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### **“An Evaluation of Entrepreneurial Competencies and Factors affecting Entrepreneurship among Students”**

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#### **ABSTRACT**

For any industry to survive and grow, entrepreneurship is undeniable. Employment levels are directly related to the strength of entrepreneurship prevalent in a country like ours. Recent trends in Indian economy have revealed decrease in employment opportunities. There is stagnation or decline in the employment opportunities of organized sector in general and public and government sector in particular. Unemployment is a major challenge facing the globe including India.

Entrepreneurship seems to hold the right answers for all such complicated questions. However, promoting entrepreneurial skills among the youth to motivate them to choose their career path in this direction is a pre requisite. Nurturing the culture and mindset of entrepreneurship among youth would go a long way in curbing the challenge of unemployment and challenges in the MSME sector. Economic development is a result of well-groomed entrepreneurial competencies. United Nations Organization has said, “**Unemployment is the problem, young people are the solution<sup>1</sup>.**”

This thought triggers the following important questions:

- What do the youth think about entrepreneurship?
- Are they inclined towards such ideas, even if they don't belong to a family with business orientation?
- Are they nurtured with the requisite skills?
- Do students perceive entrepreneurship as a career option? And many more questions to be answered?

In this backdrop, the present research was undertaken with the objectives of studying the factors affecting them, entrepreneurial awareness, competencies and strengths of youth to become entrepreneurs etc. This is paper based on primary data were responses are collected through a structured interview schedule.

**KEY WORDS:** Entrepreneurship, Strengths, Awareness, Competencies.

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## **RESEARCH METHODOLOGY**

### **1. OBJECTIVES**

The present study aims at achieving the following objectives:

1. To ascertain the future plans, intentions and career objectives of student respondents.
2. To identify the factors that influence the future plans, intentions and career objectives of the respondents,
3. To study the perceptions of and awareness among the respondents with regard to entrepreneurship,
4. To find out the entrepreneurial competencies and strengths of the respondents,
5. To compare and contrast technical and non-technical students with regard to the above objectives, and
6. To suggest appropriate strategies for promotion of entrepreneurship among youth in urban and rural areas.

### **2. LITERATURE SURVEY:**

In order to get proper perspective of the present study, it is necessary to have the background of some of the studies carried out in the recent years.

**1. Azhar Kazuri** (1999) found that the background, motivation and character of first and second generation entrepreneurs are different. He also found out that the problems and motivation level of first generation entrepreneurs is higher. They have nothing to fall back if they fail.

**2. Poojary Chandra M** (2001) studied the effectiveness of the entrepreneurship development programs in creating entrepreneurs with non-business background. After interviewing 66 first generation entrepreneurs, he found out that these programs have marginal impact. His study revealed that many of the entrepreneurs who came from traditional trading communities had a little formal education or training but they had always received a remarkably fine business education in their family entrepreneurs.

**3. Dr. Sunil Shukh and Dr. Dinesh Awasthri** (2000) studied the entry barriers and enabling factors of entrepreneurs. 1625 respondents from Gujarat, Karnataka, Orissa and Uttar Pradesh were taken as sample for the study. It says "The entry barriers are no interest to become entrepreneurs, waiting time before taking up business, lack of self-confidence and disapproval from the decision maker of the family". Whereas, the enabling factors include desire to be different, interest to be on own, feeling of confidence and competence and influence of family members.

**4. Bolika Mouli** (1996) reveals that successful small and medium entrepreneurs are those who trust their employees, give them training, and seek their participation in the decision making process

regardless of the cultural and economic conditions. The study also concluded that the strongest contribution to business success was brought by HRM variables, rather than entrepreneurial paths, finance, technology, and environment.

**5. Roth, Ellen Joy** (2001) conducted a study on the thinking skills of a group of 24 high school services as they learned entrepreneurship and entrepreneurial thinking skills during a yearlong program. The data analysis revealed a common overall pattern of themes emerged during the internship which included student characteristics, mentors characteristics and relationship between genders. Further, it revealed that all students gained insight into the complexities of entrepreneurship in general and valuable social knowledge during the internship. The gender differences and antecedents of social capital were also brought out in the study.

