Chapter IV

Explanation of Variables.
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EXPLANATIONS OF VARIABLES
(Human Resources and Role Efficacy)

ENTREPRENEUR AND HUMAN ENERGY

In recent years three compatible theories of human behaviour have emerged from ongoing research in the field of social psychology. We may refer to them as the theory of cognitive balance, the theory of social comparison, and the theory of attribution. Upon inspection they appear to be closely related. Perhaps more importantly, they are easy to identify in day-to-day situations because they represent commonplace, factual behaviours.

1. We constantly seek to organise and translate into meaningful our situations. We strive to make sense out of any situation in which we find ourselves, to bring order out of chaos. If things are mixed up, we attempt to straighten them out. In short, we all try to act in a logical and rational manner. To help ourselves achieve cognitive balance or consistency, we work hard to determine what is true or false and what is correct or incorrect.

2. We constantly seek to determine our standing in relation to others. To do so, we make social comparisons or evaluations such as, "I am smarter than she is" or "He is stronger than I am." While some of these comparisons are harmless, others may be very judgmental and quite unfair; nevertheless we seem to have a need
to make judgments and comparisons more or less constantly. When our judgments could get us into trouble if stated openly or directly, we tend to keep them covered up or to share them with third parties as a way of seeking confirmation or agreement when we get the confirmation we are seeking we feel satisfaction.

(3) We constantly seek to understand why other people act or behave as they do. In the absence of certain knowledge about the acts of others we will actually make up or invent motives and attribute them to the behaviour we observe. He did that because he was jealous, she ran out of the house because she hated her father. These assumptions usually remain unchecked or unverified. We tend to attribute motives to others very frequently, and unless we receive information that discredits our assumptions. They soon become part of what we see as reality. We forget quickly that our initial attributes was, after all, based only on assumption. Because attributions are usually not made directly and openly it is often difficult to find out what someone really think or believes about you. For purposes of simplification for the study of entrepreneur development those three behaviours together as a set and call them an integrated interpersonal behaviours of control. As such they tend to diminish freedom of movement and also the level of
energy and spontaneity in those being controlled. Behaviours can be, and very often are, the cause of lowered morale and lowered productivity on the part of individuals and organizations. Some control, of course, is required in order for organizations to exist and function.

Human relations mould a society. Expectations about improvement in the quality of life have been generated in Gujarat. Since economic achievements have fallen short of expectations, they have created pockets of dissatisfaction. The continuous influx of rural people into the urban industrial sectors has created enormous social problems, compounded by social militancy. Managing enterprises under these conditions requires not only professional competence and foresight but also the ability to grapple with an increasing role efficacy, while the national and organizational environments have an overwhelming influence on the process of human resource development. The training, development and motivation of individuals in an organization ultimately influence its climate and culture. Therefore, under a given set of macro-conditions described above and our hopes and aspirations for the future, how do we plan and organize ourselves? To attempt an answer, some basic variables need to be examined.

Every field of human endeavor has its highly energetic people. And yet many questions arise when we consider the manifestations of energy in ourselves and others. Human
energy is, in many ways, quite mysterious. What is human energy? Where does it come from? Can we increase the energy we have, or are we allotted a fixed amount? What accounts for some of us having more energy than others? What part does human energy play in determining who will lead and who will follow? How can we best tap the human energy potential? Can we come to understand our own energy capacity and how best to use it?

History is also full of examples of one group or nation exploiting the human energy resources of another. Human energy must also be controlled. And the best form of control appears to be internalized self-control. Groups or organizations composed of willing participants who have effective leadership and who believe in their own value and worth as individuals tend to yield the most productive and creative results.

Uncontrolled energy of low or medium intensity leads to organizational dissolution and decay. Can we find out how to order relationships among individuals, organizations and whole societies so that the appropriate balance between internal and external control is achieved that will provide guidance towards continuous creative development?

