

Research Paper



IMPACT OF DEMOGRAPHIC FACTORS ON PERSONALITY TRAITS OF FIRST GENERATION ENTREPRENEURS

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ABSTRACT

The emergence and development of entrepreneurship are crucial for economic growth and development in national and regional economies. As the entrepreneurs have the potential to contribute to the society, the study of entrepreneurial traits and motivation are important for better understanding of entrepreneurial environment. This paper examines the factors influencing to become First Generation Entrepreneurs and the impact of demographic factors on the personality traits of First Generation Entrepreneurs in Small Scale Industry in Tirunelveli District. The most important five personality characteristics like need for achievement, locus of control, risk-taking propensity, innovative behaviour and Tolerance of ambiguity are selected for this study. Among the total 19 Development Blocks of the Tirunelveli District, a sample of 250 First Generation Entrepreneurs from 9 Development Blocks are selected to analyse their personality traits. percentage analysis, weighted average method, and ANOVA are used to analyse the collected data.

KEYWORDS: Entrepreneurship Development, Entrepreneurial Motivation, First Generation Entrepreneur, Need for Achievement, Personality Traits.

1. INTRODUCTION

Entrepreneurship development is essential for development of a country. Personality variables might be of importance for a person's entrepreneurial intention. Many authors have studied the existence of personality traits that are associated with the entrepreneurship. According to Thomas and Muller, Entrepreneur implies a configuration of psychological traits, attributes, and values of an individual motivated to initiate a business venture. Entrepreneurship requires one to have courage, ambition, optimism and ability to take risks. Timmons, Smollen and Dingee (1977) identified more than twenty personal characteristics to distinguish entrepreneurs and others.

2. STATEMENT OF THE PROBLEM

Entrepreneurial activities have a great impact on the economy and also to the employment opportunities in the country. Lack of entrepreneurs could be the source of macroeconomic and institutional instability of developing countries. India needs to mobilise and utilise fully all of its resources. The participation of First Generation Entrepreneurs in economic activities is necessary to utilise their knowledge and skills in the national development. District Industries Centre, Tirunelveli has been established to promote and provide facilitation to the enterprises throughout their

lifecycles. It encourages the industrialisation of the Tirunelveli District and thereby creating employment generation to the southern society. Entrepreneurial activity is associated with internal psychological traits of an individual and environmental conditions prevailing in the country. Personal attitude towards starting a new venture form the entrepreneurial intention of an individual. These attitudes are shaped by the individual's personality and values.

As First Generation Entrepreneurs have no business background of their family members to start their new venture, they have several constraints like financial problems, competition, and poor social network. An understanding of personality characteristics that are unique to First Generation Entrepreneurs and identifying the reason to get into the business are very important in the development of entrepreneurship. The research about traits of First Generation Entrepreneurs is very limited in Tirunelveli District. Keeping in view the importance associated with the First Generation Entrepreneurship for the development of the economy, it is intended to study the personality traits of First Generation Entrepreneurs who are involved in various business activities like Modern Rice Mill, Tiles Industry, Bricks and Hollow Blocks, Coir Fibre, Garments and Tailoring, Lime Industry, Plastic Products, Paper Cups, Ice Company and Saw Mill.



This study also aims to identify the factors that inspire the respondents to get into these industries.

3. PERSONALITY TRAITS - AN OVERVIEW

Entrepreneurs possess some key personality traits. need for achievement, locus of control, risk-taking propensity, innovative behaviour and tolerance of ambiguity are identified as crucial to the entrepreneurial inclination. Achievement motivation is defined as a behaviour towards competition with a standard for excellence (McClelland, 1961). People who have high levels of achievement motivation tend to set challenging goals and try to achieve the goals. Locus of control refers to the perceived control over the events in one's life (Rotter, 1954). It is indicating the level of individual feeling of control and the degree to which an individual perceives success and failure on his/her personal initiatives. A high risk-taking propensity is an important characteristic of an entrepreneur. Entrepreneurship requires a willingness to take calculated risks both personal and financial. Innovativeness relates to perceiving and acting on business activities in a new and unique way. Generally entrepreneurs are full of creative and innovative ideas and are able to merge these ideas with the resources available in order to generate additional value. McClelland (1967) defines "Tolerance of ambiguity as a tendency to perceive ambiguous situations as source of the threat". People who have low levels of tolerance for ambiguity tend to find unstructured and uncertain situations uncomfortable and want to avoid these situations.

4. REVIEW OF LITERATURE

Frank Bezzina¹ (2010), has made a study on "Characteristics of the Maltese Entrepreneur". This study seeks to characterize the personality profile of Maltese Entrepreneurs and employed managers. The results reveal that self sufficiency and locus of control are adequately distinguished from entrepreneurs and managers. This implies that entrepreneurs desire to be independent.

