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# Factors Affecting Entrepreneurism: A Perceptual Study of B-School Students

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## **Abstract**

*A growing interest in the entrepreneurship is shaping the discussion of academicians, economists and policy makers on a regular basis. Rarely does a head of state discuss economic conditions without reference to entrepreneurs and their importance in creating a more prosperous future for its citizens. This study explores how Business School Students perceive entrepreneurship as a career. It is quite possible that some students prefer wage-employment and some may prefer self-employment. Consequently, if a goal within business schools is to design courses and programs for both sets of students as well as courses in which both sets of students co-exist, it is important to understand similarities and differences between entrepreneurially-oriented students and their non-entrepreneurial classmates. This study helps in identifying characteristics of aspiring entrepreneurs and variables that influence entrepreneurial intent into them.*

## **INTRODUCTION**

Entrepreneurs always search for a change and respond to it for an opportunity (Drucker, 1985). Entrepreneurs have a strong desire to continuously hit new goals and will not rest until they win. A growing worldwide interest in entrepreneurship is shaping the discussion of academia on a regular basis. Entrepreneurs play an important role in creating a more prosperous future for the citizens of their country. What are the factors that help to develop motivations towards an entrepreneurial career is a major question that the entrepreneurship research has tried to answer. Many research studies have identified various types of entrepreneurial motivations. Some Psychologists, such as Ellis (1962) suggests that it is important to understand the way a person views or thinks about life. According to Skinner (1973) and Glasser (1975), the most appropriate means of understanding a person is to observe that person's behavior and actions.

## **LITERATURE REVIEW**

The entrepreneurship is essentially a function. It is creativity and behavior manifestation of a person in regard to shifting resources from areas of low

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productivity to higher productivity. Its traits are willingness to take risk, high economic and achievement motivations, self confidence, problem solving disposition, adequate knowledge and skills, ability to face situations and good managerial ability (Nandapurkar. 1982). Schumpeter regarded an entrepreneur as one who, through new combinations of means of production, introduces new goals, new methods of production, new markets and a new source of supply of manufactured goods and carries out effective organization of any industry (Sharma. 1980).

The above mentioned literature and analysis do not allow a clear determination of how the three primary forces impacting entrepreneurial orientation- culture, education and environment- have interacted to shape the current entrepreneurial orientation of India's collegiate youth. As noted by Dana (2000), this combination of social structure and cultural values has constrained entrepreneurship in India. However, in recent years, there have been a number of efforts to shift national mindset regarding the entrepreneurship particularly among India's youth who could develop entrepreneurial personality. Despite impediments, the level of entrepreneurship recently in India is as high as 17.9 percent of the workforce and it has also been found out that younger people are more likely to be engaged in the entrepreneurial activity (Manimala et al., 2002). Venkatachalam and Waqif (2005) attribute this growing interest in entrepreneurship to rising unemployment rates due to displacement of worker associated with the introduction of new technologies, growth rate in labor force and the declining mortality rate.

## OBJECTIVE

The objective of the present study is to identify factors that motivate MBA students to undertake activities which are independent and self sustaining. These are characteristics of an Entrepreneur.

**The Sample:** The sample of the study constituted of 207 respondents selected from the B-schools in the city of Indore. The sample consisted of male and female management students. A self structured questionnaire was used for collecting the responses of the students. The questionnaires were distributed to all 220 selected respondents in person by the

researcher. After careful and repeated persuasion only 212 filled questionnaires were received. For the purpose of final analysis only 207 questionnaires were used after rejecting those which were not filled properly.

**Data Analysis:** In the second phase *Item-total-correlation* was calculated on data collected for 35 items to find out which category of items significantly contributes towards measuring the factors motivating the spirit of entrepreneurship among the Indian youth. In the first iteration, all variables were found significant at 0.05 level. Therefore, all the items were retained to exploration. Data were finally, subjected to *Principal Component Method of Factor Analysis*. Data were processed by using Statistical Package of Social Science (SPSS 12.0).