**6. Hongseok** (2011) investigated the influence of integrated networks of communal and linking ties on the economic out comes such as entrepreneurial success. 162 Korean entrepreneurs in Canada were studied. The findings revealed that individual's communal social capital derived from the actual relationship within their communal groups influences the development of linking networks to people in the specific social setting (Koreans) and it is contrary to people in the specific social setting (non Koreans).

**7. Mallika Das and Dulifax** (1999) classified women entrepreneurs into three categories based on reason for starting enterprises. They are chance, forced and created or pulled. The study revealed that there are many similarities between these groups in terms of certain demographic variables. At the same time, they differ in terms of critical business variables such as sales volume, expected growth and success factors. The startup problems faced by the women entrepreneurs is similar to their counterparts elsewhere. But, the level of work – family conflicts are found to be lower in case of the former.

### **3. SAMPLING**

The present study has taken a sample of technical and non-technical final year students of UG and PG studying in Bangalore and Hubli-Dharwad.

The list of colleges with Bangalore University and Dharwad University, Directorate of Collegiate Education and All India Council for Technical Education was used to identify the colleges to be sampled. Systematic random sampling method was used to select the colleges. Ten final year students from each of the college were approached on random basis.

#### ***3.1 Tools for collection of data***

The primary data for the present study were collected with the help of structured questionnaire and interview schedule. A structured questionnaire in four sections was developed for the purpose of achieving the set objectives. This was used for technical and non-technical students.

Pilot study was under taken to test the applicability of these tools before administering to the respondents.

### 3.2 DATA ANALYSIS

The data collected from the samples are coded appropriately using SPSS. Relevant descriptive statistics and the inferential statistics were used to treat the data keeping in view the primary objectives of the study. Charts are used to depict the nature of the sample of the relevant variables like competencies, perceptions, future plans, etc. Discriminant analysis was used to find the differences between technical and non-technical students. Factor analysis was undertaken to identify the cluster of variables separately that explains the two groups viz., technical and non-technical, students.

### 4. ANALYSIS:

Generally, it is believed that entrepreneurship requires risk taking, vision, innovation and organizing capabilities. Everybody cannot become entrepreneur and all that everybody does on their own is not necessarily entrepreneurship. Innovation plays an important role in opportunity based entrepreneurship. One who does not take risks and cannot organize himself or his enterprise cannot become an entrepreneur and entrepreneurship minus innovation and vision cannot succeed. In other words, the success factors of entrepreneurship are different from the survival factors. The Arthur M Blank Centre for Entrepreneurship established at Babson College, Boston, USA has identified ‘Eight Essentials of Entrepreneurship’ (E3) for any well-meaning enterprise. They are

1. Opportunity focus – recognition, assessment and shaping.	5. Extended enterprise management
2. Creative resource marshaling	6. Creativity
3. The entrepreneurial mind	7. Communication
4. E-team and team locus of control	8. Leadership

An appropriate mind set and relevant competencies are also required. The characteristics of the entrepreneurial mind set are passionately seeking for new opportunities, pursuing them with enormous discipline, focusing on very best ones, execution and engaging the energies of everyone. In addition, hard and soft skill competencies are also essential for entrepreneurs. Prof. David C McClelland has identified and validated 13 such competencies<sup>2</sup>. They are initiative, opportunity seeking, persistence, information seeking, and concern for high quality of work, commitment, efficiency orientation, systematic planning, problem solving, self-confidence, assertiveness, persuasion and use of influence strategies.