Human energy is the bedrock that underlies all theories of motivation. Many who seek to understand motivation theories may have been confused by the contradictions that appear between external theories and internal theories.
As indicated earlier, development is a compound of man and resources. And while capital and technology are both essential for growth, an equally important element is the way the human factor is harnessed for the purpose. Unlike other resources, human resources are almost infinitely elastic. Literacy, education, skills as also health and nutrition, all these undoubtedly add to the efficacy of the human factor. But the human being is more than a mixture of mind and matter. He has a soul, or if you prefer, a conscience. He has values. He dreams of a new and better world, and his dreams have a force and a power that is more than that yielded by many millions of kilowatts of electric power or many thousands of tons of the most complicated machinery. If only we can tap this force, release this idealism and sense of values, and harness it to our development programmes, we will get such a sense of fulfilment in our participation in the growth effort that the whole development process will then become a grand and exciting adventure. The result will be, to use orthodox economic language, a drastic reduction in the disutility and real cost associated with work and saving. In other words, we can then get far more of output in terms of goods and services and of individual and collective welfare than we do now with our limited stock of natural and capital resources.
How can we release this non-material force that can make so much difference to our development effort? It may be suggested that we cannot do this unless we recognise that development is essentially a psychological phenomenon and that it is possible to build up this psychology even as one can construct a building or put up a factory or erect a dam or bring into existence a new university. We all know how the overthrow of feudalism and the attitudes and relations associated with it restored to the human being his sense of innate dignity and furnished the motive force for the vast strides that individual initiative and enterprise have made not only in economic but also in social and scientific development. We are also aware how the early capitalist, unlovely as he sometimes was, nevertheless constituted a progressive force for economic growth by his sense of identification with his work and the subordination of his individual self to the larger purpose of building up his unit of business enterprise. In more recent times, we have seen how spirit of dedication to what was considered to be the larger social cause on the part of the ruling party has transformed a socially and economically backward society into a modern, developed, and basically progressive nation, within the course of less than two generations. In every case, the secret of success has lain in the free and purposive subordination of the individual to something higher and larger than himself,
the institutionalisation of personal ambition or the socialization of individual talent and incentives. The larger the number of people involved, the smaller the volume of current resources, and the more recent is the attempt at planned development, the greater becomes the necessity for this type of sublimation, and the release and nurture of the psychological forces for development. It is essential for a country going in for planned development to understand and realise the implications of the psychological basis for accelerated growth.

From the psychological point of view, there are three major factors that influence the volume and pace of economic growth, namely, willingness to put in maximum amount of conscientious work, willingness to take risks and show enterprise in seeking opportunities for productive economic activity, and willingness to refrain from consuming a given proportion of the increase in income that accrues from economic development. The sectors involved are, broadly speaking, agriculture, industry, public administration, and the professions. The groups involved are, again in broad terms, owners of property, entrepreneurs, managers and administrators, and workers with varying degrees of skills. These could again be reclassified as the classes and the masses, the latter being much larger in number but disadvantaged individually in terms of income, levels of living, economic power and opportunity, and productive
skills. Material planning creates opportunities for economic growth, it is the psychological response of the human factor that determines the utilisation of these opportunities and therefore the volume and pace of economic growth.

Once we realise this basic fact, it becomes clear that the attitudes and behaviour of the human being constitute an important field of study for the planner. Incentives is the generic expression which is used to indicate the factor that influences behaviour and therefore determines the response ratio of the human being to the opportunities created for economic development. Unfortunately, in the context of economic development, incentives have become identified with money and individual advancement in material terms. Equally unfortunately, the scope of these incentives is largely confined to the leading sectors in economic growth, namely, the middle and the upper classes, and the form it takes is one of individual material advancement. No one quite seems to realise that incentives for the classes may be themselves prove to be disincentives for the masses, and that what we need is a complex of incentives that will motivate both the classes and the masses to play their proper role in speeding up the tempo of economic development. What does not seem to be appreciated is that in developing economies, where the masses constitute the vast majority of the population and provide the bulk of the labour force and earners, there
can be no massive development without their active and positive participation in the process of economic growth. One gets the feeling that economic planning in the developing countries leans heavily on dynamising the classes, leaving to the masses more the role of a sharer and a beneficiary rather than an active and purposive participant. In small countries which also have smaller mass base of sub-standard levels of living dragging the economy, there is something to be said for using the normal economic incentive of maximising profits and incomes not only because the rungs in the ladder from the bottom to the top are fewer, but also because the pressure of those seeking to climb is less in volume. But this is no true of large countries with a large mass base of objective poverty. There are four large countries in the world in the sense that their individual populations exceed 200 millions. One of them has successfully adopted the capitalist way but with an early start, a long period of gestation and abundant natural resources. Two others, which started much later and with a heavy drag of mass poverty, have adopted the communist way, one with success and the other still to achieve it. The capitalist giant has used political democracy and freedom of enterprise to build up its economy; the communist giants are using political dictatorship, economic planning, and a large, disciplined, and dedicated party to build up their economics. The fourth country, namely India,
functions under a political democracy, employs economic
planning, and uses both the public sector and the private
sector to build up its economy. The incentives used are
largely drawn from capitalist economies but have to
function in India within the context of planning and its
controls and a pronounced bias for the public sector. At
the same time, India has not succeeded in drawing the
masses into playing a positive role in the growth process.
No doubt the classes are growing in strength and in numbers
and the masses are recording some improvement in their
levels of living, but the economic and social ladder is
tall, the rungs are many and their spacing is wide, and
the immensity of the mass base of poverty acts as a drag
on our attempts at individual economic betterment. Under
these circumstances, the prospects of India's economic
growth with stability and development with freedom seem
to me to be dependant upon the extent to which as re-
examine the psychological foundations of our economic
planning, realise the integral place of social policy
and development in economic growth, and re-arrange our
armoury of incentives and values in such a manner as will
release mass energy, stimulate mass participation, and
motivate mass involvement in the development process.

