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ROLE OF ENTREPRENEURIAL TRAITS IN THE ECONOMIC DEVELOPMENT

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ABSTRACT

Entrepreneurship is a powerful tool to improve national income, economic growth, productivity, innovation, employment and dispersal of economic activities. As the entrepreneurs have the potential for the development of the society, the study of entrepreneurial traits is important for better understanding of entrepreneurial environment. This paper examines the impact of demographic factors on the entrepreneurial traits of First Generation Entrepreneurs in Small Scale Industry in Tirunelveli District. The most important five entrepreneurial characteristics like need for achievement, locus of control, risk-taking propensity, innovative behaviour and Tolerance of ambiguity are selected for this study. The data were collected from all 11 Taluks in the Tirunelveli district covering various industries like rice mill, hollow blocks and bricks, tiles industry, lime industry, paper cups, Ice Company, coir fibre, plastic products, tailoring and other engineering works.

KEY WORDS: *Entrepreneurship Development, First Generation Entrepreneur, Need for Achievement, Entrepreneurial Traits.*

1. INTRODUCTION

Entrepreneurship development is crucial for development of a country. Promotion of industrialisation, harnessing entrepreneurial talent, promoting individual opportunities for self-employment and income generation are the ways of reducing poverty. Many authors have studied the existence of entrepreneurial traits that are associated with the entrepreneurship. In the opinion of A.H Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services".

2. STATEMENT OF THE PROBLEM

Modern India is in need of substantial growth of the industrial and agricultural sectors and moves towards a global power and to successfully meet social obligations such as poverty alleviation, raising the standard of living, and employment to all.

District Industries Centre, Tirunelveli has been established to promote and provide facilitation to the enterprises throughout their lifecycles.

Entrepreneurs, driven by an intense commitment and determined perseverance, work very hard. They strive for integrity. They burn with the competitive desire to excel. (Donald & Richard, 2007, P.87). A First Generation Entrepreneur is a person who opts for entrepreneurial employment without any social-economic background of business. India's rural and backward areas need first-generation entrepreneurs to boost entrepreneurship among the youth. Entrepreneurial activity is associated with internal entrepreneurial traits of an individual and environmental conditions prevailing in the country. Personal attitude towards starting a new venture form the entrepreneurial intention of an individual. These attitudes are shaped by the individual's personality and values. An understanding of entrepreneurial characteristics that are unique to First Generation Entrepreneurs and identifying the reason to get into the business are

very important in the development of entrepreneurship. Keeping in view the importance associated with the First Generation Entrepreneurship for the development of the economy, it is intended to study the entrepreneurial traits of First Generation Entrepreneurs.

3. ENTREPRENEURIAL TRAITS - AN OVERVIEW

Entrepreneurs possess some key entrepreneurial traits. need for achievement, locus of control, risk- taking propensity, innovative behaviour and tolerance of ambiguity are identified as crucial to the entrepreneurial inclination.

Need for Achievement

McClelland (1967) has argued that need for achievement is culturally acquired and a key psychological characteristic of an entrepreneur. Taking personal responsibility for decisions, and setting goals and accomplishing them through own efforts are some of the characteristics of high need for achievement-oriented people. Need for achievement remains a key force in entrepreneurial success, and it is the most important factor that contributes to the growth rates and entrepreneurship.

Locus of Control

Internal locus of control trait people believes that their performance depends largely on their own actions, rather than that of external factors. This refers to the belief held by individuals that they can largely determine their fate through their own behaviour.

Risk taking propensity

A high risk-taking propensity is one of the characteristics of entrepreneurs, and uncertainty is particularly relevant for start-up entrepreneurs because they cannot know the full range of possible outcomes (Bhide, 1994).

Innovativeness

Innovativeness reflects an individual's propensity to support new ideas, novelty, experimentation and creation processes, thereby depositing from established practices and technologies (Lumplik and Dess 1996; Baker and Sinkula 2009). Where resources are constrained, innovations are more important.

Tolerance of Ambiguity

Tolerance of Ambiguity is a tendency to perceive ambiguous situations as a source of threat. People who have low levels of tolerance for ambiguity tend to find unstructured and uncertain situations uncomfortable and want to avoid these situations.

