

## Evaluating critical factors affecting micro-entrepreneurial success in India: a study of Jharkhand region

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**Abstract:** The purpose of the present study is to identify and analyze the critical factors affecting entrepreneurial success in the Jharkhand region of India and provide a better insight of entrepreneurial scenario existing within the state. Data of 298 respondents were exposed to descriptive statistics, z-test analysis, regression analysis and chi-square analysis for procuring results to satisfy the objective of the study. The study sums up the fact that in any geographical setting, entrepreneurship is an important activity for witnessing overall development throughout the country. Hence, it identifies and proves that socio-cultural, psychological, skills and resources are critical to enterprise success in the demographic setting of Jharkhand state. It highlights the fact that nascent state like Jharkhand has an outright potential to glorify its economy. The study can help form policies regarding various critical factors for nurturing business and promote enterprise growth. It helps the policy-makers, academicians to have knowledge in this area regarding the socio-cultural, psychological, skill-related and resource-linked structure and importance to a state in nascent economy like Jharkhand. The paper has tried to add on literatures by conducting a study of micro-entrepreneurs in a nascent economic set-up of Jharkhand (India) in which limited studies have been done. It takes many factors at the same time to understand the importance on the success of enterprises.

**Key words:** Entrepreneurial success; Indian MSME; Psychological factors; Socio-cultural factors; Entrepreneurship skills; Resource-linked factors

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### 1. Introduction

Entrepreneurship occupies a pertinent place in the procuring economic development. It is considered as a key concept in social and human development. In the era industrialization, increased entrepreneurial activity serves to replace dying enterprises. It provides new jobs to compensate for employment problems created by corporate restructuring and downsizing; and to enhance economic flexibility and growth as said by Mueller and Thomas, (2000). Considerable amount of literature is present where attempts have been made to understand the critical factors responsible for entrepreneurial success. Studies on the relationship between such factors and entrepreneurial success have been clearly explained in many current researches of Makhbul and Hasun, 2011; Pun (2011); Rusu et al. (2012). According to Casson, (2003); Fisher et al. (2014) entrepreneurial success is a construct that is not defined properly, although there is a conformity that the society benefits from successful entrepreneurship phenomenon, and hence it is important to understand the concept. Baron and Henry (2011) argued that lack of clarity about the concept of success is a worthy issue for entrepreneurship researchers to investigate this

field. This success of enterprises solely depends on several factors like its general demography, socio-cultural aspects, psychological traits, environmental conditions and its organizational profile.

#### 1.1. Rationale of the Study

India has a vibrant MSME sector that plays a significant role in supporting the economic growth. In India, micro, small and medium enterprises (MSME), holds a significant place in terms of its contribution to Indian economy. It serves as a growth engine for sustainable economy, poverty attenuation and employment generation. According to Micro, Small and Medium Enterprises Development Act (MSMED-2006), of government of India, a Micro-Enterprise is the one which has an investment up to 2.5 million in plant and machinery for manufacturing enterprises and up to 1 million in equipment's for service rendering enterprises. In India, MSME plays a critical role by contributing almost 40% to its economic growth. It comprises of more than 80% of Indian industrial enterprises. MSME sector contributes to 40 per cent in overall export and almost 8 per cent to the GDP of India (FICCI MSME Summit, 2012). It is an effective vehicle

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for sustainable livelihood, poverty reduction and employment generation.

In context to the above discussion, the present study focuses upon the state of Jharkhand for better understanding of its current entrepreneurial scenario. Jharkhand, as a developing state exhibits a well nurtured industrial base. The state is endowed with almost 40% of the total minerals of the country and is the sole producer of cooking coal, Uranium and Pyrite ranking first in the production of coal, mica, kyanite and copper in India (Jharkhand, Department of Industry). It also shows that 46.2% of the population is below the poverty line and literacy rate is 67.63% depicting the backwardness of the state in terms of socio economic condition (Government of Jharkhand, official website). Although Jharkhand is rich in minerals and natural resources and one of the densely populated states in India, why it has encountered limited development in entrepreneurial culture compared to the other newly built regions such as Gurgaon, Noida, becomes a concern for a researcher that needs to be addressed.

## 1.2. Research Aims and Objectives

Against the above backdrop, the present study attempts to understand the complex process of entrepreneurial success influenced by its critical factors in the demographic set-up of Jharkhand region of India. The objective of the study is as follows:

- i) Critically review the literatures in the area of entrepreneurship success and identify the critical factors.
- ii) To evaluate the significance of the factors and analyze its effect on entrepreneurial success.

The paper proceeds as follows. *Section 3* of the paper reviews the current literature on the focus area In *Section 4* the research methodology is discussed adopted in the study. It is analyzed in *Section 5* through various statistical techniques, and the findings are discussed explicitly. The paper concludes in *Section 6* including the limitation to the study, and thus the implications and future research scope of the study are also projected.

## 2. Literature Review

The entire section focuses upon the core concept of entrepreneurial success thereby considering the pertinent factors influencing it. It has been segmented into five major dimensions for which current literatures have been studied.

*Entrepreneurial Success:* Entrepreneurial success has been perceived in many ways. Brush and Vanderwerf (1992) called success as a particular aspect of performance. It is something the owner perceives and measures in various parameters. The set standards can be financial status of or certain non-financial parameters of a firm. Entrepreneurial success is frequently measured through the use of performance indicators. Identifying the indicators of

entrepreneurial success is difficult as it has many dimensions (Brockner et al., 2004; Fisher et al., 2014). Fried and Tauer (2009) had offered an index for measuring entrepreneurial success which has total cost (the cost of input by the enterprise), owner number of hours (the commitment of the entrepreneur towards the enterprise), total revenue, and revenue growth. Liechti et al. (2009) developed performance parameter of entrepreneurial success using industry-adjusted scales, total income and return on initial invested capital. Caliendo and Kritikos (2008) measured entrepreneurial success in terms of how many employees currently employed at the firm. Steffens et al. (2012) also measured entrepreneurial success through his goal achievement, economic success, lifestyle success. Business and non-business indicators (such as meeting challenges or overcoming obstacles) are used to measure entrepreneurial success according to Brush, (2008); Cliff, (1998). Various entrepreneurship theories of Cantillon (1931), Marshall (1961), Schumpeter (1934), Kirzner (1979) and so on, has emphasized on profit as an indicator of entrepreneurial success (Bosma et al., 2000).

