CHAPTER – 2

REVIEW OF LITERATURE

2.1. INTRODUCTION

Globally there are several studies conducted applying entrepreneurial orientation on new venture entry and its success. It provides evidence that high level entrepreneurial orientation (EO) is important in new venture entry and its performance. This chapter examines the detail distinctions of variables involved in this study. In order to facilitate the discussion of these variables and research gap, this chapter is divided into six sections. Section one exclusively reviews the literature related to EO. It increases the understanding of its importance in performance and its success. This section also encompasses sub-dimensions of EO as autonomy, innovation, risk taking, pro-activeness and competitive aggressiveness and its role in new-entry and success. Section two presents the role of I – E locus of control in entrepreneurial attitude development and its inevitability in entrepreneurial orientation. It is followed by illumination of entrepreneurial awareness in escalating the level of entrepreneurial orientation. Section four discusses the influence of societal value in execution of an entrepreneurial activity. Section five encapsulates the review of the variables of the study and finally based on the extensive reviews section six identifies the research gap.

2.2. ENTREPRENEURIAL ORIENTATION AND ENTREPRENEURSHIP

Entrepreneurship research began with the work of economist Joseph Schumpeter who emphasized the significance of new entry, for business innovation. Schumpeter pays attention to innovation and the individual entrepreneur. He highlighted that prosperity
could be attained when things change, whether by the introduction of a new asset or new product, a new production method, gateway to a new market, or establishment of a new organization. Following Schumpeter, several researchers agreed that venture initiation and modernism is not possible without an individual and therefore it is important to study entrepreneurship at the individual level since they are the boosters of the entrepreneurial process (Brockhaus, 1976; Casson, 1982; Carsrud and Johnson, 1989).

Over the past decade, numerous entrepreneurial studies have been conducted at individual level, measure the intensity of entrepreneurial intention and the factors that can expedite it using theory of planned behaviour (Barbosa et al., 2007; Gaddam, 2008; Wilson et al., 2007; Zhao et al., 2005; Venkatapathy & Pretheeba, 2012, 2013). However, the studies that examined the level of EO and start-up decision are few in numbers (e.g., Lumpkin and Dess, 1996, 2001; Wiklund, 1999; Wiklund and Shepherd, 2005). Not much is known about the level EO and the start-up decisions at individual levels. Dearth of research has focused on the start-up decision of entrepreneurial business ventures, especially in developing countries.

EO emerged as a major concept in both strategic management and entrepreneurship literatures. It has been conceptualized as the process, that is, the methods, practices and decision-making styles of an individual that leads to a new entry and supports the business performance (Lumpkin and Dess, 1996, 2001; Kropp et al., 2008). Many successful firms attribute their success to EO (Wang, 2008; McGrath & MacMillan, 2000).
The concept of EO was first defined by Miller (1983). He characterized EO by using three dimensions: innovation, pro-activeness, and risk-taking. Innovation refers to creative or novel product, identify new market and technological advances, pro-activeness relates to the intensity with which organizations attempt to anticipate their competition in the marketplace rather than merely react to present environmental trends and risk-taking captures an organization’s willingness to take on somewhat risky ventures. Many researchers adopted these three dimensions to define the characteristics of entrepreneurial organization (Covin and Slevin 1989; Kreiser et al. 2002a; Tarabishy et al. 2005).

Later on Lumpkin and Dess (1996) suggested two additional dimensions necessary to fully capture the EO phenomenon – competitive aggressiveness and a capacity for autonomous action. Competitive aggressiveness is defined as the efforts to overcome adversaries by maintaining a confrontational posture which affords a high degree of competitive intensity. Capacity for autonomous action, referred to independent action of an individual or a team, in bringing forth an idea or a vision and carrying it through to completion. They delineated EO using five dimensions including competitive aggressiveness and autonomy, with innovativeness, risk taking, and pro-activeness, which underlie nearly in all entrepreneurial processes.

Lee and Peterson (2000) also characterized EO as the entrepreneurial process which reveals how entrepreneurship is undertaken in terms of the methods, practices, and decision making processes for new entry into the market. They also lineament the same five dimensions proposed by Lumpkin and Dess (1996). Further they stated that firms, that act independently (autonomy), encourage experimentation (innovativeness), take
risk (risk taking), take initiative (proactiveness), and aggressively compete within their market, have strong EO, whereas those lacking some or all of these have a weaker EO.


A great deal of research attention has been devoted in development of the dimensions composing the EO construct. However complete representation of the phenomenon has not been achieved. Investigations of novel conceptualizations often lack theoretical grounding and relevance, which have arguably produced conceptual confusion and impeded the accumulation of knowledge. Therefore only the traditional dimensions such as autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness are considered in this study.

Several researches have been carried-out using these dimensions of EO at the organizational level. Since EO at the organization level is a behavioural construct that has been successfully measured at that level and has been positively correlated with improved performance (Covin and Slevin, 1989; Lumpkin and Dess, 1996; Wiklund,
A study conducted among Bumiputera small and medium agro-based enterprises in three regional growth corridors throughout the Peninsular in Malaysia revealed that EO dimensions of pro-activeness and autonomy orientations significantly explained the regional growth of the corridors (Awang et al., 2010). An investigation conducted among manufacturing small and medium scale enterprises in Sri Lanka also reported that the EO has a positive correlation with business performance and its sustainability (Fairoz et al, 2010).

