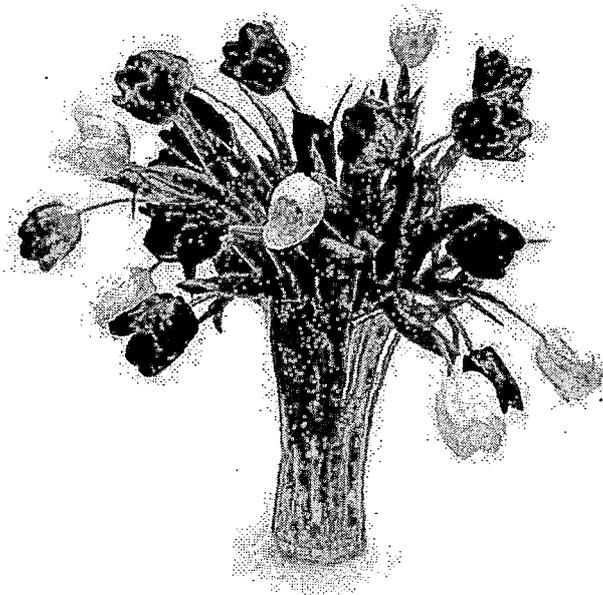


# *Chapter – V*



*Conclusion*

## **Chapter V**

### **Conclusion**

A summary of the findings and conclusions are presented in this section. This is followed by the suggestions for future research and policy implications. The primary motivations of the entrepreneur bear upon not only the decision to start but also upon the decisions about how to manage, including whether or not to grow the firm aggressively (Cooper 1993). The growth of the SMEs is therefore of importance to governments, like those in India, that are seeking to optimize the employment opportunities associated with an SME sector in which 'Success' is the norm. Following a comprehensive review of the literature concerning the characteristics, values of entrepreneurs, management strategies and the link of these with business performance, six research objectives and six hypotheses were developed.

This research has made an attempt to find out whether there is a link between the attributed and attained characteristics, values and expectations of the entrepreneurs, management strategies chosen by the entrepreneurs, and business performance with support of comprehensive literature. The outcome of research says that the link is found between characteristics, values, management strategies and business performance.

Based on single multiple linear regression analysis conducted to examine the relationship between the Attributed Characteristics – age, gender, own birthplace, either parent an owner-manager, whether either parent was skilled, and total siblings – and the Attained Characteristic, highest qualification, it was found that a significant relationship,  $R = 0.329$ ,  $R^2 = 0.108$ , between the set of predictor variables (Attributed Characteristics) and the “highest qualification” of respondents,  $F(7,18) = 3.655$ ,  $p < 0.005$ . And it was also found that gender,  $t = -2.506$ ,  $p < 0.05$ , and whether one or either of the parents were in a skilled occupation,  $t = 2.469$ ,  $p < 0.05$ , each contributing unique variability to the relationship. Further the discriminant function analysis conducted to determine whether or not membership of the group educated overseas (place of study) could be predicted by a set of Attributed Characteristics variables that consisted of age, gender, birthplace, both parents born overseas, either parent and owner-manager and whether one or other parent was in a skilled occupation, revealed a significant predictive relationship,  $\Lambda = .435$ ,  $\chi^2_{(7)} = 155.348$ ,  $p < .0005$ . It was also found that age,  $F(1,19) = 5.642$ ,  $p < .05$ , birthplace,  $F(1,19) = 225.87$ ,  $p < .0005$ , and whether either parent was in a skilled occupation,  $F(1,19) = 4.291$ ,  $p < .05$ , contributing uniquely to the discrimination. The findings from this research indicate that the education level achieved by an entrepreneur is positively influenced by the skill level of the occupation of one or either parent (H1).

