CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

“Your most unhappy customers are your greatest source of learning”
– Bill Gates

The word ‘entrepreneur’ is derived from the French word ‘entreprendre’ which means ‘to undertake’. In the early 16th century, the Frenchmen who led military expeditions were referred to as ‘entrepreneurs’. Around the 17th century, this term was used for architects and contractors for public works. Later it was applied to the function of engaging labour and buying materials and selling the resultant products at contracted prices. In fact, it was in the 18th century that the term ‘entrepreneur’ was applied initially to business by the French Economist Cartillon who designated him as a dealer who purchases the means of production for combining them into marketable products. In case of a developing economy like India, it refers to one who starts a new business, undertakes risk, bears the uncertainties and performs the managerial functions of decision making and coordination. In many countries, the entrepreneur is associated with a person who starts his own new and small business.¹

1.1.2 Entrepreneur

An Entrepreneur is a person who perceives a need and then brings together manpower, material and capital required to meet that need. In other words an entrepreneur is an individual or team that identifies the opportunity, gathers the necessary resources, creates and ultimately responsible for the performance of the organization.

To be specific, an entrepreneur is a person, who tries to do something new, visualizes a business opportunity, organizes the necessary resources for setting up the business and bears the risk involved. Thus, an entrepreneur may be termed as an innovator, an organizer and a risk bearer. As an innovator, the entrepreneur introduces new products in the market; find out new markets for existing products; introduces new production technology; launches new marketing strategy and so on. He bears the risk and uncertainties associated with the business activities. He organizes all the factors of production like land, labour and capital and sets up the business to take advantage of the opportunity. Thus, an entrepreneur refers to a person who visualizes a business opportunity, takes steps to promote a new enterprise, assembles resources in the form of men, materials and money to make the business venture successful and bears the risk and uncertainties involved.2

1.1.3 Types of Entrepreneurs

The literature has distinguished among a number of different types of entrepreneurs. The followings are the types of entrepreneurs.

A. Social Entrepreneur

A social entrepreneur is motivated by a desire to help, improve and transform social, environmental, educational and economic conditions. Key traits and characteristics of highly effective social entrepreneurs include ambition and a lack of acceptance of the status quo or accepting the world "as it is". The social entrepreneur is driven by an emotional desire to address some of the biggest social and economic conditions in the world, for example, poverty and educational deprivation, rather than

2 www.nios.ac.in
by the desire for profit. Social entrepreneurs seek to develop innovative solutions to global problems that can be copied by others to enact change.\(^3\)

Social entrepreneurs act within a market aiming to create social value through the improvement of goods and services offered to the community. Their main aim is to offer a better service for improving the community as a whole and are predominately run as non-profit schemes. Social entrepreneurs make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problems.\(^4\)

**B. Serial Entrepreneur**

A serial entrepreneur is one who continually comes up with new ideas and start new businesses.\(^5\) In the media, the serial entrepreneur is represented as possessing a higher propensity for risk, innovation and achievement.\(^6\)

An entrepreneur who continually comes up with new ideas and starts new businesses is called serial entrepreneur. As opposed to a typical entrepreneur, who will often come up with an idea, start the company, and then see it through and play an important role in the day-to-day functioning of the new company, a serial entrepreneur will often come up with the idea and get things started, but then gives responsibility to someone else and moves on to a new idea and a new venture. This can be a good thing if the individual has lots of unique ideas and is the best one suited to get each one started, but can be a bad thing if the individual stops putting them into

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a company that needs his or her help, in order to try to move forward with a new idea that may or may not succeed.\(^7\)

C. **Lifestyle Entrepreneur**

Lifestyle entrepreneurs are people who go into business primarily for lifestyle reasons, as opposed to a desire for financial wealth. They become business owners so they can do the kind of work they want, work the hours they want, live where they want, and spend time with people they like and admire. Lifestyle entrepreneurs judge their success by how much they enjoy their work and their lives as a whole, rather than by their status or their net worth.\(^8\)

D. **Cooperative Entrepreneur**

A cooperative entrepreneur doesn't just work alone, but rather collaborates with other cooperative entrepreneurs to develop projects, particularly cooperative projects. Each cooperative entrepreneur might bring different skill sets to the table, but collectively they share in the risk and success of the venture.

E. **Theory Based Typologies**

Recent advances in entrepreneurship research indicate that the differences in entrepreneurs and heterogeneity in their behaviours and actions can be traced back to the founder’s identity. For instance, Fauchart and Gruber have recently shown that based on social identity theory, three main types of entrepreneurs can be distinguished: Darwinians, Communitarians and Missionaries. These types of founders not only diverge in fundamental ways in terms of their self views and their

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\(^7\) www.businessdictionary.com

\(^8\) www.thesabbaticalcoach.com
social motivations in entrepreneurship, but also engage fairly differently in new firm creation.  

1.1.4 Importance of Entrepreneurs in Economic Development

Every country tries to achieve maximum economic development. The economic development of a country to a large extent depends on human resources. But human resource alone will not produce economic development there must be dynamic entrepreneurs. Importance of entrepreneurs in economic developments are:

A. Employment Generation

Growing unemployment particularly educated unemployment is an acute problem of the nation. If a hundred persons become entrepreneurs they not only create a hundred jobs for themselves but also provide employment to many more. These enterprises grow providing direct and indirect employment for many more. Thus entrepreneurship is the best way to fight the evil of unemployment.

