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INTEGRATED COURSE FOR TRAINER-MOTIVATORS

[August 21 - September 15, 1995]

Venue :

EDI Campus, Ahmedabad

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CONTENTS

MODULE 3 : ASSESSING AND SELECTING POTENTIAL ENTREPRENEURS

- i. HOW TO SELECT POTENTIAL ENTREPRENEURS :
RATIONALE, TOOLS AND TECHNIQUES**
- ii. OPERATIONAL MANUAL FOR SELECTION**
- iii. EDP APPLICATION FORM AND SCORING MANUAL**
- iv. SELECTION TESTS AND SCORING MANUAL**
- v. F.B.E.I. MANUAL**

MODULE 4 : MOTIVATION

- i. ACHIEVEMENT MOTIVATION TRAINING
THEORY AND CONCEPT**
- ii. DEVELOPING ACHIEVEMENT MOTIVATION :
THE KAKINADA EXPERIMENT**
- iii. HOW ACHIEVEMENT MOTIVATION DEVELOPS ?**
- iv. DYNAMICS OF MOTIVATION**

MODULE 5 : BUSINESS OPPORTUNITY IDENTIFICATION AND GUIDENCE

- i. BUSINESS OPPORTUNITY IDENTIFICATION :
CONCEPT AND METHODOLOGY**
- ii. ENVIRONMENT SCANNING FOR
EXISTING AND EMERGING BUSINESS IDEAS**
- iii. BUSINESS OPPORTUNITY GUIDANCE**
- iv. FEASIBILITY STUDY - PRELIMINARY PROJECT REPORT**
- v. MARKET SURVEY AND RESEARCH**
- vi. LINKING BUSINESS OPPORTUNITIES TO ENTREPRENEURIAL NEEDS**
- vii. INFORMATION SOURCES FOR BUSINESS OPPORTUNITY IDENTIFICATION**

**ASSESSING AND SELECTING POTENTIAL
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**HOW TO SELECT POTENTIAL ENTREPRENEURS :
RATIONALE, TOOLS AND TECHNIQUES**

Source : H.C. Raval & C.H. Pathak

HOW TO SELECT POTENTIAL ENTREPRENEURS ?

Rationale, Tools And Techniques

by

H.C. RAVAL
C.H. PATHAK

1.0 SYNOPSIS

Everyone can not be developed into an entrepreneur. One has to have some latent qualities for getting groomed into one. A selection or a screening process, as such, is necessary for

- [i] financial and industrial assistance agencies to select right candidates for financing.
- [ii] entrepreneur training and development agencies to select really potential entrepreneurs for training and achieve best results.

The resources-- funds, expertise, physical inputs and training facilities-- to identify and develop entrepreneurs is scarce. It is, as such, required that an optimal use be made of whatever is available. Besides, however, noble and urgent socio-economic objectives may be, dictated either by economic necessity or welfare considerations, none of these can be adequately and effectively served if indiscriminate assistance is extended to non-potential, no-trained persons for entrepreneurial activities.

1.1 Issues

Financial stakes of a new entrepreneur becoming increasingly smaller under liberal promotional programmes, the assisting agencies are now pressed to identify those applicants/entrepreneurs who really possess the necessary qualities and competencies that make success of the venture more probable. Some of the key problems these assistance agencies face are:

- [a] What should they be looking for in a person while assessing his/her viability as an entrepreneur?
- [b] What are the characteristics of a potential entrepreneur and those who are more likely to succeed in any venture?
- [c] What are the available tools and techniques to select the really potential entrepreneurs?

Small scale projects are mostly set up as proprietary or partnership concerns. A single individual is the key person behind the project. He is the entrepreneur and the manager. As a manager, he has to take almost all important decisions about finance, purchase, marketing, pricing etc. He has to be an all-rounder.--- a concept which does not usually fit into the text-book theories and academic understanding of entrepreneurship. Those dealing with promotion, selection and assistance of new entrepreneurs, as such, face the following questions:

- [1] What kind of behavioural, psychological qualities must a potential entrepreneur possess?
- [2] What sort of managerial competence or understanding must he reveal?
- [3] Are entrepreneurial qualities more relevant than managerial competencies?

Inter-mixed with the above are certain beliefs about the profiles of entrepreneurs, raising doubts such as:

- [1] Should he be a qualified man in terms of education or is education not important?
- [2] Is experience in an industry or business in any capacity sufficient?

- [3] Should he be a technical man or technical skill is not a must?
- [4] Would he fail if he is too young (below 20) or too old (above 50)?
- [5] Can he alone look after all the responsibilities or should he have a partner of complimentary capabilities?

1.3 Tools and Techniques for Selection

Our awareness of relevant managerial skills appears to be better than that of relevant entrepreneurial qualities. This is mainly due to pre-dominance of techno-management experts in financial institutions and their usual scepticism about behavioural/psychological traits. Many psychological and behavioural tests have now been developed and substantial work to test and validate them has been done in India and abroad. EDI-I has been effectively using specific tools to locate entrepreneurial qualities and measure their potential to select and encourage the right ones through EDPs. The essential entrepreneurial traits and methods (instruments) to locate and measure them are described in detail in this paper. Findings of a current research to cross-culturally validate the essential entrepreneurial competencies and a new method to locate them are also covered.

2.0 EDI SELECTION MODEL

2.1 Key Assumptions

The EDI selection approach is based on certain assumptions about entrepreneurial development process. These assumptions are :

- [1] All persons cannot be entrepreneurs and those who can be, must have certain traits to be successful as entrepreneurs.
- [2] These traits are identifiable through some psychological tests and social indices.
- [3] People possessing these traits and social indices in a certain degree are normally more successful than those having less than that; and
- [4] Persons possessing these traits in developed or latent forms can be helped in developing these and other capabilities of a successful entrepreneur.

2.2 What to Test? : The Traits

An entrepreneur is a person who initiates, establishes, organises, maintains expands an economic activity or enterprise. In order to perform these tasks, he needs specific skills, abilities, traits and motives. Research studies on personal entrepreneurial characteristics have generated long list of characteristics often attributed to the entrepreneur. The most frequently cited personality variables found to be predictable in successful entrepreneurs, which the EDI-I selection process attempts to identify include the following:

[a] Need to Achieve

Need for achievement is defined as an urge to excel; an urge to do something new and better-- a concern for maintaining high standards for one's own and other's work. An urge for doing something

more efficiently, attaining results against an internal standard of excellence, and innovating and having long range plans for accomplishment. All successful entrepreneurs have been found having these traits in plenty.

[b] Moderate and Calculated Risk Taking

Persons having high need for achievement always have an inclination to take calculated risks. They are not happy with tasks which are easy to accomplish or impossible to achieve. In such a case, the outcome is definite and therefore, the probability of influencing the outcome through efforts is very low.

[c] High Sense of Personal Efficacy

Persons having high sense of efficacy are likely to succeed in entrepreneurial activities. Their belief about themselves reflects a sense of confidence, a capacity for action-orientation and problem-solving. They have an urge to speak about the past achievements and narrate it with a sense of pride. They normally have clear goals in their mind and like to live in the present with involvement to forge ahead to achieve the same.

[d] Initiatives and Independence

Persons with high initiative like to do things without being directed or forced by events. This results in a tendency to work on one's ideas and decide on the line of action appropriate for them to take.

[e] Problem-solving

Persons enjoying entrepreneurial tasks have ability to shift strategy when necessary and also identify novel solutions for problems which help them to use logical analysis to develop plans and make decisions.

This tendency is the result of their keen sensitivity and perception of the existing potential resources available in the situation and faith in their own capacity to exploit the same.

[f] Hopeful about future and High Level of Aspirations

Persons having optimism, view their tasks differently. They attempt to complete a task with the hope that they will succeed rather than with fear of their failure. Such hope enhances their confidence.

[g] Time Boundness

Persons having entrepreneurial capabilities have a strong sense of personnel commitment to fulfil a task in time as they perceive time as an important resource and therefore, try to use the same in the best possible way.

[h] Tendency to Analyse the Environment

Entrepreneurial persons have the tendency to analyse the environment. They value information and therefore, try to seek it personally which will help them in planning and taking decisions.

[i] Desire to Influence

Entrepreneurs have a strong desire to influence others and have ability to present themselves in a convincing way to others. They also have tendency to find out ways and means to influence others.

2.3 Entrepreneurial Traits: Recent findings

A recent international research project to identify and validate the entrepreneurial traits and competencies, in which EDI-I has participated,

identified Personal Entrepreneurial Characteristics (PECs) by studying the tasks, activities and behaviour of successful and average entrepreneurs of India, Malawi and Ecuador.^{1/}

The important entrepreneurial competencies which have emerged as relevant for success in entrepreneurial career among all the three countries include:

Achievement cluster

Initiative
seeing and Acting on Opportunities
Persistence
Information Seeking
Concern for High Quality of Work
Commitment to Work Contract
Efficiency Orientation

Thinking and Problem-Solving Cluster

Systematic Planning
Problem-Solving

Personal Maturity Cluster

Self-confidence

Influence Cluster

Persuasion
Use of Influence Strategies

Directing and Controlling Cluster

Assertiveness

The findings of the research also suggest that most of these Personal Entrepreneurial Characteristics (PECs) are cross-culturally common, irrespective of personal background of the entrepreneurs, their social status, values, culture and the level of economic growth of the society. This research has shown strong evidence that the success of an entrepreneur in a small business hinges upon these PECs which include a cluster of

^{1/} Interim (unpublished) Report on the Research Project "Entrepreneurship and Small Enterprise Development" carried out by McBer & Co., USA, with EDI-I participatin.

competencies pertaining to achievement orientation-- the concept used by EDI I in the selection process adopted so far and spread to other parts of the country.

2.4 Selection Tools and Technique

Many selection tools are available for assessing potential entrepreneurs. These instruments are based on previous research on personal characteristics associated with entrepreneurial success. EDI-I has adopted some of these tools and modified the same to suit the local environment and the target group. Some new instruments have also been developed and used. The tools presently applied are also validated periodically by examining the behaviour of both-- those who were 'rejected' and those who were 'selected'. The multi-tier selection procedure presently used by EDI-I attempts to determine the levels of traits or potential in the respondent group of people in a particular town or village consists of the following steps:

Tier I	Application Form Assessment
Tier II	Behavioural Tests
Tier III	Personal Interview

Explanation of each selection step is given below. In Table 1, various traits identified by each selection instrument are classified.

2.4.1 Selection Stage-I

In reality, the screening of applicants begins with the identification of a target groups in the initial promotional work. This is followed by an appropriate advertisement which provides an opportunity to the applicants for self-screening. Therefore, the text of the advertisement has to be carefully done. A brief narration of the role which the respondent has to play together with the training institution's expectation from him provide adequate data for self-assessment.

The application form developed by EDI-I provides data on personal background, general information and some entrepreneurial traits. The basic objective at this stage is to collect information for subsequent probing during the personal interview. Part of this information helps in deciding about these specific training inputs the candidate would require if he is selected for the programme. There are questions in the application form regarding his family background, his responsibilities in the family, basis for product selection if the product has already been selected, capacity to contribute equity for total investment, activity level etc.

The application form also provides information on entrepreneurial traits by means of certain questions such as, reasons for change of activity, reasons for opting to be an entrepreneur, his perception about future goals etc. which would provide information on his motivational profile.

It is also important to mention here that the application forms be distributed by the trainer/motivator himself as far as possible. This will provide the trainer with an opportunity to have a first hand interaction with each aspirant during which he can probe him in an informal way. If probing is done carefully and necessary notes are taken on each person receiving application form, the trainer-motivator can get better ideas on the expectations of the applicants, their socio-cultural background and also their understanding of an entrepreneurial career. It is, therefore, suggested that adequate time be spent on distribution of application forms and an indifferent, routine supply of forms be avoided.

By processing the application forms, it is possible to rule out those who are only casually interested in the EDP course, or those who would not have benefited from the training inputs.

2.4.2 Selection Stage-2

During the second stage of the selection process, behavioural tests are carried out to assess entrepreneurial traits and these tests include :

- [i] Thematic Apperception Test (TAT)
- [ii] 'Who am I?' (Self-Report)
- [iii] Sentence Completion Test (SCT); and
- [iv] Paired Comparison Test (PCT)

Features of these tests are given below:

[i] T A T

In this test six TAT cards are shown and the participants are asked to write stories out of the same by using their imagination. The pictures help them to assess their need for achievement and need for influencing.

The respondent gets an opportunity to express in words his notions towards work, influencing, feeling etc. The contents of the stories written by the applicants are coded to identify various components of need for achievement and need for power.

To administer and score this test, one need not be a psychologist. An intensive training for about a week could develop anyone as a competent scorer for TAT.

This test should be taken in a conducive environment as happenings around the test situation affect the participants imagination. Therefore, the trainer will have to be very careful while selecting the place for conducting TAT and also in providing instructions before administering the test.

[ii] 'Who am I?' (Self-Report)

In this test the applicants are asked to write about their experiences, achievements, strengths and weaknesses. They are also asked to write on activities which have given them satisfaction/dissatisfaction, their likes/dislikes etc. The coding on their essays on 'Who am I?' helps in knowing their personal efficacy level as it is considered an important and critical factor which contributes towards entrepreneurial effectiveness. The detailed scoring of this test will throw light on the following;

- [a] Initiative
- [b] Problem Solving
- [c] Resource awareness (Internal and External)
- [d] Clarity of Goal

Like TAT scoring, an individual could be trained to score 'Who am I?' test also within a short duration.

[iii] Sentence Completion Test (SCT)

In this test, multiple choices are given to complete a sentence. Altogether there are 11 statements with more than two variables and the choice of the respondent reflects his behaviour pattern towards money, security, independence, achievement, risk-orientation, initiative and fear of failure. This test is also simple to administer and score.

[iv] Paired Comparison Test (PCT)

In this test, 32 pairs of statements are given and the applicants have to select any one of the two statements. On the basis of the choices made it is possible to measure certain traits which indicate the degree of achievement motivation in a participant.

[v] Group Discussion

The applicants are divided into groups and each group are given one or two business situations and is asked to discuss the same among themselves. This group discussion helps in measuring their initiative, problem-solving aptitude, leadership quality, planning/organising ability and also decision-making capability. a team of two experts (observers) is needed to score competencies that emerge during the discussion.

The total score of the above tests brings to the fore the composition and levels of entrepreneurial traits present in the applicants. Persons who could be developed as entrepreneurs not very low scores are called for personal interview which forms the next stage of the selection process.

2.4.3. Selection Stage-3

A personal interview is the final phase of selecting participants for an EDP. Some of the features of interviewing potential entrepreneurs are given below:

- [i] It employs a strategy to probe by focussing on some entrepreneurial issues through non-leading questions.
- [ii] It is investigative in the sense that its objective is to look for entrepreneurial characteristics on the basis of what the participants have to reflect on the issues raised.
- [iii] The members of the committee do not draw conclusions on the basis of what the participants think about certain issues. what he actually did in a particular situation is more important.

As a result the EDI-I approach to the interview contributes to the following assessment on the basis of which his potentiality as an entrepreneur is measured.

- [a] general approach and understanding of interviewee for a small scale industry.
- [b] relevance and usefulness of interviewee's experience and accomplishments/achievements for becoming a successful entrepreneur.
- [c] interviewee's feelings, motives, attitudes etc. to assess entrepreneurial capabilities.

Who should conduct the Interview?

In order to have a sound assessment, a well constituted committee should be formed to conduct the personal interview for the final selection of entrepreneurs. This opportunity can also be availed to involve local leaders and key officials from the local agencies that the participants would have to approach for various assistance.

A suggestion for the kind of members an ideal Interview Committee for EDP is given below:

[i] **A successful entrepreneurs**

Involvement of a successful entrepreneur helps in understanding the local industrial environment.

[ii] **Senior officials from financial institutions**

Financial institutions desire to assess a prospective entrepreneur as per their own requirements. It is therefore always advantage to involve them at the very outset.

[iii] **Development Manager of a Bank**

Local Bank Managers should also be invited as they are experienced in assessing loanees.

[iv] **Representatives from Office of Director of Industries or District Industries Centre:**

Their involvement in an EDP from the very beginning later helps the participant in completing the registration and other procedural formalities in the shortest possible time.

[v] **Management Expert/Consultant/Professionals:**

They immensely help in the assessment of managerial capability of entrepreneurs and technical knowledge of the products they have selected.

[vi] **EDP Trainer/Co-ordinator:**

Co-ordinating and conducting interview in the right spirit is to be ensured by the experienced trainer.

3.0 CONCLUSIONS

Selection of potential entrepreneurs for an EDP, if done scientifically and systematically, can ensure better results in terms of setting up of units, and successfully running of the same. Since the main objectives of EDP are to identify, motivate and develop new entrepreneurs, cares taken in selecting right persons not only help in yielding better results but also in understanding the expectations and training input needs of the selected entrepreneurs.

All said and done, it must be borne in mind that after all we are assessing a human being, and no amount of scientific approach can be foolproof. The system has been evolved after considerable experimentation and helps only to know 'potentiality' in a person and has proved its effectiveness in getting better results in EDPs. It is not the mechanics of the exercise, but the process through which one learns about and discovers the potentialities in the person which is important. In many cases, mechanical adoption of the tools and techniques have not yielded good results simply because of the absence of involvement of an experienced trainer-motivator in the entire process of selection.

Entrepreneurship development is a continuous learning process and, therefore, the scope and avenues for research and experimentation are also unlimited. The suggested system is not conclusive and need not be blindly duplicated in developing countries. But it definitely helps in planning the approach and methodology which one can appropriately design to suit the local condition.

vasant

OPERATIONAL MANUAL FOR SELECTION
Source : Ramesh Dave

OPERATIONAL MANUAL -
SELECTION TOOL - APPLICATION FORM

- BY RAMESH DAVE

Guidelines for administering written tests

The administration of written behavioural tests is extremely important for identifying key entrepreneurial traits. It is, therefore, necessary that the tests are administered very carefully so that spontaneous reactions of the participants are obtained.

