



## A STUDY ON IMPACT OF CRITICAL CHARACTERISTICS ON THE CAREER SUCCESS OF MICRO SMALL MEDIUM ENTERPRISES ENTREPRENEURS

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### **Abstract**

*Entrepreneurs and entrepreneurship are significantly correlated with the economic development of a country. Entrepreneurs cannot easily succeed in doing successful business venture without facing risk that arises from internal and external conditions. So, the present study has been undertaken in order to identify the critical characteristics contributing to the success. The personality characteristics like Need for achievement Need for autonomy, Risk Tolerance are the main influencing characteristics for the success of business. The career success is calculated based on entrepreneur's judgement of their own success evaluated against personal standards, age aspiration, and views of significant others. (i.e) subjective success as quoted by Parasuraman 1996; Poon, 2004; Burke, 2001; Aryee et al., 1994. The principal objective of the study is to identify the internal characteristic factors influencing the success of Small scale entrepreneurs with reference to Coimbatore district. This study suggests new venture small scale entrepreneurs to develop such qualities to succeed in business.*

**Keywords:** *Small Scale Entrepreneurs, Characteristics, Career Success.*

### **Introduction and Design of the Study**

Entrepreneurship in India is given the significant importance due to its visible impact in wealth creation and employment-generation. Micro-entrepreneurial ventures are considered to be the most critical factors that would help both urban and rural population through the creation of jobs, rescue out of unemployment and poverty. Entrepreneurial success is never linear. All entrepreneurs are faced with opportunities, challenges and obstacles. How they respond to these situations can determine their success or failure. Gartner (1988) in his research article entitled "Who is the entrepreneur?" mentioned that asking "Who" is the wrong question, but rather the personality of entrepreneur is only related to the success of business start-up through more specific mediating processes. This is due to the fact that these factors are not relevant if there is no action and initiative taken by the entrepreneurs, personality traits such as locus of control and ambiguity tolerance influenced the business success directly and the business process indirectly (Entrialgo, Fernandez, & Vazquez, 2000). According to the previous researches need for achievement, Risk-taking propensity, Locus of control, Autonomy/independence, Self-efficacy of entrepreneurs are main personality characteristics influencing to the success of business.

### **Critical Success Characteristics**

- 1. Need for achievement:** The need to achieve is the motive to do well and to achieve a goal to a set of standards. The inclusion of measures of achievement orientation within the framework of entrepreneurs' personal characteristics is consistent with research (e.g. Johnson 1994; Shanthakumar 1992; Solymossy 1998).
- 2. Risk tolerance:** Risk taking presents individuals' disposition towards how much they will subject themselves to potential personal or financial loss or damage when confronted with uncertain circumstances or conditions.
- 3. Need for autonomy/Independence:** The need for autonomy reflects a tendency towards being free of the influence, authority, and control of others, whether in relation to authoritative organizational structures, personal dependency, or procedural constraints. The presence of autonomy is generally accompanied by an individual's willingness to accept the attendant risks and responsibilities resulting from one's action.
- 4. Self-esteem and self-efficacy:** Self-esteem has further been found to be task-specific and socially influenced (Korman 1970). Self-esteem and self-efficacy reveal individuals' disposition towards how much they will subject themselves to potential personal or financial loss or damage when confronted with uncertain circumstances or conditions.



- 5. Locus of control:** Rotter's (1966) theories of control emphasize an individual's perception of the outcomes of events as being either within or beyond his or her control and understanding. Locus of control shows a person's tendency to believe that the outcome of events is within his or her ability to influence, resulting in the acceptance of personal responsibility for the outcomes of his or her abilities and expertise, rather than attributing the cause of events to serendipity, luck, or chance.

### **Conceptualisation of Career Success**

Career success is defined as the accumulated positive work and psychological outcomes arising from one's work experiences (Seibert and Kraimer, 2001). Career researchers have operationalised the construct to include both objective and subjective indicators (Ng et al., 2005; Arthur et al. 2005). Extrinsic or objective factors of career success such as salary, promotions and status are more tangible or observable outcomes of career success. Intrinsic or subjective factors is defined by psychological success which comes from the employee's feeling of pride and personal accomplishment of various goals in life such as achievement, inner peace (Hall, 1996), and is judged by the self rather than the organisation (Gattiker and Larwood, 1986).