B. National Income

National Income consists of goods & services produced in the country and those imported. The goods & services produced are for consumption within the country as well as to meet the demand of exports. The domestic demand is increasing with ever increasing population and standard of living. The export demand also increases to meet the needs of growing import due to various reasons. An increasing number of entrepreneurs are required to meet this increasing demand for goods and services. Thus entrepreneurship increases the national income.

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C. Dispersal of Economic Power

When a society produces a small number of entrepreneurs the enterprise due to lack of competition grows into a few big business houses. This results in concentration of wealth in a few families. This can have a serious social and national implication. When the number of entrepreneurs increases, a large amount of national wealth is also shared by a large number of entrepreneurs, thus dispersing wealth. This dispersal of wealth promotes the real socialism and makes the economy healthy.

D. Balanced Regional Development

The growth of industry and business leads to a large number of public benefits like road, transport, health, education, entertainment, etc. A rapid development of entrepreneurship ensures a balanced regional development. When the new entrepreneurs grow at a faster pace, in view of the increasing competition in and around the cities, they are forced to set up their enterprise in the small towns away from big cities. This helps to the development of the backward regions.

E. Economic Independence

Entrepreneurship is essential for national self-reliance. Businessman exports goods and services on a large scale and earns the scarce foreign exchange for the country. Such import substitution and export promotion help to ensure the economic independence of the country.

F. Reducing Unrest and Social Tension amongst Youth

Many problems associated with youth and social tensions are rightly considered to be due to youth not being engaged in productive work. In the changing environment where we are faced with the problem of the recession in wage employment opportunities, alternative to wage career is the only viable option. The country is required to divert the youth with latent entrepreneurial traits from wage
career to self employment career. Such alternate path through entrepreneurship could help the country in defusing social tension and unrest amongst youth.

G. Improvement in Living Standards

Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture handicrafts, etc. in the small scale sector helps to improve the standard of life of a common man. These offer goods at lower costs and increase the variety in consumption.

H. Harnessing Locally Available Resources and Entrepreneurship

India is considered to be very rich in natural resources. A few large scale industries started by entrepreneurs from outside the state in economically backward areas may help as models of pioneering efforts, but ultimately the real strength of industrialization in backward areas depends upon the involvement of local entrepreneurship in such activities. Increased activities of local entrepreneurs will also result in making use of abundantly available local resources.

1.1.5 Social-Cultural Backgrounds of Entrepreneurs

In broad terms, the social-cultural environment includes everything that is not included in the economy or the political system. Economic life is organized primarily through a market in which individuals relate to one another as buyers and sellers and the purpose is production. In political life individuals relate to one another as citizens and the basic purpose is to make collective decisions and rules. The economic and political systems together create the conditions—goods, services and rules—which we all need in order to live the kinds of lives that we choose. The social-cultural
environment, then, consists of the whole range of behaviours and relationships in which individuals engage in their personal and private lives, including:

- Characteristics of the population (e.g. Age, sex, race or ethnicity, class)
- Values and attitudes
- Lifestyles and relationships

Culture is an attribute of groups, and this can mean society as a whole (e.g. National culture), groups within society (sub-cultures), or even groups of societies and nations (trans-national culture). For example, it is quite common to speak of ‘western culture’. This term implies that there are certain values and ways of life that western societies might be said to share, such as:

- Secularism - this refers to the increasing influence of rational and scientific thought, and the decline of religion as a framework of understanding and guide to behaviour.
- Consumerism or materialism - this refers to the view that achieving higher levels of consumption of goods and services leads to greater happiness. A good life means having more ‘stuff’. This attitude lies behind the belief that economic growth is always a good thing.
- Individualism - this usually refers to the idea that individuals make their own lifestyle choices and are motivated primarily by self-interest. It can also involve the idea that individuals should strive to be self-reliant.

In analyzing the social-cultural environment of business it is important to recognize that society and culture are not homogeneous or fixed. Rather they are diverse and fluid or dynamic. Social and cultural change is a hallmark of modern societies (more than in the past), symbolized by the widely recognized phenomenon of a generation gap. This refers to the way in which, due to social and cultural change,
each generation tends to feel somewhat out of touch with (and even bewildered or shocked by) the attitudes and behaviours of the next. Business needs to stay in touch with social and cultural shifts.

1.1.6 Social-Cultural Impacts on Business

Business is an activity undertaken by people whose values and attitudes are shaped by the culture and society of which they are a part. To some extent the roles one performs in business are quite discrete from other aspects of his lives and require that one adopts different behaviours and personas. However there is not, of course, a complete separation between ‘work’ and ‘life’. One carries values and attitudes shaped by the wider culture and society into his roles as managers, employees and consumers.

It can be argued that capitalist business owes its historical origins and development in part to non-economic factors. Max Weber argued that the ‘spirit of capitalism’, or ethos of capitalist business, with its emphasis on accumulating wealth, can be traced to religious belief the ‘Protestant ethic’. This religious belief encouraged the reinvestment of wealth in business rather than the pursuit of a life of luxury, thus fuelling economic growth and dynamism. A version of this theory persists today in the idea that economic success depends on the prevalence of a ‘work ethic’ in society which sees work as a morally desirable activity.¹⁰

Businesses do not exist in a vacuum, and even the most successful business must be aware of changes in the cultures and societies in which it does business. As society and culture change, businesses must adapt to stay ahead of their competitors.

