

A Study on Entrepreneurial Seriousness Among Small Education-Based Business Owners in Bhilai

Sanjay Mishra* and Ranjeeta Mishra**

ABSTRACT

Lots of work has been done on the studies and factors affecting the entrepreneurial performance. According to most of the existing models motivation is the most important element for the success of small businesses. This study analyses entrepreneurial performance on a different parameter called Entrepreneurial Seriousness. The fundamental belief is that Entrepreneurial Seriousness is a strong pre-requisite to entrepreneurial performance and success of the venture. Various factors, like willingness to acquire knowledge, willingness to perform, willingness to adopt difficult skills, willingness to take mental stress, need to achieve, willingness to maintain good relations with people, and desire to innovate and appreciate ideas were identified that affect the entrepreneurial seriousness. It included both entrepreneurs who primarily are teachers and coaches, and those who entered the business of education, coaching and training as investors, hence arranging for the factors of producing the service. They ranged from entrepreneurs dealing in self developed educational products and services to franchisees of different well-known players. The scope of the study is kept limited to Education-based Business Entrepreneurs

* Head Academics, Lotus Business School, Pune

** Independent Researcher



in Bhilai. The sample is taken from the entrepreneurs operating in the education domain with an annual turnover of less than Rs. 2.5 million. They are all pre-dominantly single owners. The sample size taken is 62, of which 58 respondents were found suitable for analysis. Primary data is collected from the sample. The data collection technique has been a questionnaire based survey. Mean scores and Standard Deviation have been used for statistical analysis to draw conclusions. The conclusions drawn indicate that there is a pattern among the sampled entrepreneurs with respect to entrepreneurial seriousness that affects the performance directly or indirectly.

Keywords: Education Based, Bhilai, Business Entrepreneurs, Entrepreneurial Performance, Entrepreneurial Seriousness.

Introduction

Most of the studies and theoretical models on performance of enterprises, particularly pertaining to small businesses, motivation has been treated as the key element (Blawatt, 1995; Naffziger et al., 1994; Herron Robinson, 1993; Keats and Bracker, 1988; Cragg and King 1988; Hollenback and Whitener, 1988). The objectives that the entrepreneurs wish to seek from the ownership of a small business also have a bearing on the performance of the enterprise. The premise of the research is developing a better understanding on the entrepreneurial motivation that will help to study:

1. Behavioural patterns of Entrepreneurs.
2. Relationship between these patterns and the performance in business.

We however cannot undermine the impact of motivation on the business performance. For example, in the western world, entrepreneurs get into business with a worthy idea and the possibility of value building. In India and other developing economies, it is still a secondary option to failure in obtaining government jobs. Even the states like Gujarat that are known for Business and Entrepreneurial acumen are showing a decline in the instinct due to much lucrative options available in the government and private sector. Some of the communities like Marwaris, Sindhis and Punjabies display traditional interest in entrepreneurship. In addition to this, some of the work done reveals a clear relationship between the managerial style and entrepreneurial characteristics (Orhan, Scott, 2001; Parag Crammer

2001). This, in fact, has given rise to the concept of Intrapreneurship. Some of the forward looking and professionally managed companies like NIIT have been nurturing this idea by consistently recruiting managers with entrepreneurial characteristics, providing them some vital work experience with the business heads and then allowing them to set their own ventures as Intrapreneurs. Lots of studies have been undertaken to find the relationship between impacts of Formal Management Training on the growth related entrepreneurial attitude, planning skills, and growth pattern of enterprises. Most of the recent work done is with a focus of studying the internal drive of the entrepreneur that has led to the success of the enterprise.

As motivation has been the basis of most of the theoretical models of entrepreneurial performance, it becomes logical to establish the drive that makes work for the business, and then to develop a method for the measurement of entrepreneurial seriousness. Together, these dual objectives would distinguish the work.