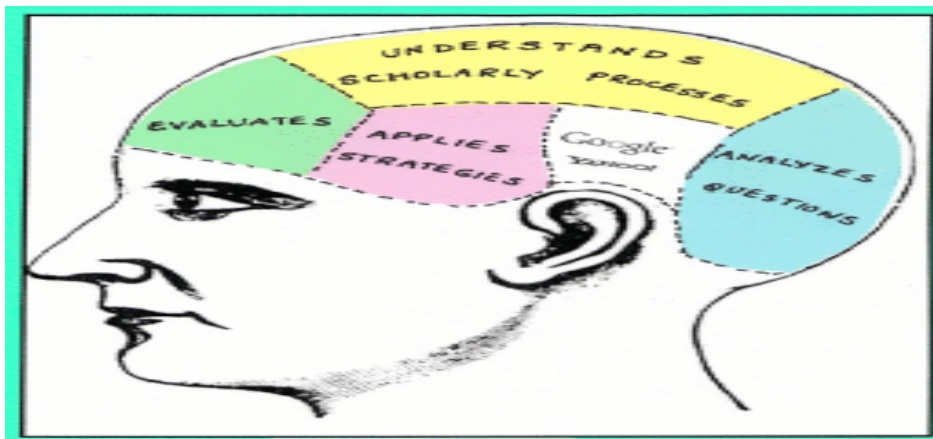


Fig.1: Richard Murnane mindset understanding tool

These are not specific subjects that compete for classroom time with maths, science, and social studies. According to Richard Murnane, Harvard Graduate School of Education, the tools that enable students to understand the concepts behind the facts are Perceiving, Understanding, Ideating, Accessing information, Analyzing, Evaluating, Developing solution, Communicating, Applying strategies and Re-evaluating.

Due to rapid technological growth, change in the nature of jobs, multiplicity of roles handled by individuals in the range of tasks etc. has led to this unprecedented change in the concept of employment. A strategy of “Segmentation, Targeting and Positioning (STP)” has to be evolved to promote entrepreneurship<sup>3</sup>. Classification of following categories can help in this regard.

Category 1 - Entrepreneurs who have neither attitude nor capabilities.

Category 2 – Entrepreneurs who have competencies but not right attitude.

Category 3 – Entrepreneurs who have right attitude but not competencies.

Category 4 – Entrepreneurs who have right attitude as well as competencies.

**FINDINGS AND DISCUSSIONS:**

Fig2.Distribution of students based on their awareness on risk taking ingredient

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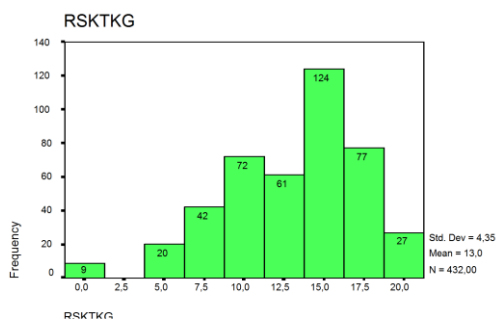
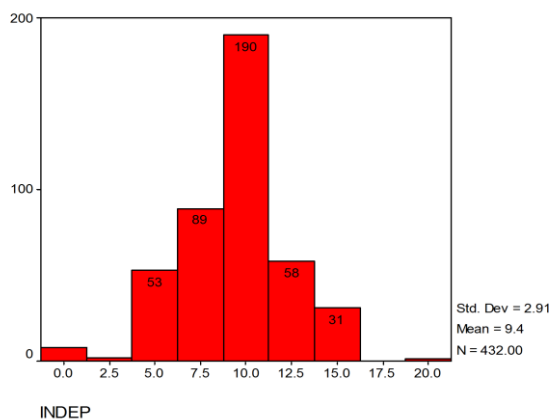
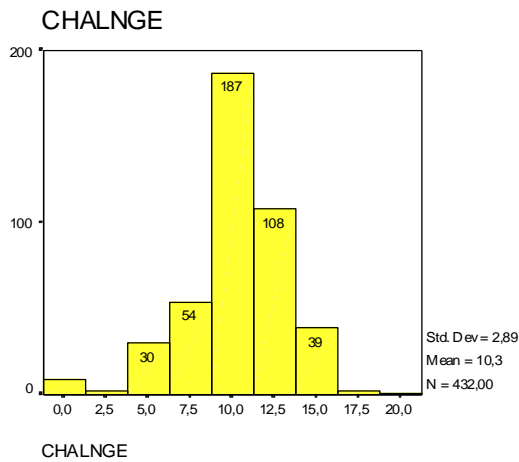