Based on the three multiple linear regression analyses conducted to examine the relationship between each of the three Values variables, V1: Power, V2: Responsibility and V3: Affection, and Attributed Characteristics, it was found that no significant relationships were found between the set of Attributed characteristics and the derived variables V1: Power,  $F(7,18) = 1.338$ ,  $p > .05$ , or V2: Responsibility,  $F(7,18) = 1.853$ ,  $p > .05$ . However, a significant relationship was found between the set of attributed characteristics and V3: Affection,  $F(7,183) = 2.654$ ,  $p < .05$ , that accounted for 9.2% of the variability in the model. The data from this research supported the second hypothesis (H2) that female and male owner-managers hold similar values.

Five multiple linear regression analyses were conducted to examine the relationship between Attained Characteristics and each of the two, need for achievement and locus Score, and three Values variables, V1: Power, V2: Responsibility, and V3: Affection. In each analysis, one of either the two expectations variables or three values variables was entered as the dependent variable and the Attained characteristics variables - the respondents' highest qualification and the location of their education - were entered as the independent variables. The result showed no significant relationships between the set of predictor variables (Attained Characteristics) and either need for achievement,  $F(2,18) = 1.466$ ,  $p > 0.05$ , or Locus Score,  $F(2,19) = 0.615$ ,  $p > 0.05$ . However, a significant negative relationship,  $R = 0.226$ ,  $R^2 = 0.051$ , was found between the set

of predictors and V2: Responsibility,  $F(2,18) = 5.077$ ,  $p < 0.01$ . Further the result showed weak, negative relationship between the Attained Characteristics and V3: Affection,  $R = .195$ ,  $R^2 = .038$ . Besides it showed a significant unique contribution to the variability of the regression for the respondents' highest qualification,  $t = -2.547$ ,  $p < .05$ . Based on these findings, the third hypothesis of this research, the education level of entrepreneurs makes the difference in the values held by them, is also supported.

The discriminant function analysis conducted to determine whether or not membership of the group with a business plan could be predicted by a set of expectations and values variables that consisted of n-Ach, Locus of Control, V1: Power, V2: Responsibility and V3: Affection, revealed no significant predictive relationship,  $\Lambda = .941$ ,  $\chi_{(5)2} = 10.707$ ,  $p > .05$ . And the second discriminant function analysis conducted to determine whether or not membership of the path to ownership categories (Purchased, Founded, or Inherited) could be predicted by the same set of expectations and values variables used in the first analysis, again showed no significant predictive relationship,  $\Lambda = .963$ ,  $\chi_{(5)2} = 4.720$ ,  $p > .05$ . The result of the first multiple regression showed that a significant relationship,  $R = .335$ ,  $R^2 = .112$ , between the set of predictor (independent) variables and MP1: Planning,  $F(5,18) = 4.616$ ,  $p < .005$ . The result of the second multiple linear regression where the management practices variable MP2: People was entered as the dependent variable and the same set of expectations and value variables was

entered as the independent predictors, indicated no significant relationship between the set of predictor (independent) variables and MP2: People,  $F(5,180) = 1.346$ ,  $p > .05$ . And the result of the third multiple linear regression where the management practices variable MP3: Marketing was entered as the dependent variable and the same set of variables was entered as the independent predictors, indicated a significant relationship,  $R = .305$ ,  $R^2 = .093$ , between the set of predictor (independent) variables and MP3: Marketing,  $F(5,18) = 3.742$ ,  $p < .005$ . The result of the multiple linear regression analyses and discriminant analyses of the data demonstrated that the values and expectations held by entrepreneurs affect the choice of management practices or strategies and therefore the fourth hypothesis got supported.

The analysis of variance analyses revealed significantly higher ratings of success with respect to achievement of increasing productivity for owners who had founded the enterprise,  $M = 3.31$ , when compared to owners who had purchased their business,  $M = 2.92$ ;  $F(1,18) = 7.402$ ,  $p < .01$ . Those who founded their businesses also displayed higher mean ratings than those who purchased their business for: achieving high profits,  $M = 2.97$ , and  $M = 2.54$ , respectively,  $F(1,18) = 7.196$ ,  $p < .01$ ; and achieving business growth,  $M = 3.21$ , and  $M = 2.80$ , respectively,  $F(1,18) = 5.920$   $p < .05$ . Analysis of variance used to compare overall mean satisfaction with Enterprise Achievement over the past three years for the Purchased and Founded groups showed significant higher ratings of Mean

Satisfaction for the Founded group,  $M = 3.12$ ,  $SD = .68$ ; than for the Purchased group,  $M = 2.88$ ,  $SD = .77$ ;  $F(2,19) = 4.641$ ,  $p < .05$ , thereby giving support for the notion that those SME owners who founded their business have superior performing businesses.