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and stay relevant in the minds of their consumers. A major socio-cultural factor influencing businesses and business decisions is changing consumer preferences. What was popular and fashionable 20 years ago may not be popular today or 10 years down the road. Different styles and priorities can undermine long successful products and services. For example, a clothing company must constantly be aware of changing preferences when creating new products or it will quickly become outdated.¹¹

1.1.7 Importance of Socio-Cultural Background on Business

Socio-cultural factors such as social norms, family values, networks and social value of Entrepreneurship, play a key role in nurturing the entrepreneurial ecosystem. A historical and sociological understanding of certain communities in India, which have been traditionally engaged in business, confirms the role of social factors that encourage Entrepreneurship. Important success factors include the pragmatic use of social and family networks as well as ‘webs of interdependence’ that continuously facilitate the development of entrepreneurial ecosystems at the community level. In Melvin M. Weber’s words, ‘specialized professionals maintain webs of intimate contact with other professionals, wherever they may be. They share a particular body of values; their roles are defined by the organized structure of their groups; they undoubtedly have a sense of belonging to the groups; and by the nature of the alliances, all share a community of interests.’¹²

1.1.8 Motivating Factors to Become the Entrepreneurs

It is often said that a person cannot win a game that they do not play. In the context of entrepreneurship, this statement suggests that success depends on people’s

willingness to become entrepreneurs. Moreover, because the pursuit of entrepreneurial opportunity is an evolutionary process in which people at many steps along select out the way, decisions made after the discovery of opportunities to positively evaluate opportunities, to pursue resources, and to design the mechanisms of exploitation also depend on the willingness of people to “play” the game. Human motivations influence these decisions, and that variance across people with these motivations will influence who pursues entrepreneurial opportunities, who assembles resources, and how people undertake the entrepreneurial process.13

To be motivated means to be moved to do something. A person who has no desire or inspiration to act is thus characterized as unmotivated, whereas someone who is energized or activated toward an end is considered motivated.14

The decision to become self-employed may stem from the threat of unemployment, or the discovery of an opportunity. Opportunity-based entrepreneurship involves those who choose to start their own business by taking advantage of an entrepreneurial opportunity. Whereas, necessity entrepreneurs may never have considered starting or owning a business until there was no other option. Necessity-based entrepreneurship is most likely to occur when employment options are either absent or unsatisfactory. Many people find themselves falling into the entrepreneurship sphere to survive, to provide the basic essentials, food and housing.15

Opportunity entrepreneurship is more likely to have a higher contribution to the economy in terms of innovation and job creation. Therefore, necessity and

opportunity entrepreneurs are likely to differ in performance. If necessity entrepreneurs are the result of unsatisfied employment options, what is the factor that influences opportunity entrepreneurs. Anecdotal evidence suggests that personal wealth is the driving force of opportunity entrepreneurs.\textsuperscript{16}

The desire to attain personal wealth has long been regarded as an important motive for entrepreneurship. Venture capitalists and angel investors look for a strong money motivation for entrepreneurs.\textsuperscript{17} As a result nascent entrepreneurs who aren’t laser focused on the monetary gains have trouble convincing investors to invest in their business.\textsuperscript{18} Money is neither the only, nor even the most important motive for entrepreneurs starting a new venture in the Information Technology (IT) industry. It is found that of the ten dimensions that motivate individuals to become IT entrepreneurs, money was found to be the least important. Furthermore, “entrepreneurs did not rate wealth as any more important than non-entrepreneurs. Non-entrepreneurs rated wealth as no more important than other motives.”

The most important dimensions were; (1) innovation, which was defined as doing something new or different, introducing original ideas about products or processes, 2) independence, having flexibility being your own boss, working when where and with whom you want realizing your own ideas about how the organization should evolve, 3) vision - determining goals and capabilities that the organization should pursue and challenge, having the opportunity to use one’s full range of talents,

\textsuperscript{17} Campbell, A.J. Entrepreneurs & Wealth Creation: from idea to product. Swinburne University of Technology, 2003.
4) self-actualization; assuming more responsibility; dealing with a wider range of
issues.

1.1.9 Personality Traits of Entrepreneurs

Personality means characteristics and appearance of a person-pattern of
thought, feeling, behaviour and communication ability. Everyone is influenced by an
attractive personality. And without influencing others one can’t get success in today’s
competitive world. Therefore the importance of personality development has risen
very much. It is an age of competition and economic revolution. Although
opportunities of progress are everywhere one will have to work very hard to climb the
stairs of a brilliant career. The person having a good personality in his business can
move through the difficulties with more confidence in his enterprise. 19

1.1.10 Big-Five Personality Traits

"The Big Five" model is a personality theory that describes personality using
five basic traits of Openness to experience, Conscientiousness, Extraversion,
Agreeableness and Neuroticism make up this theory an easy way to remember this is
with the acronym OCEAN. 20

A. Openness to Experience

Openness to Experience is a personality dimension that characterizes someone
who is intellectually curious and tends to seek new experiences and explore novel
ideas. Someone high on Openness can be described as creative, innovative,
imaginative, reflective and untraditional. Someone low on Openness can be
characterized as conventional, narrow in interests, and unanalytical. Openness is

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positively correlated with intelligence, especially aspects of intelligence related to creativity, such as divergent thinking\textsuperscript{21}.

