



Psycho Social Dimensions of Entrepreneurship in Jharkhand

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Entrepreneurship is so critical to the wealth creation of a nation that all developed countries have attempted to classify it – both for instructional purposes and as an aid in formulating industrial policies. But notwithstanding its acknowledged importance in economic development, entrepreneurship is an intangible phenomena, one that is difficult to define and so inconsistent as to defy categorization in formalized discourse. Entrepreneurship appears in different sizes – from large corporations to small retail shops – and it assumes various forms. For entrepreneurship to flourish mere government support as well as natural resources of that particular region is not adequate enough as it is true that the technology, market, capital and the human resources are imperative for entrepreneurial development, but, it is equally essential that all the activities are coordinated by the spirit of an entrepreneurial mindset. It then appears that the culture of the region as well as the internal drive in a man is an important factor to play in the development of this process.

Hence, this paper attempts to explore the motives of entrepreneurs belonging to Jharkhand, a state considered to be suffering with stifling entrepreneurial culture and growth. It investigates why entrepreneurship is failing in this region and further necessary measures to be taken for entrepreneurial development in this region.

Keywords : Entrepreneurship, Culture, Motivation, Jharkhand

Introduction

Small enterprises have made considerable contribution in the socio-economic development of almost all countries including India. Our country is famous for its small scale industries since ages as it was the only means of livelihood for the weaker section of the population, whether it is the handloom weaver, handicraft workers, and rural women spinning at home, the rural artisans or the urban craftsmen. In fact, for a developing and a big country like India, the small scale entrepreneur is most suited because it provides high employment opportunities at lower capital investment, harnesses locally available resources, thus, helping in reducing unrest and social tension amongst youth.

Entrepreneurship is a gradual process of development and reformation in every field of socio – economic endeavor. It is individual's response to an environment. The entrepreneur represents an individual or group of individual's who conceive, initiate and maintain, for a significantly long period of time, a social institution which produces economic goods. He is one who perceives a business opportunity and creates an organization to pursue it. So, Entrepreneurial choice relates to the option and the opportunities available to the entrepreneurs about the various aspects of his/her enterprise like product, market scope, location, timing, scale of operation, physical and human resources and performance standards. Creation of a Business organization is a gradual process consisting of a sequence of action and choices regarding vision and strategy, identification, mobilization and acquisition of resources and their combination, and structure, systems and process. The degree of freedom to choose the availability of choices and the selection of choices depend to

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a large extent on the entrepreneur's characteristics, experience and background. Hence, it would certainly not surprise us to discover that these forces lie largely in man himself –in his fundamental motives and the way he organizes his relationships to his fellowmen. (McClelland, 1961). It is important to understand why some men are more prone on economic activities and are conspicuously successful at them.

Background

Studies of Entrepreneurship have been conducted for a long time. Attempts have been made to identify entrepreneurs, the conditions for effects for the rise of entrepreneurial classes and the social or psychological routes of Entrepreneurship. Over the last few years, India has taken on a new urgency, in the context of liberalization which is designed to set entrepreneurs free, to make Indian Business more competitive and to allow India to join the ranks of the "Asian Tigers". Who are the Entrepreneurs, how do they see their role and how do others see them? How do they really interact with other class, who has power and influence? It is possible to argue that while entrepreneurs may be interesting people, they are very important as they are the vehicle of Economic Development. Entrepreneurship is a scarce resource, in fact, the significant resource needed for development. It is a mindset, which helps in overcoming obstacles: a treasure to be sought and nurtured; even inculcated among the youth. Most studies of Entrepreneurs and Entrepreneurship have been inspired by these facts.

An Economist's View

Economists focus their attention on the key issue of the adaptive response of increased per capita output under four main headings: capital accumulation, population changes, division of labors and entrepreneurship. Ricardo considered economic problem from the view point of the capitalist, who could invest his income in various ways, organize production, and rent his land, advance wages and the like. According to Marx, the capitalist class was only guided by so called "profit motive", and they focused in their motive so single-mindedly that they eventually forced the workers to organize and revolt. Schumpeter believed the economy was pushed forward in sudden leap by the activities of men who wanted to promote new goods and new methods of production, or to exploit a new source of materials or a new market. The motivation was not merely profit, but also the "desire to found a private dynasty, the will to conquer in a competitive battle, and the joy of creating it." In other words Schumpeter's entrepreneur is not entirely a rational, profit oriented human being, making his decisions to invest in one way or another solely on the basis of rational calculations.

