical thinking, they learn to slow the pace and gather crucial information before making decisions.

Along with reducing costly errors, critical thinking in the workplace brings the following benefits:

Critical thinking improves communication. When employees think more clearly and aren't swayed by emotion, they communicate better. "If you can think more clearly and better articulate your positions, you can better engage in discussions and make a much more meaningful contribution in your job," said David Welton, managing partner at Grove Critical Thinking.

Critical thinking boosts emotional intelligence. It might seem counterintuitive to associate analytical rationality with emotional intelligence. However, team members who possess critical thinking skills are less prone to rash, emotion-driven decisions. Instead, they take time to

analyze the situation and make the most informed decision while being mindful and respectful of the emotional and ethical implications.

Critical thinking encourages creativity. Critical thinkers are open to new ideas and perspectives and accumulate a significant amount of information when facing decisions. Because of this, they're more likely to come up with creative solutions. They are also curious and don't shy away from asking open-ended questions.

Critical thinking saves time and money. By encouraging critical thinking in the workplace, you minimize the need for supervision, catch potential problems early, promote independence and initiative, and free managers to focus on other duties. All this helps your company save valuable time and resources.

Did you know?Did you know?: Critical thinking skills are essential for dealing with difficult customers because they help your team make informed decisions while managing stressful situations.

How do you teach critical thinking in the workplace?

Experts agree that critical thinking is a teachable skill. Both Lawrence and Welton recommend exploring critical thinking training programs and methods to improve your workplace's critical thinking proficiency. Here's a breakdown of how to teach critical thinking in the workplace:

Identify problem areas. Executives and managers should assess workplace areas most lacking in critical thinking. If mistakes are consistently made, determine whether the issue is a lack of critical thinking or an inherent issue with a team or process. After identifying areas that lack critical thinking, research the type of training best suited to your organization.

Start small. Employees newly embracing critical thinking might have trouble tackling large issues immediately. Instead, present them with smaller challenges. "Start practicing critical thinking as a skill with smaller problems as examples, and then work your way up to larger problems," Lawrence said.

Act preemptively. Teaching and implementing critical thinking training and methodology takes time and patience. Lawrence emphasized that critical thinking skills are best acquired during a time of calm. It might feel urgent to seek critical thinking during a crisis, but critical thinking is a challenging skill to learn amid panic and stress. Critical thinking training is best done preemptively so that when a crisis hits, employees will be prepared and critical thinking will come naturally.

Allow sufficient time. From a managerial perspective, giving employees extra time on projects or problems might feel stressful in the middle of deadlines and executive pressures. But if you want those working for you to engage in critical thinking processes, it's imperative to give

them ample time. Allowing employees sufficient time to work through their critical thinking process can save the company time and money in the long run.

How do you identify successful critical thinking?

Successful critical thinking happens during a crisis, not after.

Lawrence provided an example involving restaurants and waitstaff: If a customer has a bad experience at a restaurant, a server using critical thinking skills will be more likely to figure out a solution to save the interaction, such as offering a free appetizer or discount. “This can save the hard-earned customer relationship you spent a lot of marketing dollars to create,” Lawrence said. This concept is applicable across many business and organizational structures.

You should also be aware of signs of a lack of critical thinking. Lawrence pointed out that companies that change strategy rapidly, moving from one thing to the next, are likely not engaging in critical thinking. This is also the case at companies that seem to have good ideas but have trouble executing them.

As with many issues in business, company leadership determines how the rest of the organization acts. If leaders have excellent ideas but don’t follow critical thinking processes, their team will not buy into those ideas, and the company will suffer. This is why critical thinking skills often accompany positive communication skills.

“Critical thinking doesn’t just help you arrive at the best answer, but at a solution most people embrace,” Lawrence said. Modeling critical thinking at the top will help the skill trickle down to the rest of the organization, no matter your company’s type or size.

Critical thinking is the key to your business success

When critical thinking is actively implemented in an organization, mistakes are minimized, and operations run more seamlessly.

With training, time and patience, critical thinking can become a second-nature skill for employees at all levels of experience and seniority. The money, time and conflict you’ll save in the long run are worth the extra effort of implementing critical thinking in your workplace.