### **Review of Literature**

There have been many relevant economic studies (Martyn and Peter 2001) and other different studies on, Jaloni Pansiri (2010), examine perceived critical success factors (CSFs) affecting the performance of small to medium-sized enterprises (SMEs) and their relationship with firm characteristics. The paper also seeks to investigate the interdependence relationship among the perceived CSFs themselves. The study identifies ten sets of perceived CSFs affecting the performance of SMEs; Thiloshini Govindasamy (2010), explore the critical success factors that influence the success of Indian small business owners in the Tshwane area. To achieve this, the objective of the study is to confirm whether there are significant differences between a successful and less successful group of business owners in terms of general management skills, personal characteristics and entrepreneurial orientation and financing of the business. Md. Aminul Islam (2011), examines the effect of characteristics of entrepreneur and characteristics of the firm on the business success of Small and Medium Enterprises in Bangladesh. The characteristic of entrepreneur is found to be a significant factor for business success of SMEs in Bangladesh. Oben, and Sezer (2011) examine the effects of entrepreneurial characteristics on the dimensions of strategic decision-making (SDM) process. In this context, SDM process is researched within three main perspectives: 'environmental determinism', 'firm characteristics and the resource-based view', 'strategic choice'. This perspective mainly addresses the question of how environmental factors influence SDM processes. Ilma Nurul and Merlyn (2012), presented a paper on identifying the characteristics, attributes and growth orientations of Indonesian entrepreneurs, including the roles and contributions of family toward SME. The factors collected are the drivers of being entrepreneurs and a combination of demographic information and detail related to characteristics and business orientations. Endi Sarwoko and Surachman (2013), empirically test the influence of entrepreneurial characteristics and competencies on business performance in small and medium enterprises (SMEs). Entrepreneurial competencies as mediating in the relationship between entrepreneurial characteristics and business performance. It means the more powerful entrepreneurial characteristics will lead to an increase in the competence of the SMEs owner, which will ultimately have an effect on business performance. Mehta (2011), provides a list of 100 critical success characteristic (CSCs) of the entrepreneur that may influence the success of entrepreneurship at Indian SMEs. One close ended questionnaire was used to collect the data from the 30 Indian entrepreneurs those who are having experience of managing Indian enterprise (Indian SMEs).

### **Scope of the Study**

This study is targeted to assess the socio-economic and demographic factors, characteristics of MSME entrepreneurs. The Coimbatore district is selected as the scope of this study (such as agriculture, manufacturing, service, oil and gas, trade, finance, insurance and others) this study is restricted to Manufacturing, Service, Hardware, Food, Clothing, Electricals, and Others. These sectors are selected because large number of the entrepreneurs is belonging to this industry in the year 2009-2010. As per the information provided by District Industrial Centre (DIC).

### Statement of the Problem

Entrepreneurship has become increasingly important in sustaining India's rapid growth. Researchers indicate that generally low success rate of new ventures happens due to the lack of personal traits, and motivating factor of entrepreneur. Gallup research indicates that the personality of the entrepreneur has a direct relationship with business success. So this study is important to know the critical characteristics, from the successful entrepreneurs which help in building entrepreneurial skills.

### Objective of the Study

1. To analyse the socio economic and demographic factors of MSME entrepreneurs
2. To identify the critical success characteristics of entrepreneurs that may influence the career success of small scale entrepreneur.

### Research Methodology

The population of the study is MSME entrepreneurs of Coimbatore district. The survey was conducted by means of Stratified Random Sampling; the MSME entrepreneurs are divided into different industries (strata) so that stratified sampling is used under this study. The seven sectors like (manufacturing, service, hardware, electrical, food, clothing and others) are selected for the study. The target population for this study consists of 9, 80 MSME entrepreneurs who are registered District Industrial Centre (DIC), in Coimbatore district. The sample selection was based on the criterion that the firm had to be established for at least three years because it is not possible to gather enough data to consider the success of firms operating in a shorter period of time. Both primary and secondary sources were used for the data collection. The primary data was obtained mainly with the instruments of questionnaire methods. Finally 147 respondents' questionnaires are considered to be valid. Secondary data information was obtained from the published documents of SIDCO, Tamil Nadu small and Tiny Industries Association (TANSTIA).

