



AN EMPIRICAL STUDY ON ENTREPRENEURSHIP READINESS OF THE YOUTH IN WEST BENGAL

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Abstract

In India, the five states—Andhra Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal together account for about 50 percent of the total enterprises in the country (MSPI, GOI, 2006). Thus, the relevance of entrepreneurship in West Bengal is immense. The existing literature on entrepreneurship reveals that one of the major factors hindering the growth of the entrepreneurship is the personal traits of the entrepreneurs. So there is a dearth need to assess the entrepreneurship readiness. This study is an endeavour in this perspective. This is an empirical study and data has been collected with the help of structured questionnaires entitled Entrepreneurship Readiness Questionnaire. Appropriate statistical tools and techniques have been used to draw proper inferences. The results of the study have strong implications for the entrepreneurs, educational institutes and business development centres.

Keywords: *Entrepreneur, Entrepreneurship Readiness, Students, West Bengal.*

INTRODUCTION

Entrepreneurship can be considered as an economic agent for the development of a nation. National Knowledge Commission (NKC) defined entrepreneurship as professional application of knowledge, skills and competencies, new ideas by individual(s) by launching an enterprise for the purpose of generating wealth, employment and social development (NKC, GOI, 2008).

India is a fast developing country in the world with labour force strength of 502.2 million. But India is facing acute unemployment compared to other developing and developed nations. This is becoming a hindering factor for the growth of the economy. The unemployment rate of India was 8.6% as per the latest survey conducted in the year 2014 (CIA, 2015). With the population crossing a billion, the present workforce in India is 47.2 crore. Noticeably more than half of the total population (52 per cent) of India is self-employed, while 18 per cent working as regular wage/salaried employees and 30 per cent as casual labourers. The share of self-employment in total workforce is 55 per cent for rural men, 59 per cent for rural women, while it is 42 per cent for urban men and 43 per cent for urban women (Kumar, 2013).

Interest in the field of entrepreneurship is increasing due to its importance at national as well as international level as it contributes significantly to the national economy. The current Indian entrepreneurship scenario is unimpressive compared to other countries throughout the world. India's Global Entrepreneurship Rank is 104 which is very poor compared to United States (1st), Canada(2nd), Australia(3rd), United Kingdom (4th) and China (61st) (GEDI, 2015a). Though Indians have high knowledge of process innovation and opportunity perception, they lack in start-up opportunity, human capital, risk acceptance (GEDI, 2015b). These factors hinder the blooming of entrepreneurship in India.

According to Goel et al. (2007), small and medium enterprises are contributing significantly to the Indian economy. Entrepreneurship significantly helps individual and economy through job creation, innovation and economic growth (Tyagi, 2014). Micro and small enterprises in India are contributing significantly and offering about 90 percent of the employment (Bhattacharya, 2008). Different initiatives have been taken to promote entrepreneurship by the different authorities at different level since liberalization. Government of India has also taken several initiatives for fostering entrepreneurship through (i) government policies favouring promotion of entrepreneurial activity; (ii) making financial support available; and, (iii) setting up of academic or institutional



support. So, it is imperative to know how students of academic institutions are viewing entrepreneurship as future career options. In this study, the researchers have identified the hindering factors of the growth and development of entrepreneurship with the focus on the students at post graduate level. Present studies showed that Indian entrepreneurs are noticeably investing in certain sectors like manufacturing and allied services, technology, healthcare and related services, luxury and personal care services, infrastructure, education etc.

Different studies have been carried out in the recent past to understand the intentions of the graduate students to start new ventures and majority of the study has been carried out at the international level. So, it is imperative to judge the readiness of Indian students towards new ventures. In this study attempt has been made to identify the entrepreneurship readiness of the graduate students of The University of Burdwan, West Bengal, India.

REVIEW OF LITERATURE

Entrepreneurship creates wealth and develops the economic condition of the nations. Xavier et al., (2012), defined entrepreneurship as process that takes place when a potential entrepreneur expresses the intention to start a new business in the foreseeable future. This process is combined result of Entrepreneurial Intention (EI) and some other factors related to an entrepreneur. EI is percentage of individuals who expect to start a business within the next three years (GEM, 2014). But according to (Dutta & Thornhill, 2008), EI is an intent to start one's own business. Most of the studies have defined EI as intent to create a new venture.

