

**A STUDY ON THE
SOCIO-PSYCHOLOGICAL BACKGROUND
OF THE ENTREPRENEUR-MANAGERS OF
SMALL SCALE INDUSTRIAL UNITS IN
ERNAKULAM DISTRICT, KERALA**

**Thesis submitted to
the Cochin University of Science and Technology
for the award of the Degree of Doctor of Philosophy
under the Faculty of Social Sciences**

by

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Under the Supervision of

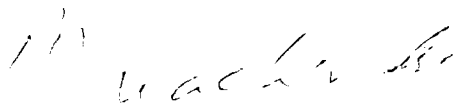
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1995

CERTIFICATE

Certified that the thesis "A study on the Socio-Psychological Background of Entrepreneur - Managers of Small Scale Industrial Units in Ernakulam District, Kerala" is the record of bona fide research work done by Smt. Shally Joseph under my supervision and guidance. The thesis is worth submitting for the award of the degree of Doctor of Philosophy under the Faculty of Social Sciences.



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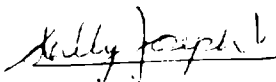
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DECLARATION

I hereby declare that this thesis is the record of bona fide research work carried out by me under the supervision of Prof.P.R.Poduval, Director, School of Management Studies, Cochin University of Science and Technology. I further declare that this thesis has not previously formed the basis for the award of any degree, diploma, associateship, fellowship or other similar title of recognition.

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CHAPTER I

INTRODUCTORY

Entrepreneurship in Small Scale Manufacturing Sector -----

The Indian Economy is transitting itself through a momentous phase of development. From a predominantly agrarian economy, which had a sprinkling of industrial units at the time of independence, it has developed extensive manufacturing capabilities over a wide spectrum of industries. But this development has not reached Kerala, which has emerged as the most progressive state in the area of social development with spectacular progress in education, literacy, public health and the status of women.

The pattern of development of an economy is associated with a structural change marked by a sharp increase in the share of manufacturing industry in total output. The importance of the manufacturing sector will become clear from what Kaldor has said, "It is the rate of growth of manufacturing production (together with ancillary activities of public utilities and construction) which is likely to exert a dominating influence on the overall rate of economic growth, partly on account of its influence on the rate of growth of productivity in the industrial sector itself and partly so because it will tend,

indirectly to raise the rate of productivity growth in other sectors". (Kaldor.N:1966,P:18).

It is often said that Kerala is industrially backward or that growth of its manufacturing sector is relatively slow compared to the national level rate. This is all the more significant because the per capita manufacturing product in the erstwhile Travancore state (now a part of Kerala) was significantly higher (Rs.48) than the all India average (Rs.37) in 1950. In other words, Kerala* (erstwhile Travancore) which had a reasonably diversified industrial base of a size much above the national average before the planned era, stands today after nearly four decades of development planning, much below the national average and that of the neighbouring states. (Subramanian.K.K:1994,P:241)

This stagnation in manufacturing sector had its impact on every aspect of the state's economy. The per capita income of the state continues to be lower than the national per capita income. The per capita income of Kerala which was almost on par with the national average in the early sixties, progressively fell behind in the next two decades. The picture is quite evident from the data given in table 1.1

* Erstwhile Travancore, Cochin and the Malabar district of Madras Presidency was integrated in 1956 to form the State of Kerala.

Table 1.1 Per capita National Income and Per capita State Income

	1980-81 (Rs)	90-91 (Rs)	91-92 (Rs)	92-93 (Rs)	93-94 (Rs)
India	1630	4964	5583	6269	--
Kerala	1508	4207	4607	5065	5615

Source Govt.of Kerala, Economic Review ,1993,P:12

Further, the growth of manufacturing sector in the State evinces a long term decline. This becomes clear from the percentage share of the manufacturing sector to the State Income as given in the Table 1.2.

Table 1.2 Sectoral contribution of Net Domestic Product of Kerala (in per cent)

Sector	1960-61	70-71	80-81	85-86	88-89
Primary	56.0	51.8	44.2	42.0	37.2
Secondary (Manufacturing)	15.2 12.5	17.1 13.1	22.2 16.8	18.8 13.9	20.7 12.2
Tertiary	28.8	31.1	33.6	39.2	42.1

Source Adapted from Nanda Mohan,V,1994,"Recent Trends in the Industrial Growth of Kerala",B.A.Prakash (Ed) Kerala's Economy -Performance, Problems,Prospects, P:220.

Kerala also has the highest rate of unemployment. The latest available data on unemployment (Table 1.3) show that the problem of unemployment continue to be accute and much higher in Kerala compared to all other states and India as a whole.

Table 1.3 Unemployment Rates in India (per 1000 persons in the labour force)

State	Rural		Urban	
	Male	Female	Male	Female
1. Andhra Pradesh	25	45	64	90
2. Assam	47	113	53	284
3. Bihar	26	8	64	33
4. Gujarat	24	17	47	22
5. Haryana	65	43	46	96
6. Himachal Pradesh	45	9	69	105
7. Jammu & Kashmir	18	19	47	155
8. Karnataka	16	13	56	41
9. KERALA	125	250	141	338
10. Madhya Pradesh	2	12	43	56
11. Maharashtra	21	12	65	50
12. Manipur	2	18	44	67
13. Meghalaya	-	-	22	25
14. Nagaland	-	-	33	185
15. Orissa	38	54	71	140
16. Punjab	29	74	48	147
17. Rajasthan	30	18	47	14
18. Sikkim	33	45	28	98
19. Tamil Nadu	40	45	73	91
20. Uttar Pradesh	18	12	34	29
21. West Bengal	30	106	90	214
All India	28	35	61	85

Source Sarvekshana, Special Number September - 1990

Everybody believes that, for a state like Kerala, where some of the large industries are being closed down, especially in recent years, development of small scale industries is the only answer to revitalise the stagnant manufacturing sector. In order to understand the role of SSI in the manufacturing sector in Kerala, it is better to have a clear picture of industrialisation in India and Kerala with special reference to small scale industrial units.

The Role of Industrialisation and Entrepreneurship in the

Process of Economic development

The economy was very simple till the industrial revolution. With the industrial revolution, the whole life pattern of man started changing. The pattern of economic life, including consumption and production changed drastically. The way of life, day to day work, the mental outlook, health care systems, in short everything changed. Economic development, according to Schumpeter (1955) is the discontinuous and spontaneous change in the stationary state, which permanently alters and displaces the state of equilibrium which previously existed.

Generally economic development is equated with industrialisation. But it is more than mere industrialisation. "It is an upward movement of the entire social system" (Myradal Gurnar, 1968, P:1869). Economic development includes increase in productivity, social and economic equalisation, improved institutions and attitudes, a rationally co-ordinated system of policy measures, and removal of undesirable conditions and systems (Black C.E, 1966). Industrialisation is considered as a means through which underdeveloped countries can attain all these. Industrialisation is only one aspect of economic development. But the process of industrialisation can change the occupational structure which would ultimately increase per capita income which in turn would improve the standard of living, health and education.

As economic development is the systematic outcome of purposeful human activity, men assume various roles in the

development process as workers, consumers and organisers. This human factor has been the focus of study with considerable importance and interest since the development of industrialisation. As Meir and Baldwin (1962, P:299) has put it "development does not occur spontaneously as a natural sequence when economic conditions are in some sense 'right', a catalyst or agent is needed and this requires an entrepreneurial activity". The development of an economy depends upon persons who are willing to shoulder the responsibilities and take risks. These persons are known as entrepreneurs.

McClelland (1961) has pointed out that entrepreneurship plays a vital role in the economic development of a nation and has considered it as one of the important determinants of industrial growth of a society. Now the very concept of economic development is associated with entrepreneurship. The economists, the planners and the governments have realised this essential requirement.

It is only in the recent years that the role of entrepreneur has been considered to be of very great significance in shaping the industrial growth and economic development both in the developed and underdeveloped countries. The economic history of the presently developed countries for example, USA and Japan tends to support this fact. The crucial role displayed by the entrepreneurs of the developed countries have made the people of underdeveloped countries very much conscious of the significance of entrepreneurship for economic development.

Entrepreneur

The understanding of the theory of entrepreneurship depends upon one set of definitions which provide the base for analytical study. Entrepreneur is the central figure of many economic activities. All the definitions of entrepreneurs are in terms of this function. There are various definitions based on the emphasis in varying degrees on one function or the other of the entrepreneur.

The term 'entrepreneur' appeared in the French language much before the emergence of concept of entrepreneurial function. By the early 16th century, the word 'entrepreneur' meant man engaged in leading military expeditions (Singh.K,1992). Its scope was extended to cover civil engineering activities, such as construction and fortification in 17th century. Quensay (SSR*:Desai.V,1991 P:30) regarded the rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence, skill and wealth. An entrepreneur undertakes risk and handles economic uncertainty. Risk taking is his hobby, adventure is his nature and innovation is his way of life (Subbi Reddy and Apparao, 1987).

The term 'Entrepreneur' is derived from two French words common in 18th century economics. "Entre" may be interpreted either as the verb 'to enter' or as the adverb 'between'

* SSR: Secondary source reference

while 'predure' is the verb 'to take'. So an entrepreneur would be a person who "undertakes" the task of bringing together various resources (money, materials, people etc.) managing them to achieve desired results and taking some share (Van Voorhis, Kenneth.R,1980).

The entrepreneur and his unique risk bearing function was first identified in the early 18th century by Richard Cantillon, who defined an entrepreneur as a person who buys means of production at certain prices and sells his product at uncertain prices thereby bearing a non-insurable risk.(Cantillon.R, 1892)

Adam Smith, the father of political economy, treated an entrepreneur as "a provider of capital, but not playing a leading role" (SSR:Sharma,R.A,1980,P:3). He considered the entrepreneur as a proprietary capitalist, a supplier of capital and at the same time working as manager intervening between the labour and the consumer.

J.B Say moving along in the French (Cantillon) tradition was the first to assign to the entrepreneur a definite position in the scheme of the economic process (Schumpeter,J.A,1954). For J.B.Say, an entrepreneur is one who "shifts economic-resources out of an area of lower into an area of higher productivity and greater yield". According to him, "an entrepreneur is the economic agent who unites all means of

production the labour force of the one and the capital or land of the others and who finds in the value of the products which results from their employment, the reconstitution of entire capital that he utilises and the value of the wages, the interest and the rent which he pays as well as profit belonging to himself (Say J.B-1815,P:28-29).

It was J.S Mill (1848), who brought the term entrepreneur into general use among English economists. He emphasised the functions of direction in production process and he repeatedly stressed that the function require no ordinary skill.

F.A.Walker (1876) was the first to draw a clear distinction between entrepreneur and capitalist (passive investor) and showed that the remuneration received by the capitalist was called interest and that received by entrepreneur, profit. Alfred Marshall (1930) emphasised the organisation and management of the enterprise as the important functions of an entrepreneur.

In 18th century, with the advent of Industrial Revolution in England, the term entrepreneur came into usage in a modern sense. People demonstrated an innovative spirit during this period. They made progress in inventions and made an appreciable amount of discoveries in a variety of productive occupations. The innovative spirit of the people helped them in doing

new and useful things or old things in an improved way.

Influenced by the Industrial Revolution, Joseph A Schumpeter (1967,PP:63-64) considered "the entrepreneur as an individual who introduced something new in the economy - a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like". He also states that entrepreneur s function is to "reform or revolutionise the pattern of production by exploiting an invention or more generally an untried technological possibility for producing a new commodity".

According to E.E Haggan (1962), an entrepreneur is an economic man who tries to maximise his profits by innovations. Innovations involve problem solving and the entrepreneur gets satisfaction from using his capabilities in attacking problems. In the words of George Herbertain Evens Jr.(1949,P:338), "entrepreneurs are persons who initiate, organise, manage and control the affairs of a business unit that combine the factors of production to supply goods and services whether the business pertains to agriculture, industry, trade or profession."

Arthur Dewing (1919) conceptualised the function of the entrepreneur as one who promotes ideas into business. H.G.Evans (1957), views the entrepreneur as a person who has the task of determining the kind of business to be operated.

Robbler G (1987), defined an entrepreneur as one who makes a profit, derives self satisfaction through personal achievements. According to Grasely (1987), an entrepreneur acts as an opportunistic strategist.

All these various interpretations made about entrepreneurs by different scholars made Kilby to liken the entrepreneur to a rather large and very important animal called "Heffalump" hunted by many individuals, but all unable to capture him. All claim to have seen him and have variously described him, but wide disagreements still exist among them on his particularities (Kilby Peter-1971).

The term entrepreneur has been defined as one who detects and evaluates a new situation in his environment and directs the making of such adjustments in the economic systems as he seems necessary. He conceives of an industrial enterprise for the purpose, displays considerable initiative, grit and determination in bringing his project to fruition, and in this process performs one or more of the following (Danholff C.H., 1949, P:21)

- (i) Perceives opportunities for profitable investments.
- (ii) Explores the prospects of starting such a manufacturing enterprise.
- (iii) Obtains necessary industrial licences.
- (iv) Arranges initial capital.

- (v) Provides personal guarantees to the financial institutions.
- (vi) Promises to meet the shortfalls in the capital; and
- (vii) Supplies technical know-how.

The entrepreneurs are the persons who are gainfully engaged in manufacturing, distribution or service and other sectors. Innovation precedes the entrepreneur and runs parallel with entrepreneurship. According to Robert Hisrich (1985), an entrepreneur is in the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the results - rewards of monetary and personal satisfaction.

The concept of entrepreneur is being understood differently in a developing economy. The entrepreneur is a critical factor in the socio-economic change. He is the keyman who envisages new opportunities, new techniques, new lines of production, new products and co-ordinates all other activities. "In a developing economy, an entrepreneur as an institution is a specially talented person who has the capacity to assume risk, the ability to innovate and to imitate and the capacity to marshal resources. He is a person who tries to create something new, organises production and who undertakes risk and handles economic uncertainty" (Nandrajog, S, 1992, P:2).

In a developing economy, the entrepreneur is one who starts an industry, undertakes risk, bears uncertainties and also performs the managerial functions of decision-making and co-ordination. He also puts the new process based on technological research into operation. Even if he imitates any technique of production from a developed economy, he is called an entrepreneur.

Today the entrepreneur is regarded as the most active propeller in the process of socio-economic development and reformation. The essence of an entrepreneur is his ability to cope with all activities involved in promoting and running profitably any service - commercial and industrial enterprise. He knows well how to deal with production function, the Government - the legal system, the workers and their trade union leaders, the commercial and development banks, the cut-throat competition, the consumers and their associations and last but not the least, with the changing environment (Sharma,P.K,1991,P:26).

The term 'entrepreneur' is still in the process of development, reformation and renovation due to the innovative attitude and explorative behaviour of the entrepreneur himself. Individuals who initiate, establish, maintain and expand new enterprises constitute the entrepreneurial class.

Entrepreneurship

The term 'entrepreneurship' is often used interchangeably with entrepreneurs. Conceptually they are different. Entrepreneur refers to a person while entrepreneurship refers to a process. The former is a visualiser, creator, organiser and innovator but the latter is the vision, creation, organisation and innovation. Entrepreneurship is initiative, risk taking and administrative but the entrepreneur is an initiator, risk taker and administrator.

One of the other differences is that the entrepreneur is a decision-maker, planner and a leader while the entrepreneurship is a decision, planning and leadership. An entrepreneur is a technician, motivator, and a communicator while the entrepreneurship refers to technology, motivation and communication. In a way entrepreneur precedes entrepreneurship.

The entrepreneurship is a creative and innovative response to the environment. It refers to a process of action on which an entrepreneur (person) undertakes to establish his/her enterprise.

Entrepreneurship has taken centuries to evolve. Its usages and connotations differed much in substance from country to country to suit economic conditions, social values and tradi-

tions. According to Frederic Herbison (1956), entrepreneurship means the skill to build an organisation. Liebenstein (1968) identified gap filling as an important characteristic attribute of entrepreneurship.

Entrepreneurship has been referred to as the capacity of an individual who perceives new ideas, bears risks and possesses competence to meet unforeseen and adverse situations with confidence.

The first major work on entrepreneurship came from Joseph A Schumpeter. He put the human agent at the centre of the process of economic development and regarded an entrepreneur as one who through new combinations of means of production, carries out the introduction of a new commodity, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of raw materials or half manufactured goods and the carrying out of the new organisation of any industry (Schumpeter, J.A, 1954).

In the words of A.H Cole (1968), entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organise a profit oriented business unit for the production or the distribution of economic goods and services.

Rao, T.V and Mehta, P (1978) perceived entrepreneurship as a creative and innovative response to the environment. According to Wilken (1979), entrepreneurship can be understood in the context of the following major areas in which an entrepreneur is required to take a series of decisions. The major areas are (i) perception of an opportunity, (ii) organisation of an industrial unit, (iii) running of the industrial unit as a profitable concern.

The entrepreneur is basically a human being. Entrepreneurship is a continuous and dynamic process of reformation and development. Entrepreneurship is the propensity of mind to take calculated risks with confidence to achieve a predetermined business or industrial objective.

Entrepreneurship is the function of seeking investment and production opportunities, organising an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials and selecting top managers for day-to-day operation of the enterprise (Haggen, E.E, 1962).

Elken (1988) says that entrepreneurship should have the ability to perceive profitable business opportunities, a willingness to act on what is perceived, and necessary organising skills with a project instead of conceptualising entrepreneurship as a function.

In the developing economy, entrepreneurship is one form of labour that tells the rest of labour what to do and sees to it that it gets things done. In these countries, emphasis is not put only on "Schumpeterian innovation" (Desai, V,1991,P:31).

P.K Sharma opines that entrepreneurship demonstrates the inner quality, a creative and innovative response of the entrepreneur to changing environment. It is a perenial and perpectual process of development and reformation in every field of socio-economic endeavour. It connotes the philosphy of enterprise promotion, creation, proliferation, modernisation and rehabilitation in the field of commerce, trade and industry. It is a golden practice and discipline of enter-prise building and running it profitably as well. Small scale industrial units act as outlets for entrepreneurial talents and initiative (Sharma,P.K,1991).

Small Scale Industries :

Small scale industries form an important structure in the development of the economy. Interest in the potentialities of the small sector is part of a wider global trend that includes both the developed and developing countries (Vepa, Ram K,1988).

Schumacher's slogan "small is beautiful" has now become a popular expression. According to him, there is greater convenience, humanity and manageability in smallness. He has tried to show the strenuous attempt undertaken to attain smallness within the gigantic organisations (Schumacher, E.F, 1975).

Schumacher also suggested the establishment of small firms as an answer to the mass unemployment and mass migration into the cities, which were the two phenomena that the world was concerned about. Modern industries as they have been evolved in the developed countries cannot solve these problems. According to him, the answer lies in small firms which have to be started in rural areas and small towns. He has put forward three more propositions (1) work places should be inexpensive, (2) production methods should be simple and (3) production should be mainly from local materials and for local use. His propositions are equally applicable to the developing and the developed countries.

Studies have shown that Schumacher's slogan is being widely accepted and followed. Gigantic corporations are giving way to small dynamic production groups. Big companies are decentralising. In U.S.A almost 40% of all new jobs are created by small and new business enterprises. This entrepreneurial surge is not entirely confined to United States. In Canada, over 50% of the labour force work for small firms. Britain regards small

enterprise as crucial to its economic future. Even in countries like Italy, in spite of the political instability and industrial unrest, the health of the economy is maintained by privately owned small firms.

Small scale industries represent a stage in economic transition from traditional to modern technology. Small scale industries are considered as an essential link in the chain of economy of a country. They serve the consumers and meet the needs of other large and small business. While they may not be able to match the production volume of large firms, they can compete with them in regard to variety of goods and services to customers. Because of the low capital output ratio and low gestation period, small industry sector promotes non-inflationary growth. It is said that the future lies with the small dynamic production groups that can respond quickly to customer needs (Desai,V,1991,PP:83 - 84).

The Institute for SSI defines small industry as "a manufacturing or industrial service enterprise in which the manager is not actively engaged in production but performs a varied range of tasks involved in guidance and leadership without the help of a specialised staff officer" (Vepa,Ram.K, 1988, P:175).

Eugene Staley's description (SSR:Bisht.N.S and Sharma.P.K,1991,P:32) of SSI is more meaningful. He described SSI with the following qualities:

- (1) Little or no specialisation of management. The manager-proprietor must conduct himself, personally or with the help of a few assistants with production, purchasing, marketing, finance, personnel and every other aspect of the business.
- (2) Close personal contact with those involved in the business. The manager-proprietor has familiarity with his workers, customers, suppliers and creditors.
- (3) Lack of access to capital through an organised securities market.
- (4) No dominant position in a major product market.
- (5) Close integration with local community by virtue of local ownership and management, raw material resources or presence of market.

The aspirations of the developing countries is to achieve an industrial structure where ownership and economic power are decentralised and distributed widely. Small firms can often adjust more readily to a developing country's social and cultural environment.

The small scale industries offer a quick and convenient tool of carrying industrialization to rural areas. They

operate as labour intensive units and utilise less capital, provide more employment with existing resources and facilitate regional development and offer opportunities for utilisation of rural savings by providing channels of investment and making available better varieties of consumer goods to raise the standard of living. The SSIs are managed by the talent available in the country and the talent required for the purpose can be trained quickly and provide industrial employment without adversely affecting the main occupation of agriculture. The illiterate people of rural areas can undertake work in off seasons in these industries.

The SSIs take jobs to the people instead of making them migrate to the factory areas as in the case of large industries. Small enterprises help in dispersal of industries, rural development and decentralisation of economic power. It has been observed that the smaller the size of industries, the greater their dispersal over a wide area and their comparatively smaller requirement for various infra-structural facilities make for a smaller environmental risk. Small industries located close to the ultimate market often incur lower transportation cost. They provide productive scope for talent and energies of entrepreneurs, many of whom may not find their potential worth while for large industries.

SSIs offer opportunities to entrepreneurs with small means of having initiative and skill to establish their own industries which are managed with a degree of independence. The industry stimulates economic activity and creates a sense of confidence among a large number of entrepreneurs. It stimulates personal savings and helps in developing innovative and appropriate indigenous technology which provide dynamism to the industrial sector. Thus, there is justification for SSIs which are considered as the backbone of many countries in the world.

SSIs are not only instruments of change but vehicles of growth and diversification. P.N.Dhar and H.F.Lydall (1961) have recommended the promotion of SSI as one of the most appropriate means of developing industry in our over populated backward countries. Japan is often referred to as the great example of what can be done in this way and, now even communist China is said to be following a similar path, atleast in the rural areas. In no country, however, has the doctrine of small industry received such strong official support as in India. The most important reason for this is the legacy of Gandhian teaching.

Long before independence, Gandhiji had expressed the same idea as Schumacher. Gandhiji wrote in 1934, "We should look to the villages for the supply of daily needs and when we find that some needs are not so supplied, we should see whether with a little trouble and organisation, they cannot be properly

supplied by the villages".(SSR:Vepa,Ram.K,1988,P:18). He was the firm believer that only by encouraging and reviving home industries, India can help her poor millions. He gave the slogan 'be Indian and buy Indian and 'boycott the British goods'. He advocated (1926), small scale products (Khadi) made by millions of Indian hands as the only true swadeshi and said that it was the soul of 'swaraj

India has a long history of SSI. According to archeologists, the excavations at Harappa and Mohanjodaro reveal that the 'charkha was a part of the Indian households. During the Maurian period, 'Khadi was made by rural and cottage industries. Marco Polo (1288) and Tarenies (1660) who were the foreign travellers, pointed out the details about the significance of Indian rural and small scale industries. The Vedic. Aryans also used the charkha(Jalal.R.S,1990,P:XX)

Indian industries including the small sector suffered a serious set back during the British rule. The country was made the supplier of raw materials for British factories and flourishing market for their manufactures. It became a victim of the colonial economic policy. During the second World War period, due to obvious reasons, they received patronage of the government. Priority was given to rural and small industries during the freedom movement.

The first attempt to study the position, problems and prospects of village and small scale industries at the national level was made by the National Planning Committee (NPC) set up by the Indian National Congress in 1938, under the chairmanship of Jawaharlal Nehru. Recognising the importance, the NPC set up a separate sub committee on Rural and Cottage industries under the chairmanship of Shri.S.C.Das Gupta.

Only after Independence, could a positive policy for small scale industrial development be formulated and implemented. Both the State and Central government of India have taken several measures to encourage the small scale sector. Industrial Policy is the most important aspect of our economic policy.

Basic objectives underlying the industrial policy in India are

- (a) Remedying the topsided development of the economy in order to obtain a pattern of balanced growth and stability.
- (b) Redirecting resources into channels that require more immediate attention for development.
- (c) Conserving the resources of the country and making more judicious and economical use of them in order to make them last longer.
- (d) Distributing properly the advantages of increased production and industrialisation.
- (e) Controlling the working with a view to eliminate the exploitation of the consumers.

(f) Putting a stop to concentration of wealth and economic power in the hands of a few and to ensure equality of opportunities to all (Baig, Nafees and Khan, A.A.M, 1990, P:58)

The First Industrial Policy Resolution was announced in 1948. The Gandhian influence can be seen in this first Industrial Policy. It stresses the importance of securing a continuous increase in production and its equitable distribution. It was specifically stated that cottage and small industries were particularly suited for the better utilization of local resources, and for the achievement of local self-sufficiency in respect of certain types of essential consumer goods. According to this policy, the healthy expansion of cottage industries depends on a number of factors such as the provision of raw materials, cheap power, technical advice, organised marketing of their products and where necessary safeguards against intensive competition by large scale manufacturers. It also depends on the education of workers in the use of best available techniques. After the announcement of this policy, there were a number of developments on the Indian socio-economic scene which diverted the interest of the government from the development of SSIs.

The actual Indian interest in modern small industries began only in the early fifties, after experts from foreign countries - the Ford Foundation team of U.S.A. - visited the country. They strongly recommended the setting up of modern

small units which in their opinion were ideally suited for a country like India with a serious dearth of financial and technical resources. (Report on Small Industries in India, 1955)

As a result of the recommendations made by the First International Perspective Planning Team in 1953-54, the Government of India set up the first set of Institutions for the development of villages and small industries. They are the Central Small Industrial Organisation (CSIO), The National Small Industries Corporation (NSIC), The Small Industry Extension Training Institutes (SIETI) and the Khadi and Village Industry Commission (KVIC). These represented the institutional arm of the Central government, but each of them was structured differently to suit the specific objectives for which they had been set up.

The Industrial Estate Programme was launched in India in 1955, following the recommendations of the International Planning Team (Ford Foundation). The objectives of the programme were two fold (1) to promote a rapid development of small units; and (2) to promote the decentralisation and dispersal of industry, that is to relieve cities of congestion and to promote industries in rural, semi-urban and backward areas.

In 1956, an All India Seminar on the development of SSI was held at Puri. It strongly recommended the establishment of

an autonomous body at state level for dealing with the problems of developing small scale industries in the country. The seminar reached the conclusion of setting up specialised financial institutions for financing the requirements of SSI. The government of India directed all the states to set up the small industries corporations to look after the development of small industries, in various ways. Emphasis was placed on certain basic things like promoting entrepreneurs and incentives for new industrial units in semi-urban, rural and backward regions.

The Second Industrial Policy Resolution (IPR) of 1956 announced the broad institutional frame for the development of small and village industries. The IPR is significant for re-emphasising why the policy makers regarded small industry as crucial to economic development. The resolution stated that the small scale industries provide immediate large scale employment, offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. Some of the problems that unplanned urbanisation tends to create could be avoided if industrial production is carried out by SSI units all over the country. Its aim would be to improve the competitive strength of small scale producers by upgradation and modernisation of the techniques of production. The policy states that the state should give constant attention to the development of SSI.

The Industrial Policy Resolution of 1970 claims that the IPR of 1956 would continue to govern the policy of achieving the objectives of growth, social justice and self-reliance in industrial spheres and that it would be the government's objective to maintain a durable framework of licencing and other connected policies consistent with the resolution.

After 1971, another policy change in the industrial field came when the Janata government was formed at the centre in 1977. Rural orientation was given to the policy on industrial development. It stated that the main thrust of the policy would be effective promotion of cottage and small industries widely dispersed in rural areas and small towns. Whatever that can be produced by small and cottage industries must only be so produced and within the small sector. Special attention would be given to units in tiny sector.

The broad socio-economic objective of the Industrial Policy of 1980 has been set out as

- (1) Optimum utilisation of the installed capacity.
- (2) Maximising production and achieving higher productivity.
- (3) Higher employment generation.
- (4) Correction of regional imbalances.
- (5) Promoting optimum inter sectoral relationship.
- (6) Faster promotion of export oriented and import substitution industries.

(7) Promoting economic federalism with an equitable spread of investment and the dispersal of returns amongst widely spread small but growing units in rural and urban areas.

(8) Consumer protection against high prices and bad quality (Desai, V, 1991, p:195)

The Industrial Policy of India has been revised in 1990 with some significant changes. As per the Industrial Policy statement of 31-5-90, small scale industries have been defined as "undertakings having investment in fixed assets in plant and machinery whether held on ownership terms or by lease or by hire purchase not exceeding Rs.60 lakhs" (Development Commissioner, Small Scale Industries, 1990, PP:2-3). According to this policy

1. Ensuring higher flow of credit to tiny and rural industries by the Small Industries Development Bank of India (SIDBI) along with the commercial banks;
2. Setting up of an Apex Technology Development Centre under Small Industries Development Organisation to help modernisation;
3. Expansion of the list of items reserved for small scale and tiny sector and entry of large scale units into such areas would be prohibited;
4. Implementation of the Central Investment subsidy exclusively for small scale industry sector, setting up units in rural and backward areas.

In case of ancillary industries, the limit of investment in fixed assets in plant and machinery has been increased to Rs.75 lakhs. Investment ceiling has been fixed at Rs.5 lakhs for tiny units and Rs.2 lakhs for small scale service establishments.

A new policy for small and tiny enterprises was announced by the Government on 6th August 1991. It allows equity participation by other industrial undertakings in the SSI units, not exceeding 24% of the total share holding. This is done to provide small units access to the capital market and to encourage modernisation, technical upgradation and subcontracting.

Measures for increasing credit flow to the small scale sector and for marketing their products were also envisaged by the new policy. There is now no restriction on the small scale sector in setting up a unit for the manufacture of any item anywhere in the country, except for those which are compulsorily licensable under the new policy.

The growth of modern SSI in India has been regarded as one of the most significant features of planned economic development. The SSIs have grown phenomenally and this sector occupies a position of unique importance in the economy of the country.

Successive Five Year Plans gave impetus to the growth of the small scale industries in the country recognising the significant role played by them in smoothening the transfer from traditional to a modern industrialised society.

First Plan (1951-56)

During the First Plan, the programme for promotion of SSI was designed to achieve the objectives of providing additional employment opportunities, mobilising resources of capital and skill and providing a more equitable distribution of national income. Programmes of assistance to small units like technical advice, supply of machinery on hire purchase, liberalisation of procedures for granting loans, participation in government stores purchase programme etc. were taken up in quick succession.

Second Plan (1956-61)

The Second Five Year Plan is called industrial plan because it stresses the development of heavy industries. In the Second Five Year Plan, the small scale industries were assigned to play an important role as it was realised that the large scale industries alone were not capable of absorbing all the unemployees.

Third Plan (1961-66)

Two significant measures were taken during the Third Five Year Plan to give positive encouragement to the small scale sector - (a) Take up the manufacture of complex and sophisticated industrial items. (b) In 1962-63, the government also decided to reserve certain items for development exclusively in the small scale sector. The progress was encouraging during the first two years of the plan.

During annual plans, growth of small scale sector once again showed the signs of revival.

Fourth Plan (1969-74)

In the Fourth Plan, it was the development of backward areas through rural industrialization so that regional imbalances which had developed could be counterbalanced. Government undertook to promote decentralised growth of industries, raise the earnings of those engaged in the small industries by providing positive forms of assistance for improving their skills and productivity and organised artisans and craftsmen on co-operation lines so that over a period, the entire sector becomes economically viable.

Fifth Plan (1974-79)

The Fifth Five Year Plan emphasised the need for achievement of self-reliance and reduction in unemployment and increase in consumer goods. In the Fifth Five Year Plan, emphasis was given to the development of ancillary relationship between large scale and small scale industries. The number of items exclusively produced in the small scale sector industries were raised from 180 to 504 and subsequently to 807.

Sixth Plan (1980-85)

The rapid and widespread development of Small Industries including cottage, household and small scale industries was one of the major objectives of the Sixth Five Year Plan. The progress chart of the small and village scale industries sector during the Sixth plan period shows that production has increased and the procedure and condition for financial institutions were liberalised.

Seventh Plan (1985-90)

The policies during the Seventh Plan aimed at rapid growth of SSI by strengthening facilities for required infra-

structure and encouraging adoption of modern management techniques. During this Plan, the Small Scale Sector has been strengthened through the expansion of workshops and tool room facilities. This led to the development of new products, modernization and technology upgradation. Greater emphasis has been given to human resource development through training facilities available at Central and State level.

Eighth Plan (1992-97)

The plan aims essentially at strengthening the infrastructure of SSI so as to provide increased opportunities for employment especially in rural areas and to meet the basic needs of the people.

The Small Industry sector has been given considerable importance in the Five Year Plans. The allocation of funds to this sector has been increasing steadily over the years. The outlay approved for small scale sector, including industrial estates, plan for Central and State Plan Schemes during the successive periods are presented in the following table:

Table 1.4 Outlay For S S I in Five Year Plans

(Central and State Plan Schemes)

Plans	Plan Period	Total Outlays
First	1951-56	5.20
Second	1956-61	56.00
Third	1961-66	113.08
Annual	1966-69	53.48
Fourth	1969-74	96.19
Fifth	1974-79	221.74
Annual	1979-80	104.81
Sixth	1980-85	616.10
Seventh	1985-90	1120.51
Annual	1990-91	877.90
	1991-92	941.20
Eighth	1992-97	6334.20

SOURCE: 1. Patra, S.C, 1993, Promotion and Management of Small Scale Industries, P:83.

2. Govt. of India, Economic Survey, 1993-94, P:848.

Promotional Agencies:

In order to facilitate the rapid growth of SSI, a number of promotional agencies have been set up at the national level, state level and district level. These agencies provide a variety of promotional supports like concessional finance, supply of inputs, marketing supports and research and training facilities.

Small Industries Development Organisation (S I D O)

Prominent among the agencies set up at the national level to assist SSI in the modern sector is the Small Industries Development Organisations (S I D O). It is an apex body for policy making, co-ordinating and monitoring the development of SSI. It provides extension services to these units all over the country. Other responsibilities are:-

1. Preparing programmes and policies for the development of small industries
2. To maintain a liaison with state government industrial directorates to co-ordinate central and state efforts for the development of SSI.
3. To co-ordinate the efforts of Planning Commission, financial institutions and large industries in supporting small undertakings,
4. To prepare and implement programmes for developing industrial estates and D I Cs.

The organisation provides help in procurement of raw materials, machinery, technical expertise to small units in consultation with other agencies.

National Small Industries Corporation (N S I C)

The N S I C supplies machinery and equipment to small enterprises on hire-purchase basis and assists them in procuring orders for various items for governmental purchases. It also

distributes scarce raw materials. It not only assists the marketing efforts but undertakes direct marketing of SSI produce. It develops technology on a small scale and provides training in selected trades. It also exports turn key projects for small industries development.

Small Industries Extension and Training Institute (SIETI)

The SIETI provides consultancy services, research facilities and training facilities. It also trains the trainers of S I D O.

Central Small Industries Development Organisation (CSIDO)

The CSIDO is a department of the Central Ministry of Small Industrial Development. Its functions include technical consultancy, economic and statistical consultancy and information service, technical and managerial training, management consultancy, and internal and external marketing information. It is also concerned with the programmes of industrial estates, rural industries projects including that of DICs and the collection of statistics.

National Bank for Agriculture and Rural Development (NBARD)

NBARD extends credit for short term, medium and long term requirements for rural development, especially in the handloom and co-operative sectors. It also helps consultancy and research for rural industrialisation programmes while concentrating on agricultural/rural development programmes. It also co-ordinates the functioning of rural credit agencies for optimising the effectiveness of lending operations.

Industrial Development Bank of India (IDBI)

IDBI was set up in 1964 to invigorate, rejuvenate, and resuscitate the developing entrepreneurship in the country as an apex development bank. The basic purpose of IDBI's entrepreneurial policies is to drag the national economy out of the quagmire of entrepreneurial sickness, inefficiency and backwardness by broadening the entrepreneurial base. IDBI is not merely the provider of capital and finance but is acting as a catalyst in the area of creation, diversification, modernisation and rehabilitation of entrepreneurship.