### B. Conscientiousness

Conscientiousness is a tendency to show self-discipline, act dutifully, and aim for achievement. This trait shows a preference for planned rather than spontaneous behaviour. Conscientious individuals achieve high levels of success through purposeful planning and persistence. They are also regarded by others as responsible and reliable. They can become compulsive perfectionists and workaholics. Conscientiousness indicates an individual’s degree of organization, persistence, hard work, and motivation in the pursuit of goal accomplishment. Some researchers have viewed this construct as an indicator of volition or the ability to work hard.\textsuperscript{22}

### C. Extraversion

Extraversion describes the extent to which people are assertive, dominant, energetic, active, talkative, and enthusiastic.\textsuperscript{21} People who score high on Extraversion tend to be cheerful, like people and large groups, and seek excitement and stimulation. People who score low on Extraversion prefer to spend more time alone and are characterized as reserved, quiet, and independent.

### D. Agreeableness

Agreeableness assesses one’s interpersonal orientation. Individuals high on Agreeableness can be characterized as trusting, forgiving, caring, altruistic, and gullible. The high end of Agreeableness represents someone who has cooperative

values and a preference for positive interpersonal relationships. Someone at the low end of the dimension can be characterized as manipulative, self-centered, suspicious, and ruthless.\textsuperscript{24}

\textbf{E. Neuroticism}

Neuroticism represents individual differences in adjustment and emotional stability. Individuals high on Neuroticism tend to experience a number of negative emotions including anxiety, hostility, depression, self-consciousness, impulsiveness, and vulnerability.\textsuperscript{25} People who score low on Neuroticism can be characterized as self-confident, calm, even tempered, and relaxed.

\textbf{1.1.11 Empowerment of the Entrepreneurs}

Empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.

Feeling empowered personally is important to everyone. No one wants to think their opinions, ideas, and contributions have little value to their employer. Unfortunately, too many people feel their workplace does not provide them with recognition or sufficient opportunities for personal growth. Too many employees sense they lack empowerment on the job. The good news for the under appreciated staffer is there is a powerful option for personal empowerment. That choice is a future

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in entrepreneurship. Considering self employment is very often heavily motivated by the thoughts gaining personal empowerment. Becoming your own boss lets you make the decisions, right or wrong, that determine the direction of your own company. The entire concept of entrepreneurship is drenched in your personal empowerment. For the unempowered individual, entrepreneurship represents real freedom. In fact, for someone who has spent their entire working life in creativity stifling workplaces, self employment may be the only route to true self actualization possible. That self reliance and personal fulfillment is why entrepreneurship is so empowering.

Not all employers are bad by any means. In fact, most are quite good, and provide fulfilling and financially rewarding careers for their staff. The point of the person with an entrepreneurial personality, however, is that self employment is the only possible route to their own personal empowerment. For them, there simply is no other option than working for themselves. Self determination is a passion for the entrepreneurial individual. Entrepreneurs are driven by a passion to succeed in their business or profession. To reap the rewards of their own efforts and ideas is secondary to following the dream wherever it may lead. For some people, the opportunity to operate a company their own way far out balances any perceived financial security available through employment. Indeed, many entrepreneurs either do not fit well in an employee environment or have no faith in the future of employment as a career option. Instead, the dream of taking the risks, testing their own ideas, and charting their own course in life is the overarching entrepreneurial imperative.

That passion to build a company is also a source of strength from which the business owner can draw. Whether times are good or bad for the company, the self employed person can dip into that pool of passion and refresh the dream. Combining
passion with good business planning, and mixing in a strong sense of ethics, creates a powerful entrepreneurial. With that formula in hand, the business owner can live the dream. The heady drink of personal empowerment is an intoxicating brew. Entrepreneurship is truly empowering for many people. Living the dream of owning their own business is their passion. Independent business is also the backbone of the economy. As a result, the dream of self employment for many is beneficial to all.

1.1.12 Problems of Entrepreneurs

The path of small entrepreneurs is not rosy. The entrepreneurs in small-scale industries in India could not progress satisfactorily due to various problems that they are confronted with while running enterprises. In spite of having huge potentialities, the major problems, the entrepreneurs in the small industries face are given below.

A. Problem of skilled Manpower

The success of a small enterprise revolves around the entrepreneur and its employees, provided the employees are skilled and efficient. Inefficient human factor and unskilled manpower create innumerable problems for the survival of small industries. Non-availability of adequate skilled manpower in the rural sector poses problem to small-scale industries.

B. Inadequate Credit Assistance

Adequate and timely supply of credit facilities is an important problem faced by small-scale industries. This is partly due to scarcity of capital and partly due to the weak credit worthiness of the small units in the country.

C. Irregular Supply of Raw Material

Small units face severe problems in procuring the raw materials whether they use locally available raw materials or imported raw materials. The problems arise due to faulty and irregular supply of raw materials. Non-availability of sufficient quantity
of raw materials, sometimes poor quality of raw materials, increased cost of raw materials, foreign exchange crisis and above all lack of knowledge of entrepreneurs regarding government policy are other few hindrances for small-scale sector.

D. Absence of Organized Marketing

Another important problem faced by small-scale units is the absence of an organized marketing system. In the absence of organized marketing, their products compare unfavourably with the quality of the product of large-scale units. They also fail to get adequate information about a consumer's choice, taste and preferences of the type of product. The above problems do not allow them to stay in the market.

E. Lack of Machinery and Equipment

Small-scale units are striving hard to employ modern machinery and equipment in their process of production in order to compete with large industries. Most of the small units employ outdated and traditional technology and equipment. Lack of appropriate technology and equipment creates a major stumbling block for the growth of small-scale industries.

