

PSYCHOLOGICAL FACTORS AFFECTING ENTREPRENEURSHIP - AN EMPIRICAL STUDY

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Abstract

India is the fourth largest economy and one of the most exciting emerging markets in the world. 'Economics of Knowledge' would be the greatest Indian strength, which if exploited properly, could make India into one of the world's three biggest economies by 2050. India has the second largest population in the world and its human capital is the most critical input in creation and exploitation of entrepreneurial opportunities. Its high quality technical institutions across the country have been producing huge number of engineers, scientists, managers and skilled personnel with competitive edge in the global markets. The critical input that would play a pivotal role in taking Indian Economy to still greater heights in the global markets would be the entrepreneurial mindset of its human resources. Hence the study has made an attempt to measure the entrepreneurial skills among the engineering students.

Keywords: *Entrepreneurship, Psychological factors and Entrepreneurial Skills.*

Introduction

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. 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 pro active behaviour.

Objectives of the Study

To study the various psychological factors leading to entrepreneurial skills 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 the Entrepreneurial Skills among the Students

In order to analyze the importance of psychological factors in the entrepreneurial skills among the students, the present study has made an attempt to analyze it with the help of multiple regression analysis. The impact has been analyzed to exhibit the relative influence of each psychological factors on entrepreneurial skills among the male and female students separately and also for the pooled data. The fitted regression model is

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + e$$

Whereas

Y = Score on entrepreneurial skills among the students

X₁ = Score on the initiativeness among the students

X₂ = Score on the self confidence among the students

X₃ = Score on the risk taking among the students

X₄ = Score on the problem solving among the students

X₅ = Score on the leadership among the students

X₆ = Score on the motivation among the students

X₇ = Score on the innovativeness among the students

X₈ = Score on the creativity among the students

b₁, ... b₈ = Regression co-efficient of independent variables

a = Constant and

e = Error term

The result of multiple regression analysis is given in Table.

Entrepreneurial Skills among Students

Sl. No.	Psychological factors	Regression co-efficient among		
		Male	Female	Pooled
1.	Initiativeness	0.2145*	0.1774*	0.1814*
2.	Self confidence	0.1773*	0.2089*	0.1922*
3.	Risk taking	0.2608*	0.1884*	0.2209*
4.	Problem solving	0.1009	0.0442	0.0676
5.	Leadership	0.1144	0.1667*	0.1451*
6.	Motivation	0.0965	0.0771	0.0714
7.	Innovativeness	0.0446	0.1092	0.0673
8.	Creativity	0.1702*	0.1144	0.1402*
	Constant	1.2945	0.8446	1.1339
	R ²	0.7378	0.7271	0.8042
	F Statistics	8.9709*	7.8902*	10.4547*

* Significant at five per cent level.

The significantly influencing psychological factors on the entrepreneurial skills among the male students are their level of initiativeness, self confidence, risk taking 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 result in an increase in entrepreneurial skills by 0.2145, 0.1773, 0.2608 and 0.1702 units respectively. Among the female students, a unit increase in the level of initiativeness, self confidence, risk taking and leadership has a significant increase in their entrepreneurial skills by 0.1774, 0.2089, 0.1884 and 0.1667 units respectively. The analysis of pooled data reveals the significant impact made by the level of initiativeness, self confidence, risk taking, leadership and creativity since their respective regression co-efficients are significant at five per cent level. The changes in the level of psychological factors explain the changes in the level of entrepreneurial skills among the male students to a higher extent than among the female students since their respective co-efficient of determination are 0.7378 and 0.7271. The analysis infers the importance of initiativeness, self confidence, risk taking, leadership and creativity for the upliftment of the entrepreneurial skills among the students.

Conclusion

The entrepreneurial skills among the engineering students are moderate but these skills are not properly capitalized with their entrepreneurial behaviour and intention. 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. These are practical knowledge, competency development and engineering enterprise programme. The level of entrepreneurial skills, behaviour and intention among the male students is higher among the female students but the level is far behind among the female students. If the higher education authorities especially the authority in technical education take some appropriate measures to enrich the entrepreneurship especially the development of competency, soft skills, practical knowledge and emotional intelligence, they can generate so many job providers in India which is highly essential for our economic development.

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