Chapter VIII

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Brief Introduction:

During the last three decades, the concept of entrepreneurship has assumed prime importance both in research and in action for accelerating economic growth in developing countries. In the years since independence the separation of Gujarat State from Bombay province has achieved considerably growth and development in industrial field. This was made possible by the interaction of incentive policies, the response to these policies, by entrepreneurs and the technological means utilized. The entrepreneur's role has been central to the development process, and was influenced on the one hand by the informal sector and on the other, by the formal sector. The interaction of the values and attitudes characteristics of each sector accordingly moulded entrepreneurs; Their contribution to the economy in terms of value-added, through a useful measure for quantitative analysis. The findings of social science research should be of great significance in designing programmes of action for developing entrepreneurship. However, because of diverse findings regarding the factors that contribute to entrepreneurship, there is no consensus among social scientists about the strategy to be adopted for the development. Theories indicate that entrepreneurship is the result of jointly of ethical value systems, need for achievement
motivation, socialization process, community character and industrial and political milieu. Strategies of industrialization often depend upon the emergence and development of entrepreneurial skills in appropriate environment. This study was inspired by an attempt to look at human thinking and problem solving from the point of view of role efficacy of the individual as he proceeds in his efforts. Little is yet known about systematic studies on entrepreneurial role efficacy and possible implications of psychological factors involved in entrepreneurship. The aim of the study is to explore some skills and talents which means role efficacy required for appropriate entrepreneurial strategies and sources.

The performance of a person working in an entrepreneurial 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 organization is designed. It is the integration of the two (the person and the role) that ensures the person's effectiveness in the organization. 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 organization 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 fulfill the needs of the individual, and when the individual is able to contribute to the evolution of 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 organization, therefore, may depend on his own potential effectiveness, the potential effectiveness of the role, infrastructure, locus of control, participation; entrepreneurial climate and social structural on indicators.

The potential effectiveness can be called efficacy. Personal efficacy would mean potential effectiveness of a person in personal and inter-personal situations. Role efficacy would mean the potential effectiveness of an individual occupying a particular role in an organization. Role efficacy can be seen as the psychological factor underlying role effectiveness. In short, role efficacy is potential effectiveness of a role.

Purpose of the Study:

An organization is formed on the basis of certain goals it should achieve. The individual similarly has his own needs (meet to compete others, needs to help others,
needs to influence others, need to learn and grow, need to be recognised etc. When the individual joins an organization, the goals of the organization and his needs converge— the degree of convergence may vary from one situation to the other. Such convergence (or integration of the individual with the organization) occurs through the role. Therefore, the concept of role is the key concept in understanding the integration of the individual with the organization.

The present study is intended to evaluate entrepreneurial organization and performance and see whether any significant difference are discernible in the accomplishments of various types of entrepreneurs. The intention is to set the behaviour and measure and managing its role efficacy (effectiveness) of the new entrepreneurial class with a view to reflect upon their strength of need achievement and weakness. Role efficacy has several dimensions. The more these dimensions are present in a role, the higher the efficacy of the role is likely to be each of the dimensions (variables stated in the study) contributes to the role efficacy.

The purpose of the present investigation was to study the intercorrelartionships among the following interpersonal perception variables.

Independent variables.

1. Age
2. Tenure
3. Entrepreneurial
4. Participation
5. Locus of control
6. Infrastructure
7. Socio-structural indicators.

Each variable was measured through psychological instruments. Since the present study was an exploratory one at least in the Indian contexts.

Hypotheses:

Keeping in view of the above objectives the following specific hypotheses are formulated.

The following hypotheses are formulated in relation to the determinants of entrepreneurial growth at the four given stages. These hypotheses are based on the findings of various studies reviewed earlier.

State:

1. Entry Period

Between caste and family background, the latter has a more effective role for one's entry into manufacturing.

(i) Entrepreneurs with family background and need achievement have more role efficacy than other factors like
religion, region to ensure 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.

(ii) Government facilities made available for helping people to enter into manufacturing are availed of more by people hailing from business castes or families than others.

(iii) If the role of entrepreneur does not allow him to use his competence, and if he constantly feels frustrated in the role, his effectiveness is likely to be low.

Stage:

II Expansion of the Unit

Industrial Backgrounds of family caste and achievement

(i) Liberal Government policies and achievement motivation are more effective in relative expansion of a unit any other factors like family, caste, occupation, religion and region.

(ii) The integration of the person and the role comes about when the individual is able to contribute to the evaluation of the role. The more we move from role taking (responding to the expectation by various other persons) to role making (taking initiative in designing the role more creatively in a way that the various effectations from others as well as the role occupant are integrated), the more the role of an entrepreneur is likely to be effective.
(iii) Role efficacy has several dimensions like centrality, integration, proactivity, innovative ability (creativity), inter-role linkage, helping-relationship, superordination, influence, personal growth, confrontation, desire to achieve. The more these dimensions are present in a role, the higher the efficacy of that role is likely to be. They are more dependent upon the absolute expansion of the unit than any other factor.

Stage:

III Stability in Business:

(i) Role performance (entrepreneurs) depends, amongst other factors, on the balance between conformity and creativity on the part of the role occupant. The former (conformity) can be called role taking, and the later (creativity) can be termed role making. Without role making the individual may not be able to make unique and original contribution. In general the higher the role is the organisation the more is the need for role making.