F. Absence of Adequate Infrastructure

Indian economy is characterized by inadequate infrastructure which is a major problem for small units to grow. Most of the small units and industrial estates found in towns and cities are having one or more problems like lack of power supply, water and drainage problem, poor roads, raw materials and marketing problem. Thus, the absence of adequate infrastructure adversely affects the quality, quantity and production schedule of the enterprises which ultimately results in under-utilization of capacity.
G. Competition from Large-Scale Units and Imported Articles

Small-scale units find it very difficult to compete with the product of large-scale units and imported articles which are comparatively very cheap and of better quality than the small units product.

H. Other Problems

Besides the above problems, small-scale units have been of handicapped by a number of other problems also. They include poor project planning, managerial inadequacies, old and orthodox designs, high degree of obsolescence and huge number of bogus concerns. Due to all these problems the development of small-scale industries could not reach a prestigious stage.26

1.2 Statement of the Problem

There is no doubt that experts and scholars in the field of entrepreneurship development have emphasized the importance of socio-cultural environment and background of the people in the development of entrepreneurship as well as in small business development.

McDermott and O’Dell referred to culture as the beliefs, values and practices of the people in a society. Similarly, Arowomole defines culture as the people’s beliefs, practices, attitude and values.27 Mohd also defined culture as consisting of people’s beliefs and values. Therefore, culture deals with the practices, beliefs, attitude and values of the people within a given society.28 Rajesh reported that various

authors have indicated many ways by which different societies with differing interests, attitudes, systems of satisfaction and like, operate to produce various kinds of businessmen and entrepreneurs with various patterns of entrepreneurial behaviours.29

Socio-cultural approach involves the total use of cultural influence to develop entrepreneurship. The value based entrepreneurial culture refers to the sum total of dynamic and innovative ways and means in which entrepreneurs respond to changes in the environment. It further refers to the spirit of openness, conformity, trust, authenticity, proactivity, creativity, innovation, collaboration, experimentation and conformity.30 An empirical study suggested that entrepreneurial culture which is a product of culture is the set of values, attitudes and beliefs which is supporting the exercise in the community of independent entrepreneurial behaviour in a business context. These values form an entrepreneurial and corporate culture where entrepreneur works effectively and efficiently in order to contribute to the economic development. The socio-cultural components of the general environment includes; demographic factors, general behaviour, attitudes as well as the beliefs of the people in the society. This therefore indicates that social-cultural changes and trends influence entrepreneurship development.31

In line with this, the researchers have pointed out the importance of socio-cultural factor in the development and nurturing of entrepreneurship growth. For instance, it helps in the final decision to create a new business which involves

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entrepreneurship and entrepreneurship is also embedded in a social context. This therefore, makes it possible to view entrepreneurship development as a societal phenomenon rather than a purely economic activity. Supporting this fact, it is noted over the years that Japan has adopted a cultural approach in developing its entrepreneurship. For example, culture has helped both Japan and USA in their entrepreneurial performances. Research has asserted that Japan culture or tradition emphasizes on group action and cooperation and business government cooperation which have encouraged entrepreneurs. However, there is evidence of a growing sentiment in favour of entrepreneurial activities and high level of entrepreneurial performance.

Still on Japan culture, Daly, reported that Japan has really taught the world by its economic miracle in the last half of this century that it is precisely a nation's culture and its habitual patterns of action and belief is itself a very important productive resource. Stressing on this with a rhetorical question, how else one can explain how a nation such as Japan, which is in short supply of arable land and mineral resources, could grow at more than twice the rate of the world's other industrialized nations over a sustained period. It is argued that such feat was able to happen because of the dominant economic tasks of Japan which focus on the period and industrialization and, especially, large scale manufacturing and the Japanese culture with its emphasis on consensus, collaboration, and patience was more productive than the cultures of other nations. Thus, the great lesson of the last half of the twentieth century is that the values, beliefs and practices embodied in a nation's

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culture are not only an important productive resource, but often the most important resource. It is on this fact that one could be able to explain how a nation like Japan with very few natural resources can prosper mightily. Therefore, Japan’s entrepreneurial approach is specifically based on culture and collaboration which have survived them over the years making them one of the biggest industrialized and advanced countries in the world.

Another case similar to that of Japan is that of people of India. For instance, Henry observes that the people of India have assimilated cultural values, retained family ties and maintained traditions, which is what made them so warm, caring with immense capacity that has helped them to grow and manage their enterprises. However, in Nigeria, a critical observation would indicate otherwise, it is quite unfortunate that the socio-cultural environment in many parts of Nigeria has not been fully utilized. For instance, the entrepreneurial culture, spirit and attitude of the Igbos in the Eastern part of Nigeria towards business and industrial activities have until today remained untapped. There is no doubt that Nigeria could achieve its greatness if this approach is properly utilized as we have seen in the case of Japan, China and USA. Thus, the importance of culture should not be neglected in the development of entrepreneurship. Countries that recognize the uniqueness of the socio-cultural environment are capable of breaking frontiers and thus, achieve a better entrepreneurial development results.

With this background in view, an attempt has been made to evaluate the Socio-Cultural Background of Entrepreneurs with Special Reference to Tirunelveli District in Tamil Nadu. The present study aims to analyze the areas of socio-cultural

background, motivational factors to become an entrepreneur, personality traits, empowerments and problems of the entrepreneurs in Micro, Small and Medium enterprises in the district. The results of the study would serve as a guidepost for the development of the entrepreneurs in Micro, Small and Medium enterprises in the area where the study has been undertaken. Such a study may also manifest the opportunities and threats that entrepreneurs face and puts forward possible corrective and control measures to be taken in the future. It is therefore pertinent to evaluate the Socio-Cultural Background of Entrepreneurs with Special Reference to Tirunelveli District in Tamil Nadu in order to widen the experience and narrow the knowledge gap in the area.