The present study has taken into consideration 'perceived business chance' i.e. the outlook of chances of success to the business as the measure to entrepreneurial success. Perceived business chance has been mentioned in various literatures as a most important dimension to measure chance of entrepreneurial success as per Cooper and Dunkelberg, (1986) and Chaganti et al. (1995). It is important to measure entrepreneurial success to have a view to the effect of any factors that act as a catalyst for entrepreneurship process.

*Psychological Dimensions:* Psychological dimensions of entrepreneurship are an important facet for entrepreneurship study. In fact, psychological variables play a mediating role on the performance of entrepreneurship that leads to entrepreneurial success. According to Rauch and Frese (1998) psychological traits contribute to success of enterprise development. Various studies have focused upon the significance of individual traits on the success or failure of entrepreneurs. Psychological attributes have been found to be pertinent to success by Frese et al. (2002). Through the years of research, many individual characteristics have been discarded, or have been measured ineffectively. Economic, social, demographic, cultural and other factors help in new venture creation but none of these individually or together can effectively run an enterprise. It is the individual, who makes it possible. He foresees innovation in a concept, he who has the motivation to accomplish the task. The present study considers four major psychological characteristics frequently cited in various literatures whose relationship with entrepreneurial success needs to be studied.

*Self- Efficacy:* Self-efficacy alludes to an individual's sense of judgment with respect for their ability to perform a said task inferred by Bandura, (1977). Self-efficacy is a sense of strong belief in

one's own competency to accomplish an objective and achieve a goal by employing necessary resources, skills, and expertise according to Bandura, (1997). According to Ho and Koh (1992) self-efficacy is an important psychological dimension that forms a base to understand entrepreneurial orientation of an individual. According to Livesay, (1982), in entrepreneurship, self-efficacy may be manifested as scrutinizing a task that needs commencement and development of new ventures, which is representative of the entrepreneurial success. Individuals carrying high levels of entrepreneurial self-efficacy exhibits intentions of an entrepreneurial career. Lent et al. (1994) explained three aspects of career development through self-efficacy as a measure related to job interests, occupational choice and occupational performance.

In fact, an individual with strong self-efficacy will perhaps take negative feedback also in a constructive manner and utilize that feedback to boost their performance and efficiency. ESE (Entrepreneurial Self-Efficacy) is a construct that measures a person's belief in their proficiency to be a successful said by McGee et al. (2009). They should be self-responsible in all the decision-making processes said by Kumar and Sihag, (2012). Hence; it is a strong predictor of entrepreneurial intentions and ultimately action referred by Bird (1988).

**Locus of Control:** Julian Rotter (1996) introduced the concept of locus of control. It speaks about an individual's generalized belief about control of his or her own destiny. It is a person's perception about control over events of life according to Findley & Cooper (1983). Those who accredit control of events and destiny to themselves are likely to have an internal locus of control and are labeled to as 'internals.' People who accredit control to forces beyond their control and believe on destiny are said to have an external locus of control and are labeled to as 'externals' said by Spector, (1992) and Carver, (1977).

Rotter (1996) also claimed that "individual having an internal locus of control possibly have higher need for achievement as compared to those having an external locus of control." Many literature studies have revealed through empirical findings that internal locus of control is an entrepreneurial characteristic that has major drive towards entrepreneurial activity said by Ho and Koh, (1992); Cromie, (2000). In a study consisting of students in a sample, a positive correlation was found to exist between internal loci of control and the desire to become an entrepreneur according to Bonnett & Furnham, (1991). According to Ward (2004) small business entrepreneurs had significantly 'internal' locus of control, while Lee and Tsang (2001) claimed there exists a significant positive relationship between internal locus of control and venture growth in a sample of Singaporean entrepreneurs.

**Innovativeness:** Innovativeness is perceived as an important characteristic of an entrepreneur. According to Schumpeter (1990) an entrepreneur is simply an innovator. Various literatures on

entrepreneurship have generally cited innovativeness as a distinct trait of the entrepreneur by Jun & Deschoolmeester, (2005). Peter Drucker (1998) suggested that innovation was a tool by which entrepreneurs may exploit ideas in order to generate new service and business opportunities. Various empirical studies also support this belief that entrepreneurs are more innovative in nature than non-entrepreneurs Koh, (1996).

Innovativeness of an entrepreneur motivates him to emerge with new concepts of doing things, which in turn makes it possible for an entrepreneur to utilize resources and set up new ventures and becomes successful. Mueller and Thomas (2000) claimed that innovation was a primary motif in putting up a business venture. Entrepreneurship is therefore, an act of innovation that adds a new wealth-yielding capacity to the economy of a nation said by Ivanova & Gibcus, (2003).

**Risk-Taking Propensity:** Risk taking propensity has been perceived as an individual's propensity to undertake or avoid risk perceived by Petrakis, (2005). The ability and tendency to take deliberated risks had been perceived as an essential characteristic for entrepreneurial success around the world deciphered by Carland et al. (1997); Rauch & Frese, (2000). In entrepreneurship literature, risk-taking propensity has been understood as the inclination to take moderate risks perceived by Begley, (1995). According to Koh (1996) he studied that students inclined towards entrepreneurship have significantly scored higher in risk-taking propensity than students not having entrepreneurship inclination.