General Instructions

1. The trainer can begin administering the tests with general instructions which should be encouraging without creating any tension among the participants who are participating in the tests.

You can begin as below:

"Now, you are going to participate in a series of exercises which will be different from your school/university experiences of writing tests. These tests/exercises are meant to measure your perception, thought processes and responses in different situations/contexts of your life. This written test booklet contains 5 different tests/exercises and separate instructions are given for each test/exercise. Please read the instructions carefully before starting. If you need any clarifications please ask me."

2. Before distributing the written test material to the applicants, please explain the nature and purpose of the tests in detail.
3. See the sitting arrangements of the candidates and check up if they are comfortable.
4. Check up whether the candidates have followed and understood the instructions.
5. Use a stop-watch to ensure that the participants complete the test within the prescribed time limit.
6. Before commencing each test, ask the candidates whether they have got their doubts cleared on the instructions.

The following guidelines will help the trainer in administering these tests. It will also help establishing a standard pattern/approach among all of us who are engaged in this task.

A. Instructions for Sentence Completion Test (SCT)

"Here, there are altogether 12 incomplete statements. To complete the statement, you have to choose any one of the five alternatives given against the same, which according to you, will suitably complete the given statement. There are no right or wrong answers. Do not take much time. As soon as you read the statement, see the alternative and tick (✓) one of them. Now please go ahead."

B. Instruction for Paired Comparison Test (PCT)

"This test comprises 32 pairs of statements describing different aspects of life. You have to select one statement from each pair which you think is close to your thinking. In some of the pairs, you may feel that both statements are relevant to you. In such an eventuality also, you have to choose one of the statements which is closest to your thinking. You will tick (✓) mark that statement in each pair. Please note that there are no right or wrong answers. If you have any doubts, please ask me."

C. Instruction for Thematic Apperception Test (TAT)

"This test will bring out your creative imagination. Here, six different pictures will be shown. You will be given 20 seconds to look at each picture and then, five minutes to write a story about it. There are six blank pages for six different stories to help you cover various elements of the story."

The following questions have been given at the top of each page; they are-

- i) What is happening? Who are the people?
- ii) What had led up to this situation?
- iii) What is being thought? What is wanted? By whom?
- iv) What will happen? What will be done?

These questions are given only to guide your thinking in order to cover all major elements of a plot in the time allotted. You may spend about a minute on each question. It will keep a check on time and tell you when you should commence the story.

Obviously, there are no right or wrong answers, so you may feel free to write stories on the pictures shown. But try to make them vivid and dramatic as this is a test for creative imagination. Do not merely describe the picture or answer the questions. Work as fast as interesting.

If you have any questions or doubts, please ask me.
If you need more space, you can use the next page."

The following care should be taken while administering T A T :

- i) Check whether all the candidates are able to see the picture clearly;
- ii) Show each picture for 20 seconds and give 5 minutes to write a story;
- iii) Explain in detail and make sure that they do not simply answer the questions in TAT but write an interesting story;
- iv) The pictures to be show for TAT should be in a sequence indicated on the back of the picture.

D. Instructions for "Who am I?"

In this part, we want to know more about yourself, your aspirations, goals and achievements in the past, present and future and also your weaknesses. You can also narrate your satisfactions/dissatisfactions in life. Nothing is correct or incorrect. We only want to know more about yourself in an essay form.

E. Scoring of Written: Instructions

- (a) Scoring manuals for different tests are given separately.
- (b) Score each test according to the manual. So the maximum score for SCT, PCT, TAT and Who am I? will be 3,3,6, and 4 respectively. Thus, maximum score will be 16 for the written tests.

The score can be coded in the grades as below:

D	0-4
C	5-7
B	8-10
A	11 and above.

- (c) The cut-off points in the written tests will always vary depending upon the target group but will be decided by the senior trainer.
- (d) If you have to select a very low scorer, please explain the circumstances under which you have taken the particular applicant.
- (e) Once the scoring is completed and final data sheet should be prepared as per the format given in annexure, it will be necessary to brief the members of the interview committee about the objectives of these tests. It will also help the second phase of the selection.

PERSONAL INTERVIEW

This is the third stage of the selection process. Here also most of the dimensions should be professionally assessed by the panel. The trainer's role is very important. The following points should be taken care of by him/her:

- i) There should not be too many members in the panel. Try to restrict the members (say 5 to 6).
- ii) It is preferable that the interviewer be from local banks, financial institutions and Government agencies dealing with small Industries Development. A local entrepreneur is a must.
- iii) Before the commencement of the interview, the trainer should brief the panel members about the mode of selection and each member should be given the list of the candidates with the score on the behavioural tests.
- iv) The trainer should also emphasise the areas where each member can probe the applicants. It is better that each person probes on different aspects for e.g. one on financial, the other on technical capabilities, the third on promotion activities, fourth can probe on his/her administrative ability and the fifth may assess his behavioural aspects.
- v) It may be possible that in a short time the officers cannot elicit the required information to evaluate the candidates. In such situations, the trainer should probe the missing aspects.
- vi) Probe the applicant to check whether he/she has applied a stop gap arrangement for the unemployment period (His/her clarity and commitment to do).
- vii) Some applicants may have the wrong impression that EDP training is government sponsored and it is the government's responsibility to ensure all bfp (including loan etc.).
- viii) Probe the applicant's interests, his/her planning about the enterprise.
- ix) Probe applicant's mind about the expectations from EDP and readiness to meet the time and other requirements.

Points for assessment in Personal Interview

1. Family background and support.
2. Present occupation/activities.
3. Why do you want to join this programme? (his satisfaction/dissatisfaction from present occupation).
4. His plans after completion of the course as far as his present occupation is concerned (such as whether he will continue it, do it part time, leave it, - If so, as and when).
5. Any attempts made to establish a SSI unit. Determination of setting own unit (even though one may be having good future scope in the present career).
6. Flexibility in selection of product.
7. His/her own margin for investing in his/her enterprise plus his/her own assets if any.
8. Expectations from this programme.
9. Availability for the course for a period of 4-6 hours daily.
10. Readiness to spare time for undergoing the requisite technical training.

Mode of Assessment

The panel can assess and give weightage indicated points for assessment in the following manner:

60 and above	-	A
50 - 59	-	B
40 - 49	-	C
Below 40	-	D

The panel members in the interview should prove the selection list as per the following priority :

<u>PI</u>		<u>WT</u>
A	-	A
B	-	A
A	-	B
C	-	A
B	-	B
C	-	A
A	-	C
C	-	B
B	-	C
D	-	B
A	-	D
C	-	C
B	-	C
D	-	C
C	-	D
D	-	C



EDP APPLICATION FORM AND SCORING MANUAL
Source : EDI

(BEING PROVIDED SEPARATELY)

SELECTION TESTS AND SCORING MANUAL
Source : EDI

(BEING PROVIDED SEPARATELY)

F.B.E.I. MANUAL
Source : H.C. Raval & B.P. Murali

FOCUSSED BEHAVIOURAL EVENT INTERVIEW
(A New Approach to Assessing Entrepreneurial Potential)

TRAINING MANUAL

Compiled By :

H. C. RAVAL
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TABLE OF CONTENTS

<u>Chapter No.</u>	<u>Contents</u>	<u>Page No.</u>
1.	Introduction	1
2.	Competencies : A Conceptual Framework	2
3.	Identifying Competencies : Alternate Approaches	4
4.	Approach to Assessment of Entrepreneurial Competencies	12
5.	Focussed Behavioural Event Interview (FBEI) : An Overview	13
6.	Interview Brief for Existing Entrepreneurs	18
7.	Interview Brief for Potential Entrepreneurs	20
8.	Interview Problems and How to Handle them	22
9.	Introduction to Coding	24
 <u>Formats</u>		
1.	Current Approach to Interviewing Promoters as part of Appraisal Exercise : An Inventory of Questions	30
2.	A Comparison of Appraisal Interview Styles	31
3.	Structuring the Interview (FBEI)	32
4.	FBEI Score Sheet	33
5.	Demonstration FBEI : Live Role Play	34
6.	Observer Notes on Demonstration FBEI	35
7.	Practice Interview : Assessment Form 1	36
8.	Practice Interview : Assessment Form 2	37
 <u>Annexures</u>		
1.	Exercise for Group Discussion (Summary Background of Loan Applicants)	
2.	Exercise in Coding	

FOCUSSED BEHAVIOURAL EVENT INTERVIEW :

A New Approach to Assessing Entrepreneurial Potential

1.0 - Introduction

The success of a small scale industrial venture depends on the following major factors :

- (a) Inherent viability of the project, i.e. technical, organisation, financial and commercial viability.
- (b) The way a project is planned, i.e. decisions regarding various project parameters such as where to locate, what technology to use, what should be the capacity of the machineries, etc.
- (c) The meticulousness with which a project is implemented.
- (d) The way a project is managed.

While one can add certain other factors to this list including the environmental factors, the said factors appear to be major ones. Let us focus our attention on the last 3 factors mentioned above, i.e. project planning, implementation and management.

In a small scale enterprise or even in a medium scale enterprise, it is the promoter of the project, i.e. the entrepreneur who does most of the functions of project planning, implementation and management. If the size of the project is big enough to call for employing professional managers, it is the entrepreneur who acts as a driving force behind performance of these three aforesaid major tasks.

In order to plan a project flawlessly, implement it meticulously and manage it effectively, an entrepreneur needs to possess certain knowledge, skills and appropriate personality profile. All these put together could be termed as Competencies. Let us first understand the concept of 'competencies' before dwelling upon the details of entrepreneurial competencies and methodology of assessing the same.

2.0 Competencies : A Conceptual Framework

(1)

2.1 What is a Competence

A competence is an underlying characteristic of a person which results in effective and/or superior performance in a job. A job competence is an underlying characteristic of a person, in that it may be motive, traits, skills, aspect of one's self-image or a body of knowledge which one uses. The existence of these characteristics may or may not be known to the person. In this sense, the characteristics may be unconscious aspect of the person.

In simple terms, a competence is a combination of body of knowledge, set of skills and cluster of appropriate motives/traits that an individual possesses to perform a given task effectively. In order to understand more about competencies, let us understand the meaning of knowledge, skills, traits and motives, which form various components of entrepreneurial competencies.

2.2. What is body of knowledge?

Knowledge means collection of information and retention of facts that an individual stores in some parts of his/her brain. Let us take for example, swimming.

One could be in a position to describe how to swim which would mean that one possesses knowledge of swimming. But this alone will not enable to actually swim unless one has something more than the knowledge part to perform the activity. It means that knowledge is necessary for performing a task but not sufficient.

In real life situation, one may find various examples where people possessing mere knowledge have miserably failed while performing the task. Besides knowledge, an individual should have skills to translate the knowledge into action.

2.3 What is skill?

Skill is the ability to demonstrate a system and sequence of behaviour that are functionally related to attaining a performance goal. Using a skill is not a single action. The relationship among the specific actions is such that each contributes in some direct manner to the capability of people to function effectively or ineffectively in a given situation.

(1)

The Competent Manager by Richard E. Boyatzis : John Wiley & Sons Inc. UN 1982.

Since a skill is the ability to demonstrate a system and sequence of behaviour, it must result in something observable, something that someone in the person's environment can 'see'.

For example, planning ability is a skill. People who have this skill can identify sequence of action to be taken to accomplish a specific objective. They can identify potential obstacles to those actions. People with this skill can identify sources of help in avoiding obstacles or overcoming them when they interfere with the action sequence. None of these separate actions constitutes a skill, but the system of behaviour does. People who have this skill can apply it in a variety of situations or contexts.

Going by the example of knowledge of swimming if one has to be in a position to swim, one needs to have the skill too.

Knowledge could be acquired by reading, listening, visuals etc., while skill can be acquired only through practice which enables the individual to demonstrate the system and sequence of behaviour that are functionally related to performing a task. In other words, knowledge of swimming could be acquired by reading, talking to experts and so on whereas the skill to keep oneself afloat on water can be acquired by practising on a number of occasions. Thus, knowledge as well as skills are required to perform a given task effectively.

2.4 Motives and Traits

A motive is a recurrent concern for a goal-state or condition appearing in fantasy which drives, directs and selects behaviour of the individual.

Motive includes thoughts related to a particular goal-state. For example, people who think about improving their own performance and competing against a standard of excellence are said to have Achievement Motivation. When people with a high achievement motivation encounter a situation in which their performance can be measured and a goal can be stated, their achievement motivations aroused. Once aroused, the motivated thoughts direct and select their behaviour, i.e. they will choose to do things that help them get feedback on their performance and engage in activities that may result in improved performance.

In simple terms, motive is an urge for which one has continuous concern in one's mind which directs one to get into certain actions to satisfy the concerns.

Coming back to the example of swimming, the knowledge of swimming followed by practice which would help an individual to acquire skills in swimming would lead to the individual acquiring capability to swim. But then this does not lead him to becoming the best swimmer within a given reference group. The individual's urge to do better and better leading to a desire to become the best swimmer could be termed as a concern for excellence - in other words, achievement. It is this concern which would help the individual to constantly practice swimming, look out for ways and means of increasing the speed thereby ultimately increasing the possibility of becoming the best swimmer.

A trait is a dispositional or characteristic way in which the person responds to an equivalent set of stimuli. A trait includes thoughts and psycho-motor activities related to a general category of events.

For example, people who believe themselves to be in control of their future are said to have the trait of efficacy. When people with this trait encounter problem or issues in any aspect of life they take initiative to resolve the problem or understand the issue. They do not wait for someone else to do it nor expect that luck will take care of it. The thought pattern and resultant behaviour occur in response to any general set of events which allow the trait to be expressed.

Thus, to perform any given task including that of launching an industrial venture and managing it successfully, a person needs a set of knowledge, skills, motives and traits which could be together labelled as competencies.

3.0 Identifying Competencies : Alternative Approaches

3.1 Soft Skill and Hard Skill Competencies

What it takes to perform a task effectively? The task could be that of a manager, a supervisor or an entrepreneur. One aspect that leads to effective performance is the 'hard skill' of the performer. By hard skills, we mean those related to a given profession and acquired, generally through academic education as also through hand-on experience in performing a task.

Taking the example of a 'design engineer' engaged in designing gears as a part of a complex machine, the technical knowledge/skills of designing is the hard skill that would contribute to his performance.

However, between a successful designing engineer and a not so successful one, the difference could be in terms of

(2) 'soft skills'. A successful design engineer could, having prepared a preliminary design of a gear imagine himself to be a gear that he has designed and think of where it would hurt when the gear is fitted in the machine. Such an imagination could lead to improvement in design. Such a cognitive competence is 'soft skill' competence.

Other soft skill competencies that contribute to success of a designing engineer in our illustration could be problem-solving approach, tendency to gather information from various sources so as to perform the task effectively, and the like. Such soft skill competencies are functionally changeable. For example, someone who possesses problem-solving skill - a soft skill competence - can apply it in any situation other than one's profession. Soft skill competencies are seldom acquired through the usual academic education.

3.2 Identification of Competencies

Having understood that both hard skills and soft skills are necessary to perform a task effectively, how one can identify the same? In other words, how one can decide what it takes to perform a task effectively?

The answer could come from a 'theory' reflecting someone's thoughts on what characteristics an individual must possess to perform the task effectively. It may emerge from personal experience of individual who needs to decide what it takes to do a job well. For example, one may conclude based on one's experience that to perform 'X' task effectively, one needs characteristics such as, dedication, hardwork, thoroughness, etc.

(2) Soft skill competencies are those which do not constitute 'professional know-how' and are functionally interchangeable.

Example : Ability to persuade others to get things done; skillful use of influence strategy; orientation towards seeking information; orientation to do things faster and cheaper.

Ref : Soft Skill Competencies Lyle M. Spencer; Scottish Council for Research in education (Lindsay & Co. Ltd., Edinburgh)

Such approaches to identifying what it takes to perform a task effectively lead to listing out such qualities which are vague and seldom tested systematically against performance.

3.3 Job Competency Assessment

The best way to understand what it takes to perform a task effectively is to find out what good performers actually do, how they approach a given situation and compare the same with what average performers do. The process, viz., job competency assessment is based on the following premises :

- (a) In every job, some people perform more effectively than others. These people also approach their jobs differently from average performers.
- (b) These differences in approach relate directly to specific characteristics that are often absent in average performers.

The approach towards job competency assessment involves :

- (a) Determining performance standards, factors indicating top performance and using this information to identify superior performers.
- (b) Analysing Performer Characteristics & Behaviour :
Gathering experts perceptions about it takes to perform the job successfully. Then studying what the top-performers themselves actually do on the job.
- (c) Developing the Competency Model :
Describing the top-performer in terms of observable behavioural specific characteristics and deriving a validated competency model that directly relates to critical aspects of the job.

A similar approach has been adopted for identifying entrepreneurial competencies as described in what follows.

3.4 Identifying Entrepreneurial Competencies

Subsequent to Prof. David C. McClelland's (a well-known behavioural scientist and Harvard University Professor) experiments in Kakinada and Rajamundri of Andhra Pradesh

in India during late 60's, 'achievement motivation' was considered as the central theme in the personality of a successful entrepreneur.

In simple terms, Achievement Motivation is an 'urge' in an individual to excel, to do better and better to compete with self-set standards to perform unique tasks and to be involved in long-term career goals.

Experiences of two decades in adopting achievement motivation theory for identifying and developing entrepreneurial potential has led to the need to understand with more clarity what contributes to success as an entrepreneur.

Accordingly, a research project was initiated by Prof. David McClelland and his associates with the involvement of EDI where emphasis was on identifying entrepreneurial competencies using competency assessment approach. The research project was spread over 3 countries - India, Malawi and Equador - and involved the following steps :

- * Identifying top-performers i.e. entrepreneurs in small-scale sector who have performed well and a matching sample of average-performers operating in the same product-line and in the same environment. Such samples were identified in various parts of India and other countries using certain established sampling techniques.
- * Entrepreneurs so identified were interviewed in depth covering their early life, point of entry into the entrepreneurial career and their experiences thereafter related to their business.
- * Entrepreneurs were specifically asked to recall and narrate high points and low points in their business. The narration was probed to understand the thoughts, feelings and actions of the entrepreneur in a given critical experience. Based on the same, a list of characteristics/competencies that a top-performer has, was compiled and compared with that of an average performer.
- * The list of such competencies i.e. competency model was tested on a second set of samples of top and average performers for statistical validation.