EI is becoming a very interesting topic to the researcher, especially in the field of entrepreneurship development in the recent time. Entrepreneurial intention helps the persons to get a clear picture about the would be entrepreneurs' belief, perceptions and motives impact the intent to start a new business (Wang et al, 2011). Studies showed that, there are different factors affecting EI like education and training, personality traits, perceived feasibility, gender, religion, age, culture, ethnicity etc. (Samuel et al., 2013).

There are different approaches to measure EI and individual attributes are commonly used. Early researchers in the field of entrepreneurship identified students' intentions towards entrepreneurship. Psychological approaches and behavioural approaches are more commonly used for measuring EI (Ferreira et al., 2012). There are different parameters that predict entrepreneurial intention. Most of the researchers considered Personal Attitude (PA), Social Norm (SN) and Perceived Behavioural Control (PBC) as major determinant of EI. Ajzen's Theory of Planned Behaviour (TPB) is one of the valuable tools for predicting EI (Gird & Bagraim, 2008). For this purpose researchers used Ajzen's TPB to identify the level of students' intentions and willingness towards entrepreneurship (Kautonen, Gelderen, & Tornikoski, 2013; Krueger & Carsrud, 1993; Van Gelderen et al., 2008). According to Ajzen's TPB, there are three factors that predict the intention which are- attitude towards the behaviour, subjective norms, and the degree of perceived behaviour control (Ajzen, 2003). The study of Ferreira et al. (2012) showed that the need for achievement, self-confidence, and personal attitude positively affect EI.

Different authors used different models to determine the factors affecting EI of the students. Wang et al. (2011) used structural equation modelling and the study showed that need for achievement, self-confidence, and personal attitude positively affect EI. Tyagi (2014) also proposed a model to determine EI for the students by considering personality traits and demographic factor. The study revealed that need for achievement, locus of control, risk taking propensity, innovation, tolerance for ambiguity and self confidence are the determinant personality where as gender, stream, family occupation and income has been considered as demographic factor are responsible for student entrepreneurship. The relationship between personality traits and students' decision to become entrepreneurs are also major determinant of EI (Zain et al., 2010). Ismail et al. (2009) explored the associations between Big-Five personality factors, contextual factors and EI among the Malaysian graduates. Perceived Locus of Control (LOC) also acts as a significant predictor of entrepreneurial development among students (Ngwoke et al, 2013).

Some early researchers identified other factors like demographic characteristics, family background etc., which builds an inclination towards entrepreneurship among the university's students at international level. EI is highly dependent on influence of family members, academics and attending courses also (Zain et al., 2010). Keat et al. (2011) showed the relationships between demographic characteristics, family business background and new



entrepreneurship. While some argued that exposure to role model and family support does not significantly influence EI (Pruett, 2012).

Gender difference plays an important role in setting up new venture. Research studies showed that male have more entrepreneurial intension as compared to female (Marvin & Flora, 2014). On the other side, the study of Pruett (2012) showed that there are no significant differences between men and women about the interest in entrepreneurship.

According to Marvin & Flora (2014), gender status, family background, perceived desirability, propensity to act and social desirability have positive influence on entrepreneurial intention of the students. Social environment also has a moderating effect on the relationship between entrepreneurial orientation and entrepreneurial intentions of female students of Nigerian Universities (Ekpe & Mat, 2012). But, Tanveer et al. (2013) indicated that personal experience and family business background are positive predictors where as gender has no significant impact on entrepreneurship and increase in age reduces the likelihood to start a business and students who have studied entrepreneurship as a course are less enthusiastic to be self employed compared to those who have not studied. The authors also identified that many obstacles like social, capital, government, and environmental factors are responsible for entrepreneurial behaviour of the students.

Entrepreneur education among the students has a great impact over the development of entrepreneurship (Arokiasamy, 2011). Iqbal et al. (2012) also suggested that entrepreneurship education should concentrate on development of competencies related to entrepreneurship and cultural awareness. University also plays an important role for the development of entrepreneurship among the students (Keat et al., 2011). Government's focus on entrepreneurship awareness among university students can enhance entrepreneurial intentions and self-employment (Ekpe & Mat, 2012). Some argued that entrepreneurial temperament and workshop participation can significantly influence EI (Pruett, 2012).

OBJECTIVES AND METHODOLOGY OF THE STUDY

Entrepreneurship readiness among the youth is becoming a growing concern for research in the field of entrepreneurship. In this study researchers have tried to identify the entrepreneurship readiness among the youth of West Bengal and how gender and courses attended are related to new entrepreneurship.