A meta-analytic study by Stewart and Roth (2001) claimed that the risk-taking propensity of entrepreneurs was greater than that of non-entrepreneurs. Risk taking propensity is perceived to have positive influence on entrepreneurial orientation. The entrepreneurs should be more vigilant in their day-to-day working. It will help them to undertake more risks in an effective manner perceived by Kumar and Sihag, (2012). Although, various literatures on entrepreneurship studies have shown the significance of risk-taking attitude needed for entrepreneurial activity; but the level of risk-taking differs among entrepreneurs in different industries and from non-entrepreneurs.

**Socio-Cultural Dimension:** A person imbibes certain values and culture from the society he lives. Individuals affect and get affected by the social structure which also has an impact in the study of entrepreneurship. Redding (1980) illustrated in his study that Asian entrepreneurship practicing in Nigeria dwells on familial ties. It is therefore, obvious that socio-cultural context plays a role in influencing entrepreneurship activity. According to Berna (1960), Fox (1969), and McClelland (1961), the economic backwardness of India is linked with its culture. They emphasized that the social basis of entrepreneurial growth is very limited in Indian scenario as studied by Tripathi, (1992). However, Aldrich & Zimmer (1986) in a study of Thornton et al

(2011) emphasized that entrepreneurship is implanted in its social institution.

The following socio-cultural factors have been recognized as influencing the entrepreneurial activity in the society.

**Religiosity:** Religion of a person forms a fundamental part of the cultural system. It brings harmony and boosts social unanimity among individuals in their daily life. It also strengthens social values and norms. Western observers like Weber claimed that India's spiritualism and austerity provide invincible hindrance to the progress through the country (Singer, 1956). Singer (1972) claimed in his empirical study conducted in Madras diagnosed that Hindu entrepreneurs distinguish their religious lives from their business life. Saberwal (1976) and Timberg (1978) in their study claimed that India's economic backwardness was due to a problem in its structural conditions unfit for entrepreneurship and not due to socio-cultural systems prevailing throughout the country. Shivani et al. (2006) in her study claimed that religion served as a source of strength rather than a barrier to entrepreneurial success in India.

**Family Support:** Many studies have regarded family as the building stone of the society. Haralambos and Heald (1980) claimed that the basic unit of any social institution like in the society, it was the primary responsibility as a family to incorporate the society's culture prevailing and hence built individual personality. Moral and financial support from family is one of the valuable determinants for entrepreneur's successful establishment conducted in India by Shivani et al. (2006).

**Skill-Related Dimension:** According to Maier (1965) skills are the inborn aptitudes (that develop without training) and the achievements (those results. Kunene (2008) asserted that entrepreneur's skills are important determinant of business success. Chell, (2013), in her study said that the process of entrepreneurship is quite intricate in nature and thus what skills are required for various stages of the process needs to be considered. Also, skills should be separated from ability, aptitude and competency, which indicate knowledge, skills, abilities and sometimes other attributes as well. Skills differ from abilities. The practice of skill improves proficiency at tasks, whereas abilities show more general traits studied by Matthews et al. (1992). In a study conducted by Shaw (2010), the success of entrepreneurs in India is a function of his traits, attitude, skills and the environmental factors. According to Meher and Sahoo (2008) communication skill, technological skill, leadership skill and marketing skills of an entrepreneur affect its success.

**Leadership:** Leadership is defined as a process through which one uses the power to direct and coordinate the activities of his followers individually or in a group to establish a goal said by Yukl and Van, (1992). Leadership is about a relationship of understanding between a leader and his group of followers in direction of a common goal. Markman

(2007) said that entrepreneurs were those who possess the knowledge, skills, and abilities of a strategic leader through which their actions and decisions influence the enterprise success. According to a study conducted by Jong and Hartog (2007) leadership skill significantly influences any business success.

**Communication Skills:** Adejimola (2008) precised on the importance of inculcating communication skills and stated that entrepreneurs who establish effective communication within and outside their enterprises become more successful. Montagno et al. (1986) suggested that communication must be essentially considered as a multidimensional concept which impacts competence, inter-relationship, cognitive skills for better entrepreneurial performance. An individual who has an excellent expressive quality would become a good leader too. Entrepreneurs need to be an excellent communicator. He/she should be capable of easily approaching, explaining, discussing their thoughts to others in order to succeed as studied by Meher and Sahoo, (2008).

**Human Relation Skills:** Along with other factors, human capital plays a predominant role in any organization. In context to entrepreneurship, developing human relation skills enhance the possibility of business success. According to Adejimola (2008), it is not suggested for entrepreneurs to distort a relation with others in any segment like customers, suppliers, other entrepreneurs or the society. Entrepreneur's ability to build and maintain healthy relationship becomes a challenging role and hence developing such a role becomes essential and primary. It is basically a personal skill that improves the competency of the entrepreneur, brings him success and goodwill to the firm.

**Technical Skills:** Like managers in any organization, entrepreneurs also need to perform certain functional roles. According to Chandler and Jansen, (1992) an entrepreneur needs to possess technical skills and suitable knowledge in their specific field and the ability to use appropriate tools and techniques. Baum (1995) and Winterton (2002) concluded that possessing some specific technical skills in their relevant fields is a vital requirement for entrepreneurs. The technical elements if put in place eases the effective flow through the business and its success. Rapid need of technical know-how leads to competition in exploiting it in order to flourish in the market. Hence, technical competencies are required to help entrepreneurs in handling and operating business-related tasks.