First and foremost, we have to restore to the individual
among the Indian masses a sense of human dignity and social
equality. It is true, he has been given political equality
and this is proving to be an instrument for stimulating his
desire for dignity and self-respect as also for social and economic equality. But unless social policies and institutions give him the opportunity for fulfilling these desires, what is being built up is only a mass force that will prove explosive one day and threaten the continuity of democratic development. Untouchability has been abolished by the Constitution, and special budgetary provisions are being made for the welfare and development of the scheduled castes and scheduled tribes. But this does not mean that caste Hindu society has given these fellow Indians a real sense of equality. Worse still, there is no active public opinion worrying itself about this problem and going all out to speed up the process of social equality and social development, especially in rural India. Passing laws and spending money by the Government are both no doubt useful, but even more important is the change displayed by the caste Hindus in their daily attitudes and behaviour towards these historical relics of caste inequality. The scheduled castes and scheduled tribes in India number nearly 100 millions and unless they are given a social status and a sense of belonging, there are bound to be difficulties in both the pace and the stability of Indian development. This involves more than action by Government. But Government machinery can do a lot if its personnel is permeated with the spirit of the Constitution in regard to the backward classes. Voluntary agencies can also make their contribution, and especially students, if they take the
lead by setting an example by their social behaviour and even more by their active and positive support for the implementation of the Constitution in regard to the backward classes. It is not only the backward classes and the so-called untouchables who need to be given a sense of human dignity and social equality. The whole caste system is an anachronism that is a standing slur on the Indian attempt at achieving social equality and promoting social development. In addition, the country is cluttered with many feudal relics and attitudes that have no place in a democratic, let alone a socialist, society. The question to ask is what is being done to build up a system of values that are rooted in dignity and individual worth? Show pieces and special concessions are not the answer. What is needed is introspection and self-examination on the part of the socially privileged sections of Indian society, and following it, a wholesale change in entire attitude to the weaker and backward sections of the people.

It is also important to create a psychology of self-reliance among the rural masses, if development is to proceed on an enduring and expanding basis. This is not possible in the absence of adult literacy, a vast programme of book production in the regional language and a reorientation of the educational system to serve the needs of the rural areas in terms of modernisation and the application of science and technology. In the absence
of all this, what emerges is not the growth of self-reliance and mass involvement in development, but the emergence of an agitational approach to economic problems and the building up of an increasing reliance on Government and governmental aid which is unhealthy. Socialism does not mean statism, certainly not in the context of a democratic and free society. And unless plans and policies result in self-reliance and self-help on the part of the masses of our people, such development as is achieved by State initiative, government machinery and participation by the elite and the better-off among the people will not succeed in either solving the problem of mass poverty or creating a feeling of mass participation and