**Implication**

Importance of EO in enhancing the performance has been studied in firm level perspective. Various aspects such as demographic, contextual and personality factors have also been studied along with the dimensions of EO. Few studies have focused on nascent entrepreneurs. However, there is a dearth of studies on EO of potential entrepreneurs.

It is logical and worthwhile to study EO at the individual level because there are no entrepreneurship or business ventures without an entrepreneur. Entrepreneurs are the energizers of the entrepreneurial process. Measuring an individual’s perception of their behaviour especially, willingness to take risks, innovativeness, autonomy, proactiveness and competitive aggressiveness may be an indication of how successful these individuals might be as entrepreneurs. This leads to a review of the EO dimensions relevant to this study as the proxy for future performance.
2.2.1. Autonomy and Entrepreneurship

Autonomy refers to the independent action of an individual, or team, to bring forth an idea or a vision and carry-out the same to completion. In other words, the ability and desire to be self-directed in reveal the opportunities and challenges. Therefore, autonomy is considered as a major element in EO.

Lumpkin and Dess (1996) stated that entrepreneurship has flourished because of independent minded people. An autonomous person is motivated to act and make decisions independently. It helps a business man to be successful, because self-direction allows quick and self-reliant decisions. They may promote new-fangled venture or ideas into existing/new markets, rather than allow organizational superiors and processes to inhibit them. Brock (2003) supported this view as autonomy has been found to encourage innovation, increase the competitiveness and effectiveness of a firm, and promote the launching of new ventures. When individuals or teams are unhindered by organizational traditions or strategic norms, they are able to more effectively investigate opportunities for entrepreneurial action and champion new venture concepts (Burgelman, 1983; Green et al., 1999).

Lumpkin et al (2009) cited Burgelman (2001) stated that independent spirit and freedom of action is necessary for entrepreneurial initiatives and is a driving force of entrepreneurial value creation.

Meta-analysis by Rauch et al., (2004) reported that there was a positive correlation between autonomy and performance of a new venture. Similar result was found in another study by Eriksson and Thunberg (2006), amongst ICT based Small and Medium

Muthusamy et al., (2005) conducted a study among the knowledge workers in Western Industrial Society. It was observed that greater the autonomy, greater is the chance of freethinking and wide latitude available to explore and examine new ways of handling problems during the process of new entry into a venture activity.

Frank et al., (2005) suggested that giving independence in educational contexts with which students will be confronted in their later careers is to be encouraged. Didactic system should encourage independent thinking and action. It requires the instructor to give pupils a certain degree of latitude and to allow them to assume responsibility. It will help them to initiate or manage their career options.

The survey conducted among Japanese restaurant owners revealed that a high level of autonomy show a significantly higher level of performance than those with a lower level of self-governing actions (Lee & Lim, 2009).

Drost (2010) and Gelderen (2010) pointed-out that an individual’s intentions to start his/her own business or becoming self employed is determined by a desire for autonomy and expectation of economic gain.

The data collected from 2030 graduate and postgraduate alumnae of Industrial Engineering of ITS Surabaya revealed that autonomy would be the basic characteristics required for both an entrepreneur and non-entrepreneur.
an entrepreneur is their strong confidence on the success of a business carried on as well as their ability to work independently in running a business (Noer et al., 2013).

**Implication**

Autonomy is an important component of an entrepreneurial orientation. Investigating autonomy among young adult from various streams of study is important because involvement in entrepreneurial activity requires a person to express their creativity in their work. This state urges an individual to develop the skill to set rules and be boss to none other than the self, to deal with several types of uncertainty.

### 2.2.2. Innovation and Entrepreneurship

Schumpeter (1934) was one of the first economists who stressed innovation as the engine of economic growth. He described entrepreneurial innovation in terms of introducing new products or services, new processes or methods of production to create or manufacture a product or services it, opening new markets or new sources of supply, or reorganizing industries. The innovative entry disrupts existing market conditions and stimulates new demand, ratified Schumpeter’s process of ‘creative destruction.’

One of the primary factors contributing to the success of the venture is the degree to which an individual has an innovative ability. The innovativeness as a sub-dimension of EO reflects a propensity to support and engage in new ideas, experimentation, novelty, and creative process, effectively departing from established practices and technologies (Lumpkin and Dess, 1996).
Innovativeness may positively relate to success because with new ideas, one can capture important segments of the market. This innovativeness falls within a range of activities from making marginal improvement to technological leadership. High creativity in running an enterprise is imperative for an entrepreneur.

An entrepreneur should be ready to pursue with new thinking and finding new opportunities in coping with problems and help the enterprise to grow. Scott (1999) conducted a study among 36 individuals who started their business within the last three years, specifically addressing the role of creativity in business start-ups. This study summarizes that when an individual has strong creativity, there is high propensity for the venture start-up and its success. It also has been identified that innovativeness is the most important dimension when compared with pro-activeness and risk taking, when studying technology based SMEs (Yoo, 2001).