3.5 Competency Model for Entrepreneurs :

The said exercise has led to a Competency Model that distinguishes top and average performers i.e. entrepreneurs. It is interesting to note that background factors such as, education, work experience, family background and technical expertise have emerged as being neutral to success as an entrepreneur.

Earlier, there used to be a firm belief that those persons with a business family background could become successful entrepreneurs. Subsequently, there was a belief that individuals need technical know-how for being successful in an industrial venture. The experience as also the findings of the said research project have clearly indicated that what it takes to be a successful entrepreneur is a set of competencies as noted below :

1. Initiative :

Takes action that go beyond job requirements or the demands of the situation.

- * Does things before being asked for or forced to by events.
- * Acts to extend the business into areas, products or services.

2. Sees and Acts on Opportunities :

Looks for and takes action on opportunities.

- * Sees and acts on opportunities (business, education or personal growth)
- * Seizes unusual opportunities to obtain financing equipment, land, work space or assistance.

3. Persistence

Takes repeated action to overcome obstacle that gets in the way of reaching goals.

- * Takes repeated or different actions to overcome obstacle.
- * Takes action in the face of a significant obstacle.

4. Information seeking

Takes action on own to get information to help reach objectives or clarify problems.

- * Does personal research on how to provide a product or service.
- * Consults experts for business or technical advice.
- * Seeks information or asks questions to clarify what is wanted or needed.
- * Personally undertakes research, analysis or investigation.
- * Uses contacts or information networks to obtain useful information.

5. Concern for High Quality of Work :

Acts to do things that meet or beat existing standards of excellence.

- * States a desire to produce work of high quality.
- * Compares own work or own company's work favourably to that of others.

6. Commitment of Work Contract :

Places the highest priority on getting a job completed.

- * Makes a personal sacrifice or expends extraordinary effort to complete a job.
- * Accepts full responsibility for problems in completing a job for others.
- * Pitches in with workers or works in their place to get the job done.
- * Express a concern for satisfying the customer.

7. Efficiency Orientation :

Finds ways to do things faster or with fewer resources or at a lower cost.

- * Looks for or finds ways to do things faster or at less cost.
- * Uses information or business tools to improve efficiency.
- * Expresses concern about Costs Vs Benefits of some improvement, change or course of action.

8. Systematic Planning :

Develops and uses logical, step-by-step plans to reach goals.

- * Plans by breaking a large task down into sub-tasks.
- * Develops plans anticipating obstacles.
- * Evaluates alternatives.
- * Takes a logical and systematic approach to activities.

9. Problem-solving :

Identifies new and potentially unique ideas to reach goals.

- * Switches to an alternative strategy to reach a goal.
- * Generate new ideas or innovative solutions.

10. Self-confidence

Has a strong belief in self and own abilities.

- * Expresses confidence in own ability to complete a task or meet a challenge.
- * Sticks with own judgement in the face of opposition or early lack of success.
- * Does something that he says is risky.

11. Assertiveness :

Confronts problems and issues with others directly.

- * Confronts problems with other directly.
- * Tells others what they have to do.
- * Reprimands or disciplines those failing to perform as expected.

12. Persuasion :

Successfully persuades others.

- * Convinces someone to buy a product or service.
- * Convinces someone to provide financing.
- * Convinces someone to do something else that he would like that person to do.
- * Assets own competence, reliability or other personal or company qualities.
- * Asserts strong confidence in own company's or organisation's products or services.

13. Use of Influence Strategies :

Use a variety of strategies to affect others.

- * Acts to develop business contacts.
- * Uses influential people as agents to accomplish own objectives.
- * Selectively limits the information given to others.
- * Uses a strategy to influence or persuade others.

14. Monitoring :

- * Develops or uses procedures to ensure that work is completed or that work meets standards or quality
- * Personally supervises all aspects of a project.

15. Concern for Employees' Welfare :

- * Takes action to improve the welfare of employees.
- * Takes positive action in response to employees' personal concerns.
- * Expresses concern about the welfare of employees.

4.0 Approach to Assessment of Entrepreneurial Competencies :

4.1 Current Approach :

An appraisal of a project proposal takes place on three dimensions :

- (i) Inherent viability of the project
- (ii) Legal aspect
- (iii) Promoter's capability to launch and manage the project

Given the inherent viability of the project and clarity on legal aspect, the decision to fund a project (in small-scale sector) hinges on the promoter's ability to launch and manage the project successfully.

Let us take a look at the current approach to appraising the promoter's ability. The financial institutions take up this exercise normally through appraisal interviews.

Exercise : Please recall an appraisal interview that you have conducted. Please list down the questions you asked, nature of data gathered and how you used the data. Please use Format No.1 on Page 30 for scoring your observations.

4.2 Appraisal Interview Styles :

Now, let us try to classify into distinct categories such questions that you normally ask in an appraisal interview and understand to what extent the data from such appraisal interviews help us in understanding the entrepreneurial competencies. The comparison of appraisal interview styles and their utility is depicted in Format No.2 (Page No.31).

It is now clear that the current approach to appraisal interviews though based experience, does not lead to assessing entrepreneurial competencies. Though the approach adopted by experienced bankers has its own

rightful place in judging the promoter, the same may not afford uniformity in assessing entrepreneurial abilities. Most of the appraisal officers may not have rich experiences to develop their own effective experience-based approach and hence, the need for systematic approach for appraisal of entrepreneurial potential.

Thus, in order to facilitate objective and uniform approach to assess entrepreneurial potential amongst promoters seeking assistance from financial institutions, an interview technique viz., Focussed Behavioural Event Interview (FBEI) has been developed. The details follow :

5.0 Focussed Behavioural Event Interview (FBEI) : An Overview :

5.1 FBEI involves asking the respondent to recall certain critical experience that he/she encountered in the recent past and narrate the same in detail.

If we are interviewing new entrepreneurs who have no track record of business to quote, they are asked to recall the experience that they have encountered in their work life (i.e. while performing a job in an organisation as an employee) or as a part of their academic life, social activities, etc.

If we are interviewing existing entrepreneurs who approach financial institutions for additional financial assistance, they could be asked to recall experiences that they have encountered as apart of launching and managing their ventures.

FBEI is a method of obtaining specific information on how a respondent has acted and thought in 5 pre-designated situations. These situations are representative of those that everyone has encountered and they can provide a reliable way to determine the extent to which the respondent exhibits 15 competencies associated with successful entrepreneurship.

The 5 situations are :

Situation 1 :

A time when one had to work hard to convince or persuade someone to do something.

Situation 2 :

A time when one felt happy with something that one achieved.

Situation 3 :

A time when one was unhappy with the way things were going on in one's life.

Situation 4 :

A time when one felt happy with something that one achieved (repetition of Situation No.2).

Situation 5 :

A time when one played a key or prominent role in something.

5.2 FBEI Administration :

The Focussed Behavioural Event Interview is administered orally. Each of the 5 situations is presented to the respondent, one at a time. The respondent is asked to describe in detail a specific experience that he/she has encountered exemplifying the pre-designated situation.

During the 10 minutes or so allotted for each situation, the interviewer asks a set of questions intended to elicit as much information as possible about what the respondent did, said, thought and felt in the given situation.

5.3. General Instructions :

- (i) Ensure that FBEI is conducted in a congenial setting where there are no interruption from outsiders.
- (ii) Tell the respondent that the purpose of interview is to get a better understanding of how he/she has actually gone about handling past situations, such an understanding leading to how the entrepreneur can be helped.
- (iii) Explain the respondent that he/she will be asked to give detailed description - what he/she did, said, thought about and felt in each of the 5 situations encountered in the recent past.
- (iv) Specifically, the interviewer will want the person to answer the following questions with respect to each of the five situations (These questions are only guidelines. All the

questions need not be asked if the entrepreneur gives out information voluntarily) :

"How did you first get involved?"

"What were your thoughts in the beginning?"

"What were you trying to accomplish?"

"Did you talk to anyone about what you were going to do?" (If yes)

"Tell me about that conversation"

"Was anyone else involved?"

"What was the sequence of things that you did?"

"What was your part in this?"

"Do you recall any meetings or conversations you had during this situation?" (If yes), "Tell me who was involved and what did you say?"

"How did the situation turn out?"

"Were there other key things that you did as part of this situation?"

"What did you feel you when you accomplished?"

"What made you most proud about this accomplishment?"

"Were there any other key things that you did as part of this situation?"

- (v) Indicate you will be making some notes throughout the interview to help your memory.
- (vi) If you have a tape-recorder, explain why you would like to record the interview (to help you remember sections of the interview) and request permission to use it.
- (vii) Stress the confidentiality of the interview.
- (viii) Ask for questions and give whatever information is necessary to make the process and reasons for the interview clear.
- (ix) Present each situation and spend 10 minutes per situation gathering information.
- (x) Ask each follow-up question unless the person volunteers answers.

- (xi) Let the person know, by thanking him/her, for the details that he/she has given on what he/she did, said, thought and felt in a situation. Move over to the next situation.
- (xii) At the end of the interview, thank the person for the information and time allotted. Respond to any questions.

For each of the 5 situations ask the respondent to recall the recent experience that he has encountered within the past one-and-half years. If the respondent talks of some experiences that he has encountered may be 2 or 3 years earlier, he may not recall the details. Further, such older experiences provide data on the competency that he/she possessed at that point of time with the possibilities of him/her acquiring/strengthening certain competencies which did not earlier exist.

5.4 Do's and Don'ts While Interviewing :

The interviewer needs to keep in mind certain points in the interest of maintaining interview structure and obtaining relevant data. The same are listed under Do's and Don'ts.

Interview

Do's

Don'ts

- | | |
|--|--|
| 1. Conduct interview in a place where you have some privacy and peace. | 1. Don't conduct interview when others are sitting around or listening. |
| 2. Have comfortable and cozy sitting arrangements so that the respondent feels at ease. | 2. Don't sit across the table so that a physical barrier creates a mental block. |
| 3. Engage the interviewee in some conversation of general interest so that a rapport is established. | 3. Don't begin your conversation on controversial issues. |
| 4. Begin your conversation on his/her family and information so that interest in him/her as a person generates confidence. | 4. Don't talk of your own problems and difficulties. |

- | | |
|--|--|
| <ol style="list-style-type: none"> 5. Clearly explain your objective and what you expect from the respondent. 6. Enquire whether he/she has any questions to ask. 7. Review the competencies before commencement. 8. Always complete the interview in one stretch. 9. Always be informal in your conversation. 10. Be attentive and show interest in what is being narrated. 11. Try to elicit as much details as possible. | <ol style="list-style-type: none"> 5. Don't let anything remain unexplained. 6. Don't interrupt the interviewee untimely. It may disturb the flow of his/her recollection. |
|--|--|

Please see Format No.3 at Page No.32 for interview structure.

5.5. Do's and Don'ts While Coding :

When the interviewee starts narrating a given experience, the interviewer starts assessing him/her entrepreneurial competencies i.e. coding him/her for competencies. There is a specified format for coding the response of the interviewee. Please see Format No.4 at Page No.33 .

A tick mark (✓) is to be registered against each competency that the interviewee exhibited as evident from his/her response (words, thoughts, feelings, actions) pertaining to a given situation that he/she is narrating. Given that the interviewee has to narrate his/her experience related to 5 situations and that in each situation the interviewee might have exhibited all the 15 entrepreneurial competencies, the theoretical maximum score that the interviewee can get is 75.

While coding the responses of the interviewee, the following points need to be kept in mind.

Do's :

1. Use the Practice Competency Scoring Sheet (PCSS) which provides a brief definition of each

competency and a space to record your judgement about the same. It also has marked space for you to note down specified evidence for the scoring done. (Format No.4).

2. Always try to have another person to independently score the same interview and at the end, compare your scoring sheet with his/her in order to ascertain your observation till you are comfortable with the technique.
3. Give credit for a competency only when there is a clear-cut evidence that the person demonstrated the same in a specific situation.
4. Rely only on actual evidence mentioned in the interview and not on inferences drawn.

Don'ts :

1. Don't code for what the respondent has to say for others or others have said about the respondent.
2. Don't code flat statements and generalisations.
3. Don't code for a competency without getting the same substantiated.

Details of interview structure and coding are indicated in the following sections.

6.0 Interview Brief for Existing Entrepreneurs :

6.1 Introduction :

(This portion is to establish rapport. Use whatever order of questions that seems most relevant and natural).

- Greetings and casual exchange of background information etc.
- Business overview. How did you get started in business? How have things been going on in the past two years? (Note any clues to situations).

6.2 Overview of Interview :

Briefly outline the sections of the interview :

- We will take about an hour and fifteen minutes to discuss 5 situations relating to 'X' Business

during the past 18 months. (Explain reasons only if he/she reacts negatively to this time frame).

6.3 Tape Recorder and Confidentiality (in case you plan to use one).

- Give a simple explanation of tape-recorder and confidentiality. (I need the tape-recorder to remember the details. If you need me to shut off to talk about some sensitive information, just let me know).
- If they are in agreement, switch the recorder on.

6.4 Adjust Seating and Recorders :

Try to sit beside the interviewee with recorder. Pick up as close to interviewee as feasible and with your voice audible.

6.5 - Start the interview by saying -

"Let us move now to the interview. We will be covering 5 different events or situations relating to 'X' business over the past 18 months or so.

- To begin, I would like you to think about a time when you had to work hard to convince or persuade someone to do something. It can be people in your company or outsiders, as long as it relates to 'X' business".

6.6 Questioning/Probing Strategy :

- * Seek quick description of the situation/event/experience that the respondent wants to talk of.
- * Ask when did this happen.
- * Get information on key parts : beginning, middle and the end.
- * As regards beginning portion of the situation/experience, ask :
 - what he did
 - thoughts
 - feelings (if relevant)
 - what he said
 - key conversations : dialogue

- * To help the respondent narrate the situation/experience in sequence, ask :
 - "What happened next?" etc.
(Cover key parts of the situation using questions only if needed).

- * To get to know the 'end' portion of the situation/experience, ask :
 - "What was the outcome?"
 - "How did you feel about the way things turned out?"
 - "Is there anything else important that is left out of this discussion or have we covered everything?"
 - "Did you make specific planning for the situation?"

- * Move over to rest of the five situations as listed below following the same questioning/probing strategy :
 - Situation 2 : A time when you felt happy with something you achieved in your business.
 - Situation 3 : A time when you were unhappy with the way things were going in your business.
 - Situation 4 : A time when you felt happy with something you achieved in your business.
 - Situation 5 : A time when you played key or prominent role in something.

7.0 Interview Brief for Potential Entrepreneurs

(Refer Page 18 for introduction and other details from Point Nos. 6.1 to 6.4).

- START -

- 7.1 Let's move now to the main part of this interview. We will be covering five different events for situations relating to your experiences over the past 18 months or so. These

experiences could relate to your family, work, education, leisure activities whatever you find most interesting to talk about.

Situation 1 :

To begin, I would like you to think about a time in the past 18 months or so when you had to work hard to convince or persuade someone to do something. It can be someone in your family, a neighbour, a friend, someone at schools (use some questioning strategy as for existing entrepreneurs).

Situation 2 :

Focussing again on the past 18 months or so which is the time frame, I want you to stay in for the remaining situations - tell me about a time when you felt happy with something you achieved.

Situation 3 :

Tell me about a time when you were unhappy with the way things were going in your life.

Situation 4 :

Tell me about a time when you felt happy with something you achieved.

Situation 5 :

Tell me about a time when you played a key or prominent role in something. Again, it could relate to your family, your school, leisure activities. We simply want you to talk about a time when you were the key person in a situation.

(3)

8.0 Interview Problems and how to handle them

<u>Problem</u>	<u>Possible Ways to Handle</u>
Interviewee acts nervous or uncertain about why he or she is being interviewed.	Say : We are just trying to understand each other and find out how we can be of help to you.
Interviewer asks questions that are too complicated or cannot think of appropriate questions.	Keep your questions simple. Say : "How did you do that?", "When did that happen?", "Who was at the meeting?" "Then what happened?", What did you do?".
Interviewer probes for detail too soon or cannot find a basis for a behavioural event.	First let the interviewee give you a broad picture of the story. <u>Then probe</u> for details about the key part of the event.
The key part of the event is not clear.	Say : "What was it about that situation that you consider critical ?" OR "Tell me about one of the conversations/meetings that stands out in your mind".
Interviewee gives too much information, too fast, or the information is scattered.	Say : "I'd like you to slow down a bit. Could you go back to..?" OR I'm not sure I understand that sequence. Could you 'walk' me through it?"
Interviewee cannot remember the actual words in a conversation.	Say : "Just give me the flavour of it. What sort of thing did you say ?" "Try to reconstruct the dialogue right now to describe what happened. Make believe I am the person you were talking to".

Interviewee cannot remember a specific situation.

Remain silent for a while to give the interviewee a chance to think. They say any of the following :

"Is there anything else you do in 'running this business' (In the case of an existing entrepreneur).

"Was there anything else you did during that time?"

"Is there a situation that involved an activity that you have not yet given me an example of?"

"Earlier you mentioned..." (Refer to the interviewee's regular activities in running the business or in other aspects of his/her life if he/she is a potential entrepreneur.

Interviewee seems uncomfortable.

"Tell about an experience of your own in behavioural event form to illustrate the kind of material you want".

Reward the interviewee whenever he or she provides a good behavioural event :

Say, "That's exactly the kind of information I'm looking for."

Vagueness : Interviewee talks of his/her business philosophy and remains abstract or discusses hypothetical situations.

Ask for specific examples : "What did you actually say to him or her?"