National Institute for Entrepreneurship and Small Business

Development (N I E S B D)

N I E S B D was established in 1983 for laying down policies, reviewing the programmes and co-ordinating the activities and the programmes of various agencies in the field of entrepreneurship and development of different target groups. The institute has been organising and conducting training programmes for trainers and entrepreneurs and preparing a model syllabus of training of entrepreneurs. It also conducts research and organises meets to promote entrepreneurship.

Small Industries Development Bank of India (SIDBI)

The Small Industries Development Bank of India, the apex bank for small scale industries, extends assistance to SSI units through various schemes. Providing financial assistance to the Small Scale Units is one of the main functions of SIDBI. This is channelised through the State Financial Corporations, State Industrial Development Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks which have a vast network of branches in the country.

Besides the above mentioned, there are Small Enterprise National Documentation Centres which collect information

for small business, and has branches in various regions of India. Central Institute of tool design takes up tool production, technical consultancy and training in this area. It also maintains a technical information cell on small scale industries.

Facilities and Concessions provided by the State Government

The main responsibility for the development of small scale industries rests with the state government. For the purpose of development of these industries, the Government provides a wide range of facilities, concession and incentives. For the purpose of obtaining support from the State Governments, the small scale units are required to get themselves registered with the Directorate of Industries of the State Government.

The State Government provide land, develops plots and sheds in industrial estates on easy terms to entrepreneurs taking up small ventures. The State government also provide capital subsidy on investment on fixed assets, on varying rates, financial assistance for the preparation of Project Report as also seed capital for starting the projects, subsidy for obtaining technical know-how, on power, on interest on capital borrowed, on generating sets, for testing the products in approved test house, etc.

Small Industries Service Institute (SISI)

SISI, a sub centre of SIDO provides technical guidance to the entrepreneurs, helps them in the preparation of projects and organises training programmes for the entrepreneurs. It provides techno-economic service, prepares industrial, potential survey and undertakes extension and training to assist small enterprises.

Small Industries Development Corporation (SIDCO)

SIDCO is a state level organisation helping promotion and development of SSI in terms of supply of raw materials, machinery, finance and marketing of products and provision of common facilities centres. It offers facilities of infrastructure in the form of developed plots and sheds in industrial estates.

Kerala Industrial and Technical Consultancy Organisation (KITCO)

KITCO, established by IDBI and other government agencies provides technical consultancy services in project identification, preparation of project reports, project appraisal, monitoring etc. Another major activity carried out by this organisation is entrepreneurship development programme.

Kerala Financial Corporation (KFC)

KFC provides long term loans to small and medium scale industries for starting new units as well as for expansion and diversification. It finances mainly the small scale industries. During the Eighth Five Year Plan, it has planned to disburse Rs.400 crores for the development of small and medium industries in Kerala.

Centre for Management Development (CMD)

CMD is engaged in entrepreneurship development programme. It also provides consultancy services on management and technical issues and prepares project reports, rehabilitation reports etc. The Centre has taken up as one of its major objectives, designing and conducting Entrepreneurship Development Programmes for various agencies in the State including the Directorate of Industries and Commerce.

Besides the assistances -- financial, training, supply of raw materials -- given by above mentioned institutions, a number of measures have been taken by the central and state governments, to protect this sector. Some of such measures are

1. Reservation of items for production - 836 industries have been reserved for exclusive production in the SSI sector.
2. Government stores Purchase Programme - 409 items are reserved for exclusive purchase from SSI units.

Tax exemptions - New manufacturing SSI units are exempted from all state taxes for the first 7 years, subject to a maximum of 100% of fixed capital investment.

4. Green Channel (GCC) - Green Channel is a Committee under the District Collector with all relevant district level officers as members. This functions at the District Industries Centre. Any problem with regard to clearance will find a speedy solution through the Green Channel Committee.
5. Single Window Clearance - A single window clearance is introduced in issuing permits and licenses of various departments, organisations and local bodies.

As a result of all these efforts at various levels, the sector has exhibited an equally impressive performance and resulted in a phenomenal growth. In 1950, there were only 16000 SSI units. By 1992, the number of units has increased to 20.82 lakhs and provides employment to millions. Table 1.5 and 1.6 indicate the growth and achievement of SSI from 1972 to 1991, both at the national and state levels.

Table 1.5 Achievement of SSI in India

Year	No. of Units (Thousand)	Production (-----Rs. Million-----)	Exports	Employment
1973-74	312	72000	5380	3970
1985-86	1335	612280	27690	9600
1989-90	1827	1314000	N.A	11900

Source Adapted from Pandey, G.N (1993), A complete guide to Successful Entrepreneurship, P:2-11.

The performance of the SSI sector in the state is also quite impressive. There are at present 17 major industrial estates, 36 mini industrial estates, 12 production and service centres. The investment in this sector has been rising over the years, so also the number of the registered units. This will become clearer from the table below

Table 1.6 Growth of Small Scale Industries in Kerala
(Registered Units)

Item	1972	1985-86	1989-90	1990-91
No. of Units	6205	35365	63698	73522
Employment (Rs.Lakhs)	1.27	2.32	3.82	4.45
Investment (Rs.Lakhs)	4408	46460	85358	73280

Source Pillai, P.P, (1994), Kerala Economy Four Decades of Development, P:132.

Despite the above impressive picture of growth in the number of registered units, there are several distressing developments in this sector, the most important being the alarming rate of sickness in the state compared to other states. About 13.43% of total registered small scale units in Kerala, are sick and closed as against the national average of 8%. (Steering Committee Report, 1990, P:12). The table below will give a comparison of the growth of SSI units and the growth of sick SSI units in different states in India.

Table 1.7 Comparisons of the growth of SSI units and the growth of Sick SSI units in different states of India

States	No. of Units 1987	No. of sick units	%growth in SSI units between 1979-87	%growth in Sick SSI units bet- ween 79-87
Andhra Pradesh	60295	19206	197.21	1351.70
Tamilnadu	76836	30942	215.93	3140.00
Gujarat	58958	5728	143.73	569.15
Maharashtra	49831	15401	91.78	457.40
Karnataka	56710	8463	262.89	714.53
West Bengal	128488	21409	33.44	208.13
Bihar	53428	14151	200.35	1664.46
Orissa	15093	8692	143.16	1025.90
Madhya Pradesh	122274	12576	396.32	2295.42
Uttar Pradesh	124336	19710	327.56	1610.93
Punjab	86521	2434	200.23	503.97
Haryana	56885	2096	293.12	831.55
Rajasthan	54462	9989	157.33	2992.56
Kerala	27828	15067	98.99	2207.35
All India	1048253	204259	167.58	880.08

Source Panda, R.K and Mehar Raj Kishore, (1992), Industrial Sickness, A study of SSI, P:14.

The sickness of SSIs in Kerala is a matter of great concern. According to some experts, all these number of units are only paper units. Since the registration fee is nominal, it is a practice with many persons to register more than one firm at a time and take up one of them on which the government aid is highest. According to V.Nanda Mohan (1994, P:12), a prime factor contributing to the abnormal rate of sickness in Kerala is the predominance of tiny units. The large number of tiny units with a low capital base reveals their vulnerability to market forces and low entrepreneurial commitments. Industrialisation in the

state could be accelerated if enough entrepreneurial talents were available in the state. According to M.A.Oommen (1972), the availability of entrepreneur-managers in Kerala (0.17 per 1000) falls considerably short of the normal requirements of industrialisation (5 entrepreneur-managers per 1000 total population).

In order to understand the lack of entrepreneurial talents in Kerala, it is appropriate to go through the general economic history of India and entrepreneurship in India and compare it with Kerala economy and Kerala entrepreneurship.

Entrepreneurship in India

The understanding of the entrepreneurial history of any underdeveloped country must evolve itself within the concept of the general economic history of the particular country. India had a glorious past characterised by enterprises in villages, towns and cities. Before the arrival of the westerners, the village community was the most important and interesting feature of economic life of India. The village community mainly consisted of artisans who were considered as the servants of the village and the Brahmins were regarded religious priests. The compact system of the Indian village community effectively protected artisans from the pressure of external competitions and this resulted in the absence of localisation of industry in India.

The princely courts supported organised industrial activity and took a significant share of the natural product. The main industry of the village community is textile handicraft. Besides textiles, metal and woollen industries were in prominence. In bigger cities, the guild system which looked after the welfare and quality of the work of the members had existed. Each independent craftsman had to look upon some other agency for financing his manufacturing activity or even upon his customers by way of advancing money to facilitate the purchase of raw materials. The urban industries were well organised and they flourished till the end of the 18th century, in the areas where they were helped by the courts or where raw materials were abundant. In all these stages, the functions performed by a peasant, an artisan, a feudal lord or a capitalist resembled the functions of their prototypes in the modern age.

The flourishing Indian industry declined at the end of the 18th century for various reasons. The disappearance of Indian courts, the establishment of an alien rule and the competition of a highly developed form of European industry can be considered as some of the causes.

The beginning of modern industry in India in the 19th century is associated with the plantation and factory industry. Before 1850, there were some stray attempts to set up factories in India. These were pioneering efforts, mostly by the Euro-

peans, to transfer the modern factory system outside of England, where trademen and entrepreneurs were being born in abundance due to industrial revolution.

Up to 1850, the major economic and commercial development in India centred round the growth of British private enterprise in banking, insurance, indigo plantations, coal mines and activities associated with growing external trade with Britain.

The beginning of the European commercial activities in India in 19th century led to the development of the modern factory system in India mainly in Calcutta and Bombay. In the eastern part of India, the entrepreneurship was mainly European, and engaged in export oriented industries like jute, textile, tea and coal. But the entrepreneurship in Western India was mostly Indian. The predominance of Indians on the industrial scene in Western India can be explained by its relatively longer political independence. In spite of the restrictive policies and lukewarm attitude of the British Government, the Indian entrepreneurship demonstrated vigour and took advantage of the opportunities available.

In 1847, Ranchod Lal Chotala, a Nagar Brahmin, envisaged textile manufacturing on modern factory lines. He was the first Indian to think on these lines and directed his efforts to materialise his venture, but failed in his first attempt. Again

in 1851, money was raised and against all the odds he succeeded in his efforts and opened a Mill in 1861 at Ahmedabad. But before this, Cowsjee Davar was successful in establishing a cotton textile manufacturing unit in Bombay in 1854. Within a period of 25 years the number increased upto 58. During this period, Indian entrepreneurship was not confined only to textiles, but efforts were also directed towards shipping, iron and steel, and hydro electric systems.

The growth in industries came essentially from three communities: the Parsis, the Gujaratis and the Marwaris. In the beginning, came the Parsis who initiated cotton textiles and the steel making. But other communities also joined hands in the expansion and financing of cotton textile industry from the very beginning. For example, the textile industry at Ahmedabad was developed by the Gujarathi trader - cum - entrepreneurs. Just as from trade to industry came the Gujaratis, similarly from money lending to industry came the Marwari entrepreneurs. The former were concentrated at Ahmedabad, and the latter at Calcutta.

In the first wake of Indian entrepreneurship in India, except Parsis, all others specially the Jains and Vaishyas of the commercial communities lagged behind in entrepreneurial initiative through out the 19th century. There were two factors for this (1) with the improvement of the business climate in the country, the quantum of trade also increased and this activ-

ity also assured quick returns on investment. (2) Conservatism — these communities were late in coming into contact with the western civilization. Therefore, they needed greater inducement to change from commercial entrepreneurship to manufacturing entrepreneurship.

The 'Swadeshi Campaign was launched by the Indian political leadership in October 1905 with the partition of Bengal. The idea of 'Swadeshi i.e., emphasis on indigenous goods formed an important facet of nationalism. It was no coincidence that Jamshedji Tata, the Parsi entrepreneur named the first mill he built after the movement, the 'Swadeshi Mill in 1905. This movement induced Indian investment in industrial activities and the starting of industrial activity under Indian management. All these reasons made it possible for the Indian enterprises to progress and spread rapidly. In the process of investment, following trade, the most important development was that Jamshedjee Tata, established the first steel industry at Jamshedpur in 1911. After the attainment of success in the establishment of a steel mill by an Indian, followed a wake of enterprises by Indian entrepreneurs in various other fields and industrialization progressed, though at a slow pace.

After the First World War, the government of India followed a protective discrimination against certain industries which gave an impetus to the development of a wide range of

industries including steel, paper, sugar, cement and matches. The Second World War also created better conditions for the new and existing industrial units.

After independence, the Government of India recognised the need of planning. The First Industrial Policy Statement of 1948 provided major guidelines for industrial and entrepreneurial development. But a doubtful atmosphere was created by the acceptance of the socialistic pattern and nationalisation. Then the Industrial Policy Resolution of 1956 came out and this pronounced a mixed economy, with a division of the sphere of activities, with complete co-ordination and mutual help as its goal. The government recognised the role of the private sector in industrial development through this resolution. The policy resolution of the state also assigned an important role to the small scale private sector for the diversification of industry to the underdeveloped areas and its ability to generate important potentials. With this the government strongly advocated the policy of import substitution and opened up a field for employing new and advanced technology. This changed the nature of Indian entrepreneurship and brought into existence the newer techniques of modern management.

In this period, the opportunities were largely exploited by the ongoing business houses. It was expected that once the roots of industrialisation were laid, the enterprising spirit

would permeate among people from other occupations also. But, the entrepreneurial activity remained an exclusive preserve of the trading and financial classes. The beginning of the 20th century witnessed the emergence of two regional communities of industrialists - the Marwaris and the Chettiars.

The paths of entrepreneurship progressed through the wholesale trade, importing, exporting and finally manufacturing. Some traditional and communal facilities also helped to develop entrepreneurship in such a pattern. Among the trading castes in South India were the Chettiars, the Kumatis, on the south-west coast the syrian catholics called Nazrani Mappilas, the Mohammedan merchants in Bengal. The Parsis also emerged as a dominant trading and financing community of Bombay and Gujarath.

After achieving independence, the government set up the task of planned development and moved in the direction of a sound industrial base. It has become the avowed objectives in the government policy to prepare the base of enterprise for the development of entrepreneurial activities. A network of specialised financial corporations and small scale service institutes were established.

The growth of small scale industries is very important for a developing country. Small scale industries are considered as an essential link in the chain of economy of a country. Small

scale industries offer opportunities to entrepreneurs with small means, of having initiative and skill to establish their own industry which are managed with a degree of independence. These attract a large number of entrepreneurs to set up small units. Thus, it has been observed that the growth of small scale industries has helped in the emergence of entrepreneurs particularly the first generation entrepreneurs and the concept of entrepreneurship.

Thus a new generation of entrepreneurs are emerging in India. The growth is not fast in the initial stage. But the growth of small scale industries has helped in the emergence of entrepreneurs. More and more of the educated, fresh from colleges and universities, are opting for small scale manufacturing firms. The main incentive to start their own enterprises came from the state which provided them with loan facilities and other infra-structural facilities. Modern value system is also changing. The rapid process of industrialisation made the established entrepreneurial class very rich and powerful. Every young, energetic and talented person is now attracted towards economic activity which will give him wealth, social respect and power. Entrepreneurs are the in-thing of today's India.

Entrepreneurship in Kerala

Kerala, the land of spices has an agrarian economy supported by commerce. Hindus were engaged in agriculture, but the outsiders like the Chettis of Coromondal coast, the Baniyas of Gujarat and the Muslim traders from Arabia who seasonally resided along the Malabar Coast maintained the trade relationship with many countries of the world.

With the advent of the British, Kerala economy witnessed the breakdown of its traditional production structure. The first plantation in South India by the East India Company was established in 1798 in Telichery. The syrian christians who were forced to agriculture by the Arabs and Muslim traders, associated themselves with the British, as workers, supervisors and agents in the various plantations, industries and commercial enterprises. As the trading monopoly of the East India Company faded and finally vanished after 1857, many of the Christians prospered as merchants in the favourable atmosphere of victorian free trade. They became private bankers and when native joint stock banks began to appear at the end of the 19th century, it was syrian and chaldean christians who were most active in promoting them (Wood Cock, George, 1967).

With the establishment of a coir factory in Alleppy in 1859 by an American, James Darrah, Kerala entered into the

manufacturing field. Then the tile factories came to Calicut and Quilon in 1873 and 1880. This was also established by the Europeans with an eye for the foreign markets.

The growth of the export sector facilitated the development of some related sectors, mainly service sector. The development of banking, transportation, education and power was the response to the growing requirements of the export sector. According to the Imperial Gazetteer of India (1903-04), there were 13 factories in the states of Travancore in 1903-04. Though there was sporadic growth in the number of factories in Travancore during the first few decades of this century, only few of them were organised on capitalist lines (Banking Enquiry Committee Report-1930). With the depression and world wars, the manufacturing sector got stagnant whereas banking, trade and plantation developed.

The inter war period also witnessed the emergence of some industries of modern type mostly under the public sector. Soaps and Oils Ltd., was established in 1914 in Calicut. The Second Public Enterprise was the Potteries, started by the Government of Cochin in 1919. The first fertilizer factory in India, F A C T was incorporated in 1942.

In 1917, 'Tata Oil Mills was started by Jamshedji Tata. Again in the 40 s it was a non-Malayalee who started the

Perumbavoor Rayons. Later came Chackola with the Cotton Mill. Even though Kerala has all the infrastructural facilities, men/material for the launching of industrial development nothing has taken place. The initiative and enterprise that was there in the plantation and banking activity was not seen in the industrial activity. This ofcourse, is the natural outcome of the colonial rule. The foreigners were only interested in the export of spices and other primary raw materials abundantly available in the state, to European countries. This led to an early commercialisation of agriculture and the establishment of trade links with the international markets. The only two economic activities that emerged in this process were 'trade' and 'banking'. Naturally 'industry' got ignored and was completely confined to the traditional, cottage and processing industries that could be sustained by the agricultural products available in the state.

After Independence, the Industrial development of Kerala was based on the Industrial Policy Resolution of 1951 and 1956 and through Five Year Plans. The State at the time of its formation inherited a weak industrial base. Kerala had only a couple of modern industries which had just begun. Serious efforts for industrial development in the State began only with the Third Five Year Plan in 1960, though at the national level industrial development got high priority in the Second Five Year Plan itself. The industrial schemes in the First Five Year Plan,

which were implemented prior to the formation of the State of Kerala, were confined to a few activities in the area of traditional small scale industries, like formation of coir co-operatives, survey of small industries etc.. During the Second Five Year Plan also the state could not put any serious thought to industrialisation, except establishment of the Kundra Ceramic Factory, the Kerala Cycles Private Ltd., a Spinning Mill in Trivandrum and the organisation of coir and handloom co-operatives. Thus, virtually, the structure and pattern of the industrial sector inherited from the past remained more or less the same, without many changes even by the end of the fifties.

Industrial investment in the State both by the State and Central Governments has been tardy throughout the Plan era. The State Government have been following a policy of developing services especially Education and Health, which, though it resulted in improving the quality of life of the people of the State, retarded the industrialisation and overall economic development of the State. During the First Five Year Plan only less than 2 percent of the State sector outlay was invested in the Industry and Mining Sector. During the Second, Third and Fourth Plan periods the investment under this sector was 7 to 8 percent. There was slight improvement during subsequent plans. It was about 11 percent during the Fifth Plan, 8 percent during the Sixth Plan and between 10 and 11 percent during the Seventh Plan (Pillai, P.P, 1994).

In view of the acute unemployment prevailing in the state and the lack of adequate large scale industries, the development of modern type small scale industries assumed added significance and received priority in Kerala. Right from the Second Five Year Plan, the small scale sector attracted considerable public investment. The nature of the industrial economy in Kerala is small and cottage industries type. Coir, handloom, bricks, cashewnuts, tiles, saw mill and wood works are the main industries in the SSI sector in Kerala.

Small Scale industries received due priority in all the successive Five Year Plans because of their paramount role in the generation of employment and reduction of poverty and inequality. The industrial policies, both at the national and state level, have been oriented through out towards promoting, fostering and expanding industries in the small scale sector. The state government announced its first industrial policy in 1960. It was modified in 1967 and then in 1983 and again in 1991, with the aim of encouraging entrepreneurship in the small scale sector.

From the above analysis it is clear that, in Kerala which followed almost the same industrial policy as the centre, there is something that is hindering the development of SSI. The Report of the Steering Committee 1990 itself mentions that there is a need to study this.

Entrepreneurship is much more vital to the development of SSIs. But economic history of Kerala shows that industrial entrepreneurship is considered to be shy in Kerala. But in other fields especially in finance and commerce, Keralites have shown leadership of a high order. This Kerala phenomenon is not a unique one. "because many underdeveloped countries today seem to have developed fairly well functioning commercial and financial enterprise, but appear to encounter their most serious difficulties, in the development of industry and industrial society." (Hoselitz, B.F, 1960, P:65). When we look into the history of modern entrepreneurship in the developed countries like Germany and England, we can see the same phenomenon. In Western countries also, the entrepreneurs were financiers, traders and only when the society started accepting the new roles, did modern entrepreneurs come into the field.

Kerala society is now in the transitional stage. According to the demographic transition theory, Kerala has crossed the period of maximum demographic pressure and is entering into that phase of transition which could be most conducive to economic development. Currents of change are touching human attitudes. Entrepreneurship is now conceived as the means whereby, apart from wealth, status also can be acquired. According to M.A. Dommen (1967), a new class of entrepreneurs are seen emerging in the SSI sector. But the growth is very slow. The great potentiality for industrial expansion in Kerala is not fully

used. But the quality of these entrepreneurs - initiative, drive and skill in organisation - is fairly high. Studies of T.C.Kuruvilla (1979) on entrepreneurs of Industrial Development Plots in Kalamassery, found that Kerala entrepreneurs displayed a fairly highly quality compared to the innumerable problems they face and most of them were first generation entrepreneurs with technical background. K.C.Vargheese s (1974,P:16) evaluation study on the training programme for unemployed engineers conducted by SISI,Trichur, indicated that the trained engineers in Kerala are in no way backward compared to other states in starting industrial units (17% in Kerala, All India-15.9%).

All these shows that, if Kerala SSI sector can attract the right type of entrepreneurs, they will make it a success. For this, a detailed study of the various social, cultural and psychological factors that contribute to the making of an entrepreneur, especially for the small scale sector have to be studied. But quite often, it is being ignored (Dommen,M.A, 1993). So the present study is an attempt at investigating the socio-psychological background of successful/unsuccessful entrepreneur-managers in the small scale industrial sector in Kerala.

Entrepreneur-Manager

Industrial development does not occur automatically, it is the result of constant striving of human agencies who respond

to the business environment and self motivation. This responsiveness of human agencies has been termed as "Entrepreneurship". Entrepreneurship thus is a function of creating some thing new, organising, coordinating, undertaking tasks with certain risks and handling uncertainties. An entrepreneur is one who undertakes the above tasks (Sharma,S.V.S, 1979).

For Robert S Morrison (1973), an entrepreneur is the owner and manager of private business enterprise operated for profit. He is his own boss having a complete or effective control of his business. Entrepreneur covers ownership, risk and authority.

The entrepreneur of earlier times was not only having the role of a capitalist, he was also often as he still is today in the case of small concerns - his own technical expert, in so far as a professional specialist was called in only for special purposes. Like wise, he was (and is) often his own buying and selling agent, the head of his office, his own personnel manager, and sometimes, even though as a rule he has ofcourse employed solicitor, his own legal advisor in current affairs. And it was performing some or all of these functions that regularly filled his days. The carrying out of new combinations can no more be a vocation than the making and execution of strategical decisions, although it is his function and not his routine work

that characterise the military leader (Schumpeter, J.A, 1934).

In the case of developing nations like India, there is not much difference between entrepreneur and manager. The small scale industries which are the common media of industrial development are mostly run by a single person who is an entrepreneur as well as a manager. Usually he combines all the functions from conception of the project idea to daily running of the industrial unit, established by him. In the initial stages of the establishment of an enterprise one may have to bear risk manage, innovate, organise and take decisions all by oneself. He takes all policy decisions besides working as a manager. While entrepreneurial qualities are essential for a person's decision to start a small scale industry or other business enterprises, it is his managerial ability which ensures the survival and progress of the venture. In the case of SSI units the entrepreneur himself has to perform all the managerial functions. The role of an entrepreneur-manager of a small firm calls for a wider responsibility than does the head of particular division of a very large firm (Tewari et.al, 1991). The role of a small business owner manager is said to be a fluid and fluctuating role rather than the role that can be adequately analyzed, defined and specified on a once for all basis. One of the important phases in the emergence and working of small enterprise, is the operational phase which includes the first two to three years of the working of a unit after its establishment. This

includes the managerial phase in which the entrepreneur begins to manage the unit and takes all the relevant managerial decisions.

A small enterprise is the creation of its owner-entrepreneur, it is he who conceives it, promotes it and is responsible for its management. The performance of a small firm will reflect the qualities, skills, abilities and resourcefulness of the entrepreneur manager, in spite of the fact that a number of external factors too influence the promotion and performance of the enterprise. Such men do not appear and could not function until a certain level of educational, social and technical progress has been achieved. They are at once a product of development and an agent of further development. In Kerala, it is said that this climate for making an entrepreneur is there now. But not much attention has been paid to the investigation and analysis of how the socio-psychological background of an entrepreneur-manager as a person, is influencing him to enter into the manufacturing sector and to make a success in his choice. The focus of the present study reported in this thesis is the differentiativity of socio-psychological features of the successful entrepreneur managers from that of the unsuccessful entrepreneur managers.

CHAPTER 2

SOCIO-PSYCHOLOGICAL FACTORS IN ----- ENTREPRENEURSHIP REVIEW OF LITERATURE -----

A nation's economic development is largely dependent on the entrepreneurship of its people. An entrepreneur does not exist in a vacuum, but is influenced by the external environment. The entrepreneurs are always affected by the economic, social, religious, cultural and psychological variables. They influence the man and provide a source of inspiration to him to make a successful living in society. Different countries are at varying levels of economic development because the people of those nations are placed in different socio-economic environment with different attitudes. This environment and these attitudes are a product of cultural and psychological factors, independent but mutually dependent and interacting. Entrepreneurship is the individual's response to this environment.

It is generally observed that entrepreneurial manifestation in a society is like the tip of an ice berg whose nine-tenth portion remains submerged into social institutions, cultural attitudes, practices and values (Vinze, M.D, 1987, P:50). The various factors which cause the emergence of entrepreneurship are integral and additive. They are interlocking, mutually dependent and mutually reinforcing (Sharma, R.A, 1980).

Sharma.K.L,(1975) describes four stages of the entrepreneurial growth, namely (a) entry into manufacturing, (b) expansion of business, (c) perceived stability in business and (d) commitment to sustained growth. These stages of entrepreneurial growth are governed by three sets of entrepreneurial determinants (i) need for achievement motivation, (ii) socio-economic background of entrepreneur (family, occupation, caste, religion and region), and (iii) political milieu. The interaction of these two factors, viz., stages of entrepreneurial growth and entrepreneurial determinants, take place not in vacuum but with the existence of entrepreneurial pre-requisites like material resource, entrepreneur's vision and confidence to run an industry and the general infrastructure available to the entrepreneur.

Thus the entrepreneurs are always affected by a vast number of interacting and influencing variables, in achieving the objectives of their enterprises. Review of literature on certain socio-psychological variables influencing entrepreneurial performance is summarized below

Religion, Caste and Occupation

Religion has a crucial role in shaping attitudes towards material gains. It specifies the code of conduct for individuals and communities. The different faiths have pre-

scribed different codes of conduct. Some religions discourage entry into certain fields and some others encourage them. For instance, the concepts of pollution and purity in Hinduism are seen pervading even the spheres of economic activity like production and distribution.

Religious views may influence the internal temperament. For example, Roman Catholicism identifies personal salvation closely with membership of an institution like the church and stresses the conformity with the institution's outlook. Protestantism denies the need for institutional mediation between the individual and his God. The stress is on individuality rather than conformity and is therefore much more conducive to an entrepreneurial outlook.

Religion and its impact on enterprising culture was first analyzed by Max Weber in the Western context. According to Weber, "The Spirit of Capitalism" is a set of attitudes towards the acquisition of money and the activities involved in it. Weber states that this "Spirit of Capitalism" cannot generate in itself where widely spread mental attitude favourable to capitalism is absent. According to him, the Protestant ethic provides this mental attitude. For Weber, the spirit of Capitalism which was so necessary for the modern capitalism was absent in the religious belief system of Hindus (Weber, Max, 1930).

Medhora.P.B,(1965), Morris.M.D,(1967), Tripathy.D,(1971), Singer.M,(1972) and Mines.M,(1973), wrote on the role of religions of India in entrepreneurship. All of them repudiated the charge of Max Weber and his followers that the religions in India inhibited entrepreneurship.

Morris.M.D,(1967) observed that Hinduism and Hindu castes only limited the scope of economic opportunities but did not constitute specific form of social structure, which could hinder modern capitalism. Tripathy.D,(1971) reported that independence and consequently Hindu values also underwent changes to permit non-business sectors into industrial ventures. Singer.M and Mines.M(1972) tried to show an "inner worldly" aspect of Hinduism and Islam, which could promote modern capitalism.

If we analyse the theological doctrines like purusharthas, ashramas, karma and sansara, it may be noted that Hinduism is as much rooted in "this wordly" than on "other wordly" progress. The influence of Buddhism and Jainism and the fear of the Hindus of these new religious groups distorted these doctrines, and made several sections of Hindus more spiritualistic than materialistic. But some sections of Hindus continued to be materialistic. They also practiced fairness in their dealings based on dharma doctrine. In all the above doctrines, one finds the dominance of the fairness such as hard work and honesty. This was not merely for gaining God's favour but also for ensur-

ing trust and confidence in their customers.

Hadimani.R.N,(1990) opines that the large unit of entrepreneurs were very religious, in the sense that they spent more time and money on religious ceremonies and believed in many religious values. They felt that being religious, gave them moral support to overcome their risks and act boldly in their business. Whereas, the small unit entrepreneurs were less religious. The medium unit entrepreneurs were moderately religious. They believed in a greater number of religious values than the small unit entrepreneurs did, but did not spend so much of time and money in practicing them as compared to the large unit entrepreneurs.

Studies by Nafzinger.E.W,(1970), Dommen.M.A(1972), Shah.T.W,(1985), Fuller.D.R,(1948), Babu.P,(1978) have shown that a close relationship between small industries and certain communities in Kerala. Thus religion and entrepreneurship were mutually reinforcing factors, each one deriving force from the other.

Caste -----

Caste is regarded by several scholars as the fundamental unit of Indian social structure. Traditionally caste is an endogamous group. Its members follow certain occupa-

tions. Over centuries, each caste has evolved its own way of life, food habits, socio-religious, political and economic status of the individual in the society.

For long ages the limited number of ethnical groups and castes alone participating as entrepreneurs in economic activities, has been a global phenomenon. The protestants of the West, the Samurai of Japan, family business concerns of France, the trading class of USA and similar other groups have distinguished themselves as entrepreneurs. In India, a few ethnical communities like Parsees, Jains, Marwaris, Sindhis, Vaishyas, Khattris and Banias were supplying entrepreneurs in trade and industry.

In a society like India, individual aspirations and motivations are entangled with the caste system. Caste origins denote that people from a particular class-traders or interior castes have exhibited sufficient drive for entrepreneurship, contrary to the people who originated from priests and warriors. The entrepreneurship demands the presence of a particular culture which certain castes have imbibed in themselves. Studies have shown that caste has been an active variable in influencing its members to be or not to be the entrepreneurs. Indian industrial entrepreneurship has always been analyzed and discussed on the basis of caste divisions.

A survey by Rao.G.N,(1986) highlight the community background of entrepreneurs in various parts of the country. According to him, more than 78 per cent of medium scale engineering units in the cities of Madras and Coimbatore were owned by Naidus, Brahmins and Chettiars. Muslims run 56 per cent of the small industrial units in Hyderabad. In Delhi, Ludhiana and Rajkot the majority of the manufacturers were Jains, Vaisyas, Aroras and Baniyas. Mahisyas of Howrah owned 65 percent of the small engineering establishments. In Kerala, Muslims, Nairs and Christians owned 50 percent of the small enterprises, the Christians being 22 percent of the total population (Baig,N and Khan,A.M.M,1990,P:33).

Rao.M.G,(1992) also supports the influence of caste on entrepreneurial development. In his study of Thuvakudy of Thiruchirappalli district of Tamil Nadu pointed out that the caste background of the entrepreneur is one of the major determinants of the emergence of entrepreneurs and also successful operation of the units with the guidance of their own caste men in the field. Most of the industrial entrepreneurs came from the business castes. A strong and systematic relationship of caste with entrepreneurial performance among high and low castes (Takshak,R,1990), upper and middle castes (Rao,V.L and Prasad,K.S,1973) has been observed.

In the study of Mahantpur, Hadimani.R.N,(1985) indicates that the trading castes were more entrepreneurial than the weaving and other castes. Trading caste is well versed with the techniques of marketing and is familiar with the channels of marketing. It has also been accepted that those who take birth in these castes are definitely in an advantageous position as they get an opportunity to be aware of the business environment more than their counterparts in other castes. According to Mishra.M.K,(1991) they have inborn entrepreneurial qualities.

A study of Millman.H.A, (1954) on the Marwari caste revealed the possibility of communal customs providing for apprenticeship in which youngsters could learn techniques of business and in course of time become entrepreneurs themselves. Mahadevan's study (1978) "of an Indian trading caste, namely Chettiars in Malaya" shows that the trading background promoted entrepreneurship even in a strange culture and in a foreign country. Deshpande.M.V.P,(1982) observed that most of the entrepreneurship emerged from the upper caste and also those who had better socio-economic positions in the society.

All these studies show that, eventhough the caste system amongst Hindus is being constantly denounced, the caste factors influence, not only our daily activities but the economic activities as well even today. In his study, Prasad.N, (1989) has pointed out that the future of entrepreneurship is

totally connected with the caste system in India. The emergence of entrepreneurs in few restricted castes and religions more often than others, perhaps made the belief stronger even among those promoting entrepreneurship. The trading caste was the foremost class to receive financial help, since it is an extension of the tradition. The financial help is based on the degree of confidence in the venture and also the willingness to take risk, which is inherent in this case.

Pandit.D.P,(1957) discards caste or religion as the traditional explanation for India's slow development in the 19th century and asserts that people of all religions and among Hindus from non-bania castes participated in entrepreneurial activity. According to Sharma.M.K,(1989) caste has been a big inhibiting factor in industrialisation and modernisation of Indian society. Due to the caste inhibitions, optimum productivity of human resources becomes impossible. Support system provided by the kinship and caste network gets limited to trading castes and the Brahmins and Kshatriyas still disdain the idea of making compromises to their cultural superiority. Business is still treated to be a preserve of Vaishyas or Banias despite entries into various business lines by people from non-traditional castes. Material prosperity is not considered all that important and the philosophy of contentment builds the nature of achievement motivation of an average Indian.

The study of 150 entrepreneurs of Faridabad district of Haryana has found that in the modern setting, caste factor is not so important, but the family factor and the inter generational/intra generational influences are the dominant factors deciding the course of entrepreneurial history and its repetitive nature (Bisht,N.S and Sharma,P.K,1991). According to Baig.N and Khan.A.A.M,(1990) the young generation is taking the lead in breaking down the traditional pattern of occupations based on caste system. The agriculturists by tradition are moving to manufacturing as a result of the land ceiling on one hand and the loan facilities. The same changing trend has been reported by Naik et. al(1990). According to them, better facilities and incentives provided by the government, increasing unemployment and economic pressure draw youth from the diverse social backgrounds, caste and community traits to entrepreneurship.

Family

It is a known fact that in the socio-economic pattern of the society, detachment of family from the entrepreneur and his activities was not possible. The family system has a complex relationship with the society and the economic system. The significance of the family involvement in an industrial endeavour was found to be important not only in an underdeveloped economy but also in a developed economy like USA (Brewer,T.B, 1962). The values supporting or influencing entrepreneurship are developed through socialisation process in the family.

The emergence of entrepreneurship largely depends up on the values and the attitudes inherited by the individual from his family. The roots of many adult achievement needs, are to be found in the way parents treat their children. One's predisposition towards independence and initiative as well as risk taking primarily results from such socialising influences. The family and other social institutions play a crucial role in training individuals to show certain modes of behaviour. (McClelland,D.C, 1961; Singh,K,1992).

In the opinion of Bisht.N.S and Sharma.P.K,(1991) in Indian society, entrepreneurs have to be viewed as an extension of the family aspirations and ambitions which are ultimately realised by an individual. To support this, their study in Faridabad district of Haryana revealed that 77.78% of the entrepreneurs received family help for building up their occupational career as entrepreneurs. These entrepreneurs also benefitted from their families in receiving formal education, inherited property, financial help and the intangible help of family connection.