An Entrepreneur is defined as a person who is self employed, initiates, organises, manages and assumes responsibility for a business, and offers a personal challenge which happens to be the major driving force. He is open for accepting financial risks in lieu for additional gains in case the firm makes profits. It is quite often seen as an aversive career as it is envisaged with uncertainty, frustrations, impediments and failures. The topic of entrepreneurial motivation has evolved from organisational psychology. Early research followed the path of traits resulting in behaviour, like entrepreneur's initiation, direction, sustainment, etc., that distinguish an entrepreneur from the general public. Major contributors were McClelland (1961) who discussed N for achievement (N-Ach) (high need for achievement) as a common personality trait present in entrepreneurs. Other major contributors are (Churchill and Lewis, 1986; Shaver and Scott, 1991).

Gilad and Levine (1986) proposed two closely related explanations of entrepreneurial motivation, called the Push and Pull theory, former being an outcome of lack of opportunities and job dissatisfaction resulting in entrepreneurship, the latter advocating the entry of people into entrepreneurship as a volunteering exercise due to independence seeking behaviour, self fulfilment, wealth and other desirable outcomes. Research

suggests that it is pull that brings in seriousness to the entrepreneurs' behaviour (Keeble et al., 1992; Orhan and Scott, 2001). Process oriented models that are developed recently assume entrepreneurship as a complex cognitive function. Humans have the ability to think and predict possible future outcomes, and work on the possibility of their attainment. All these evaluations lead to a concept called entrepreneurial seriousness.

Victor Vroom (1964) is the mainstay of explaining entrepreneurial motivation in traditional cognitive models. Motivation is conceptualised as the product of expectancy, instrumentality and valence. Expectancy is analogous to measures such as perceived feasibility and self efficacy, measured in terms of answers to the question, 'How confident you are towards your performing the task? Mone (1994) discussed two measures of self efficacy, process and outcome.

Process refers to confidence of successful completion of task, where as Outcome refers to people's confidence towards achievement of results. Most of the modern models are based on these conceptions of an individual's intent, such as desirability, outcome expectations, net benefits and perceived utility of decision taken. Entrepreneurial seriousness fundamentally deals with two questions:

1. Is entrepreneurship desirable to me?
2. Is entrepreneurship feasible for me? (Segal, Dan Boriga and Schoenfeld, 2005).

Organisation of the Paper

The paper discusses the profile of the town of Bhilai. It further discusses the methodology and literature review for establishing the dimensions of entrepreneurial seriousness followed by analysis and results of findings.

Background

The town of Bhilai, where the study is conducted, is one of the major Industrial centres of the state of Chhattisgarh. The population of Bhilai is around 1 million. It is a predominantly industrial town habituated by a cosmopolitan population mainly employed in the Bhilai Steel Plant. The literacy level is close to 100 per cent. Quality of life is fairly high

due to high disposable income. With the change in socio-political and economic scenario the lifestyle, demographic mix, employment patterns, etc., has changed considerably. Entrepreneurship has emerged as a new way of employment.

Bhilai is home to a host of industries ranging from steel to cement (with the presence of giants like SAIL, ACC, JAYPEE, BEC, SIMPLEX, HEG to name a few), rolling mills, earth movers' manufacturing (Simplex), service organisations like hotels, restaurants, retail outlets, banks, financial services, insurance offices (with a presence of all major companies), high quality super speciality hospitals (ABSR, CCMH, JLNH&RC, RDC, etc.), apparel and garment outlets, cinema halls and other entertainment and socio-cultural centres, high quality schools (both owned by Bhilai Steel Plant and private players) and a number of good centres for higher education (including the state owned Technical University CSVTU, management, engineering, nursing, dental, education and many other regular colleges of high repute).

All the above mentioned are big and organised ventures involving large investments, and permissions and clearances from various agencies. Moreover, these are controlled by a small elite group of the town (< 0.1 per cent of the population). Another area where Bhilai has created enormous fame for itself is the coaching, teaching and training industry (mostly unorganised). These are generally owned by well qualified, belonging to middle class, ambitious young and middle-aged male entrepreneurs. The town has seen very successful/reasonably successful/not so successful/ failed/forced to leave the field of small time education-based entrepreneurs. Every year many new players enter the arena, and at the same time many leave or continue with losses. Few make it big and continue to dominate their respective segments year after year. It is this observation that has drawn me to conduct this study with an intention to examine the relationship between entrepreneurial seriousness and their performance in the venture.