7.6 PRACTICAL SKILLS

While becoming a successful entrepreneur is natural for some, others require certain essential skills to start and lead a business to success. These skills determine your entrepreneurial success. Successful entrepreneurs have mastery over both hard and soft skills. Hard skills like accounting, marketing and financial planning are critical for running and managing a business

and soft skills like communication, problem-solving and decision making help you scale up your business. Mastery of entrepreneur skills requires practice and a dedicated learning plan.

Below are practical business skills you should acquire as an entrepreneur:

1. Marketing: A lot of people see marketing as selling which is wrong. Selling is only a part of marketing. Marketing is all things done by a business from the idea of a need in the market to get a product that meets that need to the final consumer.

On a very basic level marketing is basically providing the right product at the right place, with the right promotional methods at the right price.

Learning to manage your marketing well will boost your business a lot. It's going to help people see your business/product the way you intend for them too.

Me writing this I won't lie to you it's marketing on my own personal brand. I want you to know and see me as a business expert.

So, learn the marketing principles and tactics that align with your business then formulate a good strategy with them.

2. Risk management: Over 80% (this is even conservative; I actually think it's more than 80%) of new businesses do not manage risk properly. This skill in business is what separates the pros from the armatures.

Why do you think those executives at the big corporations are paid well? You think it's just because they can motivate alone

If I ask you "What is your total business risk? And what have you done to reduce/remove it?" most of you can't answer this question and it's a pity.

Now, in business, there are several types of risks, which I'm not going to share in this article go and do your own research.

Learning to manage your risk or business exposure can save you from a lot of disasters like sudden fire, exchange rate depreciation, price of raw material sky rocking, etc.

3. Accounting: Most "entrepreneurs" overlook proper accounting which is very bad. You need good accounting to even know if you are making money or not and even what your business is actually worth.

Most new businesses will say nobody wants to lend them money, when I hear this I laugh because I know why most won't get funding from investors. Most have no proper accounting record from which investors can actually analyze their businesses.

Proper accounting will benefit you a lot. If you are not yet carrying it out, please start now there are a lot of benefits doing so.

4. Strategic management: There is a saying “Strategy without tactics is the slowest route to success, while tactics without strategy are the noise before the fall”.

Most businesses do not have a clear-cut strategy (a combination of tactics) on how they intend to achieve their goals giving the current business environment they find themselves.

Learning strategic management will help you formulate cutting edge strategies to help you reach your business goals like the pros.

5. Human/People management: Businesses revolve all-around people, I know you might say my business is B2B (Business to business) or even B2C (Business to consumer). The truth is both deals with people. People run the business that buys your product, we are all in the business of P2P (People to People).

Learning proper human management skills will help your business a lot. It will help you interact with your employees and customers in the proper and right way to help you achieve your business goals.

If you don’t interact with your employees or customers in the right way it can cost you a lot in business.

6.Research and analytics: I don’t know of any successful company that does not have what is called a “Research & Development” department. They may have another fancy name they call it but It’s the core of business development.

Learning to do proper research can give you an edge in business. Learn skills like data analysis and data presentation, these are some of my best business skills.

When you make business decisions from a well-studied matter you have a better chance of success than the guys who just gamble their way in business.

7. Fundraising: Yes, I think this is a skill every entrepreneur needs to have. Learn all you can about fundraising either as equity or debt.

Your business needs more money but you don’t know how to go about it? It’s a skill, learn it.

There is money everywhere looking for a fertile ground where it can be planted to grow

8. BONUS SKILL (Business Law): I’m not saying you should go and train to be a lawyer but at least have a good legal understanding of your business environment.

I hope you take this seriously. I know most of you may have thought I will say you should go and learn, digital marketing, graphic design or even coding and the likes. Well, all those are good skills but they are not business fundamental skills.

When you have the fundamentals, you have a solid foundation where your coding, digital marketing, graphic design skills, etc. can stand.

If you can’t learn these skills, hire or partner with people that have them. It’s not “waste of time”, it’s what separates pros from armatures.

Networking skills

Networking involves building and managing relationship with other professionals to grow and promote a business. Effective networking skills open up future opportunities and help build a solid brand. Networking allows entrepreneurs to meet like-minded professionals, build future teams and stay up-to-date with industry trends. It is one of the most desirable skills for entrepreneurs because, through a solid network, they can meet professionals to fund their ideas, access professional business expertise and get feedback on their new venture or idea.