1.3 Objectives of the Study

The primary objective of the study was to evaluate the Socio-Cultural Background of Entrepreneurs with Special Reference to Tirunelveli District in Tamil Nadu. The following secondary objectives were formulated to contribute to meeting the main objective:

1. To identify the Socio-Cultural Background of the respondents.
2. To examine the Factors Motivating the respondents to become an entrepreneur.
3. To analyze the Big Five Inventory (BFI) of personality traits of the respondents.
4. To examine the Empowerments of the respondents.
5. To analyze the Ten Key Problems Encountered by the respondents.
6. To offer suggestions on the basis of the findings of the study.
1.4 Scope of the Study

The present study is concerned with the socio-cultural background of the entrepreneurs in Trunelveli district. This study is an attempt to throw light on personal profile and personality traits of the entrepreneurs in the study area. The study would further highlight the factors motivating the respondents to become an entrepreneur, empowerment which is related to the socio-cultural background of the entrepreneurs and the problems encountered by the respondents. The present study is from the standpoint of the entrepreneurs who belongs to Micro, Small and Medium enterprises in the study area.

1.5 Hypotheses

To give a specific focus to the objectives, null hypotheses and alternative hypotheses have been formed to test the objectives in clear terms using appropriate statistical tools. It necessitates the development of hypotheses at each and every stage of the analysis. The study involves 20 hypotheses which are listed down, proved and explained in detail in the fourth, fifth and sixth chapters. The following is the list of hypotheses formulated for the study.

\[ H_1 \]: There is no significant difference between the variables of Personal factor of motivation to become an entrepreneur.

\[ H_2 \]: There is no significant difference between the variables of social factor of motivation to become an entrepreneur.

\[ H_3 \]: There is no significant difference between the variables of the economical factor of motivation to become an entrepreneur.

\[ H_4 \]: There is no significant difference between the variables of the Family factor of motivation to become an entrepreneur.
H₅ : There is no significant difference between the variables of Intellectual factor of motivation to become an entrepreneur.

H₆ : There is no significant difference between the motivational factors to become an entrepreneur.

H₇ : There is no significant difference between male and female entrepreneurs regarding the Openness to Experience.

H₈ : There is no significant difference between male and female entrepreneurs regarding the Conscientiousness.

H₉ : There is no significant difference between male and female entrepreneurs regarding the Extraversion.

H₁₀ : There is no significant difference between male and female entrepreneurs regarding the Agreeableness.

H₁₁ : There is no significant difference between male and female entrepreneurs regarding the Neuroticism.

H₁₂ : There is no significant development of various empowerments of the entrepreneurs.

H₁₃ : There is no significant difference between genders of the respondents on the various empowerments.

H₁₄ : There is no significant difference between the age categories of the entrepreneurs on overall empowerment.

H₁₅ : There is no significant difference between the communities of the entrepreneurs on overall empowerment.

H₁₆ : There is no significant difference between the religions of the entrepreneurs on overall empowerment.
H_{17}: There is no significant difference between the literacy level of the entrepreneurs on overall empowerment.

H_{18}: There is no significant difference between the Business Experiences of the entrepreneurs on overall empowerment.

H_{19}: There is no significant difference between the mean rank of Ten Key Problems of the entrepreneurs.

H_{20}: There is no significant difference between the types of enterprises in Ten Key Problems of the entrepreneurs.

1.6 Methodology

The present study evaluates the Socio-Cultural Background of Entrepreneurs with Special Reference to Tirunelveli District in Tamil Nadu. The methodology adopted in the present study includes the justification for the area of the study, the research design, the sampling technique, the collection of data, the period of study and tools of analysis.

1.6.1 Justification for the area of the study

For the purpose of the study, Tirunelveli district has been selected since this district has potential for entrepreneurship. Tirunelveli district has been endowed with several facilities for the rapid growth of entrepreneurs when compared to other districts in Tamil Nadu but unfortunately it is one of the industrially backward areas in the state. So, it is felt that this district is ideally suited for a study of entrepreneurs. In addition to the above reason, Tirunelveli district was selected because it is the native district for the researcher. Another reason for choosing Tirunelveli district was that the researcher is doing enterprise in the district. These are the main reasons for
selecting Tirunelveli district as the study area to analyze the Socio-Cultural Background of the Entrepreneurs.

1.6.2 Selection of Variables

Study variables were selected on the basis of theories, conceptual models and study hypotheses, to assure consistency with other studies and feasibility. Study variables have been divided into five main groups: Socio-Cultural Background of the respondents, Factors motivating the respondents to become an entrepreneur, Big Five Inventory (BFI) of personality traits of the respondents, Empowerments of the respondents and Ten Key Problems Encountered by the respondents.

A. Socio-Cultural Background of the Entrepreneurs: Gender, Age, Community, Religion, Literacy level, Marital status, Family type, Size of the Family, Business Experience, Time dedicated to the Business per day, Type of Ownership, Mode of Creation of Business, Nature of Premises of the Enterprise, Type of enterprise, Profit per month and Time of Registration in District Industries Center (DIC).