A study that took-place on Malaysian Small and Medium Enterprises found positive relationship between CEO innovativeness and adoption of advanced manufacturing technology (Muhamad et al., 2001).

Many entrepreneurial start-ups tend to outperform others, since the entrepreneur of the venture tend to be non-conventional, creative, lateral thinkers, who can think outside the box, identify innovative business opportunities, and be adroit at adapting to changes of the uncertain environments (Timmons and Spinelli, 2007).

Innovation has been identified as the factor which contribute positively to business performance (Hult et al., 2004, Kreiser et al., 2002b, Fouda, 2007), whereby innovation
has been identified as the element that helps a particular firm to get one step ahead of competitors by the introduction of new products and diversifying its product range.

Frank et al., (2005) noted that entrepreneurial orientation and start-up inclination among pupils could be promoted through modern technological handling. The active adoption of technological developments is an indicator of innovative orientation and flexibility on the personal level.

A meta-analysis conducted by Becheikh et al., (2006) suggested that an individual should develop innovative ability, as much as possible since it is crucial to develop and maintain a competitive advantage and/or gain entry in to new markets.

A study which investigated the relationship between innovation at early-stage start-ups and performance of the venture, found a positive correlation between innovation and performance (Haughes and Morgan 2007). Across studies, meta-analysis also found that a consistent relationship existed between innovation and performance (Rauch et al., 2004 and Davis, 2007). Nevertheless the study of this dimension in the Australian industry acknowledged innovation as one of the most important dimensions for firm survival but it was also found to be varying across different industries which were surveyed Coulthard (2007).

Hamel (2007) supported the concept that it is imperative for a venturer to incessantly adjust to the changing environment and market needs. In order to adjust to the environmental changes a venture has to generate innovative solutions continuously.
Otherwise they may fail to achieve/maintain competitive advantage and stay ahead of competition.

Noer et al., (2013) pointed-out that innovativeness is equally important like autonomy which is needed in any career, whether as an entrepreneur or non-entrepreneur. The main characteristics of those who have a career option as an entrepreneur recognize the ideas/opportunities into something useful as well as their interest in creative activities.

Implication

Innovation is an entrepreneur’s career anchor. The dynamic and complex business environment calls an individual or team to lead with innovative ideas to underpin a strong and sustainable future. Scrutinizing the innovative ability of the students from various streams of study is important for the realization of the entrepreneurial ideas and opportunities into a successful business venture along with other entrepreneurial abilities to enhance the level of entrepreneurial orientation.

2.2.3. Risk Taking and Entrepreneurship

The concept of risk-taking has been long associated with entrepreneurship. Lumpkin and Dess (1996) cited Cantillon (1734) who was the first used the term entrepreneurship and risk associated with the uncertainty of self-employment as opposed to being a hired employee. An entrepreneur is characterized by his/her ability to be comfortable during venturing into the unknown perceived opportunities, committing resources and capital to projects that have little or no guarantee of success.
Risk taking can be seen as venturing into the unknown (Lumpkin and Dess 1996). It involves the willingness to commit significant resources to opportunities, which have a possibility to fail, but have high propensity for venture success. Risk taking behaviours of individuals or firms range from low risky actions – deposit at a bank, invest in public funds or make stock of goods; to high risky actions – huge borrowing, investing heavily in unexplored technologies or putting new products onto new markets (Lumpkin and Dess, 1996).

Successful owners probably take calculated risks. Taking calculated risks reduces the probability of failure, a generally positive attitude towards risk taking is mandatory in an environment where risks are unavoidable (Begley & Boyd, 1987; Timmons et al., 1985). A positive orientation towards risk taking should help the owner to face and handle unavoidable challenges that may lead to entrepreneurial success.

Naldi et al., (2007) drew a sample from Swedish SMEs and found that risk taking is a distinct dimension of entrepreneurial orientation in family firms and that it is positively associated with pro-activeness and innovation. Further they stated that family firms take lesser extent of risks than non-family firms, while engaged in entrepreneurial activities. Timmons and Spinelli (2007) also argued that risk taking is an inherent part of starting an entrepreneurial venture.

Allah and Nakhaie (2011) studied the relationship between entrepreneurship and risk – taking. They expounded that risk-taking was one of the most important factors in the entrepreneurs’ success. They must be risk – takers to realize their ideas.
In a study conducted among auto artisanal firms a positive relationship between risk taking and business performance was found. The findings showed a weak but positive relationship between risk taking and firm performance. This means that auto artisanal firms are risk averse. It may be due to the reason that they shrink-back from borrowing heavily, and committing significant resources to ventures in uncertain environments (Boohene et al., 2012).

Noer et al., (2013) has proved significantly that risk taking influence career choice. Those who show more courage in risk taking would tend to choose their career as an entrepreneur rather than non-entrepreneur.

Implication

Ability to take risk has been an important characteristic of an entrepreneur. It is a significant predictor of a new venture entry and its performance. Understanding the risk-taking ability of the students from various streams of study is imperative, since their sustainability in new entry and successful performance of the venture depends on an individual’s risk-taking propensity.