Mushtaq Ahmad² (2010), has made a study on "Personality Traits among Entrepreneurial and Professional CEOs in SMEs". This study explores the differences on the motivational profile of entrepreneurial and professional CEOs in Pakistan. The study reveals that there is a significant difference in motivational profile between entrepreneurial and professional CEOs.

Mohar Yusof³ (2007) et al, have made a study on "Relationship between psychological characteristics and entrepreneurial inclination: A case study of students at University Tun Abdul Razak (UNITAR). The purpose of this study is to examine whether the younger generation is inclined towards entrepreneurship. The results indicated that the students had high need for achievement, high propensity to take risk, willing to innovate, high locus of control, and a moderate tolerance for ambiguity.

Alexandre-Leclair, Laurice⁴ (2013) et al, have studied about New Directions for Saudi Women Entrepreneurial Intentions and to understand their entrepreneurial motivations. This study demonstrates that young Saudi students have a very high rate of entrepreneurial desirability.

5. OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives :

1. To study the demographic factors of entrepreneurs.
2. To find out the factors influencing the individuals to become First Generation Entrepreneurs.
3. To analyse the impact of demographic factors on the personality traits of First Generation Entrepreneurs.

6. METHODOLOGY

The study was undertaken in Tirunelveli District, India during the period January 2015 to December 2016. Out of the 19 Development Blocks in Tirunelveli District, 9 Blocks namely, Alangulam, Keelapavoor, Kadayanallor, Nanguneri, Palayamkottai, Radhapuram, Sankarankoil, Thenkasi, and Vallioor are selected to collect the data. Primary data are collected from the respondents through Interview schedule.

The data are collected from 250 First Generation Entrepreneurs through purposive sampling method. The collected data were coded, edited, tabulated and presented in the form of tables in a systematic manner for analysis and interpretation. Reliability test was conducted to test the reliability of the data. The Cronbach's alpha value for motivational factors and personality traits are more than 0.7. Hence it indicates the internal consistency of the factors. Statistical tools like percentage analysis, weighted average method, and ANOVA are used to analyse the data.

7. ANALYSIS AND INTERPRETATION

Analysis is made on the demographic factors of respondents, factors influencing to become First Generation Entrepreneurs and the impact of demographic factors (age, educational qualification, and years of experience) on personality traits of the respondents.

7.1 Demographic Factors of the Respondents:-

Entrepreneurial research characterizes the entrepreneur's behaviour as involving demographic characteristics. These characteristics are essential for successful entrepreneurs.

Regarding the age of the respondents, 48.8 per cent of the respondents are above 50 years. Eighty four per cent of the respondents are male. As the respondents are involved in various business activities like Modern Rice Mill, Tiles Industry, Bricks and Hollow Blocks, Coir Fibre, Lime Industry, Plastic Products, Paper Cups, Ice Company and Saw Mill, there is a need of high physical strength and power. Hence there is limited number of female respondents. In the educational qualification classification 28.8 per cent of the respondents have studied below SSLC. Although the respondents have not completed the schooling, they have the confidence to get success in the business.

Regarding the marital status, 93.6 per cent of the respondents are married due to the high age group of the respondents. 40 per cent of the respondents are having below 5 years of experience in current business. It indicates that most of the industries have been registered during the year 2010-2011. Due to the Government initiatives to eradicate the unemployment problem, most of the respondents have started their business during this period. 84 per cent of the firms are sole proprietorship firms. As the respondents have acquired skills through their studies and training programs they have the confidence to manage the business independently. 41.6 per cent of the firms are making below

Rs. 1 lakh as an average turnover per month. As most of the First Generation Entrepreneurs are facing problems like competition, shortage of labours and shortage of working capital the respondents get low turnover per month.

7.2 Factors Motivating to become Entrepreneur:-

The motivating factors to become First Generation Entrepreneurs are analysed on the basis of the factors high

earnings, family members' influence, previous experience, more interest in innovation, utilizing excess money, need for self-employment, desire for application of knowledge, tax advantages, work with the family members, success stories of Entrepreneurs, need for achievement and need for economic independence. The weighted average method is used to identify the most influencing factor.

The result is shown in Table 1.