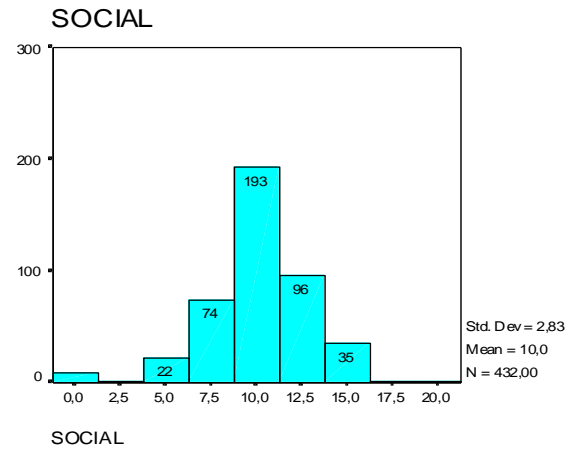
Fig. 3: Distribution of students based on their awareness of independence ingredients



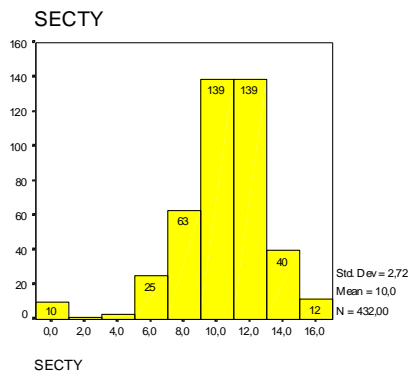
**Fig. 4: Distribution of students based on their awareness of challenge ingredient**



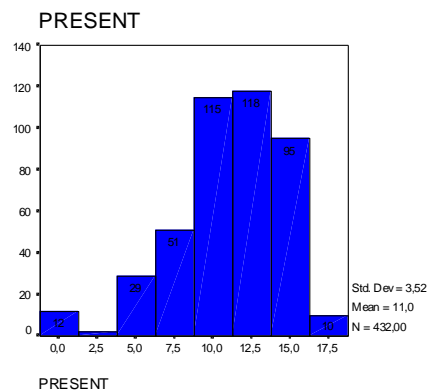
**Fig. 5: Distribution of students based on their awareness of social attitudes ingredient**



**Fig. 6: Distribution of students based on their awareness of security ingredient**



**Fig. 7: Distribution of students based on their awareness of present scenario ingredient**



The above figures (2 to 7) reveal the following inferences.

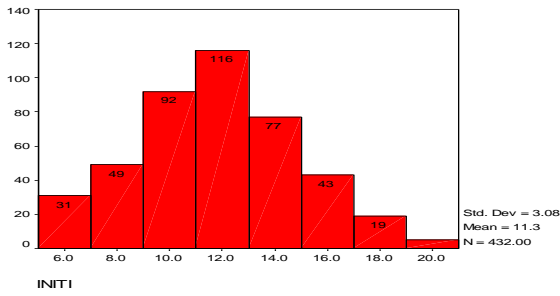
The mean scores of all the respondents on all the subscales differ, however the mean tend to be high on the two sub scale namely risk taking and present scenario than the others.

### Entrepreneurial Competencies and Strengths

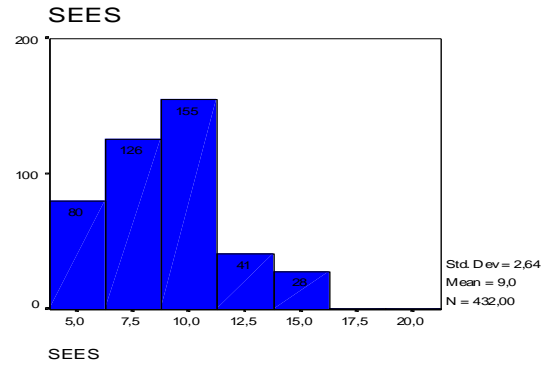
The competencies and strengths of individuals go a long way in becoming not only an entrepreneur but also a successful one. The competencies of student respondents have been ascertained with the help of an established tool.

**Entrepreneurial competencies of Students:** 13 competencies have been considered in case of student respondents. The data have been presented in the following figure.

