

FACTORS MOTIVATING FIRST - GENERATION ENTREPRENEURS TO START NEW BUSINESS

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Introduction

Nowadays, most of the fresh graduates prefer starting own business instead of being employed for so many reasons. This is evident from the fact that fresh graduates from all types of educational institutions including IITs and IIMs are ready to reject job opportunities offered to them. Thus, becoming as an entrepreneur is one of the prime career dreams of many youths. There are mainly two categories of entrepreneurs. The first types of entrepreneur have support from their ancestors or family members. They continue the business owned by their parents and they get all the required business skills acquired through them. But the other type of entrepreneur, first generation entrepreneur, doesn't get such a support from their family members and thus they have to invest their savings and efforts to mobilize the resources they need to start and run their new business. Usually the first-generation entrepreneur suffers from low-resource and support. Hence, less number of immigrant community exemplifying about the entrepreneur. To encourage young entrepreneurs to start-up a new business and to sustain its success, it is essential to determine the critical factors that encourage them to start a new business.

Researches relating to entrepreneurship is gaining paramount importance among academicians and government as starting of many successful small and medium enterprises which will potentially grow as future MNCs and improve the economy as a whole. As noted by Kritikos, 2014 that emergence of new enterprises generate plenty of new job opportunities for the society and have potential to eradicate unemployment problem.

Statement of the Problem

Unemployment is one of the major problems for our economic development. Unemployment in India is in different forms such as frictional unemployment, cyclical or keynesian unemployment, structural unemployment and seasonal unemployment. All these types of unemployment

causes low per-capita income, vicious circle of poverty, poor standard of living and so on. In a study, it is evident that unemployment and poverty are the significant twin reasons for emergence of anti-social elements. In order to reduce this crucial problem, several job opportunities have to be generated. As our country is highly populated and under developed, government is unable to provide or generate adequate job opportunities for the people. Therefore, self-employment is one of the ways to overcome this issue. New entrepreneurs by starting new business not only create job opportunity for himself/herself but also generate employment to many unemployed persons.

Rationale

In the earlier stages, the economic condition of Vellore district was not sound due to lack of adequate industries. But now some industries have been started. Further, marked growth seen in the small scale industries utilizing this situation. The growing economy all over the country enables the entrepreneurs to expand their business. As Vellore is one of the fast growing cities in Tamilnadu, it is vital to study and understand various factors those are encourage first generation entrepreneurs to start new business.

Objectives

1. To determine the demographic aspects of the first generation entrepreneurs
2. To identify the factors motivating the first generation entrepreneurs to start business in Vellore.
3. To suggest the way in which first generation entrepreneurs can be motivated.

Methodology

This research is empirical in nature and involves both primary and secondary data. It is a cross sectional study. The primary data has been collected from the first

generation entrepreneurs in Vellore using a well structured questionnaire with 5 point likert scale. The sample size is restricted to only 212 entrepreneurs. convenience sampling technique is used for selecting samples for the study. Secondary data were collected from journals, articles, books and concerned web sites.

Review of Literature

Naude (2008) noted that entrepreneurship has an important role to play in fostering a traditional /agrarian economy to modern economy, with innovation driven growth in productivity in advanced countries. Further it was found that low entrepreneurial activity lead to economic stagnation and even developmental gap.

Khanka (2009) in his book, entrepreneurship development illustrates the personal characteristics of successful entrepreneurs as hard work, desire for high achievement, high optimism, Independence, foresight, good organizing capacity and innovativeness. Further, the author indicated that success of a small enterprise is to a great extent, attributed to the success of entrepreneur himself.

Sujatha Mukerjee (2009) described an entrepreneur in various manner as a) a person who assumes the risk associated with uncertainty; b) an adventure who undertakes risks, brings together the capital and labour required for the work; c) an innovator; d) a decision-maker; e) an economic leader; f) a manager or a superintendent; g) an organizer and coordinator of economic resources; h) an owner i) a contractor; j) a referee; and k) a locator of resources for alternative uses.

Lakshman Prasad and Subhasish Das (2008) in their book titled entrepreneurial climate, an assorted coverage make an intensive study on entrepreneurship involving psychological as well as socio-culture milieu, viewing entrepreneurs as innovators. The integrated behavioural framework, suggests the pooling of traits such as achievement orientations, strategies vision, personal resourcefulness, innovativeness and opportunity seeking at high intensive non-restrictive to give risk to an entrepreneurship .

Small bone and welter (2001) entrepreneurs contribute to economic development in terms of job creation, innovation and external income generation depending upon priority and different stage of market reform. The authors suggested direct support to SMEs to overcome immediate difficulties to strengthen their potential for development and growth.

Limitations

1. The study is conducted in Vellore city only
2. The findings of the study is only indicative but not conclusive
3. Limited availability of time and finance for this study

Data Analysis and Findings

In order to show the distribution of demographic features among the respondents, the following table 1 lists its profile.