Critical thinking skills

Critical thinking is an entrepreneur skill that objectively analyses the information and draws a rational conclusion. It helps entrepreneurs assess a situation and come up with a logical solution. Employers look for candidates with critical thinking because it helps solve problems and build strategies for business growth. Usually, a critical thinker is independent, competent and reflective. This skill helps entrepreneurs logically connect ideas, scrutinise information, evaluate arguments, find inconsistencies in work and solve complex issues. Instead of memorising information, such candidates use the information to deduce meaningful insights.

Customer service skills

Quality customer service promotes the brand and increases loyalty. Regardless of the industry, excellent customer service skills are essential for business success. From talking to clients to discussing funding opportunities, customer service skills help entrepreneurs connect with their potential customers.

Financial skills

The ability to handle resources, assess investments, calculate ROI is a must for entrepreneurs. Apart from this, they must know how to use accounting and budgeting software to keep track of all the financial processes. By learning financial skills, entrepreneurs avoid overspending and optimally allocate resources.

Leadership skills

Being able to inspire colleagues, empower the workforce and lead from the front requires excellent leadership skills. Exemplary leaders lead by examples and can take a leadership role and work as a part of a team. Entrepreneurs with leadership skills motivate their employees, manage operations and delegate tasks to reach the business goal.

Time management and organisational skills

Effective time management increases productivity and organises your workspace. Entrepreneurs with time management and organisational skills understand different ways to prioritise tasks and avoid procrastination. For ensuring timely completion of projects, entrepreneurs analyse their and their team's time, set time limit for each task, complete priority tasks first, delegate work to others, create a to-do list and use technology to keep the workspace organised.

Technical skills

Technical skills are hard skills that are gained by using digital tools and software. Entrepreneurs must know how to use planning, marketing and budgeting software. Knowledge of software helps in managing projects, tracking sales and allocating a viable budget for the project.

How to improve entrepreneur skills

Mastery of these entrepreneur skills can help you outperform at your job and steer your business to success. To improve your skills, you may read books, take a course or attend seminars. Here are some steps you must follow to improve your entrepreneur skills:

1. Read business books

Reading books encourages self-improvement and is an excellent way to get advice on effective business strategies. It improve your cognitive ability, increases your decision-making and you get to learn from the failure of others. Therefore, read books to achieve success as an entrepreneur.

2. Enrol in a course

Another way to sharpen your skill set is by enrolling in a management, marketing or finance course. Taking and completing a professional course may help boost your business management and financial planning skills.

3. Attend workshops

Always attend entrepreneurial workshops and networking events. Many of these workshops may have experienced business owners as speakers. It helps fill the knowledge gap and you may gain valuable insights on how to run your business to success. Such workshops are a great way to build networks and talk with industry leaders.

4. Listen to podcasts

One of the best ways to consume business-related information on a busy day is listening to a podcast of successful entrepreneurs. Listening to business podcasts may give you insights into how different entrepreneurs use technology to speed up their business growth. It also improves your listening skills.

5. Hire an experienced business mentor

Experienced mentors can help you develop the skills that you are lacking. You can either work under a successful business owner for some time to understand how to manage a business. You can also meet up regularly with a professional group of like-minded people and discuss different ways of building and marketing a brand. Mentors help in providing valuable insights and professional advice that is necessary for success.

7.7 BUSINESS THINKING VS CREATIVE THINKING

Business Thinking is a process of deconstructing the common factors that affect decision-making — organizational understanding, politics, leadership, culture, and change — to construct new patterns of trust, confidence, and empowerment. It's applying the principles of design, business, and, most importantly, behavior change, to the challenges designers face in being heard; gaps in understanding, silos and politics, lack of leadership, and organizational culture.

At its core, it's a process to develop and demonstrate the ability to understand and respond to different business situations well. I've been developing this process as a way to help individual designers, teams, and organizations gain the strategic impact they seek by better understanding and navigating the politics, cultures, and organizational factors that go into making decisions.