Harris.F.R,(1925) and Joshi.A,(1975). considered economic, educational and political status of the family as a prime determinant of entrepreneurial development. The family of business-owners or fathers with helpful occupational status ^{helped} through family connections and financially too. The family connections

and contacts used to be governed by the socio-economic status of the family and castes in the earlier periods. The family connection helps the prospective entrepreneurs in either eliminating or at least minimising in proportion the hurdles of stabilisation in the development stage of his enterprise.

Young.F.W,(1971) also maintains that entrepreneurial activity is generated by the particular family background. According to Deshpande.M.U,(1982) the early entry into manufacturing is also affected by the internal economies generated by the family. It is found that the sons of the business owners and the sons of the officers entered the manufacturing business at an early age as compared to others. Most of these entrepreneurs banked upon their own family resources for their entrepreneurial pursuits. The finding again indicates that irrespective of father's occupational status all those who received help from their family and drew family resources for starting their enterprise established their units at an early age as compared to those who did not receive any help from their families. Usually the financial assistance to a prospective entrepreneur in a larger degree comes from the family. It is natural that a prospective entrepreneur looks back to his parents for a helping hand (Bhanushali,S.G,1987).

The occupational status of the father is an important source for the prospective entrepreneurs, enabling them to

establish contacts with the business world. The number of sons following fathers into the family business were significantly higher than the fresh entrepreneurs (Deshpande, M.U, 1982). Having a business background helps them to get better exposure to the business traits. In the study of Singh, N.P, (1986) it is found that occupational inheritance was prominent in the case of sons of business owners and executives. The entrepreneurs of these two categories did have prior business contacts. But Sharma, K.L, (1975) points out that the entrepreneurs coming from non-business families had a higher degree of entrepreneurial orientation and commitment than the entrepreneurs coming from business families.

Marz, Z, (1975) found that families with no land or a small acreage of lands operated small workshops in small towns, landed families showed a relatively higher level of entrepreneurship in medium towns. Cosmopolitan families or families pursuing white collar jobs and professions began emerging as small capitalists in larger towns. Fox, R.G, (1969), in his study in Tezi bazar, a market town in Uttar Pradesh revealed that the landlord background of the family helped its members to get access to political power and showed high levels of entrepreneurship in industry.

A significant association was observed between the size of the family and the entrepreneurial activity (Takshak, R,

1990). Gadgil.D.R,(1971) held that the joint family provided undivided family property to invest and expand the family firm. Timberg s study (1969) recognised the role of the joint family and strong particularistic caste loyalties as in the case of the success of Marwaris. Agarwal(1955) shows that the joint family is the backbone of the Marwari business community. Singer (1972) finds structural and organisational parallelism between business and joint family managements among the Madras industrialists. In the study of Babu (1978) in Ernakulam Distict of Kerala, the capacity of the nuclear family to create factors favourable to entrepreneurship development has been very well established.

Though many studies have shown the role of family as a support system, new studies are coming up with the negative role of the family in entrepreneurial development. It is a common complaint that joint family kills initiative and inhibits personality development. Spodeck.H,(1969) observed that union of family and firm, implied conflict of goals of maintaining stability and maximising profit and therefore affected innovative abilities and spirits.

From the point of view of entrepreneurship, the family can provide necessary infrastructural facilities for building an individual's enterprising activity. Family (a) associates and directs the education of the entrepreneur, (b) supplies necessary background knowledge in the form of experience of father or

other elderly kinsmen already in the field, (c) provides necessary capital, (d) gives moral support which is necessary for an innovator venturing on a new and costly kind of experiment.

Studies of Gaikwad.V.R and Tripathy.R.N,(1970), Derrossi.F,(1971), Berna.J.J,(1960) and Subramania et.al,(1975) also show that significant help (material and moral) from the family did foster entrepreneurship in many cases.

Education

Education has been reported as a crucial factor for developing modern entrepreneurship and it accelerated the entrepreneurial spirit. Education is for better living, fullness of living and more important to be responsive to society. It should bring the best from man and aid the development of man. Man means resourcefulness. Resourcefulness means initiative and enterprise. This is how education, entrepreneurship and development are inter related.

Education is said to be an important variable which influences the supply and performance of entrepreneurship. Education plays an important role in the day-to-day activities of entrepreneurs. In the absence of education and technical know-how, the entrepreneurs have to depend on expert consultants

for various decisions which are costly and not always possible affair. Many studies conducted in India and abroad have indicated that entrepreneurial development depended on education, work experience and technical know-how.

Reviewing a series of studies, Bhattacharya.S,(1972) contests that only the education system can help the country (India) to find its entrepreneurs, administrators and technicians and improve their quality. McClelland.D.C, et.al,(1971) himself wrote, it is possible to measure entrepreneurial spirit with the help of entrepreneurial motivation training courses. Lipset.S.N and Bendix.R,(1959), Derrosi.F,(1971) and Sreenivas.M,N,(1966) have reported in their study that entrepreneurs have high educational qualifications.

According to Rao.N,G,(1986), education is rendering a great service to the furtherance of entrepreneurship. It motivates the educated to go for industry at the prime of their life which does a lot of good in the development of the nation. Deshpande.M,U,(1982) is of the same opinion, that the higher level of education helps the entrepreneurs in entering into manufacturing at an early age.

Eventhough formal education is expected to increase the supply of entrepreneurs, it is also felt that entrepreneurs, with higher level of education may have chosen entrepreneurial

pursuits because of their failure in other occupations or may be due to low opportunity cost (Nafzinger,W,1970). What ever be the reason, the higher level of education and entrepreneurial performance have a significant positive relationship. The educated learn the techniques and understand them logically, they may even do better than those who have only field experience (Rao,M,G,1992). Well qualified entrepreneurs have more access to technical resources, facilities, expertise training, marketing support and investment as compared to uneducated ones (Monds,F,C,1990).

According to Singh.A and Gupta.N.S,(1985) every entrepreneur looks at entrepreneurship with a differential perspective depending upon his/her education. Technical education is considered to be a relatively significant factor of individual entrepreneurship. This opinion was also expressed by Dommen.M.A, (1972). He observed that Kerala had a lesser proportion of entrepreneurs than the normal requirements of 5 entrepreneurs/1000 population which he attributed to inadequacy of educational and technical knowledge in the state. The successful ones in the sample were found to be engineers or technicians. People having different socio-economic background recognised different levels of education as necessary.

However, a low level of education of entrepreneurs is reported by several studies. Hammeed.K.A,(1974), Berna.J.J,

(1960), Collins.F and More.D.G,(1964), Vidyulatha (1990) found that the majority of the entrepreneurs in their study had a lower educational base and often were not college graduates.

Education is shown as being advantageous, but not essential for the entrepreneur. This reflects that professional skills are not essential to the entrepreneur provided he knows how to delegate to professionals and to motivate those whom he employs. Formal education has an opportunity cost in terms of the time spent in academic pursuits. The training may follow on from the formal education, in which case the formal education merely delays the start of the entrepreneur's career. There are thus conflicting views on the relationship between education and entrepreneurs. Entrepreneurs are more than what their educational qualifications suggest, they are well informed, widely travelled and experienced.

Age

Early studies have shown that the age at which the entrepreneurs enter the field has much to do with the growth of enterprise. Younger persons are generally more energetic, change prone, progressive and innovative than the older ones. It is natural to think of an energetic, enthusiastic entrepreneur of a younger age.

According to Sharma.S.V.S,(1979), the Asian entrepreneurs of small manufacturing units of today are in their thirties. According to Ramamoorthy.V.M.J and Krishna Kumar.T,(1990), the best age for entry into such innovative establishments was observed to be between 20-40 years. The same trend was true in U.K where the average age of female entrepreneurs reported was 32.7 years and for male entrepreneurs was 39.3 years (Birley,S, et al,1987). By the time a person is 40, he has established his business career and often is developing interests outside. If his career and outside interests are not entrepreneurial by this time, they are not likely to develop. (Kierluff,H.E,1979)

Younger entrepreneurs tend to take risks, but the older ones do not have such a capacity. Morrison.S.R,(1973) remarks, an entrepreneur may undertake a risky long range programme at the age of 45. But he willnot take the same risk if he is 55 or more. The entrepreneur might be better equipped with knowledge, experience and ability to carry out the programme at the age of 55 than at the age of 45. But he and his banks won t take the risk.

Many studies have shown that there is a relationship between age and performance. In the study of Philip.J, Tewary.K and Pandey.A,(1991) in Karnataka, it is found that younger entrepreneurs performed better. Young persons have greater attraction

towards entrepreneurial ventures Mishra.M.K,(1991) while discussing performance, points out that the successful entrepreneurs are relatively younger in age.

According to Rao.N.G,(1986), 30-40 years is the model age for all the individual communities excepting Brahmins, for whom it is 40-50 years. Men from trading castes enter industry at a tender age. However, entrepreneurs, belonging to the minority community started their business at a later age. It is the same for migrant entrepreneurs. Deshpande.M.U,(1982) states that migrant entrepreneurs started their enterprise at a later age than the local entrepreneurs.

The thirties appear to be the ideal age for entrepreneurs possessing medium and high educational qualifications. The people who have less than high school education are late in establishing their units. Those who have more than high school education have started their enterprise at an early age of their life. The early entry into manufacturing is also affected by the internal economies generated by the family. Bisht.N.S and Sharma.P.K,(1991), Deshpande.M.U,(1982) also bring in that, entrepreneurs start their enterprise at an early age if they get financial help from the family. Study of Ummer.E.K,(1990) on Industrial Estates of Kerala also have pointed out that most of the entrepreneurs are young below 40 years of age.

Regional and cultural factors

Culture consists of all man-made objects such as tools, clothing, knowledge, laws, morals, values and behaviour that are acceptable within the particular society. Culture in a society is learned and is passed on from one generation to the next. A culture is usually divided into sub-cultures based upon geography or ethnic background. There will be southerners and northerners. Within sub cultures, there are similarities among attitudes, values and actions. Entrepreneurial behaviour is strongly guided by culture of the people (Uddin.S and Khairoowala.Z,1989).

According to Max Weber (1930) culture through its values has a strong effect on entrepreneurial growth. The spirit of entrepreneurship and its effectiveness is to a large degree affected by the prevailing climate of the region and culture. Cohran.T.C,(1965) emphasises cultural values, role expectations and social sanctions. According to him, the entrepreneur represents society's model personality. His performance is influenced by three factors his own attitudes towards his occupation, the role expectations held by sanctioning groups and the operational requirements of the job.

Timberg.T.A,(1969) recognised in Rajasthan, geographical factors such as scarcity of water, lesser chances of getting

assured and good yield of crops, etc. which shrank the trader's profits and consequently led them to migrate to places like Bombay, Calcutta and other places in India. In the same way, the study of Taub.R and Taub.D.L, (1989) has shown that the entrepreneurs from Punjab are more upwardly mobile than those from Orissa and Tamil Nadu.

Stockes.R.G, (1974) in an explanation shows how economically, transitional societies produce industrial entrepreneurs, consider the cultural values and not the psychological disposition which make persons with strong needs to achieve and how they act out these needs in economic activity. Agarwal s(1975) study showed that difference among different geographical regions in culture, society and personality revealed differences in goals, modes of achievement and types of enterprises of entrepreneurs. Therefore, he argued for regional studies as useful in studying developing societies.

Hadimani.R.N, (1985) mentions in the study of handloom entrepreneurs in Karnataka how the Marwari culture, trading, commerce and management succeeded in developing good entrepreneurs compared to the caste weavers. Enduring qualities of businessmen such as hardwork, devotion to work honesty and quality control were more a feature of the Marwari entrepreneurs than of the non - Marwaris.

Pandit.D.P,(1957) assign relatively greater importance to region and its cultural values for the development of entrepreneurial activity and discards caste and religion. According to her, the Parsis, the Marwaris and the Jains in India have shown greater entrepreneurial abilities because they belong to Gujarat. It is because the Gujarathi setting put a prestige value on business which no other region did. She also argue that entrepreneurs of Bombay are more innovative and dynamic than those of Ahmedabad because of their greater exposure to foreign culture. Nandy.A,(1973) observed that while some necessary traits of good entrepreneurs were generally found in all regions and cultures, some other traits vary from region to region and culture to culture in their importance.

In general we can say that the culture of India taken in its entirety is largely insupportive of any rational scientific or technology oriented industrial development. In the west, two principal groups were ready to set up factories, the merchants and the master craftsmen. It is argued that this class should have provided industrial entrepreneurs to India also. Unfortunately it did not happen. The merchants had capital, marketing ability and the capacity to manage labour. Since most of them belong to the Baniya or money lending community, when the factories were established in India by the British, this merchant class found greater opportunities for trade and trading profits. The development of shipping and the building of rail-

ways resulted in larger trade, both external and internal. Besides, there were greater opportunities for lending money with the expansion of trading activities. Thus the merchants found greater scope for profits in the traditional occupations and did not take up to industry. Their economic behaviour revealed non-innovative "quick profits" orientations (Harris et al,1987).

The second group, the craftsmen belong to the lower caste. They were responsible for producing the goods required by the society for its day - to - day use. Since the business was on a very small scale, they lacked finance, which was in the hands of the trading community. This also hampered the development of entrepreneurship. The Brahmins though they acquired considerable knowledge used it only for advising the ruling class. The Vaishyas, or the business community occupied the third position. Thus the Hindu culture is basically opposed to acquisition of wealth, and a businessman is looked upon as a profiteer, hoarder, black marketeer and therefore held in low esteem.

Koppel.B and Peterson.R.E,(1975) applied rigorous statistical tests to the data of studies of Berna.J.J,(1960), Sharma.R.A,(1985) and Nafzinger.E.W,(1975). Unlike other scholars in this category, they did not find differences in entrepreneurship in terms of regional elements. Acharya.H,(1957) argued that though regional studies did help in understanding the emergence of entrepreneurship in the region, they do not

explain all interacting processes.

From the above discussion, it is apparent that while there is no consensus regarding the role of religion, caste, region, or culture in the determination of an entrepreneur, there is an accepted fact that all these act as ingredients in the emergence of entrepreneurs. It is learned from experience that all these play a significant role in the development of environment where entrepreneurial activities can flourish and grow.

Psychological factors of Entrepreneurship

Opinions regarding entrepreneurial supply varies. But from experience, it is learned that two major factors play a significant role in developing entrepreneurship. One of them is the development of environment where entrepreneurial activities can flourish. The next major factor is the development of the human factor

The human factor refers to the attitude, desire and motivation of an individual, his capacity to perceive the change in environment and opportunities. Some call this the psychological factor. Psychological factors refer to all those factors pertaining to the personality, attitudinal and behavioural characteristics of the entrepreneurs. In psychological terms,

entrepreneurship may be described as a creative and innovative response to the environment supported by a deep sense of motivation. This is not limited to any particular field (Vinze, M.D, 1987).

According to McClelland, D.C (1967), it was Max Weber who laid the ground work for efforts to understand the social and psychological origins of such key economic forces as rapid technological advances, specialisation of labour, population growth and energetic entrepreneurship. As early as 1904, Max Weber was stressing the fact that such attitudes as economic rationality and the enterprising spirit of modern capitalism were consequences of certain religious world views stressed particularly by Protestant Calvinist sects. The study by Winterbottom, M.R, (1953) suggested a psychological means by which the historical development described by Weber may have come out.

Schumpeter, J.A, (1934) argued that the appearance of entrepreneurs is not the function of socio-cultural or religious variables. Entrepreneurs as economic leaders are individuals motivated by strong will. They occur at random irrespective of the ethnic homogeneity of any population. The intuitive capacity to see things which later prove correct, energy of will and mind to overcome fixed habits of thought and the capacity to withstand social oppositions are the particular psychological characteristics of the entrepreneur.

A significant association between socio - psycho sphere system of an entrepreneur has been reported by many - McClelland.D.C,(1961), Young.F.W,(1971) and Singh.N.P et.al,(1986). It is the psychological urge that motivates the entrepreneur to do something new (Jena,R.K and Basanta Kumar, 1989). According to them entrepreneurship is doing new things and the joy of creating or getting things done, or simply of exercising one's energy and ingenuity in doing already done things in a new way is what is motivating them. In most of the cases, there is a dream and a will to establish a private kingdom. There is also the will to conquer, the impulse to fight and to succeed for the sake of success itself.

The literature on psychological factors in entrepreneurship is limited (Dommen,M.A,1972). Available studies do not go much beyond the characteristics of entrepreneurship and socialization of people in different cultures. Every entrepreneur may not have all the characteristics. However, it may be that the more these characteristics are present in a person, the more effective is he likely to be as an entrepreneur. The main qualities based on the survey of several studies have been listed by Gupta.R.A,(1992,PP:23-24) as follows -

- a) innovative;
- b) calculated risk-taking;
- c) hardworking;

- d) goal - oriented;
- e) has self confidence;
- f) integrity of character;
- g) excellence;
- h) competitive;
- i) imaginative;
- j) realistic;
- k) courageous;
- l) good managerial abilities;
- m) intuitive;
- n) leader.

In his study An evaluative study on training programme for unemployed engineers Vargheese.K.C,(1974) found that even if all the facilities are provided if the trainees do not possess certain psychological traits necessary for taking risk and dealing with people and problems with an emotional balance, he would not venture nor would he succeed in the business field. Venkatapathy(1980) who studied inter-generational career mobility of entrepreneurs found that presence or lack of certain psychological factors determined the success or failure of these entrepreneurs.

Value Orientation

Emergence of entrepreneurship and their performance has been assumed to be dependent on their values. The orientation of the worker towards his work seems to be largely, decided by factors external to the work situation. The human values are the internal factors of economic growth that lead man to exploit opportunities, to take advantage of favourable trade conditions to shape his own destiny (McClelland, D.C, 1961).

Milton Rokeach (1973, P:5) defines value as "an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode or conduct or end state of existence". He further adds that values are determinants of virtually all kinds of behaviour that could be called social behaviour. Values occupy a more central position than attitudes within an individual's personality make up and cognitive system. Values determine attitudes as well as behaviour patterns. Allport, G.W (1961, P:48) aptly put attitudes themselves to depend on "pre-existing social values". In one word, values are at the core of one's personality.

It is thus important that a specific value orientation in an individual determines his mental set up affecting his total behaviour pattern in a particular situation (Sharma, K.N

and Tewari,G.P,1973). It is the value system of society that gives status to a job. In fact, Weber's work has helped to shift the basic problem from the question of whether and how much religious and cultural values influence behaviours in society, to that of how they influence them and in turn are influenced by the other variables of the situation" (Parsons,T 1937,P.XV11).

Beal.G.M and Sibley.D.N(1967) defined values as the standard upon which both ends and means are chosen. Values are socially approved desires or goals, conceptions or standards by which things are composed and approved or disapproved(Tiwari,G.P and Singh,R,1973). Since values are latent variables which underline behaviour, it can not be measured directly, but can only be inferred from observed behaviour (Edwards,A.L,1957)

Values regarding work have been found to be an important factor in entrepreneurship. Calvinism, according to Weber's argument supplies the moral energy and drive of the capitalist entrepreneurs (Weber,Max, 1930). The value system of the Japanese which gives societal status to the entrepreneur has also contributed towards the development of entrepreneurship.

In India, our social values, based as they are on a rigid caste system, not only discouraged entrepreneurship but also ridiculed it. The value given to work prevent them from

taking to entrepreneurial pursuits. The norm and values which are basic to the viability of any work organisation require that the work must be done and work must be valued (Sinha,J.B.P, 1987). Sinha,J.B.P and Sinha,Mira,(1974) gave the major work values of Indians as - lack of commitment, absence of team orientation, preference for aram, and for false prestige. In developed countries the attitude towards work is different. There the work is welcomed and looked upon as a source of pride and self-respect. For them, work is a necessity for one's well being.

Prof.Ramashray Roy has also looked into the present 'Indian psyche and found people in general to be hedonistic and pleasure seeking (SSR-Mishra,M.K,1991,P:34). There is a noticeable absence of commitment in the contemporary Indian character, an absence of total involvement that enables one to carry the task from start to finish, through all trials and difficulties. The requisite amount of 'sustained effort is not forthcoming (Narayan,D,1977).

According to Baig.N and Khan.A.A.M,(1990), the prerequisite for the development of entrepreneurship is the transformation of values. The willingness to work with one's hands on tasks requiring manual handling has been found to be an important factor in the success of the members of the sikh community (Singh,P.N,1986). Social values will take time to change. Only

the changing values can act as the fuel to the process of development of entrepreneurship in India.

Personality Factors

Hoselitz, Bert. F., (1952) assumed that a person who is to become an industrial entrepreneur, must have additional personality traits to those resulting from a drive to amass wealth. In addition to be motivated by the expectations of profit he must also have some managerial abilities and more important, he must have ability to lead" (P:106).

A review of the available literature on the factors contributing to successful entrepreneurship supports the contention that certain personality characteristics are associated with successful entrepreneurs. McClelland, D. C., (1961) introduced the concept of need for achievement as a personality trait. He explains the entrepreneurs interest in profitability in terms of a need for achievement. Profit does not influence the people with a high n - Ach as compared to people within low n - Ach. The people with low n-Ach are prepared to work hard for money or other such incentives but the people with high n - Ach will work for success. The general behaviour associated with achievement motivation have been described by McClelland and Winter. D., (1969, P:207) as -

1. moderate risk taking as a function of skill not chance; decisiveness;
2. energetic and/or novel instrumental activity;
3. individual responsibility;
4. knowledge of results of decisions; money as a measure of results; and
5. anticipation of future possibilities and organisational skills.

Available studies review that an entrepreneur is certainly different from the non-entrepreneur in terms of his personality characteristics. Sharma.K.L,(1973) observed that the entrepreneurs should have the following characteristics - foresight, motivation, ability to take risks and creativity. Collins.O.F and More.D.G,(1964) laid emphasis on independence and creativity as vital characteristics of entrepreneurs. Hornaday.J.A and Abond.J,(1971) associated need for achievement, support, independence and leadership as most important characteristics associated with entrepreneurs.

Haggen.E,(1962) like McClelland attributes creative personality as the source of entrepreneurship. He believes that a key factor in economic development is the presence of "creative" personality - individuals who are willing and have the capacity to bring about technological change. According to Mishra, it is the special personality characteristics that make an entrepreneur a successful one. These personality traits may motivate and energise the entrepreneurs to fight back the prob-

lems with determination and confidence. If an entrepreneur lacks such positive traits in him, he may fall a prey to the unfavourable, problematic, bureaucratic systems and consequently the unit may gradually develop the symptoms of sickness (Mishra, M.K, 1991).

Entrepreneurship grows and flourishes under certain typical personality traits. This would lie in the degree of adventurous, vigorous and with entrepreneurial talents and traits that the entrepreneur possess along with high achievement motivation. Besides the other factors contributing to entrepreneurial growth are perceptions of economic opportunity, experience in life, technical, organisational and managerial competency. A systematic idea of personality factors can be had from the character (Uddin, S and Khairoowala, Z, 1989).

S.V.S.Sharma's (1979) study of the psycho-social and economic characteristics of 2594 entrepreneurs belonging to seven Asian countries revealed that even though there are similarities in qualities between entrepreneurs belonging to different communities, the differentiating characteristics of entrepreneurs are particularly outstanding.

Motivational Factors

Many of the most profound economic changes are viewed as the consequence of non-economic human motives and aspirations. The ^{student} of economic growth concerned with its foundation in human motivation should never forget Keynes's dictum "if human nature felt no temptations to take a chance, no satisfaction (profit apart) in constructing a factory, a railway, a mine or a farm, there might not be much investment nearly as a result of cold calculation" (SSR-Rostow, W.W., 1965, PP:2-3). Motivational concepts play a major role in explaining and analysing behaviour of individuals. The term 'motivation' refers to any organismic state that mobilise activity which is selective or directive with respect to the environment (New Comb, T.M., 1964).

Bunch, M.E., (1959) pointed out that motivation is the fundamental part of psychologists effort to achieve a valid psychology of social behaviour of all forms, including entrepreneurship. Motivation refers to a "force" or "influence" that give rise to behaviour (Tannehill, R., 1970). It is the process which govern voluntary behaviour (Vroom, V.H., 1959). A set of concepts useful in understanding the way motivational forces operate in the business environments, is the hierarchy of human needs proposed by Maslow Abraham, H., (1954).

Maslow stated that the human being is a wanting animal whose behaviour is directed, consciously or not, at satisfying need of various kinds. He in his theoretical construct of hierarchy of needs gave the topmost position to self actualisation. Self actualisation needs encompass, the human beings desire for fulfillment, for the urge to bring to actuality latent talents or abilities. Eventhough he arranged the needs in a hierarchical order, he had admitted that these needs co-exist. The average, normal person is partially satisfied and partially unsatisfied in meeting the needs at the five levels. It is this high order need of Maslow that is being presented by McClelland as the 'need for achievement' (Bhattacharya,H, 1978) and used to explain work performance.

Achievement Motivation

The achievement motive is, by assumption, a relatively stable enduring characteristic of an individual. Achievement as a norm is commonly taken for granted in economically advanced countries. Motivation for achievement is considered as the prime mover of economic development. A nation makes rapid strides of economic progress when a large section of its people is imbued with a basic drive towards achievements. Many studies have indicated that need for achievement accelerated the entrepreneurial spirit. Winterbottom.M.R,(1953) suggested a possible link between achievement motivation and economic development.

She focussed on how mothers produced strong interest in the achievement of their sons.

For McClelland, D.C et.al, (1953), the prime among the psychological drives that motivates the entrepreneur, is a high need for achievement usually identified as 'n - Ach'. This need can be defined as a want or drive within the person that motivates behaviour towards accomplishment. Accomplishment defined in entrepreneurial context is the fulfilling of a goal embodying a reasonable challenge to the individual's competence.

McClelland introduced the concept - need for achievement as a psychological motive and implicitly emphasised the need for achievement as the most directly relevant factor for explaining economic behaviour (Morgan, J.N, 1964). McClelland (1961) synthesised the ideal of Max Weber and Winterbottom. The main thrust of McClelland's thesis is that a relationship exists between individualism expressed in Protestantism, need for achievement and the level of economic activity.

Based on Winterbottom's study, McClelland proceeded to study the connection between n achievement and economic development. Beginning in 1947, McClelland studied the role of achievement motivation in all societies, primitive and modern. He studied the relationship between n achievement and economic development by tracing both the origins of n achievement in

certain parental values and attitudes and the effects of n achievement in adolescent boys on their occupation interests and performance under certain conditions. For this, he conducted studies in Germany - as a western advanced economy, Japan - as a country outside western tradition which had shown considerable economic development, India - because it was a non-western underdeveloped country and Brazil - because it was an underdeveloped country within the western cultural tradition.

By interviewing the mothers and giving them a value attitude questionnaire, and the Winterbottom schedule, their attitude towards independence and mastery training was studied. The adolescent boys were tested in groups in school classes. McClelland's research led to the finding that need for achievement is a distinct motive that can be distinguished from other needs. It can be isolated and assessed in any group. Need for achievement and entrepreneurship have a common meaning. It means "a similar interest in situations involving moderate risks or maximum opportunity of getting personal achievement satisfaction without running undue risk of failure" (McClelland, D.C, 1961, P: 59).

McClelland found the answer to the source of n-Ach "in the external events that affect motivational levels primarily as they affect the family, or more specifically the values and child rearing practices of the parents"

(McClelland, D.C., 1961, P:387). Attempts have been made to use literary references to achievement in historical societies in order to measure the prevalent level of achievement motivation during different periods so that these could be correlated with the society's productivity and other indices of success. This has been done for ancient Greece, England between 1550 and 1800 and America over the past 180 years. The studies revealed a good correlation between measures of success and achievement motivation.

In his later studies, McClelland found that the achievement drive can even be taught to people in varying cultures. He found the pattern of achievement motivation clearest in people in small companies, with the president normally having very high achievement motivation. Entrepreneurial training for small businessmen, based on the theory of achievement motivation, was first tried out systematically in 1963, in an effort to improve performance of Indian businessmen in Andhra Pradesh. McClelland conducted a five year study at Kakinada, one of the prosperous districts of Andhra Pradesh (1964-68) in cooperation with Small Industries Extension Training Institute (SIETI) at Hyderabad. The objective of the programme was to break the barrier of "limited aspirations" by inducing achievement motivation. Four training programmes were held at SIET Institute for the selected prominent businessmen of Kakinada, 52 men representing 49 different Kakinada firms attended the programme.

The training was designed primarily to stimulate the imagination and encourage introspection into personal motivation and community goals. McClelland and Winter (1969) made a serious effort to follow for two years those who had been trained comparable to untrained men, to see if significant differences in business performance emerged over that time. The results of the Kakinada experiment, as it is called, are recorded in 'Motivating Economic Achievement'. They concluded that the business managed by the trained men grew faster by a number of indicators such as sales and a number of employees, than did business managed by untrained men. One of the significant conclusions in the book is that traditional beliefs did not seem to inhibit an entrepreneur, and that suitable training can provide the necessary motivation to make him a successful entrepreneur-manager.

McClelland & Winter found indications that in Andhra Pradesh overall business employment is considerably larger than in the comparison city (Rajahmundry) which was matched with the first city on a number of demographic and economic variables at the outset. Unfortunately they were unable to get reliable figures on profitability of business so they had no direct evidence that achievement training increased efficiency, which was designed to do. They explain the entrepreneur's interest in profitability in terms of need for achievement.

Following McClelland's identification of n-Ach, considerable research efforts have been directed towards this need. Many studies have arrived at interesting conclusions regarding the relationship between this need and the success or effectiveness of managers and entrepreneurs. Guha.A, (1970) studies the transition of Parsees from business to industry during 1750-1850. He found that despite the unfavourable colonial rule, they made the transition and developed due to their high n-Ach level and ability to adjust with the colonial rule. McClelland also made a study on the economic progress of the Jains and Parsees and ascribed it to the high degree of their n-Ach acquired from their rearing practices.

There are other studies also to support the motivation theory of McClelland. K.Fargher's (1974) study of 60 small business operators in Sidney indicated that achievement motivation and creativity were associated with success in small business. Deivasenapathy.P, (1980) also reported that entrepreneurs of healthy units have high level of achievement motivation. McClelland.D.C and Boytazis,R.E, (1982) found that high level n-Ach typically led to success in entrepreneurial endeavours.

In the mid 1980's Begley.T and Boyl.D.P, (1987) studied the literature on the psychological roots of entrepreneurship. They tried to find out how the "founders" of small businesses,

in other words, entrepreneurs differ from people who manage existing small businesses. They found that most of the studies support the prevalence of high n Achievement among practicing entrepreneurs and a high achievement orientation seems invariably present among successful entrepreneur-managers.

There are studies like those of Javillioner.G.V and Peters.G.R,(1973) which tried to show that n-Ach theory may not be relevant in the Indian context. Despite the negative report by Javillioner.G.V and Peters.G.R, other research works show that achievement motivation appears to be an important factor in determining the entrepreneurial behaviour irrespective of the country. Studies in India and abroad have strongly reported that achievement motivation has been a strong manifestation in one form or the other to the entrepreneurial pursuits. But this investigator has not been able to find out any study aimed at understanding the relationship between achievement motivation and performance of small entrepreneurs of Kerala.

CHAPTER 3

DESIGN OF THE STUDY SCOPE AND METHODOLOGY

Theoretical Framework

The relationship between economic activity and the cultural milieu has fascinated researchers for a long time. Max Weber (1930), a German Sociologist was one of the first to sketch the idea of the close link between an economic system and a way of life influenced by a religious ideology. Weber's "The Protestant Ethic and the Spirit of Capitalism" was first published in 1904. Weber's thesis traced the basis for the economic vitality of Capitalism to the asceticism and individualism so prized by Calvinism and related religious sects.

Religion is a vital influence in everyday life. Weber wanted to examine its influence on the life of people. In his studies on the sociology of religion, Weber was trying to answer one fundamental question: To what extent the religious conceptions of the world and of existence have influenced the economic behaviour of various societies?

Weber wanted to establish two main propositions in this work: (1) The behaviour of men in various societies could be understood only in the context of their general conceptions of existence, or world view. Religious dogmas and their explana-

tions also form a part of the world view. Hence the religious outlook of the people can help one to understand the behaviour of individuals and groups, including their economic behaviour; (2) Religious conceptions are actually a determinant of economic behaviour and hence one of the causes of economic change.

The economic theorists themselves seem to have always felt that sources of change in the economic system lay outside the system itself. They failed to understand why technical inventions of practical importance should appear more frequently at one period in history than in another or why once having appeared in one country they should spread more rapidly to one country than to another country. This is the case with other economic activities like savings and investments.

Max Weber stressed the fact that economic rationality and the enterprising spirit of modern capitalism were consequences of certain religious world views stressed particularly by Protestant Calvinist sects. In seeking to specify the distinctive characteristics of 'modern capitalism' Weber first of all separates capitalistic enterprise from the traditional enterprises. A rationalised capitalistic enterprise implies two things: A disciplined labour force and the regularised investment of capital. It is associated with an outlook of a very specific kind: the continual accumulation of wealth for its own sake rather than for the material rewards that it can serve to

bring. This according to Weber is the essence of the spirit of modern capitalism.

The entrepreneur associated with the development of rational capitalism combines the impulse to accumulate with a positively frugal life style. Weber explains 'this worldly asceticism' with the concept of the "calling". The notion of the calling according to Weber did not exist either in antiquity or in catholic theology, it was introduced by the Reformation. It refers basically to the idea that the highest form of moral obligation of the individual is to fulfill his duty in worldly affairs. The performance of "good works" in worldly activity became accepted as the medium whereby one can be sure of being chosen one. Success in a calling eventually came to be regarded as a 'sign' to regard oneself as chosen. The accumulation of wealth was morally sanctioned in so far as it was combined with a sober, industrious career. Wealth was condemned only if employed to support a life of idle luxury or self-indulgence.

Calvinism, according to Weber's argument, supplies the moral energy and drive of the capitalistic entrepreneur. Weber speaks of its doctrines as having an "iron consistency", the formation of a moral outlook, enhancing labour discipline within the lower and middle level of capitalist economic organisations.

Weber also made studies of other "world religions" not

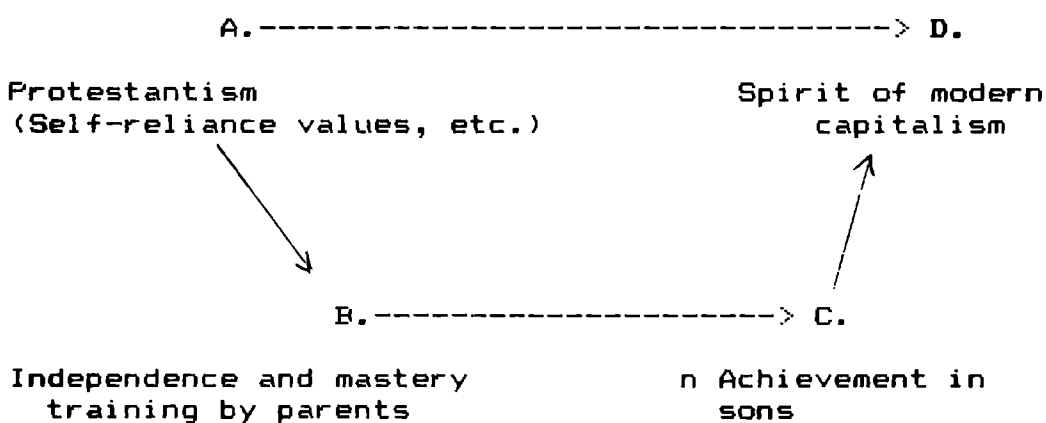
as a descriptive account of types of religion, but for analysis of divergent modes of the rationalisation of culture and as attempts to trace out the significance of such divergencies for socio-economic development.

In his study of India, Weber placed particular emphasis upon the period when Hinduism became first established, when it became systematised, trade and manufacture reached a peak in India. But later on, the development of beliefs and practices, grouped together as "Hinduism", vary considerably. The doctrines of reincarnation and karma, each tied in closely to the caste system influenced the life and activities of the individual. It is, in Weber's terms 'other worldly' that is to say, it is directed towards escaping the encumbrances of the material world rather than, as in Puritanism, towards the rational mastery of that world itself. Weber himself has said, the Protestant Ethic is 'only one side of the casual chain' connecting Puritanism to modern capitalism. It provided the vital spark igniting the sequence of change creating industrial capitalism.