Psychologist's View

Many scholars have written much on the subject of why civilizations wax or wane, or more particularly on what are the forces responsible for economic growth and decline. A person may have enough resources to start a business, but one reason that contributes to energize, direct and sustain action is the inner drive within the person to attain a goal. In simpler words it is known as motivation. It is based on the individual's needs, values, desires, goals and intentions, as well as incentives and rewards that affect those internal mechanisms (Steers and Porter, 1991). In normal human action, motivation and cognition always operate together. Knowledge or belief in the absence of motivation leads nowhere, and motivation in the absence of knowledge and beliefs leads to random or unproductive actions (Locke, 2000). Though entrepreneurial literature nowadays investigate a little less about motives because motivational research has not led to any consistent set of results which enhances the understanding of the entrepreneurial phenomena, still, it is true that every action of a

human being is guided by some motives or intentions to satisfy some needs.

Thus, motives do influence entrepreneurial behavior. Entrepreneurial research is looking for an answer to the questions relating to the role played by the entrepreneurial person in enterprise creation, performance and growth. We therefore take a fresh look at the question of entrepreneurial motivation in the process of entrepreneurial development. It is well known that any region creates a viable business and attains success and sustainability of a small business development only when the initiatives taken by the individual entrepreneur is in the right direction and he is influenced by the factors that motivates him to embark upon an entrepreneurial career. It was David Mc Clelland who saw “the need for achievement”, or “n Ach”, which makes people ‘behave in a peculiarly energetic way’, – a change in mind of men which produces economic growth. The psychological factor responsible for a civilization’s rising to a challenge has been weighted and measured and scientifically estimated in advance; and, so far as we can tell, this factor is the achievement motive. High achievement is associated with better performance at tasks, which requires some imagination and mental manipulation.

Culture And Motivation

There is now enough anthropological evidence to suggest that fundamental or ultimate desire of all human beings do not differ nearly as much as do their conscious everyday desires. The main reason for this is that two different cultures may provide two completely different ways of satisfying a particular desire. For example, let us take the motive of self –esteem. In one society, one obtains self-esteem by being a good hunter and in another society by being a good warrior or a good healer, or a very unemotional person and so on. Human beings are more alike than one would think at first. It may then be that, if we think of ultimate the individual’s desire to be a good hunter has the same dynamics as an individual desire to be a good healer. Apparently ends in themselves are far more universal than the roads taken to achieve those ends, for these roads are determined in the specific culture through the process of social conditioning.

Objective of the Study

The debate on whether entrepreneur –related factors are more important than environmental contingency factors or vice versa in enterprise creation remain inconclusive. It is the internal drive of the founder that could be a powerful influence on the performance and growth of the enterprise. Hence considering this, the main objective of this study was to examine i) the influence of motivational drives on entrepreneurship development among the entrepreneurs in the Jharkhand region. This study also further investigates what are the causes of failures of entrepreneurship efforts in this region which is so rich in mineral resources. Jharkhand was a pioneer state of our country in industrial development. Why entrepreneurial culture did not develop here is a question that must be answered?

Research Methodology

Entrepreneurship research is once again turning back to entrepreneurial person in search for answers to questions relating to entrepreneurial motivation and its influence on economic development. The present study was done through primary data collection as well as secondary data collection method. The sources of secondary data were various journals, magazines, books, monographs and etc. Primary data was collected by using questionnaire survey method. The questionnaire was the result of in-depth literature review of variables related to motivational factors which were likely to influence entrepreneurship development. The idea was based on Hisrich, Sheperds and Peters; Hisrich

and Brush; B.C Mitchell. A structured questionnaire was developed on a 5- point likert scale and administered on the sample group. A pilot study was conducted among the faculty experts to identify the major variables to be incorporated in the questionnaire. The questionnaire comprises of 14 variables (items). Each item contained five choices. For each statement (for example, 'achievement'), respondents had to choose from a five point Likert –type scale. The scale included the choices 1 (not important) , 2 (little important) , 3 (moderate) , 4 (very important) and 5 (utmost important). The various variables on motivation taken for this study are as follows : independence , social status , need for money to survive , dissatisfaction with job, achievement , opportunity recognition, give self and family security, introduce innovative product , self recognition , flexibility in family life , to have one's own company , welfare to community, power and prove oneself to others.