"How did he or she respond to that?"

"What did you say then?"

Reticence : Interviewee will not answer questions because he/she is afraid of revealing confidential information on him/herself or others.

Say : "O don't need any names. Just tell me what happened".

OR

Interviewee rambles, digresses to topics unrelated to behavioural events.

"It's O.k. to disguise identities. I'm only interested in what happened".

Say : "I wish we could talk more about that, but I really do need to hear about a specific situation".

OR

"That's interesting, but we have a lot more ground to cover. May we get back to the situation? You were saying that?"

(4)

9.0 Introduction to Coding :

Coding is the scoring technique used to analyse interview data for evidence of competencies. Coding differs from rating in that it increases the reliability of evaluation by substituting strict rules for relative judgement concerning what constitutes evidence of a competency.

As in a Court of Law where hearsay or circumstantial evidence is not sufficient to find a defendant guilty, an interviewee's theory or generalisation about what he or she did is insufficient evidence of a particular competency. A person either did something or did not beyond a reasonable doubt : in coding terms, the evidence is either 'present' or 'absent'.

To illustrate, if one were to rate a defendant's guilt, then the individual could be found on a 4-point scale viz., (1) not guilty if there is no evidence, (2) slightly guilty if there is hearsay, (3) moderately guilty if there is circumstantial evidence, and (4) very guilty if there are finger prints, witnesses, a confession or other irrefutable proof.

Thus, just as a defendant cannot receive a slight or moderate death sentence, a loan application cannot be slightly or moderately funded. By using the coding method or scoring, an appraisal officer significantly reduces the risk of funding a promoter who is not capable just as the risk of convicting an innocent defendant is reduced by a court's demand for evidence.

The following example should help you understand the rationale for coding.

Suppose you were hiring drivers for delivery trucks and you wanted to select the best drivers, you could conduct research in which you first identify good and not-so-good

(4) 'Behavioural Event Interviewing of Entrepreneurs', Working Paper, McBer & Co., USA (1984).

drivers according to their accident rates and then, study the two groups of drivers to determine the behaviours that distinguish the two groups.

Suppose you found that the good drivers were significantly more likely to stop at stop signs than the not-so-good ones, one method you might, therefore, use in selecting drivers would be to observe the applicant's behaviour at stop signs. You could post more than one observer near a stop sign through which all the applicants would drive.

Now, if you asked the observers to rate the degree to rate the degree to which the applicants tended to stop, they would probably disagree about how slowly a driver passed through the sign if he or she did not actually stop; there would, thus, be much variance in the ratings, and you would be unsure as to how slow was enough to indicate a good driver. If, on the other hand, you asked the observers' data with a clear, shared definition on a full stop, your coders would be able to give you explicit characteristics that had been shown to relate to superior performance. In short, coding provides clear rules for deciding what constitutes evidence of a competence.

The coding categories or behavioural indicators of competencies are derived from the interviews with the sample of top and average entrepreneurs that were used to build the competency model. The indicators explicitly define those behaviours that are both associated with a competency and demonstrated by superior performers. Behavioural indicators are included in the model only if they capture the distinguishing behaviour of superior performers. The wording of an indicator is general enough for it to apply to behaviour in a variety of similar situations rather than simply one kind of situation.

The coding categories (behavioural indicators) are applied rigorously so that there is reliability among coders (i.e. coders agree on how they code a particular piece of behaviour). Rigorous application of coding categories is also important for the validity of judgements. Only those behaviours listed as behavioural indicators have been shown empirically to relate to superior performance; if coders accepted other behaviours as evidence, they would reduce the validity of the coding by accepting as evidence something that does not relate to performance.

For example, consider the interview statement, "I took the report over the corporate office to get their approval" and the behavioural indicator (of the competency concern for impact) "Expresses a need or desire to persuade others". The statement would not be coded because the speaker does not explicitly express a need or desire; he or she may have been sent to get a routine approval and

may in fact have no personal investment in whether the report is approved. Therefore, there is insufficient evidence to score the statement for 'concern for impact'.

Because coding is a fundamentally different concept from rating, it is sometimes a difficult skill to acquire. It requires both very careful attention to what is stated in the interview and scrupulous avoidance of emotional reactions to what is said as well as avoidance of interpreting the speaker's words. This is especially difficult because good listeners not only attend to what is said, but also react to and interpret the meaning of what is said. Thus, coding entails a new way of listening for many people.

The coder must attend to the specifics of what is said and whether it is stated in a codable form: Is the speaker telling what he or she did in a given situation and therefore codable or describing how she generally acts (theory and therefore not codable)? If it is codable material, the coder should record it (by taking detailed notes in an interview or marking passages in a written transcript) so that he can later compare the behaviour with indicators in the competency model to determine if the spoken material does indeed provide evidence to code for a competency.

Rigorous application of the code book is the best insurance that one has for getting the most out of the competency model.

What is Codable Information ?

Coding is a method of assessing the performance of an individual in a variety of reported work settings. The information that is coded is obtained through FBEL.

There are two basic principles used in coding FBELs. A behaviour (reported on thought, word, or action) detailed in an interview is potentially codable if :

- (1) it is logically similar to a behavioural indicator listed in the competency model; and
- (2) it meets the following standards of specificity.

You Can Code

Statements beginning with 'I' that describe what the interviewee did, said, thought or felt (e.g. "I thought, I'd better talk to his boss first...").

You Can't Code

Statements in which the person says "we", "he" and "I", "team" etc. (e.g. "We planned it and organised our goals...").

Statement in the first person ("I") in which the interviewee is describing his/her involvement in one situation (e.g. "on Thursday morning I called up").

Statements that, although they do not specify the actor, make clear from the context that the actor is the interviewee (e.g. "So the report got done on time...My boss always has me write the quarterly reports").

Statements in which the interviewee describes his/her activities in detail (e.g. "I asked her to hold my calls. Then I sat down behind my desk and said, "You owe me an explanation....").

An interviewee's characteristic manner of thinking or approaching a situation if the interviewee has provided details on what

PROBLEM : What did the interviewee contribute to the group effort? You can't be sure.

Statements that begin : "What I do". "Usually I", "I would", etc. (e.g. "I would try to do that first").

PROBLEM : These are generalizations of how he/she sees situations or prefers to act. In any one situation, a person may or may not act in the typical or desired way. This is too general to code.

Vague statements about actions/thoughts/interactions or outcomes in which it is unclear who played what part (e.g. "He was convinced in the end").

PROBLEM : All interviewees are not clear at some point in describing who did what. Unless the interviewer probes to clarify a statement or the interviewee volunteers more details, the interviewee won't credit for the vaguely described action.

Statements in which the interviewee uses non-specific terms to describe his/her activity (e.g. "We met and I got him to explain....").

PROBLEM : You don't know what he/she said, did, thought, felt. The description is too vague; more precise behavioural data are needed to code.

Description of an action without what led up to it (e.g. "I made a presentation").

led up to a particular action (e.g. "I wanted them to see my point, so I decided to make a presentation...").

Statements that include clear explanations of the roles people played in a particular situation (e.g. "He was my boss I told him his ideas were lousy").

Statements of thought, feeling, words, or actions that the interviewee volunteers in response to a question that does not imply a particular response (e.g. "What were your feeling?" "felt let down. I'd counted on him").

Specific reconstructions of dialogue (e.g. "He said he wanted to use the old method. I said, "This one is more efficient..let us show you...").

PROBLEM : An action described without contextual detail is a sterile piece of information - it means little. We need to know : What led up to it? Whose idea was it? What was the person thinking ?

Statements in which it is unclear who was involved (e.g. I told him the idea was lousy...").

PROBLEM : A statement is ambiguous if the area not specified. For example, telling off a subordinate provides a different picture from telling off the boss.

Statements confirming the interviewer's stated expectation of what the interviewee did, said, felt (e.g. "So you felt let down?" "Yeah. I did").

PROBLEM : Even though the interviewer's expectation could be right, the interviewee might be giving the expected response to please the interviewer.

This is not codable because you can't be sure that the interviewee would have said this had it not been suggested by the interviewer. Descriptions of the content or flow of conversations without specific dialogue (e.g. "I talked about what was the best way to do it").

PROBLEM : One's intended message or tone does not necessarily match what was said. Reconstructed dialogue, by contract, specifies what the person said uncontaminated by his/her post-hoc interpretation of the nature of the conversation.

Statements of what the interviewee felt or thought during the situation he/she is describing (e.g. "At that point, I didn't want to deal with him again").

Statements of current feelings or thoughts about the past (e.g. "I think it was an upsetting situation").

PROBLEM : These are after-the-fact rationalization which include knowledge of how everything turned out. Coding is done to capture the essence of how a person performed (thought, felt, etc.) in the past.

Statements describing what the interviewee did in the past (e.g. "I picked up the report three hours before the meeting").

Statements about what the interviewee might do in the future ("I'll pick up the report early next time").

PROBLEM : There's no behaviour, since it has not happened yet .

CURRENT APPROACH TO INTERVIEWING PROMOTERS AS PART OF
APPRAISAL EXERCISE : AN INVENTORY OF QUESTIONS

What question did you ask or what questions that an appraisal officer normally asks to the promoter ?

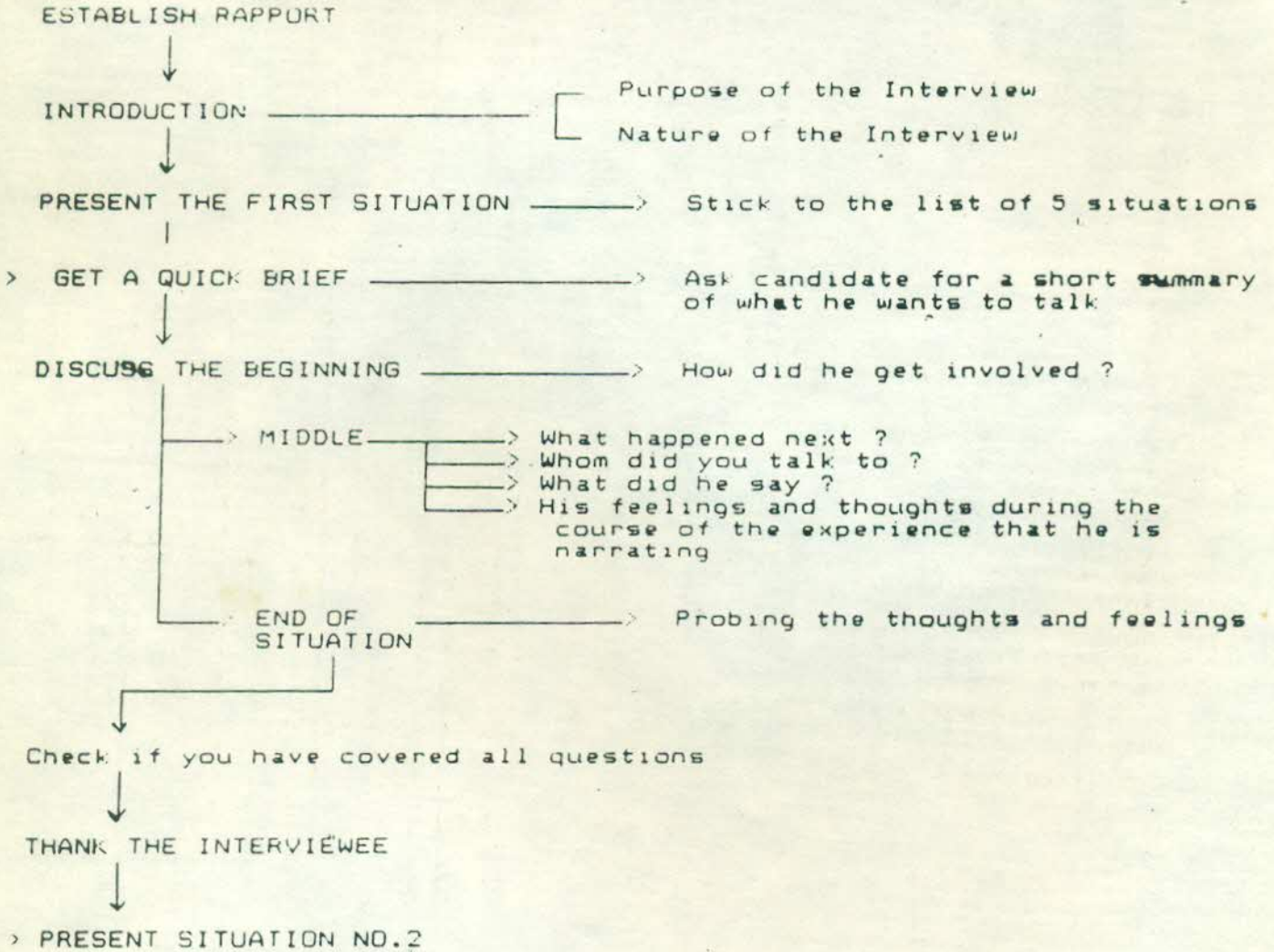
What is the nature of data generated from the responses to such questions ?

How and to what extent the data gathered are used to evaluate promoter capabilities launch and manage the project ?

A COMPARISON OF APPRAISAL INTERVIEWER STYLE

<u>Interviewer Style</u>	<u>Goal</u>	<u>Situation</u>	<u>Typical Prob(s)</u>	<u>Nature of Data</u>	<u>Problems</u>
THEORIST	To determine the interviewee's general approach to a job.	Interviewer has little direct experience with interviewee and his/her style of operating.	Why did you ...?	General data and explanation of why she/he did something.	Data do not reflect interviewee's actual behaviour, only self-image and generalities about how he/she operates.
FACT FINDER	To determine the details of the interviewee's experiences and accomplishments.	A placement interview to put someone who has been hired into appropriate job.	How many...? What type...? How much...? When...? For how long..	Details on task requirements of job held.	Data do not reflect interviewee's behaviour; data are limited by choice of question.
FORTUNE TELLER	To determine what the interviewee would do in situations he/she is likely to face.	Applicant for a job or promotion has not had to deal with issues that will arise in the new job.	What would you do if ...?	Interviewee's expressed intention or theory about what he/she might do in future.	Data do not reflect actual job behaviour; questions allow interviewee to think "What is the desirable response?"
THERAPIST	To determine the interviewee's underlying feeling, motives, attitudes, etc.	Interviewer is primarily interested in helping or in understanding the complex feelings of the interviewee.	Tell me about yourself.. So you felt..	Abstract emotional statements about interviewee's reactions to life or particular events.	Conclusions must be based on interpretation of what the interviewee said/did, rather than directly on data.

STRUCTURING THE INTERVIEW (FBEI)



3

FOCUSSED INTERVIEW SCORE SHEET

Descriptions	Situations					Total
	1	2	3	4	5	
1. INITIATIVE : Takes actions that go beyond job requirements or the demands of the situation.						
2. SEES & ACTS ON OPPORTUNITIES : Looks for and takes action on opportunities.						
3. PERSISTENCE : Takes repeated action to overcome obstacles that get in the way of reaching goals.						
4. INFORMING SEEKING : Takes action on own to get information to help reach objectives or clarify problems.						
5. CONCERN FOR HIGH QUALITY OF WORK : Acts to do things that meet or beat existing standards of excellence.						
6. COMMITMENT TO WORK CONTRACT : Places the highest priority on getting a job completed.						
7. EFFICIENCY ORIENTATION : Finds ways to do things faster or with fewer resources or at a lower cost.						
8. SYSTEMATIC PLANNING : Develops and uses logical, step-by-step plans to reach goals.						
9. PROBLEM SOLVING : Identifies new and potentially unique ideas to reach goals.						
10. SELF-CONFIDENCE : Has a strong belief in self and own abilities.						
11. ASSERTIVENESS : Confronts problems and issues with others directly						
12. PERSUASION : Successfully persuades others.						
13. USE OF INFLUENCE STRATEGIES : Uses calculated strategies to affect others.						
14. MONITORING : Acts to ensure that others' work is done on schedule and acceptably.						
15. CONCERN FOR OTHERS' WELFARE : Acts to respond to others' personal concerns and needs.						

TOTAL

SUMMARY BACKGROUND OF LOAN APPLICANTS

Janardhan Nagar :

Age 50 years; a very active politician having high level political contacts; known to have provided employment for a number of people in his through his contacts; and has held some important positions in the past. It is rumoured that he may become the president of the ruling party in that State. He has no technical background. His son is completing his studies in chemical engineering in the USA. The project deals with the setting up of a factory to manufacture some chemicals which are currently being imported. The money required from the bank is about Rs.23 lakhs. The estimated annual turnover if the plant comes into existence is Rs.15 lakhs. The technical experts find it difficult to comment on the proposal as they do not have a complete knowledge of the chemicals for which the plant has been prepared. However, with the knowledge they have, they feel that the proposal appears to be sound. Marketing is guaranteed and several concessions may be available as the products manufactured will be import substitutes. However, there is a danger of the factory causing pollution of the drinking water in that area and causing health hazards. The preventive measures for the health hazards require expensive equipment which would increase the costs by another seven lakhs of rupees. The proposer in an interview, stated that he might be able to buy this equipment 4 or 5 years after the plant is commissioned by which time he would have made sufficient profits. The experts feel that this period would do some damage to the neighbouring areas. Mr. Nagar is known to be a close friend of the Chairman of the bank and he is on the board of two of the other banks.

Kailash Pandey :

Age 40 years. Doctorate in Automobile Engineering from the USA and worked with a reputed automobile manufacturing company in the USA for 15 years. He wants to settle down in India. His project is the setting up of a scooter manufacturing industry. The total cost estimated is Rs.2 crores. He is sure to manage the working capital on his own. The project deals with importing some parts and manufacturing only the body and a few parts. He is willing to raise some money from other sources. He wants as much as the bank can give. The technical experts rate his project as an excellent one with a very high possibility of success. This is the only project which has supplied all the details for a thorough assessment by the technical experts. All papers have been found to be in order. There are other partners who are willing to join in this venture.