Conceptual Framework

Entrepreneurship can be seen as an effort by an individual in order to capitalise on an available opportunity in the market place by arranging and managing the resources required to exploit opportunities. It is

hence a behavioural orientation of the individual that creates ventures of value to self and society. (Timmons 1994; Barton, Cunningham, Lischoren, 1991; Gartner, 1989). This helps recognize the role played by an entrepreneur at various stages of the complex development of the venture. (Hill and McGowan, 1996; Chell et al., 1991; Magowan and Rocks, 1995; Carsrud and Johnson, 1989). Entrepreneurs, in order to succeed, need a combination of personality traits, a propensity of creativity and innovation, and appropriate managerial skills. He is hence primarily a visionary and change agent. The effectiveness of an entrepreneur depends on the experience and motivation level, argues Griener (1972). Hence, knowledge and experience can be taken as key personal resources for an entrepreneur. Foresight is another key for entrepreneurial success that helps being prepared for unwarranted situations.

Entrepreneurial success happens to be composed of two traits: Personal Characteristics and Managerial Skills. Strategic awareness and motivation seem to be core elements in the success process and serious commitment towards the enterprise.

Seriousness is also related to the reward structure. Baumol (1994) suggests that entrepreneurs value reward and feel more motivated if the reward is useful, of high utility and desirable for his career. Parag and Cramer (2001) established that people turn into serious entrepreneurs if the expected reward is higher than the wages of gainful employment.

Two questions were asked by Shaver and Scott (1991) that decide on the degree of seriousness and choices made by the entrepreneur. These are 'can I make a difference?', and 'do I want to do it?'. Shapero and Sokol (1982) discussed that the seriousness in entrepreneurial intention is also a function of perceived credibility and desirability.

To summarise, the framework that could be built from existing literature will comprise of dimensions, like willingness to acquire knowledge, to perform, adopt difficult skills, take mental stress, need to achieve, maintain a positive relation with others, and the desire to innovate and appreciate ideas. The two terms entrepreneurial motivation and seriousness may be closely related, but may not be the same for all intents and purposes.

Methodology

The research is conducted among existing entrepreneurs. The scope of the study is kept limited to small time education-based business entrepreneurs in Bhilai. The sample is taken from the entrepreneurs operating in the education domain with an annual turnover of less than Rs. 2.5 million. They are all pre-dominantly single owners. Single owners are deliberately chosen as they bear the highest risk and can reach clear conclusions. The sample size taken is 62, out of which 58 respondents were found suitable for analysis. The 5 point Likert scale was administered having a five point agreement index. The average life of businesses was taken to be above 3 years. Out of many entrepreneurs in the category, the sample was drawn on local references and convenience. Primary data is collected from the sample. For the purpose of finalising the parameters a detailed interview of five entrepreneurs was conducted at the place of work or residence as per the choice of the respondent. The data collection technique has been a questionnaire based survey. Mean scores and Standard Deviation have been used for statistical analysis to draw conclusions.

Findings and Discussion

Table 1: Overall Finding of the Total Sample

<i>Seriousness Dimension</i>	<i>Mean Score</i>	<i>Standard Deviation</i>
Willingness to acquire knowledge	3.85	0.95
Willingness to perform	4.22	0.77
Willingness to adopt difficult skills	3.75	1.2
Willingness to take mental stress	3.05	1.22
Willingness to achieve	4.5	0.75
Willingness to maintain positive relationship with others	3.5	0.6
Willingness to innovate and appreciate ideas	3.45	1

The study indicated towards expected results with some interesting findings. The findings for the total sample are tabulated in Table 1. Mean scores and Standard Deviation for Entrepreneurial Seriousness are summarised. Willingness to achieve scores the highest mean value of 4.5, and the willingness to take mental stress scores 3.05 which is the lowest. Hence, it can be concluded that N-Ach is very high in all

entrepreneurs, irrespective of them being serious or non-serious. A closer look on other factors brings out the clear difference for serious and non-serious entrepreneurs in terms of other parameters as discussed later. The respondents were generally found to be averse to mental stress which is well expected as all the entrepreneurs are no different than normal human beings.