2.2.4. Pro-activeness and Entrepreneurship

Pro-activeness is the ability to take the initiative whenever the situation demands. Pro-activeness can be described as responsiveness to market signals, acting according to customers’ needs and preference. An individual’s pro-activeness is the competence in assessing and addressing a situation and react to the circumstances in advance.
Lieberman and Montgomerry (1988) emphasized pro-activeness through first-mover advantage by exploiting asymmetries in the marketplace; the first mover can capture unusually high profits. Therefore, taking initiatives by anticipation, pursuing new activities and participating in emerging markets can be construed as being proactive and as having been traditionally associated with entrepreneurship.

According to Lumpkin and Dess (1996) pro-activeness means how to relate to market opportunities in the process of new entry. It does so by seizing initiatives and acting opportunistically in order to influence trend or create demand.

Those moving first to exploit opportunity can gain extraordinary benefits and become a pioneer in forming an image. In competitive environment, pro-activeness is seen as important vehicles for survival of businesses and higher performance (Knight, 1997).

Long et al., (1995) highlighted that pro-activeness enhances the probability that a prospective entrepreneur will undertake the requisite tasks that leads into establishing a business venture. Entrepreneurs are expected to have a pre-existing preparedness and implement their salient intentions to start their businesses (Kouriloff, 2000).

Dess & Lumpkin, (2005) pronounced that those who have proactive behaviour could be the champions in exploiting trends to suit future needs of customers. They have the flair to anticipate changes in demand or emerging problems that lead to new venture opportunities.
The pro-activeness among firms at early growth stages revealed a positive influence on business performance and existence (Haughes and Morgan, 2007), and this relationship continues as venture ages. As venture ages the higher is the impact of pro-activeness on organizational performance (Lumpkin and Ensley, 2006). The highest strength of relationship between pro-activeness and organizational performance was observed when compared with other EO dimensions (Kreiser et al., 2002b; Haughes and Morgan, 2007).

Boohene et al., (2012) conducted a study among auto artisanal firms. The results of the survey indicated significant strong positive relationship between pro-activeness and business performance. Auto artisanal firms, who take an aggressive posture relative to competitors, recognize and facilitate customers’ needs well in advance and have an intensive drive towards the achievement of organizational goals and are likely to experience increased sales revenue and subsequently improve profits. This finding is consistent with the claims by Rauch et al., (2004) that improved pro-activeness which will reflect directly in higher business performance. Noer et al., (2013) also noted that pro-activeness was the most determining variable for one’s opportunity to choose a career as an entrepreneur.

**Implication**

Proactive ability is an important component of an entrepreneur which improves his/her competitive edge. It is a significant predictor of new venture success. An individual who has pro-active ability gains control over distribution channels and capture attractive market segments. Exploring the pro-active ability of the students from various
streams of study is crucial since a favorable market position and high customer acceptance of a new venture hinge on an individual’s proactive ability.

2.2.5. Competitive Aggressiveness and Entrepreneurship

New ventures are much more likely to fail than established businesses; many scholars have argued that an aggressive posture and intense competition are critical to the survival and success of new entrants (McMillan, 1982; Porter, 1985). Therefore competitive aggressiveness is recognized as a major element of entrepreneurial orientation. Competitive aggressiveness relates with the propensity to directly and intensely challenge competitors to achieve entry or improve the position.

Competitive aggressiveness has been defined as a firm’s tendency to intensely and directly challenge its competitors in order to outperform rivals in the marketplace (Lumpkin and Dess, 1996). Newly formed firms are more likely to fail than established ones, so new entrants tend to take a more aggressive posture in order to gain a foothold in the business environment. Conversely, the individuals in the established firms are expected to be aggressive as they seek to protect their market share and combat trends that place their own survival in jeopardy (Smith et al., 2001).

In the study of entrepreneurial orientation and organizational performance relationship, the results revealed that competitive aggressiveness is more helpful for firms at a more mature stage rather than early-stages of start-up (Lumpkin and Dess, 2001; Lumpkin et al., 2006). These findings corresponded with that of another study on firms at early-stage of start-up whereby no relationship was detected between firm performance and competitive aggressiveness (Haughes and Morgan, 2007).
Meanwhile, investigation of this relationship on individual level among South African business owners concluded that there is a significant relationship between competitive aggressiveness and business success. The study concludes that the collective nature of South African society may have contributed to this result (Krauss et al., 2005). The Australian study also correlated with the African study, whereby competitive aggressiveness was considered as one important element for firm performance across various industries (Coulthard, 2007).

Competitive aggressiveness is a responsive attitude towards any threats as a form of resistance and attempts to win the competition. Stewart et al., (1999) used the term ‘pursuit achievement’ to show competitive aggressiveness as one of the several main characteristics of an entrepreneur. The fact that an entrepreneur has a higher score in terms of competitive aggressiveness compared with non-entrepreneurs are supported by other experts (Lumpkin and Dess, 2001; Leiblein and Reuer, 2004).