4. REVIEW OF LITERATURE

Stein and Nurul (2004)¹ have made a study on "Entrepreneurial Intention among Indonesian and Norwegian students". The paper aims to identify determinants of entrepreneurial intention among young people. The main objective is to compare the impact of different economic and cultural contexts. The study concludes that high degree of

entrepreneurial intention among Indonesian students is a positive indication of growth potential in the economy.

Srinath and Vijeya (2010)² have studied about the intensity of entrepreneurial characteristics across small-scale entrepreneurs in the manufacturing and the service sectors to determine if there is a difference between the sectors. The objectives of the study are to understand the impact of entrepreneurial characteristics among small-scale entrepreneurs in manufacturing and service sectors.

Frank (2010)³ has made a study on "Characteristics of the Maltese Entrepreneur". This study attempts to determine the characteristics of entrepreneurs and managers. Results showed that entrepreneurs have a high need for achievement, more self-confidence, a high tolerance for ambiguity, more internal locus of control and a high propensity to take risks. These entrepreneurs likely to prefer take decisions independently.

5. OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives.

1. To study the demographic factors of entrepreneurs.
2. To analyse the impact of demographic factors on the entrepreneurial traits of First Generation Entrepreneurs.

6. METHODOLOGY

The study was undertaken in Tirunelveli District, India during the period January 2015 to March 2015. Primary data are collected from the respondents through Interview schedule. The data are collected from 250 First Generation Entrepreneurs through purposive sampling method. The collected data were coded, edited, tabulated and presented in the form of tables in a systematic manner for analysis and interpretation. Reliability test was conducted to test the reliability of the data. The Cronbach's alpha value for personality traits are more than 0.7. Hence it indicates the internal consistency of the factors. Statistical tools like percentage analysis and ANOVA are used to analyse the data.

7. ANALYSIS AND INTERPRETATION

Analysis is made on the demographic factors of respondents and the impact of demographic factors (gender and marital status) on entrepreneurial traits of the respondents.

7.1 DEMOGRAPHIC FACTORS OF THE RESPONDENTS

Regarding the age of the respondents, 48.8 per cent of the respondents are above 50 years. Eighty-four per cent of the respondents are male. In the educational qualification classification 28.8 per cent of the respondents have studied below SSLC. Although the respondents have not completed the schooling, they have the confidence to get success in the business. Regarding the marital status, 93.6 per cent of the respondents are married. 40 per cent of the respondents are having below 5 years of

experience in current business. 84 per cent of the firms are sole proprietorship firms.

7.2. IMPACT OF DEMOGRAPHIC FACTORS OF RESPONDENTS ON THE ENTREPRENEURIAL TRAITS

7.2.1. Gender and Entrepreneurial Traits

In order to find out whether there is any significant difference between gender of the respondents with respect to the entrepreneurial traits

of first generation entrepreneurs, “t” test is applied. The mean scores of the gender are found out along with the standard deviation. The results of “t” tests are presented in Table 1. The null hypothesis framed in the analysis is as follows.

H₀₁: There is no significant difference between the gender of the respondents with respect to entrepreneurial traits.

TABLE 1
GENDER AND ENTREPRENEURIAL TRAITS

Entrepreneurial Trait	Gender	Mean	SD	t-value	P-value
Need for achievement	Male	41.38	4.84	1.958	0.051
	Female	39.55	7.88		
Locus of control	Male	33.06	3.78	2.400	0.017*
	Female	31.30	6.17		
Risk taking propensity	Male	22.47	3.15	2.977	0.003**
	Female	20.73	4.51		
Innovative behavior	Male	23.03	3.26	1.303	0.194
	Female	22.25	4.41		
Tolerance of ambiguity	Male	19.71	3.82	0.471	0.638
	Female	19.40	4.10		
Over all entrepreneurial traits	Male	139.65	15.28	2.183	0.030*
	Female	133.23	24.50		

Note: 1. ** denotes significant at 1% level

2. * denotes significant at 5% level

Table 1 reveals that p-value is less than 0.01 for the trait risk-taking propensity (0.003). Since the p-value is less than 0.01, the null hypothesis is rejected at one per cent level of significance with regard to risk-taking propensity. Hence it is concluded that there is significant difference between the male and female entrepreneurs with respect to risk-taking propensity.