## FINDINGS

The Rotated Factor Matrix for factors affecting the spirit of entrepreneurship amongst B-School students in Indore city are tabularized with their items, loads, Eigen values and percent of variances in Annexure. The discussion of each factor is as follows:

The thirty five variables included in the factor analysis are classified in eleven important factors that influence the spirit of entrepreneurship amongst B-school students namely (i) Financial assistance (ii) Risk bearing (iii) Overall influence (iv) Market potential (v) Knowledge base (vi) Social mobility (vii) Ambition (viii) Legal support (ix) Family background (x) Economic motivation (xi) Hereditary factor.

The variables namely affordable interest rates, easy repayment of loans, easy availability of loans, Provision of subsidies from time to time by the banks and by the government, Supportive government policies, Moderate tax duties have (4.480) factor loading and are classified under "Financial assistance" factor.

The variables namely higher challenges involved in business, better opportunity for innovation available in business, freedom in decision making in business, better growth opportunity in business, to become a socially renowned person, risk taking nature has the factor load of 3.616 and are classified under "Risk

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Bearing" factor. The Overall influence factor has the factor load of 3.020 and includes the variables, namely, peer, teacher, family, locality influence and family has enough money to start up a new business. The "Market potential" factor has the factor load of 1.904 and includes the variables namely, increase in the purchasing power of the people, supportive market due to technological advancement, and wider market. The "Knowledge base" factor with the factor load of 1.374 includes variables, namely, training function is helpful, education is motivating, inner urge to establish own venture.

The variables, namely developed transport mechanism, availability of infrastructure are included in the factor "Social mobility" with the factor load of 1.420. The factor "Ambition" with the factor load 1.549 includes variables, namely, to become richer, to fulfill my dreams. The variables, namely, due to simplified and easy industrial laws and simplified initial legal procedure in India are included in the factor "Legal support" with the factor load 1.488. The factor "Family background" with the factor load 1.415 includes variables, namely, parents are in service and family has its own business. The factor "Economic motivation" has the factor load 1.550. It includes factors like due to unemployment, due to limited income in service. The variable relatives have their own business is included in the factor "hereditary" with the factor load 0.780.

### **Interpretation of Finding and Conclusion:**

From the study, it can be concluded that entrepreneurial spirit is alive in B-school students in Indore city. The factors like financial assistance, risk bearing, overall influence, market potential, knowledge base social mobility, ambition, legal support, family background, economic motivation and hereditary have emerged as determining factors from the empirical examination of the perceptions of B-school students as far as the entrepreneurship spirit is concerned. Apart from these, personality characteristics they also have a high core competency, decision making ability, managerial ability, innovative orientation, internal locus of control, focus on opportunities rather than problems. On the education front, colleges and universities in India have established education and training programmes to foster entrepreneurship. Centres for entrepreneurial

studies and even business incubators, such as the Society for Innovation and Entrepreneurship (SINE) at the Indian Institute of Technology in Mumbai have been set up.

Such initiatives have played an important role in altering the students' perception to perceive entrepreneurship as a career. Numerous efforts have been made in India to change the 'national mindset' towards increasing levels of entrepreneurship. Researchers have recognized a number of motivational characteristics in entrepreneurs. They include value for innovativeness, independence, outstanding performance and respect for work. In fact, in the Indian context, negative factors such as paucity of employment opportunities and unattractive service conditions have drawn many technically qualified young men into entrepreneurship. On the other side, the newly acquired prestige value of entrepreneurship has acted as a strong stimulant for the rising entrepreneurial spirit amongst B-School students. Effective campaigns and the financial, technical and infrastructural supports extended by the Government have also played a significant positive role in the development of entrepreneurs. The role of government policy in creating business opportunities has been highlighted by many studies.