Table 1 Demographic Profile of the Respondents

S. No	Particulars	Frequencies	Percent (%)	
1.	Gender			
	Male	122	57.55	
	female	90	42.45	
2	Age Group	Upto 25	44	20.75
		26-35	54	25.47
		36-45	79	37.26
		46-55	25	11.70
		Above 55	10	4.72
3.	Marital status	Married	148	69.81
		unmarried	64	30.19
4.	Maximum educational qualification	SSLCC	36	16.98
		H.S.C./+2	41	19.37
		UG/PG	83	39.13
		DIPLOMA	52	24.53
5.	Family income per month	Less than 20,000	98	46.23
		20,001-40,000	73	34.43
		Above 40,000	41	19.34
6.	No. of employees working	Upto 10	102	48.11
		11-20	82	38.68
		21-30	16	7.54
		Above 30	12	5.67
7	Tenure of your business	Less than 6 months	26	11.80
		6 months - 1year	129	60.84
		1 year-2 year	57	27.36
8.	Type of organization	Sole – proprietor	70	33.02
		Family owned business	40	18.86
		Partnership	90	42.45
		Others	12	5.67

Table 2: Factors Motivating First Generation Entrepreneurs

S. no.	Opinion variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Weighted Average	Rank	Aggregate Rank
I. Economic Factors									
1.	Adequate investment	-	7	20	60	125	4.43	3	5
2.	Easy availability	-	-	22	25	165	4.67	1	1
3.	More infrastructure	-	-	132	28	52	3.62	4	15
4.	Latest technology available	-	-	55	95	62	3.32	5	16
5.	Sufficient rawmaterials	-	5	39	20	148	4.46	2	4
II. Social Factors									
1.	More social contact	-	-	52	24	136	4.39	1	6
2.	Self interest and motivation	-	-	98	79	35	3.70	6	14
3.	Subsidy support from govt	-	15	52	58	87	4.02	5	12
4.	More bank support	-	18	25	56	113	4.24	3	8
5.	Basic knowledge & skills	-	-	45	57	110	4.31	2	7
6.	Staff decision make & ideas undertaken	-	-	47	106	59	4.05	4	11
III. Psychological Factors									
1.	Positive attitude towards business	-	-	25	58	129	4.49	2	3
2.	More self confidence	-	-	22	152	38	4.07	4	10
3.	Challenging task among competitor	-	-	59	87	66	3.75	5	13
4.	Appreciation from the family	-	-	15	54	13	4.60	1	2
5.	Hiring right talent	-	-	30	108	74	4.20	3	9

Through literature review, 16 factors were identified as factors motivating first generation entrepreneurs to start new business. These factors are grouped into three categories namely economic, social and psychological factors. Weighted average method and ranking method are used to analyze these factors. Based on the indication given by Maniraja (2016), for five point likert scale, the range of weighted average 1.0 to 2.5 comprises low level, 2.5 to 3.5 comprises moderate level and 3.5 to 5.0 refers high level. All the factors except latest technology available under the economic factors are at higher level as all these factors' average fall within the range of 3.5 and 5.0. The

latest technology available factor is at moderate level as its weighted average is 3.32 which is in the range of 2.5 to 3.5 level. These findings indicate that all the factors taken for this research motivate first generation entrepreneurs to a great extent.

Within economic factors, easy availability of man power is the most important factor as it ranked first in that category. In the same way, more social contact within social factors ranked first as its average is the greatest within the social factors. Finally, appreciation from the family under psychological factors motivated more than other factors in that category. While taking all the factors

altogether, easy availability of man power under economic factors is the most motivating factor for starting new business. Following that appreciation from the family members under psychological factors motivate them a lot as it ranked second.

Chi-Square Test

In order to test the association between the economic factors and the nature of business started, the following hypotheses were formed.

Null Hypothesis: There is no significant association between economic factors and the nature of the business.

Alternative Hypothesis: There is significant association between economic factors and the nature of the business.

Table 3 Chi-Square Test

Type of organization/ Economic Factor	Sole – proprietorship	Family owned business	Partnership	Others	Total
Adequate investment	21	14	30	5	70
Easy availability	20	10	27	3	60
More infrastructure	8	5	7	2	22
Latest technology available	12	7	20	1	40
Sufficient raw materials	9	4	6	1	20
Total	70	40	90	12	212

Degree of freedom $(R-1) \times (c-1)$
 $(4-1) \times (5-1)$
 $3 \times 4 = 12$

Level of significance @ 5% 0.05

Table value = 26.3

From table 3, chi-square test revealed that the null hypothesis is accepted as the calculated value of chi-square 11.31 is less than the table value. Thus, there is no significant association between economic factors and the nature of the business.

Suggestions and Conclusion

Since the easy availability of skilled man power motivates much to start new business, government should make necessary steps to improve employability of young generation by providing quality education and vocational training. Social campaign should be conducted for insisting the elders to encourage and motivate the young generation instead of discouraging them. Affiliation and social contacts also motivate entrepreneurs and so proper platform should be created for enhanced and safer social media to support business transactions. They should be given proper training in order to cope with rapid technological development through government support before starting a unit. This will help them to overcome this technological hurdle and to compete with large scale organizations. Motivating young generation to start business and become as a first generation entrepreneur has a tremendous potential to overcome unemployment problem of our economy. The fresh graduates must have positive attitude towards starting new and innovative

business. Government support with incentives is also one of the strongest criteria for the growth and development of new entrepreneurs. This is vital for faster economic growth.

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