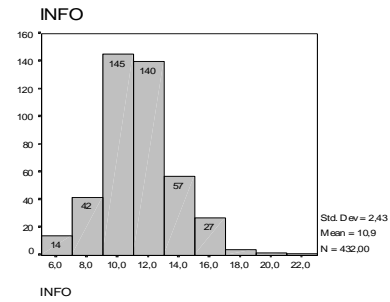
**Fig. 8: Initiative competency of respondent students**



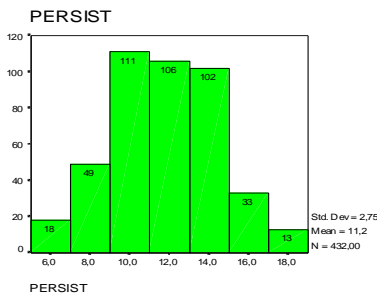
**Fig. 9: Seeing and acting on opportunity competency of respondent students**



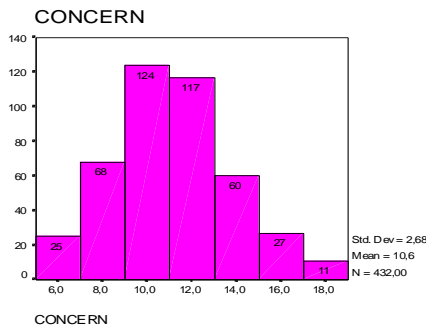
**Fig. 11: Information seeking competency of respondent students**



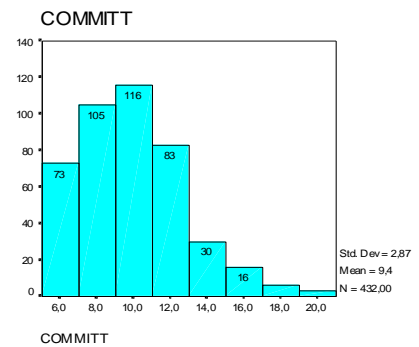
**Fig. 10: Persistence competency of respondent students**



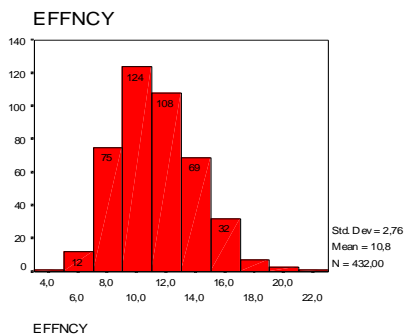
**Fig. 12: Concern for high quality competency of respondent students**



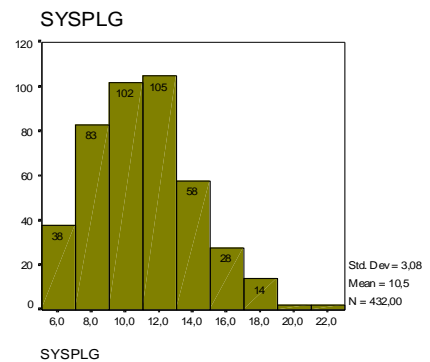
**Fig. 13: Commitment to work competency of respondent students**



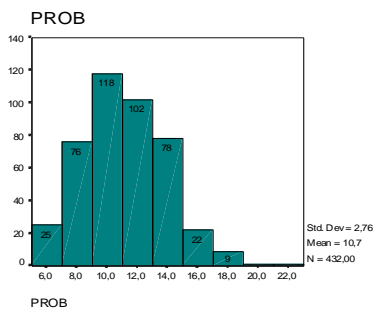
**Fig. 14: Efficiency orientation competency of respondent students**



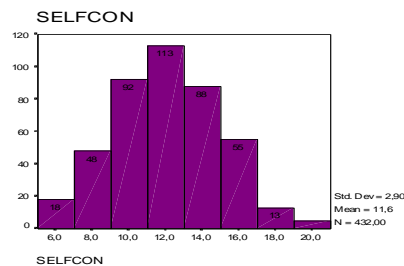
**Fig. 15: Systematic planning competency of respondent students**



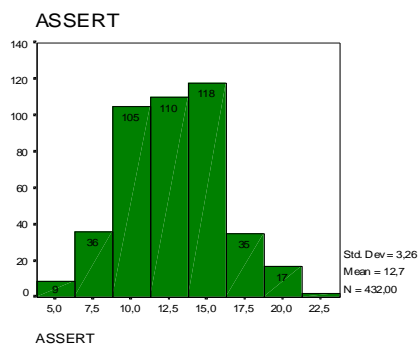
**Fig. 16: Problem solving competency of respondent students**