A validity test was conducted by expert panel evaluation of the various elements of the questionnaire. The coefficient of reliability or consistency was estimated by Cronbach's alpha and found to be more than the prescribed cut-off of 0.70. [Streiner DL, Norman GR, 1989 and Nagel F, 2005].

For the purpose of this study, only those firms were chosen which belonged to small and medium scale enterprise (SMSES) in both the regions as well as the type of industry chosen was of manufacturing kind. Hence, for the generation of sample Judgmental Sampling technique was used. The statistical tools used for the analysis of data were as follows: i) a z-test was conducted for examining the influence of motivational factors among the entrepreneurs of Jharkhand region for entrepreneurship development. This showed the significance of motivational factors for entrepreneurial development to uplift economic development, ii) Further, case study method was used to find out the reason why Jharkhand is not picking up in developmental process despite being a mineral as well as human rich state.

This study included survey of two regions of Jharkhand that is Ranchi and Dhanbad. The data of the population was collected by the DIC offices of Dhanbad and Ranchi. Around 150 questionnaires were mailed to entrepreneurs in the region of Jharkhand out of which only 18 responded. Rest of the data collection was done either through direct visit, telephonic interview or through references. For entrepreneurs who were approached directly, an in-depth personal interview was conducted and the rest were either covered through telephonic interview or references. Hence the total questionnaire that was collected in the region of Jharkhand in this manner was 57. All in all there were 75 data from Jharkhand region out of which 47 was from Ranchi region and 28 from Dhanbad region. Many entrepreneurs were unavailable during the visit to their offices and sometimes it also happened that a few entrepreneurs were not ready to respond.

Analysis and Interpretation

What is the cause that places like Jharkhand which is rich in minerals and natural resources has not developed so fast as a region like Gurgaon, Noida etc which is a new state and is a little more than a decade old. This section is divided into two parts: firstly, the focus was on an entrepreneur's internal drive to succeed in creating an entrepreneurial venture by conducting an empirical study and secondly, it was to identify the cause of failure of entrepreneurship development in the Jharkhand region by conducting a case study method.

A) An Empirical Study – A Case Of Jharkhand

The first objective of this study was to find out :

The influence of motivational drives among the entrepreneurs of Jharkhand region for entrepreneurship development.

The null hypothesis for testing the influence of motivational drives affecting entrepreneurship

development was as follows:

H_0 : The motivational drives do not affect entrepreneurship development.

$$H_0: \mu_1: < 3$$

H_A : The motivational drives do affect entrepreneurship development.

$$H_A: \mu_1: > 3$$

Result of one-sample z- test of Motivation with 75 cases; H_0 : Mean = 3.0

Mean = 3.842	95.00 % CI = 3.728 to 3.956		
S.D = 0.497		z = 14.655	
		df = 74	Prob = 0.0000

At 5% level of significance

From the above table and the z- statistic it can be observed that the standardized sample mean lies outside the acceptance region, so the null hypothesis was rejected. To conclude, it can be said that, the motivational drives are significant enough among the entrepreneurs of Jharkhand region for entrepreneurship development. It can also be inferred that there is the influence of motivational drives for entrepreneurial development and until and unless an individual of a particular region is not highly motivated he cannot take up an entrepreneurial venture as a career option as it involves high risk and there is lots of uncertainty and probability for the survival and subsistence is very unpredictable.

B) An Exploratory Study – A Case Of Jharkhand Region

The relationship between culture and the individual is intertwined. Geert Hofstede has long proved that culture plays a crucial element in fostering entrepreneurship. Culture both reflects the environment- physical and social and in turn shapes it. It is therefore, important to understand how culture as well as motivational drive influences in inculcating an entrepreneurial mindset among the people of a specific region. A society's culture is not entirely determined by the 'given' physical environment. Man is not the passive victim of his environment. Within limits, he can act on it and transform it. The historically important thing with regard to natural resources is man's attitude towards them. It was not the availability of iron ore that created the Iron Age in Britain, or the presence of coal that ushered in the Industrial Revolution, but the initiative of certain men at particular moments in time finding a use for these mineral riches of the earth.