The need of the hour is to encourage the youth of India to think creatively and allow a sense of accomplishment. For example: IIT Bombay is looking at firms representing sectors such as gaming, medical devices, media and entertainment, transportation, health, pharma and financial services, chemical marketing, sports, advertisement and marketing and IT consulting. At the IIT Bombay, SINE ( Society for Innovation and Entrepreneurship) the Entrepreneurship cell in association with National Entrepreneurship Network ( NEN) is holding campus recruitment programmes for start-ups for over 200 students enrolled so far.

This study can be helpful for the B-Schools in framing the curriculum that can create entrepreneurial interest among the youth to think innovatively and in the interest of the society. The growing number of centers for entrepreneurship on college/universities campuses, newly established academic departments and major/minor programs of entrepreneurial studies can be immensely helpful in the development of entrepreneurial personality.

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**ANNEXURE**

**Table - 1 : Factor Analysis**

| Factor                      | Item   | Item Load | Factor Load | Eigen Value | % of Variance |
|-----------------------------|--|-----------|-------------|-------------|---------------|
| <b>Financial Assistance</b> | Due to affordable interest rates                                     | .819      | 4.480       | 5.385       | 15.387        |
|                             | Repayment of loan is also easy                                       | .757      |             |             |               |
|                             | Loans are easily available   | .705      |             |             |               |
|                             | Subsidies are offered and released in time to time by the banks      | .628      |             |             |               |
|                             | Subsidies are offered and released in time to time by the government | .597      |             |             |               |
|                             | Due to supportive government policies                                | .492      |             |             |               |
|                             | Tax duties are moderate  | .482      |             |             |               |
| <b>Risk Bearing</b>         | The higher challenges involved in business                           | .773      | 3.616       | 3.599       | 10.284        |
|                             | Better opportunity for innovation available in business              | .710      |             |             |               |
|                             | Freedom in decision making in business                               | .644      |             |             |               |
|                             | Better growth opportunity in business                                | .574      |             |             |               |
|                             | To become socially renowned person                                   | .497      |             |             |               |
|                             | Due to my risk taking nature   | .418      |             |             |               |
| <b>Overall Influence</b>    | Due to peer influence  | .735      | 3.020       | 2.265       | 6.471         |
|                             | Due to Teacher influence   | .721      |             |             |               |
|                             | Due to influence of my family members                                | .707      |             |             |               |
|                             | Due to the influence of my locality                                  | .452      |             |             |               |
|                             | Family has enough money to start a new business                      | .405      |             |             |               |
| <b>Market Potential</b>     | Purchasing power of people has increased                             | .706      | 1.904       | 1.848       | 5.279         |
|                             | The market is also supportive due to technological advancement       | .699      |             |             |               |
|                             | The scope of market is wider in terms of new business                | .499      |             |             |               |
| <b>Knowledge Base</b>       | The training function also helps me to enter into new business       | .201      | 1.374       | 1.779       | 5.082         |
|                             | Education motivates me to start a new business                       | .678      |             |             |               |
|                             | want to establish my own venture                                     | .495      |             |             |               |
| <b>Social Mobility</b>      | Due to developed transportation mechanism                            | .799      | 1.420       | 1.465       | 4.186         |
|                             | Infrastructure is also available for new venture                     | .721      |             |             |               |
| <b>Ambition</b>             | To become richer   | .785      | 1.549       | 1.340       | 3.829         |
|                             | To fulfill all my dreams   | .764      |             |             |               |
| <b>Legal Support</b>        | Due to simplified and easy industrial laws                           | .751      | 1.488       | 1.277       | 3.649         |
|                             | Initial legal procedure is much simple in India                      | .737      |             |             |               |
| <b>Family Background</b>    | Parent is in service   | .770      | 1.415       | 1.213       | 3.465         |
|                             | Family has its own business  | .645      |             |             |               |
| <b>Economic Motivation</b>  | Due to unemployment in the country                                   | .789      | 1.550       | 1.067       | 3.049         |
|                             | Due to limited income in service                                     | .761      |             |             |               |
| <b>Hereditary</b>           | Relatives have their own business                                    | .780      | .780        | 1.029       | 2.940         |