**Inborn Aptitude Skills:** According to Kantor (1988) entrepreneurial ability is inborn and some talent and skills cannot be generated even if training is provided to them. As Maier (1965) said skills are the inborn aptitudes that cannot be developed by giving training. According to Silva (2006) the chances of opting entrepreneurship as a profession increased among those who are 'inborn' are well versed in diversified fields. Hence, inborn aptitude

can be considered as a strong component behind entrepreneur's intention and success.

**Resources- Linked Dimension:** Although individual motivations and acquired skills may encourage an individual to engage in entrepreneurship activities necessary to start a business, various researches in this field has given argument that available resources are important determinant of entrepreneurial longevity and their success. However, passionate or skillful they are to become an entrepreneur they will ultimately have to depend on their chance to avail resources. For example, among the three entrepreneurial processes identified by Elfring and Hulsink (2003), the second is the acquisition, mobilization and deployment of available resources.

Some of the resources that have an impact on the long-term success of business include access to financial capital, market awareness and access to information according to Basu, (1998). Knowledge and power are also necessary ingredients. Resources have been grouped under three categories: information, motivational resources and material resources as studied by Kanter, (1983). Entrepreneurial training attempts to improving the entrepreneurial behavior in their daily activities and helping them develop their own ventures as an outcome of proper training inferred by Mohan & Revathi, (2012) since nascent entrepreneurs (for eg. Jharkhand) often could not avail all these resources themselves, so the government on all levels plays a more active role in providing various assistances, and conduct training programs. Hence it is seen that resource's availabilities are one of the important facets an entrepreneur would look for to set up and run his business successfully.

### 3. Research Methodology

This section from the research paper gives a detailed description of the research methodology adopted in the study. The empirical work is an attempt to contribute to the existing literature by analyzing the influence of the critical factors on entrepreneurial success in select areas of Jharkhand. The formulations of the hypotheses are done and tested, the nature of the population, the sampling method that has been selected are all described according to the objectives of the study. The data collection techniques and tools have also been discussed under this section.

**Sample characteristics:** The population in this study includes all the micro, small & medium enterprises registered with District Industries Centre (DIC) in the four districts of Jharkhand, viz. Dhanbad, Bokaro, Ranchi and Jamshedpur district. However, a list comprising of only 1050 micro enterprises has been obtained from the District Industries Centre (DIC) of Dhanbad (for Dhanbad & Bokaro), Ranchi and Chaibasa (for Jamshedpur). Simple random sampling method has been adopted as it was not economically feasible to survey all the enterprises of the defined population. The goal of the

random sampling process for this study is to achieve a representative sample of micro enterprises that is free from bias. The sample size in the population of 1050 micro enterprises has been computed as 282 at 5% confidence interval and allowing 95% level of precision. Further, an additional 10% is added to the sample size for covering invalid and non-responses. Thus a complete sample of 310 has been decided for this study. However, out of 310 samples, 7 did not participate in the survey, and 5 responses have been found to be incomplete. Thus a total of 298 questionnaires containing completely filled-in and usable responses have been exposed to test for various analyses. The tabular representation has been shown in Table 1.

**Table 1:** Sample distribution across three districts of Jharkhand region

Regions	Sample	Respondents
Dhanbad	103	96
Bokaro	67	56
Ranchi	75	77
Jamshedpur	65	69
Total	310	298

**Survey Instrument:** A structured questionnaire was constructed in line of the research objective required for the study. A primary survey has been conducted by administering the questionnaire to the owners of the 310 sample entrepreneurs. The questionnaire has been developed after a thorough literature review on the area. The questionnaire has been divided into five sections:

**Demography of the entrepreneur:** The first section collects general information on the demographic profile of the entrepreneurs. It includes age, gender, religion, caste, educational level, marital status, work experience, nature of family.

**Organizational profile:** The second section is on organizational profile having questions on age of the enterprise, type and nature of the enterprise, acquisition of the enterprise and source of their fund.

**Psychological related dimensions:** The third section of the questionnaire contains questions on four important psychological characteristics, viz. self - efficacy, locus of control, innovativeness and risk taking propensity. The four psychological traits are measured by related instruments as discussed below; based on a five-point likert scale ranging from 1-strongly disagree to 5-strongly agree.

**Self-Efficacy:** A general self-efficacy scale is used to measure the construct in terms of what the respondents believe they can do under different situations of life. The scale uses eight items measured in a five-point likert scale is adapted from the study of Gully, Eden (2001).

**Locus of Control:** To measure internal locus of control, a modified Rotter's (1966) scale is used for this study. This scale is designed to measure the respondent's perceived ability to influence events in his or her own life. 7 items are adapted and used on this scale measured on five-point rating.

**Innovativeness:** To measure the innovativeness level of the sample entrepreneurs, questions from the Jackson Personality Inventory Manual (JPI) is used on the questionnaire. For this study, 7 items are adapted from the JPI innovativeness scale is measured on the five-point likert scale.

**Risk Taking Propensity:** The Risk Taking Scale of JPI has been adapted for measuring risk taking propensity of the sample. 7 items of the risk taking scale of JPI have been used in this study measured in a five-point likert scale.

**Socio-Cultural Dimension:** Religiosity and Family Support are the two measures for analyzing socio-cultural dimension. It is adopted from Shivani et al. (2006).

The items for Religiosity are measured in categorical of yes/no:

Level of Family Support is measured in a five-point scale ranging from 1-very low to 5-very high.

**Skill related dimensions:** The fourth section on the questionnaire comprises of questions on skill-related dimensions. A set of five dimensions have been identified from prior research works as discussed under the literature review section namely, leadership skills, communication skills, human relation skills, technical skills and inborn aptitude. Response to each question is supposed to reflect the degree of influence of the dimension on entrepreneurial success, based on a five -point rating scale ranging from 1-strongly disagree to 5-stongly agree.