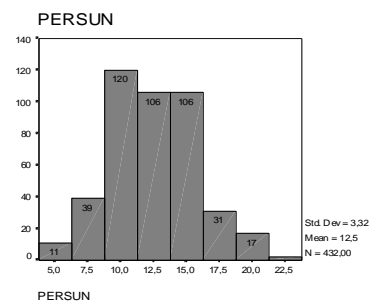
**Fig. 17: Self-confidence competency of respondent students**



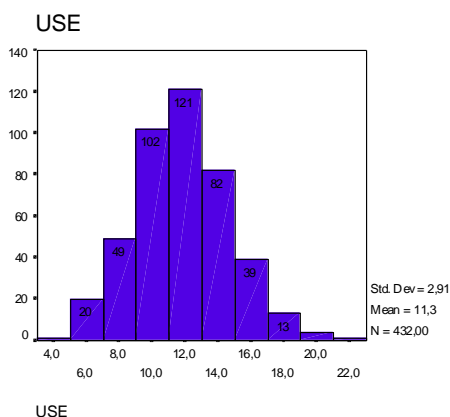
**Fig. 18: Assertiveness competency of respondent students**



**Fig. 19: Persuasion competency of respondent students**



**Fig.12: Use of influence strategy competency of respondent students**



Above figures (8 to 20) relating to the competencies of students reveal that the mean values of assertiveness and persuasion scale are higher than the others. Their self confidence level, initiative and use of influence strategies are also high when compared to other competencies. At the same time they score less with regard to opportunities, commitment, problem solving, systematic planning and concern for quality of work. On the whole, the students do not possess all competencies but they are



stronger on only six competencies out of thirteen. They are assertiveness, persuasion, and initiative, use of influence, persistence and self-confidence.

## COMPARISON AND CONTRAST

In the present study, the sample respondents are primarily taken from two categories namely final year students and taken from two streams namely technical and non-technical.

The purpose behind drawing two categories of samples is to bring in the dimension of education into the analysis. In other words, such a varied sample helps in having better understanding of the different categories and segments of youth in India. Further, the sub division of student respondents into technical and non-technical also helps in understanding the underlying influence of the nature of the course. In view of these, the primary data relating to technical and non-technical students are compared.

In case of comparison between technical and non-technical students, the dimensions and aspects are well defined and the same tool is used for collection of data. Therefore, the comparisons will be specific and reliable. At the same time the comparison has been carried out in a general manner to identify issues and to facilitate understanding.

- a) **Technical and non-technical students:** These two samples are compared in terms of primary data relating to educational, non-educational future plans, factors influencing the plans, entrepreneurial awareness and competencies.

### b) Comparison of mean scores of competencies

Competency	Technical	Non-Technical
Initiative	11.6	11.1
Sees and acts on opportunities	9.2	8.9
Persistence	11.3	11.2
Information seeking	10.9	10.9
Concern for high quality of work	10.6	10.6
Commitment to work contract	9.4	9.4
Efficiency orientation	10.4	11.0
Systematic planning	10.2	10.6
Problem solving	10.8	10.7
Self confidence	11.7	11.6
Assertiveness	12.8	12.8
Persuasion	12.4	12.7
Use of influence strategies	11.3	11.4

The above table reveals that technical students have more competence in case of initiative, opportunities, persistence, problem solving and self-confidence whereas non-technical students are stronger in competencies like efficiency, systematic planning, influence strategies and persuasion.

**c) Comparison of mean scores of awareness**

<b>Dimension of awareness</b>	<b>Technical</b>	<b>Non-Technical</b>
Risk taking	13.5	13.1
Independence	9.6	9.4
Challenging	10.3	10.3
Social attitudes	9.8	10.3
Security	10.2	9.8
Present scenario	11.5	10.9

The above table brings out that technical students have better awareness with regard to risk taking, independence, security and present scenario. But, non-technical students are more sensitive to the social attitudes.