On the basis of review of different literature on entrepreneurship and economic development a structured questionnaire entitled "Entrepreneurship Readiness Questionnaire" has been developed. The items of the questionnaire have been identified after a thorough review of the extant literature on entrepreneurship. The empirical and research based articles on entrepreneurship have been obtained from several databases, including, Academic Search Premier, JSTOR, EBSCO, SAGE Online Journal, Oxford University Press, Taylor and Francis Online and Emerald Group Publishing Limited etc. Resources for this study have also been collected from various government agencies like National Sample Survey Organisation (NSSO), National Knowledge Commission (NKC), Global Entrepreneurship Development Institute (GEDI) etc. The questionnaire contained a set of 23 questions about individual perception and a five point Likert-scale has been used to measure the response. The questionnaire contained several groups of questions related to demographic characteristics, personal behaviour towards new entrepreneurship etc. The questionnaire has been catered randomly to the postgraduate students of Business Administration and Commerce in the University of Burdwan by the class representatives. Out of 60 questionnaires, 59 (N=59) were found usable for further analysis with a response rate of 98.33 percent. Data was analysed by using Statistical Package for Social Sciences (SPSS) software.

MAJOR FINDINGS

The demographic profile of the respondents has been presented in Table 1. All the respondents were in the age group of 20 to 25 years. The responses of 45 male respondents and 14 female respondents have been considered for the study. Among the 59 respondents, 29 were post graduate students of Business Administration and 30 were Commerce graduates. The percentage of female respondents (23.73 per cent) was low compared to male respondents as there are fewer female candidates for the Masters in Commerce Programme.



Table 1: Demographic Profile of the Respondents

	Frequency	Percentage
Gender	45	76.27%
1. Male Student	14	23.73%
2. Female Student		
Department		
1. Business Administration	29	49.15%
2. Commerce	30	50.85%

For this study the researchers have grouped the items of the questionnaire into eight broad categories. The categorisation has been done as per the characteristics of an entrepreneur and is based upon the extant literature on entrepreneurship. These parameters are: optimistic about new things, risk-taking ability, competitive mentality, hardworking, social/communication skills, dependency on others, self control and awareness about new products, invention, opportunities, market etc. Based on the responses collected from the students, we have computed average value of the various parameters selected for the study. The parameters and their mean values are shown in Table 2.

Table 2: Entrepreneurship Parameters and their mean Values

Sl. No.	Parameters	Mean Value
1	Optimistic	4.05
2	Risk taking ability	3.00
3	Competitive mentality	3.06
4	Hardworking	4.20
5	Social skill	3.01
6	Dependency	4.10
7	Self control	2.83
8	Awareness about new product, invention, opportunities etc.	3.70

The study showed that the students are highly optimistic about new entrepreneurial journeys and are very hard working, which are positive indicators of entrepreneurial traits. They are also moderately aware about new products, innovations, opportunities etc., which also shows that there is a somewhat positive inclination towards entrepreneurial ventures. But the students lack in risk taking capabilities and social skills, which are very essential for an entrepreneur. Also they are heavily dependent on others for taking decisions. The lack of decision-making abilities is a big setback for an aspiring entrepreneur. Female students are least interested in taking challenges or risks; rather they are more interested in obtaining secure jobs. The study also revealed that commerce graduates are more interested in entrepreneurship than management students.

CONCLUSION

Youth entrepreneurship is an important predictor and indicator of entrepreneurship development of any country. Generally students are interested in starting new enterprises on completion of their college or university education. This study revealed that though Indian students are innovative and optimistic, they lack in risk taking abilities, competitiveness, social skills and self control. The students are not abreast with latest technological knowledge, innovations, and awareness of new products. This ignorance may be owed to improper orientation and unavailability of information. This study also showed that the youth of the male gender are interested in starting new businesses on completion of formal education. They possess the acumen for entrepreneurial ventures albeit the need to brush up other skills and develop the strong psyche. Entrepreneurial intentions are low in case of the female respondents of this study, and they prefer secure jobs to risky entrepreneurial ventures. This may be attributed to their social background and beliefs. But this does not rule out their capacity nor disregard their skills and competencies. The shortcomings may be eradicated through proper orientation and motivation. Formal entrepreneurship education, workshops and initiatives from various institutions and the government would be beneficial for the students to be successful entrepreneurs. Formal education should include projects that would bring out entrepreneurial instincts of the students to the forefront and courses should be designed likewise. The



education system should churn out the best from the energetic youth. Support and assurance from the government would boost the morale and enhance the risk-taking capabilities and readiness of the budding entrepreneurs.

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