As noted above, Max Weber started a very important tradition when he traced the roots of modern capitalist spirit to an ascetic protestant emphasis on hard work, in one's calling on this earth. Winterbottom, M.R, (1953) got interested in the findings of Max Weber and tried to give a psychological means by which the historical development described by Weber may have

come out. According to her, the Protestant Reformation might have led to earlier independence and mastery training, which led to strong interest in n Achievement and independence which in turn led to the rise of modern capitalism. It seems very probable, that Protestant parents, stressed earlier self reliance and mastery of at least reading skills so that their children could fulfill their religious duties better, for Luther preached the "priesthood of all believers" According to Winterbottom, such training might have increased n Achievement in the children.

The spirit of modern capitalism evolved from 'Protestant Ethic' (Weber,Max, 1930) and development of n Achievement as a function of independence and mastery of training by parents (Winterbottom,M.R,1953) are the two pillar concepts for the understanding of entrepreneurship and economic development. The relevance of the concepts and the interrelationship are depicted as follows



[McClelland,D.C,1961,P:47]

It is not hard to see that the Independence training and the achievement need are tied together. Independence training itself is a kind of achievement training. This training becomes so persistent and so much a part of the child's psychology that we can say there is need for achievement. Thus the roots of adult achievement needs (and perhaps a number of other social motives too) are to be found in the ways parents treat their children. Culture strongly influences rearing practices and shapes the strength of the need for achievement.

Based on Winterbottom's study, David C McClelland, a Harvard psychologist proceeded to study the connection between Achievement and economic development. He tried to find out whether achievement motivation is responsible for economic growth. His work led to the discovery that human beings have a special kind of motive called 'need for achievement' (n - Ach). It is formed quite early in life during the period of childhood socialization through what is called independence training received from parents and other kinship/community members. Once formed it remains there as a stable force within the individual driving him/her to achieve and excel in life situation.

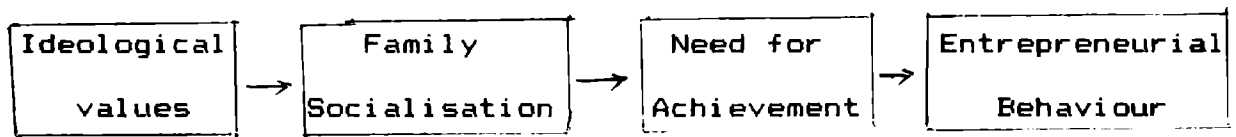
While Weber proposed that ideological values produced entrepreneurial behaviour, McClelland however, stressed that mere ideological values did not directly lead to entrepreneurial

behaviour. According to him, the ideological values influence the family socialisation patterns, which in turn produces the need for achievement, and results in entrepreneurial behaviour. In his work, *The Achieving Society* (1961) he brings in how the training given by mothers belonging to particular religious community has led to greater achievement among children belonging to that particular religious community. From this, he has associated entrepreneurship and the success with the values they received from the socialisation in the family and community.

In McClelland's theory, the emphasis is on internal factors. According to him, it is the human values and motives that lead man to exploit opportunities, to take advantage of favourable trade conditions as contrasted with the earlier points of view wherein economic growth was usually explained in terms of certain external factors such as favourable opportunities for trade and unusual natural resources. These people continue in entrepreneurial activity because of an inner urge, a desire to achieve, which propels them to take to entrepreneurial activities.

Beginning in 1947, McClelland thoroughly investigated all aspects of achievement motivation. He studied the role of achievement motivation in all societies, primitive and modern. For this, he conducted studies in Germany, Japan, India and Brazil. His research led to the finding that need for achieve-

ment is a distinct motive that can be distinguished from other needs. It can be isolated and assessed in any group. Achievement and entrepreneurship have a common meaning. It means - 'a similar interest in situations involving moderate risk or maximum opportunities of getting personal achievement satisfaction without running undue risk of failure' (McClelland,1961,P:59). The causal sequence of entrepreneurial behaviour as extended by McClelland is given by Kilby (1971) as follows



McClelland's study proved his hypothesis that the Achievement level of a society is a variable significantly related to entrepreneurial - economic activity in a culture, despite wide variation in social structures, climate, means of subsistence and level of technological development. He also states that a society with a generally high level of Achievement will produce more energetic entrepreneurs who in turn produce more rapid economic development.

Entrepreneurship demands the presence of a particular culture. According to Weber, entrepreneurs are a product of the particular social conditions in which they live and it is the society which shapes the psychology of individuals as entrepreneurs. For Weber, it is the belief system which is part and

parcel of culture and which has a great influence in determining the individual's behaviour in every aspect of his life - be it religious, social or economic. According to Weber, the Indian, in fact the "Asiatic religion could not supply the pre-suppositions of inner worldly asceticism" (Max Weber, 1958, P:4). Hindu society and culture did not provide the ideal atmosphere for the growth and nourishment of the spirit which is responsible for capitalistic development in the west.

In his original work, "The Achieving Society" (1961) McClelland had chosen India as one of the countries to collect evidence for his findings on the relationship between achievement motivation and economic development. McClelland had arrived at the conclusion that one of the reasons for India's slow economic development was the widespread lack of people with the need for achievement or the entrepreneurial spirit.

Scope of the study: Objectives and Hypotheses:

Earlier studies have shown that a variety of factors contribute to entrepreneurial personality. It is true that entrepreneurship does not simply spring from everybody in a society. The entrepreneurial performance varies from society to society depending upon the family socialization, ideological values, climate, material resources and the readiness of the socio-political system. Within India itself, different states

are at varying levels of economic development because people are placed in different socio-economic settings and have different attitudes. It is felt that "absence of entrepreneurship" is generally attributed to the socio-cultural realities which vary from region to region and community to community. There have been several attempts in analysing these factors in relation to particular region and society.

Several studies on Kerala Mencher.P.J,(1966), Dommen.M.A,(1967), Marz.Z,(1975), Pariyaram.M.Chacko,(1991), Babu.P,(1978), Davis T.S,(1990), Ummer.E.K,(1990) - have pointed out that entrepreneurship is a developing phenomenon in Kerala. A new class of entrepreneurs is emerging, not only as agents of change, but also as generator of employment, production and income by initiating enterprises. In the present study, an attempt is made to gather and analyse the sociological and psychological factors of the Kerala entrepreneur-managers. The purpose is to derive at a profile of the successful Kerala entrepreneur-managers. In this context, the research focus is on (1) the socio-cultural factors in the society and in particular, community that facilitates or inhibits the entrepreneurial abilities, (2) socio-psychological background of entrepreneur-managers of Kerala and (3) the identification of entrepreneurial personality and value orientation of successful entrepreneur-managers of Kerala.

Objective of the Study :

The purpose of the study was to find out the socio-psychological characteristics of the entrepreneur-managers of small scale manufacturing industries of Ernakulam district in Kerala. SSIs are mostly single person owned and usually operated by the same person. A SSI enterprise is the creation of its owner-entrepreneur. It is the entrepreneur who conceives it, it is he who promotes it and it is he who is responsible for its management and performance. A SSI enterprise reflects the qualities, skills, abilities and resourcefulness of the entrepreneur. The qualities, skills, abilities and resourcefulness of an entrepreneur required for the promotion and management of an enterprise may be influenced by his past background ie, education, training, family, religious sect, caste etc. To be more specific, the objectives are:

1. To understand the distribution of entrepreneurship in the manufacturing sector among different categories of people in Kerala, such as Christians, Muslims and Hindus.
2. To differentiate the socio-psychological background of successful and unsuccessful entrepreneur-managers in Kerala.
3. To find out the commonality, if any, on the educational background, behavioural traits and value-orientation of successful entrepreneur-managers in Kerala.
4. To identify motivational factors which induce the entrepreneurs to initiate and continue with the entrepreneurial activities.

Hypotheses

Two broad hypotheses, one relating to sociological and the other relating to psychological variables that one may formulate are:

1. Success in entrepreneurship is co-related with the sociological variables such as religion, education, age, family support, job experience, exposure to non Kerala culture, time of entry, form of organisation and type of product produced.
2. Success in entrepreneurship is co-related with the psychological variables such as motivational factors, personality characteristics and value-orientation.

Based on the above mentioned broad statements, several specific hypotheses with one independent variable at a time, are stated and tested at the appropriate places in the thesis.

Clarifications of Concepts used

1. Entrepreneur - is one who mobilises resources, takes risks and initiates establishment of an industrial unit ;
2. Entrepreneur-manager - is one who mobilises resources, takes risks and initiates establishment of an organisation and also provides for the maintenance and growth of the units established by him/her, by his/her role as the top manager of the unit. Entrepreneur in our study is one who is responsible for the establishment, management and development of the enterprise. A partner or a director who has been playing a dominant role in the affairs of the enterprise is taken as the entrepreneur in case of partnership firms.
3. Sociological background variables - include religion, educational level, age, time of entry, form of organisation, type of product produced, family support, job experience and exposure to non Kerala culture.
4. Psychological variables - In this study, the psychological variables include behavioural disposition/traits,

motivational needs and value orientation

- (a) Behavioural dispositions/traits - personality characteristics or qualities.
- (b) Motivational needs - the urge or desire which energise and direct the entrepreneur-manager towards the entrepreneurial goals.
- (c) Value orientation - it means the tendency to accept or reject a psychological object in terms of 'good or bad' judgements or preferences for one among many alternatives. The five value orientation selected for the study are -
 - (a) Economic values
 - (b) Religious values
 - (c) Aesthetic values
 - (d) Political values and
 - (e) Social values.

5. Small Scale Industrial Units - All those small scale manufacturing industrial units listed in the Ernakulam District Small Scale Industries Directory (1989) are taken as SSI units for this study.

Locale of the Study

Purposively, Ernakulam District of Kerala State is selected as locale for the present investigation. The District is chosen for two reasons

1. On the basis of industrial development, Ernakulam is the most industrially advanced district of Kerala. The District has been strategically positioned on international trade routes and has got almost all the infrastructural facilities required for the development of industries. It is linked to sea, air and land routes and all the villages have been electrified. Raw materials like rubber, spices, fruits, vegetables and marine resources

are available. Another significant merit to be mentioned is the steady inflow of foreign exchange remittances by non resident Keralites. The highly skilled, intelligent and competent work force ensures personnel with high technical and managerial skills. Nearly one-fourth of the total large, medium and small scale units are located in this district.

2. The three major religious groups of Kerala namely Hindus, Christians and Muslims are represented in this district almost in proportion as in the state level.

Population and Sample -----

According to the Industrial Potential Survey in Ernakulam District (KITCO Ltd., April 1993, P:28) the number of small scale units as on 1992 is 14,420. There were 4384 manufacturing units in Ernakulam district according to the Directory prepared by the District Industrial Centres, Ernakulam-1989, (INDEFEST-1989). But according to the Kerala State Small Industrial Association, Ernakulam District Unit, only half of this number is actually functioning. Others were closed down or could not be traced either because the firms had gone out of existence / changed name / ownership / location or were only paper organisations and had never been in the field. It may also be a practice with many persons to register more than one firm at a time (because the registration fee is nominal and to take up one of them on which government aid is the highest). The researcher

tried to get a list of active functioning members from Kerala State Small Industries Association, Ernakulam District Unit, 1990. They provided the researcher with a list of 550 active members.

Since the entrepreneurs were spread all over Ernakulam District, the plan adopted was sending a questionnaire through mail. 250 addresses from the list were taken on the basis of simple random method using a random table. The questionnaires were mailed with self-addressed covers. But only 30 entrepreneurs answered the questionnaire correctly and returned it by post. Because of the poor response of the mailing method, direct personal contact method was adopted. But even then a number of entrepreneurs for several reasons did not co-operate immediately. Some of them agreed to post the questionnaire in due course. After several persistent attempts the researcher received 150 completed questionnaires. The completed questionnaires received was found to be 1/4 of the number of active small scale manufacturing units as per the statistics provided by the Ernakulam Small Industries Association.

Data Collection : Tools and Methods

The method of collection of data can be classified into two primary and secondary data collection. Secondary data was

collected from the available statistics published by the government and other agencies related to industries. Two sets of questionnaires, were prepared for primary data collection. The first set was on the organisational variables and biographical data of the entrepreneurs. This questionnaire was served to nearly 250 entrepreneur-managers of small scale manufacturing units, of Ernakulam District. This was a detailed questionnaire prepared for entrepreneurs in English along with Malayalam translation. The questions in the questionnaire were basically two types. Most of the questions are fixed answer questions and a few open ended questions were also included.

The questionnaire (Appendix-I) was divided into two sections as given below :-

1. Particulars of the industry - The first section deals with the general information concerning the respective unit, such as the year of registration, type of ownership, products manufactured, financial position, number of employees etc.
2. Personal data of the entrepreneur - Second section deals with the general information about the entrepreneur such as his /her age, qualification, religion and business experience.

In each of these sections there were a set of questions related to the main theme. Thus the questionnaire design is a blend of economic, biographical, sociological factors.

The second set of questionnaire was for measuring personality orientation of the entrepreneurs i.e., autonomy, motivating factors, personality characteristics and values. This tool for collecting data on psychological variables was for the purpose of deriving the profile of successful entrepreneur-managers based on the significant difference with the unsuccessful entrepreneur-managers.

Set II questionnaire consisted of 4 parts :-

1. Psychological dependency as opposed to psychological autonomy - This test measure the level of dependency of an entrepreneur on the basis of 18 statements given. The response is either in the form of "true" or "false". On the basis of the response of the entrepreneur it can be assessed whether the entrepreneur is dependent or independent in his/her behavioural disposition.
2. Motivational factors - This consists of 10 statements which the respondent has to rank. First the respondent has to rank them as the factors that motivated them to start the industry. Then he has to rank them as the factors that are motivating him to continue the unit at present.
3. Personal characteristics - In this section, 12 probable characteristics of a successful entrepreneur are given. And the respondent is asked to rank the characteristics on the basis of importance according to him.
4. Values - This section deals about the values that influence the entrepreneur in his decision making process.

On the basis of this, an attempt was made to find out whether there is any personality difference between successful and unsuccessful entrepreneur-managers, especially in autonomy, motivating factors, personal characteristics and values.

Process of Data Collection

The first step in the process of data collection was a pilot study. For this a few entrepreneurs were interviewed. It was in the process of these interviews, that the questionnaire was prepared. Before serving the questionnaire to the respondents it was pretested with some other entrepreneurs. While pretesting the questionnaire it was observed that some questions required modifications. As such, some questions were removed and a number of new questions were added in the final questionnaire. The final questionnaire along with the covering letter which was used for the data collection is shown as Appendices I & II.

The Set II questionnaire was not handed over to the entrepreneurs at the out set. After collecting the 150 filled Set I questionnaire, a simple classification was made as follows the Sample entrepreneur-managers were classified into Successful and Unsuccessful entrepreneur-managers by their response to the direct questions in the Set I questionnaire as mentioned below.

For Successful Entrepreneur-Managers (SEM)

1. The units established by the entrepreneur have existed continuously for a period of five years;
2. The unit have been rated as profit making by the entrepreneur;

3. The entrepreneur expressed satisfaction (happiness) with over all functioning of the organisation;
4. The entrepreneur expressed desire to continue in the field.

For Unsuccessful Entrepreneur-Managers (USEM)

1. The unit established by entrepreneur have existed continuously for a period of five years;
2. The unit have been rated as running at a loss / waiting to be declared sick / already declared sick by the entrepreneur;
3. The entrepreneur expressed dissatisfaction (unhappiness) with the over all functioning of the organisation;
4. The entrepreneur expressed the desire to have some other job, so that he can sell or give up the SSI unit.

Strictly adhering to the above mentioned criteria, the 150 sample entrepreneurs were classified into 89 successful and 61 unsuccessful entrepreneur-managers. For the proper identification of the personality traits, motivational factors and value orientation of Successful Entrepreneur-Managers and Unsuccessful Entrepreneur-Managers, a differentiating colour was used for the second set of questionnaire for SEM and USEM.

Out of the 150 Set II questionnaire distributed, the research^{er} could get only 97 filled in questionnaires- 50 SEM and 47 USEM. Of this 17 questionnaires- 10 from SEM and 7 from USEM - were to be set aside for want of complete information. Thus the final number of Set II questionnaires available for data analysis was 80 - 40 from SEM and 40 from USEM.

Editing, Coding and Statistical Treatment of Data

The collected data were edited, coded and then entered into a master chart, by the investigator. Each item of data was strictly checked for its accuracy before being entered into the master chart. In spite of the fact that the research instruments were developed scientifically and the representative samples were selected carefully, the interpretation of the data collected from these samples would suffer unless the data are subjected to appropriate statistical analysis. Thus in the present study, care was taken to employ different analyses depending on the type of data. The different statistical analyses employed in the present study are, Chi-square distribution test and test of significance of Mean scores of SEM and USEM.

Data Analysis and Interpretation

Tables were prepared and using these as the guide posts, the data were analysed with reference to the objectives and hypotheses of the study. The findings arrived at by statistical analysis are then discussed in relation to the theoretical insights and empirical findings by other researches on the variables under consideration. The main focus of the findings is a comparison of successful and unsuccessful

entrepreneurs with respect to the different variables investigated. The chapters that follow contain these analysis and discussion. The last chapter summarises the major findings of the study.

Scheme of Chapterisation

The first chapter deals with background scenario, the importance of entrepreneurship in economic development and the role of industrialisation in the process of economic development. It also deals with the development of the concept entrepreneurship and entrepreneurial functions. This chapter also gives a historical sketch of Indian entrepreneurship and locates the role of small scale industrial sector in the industrialisation process and entrepreneurship.

The second chapter gives an account of the available literature on the variables included in the study. In the third chapter, the methodology adopted for data collection and analysis, and the areas under investigation (scope) are described.

The next two chapters comprise the analysis of data collected, their results and interpretations. The main focus of the findings of each of these chapters is a comparison of

successful and unsuccessful entrepreneur-managers with respect to the different variables investigated. The sixth chapter, the last in the report, contains the main findings of the study, discussion and some suggestions for future research.

Limitations of the study

It is but natural that any research investigations suffer from certain limitations which warrant an attitude of caution and healthy skepticism about its findings, especially when the answers are the subjective response of a group of people who generally are not willing to cooperate with such studies without much reservation and internal inhibitions.

CHAPTER 4

SOCIAL BACKGROUND IN ENTREPRENEURIAL PERFORMANCE : ----- DATA ANALYSIS AND INTERPRETATION -----

Religion, Caste and Business Performance -----

An important hypothesis that is being investigated in this study is the role of religion in the development of entrepreneurial qualities. It has its roots in the study of Max Weber (1930). In his study of Protestant Ethic and the Spirit of Capitalism, Weber has shown how it is the religious ideology of Calvinist Puritanism that led to the rapid industrialisation of England. According to him, the religious ideology of Calvinist Puritanism changed many of the old medieval values. For Weber, the spirit of capitalism has three principles -- Economic rationality, worldly ascetism and Occupation as a calling. It is these beliefs which produce differential occupational pursuits, the systematic ordering of means to end and the accumulation of assets.

Weber points out in his book that business leaders and owners of capital, as well as the higher grades of skilled labour and even more the higher technically and commercially trained personnel of modern enterprises are overwhelmingly

Protestant. He explains this as a result of the expensive education provided by the protestant parents to their children which favoured active participation in the economic function of production.

In his study of India, Weber,Max,(1958) says, during the period, at which Hinduism became systematized, trade and manufacture reached a peak in India. But the change in Hinduism and the emergence of caste system which interlaced with it, effectively inhibited the economic development. Weber remarks, "ritual laws in which every change of occupation, every change in work techniques, may result in ritual degradation is certainly not capable of giving birth to economic and technical evolution within itself" (Weber,Max,1958,P:112).

This view of Weber roused a serious controversy among scholars. Many of the western scholars at that time accepted Weberian interpretation for the slow phase of industrial development in India. But Medhora.P.B, Morris.M.D, Tripathi.D, repudiated the charge of Max Weber and his followers that the religions in India inhibited entrepreneurship. Medhora.P.B,(1965) attributes the Indian backwardness to the colonial rule. Morris.M.D,(1967) held that the Indian caste system has behaved historically the same way as extended kin groups elsewhere and therefore, entrepreneurial behaviour in the 19th and 20th century India seems to reflect primarily the

limited scope of economic opportunities rather than any specific form of social structure. For Tripathy.D,(1971), there was no inducement for a major entrepreneurial break through before independence. But with independence, the economic environment in the country changed, so also the Hindu value system changed to permit the entry of non-business classes into individual ventures.

Kapp.K.W,(1963) follows Weber's thesis and maintains that Hindu culture and Hindu social organisation are determining factors in India's slow rate of development. Blunt.E,(1939) thinks that Hindu society is communal. It is the caste and not the individual that counts. A man's social position is that of the caste of which he is a member. The caste chooses his occupation for him and if he disregards its decision then it can take away his social position altogether by outcasting him. Secondly, the caste system is rather a socio-economic, than a social organisation. Almost every caste is closely associated with a particular occupation.

India was one among the countries in which McClelland conducted his study of need for Achievement. He studied the religious attitudes of sects within all religions that have been conspicuously successful in the business world. According to him, the successful business communities represent small minority religious sects - the Jains, the Vaishnava Hindus and

the Parsees. All these religious groups like the Protestant bodies in the West, are characterised by opposition to dominant traditional religious authority - in this case, Hindu Brahmanism (McClelland, D.C, 1961, P:368). Another fact he mentioned was that in all these three Indian religious groups the "laity participated much more in the regulation of religion than in traditional Brahmanism" (P:369). They (the Hindu Vaishnavas the Gujarati businessmen) practiced in household worship, which was definitely individualistic. These individualistic views would affect child rearing practices and therefore an Achievement level.

Nag (1968) expresses the idea of McClelland in a different way. He says that if religious attitudes and institutions encourage discipline, hardwork, efficiency, honesty and thrift among its followers, the social climate will impel people to apply their minds to increasing productivity to acquire wealth and to improve their social prestige and power.

In the following pages an attempt is made to bring out the influence of religion, caste and other social factors that influence the Kerala entrepreneurs.

Religious Background of Entrepreneurs

Any discussion about religion and business in Kerala has to take into consideration the unique feature of Kerala compared to the rest of India. Besides Hinduism, Christianity and Islam is also found in Kerala. Kerala is the only state in India where both these minorities exist in almost same strength. Table 4.1 on the religions of India makes it explicit.

Table No 4.1 Religions of India (1981) in Percentage

States	Hindus	Muslims	Christians	Others
Andhra Pradesh	88.75	8.47	2.68	0.10
Arunachal Pradesh	29.24	0.80	4.32	66.0
Bihar	82.97	14.13	1.06	1.84
Gujarat	89.53	8.53	0.39	1.55
Haryana	89.36	4.05	0.09	6.50
Himachal Pradesh	95.77	1.63	0.09	2.51
Jammu & Kashmir	32.24	64.19	0.14	3.43
Karnataka	85.77	11.21	2.08	0.94
KERALA	58.15	21.25	20.56	0.04
Madhya Pradesh	92.96	4.80	0.68	1.56
Maharashtra	81.40	9.25	1.27	8.08
Manipur	60.04	6.99	29.68	3.29
Meghalaya	18.03	3.10	52.62	26.25
Nagaland	14.36	1.52	80.21	3.91
Orissa	95.42	1.60	1.82	1.16
Punjab	36.93	1.00	1.10	60.97
Rajasthan	89.32	7.28	0.12	3.28
Sikkim	67.25	1.03	2.22	29.50
Tamil Nadu	88.86	5.21	5.78	0.15
Tripura	89.34	6.75	1.21	2.70
Uttar Pradesh	83.31	15.93	0.55	0.61
West Bengal	76.96	21.51	0.59	0.54
INDIA	82.63	11.36	2.43	3.58

Source Indian Currents Year Book - 1994, P:29.

Note 1991 Data is not available.

Both Christianity and Islam have had a profound influence on Hinduism. In turn, Hinduism has made its impact on Christianity and Islam as well. Another speciality of Kerala is that caste system as it was found in the rest of India is not found in Kerala, especially the Vaishya caste (Dommen,M.A,1993). The gap left by the Vaishya caste was filled by the non-Hindus; Muslims, Jews and Christians were prominent in the field of business and trade in Kerala. Jews and Muslims were main traders - they maintained trade relationship with many of the Arabian countries. Christians looked after agriculture and internal trade

In every society some people possess entrepreneurial qualities to a greater degree than others. The underlying roots of such behaviour seems to vary from culture to culture. Studies by Dommen,M.A,(1972), Mencher.Joan,(1966) Babu.P,(1978) have suggested a close relationship between small industries and certain communities in Kerala. In this study, one of the main objectives is to find out the entrepreneurial activity among the different communities within Kerala such as Christians, Muslims and Hindus. For this, the Ernakulam District is selected as the universe of the study. Compared to all other districts in Kerala, Ernakulam district is considered to have a more equal distribution of all religious communities as is evident from Table 4.2. In the study, there is not much percentage difference between the religious composition of the sample and that of the

population of the Ernakulam district.

Table 4.2 The Religious Composition of Kerala,
Ernakulam District (1981 census) and the Present
Study (Percentage)

Religion	Kerala	Ernakulam	Sample
Hindus	58.15	46.27	38
Christians	20.56	40.20	44
Muslims	21.27	13.41	18
Others	0.02	0.12	--

Source Statistics for Planning, Department of
Economics and Statistics, Govt. of
Kerala, Trivandrum, 1988, P:5.

Note: 1991 Data is not available

Earlier studies showed that castes or communities with trading financing or land owning background succeeded in developing themselves on the modern capitalist lines. In the case of Christians of Kerala the same is true. From time immemorial, they were a mercantile community catering to the external and internal trade requirements of the society. It is with the coming of Arabs as competitors in foreign trade, which forced a large number of them to shift to agricultural occupations. Since they were not inhibited by the stigma attached to occupation, they became good cultivators of the soil and they began to concentrate on internal trade. They saved money and did not spend money on luxuries as the upper class

Hindus did. As a result, they succeeded in accumulating sufficient capital to acquire landed properties once owned by the higher caste Hindus.

In Christianity, it is the church that held sway on the minds of the people and also influenced the economic activities. The religious teachings of the church encouraged hardwork on the soil, and did not encourage business. In his small book, "Oru Nalla Appante Chavarul", Fr.Kuriakose Elias,(1983) has framed a rule of conduct for Christian families. This book was considered as a guide to lead a good life in the family. It told parents how to bring up their children and what all the activities that can be carried out by the Christians. It is in this context, he encouraged hardwork in the land but discouraged trade. "Trade involves risk of both soul and wealth". He discouraged acquisition of wealth, even if it is land just for the sake of it. "Try to improve what holdings you have before trying to acquire more" (Fr.Elais.K,1993,PP:10-11). Just as Calvinist teachings influenced the English people and changed their economic activities, the teachings of Father Kuriakose, propogated through the church influenced the Christians of Kerala especially the Syrian Catholic Community. They provided their children with good education and encouraged them to secure whatever jobs were available.

By the end of 19th century, British capital began entering into the region on a significant scale. It first opened

up plantations and later spread to other manufacturing industries mainly coir (Vargheese,T.C,1970,P:107). With the arrival of the British, the Syrian Christians were initially associated with the former as workers, supervisors and agents in the various plantations, industries and commercial enterprises. Gradually the most enterprising among them entered into the economy as plantation owners, money dealers, industrial capitalists and commercial magnates.

The influence of the British can also be seen in the Christian religion. The Christian religion as interpreted by the English missionaries changed the outlook of this group with respect to material pursuits. The materialistic outlook imbibed from the westerners by the Syrians and their high rate of achievement motivation spurred them to economic prosperity.

Another economic activity that was initiated by the Syrian Christians is the indigenous credit institutions on modern lines. There also it was the church that took the initiative. 'Originally the device of the chitty was initiated by the church to help a needy member who was made the foreman (Oommen,M.A,1993). The Christian Law of inheritance, made the Christian's land a more acceptable security. As a result, the Christians turned out to be the major recipients of bank loans. The finance so mobilised was diverted to various enterprises in agriculture, industry and commerce.

According to Dommen.M.A,(1993), Christians who pioneered the banking and plantation industries in Kerala may make good industrial entrepreneurs as well. But the political atmosphere especially in Travancore before independence made them hesitant and were forced to confine to more secure investments in the agricultural sector itself. Now, after the formation of the state of Kerala, one could see a slow change again under the influence of religion. The Christian churches all over India (The Catholic Directory India,1984,P:28) and particularly in the state of Kerala, have become strong capitalist agencies. By accumulating assets themselves and domesticating, it provided a sound background in the development of entrepreneurship among its people. Therefore, under the umbrella of religion, the Syrian Christians have become a highly enterprising, industrious and multi-sectorial society throughout Kerala (Davis,T.S,1990,P:74). The past tradition of hardwork and thrift helps them to make a success in business.

In order to test the hypothesis that there is 'relationship between religion and entrepreneurial performance', a chi-square distribution test was adopted. The chi-square table is a 3 x 2 one where religion is classified into three main religious groups - Hindus, Christians and Muslims. In the data collection, no other religious groups came into the study. The sample entrepreneurs were divided into Successful Entrepreneur- Managers (SEM) and Unsuccessful Entrepreneur-Managers (USEM) on

the basis of their performance. Table 4.3 shows the chi-square distribution and its statistical analysis :-

Table 4.3 The chi-square analysis of Religion and Entrepreneurial Performance

Religion	SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
Hindus	fo 25 fe 34	32 23	57	81 81	2.382 3.522
Christians	fo 43 fe 39	23 27	66	16 16	.410 .593
Muslims	fo 21 fe 16	6 11	27	25 25	1.563 2.273
Total	89	61	150		10.743

Note :- fo Observed frequency
fe Expected frequency

D.F = (3-1)(2-1) = 2 1 = 2
Table value at 0.01 level = 9.210
Table value at 0.05 level = 5.991
Calculated value = 10.743

From the above table, it is quite evident that it is the Christians that dominated, followed by Hindus and Muslims. With 2 degrees of freedom, the chi-square value is 9.210 at 0.01 level. The calculated value is 10.743. Since the calculated value is greater than the table value, we may conclude that the null hypothesis of independence of religion and performance of the entrepreneurs is to be rejected in favours of

interdependence of the two. The observed difference between SEM and USEM among the three religion is statistically different at 0.01 level of significance.

In the study it is found that Christians constitute the community that supplies most successful entrepreneur-managers after Muslims. 65% of the Christians belong to the successful category. The study of Ummer.E.K,(1990) also brings forth the factors determining entrepreneurial emergence like education, business experience more or less sound economic background which are found in larger measures among Christian entrepreneur-managers than among Hindus or Muslims. This may be the reason for the predominant influx of Christians into small scale industrial entrepreneurship in Kerala.

Even though Christians dominate in the case of number of entrepreneurship, it is the Muslims, who constitute only 18% of the sample, who have the highest percentage of SEM. 78% of them come under the SEM and only 22 belongs to USEM category. It is quite natural for the Muslim community to make a success in the business field. By tradition they are interested in trade and commerce. The experience thus gained by generations naturally helps them in their dealings with people and in taking calculated risks. Other studies like Singh.N.P et.al,(1986) have also shown that entrepreneurs having a business background get exposure to the business traits.

Religion has a crucial role in shaping attitude towards material gains. Religions specify code of conduct for individuals and communities. The different faiths have prescribed different codes of conduct. In Islam, religion is a way of life (Baig,N and Khan,A.A.M,1990,P:32). The urge to become successful entrepreneur-managers is found in the social sections in the Muslim community which reward independent activities and economic status. Ramaswami.K.S,(1984) mentions "Islam does exhort one to work hard to carry on business and earn money for the benefit of family and the community" (SSR,Bhanushali,S.G,1987,P:229). Trade is in the very blood of the Muslims and they do not shrink from seeking their fortune far and near (Eappen,K.V,1980,P:91).

A community which has shown comparatively low performance level is the Hindu community. Only 44% of the Hindus belong to the successful category and 56% belongs to the unsuccessful category. The mental and cultural attitude towards work can be considered as the factor that is hindering them from making their business a success.

Earlier studies have shown how the Hindu religion acts as a hindering factor in entrepreneurial development. The social structure of the Indian society is the one defined by the caste system. Each caste group has certain occupations to follow. The Hindu culture is basically opposed to acquisition of wealth. The

Brahmins, the leaders of the society, whose main objective was pursuit of Knowledge, used it only for advising the ruling class (Singh,P.N,1986,P:11). Vaishyas are the trading caste.

In Kerala also the caste system of the Aryan society was imposed upon by the coming of the Aryans. Once it came, it existed in the most rigid and severe form. There was not only untouchability but also unapproachability (Eappen,K.V, 1980,P:91). The Namboodiri Brahmins, the land owning community used to consider manual work as demeaning. Idleness and cultural activities were the vocation of the upper class. Just below the Brahmins, the Nairs who were supposed to be the agriculturists looked down on manual labour and made the lower caste to work on the land. But with the change in the socio-economic system, the social and economic power of the upper caste Hindus began to deteriorate. They refused to change with the times and perished in their leisurely and carefree life styles and were also involved in unproductive activities like litigation. They were not in a mood to venture into hazardous occupations like the Christians or Muslims.

The only alternative for them was the government services. Because of their education and the connection with the royal families, they were able to acquire most of the government jobs that were available. Just as the Christians associated great prestige to landed property, the high caste Hindus associated great prestige to government service. They had a

great desire to serve the king and society gave them high status. This is not unique to Kerala, it is a global phenomena of the underdeveloped countries. Pieris Ralph mentions that 'in underdeveloped economy the educated are likely to take up positions in the bureaucracy as it commands more respect in the society and also generate assured income' (Pieris Ralph,1969,P:84).

The same attitude is found among the present generation Hindus. They give high status to government service. Social status is one of the factors that motivates people to work. People will work hard to earn it. 'The public have a very low esteem for business and industry. For many people think that profit made by business is evil and that wealth has been obtained not by the creative efforts of entrepreneurs but taken away from the general public' (Morrison,S,Robert,1973,P:504).

Values regarding work have been found to be an important factor that determines the progress of the nation. Max Weber in his 'Protestant Ethic and Spirit of Capitalism' was trying to prove it. In this study also, it can be found that the Christian and Muslim communities, have made a success in their business activities by their positive attitude towards any work. The values supporting or influencing entrepreneurship are developed through the process of socialization. The family and other social institutions play a crucial role in training

individuals to show certain patterns of behaviour. McClelland mentions the same thing. One's predilection towards independence and initiative as well as risk taking, results from such socialising influences which in turn comes from the religious values of the parents.

Education and Performance of Entrepreneurs

Of all the problems Kerala encounters, it is often said that unemployment of the educated is probably the most critical one. One of the solutions to this severe problem is industrialisation. We have reached a stage of quoting Late Sir.M.Visveswaraya "Industrialise or perish". In the Industrial Policy of 1991 (Kerala), Industry and social welfare Minister of Kerala, Sri P.K.Kunjaliikutty had said that there was no other alternative for unemployment other than industrialisation. The present policy of the Government of Kerala is to make it easy for the new entrepreneurs to start industries and to create self employment as well as employment for others. Kerala, which has the highest literacy rate can concentrate on High Technology Industry, as per the statement of the Minister.

Education is both a means and a product of economic development. All nations are increasingly aware of the value and role of education in Economic Development. Economic development

is considered synonymous with industrialisation. To quote Bhattacharya.S, "only the educational system can help the country (India) to find its entrepreneurs, administrators and technicians and improve their quality" (Bhattacharya,S,1972, P:148). "The technological development calls for a small quantity and a higher quality of labour for producing the same output. It calls for less hours of work and more hours of education, for the former is the measure of the quantity of labour and the latter its quality" (Raza,M,1989,P:16). The role of education in economic development has been emphasised by many.

Formal education has always been considered as an important asset of an individual in building his occupational career. In an underdeveloped economy, education is always looked upon as a means to improve one's socio-economic position in the society. Education is the best source for developing a man's resourcefulness, which makes it "full" and "well balanced" (Rao,N.G,1986,P:106). Education is for better living, fullness of living, more important, to be responsive to the society. It brings out the best from the man and aid the development of a nation. Man means resourcefulness. Resourcefulness means initiative and enterprise - enterprise to find new and better ways and initiative to look for better opportunities and turn them into realities. This is how education, entrepreneurship and development are interrelated (Rao,M.G,1992).

Both Max Weber, (1930) and McClelland, (1961) in their studies have also shown the role of education in the development of entrepreneurship. Max Weber in his study of 'Protestant Ethic and Spirit of Capitalism' compares the Catholic graduate students and Protestants and says that Protestants are greater in number compared to Catholics, who go for technical studies and industrial and commercial occupations. As a result, the Protestants fill the upper ranks of skilled labour and administrative positions in the factories. The type of education favoured by the religious atmosphere of the home community and the parental home, have determined the choice of occupation (Weber, Max, 1930, PP:38-39).