Mrs. Vatsala Purushotham :

Age 38 years; B.Sc. in Home Science; has been working in a small industry service institute and has been in-charge of a women's self-employment programme. She is known to have been running the programme well for the last five years. She has recently taught the knitting of sweaters on an imported machine for a number of unemployed women. She wants to set up a co-operative of women for knitting sweaters for export. She wants to set up this cooperative with 200 unemployed women as members. Each machine costs Rs.10,000/-. The estimated costs of building and other material is about Rs.7 lakhs. The working capital will be managed by the members of the cooperative. Total requirement of finances from the bank is Rs.18 lakhs. The technical experts rate that scheme is a somewhat feasible scheme but they have some doubts about the marketability of the products. Profits, however, are not likely to be of a high order in this project.

Shivacharan Dube :

Dube is a Medical Graduate. His wife is also a medical graduate. Both of them are prominent social workers. They have established several community hospitals. In his social work pursuits, Dube could not make any money for himself. Dube now wants to settle down in a metropolitan city and earn his living. He wants to set up a hospital which serves both rich and poor. The investment estimated for this hospital is Rs.25 lakhs as it will have an operation theatre and a clinical laboratory. He expects to earn about Rs.10 lakhs a year as consultation fee. He wishes to charge only those who can pay. His project is assessed by technical experts as somewhat ambitious as the Dube couple also have a service motive. There are also high risks involved as it is rumoured that a group of doctors would be setting up a polyclinic in that area. Dubes are known for treating allergies and incidence of allergies is quite high in that city, particularly in the slums.

Pratibha Desai :

Age 37 years; science graduate and an MBA from a reputed institute of management and comes from a business family. Her father is chairman of a reputed engineering company. She has been working as a manager in an advertising company. She has now decided to set up her own advertising agency. She has enough contacts and has already lined up some contracts. She is planning to take a building on hire for her offices. However, she has to buy equipment for laboratory and other materials. The estimated total costs for her project are Rs.50 lakhs. She is willing to raise about 30 lakhs on her own from partners. She has applied for a loan of Rs.20 lakhs. Technical experts rate the project as sound and having a high potential as the advertising world is developing fast.

EXERCISE IN CODING

The Manager Performance-Appraisal System

A time I felt pretty effective was an executive-development program I worked out for not only this place, but it was accepted by the director of Oak Labs, and he put it in all his labs - there's six labs around the country. It's a process for selecting and developing and appraising managers. That was kind of a personal thing that I took on, it wasn't a staff effect... He had been interested in doing something like that for some time, and he got a cat from Headquarters to try to work out some approaches for him. I knew the fellow, and he came out here to ask me if I'd listen to his approach and give him some points of view on it. I frankly didn't agree with what he was doing and told him that, but he continued on with the approach that was in his mind, to the point where it flopped. It just didn't get any acceptance. One of the staffies down there had been with him when I had told him what I thought of his approach, and he asked me if I could try to come up with an approach for him.

I had some ideas on what should be done, and asked some of our department heads here if they would work with me on the committee, pick some of the guys.... The big kids here, not within my department. I got the head of research and the director of our communication-systems department and head of our electronic department, my training director, and myself, and one of our key program managers. Said, "Here's what we're trying to do. What are your thoughts?" And, frankly, tried to get them to agree with my approach. What I started doing was saying, "If you were going to select a manager, a division head, what kind of a guy would you want? Can you give me some ideas on what his characteristics might be?" We batted that around for a few meetings and finally came up with a list of ten characteristics that they would like to see in a line manager. From there we said, "How should we go about selecting these people? What process should we use?" It was kind of "Let's develop it together."

Once we got the ideas flushed out, then I or my staff developed those My idea was, if we could identify what we wanted in a manager, then we ought to use those characteristics for making selections: we ought to use the same ones for evaluating their performance and for determining what kind of development they could have, based on areas where they're weak or strong - try to put that together in a package that the system could use ; and try to get it sold.

In the past when you had a vacancy we'd go to the manager and say what kind of a guy, what kind of characteristics do you want in a guy you select?..... And you could have ten division-head vacancies in the labs here, and each one would have listed ten

different items. Then we'd rate their performance once a year, and we'd have a standard form that did not bear any resemblance to that. The position descriptions were different from those, and our training plans were just kind of helter-skelter. I said we ought to pull all that stuff together. And once we determine what we want, we have to make sure we select on that basis, and train and evaluate their performance, and pay them - the whole thing. So I had some ideas on the characteristics, but that was the brainstorming thing - what are they?, what do you guys think? They try to sell the idea of pulling all this together which they saw as an advantage. I went over to Headquarters, put it together in written form, and talked to some of the people about what their views would be, would they support such an effort if we were to get it going, any major stumbling blocks, and so on. Got a go-ahead to that, and then briefed the director of the labs and some of his key people with a slide show. He liked it and said, "Why don't you go out and sell it to the other labs?" So we had meetings on both coasts and I presented it to the representatives of the labs, got their feedback.

Well, we could have done it all differently, each lab was doing it differently. There was a little resistance to using a common approach. But once they got their heartburn out and their proposals, then I went back to him and said, "Here's what they're saying; here's my recommendation. This is a good idea, you know, and we made that adjustment, and this I don't think is a good idea, and scratch that, and here's the way I think it ought to go."

He said, "Let's do it." Then I went back to Headquarters and said, "We've got a program we think is good." They had a meeting of their division directors and I put on a pitch saying here's our approach, we'd like to get you guys to look at it, see if there's anything illegal or improper about it, and give us some feedback. And if you agree with it, will you give us the authority to go ahead and do it? There were some requirements we wanted waived. They have a kind of stupid performance-rating form that we're all required to use, and we didn't want to use it. They a requirement that once a year we identify them as high-potential, and train only them, and tell the others that they are not high-potential. I thought that was a crock and we hadn't been doing it, and other labs had. I said, "This is a better way of doing it, but I'd like you to waive those requirements and allow us to try it." They did. So he implemented the thing four or five months ago, and told the labs, "This is the way I want to go." One of the problems we had - not only this lab but the others - many of the managers in the labs were selected based on their technical expertise.. This guy was a super scientist, so therefore he must be a good division manager, and he was a Ph.D. and all those things, so obviously he's a good manager. What we were trying to say is that's not the important thing. That may be important at the first-line level, where you're leading a team of scientists, but the further up in the organization you get, the less important that technical expertise is. You have to concentrate more on management abilities and style, rather than technical ability. So it was a fairly major departure from what they had done in the past.

MOTIVATION

- i. ACHIEVEMENT MOTIVATION TRAINING
THEORY AND CONCEPT
- ii. DEVELOPING ACHIEVEMENT MOTIVATION :
THE KAKINADA EXPERIMENT
- iii. HOW ACHIEVEMENT MOTIVATION DEVELOPS ?
- iv. DYNAMICS OF MOTIVATION

**ACHIEVEMENT MOTIVATION TRAINING
THEORY AND CONCEPT**

Source : H.C. Raval

ACHIEVEMENT MOTIVATION TRAINING : THEORY & CONCEPT

(a) Introduction

In the early stages of Entrepreneurship Development Programmes in Gujarat, no technique to impart AMT was used nor any importance was given to it. But after one or two programmes it was felt that no inputs to develop entrepreneurial traits were given to the potentials. Without such inputs (later known as Achievement Motivation Training Inputs) the programmes were ordinary management development programmes, imparting only certain skills and not directed at developing entrepreneurial traits.

After such a realisation, AMT inputs were included in the programme which came to help entrepreneurs in a big way in achieving the ultimate goal of setting up industrial enterprise.

Scientific validation of this impact has also been obtained by a survey conducted by an independent agency of those entrepreneurs who had undergone AMT training vis-a-vis those who set up their industrial units without any exposure to AMT. The study revealed that entrepreneurs who had undergone AMT were performing better in terms of general efficiency of the unit and planned as also organised way of running the same.

(b) What is Achievement Motivation ?

Many psychologists have tried to understand and explain terms like, 'wants', 'needs' and 'motivates'. Without delving deep into abstracts, there is a need to understand their findings about these so far as they have some bearing on the development of entrepreneurs.

'Wants' are of two types : Positive and Negative. Wanting to eat, wanting to succeed, wanting to be liked etc., are positive wants. Wanting to avoid an accident, wanting to avoid headache etc., are negative wants. However, there are certain activities for example, exploring new territories satisfied one's curiosity, whereas accepting a challenging task and working hard to achieve the

same satisfies one's pride. It is believed that there are some intrinsic 'wants' which if not satisfied cause unrest, but when satisfied do not necessarily provide sense of satisfaction.

However, three intrinsic motives have been found to be most important determinants of work-related behaviour. These are :

1. Need for Achievement;
2. Need for Power; and
3. Need for Affiliation

NEED FOR ACHIEVEMENT :

If a person spends his time thinking about doing his job better, accomplishing something important and unusual or advancing his career then psychologists say that he has high achievement motivation (n Ach.).

NEED FOR POWER :

If a person spends his time thinking about the influence and control he has over others and how he can use this influence to change the people's behaviour or gain a position of authority and status then the psychologists say that he has high need for power (n Pow.).

NEED FOR AFFILIATION :

If a person spends his time thinking about the warm, friendly, companionate relationship he has or would like to have then he has high need for affiliation (n Aff.).

Besides this, recently work has been done on need for extension which means concern for being useful or working for others' problems. Prof. Uday Pareek has done work on this need for extension.

Prof. McClelland from his study of several countries (including India) concluded that achievement motivation was basically related to economic growth. (The word motivation suggests energetic behaviour directed towards some goal). Nations with people having high achievement motivation had profiles of high economic growth. He also reported that entrepreneurs have high achievement motivation. This could be seen very clearly if one tried to understand how does a person with high need for achievement behave. Some of the important behavioural characteristics of such a person are :

- 1) Likes to take personal responsibility.
- 2) Likes to take moderate risk.
- 3) Tends to persist in the face of adversity.
- 4) Tends to be innovative.
- 5) Wants to know the results of his efforts.
- 6) Demonstrates a fair degree of inter-personal competence.
- 7) Is hopeful about the future.
- 8) Tends to be mobile.
- 9) Is not completely content; and
- 10) Lives better (does not lose the charm because of adversities).

(c) What is Achievement Motivation Training (AMT)?

Achievement Motivation Training is basically a motivation development programme. Motivation development aims at helping participants in reinforcing those motives and motive related behaviours that increase the probability of their becoming an entrepreneur. It has been established that development of following motives and motive related behaviours helps an entrepreneur in the process of his personal development.

- 1) High need for achievement.
- 2) Need for independence.
- 3) Need for influencing others.

- 4) Calculated risk-taking.
- 5) Desire for learning from experience and feed-back.
- 6) Sense of efficacy.
- 7) Belief that they can change the environment.
- 8) Hopeful about success.
- 9) Dignity for hard work and labour.
- 10) Orientation to plan for action.

(d) How does AMT help in Developing Entrepreneurs?

In order to know how exactly AMT helps in developing entrepreneurs we have to co-relate the seven major entrepreneurial traits :

- 1) Need for achievement.
- 2) Risk taking ability.
- 3) Self-concept.
- 4) Initiative and independence.
- 5) Problem-solving attitude.
- 6) Hope for the future.
- 7) Searching environment.

Comparison of motives and motive-related behavioural traits that could be reinforced through AMT to blossom into the seven major entrepreneurial traits would indicate very clearly that AMT inputs are basically needed for grooming potentials into prospective entrepreneurs.

AMT programmes are, therefore, directed primarily to reinforce behaviours like, striving for excellence, learning from feed-back, moderate risk-taking, sense of efficacy etc. They further help to strengthen our efforts. They aim at revitalising the ability to generate alternatives; and also solve problems creatively. They also aim at developing inclination to define and set goals; as well as certain orientations which ensure continuous self-appraisal and organisational

renewal. Thus, in a broad sense entrepreneurship motivation programmes in recent years, have tended to become programmes for personal effectiveness, with their central focus on components like motivation and creativity, without making any drastic departure from the basic design of motivation training developed by McClelland.

A highly achievement oriented individual has his thought process full of achievement oriented language. Such language gives cues of a concern for excellence, a concern for achieving high standards, a concern for competing with others, a concern for quality, solicitation to take help from others when confronted with personal or environmental blocks. He also possesses a sense of optimism for achieving goals and it is experienced through positive feeling of happiness when the goal is achieved and through negative feeling in the case of failure. Such a concern and orientation is reflected in his thought process. His thought process also remains saturated with constant striving to define and re-define his goals to accomplish something which is either difficult or unique. In this process he analyses his strengths and weaknesses, his resources and drawbacks and obtains a realistic assessment of the prospects of achieving his goal. He constantly remains pre-occupied with planning and activity for reaching his goal.

AMT inputs aim at developing similar discipline of analytical thinking amongst the participants. Participants' thoughts are influenced through the language they use (for speaking or writing) and thinking influences their actions. Research has established that feedback plays a crucial role in motivating people to change and influence their behaviour in that direction.

(e) Tools and Techniques

To gain an insight into their own motivation and behaviour a set of psychological instruments and exercises are used to develop the same :

- 1) Ring Toss game
- 2) Business game
- 3) Tower building - simple
- 4) Proprietor, supervisor, worker game
- 5) Father, mother, child game
- 6) 'Win as much as you can' game
- 7) TAT
- 8) Transactional Analysis
- 9) FIRO-B

Generating data on a person's natural flow of behaviour in different situations through various exercises, helps effective learning through feed-back and analysis. The participant needs such a help to analyse his personality, his motivation and his behaviour. Simulation exercises providing such feed-back in a non-threatening atmosphere help a lot in diagnosing measures to improve his traits.

In AMT, the participant individually gets enough opportunity and help, not only to understand his own behaviour and the underlying motive, but also to internalise the implications of such behaviour. The experience resulting from such efforts toward understanding one's own strengths as well as weaknesses would help to make the participant hopeful about his becoming an entrepreneur.

More understanding of one's own personality and behaviour in the context of entrepreneurship is not sufficient for individual growth. To become an entrepreneur, one has to feel confident of overcoming one's shortcomings; and to formulate step-by-step action plans to acquire the

desired entrepreneurial characteristics to reach his goals.

There are instances where once the participants learn the system of analysing the TAT stories, in the repeat process of re-writing other stories towards the end, they write carefully to score high. When they score high in contrast with their previous scoring results, they start raising questions like, "Do you mean to say that instantly I have developed high achievement motivation which was not existing before?" Such questions are significant. In such situations, the trainer has to explain the theory of associative networks (McClelland and Winter, 1969) and try to help the participants understand that, by writing highly achievement oriented stories and script, his motive level is not increased. What has increased is the capacity to use the achievement language. This in itself constitutes a step forward. Because unless he keeps practising the achievement language, he cannot expect his thinking to be achievement oriented. It is only with time and practice that his motive level is likely to go up. He should also explain that language is but one of the dimensions of entrepreneurship. There are several associated behaviours which are characteristics of entrepreneurship. It is a means to move towards acquiring those behaviours that are associated with entrepreneurship.

The cognitive and motivational inputs provided so far to them must be reinforced through providing an opportunity for the participant to plan his actions, step by step, and to practice what he has learnt in the programme.

The concluding part of the programme is devoted to planning by individuals in concrete terms in the context of such learning for his immediate as well as long-term future. This will provide them opportunity to translate the conceptual learning into action through planning.

For the long term plans, the participants set some broad goals covering next 3 to 5 years. Whereas they formulate short term plans to attain more specific goals within a period of one year or so.

Plans for six months following immediately, however, have to be governed by goals stated in clearer terms and are marked by greater details so as to make them more useful to attain higher level of entrepreneurial performance.

The detailed action plan covers specific areas like

- a) activities that the participant proposes to ensure attainment of his goals;
- b) hurdles (personal as well as environmental) that are anticipated and the actions to be taken to overcome the same are proposed;
- c) helps that he proposes to take from different sources for specific purposes;
- d) the way he would like to rate the probability of his achieving the set goals;
- e) the feelings that he is likely to experience, either in eventualities of attainment or in non-attainment of the goal etc.

The detailed plans of action covering those various dimensions not only help the participant internalise the cognitive inputs but also provide a definite direction to his forward movement in entrepreneurial performance.

(f) The way AMT is conducted

AMT is imparted as a one week training. This is a full time residential programme which continues for five days normally at the rate of 12 hours a day. However, many a time, the interest generated is so large that the exercise is carried out for even 15 hours per day. Another factor is that this training is imparted at a place which is geographically away from the normal place of working. Many experiments have been carried out about the point of time at which AMT be imparted in the training programme of three months duration. According to our experience, for best results, AMT should be imparted after the preliminary project report preparations are over and before other training inputs to enable a person to prepare his final project report.

The process of development could be better understood by looking at the AMT not as much from the external operational aspects but the internal process of operations. It is a three stage process wherein, in the first stage, the participant is asked to write about himself as he thinks and knows. In the second stage, the participants are required to exercise to write about themselves on the same basis. In the third and final stage, they are required to set a goal for themselves and plan their activities systematically in the light of their awareness about their own limitations and the emerged environmental constraints.

(g) Validation

The validation of AMT demands recalling the aim of AMT programme. Through this input the degree of entrepreneurial traits are to be strengthened.

A survey conducted by an independent agency revealed that those entrepreneurs who had undergone AMT scored much higher in terms of Achievement Orientation Level of aspiration, goal setting etc., than those who had not undergone AMT. The first entrepreneurs also believed that the improvement in their behaviour could be attributed to AMT inputs.

**DEVELOPING ACHIEVEMENT MOTIVATION :
THE KAKINADA EXPERIMENT**

Source : Tahera Masiuddin

DEVELOPING ACHIEVEMENT MOTIVATION: THE KAKINADA EXPERIMENT

TAHERA MASIUDDIN

Rapid economic growth has often been explained in terms of external factors like favourable opportunities for trade and availability of natural resources. But economic opportunities alone are not sufficient and neither do they evoke a uniform response towards entrepreneurship. This has brought to light the significance of internal factors like human values and motives, which instigate man to exploit opportunities and take advantage of the prevailing favourable conditions.