Boohene et al., (2012) revealed a positive relationship between competitive aggressiveness and new entrance performance. Those who typically adopt a bold, aggressive posture maximize the probability of exploiting potential opportunities and have the tendency to be ahead of others in introducing novel ideas or products.

Implication

Competitive aggressiveness is one of the basic characteristics of successful entrepreneurial firm activity. There are conflicting opinions regarding the variables in measuring the entrepreneurial orientation and performance of the ventures. However
inspiring the skill, with regard to competitive aggressiveness it enables the individuals to retain their position in the business environment.

The five EO dimensions, autonomy, competitive aggressiveness, innovativeness, pro-activeness, and risk taking, offer concrete understanding on how individuals and firms can be more successful in new entry process. When considering the EO of individuals the question to be addressed is “What are the personal characteristics or attitudes a person possesses that might increase propensity to engage in and be successful in entrepreneurial activities?”. The answer to this question is impacted by three streams of research involving, first, an individual’s environment; second, personality traits; and third, attitudes towards being entrepreneurial, impacted by social influences (Levenburg and Schwarz, 2008).

The first stream, environmental factors, includes economic opportunities, tax advantages, available funding or other external stimuli for starting a business. While this has been studied extensively at the firm level, it is not the focus of this research. However, the second and third streams: personality traits and attitudes, deal with the individual. Entrepreneurial attitudes and personality traits contribute to a person’s likelihood of being in a business, or in reverse, exposure to entrepreneurial business, impacts attitudes (Domke-Damonte et al., 2008; Raposo et al., 2008; Gibson and Harris, 2008). While traits are lasting and do not vary much over time, they are often examined as part of the entrepreneurial tendencies of an individual (Rauch and Frese, 2007; Zhao et al., 2010). Personality traits are described as constructs to explain regularities in people behaviour.
2.3. I – E LOCUS OF CONTROL AND ENTREPRENEURSHIP

In research about entrepreneurship, many psychological attributes such as need for achievement (McClelland, 1961), tolerance for ambiguity (Dollinger, 1983), I – E locus of control (Rotter, 1966; Venkatapathy, 1984) and risk taking propensity (Begley and Boyd, 1987) have been studied. Gartner (1985) stated that need for achievement, I-E locus of control, and risk- taking propensities are the characteristics used in many studies and have some validity in differentiating among types of entrepreneurs. Entrialgo et al., (2000) used three traits to define the entrepreneurial profile: need for achievement, tolerance for ambiguity, and internal and external locus of control. Okhomina (2007) revealed that the need for achievement, internal locus of control and tolerance for ambiguity correlate with the EO of “used car salesmen”. The results of above empirical studies support the notion that need for achievement, tolerance for ambiguity, I-E locus of control are the important characteristics that contribute to entrepreneurship.

However, among the above discussed personalities I – E locus of control has been identified as one of the predominant characteristics (Rotter, 1966; Rao, 1975; Venkatapathy, 1984). The review, in general, suggests that internal locus of control is one of the important characteristics contributing to the making of entrepreneurs. Though a few investigations have led to the conclusion that internality is not a prerequisite for one to become an entrepreneur, the other investigations strongly hold that internal locus of control distinguishes entrepreneurs from the rest of the population. A pattern of results with the successful entrepreneurs showing more internal orientation exists (David Harper 2003 cited Venkatapathy, 1984).
I – E locus of control (Rotter, 1966) is a psychological characteristic that is related to the ability of individuals to control the events in life. Individuals who are internal locus of control believe that they are able to control life's events while individuals who are external locus of control believe that life's events are the result of external factors, such as chance, luck or fate (Hay et al., 1990; Millet, 2005).

The empirical evidence shows that small business entrepreneurs are more oriented at the internal level than population in general (Kets and Vries, 1977; Begley and Boyd, 1987; Beverland and Lockshin 2001). Brockhaus (1980) longitudinal study suggests the existence of a positive correlation between orientation to I – E locus of control and entrepreneurial success. In another study Brockhaus and Horwitz (1986) reinforce that I – E locus of control could distinguish entrepreneurs who are successful from those who are unsuccessful. Robinson et al., (1991) stated that internal control leads to a positive entrepreneurial attitude and most students who receive entrepreneurial formation may develop a higher level of control and self-efficiency.

Gartner (1990) also stated that I – E locus of control becomes one of the important trait that support to develop entrepreneurial characters. Those individuals who already achieve the level of internal locus of control will become more independent, self-confident, realize an ideal, control the event and also good in decision making.

Durand and Shea (1974) investigated the entrepreneurial activity over a period of 18 months among 22 male and 7 female black adult engaged in operating small business. Rotter’s I – E locus of control scale and need for achievement scales were administered. Entrepreneurs with huge need for achievement and I – E locus of control were found to
be significantly more active than individuals with low need for achievement and I – E locus of control.

Brockhaus (1975) administered Rotter’s I – E locus of control scale to a sample of 20 business school graduates. Among them 10 had strong intention to become as an entrepreneur and the remaining 10 student had no such intention. Those who had intentions to become an entrepreneur scored high on internal locus of control.