**Resource linked dimensions:** Information on resource linked dimensions have been collected final section on the questionnaire, based on a five-point rating scale ranging from 1-strongly disagree to 5-stongly agree. The six resource linked dimensions that have been identified from literature studies that influence entrepreneurial success are market awareness, information access, and accessibility to capital, government support, knowledge of appropriate rules and regulations and availability of adequate training facility.

**Entrepreneurial Success:** The variable "perceived business success" on which the influence of the critical factors has been tested has been adapted from studies of (Chaganti et al., 1995; Cooper and Dunkelberg, 1986).

**Statistical Package:** The present study has used advanced statistical tools like z-test, Multiple Linear Regression Model calculated in SPSS 20.0 package. Simple descriptive statistical tools have also been applied to find out percentages, means and standard deviations.

#### 4. Analysis and discussion

This section in the research discusses the results and analysis on the data gathered using suitable statistical tools and formulating relevant hypothesis and testing them.

**Scale analysis:** Once the filled-in responses in the questionnaire have been received, the scale reliability of the developed variables was analyzed

by deploying Cronbach's alpha test on the 298 respondents. Also the validity of the questionnaire was inferred.

**Reliability:** Cronbach's alpha is a reliability coefficient indicator that shows how well the variables are positively correlated to each other. The Cronbach's alpha has come out to be 0.727, which is considered a good sign of reliability as it is more than 0.7 (Santosh, 1999; Nunally, 1959).

**Validity:** Content validity and Face validity test has also been done through expert opinion. Five questionnaires were distributed to experts from the field of academics and entrepreneurship. The experts reviewed the questionnaire and according to their suggestions, the questionnaire was re-designed as per requirement.

**Demographic profile:** It represents the statistical details of the respondents comprising of micro-entrepreneurs in the Table 2.

Interestingly, the entrepreneurial scenario is demonstrated in the demographic profile of the entrepreneurs. 89.12% of male figure shows that Jharkhand has limited support for women Empowerment in terms of Entrepreneurship. Though 86.40% represent general caste, and 67.21% are Hindus but there is not many casteism or effect of religion when it comes to entrepreneurship. Majority of them are married (73%) as the average age also shows 42.517. In terms of previous work experience, only 18.7% of them had worked before coming into entrepreneurial activity. 61% joint family set up shows their orientation towards family system and lifestyle.

**Organizational Profile:** The features of the enterprise are demonstrated in the Table 3

It is observed that the 298 sample micro enterprises have an average span of 18.31 years. Regarding the type of enterprise, the sample includes a greater proportion of service rendering enterprises (31.74%) compared to manufacturing enterprises (27.94%). There are other types of enterprises like merchandizing, traders, dealers and retailers (40.32%) which constitute the maximum as the business products are mostly dependant on others as per the views of the entrepreneurs. Among them 93.20% are sole proprietors, 4.79% are partnership firms and 2.01% are still private limited.

It was observed that private limited firms were present in Ranchi and Jamshedpur districts which are the big cities in Jharkhand state. An interesting result from the study is that 51% business owners have founded their enterprises compared to those who have inherited from their family (47.02%) while the remaining 1.98% has purchased their enterprise. This indicates that small-business owners in this region have stronger motivation to start their own venture. Regarding the source of fund entrepreneurs have started their business by getting loan (31%) from banks mainly as asked by the entrepreneurs during the survey. 17% have used their own fund. However, 52% have set up their venture taking loan as well as using their funds.

**Table 2:** Descriptive statistics of demographic profile of entrepreneurs

Dimensions	Particulars	Percentage
Age	Mean : 42.517 Standard Deviation: 8.129	
Gender	Male	89.12%
	Female	10.88%
Caste	General	86.40%
	OBC	6.122%
	ST	3.40%
	SC	4.08%
Education	Primary	3.40%
	Middle-School	5.44%
	Higher Secondary	24.49%
	Graduation	66.67%
Religion	Hindu	67.21%
	Muslim	17.11%
	Sikh	13.05%
	Other	2.63%
Marital Status	Married	73%
	Unmarried	27%
Work Experience	Yes	18.7%
	No	81.30%
Nature of Family	Nuclear	39%
	Joint	61%

**Table 3:** Organizational profile of the enterprise

Dimensions	Particulars	Percentage
Age of the enterprise	Mean : 18.31	-----
Type of enterprise	Manufacturing	27.94%
	Service	31.74%
	Others(Traders, Merchandise etc)	40.32%
Nature of enterprise	Sole Proprietorship	93.20%
	Partnership	4.79%
	Private Ltd	2.01%
	Co-operative Society	0
Acquisition of enterprise	Founded	51%
	Inherited	47.02%
	Purchased	1.98%
Source of funding	Own fund	17%
	Only loan	31%
	Own fund & loan	52%

**5. Socio-cultural dimension**

Religiosity: Religion is an integral part of Indian culture. India is known for its diverse culture. So, it has been taken into consideration in this study. The religious affiliation of the enterprises plays a major role in the performance of the entrepreneurs according to Meher and Sahoo, (2008). This factor was considered by Shivani et al. (2006) to analyse the link between entrepreneurial success and religiosity of the entrepreneurs in Jharkhand.

*Hypothesis:* (Null Hypothesis) H0= There is no difference in the proportions of entrepreneurs who are religious over others who are not  $H_a=p_{yes}=p_{no}$ ,

(Alternative Hypothesis)  $H_a=$  There is a difference in the proportion of entrepreneurs who are religious over others who are not.  $H_a=p_{yes}>p_{no}$

A Chi - square test has been used in order to identify whether entrepreneurs are religious or not (yes over no). In a study conducted by Tamizharasi & Panchanatham (2010), chi-square test has been used to understand the association between marital status (yes/no) and the entrepreneurial attitudes. Table 4 presents the results of the Chi-Square Test. chi square statistic is computed using the following formula:  $Chi\ Square = \sum \frac{(f_0 - f_e)^2}{f_e}$

The calculated value of chi - square is computed at is 173.02, which exceeds the chi square table value at 1 degree of freedom (3.84). Therefore, the null hypothesis has been rejected in favour of the alternative hypothesis.  $H_a=p_{yes}>p_{no}$ .