Since the P-value is less than 0.05 for the trait locus of control (0.017), the null hypothesis is rejected at five per cent level of significance with regard to locus of control. Hence it is concluded that there is significant difference between male and female with respect to the trait locus of control. Since the P-value is greater than 0.05 for the traits need for achievement (0.051), innovative behavior (0.194) and tolerance of ambiguity (0.638), the null hypothesis is accepted at five per cent level of significance with regard to these traits. Hence it is concluded that there is no significant difference between male and female with respect to the traits need for achievement, innovative behavior and tolerance of ambiguity.

It is inferred that that male entrepreneurs have higher level of entrepreneurial traits than female first generation entrepreneurs. Having good social networks and physical strength is helpful for the male entrepreneurs to take risks and tendency to manage the ambiguous situations.

7.2.2. Marital Status and Entrepreneurial Traits

In order to find out whether there is any significant difference between the marital statuses of the respondents with respect to the entrepreneurial traits of first generation entrepreneurs, “t” test is applied. The mean scores of the traits for the two different marital statuses are found out along with the standard deviation. The results of “t” tests are presented in Table 2. The null hypothesis framed in the analysis is as follows.

H₀₂: There is no significant difference between the marital statuses of the respondents with respect to entrepreneurial traits.

TABLE 2
MARITAL STATUS AND ENTREPRENEURIAL TRAITS

Entrepreneurial Trait	Marital Status	Mean	SD	t-value	P-value
Need for achievement	Married	41.08	5.62	.123	0.903
	Unmarried	41.25	1.69		
Locus of control	Married	32.87	4.37	1.354	0.177
	Unmarried	31.38	2.47		
Risk taking propensity	Married	22.26	3.54	1.128	0.260
	Unmarried	21.25	1.44		
Innovative behavior	Married	23.02	3.51	1.984	0.048*
	Unmarried	21.25	2.29		
Tolerance of ambiguity	Married	19.56	3.95	1.706	0.089
	Unmarried	21.25	1.44		
Over all entrepreneurial traits	Married	138.78	17.72	0.540	0.590
	Unmarried	136.38	4.59		

Note: * denotes significant at 5% level

Table 2 reveals that P-value is less than 0.05 for innovative behavior (0.048). Since the P-value is less than 0.05, the null hypothesis is rejected at five per cent level of significance. Hence it is concluded that there is significant difference between marital statuses of entrepreneurs with respect to the trait innovative behavior.

Since the P-value is greater than 0.05 for need for achievement (0.903), locus of control (0.177), risk-taking propensity (0.260) and tolerance of ambiguity (0.069) the null hypothesis is accepted at five percent level of significance. Hence it is concluded that there is no significant difference between marital status of the entrepreneurs with respect to the traits need for achievement, locus of control, risk-taking propensity and tolerance of ambiguity. The married first generation entrepreneurs have the higher level of entrepreneurial traits than unmarried entrepreneurs.

8. FINDINGS

This study has been carried out to analyse the impact of the demographic factors on the entrepreneurial traits of First Generation Entrepreneurs of small scale industry in Tirunelveli District. Based on the analysis, findings of this study are given as follows.

From the study, it is concluded that male entrepreneurs have higher level of entrepreneurial traits than female first generation entrepreneurs. Having good social networks and physical strength may be helpful for the male entrepreneurs to take risks and tendency to manage the ambiguous situations.

It has been revealed that there is significant difference between the innovative behaviour with respect to marital status. Most of the married first generation entrepreneurs have the higher level of

entrepreneurial traits than unmarried entrepreneurs. Due to the support of the life partner, perceiving and new way of doing the business activities is improved for married entrepreneurs.

9. CONCLUSION

The entrepreneurial activity at any time and place is governed by varying combination of socio-economic, psychological, cultural and other factors. This study explored the impact of demographic factors (Gender and Marital status) on the entrepreneurial traits of First Generation Entrepreneurs. The government has introduced various schemes for first generation entrepreneurs to encourage them to start their own enterprises. The identification and development of first generation entrepreneurs through entrepreneurial development programmes is an important strategy for the development of the country. This will lead to the economic upliftment of the country.

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