McClelland, (1961, P:413) found that the achievement drive can be taught to people. Case studies suggests that foreign educational influences may be sufficient to increase Achievement. Political and economic leaders through out British dominated countries, from Egypt to India, appear largely to be those who had a British type of education when they were young. Later on studies of McClelland showed that entrepreneurial training can be given to the young to improve their achievement motivation Kakinada experiment proved this. The participants showed a significant improvement in many aspects of entrepreneurial performance (Mashiuddin, Tahara, 1980, P:45).

Kerala is the highest literate state in India and it has also the highest literate unemployment (Table 1.3,Chapter1). The main reason for this unemployment is also found in the defective system of education. Kerala gives undue importance to the promotion of general education, and has not given adequate importance to professional and technical education (Prakash,B.A,1994,P:36). The objective of education is largely viewed as training people for government jobs or public sector jobs. Greater social prestige is attached to university degrees and government jobs.

But today, government is trying to induce these educated unemployed to come to the industrial sector and start some enterprises. Government is giving them training, financial and technical assistance. Now in Kerala, as in the rest of India, a new type of entrepreneurship is emerging that is "forced entrepreneurship", to which ambitious and educated young people are lured they enter the field half heartedly as a stop gap arrangement and keep looking for other avenues of gainful employment (Gupta,R.A,1992,P:19).

One of the objectives of the present study is to enquire into the educational level of the entrepreneurs and the impact of their educational background on their entrepreneurial performance. One of the hypotheses is that "successful entrepreneur-managers will be more technically educated than the

unsuccessful entrepreneur-managers" (or technical education of the entrepreneurs help them in improving their performance). Table 4.4 shows the educational distribution of entrepreneurs and the result of the chi-square analysis to test the difference between Successful and Unsuccessful entrepreneur-managers.

Table 4.4 The chi-square analysis of Education and Entrepreneurial Performance:-

Educational Levels	SEM	USEM	Total	χ^2		
				(fo-fe)	(fo-fe)/fe	
School	fo	25	10	35	16	0.762
	fe	21	14		16	1.143
College	fo	28	35	63	81	2.189
	fe	37	26		81	3.115
Technical	fo	36	16	52	25	0.806
	fe	31	21		25	1.190
Total	89	61	150		9.205	

D.F = (3-1) (2-1) = 2
Table Value at 0.01 level = 9.210
Table value at 0.05 level = 5.991
Calculated Value = 9.205

The Table is a 3 x 2 chi-square table, where education is classified into school education, college education and technical education. School education includes all those who have gone to school as well as those who have passed SSLC. College education includes all those who have gone to college as

well as graduates and post graduates. The third category is technical which includes both diploma holders and degree holders. Chi-square test has shown that the education of the entrepreneurs is related significantly to their performance at 0.05 level or almost near 0.01 level. The table value at 0.01 level at 2 degrees of freedom is 9.210. The calculated value is 9.205.

It is seen from the table that out of the 150 respondents, most of them are highly qualified. 77% of them are degree holders or other technically qualified persons (115/150). It is also interesting to see from the table that around 35% of the total entrepreneur-managers (52/150) are technical degree or diploma holders.

Formal education is expected to increase the supply of entrepreneurs by making available more skills which are necessary to entrepreneurial endeavours. Owens.R(1972) study of small scale engineering industry of Howra in West Bengal has showed that the traditionally low caste, poorly educated and agricultural workers have improved their socio-economic status gradually over several generations due to some environmental factors such as urbanisation and intensity of occupational mobility owing to the educational amenities in the area. He also showed how youngsters were induced into the industry and how their educational advancement helped them to expand and modernise their family firms.

There are several studies which have reported a low level of education of entrepreneurs. Collins.O.F and Moore.D.G,(1964) found that the majority of the entrepreneurs in their study had a lower educational base and often were not college graduates. The study of Philip.J, Tewari.K, and Pandey.A.N,(1990) in Karnataka state found that there was no significant association between the educational qualifications of sample entrepreneurs and their performance. Thus there are conflicting views on the relationship between education and entrepreneurship. However, in this study, it was found that there is a significant difference among different levels of education which reflect entrepreneurial success. For further clarification of the relationship between education and entrepreneurial performance, a percentage analysis was done.

Table 4.5 Percentage Analysis of Education and Entrepreneurial Performance

Educational Level	SEM		USEM %		Total %	
	School	25	71	10	29	35
College	28	44	35	56	63	42
Technical	36	69	16	31	52	35
Total	89		61		150	100

The highest percentage (42%) of entrepreneurs come with college education. In the study of Bisht, N.S and Sharma, P.K, (1990), the maximum number of entrepreneurs are graduates. The reason perhaps, is that graduation in the present system is a respectable level of education and it does not guarantee a good job. It is for this reason that most of the entrepreneurs were graduates (Bisht, N.S and Sharma, P.K, 1990, P:141). The percentage of USEM is also greater among college educated entrepreneurs. Out of the 63 college educated entrepreneurs, 56% belong to the USEM category. These college educated entrepreneurs can be considered as the "forced entrepreneurs". They may be forced to enter the field as they had failed to find any job. They enter the field half heartedly. A half hearted attempt is bound to fail (Gupta, R.A, 1992, P:19).

The highest percentage SEM belong to school educated entrepreneurs followed by technical education. General education at the college level has a negative effect. Education is to make people an asset, not a liability. But in Kerala, the educational unemployment is a burden to the state. "Over emphasis on formal general education even before the development of secondary sector industrial culture, resulted in a jump from agriculture based feudal cultural to education based service sector culture" (Poduval, P.R, 1991, P:15). The main emphasis of the study was on the development of general education and it produced sufficient stock of unemployed youths interested in white collar jobs.

The unscientific national education policy has also been an important barrier. Till the beginning of the Sixth Five Year Plan, the main emphasis was on the development of general education. Now the emphasis has shifted. However it is not sufficient to meet the current requirements (Jha,S.M,1989).

Almost the same phenomena is observed in S.G.Bhanushali's (1987) study of engineering industry of Kolhapur in Maharashtra state. Engineering diploma holders topped in the ranking of entrepreneurial development or superior entrepreneurs, followed by engineering graduates, and lastly collegiate level entrepreneur-managers. This does not fit into the general belief and expectation that with a higher level of education a man should come out with better qualities of entrepreneurship.

Higher education without a technical component has no relation with success in entrepreneurship. Technical education or just a high school education is positively correlated with SEM. It could be the peculiar cultural attitude with an orientation to get employment by education that create the peculiar situation. Education has nothing to do with entrepreneurship unless it is a technical education. It is the expectation and orientation that matter and not the level of education.

But one thing is certain that imparting of higher level technical education would prepare in raising their success status. It is probably because well qualified entrepreneurs had more access to technical resources, facilities, expertise training, marketing support and investment compared to the uneducated ones (Monds,F.C,1990, Shah,T.W,1985). Rao.BSS,(1983), in his statement on problems of technically trained entrepreneurs reported that they showed a higher level of entrepreneurship than entrepreneurs without such training.

In the light of the present study, it can be inferred that there is a significant relationship between entrepreneur-managers's performance and educational level. The chi-square test showed a significant relationship between educational level and success in entrepreneur-managers. The high level of general college education has no relationship with success whereas school education and technical education obtained by the entrepreneurs is a very important factor in the emergence of success in industrial entrepreneurship.

Age at the Time of Starting

An entrepreneur has to play many roles especially in a SSI unit. He is the owner, worker, financier, technical expert and manager. Over a period of time an entrepreneur acquires

additional skills, technical and managerial, which would help him in better performance. Therefore, it is expected that the age of an entrepreneur has a positive role to play in the performance of enterprises.

Earlier studies by Sharma.S.V.S,(1979), Deshpande.M.V.P,(1982), Rao.N.G,(1986) have shown that the age at which the entrepreneur-managers enter industry has much to do with the growth of enterprises. Younger persons are generally more energetic, change prone, progressive and innovative than the older ones. Hence the hypothesis presented here is that 'the entrepreneur-manager's performance is affected by his age of entry'.

According to Ramamoorthy.V.M.J and Krishna kumar.T,(1990), the best age for entry into innovative establishments was observed to be between 20 to 40 years. Young persons have greater attraction towards entrepreneurial ventures. The same trend is found in P.N.Singh's(1986) study of entrepreneurs in Bombay. In his study, the maximum concentration was between the ages of 20 to 30 years. The average age at which entrepreneurs actually started business was found to be 28 years. In the study of Thangamuthu.C and Manimekalai.N,(1992) in Tamilnadu also found that only 20% of the respondents started the units in their later age. Younger entrepreneurs tend to take risks but the older ones do not have such a capacity.

Many studies have shown that there is relationship between age and quality of performance. Mishra.M.K,(1991), while discussing about performance, points out that the successful entrepreneurs were relatively younger in age. Unsuccessful entrepreneurs mostly belonged to the older age group. The mean age of successful entrepreneurs was 41 years whereas unsuccessful entrepreneurs had mean age of 48 years. It is natural to think of an energetic, enthusiastic entrepreneur of a younger age.

The number of respondents in different age groups and the computation of chi-square in terms of their success level are in Table 4.5.

Table 4.6 The chi-square analysis of Age and Entrepreneurial Performance

AGE		SEM	USEM	TOTAL	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
21-30	fo	43	20	63	36	0.973
	fe	37	26		36	1.385
31-40	fo	30	14	44	16	0.615
	fe	26	18		16	0.889
41-50	fo	8	20	28	81	4.765
	fe	17	11		81	7.364
51 +	fo	8	7	15	1	0.111
	fe	9	6		1	0.167
Total		89	61	150		16.269

D.F (4-1) (2-1) = 3 x 1 = 3
 Table value at 0.01 level = 11.345
 Table value at 0.05 level = 7.815
 Calculated value = 16.269

The table is a 4 x 2 chi-square table. So the degree of freedom is 3 and the table value at 0.01 level is 11.345. Since the calculated value is 16.269. There is a significant relationship between age and quality performance of the entrepreneur-managers in the study.

The data shows that 72% of the entrepreneur-managers belong to the age group of 21-40. Of this more than 50% belong to the age group of 21-30. As the age increases, the percentage of entrepreneurs entering manufacturing is decreasing. Only 28% of the units were started by entrepreneur-managers who are 41 and above.

In the above table, while 68% of entrepreneur-managers belonging to the age group of 21-40 come under the SEM category, only 29% in the age group of 41-50, belong to SEM category. Maybe the entrepreneur-managers belonging to the age group of 41-50 are as Albert Shapero(1975) says as, "the displaced uncomfortable entrepreneurs". In his study he reports that many persons who start new business are displaced persons in one way or another, who have lost their jobs, or moved aside in a management shuffle.

Coming to the age group of 51 and above, it is found that the number of persons who come to the field are decreasing. But the percentage of entrepreneur-managers who make it a success is greater than in the age group of 41-50. While there are only 29% of successful entrepreneur-managers in the age group of 41-50, there are 53% in the 51 and above age group. This may be as Morrison.S.Robert,(1973) remarks - An entrepreneur will be better equipped with knowledge, experience and ability to carry out the programme at the age group of 55 than at the age of 45.

The age of the entrepreneurs, at the time of starting their units has also been examined with their religion. Table 4.7 shows the relationship between age, religion and success.

Table 4.7 The relationship between Age, Religion and Entrepreneurial Performance

Age	SEM				USEM				G.Total
	Hin.	Chr.	Mus.	Tot	Hin.	Chr.	Mus.	Tot	
21-30	10	23	10	43	10	9	1	20	63
31-40	10	12	8	30	6	7	1	14	44
41-50	3	3	2	8	13	5	2	20	28
51 +	2	5	1	8	3	2	2	7	15
Total	25	43	21	89	32	23	6	61	150

In the above table it can be seen that there is a relationship between age, religion and success. Of the Christians which is the dominant entrepreneurial group out of the total 66 entrepreneurs, 32 entrepreneurs belong to the age group of 21-30. That is almost half of the Christian entrepreneurs have entered the field at an early age. The most interesting part of it is that out of 32, only 28% belong to USEM. In the case of Muslims, among the early entries only 9% belong to USEM.

Even among the Hindus, who are showing the lowest entrepreneurial behaviour, 50% of the younger age group is making a success of it. It is the later entries who are as mentioned earlier the "forced entrepreneurs", making the venture a failure. Among the Hindus, in the age group of 41-50, 81% belong to the USEM group. Compared to other religious groups, it is the Hindu entrepreneur-managers who are the majority in this age group. Out of the 43 entrepreneurs who have come to the field after 40 years of age, 21 entrepreneurs belong to Hindu community.

It is quite natural for commercial communities like Muslims and Christians to enter into manufacturing at an earlier age. Men from trading castes like Vaisyas resorting to industry at tender age is not unexpected (Rao, N.G, 1986). The early entry into the manufacturing field is also affected by the family and education of the entrepreneurs. The sons of the business owners

and the sons of the officers entered manufacturing at an early age as compared to others (Deshpande, M.U, 1982). It is also found that people with higher educational level are finding their entry into industry earlier (Rao, N.G, 1986).

Thus the entrepreneur-managers who enter the manufacturing field at an early age, with adequate education, family support and trading background can make a success of it. The chi-square test in the study also prove the hypothesis, 'the entrepreneur-manager's performance is affected by his age of entry'.

Form of Organisation

Form of organisation of an enterprise means its ownership structure which has an important bearing on the management of an enterprise. Small industries may be owned or operated by individuals - proprietorship, private companies, partnership firms or co-operative units.

The individual or sole proprietorship is an informal organisation. It is a kind of business organisation in which an individual produces independently with the aid of his own land, labour and capital, or in other words, in a proprietorship concern, the owner - entrepreneur is solely responsible for the mobilisation of resources for setting up of his or her

enterprise and also its management. It is the owner alone who has full claim over the profits made by his enterprise, for the losses and liabilities of his enterprise. (Philip,J, Tiwari,K and Pandey,A.N,1991).

Sole proprietorships are very common. This type of organisation is easy and simple to form and generally they are small in size. All that is required is that the individual concerned should first decide about the industry and find the necessary capital, use his skills and intelligence. If the business prospers, he is entitled to the whole of the profits, if it does not do well he has to bear the whole loss. In short, he is his own master.

Although a sole proprietorship seems to be most convenient and efficient for a S S I unit, still it has many limitations. An individual proprietor has to depend solely on his own savings and managerial skills. When the firm is small, and needs personal attention and quickness in decision, sole proprietorship is ideal. When the firm expands, these may be found insufficient.

Expansion of business calls for more capital and more managerial ability than could be expected from a single individual. This makes two or more individuals to come together and form a partnership firm. In a partnership concern, the responsi-

bility for the mobilisation of resources as well as management of enterprise and its profits and liabilities are supposed to be shared by all the partners, atleast the major partners. Sometimes a partnership concern can be ideal as each partner can, on the basis of qualification, experience and expertise, look after specific areas of the management of an enterprise. Sometimes, two or more persons having different types of resources (financial resources, technical know-how, market contacts and so on) join together to set up and manage an enterprise. A large number of enterprises are partnership firms.

In the Indian situation where the extended family system still exists, the ownership is guided by blood relations in the cases of partnership firms and private limited companies. In a few cases, friends of the same caste were included (Bisht, N.S and Sharma, P.K, 1991). The family partnership type of organisation is not structured on the rationale of organisation but has been opted on the basis of certain other considerations which usually include organisation succession, reduction in income tax or to maintain family ties that existed within it (Deshpande, M.U, 1982).

When the entrepreneurs want to venture into large business, they form private limited companies. The main attractions of private limited companies are that, by the sale of shares they accumulate more capital. And if the business fails,

the burden of the loss do not fall on the entrepreneurs alone but on the share holders as well. In other words, the liability of the company is limited to the value of the share each share holder holds. This will encourage the entrepreneurs to take risks and go into big business.

Another form of organisation is co-operative institutions. This is a collective venture where the capital is collected from the members, they themselves manage the firm and the profit is distributed among themselves. Compared to limited companies, co-operative firms are the common man's organisation. In the co-operative units, the members have more say in the running of the firm. This can act as a hindrance in the development of industries where quick action is needed.

Small industries may be owned and operated by individuals, private limited companies, partnership firms or co-operative units. In the present study, there are no co-operative units. The decision regarding the particular form of ownership to be selected for the business plays a vital role. Studies have shown that the religion, education, age, financial background of the entrepreneur and the type of product he is involved - all influence the mode of ownership. In the study, an attempt is made to find out whether there is any relationship between forms of organisation and the success of entrepreneur-managers. Table 4.8 shows the distribution of entrepreneurs on the basis

of their form of organisation and performance.

Table 4.8 The chi-square analysis of Forms of Organisation
and Entrepreneurial Performance:

Forms of Organisation		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
Sole Propr.	fo	52	33	85	4	0.08
	fe	50	35		4	0.114
Partnership	fo	20	15	35	1	0.048
	fe	21	14		1	0.071
Private Ltd.	fo	17	13	30	1	0.056
	fe	18	12		1	0.083
Total		89	61	150		0.452

D.F = (3-1) (2-1) = 2
Table value at 0.01 level = 9.210
Table value at 0.05 level = 5.991
Calculated value = 0.452

The Table is a 3 x 2 chi-square table, where forms of organisation is classified into sole proprietorship, partnership, and private ltd.. Entrepreneurs on the basis of their performance are classified into SEM and USEM. Since the calculated chi-square value is 0.452, which is very low compared to the table value at 0.05 at two degrees of freedom, it is inferred that forms of organisation and the success of enterprise are independent thereby rejecting the hypothesis that they are correlated. However, a study by Subbi Reddy.T and Mrs.Sobha Reddy,(1992) has shown a relationship between success of the enterprise and the form of organisation.

The table 4.8 indicates that 61% of the sole proprietary concerns are in successful category. While it is only 57% in the case of partnership and also for private Ltd.. From the above analysis, one may conclude that eventhough no relationship can be established on the basis of the form of organisation and performance in the chi-square computation, sole proprietorship seems to be more success prone than other forms of organisation. sole proprietorship, it seems, is also more popular. In the sample entrepreneur-manager of this study, 57% of the entrepreneurs opted for sole proprietorship followed by 23% partnership and 20% private Ltd.. In general, in Kerala, sole proprietorship is found to be the most common form of organisation under SSI as is clear from the table below :-

Table 4.9 The classification of SSI Units according to

Form of Organisation

Form of Organisation	Kerala 1985	Ernakulam 1985	Kerala 1988
Proprietary	24,840 (80%)	3,406 (73%)	21,202 (82%)
Partnership	5,337	1,080	3,787
Co-operatives	338	43	301
Private Ltd.	301	40	296
Others	223	66	131
Total	31,039	4,635	25,717

Source 1. Govt. of Kerala, Basic Data on Registered Small Scale Industrial Undertaking in Kerala, Directorate of Industries & Commerce, Trivandrum - 31-3-1985.

2. Report on the Second All India Census on SSI units - Kerala, Vol.I - 1992, P:29.

The studies of Kuruvilla.T.C,(1979), Ummer.E.K,(1990) also shows the same trend. In Kerala where joint families are not so common and the caste loyalties are not so strong, it is quite natural for entrepreneurs to opt for sole proprietorship. The size of the firms is also a factor that influences the form of organisation.

In Kerala, 50% of the entrepreneur-managers invest only less than Rupees One Lakh (Table 4.10) in establishing the unit and the average employment in an SSI section is only 6.62 whereas for all India, there are 7.10 persons per unit (Govt.of Kerala - Eighth Five Year Plan,1990-95).

Table 4.10 The break-up of Green and Yellow Units -
Investment wise - Kerala, 1985 :

S.No.	Invest. Limit	Green & Yellow No. of units	%of tot.of green yellow units
1	2	3	4
1.	0- 25000	9850	39.34
2.	25000- 50000	5159	20.61
3.	50000- 100000	4267	17.04
4.	100000- 200000	2964	11.84
5.	200000- 500000	1979	7.90
6.	500000-1000000	572	2.29
7.	1000000-1500000	138	0.55
8.	1500000-2500000	86	0.34
9.	2500000-3500000	23	0.09

	Total	25038
No. of Red Units		6001
	Grand Total ->	31039

Source Govt. of Kerala, Basic Data on Registered Small Scale Industrial Undertaking in Kerala, Directorate of Industries and Commerce, Trivandrum, 31-3-1985.

Note

Green -> indicates units working satisfactorily.
 Yellow - indicates units working but likely to become sick.
 Red -> indicates sick/closed and non-existent units.

Period of Entry

With the Industrial Policy Resolution of the Government of India 1956, the modern small scale sector of India actually received an impetus to start. But this was not felt in Kerala. Although the state government policy on industry was enunciated for the first time in 1960, the policies pursued were not conducive for achieving rapid industrial growth. The state plans gave only low priority for industrial development.

Even before the formation of the State of Kerala, the policy followed was direct government initiative in the establishment of industrial units under Public Sector, instead of promoting private investment. After the formation of the state, the government's effort was also not so encouraging, so as to attract the educated unemployment to start SSI units. Industrial development was not an objective of the plans till the end of

the Fifth Five Year Plan (1974-78). In fact, it was during the Fifth Five Year Plan (1974-78) followed by the two Annual Plans (1978-80) that maximum effort was taken by the government in the industrial sector during the whole period of the past four decades (Pillai,P.P,1994,P:106).

Even though many steps were taken by the state government for promoting, fostering and expanding industries in the small scale sector, the rate of growth was very slow. This started changing by the 70's especially as a result of the Industrial Policy Statement of Kerala in 1977. A package of incentives and other assistances were announced for the small scale sector. The all round efforts in the promotion of small scale industries in the state have given a boost to the small scale industries.

But even then the growth of SSI was very slow in Kerala compared to the rest of India. The average annual rate of growth in the manufacturing sector, declined from 4.04% in the seventies to 1.22% in the eighties (Statement of Industrial Policy - 1991,P:2). Subsequently the government also brought out a further statement of industrial policy in January 1983. A series of initiatives were taken by the government to create an environment conducive to the free and unfettered growth of industry.

As a result, there was a phenomenal growth of Small Scale Industries in Kerala in recent years, especially during the Seventh Five Year Plan(1985-90). There was an increase in the total investment, employment and goods produced. Data on this for the period from 1972 to 1992-93 are given in the table:

Table 4.11 The growth of Small Scale Industries in Kerala
(Registered Units)

Item	1972	1985-86	1989-90	1990-91	1992-93
No. of Units	6205	35365	63698	73522	95851
Empt. (lakhs)	1.27	2.32	3.82	4.45	5.69
Invst. (Rs.lakhs)	4408	46460	85358	73280	87332

- Source
1. Pillai, P.P, (1994), Kerala Economy: Four decades of development, Trichur : Dr. John Mathai Centre, P:132
 2. Economic Review-1993, Government of Kerala, Trivandrum : State Planning Board, P:74

The progress of the Small Scale Sector during the past 18 years is shown in the above table. According to this, there was spectacular growth in the number of registered units from 6205 in 1972 to 35,365 in 1985-86 and further to 73,522 in 1990-91. Thus, there was about a 12 fold increase in an 18 years period, or 14.72% increase per annum. For a better understanding of the development of SSIs in Kerala, the District-wise details of SSIs are given below: (Table 4.12)

Table 4.12 District-wise Details of Registered Small Scale Units in Kerala as on 31st March 1993 :

S.No.	Name of District	Total no.of SSI Units	Investment (in Lakhs)	Employment provided (NO)
1.	Trivandrum	10433	8939.66	42580
2.	Kollam	8622	9857.87	107301
3.	Pathanam	3398	1878.88	15068
4.	Alappuzha	8762	7603.59	48349
5.	Kottayam	9922	8623.92	39430
6.	Iddukki	2954	2057.24	10685
7.	Ernakulam	13914	22018.41	67890
8.	Thrissur	10321	13458.83	46062
9.	Palakkad	6525	7369.73	42872
10.	Malppuram	4262	6229.09	17641
11.	Kozhikode	7497	4862.03	41378
12.	Wayanad	1611	687.99	5724
13.	Kannur	5733	5256.47	64243
14.	Kasargod	1897	2044.80	19375
State Total		95851	100888.51	568598

In the present study, only those entrepreneurs who have come to the field between 1970 to 1989 are included. Just as the industrial development in Kerala started developing after 1970's, in this study also 38% of entrepreneur-managers entered the field between 1970-79 and the rest between 1980-89. The

number of respondents almost doubled in the 80's. This indicates that the incentives and other assistance provided by the government have attracted entrepreneurs to SSI sector but have not influenced the performance of the entrepreneurs. The reasons for such wide disparities in the performance of SSI in Kerala deserves further study.

On the basis of the above observations, an attempt was made in the study to find out whether there is any relationship between period of entry and entrepreneurial performance.

Table 4.13 The chi-square analysis of Period of Entry and Entrepreneurial Performance

Time of Entry		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
1970-79	fo	42	16	58	64	1.882
	fe	34	24		64	2.667
1980-89	fo	47	45	92	64	1.164
	fe	55	37		64	1.730
Total		89	61	150		7.443

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 7.443

The table 4.13 above is a 2 x 2 Chi-square table where the period of entry is classified into 1970-79 and 1980-89. The period of entry is tested with the entrepreneurial performance.

And it is found that there is a relationship between period of entry and entrepreneurial performance. The calculated chi-square value is 7.443 whereas the table value at 0.01 level at 1 degree of freedom is only 6.635.

As is seen from table 4.11, the number of entrepreneurs who enter the manufacturing field under SSI has been increasing. The small scale sector in Kerala that started developing in the 70's is keeping its momentum. In Kerala, the dullness that was felt in small scale sector till 80's is slowly disappearing. Just as in the case of Kerala, in the study also the number of small scale industries are almost double in the 80's as compared to 70's.

But when it is compared with the period of entry with entrepreneurial performance, the high percentage of small scale industries established in 80's did not produce corresponding success in entrepreneurial performance. While 72% of entrepreneurs who have entered the field in the 70's are successful ones, in the 80's there is only 51%. This indicates that rest are sick units. In the classification of entrepreneur-managers into successful and unsuccessful in the study, one of the criteria used was the nature of industry i.e, whether it is a sick unit or not. So all the 61 unsuccessful entrepreneur-managers are managing sick units i.e, 41% of the units in the study are sick units and they are waiting for chance to get a job in some

public or private firms to give up their sick unit. Of this 61 sick units, 74% of them have come to the field in the 1980's. They can be considered as the forced entrepreneurs (Gupta,R.A,1992,P:19) who entered this field as a stop gap arrangement. They were lured by the incentives and assistance provided by the government and keep on looking for other avenues of gainful employment.

Only 28% of the entrepreneurs who have entered the field in the 70's own sick units. All the rest own industries which are making profits. These entrepreneurs have entered the field when the government assistance and incentives were not so attractive as in the 80's. But even then by their sheer hard work and persistence they were able to make a success of it. Since they have entered the field earlier they were able to overcome the teething problems of establishing and maintaining the unit and most of them are on the expanding line.

Product Line of Industry

Different factors are associated with the high casuali-ty of SSI units in Kerala. It is said that one of the reasons is the wrong selection of the product. Usually, the entrepreneur's trend is to establish the concerns which can be easily accomo-dated by the available resources. Gupta.R.A,(1992,P:19) has called them "The resource based entrepreneurship against demand

based entrepreneurship". They do not make any effort to study the market or other aspects. As a result, later on, they face several problems leading to a natural death.

In the present study, an attempt is made to examine whether there is any relation between the product and the entrepreneurial success in their activity. A major decision that an entrepreneur has to take is about the type of products that have to be manufactured. The choice of the product line is influenced by the education of the entrepreneur, business background of the family and amount of capital he has to invest. Evaluation of the market and risk involved are also relevant. In other words, the choice of a product line is related to the psychological, technical and marketing factors (Bhanushali, S.G, 1987, P:119). Liking for a particular line of activity is a psychological factor influenced by the family background and the technical knowledge. The prospects of sale is the marketing factor. Hence the decision on the product line may be taken as the touch stone of entrepreneurial ability.

The risk involved is great in an underdeveloped country. Eventhough, for Schumpeter (1954) an entrepreneur, is an innovator; Hoselitz, B.F, (1960) has said that in an underdeveloped economy, usually entrepreneur plays the role of imitator than the role innovator. But this imitative entrepreneur, is an innovator in his field. He is imitating only such products and

technology, which can be used in an underdeveloped economy where it was not there before. He has to find a market for his product. He will also be making improvement in these products and some alterations with a view to give added comforts, multiplicity of uses or savings in costs.

In this study, whether the entrepreneur is an innovator or imitator is not taken into consideration. Only the product that he has selected to produce is taken for this study. On the basis of product line, an analysis was made to find out whether there is any relationship between product lines and the entrepreneurial performance.

Majority of the SSI units in Ernakulam district are engaged in food products, wood products, general engineering and repairs & servicing. These four groups constitute about 52% of the total number of units. Electronics and leather products have not received much attention in the district (Industrial Potential Survey, 1993, P:6). Table 4.14 shows product line units in Ernakulam District.

Table 4.14 SSI Units in Ernakulam on the basis of Products :

S.No.	Description	No. of S S I Units as on 1992
1.	Food products	2057
2.	Beverages, Tobacco pdt.	195
3.	Textile products	1257
4.	Wood products	1586
5.	Paper, printing etc.	984
6.	Leather products	64
7.	Rubber, plastic pdts.	768
8.	Chemicals & allied pdts.	1112
9.	Non Metallic products	690
10.	Metal products	268
11.	General Engineering	2042
12.	Electrical products	263
13.	Electronic products	97
14.	Other manufacturing	477
15.	Repairs & Servicing	1783
16.	Miscellaneous products	777
Grand Total		14420

Source Industrial Potential Survey (1993), KITCO
Ernakulam District, 1993, P:6.

Only manufacturing units of Ernakulam District are selected for this study. Table 4.15 shows the chi-square analysis of Product Line and Entrepreneurial Performance.

Table 4.15 The chi-square analysis of Product Line and Entrepreneurial Performance :

Products	SEM	USEM	Total	$\sum (fo-fe)^2$	$\sum (fo-fe)^2 / fe$
Chemicals & food pdts.	fo 23 fe 17	5 11	28	36 36	2.118 3.273
Engineering & Elec. pdts.	fo 29 fe 38	35 26	64	81 81	2.132 3.115
Rubber & Leather pdts.	fo 17 fe 14	7 10	24	9 9	0.643 0.9
Plastic & Wood pdts.	fo 20 fe 20	14 14	34	0 0	0 0
Total	89	61	150		12.181

D.F = (4-1) (2-1) = 3
Table value at 0.01 level = 11.345
Table value at 0.05 level = 7.815
Calculated value = 12.181

The table is a 4 x 2 chi-square table, where the type of products manufactured is classified into four groups. There were almost 15 types of products manufactured by the 150 entrepreneurs. Since these groups were too small to do any statistical test, it was regrouped into 4 major groups on the basis of raw materials used. It is inferred from table 4.15 that there is interdependence between product line and entrepreneurial performance. Chi-square test shows that the type of product

produced and the entrepreneurial performance is significantly related. The calculated chi-square value is 12.181, while table value at 0.01 level is only 11.345 for 3 degrees of freedom.

It is seen from the table that the higher number of units i.e., 64 out of 150 (43%) are producing electrical and engineering products followed by food and chemical products and plastics. One of the advantages of electrical and engineering work is that it does not require much raw materials. One of the reasons that is always put forward for the slow growth of industries in Kerala is the scarcity of raw materials. It is also found that, in the analysis of education, that greater number of entrepreneur-managers are technically qualified. So, it is quite natural for a highly educated state like Kerala to have industries where more technical know-how can be used.

In the study of Kuruvilla.T.C,(1979) in the Industrial Development Plots in Kalamassery, the largest single group was that of general engineering. According to Berna.J.J,(1960) in his study "Industrial Entrepreneurship in Madras state" two factors account for a large number of general engineering industries. The first factor is that it is possible for an entrepreneur to start an engineering industry on a very small scale and the second factor is that further growth can take place gradually, by adding machines one by one.

In the analysis of entrepreneurial performance and product line, it is found that the highest percentage of entrepreneurs come from entrepreneurs who produce engineering and electrical products followed by those entrepreneurs who were producing food and chemical products, followed by plastics. The highest percentage SEM belong to food and chemical industry.

As it is found out, even though it is easy to start an engineering and electrical based industry, the casualty of industrial sickness is also found greater in these industries. In this study also, the highest percentage of unsuccessful entrepreneur-managers belong to engineering and electricals. Philip.J, Tewari.K and Pandey.A.N,(1990) have the same observation in their study of entrepreneurs in Karnataka.

In order to find out the reason for this casualty in engineering and electrical based industries an attempt is made in this study to find out whether there is any relationship between the religion of the entrepreneur and the products they manufacture. The table 4.16, shows the relationship between religion, products and entrepreneurial performance is given below.

Table 4.16 The relationship between Products, Religion and Performance

Products	SEM				USEM				G.Total
	Hin.	Chr.	Mus.	Tot	Hin.	Chr.	Mus.	Tot	
Chem. & food pdts.	10	8	5	23	3	1	1	5	28
Eng. & Elc.pdts.	7	16	6	29	25	8	2	35	64
Rubber & Lea.pdts.	2	8	7	17	3	3	1	7	24
Plastic & Wood pdts.	6	11	3	20	1	11	2	14	34
Total	25	43	21	89	32	23	6	61	150

It is seen from the table that the highest percentage of Hindus i.e, 56% (32/57) are involved in engineering and electrical based industries i.e, 50% of the engineering and electrical industries in the study are owned by the entrepreneur-managers belonging to the Hindu Community (32/64). Out of that only 22% has made it a success. The rest 78% belong to the unsuccessful category. Further analysis also shows that majority of these Unsuccessful Hindu entrepreneur-managers are college educated not technically educated. Earlier analysis has shown that religious values and technical education influence the entrepreneurial performance. Here also we can see the same phenomenon. As Berna.J.J,(1960) mentioned, less risk involved

and less capital investment attracted a majority of entrepreneurs to engineering and electrical industries. But only some are able to make it a success.

Babu.P,(1978) observed that in small scale industries of Kerala there is a relationship between the religious background of the entrepreneurs and the products they manufacture. According to him, Christians and Muslims selected the high profit, high investment industries because of their business background. The lack of this business background made the other communities to start with low investment. As seen in this study, Engineering & Electrical industries started by the entrepreneurs belong to the Hindu community.

Family Support and Entrepreneurial Performance

In this section, an attempt is made to find out the influence of family support on the entrepreneurial performance. The role of family in the making of entrepreneur has been emphasised in several studies by Berna.J.J,(1960), Brewer.T.B,(1962), Gaikward.V.R and Tripathy.R.N,(1970), Derrosi.F,(1971), Subramanian et.al,(1975), Bhanushali.S.G,(1987) have shown the significant help provided by the family, financially and morally for entrepreneurial development. The type of family, its occupational background, form of inheritance and other social processes within the family contribute much to the occupational choice and career advancement of individuals.

More than any other social institution, the family play a crucial role in training individuals to show certain behaviour patterns. One's predisposition towards independence and initiative primarily results from such socialising influence. The values and attitudes an individual has, are the result of this socialisation. The values supporting or influencing entrepreneurship are developed through the process of socialisation. The expectations of the family also play an important role in developing entrepreneurs. When the family expects an individual to undertake some independent works, to earn enough for the family, to maintain their standard of living, to employ or involve other members of the family in business etc., the individual may respond by starting independent industrial units.

Main role of the family in the entrepreneurial activity is the financial support. But today, government and other agencies are providing different kinds of financial aids to entrepreneurs. In this study, it is being tried to find out whether the family support influences the entrepreneurial performance. When questions were asked about the family support to start the independent units, 28 of the entrepreneurs (19%) said that the family was already involved in business activities. So they got financial, technical and moral support from the family. 59% (89) of the entrepreneurs did not have any business background but they were encouraged by their family members into manufacturing. The family members supported them by

giving them initial capital and stood with them in the early trials. 22% of the entrepreneurs came to the field on their own initiative. Due to unemployment and attracted by the incentives provided by the government, more entrepreneurs are coming to the field. An effort was made in this study to find out whether the family played an important role in the entrepreneurial achievement and performance. To test the influence of family on entrepreneurial performance, the data collected were analysed to establish the relationship between the family support and entrepreneurial performance. Table 4.17 given below provides the data and the chi-square for inference.