Using multiple regression, a significant relationship,  $R = .332$ ,  $R^2 = .110$ , was found between the set of predictor variables- Path to ownership, MP1:Planning, MP2: People, and MP3: Marketing and the dependent variable mean overall satisfaction,  $F(8,17) = 2.556$ ,  $p < .05$ . contributing significant unique variation to the regression, thereby providing good support to the notion that owners who founded the business are superior in performance and also owners who emphasize people management practices that emphasize the use of consultative decision-making, employee reward systems, employee amenities, assessment of employee job satisfaction, the production of quantity and high productivity are superior performing businesses.

With regard to path to ownership and performance of the business, the result showed that the entrepreneurs who founded their business were performing superior to entrepreneurs who purchased their business. This could be the first highlight of the findings. Therefore the fifth hypothesis, stating that the business performance between the entrepreneurs who founded their business and purchased is same or uniform, did not get the support of the data. And finally the sixth and last hypothesis, saying that, entrepreneurs who emphasize people management

practices have superior performing businesses, got the support from the data. This could be the second highlight of the findings.

This research hypothesized that the values held by the entrepreneurs play an important role in determining the management practices or strategies chosen and implemented by entrepreneurs and, in turn, that they play an important role in determining business performance (Bamberger 1983, Porter 1985; Williams 1987; and Kotey & Meredith 1997). All the hypotheses were supported by the result of the data except the fifth one. The fifth hypothesis did not get the support of the data, because, as per the results, the entrepreneurs who founded their business were performing better than the entrepreneurs who purchased their business and this result, for the SMEs in the study area, Trichy, confirms the findings of Cooper (1998) that there is an empirical relationship between the business founding processes of entrepreneurs and the performance of their businesses. The results also support Kotey's and Meredith's broad finding that the personal values of owner-managers, the strategies they adopt in operating their firms, and the performance outcomes of their businesses are empirically related. The findings also indicate that, compared to those entrepreneurs educated in India, those educated mostly outside India view as more important the values of responsibility, honesty, and competence. In a small way then, this thesis sheds more light on the complex linkages between entrepreneurs, the management practices they choose,

and business performance. Instruments created to measure those linkages offer several opportunities for future research.

However, the linkages are complex and further research is needed to demonstrate a causal path from selected attributed characteristics of entrepreneurs to their attained characteristics, from their attributed and attained characteristics to their values and expectations, from their values and expectations to management practices and, finally, from their management practices to the performance of their businesses.

An opportunity for future research lies in the development of robust multi dimensional tools to identify more clearly the role played by the various elements of the entrepreneur's personality, such as, high internal locus of control and need for achievement, and values, such as responsibility, affection, and compassion, on his or her selection of those proactive management practices associated with business success and economic growth. The role that the home environment, in particular the roles that parents and siblings play, in limiting or encouraging entrepreneurial activity and educational achievement also demands further enquiry, for it is at that early stage of the individual's development that the values and expectations that direct future entrepreneurial endeavour are formed.

One of the findings showed that education level of the entrepreneurs influences the values held by the entrepreneurs and the values in turn, impact upon the management practices/strategies chosen and implemented by the entrepreneur. Therefore, necessary steps can be taken to create an entrepreneurial educational climate wherein the budding entrepreneurs could make use of such climate to enter into the business ventures with good educational qualification.

Another finding showed that entrepreneurs who emphasize people management practices have superior performing businesses. This management practice could be brought into limelight which will enable every entrepreneur in SMEs to choose such management practice and get success in their businesses. Even managers in larger business firms may be given exposure to the merits of following people management practices for ensuring superior performing businesses. This exposure will help larger business firms too.