Designers who are applying business thinking are increasing their influence and impact. They are speaking with dialects that are valued, they are perceived as equals at the leadership table, and they are maturing their organizations as a whole, not just design. These designers are pulling together what's desirable for diverse, cross-functional teams with what is operationally feasible and culturally viable for the company. The effects can be felt in multiple ways:

At an individual level, business thinking provides new tools to address the vast range of organizational challenges and career opportunities that designers face.

At an organizational level, business thinking provides executives the clarity they need for the risks, consequences, and opportunities in trade-off decisions.

At the team level, business thinking provides alternate ways for product managers, developers, and designers to develop the competitive advantages executive leaders and customers expect.

At all levels, it's about delivering outcomes that individuals, teams, and organizations can align to rather than relying on the status quo.

The process starts with taking the initiative to understand your colleagues and your company. After doing so, reflecting on what's working (or isn't) and remixing your approach becomes much more manageable. It's about embracing simple shifts in your mindset and tackling decision-making problems in a better way.

Creative Thinking

Creative thinking is the ability to consider something in a new way. Employers in all industries want employees who can think creatively and bring new perspectives to the workplace.1

Creative thinking can involve:

A new approach to a problem

A resolution to a conflict between employees

A new result from a data set

A previously untried approach to earn revenue

A new product—or product feature

Creative thinking means thinking outside the box. Often, creativity involves lateral thinking, which is the ability to perceive patterns that are not obvious.

Creative thinking might mean devising new ways to carry out tasks, solve problems, and meet challenges. It means bringing a fresh, and sometimes unorthodox, perspective to your work. This way of thinking can help departments and organizations be more productive.

Types of Creative Thinking

Creative thinking is expressed in several ways. Here are some types of creative thinking you might see in the workplace.

Analysis

Before thinking creatively about something, you first have to be able to understand it. This requires the ability to examine things carefully to know what they mean. Whether you are looking at a text, a data set, a lesson plan, or an equation, you need to be able to analyze it first.

Open-Mindedness

To think creatively, set aside any assumptions or biases you may have, and look at things in a completely new way. By coming to a problem with an open mind, you allow yourself the chance to think creatively.

Problem-Solving

Employers want creative employees who will help them to solve work-related issues. When faced with a problem, consider ways that you can solve it before asking for help. If you need the input of a manager, suggest solutions rather than just presenting problems.

Organization

This might seem counterintuitive: Aren’t creative people known for being somewhat disorganized? Actually, organization is an essential part of creativity. While you might need to get a bit messy when trying out a new idea, you need to organize your ideas so others will understand and follow through with your vision.

Communication

People will only appreciate your creative idea or solution if you communicate it effectively. You need to have strong written and oral communication skills.

Benefits of Creative Thinking

Employers want creative thinkers because it benefits their bottom line. Companies that foster creativity may see more revenue growth.3 Positioning yourself as a creative thinker can make you a more appealing job candidate or leader within your current organization.

How to Showcase Your Creative Thinking Skills

When you're applying for a job, think about how your creative nature has helped you in the past and how it might be an asset in the job you're seeking.

Here's how to showcase your creative thinking throughout the application process.

Add Keywords: In your resume and cover letter, consider including keywords that demonstrate your creativity. For instance, you might try "problem-solving."

Give examples: In your cover letter, include one or two specific examples of times your creative thinking added value to your employer. Perhaps you came up with a creative way to save your department money, or maybe you developed a new filing system that increased efficiency.

Tell stories: Come to your interview prepared with examples of how you've demonstrated your creativity. This is especially important if the job description lists creativity or creative thinking as a requirement.

If you're looking for creative opportunities as a means of personal fulfillment, you can find satisfaction in surprising places. Any job that allows you to put your own spin on your work will end up being.