The study was carried further by dividing the respondents into serious and non-serious entrepreneurs as shown in Table 2. This was done by taking the mean scores of all the parameters for individual respondent. Respondents scoring above 3.5 were considered to be serious and less than 3.5 as non-serious. Out of the total sample 62 per cent were found to be serious. The study indicated towards some very interesting differences between the two types.

Table 2: Serious and Non-Serious Entrepreneurs Compared and Contrasted

<i>Seriousness Dimensions</i>	<i>Serious Entrepreneurs</i>		<i>Non-serious Entrepreneurs</i>		<i>Mean Difference</i>
	<i>Mean Scores</i>	<i>Standard Deviations</i>	<i>Mean Scores</i>	<i>Standard Deviations</i>	
Willingness to acquire knowledge	4.2	0.5	3.1	1	1
Willingness to perform	4.5	0.49	3.6	0.86	0.86
Willingness to adopt difficult skills	4.22	0.7	3	1.3	1.12
Willingness to take mental stress	3.45	1	2.2	0.9	1.2
Need to achieve	4.7	0.4	3.7	1.01	0.7
Willingness to have positive relations with others	4	0.5	3.3	0.4	0.6
Willingness to innovate and appreciate new ideas	4	0.7	2.85	1.05	1.2

The serious entrepreneurs displayed a higher inclination towards acquiring new information and knowledge as compared to the non-serious counterparts with a mean difference of 1. They are found to be so as they are proactive in new knowledge search so as to remain competitive in the field. This is in conformance with the findings of the literature reviewed.

Serious and non-serious entrepreneurs show serious differences in the case of willingness to adopt difficult skills with mean scores of 4.22 and 3 with Standard Deviations of .7 and 1.3 respectively. Non-serious entrepreneurs have a tendency of outsourcing difficult skills which is evident in lowered margins resulting in further non-seriousness towards the business.

Another parameter that showed a sharp difference with high mean difference of 1.2 is willingness to take mental stress. The non-serious entrepreneurs were found to have less active motivation that would lead to involvement in business, leading to a high need of thinking and stress taking for running the business.

The non-serious entrepreneurs also showed a mental block towards new ideas. It was understood that it is primarily due to efforts put in by the two groups to improve business process. The 't' test was conducted to find out the difference of means between the two groups on the identified dimensions. The value was found to be 3.9, which is significantly higher than the table value of 't' which is equal to 2.179 at 95 per cent confidence level. It can hence be concluded that there is marked difference between the serious and non-serious entrepreneurs on the identified parameters of seriousness.

Conclusion

The result shows a marked difference between serious and non-serious entrepreneurs on the dimensions of willingness to take mental stress, willingness to adopt difficult skills, and willingness to appreciate new and innovative ideas. 36 entrepreneurs of a sample of 58 were found to be serious.

References

- Baumol, W. J., 'Entrepreneurship: Productive, Unproductive and Destructive', *Journal of Political Economy*, vol. 98, 1994, pp. 893–921.
- Gartner, W. B., 'Who is the Entrepreneur? Is the Wrong Question', *Journal of Entrepreneurship: Theory and Practice*, vol. 13, no. 4, Summer, 1989, pp. 47–68.
- Gilad, A. and M. Scot, 'Strategic Awareness, Personal Commitment, and Planning in Small Business', *Journal of Management Studies*, vol. 2, no. 6, 1985, pp. 597–631.

- Blawatt, K., 'Defining an Entrepreneur: A Conceptual Model of Entrepreneurship', *CCSBE-CCPME Proceedings*, 1995, pp. 893–921.
- Campwell, C. A., 'A Decision Theory Based Model for Entrepreneurial Act,' *Entrepreneurship Theory and Practice*, vol 17, no. 1, 1992, pp. 21–9.
- Bandura, A., *Social Foundations of Thought and Action: A Social Cognitive Theory*, N.J.: Prentice Hall Englewood Cliffs, 1986.