(ii) Role efficacy and occupation varies in the socio-economic background of entrepreneurs in terms of caste, religion, family occupation. (Socio-Psychological Characteristics of Entrepreneurs).

Stage:

IV Future oriented:

Entrepreneurs are future oriented:

(i) Role provides the individual an opportunity to grow and develop. If a person feels that he is stagnating in the role, does not get any opportunity
to grow is likely to have low role efficacy. 
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.

(ii) Businessmen, project leaders provided with achievement motivation training will not necessarily display the potential effectiveness of the role and the organizational climate. The potential effectiveness can be called efficacy. Role efficacy can be seen as the psychological factor underlying role effectiveness.

(iii) Businessmen or project leaders who perceive reinforcement control to be largely 'internal' will display more entrepreneurial activity (role efficacy) than persons who consider reinforcement control to be largely 'external' to themselves.

(iv) Widely accepted theories of Weber, Hagen and McClelland, which attributed entrepreneurship to ethical values, community background and the need for achievement motivation respectively are not able to explain the contemporary entrepreneurial problems in India and guide developmental programmes.

Sample:
The sample size was fixed-up according to Cohen (1969) with the following statistical consideration. 100 entrepreneurs from Industrial Estates of Gujarat State satisfying
certain qualifications. The entire sample is an available sample not a random sample.

Inventories and other details:

(1) Special Inventory prepared for General Information about the age, tenure, infrastructure, socio-structural indicators etc.

(2) Entrepreneurial Climate: Development by Pareek (1975). It is also known as MAO (C) and is patterned after Litwin and Stringer's (1968) climate questionnaire;

(3) Participation: The extent of psychological participation was assessed with the help of psychological participation Index developed and standardized by Singh and Penstonjee (1970).

(4) Locus of Control: Social Reaction Inventory developed by Rotter (1966) was used to assess the internality-externality dimensions of personality.

Role Efficacy:

In order to find how much role efficacy a person has, it would be necessary to measure strength of the dimensions which have been mentioned above. These dimensions are reflected in the way individuals in an organization perceive their roles. A more structured way of measuring role efficacy is to use an instrument which
has multiple choices. The respondents have to choose between three alternatives on each of the 10 dimensions. These alternatives are pre-weighted and it is easy to get the sum of the values of the various alternatives selected by the individual. This instrument is developed by Pareekh (1977).

Major observations:

(1) The entrepreneurial climate has been found significantly associated with such dimensions of role efficacy as personal growth, influence, creativity and integration.

(2) In general, significant relationship was observed between locus of control, proactivity, participation, age and achievement.

(3) Although guidance have been given by the government from time to time, this has been of limited help. Despite the limitation of these resources, these entrepreneurs have shown considerably efficacy.

(4) Evidence was provided to indicate that this was a universal phenomenon. Social conscience of the entrepreneur was exemplary. Clearly, policies were not devised where entrepreneur with a socially developed consciousness was favoured; rather, Government policies were such that conscious effort was made towards identifying these entrepreneurs.
(5) The financial resources available to entrepreneurs depend largely upon their occupational origins.

(6) Entrepreneurs have found that in Gujarat a rural location has distinct advantage as the rural areas are nearest to Bombay- Baroda- Ahmedabad.

(7) 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 the role occupant are integrated), the more the role is likely to be effective.

(8) Linkage of one's role with other roles in the entrepreneurial set-up 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.

(9) Role effectiveness is vitally related to the entrepreneurial climate (motivation) prevailing in the organization. If the motivational climate stresses more personal relationship, role effectiveness will be low.

(10) Role overload is likely to occur more in the absence of mechanism of role integration, in the
absence of power of role occupants, in the large variations in the expected output and when delegation or assistants cannot procure more time.

(11) When linkages are strong, the role-role distance will be low. In the absence of strong linkages, the role-role distance may be high. The gap between the desired and the existing linkages will indicate the amount of distance between the two roles. When there is tension between the two roles in the organization, the distance between these roles is likely to be large. The linkage in such a case will be weak.

Limitations of the Findings of the Study:

Research on entrepreneurial role efficacy is painfully scanty in the country. In considering the results growing out of the study, it is important and proper to recall that one is dealing with the inferences from the empirical data and therefore that:

(1) Generalization is appropriate only when to populations which it seems reasonable to believe are not significantly dissimilar to the populations employed in the study.

(2) Role efficacy may be low because the role occupant may either not be able to perceive those dimensions in the role, or he may not be able to use his own power to build those dimensions in the role.
Necessary counselling and help in planning action to build these dimensions by the individual himself may be necessary.

(3) Role efficacy can be managed only by a proper diagnosis and a coordinated work in both re-designing the role and in helping the individual take initiative in understanding the role better as well as enriching the role by building the dimensions which are missing in his role.

Any obtained relationships are limited by, and may be expected to vary with, since the type of entrepreneurs are taken collectively, e.g. small and medium. All "Conclusions" or inferences to be drawn necessarily are approximate as are all inferences based on empirical data which are by their very nature of some degree of reliability, and probability estimates rather than statements of invariable relationships.