C. Big Five Inventory (BFI) of Personality Traits: Openness, Conscientiousness, Extraversion, Agreeableness and Neuroticism.


1.6.3 Research Design

Research design is the arrangement of conditions for the collection and analysis of data, in a manner, that aims to combine relevance to the research purpose, with an economy in procedure.\textsuperscript{36} The study adopted a combination of two research designs, namely cross-sectional and survey based questionnaire design. The study was cross-sectional in design because it involved the collection of data at one point in time. The study also surveyed based questionnaire design because it involved the collection of data by means of survey with the help of a questionnaire.

One of the most common and well-known study designs is the cross-sectional study design. In this type of research study, either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research questions of interest. It is called cross-sectional because the information about X and Y that is gathered represents what is going on at only one point in time.\textsuperscript{37} A survey is a means of gathering information about a particular population by sampling some of its members, usually through a system of standardized questions.


Surveys can be conducted by mail, telephone, personal interview, or Internet. They can be administered either to individuals or groups.\textsuperscript{38}

1.6.4 Sampling Technique

Purposive sampling was used to get the sample for both the survey and the indepth interviews in order to include a desired and representative sample of entrepreneurs critical to providing answers to the research questions of the study.\textsuperscript{39} Purposive sampling is a common technique used in similar studies due to the lack of accurate and up-to-date sampling frames.\textsuperscript{40} However, it is pertinent to point out here that since the entrepreneurs in Micro, Small and Medium enterprises were not much accurate and not up-to-date registration in District Industries Center (DIC) in the study area, Purposive sampling technique was used to select the subjects for the present study.

Based on the above approach, 570 entrepreneurs in Micro, Small and Medium enterprises were identified as sample evenly from 19 blocks of the district by adopting the purposive sampling technique. From the entrepreneurs in Micro, Small and Medium enterprises in the district, 30 entrepreneurs (15 men and 15 women) have been selected from each of the 19 blocks by adopting a purposive sampling. Thus 570 entrepreneurs in Micro, Small and Medium enterprises were selected for the study.

1.6.5 Pilot Study

Maxwell points out that in qualitative researches, pilot studies are particularly important because they generate an understanding of the concepts and theories held by the people being studied. The major purpose of the pilot study was to pre-test the questionnaire for structured interviews. Consistent with this perspective, a pilot study was conducted at the end week of June 2013 in Alangulam Taluk as one of the study sites.

1.6.6 Validity and Reliability of the Questionnaire

Validity and reliability are closely related terms. Maxwell defines validity as to the correctness or credibility of a description, explanation, interpretation, account or conclusion. In the same vein, Ott & Larson state that validity refers to whether the variables “measure what they are intended to measure”. For this purpose, Vaus distinguishes three types of validity, namely criterion, content and construct validity. Furthermore, the study results must be internally and externally valid to make generalizations. In this regard, it is very important to ensure the validity of the research findings.

The questionnaire was pre-tested in a pilot study in order to validate the questions. Another measure achieved through the pre-testing of the questionnaire was to get the point of view of the target population on the relevance of the dimensions of the social - cultural background investigated. Thus it was judged for content validity.

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42 Ibid.
Reliability is determined by Cronbach’s coefficient alpha (α), a popular method for measuring reliability.\textsuperscript{45} Nunnally suggests that for any research at its early stage, a reliability score or alpha that is 0.60 or above is sufficient\textsuperscript{46}. As shown in Table 1.1, the reliability scores of all the constructs were found to exceed the threshold; all measures demonstrated good levels of reliability (greater than 0.80).

<table>
<thead>
<tr>
<th>Determinants</th>
<th>No. of items</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation factors to become an entrepreneur</td>
<td>5</td>
<td>.945</td>
</tr>
<tr>
<td>Big Five Inventory (BFI) of Personality Traits</td>
<td>5</td>
<td>.892</td>
</tr>
<tr>
<td>Empowerments related to Social-Cultural</td>
<td>10</td>
<td>.921</td>
</tr>
<tr>
<td>Ten Key problems encountered by the respondents</td>
<td>10</td>
<td>.976</td>
</tr>
</tbody>
</table>

1.6.7 Collection of Data

The researcher himself with the help of his students studying Master of Commerce carried out fieldwork for this study. It was undertaken for a period of six months from July 2013 to December 2013. The present study was based on both primary and secondary data. Well structured and pre-tested interview schedule was used for collecting primary data by personal interview method. The interview schedule was prepared by a five-point Likert scale (except for collecting the data on personal profile) to collect the information required for the study after an in-depth review of the previous studies related to the present study, discussions with the


officials of the District Industries Centre (DIC) and experienced entrepreneurs. The completed interview schedules were checked and the omissions and commissions were rectified on the spot. The interview schedule focuses on personal profiles, the factors motivating the respondents to become an entrepreneur, Big Five Inventory (BFI) of personality traits, Empowerments related to the socio-cultural background and Problems encountered by the respondents. In the interview schedule, some questions consist of multiple items while others are single items.

Secondary data have been collected from books, journals, newspapers, periodicals, reports, internet, unpublished Ph.D theses, and unpublished records of District Industries Centre, Tirunelveli. The data from the directorate of industries and commerce, Chennai and Tamil Nadu Industrial Investment Corporation Ltd. have also been collected in their websites.

1.6.8 Period of the Study

The study was conducted during the year 2012 – 13. The primary data were collected from the entrepreneurs in Micro, Small and Medium enterprises during the period from July 2013 to December 2013. The data related to the socio-cultural background of entrepreneurs were obtained from the date of starting their enterprises.