**Table 4:** Results of religiosity chi – square test

Components	Number of Yes (f <sub>o</sub> )	Number of No (f <sub>o</sub> )
Faith in God	291	7
Place of worship in office	273	25
Worship daily	253	45
Celebrate important festivals	189	109
Visit temple regularly	129	169
Perform specific rituals	118	180
Mean score (f <sub>o</sub> )	208.83	89.17
f <sub>e</sub>	298	298
$\frac{(f_o - f_e)^2}{f_e}$	26.68	146.34
Chi Square = $\sum \frac{(f_o - f_e)^2}{f_e}$	173.02	

Family Support: Level of Family Support obtained from entrepreneurs family is an important component that needs to be analyzed. The dimension has been mentioned in many literatures (Shivani et al., 2006). Here, Regression analysis has been done to find out the causal effect of the factor on entrepreneurial success in Table 5. Makhbul &

Hasun (2011) conducted multiple regression analysis to show the relationship and impact of the entrepreneurial factors in their research.

*Hypothesis:* Family support positively influences Entrepreneurial success.

The equation is: Entrepreneurial Success =  $\alpha + \beta_1$  Family Support +  $\epsilon_1$

**Table 5:** Regression analysis result of family support

Dependent Variable: Entrepreneurial Success					
Variables			Coefficients		
Family Support			0.803* (15.32)		
Adjusted R <sup>2</sup>			0.837		
Analysis of Variance					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.432	4	3.100	201.84*	0.000
Residual	2.718	141	0.020		

Note: \* 1% significance level. T-values are in the parenthesis

Table 5 shows the regression value of Family support analyzed on Entrepreneurial Success. The coefficient of Family Support is significant at 1% level. The adjusted R<sup>2</sup> value of 0.837 and the higher F-value significant at 1% shows the good fit for the regression model used. It is quite clear from the analysis that higher the family support obtained by the entrepreneur, higher is the level of entrepreneurial success. The entrepreneurs who have received high support are from joint families which have probably encouraged entrepreneurship in this region. Hence, family support is an important component for success for the state of Jharkhand.

Psychological Dimension: Four factors have been taken into consideration namely, Self-efficacy, Locus of Control, Innovativeness and Risk Taking propensity.

Development of Hypotheses:

Hypothesis 1: Self – efficacy positively affects entrepreneurial success.

Hypothesis 2: Locus of Control affects influences entrepreneurial success.

Hypothesis 3: Innovativeness positively affects entrepreneurial success.

Hypothesis 4: Risk taking propensity positively affects entrepreneurial success.

To analyze the significance of the 4 developed hypotheses, Z-test has been used whether self-

efficacy, locus of control, innovativeness and risk-taking propensity affects entrepreneurial success. According to Kuye & Sulaimon (2011), Z-test was employed to test all the hypotheses proposed in their study. Since the data were collected on a rating scale, this parametric test is considered appropriate by Emory & Cooper, (1991). Also, for sufficiently large samples (n>30), z-test can be employed as per statistical rule. In this study, (n=298 samples), z-test is a fit statistical tool to find out the inference of the proposed hypotheses of the psychological dimensions.

Hypothesis 1:

H<sub>0</sub>: Self – efficacy does not affect entrepreneurial success. H<sub>0</sub>:  $\mu \leq 3$

H<sub>1</sub>: Self – efficacy positively affect entrepreneurial success. H<sub>1</sub>:  $\mu > 3$

The null hypothesis is rejected in favour of the alternative hypothesis only when the sample mean is greater than 3. Z-test is used for obtaining the result. Table 6 below presents the result of the z-test for the first hypothesis at 5% significance level.

From the z-test analysis it can be observed that the computed mean (4.31) is greater than the test mean (3), at 5% significance level. So the null hypothesis; H<sub>0</sub> can be rejected in favour of alternative hypothesis H<sub>1</sub> and to conclude it can be

said that Self-efficacy positively affects entrepreneurial success.

**Table 6:** One Sample Z-test analysis for self-efficacy

Sample Size: 298;	Ho Mean = 3.000	H <sub>1</sub> Mean = 4.31	CL = 95%
Z- value = 37.27	df = 294	Significance level = 0.05	

Hypothesis 2:

H<sub>0</sub>: Locus of Control does not affect entrepreneurial success. H<sub>0</sub>:  $\mu \leq 3$

H<sub>2</sub>: Locus of Control positively affects entrepreneurial success. H<sub>2</sub>:  $\mu > 3$

In this case, we follow the same assumption. Table 7 below presents the result of the z-test for the hypothesis at 5% significance level.

**Table 7:** One sample Z-test analysis for locus of control

Sample Size: 298;	Ho Mean = 3.000	H <sub>1</sub> Mean = 4.17	CL = 95%
Z- value = 34.98	df = 294	Significance level = 0.05	

From the z-test analysis it can be observed that the computed mean (4.17) is greater than the test mean (3), at 5% significance level. So the null hypothesis; H<sub>0</sub> can be rejected in favour of alternative hypothesis H<sub>1</sub> and to conclude it can be said that Locus of Control positively affects entrepreneurial success.

Hypothesis 3:

H<sub>0</sub>: Innovativeness does not affect entrepreneurial success. H<sub>0</sub>:  $\mu \leq 3$

H<sub>3</sub>: Innovativeness positively affects entrepreneurial success. H<sub>3</sub>:  $\mu > 3$

In this case, we follow the same assumption. Table 8 below presents the result of the z-test for the hypothesis at 5% significance level.