Table 4.17 The chi-square analysis of Family Support and Entrepreneurial Performance

Family Supp.		SEM	USEM	Total	$\frac{2}{(fo-fe)}$	$\frac{2}{(fo-fe) / fe}$
Fam.involved	fo	19	9	28	4	0.059
	fe	17	11		4	0.364
Fam.encouraged	fo	59	30	89	36	0.679
	fe	53	36		36	1
No fam.support	fo	11	22	33	81	4.05
	fe	20	13		81	6.231
Total		89	61	150		12.383

D.F = (3-1) (2-1) = 2
Table value at 0.01 level = 9.210
Table value at 0.05 level = 5.991
Calculated value = 12.383

In the table above, to show the support of the family in entrepreneurial performance, the entrepreneur-managers are classified into three groups. The first group include those entrepreneurs who have come to field because their family was already involved in business activities. The second group includes those entrepreneurs who have entered the field by their initiative and got encouragement from the family. The third group of entrepreneurs are those entrepreneurs who came to SSI sector attracted by the government incentives and because of their unemployed condition. They did not get any support from the family. These three groups of entrepreneurial categories and two classification on performance were analysed by a chi-square distribution test. And the finding is that there is a significant relationship between entrepreneurial performance and the family support. The calculated chi-square value is 12.383 while the table value is 9.210 at 0.01 level for 2 degree of freedom.

Even when the government and other agents are helping the entrepreneurs financially and morally, it is found that only 33% of these entrepreneurs who have come to the field without any help or encouragement from the family had made a success of their venture. So the chi-square and the percentage analysis proves the hypothesis that family does play an important role in the entrepreneurial performance. More than family involvement in business, it is the family encouragement to the initiative of the entrepreneurs that leads him to a success.

For further analysis of the influence of the family in entrepreneurial performance, the education and occupation of the father is taken into consideration along with entrepreneurial performance.

Parental Background

Establishment of an independent business is a great risk. It is natural that a prospective entrepreneur looks back to his parents for encouragement and support, not only at the starting stage, but at every stage, before and after the establishment of the industrial unit. The occupation, education of the parents, practices of bringing up a child adopted in the family, father's outlook towards the child and his influence on the child go into making the personality. Cochran.T.C,(1965) discussed the influence of child rearing practices especially, the role expectations held by sanctioning groups in the supply of entrepreneurship.

The minds of children are always receptive. They are influenced by what is exhibited and demonstrated before them. For most of the children atleast at an early age, father is the first model personality to be imitated. Such influence in the early age, rooted deep into the personality is reinforced and magnified in the days of youth (Bhanushali,S.G,1987).

In the present study, it is being attempted to find out whether there is any relationship between the entrepreneurial performance and the parental background, especially the education and occupation of the father. In our society, the education and the occupation of the father usually influences the education and occupation of the children. One of the hypotheses that is being tested in this section is that the better the educational background of the father, better will be the entrepreneurial performance of the children. The table 4.18 shows the chi-square analysis of father's education and entrepreneurial performance.

Table 4.18 The chi-square analysis of Parent's Education and Entrepreneurial Performance

Father's Education		SEM	USEM	Tot	χ^2 (fo-fe)	χ^2 (fo-fe) / fe
School Ed.	fo	44	42	86	49	0.961
	fe	51	35		49	1.4
College Ed.	fo	40	15	55	49	1.485
	fe	33	22		49	2.227
Tech.Ed.	fo	5	4	9	0	0
	fe	5	4		0	0
Total		89	61	150	6.073	

D.F = (3-1) (2-1) = 2
 Table value at 0.01 level = 9.210
 Table value at 0.05 level = 5.991
 Calculated value = 6.073

The table is a 3 x 2 chi-square table. The education of the father is classified into school education, college educa-

tion and technical education. In the classification of school education, includes all those who have gone to school as well as those who passed SSLC. College education includes all those who have gone to college, graduates as well as postgraduates. Technical education includes, those few who had a diploma or degree in the professional field. The chi-square test shows that there is relationship between entrepreneurial performance and education of the father at 0.05 level at 2 degree of freedom. The calculated value is lower than 0.01 table value, but it is greater than table value at 0.05 level.

When it is attempted to associate entrepreneurial performance with education of the father it is found that among the children of college educated fathers, 73% belong to the SEM, only 27% come under unsuccessful category. Among the children of technically educated fathers, 45% belong to unsuccessful category while it is 49% among the children of school educated fathers. In the Kerala context, only very rarely, do professional fathers encourage his sons to go into business. They would have given them education to make them also professionals, failing which they may allow them to enter into business. Occupational choices are still largely determined in most societies, traditionally (McClelland,D.C,1961). Even in U S A, a presumably mobile country, over half the businessmen came from business families and choose their occupation traditionally (Lipset,S.M and Bendix,R,1959). In other nations, the percentage may be

still higher (McClelland,1961,P:239). Because of the higher prestige associated to other profession, most of the youngmen and their parents are reluctant in choosing business as an occupation. Nevertheless they would behave more vigorously as entrepreneurs because of their higher n Achievement.

Earlier analysis of the educational background of the entrepreneurs showed that their education had an impact on the entrepreneurial performance. Here also the education of father shows a significant role in entrepreneurial performance. Hence the null hypothesis that these factors are independent rejected in favour of establishing that parental education to influence entrepreneurial performance. The education of father does play an important role in the making of an entrepreneur and also in the success of his/her enterprise.

Based on the education, the occupation of the father also varies. Earlier studies by Deshpande.M.U,(1982), Bhanushali.S.G,(1987) have shown that the parental background, especially the occupation of the father influence the entrepreneurial performance. "The socio-economic transition from a father's occupation to his son's first job partially operates through the education that the father provides for his son" (Deshpande,M.U,1982,P:142). In the Indian context, usually the father based on his own education and occupation decides on the occupation of the son and educate the son accordingly.

In this study, a chi-square analysis was resorted to ^{find out} whether there is relationship between the entrepreneurial performance and the occupation of the father. The table 4.19 shows the chi-square analysis of Father's Occupation and entrepreneurial performance.

Table 4.19 The chi - square analysis of Father's Occupation and Entrepreneurial Performance :

Father's Occupation	SEM	USEM	Total	(fo-fe)	$\frac{(fo-fe)^2}{fe}$
Agriculturists	fo 14 fe 11	5 8	19	9 9	0.818 1.125
Trade & Co.	fo 24 fe 20	10 14	34	16 16	0.8 1.143
Manufacturers	fo 19 fe 17	9 11	28	4 4	0.235 0.364
Employed	fo 32 fe 41	37 28	69	81 81	1.976 2.893
Total	89	61	150		9.354

D.F = (4-1) (2-1) = 3
 Table value at 0.01 level = 11.345
 Table value at 0.05 level = 7.815
 Calculated value = 9.354

In the above table various occupations are classified into the following categories :

1. Agriculturists - It refers to those who had farming as their full time occupation and who were/are owners of land.
2. Manufacturing - This refers to those parents who were/are independently engaged in manufacturing and other allied

industrial activities.

Employed - This includes those who were/are employed in private, government and semi-government offices in desk work. Thus it refers to clerks, school teachers, officers in government departments. Since some professionals were/are there among the respondents parents, they are also included in this group.

4. Trade & Commerce - This refers to those who were/are independently engaged in trade and other allied activities - like shop keepers, transport services etc..

These four groups of occupation of the fathers are analysed in relation to the entrepreneurial performance of their children. The Chi-square analysis is aimed at finding out whether there is any relationship between the entrepreneurial performance and the occupation of the father. The result shows that there is relationship, significant at 0.05 level.

The socio-economic position of the father, as indicated by his occupational career helps the entrepreneur-managers in acquiring entrepreneurial skills and resources. The data suggest that the highest percentage of entrepreneur-managers have come from those families where the father was working in government, semi-government and private enterprises. But further analysis shows that, among the four categories of occupation of the father the highest percentage of successful entrepreneur-managers come from agricultural background. That is 74% of the entrepreneurs coming from agricultural background belong to the successful entrepreneur-managers.

The accumulation of surplus income is the main determining factor in the initiation of an entrepreneur into manufacturing. In Kerala this accumulation of surplus income was possible in agriculture which was commercialised with the advent of Britishers. The growing demand of cash crops of the state created the need for transforming traditional agriculture.

Earlier analysis has shown that Christian entrepreneurs showed better entrepreneurial performance. Here also it can be seen that, it is the Christians who were the flourishing agriculturists, who cultivated the cash crops and emerged as a rich community. This surplus income of the parents along with the dowry, provide the capital for launching the enterprise. In the Indian context, it is found that initial capital for investment is given by the family (Bisht,N.S and Sharma,P.K,1991,P:183).

Entrepreneurs coming from trade and commerce background and manufacturing are not far behind in their entrepreneurial performance. 71% among trade and commerce background and 68% among manufacturing come under the category of successful entrepreneur-managers, while it is only 46% among the entrepreneurs who have their fathers employed.

Muslims and Christians were the traditional traders of Kerala. And it is already seen in this study, that it is they who are making better entrepreneurs. The trading and commercial

backgrounds of these two communities quite naturally help the entrepreneurs financially as well as morally. The parental occupation helps in the process of acquiring entrepreneurial skills and resources. Along with other attributes, entrepreneurship demands decision-making capacity, independence, financial rationality and acquaintance with industrial culture. Those entrepreneur-managers whose fathers are involved in business have not only the advantage of having continuous interaction with them, their customers, visitors in family, shops but also have the opportunity to learn the business skills.

From the above analysis, it is observed that there is a relationship between parental background and the entrepreneurial performance. The education and the occupation of the father in turn, influences his entrepreneurial performance. The Chi-square test also showed that there is positive relationship between these two. Studies of Thangamuthu.C and Manimekalai.N,(1992), Deshpande.M.U,(1982), Bisht.N.S and Sharma.P.K,(1991) also found the same phenomenon in their studies

Previous Job Experience and Entrepreneurial Performance -----

"Prior occupation of an entrepreneur influences the success of an entrepreneur", is the hypothesis that was tested by the obtained data. Before involving oneself in entrepreneurial pursuits one is expected to get well acquainted with the

complexities of the working world, be it business or any other occupation. The actual participation in the conduct of business in various fields helps in inculcating certain maturity and life orientation. The contacts with the actual world of occupations implies some opportunity to observe from a close distance or even participation in the actual conduct of business or industry (Deshpande, M.U, 1982).

It is this easy contact that sons of the business owners have with the business world, before starting their enterprise, which enables them to enter the business world and make a success of it. In the present context, when entrepreneurs are coming from various non-business background, it is not possible, for them to get experience from the family and relatives. They may have previous experience in any related activity from earlier jobs. In the sample it was found that running the present enterprise was not the first occupation with some entrepreneur-managers. Some of them started their careers with other jobs. They got experience and exposure to life through earlier jobs. The low income or the desire to become independent makes them venture into their own industrial enterprise. The experience they previously had may help them in the selection of the product, organisation of the unit and the establishment and management of the unit.

In this section, an attempt is made to find out whether there is any difference in the entrepreneurial performance between the prior unemployed entrepreneur-managers and those who had some occupational experience. In order to find out the influence of previous employment in the entrepreneurial performance in the study, only those who had worked continuously for two or more years were taken as employed entrepreneurs. In the sample there were only 60(40%) entrepreneur-managers who come under this category. Only 22(15%) said they were unemployed before establishing their units. The rest 68(45%) entrepreneur-managers had worked here and there for some time but not continuously for two years. Table 4.20 shows the chi-square analysis of employed entrepreneur-managers and unemployed entrepreneur-managers.

Table 4.20 The chi-square analysis of Employment and Entrepreneurial Performance

Employment		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
Employed	fo	41	19	60	49	1.441
	fe	34	26			
Unemployed	fo	6	16	22	49	3.769
	fe	13	9			
Total		47	35	82		12.539

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 12.539

The table clearly shows the difference in entrepreneurial performance between the employed and unemployed. Among the entrepreneur-managers who were employed earlier 68% belong to the group of successful entrepreneur-managers. The chi-square test also shows the interdependence between entrepreneurial performance and previous work experience. The calculated value is 12.539 while the table value at 0.01 level at 1 degree of freedom is only 6.635. Hence the hypothesis that prior occupation of an entrepreneur influences the success of an entrepreneur is accepted.

Ravichandra.K,(1991) in the study of entrepreneurs of Hyderabad found that 80% of successful entrepreneurs reported that the previous jobs help them to gain sufficient technical, managerial experience, public contacts and to perceive the demand for the product in the market which ultimately enable him to venture into entrepreneurial career. Murthy.B.E.V.V.N,(1989) also found in his study of entrepreneurs in Visakhapatnam and Vijayawada, entrepreneurs gained tremendous self confidence out of previous employment.

Based on the above analysis, further analysis was made to find out whether the type of employment influence the entrepreneurial performance. But, out of the 60 employed entrepreneurs, the number of entrepreneurs in various types of jobs was found very small. So a general classification was made, i.e,

those entrepreneurs who were employed within Kerala and outside Kerala. It was to find out whether the exposure of entrepreneurs to different cultures influence their performance. Table showing the relationship between exposure to non-Kerala culture and entrepreneurial performance is given below

Table 4.21 The chi-square analysis of Exposure to Non-Kerala Culture and Entrepreneurial Performance :

Employment		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe) / fe
Employed in Kerala	fo	10	11	21	16	1.143
	fe	14	7		16	2.286
Employed outside Kerala	fo	31	8	39	16	0.593
	fe	27	12		16	1.333
Total		41	19	60		5.355

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 5.355

Out of the 60 entrepreneurs who had previous work experience 39(65%) had worked outside Kerala. Of this 31(79%) belong to successful entrepreneur category, while it is only 48% among the entrepreneurs who had worked in Kerala itself. The chi-square test also shows that exposure to different culture is significantly related to the entrepreneurial performance. The calculated chi-square value is 5.355 while the table value at

0.05 level is 3.841 at 1 degree of freedom. Employment outside Kerala or exposure to non-Kerala environment is a significant factor that influence the entrepreneurial performance as per the data analysis and its inferences.

Summary of Findings

1. Social background factors which influence successful entrepreneurial performance with chi-square values significant at 0.01 level are religion, age, period of entry, type of products, family support, and previous job experience.
2. Social background factors which influence successful entrepreneurial performance with chi-square values significant at 0.05 level are education, ^{education and} occupation of father and exposure to non-Kerala culture.

The form of organisation is found to be irrelevant in the successful or unsuccessful enterprise ventures in the small scale manufacturing units.

CHAPTER 5

PSYCHOLOGICAL DISPOSITIONAL FACTORS IN ENTREPRENEURSHIP

MOTIVATING FACTORS THAT INFLUENCE THE ENTREPRENEURS

Sharma.R.A,(1980) made an attempt to survey some new and small entrepreneurs to understand the factors which prompted the new entrepreneurial class to undertake industrial promotion. "It is found that entrepreneurial activity among new and small entrepreneurs, was mainly stimulated by factors internal to them like strong desire to do something independent in life and possession of experience in technical, manufacturing and business. In cases, where these factors internal to the entrepreneur were not sufficient to induce them, the governmental schemes and policies designed in their favour helped them." (Sharma,R.A,1980,P:148)

There is no specific prescription about the source of motivation for a potential entrepreneur. There could be any number of diverse motivational factors for an entrepreneur. The entrepreneur can be motivated by one or more factors like ones own personality, work experience gained, family background, business knowledge and facilities offered by the government policies and programmes. In this study, an attempt is made to find out the factors that motivated the sample entrepreneurs to

enter into manufacturing and also the factors that are motivating them to continue in the field. To elicit the responses of sample entrepreneurs, a list of 10 possible motivating factors were given in the questionnaire, and the respondents were asked to give a relative ranking - first the most important factor that made the entrepreneur to start the enterprise. Next, second most important factor and so on.

One of the objectives of the study was to test the null hypothesis "there is no difference between the successful and unsuccessful entrepreneur-managers with regard to certain (specified) motivating factors". For this the total number of rank frequency for each motivating factor is divided by the number of respondents, and an average score for each motivating factor is calculated. Then giving first rank to the highest average, second rank to the next, a rank order is calculated for the motivating factors for the entire group.

The first rank is considered as the most important motivating factor for that group, second rank, the second important factor. It was found that, the motivating factors differ for successful and unsuccessful entrepreneur-managers. The table (5.1) showing the rank given by successful and unsuccessful entrepreneur-managers is given below

Table 5.1 The differential ranks given by the Successful and Unsuccessful Entrepreneur-Managers to the motivating factors at the time of starting the Unit:

Sl.no.	Motivating Factors	Rank given by SEM	Rank given by USEM
1.	To make money for a comfortable living	4	1
2.	To derive satisfaction from ones own initiative and values	2	5
3.	To have more freedom/ autonomy in my personal life	1	3
4.	To provide employment opportunities for others	6	6
5.	To serve the society in a better way	7	9
6.	For self employment as an alternative to my unemployed condition	9	2
7.	To chanalise surplus financial resources already available to me	3	10
8.	By the encouragement provided by the Government and financial institutions	8	7
9.	For using my technical competence in a specialised area	5	4
10.	Inspired by the entrepreneurial development programme which I attended	10	8

From the above table, it is evident that, there is difference in factors that motivate the successful and unsuccessful entrepreneur-managers. As against the desire to be independent for successful entrepreneur-managers, it was the desire to make money that acted as the most important factor which motivated the unsuccessful entrepreneur-managers to set up their SSI units.

The factors that motivated the SEM and USEM of this study to set up their units on the basis of the rank position is given below:

Rank	SEM	USEM.
1.	To have more freedom/ autonomy in my personal life.	To make money for a comfortable living.
2.	To derive satisfaction from ones own initiative and efforts.	For self employment as an alternative to my unemployed condition.
3.	To channelise surplus financial resources already available to me.	To have more freedom/autonomy in my personal life.
4.	To make money for a comfortable living.	For using my technical competence in a specialised area.
5.	For using my technical competence in a specialised area.	To derive satisfaction from ones own initiative and efforts.
6.	To provide employment opportunities for others.	To provide employment opportunities for others.
7.	To serve the society in a better way.	By the encouragement provided by the govt. and financial institutions.

- | | |
|---|---|
| 8. By the encouragement provided by the govt. and financial institutions. | Inspired by the entrepreneurial development programme which I attended. |
| 9. For self employment as an alternative to my unemployed condition. | To serve the society in a better way. |
| 10. Inspired by the entrepreneurial development programme which I attended. | To channelise surplus financial resources already available to me. |
-

According to Maslow.A.H,(1954), once a particular need is satisfied enough, it no longer leads to behaviour directed towards goals at that level. So other needs will come in its place and influence the behaviour of the individual. Based on this theory an attempt is made in this study to find out whether the factors that motivated the entrepreneur-managers to start the unit has changed after establishing and running the unit for 5 years. In order to find this, the entrepreneurs were asked to rank the same 10 motivating factors, as they act now - to give the first rank to the motivating factor that is influencing them to the greatest extent, then the second rank to the next most important factor and so on. The details are given in table 5.2.

Table 5.2 The change in the rank order of motivating factors
of Successful Entrepreneur-Managers :

Sl.No.	Motivating factors	Rank given by SEM at the time of starting	Rank given by SEM at present
1.	To make money for a comfortable living.	4	7
2.	To derive satisfaction from ones own initiative and efforts.	2	2
3.	To have more freedom/ autonomy in my personal life.	1	5
4.	To provide employment opportunities for others.	6	4
5.	To serve the society in a better way.	7	1
6.	For self employment as an alternative to my unemployed condition.	9	9
7.	To chanalise surplus financial resources already available to me.	3	6
8.	By the encouragement provided by the government and financial institutions.	8	8
9.	For using my technical competence in a specialised area.	5	3
10.	Inspired by the entrepreneurial development programme which I attended.	10	10

From the above table, it is clear that the successful entrepreneur-manager's motivating factor has changed from the time they came into the scene of manufacturing and at present. While it was the desire to be independent and the creative urge that acted as the motivating factors at the time of starting the unit, now it is the desire to serve the society that is acting as the most important motivating factors. The least important factors have not changed. The change is clear from the Table 5.3.

Table 5.3 The change in the rank order of motivating factors of

Unsuccessful Entrepreneur-Managers

Sl.No.	Motivating factors	Rank given by USEM at the time of starting	Rank given by USEM at present
1.	To make money for a comfortable living.	1	6
2.	To derive satisfaction from ones own initiative and efforts.	5	8
3.	To have more freedom/ autonomy in my personal life.	3	2
4.	To provide employment opportunities for others.	6	1
5.	To serve the society in a better way.	9	4
6.	For self employment as an alternative to my unemployed condition.	2	3
7.	To chanalise surplus financial resources already avai-		

	lable to me.	10	10
8.	By the encouragement provided by the government and financial institutions.	7	7
9.	For using my technical competence in a specialised area.	4	5
10.	Inspired by the entrepreneurial development programme which I attended.	8	9

It was the desire to make money which initiated the USEM to SSI sector, and now it is the need to provide employment opportunities for others which is forcing them to continue their units. The less motivating factors have not changed. According to them, it is the lack of finance that forced them to take the government incentives to start an SSI unit and continue with it and not surplus finance.

As mentioned earlier, an attempt was made to find out the difference in the ranking of motivating factors of SEM and USEM at present and it is given below:

Table 5.4 The difference in the ranking of motivating factors
by SEM and USEM at Present

Sl.No.	Motivating factors	Rank given by SEM at present	Rank given by USEM at present
1.	To make money for a comfortable living.	7	6
2.	To derive satisfaction from ones own initiative and efforts	2	8
3.	To have more freedom/ autonomy in my personal life.	5	2
4.	To provide employment opportunities for others.	4	1
5.	To serve the society in a better way.	1	4
6.	For self employment as an alternative to my unemployed condition.	9	
7.	To channelise surplus financial resources already available to me.	6	10
8.	By the encouragement provided by the government and financial institutions.	8	7
9.	For using my technical competence in a specialised area.	3	5
10.	Inspired by the entrepreneurial development programme which I attended.	10	9

The table clearly shows that just like at the time of starting the unit there is difference in the motivating factors

for SEM and USEM at present. For SEM, it is the social obligation that is acting as the most important motivating factors now. But for USEM, they are forced to continue with the SSI units in order to provide employment to others - their workers.

The factors that motivate the SEM and USEM to continue with their enterprise at present is given below on the basis of rank analysis.

Rank	SEM	USEM
1.	To serve the society in a better way.	To provide employment opportunities for others.
2.	To derive satisfaction from ones own initiative and efforts.	To have more freedom/autonomy in my personal life.
3.	For using my technical competence in a specialised area.	For self employment as an alternative to my unemployed conditions.
4.	To provide employment opportunities for others.	To serve the society in a better way.
5.	To have more freedom/autonomy in my personal life.	For using my technical competence in a specialised area.
6.	To channelise surplus financial resources already available to me.	To make money for a comfortable living.
7.	To make money for a comfortable living.	By the encouragement provided by the govt. and financial institutions.
8.	By the encouragement provided by the govt. and financial institutions.	To derive satisfaction from ones own initiative and efforts.
9.	For self employment as an alternative to my unempl-	Inspired by the entrepreneurial development programme

oyed condition.

which I attended.

10. Inspired by the entrepreneurial development programme which I attended. To channelise surplus financial resources already available to me.
-

From the above rank positions it can be observed that there is change in the motivating factors for the SEM and USEM from the time of the origin of SSI to the present. In order to find out whether this difference between SEM and USEM is significant, a chi-square analyses were made with regard to each motivating factor.

1. To make money :

In the study, the first motivating factor was given as "to make money for comfortable living" - This is an old assumption put forward by Karl Marx ie., "profit motive", (economic gain) as the most important motivating factor for starting an industrial unit. But recent studies, especially by historians of the lives of actual business entrepreneurs have shown that many of the entrepreneurs were not motivated primarily by a desire for money as such (McClelland, D.C, 1961).

Based on these different views, the study aimed at testing the null hypothesis there is no significant difference between SEM and USEM at the time of starting the unit with

regard to 'to make money for a comfortable living as a motive". In order to test the null hypothesis, the frequencies of the first 5 ranks and the last 5 ranks given by SEM and USEM were taken and a chi-square test was conducted and the result is given below

Table 5.5 The chi-square distribution of entrepreneurs at the time of starting to the Motivating factor "to make money"

To make money		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	25	33	58	16	0.552
	fe	29	29		16	0.552
Last 5 ranks	fo	15	7	22	16	1.455
	fe	11	11		16	1.455
Total		40	40	80		4.014

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 4.014

Since the calculated value is greater than the table value at 0.05 level, the null hypothesis is rejected. In other words, there is significant difference between SEM and USEM on the influence of money as a motivating factor at the time of starting the unit. To make money was the most important factor that motivated the USEM to enter into the field of SSI. But for SEM, it was not all that important as given in the rank table (5.1).

Further chi-square analysis was made to find out whether this important motivating factor has changed for the SEM and USEM at present. Table 5.6 give the chi-square distribution.

Table 5.6 The chi-square distribution of entrepreneurs at present to the Motivating factor 'to make money':

To make money		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	16	18	34	1	0.062
	fe	17	17		1	0.062
Last 5 ranks	fo	24	22	46	1	0.043
	fe	23	23		1	0.043
Total		40	40	80		0.210

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 0.210

Table above clearly shows that importance of money as a motivating factor has gone down both for SEM and USEM. The chi-square test clearly shows that there is no difference between SEM and USEM on money making as a motivating factor at present. McClelland.D.C,(1961) has put forward that it is not the profit motive, but the need for achievement that is motivating the entrepreneur to continue in his entrepreneurial activity. If a person is interested only in obtaining maximum profit, then he will take away his portion of the investment within a short period and then he may not even look after the organisa-

tion. The description given by McClelland can be applied to the SEM of the sample. The entrepreneur's motives are strong and growth oriented. It is this that is making him develop a very good organisation. This is clear from the first rank given by SEM to serve the society in a better way (Table 5.4).

For USEM, money is not acting as a motivating factor now, because in the study it is those entrepreneurs whose enterprises are running at a loss are considered as USEM. So quite naturally they know, they are not going to make any money, but they are continuing with it as mentioned by them to provide employment for others (to those who are already working in the unit).

2.To derive Personal Satisfaction (Need for Achievement):

According to McClelland(1961), prime among the psychological drives that motivate the entrepreneur is a high need for achievement, usually labelled as 'n-Ach. This need can be defined as a want or drive within the person that motivates behaviour towards accomplishment. Accomplishment defined in an entrepreneurial context is the fulfilling of a goal embodying a reasonable challenge to the individual's competence. A task seen as easy, carries no challenge and is therefore not motivating.

The study of McClelland and his associates, (1967) showed that compared to the population at large, entrepreneurs are significantly higher on scales reflecting n-Ach. n-Ach always seems to emerge as central to the requirements for small entrepreneurship. Schollhammer.H and Kuriloff.A.H, (1979) defined the n-Ach as a desire to do well, not so much for the sake of social recognition nor prestige, but for the sake of inner feelings or personal accomplishment. For Schumpeter (1934), one of the motivating factor is the desire to prove oneself superior to others, to succeed for the sake of success itself, but not for the fruits of success. There is the joy of creating or simply of exercising one's energy and ingenuity.

Sometimes, even if one is employed or one has one's own occupation, it may not be rewarding enough or challenging enough to satisfy a highly qualified, skilled and motivated person. This can act as a compelling factor for motivating them to become entrepreneurs. Men of high competence and education when they realise they won't get the desired income or promotion, then get out of the organisation and prove their competence in entrepreneurial performance. The entrepreneurial pursuits give a psychological satisfaction to such persons. According to Van Voorhis, Kenneth.R, (1980), three main rewards given as reasons for going into business, in order of their importance are - (1) personal satisfaction, (2) independence and (3) profits. In order to satisfy their strong desire to do something in life,

highly motivated persons take a plunge into industrial activity.

Here in this study eventhough n-Ach was not studied directly, it was studied indirectly as 'personal satisfaction'. In the questionnaire of this study, need for achievement or personal satisfaction was presented as 'to derive satisfaction from ones initiative and efforts'. The null hypothesis formulated on this aspect is 'there is no difference between SEM and USEM with regard to n-Ach as a motivating factor at the time of starting the unit

Table 5.7 The Chi-square distribution of entrepreneurs at the time of starting to the motivating factor 'Personal satisfaction'

Personal Satisfaction		SEM	USEM	Total	2 (fo-fe)	2 (fo-fe)/fe
First 5 ranks	fo	32	22	54	25	0.923
	fe	27	27		25	0.923
Last 5 ranks	fo	8	18	26	25	1.923
	fe	13	13		25	1.923
Total		40	40	80		5.692

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 5.692

The chi-square test shows that the differential level of influence of personal satisfaction as a motivating factor is

significant at 0.05 level. Hence the null is rejected showing that to derive satisfaction from ones own initiative and efforts is more active for SEM than for USEM at the time of starting the unit.

In order to find out whether the change in the importance of the motivating factor is significant at present, a chi-square test was conducted again to the same motivating factor.

Table 5.8 The frequency distribution of entrepreneurs at present to the motivating factor 'personal satisfaction'

Personal Satisfaction		SEM	USEM	Total	$\frac{(fo-fe)^2}{fo}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	33	15	48	81	3.375
	fe	24	24		81	3.375
Last 5 ranks	fo	7	25	32	81	5.063
	fe	16	16		81	5.063
Total		40	40	80		16.876

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 16.876

As it was found at the time of starting, at present also it is found that to derive satisfaction from ones own initiative and effort is acting at almost the same level for SEM. But for USEM it has gone down. Chi-square analysis shows this difference is significant at 0.01 level. For SEM, their

units are the result of their creative urge. It is this urge that is motivating them to carry on with it. In R.Ravi Chandra's study(1991) successful entrepreneurs as against very few unsuccessful entrepreneurs expressed their desire to be independent and their creative urge as the two main factors which forced them to entrepreneurial career. It also supports McClelland's theory n-Ach is greater among SEM.

3. 'To have more freedom, autonomy in my personal life (need

for independence)

Training in independence has been found to contribute to the development of achievement motivation. According to McClelland (1961) this need for independence is got by the socialisation of the individual in the family from his childhood. As children, they enjoyed ample freedom. When a boy is encouraged to do things on his own and seeks guidance and help only when needed, he is being trained for independence. As a consequence of this high need for independence, he may have adjustment problems in his jobs in conformistic organisation.

Experience with entrepreneurs indicates that they prefer not to be controlled by others. Very often they quote this as the reason for their desire to leave service under some external agency and to set up their own business.

Sometimes, even if one has a sufficiently rewarding and challenging job, it may not be giving necessary freedom and time for social interaction and for looking after the interest of ones own family. This also had acted as a motivating factor to start their own enterprise and to be their own masters.

Earlier studies have shown that need for independence is an important motivating factor. In the study of Ravichandra.K,(1991), it was found that the dominant driving forces which compelled the SE to take an entrepreneurial career were the desire to be independent, achievement motivation and creative urge. In the study of Tewari et.al,(1991), dissatisfaction with the previous job or occupation was found to be the most compelling factor for the sample entrepreneurs to enter into industry.

In this study also an attempt was made to find out the importance of the need for independence among the sample entrepreneurs. In the analysis of motivating factors, need for independence is presented as 'to have more freedom, autonomy in my personal life'. The null hypothesis "there is no significant difference between SEM and USEM with regard to need for independence as a motivating factor at the time of starting the unit" was tested with the help of a chi-square analysis.

Table 5.9 The chi-square distribution of the entrepreneurs at the time of Starting to the motivating factor 'to have more freedom':

Need for Independence		SEM	USEM	Total	χ^2	χ^2
					(fo-fe)	(fo-fe)/fe
First 5 ranks	fo	34	28	62	9	0.290
	fe	31	31		9	0.290
Last 5 ranks	fo	6	12	18	9	1
	fe	9	9		9	1
Total		40	40	80		2.580

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 2.580

Since the calculated value is very low compared to the table value, there is no reason to believe that there is difference between SEM and USEM regarding the drive to have more independence as a motivating factor. Need for independence was acting almost in the same level both for the SEM and USEM at the time of starting the unit. So the null hypothesis is accepted. Both SEM and USEM came into the field of manufacturing to have more freedom.

The rank differences of the present motivating factors show that the importance of the need for independence has changed. The chi-square test to find out the difference between

SEM and USEM on the change in the importance of need for independence (to have more freedom) is given below -

Table 5.10 The chi-square analysis of entrepreneurs at Present to the motivating factor 'to have more freedom':

Need for Independence		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	20	30	50	25	1
	fe	25	25		25	1
Last 5 ranks	fo	20	10	30	25	1.667
	fe	15	15		25	1.667
Total		40	40	80		5.334

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 5.334

Table 5.10 shows that there is change and it is significant at 0.05 level. Importance of freedom as a motivating factor has lessened for SEM but for USEM, it has gone up. SEM might have started SSI in order to have more freedom, but now they might not be feeling the need for such freedom.

4. Dependency/Autonomy of Entrepreneurs

In the above analysis of motivating factors, it is found that "the need for independence" was the most important factor that motivated the SEM into manufacturing sector and the

third most important factor for USEM. But this seems to have changed both for SEM and USEM after starting the unit and managing it for few years. The need for independence has become the fifth motivating factor for SEM and second motivating factor for USEM.

In order to find out whether this need for independence as expressed by USEM and SEM is there in their behavioural disposition, a psychological test of dependency (as opposed to psychological autonomy) was administered.

Need for autonomy (n Aut) is a desire for independence and for freedom from any kind of constraints. According to Birch and Veroff(1966), individuals with a high n Aut prefer situations where they (i) work alone, (ii) control their own work place, (iii) are not hampered by excessive rules or procedures governing their work behaviour (Steens,R.M and Porter,L.W 1957,PP:62-63). These kinds of people are not usually found among managers but among entrepreneurs. Entrepreneurial activity is considered as one of the most valuable outlets for the independent type of people.

The study of McClelland and his associates (1967) showed that compared to the population at large, entrepreneurs are significantly higher on scales reflecting need for the achievement and independence, low on scales reflecting need for

support from others. This need for independence is expressed by the concept of responsibility. The key definitions of entrepreneurial role generally seem to centre around individual responsibility. An entrepreneur wants to be responsible for making decisions as to what is to be done or else he can feel no satisfaction in success.

It is this spirit of independence which motivates the entrepreneur and which is essential for their survival. The Bolton Report published in November 1971, section 19.4 states "the contribution of small businessman to the vitality of society is inestimable..... Above all, their spirit of independence is a strength to the nation as deeply needed now as it has ever been" (Rosemary, B, et.al, 1976, P:1).

The need for independence and a sense of determination are the two chief characteristics of entrepreneurs that drive them to start their own business and prefer not to be controlled by others.

Navaran's (1954, P:192) Psychological Dependency Scale, (sub scale derived from the MMPI) modified and standardised in the Indian context with 18 statements by Prof. Poduval, P.R (unpublished) was administered. The raw data derived (Appendix-III) from the responses of the entrepreneurs (SEM and USEM) were subjected to statistical analysis and the details are given

below

Table 5.11 The Mean, Standard Deviation and 't' values
of SEM and USEM on Psychological Dependency:

	N	M	S.D	Difference	t value
SEM	40	4.30	2.154	2.69	5.769
USEM	40	6.97	3.664		

Value at 0.001 = 3.373
Calculated value = 5.769

USEM as a group have greater mean value and S.D value compared to the mean value and SD value of SEM. On computing the test of significance the t value of 5.769 is found to be greater than table value at 0.001 level. Thus it can be inferred that the difference between SEM and USEM on dependency is highly significant at 0.001 level, USEM as a group showed high dependency while SEM are less dependent or more autonomous.

In the earlier chi-square analysis of the motivating factor to have more freedom (Table.5.10), data showed that need for independence is greater for USEM at present compared to SEM. But analysis of the dependency test shows that USEM as a group is more dependent in their behavioural dispositions. It may be their desire to be independent that force them to enter the field of manufacturing. But the lack of autonomy in their

behavioural dispositions might have acted as a psychological hindrance in their entrepreneurial performance.

The SEM as a group are less dependent compared to USEM in their behavioural dispositions. They are independent and it is this urge for independence which made them to start their own unit and make a success of it. But now as McClelland has said "on one hand he (entrepreneur) wants initiative but on the other he is guided by the welfare of his organisation and is quite willing to sacrifice his autonomy to it." (1961,P:284). The SEM does not feel the need for independence for they have the psychological independence in them. The need for independence still persists among USEM for the present high dependency disposition.

5. To provide employment opportunities for others (Need for

Power)

The study of Deshpande.M.U,(1982) and Rao.M.G,(1992) indicate that entrepreneurs are entering the field of manufacturing or they are motivated by the idea of creating jobs for others. "As an entrepreneur, one is not only employed but creates employment for others. One is not only realizing the goal in one's life but is also a source of livelihood for so many others. The pride of being a lord of one's own destiny is coupled with the satisfaction of being benefactor of so many" (Nandrajug,S,1992,P:17).