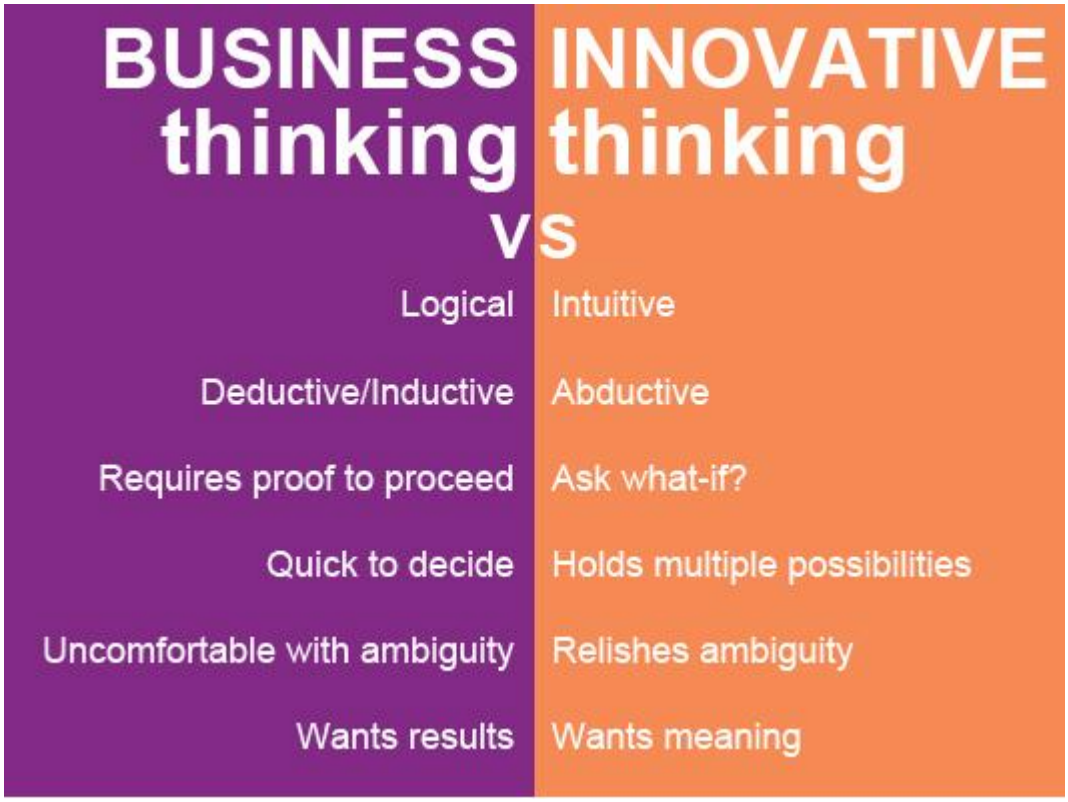


Fig :7.1 Business VS Innovative thinking

Creative Process

This is also a controlled thinking in which the creative thinker whether artist, writer or a scientist is trying to create something new. It involves characteristics of both reasoning and imagination. Creative thinking is a process in which the individual generates an original, unusual and productive solution to a problem.

It is defined as personal, imaginative thinking which produces a new, novel and useful solution. Unlike ordinary solution to problems, creative solutions are the new one to the effect that other people have not thought before.

The product of creative thinking may be a new and unique way of conceptualizing the world around us. The emphasis in creative thinking is on the word ‘new’. In human beings we find two kinds of productive abilities – the convergent and divergent abilities.

Convergent abilities are used to bring together otherwise divergent things. Divergent production abilities are those which are not guided by rules or conventions, but capable of generating new solutions to a problem. Divergent production abilities are particularly important in creative thinking.

Creative thinking involves four stages:

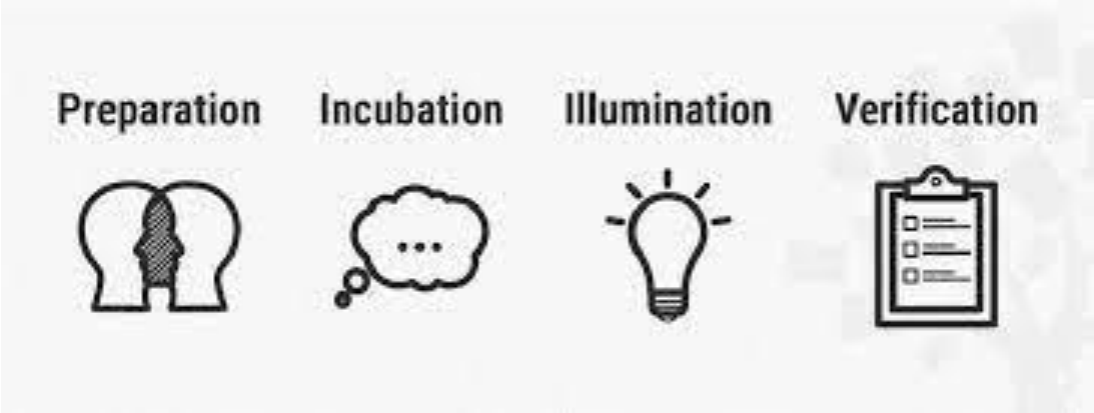


Fig :7.2 Creative thinking involves four stages

1. Preparation:

In this stage the thinker formulates the problem and collects the facts and materials considered necessary for finding new solutions. Many times the problem cannot be solved even after days, weeks or months of concentrated efforts. Failing to solve the problem, the thinker turns away from it initiating next stage.