The performance of a person working in an organization depends on his own potential effectiveness as a person, his technical competence, his managerial experience, etc., as well as the way the role which he performs in the organisation is designed. It is the integration of the two (the person and the role) that ensures the person's effectiveness in the organisation. Unless the person has the requisite knowledge, technical competence, and the skills required for the role, he cannot be effective. But equally important is how the role which he occupies in the organisation is designed. If the role does not allow him to use his competence, and if he constantly feels frustrated in the role, his effectiveness is likely to be low. The integration of the person and the role comes about when the role is able to fulfil the needs of the
individual, and when the individual is able to contribute to the evolution of the role. The more we move from role taking (responding to the expectations by various other persons) to role making (taking initiative in designing the role more creatively in a way that the various expectations from others as well as of the role occupant are integrated), the more the role is likely to be effective. Effectiveness of a person-in-a-role-in-an-organisation, therefore, may depend on his own potential effectiveness, the potential effectiveness of the role and the organisational climate. The potential effectiveness can be called efficacy. Personal efficacy would mean potential effectiveness of a person in personal and interpersonal situations. Role efficacy would mean the potential effectiveness of an individual occupying a particular role in an organisation. Role efficacy can be seen as the psychological factor underlying role effectiveness. In short, role efficacy is potential effectiveness of a role.

**Dimensions of Role Efficacy**

Role efficacy has several dimensions. The more these dimensions are present in a role, the higher the efficacy of that role is likely to be. Each of the following dimensions contributes to the role efficacy.

1. **Centrality**

If persons occupying a particular role in the organisation generally feel that the role they occupy is central in the organisation, the role efficacy is
likely to be high. Everyone working in an organization wants to feel that his role is important. If persons occupying a particular role feel that their role is peripheral, i.e., it is not much important, their potential effectiveness will be low. This is true not only of persons at a higher level in the organization, but about people even in the lowest level. In a large hospital, Class IV employees, like ward boys and attendants had very high motivation when they joined the hospital. And coming from nearby villages, they would bring their friends and relatives to proudly show the place where they were working. However, within a few months, they neglected work, sat in groups gossiping and not caring about the cleanliness etc. They were rated as very low in their effectiveness. An investigation of this problem showed that within a few months of their joining the hospital, their perception changed about the perceived importance of their role and they felt that they were non-entities and their role was not important at all. In contrast with this, in another hospital, the gate-keeper was trained to screen the requests of visitors who wanted to have some exception to the rule of coming only during the visitor's hours. He used his discretion in making or not making exceptions in such cases, and referred a case to the nurses or doctors only for clarification, guidance for himself. Interviews with Class IV employees in this hospital showed that they perceived their roles as fairly
important. One obvious difference in low motivation of the former and higher motivation of the latter was their perceived importance of their roles.

2. Integration

Every person has his strength—his experience, his technical training, the special skills he may have, some unique contribution he may be able to make. The more the role a person occupies provides an opportunity for the use of such special strengths, the higher the efficacy is likely to be. This is called self-role integration. The self of the person and the role get integrated through the possibility of a person's use of his special strengths in the role. In one organisation, a person was promoted to a responsible position. This was seen as a coveted reward and the person was quite happy in getting such a well deserved promotion. However, he soon discovered that in the new position he occupied, he was not able to use his special skills of training, counselling, and organisational diagnosis. Inspite of his working very well in the new role, his efficacy was not as high as it was in the previous job. Later when the role was redesigned to enable him to use his skills which were rare, his efficacy went up. All of us want that our special strengths are used in the role so that it may be possible for us to demonstrate how effective we can be. As such, integration contributes to high role efficacy. On the other hand, if there is distance between the self and the role, role efficacy is likely to be low.
3. **Proactivity**

A person who occupies a role responds to various expectations people in the organisation have from that role. This certainly gives him satisfaction, and it also satisfies others in the organisation. However, if he is also able to take initiative in starting some activity, his efficacy will be higher. The reactive behaviour (responding to the expectations of others) helps a person to be effective to some extent, but proactivity in (taking initiative rather than only responding to the other’s expectations) contributes much more to efficacy.

But if a person feels that he would like to take initiative but has no opportunity to do so in the role he occupies in the organisation, his efficacy will be low.