Papanek's study (1962) is an excellent example of how economic opportunities and incentives were apparently sufficient to cause rapid industrial growth in Pakistan after 1947. A remarkable fact uncovered by Papanek in his study of industrialisation in Pakistan was that nearly half the industrial investment was contributed by five small muslim trading communities representing about 0.5 per cent of the total population. This gave rise to the question: "If economic opportunities are the only important motivators, why is it that they affect only a fraction of the total population?"

Though this responsiveness of the trading community among muslims to the economic opportunities could be explained in terms of their knowledge and experience in conducting business and which makes them "market oriented"; psychologically, it also implies that a high need to achieve perhaps impelled this community to take risks, do something better and take cognizance of economic opportunities.

The importance of internal factors had given rise to a number of strategies for the promotion of entrepreneurship with the underlying assumption that economic modernisation and growth—particularly in the backward countries, requires a change in values and attitudes. D.C. McClelland in "The achieving Society"

(1961) has through a series of empirical studies proved that the motive need for achievement is one of the variable that contributes to promote entrepreneurship, which in turn, is a key to economic growth. According to McClelland, the logic behind achievement, as an index reflecting habits, thoughts or actions imperative for economic growth, is that the need for achievement has been shown to have increased on several occasions prior to rapid economic growth in a country, and to have declined prior to a slackening in the rate of growth. It was also presumed that the general concern for achievement in a nation at a particular time also reflects the number of active achievement-oriented people in the country. Laboratory studies of individuals with high achievement show, that in general, they behave like successful, rationalising businessmen who set moderately difficult goals for themselves so as to maximise the likelihood of achievement satisfaction. They are interested in concrete feedback on how well they are doing and like assuming personal responsibility for solving problems. They get a sense of achievement satisfaction from completing a task and do not like to depend on luck or circumstances beyond their control. Finally, those with need achievement generally show more initiative and exploratory behaviour, continually researching the environment to find tasks that they can execute to their satisfaction.

The theory of achievement motivation therefore holds that it is precisely "those with high need for achievement who are sensitive to changes in the economic environment and exploit economic opportunities." The widespread evidence that people respond differently to similar conditions has led to the belief that economic opportunities alone are not sufficient, and that motivation is an important factor which should be taken into account if situations and incentives affecting behaviour are to be better understood

Thus the significance of achievement motivation in accelerating economic growth and the conviction that it could be developed or increased has led to the need for a study in which effects of changes in the need achievement levels of individuals can be traced over time throughout the social and economic life of a

community belonging to an economically backward country. This initiated a search for a community where a significant proportion of the leaders could be exposed to need achievement training so that a study could be made of the effects of training, not only on their own careers, but also on the economic output of their community.

To arrive at definite results, a community was selected which was neither too underdeveloped – for then, not enough infrastructure would exist to show up changes in any reasonable time, nor too developed – for then it would be difficult to prove that a single input such as motivation training had effected any changes in the growth of the community. Some level of social and business organisation was essential for motivational inputs to have any discernable effects in a short time. Besides these, an important requisite for conducting a research project was an educational institution with access to the community in which the study was to be conducted.

A training conference was held in the US, financed by the US agency for international development (AID) which was finding new methods to improve the effectiveness of its world-wide programme to help poor countries develop their economies. The conference was attended by representatives from 10 countries – India, Egypt, Colombia, Tunisia, Algeria, Spain, Chile, Italy, Mexico and Thailand, which were selected for the developmental project. It was decided to carry out feasibility studies only in India, Southern Italy and Tunisia.

India was primarily chosen because it presented opportunities for studying the effects of need achievement training on two types of communities at different levels of complexity. At the simpler level, it was proposed to study the effects of training on the productivity of firms. This was considered fairly convenient in India because there were a number of large textile mills and it was considered possible to interest the executives in some of these mills to attend seminars on motivation development. Since

careful comparable records of output of all the mills are kept, it was possible to promptly assess whether the motivational training had any effects on the output of these textile mills.

At a more complex level, it was proposed to train a significant proportion of leaders in a small city dominating a district in India to see if this had any significant effect on the economic growth of that particular district. Such an effort was made feasible by the possibility of collaboration with the Small Industry Extension Training Institute, Hyderabad.

Southern Italy was chosen for study because the Cassa di Mezzogiorno, a government agency, had already set in motion a plan by which business leaders from four underdeveloped regions were to be specially trained in Naples. It seemed feasible to add a motivation training programme for leaders from one or two of the regions, to observe whether such training would make any difference in the rate of development of these regions as compared to regions from which leaders had not undergone training in achievement motivation.

In Tunisia, it was planned to introduce achievement motivation training for a number of leadership cadres in various sectors of the government, and compare the rate of development of this small country with similar countries the leaders of which had not received any training.

Thus the design of the research programme was such that it proposed to study the effect of motivation training introduced at the firm and district level (India), at the regional level (Italy), and at the national level (Tunisia).

However, three parts of the proposed programme were relinquished because of AID's decision to withdraw support to the project. Thus the research project was only carried out at the district level in India in collaboration with the SIET Institute.

The need for rapid economic growth to accelerate the rate of

employment had impelled India to transfer attention from traditional economic planning to modern, small scale industry, while at the same time encouraging the growth of large enterprises. Assistance was offered to operate such firms so that the capital surpluses thus created would eventually lead to industrial growth and increased employment. It was this strategy that led to the setting up of the SIET Institute to train extension workers who would in turn serve to help small industries develop all over India. The Institute therefore showed enthusiasm in including motivation training programme – both for public officials and private entrepreneurs, in its endeavours toward stimulating entrepreneurship.

Aim of the Study

It was proposed to study the impact of achievement motivation training, given to a few selected significant businessmen of a town or community, on their own career as well as on the growth of the community.

Sample

The initial plans of conducting the research project at district level in India called for selecting three pairs of small cities matched on a number of variables such as size (set at about 1,00,000 inhabitants), per cent of literacy and growth in literacy over the past decade; total number of firms employing twenty or more people and the growth rate in electricity consumed, transportation and communication facilities, and the patterns of agricultural, industrial and commercial employment. The selection was limited to cities of about 100,000 population because they were considered large enough to provide infrastructure necessary for rapid economic growth, but small enough not to be affected by major changes introduced by the government. On the basis of the above criteria a preliminary investigation of 1961 census data, even comparable small cities were selected in three different states as sites for the project.

In Andhra Pradesh, Kakinada and Rajahmundry, in East Godavari district, seemed well matched. They are located in more or less the same ecological area and are only some forty-five miles apart.

and inhabited by very much the same kind of people. In Tamil Nadu, three cities were chosen because no two cities matched on size and other variables. Two cities were chosen in Maharashtra, Akola and Amravati, but no work was done there.

It may be mentioned here that initially the main measures of the need achievement input was differential changes in the community economic indicators on the basis of which the cities had been matched. However, the researchers found that statistical summaries obtained through secondary sources did not always correspond to data obtained in the field. For instance, while the census records all industrial workers, the factory inspectors only record those units registered under the Factories Act. Moreover, a number of owners avoided registering new production units because they found it difficult to comply with all the provisions of the Factories Act, particularly when they were getting started. Again, the city economic indicators were considered unpredictable because a number of local industries depended heavily on agriculture, which in turn depends on the weather. Furthermore, the researchers had reservations about the comparability of Kakinada and Rajahmundry, as it seemed impossible to rule out special economic inputs which might favour one town over the other. For instance, it was thought that if Kakinada registered higher consumption of electricity after the training input than Rajahmundry, it would be very difficult to attribute it to the training input alone. Therefore, the focus was changed to the effects of the training inputs on the activity level of individual businessmen and changes in the rates of growth of their firms. With this objective, three comparable groups of businessmen who started their activity two years before the research project was scheduled (1964) were selected.

Research Design

Group A from Kakinada consisted of businessmen who had received need achievement training, group B consisted of comparable businessmen from the same town who had not received need achievement training, and group C consisted of comparable businessmen from Rajahmundry who had not received need achievement training.

The rationale reported for such a research design was based on the supposition that "increasing the entrepreneurial spirit in a significant portion of the business leadership of a particular community would perhaps create a 'go ahead' atmosphere for the other businessmen in the city." Thus, it was hypothesised that even Group B -- the untrained group from Kakinada -- would also show a higher level of activity than Group C -- the untrained group from Rajahmundry.

Four training programmes were held at SIET Institute for the selected prominent businessmen of Kakinada. Fifty-two men representing 49 different Kakinada firms attended the programme.

The objectives of the course (summarised by Danzing & Nadkarni) were:

1. To increase entrepreneurial spirit and improve interpersonal competence among the participants with emphasis on motivation, planning and cooperative effort rather than technical skills.

The course was basically one of self-development. The three approaches to greater self-knowledge and understanding of motives were:

- a) The roots of values, attitudes and motives were examined through the familiar and natural effects on the individual's image of himself and his world.
- b) Each individual was guided in examining his characteristic modes of behaviour as perceived by those around him.
- c) Each individual was guided in examining his fantasies and his aspirations in relation to his actual behaviour.
- d) An important aspect of the course was that participants initiate and control change by setting reasonable goals for change in themselves, in their firms, and in their area.

Nature of the Programme

The programme began with presenting evidence of how achievement motivation or the "entrepreneurial spirit" is related to

performance and success, and how such a spirit has contributed to national economic growth.

1. Participants were given an opportunity to analyze their own spontaneous thinking or imagination and to score this material for motivation content according to well-defined scoring procedures. The purpose was to help them recognise achievement thinking in its various aspects so that they can reproduce it in their thoughts and therefore, in their actions.
2. Participants were encouraged to use the understanding of their own motivation and thinking to evaluate their approach to their work and to set realistic challenging goals for themselves.
3. Participants practiced "achievement training" by learning to perceive job situations, problems and possibilities in achievement terms. They engaged in achievement - related activities in a simulated business situation. The objective was to make them aware of the relationship between achievement thinking and entrepreneurial action.
4. Cases of successful entrepreneurs were presented to the group sometimes in person, to enable the participants to see the relationship between successful business functioning and achievement thinking, and also to understand the origins of entrepreneurial behaviour.
5. Throughout the course, participants were given an opportunity to experience and internalise the characteristics of successful entrepreneurship.
6. The individual was encouraged to write an autobiography, to make plans for his future, to take practical steps and make the commitments necessary to fulfil the personal goals he has set for himself. Personal counselling sessions were arranged for the participants to obtain better self-knowledge more realistic appraisal of goals and more creative ways of attaining them.

7. Throughout the course, participants were encouraged to examine their relationships with others in the group. They were given opportunities to understand the needs of others and to help them in solving their problems.
8. Participants were given practice in aiding and supporting one another in group activities. This was designed to increase cooperation upon their return to their area, and to increase the probability of mutual reinforcement in the future.

Contacts were maintained with the participants through intensive follow-up interviews at regular intervals for a couple of years to check on the progress they were making towards accomplishing their objectives.

Finally, an evaluation programme was made to find out the impact of the programme on the economic development of a given area compared with a similar area where such a programme was not presented. Changes in individuals who have undergone the course were observed in comparison with a similar group who had not undergone the course.

Summary of Results

The research design of the study involved groups of participants who were heterogenous in their activities. Participants were from foundries, small manufacturers, wholesale dealers, retail merchants, bankers, etc. The study reports that as the activities of these men could not be directly compared, a system of scoring business activity levels during a time period, on the basis of reports given by the participant himself regarding his activities and job performance, was designed. This to a certain extent reduced the activities of heterogenous groups to a comparable measure, so that those who had received need achievement training could be compared with those who had not.

The scoring system as a measure of a man's economic or entrepreneurial effectiveness assessed the responsibility of the individual, thus applying to his action and not just events in the

type of the firm, and the impact of his actions on the economic performance of the firm. Each individual was given an activity level score for the period of two years before the course and for two years after the course. The activity level scores were combined as follows: For instance, if the individual had plans, then it is scored + 1, no change was scored 0, and less activity is scored - 1. A score of 'active' was + 2 indicating specific activity involving the expenditure or investment of money. The study reports the activity level score as a precise psychological measure, not influenced by economic conditions such as price rise, raw material shortages, etc. It equated big changes such as starting a factory with relatively small changes such as expanding a shop.

Table 1

*Percentages of entrepreneurs classified as Active (+2) During the Two-year periods

	Before course 1962-64	After course 1964-66	Significance of After - Before levels
A. Kakinada trained in n ach(N=5)	18%	55%	$2 = 14.02$.001
B. Kakinada (not trained) N=22	18%	18%	
C. Rajahmundry (not trained) N=35	26%	31%	

*The table is part of Table 7.2 from the results of the research project in "Motivating economic achievement", David C. McClelland, and David G. Winter.

Table 1 presents part of the results of these activity level scores as reported in the study. Starting off at more or less the same level before the course, the participants from Kakinada (Group A) showed a significant increase. That is during the two years after the course, more than 50% scored 'active'. However, the control subjects from Kakinada (Group B) remained at the same level of activity contrary to the assumption that an untrained group from the same vicinity would also be affected by the increased entrepreneurial spirit of the trained group. Again, it was also found that Group C of Rajahmundry also did not show a significant increase in the level of activity.

Thus, measures of individual behaviour showed that the participants in achievement motivation courses improved significantly in many aspects of entrepreneurial performance before and after the course, and as compared with the other control groups. Course participants showed increased sense of efficiency and business activity, that is, they worked longer hours and made more definite attempts to start new business ventures. Measures of economic effects as reported indicate that participants increased their investments and employed more workers. The aggregate economic effects of the courses include mobilisation of approximately Rs. 3,76,000 (estimated increase of investment by 8,000 over a two-year period per entrepreneur), of new capital investment and creation of about 135 new jobs. This clearly suggests that the course certainly had an economic effect.

The study concludes that "in no sense has the course led to instant and continued success for all, or for even a small proportion of men. Rather, it has led to some improvement for many, an improvement that is made up of trial and error, investigation, planning, some failure, overcoming of obstacles, change and re-orientation and overall success in many cases".

Though the course did not generate an economic revolution, the follow-up claims a continuing effect that could be potent if integrated with other economic efforts.

HOW ACHIEVEMENT MOTIVATION DEVELOPS ?
Source : H.C. Raval & B.P. Murali

HOW ACHIEVEMENT MOTIVATION DEVELOPS?

by

H.C. Raval

B.P. Murali

BACKGROUND

The very basic question 'what is motive'? is to be answered and understood before we dwell upon the various motives characterising human behaviour and development. In simple terms, motives can be defined as various psychological needs in varying degrees of strengths which are reflected in the continuous concern the individual has and his thoughts are occupied with such dominant concerns.

Among various motives, Achievement Motivation, as originally conceived by Prof. David McClelland and linked to entrepreneurship is of primary interest to those working in the field and to the entrepreneurs themselves. Need for Achievement can best be described as an urge in an individual to do something extra-ordinary or unique; an urge to excel; an attempt to meet the self-imposed standard of excellence; a desire for success in competition with others and, involvement in a long-term career goal. When it comes to competition, the urge to compete in a healthy way and not fighting with each other is important. Such type of competition, in other words, Achievement Motivation is basic to any change in the economic life, at all levels - individual, group, community or society.

With this background, we shall now discuss the following topics:

- (1) Sources of development of Achievement Motivation and evidence for the same.

- (ii) Achievement Motivation as related to Entrepreneurship.
 - (iii) Problems associated with High Achievement Motivation and How to cope with them.
 - (iv) Achievement Motivation and Internality.
- (1) SOURCES OF DEVELOPMENT OF ACHIEVEMENT MOTIVATION AND EVIDENCE FOR THE SAME:

(a) Literature as a Source of Development of Achievement Motivation.

As children, whatever we hear, see or read influences us. During the childhood, children read stories, comics, text book etc. As a result, they are influenced by what is known as 'imagery'. The various dimensions of thinking reflected in the stories, comics etc. to which they are exposed influence them. When the children grow up, they exhibit one kind of motivation or other depending on what they are exposed to. Thus, one source of development of Achievement Motivation of a child is from what he hears, what he reads and what he sees leading to what kind of imagery he builds. This is further reinforced by textbooks and novels he reads as an adolescent/adult.

Based on the said rationale, one can see the relevance of looking at pictures, writing stories and re-writing them so as to influence the thought-patterns of the individuals thereby changing/developing achievement motivation.

Research in this field has indicated that as Achievement Motivation, as found in stories, novels, etc. went up, the economic life after about 20 to 30 years showed very regular promises because there was more wealth generated in the country. On the contrary, when the literature looked at from a

thematic angle dealt more with non-achievement themes, the economic prosperity started declining after about a generation's gap. In other words, when Achievement Motivation depicted in the literature went up, it had an impact on the children who were brought up at that time. When they became adults they contributed to high economic activity. There is an indirect evidence that the "Achievement Theme" in the literature including stories, novels, folklores etc. observed during a particular period. This, in turn, would result in high economic activity when those children reach adulthood.

While conducting a research on this concept, sufficient evidence was collected by Prof. David McClelland. Some of the materials collected were in the form of literature from Greece of the B.C. period. Together with literary pieces, paintings, architectural design etc. of that period were also studied. These materials were analysed and scored for the element of Achievement Motivation in them. The analysis was done on similar materials of various stages of Greek Civilization. The analysis showed that when the element of Achievement Motivation in such materials of a particular period was high, the period that followed it, had high economic activity with significant development.

(b) Child Rearing as a Source of Development of Achievement Motivation:

During the course of research conducted by Prof. McClelland wherein literature and other materials of Greek Civilization were collected and analysed, it was found that the period having a peak in economic activities was followed by a period with amazing slump in the same.

Given a peak in economic activities and ample resources associated with it, the Greeks started developing new ways of enjoyment/entertainment. With various forms of enjoyments available such as dramas etc., they were too busy to look after their children. The children were left to be looked after by servants who were brought as slaves from Africa and other countries. When the slaves brought up the children, it appears that they socialised the children in their own way which was different from the way their parents were socialised when they were children. Achievement Motivation in these children seems to have gone down with the result that when they reached adulthood, the economic development was not that impressive. Thus, one important source of developing Achievement Motivation seems to be the way we rear our children.