2. Incubation:

During this period some of the ideas that were interfering with the solution will tend to fade. The overt activity and sometimes even thinking about the problem is absent in this stage. But the unconscious thought process involved in creative thinking is at work during this period. Apparently the thinker will be busy in other activities like reading literature or playing games, etc. Inspite of these activities the contemplation about finding a solution to problem will be going on in the mind.

3. Illumination:

Following the period of incubation the creative ideas occur suddenly. Consequently the obscure thing becomes clear. This sudden flash of solution is known as illumination and is similar to 'aha (eureka)' experience. For example, Archimedes found solution to the crown problem.

4. Verification:

Though the solution is found in illumination stage, it is necessary to verify whether that solution is correct or not. Hence in this last stage evaluation of the solution is done. If the solution is not satisfactory the thinker will go back to creative process from the beginning.

If it is satisfactory, the same will be accepted and if necessary, minor modification may also be made in solution.

7.8 START UP INDIA

The Startup India initiative was announced by Hon'ble Prime Minister of India on 15th August, 2015. The flagship initiative aims to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. Further to this, an Action Plan for Startup India was unveiled by Prime Minister of India on 16th January, 2016. The Action Plan comprises of 19 action items spanning across areas such as "Simplification and handholding", "Funding support and incentives" and "Industry-academia partnership and incubation".



Government of India has made fast paced efforts towards making the vision of Startup India initiative a reality. Substantial progress has been made under the Startup India initiative, which has stirred entrepreneurial spirit across the country.

The Department for Promotion of Industry and Internal Trade (DPIIT) is mandated to coordinate implementation of Startup India initiative with other Government Departments. Apart from DPIIT, the initiatives under Startup India are driven primarily by five Government Departments viz. Department of Science and Technology (DST), Department of Bio-technology (DBT), Ministry of Human Resource Development (MHRD), Ministry of Labour and Employment and Ministry of Corporate Affairs(MCA) and NITI Aayog.

Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).

Since the launch of initiative in January 2016, there has been a substantial progress under Startup India Action Plan. A detailed progress made on 19 Action Points of Startup India Action Plan is at Annexure-I.

Many other initiatives beyond the Startup India Action Plan have been undertaken for development of overall growth of Startup movement in the country. Summary of achievements made so far under such initiatives is at Annexure-II.

The Prime Minister unveiled an Action Plan consisting of 19 Action Points that act as a guiding document for the startup initiative. Since the inception of the initiative:

1. The Government has recognised over 77,000 startups
2. These startups are spread over 656 districts from 30 States and 7 Union Territories of India
3. As of 07th September 2022, India is home to 107 unicorns with a total valuation of $ 340.79 Bn. Out of the total number of unicorns, 44 unicorns with a total valuation of $ 93.00 Bn were born in 2021 and 21 unicorns with a total valuation of $ 26.99 Bn were born in 2022.
4. A ₹10,000 Cr 'fund of funds' is being managed for growing the domestic venture capital industry
5. A ₹1,000 Cr Startup India seed fund has been launched in 2021 to aid setting up and growth of new startups
6. Creation of 5.2 lakh jobs across the country, with 45% of them having a base in Tier 2 - Tier 3 cities
7. India is the largest in number of startups being added every hour (4 startups/per hour), 3rd largest in number of startups and the 3rd largest unicorn community
8. 32 Regulations simplified for startups – including Angel Tax
9. Over 220 Income Tax Exemptions
10. Over 250 SIDBI Fund of Funds

OBJECTIVE OF STARTUP INDIA SCHEME:

The objective of the Startup India Scheme is to build a strong ecosystem for promoting innovation and startups in the country.

