

IMPACT OF PSYCHOLOGICAL FACTORS ON ENTREPRENEURIAL BEHAVIOUR - AN EMPIRICAL STUDY

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Abstract

Entrepreneurship is bound to play a critical and pivotal role in the growth and development of the economy in the coming years. It has been acknowledged as one of the essential factors determining the growth and development of any country. Entrepreneurs and enterprises contribute to building a competitive and dynamic knowledge based economy capable of sustainable economic growth and greater social cohesion. Entrepreneurship is a broad term encompassing a set of skills that includes creativity, leadership and communication, taking risks, persistence, hard work, motivation and teamwork. Entrepreneurship is an activity, which leads to the creation and management of a new organization designed to pursue a unique and innovative opportunity. Hence the study has made an attempt to study the psychological factors and entrepreneurial behaviour.

Keywords: *Entrepreneurship, psychological factors and entrepreneurial behaviour.*

Introduction

Entrepreneurship is currently being encouraged and embraced by educational institutions, government, policy makers, society and corporations. It is high on the agenda of policymakers of higher education in order to encourage students in developing entrepreneurial skills in their area of specialization and thereby increasing their employment opportunities. Characteristics of successful entrepreneurs are not so different from those of successful engineers. Intelligence, creativity, risk management, tolerance of uncertainty and persistence in achieving an inner directing goal are associated with entrepreneurship, but they are characteristics of anyone like engineers, who brings about innovation. Educating young people to embrace entrepreneurial traits and behaviours will also help to prepare them for productive careers as leaders in the engineering profession. Education encourages students to make ambitious efforts and learn from failures, while entrepreneurs must be cautious to match their effort to what marketer are ready to accept. There is a need for the providing a range of activities with primarily educational focus from entrepreneurial courses and in-class projects aimed at firming e-teams to ingenious solutions, a unique student- managed organization to promote the commercialization of student developed ideas. Hence, the present study has made an attempt to measure the various entrepreneurial skills, entrepreneurial behaviour and intention and the various factors influencing it for promoting entrepreneurial engineering.

Review of Literature

Mitchell (2004) concluded that the reasons for starting their own business were survival, financial independence and security to escape a negative situation and to enable personal growth. It can be concluded that the important factors were common to entrepreneurs: external approval, personal development, recognition, need for independence, influence in community and benefits and security. Zampetakis and Monstakis (2006) found evidence that engineering students creative self perception might predict increased levels of entrepreneurial intent, implying that the tie between creativity and entrepreneurial intentions might be closer than is currently thought. Martinez et al., (2007) showed some evidence on the factors which led to an individual to become an entrepreneur. These are demographic data, personality traits and contextual factors. Binnewies et al., (2007) suggested that personal initiative (a construct related to pro activity) is important in the beginning of the creative process and for idea creativity. Therefore students' active search for information is associated with an increase in self-perceived creativity. Kirkwood (2007) indicated the potential influence of role models in the way emotional intelligence has an effect on entrepreneurial orientation. It seems that entrepreneurial role model may channel emotional self-efficiency mainly towards proactive behaviour.

Objectives of the Study

To study the various psychological factors leading to entrepreneurial behaviour among the students;

Methodology

In the present study, the research design followed is descriptive. The present study includes engineering students in Rangareddy District, Telangana. As a maximum 1,510 final year engineering students of 151 Engineering colleges in Rangareddy District had been included for the present study. But the response rate on the questionnaire among the students is only 37.68 percent. Hence, these 569 students had been taken as a sample for the present study. The present study is completely based on the primary data. The secondary data collected from the books, journals and magazines were used to write the conceptual framework of the study and also the review of literature. The primary data are collected with the help of structured questionnaire. The questionnaire includes two parts, like demographic profile of the respondents and questions related to entrepreneurial skills. The researcher used Regression analysis to identify the impact of psychological factors on the entrepreneurial skills among the students. IBM SPSS 21 version was used for statistical purpose.

Impact of Psychological Factors on Entrepreneurial Behaviour

The impact of psychological factors on the entrepreneurial behaviour has been analyzed with the help of regression analysis. The included independent variables are

psychological factors whereas the included dependent variable is entrepreneurial behaviour. The fitted regression model is

$$Y = a + b_1x_1 + \dots + b_8x_8 + e$$

Whereas

Y	=	Score on entrepreneurial behaviour
x_1, \dots, x_n	=	Score on various psychological factors
b_1, \dots, b_n	=	Regression co-efficient of independent variables
a	=	intercept and
e	=	error term

The impact of psychological factors on entrepreneurial behaviour among the male and female students respectively and also for the pooled data. The results are given in Table:

Impact of Psychological Factors on Entrepreneurial Behaviour

Sl. No.	Psychological factors	Regression co-efficient among		
		Male	Female	Pooled
1.	Initiativeness	0.2447*	0.1446*	0.1882*
2.	Self confidence	0.2085*	0.1033	0.1279*
3.	Risk taking	0.2681*	0.1667*	0.2033*
4.	Problem solving	0.0894	0.0441	0.0667
5.	Leadership	0.1042	0.072	0.0441
6.	Motivation	0.1773*	0.0771	0.1044
7.	Innovativeness	0.0996	0.0884	0.0731
8.	Creativity	0.1778*	0.2144*	0.1828*
	Constant	1.4045	1.1669	1.3262
	R ²	0.7879	0.7447	0.8142
	F Statistics	9.3964*	8.9802*	10.1719*

* Significant at five per cent level.

The significantly and positively influencing psychological factors on entrepreneurial behaviour among the male students are initiativeness, self confidence, risk taking, motivation and creativity since their respective regression co-efficients are significant at five per cent level. A unit increase in the level of above said psychological factors results in an increase in entrepreneurial behaviour of 0.2447, 0.2085, 0.2681, 0.1773 and 0.1778 units respectively. Among the female students, the significantly influencing psychological factors on the entrepreneurial behaviour are initiativeness, risk taking and creativity. The significant regression co-efficients are 0.1446, 0.1667 and 0.2144 respectively. The analysis of the pooled data reveals that the significantly influencing psychological factors on entrepreneurial behaviour are initiativeness, self confidence, risk taking and creativity. A unit increase in the level of above said psychological factors results in an entrepreneurial behaviour by 0.1882, 0.1279, 0.2033 and 0.1828 units respectively.

Conclusion

The changes in the level of psychological factors explain the changes in the entrepreneurial behaviour among the male students at a higher level than that of the female students. The analysis shows the importance of initiativeness, self confidence, risk taking and creativity in the determination of entrepreneurial behaviour among the students. The important factors influencing the entrepreneurial skills, behaviour and intention among the students are their psychological factors, entrepreneurial resourcefulness, entrepreneurial environment and emotional intelligence. The most important variable in the above said four factors are risk taking ability, cognitive competencies, entrepreneurial environment and self-motivation. In order to promote the entrepreneurship among the students, they expect some important aspects from their curriculum.

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