1.6.9 Tools Used for Data Analysis

Data collected through the survey using structured interview schedules were prepared by cleaning, coding and entering them into a computer at the end of each day. The analysis was carried with the help of using popular statistical package SPSS 16. Categorical data analysis was adopted because background characteristics and the observed outcomes were measured categorically.
**First**, descriptive statistical procedures including frequency distributions and percentage analysis were used to analyze the socio-cultural background of the entrepreneurs and to draw inferences. Graphical illustration was also used to provide an apparent visual illumination of the entrepreneurs’ background which consists of different categories.

**Secondly** Factor Analysis was used for the Factor extraction and Factor loading of motivational factors to become entrepreneurs. For factor extraction, Principal Component Analysis (PCA) was used, under the restriction that the eigenvalue of each generated factor was more than one. The Scree Plot graph was also used to explain visually the extraction factors of motivation. The extracted factors were then rotated by using the variance maximizing method (Varimax). Varimax with Kaiser Normalization method was used to find out the loadings of the variables on the factors and construct the factors. The Kaiser-Meyer-Olkin was used whether the data were relevant to factor analysis or not. Friedman Test of Non Parametric statistics was used to find out the significant difference between the variables/factors of motivation to become an entrepreneur. If the Friedman Test result was statistically significant then Wilcoxon Signed-Rank Test was used as a post hoc test to examine where the differences actually occur. Paired Samples Statistic was used to find out the gender difference in the personality traits of entrepreneurs.

**Thirdly**, the One-Sample \( t \) Test statistics was used to find out whether any significant development occurs in various empowerments related to the socio-cultural background of the respondents. Paired Samples Statistic was used to find out the significant difference between male and female entrepreneurs in the empowerments related to the socio-cultural background. To find out the significant difference among
the categories of variation in the empowerments, one way ANOVA test was performed. Then Scheffe’s test was used as Post hoc tests for further analyzing to find out where the specific differences occur.

**Fourthly,** Friedman test was used to find out the ranking of Ten Key Problems of entrepreneurs to test the framed hypothesis. One way ANOVA was also used to find out the significant difference among the types of enterprises on the ten key problems of entrepreneurs. All decisions based on inferential testing were made at 0.05 significance level.

### 1.7 Significance of the Study

The study has explored one of the most important and topical development issues of today not only for developing countries but for all countries in the world, namely socio-cultural background of entrepreneurs in the development of entrepreneurship as shown in the Millennium Development Goals (MDGs). The research in entrepreneurs is providing new insights and innovation to the entrepreneurs as well as to the policy makers in enterprises. The findings of this study will be of significance in entrepreneurship area and also in many fields.

1. The knowledge generated by this study is useful not only to Tirunelveli district but also to other Districts, States and Countries in the area of entrepreneurship development and empowerment of entrepreneurs.

2. The findings of the study with regard to the personality traits and empowerments of the entrepreneurs are likely to be of interest to policy makers and development practitioners in government, non-governmental organizations and in the donor community as well as to business development service providers.
3. The results may add to the existing fund of knowledge with regard to the development of entrepreneurs in Micro, Small and Medium enterprises.

4. It may help the government and policy makers in enterprises to find out and solve the constraints of entrepreneurs in Micro, Small and Medium enterprises to run their enterprises successfully.

With regard to the knowledge gap in the area, the findings of this study will contribute to widening the experience from regions other than North India that has a rich literature on socio-cultural background and empowerment related to socio-cultural background of entrepreneurs.

1.8 Limitations of the Study

The attempt to find out the influence of the socio-cultural background of entrepreneurs on personality traits and empowerments of entrepreneurs was hampered by a number of limitations.

1. The present study covered only the entrepreneurs engaged in Micro, Small and Medium enterprises in Tirunelveli District.

2. The study is mainly based on purposive sampling method instead of census method. Hence the findings of the study cannot be generalized.

3. It was also very difficult to obtain necessary information from the entrepreneurs because they were reluctant to disclose all the information available to them.

4. The study covered only Tirunelveli district. Hence the findings and conclusions of the study are entirely applicable to this district only, and it may not hold good for other areas.
5. There was limited time with most interviewers because interviews were held in homes or business premises that were not completely free from frequent interruptions.

6. For statistical test \( p < 0.05 \) was taken as the significance level.

1.9 Scheme of the Report

The present work, “A Study on the Socio-Cultural Background of Entrepreneurs with Special Reference to Tirunelveli District in Tamil Nadu” has been organized under seven chapters.

**The first chapter.** “Introduction and Design of the Study”, presents the introduction, statement of the problem, objectives of the study, the scope of the study, hypotheses, research methodology, the period of the study, tools used for data collection, the significance of the study, limitations of the study and scheme of the report.

**The second chapter** is about the reviews of the past studies related to the present study. Further, it discusses the concepts used in the present study.

**The third chapter** describes the overview of the socio-cultural background and entrepreneurship and the overview of the study area.

**The fourth chapter** deals with the analysis and interpretations of the personal profile of the entrepreneurs in the study area.

**The fifth chapter** enlists the analysis and interpretations of the motivating factors to become an entrepreneur and personality traits of the entrepreneurs in the study area.
The sixth chapter presents the analysis and interpretations of the empowerments of the entrepreneurs and the problems encountered by the respondents in Tirunelveli district.

The seventh chapter presents the summary of findings along with the conclusions and suggestions based on the analysis done.