Evidence for good child rearing practices as a source of development of Achievement Motivation can be found in the work done on Achievement Motivation Training in early sixties. People in late thirties and early forties were imparted

Achievement Motivation training in Kakinada, a town in Andhra Pradesh. These people came from families with strong financial background. When they came for training programme, they showed what kind of child rearing practices were followed during their childhood. Their parents wanted to give them the best education and the best care. They thought that the best way to provide care to the children was to have a servant. The servant would take the boy to the school, bring him back from the school and so on. As a result, when these children grew up, they did not know how to take risk. As children, they were more and more dependant on the servants and elders. They would not take decisions without consulting elders.

In contrast to the above experiment, the experience with another group in North Punjab was different. When this group was brought to Achievement Motivation Training and asked to explain their child rearing practices from their memories when they were 12 or 13 years old, it was found that they grew in an environment of affluence which was the result of comparatively high level of agricultural output. During their childhood, their parents encouraged them to travel alone by train, go to far off places and such other activities involving independent decision-taking and risk. This kind of encouragement gave them courage to try something new when they grew up and as a result, they exhibited high degree of Achievement Motivation.

(c) Socialising as a Source of Developing Achievement Motivation:

After learning about the influence of child-rearing practices of Achievement Motivation, the most important steps to develop that in the society are to develop achievement-oriented literature and child-rearing practices that would encourage children to take risk, make decisions independently and so on. But the process is a long and laborious one consuming 20 to 30 years of time for the children to grow up to a stage when they can contribute to the economic activity. Now, that we are interested and perhaps, anxious, to develop Achievement Motivation within a short period, we need to understand what we as adults can do to develop Achievement-Orientation in adults so that we can accelerate their pace of development - of the individual as well as of the society.

Socialising in order to develop Achievement Orientation can be done at 3 levels. Their family being a primary institution, parents who know of Achievement Motivation can help other elders in the family and other parents to become better parents so that their children are socialised in the right environment. The other institutions such as, senior schools and colleges, students can be encouraged to think independently, to work independently, to seek help where needed, to set goals in accordance with their competence etc. The same can be done in the work place, office, factories etc. Doing so, calls for organised training of the agents of change in the society. The most effective way to develop Achievement Motivation is through imparting

structured training which would develop Achievement-orientation in the trainees and would also enable them to act as change-agents.

(11) ACHIEVEMENT MOTIVATION AS RELATED TO ENTREPRENEURSHIP:

The characteristics of an entrepreneur, being an urge to excel - setting challenging goals, taking moderate risks, seeking help, being aware of personal and worldly hurdles and so on the relevance of Achievement Motivation to Entrepreneurship becomes obvious. While conducting EDPs, the trainer asks the participants to look at pictures and write stories and re-write them incorporating various components of Achievement Motivation. Such an exercise would influence their thought patterns thereby changing motivation in the desired direction. Further, the trainer acts as a change-agent influencing the thinking of the participants while planning for setting up the enterprises.

The way an entrepreneur plans his project is as important as the story he writes and analyses in TAT. While planning the project, the elements of Achievement Motivation may start working in the mind of an entrepreneur starting right from product selection. He may think of selecting a product with a new design or some new applications for the same product, thereby indicating an urge to do something new. He may then work out the investment level. He may start exploring the opportunities for raising funds from various sources to meet the equity requirements of the financial institutions. In this process, he is exhibiting two major characteristics - elements of Achievement Motivation i.e.

realising personal hurdles and seeking help to overcome the same.

Thus, we find various elements of Achievement Motivation being reflected in the planning process of an entrepreneur. The more the elements of Achievement Motivation are present in an entrepreneur, the higher will be his level of Achievement Motivation and consequently, the more will be the chances of his success. During the course of an EDP, when the participants write stories and score them for Achievement Motivation they would realise the elements of Achievement Motivation that are missing. Thereafter, when they write stories repeatedly trying to incorporate the missing elements, it will have an impact on their thinking which would get reflected in their planning for setting up the enterprise.

(iii) PROBLEMS ASSOCIATED WITH HIGH ACHIEVEMENT MOTIVATION AND HOW TO COPE WITH THEM:

Having high Achievement Motivation may not be sufficient to make an entrepreneur successful. To apply Achievement Motivation into successful entrepreneurship, there are certain other requirements. This has been pointed out by a Hungarian sociologist who did a study by taking data from various countries and analysing the difference between those who had high Achievement Motivation, set up their business and became successful and those who had high Achievement Motivation but failed to succeed in business. His studies done in Indonesia, Pakistan, Iran, Iraq and Ireland revealed that one factor which made the difference was high fear of failure.

If we look at the concept of Achievement Motivation - an urge to excel, an urge to compete, an urge to do something unique - is associated with constant pressure and stress. This may make a person anxious as to how he will do it. To cite an example from the real life situation - a good student may not come out with flying colours in an examination. His anxiety to perform well makes him nervous and acts as a handicap. This does not mean that he does not have high Achievement Motivation. He has high Achievement Motivation and at the same time, his high anxiety level for achieving results becomes a handicap.

High anxiety level resulting from fear or failure may make a person work towards avoiding failure by lowering his standard of performance. Try only so much as not to be anxious seems to be the right attitude. With a view to reduce anxiety, he may be made to set low goals which would ensure success. Otherwise, he may set too high a goal for him to achieve due to high anxiety level. High goal may be chosen because the failure in this case becomes irrelevant, and in itself taken as a source of appreciation and applause.

Apart from reaching to an anxiety level, fear of failure may be reflected in constantly being anxious of one's own weaknesses and problems in the environment rather than being aware of one's strengths and opportunities in the environment. An entrepreneur has to do SWOT (strength, weakness, opportunity and threat) analysis, i.e. identifying one's own strengths and weaknesses, identifying

opportunities in the environment and the threats posed by the limitations in the external environment. High fear of failure when not matched with a corresponding level of hope for success means that the person overlooks his capabilities and the existing opportunities and look at their weaknesses and risks involved in the opportunities.

Given a high level of fear of failure, the question is how to cope with it? Thinking more and more in positive terms, in terms of what strength we have and at the same time, taking steps to remove the weaknesses or at least trying to lessen the influence of our weaknesses on our performance alone can help us. If an entrepreneur has a limited knowledge in marketing, he may take a short-term course or take an experienced person. If he has insufficient funds, he may look for a financial partner. This means that as a strategy, taking help from others to compensate one's own weaknesses may facilitate lessening fear of failure and consequently, the anxiety associated with it. Similarly, instead of seeing only the threats in the environment and letting them increase one's anxiety level which would in turn affect one's performance, one may concentrate on opportunities in the environment and start linking them to one's own strength so as to arrive at a strategy not leading to high anxiety levels.

(iv) ACHIEVEMENT MOTIVATION AND INTERNALITY:

The individual's belief that whatever happens to him is to a large extent, caused by himself and that he has a control on the outcome of his actions - is the concept of Internal Locus of Control. An

entrepreneur with this kind of approach does not believe that the Government, competitors etc. influence the success or failure of his business. This does not mean that external factors do not influence the outcome of one's efforts. Also, this does not mean that one should not seek help. In fact, an entrepreneur needs help to negate the adverse external factors influencing his enterprise. This only means that an entrepreneur believes or should believe in the concept that ultimately the success or failure depends on how he is able to do certain things and the awareness that he can intervene to influence the outcome of the external factors. In order to possess such an attitude, one should identify one's strength, concentrate on them and be confident of using the same to influence the outcome. Such a belief in one's own strength would reduce anxiety level associated with high fear of failure. Such a reduction in anxiety level even while having fear of failure, would lead to an increase in the level of hope for success resulting in a net hope for success which ultimately would lead to better performance.

DYNAMICS OF MOTIVATION
Source : Trainer's Manual - NIESBUD

DYNAMICS OF MOTIVATION

Every individual acts in a distinct manner. Since people act differently the basic question is 'why they do what they do'? The answer to this question lies considerably in the explanation of motivation. The term, 'motivation' comes from the Latin word *movere* which means 'to move'. Motivation as the base-building block of human action has been studied extensively. Studies on motivation broadly refer to two areas (a) motivating self and (b) motivating others. Available literature suggests that it is imperative to understand the underlying concept of motivation in order to formulate a theoretical base for both the aspects. Motivational theories are based on the fact that behaviour is essentially purposeful and directed towards the attainment of a goal. Thus, the concept "motive" refers to the purpose underlying all goal directed actions. All motives, however, may not be equally important to the context of the goal. Some actions arise from a biological or physiological need, over which people do not have much control. Such motives are common to the entire animal kingdom. But there are certain crucial and other higher order needs which are common to human beings. The distinctly human motives are largely unrelated to biological and survival needs. These are related to feelings or self esteem, competency, social acceptance, etc.

Psychologists have described the term motivation as¹

- the immediate influence on the direction, vigour and persistence of action;
- the process of arousing action, sustaining the activity in progress and regulating the pattern of activity;
- an inner state that energises activities and directs or channels behaviour towards goal;



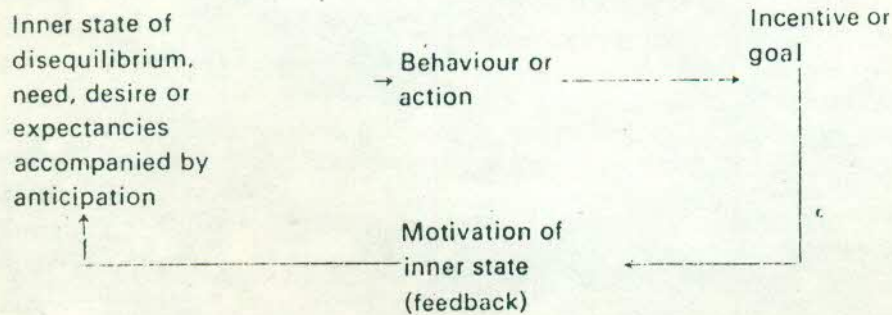
- how behaviour gets started, is energised, is sustained, is directed, is stopped and what kinds of subjective reactions are present in the organism while all this is going on;
- steering one's action towards certain goals and to commit a certain part of one's energies to reacting to them.

These descriptions help in answering one or all the following questions:

- i) What energises human behaviour?
- ii) What directs such behaviour?
- iii) How is this behaviour maintained and sustained?

Understanding motivation process

Motivation is essentially a process. It may be illustrated with the help of a generalised model. The important aspect of the model are (i) needs or expectations (ii) behaviour (iii) goal, and, (iv) some form of feedback as:



Basically, this model indicates that an individual possesses in varying strength a multitude of needs, desires and expectations. These activators are generally characterised by two phenomena. First, the emergence of such a need, desire or expectation generally creates a state of disequilibrium within the individual which he will try to reduce. Second, the presence of such needs, desires or expectations is generally associated with an anticipation or belief that a certain action will lead to the reduction of this disequilibrium, which becomes the incentive or goal for the initiation of action. In theory, the sets of variables involved in the motivation process are presumed to be a chain of

events. Moved by the desire to reduce the internal state of disequilibrium, with the anticipation or belief that certain action would help achieve that, the individual would initiate the action (behave) in a certain manner that he believes will lead him to the desired goal. The motivation of this action then sets up a series of events, either within the individual or in his environment, which feeds information back to the individual concerning the impact of his behaviour. Such cues may lead him to modify (or cease) his present behavior, or he may presume that this present course of action is correct.

The model offers three postulates:

- i) Behaviour is caused (need)
- ii) Behaviour is motivated (drive)
- iii) Behaviour is goal-directed.

A state of need is a motive, the action initiated or the drive behaviour is known as motivated and attainment of needs and reduction of drive by the achievement of goal is known as the "process of motivation."

Entrepreneurial motivation

Motivation in general is an important determinant for entrepreneurial growth and development in society. However, under the broad spectrum of motivation, certain

social motives have been found to be significantly related to entrepreneurial behaviour; such as the need for achievement, power affiliation, dependency, extension, personal achievement, social achievement, influence, etc. Among all these motives, three categories of social motives seem to be extensively explored. These are the need for achievement, power and affiliation.

The need for achievement

It is referred to as one's desire for some standard of excellence in a performance related situation.



The need for power

It is identified as one's desire to control or influence as on-going situation. It has been found that people with a high need for power seek a position of leadership. They usually become good managers and supervisors.

The need for affiliation

It is identified as one's concern to establish, maintain and sustain affective relationship with others. This is found to be important for those whose aim in life requires sacrifices and an avoidance of inter-personal conflicts in order to succeed. Their achievement goals are related to group or community work.

These categories of social motives differ from each other in terms of satisfaction desired in undertaking activities as well as in terms of thoughts, feelings and actions of the individual.²

Entrepreneurial motivation, therefore, should be viewed in terms of a set of motives of varying strength such as a high need to achieve, moderate need for power and low affiliation motive. Apart from the motivational profile, other behavioural dimensions like tolerance to ambiguity, problem solving, creativity etc. adds in building entrepreneurial motivation in a larger perspective. Among these motives, the achievement motive acquires a strategic and important position, and for this reason it is often equated with entrepreneurial motivation which is quite close but is not the same.

Achievement motivation

Achievement motivation is also termed as "n Ach", the need to achieve, the "urge to improve" in common parlance. If a man

spends his time thinking about doing his job better, accomplishing something unusual and important or advancing his career, the psychologist says he has a high need for achievement. He thinks not only about the achievement goals but also about how it can be attained, what obstacles or blocks might be encountered and how he would take help to overcome the obstacles in achieving his goal.

Achievement motivation has been defined as:

—“A desire and effort to accomplish something difficult, to master, manipulate or organise physical objects, human beings, or ideas. To do this as rapidly and as independently as possible, to overcome obstacles and attain a high standard. To increase self regard by the successful exercise of talent.”³

—“A latent disposition to strive for a particular goal, stage or aim.”⁴

—“Desire to do well, not so much for the sake of social recognition or prestige but to attain an inner feeling of personal accomplishment.”⁵

—“Value instilled in the individual through the socialisation process, in which individual feels a need for desire to excel in reaching certain goals only for the satisfaction of reaching the goal and not for the reward of the goals or ends involved.”⁶

—“Social value that emphasises a desire for excellence in order to attain a sense of personal accomplishment.”⁷

—“As efficiency motivation which concerns efficiency and reflects through competition with others or with one's own

standard of performance, an urge to do something unique or to make the maximum utilisation of resources around.”⁸

—“A disposition to achieve something excellent.”⁹

These definitions clearly indicate that achievement motivation is the predisposition or inclination of an individual to accomplish something important and unique in a competitive situation.

Significance of achievement motivation

There are a number of empirical evidences which suggest that the need for achievement is:

- responsible for economic growth and decline of a nation;
- essential ingredient of entrepreneurship leading to economic development;
- one of the most important characteristics of the entrepreneur;
- important contributing factor towards entrepreneurial activity;
- major factor in assessing entrepreneurial awareness and entrepreneurial supply in a social system;
- a psychological characteristic in nature and manipulative through appropriate training programme;
- found to be significant even for successful managers, executives, salesmen, etc.;
- viewed as an intervention for organisational development.

These findings conclusively establish the importance of achievement motivation, especially in entrepreneurial development. This is further highlighted if we take into consideration the main characteristics of a person with high need for achievement.

Characteristics of persons with high need for achievement

1. *A person with high n Ach, likes to shoulder responsibility:* When he undertakes a task, he prefers to have it clearly understood that he will see it through. He desires credits for the success of the undertaking, but is equally prepared to accept blame if he fails. He prefers situations where the outcome depends on his ability and efforts rather than on chance or other factors beyond his control. This gives him a sense of achievement and satisfaction at the successful outcome. If unsuccessful, he does not rail against the unkind fates, nor finds fault with his superiors, competitors, subordinates, or the government.

2. *A person with high n Ach, likes to take moderate risks:* He prefers a situation where there is a challenge and some real risk of not succeeding but where that risk is such that it can be overcome by his efforts.

He perceives his desired goal clearly and defines it in definite terms by assessing the various alternatives available, calculating the cost of each alternative and assessing the probability of achieving the desired outcome. His choice of the means or alternative is generally governed by moderate or at least 40-60 percent probability of achieving the desired outcome. Such a person is known to be moderate/calculated risk taker.

3. *A person with high n Ach, wants to know the results of his efforts:* He needs some indication of how he is doing. He prefers to gauge his achievement objectively soon after he has taken action. Constant feedback is stimulating and satisfying to him and he uses it to modify and improve his efforts at appropriate levels.

4. *A high n Ach, person tends to persist in the face of adversity:* He is not easily discouraged by failure. His underlying self-confidence leads him to carry on despite set-backs. He uses the knowledge of his failures as a learning experience. The achievement motivated individual is not content to leave the task unfinished. He feels a tension as long as there is something yet undone—some step he still might take to achieve the goal. So, he tends to carry on or go back to the unfinished task and put forth extra effort to carry it through to a definite conclusion.

This is not to say, however, that he will continually persist. When it becomes clear that the odds are too great against him, he readily shifts tactics or even objectives.

5. *A high n Ach, person tends to be innovative:* With different approaches to achieve his goals at his disposal, he is prepared to try out the alternatives. We may say that he is more goal-oriented than technique-oriented. For him, the method of choice is the method which will work best. If the common sense approach fails, he will invent new ones.

He is not a creative person in the sense a painter or a writer is. He is, however, ingenious at adapting and modifying whatever is at hand to solve the problems or achieve the objective.

6. *The high n Ach. person usually demonstrates some inter-personal competence:* He recognises the importance of inter-personal relationships in achieving objectives; therefore, he devotes a reasonable effort to developing and maintaining adequate relations with others, especially the acknowledged experts in his field.