Table 1 Factors Motivating to become Entrepreneur

SI No	Motivational Factors	Mean	Rank
1	High earnings	3.592	X
2	Family members' influence	3.848	VIII
3	Previous experience.	3.656	IX
4	More interest in innovation	4.368	V
5	Utilizing excess money	3.992	VII
6	Need for self-employment	4.592	II
7	Desire for application of knowledge	4.616	I
8	Tax advantages	3.008	XII
9	Work with the family members	3.928	VI
10	Success stories of Entrepreneurs	3.432	XI
11	Need for Achievement	4.576	III
12	Need for Economic Independence	4.576	III

From the Table 1, it is inferred that, among the factors influencing to become First Generation Entrepreneurs "Desire for application of knowledge" is ranked first and the factor "Need for self-employment" is ranked second. The other factors "Need for Achievement" and "Need for Economic Independence" are ranked third, "Interest in Innovativeness" is ranked five. Knowledge and skills are essential to manage the business effectively. As most of the respondents have acquired skills through training programs, the respondents have the desire to apply their knowledge in their business.

7.3 Impact of Demographic Factors of Respondents on the Personality Traits:-

This part of the analysis covers the personality traits of First Generation Entrepreneurs and it tries to find out whether the demographic factors (age, educational qualification and years of experience) have an impact on the personality traits of the respondents.

7.3.1 Age and Personality Traits

In order to find out whether there is any significant difference in the personality traits among the respondents in different age groups, the "ANOVA" test is applied. The results of ANOVA are presented in Table 2. *H₀1: There is no significant difference between the age of the respondents and their personality traits.*

Table 2 Age and Personality Traits

Personality Trait	Source of variance	Sum of squares	df	Mean of squares	F-value	Sig
Need for Achievement	Between	187.777	3	62.592	2.127	.097
	Within	7122.597	242	29.432		
Locus of control	Between	129.848	3	43.283	2.355	.073
	Within	4447.518	242	18.378		
Risk taking Propensity	Between	74.049	3	24.683	2.137	.096
	Within	2795.610	242	11.552		
Innovative Behaviour	Between	47.973	3	15.991	1.534	.206
	Within	2523.442	242	10.427		
Tolerance of Ambiguity	Between	96.278	3	32.093	2.199	.089
	Within	3531.462	242	14.593		

From the Table 2 it is inferred that all the p- values of Need for achievement (.097), Locus of Control (.073), Risk- taking propensity (.096), Innovative behaviour (.206), Tolerance of ambiguity (.089) are greater than 0.05. Hence, the null hypothesis is accepted. It implies that there is no significant difference among the mean scores of personality trait dimensions of respondents (Need for achievement, Locus of Control, Risk taking propensity, Innovative behaviour, Tolerance of ambiguity) with respect to their age.

7.3.2 Educational Qualification and Personality Traits

In order to find out whether there is any significant difference in the personality traits among the respondents in different educational qualification, the “ANOVA” test is applied. The results of ANOVA are presented in Table 3.

H_0 : There is no significant difference between the educational qualification of the respondents and their personality traits.

Table 3
Educational Qualification And Personality Traits

Personality Trait	Source of variance	Sum of squares	df	Mean of squares	F-value	Sig
Need for Achievement	Between	121.123	5	24.225	.809	.544
	Within	7189.251	240	29.955		
Locus of control	Between	76.206	5	15.241	.813	.542
	Within	4501.160	240	18.755		
Risk taking Propensity	Between	81.421	5	16.284	1.402	.224
	Within	2788.238	240	11.618		
Innovative Behavior	Between	16.610	5	3.322	.312	.905
	Within	2554.804	240	10.645		
Tolerance of Ambiguity	Between	247.444	5	49.489	3.514	.004*
	Within	3380.296	240	14.085		

*significant at 0.05 level

From the Table 2 it is inferred that all the p-values of need for achievement (.544), locus of Control (.542), risk taking propensity (.224), innovative behaviour (.905) are greater than 0.05. Hence, the null hypothesis is accepted. It implies that there is no significant difference among the mean scores of personality trait dimensions of respondents (need for achievement, locus of control, risk- taking propensity, innovative behaviour) with respect to their educational qualification. The p- value of tolerance of ambiguity is 0.004 which is less than 0.05. Hence the null hypothesis is rejected.

7.3.3 Years of Experience and Personality Traits

In order to find out whether there is any significant difference in the personality traits among the respondents and their experience in the present industry, the “ANOVA” test is applied. The results of ANOVA are presented in Table 4. The null hypothesis framed in the analysis is as follows.

H_0 : There is no significant difference between the years of experience in the current business of the respondents and their personality traits.