Further, such a drive would encourage sustainable economic growth and create large scale employment opportunities.

And to reduce the regulatory burden on Startups, thereby allowing them to focus on their core business and keep compliance costs low.

BENEFITS OF STARTUP INDIA SCHEME:

After the launch of the Startup India scheme, a new program was launched by the government named the I-MADE program which focused on helping the Indian entrepreneurs in building 1 million mobile app start-ups. The government of India had also launched the Pradhan Mantri

Mudra Yojana which aimed to provide financial supports to entrepreneurs from low socioeconomic backgrounds through low-interest rate loans. Some of the key benefits of Startup India are as follows:

→ Tax Exemption under 80IAC

→ Easy winding up of company

→Startups shall be allowed to be self-certify compliance for 6 Labour Laws and 3 Environmental Laws through a simple online procedure.

→ Strartups can also meet with various other startups through this platform.

→ Helps in getting Fund from investors.

→ can easily apply for Government tenders.

→ Startups will be exempted from income tax for 3 years provided they get a certification from Inter-Ministerial Board (IMB).

→ Easier public procurement norms.

→ Patent Application & IPR Protection- Fast track and up to 80% rebate in filing patents.

Startups shall be allowed to be self-certify compliance for 6 Labour Laws and 3 Environmental Laws through a simple online procedure.

In the case of labour laws, no inspections will be conducted for a period of 5 years. Startups may be inspected only on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.

In the case of environment laws, startups which fall under the 'white category' (as defined by the Central Pollution Control Board (CPCB)) would be able to self-certify compliance and only random checks would be carried out in such cases

ELIGIBILITY CRITERIA FOR REGISTRATION UNDER STARTUP INDIA:

An entity shall be considered as a Startup:

1. If it is incorporated as a private limited company or registered as a partnership firm or a limited liability partnership in India.

2. Not older than ten years from the date of its incorporation/registration.

3. Its turnover for any of the financial years since incorporation/registration has not exceeded INR 100 crores.

Note: An entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'Startup'.

REGISTRATION PROCESS:

Registration for Startup India

A person must follow the below-mentioned steps that are important for the successful registration of their business under the Startup India scheme:

A person should incorporate their business first either as a Private Limited Company or as a Limited Liability Partnership or as a Partnership Firm along with obtaining the certificate of Incorporation, PAN, and other required compliances.

A person needs to log in to the official website of Startup India where he/she has to fill all the essential details of the business in the registration form and upload the required documents.

A letter of recommendation, Incorporation/Registration Certificate, and a brief description of the business are some of the essential documents required for the registration purpose.

Since the start-ups are exempted from income tax benefits, therefore, they must be recognized by the Department of Industrial Policy and Promotion (DIPP) before availing these benefits. Also, they should be certified by the Inter-Ministerial Board (IMB) to be eligible for IPR related benefits.

After successful registration and verification of the documents, you will be immediately provided with a recognition number for your startup along with a certificate of recognition.

Government Schemes to Promote Startup Culture in the Country

As part of the "Make in India" initiative, the government proposes to hold one Start-Up fest at the national level annually to enable all the stakeholders of the Start-up ecosystem to come together on one platform. You can know in detail about the Make In India program on the linked page.

Launch of Atal Innovation Mission AIM – to promote Entrepreneurship through Self-Employment and Talent Utilization (SETU), wherein innovators would be supported and mentored to become successful entrepreneurs. It also provides a platform where innovative ideas are generated. Relevant details on Atal Innovation Mission AIM are available on the linked page.

Incubator set up by PPP – To ensure professional management of Government-sponsored or funded incubators, the government will create a policy and framework for setting-up of incubators across the country in public-private partnerships. The incubator shall be managed and operated by the private sector. Read more on Public-Private Partnership on the link provided here.

35 new incubators in existing institutions. Funding support of 40% shall be provided by the Central Government, 40% funding by the respective State Government and 20% funding by the private sector for establishment of new incubators.

35 new private sector incubators. A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by the private sector in existing institutions.

A Startup India Seed Fund Scheme has been implemented with effect from April 1, 2021. The scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialisation.

7.9 CREATIVE PROCESS

Although every creative person approaches their work differently, there are five stages that the majority of artists unconsciously move through as they work on their projects. Each of the five stages of the creative process logically leads to the following stage. Release your thoughts as you begin your own creative process, letting your concepts develop through the five stages of creativity.