### Limitation of the Study

1. The entrepreneurs registered during the year 2008-2009 are alone considered for the study.
2. The results are obtained based on the opinion given by respondents.
3. The findings of the study applicable to Coimbatore city may not be generalised.

## Part B -Data Analysis and Interpretation

### I. ANOVA based on the Critical Success Characteristics and Age of the Respondents

The critical success characteristics of MSME entrepreneurs like Need for achievement, Risk tolerance, Need for independence, Self efficacy, Locus of control are associated with the category of Age

**Table 1 ANOVA between the Critical Success Characteristics and Age of the Respondents**

Particulars		Mean Square	F	Sig
Need for achievement	Between Groups	139.243	3.001	.021
	Within Groups	46.402		
	Total			
Risk tolerance	Between Groups	98.253	3.577	.008
	Within Groups	27.469		
	Total			
Need for independence	Between Groups	25.169	1.074	.372
	Within Groups	23.435		
	Total			
Self efficacy	Between Groups	29.274	1.040	.389
	Within Groups	28.160		
	Total			
Locus of control	Between Groups	165.984	4.850	.001
	Within Groups	34.221		
	Total			

Table 1 shows the ANOVA has been calculated between the category of Age and critical success characteristics of the respondents. The factors like locus of control with .001 points, Risk tolerance with .008, Need for achievement with .021, Need for independence with .372, Self efficacy with .389 points. Therefore it could be inferred that only locus of control is significant other than Achievement, Independence, Risk tolerance and self-esteem and thus it implies there exist no difference on respondent's characteristics except locus of control.

## II. Weighted Average mean based on the Critical Success Characteristics of the Respondents

The statements are weighted using the weighted average mean to find out the statement which data point is contributing to the final average.

**Weighted Average mean is calculated with the following formula:**

$$\frac{x_1W_1 + x_2W_2 + x_3W_3 \dots x_nW_n}{N}$$

**Table 2 Weighted Average mean based on the Critical Success Characteristics of Respondents**

No	Critical success characteristics	Wgt. Avg	Rank
1	I push myself and feel real satisfaction when my work is among the best	3.54	1
2	I judge my work by whether it meets the minimum requirement for the task	3.42	2
3	I am driven to ever greater efforts by an unquenched ambition	3.32	11
4	I get a sense of pride and accomplishment from my work	3.30	12
5	I always thinking about my goals than my past accomplishments	3.27	15
6	My goals and ambitions are modest and easily achieved	3.06	27
7	Nothing that life can offer is a substitute for great achievement	3.34	9
8	I am willing to risk my personal and family's material wellbeing for the sake of business	3.16	16
9	I buy insurance every time travel	3.31	8
10	I enjoy the uncertainty and risks of business since they energize me more.	3.28	15
11	I need to know that it's already been done before I'm willing to try it	3.39	5
12	I need to know the answer before I'll ask a question	3.29	13
13	I am quite independence of the opinion of others	3.17	17
14	I am uncomfortable when I have complete responsibility for deciding how and when to do my work	3.07	19
15	I can think better when I have guidance and advice from others.	2.84	22
16	I like a job in which I don't have to answer to anyone	3.12	18
17	I respect rules and established procedures because they guide me	3.21	16
18	Because I'm unsure of myself, I spend a lot of time looking for someone who can solve all my business problems	2.81	23
19	I am confident of my abilities and feel good about myself	3.40	4
20	I feel self conscious when I am with very successful business people	2.92	20
21	I frequently have doubts about myself or my abilities	2.71	24
22	I worry about what my business associate think of me	2.67	25
23	My "knack for dealing with people" has enabled me to create many of my business opportunities	2.91	21
24	I am in total control of my destiny	3.36	8
25	I am ultimately responsible for my own business success	3.37	7
26	I can control most situation in which I find myself.	3.41	3
27	I frequently find myself in situations in which I am powerless to control the outcome	3.38	6
28	Most business circumference happen because of luck, whether good or bad	3.27	14
29	What happen in my business is affected more by my abilities, control, and guidance than by external influence	3.33	10