4. **Creativity**

It is not only initiative which is important for efficacy. An opportunity to try new and unconventional ways of solving problems or an opportunity to be creative is equally important. In one State Government Department people performing some clerical roles met, as a part of reorganisation experiment, to discuss how each individual could experiment with a system of cutting delays in processing papers. The results were amazing. Not only did the satisfaction of people in that department go up, but delays were considerably reduced and some innovative systems emerged. Certainly these were further discussed and modified, but the opportunity people got in being
creative, in trying innovative ideas increased their role efficacy and their performance became markedly better than its previous level and compared with performance of some other departments in the same secretariat. If a person perceives that he has to perform only routine tasks, it does not help him to have a high role efficacy. However, if he feels that his role does not allow any time or opportunity to be creative, his efficacy will be low.

5. **Inter-role Linkage**

Linkage of one's role with other roles in the organization increases efficacy. If there is a joint effort in understanding problems, finding solutions, etc., the efficacy of the various roles involved is likely to be high. Of course, the presumption that people know how to work effectively together. Similarly, if a person is a member of a task group set up for a specific purpose, his efficacy with other factors being common, is likely to be high. The feeling of isolations of a role that a person works without any linkage with other roles reduces role efficacy.

6. **Helping Relationship**

In addition to inter-role linkages, the opportunity for people to receive and give help also increases role efficacy. If persons performing a particular role feel that they can get help from some source in the organization whenever they have such a need, they are likely to
have higher role efficacy. On the other hand, if there is a feeling that either no help is given when asked for, or that the respondents are hostile, role efficacy will be low. Helping relationship is of both kinds—feeling free to ask for help and expecting that help would be available when it is needed, as well as willingness to give help and respond to the needs of others.

7. *Superordination*

When a person performing a particular role feels that what he does as a part of his role is likely to be of value to a larger group, his efficacy is likely to be high. The roles which give opportunities to role occupants to work for superordinate goals have highest role efficacy. Superordinate goals are goals of serving large groups, and those which cannot be achieved without some collaborative efforts. One major motivation for people at the top to move to public-sector undertakings is to have an opportunity to work for larger goals which are likely to help larger sections of the society. Many people have voluntarily accepted cut in their salaries to move from the private sector to the public sector at the top level mainly because the new role would give them an opportunity to serve a larger interest. Roles in which people feel that what they are doing is helpful to the organisation in which they are working results in some role efficacy. But if a person feels that he does not get an opportunity to be of help to a larger
group in his role, his role efficacy is likely to be low.

8. Influence

Related to superordination is the influence a person is able to exercise in the role. The more influence a person is able to exercise in the role, the higher the role efficacy is likely to be. One factor which may make roles in the public-sector or civil service more efficacious is the opportunity to influence a larger sector in the society. On the other hand, if a person feels that he has no power in the role he occupies in the organisation, he is likely to have low efficacy.

9. Personal Growth

One factor which contributes effectively to role efficacy is the perception that the role provides the individual an opportunity to grow and develop. There are several example of people leaving one role and becoming very effective in another role primarily because they feel that they have more opportunity to grow in the latter. One head of a training institute accepted the position by taking a big financial cut in his salary mainly because he felt that he had nothing more to learn in the previous position, and in the new position, he had opportunities to grow further. Examples of executives of companies going for faculty roles in the institutes of management
indicate the importance of the factor of self-development for role efficacy. If a person feels that he is stagnating in the role and does not get any opportunity to grow is likely to have low role efficacy. In many institutes of higher learning, the roles of the staff pose problems of low efficacy. The main factor contributing to this is the lack of opportunity for them to systematically grow in their roles. Institutes which are able to plan the growth of such people in the roles are able to have higher efficacy and a great deal of contribution from them.

18. Confrontation

In general if people in an organisation avoid problems, or shift the problems to some other people to solve them, their role efficacy will be low. The general tendency to confront the problem to find relevant solutions contributes to efficacy. When people facing interpersonal problems sit down, talk about these problems, and search solutions, their efficacy is likely to be higher compared to situations in which they either do such problems or refer these to their higher officers.

Psychological Participation

The extent of psychological participation was assessed with the help of Psychological Participation Index developed and standardised by Singh and Postonjua (1978). The Index comprises of fifteen positively/negatively
worded statements in English language. Each statement has five response alternatives, namely, definitely true, mostly true, sometimes true/sometimes false, mostly false, and definitely false. This index covers four areas, decision-making, autonomy, opinion seeking and involvement. A brief description of these areas is given below.