**Table 8:** One sample Z-test analysis for innovativeness

Sample Size: 298;	Ho Mean = 3.000	H <sub>1</sub> Mean = 2.71	CL = 95%
Z- value = -0.32	df = 294	Significance level = 0.463	

From the z-test analysis it can be observed that the computed mean (2.71) is lesser than the test mean (3), at 0.463 significance level which is greater than acceptance level of significance (0.05). So the null hypothesis; H<sub>0</sub> cannot be rejected in favour of alternative hypothesis H<sub>1</sub> and to conclude it can be said that Innovativeness does not affect entrepreneurial success. Jharkhand is not a house for creativity. Majority of the enterprises deals into trading, servicing, retailing, dealership etc.

Hypothesis 4:

H<sub>0</sub>: Risk-taking Propensity does not affect entrepreneurial success. H<sub>0</sub>:  $\mu \leq 3$

H<sub>4</sub>: Risk-Taking Propensity positively affects entrepreneurial success. H<sub>4</sub>:  $\mu > 3$

In this case, we follow the same assumption. Table 9 below presents the result of the z-test for the hypothesis at 5% significance level.

**Table 9:** One sample Z-test analysis for risk- taking propensity

Sample Size: 298;	Ho Mean = 3.000	H <sub>1</sub> Mean = 4.02	CL = 95%
Z- Value = 31.68	df = 294	Significance level = 0.05	

From the z-test analysis it can be observed that the computed mean (4.02) is lesser than the test mean (3), at 5% significance level which is acceptable level of significance. So the null hypothesis; H<sub>0</sub> is rejected in favour of alternative

hypothesis H<sub>1</sub> and to conclude it can be said that Risk-taking Propensity affects entrepreneurial success.

Table 10 shows the summary of the hypotheses of the Psychological Dimensions.

**Table 10:** Summary table of effect of psychological dimensions on entrepreneurial success

Alternative Hypothesis	Particulars	Result
H <sub>1</sub>	Self – efficacy positively affects entrepreneurial success.	Accepted
H <sub>2</sub>	Locus of Control positively affects entrepreneurial success	Accepted
H <sub>3</sub>	Innovativeness positively affects entrepreneurial success	Rejected
H <sub>4</sub>	Risk Taking Propensity positively affects entrepreneurial success	Accepted

Skill-Related Dimension: A set of five dimensions have been identified from prior research works namely, leadership skills, communication skills,

human relation skills, technical skills and inborn aptitude (as discussed in the literature section). A multiple regression analysis has been carried out to

examine the effect of these 5 skill-related dimensions on entrepreneurial success.

Multiple regression analysis was used as a methodology suitable in a study conducted by Alam et al (2010), to understand the effect of important determinants of women entrepreneurial success in Southern Malaysia. The results of the study conducted shows that family support, social ties and internal motivation has positive significant impact on the success of women entrepreneurs.

The following regression model has been used to measure the effect of skill-related attributes on business success:

$$\text{Entrepreneurial Success} = \alpha + \beta_1 \text{Leadership} + \beta_2 \text{Communication} + \beta_3 \text{Human Relation} + \beta_4 \text{Technical} + \beta_5 \text{Inborn Aptitude} + \epsilon_1$$

Where,  $\alpha$  is the intercept,  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  are the regression coefficients and  $\epsilon_1$  is the error term.

**Table 11:** Regression analysis of skill-related dimensions

Dependent Variable: Entrepreneurial Success					
Variables			Coefficients		
Leadership			0.207* (4.498)		
Communication			0.714* (15.597)		
Human Relation			0.072** (2.046)		
Technical			-0.003 (-0.104)		
Inborn Aptitude			0.076** (2.474)		
Adjusted R <sup>2</sup>			0.876		
Analysis of Variance					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	20.498	5	4.100	207.884*	0.000
Residual	2.781	141	0.020		

Note: \* and \*\* implies 1% and 5% significance level respectively. T-values are in the parentheses.

Table 11, shows the regression values of the independent skill-related variables. It clearly shows that coefficient of leadership and communication is significant at 1% significance level and coefficient of human relation and inborn aptitude is significant at 5% significance level. The adjusted R<sup>2</sup> value is 0.876 and the higher F-value significant at 1% shows the good fit for the regression model used to understand the dependency of the skill-related factors on Success.

The technical skill shows a negative impact on entrepreneurship success as the coefficient is insignificant. Though literatures support that technical skill is an important component for any entrepreneurship to perform soundly and emerge successfully, according to Izquierdo & Deschoolmeester, (2005). The negative relationship of technical skill with success does not support the very notion. Plausible reason may be that a state like Jharkhand, which is still in nascent stage of development may lack in technical resources and assistance. Familiarity, with new and advanced

technical know-how may be increased through training & development, government assistance to enrich their technical skills for business success is needed.

Resource-Linked Dimension: The 6 resource linked dimensions influencing entrepreneurial success identified from the literature study are market awareness, information access, accessibility to capital, government support, knowledge of appropriate rules and regulations and availability of adequate training facility (as discussed in the literature section).

Hence, multiple regression analysis is used similarly like skill-related dimensions, to identify the key resource linked dimensions that affect the entrepreneurial success.

$$\text{Entrepreneurial Success} = \alpha + \beta_1 \text{Market Awareness} + \beta_2 \text{Access to Information} + \beta_3 \text{Access to Capital} + \beta_4 \text{Government support} + \beta_5 \text{Knowledge of appropriate rules and regulations} + \beta_6 \text{Availability of adequate training facility} + \epsilon_1$$

**Table 12:** Regression analysis for resource related factors

Dependent Variable: Success					
Variables			Coefficients		
Market Awareness			0.706* (13.478)		
Access to Information			0.694* (7.898)		
Accessibility to capital			0.097** (3.643)		
Government Support			0.043** (1.504)		
Knowledge of appropriate rules and regulations			0.087** (2.734)		
Availability of adequate training facility			-0.103 (-1.020)		
Adjusted R <sup>2</sup>			0.804		
Analysis of Variance					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.498	4	4.100	194.864*	0.000
Residual	2.307	135	0.121		

Note: \* and \*\* implies 1% and 5% significance level respectively. T-values are in the parentheses.