Along with the need for achievement, McClelland and his colleagues also documented the importance of the need for power in industrial and entrepreneurial development. Once an entrepreneur starts his enterprise, he has to play different roles i.e., of entrepreneur and of manager. He would have to increasingly deal with people therein. Dealing with people effectively needs a drive which influences and controls the behaviour of others. Such a drive is called need for power, which is required for entrepreneurial success along with other motives. Studies have shown that need for power is greater among managers compared to entrepreneurs. Durand.D.E(1975)and Stahl.M.J(1983) found that the high performing entrepreneurs were those with high achievement and low power needs whereas high performing managers were with high in power and low in achievement.

Need for power is defined by Veroff.J(1955) as "the disposition of directing behaviour towards satisfaction, contingent upon the control over the means of influencing another person" (SSR,Mishra,M.K,1991,P:28). Providing employment to others is a way of expressing the need for power. Whether the enterprise is small or large, he is the owner and he is providing jobs for others. Deshpande.M.U(1982), in his study has pointed out that this motive to create job for others appears to be very strong with entrepreneurs with low level of education. It gives them a peculiar pride that they have created employment for others and are supervising them which they could not have

otherwise done in a bureaucratic structure.

Vinze.M.D(1987) calls this drive to influence people and to lead them to implement his ideas as need for power. Robert A Dahl has also supported this idea in his book 'Modern Political Analysis (SSR,Vinze,M.D,1987,P:58). Based on these studies, it is assumed that the respondents of this study may also have need for achievement and need for power in their role as entrepreneur-managers. In the present study, the need for power is assessed by the statement 'to provide employment opportunities' as the motive.

To provide employment opportunities for others was acting as the sixth important motivating factor both for the SEM and USEM at the time of starting the unit. A chi-square test was conducted to find out whether this rank position is significant.

Table 5.12 The chi-square distribution of entrepreneurs at the time of Starting to the motivating factor to provide employment opportunities for others':

To provide employment opportunities		SEM	USEM	Total	$\frac{2}{(fo-fe)}$	$\frac{2}{(fo-fe)/fe}$
First 5 ranks	fo	18	18	36	0	
	fe	18	18		0	
Last 5 ranks	fo	22	22	44	0	
	fe	22	22		0	
Total		40	40	80		0

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 0

The chi-square analysis also shows that there is no difference between SEM and USEM with regard to this motive. At the time of starting the unit, to provide employment to others was not at all an important motive for both groups. In other words, need for power was not at all active both for SEM and USEM at the time of starting the unit.

At present, a change can be observed with regard to USEM. It was the sixth motivating factor for the SEM and USEM at the time of starting and moved to the most important motivating factor for USEM at present. To test whether this change is significant, a chi-square analysis was done.

Table 5.13 The chi-square distribution of entrepreneurs

 at present to the motivating factor to provide employment

 opportunities

To provide employ- ment opportunities		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	24	32	56	16	0.571
	fe	28	28		16	0.571
Last 5 ranks	fo	16	8	24	16	1.333
	fe	12	12		16	1.333
Total		40	40	80		3.808

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 3.808

Though the difference is not significant at 0.05 level, it may be noted that the obtained chi-square value is almost near 3.841 at 0.05 level. However, since the obtained chi-square value is 3.808, the trend is obvious without any generalization on the observed differences. The USEM has shown greater n Power than the SEM.

It may be because USEM were forced to continue with their SSI units in order to provide employment to their workers not because of need for power. This lack of consideration to provide employment to others as a motivating factor by SEM is in agreement with the general trend of SSI's in Kerala. Eventhough,

SSI is considered as a source for employment in Kerala, SSI's achievement in this respect is not impressive. The employment per unit in Kerala is only 6.62 whereas for all India, there are 7.10 persons per unit (Report of the Steering Committee - 1990).

6.To serve the society in a better way (Concern for society):

The old concept of an entrepreneur seeking certain advantages for himself, is no longer tenable in the context of the universal urge for social change and economic development experienced in developing countries. The changing conditions call for a socially conscious entrepreneur-manager who is not threatened by progress of others. On the contrary, he acts in full awareness of social implications of his actions (Pareek,U and Rao,T.V,1978).

The rank difference as shown in Table 5.4 shows that, this social consciousness is greater among SEM compared to USEM, especially at present. At the time of starting the unit, the desire to serve the society acted only as the seventh and ninth motivating factor for SEM and USEM respectively (Table 5.1). In order to find out whether this difference is significant, a chi square test was conducted.

Table 5.14 The chi-square distribution of entrepreneurs at the time of starting to the motivating factor 'to serve the society in a better way'

Concern for Society		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	15	9	24	9	0.75
	fe	12	12		9	0.75
Last 5 ranks	fo	25	31	56	9	0.321
	fe	28	28		9	0.321
Total		40	40	80		2.142

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 2.142

The chi-square analysis shows that there is no significant difference between SEM and USEM with regard to this motivating factor - concern for society at the time of starting the unit. The calculated chi-square value is less than the table value. The level of concern for society was almost the same for both groups at the time of starting.

At present the concern for society has changed especially for the SEM. In the rank position itself, it was found that for SEM, the concern for society has become the most important motivating factor and fourth for USEM. In order to find out whether this change is significant, a chi-square test was conducted.

Table 5.15 The chi-square distribution of entrepreneurs at present to the motivating factor 'to serve the society in a better way'

Concern for Society		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	35	23	58	36	1.241
	fe	29	29		36	1.241
Last 5 ranks	fo	5	17	22	36	3.273
	fe	11	11		36	3.273
Total		40	40	80		9.028

D.F. = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
calculated value = 9.028

Since the calculated chi-square value is greater than the table value at 0.01 level, it can be concluded that the difference is significant. It is found that, the changed conditions (ie., successful entrepreneur has made enough money and established himself) made him a society oriented. The concern for the larger segment of society would help him to expand his entrepreneurial activity. He may create jobs for others, innovate new ways of doing things, invest in new products and new manufacturing methods (Vinze, M.D, 1987). The social consciousness depends on the conscious level of entrepreneurs about the good of the people and the concern he has for the society.

7. Self Employment as an alternative to employment:

The plague that persistently haunts the Kerala Economy is the unemployment problem. Kerala with the highest rate of unemployment in India could not do much in solving this problem. The proportion of educated work seekers is steadily on the increase over the years. From 50% in 1983 it has gone up to 61% in 1993. (Economic Review, 1993, P:13). The state government have launched an Intensive Industrialisation Programme (IIP) with a view to promote small scale industrial units to provide employment. Employment generation is considered as one of the principal objectives of the SSI sector.

Lack of employment, the difficulty to find a job or means of livelihood may force an unemployed to start an entrepreneurial venture. Based on this, it is being tried to test the null hypothesis that "there is no difference between SEM and USEM with regard to the motive 'self employment as an alternative to my unemployed condition

In the rank position (Table 5.1 & 5.4), it was found that the unemployed condition was not an important motive for the SEM at the time of starting. For them, out of the 10 motivating factors mentioned, unemployed condition is acting only as the ninth one. But for USEM, it is the second most important motivating factor.

Chi-square test was conducted to find out whether the observed difference is significant or not.

Table 5.16 The chi-square distribution of entrepreneurs at the time of starting to the motivating factor 'self employment as an alternative to employment

Self employment		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 5 ranks	fo	8	32	40	144	7.2
	fe	20	20		144	7.2
Last 5 ranks	fo	32	8	40	144	7.2
	fe	20	20		144	7.2
Total		40	40	80		28.8

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 28.8

Since the calculated value is greater than the table value, the null hypothesis is rejected at 0.01 level. In other words, it can be said that the difference found between SEM and USEM to the unemployed condition as a motivating factor is significant. The same observation was made by Tewari, et.al, (1991) in the study of SSI in Karnataka. According to them, unemployment was not at all a compelling factor for the entrepreneurs of successful units.

In order to find out if this unemployed condition is having the same influence on the entrepreneurs even now, a chi-

square method was applied to find out the difference between the SEM and USEM at present.

Table 5.17 The chi-square distribution of entrepreneurs at present to the motivating factor self employment as an alternative to employment

Self employment as an alternative to employment		SEM	USEM	Total	(fo-fe)	(fo-fe)/fe
First 5 ranks	fo	8	26	34	81	4.765
	fe	17	17		81	4.765
Last 5 ranks	fo	32	14	46	81	3.522
	fe	23	23		81	3.522
Total		40	40	80		16.574

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 16.574

From the chi-square analysis it is confirmed that there is significant difference among SEM and USEM with regard to self employment as a motivating factor, not only at the time of starting but even now. For USEM it was their unemployed condition that forced them to enter the field of manufacturing and it is the same condition that is forcing them to continue in the field. While SEM and USEM were classified in this study, one of the criteria that was used for USEM was the desire of the entrepreneur to give up their enterprise for a better job. So it is quite clear that USEM is continuing in the field because of their unemployed condition.

B. To channelise surplus financial resources already available:

(to me i.e, the entrepreneur-manager)

Money is both a means and end of business entrepreneurs. Berna.J.J,(1960) studying 52 medium scale manufacturing firms in and around Madras city and Coimbatore concluded that access to capital was a very important factor that motivated those entrepreneurs to enter into industry. A person who may have surplus financial resources may be motivated to diversify his economic interests to other areas. According to Tewari, et.al,(1991) "the very availability of funds may compel a person to set up a small scale enterprise for making better use of funds" (P:78). Rao.M.G,(1992), in his study of entrepreneurs in Andhra Pradesh also found that making use of funds ranked as third compelling factor.

Discussion on surplus financial resources in Kerala, often leads to a reference to the gulf boom. It can act as a compelling factor for gulf returnees to start small scale industrial units in the state. But it is often stated that the Keralites are investing this money in non-productive factors rather than in productive factors (Gopinathan Nair,P.R,1994). In the present study, an attempt is made to find out the role of surplus financial resources in motivating the entrepreneurs to start small scale industrial units.

Table 5.18 The chi-square distribution of entrepreneurs at the time of starting to the motivating factor 'to channelise surplus financial resources available to me : (the entrepreneur-manager)

Channelise surplus financial resources		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	28	6	34	121	7.118
	fe	17	17		121	7.118
Last 5 ranks	fo	12	34	46	121	5.261
	fe	23	23		121	5.261
Total		40	40	80		24.758

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 24.758

Since the calculated value is far greater than the table value at 0.01 level, it is evident that there is significant difference between SEM and USEM regarding surplus financial resources as a motivating factor at the time of starting. While diversification of the surplus financial resources was the third most compelling factor for the entrepreneurs belonging to the SEM group, it was the last motivating (tenth) factor for the USEM.

In order to find out whether this trend has changed now, a statistical analysis was done on the rank position of SEM and USEM at present.

Table 5.19 The chi-square distribution of entrepreneurs

 at present to the motivating factor 'to channelise surplus

 financial resources already available to me (the entrepreneur-manager)

Channelise surplus financial resources		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 5 ranks	fo	18	8	26	25	1.923
	fe	13	13		25	1.923
Last 5 ranks	fo	22	32	54	25	0.926
	fe	27	27		25	0.926
Total		40	40	80		5.698

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 5.698

The calculated value shows that the difference between SEM and USEM is significant even now at 0.05 level. At the time of starting, SEM gave the third rank to surplus finance and USEM gave tenth rank. But at present, in the case of SEM, it has gone to the sixth position while it is the same tenth rank for USEM.

When the respondents were classified into SEM and USEM, one of the criteria that was used was the profit or loss status of the unit. All those who were not making profit were included in the USEM category. So it is quite natural for those entrepreneurs who were managing their enterprise at a loss not to give surplus financial resources as a motive. Making use of available funds was the least important motivating factor to the

sick group while it was the second most compelling factor for the entrepreneurs belonging to the very successful group (Tewari, et.al,1991).

9. By the encouragement provided by the Government and Financial

institutions:

In order to facilitate the promotion and development of small scale industrial units in India, a number of specialised agencies have been set up by the Government of India as well as State governments. Kerala, which has 43 lakhs of job aspirants, the State Government has put forward a series of measures to promote industries. There are several agencies directly or indirectly involved in promoting industries. As a result, there is substantial growth in the number of small scale industrial units registered. There were 95851 small scale industrial units in the state at the end of the financial year 1992-93. Ernakulam district accounted for 14% of the total number of small scale industrial units registered. (Economic Review,1993,P:74). Based on this information, it is expected that sample respondents also will be influenced by the assistance provided by the government and financial institutions.

In Kerala, which is considered as the highest literate state of India, the awareness about government policy and efforts to create self employment should be greater. In this

study, it is being tried to find out how far the government's effort to encourage small scale industrial units is acting as a motivating factor. The rank positions (Tables 5.1 5.4) show that both SEM and USEM were not at all encouraged by such government support, both at the time of starting and at present. For further analysis, chi-square test was conducted.

Table 5.20 The chi-square distribution of entrepreneurs at the time of starting to the motivating factor by the encouragement provided by the Government and Financial institutions

Govt.'s encouragement		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 5 ranks	fo	12	14	26	1	0.077
	fe	13	13		1	0.077
Last 5 ranks	fo	28	26	54	1	0.037
	fe	27	27		1	0.037
Total		40	40	80		0.228

D.F. = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 0.228

Table 5.21 The chi-square distribution of entrepreneurs at present to the motivating factor by the encouragement provided by the Government and Financial institutions

Govt. s encouragement		SEM	USEM	Total	(fo-fe) ²	(fo-fe) ² /fe
First 5 ranks	fo	10	16	26	9	0.692
	fe	13	13		9	0.692
Last 5 ranks	fo	30	24	54	9	0.333
	fe	27	27		9	0.333
Total		40	40	80		2.050

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 2.050

From the tables 5.20 & 5.21, it is clear that, the entrepreneurial initiative was not at all influenced by the encouragement and support provided by the Government. Deshpande.M.U,(1982), reported that most of the entrepreneurs were not considering government's efforts to encourage small scale industries as a motivating factor. But government s encouragement and incentives were found to be the most important factor among the technically qualified persons.(Deshpande,M.U,1982, P:174).

10. "For Using my technical competence in a specialised area"

For some, possession of technical qualifications and manufacturing experience may have the same effect as strong

desire to do something independent in life. The desire to be independent might have been influenced by the fact that the entrepreneurs wanted to capitalise on their technical and professional skill for themselves than working for others. In the study of Rao.M.G and others,(1992) in Andhra Pradesh it is seen that the use of the technical and professional skill is the most important compelling factor. Acquisition of technical and professional skills gave impetus for entrepreneurial advancement. They felt that their abilities are certainly more than what the job requires and they intend to capitalise their extra abilities by starting enterprises of their own.

In the study of Tewari,et.al,(1991) it is found that one of the important factors that encouraged the entrepreneurs to enter into manufacturing was their acquired professional or technical skills, while acquired or inherited property of entrepreneurs was found to be the least encouraging factor.

In his study of entrepreneurs, Ravichandra.K,(1991) in Hyderabad, found that 67% of the successful entrepreneurs reported that their confidence in technical know-how which they have gained from their previous job experiences prompted them to take up an entrepreneurial career.

In the rank analysis of the sample entrepreneurs, it is

found that technical competence is playing an important role in motivating USEM compared to SEM. USEM gave the fourth rank to technical competence at the time of starting while SEM gave fifth. In order to test whether this difference in considering technical competence as a motivating factor is really significant, a chi-square test was conducted.

Table 5.22 The chi-square distribution of entrepreneur at the time of starting to the motivating factor for using my technical competence in a specialised area

To use technical competence		SEM	USEM	Total	$\frac{2}{(fo-fe)}$	$\frac{2}{(fo-fe)/fe}$
First 5 ranks	fo	22	26	48	4	0.167
	fe	24	24		4	0.167
Last 5 ranks	fo	18	14	32	4	0.25
	fe	16	16		4	0.25
Total		40	40	80		0.834

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 0.834

Since the calculated value is less than the table value, the chi-square test shows that there is no significant difference between SEM and USEM in their consideration of technical competence as a motivating factor at the time of starting the enterprise.

In order to find out whether technical competence is acting in the same way even now, one more chi-square test was conducted on the basis of data given by SEM and USEM at present.

Table 5.23 The chi-square distribution of entrepreneurs at present to the motivating factor for using my technical competence in a specialised area

To use technical competence		SEM	USEM	Total	$\frac{\sum (fo-fe)^2}{fo-fe}$	$\frac{\sum (fo-fe)^2}{fe}$
First 5 ranks	fo	29	21	50	16	0.64
	fe	25	25		16	0.64
Last 5 ranks	fo	11	19	30	16	1.067
	fe	15	15		16	1.067
Total		40	40	80	3.414	

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 3.414

The calculated value is less than the table value at 0.05 level and hence the difference is not significant even at 0.05 level.

11. "Inspired by the entrepreneurial development Programme"

There are specialised agencies engaged in developing entrepreneurship amongst the educated unemployed. These agencies advertise, canvass, identify, select and train potential entrepreneurs and help them in establishing their enterprises,

assisting them where ever needed in the requirements of finance, power, machinery, raw materials and marketing of their products.

With a view to promote SSI units and to provide employment, several specialised institutions - the state government and other agencies - have launched a series of training programmes to motivate young unemployed persons to become small entrepreneurs.

In the present study, a small attempt was made to find out whether these training programmes had influenced the entrepreneurs and if so whether it was positive, neutral or negative. To find out this, entrepreneurial development programme was given as one of the motivating factors. But it is found that, both at the time of starting and at present also, the entrepreneurial development programmes have not played any role in motivating the entrepreneurs. SEM has given the last rank to it, while USEM has given the eighth and ninth rank.

The chi-square test was conducted to find out whether this observed difference is significant

Table 5.24 The chi-square distribution of entrepreneurs at the time of starting to the motivating factor 'inspired by the EDP'

Inspired by EDP		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 5 ranks	fo	6	12	18	9	1
	fe	9	9		9	1
Last 5 ranks	fo	34	28	62	9	0.290
	fe	31	31		9	0.290
Total		40	40	80		2.580

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 2.580

Table 5.25 The chi-square distribution of entrepreneurs at present to the motivating factor 'inspired by EDP'

Inspired by EDP		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 5 ranks	fo	7	11	18	4	0.444
	fe	9	9		4	0.444
Last 5 ranks	fo	33	29	62	4	0.129
	fe	31	31		4	0.129
Total		40	40	80		1.146

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 1.146

From the chi-square analyses, Tables 5.24 and 5.25, it is clear that there is not much difference between SEM and USEM with regard to entrepreneurial development programme as a motivating factor at the time of starting and at present. In other words, the EDPs are not acting as a motivating factor.

Personal Characteristics of a Successful Entrepreneur

To build a social psychology of entrepreneurship, one should be able not only to identify enterprising cultures and the motivational factors but also the personal characteristics that are demanded from a successful entrepreneur. Psychologists and others have probed the psyche of entrepreneurs for decades, looking for ways to predict who will start a successful venture. (Herbert, E. Kirloff, 1979). In psychological terms, entrepreneurship may be described as a creative and innovative response supported by a deep sense of motivation in the environment. (Vinze, M. D., 1987).

It is now recognised that entrepreneurship is not solely an inherent quality, but that it can also be developed and encouraged in a person. During the past several decades, considerable importance is given to research work in the identification and measurement of personal characteristics of successful entrepreneurs in developing countries. In developing countries, attempts are being made to inculcate the spirit of entre-

preneurship among young men and women. There are different training programmes for the development of entrepreneurship among the educated unemployed. These training could become more meaningful if the nature of entrepreneurship is known. Entrepreneurship has been treated as a "technology" for social transformation and government and other agencies are spending more for the development of this technology. Identification and measurement of personal characteristics of Successful Entrepreneurs yield valuable information to the government as well as to the lending organisations like banks and financial institutions.

Everyone is not an entrepreneur and at the same time, it is not possible to turn everyone into an entrepreneur through training. Earlier studies have shown that entrepreneurs possess certain characteristics and it also varies from society to society and from culture to culture. In a state like Kerala, where each year the number of unemployed young men and women is expanding rapidly, Government agencies and financial institutions are involved in promoting entrepreneurship as an answer to the unemployed condition. Most of these agencies are guided by the results of research work on entrepreneurial characteristics of entrepreneurs. Bhattacharjee.S.K and Akhouri.M.M.P(1975) analysed the Indian situation and suggested some characteristics which are categorised into psychological, economic and social. The findings of the study suggests that entrepreneurship has to be examined by three groups viz., sociologists, psychologists

and economists.

The Small Industry Extension Training Institute (SIET), Hyderabad, developed an elaborate selection procedure as a part of the SIET Integrated Model for entrepreneurial development. The weightage to different items varies in respective states. It shows that there is no universal system of scoring as weights assigned to different variables vary with the group. It proves that for standardisation of the selection procedure, more research has to be carried on.

In this study, an attempt is made to identify the characteristics of an entrepreneur in the Kerala context. Sample of entrepreneurs were asked to identify those characteristics that are essential for an entrepreneur to be successful in the Kerala environment. And it is also being attempted to find out whether identification of characteristics differ from the view point of successful entrepreneur-managers and unsuccessful entrepreneur-managers.

Different scholars have evolved different methods to measure the characteristics of entrepreneurs and they have listed different characteristics of entrepreneurs. Christofer.K.J,(1969,SIETI) has identified 18 characteristics. Bhattacharjee.S.K and Akhoury.M.M.P,(1975) have identified 24 such characteristics, Vinze.M.D,(1987) has listed 57 character-

istics. Besides these, several other qualities of small entrepreneurs have been reported in different research studies. From all these characteristics, 12 characteristics which are being repeatedly mentioned by many researches, especially Indian scholars are selected for the study.

In order to find out the essential characteristics of an entrepreneur, the selected 12 characteristics were given in the questionnaire. The respondents were asked to rank the characteristics on the basis of importance. In order to get the average rank for each characteristics, the total rank frequency was divided by the number of respondents. Then giving the first rank to the highest average, second rank to the next, a rank order is calculated for the characteristics of the entire group. The rank order was measured separately for SEM and USEM.

SEM's perception of behavioral characteristics required for a successful entrepreneur was found to be different from that of USEM. Some of the respondents gave the same ranks to more than one quality, saying that all those qualities go together or all those are of equal importance. The 12 selected characteristics and the order of importance according to SEM and USEM of the study are given below (Table 5.26).

Table 5.26 The rank given by SEM and USEM to Personal Characteristics of a Successful Entrepreneur

Sl.No.	The Personal Characteristics of a Successful Entrepreneur	SEM	USEM
1.	Ambitious	11.0	1.5
2.	Resourceful	1.5	4.0
3.	Knowledgeable	10.0	12.0
4.	Independent	5.5	11.0
5.	Active	3.5	6.0
6.	Risk taking	8.0	3.0
7.	Creative	5.5	8.0
8.	Intelligent	1.5	9.0
9.	Realistic	9.0	7.0
10.	Innovative	7.0	10.0
11.	Money minded	12.0	1.5
12.	Readiness to tolerate frustration & failure	3.5	5.0

A study of personality factors of SEM and USEM (Alladin, M.T, 1979) at the SIET Institute covering 16 dimensions of personality revealed that SEM differed from USEM in their personality characteristics. In the present study also, it is found that the personal characteristics associated with an entrepreneur are different for SEM and USEM. The personal characteristics of a Successful Entrepreneur as ranked by SEM are

1. Resourceful and Intelligent;
2. Active and Readiness to tolerate frustration and failure;
3. Independent and Creative;
4. Innovative;
5. Risk taking;
6. Realistic;
7. Knowledgeable;
8. Ambitious;
9. Money-minded.

The personal characteristics of a Successful Entrepreneur according to the rank given by USEM are

1. Ambitious and Money minded;
2. Risk taking;
3. Resourceful;
4. Readiness to tolerate frustration and failure;
5. Active;
6. Realistic;
7. Creative;
8. Intelligent;
9. Innovative;
10. Independent;
11. Knowledgeable.

Other studies also have shown that personality characteristics varies from entrepreneur to entrepreneur. And it is also known that an entrepreneur may not have all these characteristics. However, the more these characteristics are present in a person, the more effective he is likely to be as an entrepreneur (Gupta,R.A,1992). McClelland(1961) suggested that success and failure of entrepreneurial performance depend upon entrepreneurial personality and motivational orientation. According to Edel.E.C(1960) personality characteristics of entrepreneurs are more important to success than skill or technical know-how. In order to find out whether the difference in rank given by SEM and USEM is significant, a Chi-square analysis was done relating to each personality characteristics.

Ambitious -----

Ambition is considered as the "inner concern" which provided the basis for Mc Clelland's need for achievement factor. Ambition builds up achievement pressure in the individual. It is this ambition that motivates the entrepreneur to start their enterprise. Ambition is the strong desire for fame, success, honour, wealth or other positions. Earlier studies have also indicated that ambition is a character that influences entrepreneurial performance. Based on that, in this study, ambition was listed as one of the characteristics required by entrepreneurs and the entrepreneurs were asked to express their opinion of the importance of this character for an entrepreneur. It is the most important characteristics as per the rank order given by the USEM. But for SEM, ambition is only the eleventh most important character of an entrepreneur. Entrepreneurial activity provides one of the most valuable outlets for the ambitious, according to some.

Ambition is considered as an important characteristics in determining entrepreneur s performance and it is also related to one's satisfaction in a given task. In the study of Christopher.K.J (1969) it is noted that entrepreneur's decision to start an industrial unit was not influenced by level of education, risk taking ability but rather on ambition. In order to find whether there is any relationship between this rank given by SEM

and USEM, a Chi-square analysis was conducted.

Table 5.27 The Chi-square distribution of ranks given by

 Entrepreneurs towards the Personality Characteristic Ambition

Ambitious		SEM	USEM	Total	$\frac{(fo-fe)^2}{fo-fe}$	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo	7	33	40	169	8.45
	fe	20	20		169	8.45
Last 6 ranks	fo	33	7	40	169	8.45
	fe	20	20		169	8.45
Total		40	40	80	33.80	

D.F = (2-1) (2-1) = 1
 Table Value at 0.01 level = 6.635
 Table Value at 0.05 level = 3.841
 Calculated Value = 33.80

Since the calculated value is greater than the table value, it can be inferred that there is a significant difference in the perception of ambition as a personality characteristics of entrepreneurs by the SEM and USEM. Ambition as a personal character is considered by SEM as only the eleventh characteristic followed by money mindedness. Whereas for USEM, it is just the opposite. For them, to be successful ambition and money mindedness are the most important characteristics that an entrepreneur should have..pm

Resourceful

According to James McCrory (1956) a good entrepreneur is an enterprising individual i.e., energetic, alert to new opportunities, able to adjust to changing conditions. The survival, growth and development of enterprise are dependent upon the entrepreneurs personality. The resourcefulness in an entrepreneur helps him to achieve success or getting out of trouble. He will be good at thinking of ways to do things, to overcome obstacles. Only a resourceful person can make a prompt and sound decision concerning his enterprise, its production, marketing etc..

In this study, the SEM considered resourcefulness as the most important character for an entrepreneur to become a successful one along with intelligence. According to UESM, resourcefulness is only the fourth in importance and intelligence the ninth. In order to find out whether this difference in ranking by SEM and USEM is really significant, a Chi-square test was conducted.

Table 5.20 The Chi-square distribution of ranks given by Entrepreneurs towards the Personality characteristic 'Resourceful'

Resourceful	SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo 34 fe 31	28 31	62	9 9	0.290 0.290
Last 6 ranks	fo 6 fe 9	12 9	18	9 9	1 1
Total	40	40	80		2.580

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 2.580

Since the calculated value is less than the table value, it can be said that the observed difference is not significant. Resourcefulness is considered as an important character of a successful entrepreneur both by SEM and USEM.

Knowledge

An entrepreneur should be a knowledgeable person. The entrepreneur has to make a lot of decisions while setting up an enterprise. This is possible only if the entrepreneur has adequate knowledge about the various things that was happening around him. He should have a knowledge about the economic and political environment of the state and the economic policies of

the government. The entrepreneur should know about the general availability of raw materials, market, resource and labour in the region in which he intends to work. The entrepreneur should also have a detailed knowledge about the industry which he wants to set up and also about other related industries which have a bearing on the one he selects to start.

Entrepreneurship is considered as superior command over information. Opportunities can be seized by anyone discovering their existence before others have done so. The first one to discover the true state of affairs can capture the associated profits by innovating, changing and creating.

Entrepreneurs of earlier generations neither had, nor wanted to acquire the weight of accumulated knowledge. But today in the rapid technological development, knowledge is considered as a source of entrepreneurialism. The rapid evolution of knowledge and technology - the new scientific knowledge - is creating a technology based entrepreneurship. Thus an entrepreneur is considered as a knowledgeable person, who collects information, not a 'bookish type' but store every bit of information which may be used in a particular situation in his brain. (Sammi Uddin and Khairoowala-1989). Considering these facts knowledge is given as a personality trait of an entrepreneur in this study. SEM and USEM have ranked it as the 10th and 12th important character respectively. The Chi-square analysis carried out to

find whether this difference is significant is given below

Table 5.29 The Chi-square distribution of ranks given by

 Entrepreneurs to the Personality characteristic 'Knowledge'

Knowledgeable		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo	8	8	16	0
	fe	8	8		0
Last 6 ranks	fo	32	32	64	0
	fe	32	32		0
Total		40	40	80	0

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 0

Chi-square analysis shows there is no difference between SEM and USEM in their perception of 'knowledge' as a personality trait required by a successful entrepreneur. Both groups are considering knowledge not as an important trait required by a Kerala entrepreneur. May be they are of the opinion that 'The entrepreneur is the person who lures the services of factors of production. Among these factors may be persons with superior knowledge. The aspect of knowledge which is crucially relevant to entrepreneurship is "knowing where to look for the knowledge" rather than knowledge about a particular thing (Kirzner, I.M, 1973, P:68).

Independent

In the analysis of the main qualities of the entrepreneurs, one important quality that was mentioned was independence. It is found that entrepreneurs seek independence and autonomy. They prefer to use their own resources in their own fashion in working towards goals and to be accountable personally for results (McClelland, 1967). Instead of waiting for suggestions or directions from others, an entrepreneur works out plans on his own, searches and explores resources and experiences an inner urge to make the enterprise a success. This makes him self-reliant and independent Singh.P.N, (1986) considered independence as a special characteristic of Successful Entrepreneurs.

Independent character of the entrepreneur is considered as the quality that motivates the entrepreneur to start the unit. In this study also it is found that successful entrepreneurs consider independent character as the 5.5 most important character a successful entrepreneur should have. But for unsuccessful entrepreneurs, it comes only as the 11th character. In order to find out whether this importance given by the SEM is really significant, a Chi-square analysis was conducted.

Table 5.30 The Chi-square distribution of ranks given by

 Entrepreneurs to the Personality characteristics 'independence :

Independence		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo	29	11	40	81	4.05
	fe	20	20		81	4.05
Last 6 ranks	fo	11	29	40	81	4.05
	fe	20	20		81	4.05
Total		40	40	80		16.20

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 16.20

Since the calculated value is greater than the table value at 0.01 level, it can be said that there is significant difference between SEM and USEM on their consideration of independence as an important personal character of an entrepreneur.

For Rosemary.B (1976) if there is a single characteristic that entrepreneurs share, it is their staunch spirit of independence. It is this attribute that motivate them and is also essential for their survival. It makes them self-reliant.

Active -----

One of the important psychological dimensions noted by social scientists who were involved with entrepreneurs is that they are active and it contribute to their success. They reflect a sense of confidence and a capacity for problem solving. It has been noticed that the entrepreneurs try to project themselves as persons steering towards goals that involve action (Vinze-1987). The way they project themselves is likely to reflect sense of confidence, a capacity for action orientation and problem solving. They see themselves as active persons. Entrepreneurs by and large have been found to be the people with a high drive and high activity level, constantly struggling to achieve something. (Mishra, M.K, 1991).

An attempt is made to study how the SEM and USEM consider 'active' as a quality for an entrepreneur. In this study it is found that SEM has given 3.5 rank to active and USEM the 6th. A Chi-square analysis is conducted in order to find out whether this rank given by SEM and USEM is significant

Table 5.31 The Chi-square distribution of ranks given by Entrepreneurs to the Personality characteristic 'active'

Active		SEM	USEM	Total	$\frac{2}{(fo-fe)}$	$\frac{2}{(fo-fe)/fe}$
First 6 ranks	fo	30	18	48	36	1.5
	fe	24	24		36	1.5
Last 6 ranks	fo	10	22	32	36	2.25
	fe	16	16		36	2.25
Total		40	40	80		7.50

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 7.50

Since the calculated value is greater than the table value at 0.01 level, it can be said that there is a difference in the perception of active as a personality characteristics of entrepreneurs by SEM and USEM. SEM have given more importance to "active" character than USEM. In the rank position also the same trend can be observed. Bhattacharya and Hariskiker (1989) has described an entrepreneur as a very active, and professionally committed individual.

Risk Taking

The calculated risk taking is an important characteristics of the successful entrepreneurial personality (McClelland-1961). Entrepreneurs are not gamblers. They prefer to set goals that require a high level of performance, a level

that they believe will demand exertion but they are confident they can meet. They like to function outside the two extremes that is - the very easy and the impossible' (Vinze,1987,P:59). The moderate risk taking quality among the entrepreneurs is reflected in the efforts they make to study the market for their products before actually setting up their unit.

Risk taking is a quality that is being established by researchers in association with entrepreneurs. Different kinds of risks are involved in their process of starting and managing an enterprise. On the basis of this, it is being tried to find out how this group of entrepreneurs consider risk taking as an important character of a successful entrepreneur and whether the importance of risk taking differs from SEM to USEM.

Table 5.32 The Chi-square distribution of ranks given by Entrepreneurs to the Personality characteristic risk taking

Risk Taking		SEM	USEM	Total	(fo-fe)	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo	11	29	40	81	4.05
	fe	20	20		81	4.05
Last 6 ranks	fo	29	11	40	81	4.05
	fe	20	20		81	4.05
Total		40	40	80		16.20

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 16.20

Since the calculated value is greater than the table value it can be inferred that there is significant difference between the SEM and USEM in their perception of risk taking as a personal character of a successful entrepreneur. While SEM have not given much importance to risk taking, USEM have given greater importance to risk taking. In the rank order also the same trend can be seen. It is only the 8th most important factor for SEM, but it is the 3rd most important factor for USEM. SEM take only moderate risks while USEM consider risk taking as the most important character. The study of Singh.S and Indira.J,(1977) also found that high scores on need for achievement motivation and moderate score on risk taking were associated with business success. Low scores on achievement motivation and high scores on risk taking were associated with declining business. Risk taking norms are important for the success of entrepreneurs. It has been reported that a successful entrepreneur takes moderate risks. He does not gamble, nor does he opt to "play safe".

Creative

The entrepreneurs are supposed to have the quality of being creative. They have the power to create, invent and produce. Entrepreneurs exhibit a much higher level of creativity than the average person. They allot for themselves a high proportion of the time to devise novel ways of getting things done.

They plan and think ahead. They search and anticipate possibilities that lie beyond the present (Schollhammer and Kirilloff, 1979). This makes them creative. They try to create new things that were not existent or create new markets for their products.

Sharma.S.V.S,(1980) defines the entrepreneur as one who is creating something new, the creation can be the creation of a new enterprise. Rao.T.V,(1975) says that any person actively engaged in inventing or developing, expanding or objectively maintaining an organisation is an entrepreneur. Stanley.C and Sandra.J,(1983) defined entrepreneur as someone who builds an organisation from its inception and runs it successfully using a simple administrative structure.

Based on this creativity is given as a personal character of a successful entrepreneur. The SEM has given the 5.5 rank to creativity. But it is only the 8th important character for USEM. For further clarity the Chi-square distribution is analysed to arrive at the difference between SEM and USEM.

Table 5.33 The Chi-square distribution of ranks given by Entrepreneurs to the Personality characteristic 'creative'

Creative		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 6 ranks	fo	29	17	46	36	1.565
	fe	23	23		36	1.565
Last 6 ranks	fo	11	23	34	36	2.118
	fe	17	17		36	2.118
Total		40	40	80		7.366

D.F = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 7.366

Since the calculated value is greater than the table value at 0.01 level, it can be inferred that there is significant difference in the perception of 'creativity' as a personal character of a successful entrepreneur by SEM and USEM. SEM considers 'creative' as an important personal character. According to them, the whole process of organising starting and managing an industrial enterprise involves creativity. But USEM does not give that much importance to creativity. Bhattacharya and Akhouri, (1973) after reviewing various characteristics of entrepreneurs mentioned by various findings have shown creativity as one of the important characteristics successful entrepreneur.