A study carried out on 175 business administration students in Turkey, Ankara, found that personality traits increase entrepreneurial intentions, which are affected more by internal locus of control than any other factors, but that gender, family business, and business education make no difference on an individual’s propensity to entrepreneurship (Goksel and Aydintan, 2011). This finding is similar to those of Shapero (1975).

A survey conducted at six universities in Croatia, Iceland, Turkey, U.K. and the U.S among the third- and fourth-year students at universities revealed that the decision to start a new venture is influenced by an individual’s I – E locus of Control and innovation (Julian and Terjesen, 2006).

Zhang and Bruning (2011) conducted a national survey among owners and senior managers of small- to medium-sized Canadian manufacturing companies. They found that entrepreneurs’ personal characteristics, such as need for achievement, need for cognition, and I - E locus of control, have positive influences on firm performance. Furthermore, it is demonstrated that their strategic orientations mediated these
influences. The data indicate that entrepreneurs with higher levels of internal locus of control are more likely to adopt an entrepreneurial orientation than a market orientation.

A systematic investigation was carried out by EOS Gallup Europe in 36 countries at the end of 2009. Data were collected using telephonic interview method from approximately 26,000 people within the age bracket of 15 to 64 years excluding students and retirees. The findings of the study revealed that those individuals with a higher internal locus of control are supposed to be self-employed (Bonte and Jarosch, 2012).

Kim et al., (2013) investigated the relationships of the entrepreneurship and psychological characteristics on the start-up success. The survey conducted among the youth entrepreneurs who entered the youth founder academy revealed that pro-activeness, risk taking and autonomy, and the internal locus of control, the psychological characteristics were found to have positive effects on the start-up success.

Kume Anisa (2013) conducted a study among students in three Albanian universities highlight that due to the degree of positivity one leaves towards the idea of becoming an entrepreneur and the motivation factors for growing their own business is influenced by an individual’s stronger confidence in one’s own ability to control one’s decisions and direction. In addition, these kinds of people are less likely to submit to the control by others.

Hakim Adnan et al., (2013) conducted a study among students from faculties of economics and non-economics of Haluoleo University representing important personality determinants of entrepreneurial intention. Results of analysis show the I – E
locus of control and desire for achievement has a significant effect on entrepreneurial intention, whereas self-efficacy and environmental carrying capacity was found to have no significant contribution and improvement on the entrepreneurial intention of students of economics and non-economics.

Implication

There is strong evidence that I – E locus of control influences the decision to start a new venture. Measure of level of I – E locus of control of students from various streams of study can help to improve upon the same that may stimulate entrepreneurial orientation.

2.4. ENTREPRENEURIAL AWARENESS

Ray and Cardozo (1996) argue that any recognition of opportunities by a prospective entrepreneur is preceded by a state of heightened alertness to information. They called this state entrepreneurial awareness (EA), and defined EA as a propensity to notice and be sensitive to information about objects, incidents, and patterns of behaviour in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources.

Rajmohan (1993) conducted a survey among the final year engineering and technology students regarding the awareness about various entrepreneurial aspects like concessions, benefits, subsidies which are provided to small venturers and awareness regarding various financial institutions. The results of the study showed that there is a significant difference between high, medium and low growth oriented regions. The students of high growth oriented regions have more awareness than others. Hence, the
researcher concluded that based on the growth of the regions that level of awareness of entrepreneurial activities could fluctuate.

Sellappan and Venkatapathy (1998) made an attempt to identify the influence of entrepreneurial awareness towards entrepreneurial attitude. They conducted an investigation among management and engineering students. For the purpose of study, the colleges considered for the study categorized in to low climate group and high climate group based on the scores of entrepreneurial climate questionnaire. 330 students from low climate group and 300 students from high climate group responded to the schedule. The results of the study showed that the awareness of entrepreneurial ventures was lacking among both the sexes and the course of studies. Further they pointed-out that for the past one decade no significant changes have taken place with regard to entrepreneurial awareness among different classes of students.

Prasanna and Venkatapathy (2000) aimed at studying the extent of entrepreneurial attitude orientation and entrepreneurial awareness among technical and service entrepreneurs. They collected data from 92 technical and 70 service entrepreneurs who were resisted with District Industries Centre (DIC), Coimbatore, India. The results show a significant difference between technical and service entrepreneurs on their entrepreneurial awareness. The dynamic nature of technology requires the technical entrepreneurs to constantly upgrade their skill.

Ardichvili et al., (2003), Arthi and Venkatapathy (2010) stressed that creating entrepreneurial awareness is necessary to gather information and to make linkages between an individual's interests and expertise and issues within the environment. Those
“more aware” individuals tend to gather significant information to aid in later business formation. Therefore, those who are more introspective or unaware may miss significant market shifts and/or consumer preference changes that could lead to profitable new business ideas.