Table 4-Years of Experience and Personality Traits

Personality Trait	Source of variance	Sum of squares	Df	Mean of squares	F-value	Sig
Need for Achievement	Between	116.535	4	29.134	.976	.421
	Within	7193.839	241	29.850		
Locus of control	Between	216.606	4	54.151	2.993	.019*
	Within	4360.760	241	18.094		
Risk taking Propensity	Between	219.102	4	54.776	4.980	.001*
	Within	2650.56	241	10.998		
Innovative Behavior	Between	115.090	4	28.772	2.823	.026*
	Within	2456.325	241	10.192		
Tolerance of Ambiguity	Between	115.090	4	28.772	2.823	.026*
	Within	2456.325	241	10.192		

*Significant at 0.05 level

From the Table 4, all the p-values of locus of Control (0.019), risk taking propensity (0.001), innovative behaviour (0.026), tolerance of ambiguity (0.026) are less than 0.05. So the null hypothesis is rejected. Hence there is a significant difference in the personality trait dimensions - locus of control,

risk taking propensity, innovative behaviour and tolerance of ambiguity with respect of the years of experience. The p - value of need for achievement is 0.421 is greater than 0.05. Hence the null hypothesis is accepted. Hence there is no significant difference in the need for achievement with respect of years of experience.

8. FINDINGS

This study has been carried out to analyse the impact of the demographic factors on the personality traits of First Generation Entrepreneurs of small scale industry in Tirunelveli District. Based on the analysis, findings of this study are given as follows.

Regarding the demographic factors of the respondents, it is inferred that age is considered as a key demographic characteristic in understanding one's entrepreneurial behaviour. In this study, majority (48.8%) of the respondents have the age of above 50 years. They remain in their business due to their interest and success in the industrial sector. The type of industries like Ricemills, Sawmills, Bricks Industries and Hollow Blocks Industries are not attracted to the youngsters. They hesitate to take risk to run the industry because of their preference in joining in the public and private sector jobs for reasonable salary.

Out of 250 respondents, 28.8 per cent of the entrepreneurs have studied below SSLC. Although the respondents have discontinued their studies, they have more confidence to achieve their aim of earning more and attaining the good status in the society. Forty per cent of the respondents are having below 5 years of experience in the industry. Most of the respondents (40%) have started their industrial activity during the period 2010-2011. This is due to the initiative taken by the government to motivate the individuals to start new enterprises by offering various schemes like Prime Minister's Employment Generation Programme (PMEGP) and New Entrepreneur cum Enterprise Development scheme (NEEDS).

Among the factors influencing to become entrepreneurs, "Desire for application of knowledge" is ranked first. Since most of the respondents are graduates and post graduates, they have gained knowledge and skills through educational and entrepreneurial training programmes. Hence, the respondents have the desire to apply their knowledge and skills in the industry to get success.

While analysing the impact of the demographic factors on the personality traits of First Generation Entrepreneurs, results show that there is no difference between the age group and the personality traits. Every entrepreneur have the dream of getting success in every stages of life span. Hence, all the age group entrepreneurs have the unique personality traits, there is no difference in the level of personality traits based on the age group.

It is observed from the analysis of the impact of the educational qualification on the personality traits, the First Generation Entrepreneurs with the qualification of ITI and diploma holders show higher level of personality traits than the SSLC, HSC, graduates and post graduates. This is due to their innovative thinking about the products and more confidence in their performance level. These entrepreneurs are taking risks with pleasure and managing the unpredictable challenging situations easily. This is due to their special skills and various entrepreneurial training programmes organised by the Government and educational institutions.

The impact of the years of experience on the personality traits, locus of control, risk taking propensity, innovative behaviour and tolerance of ambiguity differs with the years of experience. First generation Entrepreneurs in the

11-15 years of experience level show the higher level of personality traits than the other groups. This reveals that due to their practical experience gained from the industry, these entrepreneurs can manage the problems effectively, take responsibility of their actions, and searching for new opportunities in the industry.

In the higher experience level, as the entrepreneurs are settled in their life, they are not ready to take risks in the further development of the industry and not willing to develop new ideas in the industrial activities.

Hence, the results reveal that the demographic factors like age, educational qualification and years of experience have an impact on the personality traits like need for achievement, risk taking propensity, innovative behaviour, locus of control and tolerance of ambiguity of the First Generation Entrepreneurs in Tirunelveli District. This will induce the other entrepreneurs for getting motivation to run their industry by taking risks and managing the ambiguous situations effectively.

9. CONCLUSION

Entrepreneurship is of primary importance in the present scenario of India. It is the remedy for all socio and economic problems of the country. This study explored the impact of demographic factors on the personality traits of First Generation Entrepreneurs and the factors influencing to become entrepreneurs. Appropriate training and experience are the important prerequisites to achieve competent entrepreneurship. The Government should take steps to induce the motivation level of people to become entrepreneurs. A good understanding of personality traits of First Generation Entrepreneurs will help in dealing with the entrepreneurial opportunities. This will lead to the economic development of the country.

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