**Decision-Making**

Participation in decision-making permits the colleague or subordinates to influence ten decisions which have future effect on them. When entrepreneurs are provided more opportunities to participate in decision making process, they meet the individual and or group, share problems with them, and try to arrive at joint or consensual solutions to individual and group problems. Thus, in this process the flow of communication is from subordinate to supervisors.

**Autonomy**

It refers to the extent to which entrepreneurs feel to free from to do their work.

**Opinion-Seeking**

In opinion-seeking some problems are put before the entrepreneurs by this are encouraged to evaluate the problem and to suggest a solution to that. They are also encouraged to point out those problems which were overlooked in the past by management and which may effect
the quality of working life and efficiency of entrepreneurs and the management as a whole.

**Involvement**

It indicates that the entrepreneurs are inclined to participate in the required activities of harming.

A person who is involved in his job is one who takes it seriously for whom important values are at stake in the job, whose needs and feelings are significantly affected by his job experiences and who is mentally preoccupied with his job.

The reliability and validity of the Index has already been established by the authors of the test. The reliability was determined by Computing Cronbach's (1951) alpha Coefficient and was found to be .83. The Index of homogeneity and internal validity of the items were determined by Computing point-biserial Coefficients of Correlation. For the purpose of Validation the scores on sense of participation (Pestonjee, 1973) was used as one criterion of Validation. The Coefficient of Correlation between the scores of those two tests was found to be .48 and a representative sample of 200 blue-collar industrial workers.

**Design and Methodology**

The aim of the present study is to study the role effectiveness of one hundred entrepreneurs. The selected entrepreneurs represented some industrial estates in terms of size, ownership and level of modernization. It was also
decided to include technicians. Samples of 30 entrepreneurs from the centre for entrepreneurship and GITECO were they were receiving training for pretesting the instruments and establishing their reliability and validity. The sample size of 100 was fixed up from industrial estates of Gujarat State. Satisfying certain qualifications. The entire sample is an available sample not a random sample. Respondents from the remaining industrial estates were administered various questionnaires and scales for the purpose of testing the hypotheses.

The aim is to make an intensive investigation regarding the relationship between Age, Tenure, locus of control, entrepreneurial climate, infrastructure, socio-structural indicators, participation and role efficacy.

The present study is intended to examine the role behaviour of the entrepreneurs in post-independence and to scrutinise environmental factors affecting entrepreneurship. Since role is the interacting and linking mechanism between the individual and the organisation, role effectiveness is the product of an effective interaction between these two. As far as the individual is concerned, two important dimensions of role effectiveness are his role efficacy and the style and strategy of coping with role stress.
Entrepreneurial Climate (Motivational)

The assessment of entrepreneurial climate was made by Motivational Analysis questionnaire developed by Pareek (1975). It is also known as C4C and is patterned after Litwin and Stringer's (1968) climate questionnaire. However, it differs from Litwin and Stringer's questionnaire in the sense that (i) is comparatively more exhaustive and (ii) it uses ranking method rather than the rating method used in Litwin and Stringer's questionnaire. Ranking method is advantageous in the sense that the respondent is forced to make definite choices and thus the danger of allotting same rank to all the dimensions is minimized.

1. **Achievement** - Concern for work excellence and competition with other entrepreneurs.

2. **Expert power** - Dominance refers to a climate where people with skill and expertise are encouraged.

3. **Affiliation** - Dominance is characterized by people's striving for friendliness, warmth, and affectionate relationship.

4. **Control** - Dominance indicates that people enjoy status, power, and authority, for its own sake.

(Appendix A)
Social Reaction Inventory developed by Rother (1966) was used to assess the internality-externality dimensions of personality of the entrepreneurs. The scale consists of 23 forced-choice items along with six filler items designed to make the test purpose less obvious. Each item consists of a pair of alternatives lettered a or b. The respondent is instructed to select statement out of each pair which he more strongly believe to be the case as far as he is concerned. The higher score on the scale is indicative of externality — while low score refers to internal control. The scale has been in extensive use throughout the world (Lafcourt, 1976). Its standardization and validation has been reported in detail by Rother (1966) and many others.

The Inventory has also been adopted in India by Hasan (1974).

(See Appendix B)