Uhlich et al., (2013) expounded that the percentage of budding entrepreneurs are less in number in Germany due to lack of entrepreneurial awareness, which can be created and developed in schools and higher education institutions. The importance of intensifying the teaching and training of entrepreneurial skills has therefore often been stressed. Two different courses on entrepreneurship – a traditional lecture course and an advanced seminar course – are offered in the summer term at Brandenburg University of Technology, Cottbus. Two surveys were conducted in 2010 for each course, to measure the change in the students' willingness to start a business and thus to gain insights into the effect of entrepreneurship education on 'founding' awareness – that is, awareness of the process and demands of entrepreneurial start-ups. The research results suggested that a positive change occurred in participants’ stereotypically pessimistic perception of the German climate with regard to new start-up businesses. Some who had never thought about becoming an entrepreneur discovered a personal affinity for this career option. The authors concluded that entrepreneurship education should be offered primarily to advanced students, in order to derive maximum benefit.

Implication

Success of new venture depends on effective utilization of resources and supports provided by government and other institutions. Hence increasing the awareness about the resources available through numerous institutions facilitates students to start a business.
venture easily. In the dynamic business milieu individuals should upgrade their knowledge on available product and services for their survival.

2.5. SOCIETAL VALUES AND ENTREPRENEURSHIP

Initiating a venture activity is not only influenced by an individual’s own skills, attitudes and/or knowledge, but also by their perceptions about other people who are important to them and have beliefs in performing or not performing an entrepreneurial activity.

Ajzen and Fishbein (1980) argued that societal value is an important factor to influence ones intentions to execute behaviour. In entrepreneurship research, Baughin et al., (2006) expanded the meaning of societal value to national norms and social support. National norms portrays to which a country’s culture, values and norms support entrepreneurial activity, meanwhile the societal values are related to the perceived social pressure from family members, close friends and other influential people such as teachers, successful entrepreneurs, enterprise advisors, etc., to perform or not perform the entrepreneurial behaviour. It refers to the perception of other people who are important and who would or would not approve of the decision to become an entrepreneur. The opinions of others are believed to shape the formation of many entrepreneurial intentions and behaviour (Kolvereid, 1996; Ajzen, 2001; Kennedy et al., 2003).

Krueger argued that an individual’s interest in initiating a business is influenced by their societal value which is blunted by perceived expectation level from those who are important to him or her like, relatives, parents, friends, colleagues so on and so forth to
their particular behaviours and individual’s obedience to these expectations (Krueger, 1993).

Kolvereid (1996b) stated that societal value has a direct significant relationship with venture intention by testing on first-year undergraduate Norwegian business students. Kolvereid duplicated his investigation in 1999 with Tkachev by examining on a sample of Russian university students from varied courses and found that favourable societal values significantly increase the likelihood of formation of entrepreneurial intention (Kolvereid and Tkachev, 1999). Kolvereid and Isaksen (2006) scrutinized societal value on Norwegian business founders and it was found to be significantly connected with self-employed intention (Kolveried and Isaksen, 2006).

In a study among a large group of Norwegian students and employees, Reitan (1997) found that the societal values toward entrepreneurship are perceived as more negative than positive; however, having an entrepreneurial role model had a significant positive influence. The findings of Krueger et al., (2000b) in a study among senior university business students, found that societal values were not significant.

Baughin et al., (2006) noted the critical role of family and friends in venture creation in Philippines. Family and friends provide or make arrangements for the needed capital and workforce for the potential entrepreneurs at the beginning of the venture. Hence they are the important factors that contribute towards desirability in engaging in entrepreneurship as a career. Baughn et al., (2006) reported a significant strong correlation between family support and entrepreneurial interest. In addition, they also reported similar significant results which associate family support and entrepreneurial
interest in other countries such as China, Hanoi and Ho Chi Minh City. This result should enlighten the importance of family support in entrepreneurship research.

Survey carried-out based on the configurational approach among Austrian pupils at secondary-level schools revealed that environmental components play a crucial part in the development of entrepreneurial orientation and confirmed start-up. The most important influence is the presence of entrepreneurs in the environment, which emphasizes the significance of social influences. In addition, positive role models are also highly relevant in development of EO and startup tendency (Frank et al., 2005). Findings from 252 secondary school students in Nordland in Norway also highlighted the same (Alsos et al., 2006).

Akmaliah and Hisyamuddin (2009) explored that there is a significant and positive correlation between attitudes towards self-employment, subjective norms, support, entrepreneurial self efficacy and interest with self-employment intentions. In fact, subjective norm showed the strongest relationship with self-employment intentions and attitude depicted the lowest. The finding also revealed that community support had a strong relationship with intention. Based on the findings, even though all factors had a significant relationship with self-employment intentions, subjective norms showed the strongest relationship with entrepreneurship as a career for secondary school students.

A longitudinal study was made among nascent entrepreneurs with start-up intentions and non-entrepreneurs with no start-up intentions. Data was collected during the commencement-of-study, one year after commencement, and end-of study program (at the end of 3.5 years). The researchers suggested that subjective norm levels differed
between groups. Parent approval was seen as important in whether participants started businesses or obtained jobs. Positive subjective norms were predominately associated with nascent entrepreneurs who had started businesses at the end of their education. Negative subjective norms were predominately associated with nascent entrepreneurs who had not started businesses at the end of their study program. Interviews suggested it was hard for participants to establish businesses when they did not have support from family and friends (Lindsay et al, 2010).

