

## **RISK-TAKING AWARENESS OF SUCCESS AND ITS EFFECT ON SMALL FIRM PERFORMANCE**

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### **ABSTRACT**

Perception of success is an observation, interpretation, or a mental image that an entrepreneur holds with regard to success. Perception is everything. The Power of Perception is extremely important to understand with regard to how and why the entrepreneurs come to experience the day to day business experiences. The purpose of this paper is to discuss and bring an insight into how the small firm entrepreneurs' perceive the success of their business and how their perception affects the performance of a firm. While perceiving success, how the entrepreneurs tend to place an emphasis on economic, social values, quantitative or qualitative attributes. This study examines the principal attributes used by entrepreneurs to perceive success and analyses the relationship between how entrepreneurs understand the success and its impact on performance of their small business in future. Practical implications - This research is pioneering in a way that by providing useful information about small firm entrepreneurs' perceptions and attitudes of success and its impact in future growth. This paper brings empirical evidence to the studies of factors affecting perception of entrepreneurs of small firm. As a result of this research, the entrepreneurs can be conscience about how it is important to develop a positive perception on success, and its role in designing the future of the enterprise.

Key wards: Entrepreneur, Success, Perception

### **1. INTRODUCTION**

Entrepreneurial Activity is a leading indicator of new business creation in India. New businesses in turn create jobs, intensify competition, and may even increase productivity through technological change. High measured levels of entrepreneurship will thus translate directly into high levels of economic growth. Entrepreneurship is the ability to identify and take advantage of unexploited business opportunities. For that they need to balance opportunities, risk, fear of failure, and confidence in their own skills. Entrepreneurs create and implement new ideas under conditions of uncertainty. This leads to new venture creation, risk tolerance.

### **2. LITERATURE REVIEW**

#### **2.1 Entrepreneurial Factors**

Lussiers and Pfeifer (2001) summarized that the entrepreneurs with higher education level and experiences have greater chances of succeeding than the people without education and experiences (quoted in Rose et. al., 2006). Likewise, Mehralizadeh, Y and Sajady, S.H. (2006) have also stated that the success of the business depends on the socio-economic factors such as education, skills, and training. Entrepreneurs are also seen as people who have the ability to see and evaluate business opportunities, to gather the necessary resources, to take advantage of them, and to initiate appropriate action to ensure success (Meredith, Nelson & Neck, 1982).

## 2.2 Entrepreneurial Success

Entrepreneurial success has been defined in different ways. The easiest definition is through tangible elements such as revenue or a firm's growth, personal wealth creation, profitability, sustainability, turnover (Perren, 1999,2000;Amit et al., 2000). Watson et al. (1998) and Dafna (2008) associate entrepreneurial success by relating the success with continued trading, and entrepreneurial failure is linked to unrewarding or ceased trading. Some authors such as Man *et al.* (2002) prefer to speak of success in terms of competitiveness to analyze these early years of the life of the business. Those authors show the implicit dangers of using only one or two financial measures to assess the evolution and potential progress of a new company at a certain moment in time.

The impact of extreme events on expectations and perceptions may actually be more important than the more visible direct consequences in form of material destruction. In addition to inducing an aggregate cost in terms of output loss, such extreme events may – or may not – discourage the creation of new businesses and entrepreneurial activity in general. The extreme events drive individual perceptions and expectations of risk and reward and thus alter the willingness to create new businesses.

There are various factors that decide entrepreneurial success, they are commitment to purpose with passion, Courage/willingness to take risks, Positive attitude, opportunistic Strength of character, Integrity/authenticity, Ability to engender trust/confidence/respect, to develop credibility, ability to see things as they might be and to anticipate change, Self-confident, dedication etc., among them one more important factor is how they perceive their success is very important.

The success of a business is due to many factors, the most common method people use to measure business success is financial worth. The more the entrepreneur and business are worth; the more successful the entrepreneur is considered to be. This measure of worth is given great weight by society. The financial success of a business is best measured by focusing upon the company profits for the year. Some allowance might be made for the level of investment the company makes toward future growth and future profits. Financial worth alone is by no means an adequate measure of entrepreneurial success. paying down debt, growth in sales, the number of new clients, company's position within the greater industry, quality of the products, making meaningful improvements in company's products or services, Customer satisfaction, Employee satisfaction, internal operating improvements, the number of overall projects per year, average project budget amounts, proposals to projects ratio, time from proposal to project start, and time from project commencement to construction start, customer engagement are big factors making many entrepreneurs feel truly successful.

But the greatest determinant of a business's success is the entrepreneur him/herself. Naturally the entrepreneur's diplomas, business knowledge and craftsmanship play an important role, but in our opinion the personality of the entrepreneur is even more important. "How strongly does the businessman believe in himself and the success of his business?" "How persistent is the upcoming pioneer when setbacks follow one after the other?" "How decisive can the entrepreneur be in changing threats into business opportunities?" These are just a few of the situations that businessmen must deal with, and there is no doubt that not everyone can cope with

these situations. So people who start up and run businesses need to know their own strengths and weaknesses because “entrepreneurship involves the ability to build a ‘founding team’ with complementary skills and talents” (Timmons, 1994, p. 7). Self-knowledge through self-analysis is therefore of paramount importance. However, Self-analysis demands honesty, discipline and an understanding of one’s own personality in relation to one’s behavior and how they perceive their own success is also important to sustain in business.

## **CONCLUSION**

However, those are crucial aspects since, depending on which measure is used to consider the success of a business, the results and interpretations can vary significantly. The measures of performance with operational and financial factors should be improved through the study of multiple dimensions of performance, to which we would add not only the study of objective dimensions, but also the study of subjective dimensions in particular because of the characteristics of the unit of analysis. The perception is what makes one successful. So long as an entrepreneur believe that he or she is successful, then he or she is, and isn't that all that matters in this world.

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