Intelligent

A typical successful entrepreneur has been found to be intelligent. Intelligence is not related to the educational factor, but rather the quickness at understanding the situation, the alertness to use the available opportunities, the right kind of vision and practical sense to work out the ideal into a scheme. Intelligence is considered as a quality of a successful entrepreneur because an entrepreneur is supposed to see possibilities in a given situation where others see none. He should have the ability to derive financial support, avail the new opportunities and readiness to accept new technology to improve the quality of goods. According to Swaye and Trucker, (1973) intelligence is the most important personal trait out of the nine personal traits that most of the entrepreneurs possess to some degree.

The successful entrepreneurs of this study also consider intelligence as the most important personal character along with resourcefulness. The SEM has given first rank to intelligence and resourcefulness. For USEM, it seems that intelligence is not all that important. They have given only ninth rank. In order to have a better understanding of the perception of the personal character of a successful entrepreneur by SEM and USEM, chi-square distribution of data was analysed.

Table 5.34 The chi-square distribution of ranks given by

 Entrepreneurs to the Personality characteristic 'Intelligence'

Intelligence		SEM	USEM	Total	$\frac{(fo-fe)^2}{fe}$	$\frac{(fo-fe)^2}{fe}$
First 6 ranks	fo	34	16	50	81	3.24
	fe	25	25		81	3.24
Last 6 ranks	fo	6	24	30	81	5.4
	fe	15	15		81	5.4
Total		40	40	80		17.28

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 17.28

Since the calculated value is greater than the table value at 0.01 level, it can be inferred that the observed difference in the perception of intelligence as a personal characteristics by SEM and USEM is highly significant. This indicates that, in Kerala situation, an entrepreneur should be an intelligent person, able to understand the situation and to know the demand and be capable of predicting the future market.

Realistic

Among the various qualities expected from a *successful* entrepreneur, one of the important quality is the ability to be realistic and to have a clear perception about the economic

opportunities, financial resources and management difficulties. An entrepreneur is supposed to be a person who can analyse the present and future realities. Based on this analysis, he gets an idea and translates the idea into reality. For this process, he depends on his capability. As Vinze has mentioned 'they hardly try to depend on luck and God or to the forces beyond their control (Vinze,1987,P-61).

Even though earlier studies have shown the importance of realistic orientation as a personality trait for a successful entrepreneur, in this study, USEM has given seventh rank SEM has given only ninth rank. A chi-square test was conducted to find out whether this difference in rank is significant or not.

Table 5.35 The chi-square distribution of ranks given by Entrepreneurs to the Personality characteristic 'Realistic'

Realistic		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 6 ranks	fo	9	17	26	16	1.231
	fe	13	13		16	1.231
Last 6 ranks	fo	31	23	54	16	0.593
	fe	27	27		16	0.593
Total		40	40	80		3.648

D.F = (2-1) (2-1) = 1
Table value at 0.01 level = 6.635
Table value at 0.05 level = 3.841
Calculated value = 3.648

Since the calculated value is less than the table value, it can be said that there is no significant difference in the perception of being realistic as a personal characteristic of a successful entrepreneur by both groups.

Innovative

For Schumpeter (1934) who brought the entrepreneur as the key factor in the means of production, the most important character of the entrepreneur is innovation. According to him, there are five types of innovation - (1) the introduction of a new commodity or an improvement in the quality of existing commodities, (2) the introduction of a new method of production, (3) the opening of a new market, (4) the conquest of a new source of supply of raw materials or half manufactured goods and (5) the creation of a new industrial organization. Schumpeter regards the typical entrepreneur to be the founder of a new firm rather than the manager of an established one.

Later on, studies also have shown that the entrepreneur has this inner urge to do something new, unique in a particular situation. The entrepreneur is pictured as initiating change, as generating new opportunities. McClelland (1967) describes the innovative characteristics of entrepreneurial role. Entrepreneurial role by definition involves doing things in a

new and better way. A businessman who simply behaves in traditional way is not an entrepreneur. According to Shetti.N.J,(1981), entrepreneurship is characterised by two fundamental features - dominant element of innovation and a streak of creativity. Schumpeterian innovation is a creative response to a situation.

In order to find out Kerala entrepreneurs response to 'innovation as a personality trait of a successful entrepreneur, the entrepreneur's responses are analyzed. In the rank order, it is found that SEM has given the seventh rank to innovation while USEM gave the tenth. Based on this, it was further analyzed with the help of a Chi-square test.

Table 5.36 The chi-square distribution of ranks given by

Entrepreneurs to the Personality characteristic Innovative

Innovative		SEM	USEM	Total	$\frac{2}{(fo-fe)}$	$\frac{2}{(fo-fe)/fe}$
First 6 ranks	fo	13	11	24	1	0.083
	fe	12	12		1	0.083
Last 6 ranks	fo	27	29	56	1	0.036
	fe	28	28		1	0.036
Total		40	40	80		0.238

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 0.238

Since the calculated value is less than the table value it can be inferred that there is no significant difference between SEM and USEM in their perception of innovation as a personal character of a successful entrepreneur. Both groups are not considering 'innovation as an important character of a successful entrepreneur. It may be because, innovation is taken in the strict sense. But in developing countries, the adapting of the "innovation" in technology of the advanced countries to the local condition itself is considered as an innovation. According to Baig and Khan,(1990,P:9), "socio-economic changes are the cumulative result of 'chain re-action' of successful operations of initiator entrepreneurs of adaptation For Prof.Redlich(1954), entrepreneurs in the narrow sense of the term, is the planner, innovator, ultimate decision-maker in a productive enterprise. But in a developing country, the imitating entrepreneur is needed more than an innovator. The classic case of growth through imitation is the Japanese (Shankaranarayanan,K.C,1994,P:311).

Money-minded

According to McClelland(1961), money is the measure of success (P:237). For entrepreneurs, financial gain is second in importance to achievement. They value money, but not for itself. They view it rather as a concrete symbol of challenging objec-

tive accomplished, a testimony to their competence. This is one character that makes entrepreneur different from a money lender. An entrepreneur does not go in for money alone but he is motivated by his high motivational needs. The entrepreneur always proceeds with an idea, a dream, and his awareness of people, their needs and his intuition to perceive the profitable marketing opportunities that others have neglected. Money is the byproduct for accomplishing this successfully. Entrepreneurs are not solely profit motivated. Instead of taking his money back from the enterprise, he puts his profits back into the organisation and expands its activities.

In the present study, it is found that the SEM does not give much importance to money, but USEM considers it as the most important character along with ambition. The chi-square distribution is analysed in order to find out whether this observed difference is significant.

Table 5.37 The chi-square distribution of ranks given by

 Entrepreneurs to the Personality characteristics 'money-

 mindedness

Money-minded		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 6 ranks	fo	6	32	38	169	8.895
	fe	19	19		169	8.895
Last 6 ranks	fo	34	8	42	169	8.048
	fe	21	21		169	8.048
Total		40	40	80		33.886
D.F = (2-1) (2-1)				= 1		
Table value at 0.01 level				= 6.635		
Table value at 0.05 level				= 3.841		
Calculated value				= 33.886		

Since the calculated value is greater than the table value, it can be inferred that the difference in the perception of 'money-mindedness' as a personal characteristics of a successful entrepreneur by SEM and USEM is significant. According to SEMs of this study, entrepreneurs are not money-minded.

Readiness to tolerate frustration and failure

An entrepreneurial spirit implies a commitment to certain ends, adherence to self fulfillment and also the vision of means of realising certain ends (Singh, N.P, 1985). This vision of means of realising certain ends also assumes that there will

be difficulties and frustrations and the entrepreneur is ready to tolerate it. Emergence as entrepreneur, in any set-up is a complex process. Only a person who sees opportunity in a crisis and is hopeful about the future can become an entrepreneur (Bhattacharya and Hariskiker,1989).

Studies have shown that entrepreneurs are persons with a positive attitude, compared to the population at large. Results of researches and experiences of working with entrepreneurs indicate that, entrepreneurs have a greater degree of tolerance to frustration. In their bold and risky activity, they may face obstacles and failures, but they anticipate this and try to overcome it. An entrepreneur is a person with inner confidence, and determination. This will help him to struggle for the achievement of something which he could call as his own accomplishment. This inner confidence propels him to overcome all the difficulties involved in promoting and running profitably the enterprise. A fatalistic outlook would not help an entrepreneur. Entrepreneur should have enduring qualities (Hadimani,R.N,1985).

An attempt was made to find out how the Kerala entrepreneurs consider the readiness to tolerate frustration. In the rank order, it is found that SEM has given 3.5 rank to it along with 'active', USEM gave only 5th rank. A Chi-square analysis was resorted in order to find out whether there is any significant difference in their perception of this personal character.

Table 5.38 The chi-square distribution of ranks given by

 Entrepreneurs to the Personality characteristics 'Readiness

 to tolerate frustration and failure

Readiness to tolerate frustration&failure		SE	USE	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 6 ranks	fo	30	20	50	25	1
	fe	25	25		25	1
Last 6 ranks	fo	10	20	30	25	1.667
	fe	15	15		25	1.667
Total		40	40	80		5.334

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.01 level = 3.841
 Calculated value = 5.334

In the chi-square analysis, it is found that there is significant difference in the perception of a successful entrepreneur. SEM give importance to readiness to tolerate frustration and failure than USEM. Desai.A.N,(1981), in his study also found that industrial-oriented entrepreneurs compared with professionals are relatively more highly motivated to avoid failure than to achieve success.

Value - Systems of Entrepreneurs :

Values are the criteria people use in assessing their daily lives, arranging their priorities, measuring their pleasures and pains, and choosing between alternative courses of action. Values normally range from highly abstract to very specific.

According to Weber (1949), values made human behaviour meaningful and rational. Through values, it is possible to reach the inside of the motivational and emotional factors of action and grasp the essence of human behaviour. Based on Max Weber's study, other social scientists also have stressed the role of both economic and non-economic values in the economic growth.

The human values are the internal factors of economic growth that lead man to exploit opportunities, to take advantage of favourable trade conditions and to shape his own destiny (McClelland,1961). Trading and industrial activities call for certain values which include the rationalisation of the conduct of life and rational economic ethics (Weber,1930).

The values are not hereditary in nature but can be acquired by systematic efforts. The values supporting or influencing entrepreneurship are developed through the process of socialisation. The family and other social institutions play a crucial role in training individuals to show a certain behaviour. One's predispositions towards independence, initiative and risk-taking are major consequences of the socialisation process.

Values regarding work has been found to be an important factor in the entrepreneurship. Cochran,(1965) emphasised the cultural values in the moulding of entrepreneurs. Society's

values are the most important determinant in the development of entrepreneurship. It is the social values that motivate him to pursue business as his occupation. He gains strength from the social acceptance of his activities.

Weber and some other social scientists have pointed out that the major hinderance in the development of modern capitalism is the value system in India, which gave a negative attitude towards work (Sing,J.P and Sinha,M,1974, Naryan,D,1977 Baig,N and Khan,A.M.M,1990). It has been reported that in India, those communities which gave respect and recognition to work has produced entrepreneurs and these communities are considered as entrepreneurial communities of India (Kennedy,R.E,1962). The non-work value of some communities prevented them from taking to entrepreneurial pursuits.

This is not unique to India alone. Attitude towards business change only with the change in the social values. In the study of American youngsters, McClelland,(1961) mentioned that "most young men going into business were reluctant about it because of the high prestige of other professions" (P:240). In Soviet Union, party workers, soldiers and the trade unionists were held in more esteemed than the organisers of the economic activity ie., the managers of the factories. "The society now accords equal respect, prestige and power to them in recognition of the economic progress and prosperity which the Soviet Union

has attained in the process of industrialisation" (Baig and Khan,1990,P:35).

Since values and norms vary from region to region and from section to section, the present study has made an attempt at finding out the values that are motivating the Kerala entrepreneurs. Based on values as personal preferences that channel one's activities the respondents in this study were asked to rank the important values that influence their decision making process. Five value systems were given and the respondents were asked to show the preferences in terms of ranking.

One of the objectives of the study was to find out whether there was any difference between the SEM and the USEM with respect to their value system. In order to find out this the total number of rank frequency for each value is divided by the number of respondents and an average score for each value was calculated. Then giving the first rank to the highest average, second to the next, the rank order was calculated. The table showing the rank order of the SEs and USEs to their value systems are given below:

Table 5.39 The ranks given by SEM and USEM to Value System

Value System	SEM	USEM
1.Economic Values	2	1
2.Religious Values	4	4
3.Aesthetic Values	3	3
4.Political Values	5	5
5.Social Values	1	2
6.Any other	6	6

The first rank is considered as the most important value system for that group, second rank the second most important. From the table it can be seen that for SEM, social values are more important than all other values. For USEM, it is the economic value that determines all their major decisions followed by social values.

In order to find out, whether the rank given by SEM and USEM are significantly different, the chi-square distribution was analysed. Since the rank given by both groups are same for all values except for social and economic values, chi-square test was conducted only for these two values.

Table 5.40: The chi-square distribution of SEM and USEM towards social values

Social Values		SEM	USEM	Total	$(fo-fe)^2$	$(fo-fe)^2/fe$
First 3 ranks	fo	32	20	52	36	1.385
	fe	26	26		36	1.385
Last 3 ranks	fo	8	20	28	36	2.571
	fe	14	14		36	2.571
Total		40	40	80		7.912

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.634
 Table value at 0.05 level = 3.841
 Calculated value = 7.912

From the above analysis, it is clear that there is significant difference between SEM and USEM with regard to the influence of social values in their decision making. In order to find out whether there is any difference between SEM and USEM with regard to their economic values Chi-square distribution was analysed.

Table 5.41: The chi-square distribution of SEM and USEM

towards economic values

Economic Values		SEM	USEM	Total	χ^2 (fo-fe)	χ^2 (fo-fe)/fe
First 3 ranks	fo	24	34	58	25	0.862
	fe	29	29		25	0.862
Last 3 ranks	fo	16	6	22	25	2.273
	fe	11	11		25	2.273
Total		40	40	80		6.270

D.F. = (2-1) (2-1) = 1
 Table value at 0.01 level = 6.635
 Table value at 0.05 level = 3.841
 Calculated value = 6.270

The chi-square test clearly shows that the difference observed between SEM and USEM with regard to economic values are significant at 0.05 level. USEM have given more importance to money than the SEM. McClelland and others (1951) have shown that for SEM, money for its own sake is not important but it is a sign of success and is something that give them status and position in the society.

It is found that in India, in general, values of society is fueling the process of development of entrepreneurs. The modern values of the society veer around the social status that money carries. People will work hard to earn it (Baig and Khan, 1990). The SEM of this study also shows the same trend, giving first rank to social values followed by economic values.

And the reverse trend is observed for USEM.

The inference that may be drawn from the data presented above is that social values are given good priority by the SEM. Other values do not play any important role. Even if they are relevant, they are submerged and function through social and economic values. Entrepreneurship cannot be isolated from the social values which continue to motivate them to pursue business as their occupation. They gain strength from the social acceptance of their activities (Baig and Khan, 1990).

Summary

From the above analysis of the motivating factors, personality characteristics and value orientation, it is clear that there is difference between SEM and USEM in their psychological make-up. On the basis of this difference, it is possible to identify the psychological background of a successful entrepreneur in Kerala environment.

The present study revealed that a successful entrepreneur in Kerala will enter the field of manufacturing only (i) if he/she is motivated by the desire to have more freedom/autonomy in his/her personal life, (ii) to derive satisfaction from ones own initiative and efforts, (iii) to channelise surplus financial resources.

These factors were identified as the most important

motivating factors on the basis of: (i) the difference in importance is significantly different between SEM and USEM and SEM have given more importance to it, (ii) the difference in importance is not significant but both SEM and USEM have given importance to it.

Besides the above mentioned three factors all the other factors are eliminated as not playing any important role in motivating the entrepreneurs who are likely to be successful. The criteria used for eliminating other motivating factors are: (i) there is no significant difference between SEM and USEM regarding these motivating factors and both of them have given least importance (last five ranks), (ii) the difference is significant, but SEM is not giving any importance to these motivating factors.

An important observation that can be made from this study is that the EDP and the government institutions are not playing any important role in motivating the entrepreneurs. Out of the 80 sample entrepreneurs, 62 (77%) gave EDP the last five ranks. Only 23% gave first five ranks to government encouragement, thus contradicting the popular belief that government incentives are encouraging potential entrepreneur to enter the field, though it is true that a large number of unemployed youth without any potential are encouraged by such Government programmes.

Technical know-how is also not an important factor in motivating the entrepreneurs. Both groups gave last five ranks to this factor. Social motives are also not influencing the two groups at the time of starting the unit. However, the social motive has gained importance after establishing the unit. Based on the same criteria as mentioned earlier, it is found that the factors that motivate the successful entrepreneurs to continue with their unit in Kerala are (i) to serve the society in a better way, (ii) to derive satisfaction from ones own initiative and efforts, (iii) for using the technical competence in a specialised area and (iv) to channelise the surplus financial resources.

On the basis of statistical analysis of chi-square distribution, it is found that a successful entrepreneur in Kerala will be resourceful, intelligent, ready to tolerate frustration and failure, active, creative and independent. The criteria for accepting these traits as part of the profile of successful entrepreneur (i) SEM has given great importance to the trait (first six ranks) and the difference between SEM and USEM is significant, (ii) both SEM and USEM have given much importance to these characteristics without any significant difference between them.

Out of 12 characteristics given, these six characteristics are accepted as part of the personality make-up of a

successful entrepreneur in Kerala and the other six characteristics are eliminated. The criteria for eliminating the traits are (i) both SEM and USEM have given least importance (last six ranks) to the trait and also there is no significant difference between them, (ii) though the difference is found to be significant, since SEM has given no importance to the trait and USEM have given high importance to it (first six ranks) it is being eliminated. The eliminated personality traits are (i) ambitious, (ii) knowledge, (iii) risk - taking, (iv) realistic, (v) innovative and (vi) money - minded.

There is significant difference between SEM and USEM in the case of value systems. It was the social values that dominated the decision making of SEM followed by economic values. It was the reverse for USEM.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

In Kerala, there is no dearth of men with ideas, but there is a real scarcity of men with the right blend of vision and practical sense to become successful manufacturing entrepreneurs. The main objective of the study was to understand the distribution of entrepreneurship in the manufacturing sector among different categories of people in Kerala and to differentiate the socio - psychological background of successful entrepreneur-managers from unsuccessful entrepreneur-managers.

For the purpose of the study, a sample of 150 entrepreneur-managers of SSI units spread over Ernakulam district was surveyed through a specially designed questionnaire. Two sets of questionnaires were used for the collection of data. The first set of questionnaires was used to collect the particulars of the industry and the personal data of the entrepreneurs.

Based on the information got from the first set of questionnaires the sample entrepreneur-managers were classified into two groups on the basis of selected performance indicators into Successful Entrepreneur-Managers(SEM-89) and Unsuc-

successful Entrepreneur-Managers (USEM-61). The second set of questionnaire was to identify the personality characteristics, motivating factors and value orientations of successful entrepreneurs in Kerala. For this, the second set of questionnaires were given to these two groups separately. Sociological and psychological variables of the study were tested with data thus obtained from questionnaires set-I and set-II

One of the main hypothesis of the study was to test the role of religious values in the development of an entrepreneur as put forward by Max Weber. The sample selected for the study is significantly dominated by Christians (66), and they are only second to Muslims in their entrepreneurial performance, showing that Christian and Muslim religion supply the entrepreneurs with the value system that support the entrepreneurial spirit. Oommen, M.A, (1972) also had come out with the idea that religion in Kerala plays an important role in the emergence of entrepreneurship.

Kerala, the highest literate state in India has the highest unemployment rate, and hence an attempt was made to find out the relation between education and entrepreneurship. It was found that there is significant relationship between education and entrepreneurial performance. Majority of the sample entrepreneur-managers are degree or other technically qualified. But

the highest percentage of SEM come from school educated entrepreneur-managers followed by technically qualified group. General education at the college level shows a negative trend with regard to entrepreneurial performance. Bhanusali.S.G,(1987) also observed the same trend.

There is significant relation between age of entry and entrepreneurial performance. Most of the entrepreneur-managers established their units at an early age. 42% of the entrepreneur-managers were 30 years of age or less at the time of establishment of their units. 29% were in the age group 31-40 years. Only 19% were more than 40 years old.

The distribution of sample units by the form of organisation revealed that sole proprietorship concern accounted for the largest proportion followed by partnership concerns and private limited companies. However, the form of organisation is not showing any significant influence on entrepreneurial performance.

One major factor that emerged from the study is that as a result of government incentives and assistance, the number of SSI units have increased in the sample too. The number almost doubled in 1980-89 (92) in comparison with 1970 - 79 (58). But with regard to entrepreneurial performance, it was found that majority of the early entrepreneur-managers belong to the SEM

group showing a significant relationship between period of entry and entrepreneurial performance.

Significant relationship was found between the type of product produced and entrepreneurial performance. The highest percentage of sample units were producing engineering and electrical related products. But majority of the SEM were producing rubber and plastic based products. The influence of religion is observed in the selection of products and entrepreneurial performance. Majority of the engineering and electrical units were started and managed by USEM who belonged to Hindu community. Babu.P,(1978) observed that in small scale industries of Kerala there exists is a relationship between the religious background of the entrepreneurs and the products they manufacture.

There are different agencies and government, financial institutions to support the entrepreneur. However it was found that the family support, education and occupation of the father were significantly related to entrepreneurial performance. Deshpande.M.U,(1982) also support this contention.

As a result of government's effort to motivate unemployed youth, there is a strong orientation towards entrepreneurship as is evident from the increase in number

of SSIs. But it is also a known fact that the number of sick SSIs are also on the rise. So an attempt was made to find out whether the lack of experience is effecting the entrepreneurial performance. Out of the 150 sample entrepreneur-managers only 60 (40%) had two years of experience, 68 (45%) had worked here and there for some time but not continuously for two years. Only 22 (15%) were unemployed before establishing their units. Chi-square analysis showed that there is significant relationship between employment and entrepreneurial performance. Murthy.B.E.V.V.N,(1989) and Ravichandra.K,(1991) found in their studies that entrepreneurs gained tremendous self confidence out of previous employment. Employment outside Kerala is also significantly related to entrepreneurial performance.

The conception of the idea for setting up SSI units by the sample entrepreneurs is discussed in terms of motivating factors. In order to test the hypothesis that there is difference between SEM and USEM with regard to their motivating factors, ten motivating factors were given to the sample entrepreneur-managers and were asked to rank them in the order of importance. The rank order shows that there is difference between SEM and USEM in their motivating factors.

The factors that motivated the SEM and USEM of this study to set up their units on the basis of the rank position is given below:

Rank	SEM	USEM
1.	To have more freedom/ autonomy in my personal life.	To make money for a comfortable living.
2.	To derive satisfaction from ones own initiative and efforts.	For self employment as an alternative to my unemployed condition.
3.	To channelise surplus financial resources already available to me.	To have more freedom/autonomy in my personal life.
4.	To make money for a comfortable living.	For using my technical competence in a specialised area.
5.	For using my technical competence in a specialised area.	To derive satisfaction from ones own initiative and efforts.
6.	To provide employment opportunities for others.	To provide employment opportunities for others.
7.	To serve the society in a better way.	By the encouragement provided by the govt. and financial institutions.
8.	By the encouragement provided by the govt. and financial institutions.	Inspired by the entrepreneurial development programme which I attended.
9.	For self employment as an alternative to my unemployed condition.	To serve the society in a better way.
10.	Inspired by the entrepreneurial development programme which I attended.	To chanalise surplus financial resources already available to me.

The factors that motivated the entrepreneur-managers to set up their industrial units varied from SEM to USEM. The difference in the motivating factors are significant at the time of starting with regard to - (1) making money for a comfortable living, (2) deriving satisfaction from one's own initiative and efforts, (3) self employment as an alternative to the unemployed condition and (4) channelising surplus financial resources already available. The differences between SEM and USEM were not significant in cases of other motivational factors listed.

In order to find out whether the motivating factors have changed with change in time, the same ten motivating factors were given to the entrepreneur-managers and asked them to give the present rank position (order of importance). The factors that motivate the entrepreneurs to continue with their SSI units varied from the factors that motivated them to establish their industrial unit. The factors that motivate the SEM and USEM to continue with their enterprise at present is given below on the basis of rank position.

Rank	SEM	USEM
1.	To serve the society in a better way.	To provide employment opportunities for others.
2.	To derive satisfaction from ones own initiative and efforts.	To have more freedom/autonomy in my personal life.
3.	For using my technical competence in a special-	For self employment as an alternative to my unempl-

ised area.	oyed condition.
4. To provide employment opportunities for others.	To serve the society in a better way.
5. To have more freedom/autonomy in my personal life.	For using my technical competence in a specialised area.
6. To channelise surplus financial resources already available to me.	To make money for a comfortable living.
7. To make money for a comfortable living.	By the encouragement provided by the govt. and financial institutions.
8. By the encouragement provided by the govt. and financial institutions.	To derive satisfaction from ones own initiative and efforts.
9. For self employment as an alternative to my unemployed condition.	Inspired by the entrepreneurial development programme which I attended.
10. Inspired by the entrepreneurial development programme which I attended.	To channelise surplus financial resources already available to me.

The motivating factors have changed both for SEM and USEM and the differences were found to be significant with regard to (1) deriving satisfaction from one's own initiative and efforts, (2) having more freedom/autonomy in one's personal life, (3) serving society in a better way, (4) self employment as an alternative to the unemployed condition and (5) channelising surplus financial resources already available.

Thus this study illustrates that in Kerala, a successful entrepreneur will come to the field of manufacturing only

(i) if he/she is motivated by the desire to have more freedom/autonomy in his/her personal life, (ii) to derive satisfaction from ones own initiative and efforts, (iii) to channelise surplus financial resources.

Besides the above mentioned factors, no other factor is playing an important role in motivating the entrepreneur to start a SSI unit. Based on this, an important observation that can be made from this study is that the EDP and other governmental institutions are not playing any important role in motivating the entrepreneurs.

Another finding of the study is that a successful entrepreneur will continue with his unit in Kerala if he is motivated by (i) the desire to serve the society in a better way, (ii) to derive satisfaction from ones own initiative and efforts, (iii) for using the technical competence in a specialised area and (iv) to channelise the surplus financial resources.

Analysis of the sample entrepreneurs classified into SEM and USEM reveals the differentiation in the personality characteristics. SEM gave more importance to intelligence, resourcefulness, readiness to tolerate frustration and failure, active, creative, independent and innovative characteristics. USEM gave importance to money-minded, ambition, risk-taking,

resourcefulness and readiness to tolerate frustration and failure. Chi-square analyses showed that the observed differences were significant with regard to (i) Ambition, (ii) Independent, (iii) Active, (iv) Risk - taking, (v) Creative, (vi) Money minded, and (7) Readiness to tolerate frustration and failure.

The chi-square analysis and the rank order supports the contention that certain personality characteristics are associated with successful entrepreneurship. The profile of a successful entrepreneur in Kerala in terms of behaviour characteristics may be described as follows an entrepreneur is resourceful, intelligent, ready to tolerate frustration and failure, active, creative and independent.

There is significant difference between SEM and USEM in the case of their value systems. It was social values that dominate the decision-making of SEM followed by economic values, it was the reverse for USEM. There was no significant differences between SEM and USEM in political, religious and aesthetic values. The analysis of the value system also supports the contention that entrepreneurship can be developed only with the change in the social values. Social acceptance and social status were found to be more dominant motivators than material advancement (Baig, N and Khan, A.A.M, 1990, Singh, P.N, 1986, Poduval, P.R, 1991).

These findings really support Max Weber's protestant ethic and McClelland's need for achievement. In addition to n Achievement and value orientation, several other factors are also indicated in the study. It may be noted that the high economic value orientation is a very important factor at the initial stage of entrepreneurship. It went to a secondary level with the success in entrepreneurship i.e., successful entrepreneur-managers give more importance to social value orientation rather than money making. This finding is supported by many other investigations.

The practical implications of the findings are (1) due care is to be given to the socio-psychological factors identified as associated with SEM, for the selection and training of future entrepreneurs. The entrepreneurial development programmes (EDP) conceived and implemented by several agencies, may take into consideration the significant factors listed in the thesis.

The thesis also points out certain areas for further study (1) a detailed enquiry on the relevance of product-wise entrepreneurship and the special features such as technical education associated with such products. There is a possibility that engineering and electrical product based industries may

produce successful ventures if they were initiated by technically trained people in those areas, (2) there is a need to make a indepth study about the success of diploma-holders and degree-holders in entrepreneurship, as the college education was found to be lowest among SEM. (3) a comparison of female and male entrepreneurs is not made in the present study. There is scope for a detailed study on the differential features of female entrepreneurship in comparison with the male entrepreneurs,(4) In the light of the fact revealed in this research that the government policies and programmes for the development of entrepreneurs in Kerala do not have much effect in making them a success, though it has an effect of encouraging many to enter the field needs a review for the selection and training of entrepreneurs.

APPENDIX - I

Mrs. SHALLY JOSEPH
Research Scholar
Under the guidance of Prf. P.R. Poduval
School of Management Studies
Cochin University

Dear Sir,

Let me introduce as the Research Scholar doing research under the guidance and supervision of Prof. P.R. Poduval in the School of Management Studies, Cochin University. My topic is "A study on the Socio-Psychological background of the Entrepreneur Managers of Small Scale Industrial Units in Ernakulam District, Kerala."

The Kerala State Small Industries Association, Ernakulam Unit has helped me by providing with the list of it's members containing the name and address. From the given list I have taken a sample and I find that your name is included in the same

I solicit your help and support in collecting the required data for my research. Please fill the attached proforma and send it to me at the earliest. The information provided by you will be used only for research purpose.

I thank you in advance for the kind co-operation.

Yours faithfully,

Mrs. Shally Joseph.

Note A self addressed and stamped envelop is enclosed for your convenience.

A Study on the Socio-Psychological background

 of the Entrepreneur Managers of Small Scale Industrial Units

 in Ernakulam District, Kerala

A. PARTICULARS OF THE INDUSTRY

1. Name of Unit
2. Address of the Unit
and location of factory
3. S.S.I. Registration number
and year
4. Nature of ownership

Proprietary
Partnership
Co-operative
Private Limited
Public Limited
5. If the unit is other than
proprietary, please specify
your role.

Director
Managing Director/Partner
Financial Partner
6. Products Manufactured
7. Present Financial viability
of the Unit

Profitable
No profit - no loss
Loss
8. If the Unit is not profit-
able, whether it is decla-
red as a sick one.

Yes/	No
------	----

B. PERSONAL DATA OF THE ENTREPRENEUR

1. Name (in block letters)
2. Permanant address
3. Present residential address
4. Age & Date of birth
5. Place of birth
6. Sex

Male / Female

7. Educational Qualification
8. Marital Status

Yes / No

9. Religion & Community
10. Whether you were employed
else where, prior to the
present endeavour

Yes / No

11. If yes, Name and address of

20. If this Unit was purchased, please state the condition of the unit at that time
- Sick
- No Profit No loss
- Profit
21. Where you, outside Kerala for more than 2 years continuously before starting the Unit
- Yes No
22. If yes, please specify
- Place
- Duration
- Purpose
23. Did you undergo any training for starting the Unit.
- Yes / No
24. If yes, specify - Name and address of institution :
Duration & Nature of training:
25. How do you feel now about your decision to start the Unit.
- Very Happy
- Happy
- Some what Happy
- Some what unhappy
- Un-happy
26. If you are offered an employment in a Govt. or in an organised Sector, are you prepared to accept the same
- Yes / No.
27. If you accept such a job will you entrust the Unit with your relatives or dispose of the same.

Name and signature of the Entrepreneur:

APPENDIX - II

A Study on the Socio-Psychological background of the

Entrepreneur Managers of Small Scale Industrial units in

Ernakulam District, Kerala

Mrs. SHALLY JOSEPH
Research Scholar
Under the guidance of Prf. P.R. Poduval
School of Management Studies
Cochin University

Dear Sir,

Thank you very much for helping me by filling up a questionnaire (on an earlier occasion) relating to my study on "Entrepreneurship in Kerala". I need some more additional information from you for completing my work. I hope you will continue to help me by filling this additional questionnaire which is a continuation of the earlier one. You need not write your identification such as name or any other particulars in this form.

Thanking you in advance for the kind continued co-operation.

Yours faithfully,

Mrs. SHALLY JOSEPH.

Section - A

INSTRUCTIONS

Please read each statement given below and record your response by a 'X' mark in the appropriate column against the question number. If you agree with the statement or if you feel that the statement is true or mostly true in your case, then record your response (X mark) inside the column 'true'. If the given statement is false or not usually true in your case or you disagree with the statement, then record your response as false by marking 'X' inside the column, 'false'. Please don't give your response as a judgement, in terms of good or bad. Your response has to reflect your feelings about yourself rather than the desirability or

undesirability of the given statement.

True

False

- | | True | False |
|--|------|-------|
| 1. I wish I could be as happy as others seem to be. | | |
| 2. My feelings are not easily hurt. | | |
| 3. I have met problems so full of possibilities that I have been unable to make up my mind about them. | | |
| 4. Criticism or scolding hurts me terribly. | | |
| 5. My conduct is largely controlled by the customs of those around me. | | |
| 6. What others think of me does not bother me. | | |
| 7. I find it hard to talk when I meet new people. | | |
| 8. I wish I were not so shy. | | |
| 9. I have difficulty in starting to do things. | | |
| 10. I am entirely self confident. | | |
| 11. When in a group of people I have trouble thinking of the right things to talk about. | | |
| 12. In school I found it very hard to talk before the class. | | |
| 13. I am easily embarassed. | | |
| 14. I feel anxiety about something or some one almost all the time. | | |
| 15. I frequently ask people for advice. | | |
| 16. I feel like giving up quickly when things go wrong. | | |

17. I feel sympathetic towards people who tend to hang on to their griefs and troubles.
18. I sometimes find it hard to stand up for my right because I am so reserved.

Section - B

INSTRUCTIONS

Please rank the following reasons (or urge) for starting and continuing your industrial unit. 10 probable reasons are given below. In column A rank the reasons that motivated you to start the industry. Rank No.1 for the most important, Rank No.10 for the least important. In column B, rank the reasons that motivate you to continue the unit.

Reasons	A	B
1. To make money for a comfortable living.		
2. To derive satisfaction from ones own initiative and efforts.		
3. To have more freedom/autonomy in my personal life.		
4. To provide employment opportunities for others.		
5. To serve the society in a better way.		
6. For self employment as an alternative to my unemployed condition.		
7. To channalise surplus financial resources already available to me.		
8. By the encouragement provided by the Govt. and financial institutions.		
9. For using my technical competence in a specialised area.		
10. Inspired by the entrepreneurial development programme which I attended.		

Section - C

INSTRUCTIONS

According to you what are the important personal characteristics of a successful entrepreneur? (Show the rank order No.1 being the most important).

Rank

1. Ambitious
2. Resourceful
3. Knowledgeable
4. Independent
5. Active
6. Risk taking
7. Creative
8. Intelligent
9. Realistic
10. Innovative
11. Money minded
12. Readiness to tolerate frustration & failure

Section - D

INSTRUCTIONS

When you take decision on an important issue, which factor will dominate of influence your decision (Please rank 1,2,3 preferences)

Rank

1. Economic Values
2. Religious Values
3. Aesthetic Values
4. Political Values
5. Social Values
6. Any other

APPENDIX - III

PSYCHOLOGICAL TEST OF DEPENDENCY

Score on Dependency Scale

SEM Sample No.	SEM Score	USEM Sample No.	USEM Score
1	2	1	5
2	2	2	6
3	3	3	4
4	4	4	13
5	7	5	4
6	4	6	6
7	4	7	2
8	7	8	8
9	7	9	7
10	2	10	1
11	5	11	6
12	3	12	6
13	5	13	11
14	4	14	5
15	5	15	3
16	3	16	4
17	3	17	9
18	3	18	13
19	4	19	4
20	4	20	16
21	3	21	8

22	2	22	8
23	8	23	6
24	2	24	6
25	5	25	3
26	4	26	5
27	1	27	6
28	9	28	10
29	6	29	1
30	6	30	9
31	4	31	14
32	12	32	5
33	6	33	3
34	4	34	8
35	4	35	9
36	2	36	5
37	3	37	7
38	4	38	6
39	3	39	13
40 •	3	40	14

SEM Total Score = 172

USEM Total Score = 279

N = 40

N = 40

Mean = $172/40 = 4.3$

Mean = $279/40 = 6.975$

S.D = 2.159

S.D = 3.664

Diff = 2.69 't = 5.769

Significant at 0.001 level

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