Another longitudinal study conducted among university students pursuing business oriented courses focused on the impact of entrepreneurial education and societal subjective norms on entrepreneurial attitudes and intentions to start a business in Uganda. Data was collected in two phases: Phase-I before the entrepreneurship course and Phase-II after the entrepreneurship course - four months later. The results show small but significant changes in attitudes and a significant mediating role of attitudes – perceived feasibility and perceived desirability, but non-significant role of perceived feasibility on the relationship between societal subjective norms and entrepreneurial intentions (Byabashaija et al., 2010).

With reference to a sample of university students in 12 countries, Engle et al., (2010) detected that subjective norms significantly increased the likelihood of students reporting the formation of new ventures.

Based on a survey of 2,010 senior university students from nine universities in Xi’an, China, analyzes the student’s entrepreneurial intention level and its influencing factors. The results showed that the perceived societal values of university students has
significantly positive influence on their entrepreneurial attitude and the entrepreneurial self-efficacy while all these factors influence their entrepreneurial behaviour significantly (Peng et al., 2012).

Some authors have argued that social values and beliefs regarding entrepreneurship will affect the motivational antecedents of intention (Davidsson and Honig 2003; Linan and Santos 2007). In this sense, when the person’s closer or broader environment is highly supportive of the entrepreneurial activity, it is plausible that individuals will feel more inclined towards entrepreneurship career option.

Solesvik (2013) in a study of 2856 third, fourth and fifth year economics and business administration students from three universities i.e., the European University, the National University of Shipbuilding, and the Petro Mohyla Humanitarian University in Nikolaev in the Ukraine, found that societal values were positively related to entrepreneurial intentions. Venkatapathy and Pretheeba (2012, 2013) also reported that societal values have a positive significant influence on entrepreneurial inclination among post-graduate students in India and Sri Lanka.

Implication

The notion societal value would also play a role before someone decides to become an entrepreneur. However there are conflicting opinions regarding the variable in measuring the entrepreneurial inclination. It may be held due to the place of research and the dimension of national culture. It is imperative to study the role of societal values in motivating the venture initiation in Indian context.
2.6. SUMMARY OF THE REVIEW OF LITERATURE

In this chapter, an extensive review of the literature was undertaken with respect to independent variables, I – E locus of control, entrepreneurial awareness and societal values. In addition, an exhaustive study was undertaken with respect to entrepreneurial orientation as the dependent variable.

Entrepreneurial Orientation offers a significant opportunity to understand and predict entrepreneurial decision making process. Autonomy, innovation, risk-taking, pro-activeness, and competitive aggressiveness have been identified and proved as the supporting aspects that affect the new entry decision.

Prior research studies explore and proved the relationship of societal values and entrepreneurial awareness with reference to venture initiation. It was reported that such variables correlate with the desire to be an entrepreneur. The role played by entrepreneurial awareness and societal values in the formation of entrepreneurial orientation has been identified and emphasized in the review.

Entrepreneurship research has identified a number of personal traits believed to be instrumental in motivating entrepreneurial behaviour. A few frequently cited personal traits associated with entrepreneurial potential are I – E locus of control, need for achievement and tolerance for ambiguity. Among these an individual’s belief about the controllability of what happens to them is a core element. If an individual believes in his/her self, they can manage ambiguous situation. If s/he believes in her/himself they can achieve what they want. Hence, among the above traits I – E locus of control is one of the important characteristics that make an individual what they want to be. Hence the
study highlights the influence of I-E locus of control in the development of entrepreneurial orientation behaviour.

2.7. IDENTIFICATION OF RESEARCH GAP

Entrepreneurship is recognized as an important ingredient of economic development. However, the present complex global economy increases the pressure from competition across the world in entrepreneurial activities. It is imperative for entrepreneurial individuals to develop that kind of a mindset to recognize the threats and opportunities in the environment in order to sustain and to be successful in the competitive environment. Entrepreneurial orientation is a valuable proxy for measuring the entrepreneurial spirit.

Majority of the studies have focused entrepreneurial orientation as a firm level construct and measure the influence of entrepreneurial orientation on firm performance. The studies have been carried out among nascent entrepreneurs who actually work in a new business, and have ignored persons who still are in the process of starting a new business. The enhancement of entrepreneurial orientation at individual levels especially among youth has received little attention by researchers. This study has been undertaken to gain a comprehensive picture of entrepreneurial orientation among youth toward a new undertaking.

Becoming an owner of an enterprise could be an alternative for a young person who has an entrepreneurial mindset but needs a person to possess some basic requirements like skills, attitudes and knowledge. Individuals could exhibit varied level of skills, attitudes and knowledge, based on their education, personal traits,
environmental and social influences. Hence the link between education, personal traits, environment, social influences and entrepreneurial orientation are indispensable. Thus this research is aimed at providing additional insights and understanding of the relationship between educational differences, social influences, personal traits and entrepreneurial orientation. This can help to develop interventions that will enable the individuals to channelize their efforts towards venture initiation.

This study is different compared to other studies. This is an attempt to identify the respondents’ entrepreneurial orientation as the comparison metric with some other variables: entrepreneurial awareness, I-E locus of control and societal value among young adult. The approach has been carried out to compare the young adult based on their gender and streams of study.