Table 2 represents the weighted average mean based on the critical success characteristics of the respondents. The “Need for achievement” factor occupies first and second rank, among the respondents and has high score than other statement. The third and fourth category of high score is obtained by the factor “self efficacy” and “locus of control”. Therefore more respondents are having the need for achievement and self efficacy/esteem and locus of control as critical characteristics more among the respondents and considered to be successful traits in business.

### III. Multiple regression for the Critical Success Characteristic’s influence on the Success Factor

The extent of impact need to be measured between the Critical characteristics and success factor. The regression equation is given by

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

Where Y = Career Success factor

a = Constant value

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, b<sub>4</sub>, b<sub>5</sub> = Regression coefficient of Independent variable.

x<sub>1</sub> = Need for Achievement

x<sub>2</sub> = Risk tolerance

x<sub>3</sub> = Need for independence

x<sub>4</sub> = Self efficacy

x<sub>5</sub> = Locus of control

e = Error term

The Critical success characteristics are considered as the independent factor and career success is considered as the dependent variable for the regression analysis. The result is presented in the Table No 3.

**Table 3, multiple regressions for the Critical success characteristic’s influence on the Career success factor**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig at 5% level.
	B	Std. Error	Beta		
(Constant)	3.544	2.109		1.680	.095
Need for Achievement	.191	.052	.281	3.701	.000
Risk tolerance	.212	.072	.221	2.936	.004
Need for independence	.248	.068	.245	3.670	.000
Self efficacy	-.143	.072	-.145	-2.001	.047
Locus of control	.211	.062	.246	3.387	.001
R square	.396				
Adjusted R square	.375				
F value	18.366				
Sig	0.000				

From the Table 3 it is apparent that the R squared value of regression (0.396) is the fraction of variation in success factor that is accounted for the independent variable such as Need for Achievement, Risk Tolerance, Need for Independence, Self efficacy, Locus of control towards the success. In other words 39.6% of success could be predicted by Need for Achievement, Risk Tolerance, Need for Independence, Self efficacy, Locus of control. Among the independent variables, Need for Achievement and Need for independence has the impact of 37% and 36% on the career success factor. Locus of control with 33.8% and risk tolerance with 29% of variance towards success respectively. The regression model resulted in ANOVA which flows F value of 18.366 reveals that the model is a good fit. Further the adjusted R square is .375 depicts that any time, another independent variable is added to the model, the R square value change marginally.



## Part C- Summary of Finding, Suggestion and Conclusion

### Summary of Finding

1. It could be inferred that only locus of control is significant other than Achievement, Independence, Risk tolerance and self-esteem and thus it implies there exist no difference on respondent's characteristics except locus of control.
2. The statements that I push myself and feel real satisfaction when my work is among the best and second category for I judge my work by considering whether it meets the minimum requirement for the task has high score than other statement.
3. The multiple regression of the critical success characteristics influence on the career success of respondents resulted that the independent variables like Need for Independence Need for Achievement have an impact on the career success, other than locus of control, Risk tolerance and self-efficacy of the respondents.

### Suggestion

It is understood from the findings that Need for the achievement, Need for independence, and Locus of control are influencing more on the career success of the entrepreneurs other than risk tolerance and self-efficacy which is also main characteristic, contribute to the career success of entrepreneur. Therefore the entrepreneurs have to develop more capacity to tolerate the loss and overcome the risk.

### Conclusion

The study addressed how core job characteristics influence entrepreneurs' satisfaction, which is considered to be one form of entrepreneurial success (Cooper & Artz, 1995). The findings showed that Need for achievement, Need for independence, Locus of control, are the main characteristics influencing to the career success of entrepreneur. Thus, this study has contributed not only to academia but also has provided useful information for future entrepreneurs interested in participating in the small scale industry.

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