**d) Factor analysis of competencies and awareness**

Factor analysis of the obtained data was undertaken to identify the cluster of variables that explains the technical and non-technical students separately. The result of the factor analysis identified nine independent factors that explained 65.1% of the technical students and eight factors that explained non-technical students to the extent of 59.2%. Seeking opportunities, Initiative, persistence, information seeking, concern for quality, commitment, efficiency, systematic planning are the eight common factors that are applicable to both the groups, whereas problem solving competency is considered to be an additional factor with regard to the technical students. Further discriminate analysis also helped in identifying variables that differentiate the two groups. The discriminate function was found to be statistically significant at .003 level.

**SCIENTIFIC ANALYSIS OF THE PRIMARY DATA BROUGHT OUT THE FOLLOWING FINDINGS.**

**a. Future plans and factors**

Pursuing further education and taking up employment are the major future plans of technical and non-technical students. All these plans and ambitions are influenced by certain factors like educational performance and self-analysis in case of students. It is the family, elders and teachers who influence the future plans of student.

**b. Entrepreneurial awareness**

Perceptions about entrepreneurship go a long way in individuals becoming entrepreneurs. These perceptions are very much influenced by the extent and dimensions of awareness about entrepreneurship in terms of ingredients and problems. Analysis of the primary data reveals that students have higher awareness about risk taking and present scenario ingredients of entrepreneurship.

### **c. Entrepreneurial competencies and strengths**

Individuals become successful entrepreneurs provided they possess appropriate competencies and strengths. Mere interest and intentions are not enough. In the present study, it is found that students have better competencies in terms of assertiveness and persuasion. These competencies and strengths become the foundation for promoting entrepreneurship among youth. Above findings bring out certain important issues for discussion.

## **DISCUSSION ON FINDINGS**

The goal of employment generating growth can be fulfilled by promotion of entrepreneurship among youth in urban and rural areas. In order to formulate an appropriate strategy and action plan for promotion of entrepreneurship, it is very essential to identify the various segments of youth. The present study reveals the need for classifying the community of youth into various segments by comparing technical and non-technical. One important issue emerges from this comparison is the need for the segmentation of the youth in India.

The importance of plans, intentions and ambitions in the lives of individuals is also brought out. What they expect to achieve in life will determine what they achieve in life. In this regard, differences between technical student and non-technical student are noteworthy. If majority of youth are not opting for entrepreneurship, it is neither wrong nor undesirable. What are more important are their own perceptions of things around and various factors influencing them? Hence, interventions through various factors and persons on the future plans, intentions and ambitions are to be taken care of. The role of mass media and social attitudes become relevant in this regard.

Perceptions of youth would determine their willingness to take up entrepreneurship. They may or may not be favorable to opting for entrepreneurship. This awareness and perceptions will help in positioning entrepreneurship among youth. It is the competencies and strengths of the individuals which make successful entrepreneurs out of individuals. Every competence or strength is not relevant. The findings relating to competencies and strengths bring out the need for prioritizing training and program. Identification of such competencies and strengths will enable the targeting of necessary segments for promotion of entrepreneurship among youth.

## **RECOMMENDATIONS AND SUGGESTIONS**

Formulation of National youth policy has to be undertaken not only for solving the present problems of youth but also for bringing about youth development. Talented youth in the rest of the country as well as in north eastern region in particular have to be identified, encouraged and built for this purpose. In this effort, there must be convergence of the efforts of government and nongovernment agencies.