1. Preparation Stage: The initial phase of the creative process entails preparation and idea development. This is the time to acquire information and carry out study that might lead to a creative thought. To encourage divergent thinking, brainstorm and allow your thoughts roam. You can also write in a notebook. This will help you think of all the different ways you could develop your concept. Your brain is using its memory bank at the initial stage of the process to draw from past knowledge and experiences to come up with new ideas.

2. Incubation Stage: The second stage is where you let go of your idea after you have finished actively thinking about it. Taking a break from your idea before you settle down to develop it is a crucial part of creative thinking. Even if you focus on anything else or take a vacation from the creative process, you are not actively striving to develop your idea. Even while giving up on your concept could seem counterproductive, it's a crucial step in the process. Your tale, song, or issue is developing in the background of your thoughts throughout this period.

3.Illumination Stage: The "aha" moment, also known as illumination, occurs at the stage of insight. The epiphany occurs when impromptu new connections are made,

and all of the information you've acquired comes together to reveal the answer to your issue. The solution to your creative quest hits you in the third stage. For instance, you can get beyond writer's block by deciding how your story will end. An idea has arisen after the incubation stage, which may surprise you.

4. Evaluation stage: In this phase, you examine the viability of your proposition and compare it to alternatives. This is also a period of contemplation during which you consider your original thought or issue to determine whether your chosen solution is consistent with it. To determine whether the concept is viable, business professionals may do market research. During this stage, you might start over or you might press on, assured in what you've thought of.

Stage 5: Verification The creative process comes to a close at this point. The challenging labour takes place then. Any thing or object that you set out to make, such as a physical object, an advertisement campaign, a song, a novel, or an architectural design, might be considered your creative product.

7.10 UNIT END QUESTIONS

A. Descriptive Questions

Long Answer Questions

1. Explain the relationship between entrepreneurs and creativity
2. Elaborate on the characteristics of creative entrepreneur
3. Explain any five personality traits of entrepreneur
4. Why critical thinking is important for an entrepreneur
5. Explain the various stages involved in creative process

Short Answer Questions

1. Explain the concept Entrepreneurs and innovation
2. Explain the role of self motivation in entrepreneurship
3. Elaborate the role of ethics and empathy in entrepreneurship
4. How to improve entrepreneur skills
5. Explain the concept of Business thinking and creative thinking

B. Multiple Choice Question

1. _____helps entrepreneurs with one of the most important steps in their business journey: coming up with a business idea

a. Creativity

b. Managerial skill

c. Critical thinking

d. Practical skills

2. _____is a process of deconstructing the common factors that affect decision-making.

a. Business Thinking

b. Critical thinking

c. Creative thinking

d. Entrepreneurial skills

3. The Startup India initiative was announced by Hon'ble Prime Minister of India on _____

a. 15th August, 2015.

b. 15th August, 2016.

c. 15th August, 2019.

d. 15th August, 2020.

4. An _____ is a person who is self – employed, is willing to take a calculated risk and brings in a new idea to start a business.

a. Entrepreneur

b. Governor

c. Minister

d. Agent

5. In Swot analysis S stands for

a. Survey

b. Service

c. Strength

d. Stories

Answers

1-a, 2-b, 3- a, 4-a, 5-c

7.11 REFERENCES

Books

- Kotter, J. (1996). Leading Change: An Action Plan from The World's Foremost Expert on Business Leadership.
- Mariota, S., & Towel, T. (2010). Entrepreneurship: Owning your future. Prentice Hall.
- Hirsch, R. D., Peters, M. P., & Shepherd, D. A. (2012). Entrepreneurship. McGraw-Hill Education.
- Ashton, K. (2016). How to Fly a Horse: The Secret History of Creation, Invention, and Discovery. Anchor.
- Klein, A. (2020). Steal Like an Artist: 10 Things Nobody Told You About Being Creative. Adams Media.

Websites:

- https://byjus.com/free-ias-prep/start-up-india/
- https://www.psychologydiscussion.net/mind/creative-thinking-4-stages-of-creativity-thinking/610
- https://www.skillsyouneed.com/learn/critical-thinking.html