Jharkhand is a classic case to prove how absence of poor entrepreneurial culture stifles growth. *India Today*, one of the prestigious Indian magazines has shown Jharkhand (literally the 'forest area' or Vananchal) on the bottom-line in terms of development and performance. It is placed as one of the most backward and non performing states in India. Having all the components of development like endowed with a fertile land with good rainfall, tall trees and rich vegetation and people who are hard working still people languish in poverty and unemployment. The general public has hardly availed any benefits in spite of the various programmes initiated by government for the social welfare of the community. It has low average income levels, very high incidence of poverty and inequality, and

low levels of social development in certain districts. Indeed, at 40.3 percent Jharkhand has one of the highest poverty rates in all of India. It also has a high level of inequality between the urban and rural areas: the urban areas have lower poverty rate than many developed countries (at 23 percent) while the rural population has the highest rate of poverty in the country (49 percent). Education, literacy rates and access to health care are also all well below the national level. Despite the region having entrepreneurs who are motivated enough to take entrepreneurship as a career option still why the state is lagging behind the rest of the country can be cited by discussing some of the fundamental problems that the state is facing and in turn demotivating the entrepreneurs to take up entrepreneurship as a career option. These are as follows:

Infrastructure:

The road system is worst in India. Only 36 percent of villages in the state have access to all the weather roads. Consequently, the poorest villages often referred to as the ‘forest’ or ‘hill communities’ are isolated both from markets and from potential entrepreneurial ventures. Similarly, access to power is lowest in the country as per capita basis and telecommunications density is the second lowest. This leads to frustration among the entrepreneurs as it becomes difficult for them to interact with far-flung regions of the state and in turn reduces their zeal to excel.

High Population Of Tribal Population And Tribal Land Laws:

The root cause of stifling entrepreneurial culture is that it has a large population which is tribal (nearly 28 percent of the population) – indeed this was the demographic on which the state was formed. Language barriers, geographic access and cultural differences make it particularly challenging for the entrepreneurship to engage with these communities. Tribal are culturally distinct; some of them are nomadic, while some rely on barter system and therefore this group cannot be utilized by the entrepreneurs. So nearly, one –fourth of the population is unutilized and cannot be tapped by the entrepreneurs. At the same time, land tenancy acts make it illegal to sell or mortgage tribal land and cons train’s for entrepreneurial development in Jharkhand.

Limited Agricultural Options:

Dependency on agriculture as a source of income is exceptionally high in Jharkhand. Yet, the agricultural techniques used remain the some of the most primitive in India. Only 11 percent of viable land has adequate irrigation facilities, in contrast to national average of 40 percent. Furthermore, over 90 percent of agricultural enterprises produce food crop rather than cash crops. Alternative agriculture process would open up new avenues for the entrepreneurs of the Jharkhand region. It is unfortunate that the rural population is so illiterate that they are not ready to adopt the new techniques for accelerating agricultural productivity. This brings discontent among the entrepreneurs of the Jharkhand Region.

Political Instability:

At the same time Jharkhand is second only to Andra Pradesh in terms of the incidence of violence by the left – wing extremist groups like the Maoist, Naxalite, the Jharkhand Liberation Tigers, and other splinter groups of the Indian Communist Party, actively agitate for political allegiance. Electricity outages and road blocks are frequent and general area strikes (bandhs) regularly paralyze all economic activity. So, there is the feeling of insecurity among the entrepreneurs of this region.

Weak Financial culture:

Bankers and other actors in the firm and development sectors have observed that people in Jharkhand are particularly risk –adverse and not prone to entrepreneurship and generally demotivated to income generating activities. The people have the attitude of being job-seekers rather than job-creators. This shows the lack of entrepreneurial culture and mindset among the people of Jharkhand.

Conclusion

From the above paper it is quite clear that though there is very high potentiality for the growth of entrepreneurship in Jharkhand region still it is not growing. This paper clearly explains this phenomenon. The empirical research shows that entrepreneurs are highly motivated to set the entrepreneurial venture in this region as this region is bestowed with all kinds of resources be it natural or human resources, still it is engulfed with the stifling culture, the lackadaisical attitude of the hoi polloi of the region and the unstable governmental setup leading to dissatisfaction among the entrepreneurs and in turn are demotivated to set a venture out here. It also shows that the people are not very adaptive to learn the new technologies as they still carry out the business practices out here which is quite primitive and outdated and they are not ready to change their way of functioning and their mindset is very apathetic. Hence, in the wake of this new century everyone should put in an effort to improve the system and proper policies and programmes should be formulated by the government, the policy makers, the academicians and should take serious measures to improve such a plight so as to foster fledgling entrepreneurial culture in the region of Jharkhand. People of this region are ready to learn, the only difference is that they should be properly guided and trained by the government and respective authoritative bodies.

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