The result of the regression analysis (0.804) demonstrates that, access to information and market are highly significant whereas others are less significant except availability of training facility may be due to lack of proper training programmes relevant to different types of business activities. It may also have a connection to the existing types of business pattern in Jharkhand. As most of them are retailers or dealers, they do not pertain to the need of training. Furthermore, government support has the least positive impact. During the survey, the entrepreneurs emphasized on government support initiatives for enhancing enterprise growth in Jharkhand though it is yet to perform actively for achieving significant result.

## 6. Conclusion

The present research has identified some critical factors viz. socio-cultural, psychological, skill-related and resource-linked dimensions that affect the entrepreneurial success. The existing literature considered on entrepreneurial success shows that limited studies have been conducted in Indian context, especially in the state of Jharkhand. Some research works to emphasize more on psychological traits of entrepreneurs, while others on socio-cultural or environmental aspects. Moreover, limited studies measure success of enterprises. There is hardly any study, which covers many critical factors at the same time for entrepreneurial success in the context of Jharkhand enterprises. The current study has laid some foundation to explore the critical factors affecting the success of microenterprises in Jharkhand.

The major findings from the study include a comprehensive attempt in considering some key issues like socio-cultural, psychological, skill-related and resource-linked factors that have some significant impact on entrepreneurial success. As discussed in the literature section of the paper, the socio-cultural issues are of importance in entrepreneurship study according to Thornton et al, (2011). Religiosity and Family support are the two influential factors according to Shivani et al. (2006). The present study conducted in the outset of social context of Jharkhand region, confirms the same showing the two factors having an influence over entrepreneurial success of micro-enterprises in Jharkhand.

McGee et al. (2009) focused that Entrepreneurial self-efficacy is a pertinent construct to measure success of entrepreneurs. Ward (2004) said that small business entrepreneurs have strong "internal locus of control" which makes them successful. Jun & Deschoolmeester (2005) has a prime support to the notion that innovativeness is an important trait represented by an entrepreneur. Petrakis (2005) claimed that risk taking propensity is an inevitable characteristic in an entrepreneur. It is impossible to avoid or ignore risk factor to become an

entrepreneur. Here in this study, the literatures are well supported analytically, where it is found that in the state of Jharkhand; self-efficacy, locus of control and risk-taking propensity are significant psychological factors that impact business activity and its success. However, innovativeness is not an attribute that is seen in the micro-entrepreneurs of Jharkhand. This may have an underlying base that as most of the entrepreneurs is dealers, retailers, traders, merchandize etc. Therefore, Micro-enterprises in Jharkhand are not a house to project innovativeness.

The paper identifies 5 skills important for entrepreneurs. The entrepreneurs must possess these skills to run their enterprises efficiently and become successful. The regression analysis results clearly demonstrate the significance strength of skill-related dimensions on entrepreneurial success. Although literatures state that technology based firm brings huge success to the economy of any region as studied by Izquierdo & Deschoolmeester, (2005). However, the current study shows that technical skill is not having any impact on success of micro-enterprises in Jharkhand region. Possibly it may be lack in exposure to technical resources as Jharkhand is a developing state in India.

The paper also identifies 6 resources that are perceived by the entrepreneurs of Jharkhand to have core impact in foundation and successful execution of the firms. Although, Government support has been deduced to have minimum impact on entrepreneurial success, yet it is recognized as an indicator about government initiatives towards development of nascent economies. However, Availability of Training Facility is identified as an unimportant driver for their success. This goes against the notion documented in the literature section. Mohan & Revathi, (2012) claimed that training for entrepreneurs is helpful in shaping their abilities and skill to develop enterprises. It gives the requisite information and builds their attitude towards entrepreneurship process.

The demographic profiles of entrepreneurs and organizational dimensions depict the overall socio-economic scenario within the state. Evaluation of the factors helps to understand the existing entrepreneurial activity in Jharkhand state.

Implications of the study: The current study gives important implications for the policymakers, entrepreneurs and government for Jharkhand region. The study can help form policies regarding various critical factors for nurturing business and promote enterprise growth. Different strategies need to be formulated for creating successful new business ventures in Jharkhand State.

Thus it is clear from literature support and the analysis of the present study that entrepreneurial success depends on various critical factors and therefore appropriate training and assistances and government support on entrepreneurship development should be provided in Jharkhand

region that can help uplift the backward classes in the state also.

**Limitations:** Though the present study makes an attempt to analyze the effect of skills on success, it contains certain limitations which make it less exhaustive. The study takes into account few potential dimensions that have effect on entrepreneurial success. It would be interesting to include many other factors which have not been considered due to restricted accessibility of literatures studying entrepreneurial success as well as the constraint in time. Moreover, the study was confined to selected districts of Jharkhand. Finally, this study conducted in Jharkhand state of India its generalization across the country will be limited.

**Future Scope:** The above limitations open up into future scopes for making the study more profound. A more comprehensive study may be undertaken in the future by taking a larger sample and more districts of Jharkhand along with some new dimensions depending upon resources and time availability. Further work along this direction can include new variables to strongly reflect the existing dimensions taken in this study. A comprehensive model can be developed and validated using more exhaustive statistical tools which may help policy-makers, entrepreneurs and academicians in the interest for the entrepreneurship study.

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