**Keeping this perspective, the present study makes the following recommendations.**

1. Establishment of business incubators in universities, colleges and appropriate local bodies and in cluster of villages.
2. Institution of young entrepreneur awards at different levels for various categories.
3. Introduction of a value added course on entrepreneurship in all undergraduate and post graduate programs.
4. Training in entrepreneurship and personality development has to be imparted to all targeted segments of youth.
5. Training of trainers like teachers, youth leaders and other members of local bodies
6. Varieties of booklets, CDs and documentaries have to be brought out for promoting entrepreneurship as a movement.
7. Web sites can be launched to provide on line and latest information.
8. Telecast of entrepreneurship related youth programs over electronic media.
9. Focus on entrepreneurship related inputs in different forms of mass media.
10. Youth census be undertaken at frequent intervals in order to get necessary insight in to the changing profile and composition of youth.
11. Educational institutions and other government and non-government organizations need to maintain database of alumni and participants which has to be updated from time to time.
12. A national level task force on youth entrepreneurship has to be constituted with representatives of all stake holders. This task force could be entrusted with the task of designing, executing and evaluating all aspects relating to youth entrepreneurship.
13. A coordinating body consisting of representatives from government and nongovernmental organizations has to be constituted at the level of each state to bring about convergence of different efforts.
14. Publicity campaign among youth and their parents has to be initiated for giving the message that entrepreneurship need to be promoted. The role and responsibility for each of the organisations like NSS, NCC, NYKS, KVIC and other student organisations and bodies has to be specified.

In addition to the above mentioned specific recommendations, an appropriate strategy has to be formulated for promoting entrepreneurship.

**STP Strategy for promotion of youth entrepreneurship**

Promotion of entrepreneurship among youth as a movement cannot be undertaken at once and among all sections because of the limitations of organization, logistics and financial resources.

Further, it is very much necessary to evaluate the results and plan further. In view of all this, a strategy popular in marketing is being suggested for promotion of youth entrepreneurship<sup>4</sup>. This is called as “STP of YE”. This strategy has three components as well as phases. They are as follows.

**i) Segmentation of youth**

The entire population of youth (approximately 45 crores) has to be segmented on the basis of geographic location, education, level of entrepreneurial background, economic status, competency level, training undergone, future plans and ambitions, factors influencing their plans and intentions, family background etc<sup>5</sup>. The profile and characteristics of each of these segments has to be prepared. While applying to youth, the various possible segments may be rural/ urban, educated/not educated, male/female, first generation/subsequent generation entrepreneurs, competent/not so competent, positive/ negative attitude and aptitude, more aware/less or not aware, experienced/not experienced, trained/not trained, recipient/not recipient of financial assistance, forward/backward. These and other possible segments among youth would give a better understanding of their problems, status and requirements.

**ii) Targeting segments of youth**

Segmentation of youth is the first step in STP of YE strategy. The next step is to identify such of those segments of youth which have to be targeted for promoting entrepreneurship. It is neither possible nor practical to reach out and put across to the entire youth population. Certain limitations like physical, financial and organizational need to be kept in mind. Moreover the society has to have its own priority and focus while launching a movement like youth entrepreneurship. Generally, this approach is not found in case of government initiated schemes and programs as they would like to specify more the quantity rather than the quality dimensions. For a movement like youth entrepreneurship, it is very critical and crucial to achieve the desired end results.

Certain segments of youth which need to be targeted include second and third generation entrepreneurs, female youth, educated youth in rural areas, tribal, youngsters in the families of craftsmen and artisans, youth having appropriate competencies and strengths, under graduates, graduates enrolled in employment exchanges, disadvantaged youth and youth belonging to backward sections. The concerned bodies like task force or coordinating agencies can take a decision in this regard. The segments targeted for promoting entrepreneurship could be as per a time schedule and specified targets.

**iii) Positioning entrepreneurship**

Segmentation and targeting of youth are not enough for producing desired results. In order to achieve qualitative outcome of the efforts, the message of entrepreneurship has to be presented in an appropriate manner which is compatible with the characteristics and profile of target segments. The plans, factors, awareness and competencies of youth in those segments with regard to

entrepreneurship have to be considered while promoting<sup>6</sup>. The content and presentation of the messages through mass media and others would have to be part of this positioning strategy. Unless entrepreneurship is presented, promoted and positioned appropriately, the expected goal cannot be fulfilled.

Certain themes which need consideration in this regard include entrepreneurship is not necessarily risky, present scenario is ideal for entrepreneurs, entrepreneurship is not difficult for women, independent people prefer entrepreneurship, better to be a master than servant. Such and other innovative and creative themes can be developed for positioning entrepreneurship in an appropriate manner.

Finally what matters is the vision of dream, strength of determination, unity of clarity and coordination of hand, head and heart. Entrepreneurship is the solution given by young people to the problem of unemployment.

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