7. *A high n Ach. motivated individual is oriented towards the future:* While he may not necessarily have a clear idea of his long-term goal, he addresses himself with maximum effort to his task of the moment, feeling that in some way, his successful accomplishment of the task will prepare him for more important activities in the future. Perhaps we can say that he has some sense of destiny; that bigger things are yet to come. Accordingly, each current task, no matter how minor, is perceived as important in itself because of its relationship to his own growth process. This sense of destiny would give rise to feelings of self-confidence and the willingness to make decisions and take responsibility.

8. *A person with high n Ach. shows tolerance to ambiguity:* A high n Ach. individual may be said to live more "in process" than those with low achievement motivation. He does not require a complete structuring of a situation in order to function. He is better able to tolerate ambiguity, and maintains a sense of accomplishment of every task.

9. *A person with high n Ach. tends to be mobile:* He is active and restless and likes to take the initiative. A pioneer, and adventurer, he is willing to leave his home and venture into the unknown. He tends to travel considerably and visit new places.

The mobility and flexibility of the n Ach. person is evident in terms of ideas as well as physical action. Someone has stated that the epitaph of the high n Ach. person could be:

Here I lie in my final condition,
Let it be said I tested tradition.

10. *A person with n Ach. is adventurous:* He is not satisfied with what is; nor is he content with what he has achieved. His standards are high and as soon as he attains his goal, he sets his sights on a new, perhaps more difficult, target.

We can characterise the person with high need for achieving as a restless, energetic, striving person who seeks and enjoys challenges. For him, life is a "reasonable adventure."



Achievement motivation vs entrepreneurial motivation

Entrepreneurial research and wide ranging experiences of those engaged in promoting entrepreneurship have brought into focus that need for achievement is

not the only 'motive' in shaping a potential entrepreneur to take up entrepreneurial activity. The need for achievement contributes directly to the making of both the entrepreneur and the enterprise, but this motive or need becomes less important once the entrepreneur has assumed and lived his role progressively. Obviously, other needs crop up to determine the quality of entrepreneurial behaviour.

Originally, David McClelland and his associates were concerned with showing that a direct increase in achievement motivation in individuals has a significant economic impact on the community; and the main strategy, therefore, was to increase achievement motivation in entrepreneurs. But over the years, it has been realised that achievement motivation is not synonymous with entrepreneurial motivation. In fact, scholars and researchers have highlighted that the entrepreneur is predisposed to a set of motives which are not mutually exclusive, but complementary and supplementary to each other.

Pareek pointed out that social change can be accelerated if the level of achievement motivation and extension motivation is raised in society and dependency motivation is reduced.¹⁰ In one of the studies McClelland has shifted the emphasis from achievement to power. He concludes that high power motivation combined with high self control (personal power) makes for greater organisational effectiveness, particularly if affiliation is also low.¹¹ While emphasising the need for social achievement motivation, Rao and Mehta argue that the old concept of an entrepreneur seeking certain advantage for himself, is no longer tenable in the context of the

universal urge for social change and economic development experienced in developing countries. Further, they stated that the changing condition calls for socially conscious entrepreneurs who are not threatened by the progress of others. On the contrary, he acts in full awareness of several implications of others. Similarly, Nadkarni and Pandharipande have proposed that motivational training for entrepreneurial development should emphasise *n* Ach. and *n* Power. As started by McClelland and Winter, it is interesting to note that achievement motivation is not a substitute for knowledge, but added to knowledge and opportunity, it can make a real difference in economic achievement.¹²

It follows from these statements and findings that training inputs should also relate to motives, other than achievement, like, power, affiliation, extension, social achievement, dependency, etc. Therefore, motivational intervention requires to be multichanneled, with scope of dealing with other motives rather than regulating through a single channel indicating only achievement motive. Entrepreneurial motivation, thus, can be described in terms of motivational profiles. Chattopadhyaya, while deliberating on this issue in detail, suggested that "It is quite likely that the profile of entrepreneurial motivation consists of high achievement, high extension, moderate power and low affiliative and low dependency motive".¹³ There is no single accepted and standardised profile of an entrepreneur in the Indian situation. However, there seems to be enough evidence to consider achievement, power and affiliation building entrepreneurial motivation.

BUSINESS OPPORTUNITY IDENTIFICATION AND GUIDANCE

- i. BUSINESS OPPORTUNITY IDENTIFICATION :
CONCEPT AND METHODOLOGY
- ii. ENVIRONMENT SCANNING FOR
EXISTING AND EMERGING BUSINESS IDEAS
- iii. BUSINESS OPPORTUNITY GUIDANCE
- iv. FEASIBILITY STUDY - PRELIMINARY PROJECT REPORT
- v. MARKET SURVEY AND RESEARCH
- vi. LINKING BUSINESS OPPORTUNITIES TO ENTREPRENEURIAL NEEDS
- vii. INFORMATION SOURCES FOR BUSINESS OPPORTUNITY IDENTIFICATION

BUSINESS OPPORTUNITY IDENTIFICATION :
CONCEPT AND METHODOLOGY
Source : J.B. Patel

BUSINESS OPPORTUNITY IDENTIFICATION - CONCEPTS AND METHODOLOGY

- J. B. PATEL

BACKGROUND :

The structure of a new enterprise rests on the selection of a good and viable project opportunity. It is like using a life partner as the future of the enterprise will depend on the successful selection of the project opportunity. It is found in practice that un planned, unimaginative and haphazard selection of a product results in serious marketing problems and/or faces shortages of raw materials, manpower or equipment. Selection of right business opportunity is very important because of following reasons:

- (i) Change over from one product to another is difficult particularly in the small-scale sector due to administrative and technical problems;
- ii) Sound selection of a product eliminates nearly half of marketing problems;
- iii) Financial institutions provide quick finance for a well-thought out business opportunity, that is, if the market or material supply for a product is not uncertain;
- iv) Technology tie-up and choice of equipment depend upon proper selection of product.

It is thus clear that sound selection of a product helps in healthy growth of an enterprise. Guidance for business opportunity selection is therefore very significant for prospective entrepreneurs as well as for the success of an EDP. The Business Opportunity Guidance (BOG) module can be divided

into following four major components:

- a) Importance and relevance of Business Opportunities.
- b) Process of identifying and assessing Business Opportunities.
- c) Linking potential business opportunities to the needs of potential entrepreneurs.
- d) Modes Operandi for delivering business Opportunity Guidance.

Over a period of time, well tested successful techniques and counselling practices have been developed to impart BOG to the entrepreneurs. These tests and techniques are widely tried out on a number of entrepreneurs of different target groups such as educated youths, S&T Graduates, women entrepreneurs and uneducated youths.

Importance and Relevance of Business Opportunities:

BOG is one of the critical inputs in any EDP for potential entrepreneurs. In fact, the need is not only of identifying a viable project opportunity but also constantly guiding and counselling to the entrepreneurs. It is found during the Training Programme that the BOG starts the day on which application forms are given to the entrepreneurs for participation in the programme. The entrepreneur asks repeatedly questions about business opportunities open to him based on his location, family background, educational qualifications and experience. In fact, a business opportunity that is good for one entrepreneur may not be good for another entrepreneur as the selection of opportunity depends on combination of the following factors:

1. Background of entrepreneur, namely; education, work, experience, etc.

2. Proposed location of the unit.
3. Investment capacity.
4. Availability of raw material and proximity to the market.
5. Availability of process technology and equipment.
6. Government policy.

The final selection of a product will therefore depend on the optimum combination of all the above factors, after balancing the merits and demerits of each combination. It may be noted that it is not necessary for all the above factors to be favourable in respect of a particular opportunity. One will have to apply his own judgement for the situation and take appropriate decision.

The hunger for seeking a viable opportunity from entrepreneur's side is also equally important as he alone can study in detail each and every aspect of a given opportunity. A good opportunity may be termed as a product having marketing, technical and financial viability for a given location and background of the entrepreneur. It is not possible to give a generalised definition of a good opportunity as the best opportunity for one entrepreneur may be a worse one for another entrepreneur. Broadly, it can be defined as an attractive project idea which an entrepreneur accepts for investment on the basis of certain assumption about the feasibility of the project.

The entrepreneur having trading background will not worry about the market as he will be assured of market but he will be worried about the production. Similarly a technician entrepreneur will have more worry about the marketing of the product than manufacturing. Thus, the multiplicity of considerations makes the process of identification of Business Opportunity more complex and challenging for a new entrepreneur.

The complexity of the problem can be represented as shown in Figure 1.

Process of Identifying and Assessing Business Opportunity:

As an entrepreneur one will have to take risks to venture into the business of manufacturing, trading or any other service. This calls for an urge to identify a viable project opportunity suitable to his background. The importance of BOG input is to gear up the entrepreneur to formulate his project idea and finally decide the product in which he would like to go for business. This will require lot of help from the training programme and motivation to do so from trainer's side.

There is a need to identify project opportunities for a given location or region where the training programme is to be conducted. This should be done well in advance so that a basket of project opportunities can be kept ready before the commencement of the programme. A list of opportunities should also have the basic information about supply of materials, investment required, main market/users, government facilities or restrictions, etc. This will also help in building up confidence of the institutions involved in supporting Entrepreneurship Development activities. Therefore, a systematic approach to design BOG training inputs in EDP becomes all the more important. It has to be evaluated and performed from the view point of firstly, those who wish to offer EDPs and secondly, those individual entrepreneurs who have to participate in such a programme.

The identification of opportunity calls for special skills and efforts normally possessed by an experienced trainer. The general guidelines for Identifying Business Opportunity may be

given as under:

i) Environment: The scanning of environment is an important exercise in project identification as it generates project ideas which can be further scrutinised, based on the requirements in the figure. This exercise provides for building up an inventory of natural resources of the region, local skills and inputs and outputs of medium and large-scale industries.

The demography of the region also helps in identifying the potential for a particular product. The socio-economic background of the people indicates the preference for a particular product and inclination towards a special skill.

ii) Current Business Scene:

A study of local business practices, trader's turnover of various products, requirements of various raw materials and inputs in medium and large-scale units, Government purchases, tastes and habits of the people, etc. help in identifying project ideas. In the area of service-sector one can study the population of vehicles, local needs, agricultural activities, floating population and emerging trends in business.

iii) Local skill: A study of local traditional skill helps in knowing the type of product which can be manufactured based on the manpower available in a given location. This will also indicate the possibility of diverging the people from their conventional trade into other more promising and profitable activities.

iv) EDP Target Group :

The strengths of the target group will also decide the set

of opportunities which can be indicated to the entrepreneurs.

For example, the financial resources, technical skills and knowledge about a particular product will decide the opportunities in which entrepreneurs can think for a business.

NEW AVENUES FOR PROJECT SELECTION

There are some recent developments in science and technology which opens up avenues for new entrepreneurs to take up challenging opportunities both in manufacturing and service sector. However, one must have thorough knowledge and perfect technology to manufacture and establish viable venture in this line. Some of the areas worth mentioning area:

- (i) Bio-technology
- (ii) Genetic Engineering
- (iii) Telecommunication
- (iv) Electronics
- (v) Oceanography
- (vi) Space Research Applications
- (vii) Renewable Sources of Energy
- (viii) Service sector
 - (a) Video Parlour
 - (b) Fast Food Centre
 - (c) Extruded food products
 - (d) Computer service
 - (e) Repairs and maintenance of electronic consumer products

few examples of potential products in the above new fields are discussed in the following paragraphs:

(i) Biotechnology :

This is a new area of technology in which number of chemical and allied products are manufactured with the help of different types of bacteria using bio-technology. This new technology reduces pollution, requires less energy and cost of production is drastically reduced due to low consumption of costlier raw materials. For example copper sulphate can be manufactured from copper ore viz., Chalcopyrite using specific bacteria to reduce the ore to copper sulphate. Conventionally, it is manufactured by using copper scrap and sulphuric acid which is very costly compared to the new technology. Similarly, many organic products especially pharmaceuticals are manufactured with the help of bio-technology and bio-chemical engineering. This is also done remarkable work in the field of medical science to improve the phelth of the common man.

(ii) Genetic Engineering:

Here the genes from animal are extracted and transformed so that better quality issue is produced.

For example, with the help of genetic engineering milk production of cow can be increased several times. Similarly high yielding variety of vegetables and food crops can be produced with this technology.

(iii) Telecommunication :

In the field of telecommunication recent developments like electronic telephone exchanges, cordless telecommunication system etc., are developed to facilitate telecommunication. This gives ample opportunities for the manufacture of small parts of plastic, brass and other metals required in original equipments & also for the replacement.

(iv) Electronics :

This sector is comparatively not new but has ample scope for new avenues as has the electronic products have high rate of obsolescence. In the field of process control instruments, medical instruments, consumer electronic goods and educational electronic items are some of the fields in which there exists vast opportunities for new entrepreneurs.

(v) Oceanography :

As the natural resources particularly mineral and crude oil are rapidly depleting from the land it has become necessary to explore the possibility of getting viable metal and crude oil for petroleum products and energy generation. This technology also offers the avenue for better understanding of weather, monsoon and cyclonic cycle on the earth. Number of instruments, small gadgets, machines etc are required for research and study in this field. For commercial exploitation large size equipments are needed to dig out mineral deposit and exploration and production of crude oil.

(vi) Space Research Applications :

Recent emphasis of the Government on space research for better telecommunication and better understanding of climatic conditions have opened up vast avenues in this field. The space research application centres in different parts of our country including one in Ahmedabad are engaged in the research, development and also launching of satellites for the above purpose. This has created vast opportunities for new entrepreneurs in the field of manufacturing precision parts, engineering thermo plastic and thermo setting products, speciality chemicals and hardware. Indian Space Research Organisation at Thumba provides technology

for the manufacture of some of these components, hardware and plastic material.

(vii) Renewable sources of energy :

In a tropical country like India there is vast potential of utilising solar energy, agro-based power generation of energy and setting up of wind mills. In rural areas products like solar cooker, solar water heater system, wind mill, and gasifier running on agro-based have ample scope to manufacture for the consumption in villages.

(viii) Service Sector :

Conventionally in our country service sector is confined to cycle repairing, automobile repairing workshop, laundry, electric motor winding, repairing of domestic gadgets, clock repairing etc. In the recent years new avenues in the area of setting up of video parlour, fast food centre, travel agency, testing laboratories for food stuff, pharmaceuticals and soil testing have opened up new areas for the entrepreneurs in each corner of the country.

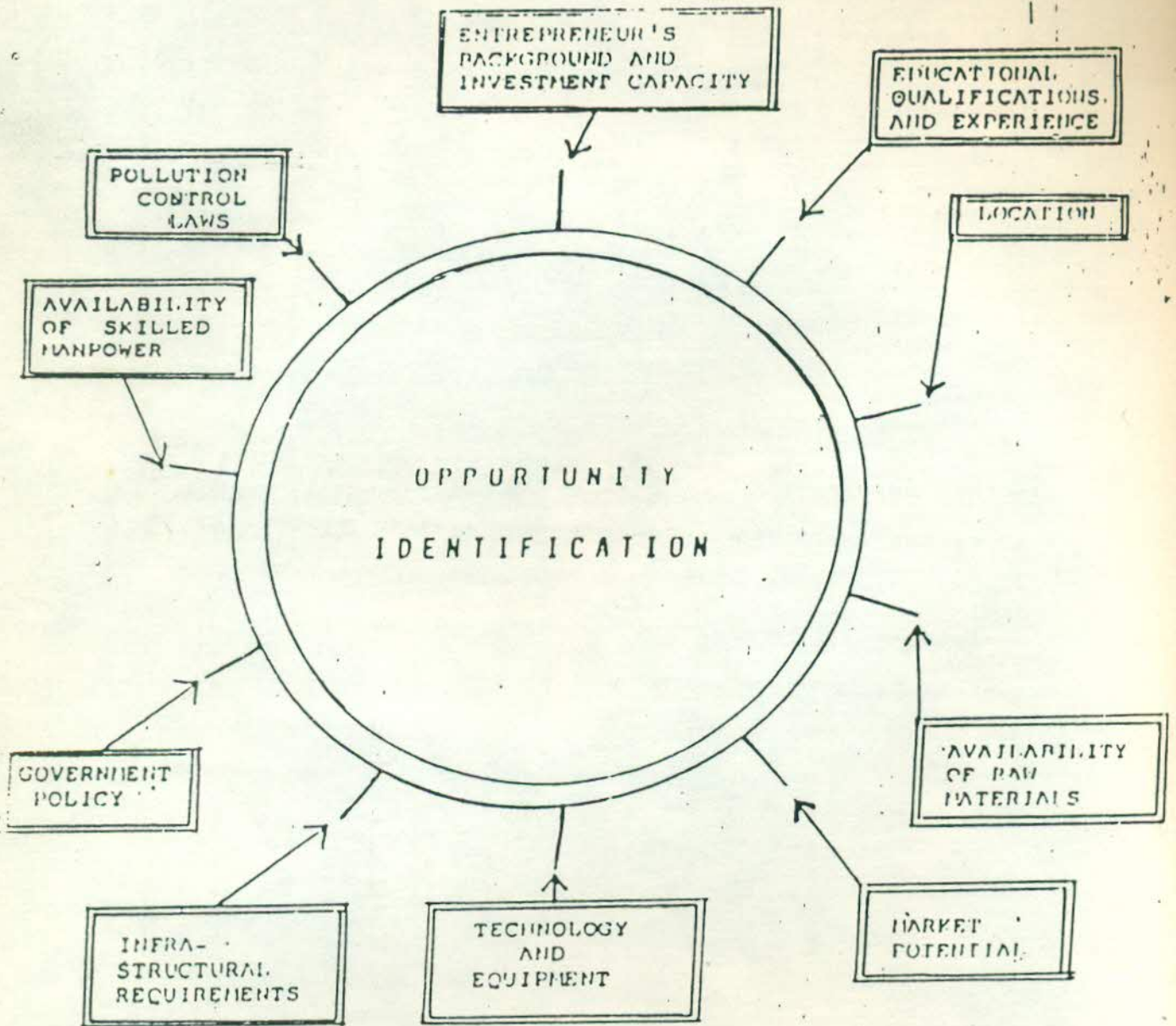


Figure-1